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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 ) Case No. 09-1875-GA-UNC  
Ohio to Adjust its Automated Meter )  
Reading Cost Recovery Charge and Related )  
Matters. )**

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**POST-HEARING BRIEF  
OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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**INTRODUCTION**

This is the second, annual case adjusting Dominion's Automatic Meter Reading Cost Recovery Charge (AMR charge) and only one issue remains unresolved. Staff and Dominion recommend an AMR charge based on the same methodology used to establish the existing AMR charge, a methodology determining "savings" according to Dominion's actual expenses. OCC claims savings thus determined are not enough and seeks to increase them by proposing the Commission disregard what actually occurred and impute "savings" according to percentages of estimated numbers. Staff believes that "savings" should be based on Dominion's actual expenses as all other parts of the AMR calculation.

**STATEMENT OF FACTS**

The AMR charge was created as part of the Commission's decision in Dominion's last rate case, Case No. 07-829-GA-AIR. In that case, the Commission approved a

stipulation in its Opinion and Order. *In the Matter of the Application of The East Ohio Gas Company d/b/a/ Dominion East Ohio for Authority to Increase Rates for Its Gas Distribution Service*, Case No. 07-829-GA-AIR (Opinion and Order at 32) (October 15, 2008). The stipulation provided the Staff Report's recommendations regarding Dominion's application to establish an AMR charge in Case No. 06-1453-GA-UNC should be adopted. *In the Matter of the Application of The East Ohio Gas Company d/b/a/ Dominion East Ohio for Authority to Increase Rates for Its Gas Distribution Service*, Case No. 07-829-GA-AIR (Stipulation and Recommendation at 10) (August 22, 2008). The stipulation also recommended Staff, Dominion and OCC should work together to establish an appropriate baseline. *Id.* And, it provided "quantifiable savings" were to be credited to amounts otherwise recoverable through the AMR. *Id.*

The Staff Report recommended approval of Dominion's request for an AMR charge subject to certain modifications, only one of which is relevant to the present case. *In the Matter of the Application of The East Ohio Gas Company d/b/a/ Dominion East Ohio for Authority to Increase Rates for Its Gas Distribution Service*, Case No. 07-829-GA-AIR (Staff Report at 42-43) (May 23, 2008). The Staff Report recommended a 2007 baseline to determine savings instead of the 2006 baseline contained in Dominion's application. *Id.*

The first case to establish Dominion's AMR charge occurred last year, Case No. 09-38-GA-UNC. The Commission approved and adopted a stipulation entered by Staff, Dominion, and OCC. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio to Adjust its Automated Meter Reading Cost Recovery Charge*

*and Related Matters*, Case No. 09-38-GA-UNC (Opinion and Order at 8) (May 6, 2009). In the stipulation, the parties agreed to adopt the methodology contained in Dominion's Application modified by Staff's Comments and Recommendation. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters*, Case No. 09-38-GA-UNC (Stipulation and Recommendation at 2-3, and Attachment 1) (April 30, 2009). The resulting methodology provided for savings in the meter reading and call center categories to reduce expenses recovered through the AMR charge. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters*, Case No. 09-38-GA-UNC (Dominion Application, at Schedules 1, 12, and 12A.) (February 27, 2009). The methodology also provided 2007 as a baseline year for calculating savings. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters*, Case No. 09-38-GA-UNC (Staff Comments and Recommendation at 8) (April 10, 2009). The methodology also provided that expenses in the meter reading and call center categories would not be netted to reduce savings. *Id.* at 9; Staff Ex. 1 at 8-9.

Initiating the present case, Case No. 09-1875-GA-RDR, Dominion filed a pre-filing notice on November 30, 2009. Dominion Ex. 3. It filed its application on March 1, 2010. Dominion Ex. 2. Staff investigated the application and commented that Dominion's calculation of the AMR revenue requirement was supported by adequate data information and it was properly allocated to the various customer classes in accordance with the terms

and conditions of the Stipulation adopted by the Commission in Case No. 09-38-GA-UNC except one adjustment Staff recommended. Staff Ex. 1 at 8. Dominion agreed to the adjustment. Dominion Ex. 1 at 6; Dominion Ex. 4. Accordingly, Staff has determined Dominion's calculation of the AMR charge "is consistent with the Stipulation adopted by [the] Commission in Case No. 09-38-GA-UNC." Staff Ex. 1 at 4. And, Staff found Dominion's "calculation of the AMR operating expense savings is consistent with the AMR stipulation adopted by the Commission in Case No. 09-38-GA-UNC." Id. at 8.

OCC also commented on Dominion's application in this case. OCC Ex. 1. Dominion and OCC were not able to resolve OCC's issues. Dominion Ex. 4. Accordingly, a hearing took place pursuant to Attorney Examiner's Entry herein. *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio to Adjust Its Automated Meter Reading Cost Recovery Charge And Related Matters*, Case No. 09-1875-GA-RDR (Entry at 3) (March 5, 2010).

## DISCUSSION

Staff believes \$0.47 per month is a just and reasonable AMR charge and recommends the Commission approve it. Staff Ex. 1 at 8; Staff Ex. 2 at 2. Dominion agrees this is a just and reasonable AMR charge and also seeks approval. DEO Ex. 1 at 6; DEO Ex. 4.

Staff recommends approval of the AMR charge because it is consistent with the stipulation approved and adopted by the Commission in Dominion's first, and only other, AMR case, Case No. 09-38-GA-UNC. Staff Ex. 1 at 4-5, 7-8; Staff Ex. 2 at 2-3. The

AMR charge Staff and Dominion recommend in this case results from the same methodology used to determine the existing AMR charge. Staff Ex. 1 at 4, 8. That methodology resulted in a just and reasonable charge in the first AMR case and Staff believes that methodology is appropriate in this case as well; Staff does not know of any reason to believe otherwise.

Only OCC contests the \$0.47 per month charge. OCC dissents because it desires greater “savings” to offset operating and maintenance expenses in calculating the AMR charge. OCC Ex. 1 at 5-8. To obtain greater savings, OCC advocates abandoning the methodology agreed upon in the last rate case to calculate savings and, instead, recommends the Commission impute artificial savings. OCC Ex. 1 at 5-8. Staff believes OCC’s suggestion is not appropriate. Staff believes the Commission should continue to use the methodology the parties agreed upon and the Commission adopted to set the existing AMR charge.

The change OCC advocates is not justified. OCC ignores the substantial savings achieved in 2009 and included in the calculation of the AMR charge recommended by Staff and Dominion. The savings achieved in 2009 were approximately 140% greater than the savings in 2008; the savings in 2008 were approximately \$276,000 and they were approximately \$681,000 in 2009. DEO Ex. 1 at 10. Accordingly, Staff submits significant savings are included in the calculation of the \$0.47 monthly AMR charge proposed by Staff and Dominion. Additionally, this savings increase has occurred despite the fact that Dominion is not yet fully deployed. Tr. at 18. Ms. Friscic explained that Dominion needs a “critical mass of deployment to really start seeing the benefits.” Tr. at

18. For example, Dominion needs an entire community “to be deployed with the AMR equipment to be able to reroute that community to reduce the number of meter readers walking the houses.” Tr. at 19. This suggests significant savings may be expected in subsequent years when critical mass is achieved in more communities. Tr. at 18. Simply, significant savings are reflected in the AMR charge proposed by Staff and Dominion and such savings are reasonably expected to continue.

OCC also complained about increased costs in the call center. OCC Ex.1 at 4,7. Ms. Friscic described that some of these costs were not related to the AMR. Dominion Ex. 1 at 11-12. That is acceptable under the methodology used to determine the existing AMR charge that underlies Staff and Dominion’s recommended charge. The methodology used to establish the existing AMR charge and followed by Staff and Dominion to calculate the \$0.47 per month proposal provides for “savings” in two categories, meter reading and call center, to offset total operating and maintenance expenses and, thereby, reduce the AMR charge. The “savings” in each category is determined by comparing the aggregate expenses in each category, AMR and non-AMR expenses, to the aggregate expenses in that category for a baseline year, 2007. Tr. 130-132, 139-140. If the expenses in a category for 2007 are greater, “savings” exist in the category and the “savings” reduce the total of operating and maintenance expenses. If the expenses in a category for 2007 are less, “savings” do not exist in the category and the “savings” value is set at “0.” Co. Ex. 2 at Schedule 1, 11. This is the method established in the last AMR case and Staff believes this is a reasonable method for the purpose of this case.


## CONCLUSION

As discussed above, Staff recommends the Commission adopt the AMR charge of \$0.47 per month for all applicable customers and that the adjusted AMR rider be implemented in the first billing cycle following the Commission's decision.

Respectfully submitted,

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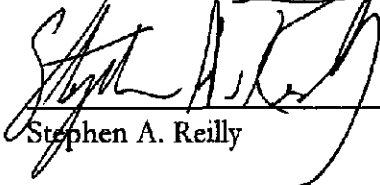
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## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Post-Hearing Brief**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by electronic mail, upon the following parties of record, this 20<sup>th</sup>/day of April, 2010.

  
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