

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 the Adjustment of its Interim) Case No. 12-1694-GA-PIP
Emergency and Temporary Percentage of)
Income Payment Plan Rider.)

ENTRY ON REHEARING

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a natural gas company as defined by Section 4905.03(A)(5), Revised Code, and a public utility by reason of Section 4905.02, Revised Code. As such, DEO is subject to the jurisdiction of the Commission, in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) On May 30, 2012, DEO filed an application to adjust its Interim Emergency and Temporary Percentage of Income Payment Plan (PIPP) Rider. In its application, DEO explained that, in *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for the Adjustment of its Interim Emergency and Temporary Percentage of Income Payment Plan Rider*, Case No. 11-1022-GA-PIP, the Commission approved DEO's proposal to submit its annual application based upon the actual unrecovered deferred balance as of March 31 of each year, plus additional unrecovered deferred PIPP balances and incentive credits that are estimated to accumulate over the 12 months during which the proposed rate will be in place. In the present case, DEO proposed a PIPP Rider rate of \$0.4443 per thousand cubic feet (Mcf), to be recovered over a 24-month period, which would replace the current rate of \$0.7149 per Mcf approved in 11-1022.
- (3) On July 2, 2012, the Commission issued a finding and order approving DEO's application to update its PIPP Rider for the proposed 24-month recovery period and granted the motion to intervene filed by Ohio Partners for Affordable Energy (OPAE).
- (4) On July 3, 2012, the attorney examiner granted a motion for intervention filed by the Ohio Consumers' Counsel (OCC) on June 29, 2012.

- (5) Section 4903.10, Revised Code, states that any party who has entered an appearance in a Commission proceeding may apply for rehearing with respect to any matters determined in the proceeding by filing an application within 30 days after the entry of the order upon the journal of the Commission.
- (6) On August 1, 2012, OP&A and OCC (joint applicants) filed an application for rehearing of the Commission's July 2, 2012, finding and order citing three assignments of error.
- (7) On August 13, 2012, DEO filed its memorandum contra the application for rehearing filed by OP&A and OCC.
- (8) In their first assignment of error, joint applicants argue that the Commission erred by making Ohio consumers wait two years for a full refund of the over-collected PIPP balances. Instead, joint applicants would rather the Commission have ordered a 12-month refund period for the over-collected amounts, which would have resulted in a PIPP Rider rate of \$0.2125 per Mcf, for the current year, and a projected rate of \$0.6811 per Mcf for the next year. In support of their application, joint applicants assert that the 24-month refund period is unreasonable, given that the over-collected amounts were accrued in a single year. Instead, joint applicants rely on the Commission's statement in *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for the Adjustment of its Interim Emergency and Temporary Percentage of Income Payment Plan Rider*, Case No. 09-2011-GA-PIP (09-2011), wherein the Commission held that yearly updates were in the best interest of customers. Specifically, joint applicants assert that the customers in DEO's service territory would have benefited from receiving the entire refund sooner and argue that the Commission should have rejected DEO's argument that the 24-month recovery period is consistent with the concept of gradualism.
- (9) In its response, DEO opines that joint applicants' position can be distilled down to a single issue: joint applicants would exercise ratemaking discretion differently than the Commission had in this case. Specifically, DEO argues that every dollar over-collected will be refunded to customers, with carrying charges; thus, customers will not lose out on any refund because of the 24-month refund period. Moreover, DEO points out that, in 09-2011, the Commission required DEO to file a yearly update of

its PIPP Rider, but did not rule on the issue of the time frame for a refund of over-collection. DEO asserts that these are different issues and it is not inconsistent for the Commission to treat them differently. As a final matter, DEO argues that joint applicants' assertion that customers will benefit from a quicker refund, focuses solely on the first year, where customers will pay a lower rate, and does not focus on the second year in which customers will pay a higher rate. Accordingly, DEO asserts that the Commission's decision provides rate certainty for customers and should be affirmed.

- (10) The Commission believes that its decision to allow DEO to refund over-collected amounts over a 24-month period is within its ratemaking discretion and consistent with our goal of providing consistent rates for consumers. Moreover, because we expect DEO to file an annual update in May 2013, our decision in this case is not inconsistent with 09-2011, as customers are still protected from the accumulation of significant arrearages that could occur over a two-year period. Accordingly, the Commission concludes that joint applicants have raised nothing new on rehearing that was not previously considered in our finding and order; therefore, joint applicants' first assignment of error is without merit and should be denied.
- (11) In their second assignment of error, joint applicants opine that, even if the over-collected balances were to be refunded over a 12-month period, customers should receive carrying costs.
- (12) In response to the second assignment of error put forth by the joint applicants, DEO points out that joint applicants do not assert error in this section of the pleading. Moreover, DEO states that this is a nonissue, as DEO would apply carrying charges whether the refund is for a 12-month period or a 24-month period.
- (13) The Commission agrees that joint applicants' second assignment of error does not allege any actual error. As pointed out by DEO in its application, DEO proposed that carrying charges would apply to the over-collected amount that is to be refunded to customers regardless of the refund period. Furthermore, the Commission approved DEO's application with the inclusion of such carrying charging for the 24-month refund period.

Accordingly, joint applicants' second assignment of error is without merit and should be denied.

- (14) In their third assignment of error, joint applicants argue the Commission erred in failing to consider OCC's recommendation to examine the forecasting methods DEO uses in order to minimize the likelihood of significant over- or under-recovery in the future. Specifically, joint applicants argue that the Commission violated Section 4903.09, Revised Code, because it did not examine the complete record, in this case, OCC's comments, and issue a written opinion setting forth the reasons prompting its decisions. Joint applicants continue to argue that an evaluation of DEO's forecasting methods is necessary and, specifically, that the Commission should examine the methods used to develop cost forecasts to determine if more precise techniques can be utilized in the future.
- (15) In response, DEO points out that OCC's comments may not have been addressed by the Commission because OCC did not file its comments until the afternoon of the business day before the Commission considered DEO's application in this case. In addition, DEO points out that OCC, in its comments, stated that it believed an examination of DEO's PIPP Rider forecasting would be appropriate as part of the Commission's review of the PIPP program rules later this year. Because OCC did not push for the review in this docket, DEO argues that OCC is raising new and contradictory arguments on rehearing, which is improper.
- (16) In its comments, OCC "recommends that the Commission examine the methods used to develop cost forecasts...as part of the Commission's review of the program later this year," citing *In the Matter of the Commission's Review of Chapters 4901:1-17, et al., of the Ohio Administrative Code*, Case No. 08-723-AU-ORD, Entry on Rehearing at 47 (April 1, 2009). As noted by DEO, OCC's comments on this topic were clearly directed toward the Commission's consideration of the overall PIPP programs, which are the subject of a future docket, and are not specifically directed at the application that is the subject of the instant case. With regard to this case, the Commission has, in 09-2011, previously emphasized the importance of yearly PIPP updates to address the potential for fluctuations in PIPP participation and the accumulation of PIPP arrearages and, at this time, we believe

these yearly PIPP Rider updates mitigate any potential forecasting abnormalities. As OCC's comments suggest, any further overall review of forecasting methodologies may be more appropriately addressed within the context of a docket that may be initiated in the future. Accordingly, joint applicants' third assignment of error is without merit and should be denied.

It is, therefore,

ORDERED, That the joint application for rehearing filed by OCC and OP&E be denied. It is, further,

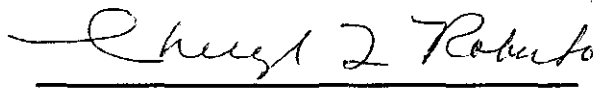
ORDERED, That a copy of this entry on rehearing be served upon all parties of record.

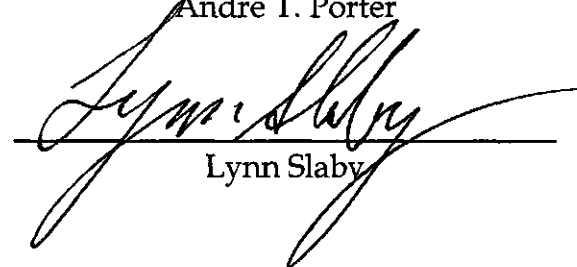
THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser

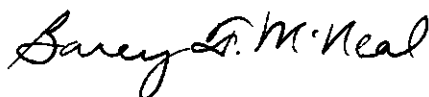

Andre T. Porter


Cheryl L. Roberto


Lynn Slaby

KLS/sc

Entered in the Journal
AUG 29 2012



Barcy F. McNeal
Secretary