



# The Public Utilities Commission of Ohio

Monitoring marketplaces and enforcing rules to assure safe, adequate, and reliable utility services.

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June 8, 2009

Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

RE: *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval to continue its Uncollectible Expense Rider Rate, Case No. 09-457-GA-UEx*

Dear Docketing Division:

Enclosed please find the Staff's Comments regarding the Dominion East Ohio application for a continuation of its existing uncollectible expense rider in Case No. 09-457-GA-UEx.

Respectfully submitted,

*Steve Puican*

Steve Puican  
Co-Chief, Rates & Tariffs/Energy & Water Division  
Public Utilities Commission of Ohio

Enclosure  
cc: Parties of Record

**This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.**  
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**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

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**COMMENTS  
OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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Date submitted: June 8, 2009

Application of Dominion East Ohio  
Case No. 09-457-GA-UEx

Background

By Finding and Order dated December 17, 2003 in Case No. 03-1127-GA-UNC, the Commission authorized the concept of an uncollectible accounts expense recovery mechanism for five natural gas companies including The East Ohio Gas Company d/b/a Dominion East Ohio (DEO). The mechanism approved allows for recovery of actual bad/uncollectible debt through a rider, rather than through base rates. DEO filed the current application to revise its uncollectible expense rider on May 29, 2009. In the application DEO proposes to lower its rider rate from the current \$0.4444 per Mcf to \$0.2133 per Mcf.

Application

Attachment 1 to the application, page 1 of 2, shows DEO's ending uncollectible balance as of March 31, 2009 as an over-collected balance of \$8,724,813. The portion of the proposed rider rate that is attributable to this over-collection is a decrease of \$0.0512 per Mcf, calculated by dividing the deferred uncollectible accounts expense balance at that date by applicable annual volumes. DEO then projected its uncollectible expense for the next 12 months through March 2010, as \$0.2645 per Mcf, calculated by dividing the net estimated dollar amount by annual volumes. The net of those two numbers results in the proposed revised rate of \$0.2133 per Mcf. This results in a greater than ten percent change in the rate and, consistent with the Commission's December 17, 2003 Finding and Order, DEO filed the pending application to revise the rate.

The revised rate proposed in the application contains two other adjustments. 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. In Case No. 03-1127-GA-UNC, the Commission authorized DEO to amortize the deferred account 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 account 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 rider rate proposed in this application, such that no further amortization is included in that rate.

The second adjustment to DEO's proposed rider rate results from changes to the gross receipt tax (GRT) calculation resulting from its recent base rate case (Case Nos. 07-829-GA-AIR, *et. al.*). In that case DEO was authorized to discontinue the practice of calculating the GRT on each rider individually, and instead institute a single application of the GRT on the entire bill. Accordingly, no gross receipts tax is included in the proposed rider rate.

## Recommendation

In Attachment 1 to the application, page 2 of 2, DEO provides its annual balance reconciliation for the calendar year 2008. The annual balance reconciliation reflects the beginning balance and ending balances and the uncollectible expense rider, along with the monthly uncollectible expenses and recoveries for 2008. In reviewing the annual balance reconciliation, Staff found no errors in the calculations. Staff recommends that in the next financial audit of DEO's Transportation Migration Rider in 2010, the auditor also examine the monthly uncollectible expense balances and write-offs and recoveries for 2008 and 2009 and any required adjustments/corrections be considered in the 2011 uncollectible expense rider application.

Staff has performed a preliminary review of the annual balance reconciliation covering calendar year 2008 and the application. At this time, Staff does not propose any adjustment to the reconciliation and believes that the application appropriately calculates the rider. Staff recommends that the proposed rate of \$0.2133 per Mcf be approved.