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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 File Revised Tariffs Extending its
Low-income Pilot Program

Case No. 10-200-GA-ATA

**INITIAL COMMENTS OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO**

Pursuant to the Commission's Entry of May 12, 2010, The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO") hereby submits its Initial Comments to the April 29, 2010 Staff Report regarding DEO's low-income, low-use pilot program (the "Low-income Pilot").

I. INTRODUCTION

DEO appreciates Staff's consideration and evaluation of DEO's Low-income Pilot. The Staff Report provides comments on Staff's review of statistical results produced by the Low-income Pilot and the effects of the program on participating customers. DEO generally is amenable to Staff's overriding recommendation that the Low-income Pilot not be suddenly eliminated. However, Staff's recommendation that the Low-income Pilot continue at DEO shareholder expense until all current participants "can be phased out" over time is unfair to DEO and contrary to both the letter and spirit of the October 15, 2008 Opinion and Order issued in DEO's last rate case, Case No. 07-829-GA-AIR et al ("Rate Case Order"), which limited the duration of the Low-income Pilot to one year (March 13, 2009 to March 13, 2010).

Accordingly, DEO recommends the Commission order the Low-income Pilot end at a date certain of March 13, 2011. This proposal effectively and fairly balances the interests of DEO and the Low-income Pilot participants, particularly given that DEO has already voluntarily

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agreed, as a courtesy to the Commission, Staff and participating customers, to extend the Low-income Pilot beyond its original term so that the program could be evaluated, as it now has been.

II. COMMENTS

A. **The Commission Did Not And Should Not Order The Low-income Pilot To Continue Indefinitely.**

In the Rate Case Order, the Commission directed DEO to implement the Low-income Pilot to assist low-income customers with bill payment. (Rate Case Order, p. 26.) The Commission expressly determined that the Low-income Pilot should last only "one-year." (Id.) The Low-income Pilot provided participating customers a \$4.00 discount on DEO's straight-fixed variable ("SFV") monthly charge for each billing period. (Id.) Low-income Pilot eligibility was restricted to the first 5,000 eligible customers with verified incomes below 175 percent of the poverty level who were not enrolled in DEO's Percentage of Income Payment Program ("PIPP.") (Id., pp. 26-27.) The Commission further ordered DEO to promote the program "such that, to the fullest extent practicable, the program is fully enrolled with 5,000 customers." (Id., p. 27.) The Commission held that it would evaluate the Low-income Pilot at the conclusion of the one-year "pilot" period. (Id.)

To implement the Low-income Pilot, on March 13, 2009, DEO filed tariffs for General Sales Service - Low Usage Heat Pilot Program (GSS-LU) and Energy Choice Transportation Service - Low Usage Heat Pilot Program (ECTS-LU) in the docket for DEO's last rate case, Case No. 07-829-GA-AIR et al. These tariffs expired on March 13, 2010. A review of the one-year program shows that DEO initially enrolled 5,120 participants in the Low-income Pilot. (Staff Report, p. 1.) At the end of the one-year program period, there were 5,026 participants. (Id.) Of these 5,026 participants, 4,132 were remaining initial participants, while 894 were subsequently added. (Id.) Of the total initially enrolled, 988 participants left the pilot program. (Id.)

In the spirit of cooperation and as a courtesy to the Commission and Staff, DEO filed its Application in Case No. 10-200-GA-ATA on February 17, 2010 ("February 2010 Application") requesting Commission authority to submit revised tariffs extending the Low-income Pilot beyond March 13, 2010 "so that the Commission and Staff can complete their evaluation" of the program. (February 2010 Application, p. 1.) In its filing, DEO made clear that it "does not intend to offer the low-income pilot program indefinitely. However, in order to provide flexibility to the Commission and Staff, the revised tariffs specify that the pilot program will continue 'until such time as the Commission directs that the program be modified or terminated.'" (Id.) The Commission granted DEO's February 2010 Application in a Finding and Order entered on March 10, 2010. DEO filed the corresponding revised tariffs on March 12, 2010.

The Staff Report regarding the evaluation of the Low-income Pilot was filed on April 29, 2010. Staff proposes an "open ended continuation of the program funded with shareholder dollars" until such time as the program is phased out. (Id. at 2.) To phase-out the program, Staff recommends that "the Commission eliminate the requirement to replace customers that leave the program in order to maintain the 5,000 customer participation level. In this way, the program can be phased out through normal attrition over time without the disruption a sudden elimination would cause." (Id.)

While DEO appreciates Staff's efforts to balance the interests of DEO and its Low-income Pilot customers, the Rate Case Order specifically provided that DEO's obligation to offer the Low-income Pilot would be limited to a one-year period. (Rate Case Order, pp. 26-27.) While DEO agreed to extend the program for the limited purpose of permitting Commission and Staff sufficient time to complete their evaluation of the one-year pilot, DEO confirmed that it

was not undertaking a commitment to extend the program "indefinitely" at shareholder expense. (February 2010 Application, p. 1.)

There is no legal or practical basis for the Commission to order DEO to continue the Low-income Pilot indefinitely. Such an indefinite continuation of the program at shareholder expense is highly unfair to DEO and its shareholders, particularly considering that DEO agreed to extend the program solely to accommodate the Commission and Staff's evaluation. A fairer approach would be to provide a date certain end to the Low-income Pilot. This would ensure certainty to both DEO and program participants. DEO recommends the date certain be March 13, 2011, effectively turning the one-year pilot program into a two-year program. DEO would continue to fund the program at shareholder expense. Ending the program in March 2011 will give DEO and the Low-income Pilot participants sufficient time to wind-down the program in an orderly fashion. No new customers should be added, and the program would end in March 2011. Because the original tariffs specified that the Low-income Pilot was for a one-year pilot basis, there will be no prejudice or surprise to customers by ending the program after two years.

B. If the Low-income Pilot Continues Beyond March 2011, DEO Should Be Permitted To Recover The Costs Of The Program.

If the Commission does not provide a date certain end to the Low-income Pilot, at a minimum the Commission should specify an end date for shareholder funding of the program. DEO proposes that shareholder funding end in March 2011. If the program continues beyond March 2011, the costs of the program should be recovered through Transportation Migration Rider - Part B or one of DEO's other existing cost recovery mechanisms.

DEO shareholders already provide a substantial commitment to low-income assistance and energy efficiency. In addition to the PIPP programs in place, DEO increased spending for low-income demand-side management ("DSM") programs from \$3.5 million to \$9.5 million to

be spent as determined by a Commission-approved DSM collaborative. In conjunction and consultation with Staff and other interested parties, including The Office of Ohio Consumers' Counsel ("OCC") and Ohio Partners for Affordable Energy ("OPAE"), the DSM collaborative determined that DEO will provide funding in the amount of \$6.5 million per year for low-income home weatherization and \$3 million per year for energy efficiency audits for DEO residential customers and associated rebates to customers who implement energy-saving home improvement recommendations.

Also, as agreed in the last rate case, DEO provided \$1.2 million of shareholder funded payment assistance and energy efficiency education to customers subsequent to the Rate Case Order. Of the \$1.2 million amount, \$125,000 was given to the Consumer Protection Association to help with payment arrangements for low-income families. DEO provided \$425,000 to the Empowerment Center of Greater Cleveland to assist low-income families, while \$350,000 was allocated to DEO's "Energy Share" fuel fund, which is administered by the Salvation Army. Another \$300,000 was provided to various community action agencies for low-income payment assistance administered by the Ohio Department of Development. Beyond its rate case commitment, DEO provided an additional \$150,000 to its Energy Share program in 2008 and \$350,000 in 2009. An additional \$500,000 was provided to community action agencies for low-income payment assistance for 2009-2010. DEO has also donated \$250,000 to food banks in its service territory. And beginning this year, DEO has committed to providing \$2 million over a four-year period toward shareholder-funded low-income weatherization programs.

All told, since its last rate case, DEO has or will contribute nearly \$14 million to assist low-income customers with bill payment and energy efficiency efforts. DEO thus shares the Commission's and Staff's concerns regarding the welfare of low-income customers generally,

and Low-income Pilot participants specifically. And DEO has translated that concern into consistent and significant action.

DEO was never ordered to, never agreed to, and never expected to continue the Low-income Pilot indefinitely at shareholder expense. It would be unfair to order that the Low-income Pilot be continued indefinitely without permitting DEO to recover the costs to continue to administer the program.

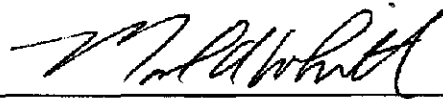
DEO's cost recovery proposal provides a straightforward and fair balance between the interests of serving participants in the Low-income Pilot and honoring DEO's expectation that shareholders would fund the program for only one year. The need to strike this mutually beneficial balance is particularly important given that the Low-income Pilot has been, and may continue to be, extended well beyond the timeframe originally envisioned by DEO, the Commission, Staff and other interested parties.

III. CONCLUSION

For the reasons discussed above, DEO respectfully requests that the Commission issue an Order consistent with these Initial Comments.

Dated: June 3, 2010

Respectfully submitted,



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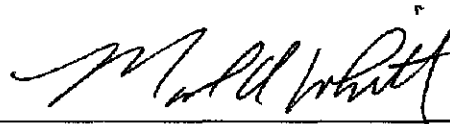
CERTIFICATE OF SERVICE

I hereby certify that the foregoing Initial Comments of The East Ohio Gas Company d/b/a Dominion East Ohio was served by electronic mail to the following persons on this 3rd day of June, 2010:

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