

1 BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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2 In the Matter of the :
 Application of The East :
3 Ohio Gas Company d/b/a :
 Dominion East Ohio for :
4 Authority to Increase :
 Rates for its Gas :
5 Distribution Service, :
 Approval of an Alternative:
6 Rate Plan for its Gas :
 Distribution Service, :
7 Approval to Change :
 Accounting Methods, :
8 Approval of Tariffs to : Case Nos. 07-829-GA-AIR
 Recover Certain Costs : 07-830-GA-ALT
9 Associated with a Pipeline: 07-831-GA-AAM
 Infrastructure Replacement: 08-169-GA-ALT
10 Program Through an : 06-1453-GA-UNC
 Automatic Adjustment :
11 Clause, and for Certain :
 Accounting Treatment, and :
12 Approval of Tariffs to :
 Recover Certain Costs :
13 Associated with Automated :
 Meter Reading Deployment :
14 Through an Automatic :
 Adjustment Clause, and for:
15 Certain Accounting :
 Treatment. :

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17 VOLUME III - PROCEEDINGS

17 before Ms. Christine M.T. Pirik and Mr. Scott Farkas,
18 Hearing Examiners, at the Public Utilities Commission
19 of Ohio, 180 East Broad Street, Room 11-C, Columbus,
20 Ohio, called at 8:30 a.m. on Friday, August 8,

21

2008.

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11

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18A - Prefiled Direct Testimony and 35 80

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Trevor R. Roycroft, PhD - Unredacted

14 (CONFIDENTIAL)

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1 Friday Morning Session,

2 August 8, 2008.

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4 EXAMINER PIRIK: We'll go on the record.

5 Is there any procedural item other than
6 the confidential information before we go on the
7 record?

8 Mr. Roycroft I believe will be our next
9 witness and there are items within his testimony that
10 have been requested that we hold confidential.

11 Mr. Campbell.

12 MR. CAMPBELL: Yes, that's correct, your
13 Honor. We are moving for protective treatment of
14 certain information in Attachment 8 to Dr. Roycroft's
15 testimony as well as Attachment 10, and there's a
16 similar document that may be introduced as an
17 attachment to Mr. Armstrong's deposition. But
18 dealing with Attachment 8 will resolve the issues in
19 all three cases.

20 In Attachment TRR-8, Dr. Roycroft's

21 testimony, if you turn to what's been marked as page

22 2 --

23 EXAMINER PIRIK: I should clarify for the

24 record that TRR-8 does not have sequential numbering

1 on all of the pages, so off the record we went
2 through and we began numbering the pages beginning
3 with the cover page, which is the original data
4 request page, through the end of TRR-8 which leaves
5 us with 31 page numbers in the TRR-8 total.

6 MR. CAMPBELL: That's correct. In
7 looking at what's been numbered page 2, which would
8 be the first page of the spreadsheets, there are nine
9 lines of information that the company is requesting
10 protective treatment for, and these are repeated
11 throughout the spreadsheets. So I think they just
12 need to be discussed in this instance and whatever
13 the Commission rules will be the same for each page.

14 If you like, I can go through it line by
15 line. Or would you prefer to ask questions based
16 on --

17 EXAMINER PIRIK: Let me just state that
18 if you're asking for the -- it appears from the
19 proposed document that you've provided the Bench that

20 you're asking for the actual verbiage in the line
21 item to be redacted. And if, in fact, you're asking
22 for that verbiage, then our discussion of this may,
23 in fact, be off the record because if you need to
24 explain exactly what's in those, why that verbiage

1 needs to be redacted, then --

2 MR. CAMPBELL: Yeah, I do believe to
3 discuss this with any clarity it will get into why
4 the information's confidential and could itself
5 divulge what we're proposing is confidential
6 information.

7 EXAMINER PIRIK: So we'll have this
8 discussion in the closed record. And are the
9 individuals in the room permitted to be here?

10 MR. KUTIK: Except for Mr. Russell, I
11 believe.

12 MR. RUSSELL: I'll step out.

13 EXAMINER PIRIK: Thank you.

14 MR. CAMPBELL: Thanks for pointing that
15 out.

16 EXAMINER PIRIK: And if someone does come
17 into the room and you need to stop, you can just make
18 us aware of that. You may proceed.

19 MR. KUTIK: Your Honor, I'm sorry, are we

20 on the record or off the record?

21 EXAMINER PIRIK: We're on the record but

22 we're in closed session.

23 MR. KUTIK: Okay.

24 (CONFIDENTIAL PORTION EXCERPTED.)

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16 (OPEN RECORD.)

17 EXAMINER PIRIK: We'll go back on the

18 record.

19 With regard to the document TRR-8 that we

20 were just discussing, on the record after
21 consideration with regard to the proposed items in
22 the alternative numbered pages 1 through 12 which
23 deal with the spreadsheets, we have decided that
24 sufficient justification has been made to redact the

1 numbers in the columns but not the verbiage that

2 describes what's in the columns.

3 With regard to that, we will need a

4 revised redacted version of that item. That needs to

5 be submitted, I don't know how OCC and the company

6 want to do that, I mean it's the company that's

7 proposing the redaction and we are granting that, but

8 it will need to be with Mr. Roycroft's testimony so

9 it does not need to come in today, but it will need

10 to come into the record as a revised TRR-8.

11 Mr. Kutik.

12 MR. KUTIK: Your Honor, we don't

13 anticipate any problems working with OCC to submit an

14 appropriate exhibit.

15 EXAMINER PIRIK: If there are any

16 questions before it's actually submitted and you want

17 the examiners to look at it off the record, we would

18 be happy to do that to be sure that we have a meeting

19 of the minds as to exactly what our ruling is.

20 MR. SERIO: Your Honor, did you want us
21 to withdraw a prior one and resubmit this one or just
22 resubmit --

23 EXAMINER PIRIK: No, I think it can be a
24 revised TRR-8, you know, with the clarification that

1 we're making the ruling on the record and that's the
2 purpose of submitting a revised TRR-8.

3 With regard to the remainder of the pages
4 in TRR-8, pages 13 through 31, the Bench is not going
5 to grant the motion to protect the information within
6 that document. First of all, we don't believe that
7 it rises to the level of protective status as
8 required by the statute and the rules. It is a 2006
9 document so the information to an extent is outdated,
10 the information is also contained to an extent in
11 line items that are going to be in the open record in
12 pages 1 through 12 of TRR-8, and the document itself
13 has been in the open record since June 23rd.

14 It was filed on June 23rd. So it's
15 been there a long time, a month and a half, was
16 brought to the parties' attention on the first day of
17 hearing and we believe that the information needs to
18 be in the open record at this point in time.

19 To the extent that that is being required

20 to be in the open record there will also -- that
21 would be included in a revised TRR-8. TRR-10, which
22 is the identical document to the Power Point, is
23 already in the open record so that will not need to
24 be revised.

1 And to the extent the deposition in
2 question where there's a motion for protection on the
3 record is admitted into the record or brought into
4 the record at some point in time, we will make it
5 clear at that point in time that it's in the open
6 record.

7 Are there any questions? Then we will
8 look for a TRR-8 revised version sometime in the
9 future.

10 Are there any other procedural matters
11 before we move forward with Mr. Roycroft?

12 Hearing none, Mr. Serio.

13 MR. SERIO: Mr. Sauer.

14 MR. SAUER: The OCC calls Dr. Trevor
15 Roycroft to the stand and would like his direct
16 testimony marked as OCC Exhibit No. 18.

17 EXAMINER PIRIK: Mr. Sauer, could you be
18 sure to make sure the microphone -- you tend to fade
19 at the end of your sentence. I want to be sure we

20 hear everything.

21 MR. SAUER: Thank you, your Honor. Would

22 you like at this time that I provide the court

23 reporter with a confidential version of the testimony

24 that we would replace once the redactions are all

1 complete or just get her a copy once we've got all

2 the redactions in place?

3 EXAMINER PIRIK: I think it would make

4 sense to give her that document and we mark it and

5 then when you have the revised version, then she will

6 be provided with the revised version since we've been

7 talking about a revised version, otherwise it won't

8 make any sense.

9 MR. KUTIK: My only question, your Honor,

10 is what would be the treatment in terms of the public

11 with respect to what's going to be given to the court

12 reporter at this time?

13 EXAMINER PIRIK: Well, at this point in

14 time I don't know what it looks like.

15 MR. SERIO: This is the complete --

16 MR. SAUER: That's the completely open

17 confidential version that could be put under seal.

18 EXAMINER PIRIK: So this isn't a redacted

19 version?

20 MR. SAUER: No.

21 EXAMINER PIRIK: Then no, we don't want

22 to give that to her.

23 MR. KUTIK: My proposal, your Honor,

24 would be we submit entirely new OCC Exhibit 18 with

1 the appropriate redactions.

2 EXAMINER PIRIK: That would be
3 appropriate. I misunderstood. I thought it was a
4 redacted version and I didn't think that there would
5 be anything in the open record, but --

6 MR. SAUER: Since we didn't understand
7 what the redactions were going to be, we didn't have
8 a prepared redacted version.

9 EXAMINER PIRIK: Yes.

10 MR. SAUER: That was the confidential
11 version.

12 EXAMINER PIRIK: And then as soon as
13 possible when we can come to a meeting on the
14 redacted version, then that would be appropriate to
15 provide -- she will also need the unredacted
16 version --

17 MR. SAUER: Right.

18 EXAMINER PIRIK: -- but --

19 MR. SAUER: We've already filed an

20 unredacted version under seal.

21 EXAMINER PIRIK: Right. But we're going

22 to need to have it on the record here.

23 MR. SAUER: Yes.

24 MR. KUTIK: Could I propose that the

1 redacted version be just identified as OCC Exhibit
2 18A and the redacted version of -- the unredacted
3 version be OCC Exhibit 18B?

4 EXAMINER PIRIK: Mr. Sauer?

5 MR. SAUER: That's not a problem for us.

6 EXAMINER PIRIK: Well, in that case then,
7 she does need to receive that document. We'll mark
8 it as OCC --

9 MR. SAUER: OCC Exhibit 18A.

10 EXAMINER PIRIK: Yes.

11 MR. SAUER: And it is the unredacted
12 version of Dr. Roycroft's testimony.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 MR. SAUER: Thank you, your Honor.

15 EXAMINER PIRIK: Mr. Roycroft.

16 MR. SERIO: Off the record, your Honor.

17 (Discussion off the record.)

18 EXAMINER PIRIK: Mr. Roycroft, will you
19 please raise your right hand?

20 (Witness sworn.)

21 EXAMINER PIRIK: Thank you.

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1 TREVOR R. ROYCROFT, PhD

2 being first duly sworn, as prescribed by law, was

3 examined and testified as follows:

4 DIRECT EXAMINATION

5 By Mr. Sauer:

6 Q. Please state your name and business

7 address for the record.

8 A. My name is Trevor R. Roycroft. My

9 business address is 51 Sea Meadow Lane, Brewster,

10 Massachusetts.

11 Q. Are you the same Trevor R. Roycroft whose

12 direct testimony was filed in these cases?

13 A. Yes, I am.

14 Q. On whose behalf do you appear?

15 A. The Ohio Office of Consumers' Counsel.

16 Q. And do you have your prepared testimony

17 on the stand with you today?

18 A. Yes, I do.

19 Q. And did you prepare the testimony or have

20 it prepared under your supervision?

21 A. Yes, I did.

22 Q. Do you have any changes or corrections to

23 your direct testimony?

24 A. I have two minor changes.

1 Q. And what are those, sir?

2 A. The first being on page 7, line 7, I'd
3 like to change the 110 million to 126.3 million. And
4 the second correction is essentially the same
5 numerical replacement which appears on page 23, line
6 8, substituting 126.3 million for 110 million.

7 Q. Do you have any other changes or
8 corrections to your direct testimony?

9 A. No, I do not.

10 Q. And if I asked you the same questions
11 found in your direct testimony in OCC Exhibit 18A,
12 would your answers be the same?

13 A. Yes, they would.

14 MR. SAUER: Your Honors, the OCC moves
15 for the admission of OCC Exhibit 18A and tenders this
16 witness for cross-examination.

17 EXAMINER PIRIK: Dominion.

18 MR. KUTIK: Thank your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Kutik:

22 Q. Good morning, Dr. Roycroft.

23 A. Good morning.

24 Q. Would it be correct to say that your

1 expertise and your research has primarily been in the
2 area of telecommunications and information
3 technology?

4 A. A large portion of my expertise and
5 research is centered in the telecommunications field
6 although I have experience across the utility field
7 in general.

8 Q. Well, you hold yourself out as an expert
9 in the field of gas utilities, correct?

10 A. Yes, I do.

11 Q. Isn't it true that you have never
12 testified in any case with respect to AMR deployment
13 for a gas company?

14 A. That is correct. I have testified in gas
15 utility cases, but not on that issue.

16 Q. Isn't it true that you have not testified
17 about the appropriate level of service to be rendered
18 by a gas company?

19 A. That is correct. I have addressed the

20 service issue with regard to other types of

21 utilities.

22 Q. But not with respect to a gas company,

23 correct?

24 A. That is correct.

1 Q. You've never testified about a business
2 case plan or a business case analysis with respect to
3 a gas company.

4 A. No, I haven't.

5 Q. Thank you.

6 You have never testified about a gas
7 company's estimated billing program.

8 A. That is correct.

9 Q. You have -- last time you testified in a
10 gas case was 1991.

11 A. That is correct.

12 Q. You have never published any articles or
13 papers or made any presentations with respect to a
14 gas company's call center.

15 A. That is correct.

16 Q. You've never published any papers or made
17 any presentations on gas metering.

18 A. That is correct.

19 Q. You've never studied the billing system

20 of a gas utility before this case.

21 A. That is correct.

22 Q. Prior to this case you never studied a
23 gas company's bill estimation routine or programs.

24 A. That's correct.

1 Q. You never taught a course on gas utility
2 operations.

3 A. Yes, that's true.

4 Q. And you've never worked for a gas
5 company.

6 A. That is correct.

7 Q. Now, a lot of what you do is providing
8 what's called litigation support, correct?

9 A. Yes.

10 Q. And, in fact, that's a significant amount
11 of what you do. In the last five years about
12 80 percent of your time has been spent providing
13 litigation support, correct?

14 A. I think that's a fair assessment.

15 Q. And you've never provided litigation
16 support for a gas company, correct?

17 A. For a gas company?

18 Q. Yes. A gas utility.

19 A. The company being the employer?

20 Q. Yes, sir, investor-owned utility.

21 A. Yes.

22 Q. Now, in this case your assignment was to
23 review DEO's AMR proposal and make an economic
24 analysis of the proposal and then make some

1 recommendations about that proposal; fair to say?

2 A. Yes.

3 Q. It's also true that you never did an

4 economic analysis on your own -- of your own that you

5 relied solely on the company's business analysis,

6 correct?

7 A. That is correct. I used the company's

8 analysis in point of departure and analyzed that

9 analysis.

10 Q. Now, you would agree with me that the

11 company did a reasonably good job in doing business

12 case studies, correct?

13 A. Yes. I believe the business case

14 analysis put together by the company was a reasonable

15 approach to the issue in question.

16 Q. Now, in this -- would it be fair to say

17 that if one is going to analyze a proposal, it would

18 be important to understand what that proposal is?

19 A. Yes.

20 Q. Okay. Now, it's your understanding with
21 respect to the company's proposal that the company
22 intends to or seeks to recover \$126.3 million in
23 costs through an AMR rider, correct?

24 A. That is correct.

1 Q. And you also believe that the company is
2 seeking to recover incremental property taxes,
3 incremental depreciation, and post in-service
4 carrying charges associated with the AMR equipment
5 also through this rider, correct?

6 A. Yes.

7 Q. Now, on page 7 of your testimony, lines 5
8 through 7 you indicate that the company is seeking to
9 recover \$126.3 million through a rider over five
10 years, correct?

11 A. Yes.

12 Q. And you cite three things in support of
13 that, correct?

14 A. Yes.

15 Q. Those three things being, one, the
16 company's application, and then two discovery
17 requests, correct?

18 A. Yes.

19 Q. Let's take those in the reverse order

20 that you cite them. First, there is the data

21 request, the staff data request from Mr. Baker

22 numbered No. 2, subset 9 which is Attachment TRR-4,

23 correct?

24 A. Yes.

1 Q. Could you turn to that page, please? Are
2 you there, sir?

3 A. Yes, I am.

4 Q. Does that discovery request response say
5 anything about recovering 110 or 123 million dollars
6 through a rider? It doesn't, sir, does it?

7 A. No. It identifies the estimated
8 deployment costs.

9 Q. But it doesn't say anything about
10 recovering those costs through a rider, correct?

11 A. Right. I separately identify the rider
12 associated cost estimates in table 2 for the --

13 Q. Sir. Sir, I'm asking you about what you
14 cited so far in support of that statement, correct?

15 A. Yes.

16 Q. And we're looking at Attachment TRR-4,
17 and my question to you is very simple, there's
18 nothing in TRR-4 which talks about recovering 110,
19 126.3, whatever it is, a million dollars, through a

20 rider, correct?

21 A. I believe that I confirmed that

22 statement, yes.

23 Q. Now, another thing you cited in support

24 of your testimony is a document request, again from

1 staff member Pete Baker, question No. 2, subpart 8
2 which is attachment TRR-3. Is it correct that that
3 response to that data request doesn't say anything
4 about recovering 110 million, 126.3 million dollars,
5 or whatever the total cost figure is through a rider?
6 Correct?

7 A. Right. Although it does provide data
8 points with regard to the number of AMR deployments
9 associated with the various years listed.

10 Q. The answer to my question is yes, it
11 doesn't say anything about recovering those costs
12 through a rider, correct?

13 MR. SAUER: Objection; he answered his
14 question.

15 EXAMINER PIRIK: Objection overruled.

16 A. That is correct.

17 Q. Thank you.

18 Another thing you cite is the application
19 that the company filed with respect to the AMR

20 proposal, correct?

21 A. Yes.

22 Q. And you have that before you, sir.

23 A. I don't believe I have that.

24 MR. KUTIK: May I approach the witness,

1 your Honor?

2 EXAMINER PIRIK: Yes.

3 MR. KUTIK: I don't intend to mark this
4 as an exhibit, your Honor.

5 EXAMINER PIRIK: That's fine.

6 Q. Dr. Roycroft, do you have the application
7 before you?

8 A. Yes, I do.

9 Q. And in your testimony you cite page 4; do
10 you not?

11 A. Yes, I do.

12 Q. And isn't it the case that in page 4 it
13 says nothing about recovering \$110 million,
14 \$126.3 million through a rider? Correct?

15 A. It does identify the 100 to 110 million,
16 but I don't see the term "rider" appearing on the
17 page.

18 Q. Okay. Now, you have studied AMR
19 deployment in other companies, correct?

20 A. Yes.

21 Q. And would it be fair to say that the
22 general trend that you have been able to identify is
23 that the experience of customers and the companies
24 with respect to AMR has been generally a positive

1 one?

2 A. Yes.

3 Q. And your main objection to the company's

4 proposal is that the company proposes to install

5 these automatic or automated meter reading devices on

6 all meters and you think it should be on some part of

7 all meters, correct?

8 A. That is correct.

9 Q. Now, you would agree with me, would you

10 not, Doctor, that AMR devices provide many benefits

11 for customers and utility companies? Correct?

12 A. They will provide benefits for the

13 company and for customers. The degree of the

14 benefits will vary depending on the customer's

15 situation.

16 Q. They will provide many benefits, will

17 they not?

18 A. Yes.

19 Q. Okay. And for some of the benefits they

20 will increase as more AMR devices are deployed,

21 correct?

22 A. Yes. Those types of benefits would be

23 primarily associated with the company.

24 Q. Okay. Well, let's talk about some of

1 those benefits. With AMR deployment the company can
2 realize efficiencies in being able to read more
3 meters over less time, correct?

4 A. That is correct.

5 Q. And with AMR deployment the company can
6 reduce the need for having meter readers being out in
7 the neighborhoods, correct?

8 A. That is correct.

9 Q. And so there will be associated
10 reductions in vehicle costs, fuel costs, correct?

11 A. Yes.

12 Q. There will be potential improvements in
13 worker safety.

14 A. Yes.

15 Q. There will be less calls to call centers.

16 A. Yes.

17 Q. There will be more accurate bills through
18 the elimination of data entry errors by meter
19 readers.

20 A. Yes.

21 Q. There will be fewer estimated bills.

22 A. Yes.

23 Q. And the company will be better able to

24 accomplish what's called transfer billing which is

1 the ability to determine or to transfer the bills
2 from one customer as one customer moves out and to
3 transfer that to a second customer who is moving in,
4 correct?

5 A. That is correct.

6 Q. And all these benefits will increase or
7 are more with a full deployment scenario versus a
8 partial deployment scenario, correct?

9 A. Yes, the benefits will increase as will
10 the costs and the company's --

11 Q. I just asked you about the benefits.
12 We'll talk about costs in a minute. So the answer to
13 my question is yes, correct?

14 A. That is correct.

15 Q. Now, AMR devices provide the company with
16 the ability to provide actual and accurate meter
17 readings every month, correct?

18 A. They have that potential, yes.

19 Q. And you would agree with me that if a

20 customer is not getting -- well, I'll back up.

21 If a customer is getting a series of

22 estimated readings and then gets an actual reading,

23 that actual read doesn't really represent the actual

24 consumption in that month, correct?

1 A. That is correct.

2 Q. All it really represents is, in effect, a
3 trueup of a bill from the last actual meter reading,
4 correct?

5 A. Yes.

6 Q. Now, you would agree with me, would you
7 not, Doctor, that actual accurate meter reads are
8 beneficial to customers?

9 A. Yes, they provide benefits to customers.

10 Q. And between an actual meter read that's
11 accurate and an estimated meter read it would be
12 preferable for the customer to get the actual read,
13 correct?

14 A. Yes. Once again, subject to the
15 additional cost that is associated with the customer
16 getting that actual meter read being considered.

17 Q. It is beneficial for the customer to get
18 an actual accurate meter reading versus an estimate;
19 isn't that the case?

20 A. Yes.

21 Q. Now, one of the reasons why it's

22 beneficial is it sends the proper price signal to the

23 customer, correct?

24 A. It gives them better price information.

1 Q. Sends them a better price signal,

2 correct?

3 A. When you use the term "signal," that to
4 me is indicating a realtime interaction whereas we're
5 talking about a past billing. I get a good price
6 signal when I drive by the gas station and notice
7 that the price is \$4.19 a gallon. If I had to go to
8 the gas station and buy gas and then get a bill a
9 month later telling me the price, that would be
10 somewhat less of a price signal than if I knew the
11 actual price when I was consuming.

12 Q. Between an actual meter reading every
13 month and an estimated read, okay, or an actual read
14 maybe every other month, isn't it true that the
15 every-month actual meter read sends the better price
16 signal to the customer?

17 A. I believe that it gives them better price
18 information.

19 Q. Sends a better price signal; does it not?

20 A. Yes, subject to the explanation that I

21 offered a moment ago.

22 Q. Okay. Now, we talked earlier about one

23 of the benefits of AMRs is the ability to provide

24 actual accurate meter reads as opposed to an

1 estimate, correct?

2 A. Yes.

3 Q. And there are certain costs involved to

4 the customer with estimated reads and errors in

5 estimation, correct?

6 A. There may be, yes.

7 Q. For example, one cost with an

8 overestimate is that the customer may be incurring

9 the time value of money, correct?

10 A. Right. If they give too much money to

11 the gas company, they're losing that opportunity to

12 have interest earned on that money.

13 Q. Thank you.

14 And with regard to an underestimate, if

15 we have a period where gas prices are going up, by

16 the time the customer's actually going to pay on an

17 actual basis, the customer may actually be overpaying

18 for gas, correct?

19 A. That is correct. I apparently may have

20 misunderstood your previous question because I

21 thought we were talking about an overpayment in the

22 previous question.

23 Q. No; I'm giving you a different scenario.

24 One scenario which I think we agreed to is an

1 overestimation. Are you with me so far?

2 A. The customer pays too much.

3 Q. On the first bill, correct. And then

4 pays something later with an actual bill. He

5 overpays on the first bill, he potentially incurs the

6 time value of money, correct?

7 A. The customer has given too much money to

8 the gas company, as a result of the overestimate, and

9 therefore doesn't have the opportunity to earn

10 interest on that money, yes.

11 Q. Now, let me switch the scenario. Rather

12 than talking about overestimate, let's talk about an

13 underestimate, okay? Then we have a period of time

14 where the customer's receiving estimates and then an

15 actual bill. In that period of time gas costs go up.

16 By the time he's paying the actual bill, the

17 so-called trueup, he may be paying more to the gas

18 company than he or she should have, correct?

19 A. And he or she would have enjoyed the

20 opportunity to earn interest on the money that they

21 didn't --

22 Q. Is the answer to my question yes?

23 MR. SAUER: Objection. Could the witness

24 be allowed to answer the question?

1 MR. KUTIK: Well, he didn't answer the
2 question. He was trying to avoid answering the
3 question.

4 Q. So could you answer the question?

5 EXAMINER PIRIK: Go ahead and answer the
6 question, Mr. Roycroft.

7 THE WITNESS: Could I have the question
8 reread, please?

9 (Record read.)

10 A. It seems as if your question is
11 suggesting that the customer should have been paying
12 some other amount other than what's specified on the
13 bill.

14 Q. Do you not understand my question, sir?

15 A. I don't think I do.

16 Q. If as opposed to an actual meter reading
17 scenario where the customer gets actual bills every
18 month, I want you to assume another scenario where
19 the customer at the beginning of the period, or after

20 the first billing cycle of the period, gets an
21 underestimate, okay? And the customer continues to
22 get underestimates through a short period of time
23 until there's an actual meter read. Are you with me
24 so far?

1 A. Yes.

2 Q. And during that period of time gas costs,
3 the commodity costs, are steadily increasing. My
4 question to you, sir, is isn't it the case that by
5 the time the customer actually pays on the actual
6 bill, his trueup that we've agreed to, the customer
7 has in effect overpaid for gas, correct?

8 A. If the commodity -- if the higher
9 commodity cost rate applies to all of the
10 underestimated usage, then yes.

11 Q. Now, if the company adopts your proposal
12 or your recommendation with respect to something
13 that's a partial deployment as opposed to a full
14 deployment, would it be fair to say that you have no
15 recommendation as to whether the company reads meters
16 on a basis other than what's required by the minimum
17 gas service standards? Fair to say?

18 A. I don't have a specific recommendation on
19 that issue although I accept the company's business

20 plan to read the inside meters on a monthly basis and
21 the outside meters every other month.
22 Q. But if the company decided to read meters
23 or attempt to read meters every other month -- I'll
24 back up.

1 Is it correct to say that the minimum gas
2 service standards call for attempting to read meters
3 every other month?

4 A. Yes.

5 Q. And if the company decided to change its
6 business plan and to say, "Well, you know what, if we
7 have partial deployment, we're just going to attempt
8 to read meters every other month," that would, in
9 your view, still comply with the company's duty to
10 provide actual and timely meter readings, correct?

11 A. Yes.

12 Q. Now --

13 A. It would also comply with the MGSS.

14 Q. Okay. The company -- if the company did
15 that, that is read meters or attempt to read meters
16 every other month, we'd be in a situation as we
17 talked about earlier where the customers would never
18 get an actual read with respect to their actual
19 consumption in any month, correct?

20 A. Yes.

21 Q. Now, if we go with potentially what the
22 company's business plan called for in terms of their
23 business plan analysis and a partial deployment
24 scenario, the company assumed that it would read

1 AMR-equipped meters every month and non-AMR-equipped
2 meters every other month, correct?

3 A. That's my understanding, yes.

4 Q. And would you agree with me in that
5 situation you would basically have two classes of
6 customers, one class that would receive actual
7 readings every month and another class that would
8 never receive any actual readings in terms of their
9 consumption? Correct?

10 A. The term "customer class" provides a
11 connotation in the utility industry that suggests
12 something more distinguishing than the fact that
13 there's different technologies deployed to those
14 customers. I would certainly agree that some
15 customers would have an AMR device and some would
16 not.

17 Q. And some customers would get actual reads
18 every month and some customers would never get an
19 actual read, correct?

20 A. That is correct.

21 Q. Now, as we talked about earlier, you
22 relied on the company's business case analyses,
23 correct?

24 A. Yes, I did.

1 Q. And the company in their business case
2 analyses used some standard financial metrics to
3 compare various scenarios, correct?

4 A. Yes, they did.

5 Q. Those metrics include net present value,
6 internal rate of return, and payback, correct?

7 A. Yes.

8 Q. Now, you would agree with me, Doctor,
9 that there was no business case analysis ever done by
10 the company for the specific proposal that's
11 contained in the application that's before the
12 Commission today, correct?

13 A. That's right. The deployment plan
14 modifies one of the business case scenarios.

15 Q. The answer to my question is yes.

16 A. Yes.

17 Q. Now, the company in their business case
18 analysis looked at three scenarios, correct?

19 A. Yes.

20 Q. And one scenario involved something

21 called a fixed station.

22 A. Yes.

23 Q. And that's not involved in either the

24 company's proposal or your recommendation, correct?

1 A. That is correct.

2 Q. So let's just put that one over on the
3 side and let's talk about the two other ones. Would
4 you agree with me, Doctor, that in terms of the cost
5 of AMR deployment and the AMR program itself, looking
6 at the benefits that would be derived from AMR, there
7 are two main cost drivers, one being the cost of the
8 equipment themselves and the deployment of that
9 equipment, and two being meter reading expense?

10 A. I'm sorry, the question was rather long
11 and I lost what the two items were --

12 Q. Sure.

13 A. -- supporting.

14 Q. In terms of if we're looking at the
15 drivers for the business case, two of the main
16 factors would be the cost of deployment including the
17 equipment and actually the labor to put it in, and
18 meter reading costs, correct?

19 A. Yes, both of those factor into the

20 business case.

21 Q. Those are two principal factors to be
22 considered.

23 A. Yes.

24 Q. Now, isn't it true that with respect to

1 meter reading, the two scenarios that the company
2 looked at had different meter reading scenarios,
3 correct?

4 A. Yes.

5 Q. The scenario for the full deployment
6 proposal was for three years, correct?

7 A. Yes.

8 Q. And it proposed reading meters every
9 month, correct?

10 A. Yes.

11 Q. And the other proposal was for a partial
12 deployment, correct?

13 A. Yes.

14 Q. Of, again, over a three-year period,
15 correct?

16 A. That's correct.

17 Q. With AMR devices being installed on all
18 inside meters and some what we'll call nearby outside
19 meters, correct?

20 A. That's correct.

21 Q. And in that scenario the company looked

22 at reading AMR-equipped meters every month and

23 non-AMR-equipped meters every other month, correct?

24 A. That is correct.

1 Q. Would you agree with me that with respect
2 to the full deployment scenario the company looked
3 at, the company's costs would be lower if it read
4 meters or attempted to read meters every other month?

5 A. Yes.

6 Q. And would you agree with me that with
7 respect to the partial deployment scenario the
8 company's costs that it looked at for meter reading
9 would be increased, if it read or attempted to read
10 all meters every month, correct?

11 A. Yes, although the proportions of the cost
12 differences would be substantially disparate from the
13 standpoint that with the decrease --

14 Q. Doctor, is the answer to my question yes?

15 MR. SAUER: Objection. May the witness
16 please be allowed to answer the question before he's
17 interrupted.

18 EXAMINER PIRIK: Yes, he can answer the
19 question.

20 Continue, Mr. Roycroft.

21 A. With regard to the decrease in meter

22 reading costs associated with the full deployment

23 scenario, the meter reading being done by a vehicle

24 would be the substantially smaller proportional

1 decrease than the increase in meter reading costs
2 associated with the manual reading of the outside
3 meters in the other scenario.

4 Q. But the outcome with respect to those two
5 studies that the company looked at was different,
6 correct? In terms of how they were going to read
7 meters, correct?

8 A. The assumptions associated with the --

9 Q. Yes.

10 A. Yes, they were different.

11 Q. There were different meter reading
12 assumptions; is that correct?

13 A. Yes, that's correct.

14 Q. Now, you have looked at the company's
15 business case and one of the things you cited is that
16 with respect to the full deployment scenario there
17 was a negative net present value, correct?

18 A. Yes.

19 Q. And what that meant was that costs would

20 exceed benefits, correct?

21 A. That is correct.

22 Q. Now, the specific case you looked at is

23 something called the unlevered case, correct?

24 A. That was one of the cases I looked at,

1 yes.

2 Q. With respect to the negative net present
3 value that occurred in the unlevered case, correct?

4 A. That is correct.

5 Q. And you agree that the unlevered case
6 represents a scenario which did not represent how the
7 company would actually finance this project, correct?

8 A. Right. The unlevered case was associated
9 with the DEO overall capital planning process.

10 Q. But not with respect to how the company
11 would actually finance it, correct?

12 A. That is correct.

13 Q. And how the company would actually
14 finance it, that was studied under something called
15 the levered scenario, correct?

16 A. That is correct.

17 Q. And I believe you display the levered
18 scenario on page 33 of your testimony, I believe it's
19 in table 8. Correct?

20 A. That is correct.

21 Q. And the net present value under the
22 levered case for the full deployment scenario or full
23 deployment scenarios is positive, correct?

24 A. Yes, it's positive.

1 Q. And so what that means is that the

2 benefits would exceed the costs, correct?

3 A. That is correct.

4 Q. Now, the company here had a motivation to

5 put in these AMR devices that related to the minimum

6 gas service standards, correct?

7 A. Yes.

8 Q. And there were other things, too, that

9 the company was concerned about, correct?

10 A. Yes.

11 Q. Including quality of customer service.

12 A. Yes.

13 Q. Reductions in costs like call centers.

14 A. Yes.

15 Q. The proper price signals being sent to

16 customers in times of volatile commodity costs.

17 A. Yes.

18 Q. Now, when you discuss the business case

19 analyses, you also discuss how those should be used

20 and how they should be applied in terms of the
21 company's decision-making process; fair to say?

22 A. Yes.

23 Q. And basically what you're discussing is
24 that the company should take these results and apply

1 it to decisions about how they should spend capital

2 in terms of a capital budget, correct?

3 A. Yes.

4 Q. And many companies have what's called a

5 capital allocation process, correct?

6 A. That's correct.

7 Q. Would it be fair to say that you really

8 don't know too much about DEO's capital allocation

9 process?

10 A. Other than what I've been able to cull

11 from the discovery responses and depositions, that's

12 the extent of my knowledge.

13 Q. Okay. Isn't it true, sir, that you have

14 never studied how a company goes through the process

15 to allocate capital to projects across its entire

16 scope of capital needs?

17 A. I haven't studied that for DEO, no.

18 Q. For any company, sir.

19 A. I think in general I've examined that

20 issue, but not specifically for DEO in this case.

21 Q. Sir, do you have your deposition before
22 you?

23 A. I think I have a copy of it here, yes.

24 MR. KUTIK: Would you like a copy, your

1 Honor?

2 EXAMINER PIRIK: Yes.

3 Q. Doctor, you remember I took your
4 deposition on July 24th?

5 A. Yes, I recall.

6 Q. And I'd like you to turn to page 121.

7 Let me know when you're there.

8 A. 121?

9 Q. Yes.

10 A. Yes.

11 Q. Isn't it true at page -- or line 11 I

12 asked you the following question and you gave the

13 following answer: "Question: So you haven't looked

14 at any company's capital allocation process that

15 relates to the company's entire scope of capital

16 needs, correct?

17 "Answer: Correct."

18 Did you give that answer to that

19 question, sir?

20 A. I did give that answer to that question.

21 Q. Thank you.

22 Now, do you know whether for DEO it is
23 acceptable in terms of its capital allocation process
24 to look at a range of projects and to approve a

1 project as long as it meets certain thresholds of

2 rates of return or other financial metrics?

3 THE WITNESS: I'm sorry, could I have the

4 question read back?

5 (Record read.)

6 Q. Let me strike the question and just ask

7 it to you this way: Isn't it true that you don't

8 know if it's acceptable to DEO to approve a

9 particular project as long as it meets certain

10 thresholds in its capital allocation process?

11 A. No, I don't know that.

12 Q. And you don't know whether for DEO it's

13 acceptable to look at a range, a series of projects,

14 and if all of them meet these thresholds, pick one,

15 regardless of whether it is the most cost efficient

16 or performs the best from a financial analysis

17 standpoint, correct? You don't know that.

18 THE WITNESS: Could I have the question

19 read back again?

20 (Record read.)

21 A. I'm not trying to be combative, I just

22 don't know if I understand that question.

23 Q. Certainly. You don't know whether,

24 again, for DEO's capital allocation process, if there

1 are a number of projects that can be justified as
2 being acceptable which would make a certain rate of
3 return, for example, whether the company chooses only
4 the project that will produce the highest rate of
5 return.

6 A. That's correct.

7 Q. You don't know that.

8 A. I don't know that.

9 Q. Now, it's your view that ratepayer funds
10 should be used to fund the most efficient projects,
11 correct?

12 A. Yes, given mutually exclusive
13 alternatives, the more efficient alternatives should
14 be selected.

15 Q. Right. And in your testimony you cite
16 for that proposition section 4909.154 of the Ohio
17 Revised Code, correct?

18 A. I do cite to that section, yes.

19 Q. And that appears at page 22 of your

20 testimony, correct?

21 A. Pages 22 and 23, yes.

22 Q. And it's true you're not a lawyer.

23 A. That's correct.

24 Q. You don't have a legal degree.

1 A. That is correct.

2 Q. And we can agree that, in fact, what the
3 statute says from your standpoint is that efficiency
4 is only one of several factors that should be looked
5 at, correct?

6 A. Yes.

7 Q. It doesn't say or it doesn't require that
8 a company must pick the most efficient --
9 cost-efficient project, correct?

10 A. That is correct.

11 Q. Now, you say that the company's proposal
12 represents, I think the term you used was
13 "significant overcompliance," correct?

14 A. Yes.

15 Q. And we're talking about significant
16 overcompliance with the minimum gas service
17 standards, correct?

18 A. That is correct.

19 Q. And you would agree with me that whether

20 you comply with the minimum gas service standards is

21 not the sole criterion to determine whether service

22 is adequate or appropriate or a certain level of

23 service is adequate or appropriate, correct?

24 A. Yes.

1 Q. Now, you show a table on page 8 of your
2 testimony, correct?

3 A. Page 8?

4 Q. Eight, yes.

5 A. Yes, I do.

6 Q. Okay. And would it be fair to say that
7 that represents a potential charge that would appear
8 in the AMR rider?

9 A. Yes.

10 Q. And --

11 A. Although this charge is based on the
12 previous level of the cost estimate as opposed to the
13 new level.

14 Q. Those charges that appear in table 1 do
15 not reflect any offset for savings, correct?

16 A. That is correct.

17 Q. And the company does propose that the
18 rider reflect some offsets for savings, correct?

19 A. Yes. Some of the offsets, yes.

20 Q. Okay. Let's talk about those savings.

21 Would it be correct to say that for either a cost

22 item or a savings item that might be reflected in the

23 AMR rider, that a necessary element would be the

24 ability to quantify either that cost or that savings?

1 A. Yes.

2 Q. And let me talk about two things that you
3 think should be included as savings in the rider that
4 the company has not proposed. First -- and let me
5 identify those two: One would be savings resulting
6 from reduction in theft and fraud, correct?

7 A. That is correct.

8 Q. And another would be reduction in the
9 operation of the call center, correct?

10 A. Yes.

11 Q. Now, with respect to reductions
12 associated with theft and fraud, one of the reasons
13 why there might be those reductions is because the
14 AMR devices themselves can put out sort of alarms
15 back to the company if the meter is somehow tampered
16 with, correct?

17 A. Yes.

18 Q. And you cite, for the proposition that
19 those costs should be considered, an article,

20 correct?

21 A. I do.

22 Q. To practice my French, that article is

23 called "Cost-Benefit Analysis of an AMR System to

24 Reduce Electricity Theft and Maximize Revenues for

1 Electricité du Liban."

2 A. That is correct.

3 Q. And that study was a study for a electric
4 utility in the country of Lebanon, correct?

5 A. That is correct.

6 Q. And would you agree that one of the
7 things that study said was that losses from fraud
8 represented 50 percent of the difference in revenues
9 for that company?

10 A. For that specific company, yes.

11 Q. Okay. Would you agree with me that the
12 conditions in Lebanon are different than the
13 conditions in East Ohio's service territory at least
14 with respect to the potential for fraud and theft?

15 A. Yes, it's a very different situation.

16 Q. Okay. And you would agree with me, sir,
17 that what this study was doing was estimating costs
18 and estimating benefits with respect to a proposed
19 project, correct?

20 A. Yes.

21 Q. It wasn't a study which was actually able
22 to quantify reductions or savings due to reductions
23 in theft and fraud after the fact, correct?

24 A. That type of quantification was not part

1 of that study.

2 Q. Now, with respect to call center savings,
3 the idea is that because customers are getting actual
4 reads, because they're getting accurate readings,
5 there will be less calls to the call center, correct?

6 A. Yes.

7 Q. Less people complaining about their
8 bills.

9 A. Yes.

10 Q. Less people calling to discuss their
11 estimated bills, correct?

12 A. Yes.

13 Q. And when we're talking about call
14 savings -- call center savings, we're talking about
15 the ability to reduce potentially the number of
16 employees, correct?

17 A. That is correct.

18 Q. Because there won't be the need to staff
19 the same number of telephones or the same number of

20 stations over a given period of time, correct?

21 A. That is correct.

22 Q. And so when we're looking at cost savings

23 for call centers, what we're really talking about is

24 how much time will be freed up, correct?

1 A. Time for the call center operators, yes.

2 Q. Now, you believe that the company can --
3 well, I'll back up.

4 Your information about DEO's call center
5 is based only on the information that you were able
6 to glean from discovery responses, correct?

7 A. That is correct.

8 Q. You never interviewed anyone that worked
9 or was responsible for DEO's call center, correct?

10 A. That is correct.

11 Q. And it's your belief, is it not, that the
12 company tracks the specific subject of calls?
13 Correct?

14 A. I've seen evidence that they have been
15 able to break down call content by subject, yes.

16 Q. And isn't it true, sir, that the company
17 does not track how much time is spent on any specific
18 call?

19 A. I don't know that.

20 MR. KUTIK: May I have one minute, your

21 Honor?

22 EXAMINER PIRIK: Yes.

23 MR. KUTIK: No further questions. Thank

24 you.

1 MR. SAUER: Could we go off -- I'm sorry.

2 EXAMINER PIRIK: Staff? Do you have any
3 questions for this witness?

4 MR. REILLY: Ms. Hammerstein will handle
5 that.

6 MS. HAMMERSTEIN: No, your Honor, we
7 don't have questions.

8 EXAMINER PIRIK: Mr. Sauer.

9 MR. SAUER: Could we go off the record
10 for just a few minutes, your Honor?

11 EXAMINER PIRIK: Yes. Why don't we
12 take --

13 MR. KUTIK: I'm sorry. Is he going to
14 confer with the witness? I would prefer to get the
15 redirect done if that's what we're doing.

16 EXAMINER PIRIK: I'm not real sure what
17 your --

18 MR. SAUER: Yeah, I wanted to talk to
19 Dr. Roycroft for a second.

20 EXAMINER PIRIK: Mr. Kutik.

21 MR. KUTIK: I would prefer us to get the

22 redirect on and off. I don't think I was given the

23 opportunity to confer with my witnesses after crosses

24 were over.

1 MR. SAUER: I don't recall you asking for
2 an opportunity to confer with your witnesses.

3 MR. KUTIK: Because I don't think it's
4 proper, that's why.

5 EXAMINER PIRIK: We have allowed it in
6 other proceedings, Mr. Sauer. Is that what you're
7 actually asking for is some time to --

8 MR. SAUER: Yes, your Honor.

9 EXAMINER PIRIK: -- confer with
10 Mr. Roycroft?

11 MR. SAUER: Yes.

12 EXAMINER PIRIK: We will take a short
13 five-minute break.

14 MR. SAUER: Thank you, your Honor.

15 (Recess taken.)

16 EXAMINER PIRIK: Mr. Sauer.

17 MR. SAUER: Thank you, your Honor. We
18 have just a couple questions on redirect.

19 - - -

20 REDIRECT EXAMINATION

21 By Mr. Sauer:

22 Q. Dr. Roycroft, do you recall being asked

23 some questions regarding the company's business

24 analysis, the levered versus the unlevered analyses?

1 A. Yes, I do.

2 EXAMINER PIRIK: Mr. Sauer, can you pull
3 the microphone just a little closer.

4 And the witness also. Sometimes we have
5 a hard time hearing you.

6 Q. And I believe you were asked some
7 questions about the net present value calculations on
8 those scenarios?

9 A. Yes, I was.

10 Q. And the net present value on the
11 unlevered approach went from a negative to a positive
12 on the levered approach; is that correct?

13 A. That is correct.

14 Q. Did the rankings of the various scenarios
15 that were studied by the company change between the
16 levered and the unlevered approach?

17 A. No, they did not. The rankings of the
18 projects did not change and in each case the full
19 deployment option was shown to be the least desirable

20 of the alternatives.

21 Q. And do you recall the company asking you

22 some questions regarding saving -- call center

23 savings?

24 A. Yes, I recall those questions.

1 Q. And did the company provide you estimates
2 of call center savings?

3 A. Yes, the company did produce an estimate
4 of call center savings that included the impact of
5 the deployment on call center staffing as well as
6 other items such as postage associated with
7 contacting customers that would change as a result of
8 the deployment of the AMR system.

9 Q. And the estimates the company provided
10 you, are those included in your testimony?

11 A. Yes. The call center cost reduction
12 savings are shown -- are summarized in table 5 on
13 page 18, specifically the \$785,000 number was the
14 number produced by the company.

15 MR. SAUER: No further questions, your
16 Honor.

17 EXAMINER PIRIK: Thank you.

18 Mr. Kutik?

19 - - -

20 RE CROSS-EXAMINATION

21 By Mr. Kutik:

22 Q. Dr. Roycroft, isn't it true that the

23 company cannot track the costs associated with

24 certain calls by call type?

1 A. That may be true. There's an indication

2 in the discovery responses that --

3 Q. So the answer is yes?

4 MR. SAUER: Objection.

5 A. Certain types of calls.

6 MR. SAUER: Could the witness be allowed

7 to answer the question.

8 MR. KUTIK: He wasn't answering the

9 question.

10 EXAMINER PIRIK: Mr. Roycroft, you may

11 continue with your answer.

12 A. Yes, discovery response information

13 indicated that the company did track certain types of

14 calls including those associated with estimated

15 bills.

16 Q. I said the cost of the calls, Doctor,

17 that they cannot identify the cost associated with

18 differing types of calls; isn't that true? The

19 company cannot do that.

20 A. I'm not sure.

21 MR. KUTIK: No further questions.

22 EXAMINER PIRIK: Does staff have any

23 questions?

24 MS. HAMMERSTEIN: No questions. Thank

1 you, your Honor.

2 EXAMINER PIRIK: Mr. Sauer?

3 MR. SAUER: OCC would move for the
4 admission of OCC Exhibit 18A.

5 EXAMINER PIRIK: Are there any
6 objections?

7 MR. KUTIK: I understand that that will
8 be treated as a confidential document, your Honor,
9 subject to our further working with OCC, and with
10 that proviso we have no objection.

11 MR. SAUER: At this time should we move
12 for the admission of OCC Exhibit 18B with the
13 understanding that we will be submitting that in a
14 redacted form at a later time?

15 MR. KUTIK: Your Honor, my proposal would
16 be that we submit OCC Exhibit 18B, which I can't
17 imagine we would object to, at the time it's
18 prepared.

19 EXAMINER PIRIK: I think at this time we

20 will deal with OCC Exhibit 18A and that will be held
21 under seal as confidential as we discussed, and then
22 as soon as possible on the record I would like to
23 have OCC Exhibit 18B submitted. I would like to --
24 for the examiners to see that document before it is

1 actually brought into the record just because I want
2 to be sure that our ruling is appropriately reflected
3 in that document.

4 So hopefully the next time we convene
5 that document will be available.

6 MR. SAUER: That shouldn't be a problem,
7 your Honor. And Dr. Roycroft won't have to be
8 present at the time to request the admission of that
9 exhibit?

10 MR. KUTIK: We wouldn't ask that.

11 EXAMINER PIRIK: Thank you. OCC Exhibit
12 18A shall be admitted into the record.

13 (EXHIBIT ADMITTED INTO EVIDENCE.)

14 EXAMINER PIRIK: Thank you, Dr. Roycroft.

15 THE WITNESS: Thank you.

16 (Witness excused.)

17 EXAMINER PIRIK: We'll go off the record.

18 (Discussion off the record.)

19 EXAMINER PIRIK: Go back on the record.

20 Mr. Reilly.

21 MR. REILLY: Thank you, your Honor. Your

22 Honor, at this time we'd ask that the prefiled

23 testimony of Peter K. Baker docketed on August

24 1st of this year be marked as Staff Exhibit 2.

1 EXAMINER PIRIK: This document will be so

2 marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 MR. REILLY: Thank you, your Honor.

5 Good morning, Mr. Baker.

6 EXAMINER PIRIK: Mr. Reilly.

7 Mr. Baker, will you please raise your

8 right hand?

9 (Witness sworn.)

10 EXAMINER PIRIK: You may proceed.

11 MR. REILLY: Thank you, your Honor.

12 - - -

13 PETER K. BAKER

14 being first duly sworn, as prescribed by law, was

15 examined and testified as follows:

16 DIRECT EXAMINATION

17 By Mr. Reilly:

18 Q. Good morning, Mr. Baker.

19 A. Good morning.

20 Q. Do you have a copy of your prefiled

21 testimony up there?

22 A. Yes, I do.

23 Q. Was what has been marked as Staff Exhibit

24 2, your prefiled testimony, was that created by you

1 or under your supervision?

2 A. Yes, it was.

3 Q. Do you have any corrections or changes to
4 that testimony this morning?

5 A. No, I do not.

6 Q. If I were to ask you the questions that
7 appear in that testimony, would your answers be the
8 same as appear in that testimony?

9 A. Yes, they would.

10 MR. REILLY: Your Honor, with that we
11 would move the admission of Staff Exhibit 2 subject
12 to cross-examination.

13 EXAMINER PIRIK: Thank you.

14 MR. REILLY: And offer the witness.

15 EXAMINER PIRIK: And you offer the
16 witness.

17 Do you prefer to go last --

18 MR. KUTIK: Yes, your Honor.

19 EXAMINER PIRIK: -- is that what you're

20 indicating, Mr. Kutik?

21 MR. KUTIK: Yes, your Honor.

22 EXAMINER PIRIK: OCC.

23 - - -

24

1 CROSS-EXAMINATION

2 By Mr. Sauer:

3 Q. Mr. Baker, is it true that DEO had
4 meetings with the staff regarding how DEO would
5 comply with the minimum gas service standards?

6 A. Yes.

7 Q. And so you're aware those meetings
8 occurred?

9 A. Yes.

10 Q. Were you in attendance at those meetings?

11 A. Yes.

12 Q. At any time did the staff inform DEO that
13 it was required to perform monthly meter readings?

14 A. No.

15 Q. Did the staff encourage DEO to submit an
16 MGSS meter reading plan that delivered monthly meter
17 reading?

18 A. No.

19 Q. Mr. Baker, is it your opinion that the

20 minimum gas service standards should require monthly

21 meter reading?

22 MR. REILLY: Objection.

23 EXAMINER PIRIK: Objection overruled.

24 You can give your opinion if you want to.

1 A. Staff has not formed an opinion on that
2 question.

3 Q. If the company makes a decision to fully
4 deploy AMR and collect monthly meter readings, is
5 that, in your opinion, in excess of what is required
6 by the MGSS?

7 MR. REILLY: Objection.

8 EXAMINER PIRIK: Objection overruled.

9 A. It would be above and beyond the MGSS
10 requirement.

11 Q. And, Mr. Baker, is it possible there's a
12 cost level associated with implementing monthly meter
13 reading that is simply too high to justify monthly
14 meter reading?

15 A. That would --

16 MR. KUTIK: Objection, your Honor.

17 EXAMINER PIRIK: Mr. Kutik.

18 MR. KUTIK: I don't believe there's been
19 any testimony this witness is qualified to quantify

20 costs associated with such programs.

21 EXAMINER PIRIK: Mr. Sauer.

22 MR. SAUER: I'll withdraw the question,

23 your Honor.

24 EXAMINER PIRIK: Thank you.

1 Q. (By Mr. Sauer) Mr. Baker, have you
2 reviewed the company's business plan?

3 A. Yes.

4 Q. So you have -- have you read
5 Dr. Roycroft's testimony?

6 A. Excuse me.

7 Q. I'm sorry.

8 A. Did you mean -- were you referring to the
9 company's business case scenario?

10 Q. Yes.

11 A. Yes, that is correct.

12 Q. And that was contained in Dr. Roycroft's
13 testimony?

14 A. Yes.

15 Q. And in the business scenarios that were
16 presented there was it an analysis or a comparison of
17 costs versus benefits?

18 A. The benefits would be restricted I
19 believe to the costs of implementation versus meter

20 reading savings. It would not include other costs

21 or, I mean, other benefits to customers.

22 MR. SAUER: Could I have that answer

23 reread, please?

24 (Record read.)

1 Q. Are you aware of any other benefits to
2 customers?

3 A. Excuse me. Which scenario are we -- can
4 you review the scenario we're discussing?

5 Q. Let's look at the levered scenario. Do
6 you have a copy of that?

7 EXAMINER PIRIK: Mr. Sauer, what exactly
8 are you referring to?

9 MR. SAUER: It is what was marked I
10 believe as page 32 of -- it's in TRR-10, the last
11 page of TRR-10.

12 MR. REILLY: Excuse me, your Honor. I've
13 tried to be generous here, but I think we're getting
14 very far afield. I mean, Mr. Baker has not sponsored
15 anything, any business case analysis. He's certainly
16 not commented on anybody's testimony in his direct
17 testimony. To cross-examine him on what is
18 essentially Dr. Roycroft's testimony, it sounds a
19 little bit like redirect to me of Dr. Roycroft, I

20 think is completely improper.

21 I mean, this is well beyond the scope of

22 Mr. Baker's prepared direct testimony and I would

23 object to this line of questioning and anything

24 dealing with what is an exhibit to Dr. Roycroft's

1 testimony.

2 MR. SAUER: Mr. Baker is recommending the
3 full deployment of the AMR devices and I'm just
4 trying to understand what the basis of his opinion
5 is.

6 MR. REILLY: Mr. Baker describes the
7 basis of his opinion in his testimony and I think the
8 questions can be directed at his testimony.

9 EXAMINER PIRIK: Mr. Sauer?

10 MR. SAUER: I'll try to restrict my
11 questions to what's in his testimony and go from
12 there.

13 EXAMINER PIRIK: That would be
14 appropriate. Thank you.

15 Q. (By Mr. Sauer) Mr. Baker, if you could
16 turn to page 3 of your testimony, lines 7 to 9. Are
17 you there?

18 A. I'm there.

19 Q. You state that you believe OCC's

20 objection fails to consider the many nonquantifiable

21 benefits for all DEO customers of monthly meter

22 reading which full AMR deployment makes possible. Do

23 you see that?

24 A. Yes.

1 Q. Do you believe that this Commission, when
2 evaluating the prudence of investments made by a
3 regulated company, should give more weight to
4 quantifiable benefits or to nonquantifiable benefits?

5 MR. KUTIK: Objection, your Honor. It
6 assumes that those are the only two scenarios
7 available.

8 EXAMINER PIRIK: Mr. Sauer, could you
9 restate the question, please?

10 MR. SAUER: I'll try, your Honor.

11 Q. Mr. Baker, in reaching your opinion that
12 there should be full AMR deployment, have you
13 considered anything besides actual benefits -- I'm
14 sorry, quantifiable benefits and nonquantifiable
15 benefits?

16 A. No, I don't think so. It seems like
17 quantifiable plus nonquantifiable takes in the whole
18 universe.

19 Q. Would you give more weight to the

20 quantifiable benefits or the nonquantifiable

21 benefits?

22 MR. REILLY: Objection.

23 EXAMINER PIRIK: Objection overruled.

24 I'll allow him to answer.

1 A. I believe it's dependent upon the
2 context. In this context where staff was comparing
3 the costs to the customer of all the benefits
4 involved in full deployment and assessing whether or
5 not those benefits were worth the cost that they
6 would have to pay on their -- the incremental costs
7 they would have to pay on their utility bill.

8 Q. And in that analysis how do you factor
9 the nonquantifiable benefits?

10 MR. REILLY: Objection. I don't believe
11 he was testifying to any particular method of
12 analysis.

13 EXAMINER PIRIK: Objection overruled.
14 I'll allow him to answer.

15 A. Can you rephrase the question?

16 MR. SAUER: Could you reread the
17 question, please?

18 (Record read.)

19 A. We didn't assign a particular weight to

20 quantifiable versus nonquantifiable benefits. We

21 assessed all the benefits as a package.

22 Q. Is it possible that if the company would

23 proceed with a partial deployment, some of -- and

24 then do a study after the partial deployment was

1 complete, many if not all of the nonquantifiable

2 benefits could become quantifiable?

3 A. Not necessarily from the perspective of

4 quantifiable in terms of cost of the project or as

5 reflected in the utility bill. They might be

6 quantifiable in terms of how much money the customer

7 could save or how much money the customer would

8 attribute to certain benefits.

9 Q. Is it possible, Mr. Baker, that DEO could

10 deploy automatic meter reading technology to the

11 inside meters and increase its reading of outside

12 meters to a monthly basis?

13 A. That is possible. I'm sure it would cost

14 more.

15 Q. And would you agree, Mr. Baker, that when

16 considering paths to achieve monthly meter reading,

17 if monthly meter reading is the objective, that there

18 is more than one way to reach that objective?

19 A. Yes.

20 Q. For example, you could use the existing
21 meter reading technology and deploy more labor to
22 achieve the monthly meter readings.

23 A. Yes, you could.

24 Q. Or you could target the meters that are

1 difficult to read and replace them with AMR and
2 increase the manual reads for those that are not
3 replaced with AMR.

4 A. That's an option.

5 Q. Or number 3, we could replace all meters
6 with AMR.

7 A. Yes.

8 Q. And given those three scenarios would you
9 agree that the management of DEO should select the
10 option that achieves the goal at the least cost?

11 MR. REILLY: Objection. I believe it was
12 asked and answered.

13 EXAMINER PIRIK: Objection overruled.

14 A. That was not our methodology, you know,
15 that methodology would not consider the
16 nonquantifiable customer benefits that would flow
17 from full AMR deployment.

18 Q. But aren't the nonquantifiable benefits
19 associated with the customers are all customers

20 getting a monthly meter read?

21 MR. REILLY: Excuse me. Could I have the

22 question read back?

23 (Record read.)

24 MR. REILLY: Could you read -- I'm sorry,

1 I'm not understanding the question. Could you read
2 it back one more time? I'd appreciate it.

3 EXAMINER PIRIK: Mr. Sauer, I'm not sure
4 that the question quite came out the way you intended
5 it. Could you rephrase the question?

6 Q. The nonquantifiable benefits associated
7 with the monthly meter read, if you can do it
8 cheaper, shouldn't you do it that way?

9 A. Yes.

10 Q. Mr. Baker, could you consider the status
11 of DEO's customers prior to DEO having deployed any
12 AMR technology, and under the scenario which
13 reflected DEO's operational experience up until
14 recently, some DEO customers had inside meters and
15 others had outside meters; is that correct?

16 A. That's correct.

17 Q. Did DEO have two classes of customers
18 under this scenario?

19 A. In a sense, yes.

20 Q. Mr. Baker, would you agree with me that
21 with regard to the natural gas industry, the
22 commodity rates are currently at historic highs and
23 that these rates fluctuate widely?

24 A. Yes, that is my understanding.

1 Q. And is it your opinion that it is better
2 for customers in such an environment to have monthly
3 meter reading as opposed to bimonthly meter reading?

4 A. Yes, it would be better.

5 Q. Now, would you agree with me, Mr. Baker,
6 that in either of these cases, either monthly or
7 bimonthly meter reading, customers are only presented
8 with usage data after the fact?

9 A. Yes, that is correct.

10 Q. And so their bill reflects usage after
11 the usage has occurred in the past, correct?

12 A. Yes, it's an after-the-fact bill.

13 Q. Are you generally familiar with DEO's
14 choice of AMR technology?

15 A. Yes.

16 Q. So you know that DEO has selected to
17 deploy an AMR system based on Itron devices that
18 provide a one-way data transmission path from the
19 customer's meter to the DEO meter reading vehicle?

20 A. Yes.

21 Q. Mr. Baker, on page 3 of your prefiled

22 testimony you indicate that bimonthly meter reading

23 does not provide an accurate matching of gas

24 quantities used with commodity rates charged; is that

1 correct?

2 A. Yes.

3 Q. Does DEO's choice of AMR technology

4 represent the current state of the art in meter

5 reading technology?

6 MR. REILLY: Objection. There's no

7 foundation about his expertise as to all AMR devices.

8 EXAMINER PIRIK: Objection overruled.

9 A. Well, there's also AMI technology.

10 Q. And what's the difference between AMR and

11 AMI?

12 A. One of the differences is that with AMI

13 you have two-way communication.

14 Q. Could you define what AMI is, please?

15 MR. KUTIK: Your Honor, I would object to

16 this entire line of questions. There's been no

17 objection by OCC with respect to equipment chosen for

18 the AMR proposal.

19 EXAMINER PIRIK: Mr. Sauer.

20 MR. SAUER: Well, we're looking at the
21 cost of the program and concerns are that there's a
22 possibility that the company can get downstream and
23 at some point find out that the technology they've
24 chosen is not appropriate and it would become a

1 stranded cost.

2 MR. KUTIK: Well, that might be an
3 argument that OCC might make at some point in time,
4 but they've waived that argument by not filing the
5 proper objection.

6 EXAMINER PIRIK: I understand, but I'm
7 going to allow this line of questioning.

8 Go ahead, Mr. Sauer.

9 MR. SAUER: Thank you, your Honor.

10 A. It's the staff's understanding that the
11 benefits for AMI technology have -- are much higher
12 for electric utilities than for gas utilities and so
13 we do not believe that the cost of AMI is
14 justified -- that the benefits of AMI for gas justify
15 the additional cost.

16 Q. And, for the record, did you define what
17 "AMI" is?

18 A. I believe it stands for automated
19 metering infrastructure.

20 EXAMINER PIRIK: Just to clarify, I want

21 to be sure, Mr. Baker, did you mean that the costs

22 for electric are much higher than gas, or did you

23 mean the other way around?

24 THE WITNESS: I meant that the benefits

1 for AMI technology are greater for electric than they
2 are for gas.

3 Q. And are the costs associated higher as
4 well?

5 A. It's our understanding that AMI costs
6 more because you have to include a communication
7 infrastructure to get the data from the company to
8 the customer and back again.

9 Q. And would the AMI technology provide
10 customers with a better price signal than the AMR
11 technology?

12 A. Yes, that is my understanding, that they
13 would have on-line access to pricing through AMI.

14 Q. And is it possible that due to continuing
15 volatility in energy markets that actions might be
16 taken in Ohio that require the introduction of
17 two-way metering technology?

18 MR. REILLY: Objection; speculation.

19 EXAMINER PIRIK: Objection sustained.

20 Q. Mr. Baker, are you aware if AMI has been
21 required to be deployed in any state -- I'm sorry,
22 deployed for natural gas utilities in any other
23 states other than Ohio?

24 A. I do not know.

1 Q. And, Mr. Baker, has there been any
2 finding by the Commission that DEO is in violation of
3 the MGSS?

4 A. I'm not sure I understand the question.
5 You mean like a formal finding of the Commission?

6 Q. Yes.

7 A. Not that I can recall.

8 Q. And specifically in regards to its meter
9 reading practices, have there been any findings by
10 the Commission that it's been in violation of the
11 MGSS?

12 A. Not that I can recall.

13 Q. Have there been any complaints filed
14 against DEO in regards to its noncompliance with the
15 MGSS rules?

16 A. You mean --

17 MR. KUTIK: Excuse me. This is a little
18 slow, can you read the question, please?

19 (Record read.)

20 MR. KUTIK: Objection. Your Honor, the
21 Commission's docket would reflect what complaints if
22 any have been filed against DEO.

23 EXAMINER PIRIK: That's true. I'll allow
24 Mr. Baker, however, to answer the question to the

1 best of his knowledge.

2 A. I do not know to what extent formal
3 complaints filed at the Commission included an
4 allegation that DEO was out of compliance with the
5 MGSS.

6 Q. Mr. Baker, are you aware of any steps
7 that the Commission has taken in regards to requiring
8 DEO to address noncompliance issues with the MGSS
9 rules?

10 MR. REILLY: I'm going to object to that
11 with regard to the extent that it would require
12 Mr. Baker to talk about enforcement decisions or the
13 exercise of enforcement discretion by the Commission
14 that has not yet been publicly taken.

15 MR. KUTIK: Also, your Honor, it assumes
16 that there are noncompliance issues, which has not
17 been established in the record.

18 EXAMINER PIRIK: I'm going to allow the
19 question to the best of Mr. Baker's knowledge. But

20 he should not go into enforcement actions. Anything

21 that is on the record case related --

22 MR. SAUER: Thank you, your Honor.

23 EXAMINER PIRIK: -- is fine.

24 THE WITNESS: Could you read the

1 question?

2 (Record read.)

3 MR. REILLY: Your Honor, if that might,
4 just for clarity sake, except any enforcement
5 activity that has not yet been publicly taken, if we
6 could add that one exception, I think the Bench
7 added.

8 EXAMINER PIRIK: Yes.

9 MR. REILLY: Thank you, your Honor.

10 A. I'm aware of no formal actions.

11 Q. Mr. Baker, to your knowledge has the
12 staff taken any informal actions?

13 MR. REILLY: Objection.

14 EXAMINER PIRIK: Objection sustained.

15 MR. SAUER: No further questions, your
16 Honor.

17 EXAMINER PIRIK: Mr. Kutik.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Kutik:

21 Q. Good morning, Mr. Baker.

22 A. Good morning.

23 Q. Do you have the Staff Report in front of

24 you?

1 A. I have a copy of my section of the Staff

2 Report.

3 Q. Could you turn to page 41? Do you have

4 it in front of you?

5 A. Yes.

6 Q. There's a table there that displays an

7 estimated AMR cost recovery charge.

8 A. Yes.

9 Q. That does not reflect any potential

10 savings that might be ultimately included in a rider,

11 correct?

12 A. That's correct.

13 Q. Were you here today for the testimony of

14 Dr. Roycroft?

15 A. Yes, I was.

16 Q. And did you hear the testimony where I

17 asked Dr. Roycroft if he would agree that a necessary

18 element for inclusion of a cost or a savings in the

19 rider would be the ability to quantify those costs?

20 A. Yes, I remember that.

21 Q. Would you agree with that?

22 A. Yes, I will.

23 Q. Would you agree with me, Mr. Baker, that

24 theft savings, or savings from reducing theft, are

1 hard to quantify?

2 A. I don't know.

3 Q. Would you agree with me that it would be

4 difficult to quantify call center savings if you

5 didn't know the time spent by call center operators

6 on particular types of calls?

7 A. I don't think it's necessary to know that

8 in order to make the quantification.

9 Q. Do you know whether the company can track

10 the costs that it has or that the company currently

11 tracks the costs that it has associated with

12 particular types of calls?

13 A. I don't know whether they can or can not.

14 Q. Now, Mr. Sauer asked you about whether

15 meters or customers with inside meters and outside

16 meters are, in effect, two classes of customers. Do

17 you remember that?

18 A. Yes.

19 Q. Would full deployment of AMR technology

20 kind of eliminate meter reading distinction there?

21 A. Yes, it would.

22 Q. Are you aware of any company, Mr. Baker,

23 that -- let me ask you this way: Isn't it true, to

24 the best of your knowledge, that there is no company

1 that uses realtime -- no gas company that uses

2 realtime pricing for its customers?

3 A. I'm not aware of any.

4 Q. Is it also true, sir, that the Commission

5 has given the company a waiver of certain MGSS

6 requirements?

7 A. Yes.

8 Q. And isn't it true that one of the waiver

9 items is that the Commission has allowed the company

10 to use remote index device meters in place of actual

11 readings?

12 A. Yes, that is correct.

13 MR. KUTIK: No further questions.

14 - - -

15 EXAMINATION

16 By Examiner Farkas:

17 Q. Mr. Baker, I have a couple questions for

18 you. Mr. Sauer was asking you about AMI technology.

19 Did the staff do any kind of cost-benefit analysis on

20 AMR versus AMI technology?

21 A. Not that I'm aware of.

22 Q. Okay. And in your testimony on page 9

23 you list, 9 and as part of 10, some categories and

24 you say there are 18,056 AMR devices that were

1 installed before March 31st, 2007, and then the
2 next one says "The cost of 40,000 AMR devices
3 installed to replace." Does that mean those have not
4 been done? You're using it as a past tense; I didn't
5 know if those are meters that were already done or
6 not done.

7 A. I know that the company is in the process
8 of installing those AMR devices. I'm not sure
9 whether they've completed that process for all of
10 the -- of those AMRs.

11 Q. So it's at least over 18,056, somewhere
12 in excess of, I mean, over that amount; is that
13 correct? Some number, you don't know how many. Or
14 do you?

15 MR. KUTIK: Your Honor, just for
16 clarification, you're asking for at the present time?

17 EXAMINER FARKAS: Yes, at the present
18 time.

19 MR. KUTIK: Or are you asking as of

20 March?

21 EXAMINER FARKAS: At the present time.

22 Thank you.

23 A. I don't have a good understanding of

24 exactly where the company is in the process of --

1 Q. Okay. And on page 10 there's a statement
2 that says "The cost of making any of the estimated
3 142,000 'discretionary meter changes.'" Are you
4 saying that there are at least 142,000 or
5 approximately 142,000 meters that we're talking about
6 replacing with AMR devices?

7 A. In the response to one of the data
8 requests the company made the statement that there
9 were 142,000 situations, approximately, where in the
10 process of installing the AMR they may also decide to
11 replace the meter because it's, say, nearing the end
12 of its average useful life, and the staff is okay
13 with the company making those meter changeouts at
14 that time and on the same visit, but we were not okay
15 with having the company include the cost of those
16 meter changeouts as part of the rider.

17 This whole list of bullet points in the
18 response to question 21 in my testimony has to do
19 with exclusions from the rider, and I am listing

20 instances where costs should not be included in the
21 rider. This is not intended to be an overall
22 progress report on the project implementation.
23 Q. I'm just trying to get an understanding
24 of how many meters there are in the system and how

1 many meters they've already replaced with AMR
2 technology. So would you agree with me that there
3 are an estimated 142,000 meters in their system at
4 least, and that at least 18,056 have been replaced
5 with AMR?

6 A. It's my --

7 Q. At present day. I mean today. As of
8 today.

9 A. I believe that in -- last year in 1987
10 the company installed approximately a hundred
11 thousand AMRs on its system. If you're wanting to
12 get a handle on where they were in the process of
13 installing AMR devices on all the meters across the
14 system, it's a five-year plan and we're roughly
15 one-and-a-half years into that total five-year
16 period, and so I would expect that they've installed,
17 and that is a very rough estimate, at least 150,000
18 AMR devices by now. That's probably a -- that's a
19 conservative estimate.

20 EXAMINER FARKAS: Okay. Thank you.

21 EXAMINER PIRIK: Mr. Reilly.

22 MR. REILLY: Thank you, your Honor.

23 - - -

24

REDIRECT EXAMINATION

By Mr. Reilly:

Q. Just a couple of things, Mr. Baker.

First, do you remember talking with Mr. Sauer about a number of options regarding the handling of remote meters, he talked about three options, you were talking about a group of options. Do you remember those questions and those answers?

A. In general, yes.

Q. Okay. Do you recall at some point Mr. Sauer asked you if you can do it cheaper, you should do it that way, or something to that effect? Do you recall that?

A. Yes.

Q. And do you recall your answer?

A. Not precisely.

Q. If your answer -- let me ask it this way: If you're considering a group of alternatives and you look at the cost of them in evaluating the best

20 alternative, is the consideration of cost and

21 benefits important?

22 A. Yes.

23 Q. To make a decision as to the best

24 alternative, should you limit it to just the costs or

1 just the benefits?

2 A. No.

3 Q. Okay. Now, in talking to Mr. Sauer also
4 he was asking you about the -- about whether AMR
5 devices provided usage data after the fact only. Do
6 you recall that?

7 A. Yes.

8 Q. Okay. Now, the data that AMR devices
9 provide is for only one month, correct?

10 A. Assuming you do monthly meter readings,
11 yes.

12 Q. Yes. Assuming monthly meter reading it's
13 only for one month; is that correct?

14 A. Yes.

15 Q. It would not be data that would include a
16 trueup, is that correct, from the prior month?

17 A. That is correct.

18 Q. So to that extent AMR devices including
19 monthly meter reading would provide more accurate

20 information than meter reading that involved reading

21 the meter every other month, correct?

22 A. That is correct.

23 Q. All right.

24 MR. REILLY: Could I have a moment, your

1 Honor?

2 EXAMINER PIRIK: Yes.

3 Q. Mr. Baker, in talking with Mr. Sauer he
4 asked you about inside and outside meters and whether
5 that was two classes of customers. Do you recall
6 that question?

7 A. Yes.

8 Q. Okay. Currently are either one of those
9 classes -- either one of those customers, those that
10 have inside meters and those that have outside
11 meters, are either one of them getting monthly meter
12 readings currently?

13 A. To my knowledge they are not.

14 Q. If either one of them were -- if either
15 one of those getting inside, with inside meters or
16 outside meters, if either one of those groups were
17 getting monthly meter readings, would that increase
18 the cost to the company?

19 A. I assume it would. It would require

20 additional meter readers on their staff.

21 MR. REILLY: Thank you, your Honor.

22 Q. Mr. Baker, one final thing. When you

23 were responding to Examiner Farkas's question, you

24 were talking about a hundred thousand AMRs being in

1 the system and you mentioned the year 1987. Did you

2 actually mean the year 2007?

3 A. Thank you for correcting me.

4 MR. REILLY: We have nothing further,

5 your Honor.

6 EXAMINER PIRIK: Mr. Sauer?

7 MR. SAUER: No questions, your Honor.

8 MR. KUTIK: No questions, your Honor.

9 EXAMINER PIRIK: Thank you, Mr. Baker.

10 (Witness excused.)

11 EXAMINER PIRIK: Mr. Reilly.

12 MR. REILLY: Your Honor, with that we

13 would move the introduction of Staff Exhibit 2 into

14 evidence.

15 EXAMINER PIRIK: Are there any

16 objections?

17 MR. KUTIK: No objection.

18 EXAMINER PIRIK: Mr. Sauer, any

19 objections?

20 MR. SAUER: No objections, your Honor.

21 EXAMINER PIRIK: Staff Exhibit 2 shall be
22 admitted into the record.

23 (EXHIBIT ADMITTED INTO EVIDENCE.)

24 MR. REILLY: Thank you, your Honor.

1 MR. KUTIK: Your Honor, may we go off the
2 record at this point?

3 EXAMINER PIRIK: Yes.

4 (Discussion off the record.)

5 EXAMINER PIRIK: We'll go back on the
6 record.

7 We will conclude the hearing today and we
8 will reconvene at 8:30 on August 22nd. Thank you.

9 (The hearing adjourned at 11:48 a.m.)

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CERTIFICATE

I do hereby certify that the foregoing is a
true and correct transcript of the proceedings taken
by me in this matter on Friday, August 8, 2008, and
carefully compared with my original stenographic
notes.

Maria DiPaolo Jones, Registered
Diplomate Reporter and CRR and
Notary Public in and for the
State of Ohio.

My commission expires June 19, 2011.

(MDJ-3231)

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