

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East) Case No. 07-829-GA-AIR
Ohio for Authority to Increase Rates for its)
Gas Distribution Service.)

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East) Case No. 07-830-GA-ALT
Ohio for Approval of an Alternative Rate)
Plan for its Gas Distribution Service.)

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East) Case No. 07-831-GA-AAM
Ohio for Approval to Change Accounting)
Methods.)

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East)
Ohio for Approval of Tariffs to Recover)
Certain Costs Associated with a Pipeline) Case No. 08-169-GA-ALT
Infrastructure Replacement Program)
Through an Automatic Adjustment Clause)
and for Certain Accounting Treatment.)

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East)
Ohio for Approval of Tariffs to Recover) Case No. 06-1453-GA-UNC
Certain Costs Associated with Automated)
Meter Reading and for Certain Accounting)
Treatment.)

ENTRY

The attorney examiner finds:

- (1) On August 30, 2007, The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) filed applications for an increase in gas distribution rates, for approval of an alternative rate plan, and for approval to change accounting methods, in Case Nos. 07-829-GA-AIR, 07-830-GA-ALT, and 07-831-GA-AAM, On December 13, 2006, DEO filed an application, Case No. 06-1453-GA-UNC (06-1453) for approval to recover costs associated

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with the deployment of automatic meter reading equipment. Collectively, these four cases will be referred to in this entry as the rate case proceedings.

- (2) On February 22, 2008, DEO filed an application, in Case No. 08-169-GA-UNC (08-169), requesting approval of tariffs to recover, through an automatic adjustment mechanism, costs associated with a pipeline infrastructure replacement (PIR) program, its assumption of responsibility for and ownership of curb-to-meter service lines, and accounting authority to defer the costs associated with the PIR program and curb-to-meter service lines for subsequent recovery. By entry issued April 9, 2008, as affirmed by entry on rehearing issued May 28, 2008, the Commission, *inter alia*, granted DEO's motion to consolidate the PIR case with the rate case proceedings.
- (3) The Commission has caused an investigation to be made of the facts set forth in the applications in these cases, the exhibits attached thereto, and the matters connected with the applications. A written report of the staff's investigation of the rate case proceedings was filed on May 23, 2008, and a written report of the staff's investigation of the PIR application was filed on June 12, 2008. Objections to the staff report in the rate case proceedings have been filed by several parties.
- (4) On June 18, 2008, the city of Cleveland filed a motion to intervene. The motion was timely filed and contends that the potential party has a real and substantial interest in these matters. No party opposed the city of Cleveland's motion. Accordingly, the attorney examiner finds that the motion to intervene filed by the city of Cleveland is reasonable and should be granted.
- (5) On June 23, 2008, the office of the Ohio Consumers' Counsel, the city of Cleveland, Ohio Partners for Affordable Energy, The Neighborhood Environmental Coalition, the Empowerment Center of Greater Cleveland, Cleveland Housing Network, and the Consumers for Fair Utility Rates (collectively "Joint Consumer Advocates") filed a motion for local public hearings. In their motion, the Joint Consumer Advocates identified ten cities in which they request that hearings be held, namely Akron, Canton, Cleveland, Geneva, Kenton, Lima, Marietta,

Mentor, Warren, and Youngstown. They also requested that two public hearings be held in Cleveland.

- (6) Paragraph (F) of Rule 4901-1-12, Ohio Administrative Code, states that the attorney examiner may issue an expedited ruling on any motion, with or without the filing of memoranda, where the issuance of the ruling will not adversely affect a substantial right of any party.
- (7) With regard to the motion filed by the Joint Consumer Advocates, the attorney examiner finds that ruling absent the filing of a memorandum contra will not adversely affect a substantial right of any party and that, therefore, an expedited ruling is appropriate.
- (8) Upon review, the attorney examiner finds that the motion filed by the Joint Consumer Advocates should be granted with regard to their request that one hearing be held in each of the following locations: Akron, Canton, Cleveland, Geneva, Lima, Marietta, and Youngstown. The motion should be denied in all other respects. This determination is made in accordance with the requirements established in Section 4903.083, Revised Code. Further, these seven public hearing locations will ensure that DEO's customers have a reasonable opportunity to provide public testimony in these proceedings.
- (9) Accordingly, the following local public hearings will be conducted on the following dates:
 - (a) Monday, July 28, 2008, at 2:00 p.m., at the Youngstown City Hall, 26 South Phelps Street, Youngstown, Ohio 44503.
 - (b) Tuesday, July 29, 2008, at 1:30 p.m., at the Lima Municipal Center, City Council Chambers, 1st Floor, 50 Town Square, Lima, Ohio 45801.
 - (c) Thursday, July 31, 2008, at 1:30 p.m., at the Oliver R. Oscasek Government Center, 161 South High Street, Akron, Ohio 44308, and at 7:00 p.m., at Canton City Hall, 218 Cleveland Avenue, Canton, Ohio 44702.

- (d) Monday, August 4, 2008, at 12:30 p.m., at the Frank J. Lausche State Office Building, 2nd Floor, Auditorium, 615 West Superior Avenue, Cleveland, Ohio 44113, and at 7:00 p.m., at the City Hall Municipal Building, Council Chambers, 1st floor, 44 North Forest Street, Geneva, Ohio 44041.
 - (e) Tuesday, August 5, 2008, at 1:30 p.m., at Marietta College, McDonough Auditorium, 215 Fifth Street, Marietta, Ohio 45750.
- (10) The evidentiary hearing shall commence on August 6, 2008, at 10:00 a.m., in Hearing Room 11-C, on the 11th floor, at the offices of the Commission, 180 East Broad Street, Columbus, Ohio 43215.
- (11) DEO should publish notice of the local public hearings in a newspaper of general circulation in the affected service territory once each week for three consecutive weeks. The notice should not appear in the legal notices section of the newspaper. The notice should read as follows:

LEGAL NOTICE

The Public Utilities Commission of Ohio has scheduled local public hearings in Case Nos. 07-829-GA-AIR, 07-830-GA-ALT, 07-831-GA-AAM, 08-169-GA-UNC, and 06-1453-GA-UNC, *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for an Increase in Rates for its Gas Distribution Service, for Approval of an Alternative Rate Plan for its Gas Distribution Services, for Approval to Change Accounting Methods, for Approval of Tariffs to Recover Certain Costs Associated with a Pipeline Infrastructure Replacement Program, and for Approval of Tariffs to Recover Costs Associated with Automated Meter Reading.* The hearings are scheduled for the purpose of providing an opportunity for interested members of the public to testify in these proceedings. The local hearings will be held as follows:

- (a) Monday, July 28, 2008, at 2:00 p.m., at the Youngstown City Hall, 26 South Phelps Street, Youngstown, Ohio 44503.

- (b) Tuesday, July 29, 2008, at 1:30 p.m., at the Lima Municipal Center, City Council Chambers, 1st Floor, 50 Town Square, Lima, Ohio 45801.
- (c) Thursday, July 31, 2008, at 1:30 p.m., at the Oliver R. Oscasek Government Center, 161 South High Street, Akron, Ohio 44308.
- (d) Thursday, July 31, 2008, at 7:00 p.m., at Canton City Hall, 218 Cleveland Avenue, Canton, Ohio 44702.
- (e) Monday, August 4, 2008, at 12:30p.m., at the Frank J. Lausche State Office Building, 2nd Floor, Auditorium, 615 West Superior Avenue, Cleveland, Ohio 44113.
- (f) Monday, August 4, 2008, at 7:00 p.m., at the City Hall Municipal Building, Council Chambers, 1st floor, 44 North Forest Street, Geneva, Ohio 44041.
- (g) Tuesday, August 5, 2008, at 1:30 p.m., at Marietta College, McDonough Auditorium, 215 Fifth Street, Marietta, Ohio 45750.

By its application, DEO seeks a rate increase which would generate approximately \$75,007,378 of additional revenue, or an increase of 7.12 percent over current revenue. After its review of the company's records and application, the staff of the Commission recommends an increase in revenue of between \$33,607,411 and \$45,564,961, or an increase of between 3.28 percent and 4.44 percent over current revenue.

The major issues in this case are as follows:

- (a) Revenue requirements as impacted by rate base, operating income, and rate of return.
- (b) Adjustments to the company's test year rate base and operating income.

- (c) The level of the monthly customer charge that customers will pay.
- (d) Rate design, including consideration of decoupling and straight fixed variable mechanisms.
- (e) Application of the gross receipts tax rider and the proposed sales reconciliation rider.
- (f) Funding for demand side management and weatherization programs.
- (g) Customer service issues.
- (h) Deployment of automated meter reading equipment and the recovery of the costs through a rider.
- (i) The pipeline infrastructure replacement program and the recovery of the program's costs through a rider.

Further information may be obtained by contacting the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215-3793, viewing the Commission's web page at <http://www.puc.state.oh.us> or contacting the Commission's hotline at 1-800-686-7826.

- (12) A prehearing conference will be held on July 8, 2008, at 10:00 a.m., in Hearing Room 11-C, on the 11th floor, at the office of the Commission, 180 East Broad Street, Columbus, Ohio 43215. The purpose of the prehearing conference will be to discuss procedural aspects of the cases and to provide an opportunity for the parties to conduct settlement discussions.

It is, therefore,

ORDERED, That the motion to intervene filed by the city of Cleveland be granted.
It is, further,

ORDERED, That local public hearings in these proceedings be held as set forth in finding (9). It is, further,

ORDERED, That the evidentiary hearing in these proceedings commence on August 6, 2008, at 10:00 a.m., Hearing Room 11-C, 11th floor, at the offices of the Commission, 180 East Broad Street, Columbus, Ohio. It is, further,

ORDERED, That notice of the local public hearings be published as set forth in finding (11). It is, further,

ORDERED, That a prehearing conference be scheduled for July 8, 2008, at 10:00 a.m., at the offices of the Commission. It is, further,

ORDERED, That a copy of this entry be served upon all parties of record.

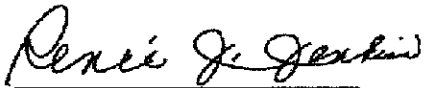
THE PUBLIC UTILITIES COMMISSION OF OHIO



By: Scott Farkas
Attorney Examiner

RFF /ct

Entered in the Journal
JUN 27 2008



Renee J. Jenkins
Secretary