

**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 Approval of Tariffs to)	
Recover Certain Costs Associated with)	Case No. 11-5843-GA-RDR
its Automated Meter Reading Deployment)	
Through an Automatic Adjustment Clause,)	
.and for Certain Accounting Treatment)	

**JOINT COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
AND
OHIO PARTNERS FOR AFFORDABLE ENERGY**

I. INTRODUCTION

The Office of the Ohio Consumers' Counsel ("OCC") and Ohio Partners for Affordable Energy ("OPAE"), separate intervenors in the above-referenced proceeding, hereby file these joint comments ("Comments") regarding the Application filed by East Ohio Gas Company d/b/a Dominion East Ohio ("Dominion" or "the Company"). This case involves the rider rate that Dominion is authorized to charge to customers to recover the costs associated with the installation of Automated Meter Reading Devices ("AMR"), which upon installation will permit the Company to automatically read customers' meters rather than having to manually read the meters.

The Attorney Examiner established a procedural schedule by Entry ("March 5, 2012 Entry"). On March 28, 2012, OCC filed a motion for a one-week extension to the procedural schedule ("Motion"). The Attorney Examiner granted OCC's Motion, and established the following procedural schedule that includes an April 6, 2012 due date for

any Comments to be filed in this proceeding.¹ By April 13, 2012, Dominion is required to file a statement informing the Public Utilities Commission of Ohio (“PUCO” or “the Commission”) whether the issues raised in the comments have been resolved.² If the issues are not resolved, then the case is set for evidentiary hearing on Wednesday, April 18, 2011.³

II. RESERVATION OF RIGHTS

OCC and OPAE reserve the right to address any issues raised by Commission Staff or any other party in this proceeding. In addition, OCC and OPAE reserve the right to file supplemental Comments and/or expert testimony on any matters not resolved by April 13, 2012, as set forth in the Attorney Examiner’s Entry.⁴

III. BURDEN OF PROOF

The Application has been filed pursuant to R.C. 4929.11. The burden of proof regarding the Application rests upon Dominion. In a hearing regarding a proposal that does involve an increase in rates, R.C. 4909.19 provides that, “[a]t any hearing involving rates or charges sought to be increased, the burden of proof to show that the increased rates or charges are just and reasonable shall be on the public utility.”⁵ Inasmuch as the annual AMR cases are an outgrowth of Dominion’s 2007 Rate Case, Dominion in this case bears the burden of proof. Therefore, neither OCC, OPAE, nor any other intervenor bears any burden of proof in this case.

¹ Entry at 2 (March 30, 2012).

² Entry at 2 (March 30, 2012).

³ Entry at 2 (March 30, 2012).

⁴ Entry at 2 (March 30, 2012).

⁵ R.C. 4909.19 (C).

IV. COMMENTS

A. 2011 Dominion AMR Application

OCC and OPAE have reviewed Dominion's 2011 AMR Application, and the proposed \$0.03 reduction to the AMR Rider Rate that will be charged to customers. In this case, Dominion has proposed an AMR Rider Rate of \$0.54 charged monthly to every residential customer, which is a decrease from the current AMR Rider Rate of \$0.57. OCC's review also included Staff and OCC discovery requests and Dominion's responses thereto. Based on OCC's and OPAE's review, OCC and OPAE have no Comments to this particular Application or on Dominion's proposed AMR Rider Rate reduction for residential customers.

B. 2012 AMR Proceeding

In AMR cases, prior to the 2011 AMR Application, the level of meter reading operations and maintenance ("O&M") cost savings has been a contentious issue.⁶ A claimed benefit to consumers from allowing Dominion's accelerated collection of AMR costs has been that the AMR devices were projected to reduce the costs that consumers would be asked to pay because the meters would cost less to read (since a wireless signal from the meter would be used).

In Dominion's present Application, the Company has reflected meter reading O&M cost savings in the amount of \$3,511,695.32.⁷ In this case, the meter reading O&M cost savings exceeded the Company's estimated level of meter reading O&M cost

⁶ *In re 2008 Dominion AMR Case*, Case No. 09-1875-GA-RDR, OCC Comments at , 2-6 (April 10, 2009), See also *In re 2009 Dominion AMR Case*, Case No. 09-1875-GA-RDR, OCC Comments at 5 (March 29, 2010), See also *In re Dominion 2010 AMR Case*, Case No. 10-2853-GA-RDR, OCC Comments at 5-8 (March 30, 2011).

⁷ Application at Exhibit A Schedule 1.

savings when the program was authorized (\$2,950,000).⁸ That was the reason that OCC and OPAE did not raise this issue in this case.

However, in responding to OCC discovery (“OCC Interrogatory No. 18”) in this case, the Company has changed its past position. Previously, Dominion had estimated that customers should receive the benefit of meter reading O&M cost savings in an amount \$11.2 million⁹ between 2009 and 2012. But now, Dominion is claiming that customers should only receive the benefit of costs savings in an amount of \$6.2 million. By using the word “cumulative,” Dominion could deny customers approximately \$5.0 million in what should be offsets to the rates they pay. Here is the Dominion answer at issue:

Further, this Interrogatory mistakenly implies that the referenced data-request response was a representation by DEO that it would achieve meter reading savings of \$6,000,000 per year. The savings estimated in that response represented estimated, cumulative savings over a 5-year deployment period. Subject to and without waiving this objection, DEO answers: With the expense savings of \$3,511,695.32 for 2011, cumulative meter reading expense savings as of December 31, 2011 total approximately \$6.2 million, which exceeds the cumulative projection of \$6 million through 2012 provided during the rate case.

Case No. 09-038-GA-UNC	\$ (275,928.62)
Case No. 09-1875-GA-RDR	\$ (680,658.76)
Case No. 10-2853-GA-RDR	\$ (1,761,163.40)
Case No. 11-5843-GA-RDR	\$ (3,511,695.32)
Total Savings to Date	\$ (6,229,446.10). ¹⁰

OCC’s and OPAE’s concern is that Dominion’s above discovery response mischaracterizes the referenced PUCO Staff data request. The Staff did not ask for the

⁸ See Attachment 1.

⁹ Id. (900,000 + \$1,300,000 + \$2,950,000 + \$6,000,000 = \$11,150,000).

¹⁰ See Attachment 3, Dominion’s Response to OCC Interrogatory No. 18.

information on a cumulative basis.¹¹ In fact, the data request specifically requested an estimate of “annual meter-reading O&M savings.”¹² Furthermore, there is no basis to believe that Dominion’s response to Staff’s data request was provided on a cumulative basis either.

OCC has attached the document containing Dominion’s estimated meter reading O&M cost savings (attached hereto as Attachment 1) to its Comments filed in prior AMR proceedings. Dominion has submitted testimony in prior AMR proceedings, and the Company, in its discussions of its estimates, has never raised this particular interpretation of the estimated meter reading O&M cost savings prior to its response to OCC Interrogatory No. 18 in this case.

In her testimony in Case No. 09-1875-GA-RDR, -- where the issue of AMR meter reading O&M cost savings was litigated -- Dominion witness Friscic offered her explanation without stating the estimated cost savings had been derived on a cumulative basis.:

The cost savings estimates that DEO provided in its last rate case were just that - estimates. And the estimates that OCC cites were based on full deployment of AMR in 2012, with savings estimated from a 2006 baseline rather than the 2007 baseline ordered by the Commission. (OCC Comments, pp. 5-6, citing Case No. 07-829-GA-AIR; Dominion Responses to Staff Data Requests 02-12 & 06-1L) The estimates provided in discovery during the rate case were never represented as certain. DEO has always maintained that estimated savings likely will not and cannot be achieved until a “critical mass” is reached by full AMR installation. The response to Data Request 02-12 (OCC Comments, Attachment 1) specifically states: “The Company does not expect to realize material savings until a sufficient quantity of complete routes are automated for mobile reading.” Further, the estimates were “based on potential meter reading headcount reductions in the future.”

¹¹ See Attachment 1.

¹² *Id.*

Thus, OCC's contention that the lack of immediate savings acceptable to them somehow creates an imbalance, or signals that savings will ultimately not be realized, is baseless and disingenuous. Full installation is necessary to comprehensively reconfigure and restructure all meter reading schedules and routes to maximize meter reading savings. Without the complete reconfiguration of meter reading schedules through full AMR installation, the full extent of structural and staffing changes required to achieve maximum call center expense reduction cannot occur.

Thus, while Ms. Friscic's above testimony attempts to back track from the level of estimated cost savings, there was no attempt to argue that the estimated meter reading O&M cost savings were to be cumulative. In the event Dominion raises this argument in future AMR proceedings, the Commission should reject such an argument.

Therefore, in Dominion's 2012 AMR proceeding, Dominion should be expected to achieve, as was estimated, a minimum of \$6 million in meter reading O&M cost savings.¹³ This expectation is reasonable in that next year the AMR's will be completely deployed and all meter reading routes will be taking full advantage of the AMR technology, meaning that meters are being read remotely through a wireless signal.¹⁴ Furthermore, the Company should be expected to continue to file annual AMR applications -- and pass back to its customers at least \$6 million in meter reading O&M cost savings -- until its next base rate application is filed that includes Dominion's AMR-related investments in rate base. The burden of proving the reasonableness of any lesser cost savings is on Dominion.

¹³ See Attachment 1.

¹⁴ See Attachment 2, Dominion's Automated Meter Reading Plan Update.

Respectfully submitted,

BRUCE J. WESTON

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the *Joint Comments by the Office of the Ohio Consumers' Counsel and Ohio Partners for Affordable Energy* was served via electronic mail upon the following persons on this 6th day of April, 2012.

/s/ Joseph P. Serio

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The East Ohio Gas Company d/b/a Dominion East Ohio
Case No. 07-0829-GA-AIR
Response to Data Requests

Requesting Party:

PUCO

Data Request Set:

Peter Baker

Question Number:

02

Subpart:

12

Request Date:

10/17/2007

Due Date:

11/02/2007

Topic:

AMR

Question:

Using 2006 meter-reading O&M expense as a baseline and assuming the schedule provided in response to Item 7 above, please estimate the Company's annual meter-reading O&M savings.

Answer:

The Company does not expect to realize material savings until a sufficient quantity of complete routes are automated for mobile reading. The Company has calculated the following savings based on potential meter reading headcount reductions in the future. It should be noted that the Company expects many of those positions to be redeployed to other areas of the Company.

2009 - \$ 900,000

2010 - \$ 1,300,000

2011 - \$ 2,950,000

2012 - \$ 6,000,000

Preparer Of Response:

William Armstrong

Date Prepared:

11/01/2007 03:14:09 PM EDT

Attachments:

No

Attachment 2

**DOMINION EAST OHIO
AUTOMATED METER READING PLAN
UPDATE**

Introduction

This automated meter reading (AMR) plan update is submitted to the Staff of the Public Utilities Commission of Ohio in conjunction with the filing of Dominion East Ohio's Application on February 28, 2012 in Case No. 11-5843-GA-RDR. The plan describes the status of ERT installations at the end of 2011 and the follow-up steps, notices and measures that Dominion East Ohio ("DEO" or "Company") is taking to complete remaining installations or meter removals on customer accounts.

Overview

The Company has installed ERT devices on more than 99% of active meters as of December 31, 2011. All shops were moved to a monthly meter reading schedule as of December 1, 2011.

Meter Equipment Summary

The total population of active and inactive DEO meters at customer premises is 1,267,960 as of December 31, 2011. This total is down 7,073 from 2010 due to meter removals and service cuts. The breakdown of the location of meters and metering equipment is indicated below.

Meter Location	Population	Percentage
Inside	519,356	41%
Outside	748,604	59%
Total	1,267,960	

AMR/Meter Status

The Company installed AMR devices on 243,617 meters in 2011. This brings the total number of meters with an ERT device to greater than 99% of active meters.

AMR Project Status as of 12/31/2011

Year	AMR Installations
Through 2007	132,004
2008	278,582
2009	332,135
2010	257,020
2011	243,617
Total Project AMR Installs	1,243,358

The following tables provide a summary of total active and inactive meters by Local Office, the percentage on which AMR installations have been completed and the breakdown of the remaining meters that need to be addressed as of December 31, 2011.

Local Office	Total Meter Population	Percent Complete
Ashtabula	41,425	100%
Northeast	201,884	98%
Lima	67,407	100%
Marietta (River)	21,020	100%
New Philadelphia	20,226	99%
Canton Perry Yard	117,382	99%
Akron	256,881	98%
Western	161,356	95%
Youngstown	162,571	97%
Eastern	196,517	95%
Wooster	21,291	98%
TOTAL	1,267,960	97%

Local Office	Meters Remaining to AMR	Appointment Needed to Install AMR (Active)	Inactive Meters (May be Scheduled for Removal)
Ashtabula	94	66	28
Northeast	3,454	249	3,205
Lima	711	397	314
Marietta (River)	24	22	2
New Philadelphia	273	138	135
Canton Perry Yard	1,332	545	787
Akron	4,552	2,003	2,549
Western	7,846	2,416	5,430
Youngstown	5,391	1,355	4,036
Eastern	8,928	1,966	6,962
Wooster	481	373	108
TOTAL	33,086	9,530	23,556

Meters Remaining without AMR Device

There were 33,086 active and inactive meters without an AMR device as of December 31, 2011. Of that total population, 9,530 meters with an active billing status did not have an ERT device installed at year-end.

Account Status	No AMR
Active	9,530
4-dial meters (No Access Process)	6,383
Refusals	4
Large meters (Appointment)	3,143
Inactive	23,556
TOTAL	33,086

Active customer accounts with 4-dial meters (residential and small commercial) that did not have an ERT device installed by the end of September 2011 were placed in the Company's no access process in an effort to install AMRs or to work disconnections prior to the December moratorium. DEO continued to prioritize this installation work in the 4th quarter, with more than 28,000 meters placed in the process. ERT installations on the 4-dial meters resulted in a year-end reduction to 6,387 small meters remaining in the process.

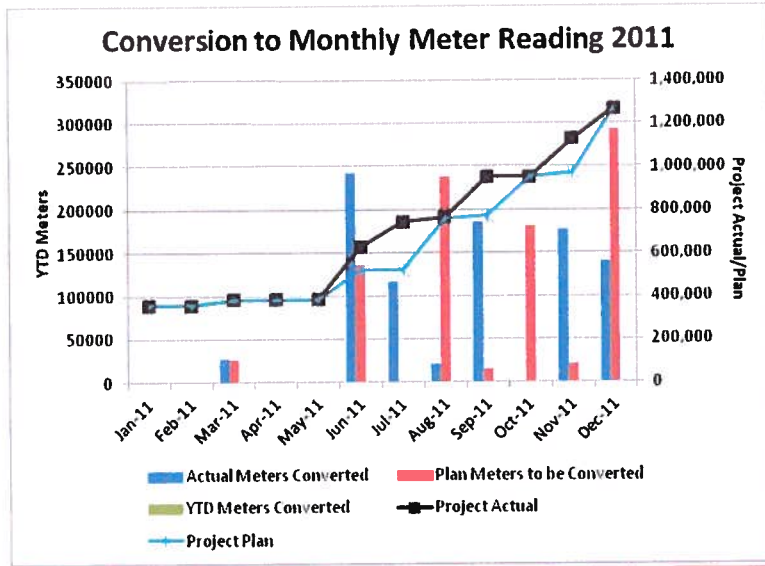
Customers with a 4-dial meter and an active billing status who do not have an AMR device as of February 29, 2012, will resume the no access process. DEO will first initiate the prior notice communication step, and then proceed with disconnection after March 1, 2012, if the customer does not respond to the request for an appointment.

If an account is turned off as a result of a no access process, the meter will be equipped with an AMR device when gas service is restored. It should be noted that the Company is working to combine multiple no access processes into a single Equipment Access process to reduce the number of different letters that could be sent to the customer due to access issues, equipment maintenance and compliance activities.

DEO continues to track and work with the customers who have refused an AMR installation. Staff will be notified prior to termination for these customers. Customers with larger meters require a scheduled appointment. Inactive meters continue to be scheduled for removal.

Monthly Meter Reading

In 2011, the Company focus was on active meters, particularly small residential and commercial meters, in order to implement a monthly meter read frequency for all customers. As of December 1, 2011, all shops were converted to a monthly meter reading schedule for all accounts, including those for which an ERT device has not yet been installed.



DEO began to reroute areas once the switch to monthly meter reading was made. Rerouting after the conversion to monthly meter reading minimized the impact on customers of potential changes in bill due dates. Notification was provided to all customers whose billing cycle due date changed to provide the customer the opportunity to prepare for the change. Eight of 11 local shops have been through the initial re-route process, with the remaining three shops scheduled for 1st and 2nd quarters 2012.

When all re-routing is complete, DEO will have reduced the number of meter reading routes since 2007 from 2,850 to 254. At the conclusion of 2011, there were 36 employees in the meter reading cost center, down from 116 at the start of the AMR installation program.

IT Programming and Hardware Purchases

As the AMR project nears completion, the Company is in the process of making IT programming changes to its Customer Care System. This will include modifications

to customer communications and bill prints, streamlining of field service order types, combining all no access processes into a single equipment access process and finalizing the re-route of three shops.

The Company will purchase additional handheld equipment for use by Field Service representatives, which will enable them to perform transfer, check read and collection activities in the field now that AMR installations are greater than 99% complete.

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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. 11-5843-GA-RDR
Ohio for Approval of Tariffs to Adjust its)	
Automated Meter Reading Cost Recovery)	
Charge and Related Matters.)	

**THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO'S
RESPONSES AND OBJECTIONS
TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
FIRST SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS**

Pursuant to Ohio Adm. Code 4901-1-19(A) and Ohio Adm. Code 4901-1-20(C), The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "Company") hereby provides its responses to the Office of the Ohio Consumers' Counsel's ("OCC") First Set of Interrogatories and Requests for Production of Documents served on March 26, 2012.

GENERAL OBJECTIONS

DEO's responses to OCC's First Set of Interrogatories and Requests for Production of Documents are subject to the following general objections:

1. DEO objects to the Instructions for Answering to the extent such instructions purport to impose discovery obligations that are inconsistent with the Commission's rules for discovery.
2. DEO objects to each interrogatory and request for production of documents to the extent such discovery requests seek the disclosure of information subject to attorney-client privilege or which constitute attorney work product.
3. DEO objects to each interrogatory and request for production of documents that purports to require a detailed, narrative response. Under applicable Commission rules and the

RESPONSE: As shown on Schedule 11 in Case No. 11-5843-GA-RDR, there were no Call Center savings for calendar year 2011.

Interrogatory No. 16: Did DEO include any inventory in excess of 100,000 automated meter reading units in December 31, 2011 plant in service?

RESPONSE: No.

Interrogatory No. 17: If the response to OCC Interrogatory No. 16 is affirmative, what is the dollar amount of the inventory in excess of 100,000 units included in December 31, 2011 plant in service?

RESPONSE: See DEO Response to OCC Interrogatory No. 16.

Interrogatory No. 18: Referring to Exhibit A, Schedule 11 of the Application, please explain why the annual meter reading savings in the amount of \$3,511,695.32 at 99% deployment are so much less than the meter reading savings estimated at full deployment of \$6,000,000 (see DEO response to Staff Data Request 02-12 in Case No. 07-829-GA-AIR.)

RESPONSE: Objection. This Interrogatory requests a narrative explanation of causation without any limitation and accordingly is overbroad and unduly burdensome to answer. Further, the phrase “so much less” is vague and argumentative and DEO does not by answering the Interrogatory accept any implied characterizations. Further, this Interrogatory mistakenly implies that the referenced data-request response was a representation by DEO that it would achieve meter reading savings of \$6,000,000 per year. The savings estimated in that response represented estimated, cumulative savings over a 5-year deployment period. Subject to

and without waiving this objection, DEO answers: With the expense savings of \$3,511,695.32 for 2011, cumulative meter reading expense savings as of December 31, 2011 total approximately \$6.2 million, which exceeds the cumulative projection of \$6 million through 2012 provided during the rate case.

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Case No. 11-5843-GA-RDR	<u>\$ (3,511,695.32)</u>
Total Savings to Date	\$ (6,229,446.10)

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 11-5843-GA-RDR

Summary: Comments Joint Comments by the Office of the Ohio Consumers' Counsel and Ohio Partners for Affordable Energy electronically filed by Patti Mallarnee on behalf of Serio, Joseph P.