

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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**In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio to Adjust its Automated Meter
Reading Cost Recovery Charge and
Related Matters**

Case No. 09-38-GA-UNC

APPLICATION

The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO") respectfully requests, pursuant to R.C. 4905.04, 4929.11 and other applicable law, that the Commission (i) approve the adjustment of DEO's Automated Meter Reading ("AMR") Cost Recovery Charge to \$0.46 per month per customer, to reflect costs associated with capital investments made during the period April 1, 2007, through December 31, 2008; and (ii) approve the revised AMR Cost Recovery Charge tariff sheet attached as Exhibit B to this Application. In support of its Application, DEO states:

1. DEO is an Ohio corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeast, western and southeast Ohio and, as such, is a natural gas company as defined by R.C. 4905.03(A)(6), and a public utility as defined by R.C. 4905.02.

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2. On December 13, 2006, DEO filed an application to establish an AMR Cost Recovery Charge, via an automatic adjustment mechanism, in Case No. 06-1453-GA-UNC¹. As described in its application, AMR technology (i) provides a cost-effective way for DEO to read its customers' meters as required under the minimum gas service standards; (ii) lessens the need for estimated bills, which in turn results in a better match between the amount billed and actual gas consumption; (iii) facilitates more frequent actual meter reads, which improves accuracy in transferring service; and (iv) eliminates the need for DEO to schedule appointments to read meters inside customers' premises, further enhancing convenience for customers.
3. In order to implement AMR technology in a timely way, DEO proposed the use of an AMR Cost Recovery Charge applicable to all customer class rate schedules on which AMR equipment is being installed. By recovering its incremental program costs through a separate charge, DEO is able to secure the capital funds needed to complete AMR installation on a five-year timetable. Absent this charge, DEO would fund the program through its normal capital budgeting process, which would accommodate a fifteen- to twenty-year systemwide deployment.
4. On May 23, 2008, Staff filed its report in the consolidated rate case, in which it agreed that "AMR technology is a cost effective way to achieve more frequent actual meter readings and avoid inconveniencing these customers." (Staff Rep., Case Nos. 07-829-GA-AIR, *et al*, at 42.) Staff also agreed that a five-year AMR deployment period "is preferable to spreading deployment over a 15 to 20 year time span" (*Id.* at 42-43.) Staff recommended approval of an AMR Cost Recovery Charge, subject to certain

¹ That case was later consolidated with Case Nos. 07-829-GA-AIR, 07-830-GA-ALT, 07-831-GA-AAM, and 08-169-GA-ALT.

modifications, including (i) exclusion from the charge of the replacement cost of older tin-cased meters; (ii) exclusion of routine maintenance activities; (iii) elimination of a proposed one-time charge for customers who refuse access to their meters for AMR installation; and (iv) reduction of the charge to reflect savings in meter-reading Operation and Maintenance expense.

5. On August 22, 2008, the parties in the rate case stipulated to the adoption of Staff's recommendations. (*See Stipulation and Recommendation*, Case Nos. 07-829-GA-AIR, *et al*, at 10.)
6. On October 15, 2008, the Commission approved the Stipulation with respect to AMR and ordered that DEO, Staff and OCC meet to develop a baseline for meter-reading and call-center savings. (Opinion and Order dated October 15, 2008, Case Nos. 07-829-GA-AIR, *et al*, at 10.)
7. On December 19, 2008, DEO submitted a pre-filing notice, including schedules reflecting estimated figures supporting an AMR Cost Recovery Charge.
8. On December 12, 2008 and January 22 and February 6, 2009, DEO met with representatives of Staff and OCC to discuss a baseline for meter-reading and call-center savings. The parties have agreed that calendar year 2007 will be the baseline year for measuring cost savings related to call-center expense. As reflected on Schedule 12, there are no call-center savings realized from 2007 to 2008.
9. The parties were not able to reach consensus regarding the baseline for meter-reading savings, due to disagreements about whether the decline of certain meter-reading expenses is attributable to AMR. DEO believes that AMR-related savings will not be realized until AMR is more widely deployed, at which time meter-reading routes can be

consolidated. Therefore, no such savings were realized in 2008. The Stipulation and Recommendation approved by the Commission in Case Nos. 07-829-GA-AIR, *et al.*, gives the parties appropriate latitude in establishing the baseline level of call-center and meter-reading expense to be used for measuring savings. Accordingly, DEO believes it is reasonable to look at the change in call-center and meter-reading expense in the aggregate to determine whether savings from the AMR deployment have occurred. However, in an effort to reach a compromise, DEO (i) has adjusted its meter-reading expenses in 2007 and 2008 to eliminate DOT inspections costs that are unrelated to AMR and to facilitate the comparison of certain labor charges and; (ii) has applied the resulting \$275,928.62 decrease in meter-reading expense from 2007 to 2008 to reduce the AMR Cost Recovery Charge, without netting that reduction against a significant increase in call-center expense during that time period.

10. DEO has begun the process of installing AMR equipment on each of the nearly 1.3 million meters in its system. In most cases, this is accomplished by attaching an AMR device to the customer's existing meter. In other instances, DEO is replacing remote meter index equipment with the AMR devices. In order to fully implement AMR technology – and to realize the corresponding cost savings more quickly – DEO intends to substantially complete its AMR installations by 2011. As of the date of this filing, DEO remains on target to achieve this deadline, having installed 435,765 AMR devices through January 2009.
11. In accordance with the Stipulation and the Commission's Opinion and Order of October 15, 2008, DEO hereby submits the following schedules supporting its requested AMR Cost Recovery Charge, which are attached collectively as Exhibit A:

- a. Schedule 1, a summary schedule reflecting the proposed AMR Cost Recovery Charge;
- b. Schedules 2 and 2A, which reflect the cumulative and incremental monthly capital additions resulting from installations, system integration, and purchases of ERT devices and related computer hardware and software;
- c. Schedules 3 and 3A, which reflect cumulative and incremental monthly depreciation of the capital additions;
- d. Schedules 4 and 4A, which reflect cumulative and incremental post in-service carrying costs;
- e. Schedules 5 and 5A, which reflect the cumulative and incremental net deferred tax balance related to post in-service carrying costs;
- f. Schedule 6, which reflects deferred taxes on liberalized depreciation;
- g. Schedule 7, which reflects annualized depreciation associated with capital additions through December 31, 2008;
- h. Schedule 8, which reflects annualized amortization of post in-service carrying costs;
- i. Schedule 9, which reflects incremental and annualized property tax expense associated with capital additions through December 31, 2008;
- j. Schedule 10, which reflects the approved rate of return on rate base on a pre-tax basis;
- k. Schedule 11, which reflects the number of bills issued to customers on applicable rate schedules between December 31, 2007 and December 31, 2008; and
- l. Schedules 12 and 12A, which reflect the change in call-center and meter-reading expense from 2007 to 2008.

12. As reflected in Schedule 1:

- a. The total net rate base through December 31, 2008 is \$37,043,392.89;

- b. The annualized return on rate base is \$4,208,129.43;
 - c. Meter-reading expense savings are \$275,928.62;
 - d. The annualized AMR-related revenue requirement is \$6,727,584.02;
 - e. The number of bills issued to customers on applicable rate schedules between December 31, 2007 and December 31, 2008 is 14,769,345; and
 - f. The resulting AMR Cost Recovery Charge is \$0.46 per month per customer.
13. In accordance with Staff's recommendations, the AMR Cost Recovery Charge does not include costs associated with the replacement of American and Badger remote meter index equipment. Similarly, the cost of replacing tin-cased meters, routine maintenance activity, and the one-time non-access charge have been excluded from the AMR charge. In the compliance tariffs filed on October 16, 2008, DEO eliminated the charge to customers for AMR equipment installation assessed for non-access. No customers were ever assessed that charge.
14. In an Entry dated October 22, 2008, the Commission approved DEO's AMR tariff sheet. A revised version of this tariff sheet, which reflects the adjusted AMR Cost Recovery Charge, is attached as Exhibit B.

WHEREFORE, DEO respectfully requests that the Commission, pursuant to R.C. 4905.04, 4929.11 and other applicable law, approve DEO's Application to adjust its AMR Cost Recovery Charge to \$0.46; approve the revised AMR Cost Recovery Charge tariff sheet attached as Exhibit B; and for all other necessary and proper relief.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David A. Kutik", is written over a horizontal line.

David A. Kutik (Counsel of Record)

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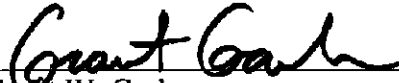
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Application and exhibits were delivered to the following persons by electronic mail this 27th day of February, 2009.


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Exhibit A

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE - FILING SCHEDULES
REVENUE REQUIREMENT
CASE NO. 09-38-GA-UNC

Schedule 1

Line No.		Actual Thru 03/31/07 (1)	Actual Thru 12/31/07	Actual 2008	Cumulative through 12/31/08	Reference
1	Return on Investment					
2	Plant in Service					
3	Additions	\$0.00	\$7,900,411.04	\$30,109,021.66	\$38,009,432.70	Schedule 2 & 2A, Line 7
4	Retirements	\$0.00	\$0.00	\$0.00	\$0.00	
5	Total Plant in Service	\$0.00	\$7,900,411.04	\$30,109,021.66	\$38,009,432.70	
6	Less: Accumulated Provision for Depreciation					
7	Depreciation Expense	\$0.00	\$114,680.23	\$803,336.54	\$918,016.77	Schedule 3A, Line 8
8	Cost of Removal	\$0.00	\$0.00	\$0.00	\$0.00	
9	Original Cost Retired	\$0.00	\$0.00	\$0.00	\$0.00	
10	Total Accumulated Provision for Depreciation	\$0.00	\$114,680.23	\$803,336.54	\$918,016.77	
11	Net Regulatory Asset - Post-In-Service Carrying Cost	\$0.00	\$197,233.02	\$1,474,506.41	\$1,671,739.43	Sch 4 Ln 33, 4A, Ln 40
12	Net Deferred Tax Balance - PISCC	\$0.00	-\$69,031.56	-\$516,077.24	-\$585,108.80	Schedule 5 & 5A, Line 4
13	Deferred Taxes on Liberalized Depreciation	\$0.00	-\$190,807.20	-\$943,846.47	-\$1,134,653.67	Schedule 6, Line 40
14	Net Rate Base	\$0.00	\$7,723,125.07	\$29,320,267.82	\$37,043,392.89	
15	Approved Pre-Tax Rate of Return (ROR)				11.36%	Schedule 10, Line 8
16	Annualized Return on Rate Base				\$4,208,129.43	Net Rate Base * ROR
17	Operating Expense					
18	Incremental Depreciation Expense through 12/31/08				\$918,016.77	Line 7
19	Annualized Depreciation for Additions through 12/31/08				\$1,231,977.54	Schedule 7, Line 14
20	Annualized Amortization of PISCC				\$58,825.74	Schedule 8, Line 16
21	Incremental Property Tax Expense through 12/31/08				\$88,709.30	Schedule 9, Line 9
22	Annualized Property Tax Expense for Additions through 12/31/08				\$497,853.86	Schedule 9, Line 9
24	Reduction in Call Center Expense				\$0.00	
25	Reduction in Meter Reading Expense				-\$275,928.62	Schedule 12A, Col J Line 12
26	Annualized Revenue Requirement				\$6,727,584.02	
27	Number of Bills				14,769,345	Schedule 11, Line 5
28	AMR Cost Recovery Charge				\$0.46	
29	(1) Included in Rate Case No. 07-0829-GA-AIR					

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Plant Additions by Month

Line No.	Balance at 3/31/07 (1)	04/30/07	05/31/07	06/30/07	07/31/07	08/31/07	09/30/07	10/31/07	11/30/07	12/31/07	2007 Total Year
Cumulative											
1 ERT Installation	0.00	49,586.29	603,398.16	894,103.66	1,083,084.77	1,367,601.22	1,519,505.99	2,105,930.60	2,289,783.66	2,756,263.11	
2 ERT Purchases	0.00	188,270.13	1,889,439.12	3,242,157.30	3,200,779.27	3,193,789.81	4,233,451.32	4,598,289.42	4,564,425.91	4,523,047.88	
3 Computer Hardware	0.00	0.00	0.00	0.00	115,257.55	115,257.55	115,256.70	115,256.70	115,289.43	115,959.17	
4 In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5 In House Labor - IT	0.00	0.00	0.00	0.00	0.00	119,545.96	122,715.84	123,287.08	172,851.91	226,195.37	
6 Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	90,887.50	91,310.58	91,735.63	278,945.51	
7 Total	0.00	237,856.42	2,492,837.28	4,136,260.96	4,399,121.59	4,796,194.54	6,081,817.35	7,034,074.38	7,234,086.54	7,900,411.04	
Incremental											
8 ERT Installation	0.00	49,586.29	553,811.87	290,705.50	188,981.11	284,516.45	151,904.77	586,424.61	183,853.06	466,479.45	2,756,263.11
9 ERT Purchases	0.00	188,270.13	1,701,168.99	1,352,718.18	(41,378.03)	(6,989.46)	1,039,661.51	364,838.10	(33,883.51)	(41,378.03)	4,523,047.88
10 Computer Hardware	0.00	0.00	0.00	0.00	115,257.55	0.00	(0.85)	0.00	32.73	669.74	115,959.17
11 In House Labor - Service Company IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 In House Labor - Service Company IT	0.00	0.00	0.00	0.00	0.00	119,545.96	3,169.88	571.24	49,564.83	53,343.46	226,195.37
13 Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	90,887.50	423.08	475.05	187,209.88	278,945.51
14 Total	0.00	237,856.42	2,254,980.86	1,643,423.68	262,860.63	397,072.95	1,285,622.81	952,257.03	200,012.16	666,324.50	7,900,411.04

15 (1) Included in Rate Case No. 07-0829-GA-AIR

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Plant Additions by Month

Schedule 2A

Line No.	PERC	01/31/08	02/29/08	03/31/08	04/30/08	05/31/08	06/30/08	07/31/08	08/31/08	09/30/08	10/31/08	11/30/08	12/31/2008	2008 Total Year
Cumulative														
1 ERT Installation	3820	2,850,196.00	3,624,591.97	4,676,879.87	5,562,167.96	6,212,493.88	7,150,490.82	7,831,598.89	8,685,890.15	9,341,235.30	10,134,562.46	10,630,351.97	11,348,431.25	
2 ERT Purchases	3810	4,441,299.60	9,126,381.24	10,521,850.24	12,049,425.28	13,611,676.49	15,112,200.10	16,727,186.88	20,783,193.71	22,283,054.52	23,425,257.42	23,409,358.32	24,412,466.70	
3 Computer Hardware	3912	115,959.17	115,959.17	120,828.23	473,399.18	473,399.18	473,399.18	476,901.23	476,901.23	477,038.30	477,038.30	491,348.34	508,314.64	
4 In House Labor - CCS IT	3990	34,397.38	83,196.12	136,155.10	208,431.57	293,249.30	380,330.28	506,057.26	619,806.93	716,191.30	785,038.12	866,546.86	966,250.44	
5 In House Labor - IT	3030	266,891.45	307,538.29	319,959.44	337,940.37	348,772.47	404,122.73	408,313.60	410,541.63	419,899.22	421,929.43	423,969.46	423,969.46	
6 Computer Software - Purchased	3030	310,565.46	312,043.75	283,464.18	285,000.56	286,974.62	288,530.02	290,104.43	294,378.29	295,984.61	297,415.70	298,853.70	350,000.21	
7 Total		8,019,309.65	13,589,710.54	16,059,137.06	18,915,364.92	21,226,565.94	23,819,073.13	26,240,162.28	31,270,711.94	33,533,403.15	35,541,290.33	36,120,428.65	38,009,432.70	
Incremental														
8 ERT Installation		93,932.89	774,395.97	1,052,287.90	885,288.09	650,325.92	947,996.94	671,108.07	854,291.26	655,345.15	793,327.16	495,788.51	718,079.28	8,592,168.14
9 ERT Purchases		(81,748.28)	4,685,081.64	1,395,469.00	1,527,575.04	1,562,751.21	1,500,523.61	1,614,586.78	4,056,006.83	1,499,860.81	1,142,202.90	(15,899.10)	1,003,108.38	19,889,418.62
10 Computer Hardware				4,869.06	352,570.95			3,502.05		136.97		14,310.14	16,966.30	392,355.47
11 In House Labor - Service Company IT		34,397.38	48,798.74	52,998.98	72,276.47	84,817.73	87,080.98	125,726.98	113,749.67	96,384.37	68,895.82	81,458.74	99,703.58	966,250.44
12 In House Labor - Service Company IT		40,696.08	40,646.84	12,421.15	17,980.93	10,832.10	55,350.26	4,190.87	2,228.03	9,357.59	2,030.21	2,040.03		197,774.09
13 Computer Software - Purchased		31,619.95	1,478.29	(28,579.57)	1,536.38	1,974.06	1,555.40	1,574.41	4,273.86	1,606.32	1,431.09	1,438.00	51,146.51	71,054.70
14 Total		118,898.02	5,550,401.48	2,489,426.52	2,857,227.86	2,310,201.02	2,592,507.19	2,421,088.16	5,030,549.85	2,262,651.21	2,007,883.18	579,138.32	1,889,004.09	30,109,021.65

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Provision for Depreciation

Schedule 3

Line No.		Balance at 3/31/07 (1)	04/30/07	05/31/07	06/30/07	07/31/07	08/31/07	09/30/07	10/31/07	11/30/07	12/31/07	Balance at 12/31/2007
1	ERT Installation	-	98.35	1,196.74	1,773.31	2,148.12	2,712.41	3,013.69	4,176.76	4,541.40	5,466.59	25,127.37
2	ERT Purchases	-	356.14	3,574.19	6,133.08	6,054.81	6,041.59	8,008.28	8,698.43	8,634.37	8,556.10	56,056.99
3	Computer Hardware	-	-	-	-	1,920.96	1,920.96	1,920.95	1,920.95	1,921.49	1,932.65	11,537.96
4	In House Labor - CCS IT	-	-	-	-	-	-	-	-	-	-	-
5	In House Labor - IT	-	-	-	-	-	-	-	-	-	-	-
6	Computer Software - Purchased	-	-	-	-	-	1,992.43	2,045.26	2,054.78	2,880.87	3,769.92	12,743.26
7	Total	-	454.49	4,770.93	7,906.39	10,123.89	12,667.39	16,502.97	18,372.76	19,507.06	24,374.35	114,680.23
8	Cumulative Provision for Depreciation	-	454.49	5,225.42	13,131.81	23,255.70	35,923.09	52,426.06	70,798.82	90,385.88	114,680.23	

9 (1) Included In Rate Case No. 07-0829-GA-AUR

Depor Rate
ERT Installation 2.38%
ERT Purchases 2.27%
Computer Hardware 20.00%
Computer Software - Purchases 20.00%
Computer Software Project 20.00%
Computer Software Project - CCS 6.67%

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Net Regulatory Asset - Post In-Service Carrying Cost

Schedule 4

Line No.		04/30/07	05/31/07	06/30/07	07/31/07	08/31/07	09/30/07	10/31/07	11/30/07	12/31/07	Balance at 12/31/2007
1	Accumulated CapX										
2	ERT Installation	49,586.29	603,398.16	894,103.66	1,083,084.77	1,367,601.22	1,519,505.99	2,105,930.60	2,289,781.66	2,756,263.11	
3	ERT Purchases	188,270.13	1,889,439.12	3,242,157.30	3,200,779.27	3,193,789.81	4,233,451.32	4,598,289.42	4,564,425.91	4,523,047.88	
4	Computer Hardware	0.00	0.00	0.00	115,257.55	115,257.55	115,256.70	115,256.70	115,289.43	115,959.17	
5	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6	In House Labor - IT	0.00	0.00	0.00	0.00	119,545.96	122,715.84	123,287.08	172,851.91	226,195.37	
7	Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	90,887.50	91,310.58	91,735.63	278,945.51	
8	Accumulated CapX	237,856.42	2,492,837.28	4,136,260.96	4,399,121.59	4,796,194.54	6,081,817.35	7,034,074.38	7,234,086.54	7,900,411.04	
9	Regulatory Asset - Deferrals										
10	ERT Installation	0.00	268.59	3,268.41	4,843.06	5,866.71	7,407.84	8,230.66	11,407.12	12,402.99	53,695.39
11	ERT Purchases	0.00	1,019.80	10,234.46	17,561.69	17,337.55	17,299.69	22,931.19	24,907.40	24,723.97	136,015.76
12	Computer Hardware	0.00	0.00	0.00	0.00	624.31	624.31	624.31	624.31	624.48	3,121.72
13	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	In House Labor - IT	0.00	0.00	0.00	0.00	0.00	647.54	664.71	667.81	936.28	2,916.34
15	Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	492.31	494.60	496.90	1,483.81
16	Total Deferrals	0.00	1,288.39	13,502.87	22,404.75	23,828.58	25,979.39	32,943.18	38,101.24	39,184.64	197,233.02
17	Regulatory Asset - Amortization										
18	ERT Installation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	ERT Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	Computer Hardware	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	In House Labor - IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	Total Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25	Regulatory Asset - Net										
26	ERT Installation	0.00	268.59	3,268.41	4,843.06	5,866.71	7,407.84	8,230.66	11,407.12	12,402.99	53,695.39
27	ERT Purchases	0.00	1,019.80	10,234.46	17,561.69	17,337.55	17,299.69	22,931.19	24,907.40	24,723.97	136,015.76
28	Computer Hardware	0.00	0.00	0.00	0.00	624.31	624.31	624.31	624.31	624.48	3,121.72
29	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	In House Labor - IT	0.00	0.00	0.00	0.00	0.00	647.54	664.71	667.81	936.28	2,916.34
31	Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	492.31	494.60	496.90	1,483.81
32	Net	0.00	1,288.39	13,502.87	22,404.75	23,828.58	25,979.39	32,943.18	38,101.24	39,184.64	197,233.02
33	Cumulative	0.00	1,288.39	14,791.26	37,196.00	61,074.58	87,003.97	119,947.14	158,048.38	197,233.02	

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
 Net Regulatory Asset - Post In-Service Carrying Cost

Line No.		12/31/2007	01/31/08	02/29/08	03/31/08	04/30/08	05/31/08	06/30/08	07/31/08	08/31/08	09/30/08	10/31/08	11/30/08	12/31/2008	Balance at 12/31/2008
1	Accumulated Cost														
2	ERT Installation	2,850,196.00	3,624,591.97	4,676,879.87	5,562,167.96	6,212,493.88	7,160,490.82	7,831,596.89	8,585,890.15	9,341,235.10	10,134,562.46	10,630,351.97	11,348,431.25	11,348,431.25	
3	ERT Purchases	4,441,599.50	9,126,381.24	10,521,850.24	12,049,421.28	13,611,676.49	15,112,700.10	16,777,186.98	18,483,054.52	20,233,193.71	22,023,054.52	23,432,257.42	24,412,466.70	24,412,466.70	
4	Computer Hardware	115,959.17	115,959.17	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	120,828.23	
5	In House Labor - CCS IT	34,397.38	83,196.12	136,155.10	208,431.57	293,249.30	380,330.28	506,057.26	619,806.93	716,191.30	785,087.12	866,546.86	966,250.44	966,250.44	
6	In House Labor - IT	276,195.37	307,538.29	319,959.44	337,940.37	348,772.47	404,122.73	408,313.60	410,541.63	419,899.22	421,929.43	423,989.46	423,989.46	423,989.46	
7	Computer Software - Purchased	278,945.51	310,565.46	312,943.75	283,464.18	285,000.56	286,974.82	288,530.02	290,109.43	291,728.29	293,384.61	294,985.70	296,585.70	296,585.70	
8	Accumulated Cost	7,900,411.04	8,019,507.36	13,569,710.54	16,059,137.06	18,916,364.92	21,226,585.94	23,819,071.13	26,240,162.29	31,270,711.94	33,533,403.15	35,541,290.37	36,120,428.65	38,009,432.70	
9	Regulatory Asset - Deferrals														
10	ERT Installation	14,929.76	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	
11	ERT Purchases	24,499.84	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	
12	Computer Hardware	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	
13	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
14	In House Labor - IT	1,225.22	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	
15	Computer Software - Purchased	1,510.95	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	
16	Total Deferrals	42,793.88	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	
17	Regulatory Asset - Amortization														
18	ERT Installation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
19	ERT Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
20	Computer Hardware	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
21	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
22	In House Labor - IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
23	Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
24	Total Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
25	Regulatory Asset - Net														
26	ERT Installation	14,929.76	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	15,438.56	
27	ERT Purchases	24,499.84	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	24,057.04	
28	Computer Hardware	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	628.11	
29	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
30	In House Labor - IT	1,225.22	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	1,445.66	
31	Computer Software - Purchased	1,510.95	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	1,562.23	
32	Net	42,793.88	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	43,437.53	
33	Cumulative														
34	ERT Installation	53,695.39	68,635.15	84,063.71	103,696.92	129,030.02	159,158.43	192,809.44	231,595.43	274,016.59	321,065.16	371,663.52	426,599.07	484,140.14	
35	ERT Purchases	136,015.76	160,515.60	184,572.64	214,007.21	251,000.57	296,268.29	349,998.20	402,463.55	462,463.55	526,526.52	594,888.81	666,599.07	742,623.87	
36	Computer Hardware	3,121.72	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	3,179.83	
37	In House Labor - CCS IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
38	In House Labor - IT	2,916.34	4,141.36	5,592.22	7,232.05	8,866.16	10,816.67	12,705.85	14,894.85	17,106.55	19,330.32	21,604.77	23,890.22	26,186.72	
39	Computer Software - Purchased	1,483.81	2,994.76	4,676.99	6,367.23	7,902.66	9,445.41	11,008.86	12,563.72	14,135.13	15,728.68	17,331.93	18,943.93	20,562.72	
40	Total	197,233.03	240,076.90	283,864.63	336,967.43	403,954.43	486,418.07	583,598.49	694,115.48	818,132.51	954,526.52	1,103,571.78	1,267,087.11	1,447,739.43	

Schedule 5

[illegible]

Schedule 5A

[illegible]

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Deferred Taxes on Liberalized Depreciation

Schedule 6

Line No.	Plant In-Service	FERC Account	Tax Life	Tax Year 2007		Tax Year 2008		Total	Vlt 2007 - 08
				Vintage 2007	Total	Vintage 2007	Total		
1	ERT Installation	3820	15/20	2,756,263.11		2,756,263.11	8,592,168.14	11,348,431.25	
2	ERT Purchases	3810	15/20	4,523,047.88		4,523,047.88	19,889,418.82	24,412,466.70	
3	Computer Hardware	3912	5	115,959.17		115,959.17	392,355.47	508,314.64	
4	Computer Software - CCS IT	3990	1	0.00		0.00	966,250.44	966,250.44	
5	Computer Software - IT	3030	1	226,195.37		226,195.37	197,774.09	423,969.46	
6	Computer Software - Purchased	3030	3	278,945.51		278,945.51	71,054.70	350,000.21	
7	Total Plant In-Service			7,900,411.04		7,900,411.04	30,109,021.66	38,009,432.70	Schedule 2A
8	Book to Tax Basis Adjustments:								
9	MACRS - 5 Year Property		0.00	0.00		0.00	0.00	0.00	
10	MACRS - 15 Year Property		0.00	0.00		0.00	0.00	0.00	
11	MACRS - 20 Year Property		0.00	0.00		0.00	0.00	0.00	
12	MACRS - 3 Year Property		0.00	0.00		0.00	0.00	0.00	
13	MACRS - 1 Year Property		0.00	0.00		0.00	0.00	0.00	
14	Total Book to Tax Basis Adjustments			0.00		0.00	0.00	0.00	
15	Tax Base In-Service subject to:								
16	MACRS - 5 Year Property		0.00	115,959.17		115,959.17	392,355.47	508,314.64	
17	MACRS - 15 Year Property		0.00	7,279,310.99		7,279,310.99	28,481,586.96	35,760,897.95	
18	MACRS - 20 Year Property		0.00	0.00		0.00	0.00	0.00	
19	MACRS - 3 Year Property		0.00	278,945.51		278,945.51	71,054.70	350,000.21	
20	MACRS - 1 Year Property		0.00	226,195.37		226,195.37	1,164,024.53	1,390,219.90	
21	Total Tax Depreciation Base			7,900,411.04		7,900,411.04	30,109,021.66	38,009,432.70	
22	Tax Rates								
23	MACRS - 5 Year Property		20.0000%	20.0000%		20.0000%	20.0000%	20.0000%	
24	MACRS - 15 Year Property		5.0000%	5.0000%		5.0000%	5.0000%	5.0000%	
25	MACRS - 20 Year Property		3.7500%	3.7500%		3.7500%	3.7500%	3.7500%	
26	MACRS - 3 Year Property		16.6667%	16.6667%		16.6667%	16.6667%	16.6667%	
27	MACRS - 1 Year Property		100.0000%	100.0000%		100.0000%	100.0000%	100.0000%	
28	Tax Depreciation								
29	MACRS - 5 Year Property		23,191.83	37,106.93		37,106.93	78,471.09	115,578.02	
30	MACRS - 15 Year Property		363,965.55	691,534.54		691,534.54	1,424,079.35	2,115,613.89	
31	MACRS - 20 Year Property		0.00	0.00		0.00	0.00	0.00	
32	MACRS - 3 Year Property		46,490.92	92,981.84		92,981.84	11,842.45	104,824.29	
33	MACRS - 1 Year Property		226,195.37	0.00		0.00	1,164,024.53	1,164,024.53	
34	Total Tax Depreciation			659,843.67		821,621.31	2,678,417.42	3,500,040.73	
35	Book Depreciation								
36	ERT - Installations		25,127.37					171,719.63	
37	ERT - Purchases		56,056.99					387,719.99	
38	ERT - Other		33,495.87					243,896.92	
39	Total Book Depreciation		114,680.23					803,336.54	Schedule 3A
40	Less: Book Depr on AFUDC Equity		0.00					0.00	
41	Plus: Originating Diff. Exclusion of AFUDC Equity		0.00					0.00	
42	Net Book Depreciation		114,680.23					803,336.54	
43	Tax Depreciation in Excess of Book Depreciation		545,163.44					2,696,704.19	
44	Federal Deferred Taxes @ 35.00%		190,807.20					943,846.47	
45	Accumulated Deferred Income Tax (ADIT)		190,807.20					1,134,653.67	
46	Federal Deferral Rate		35.00%					35.00%	

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
 AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
 Annualized Depreciation Associated With Additions

Schedule 7

Line No.	Plant Basis	Depr Rate	Total Activity Through 12/31/2008	
1	ERT Installation		11,348,431.25	
2	ERT Purchases		24,412,466.70	
3	Computer Hardware		508,314.64	
4	In House Labor - CCS IT		966,250.44	
5	In House Labor - IT		423,969.46	
6	Computer Software - Purchased		350,000.21	
7	Total		38,009,432.70	Schedule 2A
Annualized				
8	ERT Installation	Effective 11/1/08 2.22%	251,935.17	
9	ERT Purchases	2.70%	659,136.60	
10	Computer Hardware	20.00%	101,662.93	
11	In House Labor - CCS IT	6.67%	64,448.90	
12	In House Labor - IT	20.00%	84,793.89	
13	Computer Software - Purchased	20.00%	70,000.04	
14	Total		1,231,977.54	

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
 Annualized Amortization of PISCC

Schedule 8

Line No.	Description	Accumulated Balance at 12/31/08
1	Regulatory Asset--Deferrals	
2	ERT Installation	484,140.14
3	ERT Purchases	1,089,424.56
4	Computer Hardware	26,349.10
5	In House Labor - CCS IT	25,076.19
6	In House Labor - IT	26,186.72
7	Computer Software - Purchased	20,562.72
8	Cumulative Total--PISCC	<u>1,671,739.43</u> Schedule 4A
	Description	Accumulated Balance at 12/31/08
9	Annualized Amortization of PISCC	
10	ERT Installation	2.703% 13,086.31
11	ERT Purchases	2.703% 29,447.15
12	Computer Hardware	20.00% 5,269.82
13	In House Labor - CCS IT	6.67% 1,672.58
14	In House Labor - IT	20.00% 5,237.34
15	Computer Software - Purchased	20.00% 4,112.54
16	Total--Annualized Amortization PISCC	<u>58,825.74</u>

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Property Tax Expense Calculation

Schedule 9

Line No.	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs)	Actual Thru 3/31/07 (1)	Actual Thru 12/31/07	Activity Thru 12/31/08	Sch 2A
1	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs)				
2	Current Year Investment	0.00	7,900,411.04	38,009,432.70	0.00
3	Less: AFUDC In-Service	0.00	0.00		0.00
4	Drawing Costs In-Service	0.00	0.00		0.00
5	Net Cost of Taxable Property	0.00	7,900,411.04	38,009,432.70	
6	Total Taxable Value	0.00	7,900,411.04	38,009,432.70	
7	2008 Effective Rate (Full Cost)		1.123%		
8	2009 Effective Rate (Full Cost) Estimated				1.310%
9	Ohio Property Tax	0.00	88,709.30	497,853.86	

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
Approved Rate of Return on Rate Base

Schedule 10

Line No.		
1	Capital Structure	
2	Debt	48.66%
3	Equity	51.34%
4	Cost of Capital	
5	Debt	6.50%
6	Equity	10.38%
7	Return on Rate Base (WACC)	8.49%
8	Return on Rate Base using Pre-Tax Equity	11.36%

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
 AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
 Actual Bills Issued from December 31, 2007 - December 31, 2008

Schedule 11

Line No.	Customer Class	CCS	SBS	Total
1	Residential	13,718,741	2,220	13,720,961
2	Commercial	998,383	27,208	1,025,591
3	Industrial	5,872	16,921	22,793
5	Total	14,722,996	46,349	14,769,345

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
CALL CENTER AND METER READING EXPENSES

Schedule 12

	2007 Actual	2008 Actual	Variance 08 vs 07
Call Center	19,031,482.22	20,628,459.53	1,596,977.31
Meter Reading with Adjustments	8,684,136.64	8,408,208.02	(275,928.62)
Total	27,715,618.86	29,036,667.55	1,321,048.69

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING ESTIMATED COST RECOVERY CHARGE
METER READING EXPENSES

Schedule 12A

Line	Description	2007 Actual	2007 Adjustments	2007 Adjusted	2008 Actual	2008 Adjustments	2008 Adjusted	Variance 08 Adj vs. 07 Adj	Notes
1	Labor Expense	5,664,962.08	30,806.00	5,695,768.08	5,151,318.22	406,181.02	5,557,499.24	(138,268.84)	A
2	Payroll Taxes and Benefits	1,962,772.91	12,788.19	1,975,561.10	1,545,401.74	135,985.05	1,681,386.79	(294,174.31)	B
3	Labor Allocations	76,088.61		76,088.61	153,821.86		153,821.86	77,733.25	
4	Net Labor	7,703,823.60	43,594.19	7,747,417.79	5,850,541.82	542,166.07	7,392,707.89	(354,709.90)	
5	Material & Supplies	100,300.50		100,300.50	79,746.25		79,746.25	(20,554.25)	
6	Outside Services - Southern Cross	1,000,227.02	(1,000,227.02)	0.00	764,739.82	(764,739.82)	0.00	0.00	C
7	Outside Services	199,852.88		199,852.88	172,933.91		172,933.91	(26,918.97)	
8	Utilities - Wireless	69,198.35		69,198.35	80,612.64		80,612.64	11,414.29	
9	Vehicle Expenses	482,690.58		482,690.58	560,813.14		560,813.14	78,122.56	
10	Other Miscellaneous	84,676.54		84,676.54	121,394.19		121,394.19	36,717.65	
11	Subtotal Other	1,936,945.87	(1,000,227.02)	936,718.85	1,780,239.95	(764,739.82)	1,015,500.13	78,781.28	
12	Total Meter Reading Expenses	9,640,769.47	(956,632.83)	8,684,136.64	8,630,781.77	(222,573.75)	8,408,208.02	(275,928.62)	

Notes:

A Six Meter Reading Clerks were transferred to a clerical cost center effective 11/2007. Those clerks, however, will continue to perform meter reading related work. DEO will include the meter reading costs of those clerks in a meter-reading WBS account going forward. As a result, adjustments were made to properly reflect the costs of the meter reading clerks in both 2007 and 2008, i.e., the December salary was added to the 2007 expense, and a full year of 2008 salary was added to 2008. Those adjustments ensure that the resulting amounts for the 2007 baseline and 2008 expense are consistent and comparable.

B Adjustments were made to properly reflect benefit costs based on labor expense for the six Meter Reading Clerks transferred to the clerical cost center.

C Outside contractor expenses related to DOT inspections were removed from both years.

DOT interior service inspections are to be performed on all inside meter services once every 36 months. DEO utilizes an outside contractor, Southern Cross, to assist in completing interior service leak surveys on residential inside meter services. As DEO completes more AMR installations on inside meters, the company will no longer utilize meter readers to enter the customer's premise to complete this survey with their leak detection equipment. As a result, responsibility for those inspections will shift to a Customer Service field call. The DOT inspection costs will not be eliminated, but will simply be moved to another part of the operation. In order to provide for a consistent treatment of those costs, the Outside Service - Southern Cross expense was removed from Meter Reading expense since the work is not being eliminated as a result of the AMR Project.

Although DOT inspection costs may vary somewhat from one year to the next, those costs will continue to be incurred through use of an outside contractor, use of DEO personnel, or a combination of the two. In any case, the fluctuation in those costs has no relation to the deployment of AMR equipment and should not be considered in determining the appropriate baseline expense.

Exhibit B

AMR Cost Recovery Charge

A monthly charge of \$0.46 shall be added to the otherwise applicable monthly service charge for all customers receiving service under the following rate schedules to recover the depreciation, incremental property taxes and post in-service carrying charges associated with the installation of automated meter reading (AMR) equipment throughout East Ohio's system:

- a) General Sales Service
- b) Large Volume General Sales Service
- c) Energy Choice Transportation Service
- d) Large Volume Energy Choice Transportation Service
- e) General Transportation Service
- f) Transportation Service for Schools

Issued:

Filed under authority of The Public Utilities Commission of Ohio in Case No. 07-829-GA-AIR
Bruce C. Klink, President

Effective: With bills rendered on or after