

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Consideration of The )  
East Ohio Gas Company d/b/a Dominion )  
East Ohio's Cost-of-Service Study for the ) Case No. 09-654-GA-UNC  
General Sales Service and Energy Choice )  
Transportation Service Rate Schedules. )

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

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

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

ENTRY

The Commission finds:

- (1) By opinion and order issued October 15, 2008, in *In the Matter of the Application of The East Ohio Gas Company d/b/a/ Dominion East Ohio for Authority to Increase Rates for its Gas Distribution Service*, Case No. 07-829-GA-AIR et al. (*Gas Distribution Rate Case*), the Commission, *inter alia*, approved the adoption of the first two years of a modified straight fixed variable (SFV) rate design by The East Ohio Gas Company d/b/a Dominion East Ohio (DEO). However, the Commission determined that, prior to approval of rates for the third year and beyond, it is necessary to review the cost allocation methodologies for the General Sales Service (GSS) and Energy Choice Transportation Service (ECTS) classes. Therefore, the Commission directed DEO to complete a cost allocation study within 90 days of the order and to submit a report and recommendation regarding whether the GSS/ECTS classes are appropriately comprised of both residential and nonresidential

customers or whether the classes should be split. Furthermore, the Commission stated that, upon review of the cost allocation study, it would establish a process to be followed to determine the appropriate rates for year three and beyond.

- (2) On January 13, 2009, DEO filed its report and recommendation regarding the cost allocation methodologies for the GSS/ECTS classes in the *Gas Distribution Rate Case*. DEO also filed an updated cost-of-service study.
- (3) In accordance with an entry issued on July 29, 2009, in the *Gas Distribution Rate Case*, the Commission, *inter alia*, opened Case No. 09-654-GA-UNC (09-654) for the purpose of accomplishing the review of DEO's cost-of-service study and directed the Docketing Division to cause to be filed in 09-654 a copy of the report and recommendation filed by DEO on January 13, 2009, in the *Gas Distribution Rate Case*.
- (4) In order to accomplish a review of the cost-of-service study, an entry was issued on October 29, 2009, establishing a procedural schedule in this case, including deadlines for the filing of comments and reply comments by interested parties. On November 16, 2009, Staff filed initial comments on the cost-of-service study. Joint comments by the Office of Consumers' Counsel and Ohio Partners for Affordable Energy (OCC/OPAE) were also filed on November 16, 2009. On November 30, 2009, Staff and DEO filed reply comments.
- (5) In its January 13, 2009, report DEO stated that, prior to the implementation of the SFV rate design, nonresidential customers were subsidizing residential customers. However, after updating the cost-of-service study, DEO found that, with the implementation of the SFV rate design, residential customers would begin subsidizing nonresidential customers in the third year of the levelized rate implementation. Therefore, DEO recommended splitting the GSS/ECTS classes into residential and nonresidential classes.
- (6) In their comments, OCC/OPAE assert that the Commission's decision in the *Gas Distribution Rate Case* to implement a SFV rate design was in error. OCC/OPAE request that the Commission establish a process, including an evidentiary hearing if necessary,

for determining the appropriate rates for the GSS/ECTS customer classes.

In response to the statements made by OCC/OPAE disagreeing with the Commission's approval of the SFV rate design, both DEO and Staff maintain that this is not the appropriate forum to relitigate the SFV rate design. Staff submits that the issues to be addressed at this time should be confined to the undecided issues involved with adopting a levelized rate in year three and beyond. (Staff reply at 2, DEO reply at 2.)

The Commission notes that 09-654 was not opened to act as a venue for relitigating the SFV rate design approved in the *Gas Distribution Rate Case*. Rather, our consideration at this juncture is strictly limited to a determination of the appropriate allocation of costs for year three and beyond within the GSS/ECTS customer classes, and whether the GSS/ECTS classes are appropriately comprised of both residential and nonresidential customers or whether the classes should be split.

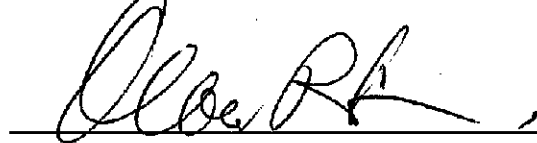
- (7) Upon review of DEO's updated cost-of-service study, Staff and OCC/OPAE state in their comments that they support DEO's recommendation to separate the GSS/ECTS customer classes into separate classes for residential and nonresidential customers. (Staff at 2; OCC/OPAE at 4-5.) Staff recommends that the rates for these classes be revised to reflect a more appropriate relative revenue responsibility based on the updated cost-of-service study (Staff at 2).
- (8) In evaluating the comments received, the Commission observes that neither OCC/OPAE nor Staff dispute the accuracy of the methodology utilized in the cost-of-service study provided by DEO. Moreover, both OCC/OPAE and Staff support the recommendation of DEO, in the cost-of-service study, to split the GSS/ECTS classes into separate classes for residential and nonresidential customers. Therefore, the Commission finds that the GSS/ECTS classes should be separated into classes for residential and nonresidential customers for year three and beyond.
- (9) Based upon the foregoing, DEO should file for Commission approval proposed revised tariffs for year three and beyond within 21 days of the issuance of this entry.

It is, therefore,

ORDERED, That, consistent with this entry, DEO file, in the above-captioned cases, proposed revised tariffs for year three and beyond within 21 days of the issuance this entry. It is, further,

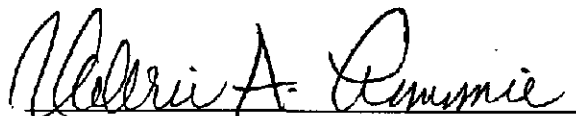
ORDERED, That a copy of this entry be served upon all parties of record in these cases.

THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Alan R. Schriber, Chairman

  
Paul A. Centolella

  
Ronda Hartman Fergus

  
Valerie A. Lemmie

  
Cheryl L. Roberto

KLS/CMTP:dah

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Renee J. Jenkins  
Secretary