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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 to File Revised Tariffs Extending its Low Income Pilot Program.	))))	Case No. 10-200-GA-ATA

OHIO PARTNERS FOR AFFORDABLE ENERGY'S COMMENTS ON THE STAFF REPORT

Ohio Partners for Affordable Energy ("OPAE") hereby submits comments to the Public Utilities Commission of Ohio ("Commission") on the Staff Report filed in this docket on April 29, 2010. These comments are filed in accordance with the Entry issued on May 12, 2010. This docket concerns the March 4, 2010 application made by The East Ohio Gas Company d/b/a Dominion East Ohio ("Dominion") to file revised tariffs extending its low-income pilot program.

The Commission has already approved the application for a tariff revision in a Finding and Order dated March 10, 2010. OPAE filed a letter in this docket on March 9, 2010, expressing its lack of opportunity to intervene in this proceeding prior to the Commission's Finding and Order being issued and its interest in participation in the evaluation of the low-income pilot program. In the Finding and Order, the Commission stated that it was extending the pilot program during the pendency of the Commission's review of the program. The Commission also stated that its review of the pilot program would include consideration of the results of the Staff of the Commission's review of the pilot program. To that end, the Commission found that, once the Staff had completed its review of the pilot program, the Staff should file the report of its review in this docket. OPAE moved to intervene in this docket on April 6, 2010; OPAE's intervention was granted in the Entry dated May 12, 2010.

The Staff Report provides background on the relevant issue. When the Commission approved the straight fixed variable ("SFV") rate design, there was concern about the impact of this rate design on Dominion's low-income, low-use customers. Dominion was directed to implement a one-year pilot program to help these customers pay their bills. The program would provide a $4 monthly discount to 5,000 non-percentage of income payment plan ("PIPP") low-usage customers verified at or below 175% of the poverty level. The Commission also stated that it would evaluate the program at the end of the one-year pilot for its effectiveness in addressing the impact of the SFV rate design on low-use, low-income customers. On March10, 2010, the Commission approved the application of Dominion to extend the pilot program beyond the one-year term and allowed the Staff time to complete its review of the pilot program. The Commission approved continuation of the program until the Commission directs that it be modified or terminated.

The Staff reported that there were 5,120 initial participants, of which 988 left the program after 12 months. There were 87 disconnects for non-payment, which constitutes 1.7% of the initial participants, a figure that compares favorably with a 6.9% disconnect rate in 2009 for all Dominion customers. The Staff also noted the rate change that will occur in October 2010 when the Dominion fixed delivery charge will increase from $15.40 to $17.58 while the variable charge will be eliminated altogether. The change in October 2010 has a significantly greater effect on low-use customers than higher usage customers. The lowest usage customers see a total increase of 47.8% and the highest usage customers see a total increase of 21.4%. Higher use customer will see a smaller total increase when the October 2010 rates are incorporated due to the elimination of the variable charge.

The Staff found that it could not reach any firm conclusions regarding the impact of the discount in reducing disconnections or movement to the PIPP program by non-PIPP customers. The Staff recommended continuation of the program based on the significant impact its elimination would have on current participants. Given that 460 participants resorted to the PIPP program in the first 12 months even with the discount, it is logical that the number would have increased without the discount. Staff believes that it may well be counter-productive to eliminate the program completely at this time.

However, recognizing that the Staff is recommending open-ended continuation of the program funded with shareholder dollars, the Staff also recommended that the Commission adopt concessions. First, because of the relatively small impact of the program on higher-use customers, the Staff recommended that the Commission establish a firm usage cap of 70 Mcf per year with the discount being eliminated for customers who exceed that level on a going forward basis. However, the Staff admitted that there are relatively few customers (480) exceeding the potential cap so that the Staff was not convinced that the savings to Dominion would justify the additional costs it would impose on these customers.

Second, the Staff noted that because the program was to be fully enrolled with 5,000 customers, Dominion was required to replace customers who left the program. Of the original 5,120 participants, 4,132 were still in the program at the end of the first twelve months, meaning that 849 new participants were added in the first year to achieve the year-end total of 5,026. The Staff states that the program was to mitigate the initial impact of the SFV rate design on low-income, low-use customers, the Staff states that continuing to bring in new participants is inconsistent with the goal of the program. New participants would have been paying the full rate prior to entering the program. Staff recommended that the Commission eliminate the requirement that Dominion replace customers who leave the program in order to maintain the 5,000 customer participation level. In this way, according to the Staff, the program can be phased out through normal attrition over time without the disruption a sudden elimination would cause.

OPAE does not agree with the Staff Report that the Commission was only concerned about the SVF's impact on low-income, low-use customers in the initial year of the implementation of the rate design. The Commission stated:

> The Commission is concerned with the impact that the change in rate structure will have on some DEO customers who are low-income, low-use customers. One of the major concerns raised by customers at the local hearings held in these matters was the effect a levelized rate design would have on low-use customers with low incomes. As a result, the Commission believes that some relief is warranted for this class of customers. In the *Duke* case, we approved a pilot program available to a specified number of eligible customers, in order to provide incentives for low-income customers to conserve and to avoid penalizing low-income customers who wish to stay off of programs such as PIPP. We emphasized in the *Duke* case that the implementation of the pilot program was important to our decision to adopt a levelized rate design in that case. Therefore, the Commission finds that DEO should likewise implement a one-year low-income pilot program aimed at helping low-income, low-use customers pay their bills.
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> As in the *Duke* case, the customers in the low-income pilot program shall be non-PIPP low-usage customers, verified at or below 175 percent of the poverty level. DEO's program should provide a four-dollar monthly discount to cushion much of the impact on qualifying customers. This pilot program should be made available one year to the first 5,000 eligible customers. DEO, in consultation with staff and the parties, shall establish qualifications for this program by first determining and setting the maximum low-usage volume projected to result in the inclusion of 5,000 low-income customers who are determined to be at or below 175 percent of the poverty level. The Commission expects that DEO will promote this program such that, to the fullest extent practicable, the program is fully enrolled with 5,000 customers. Following the end of the pilot program, the Commission will evaluate the program for its effectiveness in addressing our concerns relative to the impact on low-use, low-income customers.
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> *DEO*, Case No. 07-829-GA-AIR, et al., at 26-27.

The Commission did not state that the pilot program would terminate after one year or that the program would be phased out. Instead, the Commission emphasized its concern for the impact of the rate design on low-use, low-income customers during the time that the SVF rate design is in effect. The point was to determine if a discount on the enormous fixed charge would assist customers to maintain service and avoid the PIPP program. The Commission expressed concern that the discount would be effective to assist low-use, low-income customers. The Staff was to make a determination on the pilot program's effectiveness to assist those customers after one year. The Staff stated that it could not determine the effectiveness of the pilot program in assisting those customers after the first year. This means that the pilot program should continue; it should certainly not be phased out. The purpose of the review after the first year was to determine if the program was effective in assisting customers; the purpose was not to set the stage for the elimination of the program.

Moreover, it is obvious that the initial phases of the implementation of the SFV rate design are continuing. The huge fixed charge will increase even more in October 2010 and the variable component of the rate will be eliminated. Therefore, the impact of the SFV rate design on low-income, low-usage customers cannot be determined at this time, because the rate design will not be fully implemented until after the October 2011 rate is in effect. Therefore, as the Staff acknowledges, the impact of the pilot program in assisting customers with the effect of the SFV rate design can also not be determined at this time. Moreover, as the Staff acknowledges, the changes coming in October 2010 will have an even greater adverse impact on low-income, low-use customers than the first phase of the implementation of the SFV rate design. Low-use customers will pay even more with the October 2010 rates than they are paying now.

Therefore, the low-income, low-use pilot program should not only be continued, it should also be expanded. In its Opinion and Order adopting the low-income, low-use pilot program for Dominion, the Commission referred to a similar pilot program adopted for Duke Energy Ohio Inc. ("Duke") in Duke's last rate case, Case No. 07-589-GA-AIR, Opinion and Order (May 28, 2008) ("*Duke*"). In *Duke*, as in Dominion, the Commission stated its concern for the impact of the new rate design on low-income, low-use customers. The Commission stated that the low-income pilot program was crucial to its decision to adopt the SFV rate design. *Duke*, Opinion and Order at 19-20. The Duke program also provided a $4 discount to cushion the impact of the new rate design on qualifying customers. Duke had originally agreed in a stipulation and recommendation to implement the pilot program for the first 5,000 eligible customers. In its Opinion and Order, the Commission expanded the pilot program. The Commission stated:

> To ensure that this discount is available to as many customers as possible, we direct that Duke expand this pilot program to include up to 10,000 customers, instead of the 5,000 customers specified in the Stipulation. . . The Commission expects that Duke will promote this program such that to the fullest extent practicable the program is fully enrolled with 10,000 customers.

Duke, Case No. 07-589-GA-AIR, et al., Opinion and Order, at 20.

Dominion has approximately 1.1 million residential customers compared to the 380,000 residential customers of Duke. Therefore, OPAE recommends that the Dominion pilot program be expanded to 20,000 participants, which is still less than the Duke program's 10,000 customers based on the number of residential customers of the two companies. The Commission should expand the Dominion program to 20,000 participants so that it is roughly equal to the program that Duke was ordered to implement. OPAE agrees that the 20,000 participants should come primarily from the customers whose usage is low, below 70 Mcf per year because these low-usage customers are clearly the ones who are most adversely affected by the SFV rate design, and especially the rate design to take effect in October 2010. Finally, new customers should be added to the program to ensure it remains fully subscribed by 20,000 participants. Unfortunately, many Ohio families are moving into poverty. They deserve the opportunity to participate in the credit program.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments on the Staff Report was served by regular U.S. Mail upon the parties of record identified below in this case on this 3rd day of June 2010.

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