

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The
East Ohio Gas Company d/b/a Dominion
East Ohio for Approval of an Adjustment
to its Uncollectible Expense Rider Rate

Case No. 09-457-GA-UEx

APPLICATION

The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO") hereby submits its annual Uncollectible Expense Rider report, and respectfully requests approval to adjust its Uncollectible Expense Rider (the "Rider") rates. In support of this Application, DEO states as follows:

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1. In its Finding and Order dated December 17, 2003 (the "December 17 Order"), in Case No. 03-1127-GA-UNC, the Commission approved, in concept, an Uncollectible Expense Rider for DEO and several other natural gas companies.
2. By Entry of March 17, 2004, in Case No. 03-2573-GA-ATA, the Commission approved DEO's initial Rider tariffs, and DEO filed final tariffs consistent with that Entry on April 2, 2004, effective as of that date.
3. In the December 17 Order, the Commission directed DEO and the other companies subject to that order to file a yearly report that identifies amounts recovered, deferred, and amortized pursuant to the Rider. The Staff, in its report filed March 9, 2004, in Case No. 03-2573-GA-ATA, recommended that the information be provided in the format of Attachment C to that report. DEO's annual report, in that format, is Attachment 1 to this Application.
4. The Commission approved subsequent adjustments to the Riders in its Entries dated May 19, 2004, in Case No. 04-570-GA-UEx; June 14, 2005, in Case No. 05-672-UEx;

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June 28, 2006, in Case No. 06-729-GA-UEx; August 1, 2007, in Case No. 07-659-GA-UEx; and July 2, 2008, in Case No. 08-655-GA-UEx. DEO filed final tariffs consistent with those Entries and implemented the revised rates effective July 2, 2004, July 6, 2005, July 7, 2006, August 15, 2007, and July 17, 2008, respectively.

5. DEO is proposing an updated Rider rate of \$0.2133 per MCF for all customers in its service territories subject to the Rider. The rate comprises: (1) the balance of deferred uncollectible accounts expense net of recoveries as of March 31, 2009; and (2) an estimate of uncollectible accounts expense, net of customer recoveries, for the 12 months ending March 31, 2010. The proposed Rider rate does not include amortization of the deferred accounts receivable balance authorized by the Commission in Case No. 01-2592-GA-UNC. The Rider rate components are further described in paragraphs 7, 8, and 9 below. The calculation of the revised rates is shown on Attachment 2 to this Application.

6. The proposed Rider rate reflects a decrease of \$0.2311 from the currently effective rate of \$0.4444. This decrease is attributable to (a) an over-recovery of previously deferred uncollectible expenses during the twelve months ended March 31, 2009 and (b) elimination of the amortization for the deferred accounts receivable balance authorized in Case No. 01-2592-GA-UNC.

7. The Rider states that "East Ohio shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections." The portion of the proposed Rider rate that is attributable to over-collection as of March 31, 2009 (-\$0.0512, calculated by dividing the deferred uncollectible accounts

expense balance at that date by applicable annual volumes) changed by more than 10% of the current Rider rate.

8. The portion of the proposed Rider rate attributable to estimated uncollectible expense net of customer arrearage payments for the twelve months ending March 31, 2010 is \$0.2645, calculated by dividing the net estimated dollar amount by annual volumes.

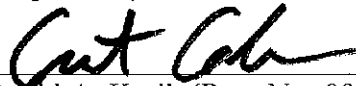
9. In Case No. 01-2592-GA-UNC, the Commission permitted DEO to defer residential customer account balances as of December 31, 2001, for the accounts eligible for the Payment Matching Program approved in that case, above the amount of uncollectible expense recovered in base rates and retained from supplier receivable discounts. In Case No. 03-1127-GA-UNC, the Commission authorized DEO to amortize the deferred accounts receivable balances authorized in Case No. 01-2592-GA-UNC over 60 months, and include such amounts in the uncollectible expenses eligible for recovery through the Rider. The amortization of that deferred accounts receivable balance was reflected in the Rider rates implemented in the years 2004 through 2008. Accordingly, that balance will be fully amortized by the effective date of the proposed Rider rate, and no further amortization is included in the proposed Rider rate.

10. Rider rates implemented prior to completion of DEO's recent base rate case, Case Nos. 07-829-GA-AIR, et al., were grossed up for gross receipts taxes at the respective rates for East Ohio and the West Ohio Division. As a result of the base rate case, all rates for East Ohio and the West Ohio division are combined, and gross receipts tax is charged through a separate rider. Accordingly, no gross receipts tax is included in the proposed Rider rate, which will be applicable to all customers subject to the Rider in both of DEO's service territories.

11. The resulting rate of \$0.2133 per MCF for all DEO customers subject to the Rider is just and reasonable and should be approved. Copies of the proposed and scored current tariff sheets are Attachment 3 to this Application.

WHEREFORE, DEO respectfully requests that the Commission approve the new Uncollectible Expense Rider rate proposed in this Application.

Respectfully submitted,



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Attachment 1

DOMINION EAST OHIO
Bad Debt Rider
Annual Balance Reconciliation - 2009

Attachment 1
Page 1 of 2

	<u>January</u>	<u>February</u>	<u>March</u>	<u>YTD Q1 Total 2009</u>
(1) Balance - Beginning of Month	\$ 23,505,182.24	\$ 10,469,193.08	\$ (1,631,342.54)	\$ 23,505,182.24
(2) Bad Debts Written Off	4,800,098.00	2,294,091.71	3,159,403.90	10,253,593.61
(3) Amortization of A/R Regulatory Asset	844,929.74	844,929.74	844,929.74	2,534,789.22
(4) Recovery - Base Rates	-	-	-	-
(5) Recovery - Bad Debt Rider	15,168,299.55	12,930,231.69	9,071,232.74	37,169,763.98
(6) Recovery - Other	<u>3,524,677.93</u>	<u>2,311,490.70</u>	<u>2,023,744.94</u>	<u>7,859,913.57</u>
(7) Incremental Bad Debt (2)+(3)-[(3)+(4)+(5)]	<u>(13,047,949.74)</u>	<u>(12,102,700.94)</u>	<u>(7,090,644.04)</u>	<u>(32,241,294.72)</u>
(8) Balance Subtotal (1) + (7)	10,457,232.50	(1,633,507.86)	(8,721,986.58)	(8,736,112.48)
(9) Carrying Charges $[(1)+(8)]/2 \times (d) \quad (1)$	<u>11,960.58</u>	<u>2,165.32</u>	<u>(2,826.27)</u>	<u>11,299.63</u>
(10) Cumulative Balance for Recovery	<u>\$ 10,469,193.08</u>	<u>\$ (1,631,342.54)</u>	<u>\$ (8,724,812.85)</u>	<u>\$ (8,724,812.85)</u>
(d) Monthly Carrying Charge Rate	0.07043%	0.04901%	0.05460%	
Annualized short-term debt rate	1.300324%	0.904858%	1.007932%	

DOMINION EAST OHIO

Bad Debt Rider

Annual Balance Reconciliation - 2008

Attachment 1
Page 2 of 2

	January	February	March	April	May	June	July	August	September	October	November	December	Total 2008
(1) Balance - Beginning of Month	\$ 58,269,149.91	\$ 45,394,904.30	\$ 29,983,735.46	\$ 17,402,284.82	\$ 13,520,272.01	\$ 13,910,468.14	\$ 20,333,848.44	\$ 29,518,850.28	\$ 37,177,960.78	\$ 42,712,150.26	\$ -1,962,397.05	\$ 35,763,493.71	\$ 58,269,149.91
(2) Bad Debt Written Off	4,569,595.84	2,773,685.74	3,166,043.28	4,144,244.51	4,574,602.01	9,193,031.53	11,195,550.09	9,327,976.16	7,461,811.86	3,376,539.71	1,477,826.72	1,849,974.10	63,110,861.55
(3) Amortization of A/R Regulatory Asset	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	844,929.74	10,139,156.88
(4) Recovery - Base Rates	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Recovery - Bad Debt Rider	15,612,219.60	16,489,651.25	14,677,555.22	7,249,439.08	3,964,697.37	2,455,439.24	1,600,628.09	1,435,710.37	1,575,404.00	2,980,040.28	6,894,277.70	12,833,144.85	87,818,207.05
(6) Recovery - Other	2,817,810.13	2,611,066.59	1,958,475.70	1,647,843.68	1,286,781.62	1,185,912.60	1,293,981.07	1,130,185.88	1,276,498.69	2,121,190.54	1,717,437.34	2,106,324.34	20,953,508.18
(7) Incremental Bad Debt (2)+(3)-(3)+(4)+(5))	(13,015,504.15)	(15,482,102.36)	(12,625,057.90)	(3,908,108.51)	368,052.76	6,396,609.43	9,145,850.67	7,607,009.65	5,454,838.91	(879,761.37)	(6,288,958.58)	(12,294,565.35)	(35,551,696.80)
(8) Balance Subtotal (1) + (7)	45,253,645.76	29,912,801.94	17,358,677.55	13,494,176.32	13,888,324.77	20,307,077.57	29,479,699.11	37,125,859.93	42,632,799.69	41,832,388.89	35,673,438.47	23,468,928.36	22,747,453.11
(9) Carrying Charges [(1)+(8)](2) x (d) (1)	141,258.54	70,933.52	43,697.27	26,095.69	22,143.37	26,770.87	39,151.17	52,100.85	79,350.57	130,008.16	90,055.24	36,253.88	757,729.13
(10) Cumulative Balance for Recovery	\$ 45,394,904.30	\$ 29,983,735.46	\$ 17,402,284.82	\$ 13,520,272.01	\$ 13,910,468.14	\$ 20,333,848.44	\$ 29,518,850.28	\$ 37,177,960.78	\$ 42,712,150.26	\$ 41,962,397.05	\$ 35,763,493.71	\$ 23,505,182.24	\$ 23,505,182.24

(d) Monthly Carrying Charge Rate
Annualized short-term debt rate

0.27290%	0.18838%	0.18422%	0.16992%	0.16138%	0.15647%	0.15719%	0.19885%	0.15635%	0.19885%	0.30755%	0.23199%	0.12241%	
5.038214%	3.477843%	3.400988%	3.118588%	2.983011%	2.888760%	2.901985%	3.671018%	2.886536%	3.671018%	5.677837%	4.282966%	2.259819%	

Attachment 2

DOMINION EAST OHIO
Uncollectibles Expense Rider Calculation
2009

Attachment 2

	<u>Amount</u>	<u>Unit Rate/ Mcf</u>
Balance of Deferred Uncollectible		
Accounts Expense @3/31/2009	\$ (8,724,812.85)	\$ (0.0512)
Estimated Uncollectible Accounts Expense		
for Twelve Months Ending 3/31/2010		
Charge-off Amount	\$ 66,479,657.00	
Customer Recoveries	\$ (21,426,069.33)	
Net Amount	\$ 45,053,587.67	\$ 0.2645
Amortization of Deferred A/R per Case		
No. 01-2592-GA-UNC		
Balance @ 12/31/2003	\$ 50,695,784.13	\$ - (b) \$ -
Total to be Collected	\$ 36,328,774.82	
Total Rate		\$ 0.2133
Approved Rate Implemented Effective July 17, 2008		
- Net of Gross Receipts Tax (a)		\$ 0.4444
Uncollectible Expense Rider Adjustment		\$ (0.2311)
	% Change	-52.0%

Applicable volumes:

Apr-Dec 2008	86,723,605
Jan-Mar 2009	83,640,333
	<u>170,363,938</u>

(a) As a result of DEO's rate case (Case No. 07-829-GA-AIR, et al), gross receipts tax is no longer added to the calculated rate. Accordingly, there is no longer a difference between rates for the East Ohio and West Ohio service territories.

(b) The balance as of 12/31/2003 of the delinquent accounts receivable deferred as permitted in Case No. 01-2592-GA-UNC was fully amortized in the Uncollectible Expense Rider in the filings for years 2004 through 2008.

Attachment 3

Uncollectible Expense Rider

Applicability

Applicable to all Customers responsible for payment of East Ohio's Interim Emergency and Temporary PIP Plan Rider.

An additional charge of \$0.2133 per Mcf shall be applied to all volumes for service rendered under the applicable rate schedules to recover the cost associated with uncollectible accounts arising from those Customers responsible for paying the Uncollectible Expense Rider. East Ohio shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections.

Uncollectible Expense Rider

Applicability

Applicable to all Customers responsible for payment of East Ohio's Interim Emergency and Temporary PIP Plan Rider.

An additional charge of \$~~0.2133444~~ per Mcf shall be applied to all volumes for service rendered under the applicable rate schedules to recover the cost associated with uncollectible accounts arising from those Customers responsible for paying the Uncollectible Expense Rider. East Ohio shall file an application with the Public Utilities Commission of Ohio requesting approval to change the rate if the Company determines that an adjustment of more than plus or minus ten percent is needed to adjust for prior period over- or under-collections.