

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

1
2 In the Matter of the :
3 Application of The East :
4 Ohio Gas Company d/b/a :
5 Dominion East Ohio for :
6 Authority to Increase :
7 Rates for its Gas :
8 Distribution Service, :
9 Approval of an Alternative :
10 Rate Plan for its Gas :
11 Distribution Service, :
12 Approval to Change :
13 Accounting Methods, :
14 Approval of Tariffs to :
15 Recover Certain Costs :
16 Associated with a Pipeline :
17 Infrastructure Replacement :
18 Program Through an :
19 Automatic Adjustment :
20 Clause, and for Certain :
21 Accounting Treatment, and :
22 Approval of Tariffs to :
23 Recover Certain Costs :
24 Associated with Automated :
Meter Reading Deployment :
Through an Automatic :
Adjustment Clause, and for :
Certain Accounting :
Treatment. :

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Case Nos. 07-829-GA-AIR
07-830-GA-ALT
07-831-GA-AAM
08-169-GA-ALT
06-1453-GA-UNC

8/15/08
Transcript docketed
Electronically

PROCEEDINGS

before Ms. Christine M.T. Pirik and Mr. Scott Farkas,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-C,
Columbus, Ohio, called at 9 a.m. on Friday, August 1,
2008.

ARMSTRONG & OKEY, INC.
185 South Fifth Street, Suite 101
Columbus, Ohio 43215-5201
(614) 224-9481/(800) 223-9481
Fax (614) 224-5724

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**Application of California-American Water
Company (U210W) For an Authorized Cost of
Capital for Utility Operations for 2009**

(Filed May 1, 2008)

**APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY (U210W) FOR
AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS FOR 2009**

TESTIMONY

**LENARD G. WEISS
LORI ANNE DOLQUEIST
SARAH E. LEEPER**

**MANATT, PHELPS & PHILLIPS, LLP
One Embarcadero Center, 30th Floor
San Francisco, CA 94111
Telephone: (415) 291-7400
Facsimile: (415) 291-7474
Email: lweiss@manatt.com
Email: ldolqueist@manatt.com
Email: sleeper@manatt.com**

**Attorneys for Applicant
California-American Water Company**

Dated: May 1, 2008

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E43

TESTIMONY INDEX

- Tab 1 Direct Testimony of Christopher Buls
- Tab 2 Direct Testimony David P. Stephenson
- Tab 3 Direct Testimony of Dr. Michael Vilbert

Table 1. Cost of Equity Results

		Regulatory Capital Structure: 42.0% Equity / 58.0% Debt			2009 Tax Rate: 41.7%					
		METHODS						DCF		
		RISK POSITIONING (using Long-Term Risk-Free Rate)			RISK POSITIONING (using Short-Term Risk-Free Rate)					
		CAPM	$\alpha = 0.5\%$	$\alpha = 1.5\%$	CAPM	$\alpha = 1\%$	$\alpha = 2\%$	$\alpha = 3\%$	Simple	Multi-stage
[1]	Water Sample*									
	<i>Full Sample</i>									
	Cost of Equity	14.8%	14.8%	14.9%	12.2%	12.3%	12.4%	12.4%	17.6%	11.7%
	Average ATWACC	8.3%	8.4%	8.4%	7.3%	7.3%	7.3%	7.4%	9.5%	7.0%
	<i>Sub-sample</i>									
	Cost of Equity	14.7%	14.7%	14.8%	12.1%	12.2%	12.3%	12.4%	16.6%	11.7%
	Average ATWACC	8.3%	8.3%	8.4%	7.2%	7.3%	7.3%	7.3%	9.1%	7.1%
[2]	Gas LDC Sample**									
	Cost of Equity	12.3%	12.5%	12.8%	9.5%	9.8%	10.2%	10.5%	12.4%	12.2%
	Average ATWACC	7.3%	7.4%	7.5%	6.1%	6.3%	6.4%	6.5%	7.3%	7.3%
[3]	Risk Positioning Security Market Line Parameters:					Multi-Stage DCF Parameter:				
	<i>Long-Term</i>			<i>Short-Term</i>						
	Risk Free Rate Estimate:	4.3%		Risk Free Rate Estimate:	1.3%		GDP Growth			
	Estimated MRP:	6.5%		Estimated MRP:	8.0%		Estimate:		4.8%	

Sources and Notes:

* For the Water Sample, Risk Positioning data from Table No. MJV-12 and DCF data from Table No. MJV-8.

** For the Gas LDC Sample, Risk Positioning data from Table No. MJV-22 and DCF data from Table No. MJV-19.

[1] The full water sample consists of American States Water Co., Aqua America Inc., California Water Service Group, Connecticut Water Service Inc., Middlesex Water Co., SJW Corp., Southwest Water Co., and York Water Co. The subsample excludes Southwest Water Co. Results exclude companies whose estimated cost of equity is less than their cost of debt plus 25 basis points.

[2] The gas LDC sample consists of AGI Resources, Atmos Energy Corp., LaClede Group, New Jersey Resources, Nicor Inc., Northwest Natural Gas, Piedmont Natural Gas, South Jersey Industries, Southwest Gas, WGL Holdings, and Vectren Corp.

[3] See Appendices C and D for details on Risk Positioning and DCF parameters used in estimates.

1. The Water Sample Estimates

Q51. How were the cost of equity estimates derived from the risk positioning approach for the water sample?

A51. I derive two sets of risk-positioning estimates, one using long-term risk-free rates and market risk premium, and one using short-term values. The long-term interest rate I use is 4.3 percent and the corresponding estimated market risk premium is 6.5 percent. When using the short-term risk-free rate of 1.3 percent, the estimated MRP is 8.0 percent. Details on the derivation of these forecasts can be found in Appendix C.

For each estimated risk-free rate, the two risk positioning models (CAPM and ECAPM) are estimated utilizing the different values of the ECAPM parameter (0.5% and 1.5% for the long-term model and 1%, 2%, and 3% for the short-term model). I therefore obtain

Workpaper # 1 to Table No. MJV-10

Water Sample

Value Line Unadjusted Beta

Company	Value Line Betas [1]	Value Line Unadjusted Beta [2]
American States Water Co	1.00	0.97
Aqua America Inc	0.90	0.82
California Water Service Group	1.15	1.19
Connecticut Water Service Inc	0.85	0.75
Middlesex Water Co	0.90	0.82
SJW Corp	1.10	1.12
Southwest Water Co	1.00	0.97
York Water Co	0.50	0.22
Average	0.93	0.86
Subsample Average*	0.91	0.84

Sources and Notes:

[1]: Most recent Value Line Plus Edition dated as of January 25, 2008.

[2]: Value Line betas unadjusted using the formula: $(\text{Beta} - 0.35) / 0.67$.

* Subsample average does not include Southwest Water Co because its regulated revenue was less than 85%.

Table No. MJV-10
Risk Positioning Cost of Equity of the Water Sample
Panel A: Using the Long-Term Risk-Free Rate

Company	US Long-Term Risk-Free Rate [1]	Value Line Unadjusted Beta [2]	Long-Term Market Risk Premium [3]	CAPM Cost of Equity [4]	ECAPM (0.5%) Cost of Equity [5]	ECAPM (1.5%) Cost of Equity [6]
American States Water Co	4.3%	0.97	6.50%	10.6%	10.6%	10.7%
Aqua America Inc	4.3%	0.82	6.50%	9.6%	9.7%	9.9%
California Water Service Group	4.3%	1.19	6.50%	12.1%	12.0%	11.8%
Connecticut Water Service Inc	4.3%	0.75	6.50%	9.2%	9.3%	9.5%
Middlesex Water Co	4.3%	0.82	6.50%	9.6%	9.7%	9.9%
SJW Corp	4.3%	1.12	6.50%	11.6%	11.5%	11.4%
Southwest Water Co	4.3%	0.97	6.50%	10.6%	10.6%	10.7%
York Water Co	4.3%	0.22	6.50%	5.8%	6.1%	6.9%

Sources and Notes:

[1]: Table No. MJV-9 - Interest Rate Estimate, Panel A, Row [A].

[2]: Workpaper # 1 to Table No. MJV-10, column [1].

[3]: Vilbert Direct Testimony, Appendix B.

[4]: $(1) + (2) \times (3)$.

[5]: $((1) + 0.5\%) + (2) \times ((3) - 0.5\%)$.

[6]: $((1) + 1.5\%) + (2) \times ((3) - 1.5\%)$.

Table No. MJV-10
 Risk Positioning Cost of Equity of the Water Sample
 Panel B: Using the Short-Term Risk-Free Rate.

Company	US Short-Term Risk-Free Rate [1]	Value Line Unadjusted Beta [2]	Short-Term Market Risk Premium [3]	CAPM Cost of Equity [4]	ECAPM (1%) Cost of Equity [5]	ECAPM (2%) Cost of Equity [6]	ECAPM (3%) Cost of Equity [7]
American States Water Co	1.3%	0.97	8.0%	9.1%	9.1%	9.1%	9.2%
Aqua America Inc	1.3%	0.82	8.0%	7.9%	8.0%	8.2%	8.4%
California Water Service Group	1.3%	1.19	8.0%	10.9%	10.7%	10.5%	10.3%
Connecticut Water Service Inc	1.3%	0.75	8.0%	7.3%	7.5%	7.8%	8.0%
Middlesex Water Co	1.3%	0.82	8.0%	7.9%	8.0%	8.3%	8.4%
SJW Corp	1.3%	1.12	8.0%	10.3%	10.1%	10.0%	9.9%
Southwest Water Co	1.3%	0.97	8.0%	9.1%	9.1%	9.1%	9.2%
York Water Co	1.3%	0.22	8.0%	3.1%	3.9%	4.6%	5.4%

Sources and Notes:

- [1]: Table No. MJV-9 - Interest Rate Estimate, Panel B, Row (1).
- [2]: Workpaper # 1 to Table No. MJV-10, column (1).
- [3]: Vilbert Direct Testimony, Appendix B.
- [4]: $(1) + (2) \times (3)$.
- [5]: $(1) + 1\% + (2) \times (3) - 1\%$.
- [6]: $(1) + 2\% + (2) \times (3) - 2\%$.
- [7]: $(1) + 3\% + (2) \times (3) - 3\%$.

1 BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

2 - - -

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

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

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

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

17 In the Matter of the Application :
18 of The East Ohio Gas Company :
d/b/a Dominion East Ohio for :
19 Approval of Tariffs to Recover :
Certain Costs Associated with : Case No.
20 Automated Meter Reading : 06-1453-GA-UNC
Deployment Through an Automatic :
21 Adjustment Clause, and for :
Certain Accounting Treatment. :

22 - - -

23 DEPOSITION of CLIFF ANDREWS

24

occ of 4

1 the increase in the customer charge from 5.70 a month
2 to 17.50 a month, would it be your understanding some
3 customers would be better off economically under that
4 rate design than other customers?

5 MR. WHITT: Objection.

6 A. Again, I'm getting beyond the limit of my
7 scope. I mean, I could imagine that there could be a
8 difference one way or the other.

9 Q. But have you done any analysis yourself
10 to identify what those differences might be?

11 A. No.

12 Q. Would Mr. Rice have performed those
13 studies?

14 A. He may have looked at that.

15 MR. SAUER: Mark, I sent you some
16 documents earlier. I wonder if I might have one
17 marked as Deposition Exhibit 1. At the top it's the
18 Class and Revenue Schedule, E-4, page 1 of 6.

19 (Discussion off record.)

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 Q. (By Mr. Sauer) Mr. Andrews, I know the
22 witness responsible says L. J. Rice, but have you
23 seen this document before?

24 A. I have seen this.

1 Q. Okay. Do you know what this document is?

2 A. It's a summary of volume and revenue by
3 rate class, yes.

4 Q. Okay. And if you look under the GSS rate
5 code, there's Residential Sales by Mcf of
6 \$34,891,292. Do you see that number?

7 A. Yes.

8 Q. And to the right of that number is
9 Customer Bills under column C, 4,221,824, do you see
10 that number, sir?

11 A. Yes.

12 Q. And subject to check, if I would divide
13 the residential sales per Mcf, the 34,891,292 by the
14 GSS number of customers bills, the 4,221,824, would
15 you agree that would be -- subject to check that
16 would be 8.26 Mcf per customer?

17 A. That would be Mcf per customer per month.

18 Q. Per month, yes.

19 A. Yes.

20 Q. Okay.

21 A. Subject to check. I don't know the
22 exact.

23 Q. Yes, I understand you don't have a
24 calculator there.

1 MR. SAUER: Mark, again, there's another
2 document that I had faxed. This is a document that
3 came off of the Dominion East Ohio webpage. It says
4 Dominion East Ohio rates, Gas Rates in Effect as of
5 June 17, 2008. It's a one-page document. Do you see
6 that.

7 MR. WHITT: I have that.

8 MR. SAUER: Would you mark that as
9 Deposition Exhibit 2.

10 MR. WHITT: It is so marked. I have
11 handed it to the witness.

12 (EXHIBIT MARKED FOR IDENTIFICATION.)

13 Q. Mr. Andrews, have you seen this document
14 before? Are you familiar with the webpage from which
15 this document came?

16 A. Yes.

17 Q. If you look about halfway down the page,
18 there's an approximate total unit rate for the first
19 100 Mcf, again for the General Sales Service, the GSS
20 class, correct?

21 A. Yes.

22 Q. And there's a number that says \$17.0210
23 per Mcf.

24 A. Yes.

1 Q. And if you know, is that \$17 per Mcf, is
2 that a combination of the delivery rate of the first
3 100 Mcf at \$3.0058 per Mcf, plus the standard service
4 offer rate shown as \$13.356 per Mcf, plus the
5 surcredit rider offset, which is \$0.0053 per Mcf,
6 plus the gross receipts tax of \$0.6539 per Mcf?

7 A. Yes, that's my understanding.

8 Q. Is that how that dollar number was
9 arrived at?

10 A. Yes.

11 Q. So it excludes the \$5.70 per month
12 customer charge?

13 A. Yes. The rates, it's just the per Mcf
14 rate so it does not include the service charge.

15 Q. Okay. So in doing the math, I know you
16 don't have a calculator here, but using the average,
17 the 8.26 average Mcf per month number we had talked
18 about earlier, times the \$17.0210 shown on Deposition
19 Exhibit 2, plus the \$5.70 a month customer charge,
20 subject to check would you agree that would be a bill
21 amount of \$146.29?

22 A. I would agree it's approximately 140-some
23 dollars.

24 Q. Okay. As we discussed earlier, you are

1 aware that the staff is proposing to increase the
2 customer charge to \$17.50; is that correct?

3 A. Yes, I'm aware of that.

4 Q. Okay. And are you aware that the staff
5 is proposing to also decrease the delivery charge for
6 the first 50 Mcf by 87 cents per Mcf?

7 A. Yes; subject to check on the cents.

8 Q. Okay. So the volumetric rate on
9 Deposition Exhibit No. 2, the 17.021, would be
10 reduced by approximately 87 cents.

11 A. Correct.

12 Q. Or it would be approximately \$16.15. Do
13 you agree with that?

14 A. Yes, approximately.

15 Q. And, again, using the average 8.26 Mcf
16 per month residential use times that \$16.15 would
17 give you \$133.40, plus the staff proposed charge of
18 17.50, would give you a billing amount of \$150.90.
19 Subject to check would you agree with that?

20 A. Approximately, yes.

21 Q. Which is higher than the \$146.29 average
22 bill we calculated a second ago.

23 A. That's correct.

24 Q. Approximately a 3.2 percent increase,

1 subject to check.

2 A. If that's -- that sounds reasonable.

3 Q. Okay.

4 MR. SAUER: Next if you would mark as
5 Deposition Exhibit 3, looking for schedule E-3.2,
6 pages 1-3 of 16. The witness responsible is
7 C. Andrews. It says Cost of Service Study Allocation
8 factors. Do you see that schedule, Mark?

9 MR. WHITT: Again, looking through --

10 MR. SAUER: It says Larry Sauer - E-3.2.
11 I think it is just page 1. It has Allocation
12 Factors, Allocator, Total Throughput to the left and
13 then it comes across, GSS/ECTS.

14 MR. WHITT: Yes. You want just the first
15 page?

16 MR. SAUER: The first page is all I'm
17 looking at. There's more to it, but the first page
18 is probably all we need.

19 MR. WHITT: Okay. I have handed that to
20 the witness.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 Q. Mr. Andrews, since you are the witness
23 identified on the schedule, I assume you are familiar
24 with this document.

1 A. Yes. This looks like a printout of the
2 cost of service study, first page of it.

3 Q. Okay. And there is a column that says
4 Total Throughput. Do you see that?

5 A. Yes.

6 Q. And then there's also -- that was line 1.
7 Line 3 there's an October - April Throughput. Do you
8 see that?

9 A. Yes.

10 Q. You have those numbers for various rate
11 schedules across the page.

12 A. Correct.

13 Q. And if we just focus on the GSS/ECTS
14 column, the total throughput was 143,308,810; is that
15 correct?

16 A. Yes.

17 Q. And the October through April throughput
18 in line 3 is 123,713,181 for the GSS class.

19 A. Yes.

20 Q. And subject to check the difference
21 between those two numbers is 19,595,629.

22 A. Subject to check that sounds reasonable.

23 Q. Okay. And line 10 you have Number of
24 Customers, 1,207,801 under GSS/ECTS class. Do you

1 see that?

2 A. Yes.

3 Q. And for the five months May through
4 September, that would be 6,039,005 bills rendered.
5 Subject to check would you agree with that?

6 A. I'm not sure I followed that question.

7 Q. Okay. The number of customers, 1,207801,
8 is what is shown on line 10 under GSS/ECTS class; is
9 that correct?

10 A. Yes.

11 Q. And if I multiply that by five for five
12 months May through September, it would be 6,039,005
13 bills rendered, subject to check.

14 A. Subject to check. I agree with the
15 equation you just walked me through.

16 Q. Okay. And the previous subtraction we
17 had done from total throughput less the October
18 through April throughput would leave you the May
19 through September throughput. That answer would give
20 you the May through September throughput of
21 19,595,629, subject to check, correct?

22 A. Are you asking me if the approximate May
23 through September usage for GSS is somewhere
24 around 19 --

1 Q. 19 and a half million, yes, 19.6 million,
2 subject to check.

3 A. Yes.

4 Q. And then what I was going to do next is
5 divide that 19.6 million by the 6,039,005 billings
6 over that five-month period to get an average of
7 3.24 average Mcf per month during the May through
8 September months. Would you agree with that?

9 A. Again, subject to check, that sounds
10 reasonable.

11 Q. And I'm going to kind of run us through
12 that same exercise we had done earlier, sir. This is
13 for the periods of May through September, where if
14 you look at what has been marked previously as
15 Deposition Exhibit No. 2, multiplying that 17.0210
16 times the average Mcf per month during the May
17 through September months of 3.24 would give you
18 \$55.15 volumetric charges. Subject to check would
19 you agree with that?

20 A. You took --

21 Q. I took the 17.0210 from Deposition
22 Exhibit No. 2.

23 A. Correct.

24 Q. And multiplied that by the average Mcf

1 per customer during the May through September period
2 of 3.24 to come up with \$55.15 volumetric charge.

3 Would you agree with that subject to check?

4 A. Yes.

5 Q. And then add to that the customer charge
6 of 5.70 to come up with an average May through
7 September billing of \$60.85. Would you agree with
8 that?

9 A. Yes.

10 Q. And now I'm going to do the same
11 calculation to try to use what the staff is
12 proposing, so that the volumetric charge would be the
13 17.0210 minus the 87 cents they are reducing the
14 volumetric charge by, or the 16.15 we discussed
15 earlier. Do you remember that?

16 A. Yes.

17 Q. Subject to check.

18 A. Yes.

19 Q. Multiplying that times the average use of
20 3.24 Mcf per month coming up with \$52.33. Subject to
21 check do you agree with that?

22 A. Yes.

23 Q. And then adding to that this \$17.50
24 customer charge the staff is proposing, \$69.83.

1 Would you agree with that, subject to check?

2 A. Yes. I agree with the math you're doing,
3 sounds reasonable.

4 Q. Okay. I'm comparing a \$69.83 average
5 billing in the May-September period under the staff's
6 proposal to what the current average billing would be
7 at the \$60.85 we had just done, coming up with a
8 14.8 percent change between those two billings.
9 Would you agree, subject to check?

10 A. That would be the difference in the
11 summer months.

12 Q. Yes.

13 A. Right. Subject to check, I agree that
14 the one number is 14.8 percent, roughly, subject to
15 check, higher than the first number.

16 Q. Mr. Andrews, would you agree that as part
17 of your duties it's important to understand the
18 economic conditions of the service territory that DEO
19 serves when you make planning decisions?

20 A. I think in terms -- that question is
21 vague. I'm really having a hard time following the
22 intent of the question.

23 Q. When you're performing your cost of
24 service study, do you factor in any way the economic

1

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
 Case No. 07-0829-GA-AIR
 Proposed - East Ohio
 Class and Schedule Revenue Summary

Data: 3 Months Actual & 9 Months Estimated
 Type of Filing: Original
 Work Paper Reference Nos.: WPE-4a thru WPE-4e

Schedule E-4
 Page 1 of 6
 Witness Responsible:
 L. J. Rice

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales MCF (D)	Proposed Rate (E=F/D)	Proposed Annualized		Annualized Gas Cost Revenue (H)	Proposed Revenue Total (I=F+H)
						Proposed Revenue Less Gas Cost Revenue (F)	% of Revenue To Total Excludes of Gas Costs (G)		
1	QSS	GENERAL SALES SERVICE							
2		Residential	4,221,824	34,891,288	\$4.1157	\$143,601,462.90	22.7%	\$318,364,954.65	\$461,966,417.55
3		Non Residential	277,255	9,917,998	\$3.5253	\$34,964,318.65	5.5%	\$90,236,432.02	\$125,200,753.67
4		Sub-Total	4,499,079	44,809,286	\$3.9850	\$178,565,781.55	28.3%	\$408,601,386.67	\$587,167,171.22
5									
6	ECTS	ENERGY CHOICE TRANSPORTATION SERVICE							
7		Residential	8,592,791	71,927,300	\$5.6647	\$263,590,233.18	41.7%	\$0.00	\$263,590,233.18
8		Non Residential	615,682	19,494,972	\$3.1192	\$60,808,398.06	9.6%	\$0.00	\$60,808,398.06
9		Sub-Total	9,208,473	91,422,272	\$5.5484	\$324,398,631.24	51.4%	\$0.00	\$324,398,631.24
10									
11	LVGSS	LARGE VOLUME GENERAL SALES SERVICE							
12		Residential	360	108,322	\$2.9340	\$317,814.15	0.1%	\$990,816.76	\$1,308,630.91
13		Non Residential	5,113	1,641,165	\$2.8617	\$4,696,556.33	0.7%	\$15,005,829.23	\$19,702,385.56
14		Sub-Total	5,473	1,749,487	\$2.8662	\$5,014,370.48	0.8%	\$15,996,645.99	\$21,011,016.47
15									
16	LVECTS	LARGE VOLUME ENERGY CHOICE TRANSPORTATION SERVICE							
17		Residential	3,900	1,531,012	\$2.4441	\$3,741,928.81	0.6%	\$0.00	\$3,741,928.81
18		Non Residential	16,547	5,421,982	\$2.4543	\$13,307,079.32	2.1%	\$0.00	\$13,307,079.32
19		Sub-Total	20,447	6,952,994	\$2.4520	\$17,049,008.13	2.7%	\$0.00	\$17,049,008.13
20									
21	GTS	GENERAL TRANSPORTATION SERVICE							
22		Residential	792	356,528	\$2.1571	\$769,052.26	0.1%	\$0.00	\$769,052.26
23		Non Residential	24,626	28,031,989	\$1.4124	\$39,593,239.31	6.3%	\$0.00	\$39,593,239.31
24		Sub-Total	25,418	28,388,517	\$1.4218	\$40,362,291.57	6.4%	\$0.00	\$40,362,291.57
25									
26	GTS-N	GENERAL TRANSPORTATION SERVICE - NEGOTIATED							
27		Residential	-	-	n/a	\$0.00	0.0%	\$0.00	\$0.00
28		Non Residential	2,148	13,065,854	\$0.5604	\$7,322,552.71	1.2%	\$0.00	\$7,322,552.71
29		Sub-Total	2,148	13,065,854	\$0.5604	\$7,322,552.71	1.2%	\$0.00	\$7,322,552.71
30									
31	TSS	TRANSPORTATION SERVICE FOR SCHOOLS							
32		Residential	-	-	n/a	\$0.00	0.0%	\$0.00	\$0.00
33		Non Residential	5,061	1,116,465	\$2.5958	\$2,898,153.39	0.5%	\$0.00	\$2,898,153.39
34		Sub-Total	5,061	1,116,465	\$2.5958	\$2,898,153.39	0.5%	\$0.00	\$2,898,153.39
35									
36	DTS	DAILY TRANSPORTATION SERVICE							
37		Residential	-	-	n/a	\$0.00	0.0%	\$0.00	\$0.00
38		Non Residential	228	12,823,612	\$0.5337	\$6,843,707.29	1.1%	\$0.00	\$6,843,707.29
39		Sub-Total	228	12,823,612	\$0.5337	\$6,843,707.29	1.1%	\$0.00	\$6,843,707.29
40									
41	DTS-N	DAILY TRANSPORTATION SERVICE - NEGOTIATED							
42		Residential	-	-	n/a	\$0.00	0.0%	\$0.00	\$0.00
43		Non Residential	588	31,204,141	\$0.2324	\$7,252,309.08	1.1%	\$0.00	\$7,252,309.08
44		Sub-Total	588	31,204,141	\$0.2324	\$7,252,309.08	1.1%	\$0.00	\$7,252,309.08
45		Sub-Total - On System Only	13,766,915	231,532,632	\$2.5470	\$589,706,805.44	93.4%	\$424,598,035.66	\$1,014,304,841.10
46									
47	OFF	OFF SYSTEM TRANSPORTATION							
48		Other	120	6,341,061	\$0.2744	\$1,739,907.26	0.3%	\$0.00	\$1,739,907.26
49		Sub-Total	120	6,341,061	\$0.2744	\$1,739,907.26	0.3%	\$0.00	\$1,739,907.26
50									
51	FSS	FIRM STORAGE SERVICE							
52		Other	432	16,757,874	\$0.6590	\$11,042,773.85	1.7%	\$0.00	\$11,042,773.85
53		Sub-Total	432	16,757,874	\$0.6590	\$11,042,773.85	1.7%	\$0.00	\$11,042,773.85
54									
55									
56		TOTAL OTHER REVENUE				\$29,157,465.00	4.6%	\$0.00	\$29,157,465.00
57		Sub-Total before Migration Credit	13,767,035	237,873,693		\$631,646,951.33	100.0%	\$424,598,035.66	\$1,056,244,987.21
58		Migration Rider B Credit Impact				(\$4,286,150.14)		\$0.00	(\$4,286,150.14)
59									
60									
61									
62		TOTAL COMPANY	13,767,035 (Excludes PSS)	237,873,693 (Excludes FSS)		\$627,360,801.41		\$424,598,035.66	\$1,051,958,837.07

2

Dominion East Ohio Rates

Gas rates in effect as of June 17, 2008

General Sales Service (GSS)			
For communities in Ashland, Ashtabula, Belmont, Carroll, Columbiana, Coshocton, Cuyahoga, Geauga, Holmes, Knox, Lake, Mahoning, Medina, Monroe, Portage, Stark, Summit, Trumbull, Tuscarawas, Wayne and Washington counties.			
Service Charge		\$5.70	per month
Delivery Rate (a)	First 100 mcf	<i>a</i> \$3.0058	per mcf
	Next 1,900 mcf	\$2.9342	per mcf
	Over 2,000 mcf	\$2.8876	per mcf
Standard Service Offer (SSO) Rate		<i>b</i> \$13.3560	per mcf
Surcredit Rider Offset		<i>c</i> \$0.0053	per mcf
Gross Receipts Tax (4.8957% of SSO Gas Cost)		<i>d</i> \$0.6539	per mcf
Approximate Total Unit Rate	First 100 mcf	\$17.0210	per mcf = <i>a+b+c+d</i>
	Next 1,900 mcf	\$16.9494	per mcf
	Over 2,000 mcf	\$16.9028	per mcf
(a) Includes Interim Emergency and Temporary PIP Plan Rider of \$ 0.5653/mcf, Uncollectible Expense Rider of \$.5674/mcf, Transportation Migration Rider - Part B of \$0.4836/mcf, Surcredit Rider of (\$.0053)/mcf, and Excise Tax Rider of \$0.1593/mcf for the first 100 mcf, \$ 0.0877/mcf for the next 1,900 mcf, and \$0.0411/mcf for all volumes over 2,000 mcf.			
Note: The minimum monthly charge for each location shall be the monthly service charge. The reconnection charge is \$ 20.00.			

Supersedes Card Dated May 16, 2008.

<http://www.dom.com/customer/pdf/oh/gss.pdf>

3

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
CASE NO. 07-0829-GA-AIR
COST OF SERVICE STUDY

Date: 3 Months Actual & 9 Months Estimated
Type of Filing: Original
Work Paper Reference Nos.: WPE-3.2a-h

Schedule E-3.2
Page(s) 1-3 of 16
Witness: C. Andrews

ALLOCATION FACTORS

#	Allocator	Basis	RATE SCHEDULE				SYSTEM TOTAL	
			CONSUMERS	LVGSS/VECTS	GTS/TSS	DTS/Off-System		Storage
1	Total Throughput	Mcf	143,308,810 56.3%	8,994,640 3.5%	51,952,159 20.4%	50,368,814 19.8%	0 0.0%	264,624,423 100.0%
2	Winter Throughput	Mcf	104,876,988 64.3%	6,337,343 3.9%	27,989,383 17.2%	23,982,134 14.7%	0 0.0%	163,185,848 100.0%
3	October-April Throughput	Mcf	123,713,181 62.0%	7,579,939 3.8%	38,181,255 18.1%	31,952,268 16.0%	0 0.0%	199,426,833 100.0%
4	On-system Sales	Mcf	49,141,601 96.4%	1,821,342 3.6%	0 0.0%	0 0.0%	0 0.0%	50,962,943 100.0%
5	Peak Day Requirements	Mcf	1,738,191 72.1%	101,758 4.2%	337,307 14.0%	231,788 9.6%	0 0.0%	2,407,024 100.0%
6	Excess Peak Day Requirement	Mcf	1,343,564 78.6%	77,115 4.5%	194,972 11.4%	93,771 5.5%	0 0.0%	1,709,422 100.0%
7	Winter Storage Requirement	Mcf	34,209,376 63.4%	2,014,273 3.7%	1,018,477 1.9%	- 0.0%	16,757,874 31.0%	54,000,000 100.0%
8	Excess Peak Storage Requirement	Mcf	454,034 62.9%	26,550 3.7%	10,458 1.4%	- 0.0%	231,343 32.0%	722,384 100.0%
9	Gathering Throughput	Mcf	11,238,678 28.5%	706,385 1.8%	21,308,109 54.1%	6,155,948 15.6%	0 0.0%	39,408,118 100.0%
10	Number of Customers	# of Customers	4,207,801 99.6%	2,248 0.2%	2,910 0.2%	78 0.0%	0 0.0%	1,213,037 100.0%
11	Transportation Customers	# of Customers	791,547 99.4%	1,769 0.2%	2,910 0.4%	78 0.0%	0 0.0%	796,304 100.0%
12	Industrial Customers	# of Customers	633 39.5%	148 9.2%	757 47.2%	65 4.1%	0 0.0%	1,603 100.0%
13	Customers, Low Pressure	# of Customers	838,450 99.7%	1,682 0.2%	817 0.1%	0 0.0%	0 0.0%	840,949 100.0%
14	Customers, Regulated Pressure	# of Customers	366,351 99.3%	566 0.2%	2,093 0.6%	78 0.0%	0 0.0%	372,088 100.0%
15	Revenue @ Current Rates (excludes EC gas cost/sales tax)	Whole Dollars	\$916,063,064 98.6%	\$38,632,131 3.7%	\$69,808,971 6.6%	\$19,680,354 1.9%	\$10,714,409 1.0%	\$1,053,896,930 100.0%

THE EAST OHIO GAS COMPANY db/a DOMINION EAST OHIO
CASE NO. 07-0629-GA-AIR
COST OF SERVICE STUDY

Date: 3 Months Actual & 6 Months Estimated
Type of Filing: Original
Work Paper Reference Nos.: WPE-3.2a-h

Schedule E-3.2
Page(s) 1-3 of 16
Witness: C. Andrews

ALLOCATION FACTORS

#	Allocator	Basis	RATE SCHEDULE				SYSTEM TOTAL	
			GSS/ECTS	LVGSS/ALVECTS	GTS/TS	DTS/OFF-System		Storage
INPUT ALLOCATORS								
16	Base Rate Revenue	Whole Dollars	\$257,319,653 79.5%	\$9,896,536 3.1%	\$41,695,124 12.9%	\$14,896,255 4.6%	\$0 0.0%	\$323,797,568 100.0%
17	Non-Tax Rider Revenue	Whole Dollars	\$152,230,959 86.2%	\$9,624,007 5.4%	\$14,337,592 8.1%	\$431,148 0.2%	\$0 0.0%	\$176,623,705 100.0%
18	Tax-related Rider Revenue	Whole Dollars	\$43,846,067 88.7%	\$1,650,724 3.3%	\$2,786,310 5.6%	\$1,175,805 2.4%	\$0 0.0%	\$49,456,928 100.0%
19	Other Revenue	Whole Dollars	\$13,594,079 34.6%	\$809,451 2.1%	\$10,987,948 28.0%	\$3,179,146 8.1%	\$10,714,409 27.3%	\$39,285,031 100.0%
20	Purchased Gas Cost/Revenue (SSO)	Whole Dollars	\$448,072,288 96.4%	\$16,661,412 3.6%	\$0 0.0%	\$0 0.0%	\$0 0.0%	\$464,733,700 100.0%
21	Non-Gas Cost Revenue	Whole Dollars	\$466,990,777 79.3%	\$21,970,719 3.7%	\$69,806,971 11.8%	\$19,680,354 3.3%	\$10,714,409 1.8%	\$588,163,230 100.0%
22	Uncollectible Expense (PIPP + UER)	Whole Dollars	\$122,657,303 87.2%	\$7,666,483 5.6%	\$10,297,164 7.3%	\$0 0.0%	\$0 0.0%	\$140,652,949 100.0%
23	PIP Rider Revenue	Whole Dollars	\$61,012,470 87.2%	\$5,084,670 5.5%	\$6,801,012 7.3%	\$0 0.0%	\$0 0.0%	\$92,898,153 100.0%
24	Gas Cost Riders	Whole Dollars	\$29,573,656 82.2%	\$1,925,624 5.4%	\$4,040,428 11.2%	\$431,148 1.2%	\$0 0.0%	\$35,970,756 100.0%
26	Revenue @ Proposed Rates (From Proposed Rate Design Calc)	Whole Dollars	\$992,055,913 87.9%	\$40,295,636 3.6%	\$65,908,072 5.8%	\$18,015,070 1.7%	\$11,629,616 1.0%	\$1,128,904,306 100.0%

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
CASE NO. 07-0829-GA-AIR
COST OF SERVICE STUDY

Data: 3 Months Actual & 9 Months Estimated
Type of Filing: Original
Work Paper Reference Nos.: WPE-3.2a-h

Schedule E-3.2
Page(s) 1-3 of 16
Witness: C. Andrews

ALLOCATION FACTORS

#	Allocator	Basis	RATE SCHEDULE				SYSTEM TOTAL	
			GSS/ECTS	LVGSS/ALVECTS	GTS/ISS	DTS/OM-System		Storage
25	O&M @ Current Rates	Whole Dollars	\$174,282,593 81.8%	\$5,322,976 2.5%	\$17,914,594 8.4%	\$10,259,949 4.8%	\$5,217,822 2.4%	\$212,997,934 100.0%
27	Gross Plant	Whole Dollars	\$1,474,812,059 76.0%	\$57,444,053 3.0%	\$226,801,702 11.7%	\$134,362,509 6.8%	\$46,096,945 2.4%	\$1,939,317,268 100.0%
28	General Plant	Whole Dollars	\$41,130,283 75.1%	\$1,879,775 3.1%	\$6,642,444 12.1%	\$3,937,984 7.2%	\$1,351,086 2.5%	\$54,741,551 100.0%
29	Net Plant	Whole Dollars	\$620,836,057 75.5%	\$33,145,199 3.0%	\$130,193,969 12.0%	\$76,013,267 7.2%	\$24,943,273 2.3%	\$1,087,131,795 100.0%
30	Rate Base	Whole Dollars	\$821,793,809 76.7%	\$38,574,890 3.6%	\$124,889,859 11.7%	\$65,189,401 6.1%	\$21,433,649 2.0%	\$1,071,881,705 100.0%

INTERNALLY GENERATED ALLOCATORS



The East Ohio Gas Company d/b/a Dominion East Ohio
Case No. 07-0829-GA-AIR

Response to Data Requests

Requesting Party:
OCC

Data Request Set:
Interrogatories - 3rd Set

Question Number: 150
Subpart:

Request Date: 01/17/2008
Due Date: 01/23/2008

Topic:
Section E - Rates and Tariffs

Question:
Please identify the total number of customers that were on the budget payment plan in 2005, 2006, and 2007?

Answer:
December 2005 219,473
December 2006 188,676
December 2007 189,773

Preparer of Response: David Holt
Date Prepared: 01/25/2008

Attachments:
 Yes No
Attach here-->

OCC
E46



The East Ohio Gas Company d/b/a Dominion East Ohio
Case No. 07-0829-GA-AIR

Response to Data Requests

Requesting Party:

OCC

Data Request Set:

Interrogatories - 11th Set

Question Number:

408

Subpart:

Request Date:

04/23/2008

Due Date:

05/09/2008

Topic:

Section E - Rates and Tariffs

Question:

Referring to the Company's response to OCC Interrogatory No. 150, does the total number of customers that were on the budget payment plan for each year represent only residential accounts?

Answer:

Yes.

Preparer of Response:

David Holt

Date Prepared:

05/08/2008

Attachments:

Yes No

Attach here-->



The East Ohio Gas Company d/b/a Dominion East Ohio
Case No. 07-0829-GA-AIR

Response to Data Requests

Requesting Party:
Blue Ridge Consulting

Data Request Set:
1

Question Number: HS 01-13
Subject:

Request Date: 12/03/2007
Due Date: 12/17/2007

Topic:
Scope Area B: Operating Income and Other Analysis - Load Forecasting

Question:
Please provide in spreadsheet format with all formulas, macros and values intact any information detailing the number of customers for each customer class for the last twenty years.

Answer:
The attached worksheet provides Residential and Commercial customer counts back to 1985, Industrial count information is only available back to 1999.

Preparer of Response: Larry Rice
Date Prepared: 12/12/2007

Attachments:
 Yes No



Attach here -> HS_01_13 LJR.xls

Dominion East Ohio
Monthly Customer Counts by Class

Residential

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
1985	1,000,715	1,000,775	1,001,981	999,353	993,346	987,875	983,601	980,122	979,919	984,567	993,282	1,001,487	992,419
1986	1,005,558	1,006,851	1,006,329	1,003,471	998,892	995,063	988,071	984,331	985,377	990,001	999,639	1,007,210	997,399
1987	1,010,317	1,011,850	1,011,329	1,009,569	1,004,522	998,995	994,574	992,264	991,912	997,720	1,007,171	1,012,300	1,003,594
1988	1,017,798	1,020,112	1,020,194	1,017,870	1,013,756	1,008,995	1,003,961	1,001,483	1,001,403	1,005,212	1,013,700	1,021,755	1,012,187
1989	1,025,755	1,027,702	1,028,585	1,027,090	1,022,737	1,017,715	1,012,598	1,008,240	1,007,668	1,013,539	1,022,869	1,031,935	1,020,581
1990	1,034,827	1,035,454	1,035,005	1,033,377	1,028,497	1,024,138	1,020,277	1,017,629	1,018,186	1,022,561	1,032,336	1,040,202	1,028,542
1991	1,044,185	1,045,823	1,045,690	1,043,204	1,037,654	1,032,252	1,027,540	1,024,837	1,025,291	1,031,495	1,042,271	1,049,446	1,037,475
1992	1,052,241	1,053,805	1,053,574	1,051,995	1,047,178	1,042,254	1,038,989	1,036,728	1,037,438	1,044,467	1,053,907	1,059,001	1,047,635
1993	1,061,395	1,063,234	1,063,718	1,061,526	1,057,035	1,052,439	1,048,713	1,046,277	1,046,846	1,053,534	1,062,625	1,067,968	1,057,112
1994	1,071,504	1,073,010	1,072,926	1,070,959	1,066,646	1,061,230	1,057,029	1,055,313	1,056,986	1,062,986	1,071,831	1,078,633	1,066,593
1995	1,082,332	1,084,159	1,083,592	1,082,443	1,078,968	1,075,492	1,072,413	1,069,740	1,071,018	1,076,333	1,085,959	1,091,250	1,079,472
1996	1,092,943	1,094,468	1,094,628	1,093,889	1,090,126	1,086,276	1,083,889	1,082,272	1,082,617	1,086,693	1,095,278	1,100,185	1,090,218
1997	1,102,723	1,104,103	1,104,532	1,103,414	1,100,720	1,098,137	1,094,255	1,092,387	1,092,910	1,097,237	1,105,407	1,109,980	1,100,483
1998	1,111,142	1,112,343	1,112,763	1,111,004	1,108,099	1,106,296	1,105,054	1,104,377	1,105,446	1,108,884	1,120,024	1,121,971	1,109,762
1999	1,123,927	1,125,167	1,125,763	1,123,709	1,120,750	1,118,571	1,116,750	1,115,994	1,117,438	1,121,223	1,129,499	1,133,233	1,116,180
2000	1,128,508	1,130,924	1,131,341	1,129,800	1,127,234	1,125,267	1,123,230	1,121,437	1,125,491	1,129,223	1,137,471	1,141,839	1,127,952
2001	1,137,960	1,139,960	1,139,180	1,137,661	1,135,948	1,134,329	1,132,643	1,131,737	1,131,276	1,135,011	1,139,407	1,143,724	1,130,558
2002	1,138,454	1,140,454	1,139,244	1,137,661	1,136,089	1,134,638	1,133,089	1,131,673	1,130,310	1,134,403	1,138,724	1,142,884	1,129,648
2003	1,139,539	1,141,096	1,139,868	1,138,326	1,136,811	1,135,287	1,133,781	1,132,304	1,130,781	1,134,199	1,138,277	1,142,431	1,131,530
2004	1,142,616	1,143,259	1,142,030	1,140,981	1,139,981	1,138,318	1,136,643	1,135,167	1,133,662	1,137,975	1,136,976	1,140,277	1,132,756
2005	1,144,875	1,145,737	1,145,305	1,144,137	1,143,167	1,142,008	1,140,822	1,139,574	1,138,306	1,137,045	1,135,306	1,134,725	1,133,977
2006	1,140,593	1,141,794	1,141,206	1,139,116	1,137,624	1,136,088	1,134,609	1,133,194	1,131,777	1,130,362	1,128,951	1,127,533	1,126,551
2007	1,137,331	1,138,835	1,137,123	1,135,087	1,133,637	1,132,293	1,131,009	1,129,959	1,128,783	1,127,578	1,126,440	1,125,286	1,124,116

Dominion East Ohio
Case No. 07-0829-GA-AIR
Percentage of Residential Customers on Budget

	Budget Customers /a	Average Residential Customers /b	Percentage on Budget
2005	219,473	1,133,992	19.35%
2006	188,676	1,131,632	16.67%
2007	189,773	1,125,180	16.87%

/a - OCC Interrogatory 3rd Set #150 and OCC Interrogatory 11th Set # 408

/b - Blue Ridge Consulting 1st Set Question HS 01-13

Note: The print out of HS_01_13 LJR.xls attached was updated from the initial response to include Nov. and Dec. 2007 information and an annual average. Only the residential portion of the response is included.