

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
Application of the East:  
Ohio Gas Company Doing :  
Business as Dominion : Case No. 11-5843-GA-RDR  
East Ohio for Approval :  
of Tariffs to Adjust :  
Its Automated Meter :  
Reading Cost Recovery :  
Charge and Related :  
Matters. :

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PROCEEDINGS

Before Mr. Douglas Jennings and Ms. Katie  
Stenman, Hearing Examiners, at the Public  
Utilities Commission of Ohio, 180 East Broad  
Street, Hearing Room 11-A, Columbus, Ohio, on  
Wednesday, May 2, 2012, at 10:00 a.m.

- - -

ARMSTRONG & OKEY, INC.  
222 East Town Street, 2nd Floor  
Columbus, Ohio 43215-5201  
(614) 224-9481/(800) 223-9481  
Fax (614) 224-5724

- - -

APPEARANCES:

Whitt Sturtevant, LLP  
By Mr. Mark A. Whitt  
Mr. Andrew Campbell and  
Ms. Melissa Thompson  
PNC Plaza, Suite 2020  
155 East Broad Street  
Columbus, Ohio 43215

On behalf of the Applicant.

Mike DeWine, Ohio Attorney General  
William L. Wright, Section Chief  
By Mr. Devin D. Parram  
Assistant Attorney General  
180 East Broad Street, 6th Floor  
Columbus, Ohio 43215

On behalf of the Staff of the  
Public Utilities Commission of Ohio.

Bruce J. Weston, Ohio Consumers' Counsel  
By Mr. Joseph P. Serio and  
Mr. Larry S. Sauer  
Assistant Consumer's Counsel  
10 West Broad Street, Suite 1800  
Columbus, Ohio 43215

On behalf of the Residential Utility  
Customers of Dominion East Ohio.

Ms. Colleen L. Mooney  
231 West Lima Street  
P.O. Box 1793  
Findlay, Ohio 45839

On behalf of Ohio Partners for  
Affordable Energy.

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1 Wednesday Morning Session,  
2 May 2, 2012.

3 - - -

4 HEARING EXAMINER JENNINGS: The  
5 Public Utilities Commission of Ohio has  
6 scheduled for this date and time a hearing in  
7 the matter of the application of the East Ohio  
8 Gas Company doing business as Dominion East Ohio  
9 for approval of tariffs to adjust its Automated  
10 Meter Reading Cost Recovery Charge and related  
11 matters. My name is Doug Jennings. Along with  
12 me is Katie Stenman, and together we, as  
13 Attorney Examiners, will preside over this  
14 hearing.

15 At this point in the proceeding I  
16 would request that the parties enter an  
17 appearance on the record. Let's begin with the  
18 Company.

19 MR. WHITT: Thank you, Your Honor.  
20 On behalf of the Applicant, Dominion East Ohio,  
21 Mark Whitt, Andrew Campbell, and Melissa  
22 Thompson from the firm of Whitt Sturtevant, LLP,  
23 PNC Plaza, 20th Floor, 155 East Broad Street,  
24 Columbus, Ohio 43215.

25 HEARING EXAMINER JENNINGS: Thank

1 you. May I have an appearance on behalf of the  
2 Commission Staff?

3 MR. PARRAM: Good morning, Your  
4 Honor. On behalf of the Staff of the Public  
5 Utilities Commission of Ohio, Ohio Attorney  
6 General Mike DeWine, Section Chief William L.  
7 Wright, Assistant Attorney General Devin Parram,  
8 180 East Broad Street, 6th Floor, Columbus,  
9 Ohio.

10 HEARING EXAMINER JENNINGS: On behalf  
11 of Consumers' Counsel?

12 MR. SERIO: Thank you, Your Honor.  
13 On behalf of the residential utility customers  
14 of Dominion East Ohio, Bruce J. Weston, by  
15 Joseph P. Serio and Larry S. Sauer.

16 MS. MOONEY: On behalf of Ohio  
17 Partners for Affordable Energy, Colleen Mooney,  
18 231 West Lima Street, Findlay, Ohio.

19 HEARING EXAMINER JENNINGS: Okay. I  
20 understand that there are two pending motions.  
21 We can address those at this point.

22 MR. CAMPBELL: Your Honor, DEO has  
23 two outstanding motions in this case. The first  
24 is a motion to strike portions of the comments  
25 of OCC and OPAC that were filed much earlier in

1 the proceeding. DEO maintains that motion but  
2 it does not believe that the motion needs to be  
3 ruled upon at this time prior to the hearing and  
4 it would be appropriate to take it up in the  
5 eventual order that resolves this case.

6 Should I address the second motion or  
7 leave room for response?

8 HEARING EXAMINER JENNINGS: Let's  
9 deal with the first motion first. Am I correct  
10 that no response has been filed contesting that  
11 motion?

12 MR. CAMPBELL: I believe that OCC did  
13 file a response.

14 MR. SERIO: Yes, Your Honor, we filed  
15 on April 13 a Memorandum Contra on behalf of OCC  
16 and OPAC.

17 HEARING EXAMINER JENNINGS: Okay.  
18 I'll defer a ruling on this motion for the time  
19 being and I'll address that later on.

20 MR. CAMPBELL: Your Honor, the second  
21 motion is a motion to strike portions of the  
22 testimony of Staff Witness Kerry Adkins. The  
23 motion sets forth two grounds for striking his  
24 testimony. The first is based on due process.  
25 Mr. Adkins' testimony raises issues and



1 recommendations that were not disclosed in  
2 Staff's comments that were filed earlier in the  
3 proceeding. By withholding issues until the  
4 time of the filing of testimony, Staff deprived  
5 DEO of its opportunity to file evidence that  
6 responded to those recommendations and issues.  
7 So at a minimum it's new issues and his  
8 testimony should be struck from the record.

9           The second ground is based on  
10 estoppel. The Staff is estopped from taking the  
11 position set forth in Mr. Adkins' testimony on  
12 two grounds. First, Mr. Adkins seeks to revisit  
13 issues that were settled by earlier Commission  
14 orders. That's the ground of collateral  
15 estoppel. And based on judicial estoppel, Staff  
16 should be barred from taking its present  
17 position as it represents a reversal of a  
18 position that it urged upon the Commission in  
19 prior AMR proceedings. Even if Mr. Adkins'  
20 testimony is not struck, at a minimum, to  
21 preserve a fair hearing, DEO asks the Commission  
22 to give DEO an opportunity to present testimony  
23 that does respond to the new issues and  
24 recommendations contained in Mr. Adkins'  
25 testimony.

1 HEARING EXAMINER JENNINGS: I'll  
2 overrule the motion to strike. Staff, do you  
3 care to respond?

4 MR. PARRAM: Yes, Your Honor. The  
5 motion to strike was filed yesterday late in the  
6 day by Company, so we haven't had an opportunity  
7 to file any official response; but taking the  
8 motion and the arguments made within it sort of  
9 out of order, I would like to address some of  
10 the personal attacks made in the motion, and  
11 they are all untrue.

12 There are a number of allegations  
13 regarding Commission Staff and the AG's office,  
14 and alleged misrepresentations that were made by  
15 Staff and the AG's office. All statements made  
16 as it relates to these allegations in the motion  
17 to strike are completely false and somewhat  
18 troubling. But besides that, the purported  
19 legal argument in the motion to strike, as it  
20 relates to the comments that were filed, and  
21 then the filing of testimony, the Staff's theory  
22 of the case has never changed from the point it  
23 filed comments, and the comments are completely  
24 consistent with the testimony that it filed;  
25 that being that Dominion is in violation of the

Commission's 2009 order as it relates to the AMR cases and that it has not been getting the installation of the AMR devices fast enough. That is what Staff said in its comment and that is what is within the testimony of Staff's witnesses.

So if Dominion has an issue with the fact that Staff has expanded upon its argument or theory of the case in testimony, that is what typically happens after parties file comments and are not able to resolve the case, they file testimony to explain exactly what their position is.

As it relates to the estoppel argument, estoppel cannot apply in this case because the facts are different and the law is different. This is a different case year to year to year. Dominion has to file an AMR filing every single year. Just because Staff did not previously have an issue with the O&M savings, the primary issue in this case is that at the end of the program, which Staff is alleging we are at the end of the program, Dominion has always said that there would be a substantial amount of savings. Staff is saying

1 now that the end of the program is here,  
2 although we did not say anything in the past  
3 just because you represented to us that the  
4 savings would come, now Staff is saying that day  
5 has come. So the facts have changed from year  
6 to year to year and the law has changed because  
7 after the 2009 order, the Commission made  
8 specific order for Dominion to maximize savings  
9 and ensure savings that are passed on at their  
10 earliest possible time.

11 So because the Staff may not have  
12 taken a position prior to that order or in the  
13 '09 case, Staff now believes and has the  
14 obligation to point out to the Commission that  
15 they believe that Dominion is in violation of  
16 the order. So estoppel just does not apply in  
17 this case, and it seems like it's a more  
18 appropriate argument for a post-hearing brief as  
19 opposed to striking testimony of Staff  
20 witnesses.

21 I understand that it is Dominion's  
22 position that Staff is changing their position  
23 and they're saying there are imputed savings in  
24 this case; perfect argument for post-hearing  
25 brief but not a basis to strike the testimony of

1 Staff. So that is Staff's position on the  
2 motion to strike.

3 MR. CAMPBELL: First, DEO stands by  
4 all factual statements made in the motion.  
5 Mr. Parram's questioning those away doesn't  
6 concede there's anything questioning or  
7 troublesome about the assertions of facts in the  
8 motion.

9 Regarding the legal arguments, we  
10 responded to all of his points in the motion. I  
11 would agree -- I disagree that they're not a  
12 basis for striking testimony. I would agree  
13 that they can also be raised in the post-hearing  
14 briefs, so I don't disagree with him on that.

15 The Company does believe that we can  
16 go forward with the hearing today provided that  
17 the issue of responding to Mr. Adkins' new  
18 issues and recommendations can be revisited at  
19 the end of the hearing and that DEO has had a  
20 fair opportunity to present its side of the  
21 case.

22 MR. PARRAM: Just one issue. All  
23 Staff wants is to have a full record also, so we  
24 have no problem with rebuttal testimony as long  
25 as we have the opportunity to file surrebuttal,

1 because a full record for the Commission is all  
2 we're looking for. So if that is what we're  
3 looking for at the end of the day, we have no  
4 issue with that. But we do disagree with all  
5 the assertions that have been made in the motion  
6 to strike and do think that it should be either  
7 withdrawn or denied by the Commission.

8 MR. CAMPBELL: May I respond? DEO  
9 believes that the Commission could defer ruling  
10 on the issue of offering new testimony until the  
11 end of the proceeding. We understand you need  
12 to rule on the motion to strike at the outset,  
13 but the alternate really could be deferred until  
14 the end. Regarding giving Staff an opportunity  
15 to file surrebuttal, DEO is the proponent in  
16 this case and it bears the burden of proof, and  
17 it should have -- if any party should have the  
18 last word, it should be the Company. DEO would  
19 also make clear it is not asking for a round of  
20 rebuttal testimony for all parties, an  
21 additional round of rebuttal testimony. It's  
22 asking for an opportunity to present evidence in  
23 accordance with the Commission's procedural  
24 order. The procedural entry on March 30  
25 entitled all parties to file evidence regarding

1 issues raised in the case. By withholding those  
2 issues until the filing of testimony, that  
3 deprives DEO of its opportunity to file its own  
4 evidence. So there's no basis for giving other  
5 parties an opportunity to file rebuttal. The  
6 problem is that issues were withheld. DEO put  
7 all of its issues in its application that the  
8 other parties had an opportunity to review. DEO  
9 is the only party in this case that has been  
10 deprived of any of its procedural  
11 opportunities.

12 HEARING EXAMINER JENNINGS: Thank  
13 you. I will deny the motion to strike depending  
14 on how the hearing proceeds. I will entertain  
15 the possibility of rebuttal testimony but we'll  
16 see where we stand at the end of the hearing.

17 MR. PARRAM: Just to be clear, you're  
18 denying the motion to strike but you are going  
19 to hold a decision on rebuttal testimony; is  
20 that correct?

21 HEARING EXAMINER JENNINGS: Yes,  
22 until after the hearing.

23 MR. PARRAM: Okay.

24 MR. CAMPBELL: Thank you, Your Honor.

25 HEARING EXAMINER JENNINGS: Thank

1 you. I believe we're in the position to call  
2 the first witness.

3 MR. WHITT: If I may, Your Honor,  
4 would the Bench entertain a very brief opening  
5 statement by the Company?

6 HEARING EXAMINER JENNINGS:  
7 Certainly.

8 MR. WHITT: Thank you, Your Honor.  
9 My client and I have to confess that we are not  
10 quite sure why we're here today. The Commission  
11 approved cost recovery for an accelerated AMR  
12 program toward the end of 2008, and we are,  
13 frankly, caught off guard by any suggestion that  
14 there was ever a hard start and stop date to  
15 this accelerated deployment. It's not mentioned  
16 in the Company's application; it is not  
17 mentioned in the Staff's report of  
18 investigation; it is not mentioned in the  
19 stipulation; it is not mentioned in the  
20 Commission's Opinion and Order. And certainly,  
21 when the Company sought approval of the program,  
22 it had discussed an intent to substantially  
23 complete accelerated deployment within five  
24 years. But Staff and OCC seem to lose sight of  
25 the fact that it took almost two years to get



1 that application approved, and during this time  
2 there was never an assurance that cost recovery  
3 would be granted. It was an issue litigated  
4 throughout the rate case up to and including at  
5 the hearing. So it wasn't until October of 2008  
6 that the Commission said you can get cost  
7 recovery for accelerated deployment.

8 So we now find ourselves in the  
9 situation where the Company's schedule supports  
10 a decrease in the AMR charge and rather than  
11 filing tariffs to get that decrease in effect  
12 for the benefit of ratepayers, we're litigating  
13 an issue and folks are trying to hold the  
14 Company at fault for not fully deploying AMR in  
15 less than three years. The position basically  
16 is that the Company should have gone in full  
17 acceleration mode just two weeks after it filed  
18 its application before there was any discovery,  
19 any Staff report, let alone a hearing or a  
20 Commission order.

21 Now, despite the length of time it  
22 took to get a final order in place, the evidence  
23 will show that the Company has delivered all of  
24 the benefits it represented AMR would deliver,  
25 and it's done so sooner than it anticipated at

1 less cost generating more savings. Thank you.

2 HEARING EXAMINER JENNINGS: Does  
3 Staff care for an opening statement?

4 MR. PARRAM: I have no response. I'm  
5 ready to proceed with the evidentiary hearing.

6 HEARING EXAMINER JENNINGS: OCC?

7 MR. SERIO: Yes, Your Honor, briefly.  
8 This is supposed to be a five-year program. The  
9 Company's own testimony shows that the Company  
10 started installing the meters in 2007 and the  
11 Company started collecting accelerated cost  
12 recovery in 2007. So that is a factual issue as  
13 to where the five years starts or stops and  
14 that's what we're here for today.

15 The only other comment I'd make is to  
16 the extent the Company is taking the position  
17 that they have delivered all the benefits that  
18 they were supposed to, under the Company's  
19 theory of cost savings, the cost savings are  
20 whatever the calculation shows and nothing  
21 more. Well, if that's the cost savings, then  
22 the fact that we go through this process every  
23 year is meaningless because the Company could do  
24 whatever it wants to to the numbers, and the  
25 cost savings are only what the cost savings are

1 and we're never allowed to look at did the  
2 Company maximize savings, which was supposed to  
3 be one of the key benefits that resulted in  
4 parties signing the original stipulation in the  
5 first place.

6 HEARING EXAMINER JENNINGS: Ms.  
7 Mooney?

8 MS. MOONEY: No comments. Thank  
9 you.

10 HEARING EXAMINER JENNINGS: Thank  
11 you. First witness.

12 MR. WHITT: Your Honor, the Company  
13 would call Ms. Vicki Friscic. May I approach?

14 HEARING EXAMINER JENNINGS: Yes.  
15 Would you raise your right hand, please.

16 - - -

17 VICKI FRISCIC  
18 called as a witness on behalf of the Applicant,  
19 being first duly sworn, testified as follows:

20 DIRECT EXAMINATION

21 By Mr. Whitt:

22 Q. Ms. Friscic, could you please state  
23 your full name for the record and your employer  
24 and title.

25 A. My name is Vicki Friscic. I'm

1 Director, Regulatory and Pricing, for Dominion  
2 East Ohio.

3 Q. Ms. Friscic, do you have in front of  
4 you a document that's been marked as DEO Exhibit  
5 1.0?

6 A. Yes.

7 Q. Is DOE Exhibit 1.0 direct testimony  
8 that you prepared for this case?

9 A. Yes, it is.

10 Q. Do you have any corrections to your  
11 testimony?

12 A. No, I do not.

13 Q. If I were to ask you the same  
14 questions that appear in DEO Exhibit 1.0 today,  
15 would your answers be the same?

16 A. Yes, they would.

17 MR. WHITT: Thank you. The witness  
18 is available for cross.

19 HEARING EXAMINER JENNINGS: Mr.  
20 Parram?

21 - - -

22 CROSS-EXAMINATION

23 By Mr. Parram:

24 Q. Good morning, Ms. Friscic.

25 A. Good morning.

1 Q. Ms. Friscic, you would agree the AMR  
2 program is supposed to last five years, right?

3 A. I agree that Dominion East Ohio  
4 discussed in its application in 06-1453 that it  
5 would begin an accelerated deployment in 2008  
6 for AMR prices that it expected to last about  
7 five years.

8 Q. They expected the program to last  
9 five years?

10 A. Yes, starting in 2008.

11 Q. But it was never sure it was going to  
12 last five years?

13 A. We anticipated that it would be about  
14 a five-year deployment, yes.

15 Q. So there was never an affirmative  
16 statement or never a sure statement by Dominion  
17 that the program would be five years long; is  
18 that correct? Is that what you're saying?

19 A. I'm saying that Dominion East Ohio  
20 stated it would implement an accelerated program  
21 for AMR deployment beginning in 2008 that it  
22 expected to last five years.

23 Q. Okay. Would you agree that the  
24 purpose of the program was to install the AMRs  
25 at an accelerated rate as opposed to either a 15

1 or 20-year installation period?

2 A. Yes. That's what we said in our  
3 application, that we would deploy the units over  
4 an anticipated five-year period of time compared  
5 to the 15 to 20 years it would take us to  
6 install those devices under the normal capital  
7 budgeting process.

8 Q. Do you know how many meters DEO was  
9 installing each year before it accelerated its  
10 rate, how many AMR devices, how many it was  
11 installing each year prior to the implementation  
12 of the program?

13 A. I know that in 2007 we installed  
14 approximately 132,000 units starting with  
15 American and Badger units that are not part of  
16 the cost recovery, and some accounts that had  
17 had numerous consecutive estimates as we were  
18 trying to comply with Minimum Gas Service  
19 Standards which had been enacted.

20 Q. How many meters were on Dominion's  
21 system prior to the implementation of the  
22 program?

23 A. We had more than 1.2 million.

24 Q. And in your initial application you  
25 said if you did not accelerate the program and

1 do it in the five-year period, you said it would  
2 take either a 15 year or 20-year period of time  
3 to replace all the AMRs?

4 A. Without cost recovery for an  
5 accelerated program, it would take 15 to 20  
6 years under the normal capital budgeting  
7 process. Cost recovery is what's requested in  
8 the application to enable us to do the  
9 accelerated deployment.

10 Q. So it was around 1.2 million meters  
11 on Dominion's system?

12 A. Yes, in excess of 1.2 million.

13 Q. In excess of 1.2 million meters. If  
14 you were to install AMRs over a 15-year period,  
15 how many AMRs would you be installing each year,  
16 approximately?

17 A. I don't know.

18 Q. Well, if you take 1.2 million -- I  
19 can provide you with a calculator, Ms. Friscic.

20 A. Well, I don't know that you can just  
21 divide the number of meters by 15 to 20 years  
22 and say that that is the number we would have  
23 installed.

24 Q. Why not?

25 A. First of all, that is not my area of

1 expertise with regard to the operational aspects  
2 of conducting the deployment. And as I know was  
3 encountered in our accelerated deployment, the  
4 access to inside meters is more difficult than  
5 deploying units on outside meters, and  
6 therefore, once the outside meters have an AMR  
7 device, and we were working towards the inside  
8 meters and getting access to customer premises,  
9 that that was a more difficult task.

10 Q. So it is not safe to assume if you  
11 have 1.2 million meters on your system and if  
12 you plan on having, let's say it would take a  
13 15-year implementation or 20-year  
14 implementation, that you would try to, I guess  
15 -- that it would be an annual amount that is the  
16 same each year?

17 A. I believe it probably would not be  
18 the same amount each year for the reason I just  
19 stated. DEO suggested or applied for approval  
20 for the accelerated deployment as a way of  
21 meeting the Minimum Gas Service Standards in a  
22 cost effective manner. Those service standards  
23 require that we get an actual meter reading once  
24 per year. Of those 1.2 million plus meters, we  
25 had approximately 560,000 of them that were



1 inside meters. So we needed to gain access to  
2 the customer premises.

3 In addition, Minimum Gas Service  
4 Standards stated that the remote index devices,  
5 that some of those accounts were not to be  
6 considered actual meter reads where the AMR  
7 device would be. And of those approximately  
8 560,000 accounts with inside meters, about  
9 373,000 of them had those remote index devices  
10 and so we could not count on that to be an  
11 actual meter read.

12 Q. Now, you say this was not your area  
13 of expertise. Explain to me what was your  
14 involvement in determining that it was, that it  
15 should be a five-year period as opposed to a 15  
16 or 20-year period?

17 A. I was not involved in that decision  
18 by the Company.

19 Q. Who made that decision?

20 A. I'm not sure of the actual person  
21 specifically involved. I know at the time of  
22 the rate case that we obtained a lot of  
23 information that we provided in discovery from a  
24 William Armstrong who is not with Dominion East  
25 Ohio currently.

1           Q.    And you heard of Mr. William  
2   Armstrong. Did Mr. William Armstrong provide an  
3   estimate as how many installations it projected  
4   over a five-year period correct?

5           A.    He did provide a projection of that.

6           Q.    So he was able to make a projection  
7   over a five-year period as to how many  
8   installations would be done each year?

9           A.    He came up with an estimate, yes.

10          Q.    Were any estimates done as to how  
11   many installations would be done over a 15-year  
12   period or 20-year period?

13          A.    I don't know the answer to that.

14          Q.    Would it be fair to say that Dominion  
15   would want to compare how many installations  
16   would be done as opposed to the five-year period  
17   and compare that to the 15-year period when they  
18   made a determination as to go with a five-year  
19   program?

20          A.    Well, as I stated, the Minimum Gas  
21   Service Standards had been adopted, and because  
22   of the number of inside meters and the  
23   difficulty that the Company had and still does  
24   have accessing inside meters, the decision was  
25   made to propose an accelerated deployment of

1 automated meter readings in order to meet those  
2 Minimum Gas Service Standards.

3 Q. Well, I'm going to ask you to just  
4 work with me here on some assumptions based upon  
5 the numbers that you and I have already talked  
6 about as to 1.2 million meters that were on your  
7 system prior to the AMR program, and assuming  
8 that you install the same amount each year over  
9 a 15-year period, based upon my calculations  
10 that would be 80,000 over 15 years. I provided  
11 you with the calculator if you would like to  
12 check my math; okay. And you have already  
13 indicated that in 2007 Dominion installed, I  
14 believe, 132,000 meters in 2007.

15 A. Yes.

16 Q. Was Dominion installing meters at an  
17 accelerated pace in 2007?

18 A. No, we were not.

19 Q. Although you would be installing  
20 80,000 over a 15-year period, and in 2007 you  
21 installed 132,000 which sort of lines up with  
22 going in a five-year period, you're saying it's  
23 not an accelerated amount of meters or an  
24 accelerated amount of installations in 2007?

25 MR. WHITT: I'll object. Asked and

1 answered.

2 HEARING EXAMINER JENNINGS: I'll

3 allow the question.

4 THE WITNESS: I'm sorry?

5 HEARING EXAMINER JENNINGS: Answer if  
6 you're able.

7 A. What DEO proposed in its application  
8 is that it would begin an accelerated deployment  
9 by installing 250,000 units beginning in 2008.

10 Q. Did Dominion recover any cost for the  
11 installation of AMRs in 2007?

12 A. We did. That was approved in the  
13 initial cost recovery charge proceeding, and  
14 there was no time, specified time limit on the  
15 recovery period.

16 Q. And this recovery came in the form of  
17 AMR cost recovery charge, correct?

18 A. Correct.

19 Q. Which is the rider which was approved  
20 in the '07 case?

21 A. Yes.

22 Q. And the AMR cost recovery charge is  
23 to recover for the accelerated installation of  
24 the AMR devices; is that correct?

25 A. That's correct.

1           Q.    Now, you mentioned the Minimum Gas  
2   Service Standard rules in conjunction with, and  
3   then you filed an application -- or for waiver  
4   in conjunction with your application to  
5   implement the AMR program; a waiver of certain  
6   Minimum Gas Service Standard rules; is that  
7   correct?

8           A.    Correct.

9           MR. PARRAM:  If I could hold on for a  
10   second, Your Honor.  We're still marking  
11   exhibits.  May I approach the witness, Your  
12   Honor?

13           HEARING EXAMINER JENNINGS:  Yes.

14           (EXHIBIT HEREBY MARKED.)

15           Q.    Ms. Friscic, I'm handing you a  
16   document that's been marked for purposes of  
17   identification as Staff Exhibit 1.  It is an  
18   application that was filed by Dominion East Ohio  
19   in Case No. 06-1452-GA-UNC.

20           Ms. Friscic, do you have Staff  
21   Exhibit 1 in front of you?

22           A.    Yes.

23           Q.    Would you mind turning to page 2 of  
24   Staff Exhibit 1.  Before I ask you that, are you  
25   familiar with this document?

1 A. Generally, yes.

2 Q. What is this document?

3 A. This document is an application  
4 requesting approval for waivers of certain of  
5 the Minimum Gas Service Standard rules.

6 Q. On page 1 of this document in the  
7 application, I think it is in the Introduction  
8 paragraph, about four lines down there's a  
9 sentence that says "The rules go into effect  
10 January 1st of 2007." Do you see that?

11 A. Yes, I do.

12 Q. Were you aware that the rules went  
13 into effect January 1st, 2007?

14 A. Yes.

15 Q. If you could turn to page 2, please,  
16 at the top of the page it says, "The waiver  
17 would apply from the effective date of the MGSS  
18 rules until such time as Dominion completes the  
19 deployment of AMR devices throughout its system,  
20 which the Company estimates will take five  
21 years." Do you see that?

22 A. Yes, I do.

23 Q. So this application was filed for a  
24 waiver of MGSS rules from the effective date of  
25 the MGSS rules for a period of five years; is

1 that correct?

2 A. That is what the application states.

3 Q. Okay.

4 MR. PARRAM: May I approach the  
5 witness, Your Honor?

6 HEARING EXAMINER JENNINGS: Yes.

7 (EXHIBIT HEREBY MARKED.)

8 Q. Ms. Friscic, I'm handing you a  
9 document that's been marked for purposes of  
10 identification as Staff Exhibit 2. It is an  
11 entry in the previously mentioned case, Case No.  
12 06-1452-GA-WVR.

13 Ms. Friscic, do you have Staff  
14 Exhibit 2 in front of you?

15 A. Yes, I do.

16 Q. Have you seen this document before?

17 A. Yes.

18 Q. Do you know what it is? Do you need  
19 time to take a look at it?

20 A. Yes.

21 Q. Go ahead.

22 A. Thank you. This document is an entry  
23 in which the Commission is ruling on the waivers  
24 that had been requested by Dominion East Ohio.

25 Q. And so that Staff Exhibit 2 was an

1 entry granting the application that was  
2 previously mentioned, which is marked as Staff  
3 Exhibit 1; is that correct?

4 A. That appears to be correct.

5 Q. Would you turn to page 5, please. Go  
6 down to the middle of the first block paragraph,  
7 there's a sentence that starts, "With these  
8 caveats in mind." Do you see where I'm at?

9 A. I do.

10 Q. "With these caveats in mind, the  
11 Commission concludes that DEO's request for a  
12 temporary waiver of paragraph (G)(1) of Rule  
13 4901:1-13-04 of the Ohio Administrative Code  
14 allowing DEO to treat RMI equipment readings as  
15 actual readings, should be granted for a period  
16 of five years." Do you see that?

17 A. Yes, I see that.

18 Q. And this waiver was granted in  
19 conjunction with the time period for the AMR  
20 accelerated deployment program; is that correct?

21 A. Would you repeat that question?

22 Q. Sure. The time frame five-year  
23 period of this waiver was in conjunction with  
24 the time frame for the AMR program, correct?

25 MR. WHITT: I'll object, Your Honor,



1 to the extent the witness is being asked to  
2 interpret what the Commission meant in its  
3 order. The order says what it says.

4 MR. PARRAM: I'm asking her opinion  
5 what the order says. I'm not saying that she  
6 speaks for the Commission. I'm just asking what  
7 her understanding of that document is.

8 HEARING EXAMINER JENNINGS: Objection  
9 overruled.

10 A. The passage that you read does not  
11 say that this five-year period coincides with  
12 the accelerated deployment period proposed by  
13 Dominion East Ohio.

14 Q. Okay. Ms. Friscic, isn't it true  
15 that the waiver was to specifically coincide  
16 with the time frame for the AMR deployment?

17 A. First of all, the application for  
18 both the AMR deployment cost recovery and the  
19 waivers was filed in December 2006, and DEO  
20 certainly anticipated approval prior or to occur  
21 before October of 2008 which is where we  
22 ultimately got approval. The five-year period  
23 for the waivers is what we felt we needed to get  
24 far enough along in the AMR program that we  
25 would not need to rely on those remote index

1 devices to be actual reads.

2 The application with regard to  
3 accelerated deployment cost recovery  
4 specifically stated that the accelerated  
5 deployment would begin in January 2008. That  
6 document was filed at the same time as this  
7 document.

8 Q. Okay. So your statement is that the  
9 time frame for the waiver was not supposed to  
10 specifically coincide with the deployment of the  
11 AMR devices?

12 A. Not necessarily specifically,  
13 correct.

14 Q. If you can go back to Staff Exhibit  
15 1, and on page 2 the sentence that we read  
16 earlier, "The waiver would apply from the  
17 effective date of the MGSS rules until such time  
18 as Dominion completes the deployment of the AMR  
19 devices throughout its system," that does not  
20 mean that this waiver is supposed to apply to  
21 coincide with the AMR deployment program?

22 A. I'm sorry. On page 2, what are you  
23 looking at?

24 Q. Page 2 of Staff Exhibit 1 at the very  
25 top, the first full sentence, "The waiver would

1 apply from the effective date of the MGSS rules  
2 until such time as DEO completes the deployment  
3 of AMR devices through the system," that  
4 statement does not mean the waiver was going to  
5 coincide with the five-year time frame for the  
6 AMR program?

7 MR. WHITT: I'll object, Your Honor.  
8 The record should reflect that Staff Exhibit 1.0  
9 is an application that I prepared and signed.  
10 If the witness has some understanding of what  
11 she thinks this means, that's one thing; but I  
12 don't think it is appropriate to ask her to  
13 interpret what the drafter of the document meant  
14 in the application.

15 HEARING EXAMINER JENNINGS: Mr.  
16 Parram?

17 MR. PARRAM: Right. I'm asking for  
18 her interpretation of the application. Much  
19 like the last objection, I'm just asking her  
20 what she specifically thinks. I wasn't sure if  
21 she was saying the waiver coincides with the AMR  
22 program. I'm trying to make sure that I got her  
23 understanding on the record.

24 Q. So as to your understanding,  
25 Ms. Friscic.

1 HEARING EXAMINER JENNINGS: I'll  
2 overrule the objection.

3 Q. As to your understanding of the  
4 application.

5 A. I think it's fair to say that the  
6 five-year period was to generally coincide.  
7 However, Dominion's position is that the  
8 accelerated deployment began in 2008.

9 Q. Just generally coincide?

10 A. Generally coincide.

11 Q. Do you have a copy of your prefiled  
12 direct testimony with you, Ms. Friscic?

13 A. Yes, I do.

14 Q. Can you turn to page 11 of your  
15 testimony?

16 A. Yes.

17 Q. At line 20 you state, "In this light,  
18 it is a mystery what Staff thinks would be  
19 gained by terminating the initial authorization  
20 and requiring DEO to file another application  
21 for authority to deploy the remaining 9,530  
22 devices." When you say "terminate," who are you  
23 talking about terminating something in that  
24 sentence?

25 A. It's my understanding that Staff's

1 testimony in this case states that the program,  
2 the accelerated deployment ended as of December  
3 31, 2007, and for the reasons we have discussed  
4 here, DEO does not believe that the program  
5 ended as of December 31, 2007 -- or pardon me,  
6 2011, excuse me.

7 Q. So it's your understanding that  
8 Staff's position is that the Commission only  
9 gave Dominion until the end of 2011 to complete  
10 the AMR plan; is that correct?

11 A. Could you repeat that, please?

12 Q. Sure. Is it your understanding that  
13 Staff's position is that the Commission has not  
14 given Dominion authority to install the AMRs in  
15 2012, or are you indicating that Staff should  
16 recommend that the Commission revoke some type  
17 of authority from Dominion?

18 A. No, that latter is not what I'm  
19 saying. Staff has stated that Dominion East  
20 Ohio doesn't have the authority to install  
21 and/or receive cost recovery for the 9,530 units  
22 that it had in inventory as of December 31,  
23 2011; that we don't have authorization for  
24 that. I believe that's Staff position.

25 Q. Okay. But you do understand that

1 Staff is not opposed to Dominion getting  
2 authority from the Commission to install the  
3 AMRs in 2012?

4 A. Staff has made that statement,  
5 correct.

6 Q. So that is your understanding of  
7 Staff's position?

8 A. Correct.

9 Q. Okay. Ms. Friscic, you do  
10 understand that Staff has not recommended that  
11 the Commission find that \$6 million is the  
12 appropriate level of O&M savings in this case,  
13 correct?

14 MR. WHITT: I object. No. 1, it  
15 mischaracterizes Staff's position. No. 2, Staff  
16 can explain its position; and frankly, I'm not  
17 sure our witnesses are capable of discerning  
18 exactly what their position is, but it's unfair  
19 to characterize it in a way that's inconsistent  
20 with the testimony and get the witness to agree  
21 to that.

22 HEARING EXAMINER JENNINGS: Mr.  
23 Parram, do you have a response?

24 MR. PARRAM: Ms. Friscic, in her  
25 testimony, discusses the \$6 million amount that

1 was initially, I guess, raised in a discovery  
2 response in the 07 rate case. She specifically  
3 talks about the \$6 million amount, and I want to  
4 make sure that I understand what her position is  
5 as it relates to Staff's position. She  
6 testifies about it. I'm just trying to get an  
7 understanding of what her understanding is. I'm  
8 not asking her to say what Staff has said, Staff  
9 will put on their own case, but I'm certainly  
10 asking the witness about something specific that  
11 was mentioned in her testimony.

12 MR. WHITT: If we could have a page  
13 and line number, that would be helpful.

14 MR. PARRAM: Page 18, line 12. "You  
15 also mentioned that Staff's comments relied upon  
16 the notion that DEO failed to realize \$6 million  
17 in O&M savings for ratepayers by the final year  
18 of installations. Do you agree with Staff's  
19 statement?" And the answer is "No."

20 HEARING EXAMINER JENNINGS: I'll  
21 overrule the objection and allow the question.

22 Q. Ms. Friscic, is it your understanding  
23 that Staff -- let me rephrase.

24 You do recognize Staff has not  
25 recommended that the Commission find that \$6

1 million is the appropriate level of O&M savings  
2 in this case?

3 A. I do understand that there has been  
4 no statement that \$6 million is the appropriate  
5 level of savings in this case. However, Staff  
6 is suggesting that savings that weren't actually  
7 incurred should be imputed to us in this case,  
8 and we do not agree with that position.

9 Q. Were you involved at all in the  
10 2009-1875 case?

11 A. Yes, I was.

12 Q. And you are aware an order was issued  
13 in that case?

14 A. Yes.

15 MR. PARRAM: May I approach the  
16 witness, Your Honor?

17 HEARING EXAMINER JENNINGS: Yes.

18 (EXHIBIT HEREBY MARKED.)

19 Q. Ms. Friscic, I'm handing you a  
20 document that's been marked for purposes of  
21 identification as Staff Exhibit 3. It is the  
22 Opinion and Order from Case No. 09-1875-GA-RDR.

23 Ms. Friscic, do you have Staff  
24 Exhibit 3 in front of you?

25 A. Yes, I do.



1 Q. And is this the Opinion and Order we  
2 were just previously talking about?

3 A. Yes, it is.

4 Q. You made a statement shortly ago  
5 about your position or Dominion's position about  
6 imputed savings.

7 A. Yes.

8 Q. Was that something that was discussed  
9 in the Opinion and Order in this case or where  
10 do you get the terminology "imputed savings"  
11 from?

12 A. Well, I believe that that is a  
13 concept that was discussed in the 09-1875 case.

14 Q. And as you were involved in the  
15 09-1875 case, were you aware that OCC had a  
16 position as it relates to how the Commission  
17 calculates O&M savings in that particular case?

18 A. Yes.

19 Q. Are you familiar with the methodology  
20 or calculation that OCC had in that case?

21 A. I believe that OCC felt that savings  
22 in that case should be imputed based on 58  
23 percent of the 6 million. I'm not recalling  
24 specifically how it was stated, but I think  
25 generally that is what was suggested by OCC.

1 Q. And have you had an opportunity to  
2 review the testimony that was filed by Staff in  
3 this case, particularly Mr. Kerry Adkins?

4 A. I'm not sure that I did review that  
5 in preparation for this hearing.

6 Q. Okay. Did you review the Staff  
7 comments in preparation for this hearing?

8 A. In this case?

9 Q. In this particular case.

10 MR. WHITT: I think we need  
11 clarification of which case.

12 HEARING EXAMINER JENNINGS: Mr.  
13 Parram, are we talking about this case or the  
14 09-1875 case?

15 MR. PARRAM: I'm talking about the  
16 direct testimony that was filed in this  
17 particular case and Staff comments that were  
18 filed in this particular case.

19 A. Yes.

20 Q. Okay. I apologize.

21 A. In this particular case, in this AMR  
22 cost recovery proceeding, I did review Staff  
23 comment and Staff testimony.

24 Q. Okay. And in particular, Mr. Adkins'  
25 testimony that was filed in this particular

1 case?

2 A. Yes. I did review that.

3 Q. And do you understand that Mr. Adkins  
4 has come up with a methodology or calculation as  
5 to Staff's position as to what the O&M savings  
6 could or should be?

7 A. I believe that he included a  
8 calculation of savings that Staff is saying  
9 should be imputed to DEO in this case.

10 Q. So you are aware of a calculation  
11 that Mr. Adkins set forth?

12 A. I did review that calculation, yes.

13 Q. Is it your understanding that that  
14 calculation or methodology is the same  
15 methodology that was used by OCC in the 09-1875  
16 case?

17 A. While that calculation methodology is  
18 not the same as the methodology suggested by OCC  
19 in the 09-1875 case, it nonetheless is a  
20 methodology that comes up with an amount of  
21 proposed O&M savings proposed by Staff that is  
22 not what has been agreed to and certainly not  
23 what was actually achieved by Dominion East  
24 Ohio.

25 Q. So just to clarify, you do understand

1 that the methodology that's been set forth by  
2 Mr. Adkins in his prefiled testimony in this  
3 particular case is different from the  
4 methodology that was used by OCC in the 09-1875  
5 case, correct?

6 A. Correct, not the same but both are  
7 calculating savings which were not actually  
8 achieved.

9 Q. Ms. Friscic, could you please go to  
10 page 7 of the Opinion and Order which is Staff  
11 Exhibit 3.

12 A. I'm there.

13 Q. The second full paragraph, have you  
14 read this particular provision in the Opinion  
15 and Order before?

16 A. I have read it before.

17 Q. After the Opinion and Order came out  
18 in this particular case -- I'm sorry, after the  
19 Opinion and Order came out, or Staff Exhibit 3  
20 came out, what steps did Dominion take to  
21 accelerate its AMR implementation or  
22 installation process?

23 A. I believe that that question would be  
24 better asked of Dominion East Ohio Witness Cari  
25 Fanelly.

1 Q. Okay. And we do have questions for  
2 Ms. Fanelly. I just want to make sure, are you  
3 aware, are you personally aware of any changes  
4 that were made by Dominion as it relates to  
5 accelerating their program after Staff Exhibit 3  
6 was issued?

7 A. I'm aware that Dominion East Ohio did  
8 everything it could to try to get AMR  
9 installations completed by the end of 2011, even  
10 though we don't agree that that's the end of the  
11 accelerated period. So I believe we did -- I  
12 believe we complied with that order and that we  
13 did everything we could to complete the program  
14 and pass back savings and that we did, in fact,  
15 pass back some money savings.

16 Q. But you are not --

17 A. The operational details of that, I am  
18 less familiar with.

19 Q. Not familiar with; you are not  
20 familiar with the details of what exactly was  
21 done in response to Staff Exhibit 3?

22 A. I am aware of that but that is not my  
23 area of expertise.

24 Q. If you could look at Staff Exhibit 3  
25 again, in the paragraph we were just discussing

1 that starts with "While the evidence in this  
2 case." Now, is it your understanding that the  
3 Commission directed Dominion to demonstrate how  
4 to achieve installation of devices by the end of  
5 2011?

6 A. It directed us to file with the  
7 filing we made in February 2011 a demonstration  
8 of how we would achieve the installation of the  
9 devices by the end of 2011, and we did, in fact,  
10 include that with our filing. We included what  
11 we refer to as an AMR plan. It was filed as an  
12 exhibit to our application.

13 Q. The Commission's order also directed  
14 Dominion to deploy the devices in a manner that  
15 would maximize savings by allowing rerouting at  
16 the earliest possible time; is that correct?

17 A. That is correct, and we believe we  
18 have complied with that and that we did deploy  
19 the unit in a way that maximized savings and  
20 made rerouting possible at the earliest possible  
21 time.

22 (EXHIBIT HEREBY MARKED.)

23 MR. PARRAM: May I approach the  
24 witness, Your Honor?

25 HEARING EXAMINER JENNINGS: Yes.

1           Q.    Ms. Friscic, I'm handing you a  
2   document that's been marked for purposes of  
3   identification as Staff Exhibit 4.  It's  
4   Dominion East Ohio's Automated Meter Reading  
5   Plan Update.  Ms. Friscic, do you have this  
6   document in front of you?

7           A.    Yes, I do.

8           Q.    Are you familiar with this document?

9           A.    Yes.

10          Q.    What is this document?

11          A.    This document is an update of the  
12   Automated Meter Reading Plan that DEO submitted  
13   in 2011 with our application filed in February  
14   2011.  It's an update of that plan.

15          Q.    And could you turn to page 2 of this  
16   document.  Are you there?

17          A.    I'm there.

18          Q.    There's a table at the top portion of  
19   page 2 that indicates the amount of AMR  
20   installations from 2007, 2008, 2009, 2010, 2011.  
21   Do you see that?

22          A.    I do.

23          Q.    And you'll notice in 2009 that  
24   Dominion installed 332,135 AMRs, and then from  
25   2010, 2011 the amount of installations

1 decreased. Do you know why the amount of  
2 installations decreased after 2009?

3 A. It's my understanding that the number  
4 of installations in 2009 was greater because  
5 Dominion East Ohio was able to install AMR units  
6 on meters that were outside the customer  
7 premises and were readily accessible, so we got  
8 the low hanging fruit, if you will.

9 Subsequent to that time, we had more  
10 meters that we were having to access inside the  
11 customers' premises and that was more difficult  
12 to do.

13 Q. When you say that's your  
14 understanding, where does that understanding  
15 come from?

16 A. Discussions in this case with Cari  
17 Fanelly and the operations group responsible for  
18 the deployment.

19 Q. Do you know why there was a decrease  
20 from 2010 to 2011?

21 A. I don't know the specific reason  
22 except that, if I may continue, there were fewer  
23 that needed to be installed in 2011 than there  
24 were in 2010. Those were remaining meters  
25 except for the 9,530 that we were not able to



1 install.

2 Q. So the reason that in 2011 there's  
3 243,617 is because that was what was left,  
4 excluding the 9,000?

5 A. Correct, of active meters.

6 Q. Are you aware of why 9,000 weren't  
7 installed in 2011?

8 A. Yes. The 9,530 meters that were not  
9 installed by the end of 2011, some of those were  
10 for large commercial accounts that required a  
11 specific scheduling for us to gain access  
12 because it would interfere with their operations  
13 for the installation, and the others were what  
14 we refer to as hard-to-access accounts,  
15 accounts which, despite repeated notices by  
16 Dominion East Ohio, had not given us access to  
17 their premise to install the AMR unit.

18 Q. Okay. So for the hard-to-access  
19 meters and the commercial meters, was this a new  
20 issue in 2010 or was this something that  
21 Dominion had encountered throughout the AMR  
22 plan?

23 A. Would you repeat the question,  
24 please?

25 Q. Sure. You indicated that Dominion

1 had problems or encountered issues with  
2 installing AMR devices on commercial customers  
3 and hard-to-access customers, correct?

4 A. Yes.

5 Q. This issue with accessing those two  
6 particular customers, was this a new problem in  
7 2011 or was this a problem that Dominion had  
8 encountered in all the years prior?

9 A. I can't speak directly to the  
10 commercial meters, but certainly the  
11 hard-to-access meters, that issue existed in  
12 prior years as well.

13 Q. So hard to access was not a new  
14 issue?

15 A. It was not a new issue. Dominion  
16 East Ohio did get outside meters, for the most  
17 part, sooner because it could, and was working  
18 toward getting the inside meters.

19 Q. But you cannot speak to the  
20 commercial customers specifically on that issue?

21 A. Correct.

22 Q. Okay. And so your understanding of  
23 commercial customers being a problem, that comes  
24 from -- Ms. Fanelly gave you that?

25 A. Right. She should be able to address

1 that.

2 Q. Can you go back to your prefiled  
3 direct testimony? Do you still have a copy in  
4 front of you?

5 A. Yes, I do.

6 Q. On page 22 of your testimony you have  
7 a discussion regarding a discovery response and  
8 how it is involved in this case.

9 A. Correct.

10 Q. Would you agree with me that the  
11 Staff should be able to rely upon information  
12 provided by Dominion, rely upon information  
13 provided by Dominion in response to data  
14 requests?

15 A. That particular data request was a  
16 projection of O&M savings made during the rate  
17 case several years prior, and I think in the end  
18 what my thought is, is that it really isn't  
19 significant in this case because Dominion East  
20 Ohio did exceed those projections. So we don't  
21 agree that projections are guarantees of savings  
22 that will occur. However, we have exceeded  
23 those through the end of 2011.

24 Q. And just to tie back what we talked  
25 about earlier, you do understand that Staff is

1 not suggesting that with regard to the \$6  
2 million amount that was set forth in data  
3 request, correct?

4 A. That is correct. However, I do  
5 understand that Staff is suggesting that there  
6 were not enough savings in 2011, and what my  
7 position is, is that we exceeded projections  
8 which others have relied on. We don't agree  
9 that those are any guarantee, but we have  
10 exceeded them nonetheless.

11 Q. And when you say they are projections  
12 or estimates, when Dominion provides these  
13 projections in the response to a data request,  
14 these projections, they're good faith estimates,  
15 correct? I mean, they're based upon the facts  
16 known at the time?

17 A. Correct. They are good faith  
18 estimates based on facts available at the time,  
19 yes.

20 Q. So the estimates are actually based  
21 upon facts that are known?

22 A. At that time, yes.

23 Q. What is your definition of "critical  
24 mass"?

25 A. My understanding of critical mass is

1 that we had to have a sufficient level of AMR  
2 devices installed in a particular area in order  
3 to be able to move to monthly meter reading and  
4 subsequent rerouting.

5 Q. I just want -- when you say it's your  
6 understanding, is there not a specific level  
7 that defines what critical mass is?

8 A. I believe as stated in one of the  
9 documents, the AMR plan or the Meter Reading  
10 Plan, that critical mass was possibly defined as  
11 95 percent saturation in a given area. Again,  
12 this isn't my area of expertise.

13 Q. Okay. And with critical mass, if  
14 Dominion reaches critical mass earlier, then  
15 more savings will be realized to customers?

16 A. I'm not sure that specific conclusion  
17 can be reached as a direct relationship; but my  
18 understanding is that as critical mass was  
19 reached in a given area, we would be able to  
20 reroute that particular area and by doing that,  
21 as it went through the program and rerouted, we  
22 were able to achieve savings by the reduction of  
23 meter readers and meter reading routes as we  
24 went. So it has a relationship to savings.

25 Q. Once critical mass is reached, is it

1 then possible to release meter readers for a  
2 particular area?

3 A. I believe there's more to it than  
4 that, and that is a question perhaps that would  
5 be better asked of Cari Fanelly.

6 Q. Okay.

7 MR. PARRAM: That's all we have, Your  
8 Honor.

9 MR. WHITT: Your Honor, could we  
10 take a recess before the next round of  
11 questions? The witness has been on the stand  
12 for over an hour.

13 HEARING EXAMINER JENNINGS: Let's  
14 take a five-minute break.

15 (Off the record.)

16 HEARING EXAMINER JENNINGS: Mr.  
17 Serio?

18 MR. PARRAM: If I could jump back and  
19 try to get my exhibits in?

20 HEARING EXAMINER JENNINGS: Okay.

21 MR. PARRAM: Staff would like to  
22 move for admission of Exhibits 1 through 4.

23 MR. WHITT: No objection.

24 MR. SERIO: No objection, Your Honor.

25 HEARING EXAMINER JENNINGS: Hearing

1 no objection, Staff Exhibits 1 through 4 will be  
2 admitted into the record.

3 (EXHIBITS HEREBY ADMITTED.)

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Serio:

7 Q. Good morning, Ms. Friscic.

8 A. Good morning, Mr. Serio.

9 Q. Could you get Staff Exhibit 4 if you  
10 have it there, please. On page 2 it lists how  
11 many AMRs were installed by year, correct?

12 A. Correct.

13 Q. And I believe you indicated that the  
14 132,000 meters that were installed in 2007, that  
15 was not an accelerated installation program,  
16 correct?

17 A. That is correct.

18 Q. Do you know how many meters were  
19 installed in 2006?

20 A. I do not know that answer.

21 Q. Do you know if it was in the  
22 magnitude of over 100,000?

23 A. It was not.

24 Q. Do you know if it was in the  
25 magnitude of over 50,000?

1 A. No.

2 Q. Do you know if it was in the  
3 magnitude of over 25,000?

4 A. I don't know what the number was.

5 Q. If 132,000 was not an accelerated  
6 installation program, to your knowledge was that  
7 a normal installation program?

8 A. My understanding is that DEO did  
9 begin to install AMR devices to work towards  
10 compliance with Minimum Gas Service Standards,  
11 but that it was not the accelerated deployment  
12 that we requested in the application. We  
13 proceeded without approval for our application.  
14 We proceeded but not in the accelerated fashion  
15 that we were proposing in our application.

16 Q. When you say "application," you are  
17 referring to the 06-1453-GA-UNC application,  
18 correct?

19 A. That is correct.

20 Q. So the Company went ahead and began  
21 installing meters but not in an accelerated  
22 manner but in an attempt to address MGSS  
23 concerns, correct?

24 A. That's my understanding, correct.

25 Q. So if the Commission would have



1 denied your application to do accelerated rate  
2 recovery, the Company would have continued  
3 installing meters at 132,000 approximately a  
4 year in order to comply with MGSS requirements,  
5 correct?

6 A. I do not know what we would have done  
7 if the application had been denied. I don't  
8 know at what rate we would have installed those  
9 devices.

10 Q. Now, when the Company indicated that  
11 it would normally take 15 to 20 years to replace  
12 all the meters, was that assuming that you would  
13 do them on a consistent basis or was that  
14 assuming that one year you'd install 200,000,  
15 the next year five, the third year 150,000, the  
16 next year six or 7,000? Do you have any idea?

17 A. I do not have any idea.

18 Q. So when the Company said 15 to 20  
19 years, you have no knowledge regarding how the  
20 meters would have been installed?

21 A. That's correct.

22 Q. Now, Staff Exhibit No. 1 is the  
23 application in the 06-1452-GA-UNC case, correct?

24 A. Correct.

25 Q. And I believe counsel indicated that

1 he was the author of this document?

2 A. Yes.

3 Q. Did you review this document before  
4 it was filed with the PUCO?

5 A. I was not involved with the filing of  
6 this application.

7 Q. Do you know if anyone at Dominion  
8 reviewed this document before it was filed?

9 A. I'm sure it was reviewed by Dominion  
10 East Ohio before it was filed.

11 Q. Do you know if that employee would  
12 have been Jeff Murphy?

13 A. It is likely to have been Jeff  
14 Murphy, yes.

15 Q. And so we're clear, Mr. Murphy's  
16 current title at Dominion?

17 A. Managing Director, Commercial  
18 Operations.

19 Q. And at the time that this application  
20 in the 1452 case was made, he was not in his  
21 current position, correct?

22 A. That's correct.

23 Q. Now, the Company requested a  
24 five-year waiver from the MGSS requirements,  
25 correct?

1 A. Yes, certain of them, correct.

2 Q. And the Commission entry, Staff  
3 Exhibit No. 2, granted that five-year request  
4 from the date that the MGSS rules went into  
5 effect January 1st, 2007, correct?

6 A. Correct.

7 Q. So the Company understood that it was  
8 a priority to replace all of the indoor meters  
9 within that five-year period in order to have  
10 the waiver from the MGSS requirements, correct?

11 A. Could you ask that again, please?

12 MR. SERIO: Can you repeat that,  
13 please?

14 (Question read.)

15 A. The company knew that installing an  
16 AMR device on indoor meters through our proposed  
17 accelerated deployment period was important to  
18 enable us to meet the Minimum Gas Service  
19 Standards.

20 Q. But the Company also understood the  
21 waiver was for only five years, so was it a  
22 priority for the Company to get all the indoor  
23 meters done before the expiration of that  
24 five-year waiver?

25 A. I know that the Company knew it was

1 important to accomplish that. Now, in terms of  
2 priority of installation, that's not my area of  
3 expertise.

4 Q. Who would be the person with  
5 expertise regarding whether the installation of  
6 the indoor meters within the five-year waiver  
7 time period was a priority?

8 A. Cari Fanelly may be able to answer  
9 that.

10 Q. And if not Ms. Fanelly, then who  
11 would that person be?

12 A. I'm not sure.

13 Q. Do you know who made the decision at  
14 Dominion to make the request for the waiver in  
15 the 06-1452 proceeding?

16 A. I was not involved in the development  
17 of the application in the filing of the waiver  
18 request at that time, so I really can't speak to  
19 exactly who was involved in the decisions made  
20 at that time.

21 Q. Okay. If you could turn to your  
22 prefiled direct testimony on page 1, on line 15  
23 you have a bullet point that says, "Savings has  
24 been realized more quickly and in a greater  
25 amount than estimated during the proceeding in

1 which the program was approved." Do you see  
2 that.

3 A. Yes.

4 Q. And are you there referring to the  
5 estimate that Mr. Armstrong made during the  
6 Company's 2007 rate case?

7 A. Yes, I am, because I know that that  
8 is a discovery response that has been referred  
9 to in this case.

10 Q. Are you aware that there was an  
11 estimate for call center cost savings in that  
12 proceeding also?

13 A. Yes.

14 Q. And if you turn to Staff Exhibit 3,  
15 the Opinion and Order in the 09-1875 case, and  
16 you turn to page 8, if you look down to footnote  
17 3, I believe the second sentence says, "In OCC's  
18 comments, OCC argued that, based on a DEO  
19 estimate of \$765,000 in call center savings upon  
20 full deployment of the AMR program," do you see  
21 that sentence?

22 A. I do.

23 Q. And that cites to an OCC exhibit in  
24 the 09-1875 proceeding, correct?

25 A. Correct.

1           Q.    Are you familiar with that estimate  
2 of 765,000?

3           A.    Yes, I am.

4           Q.    To date has the Company reported any  
5 cost savings for call center '09?

6           MR. WHITT:  Objection.  It's beyond  
7 the scope of the witness's direct and it's also  
8 not an issue mentioned in OCC's comment.

9           MR. SERIO:  Your Honor, the Company's  
10 testimony says that it's more quickly and in a  
11 greater amount estimated during the proceedings.  
12 The witness just acknowledged that call center  
13 savings were part of that base proceeding and  
14 her statement is that they were greater, so I  
15 have a right to ask whether they have been  
16 actually greater than the estimate that she's  
17 familiar with.

18           MR. WHITT:  The witness says she  
19 knows there was an estimate.  It is not her  
20 estimate.  No estimate has been presented.  
21 There's an assumption that it exists somewhere.  
22 Perhaps it does.  But this general line of  
23 questioning upon something for which there's no  
24 foundation is not appropriate.

25           HEARING EXAMINER JENNINGS:  I'll

1     overrule the objection. You may answer to the  
2     extent that you can.

3             A.     Would the question be read, please?

4             MR. SERIO: I can rephrase it, Your  
5     Honor.

6             Q.     To date has the Company reported any  
7     call center cost savings in any of the AMR  
8     proceedings that have been filed since the  
9     initial one?

10            MR. WHITT: I'll again object. It's  
11     very clear from the context of the witness's  
12     testimony that she's referring to meter reading  
13     O&M savings and not call center savings, if any.

14            MR. SERIO: Your Honor, first of all,  
15     if counsel wants to testify, he can take a seat.  
16     There is nothing in the witness's testimony that  
17     says it's limited to the O&M savings with meter  
18     reading. It says savings have been realized,  
19     that's a fact, more quickly and in a greater  
20     amount than estimated. So I have a right to ask  
21     if any savings have been achieved and compare  
22     that number to the estimate to determine if this  
23     is a correct statement or not.

24            HEARING EXAMINER JENNINGS: Again,  
25     I'll overrule the objection. The witness can

1 answer so far as the scope of the savings that  
2 she refers to in her testimony.

3 A. First, as stated in the footnote,  
4 Mr. Serio, that you pointed out to me in the  
5 Opinion and Order in the 09-1875 case, DEO's  
6 estimate of call center savings was upon full  
7 deployment of the AMR program.

8 Second, I would state that the meter  
9 reading savings that DEO has achieved and it  
10 pays back to customers has exceeded what was  
11 projected for both meter reading savings and  
12 that estimate of call center savings.

13 Q. Have there been any specific call  
14 center savings reported to date?

15 A. No.

16 Q. And you're acknowledging that upon  
17 full deployment, that's when we might see call  
18 center savings, correct?

19 A. That was what that response, that  
20 data request response regarding call center  
21 savings that was in the rate case said.  
22 However, this case 09-1875 changed the  
23 calculation of call center savings and DEO has  
24 complied with the Commission's requirement as to  
25 how we calculate call center savings.



1 Q. Now, you have indicated previously  
2 that meter installations in 2007 were not on an  
3 accelerated basis. Were the installations in  
4 2008 on an accelerated basis?

5 A. Yes.

6 Q. And is that beginning January 1st,  
7 2008 or is there some other date during 2008  
8 when, in your mind, accelerated deployment  
9 began?

10 A. It's fair to say it began at the  
11 beginning of 2008, yes.

12 Q. Now, on page 3 of your testimony, the  
13 question and answer on lines 18 and 19, you  
14 indicate there that "DEO stated that with rider  
15 recovery it intended to pursue an accelerated  
16 five-year deployment, beginning in '08." Can  
17 you point to any specific document where it says  
18 that you'd begin accelerated deployment in '08?

19 A. Yes. I would refer to Dominion East  
20 Ohio's application in Case No. 06-1453. I don't  
21 have that in front of me.

22 MR. SERIO: Can I approach, Your  
23 Honor?

24 HEARING EXAMINER JENNINGS: Yes.

25 MR. SERIO: I don't have copies for

1 everyone but I do have a single copy.

2 MR. WHITT: I have copies.

3 Q. I'd like to hand you the application  
4 in 06-1453-GA-UNC. Do you see that?

5 A. Yes, I do. Thank you.

6 Q. And just for purposes of  
7 identification, that's a nine-page document,  
8 correct?

9 A. Correct.

10 Q. And that to the best of your  
11 knowledge is the application that the Company  
12 made in the 06-1453 case, correct?

13 A. That is correct.

14 Q. Okay. On page 4 of that document in  
15 the paragraph numbered 6, DEO states "Under a  
16 five-year schedule, the Company would install  
17 250,000 ERT units per year beginning in January  
18 2008."

19 Now, on page 5 of your testimony,  
20 you state that the program is substantially  
21 complete as of December 31st, 2011.

22 A. Correct.

23 Q. Now, when you say "substantially  
24 complete," just so that we're talking the same  
25 thing, what do you mean by that?

1           A.    By "substantially complete" I mean  
2           that Dominion East Ohio had installed AMR  
3           devices on greater than 99 percent of its active  
4           meters by December 31, 2011.

5           Q.    So substantial completion and full  
6           deployment, could those terms be used  
7           interchangeably?

8           A.    I believe that would be fair, yes.

9           Q.    Now, on the same page, page 5 of your  
10          testimony, you talk about the total capital  
11          investment to date has been approximately \$90  
12          million.

13          A.    Correct.

14          Q.    What is your estimate of the  
15          remaining capital cost to complete the remaining  
16          commercial and hard-to-get-to indoor meters?

17          A.    That's a calculation I haven't made.

18          Q.    Now, when you indicate on page 1 of  
19          your testimony that the program is under budget,  
20          how can you say that it's under budget if you  
21          don't know how much it's going to cost to  
22          install the remaining meters?

23          A.    The original estimate of the program  
24          cost reflected in our application in the 06-1453  
25          case was 100 to 110 million. As of December

1 31st the program cost was \$90.3 million. We  
2 have 9,530 units left to install as of December  
3 31, inactive meters. I think it's fair to say  
4 that it will not take \$10 million to install  
5 those 9,530 units.

6 Q. Now, I believe you indicated earlier  
7 that the Company did begin recovery on an  
8 accelerated basis in 2008, correct?

9 A. DEO's initial cost recovery filing  
10 covered costs associated with installations in  
11 2007 subsequent to the date certain in our rate  
12 case, plus 2008.

13 Q. So the accelerated recovery that the  
14 Company began in 2008 included meters that were  
15 installed in 2007?

16 A. Correct.

17 Q. So from your perspective, the Company  
18 was granted accelerated cost recovery before the  
19 Company began accelerated meter deployment?

20 A. As agreed upon in that initial cost  
21 recovery case, yes.

22 Q. On page 10 of your testimony you talk  
23 about the discount that the Company got by  
24 purchasing the ERT devices up front instead of  
25 purchasing them on an as-needed basis. Do you

1 recall that?

2 A. Yes.

3 Q. And is it correct to say that the  
4 total discount by purchasing those meters in  
5 advance was a 2.5 percent price discount or the  
6 \$793,890 that you reported as savings in your  
7 testimony?

8 A. Yes.

9 Q. Have you done any calculation to  
10 determine what carrying costs applied to the  
11 meters that the Company kept in inventory to  
12 determine if the discount from purchasing the  
13 meters up front exceeded the cost of the  
14 carrying costs associated with having those  
15 meters on hand before you needed them?

16 A. Other than the inventory of 100 units  
17 which Staff in prior proceedings allowed  
18 Dominion East Ohio to have on hand for the  
19 purposes of being able to continue with  
20 installations, costs were not included in  
21 advance of installations.

22 Q. I don't know if I heard the number  
23 right. Did you say 100 or 100,000?

24 A. Whatever I said, I meant to say  
25 100,000.

1 Q. Okay. Because I thought you said  
2 100. So the Company was allowed to carry over  
3 100,000 meters?

4 A. Correct.

5 Q. Do you know what the cost per meter  
6 is?

7 A. Of the unit itself? Of the ERT  
8 device itself?

9 Q. Yes.

10 A. Approximately 39, \$40.

11 Q. So if I multiply the \$39 times the  
12 100,000 units that you're allowed to carry over,  
13 that would give me a capital amount that then I  
14 would apply to carrying costs in order to make  
15 that calculation, correct?

16 A. I believe so.

17 Q. And the carrying costs would be the  
18 11.36 percent that's listed in your application,  
19 Exhibit A, schedule 1 in this proceeding,  
20 correct?

21 A. Where those in-service carrying costs  
22 include a cost in rate base and it's then the  
23 return of 11.36 percent.

24 Q. So all I have to do is multiply 39  
25 times 100,000 times the 11.36 and I compare that

1 number to the 793,000 and I can determine  
2 whether there was an actual savings by  
3 purchasing the devices up front or not, correct?

4 A. Without performing that calculation  
5 and giving thought to it, I can't agree that  
6 that's an appropriate calculation.

7 Q. You have a calculator there in front  
8 of you. Did you want to run through the  
9 calculation?

10 A. No, not on the stand.

11 Q. So without doing the calculation, you  
12 can't tell me if there's anything else that  
13 might go into that to make that comparison?

14 MR. WHITT: I'll object. The witness  
15 just said she hasn't thought about it and can't  
16 think about it on the stand.

17 HEARING EXAMINER JENNNIGS: I'll  
18 sustain the objection.

19 Q. When the Company was told that they  
20 would get a 2.5 percent price discount, at the  
21 time did you do any calculation to determine if,  
22 based on the time value of money, that the  
23 discount was worth purchasing the meters up  
24 front and then having to hold them in inventory?

25 A. We did not perform that calculation.

1 Q. So you just assumed that the 2 and a  
2 half percent discount would be a benefit, and  
3 left it at that?

4 A. Yes.

5 Q. Now, on page 11 of your testimony  
6 you indicate that, on line 13, that by December  
7 31st, 2011, the Company had eliminated all the  
8 walking routes; is that correct?

9 A. That's correct.

10 Q. So that means that as of January 1st,  
11 2012, all routes could be read electronically?

12 A. All which had AMR devices on them.  
13 As we know 9,530 did not have the devices.

14 Q. Okay. On line 17 there of your  
15 testimony you say, "As of December 31st, 2011,  
16 only two local shops remained to be fully  
17 rerouted."

18 A. That's correct.

19 Q. And those two shops would be the  
20 Youngstown and the Western shops, correct?

21 A. Correct.

22 Q. And if you look at Staff Exhibit No.  
23 4, page 2, the bottom left-hand table there  
24 shows how many meters are in the Western and  
25 Youngstown shops, correct?



1           A.     Correct.

2           Q.     The two of them together are about  
3     320,000 meters?

4           A.     Roughly.

5           Q.     So that means that the 320,000 meters  
6     in Western and Youngstown could not be read  
7     automatically at the end of December 31st, 2011?

8           A.     That's incorrect. We're saying that  
9     those shops were not rerouted as of the end of  
10    2011, but all accounts which had an AMR device  
11    installed were, in fact, being read using the  
12    AMR device on a monthly basis as of the end of  
13    the year.

14          Q.     So for Youngstown and Western, a  
15    meter reader could sit in the car, drive up and  
16    down the street and get the meter reads,  
17    correct?

18          A.     That's my understanding, yes.

19          Q.     There was no manual meter reading  
20    going on in Youngstown or Western after December  
21    31, 2011?

22          A.     That's my understanding.

23          Q.     What's involved in rerouting after  
24    deployment is completed?

25          A.     The technicalities of that are

1 questions that are better asked of Cari Fanelly.  
 2 I do know that the process involves first moving  
 3 customers to monthly meter reads for a couple of  
 4 months before their cycle changes, their billing  
 5 cycle from rerouting. But beyond that, the  
 6 questions might be better asked of Cari Fanelly.

7 Q. But all that rerouting is done after  
 8 the meters are read electronically?

9 A. Yes.

10 Q. Now, when the Company made its  
 11 original application in the 06-1453 proceeding  
 12 for the AMR deployment, the Company indicated  
 13 that there would be savings for customers,  
 14 correct?

15 A. Correct.

16 Q. Did the Company do any kind of  
 17 analysis or study to determine what those  
 18 savings would be as part of its original  
 19 application in the 06-1453 case?

20 A. I do know that there were projections  
 21 made in response to a rate case discovery  
 22 request. Whether there were any calculations  
 23 prior to that discovery response, I don't know  
 24 with regard to savings.

25 Q. The data request that you are

1 referring to from Mr. Armstrong, that was in the  
2 07-829 rate case that the Company filed,  
3 correct?

4 A. Correct.

5 Q. And do you know what date that  
6 estimate was prepared when it was prepared?

7 A. If I'm not mistaken, the response was  
8 submitted or is dated November 7, perhaps, 2007.  
9 So it was made, to the extent that I know, it  
10 was made in conjunction with responding to that,  
11 so just prior to submission of that data request  
12 response.

13 Q. So to the best of your knowledge,  
14 Mr. Armstrong's cost savings estimate was made  
15 in the later part of 2007, correct?

16 A. To the best of my knowledge, correct.

17 Q. And you don't know if there was an  
18 independent or a different cost savings  
19 calculation that was the basis for the Company's  
20 claim that there would be savings in the 06-1453  
21 application?

22 A. I am not aware that such prior  
23 calculation exists.

24 Q. Would it be reasonable for us to  
25 assume that Mr. Armstrong's cost savings

1 estimate was the basis for the Company's  
2 statement that there would be cost savings in  
3 the 06-1453 application?

4 MR. WHITT: Objection. Calls for  
5 speculation.

6 Q. If you know?

7 HEARING EXAMINER JENNINGS: I'll  
8 allow the question.

9 A. I believe that the basis of the  
10 statement in the application came from the  
11 belief that as we deployed AMR units to customer  
12 meters and were able to make changes, that we  
13 would not need the number of meter readers that  
14 existed prior to the AMR deployment, and that  
15 that logically would result in savings which we,  
16 in our application, propose to give back to  
17 customers.

18 Q. So you are not aware that there was  
19 any kind of specific calculation done, other  
20 than just an anecdotal assumption that with  
21 automatic meter reading you wouldn't need as  
22 many meter readers?

23 MR. WHITT: Objection. Asked and  
24 answered. She said she was not aware of any  
25 other estimates.

1 HEARING EXAMINER JENNINGS: I'll  
2 overrule.

3 A. I was not involved in the development  
4 of the program, and therefore, I am not aware of  
5 all the calculations that might have been made  
6 at that time.

7 Q. Would Mr. Murphy have been familiar  
8 with that, to the best of your knowledge?

9 A. It is possible.

10 Q. Now, we were talking about the  
11 estimate that Mr. Armstrong made. Who was  
12 Mr. Armstrong at the time? Did you know him?

13 A. I know him. He -- I don't know his  
14 title at that time. I believe that he was --  
15 well, he was involved in the development of the  
16 AMR program.

17 Q. Do you know who he reported to?

18 A. At that time, no.

19 Q. Do you know if he had any people that  
20 reported to him?

21 A. I think that he did, yes. I do know  
22 that he had at least an analyst involved.

23 Q. He didn't report to you in any  
24 manner, did he, at that time?

25 A. He did not report to me.

1 Q. Do you know if he reported to  
2 Mr. Murphy?

3 A. He did not report to Mr. Murphy.

4 Q. And neither you nor Mr. Murphy  
5 reported to him, correct?

6 A. Correct.

7 Q. Just to make sure I cover my bases,  
8 and is Mr. Armstrong still with Dominion today?

9 A. I'm not sure of that. I think he may  
10 be. He is not involved with Dominion East Ohio.

11 Q. So he could be with one of the  
12 Dominion affiliates?

13 A. He could be. I don't know for  
14 certain.

15 Q. Do you know if Mr. Armstrong was  
16 actually employed by Dominion East Ohio at the  
17 time of the 2007 rate case?

18 A. I believe he was not employed  
19 directly by Dominion East Ohio at the time of  
20 the rate case, but may have had  
21 responsibilities.

22 Q. If he was not directly employed by  
23 Dominion East Ohio, then was he employed, to the  
24 best of your knowledge, by an affiliate Dominion  
25 service company?

1 A. Possibly yes; probably.

2 Q. If not an affiliate service company,  
3 who --

4 A. He was employed by one of the  
5 Dominion companies. I do not know which one.

6 Q. Okay. Now, in your testimony there's  
7 a couple of spots, page 15, lines 9 and 10, page  
8 16, line 13 are two of them where you talk about  
9 rerouting nearly all of DEO's communities. Do  
10 you see those references?

11 A. I see them on 15.

12 Q. Page 15, lines 9 and 10; page 16,  
13 line 13.

14 A. Yes.

15 Q. Previously you indicated that your  
16 understanding when you're referring to nearly  
17 all of them, you meant that all had AMRs  
18 installed so that they could be read remotely  
19 without the need for any manual meter reading;  
20 is that correct?

21 A. Could you repeat the question,  
22 please?

23 Q. I believe that previously you  
24 indicated that full deployment in your mind was  
25 that meters had been installed completely and

1 that at that time they could be read  
2 automatically and it did not require any manual  
3 meter reading?

4 A. By making those statements in my  
5 testimony, what I'm saying is that devices, AMR  
6 devices had been installed on all but 9,530  
7 units, and that by the end of 2011, it was  
8 possible to reroute nearly all of our shops.

9 Q. And your "nearly all" numerically  
10 means 99 percent or more?

11 A. Of the installations on active  
12 meters, yes.

13 Q. The only thing that wouldn't apply to  
14 99 percent numbers is the fact that rerouting  
15 had not been done for the 320,000 customers in  
16 the Youngstown and Western shops, correct?

17 A. Correct. Rerouting had not been done  
18 but they were being read monthly.

19 Q. Now, I believe you indicated in  
20 response to counsel for Staff that the lag  
21 between installation and savings is something  
22 that Ms. Fanelly has got more expertise on, or  
23 can you talk about that lag?

24 A. Well, Ms. Fanelly has more expertise  
25 on the operational aspects of rerouting and the



1 decrease in staffing and the like. However, I  
2 can speak to the savings involved.

3 Q. Okay. If you complete installation  
4 on an entire shop so that you're capable of  
5 reading the meters electronically, as of that  
6 date the number of meter readers needed is  
7 significantly less than if you were doing manual  
8 reads, correct?

9 A. That's correct.

10 Q. So savings in any shop that reached  
11 that full deployment, 95 percent plus level,  
12 those savings from not having as many meter  
13 readers could begin the month after you had full  
14 deployment, correct?

15 A. Correct.

16 Q. So on page 17, your testimony on line  
17 11 you talk about some lag. That would be that  
18 lag to the next month, correct?

19 A. Where in my testimony are you  
20 referring?

21 Q. Page 17, line 11.

22 A. So by that statement I'm talking  
23 about a lag between when we install the device  
24 and begin reading them and when savings as a  
25 result of that will occur.

1           Q.    But once the meters are capable of  
2   being read electronically, the very next month  
3   there's no longer a need for those meter  
4   readers, correct, or there's no need for as many  
5   meter readers?

6           A.    There's no need for as many meter  
7   readers.

8           Q.    On page 21 of your testimony, line 9,  
9   you indicate that DEO expected cost savings of  
10  \$6 million by 2012. That was simply for meter  
11  reading cost savings, correct?

12          A.    Right. And by 2012, we meant would  
13  be achieved in 2012.

14          Q.    So any cost savings for call center  
15  would be in addition to that expected 6 million  
16  in 2012, correct?

17          A.    Correct.

18          Q.    And because the Company achieved  
19  complete deployment by December 31, 2011, in  
20  your filing next year is there any reason that  
21  we would not see call center cost savings?

22          A.    I do not know at this point in time  
23  whether or not there will be call center savings  
24  in accordance with the calculation that we're  
25  required to make in our next filing.

1 Q. Now, the Commission issued an order  
2 in the 09-1875 case, correct?

3 A. Correct.

4 Q. Prior to that order, the Company was  
5 installing meters based on a plan, correct?

6 A. Correct.

7 Q. After the Commission order, the  
8 Company installed meters based on a plan,  
9 correct?

10 A. The Company had a plan for installing  
11 meters and I believe we were following the plan.

12 Q. Did the plan that the Company  
13 followed after the date of the 09-1875 Opinion  
14 and Order, which is May 5th, 2010, so after May  
15 5th, 2010, did the Company do anything different  
16 in the methodology for installing meters  
17 compared to prior to May 5th, 2010?

18 A. As a result of the submission of that  
19 AMR plan with that 2010 case, there were no  
20 recommendations that DEO should not follow the  
21 plan that was submitted.

22 Q. So the Company continued with the  
23 same plan post May 5th, 2010, as it did prior to  
24 May 5th, 2010?

25 A. Specifics of the AMR deployment are

1 not my area of expertise.

2 Q. Would that question go to  
3 Ms. Fanelly?

4 A. Yes.

5 MR. SERIO: That's all I have, Your  
6 Honor. Thank you, Ms. Friscic.

7 MR. WHITT: Will OCC be marking the  
8 application as an exhibit?

9 MR. SERIO: I wasn't planning on it.  
10 I was just going to indicate we generally take  
11 administrative notice, but if Your Honors would  
12 prefer for sake of convenience that it be  
13 marked, I'd be happy to mark it as OCC Exhibit 1  
14 and have copies provided to the parties after  
15 lunch.

16 MR. WHITT: I ask only because I was  
17 going to ask questions about it as well. So I  
18 wasn't going to mark it as my exhibit if OCC  
19 wants to mark it, but I can just make it my  
20 exhibit.

21 MR. SERIO: If you already have a  
22 copy, it would just be quicker than if I have to  
23 take time to do it. That's fine, Your Honor.

24 HEARING EXAMINER JENNINGS: Okay. So  
25 you're marking it and introducing it?

1                   MR. WHITT:  When it's my turn, which  
2   I guess it's my turn.

3                   HEARING EXAMINER JENNINGS:  Okay.

4                   MR. WHITT:  Unless we're breaking.

5                   HEARING EXAMINER JENNINGS:  Let's  
6   break at this time for lunch and reconvene in an  
7   hour at 1:15.

8   - - -

9                   Thereupon, at 12:15 p.m. a lunch  
10   recess was taken until 1:15 p.m.

11                                        - - -

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1 Wednesday Afternoon Session,  
2 May 2, 2012.

3 - - -

4 HEARING EXAMINER JENNINGS: If  
5 everyone is ready, we can go back on the  
6 record. I believe we left off with Mr. Serio's  
7 completion of cross-examination.

8 MR. SERIO: I was done, Your Honor.

9 - - -

10 EXAMINATION

11 By Hearing Examiner Jennings:

12 Q. Good afternoon, Ms. Friscic.

13 A. Good afternoon.

14 Q. I have a few questions. I'd just  
15 like to walk through the time line a little bit.  
16 I apologize if these questions have been asked  
17 before but I'd like to get it all in one place,  
18 if I could. Could you tell me when the first  
19 automated reader was installed?

20 A. I believe, although I'm not  
21 specifically knowledgeable, I have heard that we  
22 installed some units in 2006. However, by and  
23 large, we began some installations in 2007.  
24 Now, I stated in the application we filed in  
25 Case No. 06-1453 some of those 2007

1 installations were to address American and  
2 Badger remote index devices which had been found  
3 to be inaccurate in their readings, and those  
4 were not going to be part of the cost recovery  
5 that was being requested by Dominion East Ohio.

6 Q. At some point, if my understanding is  
7 correct, that the Company began installing these  
8 meters in response to the MGSS?

9 A. That is correct.

10 Q. When did that begin?

11 A. Well, the Minimum Gas Service  
12 Standards became effective January 1, 2007, and,  
13 of course, in the proceeding that resulted in  
14 those standards, there had been discussions at  
15 Dominion East Ohio regarding how they would  
16 comply with those standards, and particularly  
17 the requirement to obtain at least one actual  
18 meter reading per year. And given the large  
19 number of inside meters we had, many of which  
20 had those remote index devices in them, Dominion  
21 East Ohio developed the plan to do an  
22 accelerated deployment of AMR units on its  
23 meters.

24 Another one of the standards along  
25 with that that was troubling was that those

1 remote index devices, that many of those inside  
2 meters were not going to be allowed as actual  
3 reads. So now where we were able to treat those  
4 as actual reads in the past, we were not going  
5 to be able to and needed to get inside on those  
6 meters. But it was decided that we would  
7 request approval of a program to get cost  
8 recovery for an accelerated deployment of AMR  
9 devices on all meters.

10 Q. So in response to the Minimum Gas  
11 Service Standards you found that you had to  
12 accelerate the implementation of these meters;  
13 isn't that correct?

14 A. That's correct.

15 Q. And as a result of that, a plan of  
16 implementation was developed; is that correct?

17 A. Yes. First with regard to the  
18 Minimum Gas Service Standards, the gas companies  
19 were required to submit a Meter Reading Plan  
20 which set forth how we would meet those  
21 standards with regard to reading the meters.

22 Q. Was a component of that plan an  
23 accelerated implementation or installation of  
24 meters?

25 A. Yes.



1           Q.    What was the time frame of that plan  
2 when it was initially developed?

3           A.    That Meter Reading Plan was  
4 submitted, and I don't recall the specific  
5 timing requirements, but it was submitted to  
6 Staff in 2007 and was approved by Staff, I  
7 believe, in July 2007 with regard to our plan to  
8 -- well, I think in that Meter Reading Plan also  
9 there was a process developed for communication  
10 with customers to let us get into their meters,  
11 have access to their meters, and that was a  
12 primary component. So for those hard-to-read  
13 meters, how would we handle that? Ms. Fanelly  
14 is more familiar with the details of that plan.

15          Q.    So at some point there was a plan  
16 that resulted from the Minimum Gas Service  
17 Standards to install meters. Is it true that  
18 later on that another plan was developed to  
19 accelerate the installation of meters?

20          A.    Well, in conjunction with the Minimum  
21 Gas Service Standards that were being enacted,  
22 Dominion East Ohio filed its application in Case  
23 No. 06-1453 proposing the accelerated AMR  
24 deployment as a way of meeting those Minimum Gas  
25 Service Standards. Then subsequent to that, we

1 developed this Meter Reading Plan as required by  
2 the Minimum Gas Service Standards and submitted  
3 that to Staff. That Meter Reading Plan was then  
4 updated in 2010. Now, separately as part of  
5 the --

6 Q. Before you get too far ahead, were  
7 there two distinct plans or one plan that merged  
8 into another? How would you characterize it?

9 A. Well, you will hear us talk about an  
10 AMR plan and a Meter Reading Plan, so Meter  
11 Reading Plans were required by Minimum Gas  
12 Service Standards. In the case filed in  
13 February 2010 with regard to the 09, that's the  
14 09-1875 case that we have discussed, we were  
15 ordered to submit with our next filing a plan  
16 that would set forth how we were going to  
17 install AMR devices on all the meters by the end  
18 of 2011. So we referred to that as the AMR  
19 plan. That was filed as an exhibit to the cost  
20 recovery application that Dominion East Ohio  
21 filed in February 2011 for our calendar 2010  
22 cost recovery year.

23 And an update of that AMR plan was  
24 provided in the current case in response to a  
25 discovery request from the Staff. So we updated

1 that.

2 Q. Okay. For a period of time meters  
3 were installed not pursuant to the AMR plan,  
4 correct?

5 A. The AMR device on customer meters?  
6 Correct. We began that before we had approval  
7 for that application filed in 06-1453.

8 Q. And the cost recovery for those  
9 meters would be through a rate base mechanism;  
10 is that correct?

11 A. Well, because Dominion East Ohio  
12 began installing AMR meters in 2007, or at the  
13 end of 2006, we had some AMR devices installed  
14 as of the date certain of our rate case, and  
15 that date certain was March 31, 2007. So those  
16 were in rate base and are not part of cost  
17 recovery.

18 Q. Do you recall how many meters were  
19 installed at that March 31, 2007?

20 A. 18,000.

21 Q. 18,000?

22 A. Yes.

23 Q. Did that have the effect of  
24 accelerating the next plan of meter  
25 installation?

1           A.    I don't think that had the effect of  
2 accelerating but we filed the application --

3           Q.    Let me rephrase my question.

4           A.    Okay.

5           Q.    Did it have the effect of reducing  
6 the number of meters that would fall under the  
7 Automated Meter Recovery Plan?

8           A.    Yes.

9           Q.    After March 31, 2007, the cost  
10 incurred for those meters was under the plan,  
11 the automated recovery?

12          A.    The cost incurred for the  
13 installation of AMR devices on the customer  
14 meters subsequent to the date certain of the  
15 rate case were permitted in cost recovery. So  
16 we're not installing the meter; we're installing  
17 a device on the meter.

18          Q.    Okay. And it's that device that  
19 recovery was --

20          A.    Correct.

21          Q.    There seems to be some dispute as to  
22 when the five-year plan began. It looks like  
23 one date is January 1st, 2007.

24          A.    I believe that Staff is indicating  
25 that that was the beginning of the five years.

1 Dominion East Ohio's position is although in our  
2 application we mention a five-year accelerated  
3 deployment, and although we did go ahead and  
4 install some AMR devices in 2007, our  
5 application specifically stated that we would  
6 accelerate by installing 250,000 AMR devices per  
7 year beginning in 2008. So we are saying that,  
8 if anything, that is the beginning of the plan.

9 However, there are no specific  
10 five-year dates specified in our application, in  
11 the Staff report in the rate case which  
12 addressed Dominion East Ohio's application, in  
13 the stipulation and settlement that came out of  
14 the rate case, or in any of these documents. So  
15 there was never a specified five-year period  
16 start and stop date, and Dominion East Ohio's  
17 position is that we did accelerate deployment  
18 and despite there not even being specific start  
19 and stop dates regardless, by the end of 2011 we  
20 were substantially complete at just over 99  
21 percent of our active meters, we were  
22 substantially complete with the installation.

23 Q. Does the Company reject any concept  
24 of a start and stop date outlining a five-year  
25 period?

1           A.    Of specific start and stop dates, yes.

2           Q.    So given that, I take it that the  
3   Company would not propose any start date or  
4   being compliant to a five-year period?

5           A.    I believe what we have said is that  
6   at the earliest it could be considered the  
7   beginning of the program, of the accelerated  
8   program to be 2008, but that we didn't believe  
9   there were hard and fast start and stop dates  
10   that would support Staff's position that we  
11   didn't have any authority after December 31,  
12   2011, to install and get cost recovery for those  
13   remaining approximately 9,500 units that had not  
14   been installed by December 31, 2011.

15          Q.    Given that position, I take it the  
16   Company would not consider 2012 as a date in  
17   which it could not seek recovery of costs?

18          A.    We believe that we can seek recovery  
19   for those remaining units and the on-going cost  
20   until we have another base rate case, but the  
21   cost of installing that 9,530, we believe,  
22   should be permitted in 2012, except that those  
23   units were purchased and have already been  
24   included. What is not included yet for cost  
25   recovery is the installation cost because

1 installation hasn't occurred. We did, however,  
2 purchase those units and have them on hand  
3 available for installation and have, in fact,  
4 included those in cost recovery.

5 Q. If you would turn in your testimony  
6 to page 9 starting with line 10, starting with  
7 "Had the Commission counted," and in those lines  
8 you indicate that the Company would have taken a  
9 major gamble by fully and rapidly implementing  
10 the program at that time. If you turn to the  
11 next page, line 5, it seems that you  
12 characterize the same activity as being  
13 proactive.

14 A. We did.

15 Q. Could you reconcile those two?

16 A. Yes, I can. What we're saying is,  
17 yes, we did install units in 2007 and that was  
18 at our risk because we didn't know that the  
19 Commission would approve our cost recovery  
20 application, our initial application which we  
21 asked for cost recovery and deferral authority  
22 for the AMR accelerated program. So we did  
23 begin to install those units hoping to get the  
24 cost recovery, of course; but installing them  
25 did reduce the number that had to be installed

1 in the official start, whenever that happened to  
2 be, of the accelerated program. So what we did  
3 install in 2007 was not a fully accelerated  
4 year. I mean, we do not consider 2007 to be the  
5 fully accelerated year that we were talking  
6 about in the five-year period.

7 Q. Did the Company undertake that with  
8 the idea that the cost would have come out of  
9 rate base or through the AMR plan?

10 A. Well, we knew that what had been  
11 installed as of the date certain is in rate  
12 base. No question about that. The ones we  
13 installed after that, now, certain of them were  
14 stated as these would not be cost recovery, and  
15 those were, the brands were American and Badger  
16 remote index devices which we would replace with  
17 an AMR at our own cost. But any that we  
18 installed in 2007 over and above those, we  
19 believed we would ultimately get cost recovery  
20 but we did not know for sure, and without that  
21 assurance we weren't willing to fully ramp up to  
22 the level of installations that was performed  
23 from 2008 and after.

24 Now, in 2008 until the rate case  
25 decision came out in October 2008, we also did



1 not have assurance. However, our application  
2 said we would ramp up an accelerated 2008 and so  
3 we did do that even though we didn't have  
4 approval for the program yet.

5 Q. You discuss a little bit about lag in  
6 that period of time between complete rerouting  
7 and savings. If rerouting occurs at the end of  
8 the year, December 2011, when do the savings  
9 become realized?

10 A. They become realized in 2012 because,  
11 obviously, we are still installing units and  
12 still rerouting what we can, and so the full  
13 level of savings is not realized. Now, we did  
14 realize some savings certainly, and more than  
15 had been projected in the rate case data request  
16 response that has been discussed. But the full  
17 level of savings for everything done in 2011  
18 will be realized in 2012.

19 Q. There's some level of progression.  
20 You indicated that there's a critical mass  
21 reached at 95 percent, and that there's some lag  
22 because the readers are relocated or released,  
23 and I believe you indicated that there's a three  
24 or four month period or lag time between  
25 rerouting and savings occurring.

1 (Ms. Mooney enters.)

2 A. Well, first of all, we were able to,  
3 as soon as we installed AMR devices on customer  
4 meters, we were able to begin reading those  
5 meters electronically with that AMR device but  
6 we needed to get to that critical mass, which I  
7 believe along the line was defined as about 95  
8 percent saturation, meaning 95 percent of the  
9 meters in a given area had to have AMR devices  
10 installed before we could do rerouting. So  
11 there are two different ideas there.

12 One is that we could start reading  
13 those meters -- or pardon me, yeah, reading the  
14 AMR devices by the drive-by technology when they  
15 were installed, but in terms of rerouting that  
16 shop, not until there was at least 95 percent  
17 saturation. And there was a process that was  
18 followed in making that rerouting happen.

19 The first thing that was done was the  
20 Company moved to reading those meters  
21 electronically and then monthly, because prior  
22 to the installation of AMR devices we would read  
23 every other month, and so we would move to the  
24 monthly meter reading and have that in place for  
25 a couple months to make sure that all is going

1 fine, work out the fact that we had estimates  
2 for customers prior to that. Once they get an  
3 AMR device and were getting an actual read, then  
4 that works its way through, trues up and the  
5 like.

6 So they were put on the monthly meter  
7 reading for two months, about two months I  
8 believe, and after that point in time, if the  
9 saturation was appropriate in that area, then  
10 that shop could be rerouted. So as we were able  
11 to do that throughout the program in which we  
12 have been installing AMR devices, that rerouting  
13 occurred.

14 Now, as of December 31, 2011, there  
15 were two shops for which that rerouting had not  
16 taken place yet, hadn't been initiated, but  
17 those shops were being read with the AMR devices  
18 and Dominion East Ohio eliminated the walking  
19 routes, the meter readers going house to house.  
20 So even though we hadn't done the rerouting, we,  
21 in essence, have done what we needed to do to  
22 get that full level of savings then in 2012.

23 Q. That leads to my next question. If  
24 you're able -- I assume -- well, as it becomes  
25 automated and the need for people to walk the

1 routes becomes less necessary, are those staff  
2 people retained and the cost of keeping them  
3 retained as well, or are those costs  
4 incrementally reduced as the shop becomes more  
5 automated?

6 A. Those costs have been incrementally  
7 reduced and, therefore, for each of the cost  
8 recovery filings we've made, we have shown an  
9 increasing amount of savings because we did  
10 reduce those employees.

11 Q. Would it be fair to say then that  
12 savings occur or can occur prior to rerouting?

13 A. Yes.

14 Q. How are those savings handled? Are  
15 they passed on to customers?

16 A. Any actual savings, what had been  
17 determined in prior cases, and we followed  
18 consistently thereafter, is that the actual  
19 meter reading expense, for example, in this case  
20 for 2011, was compared to the baseline that the  
21 parties established, which would be the 2007  
22 calendar year, and 2011, for example, was lower  
23 than meter reading expenses in 2007. So that  
24 full difference is included in the application  
25 as O&M expense savings from meter reading

1 expense.

2 HEARING EXAMINER JENNINGS: Those are  
3 all the questions I have.

4 MR. WHITT: I do have redirect, Your  
5 Honor. May I approach?

6 HEARING EXAMINER JENNINGS: Yes.

7 (EXHIBIT HEREBY MARKED.)

8 - - -

9 REDIRECT EXAMINATION

10 By Mr. Whitt:

11 Q. Ms. Friscic, handing you what we'll  
12 mark for identification as DEO Exhibit 3, and  
13 earlier you were asked some questions about the  
14 Company's application in the Case 06-1453. Is  
15 DEO Exhibit 3 a copy of that application?

16 A. Yes, it is.

17 Q. What does the application ask the  
18 Commission to approve in the first paragraph?

19 A. DEO has requested approval of tariffs  
20 to recover, through an automatic adjustment  
21 mechanism, costs associated with the deployment  
22 of automated meter reading equipment throughout  
23 DEO's system; and authority to make the  
24 accounting deferrals that would be included in  
25 the cost recovery.

1 Q. So approval of new tariffs would be  
2 the first thing, and deferral authority would be  
3 the second request?

4 A. Yes.

5 Q. By this application, did the Company  
6 ask the Commission to approve the cost recovery  
7 mechanism for any specific period of time?

8 A. No.

9 Q. Did the Company ask the Commission to  
10 approve any deployment period over any specific  
11 period of time?

12 A. No.

13 Q. Is it your understanding of whether  
14 the Company was required to seek Commission  
15 approval to deploy AMR devices?

16 A. Well, the Company's position is that  
17 we could have deployed AMR devices, and whether  
18 we did it over the 15 to 20 years we thought  
19 would be our normal capital budgeting process or  
20 the accelerated, we could do that; but what we  
21 needed was approval for cost recovery associated  
22 with an accelerated deployment, and the  
23 associated accounting authority to defer those  
24 costs.

25 Q. Okay. Well, are you saying that

1 there can be cost recovery proceedings after a  
2 five-year deployment period, assuming there is  
3 such a period?

4 A. Yes, because we will continue to  
5 incur costs associated with the AMR devices  
6 installed even after we have completed those  
7 installations; and until we have another base  
8 rate case, those costs will not be in base  
9 rates, but they would be recovered through the  
10 mechanism that was approved.

11 Q. Would savings be -- how would savings  
12 be accounted for in on-going proceedings?

13 A. Well, each year we will make the same  
14 comparison of that year's or the program year's  
15 actual meter reading cost to the 2007 baseline  
16 and pass back any reduction of cost from that  
17 baseline level. So as long as we have not had a  
18 base rate case and are continuing to file cost  
19 recovery applications, we will continue to pass  
20 back savings to customers.

21 Q. So even if you get from 99.2 percent  
22 completion to 100 percent, are you saying that  
23 savings would continue to be passed back to  
24 customers after the program is complete?

25 A. Yes. Any actual savings that we

1 achieved would be passed back to customers in  
2 the same manner it is currently.

3 Q. Okay. Mr. Serio asked you earlier  
4 about language in paragraph 6 of the  
5 application.

6 A. Yes.

7 Q. And you read the language which says  
8 that "Under a five-year schedule, the Company  
9 would install 250,000 ERT units per year  
10 beginning in January 2008. The pace of  
11 deployment for ERT devices in 2007 is discussed  
12 below." Without necessarily reading paragraph  
13 7, can you give us an indication of what the  
14 Company's plans were for that year?

15 A. Well, as I mentioned, there were  
16 American and Badger remote index devices that we  
17 needed to replace with the AMR devices. So in  
18 paragraph 7 we're talking about the replacement  
19 of those remote index devices and that we would  
20 not seek cost recovery through the AMR cost  
21 recovery process for doing that.

22 Q. Okay. And I wanted to get  
23 clarification here because Mr. Jennings asked  
24 whether all AMR installations after March 31st  
25 of 2007 were recovered through the AMR cost



1 recovery charge. Was that the case in light of  
2 paragraph 7 and this different treatment spelled  
3 out for the American and Badger units?

4 A. Well, American and Badger remote  
5 index device replacements with AMR devices were  
6 not submitted for cost recovery. Others were.

7 Q. Were not submitted for cost recovery  
8 even if installed after March of 2007?

9 A. Correct.

10 Q. Can you go to page 5, paragraph 9 of  
11 the application, please.

12 A. Yes.

13 Q. And six lines into paragraph 9  
14 there's a sentence that says, "DEO will consult  
15 with Commission Staff to determine the most  
16 appropriate way to deploy AMR across its  
17 system." My question is did the Company do  
18 that?

19 A. Yes, the Company did do that.

20 Q. When did that occur?

21 A. I know that there were three  
22 discussions with Staff in late 2006 regarding  
23 the Meter Reading Plan, which included the AMR  
24 accelerated deployment.

25 Q. So you mentioned discussions that

1 occurred before the application was filed. To  
 2 your knowledge, were there discussions with  
 3 Staff about deployment strategies after the  
 4 application was filed and apart from any rate  
 5 case or other discovery process?

6 A. Yes. I think it occurred in mid  
 7 2007, Dominion East Ohio did discuss with Staff  
 8 its Meter Reading Plan and the deployment of AMR  
 9 units on our meters.

10 Q. Can you go to page 6, paragraph 10b  
 11 of the application.

12 A. Yes.

13 Q. And it says, "DEO will compare its  
 14 annual meter reading operating and maintenance  
 15 expense to a 2006 base year. Any savings  
 16 relative to that base year will be used to  
 17 reduce the year-end regulatory asset in order to  
 18 provide customers the benefit of any meter  
 19 reading cost reductions achieved as a result of  
 20 the AMR deployment."

21 And my question here is other than  
 22 the reference to any savings, is there anything  
 23 in the application that gives any indication of  
 24 a specific level of projected or estimated  
 25 savings?

1           A.    No, there's not.

2           Q.    Were you involved in subsequent  
3   proceedings at the Commission, or in the case in  
4   which the application was filed, 06-1453, that  
5   involved parties filing comments to the  
6   application?

7           A.    Well, I do know that comments were  
8   filed by OCC regarding DEO's application in  
9   06-1453.

10          Q.    And recognizing you can't speak for  
11   OCC, but based on what you have reviewed, what  
12   is your understanding of OCC's position with  
13   respect to accelerated deployment at that time?

14          A.    By reading the comments that OCC  
15   filed, I saw that OCC was not in favor of  
16   accelerated deployment of AMR devices. They  
17   felt it could be done in the normal capital  
18   budgeting process, and if it was done, it should  
19   be done only on inside meters.

20          Q.    And when you say through the normal  
21   capital budgeting process, what period of time  
22   would that accommodate?

23          A.    That's the 15 to 20-year period that  
24   has been discussed.

25          Q.    When the application discusses a

1 five-year deployment period, what does that  
2 mean? What was envisioned to have happened  
3 within a five-year period?

4 A. Well, Dominion East Ohio anticipated  
5 that it could install AMR devices on all 1.2  
6 million plus customer meters within about a  
7 five-year period. So we anticipated that that  
8 could be accomplished.

9 Q. Did you anticipate other things that  
10 would have to be done apart from the actual  
11 installation? Does that mean the program is  
12 complete once installation occurs?

13 A. Well, the deployment of units refers  
14 to the installation of those units on devices,  
15 and then once they're installed, then there's  
16 additional steps that need to be taken; one  
17 being the move to monthly meter reading, and the  
18 other being rerouting.

19 Q. I'd like to direct your attention now  
20 to Staff Exhibit 2. Do you still have that up  
21 there?

22 A. Yes, I do.

23 Q. Could you turn to page 5, please.

24 A. I'm there.

25 Q. The last sentence of paragraph 9 on

1 page 5 says, "We further note that our  
2 determination to grant DEO's waiver of paragraph  
3 (G) (1) in this case in no way binds us with  
4 regard to our consideration of DEO's cost  
5 recovery request in 06-1453." Do you see that?

6 A. I see that.

7 Q. Now, I'm not asking you to make a  
8 legal determination or to speak on the  
9 Commission's behalf, but as an employee of the  
10 Company, subject to this order, what does that  
11 language indicate to you?

12 A. Well, as I read that, my  
13 understanding of it was that although the  
14 Commission in this entry did grant approval of  
15 the waivers that Dominion East Ohio had  
16 requested, it's stating that that approval is  
17 separate and apart from consideration of our  
18 cost recovery request in a separate application.

19 Q. And as indicated by the case number  
20 on the order and the case number alluded to in  
21 the order, these, in fact, were separate  
22 proceedings, were they not?

23 A. They were.

24 Q. Do you have Staff Exhibit 3 in front  
25 of you?

1 A. Yes, I do.

2 Q. Can you turn, please, to page 3, in  
3 section II where it says Summary of the  
4 Application, do you see that?

5 A. Yes.

6 Q. And four lines down there's a  
7 sentence that begins, "DEO plans to  
8 substantially complete its AMR installations by  
9 2011." Do you see that?

10 A. Yes.

11 Q. Is that something that the Company  
12 conveyed to the parties and to the Commission in  
13 its filing?

14 A. In which filing?

15 Q. In its application in 09-1875?

16 A. There were no specific dates  
17 mentioned -- oh, would you repeat the question,  
18 please?

19 Q. Sure. Well, does the Commission's  
20 summary of Dominion's application comport with  
21 your recollection that in that application the  
22 Company informed the Commission that it plans to  
23 substantially complete AMR installations by  
24 2011?

25 A. Yes.

1 Q. Could you turn please to page 5 of  
2 Staff Exhibit 3.

3 A. Yes.

4 Q. Seven lines down, I'm sorry to have  
5 to do it this way, and I'm not going to read  
6 this but do you see in the sentence that starts  
7 approximately seven lines down under the Meter  
8 Reading Savings section where there's a  
9 discussion of a cost savings methodology  
10 proposed by OCC?

11 A. Yes, I see that.

12 Q. And do you see the sentence that  
13 says, "OCC believes that this calculation is a  
14 reasonable surrogate for the actual meter  
15 reading cost savings reported by DEO." Do you  
16 see that?

17 A. I do.

18 Q. Would you consider Mr. Adkins'  
19 proposal in this proceeding for cost savings to  
20 be a surrogate for actual savings?

21 A. Yes. I believe it's proposed as a  
22 surrogate to actual savings.

23 Q. In what respect?

24 A. In that it is also a calculation of  
25 how they believe savings could be determined and

1 applied to this application, the application in  
2 the current proceeding.

3 Q. Can you turn, please, to page 6 of  
4 Staff Exhibit 3.

5 A. Yes.

6 Q. At the very bottom it says, "In its  
7 brief, Staff again recommends approval of an  
8 adjusted AMR charge of 47 cents per month, on  
9 the grounds that the calculation of the AMR  
10 charge is consistent with the stipulation in the  
11 2008 AMR case. Staff opposes OCC's position  
12 that the methodology agreed to in the DEO  
13 distribution rate case be abandoned in favor of  
14 imputing artificial savings." Did I read that  
15 correctly?

16 A. Yes.

17 Q. And do you see in the first full  
18 paragraph on page 7 of Staff Exhibit 3, five  
19 lines down the Commission again addresses OCC's  
20 proposal of imputed savings, correct?

21 A. I'm sorry. Ask the question again,  
22 please.

23 Q. I'm in the first full paragraph of  
24 page 7, Staff Exhibit 3.

25 A. Yes.



1 Q. And the order discusses OCC's  
2 proposal in favor of imputed savings, correct?

3 A. Correct. Okay.

4 Q. Is that right?

5 A. Yes, it does. It states that "OCC's  
6 proposal in favor of imputed savings does not  
7 comport with either the stipulation approved in  
8 the rate case or the stipulation approved by the  
9 Commission in the 2008 AMR case."

10 Q. And the next sentence says,  
11 "Moreover, the Commission notes that there is no  
12 evidence in the record demonstrating that DEO's  
13 calculation of \$681,000 in meter reading savings  
14 for 2009 is inaccurate."

15 And my question is has any  
16 information been brought to your attention that  
17 the savings calculation in this proceeding is  
18 inaccurate in any way?

19 A. No. There have been no comments by  
20 other parties that our calculation of actual  
21 savings is inaccurate.

22 Q. Apart from comments, have you seen  
23 any testimony to that effect?

24 A. No, I have not.

25 Q. In the last sentence on page 7, just

1 above the Call Center Savings section -- are you  
2 with me?

3 A. Yes, I am.

4 Q. The Commission directed the Company  
5 in its 2011 filing to demonstrate how it will  
6 achieve the installation of the devices on the  
7 remainder of its meters by the end of 2011. Do  
8 you see that, and that's not the full sentence.

9 A. Yes.

10 Q. Did the Company, in fact, provide a  
11 plan with its next cost recovery application?

12 A. Yes. In the application that  
13 Dominion East Ohio filed in February 2011 for  
14 costs for the 2010 calendar year, DEO submitted  
15 as an exhibit to that application a plan that we  
16 believe complies with this requirement.

17 MR. WHITT: May I approach, Your  
18 Honor?

19 HEARING EXAMINER JENNINGS: Yes.

20 (EXHIBIT HEREBY MARKED.)

21 Q. Ms. Friscic, I'm handing you what we  
22 marked for identification as DEO Exhibit 4, and  
23 I'll ask if you can identify this document as  
24 the Meter Reading Plan that you just mentioned?

25 A. Yes, it is.

1           Q.    On the first page of Exhibit 4 under  
2    AMR Installations, can you summarize what the  
3    Company conveyed to the Commission and Staff  
4    about how it planned to attack the remaining  
5    deployments?

6           A.    Within that paragraph we're  
7    mentioning the number of AMR devices that had  
8    been installed, and we state that "The remaining  
9    meters will be prioritized for installation of  
10   an AMR device or will be scheduled for removal  
11   of the meter if the premises is unoccupied  
12   and/or inactive," and we go on to talk a little  
13   bit more about that and the priority of the  
14   installations on active meters to complete the  
15   program.

16          Q.    Okay. On page 2 of Exhibit 4 the  
17   first paragraph talks about a two-prong  
18   strategy. Can you give us a flavor for what  
19   that means?

20          A.    Well, that strategy, a two-prong  
21   strategy refers to the fact that Dominion East  
22   Ohio was targeting specific areas in which it  
23   would install AMR devices so that those areas  
24   could be moved to monthly meter reading and  
25   rerouted; but also any time that our service

1 personnel were able to get into a customer  
2 premise for any reason, they would go ahead and  
3 put an AMR device on that meter. As we have  
4 discussed, we have a lot of customers with  
5 inside meters, so if we were in that premise,  
6 because it can be difficult to gain access, then  
7 we would go ahead and put a device on, and  
8 that's an efficient way of handling that.

9 Q. And I don't want you to get outside  
10 your bailiwick on operational details --

11 A. Right.

12 Q. -- but do you have a general  
13 understanding of how this two-prong strategy was  
14 developed?

15 A. Well, it was developed, my  
16 understanding is just that recognition that,  
17 yes, we do want to maximize savings and we do  
18 want to complete specific areas as we went  
19 around so that they could be moved to monthly  
20 meter reading and rerouted, but it was also an  
21 effective way to put devices on those inside  
22 meters when we did have access rather than  
23 having to get that access again at a later date,  
24 specifically for AMR.

25 Q. Okay. Could you please turn to page

1 4 of DEO Exhibit 4, under the section that says  
 2 Monthly Meter Reading, the last sentence says,  
 3 "By implementing this plan, DEO expects to read  
 4 all areas on a monthly schedule by the end of  
 5 2011."

6 A. Yes.

7 Q. My question is did the Company  
 8 accomplish that?

9 A. Yes, we did.

10 Q. Even though two shops hadn't been  
 11 rerouted?

12 A. By the end of 2011 all meters with an  
 13 AMR device were being read monthly, and  
 14 customers who did not have an AMR device were  
 15 being estimated and informed that we needed to  
 16 get in there to install a device.

17 Q. And the latter group constituting  
 18 roughly .08 percent of your customers?

19 A. Correct.

20 Q. The 99.2 percent were receiving  
 21 actual reads?

22 A. Yes.

23 Q. And just so we have a clear record,  
 24 would you accept, subject to check, that DEO  
 25 Exhibit 4 was filed with the application in Case

1 No. 10-2853?

2 A. Yes. That sounds like the correct  
3 case number.

4 Q. Okay. How was that case resolved?

5 A. By stipulation.

6 Q. Did the stipulation require Dominion  
7 to make any changes to the plan that's reflected  
8 in DEO Exhibit 4?

9 A. It did not.

10 Q. Could you please turn to Staff  
11 Exhibit 4.

12 A. Yes. I have it.

13 Q. And I believe you previously  
14 identified Staff Exhibit 4 as an update to the  
15 Meter Reading Plan we just -- or the AMR plan we  
16 just discussed; is that right?

17 A. Correct.

18 Q. Could you turn to page 4 of Staff  
19 Exhibit 4. What does the chart on page 4 show?

20 A. The chart on page 4 is showing the  
21 conversion to monthly meter reading during 2011,  
22 and it indicates that the conversion to monthly  
23 meter reading that did take place in 2011 was  
24 better than that AMR plan filed in that 10-2853  
25 case.

1           Q.    And that case being the one that had  
2 settled by stipulation the prior year?

3           A.    Correct.

4           Q.    By the way, what level of O&M savings  
5 was reflected in the 10-2853 filing?

6           A.    It was just over \$1.7 million.

7           Q.    What level of O&M savings is  
8 reflected in this year's filing, the case that  
9 brings us here today?

10          A.    \$3.5 million.

11          Q.    About roughly twice as much savings  
12 this year as compared to last?

13          A.    Right.

14          Q.    Are you aware of any instance in any  
15 prior AMR related proceeding where the  
16 Commission made a determination that the  
17 Company's decision to purchase meters in bulk in  
18 order to obtain a 2.5 percent discount was  
19 imprudent?

20          A.    No. That was not an issue in the  
21 prior cases.

22          Q.    Okay. And Mr. Parram asked you  
23 whether Staff should be able to rely on  
24 information provided by Dominion. Do you recall  
25 that line of questioning?

1 A. Yes.

2 Q. Is it your belief that Dominion  
3 should be able to rely on information and  
4 communications from Staff?

5 A. Yes. We believe that we should be  
6 able to rely on that.

7 MR. WHITT: I have nothing further.

8 HEARING EXAMINER JENNINGS:

9 Ms. Mooney, do you have any examination?

10 MS. MOONEY: No, I don't.

11 HEARING EXAMINER JENNINGS: Mr.  
12 Parram?

13 - - -

14 RECROSS-EXAMINATION

15 By Mr. Parram:

16 Q. Ms. Friscic, would you look at  
17 Dominion's Exhibit 3, the application in  
18 06-1453, and on page 2 of the application,  
19 paragraph 4, there's a sentence five lines down  
20 that starts, DEO therefore proposes to replace  
21 all of its remote meter index devices with  
22 automated meter reading devices and to install  
23 AMR equipment on all of its other meters over a  
24 five-year period." Do you see that?

25 A. I do see that.



1 Q. So in the application Dominion did  
2 indicate, or proposed to install AMR devices  
3 over a five-year period, correct?

4 A. Over a five-year period but did not  
5 specify what that period is.

6 Q. Okay. And Mr. Whitt asked you a  
7 question with regards to the amount of O&M  
8 savings that would be passed back to ratepayers  
9 even after deployment of the AMR program. Do  
10 you expect that when the program is fully  
11 deployed, that the O&M savings will exceed the  
12 estimated annual depreciation amount, property  
13 tax, and return on rate base associated with the  
14 AMR deployment systemwide?

15 A. Could you repeat that question?

16 Q. Sure. Once the program is fully  
17 deployed, do you expect that there will be O&M  
18 savings that will exceed the estimated annual  
19 depreciation, property tax, and return on rate  
20 base?

21 A. I haven't done a calculation to  
22 determine whether that would be the case.

23 Q. And could you turn to DEO Exhibit 4.

24 A. Yes.

25 Q. And under the paragraph on page 1,

1 AMR Installations, the very first paragraph  
2 starts, "DEO continues." It states, "DEO  
3 continues to deploy AMR equipment pursuant to  
4 the program approved in the original rate  
5 case." Is it your understanding or are you  
6 aware what changes were made to Dominion's plan  
7 after the '09 order or incorporated into this  
8 Automated Meter Reading Plan after the  
9 Commission's order in the 2009 case?

10 Let me rephrase that.

11 A. Please.

12 Q. Are you aware of any changes or any  
13 -- are you aware of anything that was included  
14 into this Automated Meter Reading Plan as a  
15 result of the 2009 Opinion and Order?

16 A. As a result of the 2009 Opinion and  
17 Order, DEO did submit with its application in  
18 the next proceeding a plan for completion of the  
19 program.

20 Q. Okay.

21 A. And there were no objections to that  
22 plan.

23 Q. But Dominion had a -- did Dominion  
24 have a Meter Reading Plan prior to submitting  
25 this in the 2010 case?

1 A. Yes.

2 Q. Okay. When did it develop that plan?

3 A. That plan, the Meter Reading Plan  
4 prior to the AMR plan that is DEO Exhibit 4 was  
5 developed in conjunction with the enactment of  
6 Minimum Gas Service Standards, and I do know  
7 that that was submitted to Staff and approved by  
8 Staff in 2007.

9 Q. Okay. And I think you indicated to  
10 Hearing Examiner Jennings that you understand  
11 that there's an AMR plan, which would be DEO  
12 Exhibit 4, correct?

13 A. Yes.

14 Q. And then there was a Meter Reading  
15 Plann, correct?

16 A. Correct.

17 Q. And was your Meter Reading Plan  
18 incorporated into DEO 4 and then submitted in  
19 the 2010 case?

20 A. No. DEO Exhibit 4 was, in essence, a  
21 portion of the Meter Reading Plan. They were --  
22 the Meter Reading Plan submitted in response to  
23 or in compliance with the Minimum Gas Service  
24 Standards did talk about DEO deployment of AMR  
25 devices over an accelerated period, so that was

1 the plan from the beginning.

2 Now, we were specifically asked in  
3 the 09-1875 case to address in the next  
4 proceeding how we would complete that program,  
5 and that is what we're now referring to as the  
6 AMR plan which is DEO Exhibit 4.

7 Q. Okay. And I guess what I am trying  
8 to understand is, was your Meter Reading Plan  
9 which existed prior to the '09 order, correct --

10 A. Yes.

11 Q. -- was that plan, was that  
12 incorporated into this document or DEO 4 in any  
13 way?

14 A. Was it incorporated in -- only to the  
15 extent that we're discussing the accelerated  
16 deployment of AMR devices. I'm not sure I fully  
17 understand the question that you are asking.

18 Q. So as it relates to the acceleration  
19 of the deployment of the AMR devices, you took  
20 from the Meter Reading Plan and put that into  
21 the Automated Meter Reading Plan which is DEO  
22 Exhibit 4, correct?

23 A. DEO Exhibit 4 is really the  
24 discussion of how we will complete the program  
25 as we were ordered to do so. It takes into

1 account what has been done up to that point in  
2 time and goes from there. So was that  
3 specifically incorporated in the Meter Reading  
4 Plan? Not necessarily. The Meter Reading Plan  
5 and the details of that plan Ms. Fanelly can  
6 speak to a bit better, but the Meter Reading  
7 Plan more generally discusses the need to deploy  
8 the AMR unit in the accelerated fashion for  
9 Dominion East Ohio to be able to comply with the  
10 Minimum Gas Service Standards.

11 Q. Okay. And a couple more questions; I  
12 promise. On the same paragraph Mr. Whitt asked  
13 specific questions about how the meter was  
14 prioritized. That paragraph. Do you see that  
15 there?

16 A. Yes.

17 Q. That priority, was that something  
18 that began after the 2009 case or was that  
19 something that was in existence before the 2009  
20 Opinion and Order?

21 A. Well, that discussion that we're  
22 referring to in the paragraph of the AMR plan is  
23 recognizing that at that point in time, with the  
24 remaining units to be installed, that the  
25 priority should obviously be on getting those

1 AMR devices installed on active meters.

2 Q. So that priority, was that -- did  
3 Dominion prioritize things in that fashion  
4 before 2009, before the 2009 order was issued  
5 or --

6 A. I believe that prior to this plan the  
7 intent was to get AMR devices installed on all  
8 DEO meters.

9 Q. Okay. Is it fair to say that this  
10 priority was nothing new after the 2009 Opinion  
11 and Order?

12 A. Well, it's in this document that was  
13 prepared after the Opinion and Order, so I would  
14 say it is new.

15 Q. On page 2, right under the table  
16 there you see the paragraph starts "DEO will  
17 continue to use a two-prong strategy for the  
18 remaining AMR installations." Do you see that  
19 there?

20 A. Yes.

21 Q. This two-prong strategy, was this  
22 something developed prior to the 2009 order or  
23 was that two-prong strategy used before the 2009  
24 order?

25 A. It was used before the 2009 order.

1 MR. PARRAM: That's all I have.

2 HEARING EXAMINER JENNINGS: Mr.

3 Serio?

4 MR. SERIO: Thank you, Your Honor.

5 - - -

6 RECROSS-EXAMINATION

7 By Mr. Serio:

8 Q. Ms. Friscic, if you look at DEO  
9 Exhibit 3, please.

10 A. Yes.

11 Q. Page 5, paragraph 9 you discuss a  
12 series of three meetings that you had with the  
13 Staff.

14 A. Yes.

15 Q. Was OCC or OPAE invited to those  
16 meetings?

17 A. I don't know the answer to that.

18 Q. Do you know if OCC or OPAE attended  
19 those meetings?

20 A. I don't know the answer to that.

21 Q. On page 4 of the same document you  
22 talk about the American and Badger devices  
23 installed on approximately 54,000 meters,  
24 correct?

25 A. Correct.

1           Q.    The 319,000, that doesn't have  
2 anything to do with those meters that had to be  
3 replaced, correct?

4           A.    Would you ask the question again,  
5 please?

6           Q.    The company had Hexagram, Badger, and  
7 American devices, correct?

8           A.    Correct.

9           Q.    And the Company determined that the  
10 American and Badger devices were the ones that  
11 needed to be replaced, correct?

12          A.    Correct.

13          Q.    And the three types altogether were  
14 319,000, correct?

15          A.    The 319,000, as I read this now, is  
16 talking about Hexagram units. A statistical  
17 evaluation was done as discussed in this  
18 paragraph of these remote meter index devices  
19 that were installed on many of our inside  
20 meters. And it's talking about the fact that in  
21 the statistical evaluation, the Hexagram indexes  
22 were found to be fairly accurate whereas the  
23 American and Badger units were not as accurate  
24 and, therefore, we discussed that we would  
25 replace those American and Badger units and not



1 seek cost recovery through the mechanism that we  
2 had requested.

3 Q. Let me ask you this way. Hexagram,  
4 Badger, and American total was 319,000, correct?

5 A. No.

6 Q. No?

7 A. The sentence states that "While  
8 Hexagram remote devices installed on nearly  
9 319,000," so I believe that 319,000 is referring  
10 just to the Hexagram units.

11 Q. So the only ones that were installed,  
12 because they were defective, were the 54,000  
13 American and Badger units?

14 A. Well, we ended up replacing the  
15 Hexagram units and those were the ones for which  
16 we had the -- we requested approval of the  
17 waiver to count those as actual reads until we  
18 get through the AMR deployment, and that we  
19 would go ahead, though, and replace the American  
20 and Badger units.

21 Q. Outside the scope of the AMR?

22 A. Outside the scope of the cost  
23 recovery mechanism we had requested.

24 Q. So the 54,000 were outside the scope  
25 of the AMR?

1 A. Yes.

2 Q. Only those 54,000?

3 A. Yes.

4 Q. Now, you discussed the Opinion and  
5 Order in the 09-1875 case with counsel and you  
6 indicated that you thought that Mr. Adkins'  
7 calculation was similar to the surrogate  
8 calculation that OCC did, correct?

9 A. I stated that it was a surrogate and  
10 in that way it was similar to what OCC had  
11 proposed.

12 Q. Is it your position that any  
13 recalculation to determine a level of cost  
14 savings, other than what the Company reports, is  
15 not allowed by the stipulation?

16 A. Yes.

17 Q. Could you get Staff Exhibit 3 and go  
18 to page 10, the bottom of the page, the last  
19 full paragraph, the Commission is discussing  
20 some of the call center costs in that case and  
21 specifically directed the Company to do a  
22 recalculation to exclude certain costs, correct?

23 A. Correct.

24 Q. So the Commission can order a  
25 recalculation and use that to be the basis for a

1 cost savings determination, if it determines it  
2 to be appropriate, correct?

3 MR. WHITT: I'll object. It calls  
4 for a legal conclusion as to the Commission's  
5 authority.

6 HEARING EXAMINER JENNINGS: I'll  
7 sustain the objection.

8 MR. SERIO: Well, Your Honor, we  
9 crossed that line a long time ago. We have had  
10 Ms. Friscic testifying about her understanding  
11 of the order. I understand she's not an  
12 attorney, but she's saying on one hand you were  
13 not allowed to do any recalculation because it  
14 is not allowed, yet here the Commission  
15 specifically ordered a recalculation that the  
16 Company did in the ensuing application the next  
17 year.

18 MR. WHITT: But it doesn't matter  
19 what we think the Commission can do. The  
20 Commission will do what the Commission will do.

21 MR. SERIO: Well, as long as counsel  
22 is going to make that statement for his client  
23 and his witness, then I'll withdraw the  
24 question, Your Honor.

25 HEARING EXAMINER JENNINGS: Any

1 further questions?

2 MR. SERIO: No, Your Honor. Thank  
3 you.

4 HEARING EXAMINER JENNINGS: Mr.  
5 Whitt, I think you had two exhibits.

6 MR. WHITT: Yes. DEO would move for  
7 the admission of DEO Exhibits 3 and 4.

8 HEARING EXAMINER JENNINGS: Any  
9 objections?

10 MR. SERIO: No objection.

11 MR. PARRAM: No.

12 MR. WHITT: And 1 also.

13 MR. SERIO: No objection to that one  
14 either.

15 MR. PARRAM: No objection.

16 HEARING EXAMINER JENNINGS: There  
17 being no objection, DEO Exhibits 1.0, 3, and 4  
18 will be admitted into the record.

19 (EXHIBITS HEREBY ADMITTED.)

20 HEARING EXAMINER JENNINGS: And  
21 we're ready for your next witness.

22 MR. PARRAM: Can we take a  
23 five-minute quick break?

24 MR. WHITT: That's fine.

25 HEARING EXAMINER JENNINGS: Yes.

1 Let's do five minutes.

2 (Off the record.)

3 HEARING EXAMINER JENNINGS: Ready  
4 for the next witness?

5 MR. WHITT: Your Honor, the Company  
6 would call Ms. Fanelly.

7 HEARING EXAMINER JENNINGS: Raise  
8 your right hand, please.

9 - - -

10 CARLEEN FANELLY  
11 called as a witness on behalf of the Applicant,  
12 being first duly sworn, testified as follows:

13 DIRECT EXAMINATION

14 By Mr. Whitt:

15 Q. Ms. Fanelly, could you please state  
16 and spell your full name for the record, and  
17 your title.

18 A. Yes. Carleen F. Fanelly, F as in  
19 Frank, a-n as in Nancy, e-l-l-y. I'm Director  
20 of Customer Services for Dominion East Ohio Gas.

21 Q. Ms. Fanelly, do you have in front of  
22 you a document marked for identification as DEO  
23 Exhibit 2.0?

24 A. Yes, I do.

25 Q. What is this document?

1           A.    This is the direct testimony of  
2 myself on behalf of Dominion East Ohio Gas.

3           Q.    Do you have any corrections to your  
4 testimony?

5           A.    No, I do not.

6           Q.    If I were to ask you the same  
7 questions that appear in DEO Exhibit 2.0 today,  
8 would your answers be the same?

9           A.    Yes, they would.

10           MR. WHITT: Thank you.

11           HEARING EXAMINER JENNINGS: Last  
12 round I went out of preferred order, so I'll  
13 correct myself with this witness. We'll start  
14 with Ms. Mooney. Off the record.

15                   (Off the record.)

16                               - - -

17                               CROSS-EXAMINATION

18 By Ms. Mooney:

19           Q.    Let me ask you, what was your  
20 understanding of the time frame of the program,  
21 the meter, accelerated program for the meter  
22 installations?

23           A.    Dominion East Ohio in 2007 agreed to  
24 begin pending approval of an accelerated program  
25 in 2008. So the actual accelerated program was

1 awaiting approval from the Commission which we  
2 did receive in October of 2008.

3 Q. Now, when you say "the accelerated  
4 program," are you referring to accelerating  
5 installations of meters or are you referring to  
6 accelerated cost recovery or both?

7 A. The application was filed for  
8 accelerated cost recovery, and that we had  
9 agreed to begin with the Minimum Gas Service  
10 Standards requirements with the filing that we  
11 had made in 2006 to start to implement our  
12 ability to get to meters that we would need to  
13 read once on an annual basis per the new Minimum  
14 Service Standards that had been adopted in 2007.

15 Q. But you said that was an accelerated  
16 cost recovery, that was what started in 2008 the  
17 accelerated cost recovery.

18 A. With the accelerated installations of  
19 the AMR along with cost recovery.

20 Q. But we have had testimony that in  
21 2007 you were accelerating deployment of the  
22 meter devices; isn't that correct?

23 MR. WHITT: I'll object. That wasn't  
24 the testimony.

25 HEARING EXAMINER JENNINGS: I'll

1 allow the witness to answer.

2 A. I'm sorry. Could you ask your  
3 question again?

4 Q. In 2007 there were some installations  
5 of these automated devices. Do you recall that  
6 testimony, what you were doing in 2007?

7 A. We began installing devices on the  
8 American and Badger Read-o-Matics as well as  
9 working with Staff through 2007 on the  
10 consecutive estimated readings in excess of the  
11 twelve months. This was a very finite  
12 population. It was not an accelerated  
13 installation of automated meter reading devices.  
14 It was very specific to Minimum Gas Service  
15 Standards.

16 Q. And was that the 132,000 units?

17 A. That was the number that we had  
18 completed by the end of 2007, I believe, yes.

19 Q. And that is not accelerated, the 132?

20 A. No, that would not. Based on the  
21 information in 2008, it would be approximately  
22 250,000 per year with an accelerated program  
23 beginning in 2008.

24 Q. But in a normal course of a year, say  
25 2006, you did about 85,000 meter installations



1 in a normal year with nothing accelerated at  
2 all.

3 A. I don't know what a normal year would  
4 be.

5 Q. I don't either. But let's say 2006  
6 is a normal, was a normal year, and as I recall,  
7 the idea was that there were about 85,000  
8 installations, new installations in 2006.

9 MR. WHITT: I'll object. The  
10 question assumes facts that I don't believe are  
11 in evidence.

12 MS. MOONEY: I think they are.

13 HEARING EXAMINER JENNINGS: I'll  
14 overruled the objection and the witness can  
15 answer to the extent that she knows.

16 A. I'm not aware of an automated meter  
17 reading program that Dominion East Ohio was  
18 involved in in 2006.

19 Q. But Dominion in 2006 did install new  
20 meters?

21 A. We installed meters for new customers  
22 and we did read meters, yes, on a bi-monthly  
23 basis.

24 Q. And do you know about how many meters  
25 you installed in any given year?

1           A.    I'm unclear on the question.

2           Q.    I'm talking about in a normal course,  
3   if there was no accelerated cost recovery,  
4   there's no accelerated deployment, in a year  
5   without any accelerations, about how many meters  
6   would you be installing or replacing old meters,  
7   putting in new meters in the course of a year?

8           MR. WHITT: May I just ask for a  
9   clarification? Are we talking about meters or  
10   are we talking about AMR devices that are put on  
11   meters?

12           HEARING EXAMINER JENNINGS:  
13   Ms. Mooney, can you clarify your question?

14           Q.    Meters, let's just talk about meters  
15   and what I assume would be in your base rate  
16   case, no automatic in this case, just what is in  
17   your rate for meter installation.

18           MR. WHITT: If that's the case, I'll  
19   object as well; beyond the scope of direct  
20   testimony.

21           HEARING EXAMINER JENNINGS: Objection  
22   sustained.

23           Q.    We talked earlier about if you had  
24   installed -- if there was no accelerated  
25   deployment, no accelerated cost recovery and you

1 were going to install and do the same thing with  
2 the automated meters, it would have been doing  
3 80,000 a year for about 15 years; is that  
4 correct?

5 A. I don't know what that number would  
6 be. We didn't do a projection for a 15 to  
7 20-year implementation.

8 Q. And then by 2011, the end of last  
9 year, you were 99 percent deployed with the  
10 automatic devices?

11 A. Yes. We had 99.2 percent of our  
12 active meters deployed with an AMR device.

13 Q. So at the end of 2011 does that end  
14 the accelerated deployment program?

15 A. No. There was not a hard stop date,  
16 to my knowledge, of the accelerated installation  
17 program.

18 Q. Is there a hard beginning date?

19 A. Not to my knowledge, no.

20 Q. So there was no hard beginning date  
21 and there was no hard ending date, but it was a  
22 five-year program?

23 A. Yes.

24 MS. MOONEY: That's all the questions  
25 I have.

1 HEARING EXAMINER JENNINGS: Thank  
2 you. Mr. Serio?

3 MR. SERIO: Thank you, Your Honor.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Serio:

7 Q. Good afternoon, Ms. Fanelly. I want  
8 to make sure I get the dates of some of these  
9 things correct. DEO Exhibit 4, do you have a  
10 copy?

11 A. No, I don't. I'm sorry.

12 MR. SERIO: Can I approach, Your  
13 Honor?

14 HEARING EXAMINER JENNINGS: Yes.

15 Q. I'll hand you a copy of all the  
16 exhibits from this morning, except Ms. Friscic's  
17 testimony. Now, it's my understanding that DEO  
18 Exhibit No. 4 was filed with the application in  
19 the 10-2853-GA-RDR case. Is that your  
20 understanding also?

21 A. Yes.

22 Q. And that application was on February  
23 28, 2011, correct?

24 A. Yes.

25 Q. And then Staff Exhibit No. 4 is an

1 update to DEO Exhibit No. 4, correct?

2 A. Yes, that's correct.

3 Q. And when was it submitted or filed?

4 A. Staff Exhibit 4?

5 Q. Yes.

6 A. My understanding is Staff Exhibit 4  
7 was filed in case 11-5843, if I'm reading this  
8 correctly.

9 Q. Do you know what the date on that  
10 was?

11 A. February 28 of 2012.

12 Q. And then attached to your testimony  
13 is a Dominion East Ohio Meter Reading Plan that  
14 says revised August 16, 2010, correct?

15 A. I don't have the attachment on my  
16 testimony, but yes, that was referenced.

17 Q. Now, all three of these plans were  
18 developed and submitted after the Opinion and  
19 Order in the 09-1875 case, correct?

20 A. Yes, that's correct.

21 Q. Was there a similar plan in place  
22 prior to the 09-1875 Opinion and Order?

23 A. There was a Meter Reading Plan  
24 submitted per the Minimum Gas Service Standards  
25 that was submitted in July of 2007.

1 Q. And that would have been the 06-1453  
2 docket?

3 A. I'm not aware that that was submitted  
4 with the docket. The Meter Reading Plan was  
5 submitted per the Minimum Gas Service Standards  
6 and working with Staff throughout 2007.

7 Q. Do you know if that was docketed in  
8 the Minimum Gas Service Standard proceeding?

9 A. I don't know.

10 Q. Or was it just provided to Staff?

11 A. I don't know.

12 Q. Now, looking at the three Meter  
13 Reading Plans that were done after the May 5th,  
14 2010 Opinion and Order in the 09-1857 case, can  
15 you point to anything in those three that is  
16 different than what you were doing prior to the  
17 09-1875 Opinion and Order?

18 MR. WHITT: Your Honor, I'm going to  
19 object to that question. I'm not sure how the  
20 witness can fairly be expected to do this,  
21 what's being asked, on the stand.

22 HEARING EXAMINER JENNINGS: Mr.  
23 Serio, could you hone your question a bit?

24 MR. SERIO: I will try to break it  
25 down.

1 Q. Ms. Fanelly, is it your understanding  
2 that the Commission in the 09-1875 Opinion and  
3 Order directed the Company to take every step  
4 they could to maximize savings from that point  
5 forward?

6 MR. WHITT: I'll object.  
7 Mischaracterizes the order.

8 HEARING EXAMINER JENNINGS: I'm  
9 sorry, I didn't hear.

10 MR. WHITT: It mischaracterizes the  
11 order. The order doesn't say what Mr. Serio  
12 said it says.

13 Q. Do you have Staff Exhibit 3 in front  
14 of you, Ms. Fanelly?

15 A. Yes.

16 Q. Could you open that and go to page 7.

17 A. I'm on page 7.

18 Q. Can you read the last full paragraph  
19 above Call Center Savings to yourself and let me  
20 know when you're ready.

21 A. Okay.

22 Q. Having read that paragraph, would you  
23 agree with the characterization that says that  
24 in this order, the Commission was directing  
25 Dominion to proceed with its AMR program in a

1 manner that would maximize savings at the  
2 earliest possible time?

3 A. Yes.

4 Q. After this order was issued, can you  
5 point to anything in either DEO Exhibit 4, Staff  
6 Exhibit 4, or in your Exhibit 2.1 that  
7 specifically indicates what the Company did  
8 different after the May 5th, 2010 order than  
9 what they were doing prior to the May 5th, 2010  
10 order?

11 A. I believe in my direct testimony on  
12 the bottom of page 2, the response was, in fact,  
13 that we had rerouted approximately 310,721  
14 accounts or 671 routes by the end of 2010 with  
15 savings of, I believe it was, approximately 1.7  
16 million as opposed to in 2009 where we had  
17 25,284 accounts or only 63 routes. That was at  
18 the end of 2010.

19 And then subsequently in my  
20 testimony later on, I indicated what we were  
21 able to accomplish by the end of 2011 which was,  
22 in fact, substantially more than the two local  
23 offices that were not finished with a rerouting  
24 but had been moved to monthly meter reading by  
25 the beginning of December. So we were prepared



1 to reroute in early 2012.

2 Q. Let me ask my question this way.  
3 Prior to the Commission's May 5th, 2010 order,  
4 the Company had a procedure that it used to  
5 install meters to achieve savings at the  
6 earliest possible time, correct?

7 A. Yes.

8 Q. And after the order, you had a  
9 procedure in place to do the same thing,  
10 correct?

11 A. Yes.

12 Q. Did the procedure after the  
13 Commission's order differ than the procedure  
14 prior to the Commission's order?

15 A. I believe it did, and we worked with  
16 Staff after that order throughout creating new  
17 communications for customers, notification via  
18 letter for customers who was in an area that was  
19 being moved to monthly meter reading, that they  
20 would not be able to receive a monthly read  
21 without an automated meter reading device. We  
22 also prioritized in our plan that we filed and  
23 began working, that during 2010 and 2011 the  
24 fact that we were no longer going to install on  
25 inactive accounts for safety reasons, as well as

1 accelerating to get the active accounts  
2 completed.

3 In the middle of 2011 we also worked  
4 with Staff, we have several customers who have  
5 multiple meter manifolds. We are not permitted  
6 to shut a customer who meets a tariff  
7 requirement off in a multi-suite unit and  
8 negatively impact that for someone who is not  
9 cooperating with the company. We revised a  
10 policy that I discussed in my direct testimony  
11 that was approved in mid-2011 so that if we made  
12 the appropriate notifications, we could, in  
13 fact, leave a multi-suite building off so that  
14 we could finish, which was what got us to 99.2  
15 percent. So I believe Dominion East Ohio did  
16 take several steps.

17 Q. Okay. I want to make sure I account  
18 for them one by one. You indicated that you  
19 eliminated installing meters on inactive  
20 accounts, correct? That's one thing you did?

21 A. 24 months and older, yes.

22 Q. And the second thing, you accelerated  
23 installation on active accounts, correct?  
24 That's what you said in your answer previously.

25 A. Okay.

1 Q. I'm trying to break them down.

2 A. I don't remember saying accelerated  
3 on active accounts. Our intent was to  
4 prioritize all active accounts ahead of others  
5 so, yes, if you interpret that to mean  
6 accelerate active accounts, then yes.

7 Q. Then the third thing was dealing with  
8 the multiple meter manifold situation.

9 A. That's correct, and notification to  
10 hard-to-access customers.

11 Q. Okay. So there's four things then.  
12 Let's take them one at a time if we could.

13 A. Okay.

14 Q. Eliminating inactive accounts. So is  
15 it your testimony that prior to the Commission's  
16 order, inactive accounts got the same priority  
17 as active accounts?

18 A. If they were in a route that was  
19 targeted to be completed, we would attempt to  
20 get an AMR installed on those, yes.

21 Q. If it was in an inactive account and  
22 you didn't get access when you were doing that  
23 area, you would go on to the next area and you  
24 didn't wait for that account, correct?

25 A. That's correct. Once we reached 95

1 percent saturation, that's correct.

2 Q. So by eliminating the inactive  
3 accounts, how much impact did that have on being  
4 able to complete the program faster after the  
5 Commission's order than the way you were doing  
6 it prior to the Commission's order?

7 A. I can't give you a direct  
8 correlational impact to that.

9 Q. Would it be fair to say that because  
10 there's not that many inactive accounts,  
11 eliminating them would have had minimal impact  
12 on how fast a route could be completely deployed  
13 and then transferred over to AMRs?

14 A. What we submitted in our plan was the  
15 number of inactive accounts that were left  
16 beginning in 2011. What I do not know is how  
17 much we did not do in 2010.

18 Q. Okay. Fair enough. Now, you said  
19 the second one was either prioritizing or  
20 accelerating active meters because you put them  
21 ahead of the inactive meters. And if I went  
22 through those questions again, you'd indicate  
23 again, since you don't know how many inactive  
24 accounts there were in 2010, you really couldn't  
25 tell me how much accelerating changed things

1 after the Commission order. Would that be  
2 correct?

3 A. That's a fair statement.

4 Q. Now, the multiple meter manifold  
5 situation, how many customers did that involve?

6 A. I don't know off the top of my head  
7 exactly what that count was.

8 Q. Magnitude of number; more than  
9 50,000?

10 A. I don't know.

11 Q. So since you don't know how many  
12 there were, you don't know if having that  
13 situation dealt with was able to significantly  
14 increase your ability to complete the program  
15 and maximize savings?

16 A. I do know that our Western office,  
17 which was one of the last offices to reroute,  
18 had a substantial number of two suites, ups,  
19 downs, a lot of the older homes in the Cleveland  
20 area on the west side of Cleveland, and that was  
21 one of the field meetings that we had that  
22 indicated what was causing us a great bit of  
23 consternation to get to the 95 percent  
24 saturation. So by putting that in place, we  
25 were able to move that Western shop to 95

1 percent saturation by December 1 of 2011, but I  
2 don't know what the exact number of meters that  
3 would be.

4 Q. Can you give me a ballpark?

5 A. I really don't know.

6 Q. The Western shop had approximately  
7 161,000 meter population. So it would be some  
8 number less than 161,000, correct?

9 A. (witness nods.)

10 HEARING EXAMINER JENNINGS: I don't  
11 think I heard an answer on the record.

12 MR. SERIO: I thought she shook her  
13 head.

14 HEARING EXAMINER STENMAN: You need  
15 to answer verbally.

16 THE WITNESS: I'm sorry. It would be  
17 some number less than 161,000. Sorry about  
18 that.

19 Q. Now, the fourth item was the letter  
20 that the Company put together, and that was  
21 aimed at people that had an indoor meter that  
22 weren't cooperating with you, correct?

23 A. That was aimed at anyone who was in  
24 an area that was being moved to monthly meter  
25 reading who had not cooperated that was in the

1 hard-to-access population, yes.

2 Q. And the Company had situations with  
3 people that had hard-to-access meters from day  
4 one of the program, correct?

5 A. Yes, in many cases.

6 Q. And do you know how long it took to  
7 deal with those individuals on average prior to  
8 your new letter versus after your new letter?

9 A. The new letter was different from the  
10 no access process that we worked with Staff on  
11 for the Meter Reading Plan that was submitted in  
12 2007. That was in addition to the  
13 40-day-no-access process Dominion East Ohio  
14 worked with Staff to develop to terminate  
15 service. This was for those customers who  
16 likely ignored many of the notifications and  
17 processes, that we wanted to make sure they  
18 understood they would no longer be getting a  
19 bi-monthly meter reading. We were not walking  
20 the routes any longer and they would be in a  
21 consecutive estimate process anticipating that  
22 once they reached the eight months, they would  
23 move into the no-access process to be  
24 terminated. And thus, as my testimony  
25 indicates, in many cases those take longer than

1 certain periods of time for customers to pay  
2 attention to those notifications.

3 Q. On Dominion Exhibit No. 4, page 2,  
4 the first paragraph below the first table there  
5 it says the Company will continue to use a  
6 two-prong strategy. Is it safe to say that the  
7 two-prong strategy mentioned here was in place  
8 prior to the Commission's 09-1875 Opinion and  
9 Order?

10 A. Yes.

11 Q. And you used the same two-prong  
12 strategy after the Commission's Opinion and  
13 Order?

14 A. Yes.

15 Q. Did you change that strategy at all?

16 A. The multiple meter manifold process  
17 and those that we already discussed.

18 Q. All right. So those are the changes  
19 that you made in response to the Commission's  
20 Opinion and Order was the four items that we  
21 went through?

22 A. Yes.

23 Q. And you haven't done any kind of  
24 quantification to be able to estimate how much  
25 those enabled you to finish the program faster



1 than otherwise may have been the case?

2 A. No, I can't.

3 Q. Now, on pages 3 and 4 of your  
4 testimony you talk about the transition from  
5 after the meters are installed to when they can  
6 be fully read on an automatic basis, correct?

7 A. On page 3 and 4?

8 Q. I think the bottom of 3 carried over  
9 to the top of page 4, the Revised Meter Reading  
10 Plan?

11 A. Okay.

12 Q. If you could look from lines 3 to 6.

13 A. On page 4?

14 Q. On page 4. The first item, it says  
15 that the Meter Reading Plan stated that monthly  
16 meter reading would not occur until you hit 95  
17 percent saturation; and then the second item,  
18 the two-prong strategy was after that, or was  
19 the two-prong strategy part of getting to the 95  
20 percent saturation?

21 A. Deployment was the two-prong strategy  
22 that got us to the 95 percent saturation so that  
23 we could move accounts to monthly meter reading.

24 Q. Then the next item, a targeted  
25 shop-by-shop AMR conversion, what do you mean by

1 that?

2 A. When we began the program in 2008 we  
 3 identified local offices in Northeast, which is  
 4 our Northeastern service territory, as well as  
 5 our Akron service territory and we had resources  
 6 deployed focused on installations to work in  
 7 those specific areas while we had resources  
 8 deployed across our service territory doing  
 9 installations either on regular service orders,  
 10 on no-access situations, those types of  
 11 compliance order work, so that when we did have  
 12 access to a meter we would complete that. But  
 13 this targeted shop-by-shop provided us the  
 14 opportunity to, if you will, drop on cold call  
 15 orders that wasn't an appointment so we were  
 16 able to focus on outside meters and keep our  
 17 resources productive to move the program  
 18 forward.

19 Q. The meter manifold issue that you had  
 20 is one that was there from the start of the AMR  
 21 program, correct?

22 A. Yes. The tariff requirement  
 23 associated with not shutting one customer off,  
 24 yes.

25 Q. And it wasn't until August of 2011

1 that the Company approached the Staff with a  
2 solution on how to deal with that process,  
3 correct?

4 A. That's correct.

5 Q. Now, page 5 of your testimony you  
6 talk about the steps that have to occur as an  
7 explanation for why there's a delay between  
8 achieving saturation and the completion of  
9 rerouting. Do you see that?

10 A. Yes.

11 Q. The first step is that the accounts  
12 have to be moved to a monthly meter reading  
13 schedule.

14 A. Correct.

15 Q. What does that entail?

16 A. That basically entails taking the  
17 existing reroute in our system that has a  
18 bi-monthly set, if you will, in the program, and  
19 it moves that account over to monthly. That has  
20 to happen as each cycle opens to go through  
21 billing and then gets downloaded to the meter  
22 reading hand-held, and thus gets out either to  
23 the mobile unit or to an electronic unit that  
24 the meter reader could walk and pick up those  
25 routes on a monthly basis.

1           Q.   And how long does it take to do that  
2 conversion?

3           A.   There are 21 revenue cycles, so it  
4 takes, over the process of a revenue, slightly  
5 over a calendar month. So it takes  
6 approximately two months to get two consecutive  
7 actual meter readings depending upon where that  
8 customer is in that particular location for  
9 their read cycle.

10          Q.   So I had the second step being the  
11 two actual meter readings. So you're saying  
12 that to do the moving it to a monthly reading  
13 schedule and do two reads would take two months?

14          A.   That's correct; the first month to  
15 move it to monthly and the second month to go  
16 back and pick up that second actual reading.

17          Q.   Then on line 21 you have, "In  
18 addition, when Dominion performs rerouting, it  
19 may change the length of billing cycles." If  
20 you do that, under what circumstances do you  
21 have to do it?

22          A.   As we look to gain the efficiencies  
23 and reduce the number of walking routes to  
24 driving routes, as indicated earlier up on page  
25 5, the 2,850 routes that we've reduced down, as

1     you combine those routes, those 21 cycles or 21  
2     man days, those customers may move four or five  
3     days ahead of when the meter reader would have  
4     typically read it in the past, which changes the  
5     due date on their bill. So thus there's an  
6     impact to the customer which is why we didn't  
7     immediately reroute. We wanted to notify  
8     customers who have automatic withdrawals from  
9     their banks if due dates change, so there's  
10    substantial customer impact, that we managed  
11    through this process to minimize that impact on  
12    the customer preparing them for what was going  
13    to change for the due dates on the bills.

14           Q.     And how long would it take to do that  
15    third step?

16           A.     Typically, that's occurring as we're  
17    moving to monthly meter reading, So by the end  
18    of that third month, so it could be anywhere  
19    from three to four months. In addition, when we  
20    do a reroute, that changes everything in the  
21    billing system and so there may be other things  
22    that are scheduled to be done that we're  
23    required to do, rate changes or those types of  
24    things, where we're not going to change a  
25    customer's billing cycle in the middle of a rate

1 change in the middle of our choice auction where  
2 new suppliers are being assigned for standard  
3 choice off for customers. So we have to stage  
4 those things along with other things that we're  
5 required to do.

6 Q. So you said for changing the length  
7 of the billing cycle, that might take a month to  
8 do or two months?

9 A. It depends on those other things that  
10 may be happening, Mr. Serio.

11 Q. Would this occur simultaneously with  
12 the previous two steps?

13 A. No.

14 Q. Or does this have to occur after  
15 those two steps?

16 A. It occurs after those two steps.

17 Q. So the first two steps take two  
18 months and then this step takes an additional  
19 one to two months?

20 A. Again, it depends on other things  
21 that may be happening associated with rate  
22 changes or other schedules associated with  
23 system updates, so we have to queue those up to  
24 make sure that we don't have negative impacts on  
25 other items associated with the billing.

1           Q.    When you talk about rate changes,  
2                would you mean a rate change from some type of  
3                rate proceeding?

4           A.    Could be a rate proceeding, yes.

5           Q.    Would the monthly change of the  
6                maximum price for the choice customers  
7                constitute such a change?

8           A.    In most instances, no.  We  
9                accommodate for that and that's one of the  
10               reasons why we do two actual readings so we  
11               don't have to true up against those rate  
12               changes.

13          Q.    To your knowledge, did the Company  
14                have any rate proceedings since the AMR  
15                installation program began?

16          A.    Yes, we've had several.

17          Q.    What rate proceedings have you had?

18          A.    I don't know what all of them are.  
19                We've had PIR proceedings; we have had the  
20                percentage income payment plan rider  
21                proceedings; we have the choice auction where  
22                energy choice suppliers are reassigned.  So  
23                there are a lot of those that happen throughout  
24                the year.

25          Q.    This process that you're describing

1 is the same process after the Commission's order  
2 as it was prior to the Commission's order in the  
3 09-1875 case, correct?

4 A. I don't know if we had all of those  
5 things that were similar to that prior to the  
6 09-1857 order.

7 Q. So if some of these riders came about  
8 after the 09-1857 case they might actually slow  
9 things down?

10 A. It's possible.

11 Q. Compared to before?

12 A. It's possible.

13 Q. Did the Company do anything with this  
14 four-step plan different after the May 4th, 2010  
15 order than they did prior?

16 A. We had not done as many of the  
17 accounts prior to the 09-1875 order, as I  
18 indicated, when you asked me how we had done at  
19 the end of 2010 and the end of 2011, so we had  
20 -- we learned a lot with those 617,000 accounts  
21 that we did in the initial year to be sure that  
22 we didn't have those same impacts on customers  
23 going forward.

24 Q. On page 9 of your testimony you have  
25 a table. That shows your different shops and



1 some other different information there. The  
2 current number of meter readers, that is the  
3 number that the Company plans to have going  
4 forward in order to do the automatic meter  
5 reads, correct?

6 A. That's the number of meter readers  
7 Dominion East Ohio currently had on staff  
8 beginning in January of 2012.

9 Q. And that's the number that you plan  
10 to maintain going forward, correct?

11 A. That's correct.

12 Q. Now, so I understand this, the  
13 Youngstown and Western shops were read via  
14 automatic meters by the end of -- by December  
15 31, 2011, correct?

16 A. That is correct.

17 Q. On your Exhibit 2.1 at the bottom of  
18 the page you have a sentence, "DEO completed  
19 removal of all American and Badger remote  
20 indexes within the first two years of the AMR  
21 program." What was the beginning and ending  
22 dates of that two years that you're talking  
23 about right there?

24 A. For the American and Badger remotes,  
25 we began removing those in 2007 and we completed

1 those in 2008.

2 Q. January 1st, 2007?

3 A. I don't know what the first removal  
4 was but we did begin removing those in 2007.

5 Q. I asked Ms. Friscic this morning, and  
6 she told me I should ask you, the Company had a  
7 five-year waiver from the Minimum Gas Service  
8 Standards that began on January 1, '07. Do you  
9 recall that?

10 A. Yes.

11 Q. So that five-year waiver ran through  
12 January 1st, 2012, correct?

13 A. Yes.

14 Q. Now, to the extent that you had a  
15 five-year waiver, did the Company prioritize  
16 doing the indoor meters from the beginning of  
17 that time period?

18 A. Yes. We worked actually to ensure  
19 that the inside meters that were reaching twelve  
20 consecutive estimates or had interior service  
21 line leak surveys that were required to be done  
22 within three years, which is part of our  
23 two-prong approach within those offices, that  
24 when we were doing those compliance activities,  
25 an automated meter reading device was being

1 installed.

2 Q. So that prioritization existed from  
3 the beginning of the replacement program as  
4 early as January 1, '07, when the MGSS went into  
5 effect?

6 A. The accelerator replacement program  
7 wasn't effective in 2007. The Minimum Gas  
8 Service Standard was effective January of 2007  
9 when Dominion East Ohio was working with Staff  
10 to gain compliance and thus the reason why we  
11 filed the waiver. We worked through  
12 communications processes; we integrated those  
13 into the 2007 Meter Reading Plan so that DEO  
14 could be compliant with that waiver. That  
15 waiver was for the annual meter reading of all  
16 remote index meters and/or inside meters.

17 Q. My question was did the Company begin  
18 prioritization of indoor meters as early as  
19 January 1, '07 when the MGSS went into effect?

20 A. It began prioritization of the Badger  
21 and American to get those replacements done  
22 because of the failure rates that we were having  
23 in those accounts that were in excess of twelve  
24 consecutive months.

25 Q. Not all. So it was only the American

1 and Badgers that were the initial?

2 A. That's correct because we did not  
3 have authorization for an accelerated program.

4 Q. Am I correct that your understanding  
5 is that when the accelerated program began,  
6 that's when you were doing 250,000 meters per  
7 year or more?

8 A. That was what was in the original  
9 plan to my understanding, yes.

10 Q. So when the Company did 132,000  
11 meters in 2007, that was not under any  
12 accelerated program?

13 A. Not to my knowledge, no.

14 Q. So if the Company would have done  
15 132,000 meters a year under a non-accelerated  
16 program, they could have replaced 1.2 million  
17 meters within ten years, correct?

18 A. If the population stayed finite,  
19 which it does not, but, yes.

20 MR. SERIO: That's all the questions  
21 I have. Thank you, Ms. Fanelly.

22 THE WITNESS: Thank you.

23 HEARING EXAMINER JENNINGS: Mr.  
24 Parram?

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CROSS-EXAMINATION

By Mr. Parram:

Q. Good afternoon, Ms. Fanelly. The Revised Meter Reading Plan in your testimony, when you submitted this plan to Staff, did you submit it to Staff thinking of seeking review or approval to ensure that it was compliant with the Commission's 09-1873 order?

A. No, that was not why this plan was submitted. The Minimum Gas Service Standards require all of the utilities, the gas utilities to submit a Revised Meter Reading Plan every three years. We were notified by Staff and we proceeded to update the 2010 meter reading -- revise the 2007 Meter Reading Plan in compliance with the Minimum Gas Service Standards requirements.

Q. So I'm referring now to Exhibit 2.2 of your testimony, the December 6, 2010 letter from John Williams, Director of Staff, where he indicates he approves the submitted Meter Reading Plan. This was an approval as it relates to the Commission's 09-1873 order, is it not?

A. No, it is not. It is approval of the

1 revised plan submitted per the Minimum Gas  
2 Service Standards.

3 Q. For clarification, I believe I said  
4 1873. It should be 1875. I apologize.

5 If you could go back to Exhibit 2.1  
6 which is the Revised Meter Reading Plan of your  
7 testimony --

8 A. Yes.

9 Q. -- I believe you indicated in the  
10 bottom paragraph, you indicated that for the  
11 first two years of the AMR program, there was a  
12 removal of the American and Badger remote  
13 indexes, and you indicated that these were  
14 removed in 2007 to 2008, correct?

15 A. We began removal of the Badger and  
16 American ones in 2007 prior to receiving any  
17 approval for an AMR program.

18 Q. So in this paragraph where it says  
19 "within the first two years of the AMR program,"  
20 this is referring to -- say you began in 2007,  
21 correct, so the first two years would have been  
22 2007 and 2008?

23 A. The first two years of the  
24 accelerated program.

25 Q. Just in this sentence here, "DEO

1 completed removal of all American and Badger  
2 remote indexes within the first two years of the  
3 AMR program." Do you see that sentence?

4 A. Yes, I do.

5 Q. What are the first two years you are  
6 referring to?

7 A. I don't have a designated start of  
8 the AMR program. We began removing the Badger  
9 and the American remote indexes as a result of  
10 the failure rates associated with obtaining  
11 actual readings once per annual basis. Those  
12 Badger and Americans were read once every three  
13 years. We would have been non-compliant with  
14 Minimum Gas Service Standards. Thus to replace  
15 that, because the Minimum Gas Service Standards  
16 indicate an automated meter reading device is  
17 considered actual, for removal of those to be  
18 compliant with the Minimum Gas Service Standards  
19 we began installation of those AMRs on remote  
20 meter reading devices to be compliant with the  
21 Minimum Gas Service Standards, and did not seek  
22 recovery for those.

23 Q. Just so I'm clear, when you say you  
24 completed removal of all American and Badger  
25 remote indexes within the first two years, what

1 years would this sentence be referring to? What  
2 years were completed or what are the two years?

3 A. I don't know when the last one  
4 officially got removed; potentially into 2009  
5 the notifications began to get the Badgers and  
6 Americans out, and we continued to move through  
7 those, so we could have had some that were  
8 replaced in 2009. I don't know what that  
9 last -- so it could be 2008, 2009 if you are  
10 talking about as part of the accelerated  
11 program.

12 If you are talking about the Minimum  
13 Gas Service Standards compliance, we began  
14 removing those in 2007 to be compliant with the  
15 standards.

16 Q. What was your role in drafting  
17 Exhibit 2.1?

18 A. I authored that with the help of my  
19 field managers in the meter reading area and my  
20 automated meter reading project manager.

21 Q. So who had ultimate, I guess,  
22 authority for information that was being  
23 included in this?

24 A. I did. I submitted this to John  
25 Williams for approval for the revisions to meet



1 our Minimum Gas Service Standards requirement.

2 Q. Can you turn to page 5 of your  
3 testimony, lines 2 through 5.

4 A. Page 5, line 2?

5 Q. Yes. And you have indicated that the  
6 only two shops that are left to be rerouted in  
7 2012 are Western and Youngstown shops; is that  
8 correct?

9 A. Yes, that's correct.

10 Q. Do you know that the Wooster shop  
11 still needs to be rerouted?

12 A. That was completed in January.

13 Q. January?

14 A. Of 2012.

15 Q. Okay.

16 A. We had initiated the rerouting, as I  
17 had discussed with Mr. Serio, prior to January  
18 of 2012.

19 Q. When exactly did Youngstown reach  
20 critical mass?

21 A. I believe they were at critical mass  
22 in mid to late November.

23 Q. And both of these shops will not be  
24 completely rerouted until June 2012?

25 A. They will be fully completed. The

1 rerouting for Youngstown actually began on April  
2 20, and we're finalizing the rerouting for the  
3 Western shop which will definitely be completed  
4 by June.

5 Q. So from point of critical mass, at  
6 what point will you reach critical mass, until  
7 you've completely rerouted an area? What's the  
8 typical time frame? How many months does it  
9 typically take?

10 A. Again it depends. As discussed with  
11 Mr. Serio, we have two months of reading the  
12 meters monthly and then we look at the  
13 opportunity to reroute once we have done that.  
14 We had February, I believe, is when the  
15 reassignment of the suppliers for the standard  
16 choice program went into effect, so we could not  
17 do any rerouting in February. And we get  
18 through all of those changes. I don't remember  
19 exactly everything that was on the docket for  
20 this programming, but Youngstown was slated to  
21 happen as soon as all of those were finished,  
22 which was done on April 20, and we don't do all  
23 of them all at the same time so we can monitor  
24 the activity and ensure the accuracy of the  
25 bills once a reroute has been completed, and so

1 Western is scheduled to come after that.

2 Q. For meter readers to be released is  
3 it a necessary prerequisite that an area is  
4 rerouted or rerouting is initiated before meter  
5 readers are released?

6 A. No, it is not.

7 Q. Do you have DEO Exhibit 4 in front of  
8 you?

9 A. Yes.

10 Q. Can you go to page 2?

11 A. Yes.

12 Q. The table at the bottom half of that  
13 page --

14 A. Yes.

15 Q. -- for all the three local shops,  
16 which would be specifically New Philadelphia,  
17 Western, and Youngstown areas, when the read  
18 frequency changes to monthly, you're able to  
19 initiate rerouting either in the same month or  
20 in the same exact quarter. Do you see that in  
21 the table?

22 A. The reroute is initiated. The  
23 reroute isn't completed through that process we  
24 talked about. That's simply beginning to make  
25 the move to monthly meter reading. Some of

1 those happen -- the monthly meter reading,  
 2 changing bi-monthly codes to monthly so that  
 3 they can be downloaded on a monthly basis can  
 4 happen without an impact to billing because  
 5 there is no change to due date. Rerouting  
 6 fundamentally changes the customers' bills.  
 7 Those are not done simultaneously, but  
 8 initiation of a monthly meter reading, which  
 9 kind of gets it in queue for the reroute, then  
 10 follows that course.

11 Q. Right. And what I'm wondering is  
 12 what is different about the New Philadelphia,  
 13 Western, and Youngstown local shops where it  
 14 takes a longer period of time to initiate the  
 15 rerouting? Is there something specific about  
 16 those areas that would cause it to take longer?

17 A. There's a lot of variables. There  
 18 could be the rural proximity, the driving. The  
 19 meters don't get closer together with an  
 20 automated meter reading device, so New  
 21 Philadelphia is more rural, so there may be more  
 22 driving that may cause us to look at different  
 23 efficiencies than when you look at Western or  
 24 Youngstown that has a higher urban concentration  
 25 necessarily than a more rural facility, than New

1 Philadelphia.

2 Q. You are not sure about that. Is that  
3 sort of -- are you guessing?

4 A. Those are all of the items that we  
5 take into consideration when we look at a  
6 rerouting. So, yes, I do know that where I have  
7 further distances between meters, we have a  
8 different opportunity than we have where I have  
9 a higher concentration of meters very close  
10 together in a more inner city urban type of  
11 setting and the impact on the number of  
12 customers as well.

13 Q. On page 6 of your testimony you talk  
14 about issues Dominion has of installing AMRs on  
15 large commercial customers.

16 When did -- when did you start to  
17 recognize that you had problems getting into  
18 installing AMRs on large commercial customers?

19 A. We have always had special  
20 arrangements with our large commercial and  
21 industrial customers and we continue to work  
22 with them so that we can accommodate and not  
23 negatively impact their production or  
24 downtimes. In many instances they'll run full  
25 production 24 by 7 until such time as they take

1 a two-week or downtime or whatever, and then we  
 2 need to make those arrangements. So we could  
 3 have had arrangements made in November of 2011  
 4 and that's now scheduled for June of 2012. So  
 5 the arrangements may have been made but we  
 6 accommodate those to achieve and minimize the  
 7 impact on the customers, especially on the  
 8 industrial and commercials.

9 Q. So is it fair to say this was an  
 10 issue that you were aware of throughout the AMR  
 11 program?

12 A. And we continued to manage it and  
 13 it's never been brought up as a problem for us.

14 Q. And the same question as it relates  
 15 to hard-to-access meters?

16 A. The hard-to-access meters are  
 17 becoming even more interesting because of the  
 18 onslaught of what's going on in the world of  
 19 smart meter installations and new opt-out  
 20 programs and those types of things, so we're  
 21 even getting requests to remove automated meter  
 22 reading devices where we already have them  
 23 installed as a result of that.

24 So as the technology changes, we're  
 25 running into these situations, medical

1 situations that we never encountered until a lot  
2 of environmental groups have started to surface  
3 a lot of these issues and we're trying to work  
4 through those, and we do keep Staff advised as  
5 these issues come up.

6 Q. So it may be even harder to actually  
7 get to the hard-to-access meters throughout  
8 2012?

9 A. Our plan is to get as many of them as  
10 we possibly can and manage through those  
11 associated issues, yes.

12 Q. Is it possible that there will be  
13 some hard-to-access meters that you do not get  
14 to in 2012?

15 A. Anything is possible.

16 Q. Is that the same as it relates to  
17 large commercial customers?

18 A. We have not had a refusal of a  
19 commercial/industrial customer. We have had a  
20 few requests for removal from apartment-type  
21 customers who have a little bit of concern that  
22 an automated meter reading device is going to  
23 manage their energy, which it does not, so we  
24 just have to work through the education process  
25 for those folks. But I don't see an issue with

1 the commercial/industrial accounts, no.

2 Q. On page 9, line 13 of your testimony  
3 you have a discussion about project employees,  
4 and who exactly are project employees?

5 A. At the end of 2007, and I was not  
6 involved in these negotiations, but negotiations  
7 took place with the natural gas workers, local  
8 G555 who represent the employees employed by  
9 Dominion East Ohio, to enter into an agreement  
10 for a duration of employees that would be hired  
11 to read meters knowing that the meter reading  
12 work force would be eliminated once we completed  
13 our installation program through the accelerated  
14 program, the automated meter reading. So we  
15 entered into an agreement with our collective  
16 bargaining unit where we would release those  
17 employees when we were able to achieve that, and  
18 release those employees through the project  
19 deployment.

20 Q. So have you seen this 2007 project  
21 deployment meter reading agreement? You are  
22 familiar with it?

23 A. Yes, I am.

24 Q. You said it was entered into at the  
25 end of 2007?



1 A. That is correct.

2 Q. But you said you were not involved  
3 in negotiating it?

4 A. No, I was not.

5 Q. Do you know who was?

6 A. Several people in the Company that  
7 were involved in meter reading, our labor  
8 relations consultant and operations director who  
9 had responsibility for meter reading back in  
10 2007.

11 Q. Do you know those individuals' names?

12 A. Yes, Mike Reed and Alex Soja.

13 Q. Soja?

14 A. S-o-j-a.

15 Q. At the beginning of 2011 how many  
16 meter readers, when I say meter readers I mean  
17 meter reader employees including actual meter  
18 readers and salaried employees, how many meter  
19 reader employees were there the beginning of  
20 2011?

21 A. Beginning when? I'm sorry.

22 Q. 2011.

23 A. I believe we had -- I don't know the  
24 number off the top of my head. I believe we had  
25 80 or 81 meter readers and I believe five

1     salaried personnel, so 85 or 86. I think that's  
2     where we were. If you look at my testimony on  
3     page 9 I have the '07 start number of meter  
4     readers, which is the 108, and I believe there  
5     were eight salaried personnel at the beginning.

6             MR. PARRAM: May I approach, Your  
7     Honor?

8             HEARING EXAMINER JENNINGS: Yes.

9             Q. Ms. Fanelly, I hand you a document  
10     marked for purposes of identification as Staff  
11     Exhibit 5. It is a response to a data request  
12     dated December 29, 2011, with a due date January  
13     20, 2012. Do you have that exhibit in front of  
14     you, Ms. Fanelly?

15            A. Yes, I do.

16            Q. Just to be clear, if you turn to page  
17     2 of the document.

18            A. Yes.

19            Q. After question 7 or at question 7 it  
20     says, "Below are the number of full-time meter  
21     readers employed by year."

22            A. Yes.

23            Q. And it indicates at the end of 2010  
24     there were 81 meter readers. Does that sound  
25     about correct? I know you said 85.

1 A. 81 meter readers, yes.

2 Q. As meter reader employees?

3 A. This says full-time meter readers,  
4 not meter reading employees.

5 Q. Okay. So I'm clear, so it would be  
6 81 meter readers not including the salaried  
7 supervisors?

8 A. That's correct.

9 Q. Okay. I'm just trying to get clear.

10 A. That's okay.

11 Q. I might have missed what you  
12 explained. So of the 81 meter readers, and then  
13 in addition to that the supervisors, are all of  
14 them considered project employees under the 2007  
15 agreement?

16 A. No, they were not.

17 Q. Who was not considered part of that  
18 agreement?

19 A. In the 108, and I do not know the  
20 breakdown of numbers, those were regular meter  
21 readers. We had just agreed to project  
22 employees and would have been transferring  
23 qualified individuals into the field services  
24 organization to begin the accelerated program in  
25 2008 for the installation of the automated meter

1 reading devices. As those people moved into the  
 2 field services to work the AMR installations  
 3 going in year 2008 going forward, any backfill  
 4 to manage meter reading so that we could  
 5 continue to read the meters per the standards  
 6 were filled by project employees. We maintained  
 7 by seniority per our collective bargaining  
 8 agreement the 27 meter readers that were already  
 9 in the meter reading classification. There are  
 10 no longer any project employees. They were  
 11 released as of December 31st, 2011, which was  
 12 the expiration of the agreement that we had with  
 13 the bargaining unit, and I believe I have that  
 14 in my testimony.

15 Q. So when you say the expiration of the  
 16 agreement, does the agreement require that you  
 17 retain all those employees to the end of  
 18 December 2011, or did the agreement expire at  
 19 that time?

20 A. The agreement expired at that time.  
 21 It did not require us to maintain those  
 22 employees. Those employees were released,  
 23 terminated, transferred, whatever the case may  
 24 be, and were not backfilled as we didn't need  
 25 those to be replaced as we migrated to

1 completion going forward.

2 Q. So under the terms of the agreement,  
3 nothing required Dominion to retain those  
4 employees to December 31, 2011?

5 A. That is correct, and as of December  
6 31 of 2011 we only had four remaining and they  
7 were released as of that time, and they were  
8 working in the Youngstown and Western locations.

9 Q. But those four could have been  
10 released at an earlier time?

11 A. No. We had just gotten to critical  
12 mass in December of 2011. So as we work through  
13 the 2011 move to monthly meter reading, we gave  
14 them ample notification that they were not going  
15 to be retained after the end of the agreement.

16 Q. So since January 1st, 2012, Dominion  
17 has 29 meter readers on staff, correct?

18 A. Total meter reading staff?

19 Q. Yes.

20 A. Is 29, that's correct.

21 Q. And at the beginning of the program  
22 how many were employed?

23 A. It was 116 total meter reading  
24 employees.

25 Q. So 87 meter readers reduction,

1 correct. That's 116 --

2 A. 116 minus 29.

3 Q. So at the end of 2012, Dominion would  
4 have avoided paying salaries of 87 meter readers  
5 before, correct?

6 A. Yes. There may be some carry-over  
7 into January based on the bi-weekly pay period  
8 for the union, but whatever that carry-over  
9 might have been because the pay period went into  
10 2012, which is why you see a different number at  
11 the end versus the 27 from where we began the  
12 year.

13 Q. Do you have Staff Exhibit 4?

14 A. The Automated Meter Reading Plan?

15 Q. Yes.

16 A. Yes, I do.

17 Q. Can you go to page 2 and that first  
18 table.

19 A. Yes.

20 Q. You see that in 2009 Dominion  
21 installed 332,135 AMRs, correct?

22 A. That's correct.

23 Q. In 2010, 2011 the number decreased  
24 from there out; is that correct?

25 A. That would be correct.

1 MR. PARRAM: That's all I have, Your  
2 Honor.

3 HEARING EXAMINER JENNINGS: The Bench  
4 has no questions.

5 MR. WHITT: I have a few redirect  
6 questions, Your Honor.

7 - - -

8 REDIRECT EXAMINATION

9 By Mr. Whitt:

10 Q. Ms. Fanelly, counsel for OPAE was  
11 asking about 2006 AMR expenditures and then the  
12 discussion started to shift to meters. I wasn't  
13 clear if we were talking about meter expense or  
14 AMR expense, but what I'm trying to get at is,  
15 is there such a thing as a normal level of AMR  
16 program expense in your view?

17 A. Not to my knowledge.

18 Q. Was there ever -- was there any type  
19 of AMR program in existence at Dominion prior to  
20 the adoption of the Minimum Gas Service  
21 Standards?

22 A. No, not at Dominion East Ohio.

23 Q. So was it the adoption of the Minimum  
24 Gas Service Standards that led the Company to  
25 consider AMR among possibly other options?

1           A.    Yes, it was.

2           Q.    Is it possible to reroute an area  
3 before AMR devices are installed on meters in  
4 that area?

5           A.    Yes, it is possible. It creates a  
6 great deal of consternation because you will be  
7 changing customers' due dates multiple times  
8 until you reach a 95 percent saturation. So we  
9 attempted to mitigate that issue so that we only  
10 impacted the customers one time.

11          Q.    And I think you agreed with  
12 Mr. Serio to some back-of-the-envelope math  
13 where if the Company had deployed at a pace of  
14 130,000 or so devices a year, it could reach  
15 full deployment in about ten years. Do you  
16 recall that line of questioning?

17          A.    Yes.

18          Q.    What effect would that deployment  
19 have on reaching critical mass?

20          A.    It's very hard to determine what that  
21 would have looked like. It would have been  
22 extremely difficult to get critical mass and  
23 meet the Minimum Gas Service Standards  
24 requirements of an annual reading and reduce  
25 meter reading expense.



1           Q.    With respect to Staff Exhibit 4, on  
2   page 2 you were pointed to a chart showing that  
3   332,135 devices were installed in 2009.  My  
4   question is this:  Assume that the Company had  
5   from the get-go of the AMR program, whenever it  
6   started, was installing at a rate of 332,000  
7   devices annually; what effect, if any, would  
8   that have on the AMR charge?

9           A.    It would have increased the expense  
10  to get those completed at that rate due to  
11  overtime, additional truck rolls, all of those  
12  types of activities.  So the cost would have  
13  increased for the actual installations if we  
14  would have accelerated at that rate.  So we  
15  balanced the cost as well as the savings  
16  component of that.

17          Q.    Okay.  And would it be fair to say  
18  that at 330,000 installations per year, you  
19  wouldn't need a five-year schedule.  It could be  
20  done in four years system-wide; is that right?

21          A.    Yes.

22          Q.    I wanted to get clarification on  
23  meter reading employees and meter readers.  We  
24  were sort of going back and forth, but as I  
25  understand it, is it correct that there were 116

1 meter reading personnel, including supervisors,  
2 in 2007?

3 A. Yes.

4 Q. And that by January 1 of 2012 there  
5 were 29 meter reading personnel, two of whom  
6 were supervisors?

7 A. That is correct.

8 Q. I'm not asking you to disclose  
9 anyone's confidential information, but were  
10 salaries -- did salaries of meter reading  
11 personnel, whether employees or supervisors,  
12 remain the same from 2007 through the end of  
13 2011?

14 A. No, they did not.

15 Q. Do you read the Commission's order in  
16 the 09-1875 case as requiring the Company to not  
17 only submit a Meter Reading Plan for 2011 but  
18 also quantify the impact of any changes and how  
19 that would allow it to achieve deployment  
20 quicker than it had previously?

21 A. That was not the way I read 09-1875.

22 Q. And have you been involved in the AMR  
23 program since its inception?

24 A. Peripherally in 2007, and intimately  
25 beginning in June of 2008 when I returned back

1 to Dominion East Ohio.

2 Q. And have you had involvement in the  
3 annual proceedings that we've had for the cost  
4 recovery charge?

5 A. Yes, since 2009.

6 Q. And you have discussed and answered a  
7 lot of questions today about various Meter  
8 Reading Plans; is that correct?

9 A. Meter Reading Plans and Automated  
10 Meter Reading Plans, yes.

11 Q. That was going to be my next  
12 question. In addition to Meter Reading Plans,  
13 AMR plans, correct?

14 A. That is correct.

15 Q. And including information that had  
16 been shared with Staff?

17 A. Yes.

18 Q. Has Commission Staff, to your  
19 knowledge, informed the Company that it should  
20 be deploying devices in a manner differently  
21 than how the Company was doing it?

22 A. That's not a communication that I  
23 have ever had with any member of Staff.

24 Q. Have you ever had a communication of  
25 that nature with Office of Consumers' Counsel?

1 A. No, I have not.

2 Q. Any discussions of that nature with  
3 OP&E?

4 A. No.

5 Q. Sitting here today, is there anything  
6 you can think of that the Company could have  
7 done differently that would have resulted in a  
8 faster deployment on some cycle other than five  
9 years?

10 A. Not that I can think of today.

11 Q. Are you satisfied that the Company  
12 has made its best efforts to deploy AMR  
13 systemwide in a cost effective manner?

14 A. Yes. I think the Company has done a  
15 very good job of managing both the cost of the  
16 installation of the program as well as  
17 effectively reducing the meter reading savings  
18 as we have articulated we would do.

19 MR. WHITT: I have nothing further.

20 HEARING EXAMINER JENNINGS: Is there  
21 any recross?

22 MR. SERIO: I don't have any, no.

23 MR. PARRAM: No, Your Honor.

24 HEARING EXAMINER JENNINGS: Thank  
25 you.

1 MR. WHITT: Your Honor, the Company  
2 would move for the admission of DEO Exhibit 2.0.

3 HEARING EXAMINER JENNINGS: Any  
4 objection?

5 MS. MOONEY: No.

6 MR. SERIO: No objection.

7 MR. PARRAM: No.

8 HEARING EXAMINER JENNINGS: DEO  
9 Exhibit 2.0 will be admitted into the record.

10 (EXHIBIT HEREBY ADMITTED.)

11 MR. PARRAM: The Staff also would  
12 move the admission of Staff Exhibit 5 into the  
13 record.

14 HEARING EXAMINER JENNINGS: Moving  
15 for admission.

16 MR. SERIO: No objection.

17 MR. WHITT: We have no objection.

18 HEARING EXAMINER JENNINGS: Staff  
19 Exhibit 5 will be admitted into the record.

20 (EXHIBIT HEREBY ADMITTED.)

21 HEARING EXAMINER JENNINGS: Off the  
22 record.

23 (Off the record.)

24 HEARING EXAMINER JENNINGS: Let's  
25 take a five-minute break.

1 (Off the record. Ms. Mooney leaves.)

2 HEARING EXAMINER JENNINGS: Back on  
3 the record. We just finished the examination of  
4 Ms. Fanelly. Mr. Whitt, do you have anything  
5 further?

6 MR. WHITT: We don't, Your Honor.  
7 With that testimony, that will conclude the  
8 Company's direct case.

9 HEARING EXAMINER JENNINGS: Okay.  
10 Thank you. Mr. Serio?

11 MR. SERIO: No witnesses, Your Honor.

12 HEARING EXAMINER JENNINGS: Let's  
13 move on to Staff.

14 MR. PARRAM: Yes, Your Honor. Staff  
15 would like to call Staff Witness Robert P.  
16 Fadley to the stand.

17 HEARING EXAMINER JENNINGS: Raise  
18 your right hand, please.

19 - - -

20 ROBERT P. FADLEY  
21 called as a witness on behalf of the Staff,  
22 being first duly sworn, testified as follows:

23 DIRECT EXAMINATION

24 By Mr. Parram:

25 Q. Please state your name and business

1 address, please.

2 A. Robert M. Fadley, 180 East Broad  
3 Street, Columbus 43215.

4 Q. Who are you employed by and in what  
5 capacity?

6 A. I'm a Utility Specialist 1 for the  
7 Public Utilities Commission of Ohio. I'm on  
8 Staff.

9 Q. Mr. Fadley, do you have --

10 MR. PARRAM: May I approach the  
11 witness, Your Honor?

12 HEARING EXAMINER JENNINGS: Yes.

13 Q. Mr. Fadley, do you have in front of  
14 you a document that's been marked for purposes  
15 of identification as Staff Exhibit 6?

16 A. Yes, I do.

17 Q. Was this document prepared by you or  
18 under your direction?

19 A. Yes.

20 Q. And did you cause this document to be  
21 filed in this case on April 27, 2012?

22 A. Yes, I did.

23 Q. Do you have any changes to Staff  
24 Exhibit 6?

25 A. No.

1           Q.    If I were to ask you the same  
2           questions contained in Staff Exhibit 6, would  
3           your answers be the same?

4           A.    Yes, they would.

5                   MR. PARRAM:   Your Honor, I tender  
6           Mr. Fadley for cross-examination.

7                   HEARING EXAMINER JENNINGS:   Mr. Whitt?

8                   MR. CAMPBELL:   The Company would  
9           like to go last.   Given it's a proponent, if we  
10          could ask OCC, if the Bench has no objection.

11                   MR. SERIO:   I have no questions for  
12          this witness, Your Honor.

13                   MR. CAMPBELL:   We do have a few  
14          questions.

15                   HEARING EXAMINER JENNINGS:   Okay.

16                                 - - -

17                                 CROSS-EXAMINATION

18          By Mr. Campbell:

19                 Q.    Mr. Fadley, my name is Andy  
20          Campbell.   I will be asking you a few questions  
21          today about your direct testimony.

22                 A.    Hello.

23                 Q.    It's correct you started at the  
24          Commission in late 2010?

25                 A.    That's correct.



1           Q.    So you had no involvement in any AMR  
2 proceedings in 2007, 2008, or 2009; is that  
3 correct?

4           A.    That's correct.

5           Q.    And so, therefore, you didn't  
6 personally observe or participate in any of  
7 those proceedings?

8           A.    Also correct.

9           Q.    So any knowledge you have of those  
10 proceedings is based solely on what you have  
11 reviewed in documents and the case records of  
12 those cases; is that correct?

13          A.    That's correct, and conversations  
14 with other Staff.

15          Q.    Did you discuss those conversations  
16 with other Staff or do you rely on those  
17 conversations with other Staff in any of your  
18 testimony that you filed in this case?

19          A.    No, I did not. I don't believe so.

20          Q.    So Mr. Fadley, you state at page 5 of  
21 your testimony that DEO "had five years to gain  
22 access to these meters." By that, you are  
23 referring to hard-to-access meters; and DEO "had  
24 been given the tools necessary to ensure  
25 cooperation through disconnection of gas

1 service," correct?

2 A. Correct.

3 Q. And just to be clear, I'm talking  
4 about lines 14 onward. Now, is it your position  
5 that all 9,530 of the unconverted meters at the  
6 end of 2011 were hard-to-access meters?

7 A. That's not necessarily my  
8 understanding.

9 Q. What is your understanding?

10 A. I don't know that there -- I don't  
11 know if they are all hard to access or only some  
12 of them. I have gotten the impression, I can't  
13 recall exactly where, that at least some of them  
14 were hard to access and that's why they weren't  
15 completed before the end of 2011.

16 Q. But you would not say that all 9,530  
17 were hard-to-access meters?

18 A. I don't think so.

19 Q. Mr. Fadley, do you know how many  
20 customers DEO disconnected for refusing access  
21 in 2011?

22 A. No, I do not.

23 Q. Is it Staff's position that DEO  
24 should amend its no access policy to allow for  
25 quicker disconnection?

1           A.    That is not Staff's recommendation.

2           Q.    Is it Staff's position that DEO  
3 should be more aggressive in disconnecting  
4 customers under its current policy?

5           A.    No.  I do not believe that that is  
6 our position either.

7           Q.    Is it Staff's position that DEO  
8 should have disconnected more customers in 2011?

9           A.    I don't think Staff would ever  
10 recommend disconnecting more customers whenever  
11 possible, but I think our position is that you  
12 have had five years.  There's a process in place  
13 to allow DEO to get to these hard-to-access  
14 meters, and that process does not take five  
15 years, so therefore, maybe they should perhaps  
16 have been started sooner.  I think that's what  
17 our position is.

18          Q.    So is it your position that DEO did  
19 not follow its policy in 2011?

20          A.    No, it is not.

21          Q.    Mr. Fadley, I'd like to ask you a  
22 hypothetical question.  I'm not asking you to  
23 agree that the assumptions I'm going to ask you  
24 to make are true, I just want you to assume  
25 that.

1           I want you to assume that in 2011 DEO  
2   has a large industrial customer on its system  
3   who requests that DEO not convert its meter to  
4   AMR until 2012. Do you understand me so far?

5           A.    Yes.

6           Q.    I want you to assume further that  
7   complying with the customer's request, i.e., not  
8   converting the meter until 2012, will not  
9   prevent DEO from implementing any cost savings  
10  measures in 2011. Do you understand that?

11          A.    Could you repeat that again?

12          Q.    Let me rephrase.

13                I want you to assume that complying  
14  with the customer's request will not prevent DEO  
15  from implementing any cost savings measure in  
16  2011.

17          A.    Okay.

18          Q.    Do you understand that? Is it your  
19  position that DEO should have disconnected such  
20  a customer in 2011?

21          A.    In that hypothetical situation?

22          Q.    Correct.

23          A.    Not necessarily, no.

24          Q.    So not necessarily?

25          A.    Given the hypothetical situation you

1 gave, my answer would be no.

2 Q. I'd like to ask you another  
3 hypothetical question. I want you to assume DEO  
4 has a residential customer who, despite numerous  
5 notices, will not allow DEO access to its meter  
6 in 2011. Do you understand that?

7 A. Yes.

8 Q. I want you to assume further that it  
9 is not necessary that DEO convert that  
10 customer's meter in 2011 to implement any cost  
11 saving measure, okay. Is it your position that  
12 DEO should have disconnected such a customer in  
13 2011?

14 A. I guess I would question was the  
15 customer approached in 2007, 2008, 2009, or  
16 2010?

17 Q. Would that affect your answer?

18 A. I don't know. I have to think about  
19 it. Yeah, I mean, did you approach this  
20 customer in 2007 and they said no, wait until  
21 2012? That's different than waiting until 2011,  
22 the last year for the program, to ask them if  
23 they could get access to his home.

24 Q. Let's assume the first time the  
25 customer was approached was in 2011.

1           A.    Okay.  Then I would ask why they  
2 weren't approached sooner.

3           Q.    It is not your role to ask questions,  
4 I mean.

5           A.    I'm sorry.  This is my first time.

6           Q.    Sure.

7           MR. PARRAM:  Your Honor, he's  
8 positing numerous hypothetical questions, and if  
9 the witness doesn't understand, he can ask for a  
10 clarification.

11          MR. CAMPBELL:  I don't believe the  
12 witness said he didn't understand the question.

13          MR. PARRAM:  By questioning your  
14 question, I think he probably didn't understand  
15 what you were saying.

16          MR. CAMPBELL:  The witness is  
17 certainly free to let me know if he doesn't  
18 understand the question.

19          Perhaps it would be easier if I just  
20 reask the question.  Is that fair?

21          HEARING EXAMINER JENNINGS:  Yes.

22          Q.    Assume that DEO has a residential  
23 customer who it approaches in 2011, gives  
24 numerous notices in 2011 but the customer will  
25 not allow access.  Assume further DEA could not

1 cost effectively had approached that customer  
2 before 2011. Do you understand that?

3 A. I think so.

4 Q. Assume that it is not necessary to  
5 convert that customer's meter to achieve any  
6 cost saving measure in 2011. Do you understand  
7 that?

8 A. Yes.

9 Q. Would you recommend that DEO had  
10 disconnected such a customer in 2011?

11 A. Based on those assumptions, no.

12 Q. Mr. Fadley, if DEO disconnects a  
13 customer in 2011, will it necessarily gain  
14 access to convert that customer's meter in 2011?

15 A. Most likely, but not necessarily.

16 Q. So it's not necessary that DEO would  
17 gain access that same year, correct?

18 A. That's what I said.

19 Q. Now, Mr. Fadley, do you know whether  
20 DEO had Staff's permission in the year 2007 to  
21 disconnect customers for non-access?

22 A. It's my understanding that they did.

23 Q. I'm sorry. I couldn't hear what you  
24 said.

25 A. To the best of my knowledge, yes.

1                   MR. CAMPBELL: May I approach the  
2 witness, Your Honor?

3                   HEARING EXAMINER JENNINGS: Yes.

4                   Q. My colleague is going to be handing  
5 you a document that is going to be marked for  
6 identification as DEO Exhibit 5.

7                   (EXHIBIT HEREBY MARKED.)

8                   Q. Mr. Fadley, do you agree this is a  
9 letter from the Staff of the Public Utilities  
10 Commission to Jeff Murphy of Dominion East Ohio?

11                  A. That's what it looks like.

12                  Q. Would you agree with me the letter  
13 states, Staff's "understanding that no customer  
14 will be disconnected for non-access until the  
15 full implementation of the notice process is  
16 completed"?

17                  A. Yes.

18                  Q. Would you agree that the letter also  
19 states that "The plan states that DEO expects to  
20 complete implementation of the revised notice  
21 process by December 31, 2007"?

22                  A. Yes.

23                  Q. Is it your position that despite this  
24 letter, DEO should have disconnected customers  
25 for non-access in 2007?



1           A.    With knowledge of this letter, I  
2 would say no, they shouldn't have.

3           Q.    Would you expect that the Company  
4 would have any way of knowing which customers  
5 will prove to be hard to access until the  
6 Company actually contacts the customer?

7           A.    I would think that the Company would  
8 know which -- they know how many meters are  
9 inside, they know which ones are inside so they  
10 would know which customers to contact.

11          Q.    Do you know how many inside meters  
12 are on DEO's system?

13          A.    I can't recall exactly.  337,000  
14 comes to mind, but I don't know if that's  
15 accurate.

16          Q.    Mr. Fadley, your recommendation is  
17 that DEO inventory should be adjusted, its  
18 inventory of AMR devices should be adjusted  
19 downward because the five-year installation  
20 phase ended at the end of 2011, correct?

21          A.    Well, because authorization for the  
22 five-year implementation program ended, yes.

23          Q.    Is there any other reason for your  
24 recommendation or is it simply that the  
25 authorization ended?

1           A.    It's that the authorization ended.

2           Q.    Now, is it your position that DEO  
3 should have stopped installing AMR devices at  
4 the end of 2011?

5           A.    No, it is not.

6           Q.    So you support the position of  
7 continuing to install them into 2012?

8           A.    I do support that position. I just  
9 don't think they have authorization to include  
10 those costs under the AMR program without  
11 Commission authorization to extend it.

12          Q.    Now, is the Company authorized to  
13 continue to pass through O&M savings absent  
14 further Commission authorization?

15          A.    Yes, and I can't remember the docket  
16 but it specifically states that the AMR will be  
17 carried out until the next base rate case, so  
18 that would continue annually. However, it is  
19 specific that there is a five-year deployment  
20 period within numerous documents.

21          Q.    Now, I understand you don't agree  
22 with this, but if the Commission's authorization  
23 to install AMR devices had continued through  
24 2012, would that change your recommendation?

25          A.    Absolutely.

1           Q.    So in that situation, you would agree  
2   that these costs could be recovered in the  
3   present -- through the present proceeding?

4           A.    Right.

5           Q.    Now, if the Commission in its order  
6   in this case either clarifies -- let me start  
7   over.

8                   If the Commission in its order in  
9   this case states that DEO does have  
10  authorization to continue to 2012, would that  
11  affect your recommendation?

12          A.    Yes.

13                  MR. CAMPBELL:  I have no further  
14  questions.  Thank you, Mr. Fadley.

15                  THE WITNESS:  You're welcome.

16                  MR. PARRAM:  I have no questions,  
17  Your Honor.

18                  HEARING EXAMINER JENNINGS:  Mr.  
19  Serio?

20                  MR. SERIO:  I already passed, Your  
21  Honor.

22                  HEARING EXAMINER JENNINGS:  I have  
23  just a few questions.  Mr. Fadley, if you turn  
24  to page 3 of your testimony.

25                  THE WITNESS:  Okay.

1 HEARING EXAMINER JENNINGS: Question  
2 7, you make reference to a five-year period  
3 beginning January 1st, 2007, to December 31,  
4 2011.

5 THE WITNESS: Correct.

6 HEARING EXAMINER JENNINGS: Below  
7 that you make reference to an installation start  
8 date of March 31, 2007, and you indicate that  
9 there were devices installed before that date  
10 which would not be included in the rider, but  
11 installations after that date would be included  
12 in the rider. I take it you mean that those  
13 would be included in the AMR plan?

14 THE WITNESS: Right. Ultimately,  
15 they were -- the cost for those installations  
16 were included in the AMR rider.

17 HEARING EXAMINER JENNINGS: Why does  
18 Staff not recognize that the March 31st date is  
19 the initiation of a five-year period?

20 THE WITNESS: Because the deployment  
21 actually began prior to March 31st. As you can  
22 also see from my testimony, 18,000 of them were  
23 completed prior to that March 31st date, so they  
24 were being deployed in that first quarter of  
25 2007. The only reason they weren't included in

1 the AMR is because their base rate case had a  
2 date certain of March 31st, so those were  
3 included in the base rate. So it wasn't  
4 necessary to accelerate recovery on those 18,000  
5 units.

6 HEARING EXAMINER JENNINGS: Is it  
7 Staff's position that those 18,000 would be  
8 included as part of the base rate and also part  
9 of the AMR plan? How do you make that  
10 distinction?

11 THE WITNESS: Well, I'm basing it  
12 just on the deployment. They were deployed  
13 during the five-year period from -- they started  
14 deployment in 2007. Therefore, the five-year  
15 period would end at the end of 2011. A lot of  
16 the records make a distinction between the AMR  
17 and the recovery and the deployment. The AMR  
18 itself is not a five-year AMR plan. The  
19 deployment is sort of counted separately and is  
20 indicated to be a five-year plan.

21 HEARING EXAMINER JENNINGS: Okay. So  
22 is there a five-year recovery plan?

23 THE WITNESS: No. Recovery is  
24 supposed to -- the AMR recovery portion of it is  
25 going to be included in the rates annually until

1 another base rate case is filed.

2 HEARING EXAMINER JENNINGS: Did the  
3 Company submit a priority plan of which meters  
4 were going to be replaced and when?

5 THE WITNESS: You mean as far as  
6 locations?

7 HEARING EXAMINER JENNINGS: For  
8 example, the active accounts versus inactive  
9 accounts?

10 THE WITNESS: You know, I'm not real  
11 clear on that. I believe that I do recall  
12 reading that in one of the, I believe in the  
13 first plan, the Automated Meter Reading Plan,  
14 there was indication that they were going to  
15 prioritize active meters over inactive meters.  
16 I'm not sure about before that.

17 HEARING EXAMINER JENNINGS: So would  
18 you have knowledge of whether the Staff saw that  
19 plan and approved it?

20 THE WITNESS: You mean after -- I  
21 mean, the one I was just referring to that was  
22 filed for the year '09, the 10-2853?

23 HEARING EXAMINER JENNINGS: Well, in  
24 any case.

25 THE WITNESS: There was a plan. I'm

1 not aware of any plan that was approved.

2 HEARING EXAMINER JENNINGS: Okay.

3 THE WITNESS: By Staff.

4 HEARING EXAMINER JENNINGS: I have no  
5 further questions. Anything else? If not,  
6 thank you.

7 THE WITNESS: Thank you.

8 MR. CAMPBELL: DEO would move for the  
9 admission of its Exhibit No. 5 into the record.

10 HEARING EXAMINER JENNINGS: That's  
11 the letter dated July 31, 2007?

12 MR. CAMPBELL: That's correct.

13 HEARING EXAMINER JENNINGS: Any  
14 objection?

15 MR. SERIO: No objection.

16 MR. PARRAM: No.

17 HEARING EXAMINER JENNINGS: DEO  
18 Exhibit No. 5 will be admitted into the record.

19 (EXHIBIT HEREBY ADMITTED.)

20 MR. PARRAM: The Staff would like to  
21 call Staff Witness Pete Baker to the stand.

22 HEARING EXAMINER JENNINGS: Raise  
23 your right hand, please.

24 - - -

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PETER BAKER

called as a witness on behalf of the Staff,  
being first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. Parram:

Q. Would you please state your name and  
business address.

A. My name is Peter Baker. My address  
is 180 East Broad Street, Columbus, Ohio 43215.

Q. Who are you employed by and in what  
capacity?

A. I'm a Section Chief in the  
Reliability and Service Analysis Division of the  
Service Monitoring and Enforcement Department of  
the Public Utilities Commission.

MR. PARRAM: Your Honor, I'd like to  
have marked for purposes of identification  
prefiled testimony of Peter Baker as Staff  
Exhibit 7.

HEARING EXAMINER JENNINGS: It will  
be so marked.

(EXHIBIT HEREBY MARKED.)

Q. Mr. Baker, do you have Staff Exhibit  
7 in front of you?

A. Yes, I do.



1 Q. Was this document prepared by you or  
2 under your direction?

3 A. Yes, it was.

4 Q. Did you cause this document to be  
5 filed in this case on April 27, 2012?

6 A. Yes, I did.

7 Q. Do you have any changes to Staff  
8 Exhibit 7?

9 A. No, I do not.

10 Q. Today if I were to ask you the same  
11 questions contained in Staff Exhibit 7, would  
12 your answers be the same?

13 A. Yes, it would.

14 MR. PARRAM: Your Honor, I tender  
15 Mr. Baker for cross-examination

16 HEARING EXAMINER JENNINGS: Thank  
17 you. Mr. Serio?

18 MR. SERIO: No questions, Your Honor.

19 HEARING EXAMINER JENNINGS: Mr. Whitt?

20 MR. WHITT: Yes, Your Honor. Thank  
21 you.

22 - - -

23 CROSS-EXAMINATION

24 By Mr. Whitt:

25 Q. Good afternoon, Mr. Baker.

1 A. Good afternoon.

2 Q. If you will turn, please, in your  
3 testimony to Exhibit PB-1. And before I ask you  
4 specific questions about the data request  
5 response, I want to talk a little bit about the  
6 timing of Dominion's application; and you would  
7 agree, would you not, that the original  
8 application in Case 06-1453 was filed in  
9 mid-December 2006; is that right?

10 A. Yes.

11 Q. And would you agree, subject to  
12 check, that Dominion filed a motion with the  
13 Commission to consolidate that proceeding with  
14 the rate case in September of 2007?

15 A. Yes.

16 Q. And your data request reflected in  
17 Exhibit PB-1 was sent in October of 2007; is  
18 that right?

19 A. Yes, I believe so.

20 Q. Is it fair to say that nothing  
21 happened between the time Dominion filed its  
22 application in December of '06 and moved to  
23 consolidate the proceeding with the rate case in  
24 September of '07?

25 A. Staff did evaluate the proposal.

1 Q. You didn't send any discovery request  
2 until October of '07; is that right?

3 A. That was within the context of the  
4 base rate case, yes.

5 Q. And the Commission didn't actually  
6 grant consolidation until April of 2008; is that  
7 right?

8 A. That's my understanding.

9 Q. Now, referring to Exhibit PB-1, you  
10 asked the Company to provide an estimate of  
11 annual meter reading cost savings using 2006 as  
12 a base line year; is that right?

13 A. Yes.

14 Q. And the response was provided in  
15 November of 2007, correct?

16 A. Yes.

17 Q. And that was almost a full year  
18 before the program was actually approved or the  
19 cost recovery mechanism was approved?

20 A. Yes.

21 Q. And for the year 2011 the Company  
22 estimated 2.95 million in O&M Company savings;  
23 is that right?

24 A. Yes.

25 Q. And the actual savings in 2011 was

1 approximately 3.5 million; is that right?

2 A. I believe so.

3 Q. And again, referring to Exhibit PB-1,  
4 for 2012 there's an estimate of 6 million  
5 provided, correct?

6 A. Yes.

7 Q. And we won't know what the actual  
8 cost savings is until the Company files its  
9 application in February of 2013, correct?

10 A. No. I believe that \$6 million  
11 savings was earned in 2012. It was earned in  
12 2011 and would be recovered as part of the  
13 application filed in 2012.

14 Q. Well, we agreed, didn't we, that the  
15 cost savings reflected in the Company's  
16 application for the 2011 program year is  
17 approximately 3.5 million, correct?

18 A. Well, I'll revise my response to that  
19 question, to state that that savings was earned  
20 the prior year.

21 Q. I didn't ask about when the savings  
22 was earned. You asked the Company to list  
23 estimated savings each year, and in the data  
24 request response the Company estimated that in  
25 2011 it would save 2.95 million, correct?

1 A. Yes.

2 Q. And the Company filed an application  
3 in this case showing actual savings of 3.5  
4 million, correct?

5 A. Yes.

6 Q. Now, on page 3 of your testimony,  
7 question 9 you say that it is unavoidable to  
8 conclude that the savings estimates were annual  
9 and not cumulative, and this is in reference to  
10 Exhibit PB-1, correct?

11 A. Yes.

12 MR. WHITT: May I approach?

13 HEARING EXAMINER JENNINGS: Yes.

14 Q. Mr. Baker, I'm going to hand you a  
15 document we'll mark for identification as DEO  
16 Exhibit 6.

17 (EXHIBIT HEREBY MARKED.)

18 Q. Would you please turn to page 5 of  
19 DEO Exhibit 6.

20 A. Okay.

21 Q. In the second paragraph on page 5 it  
22 says, "In response to Staff data requests in  
23 Dominion's rate case, the Company estimated that  
24 O&M meter reading expense savings would total \$6  
25 million in 2012 with full deployment." Did I

1 read that correctly?

2 A. Yes.

3 Q. And later on the same page, page 5,  
4 again OCC references Company estimated total  
5 savings of \$6 million, correct?

6 A. Where are you?

7 Q. I'm in the last sentence of the  
8 second paragraph, "Applying the 60 percent  
9 project completion level to the \$6 million in  
10 company-estimated total savings results in O&M  
11 meter reading savings of \$3.6 million in 2009,  
12 instead of \$681,000 presented by the Company."  
13 Did I read that correctly?

14 A. Yes.

15 Q. Is it fair to say that in the 09-1875  
16 proceeding the OCC proposal was that because  
17 deployment was 58 percent complete, that 58  
18 percent of projected savings ought to be  
19 realized?

20 A. So what is the question?

21 Q. Is that your understanding of OCC's  
22 proposal?

23 MR. SERIO: Your Honor, I'm going to  
24 object. OCC's comments stand for themselves.  
25 We litigated that proceeding. There's a record

1 of that proceeding, and OCC's position is stated  
2 there, and I don't think it's necessary or  
3 appropriate for a Staff witness to opine as to  
4 what he thinks OCC meant in OCC's comments.

5 MR. WHITT: Except the witness has  
6 testified that it's unavoidable to conclude that  
7 these were annual estimates and not cumulative,  
8 and I'm just showing the witness evidence  
9 establishing that OCC drew the same conclusion  
10 that we maintained all along, which was we  
11 provided accumulative savings estimate.

12 MR. SERIO: The Company can make that  
13 argument based on what this document says on its  
14 face, but another witness can't verify what OCC  
15 did or didn't think, other than OCC, and we  
16 don't have a witness in this proceeding. The  
17 proceeding where these comments came into place,  
18 OCC put a witness on the stand. We did have a  
19 witness; we had cross-examination about our  
20 comments. Our comments reflect OCC's position.  
21 It's as simple as that. If the Company wants to  
22 make that argument, they can make it, but I  
23 don't think Mr. Baker is in a position to say  
24 what OCC did or didn't include or assume.

25 Q. Let's try it a different way, let's

1 look at the Commission's order in that case.

2 That's already been marked as Staff Exhibit 3.

3 A. I have it.

4 Q. Turn to page 5, please, and I'm right  
5 in the middle of the paragraph in section 1  
6 where it says the Meter Reading Savings section,  
7 and you will see a citation toward the  
8 right-hand side to OCC's initial brief at 25.  
9 Are you there?

10 A. Yes.

11 Q. And the order says, does it not,  
12 "With regard to meter reading savings, in light  
13 of DEO's projection in the DEO distribution  
14 rate case of \$6 million in total meter reading  
15 savings in 2012 after completion of the AMR  
16 program, OCC argues that the Commission should  
17 find that meter reading savings equaled  
18 \$3,204,071.38 instead of the \$681,000 proposed  
19 by DEO." Did I read that correctly?

20 A. Yes.

21 Q. And based on the Commission order  
22 it's clear, is it not, that OCC likewise took  
23 the position that the estimates provided in the  
24 discovery response were cumulative?

25 A. That was OCC's position. My



1 testimony goes to what Staff's understanding was  
2 of the response to the data request that's  
3 attached to my testimony regarding savings  
4 estimates that were provided at that time.

5 Q. So both the Company and OCC missed  
6 the unavoidable conclusion?

7 MR. PARRAM: Objection. I don't  
8 believe that's what Mr. Baker just stated.  
9 You're mischaracterizing his testimony.

10 MR. WHITT: I'll withdraw.

11 HEARING EXAMINER JENNINGS: Thank  
12 you.

13 Q. On page 5 of your testimony,  
14 Mr. Baker, you have a chart and then beneath it  
15 you say, "Examining the table above, it is clear  
16 that the data request response concerning  
17 installations referred to the years during which  
18 the AMRDs would be installed, and the response  
19 concerning meter-reading O&M savings referred to  
20 the years when DEO would request cost  
21 recovery." Do you see that?

22 A. Yes.

23 Q. Do you agree that Dominion did not  
24 have approval for accelerated cost recovery in  
25 2007?

1 A. No, it did not.

2 Q. And if we look at your chart on the  
3 number of installations in estimated -- or I'm  
4 not sure if this is estimated or not. Is it  
5 your position that the installations in 2007  
6 were done on an accelerated basis?

7 A. That is my opinion, yes.

8 Q. And were you present in the hearing  
9 room today for the testimony concerning the  
10 Company's application at paragraph 6?

11 A. I'm not -- I guess --

12 MR. PARRAM: Could you point the  
13 witness to what you are referring to  
14 specifically?

15 Q. Okay. DEO Exhibit 3.

16 A. I have it.

17 Q. Page 4, paragraph 6.

18 A. Okay.

19 Q. The next to the last sentence says,  
20 "Under a five-year schedule, the Company would  
21 install 250,000 ERT units per year beginning in  
22 January 2008," correct?

23 A. That's what it says.

24 Q. And not to state the obvious, but  
25 122,000 is less than half of 250,000; is it not?

1           A.    Yes.

2           Q.    And the Company explains, does it  
3 not, in paragraph 7 of the application what it  
4 intends to do or had intended to do at the time  
5 with respect to activities in 2007?

6           A.    Did you want me to read the  
7 paragraph? I'm not sure --

8           Q.    I'm just characterizing it. Would it  
9 be fair to characterize paragraph 7 as a  
10 description of what the Company intended to do  
11 in 2007?

12          A.    Well, the last sentence says, "The  
13 Company will commence replacement of the  
14 American and Badger devices in the first quarter  
15 of 2007 with the intent of substantially  
16 completing those replacements within two years."

17          Q.    So the Company's application  
18 indicates that it was proposing a deployment  
19 schedule of five years at 250,000 devices per  
20 year, correct?

21          A.    Yes.

22          Q.    And if we do the math, that equals  
23 about 1.25 million, roughly equal to the number  
24 of meters in the Company's system?

25          A.    That sounds right.

1 Q. Going back to page 5, I'm going to  
2 pick up where I stopped reading before. I'm  
3 about four lines down. You say, "The reason the  
4 Company's O&M savings estimates began in 2009  
5 (rather than 2007 or 2008) is that 2009 was the  
6 year in which the Company first expected to seek  
7 cost recovery." Do you see that?

8 A. Yes.

9 Q. Now, your data request, PB-1, didn't  
10 ask anything about when the Company expected to  
11 request cost recovery, correct?

12 A. Correct.

13 Q. You just asked the Company to list  
14 annual savings beginning in 2009, correct?

15 A. I asked for an estimate of annual  
16 savings. I don't think I specified the year  
17 when it was supposed to start.

18 Q. Now, is the sum and substance of your  
19 testimony on page 5, lines 6 through 15, that  
20 O&M savings for any program year will be  
21 recognized in the cost recovery proceeding  
22 that's filed the following year?

23 A. Yes.

24 Q. For example, savings from 2008  
25 installations would be realized in 2009?

1           A.     Realized meaning that they would  
2 appear in the application as a reduction to O&M  
3 savings.

4           Q.     Right. So whatever installations  
5 occurred in 2009, any cost savings generated  
6 from those installations will show up in an  
7 application that's filed in 2010, correct?

8           A.     That's correct.

9           Q.     Savings from anything done in 2011  
10 would show up in the -- I'm sorry, 2010 would  
11 show up in the 2011 file, correct?

12          A.     Correct.

13          Q.     And savings from 2012 would show up  
14 in a 2013 filing, correct?

15          A.     That's correct.

16          Q.     And to be clear, whatever the savings  
17 figure is, and again we'll use 2010 as an  
18 example, the application that's filed in 2011  
19 will reflect whatever savings occurred, correct?

20          A.     The application filed in 2011 would  
21 reflect savings that were earned in 2010.

22          Q.     Right. And then the rate that goes  
23 into effect as a result of that filing in 2011,  
24 that's the point at which that savings flows  
25 through to the ratepayer, correct?

1           A.    That's correct.

2           Q.    Now, the bottom of page 5 of your  
3 testimony, line 15 and it goes over to page 6,  
4 you say, "DEO actually began realizing  
5 meter-reading O&M savings for the years 2007 and  
6 2008 as reflected in its 2009 application"; is  
7 that right?

8           A.    That's right.

9           Q.    Mr. Baker, Mr. Campbell is handing  
10 you a document we have marked as DEO Exhibit 7.

11                   (EXHIBIT HEREBY MARKED.)

12          Q.    And I'll represent to you that this  
13 is a portion of the Staff report issued in  
14 Dominion's rate case 07-829-GA-AIR, et al., and  
15 you were one of the authors, were you not, of  
16 the AMR portion of the Staff report?

17          A.    Yes, I was.

18          Q.    And could I direct your attention,  
19 please, to page 43.

20          A.    Okay.

21          Q.    In the last paragraph, four lines  
22 from the bottom says, "DEO has not yet begun to  
23 realize the savings resulting from the AMR  
24 installations, and its total meter reading O&M  
25 expense was higher in 2007 than it was in 2006."

1 That's what Staff reported, correct?

2 A. Yes.

3 Q. And as a consequence of installation  
4 costs or expense being higher in 2007 than 2006,  
5 it was Staff's recommendation to change the  
6 baseline that the Company had proposed of 2006,  
7 Staff recommended that be changed to 2007,  
8 right?

9 A. Yes.

10 Q. Now, the point of having a baseline  
11 is to show what O&M expenses are before  
12 accelerated deployment so we can compare the  
13 expense during accelerated deployment to see  
14 whether any savings is being generated; is that  
15 right?

16 A. That's right.

17 Q. And a baseline year that shows  
18 savings from AMR installations wouldn't be an  
19 accurate baseline, right?

20 A. Could you repeat the question?

21 Q. A baseline year that shows savings  
22 from AMR installations would not be an accurate  
23 baseline?

24 A. I'm not sure the premise -- you said  
25 the baseline year does not reflect savings?

1           Q.    Let's try it this way.  Staff  
2   recommended, the parties agreed and the  
3   Commission adopted a baseline year of 2007 for  
4   purposes of measuring any on-going or any future  
5   savings in meter reading O&M expense, correct?

6           A.    That's correct.

7           Q.    And the reason the 2007 baseline was  
8   selected is because there hadn't been any  
9   savings realized up to that point from AMR  
10   installations, correct?

11          A.    That's what it says.

12          Q.    So with 2007 as a baseline, we can  
13   look at 2008 and measure whether there were any  
14   savings, correct?

15          A.    Yes.

16          Q.    We can do that in 2009, correct?

17          A.    Yes.

18          Q.    2010?

19          A.    Right.

20          Q.    2011, correct?

21          A.    Yes.

22          Q.    The fifth year being 2012?

23          A.    Yes, and beyond that as well.

24          Q.    On page 6, question 14 of your  
25   testimony, the question is, "In making that



1 recommendation, did Staff rely on DEO's  
2 meter-reading O&M savings estimate and an  
3 understanding that the savings was annual and  
4 not cumulative?"

5 And the answer is, "Yes, the Staff  
6 did rely on DEO's estimate and understood it to  
7 be an estimate of annual meter-reading O&M  
8 savings."

9 Now, my question to you is there's  
10 nothing in the Staff report, is there, about  
11 even a mention of any cost savings estimates let  
12 alone Staff's reliance on any estimates; is that  
13 right?

14 A. It's been a long time since I read  
15 the Staff report in total, so can you point --

16 Q. Well, can you?

17 A. What's that?

18 Q. Can you?

19 A. Can I what?

20 Q. I didn't find anything in there  
21 mentioning savings, cost savings estimates at  
22 all, let alone a statement that Staff relied on  
23 those estimates. If I'm mistaken, please help  
24 us out.

25 A. Well, whether it's actually stated in

1 the Staff report or not, that was a major  
2 consideration when Staff was evaluating both --

3 Q. Now, are you speaking on behalf of  
4 yourself or on behalf of Staff as a whole?

5 A. The Staff that evaluated the  
6 application.

7 Q. And you were the person that led  
8 that, were you not?

9 A. Yes.

10 Q. Now, Staff's recommendation in the  
11 Staff report was not conditional based on DEO  
12 achieving any level of estimated savings,  
13 correct?

14 A. It assumed that the savings would  
15 occur and that influenced our decision.

16 Q. But the Staff report does not  
17 condition its recommendation on Dominion  
18 achieving any specified level of savings over  
19 any period of time, correct?

20 A. Right. We did not include conditions  
21 like that.

22 Q. And the stipulation that Staff signed  
23 did not say approval was conditioned on  
24 achieving estimated savings either, did it?

25 A. No, it did not.

1           Q.    The Commission order approving the  
2 stipulation isn't conditional on Dominion  
3 achieving any level of savings, is it?

4           A.    No.

5           Q.    Let's look at the chart on page 4 of  
6 your testimony, and I'd like you to also have  
7 Staff's comments filed in this case handy.

8                   MR. CAMPBELL:   May I approach?

9                   HEARING EXAMINER JENNINGS:   Yes.

10           MR. WHITT:   We're going to mark them  
11 as DEO Exhibit 8.

12                   HEARING EXAMINER STENMAN:   Given  
13 they're in this proceeding --

14           MR. PARRAM:   We can mark it as Staff  
15 Exhibit 8.

16                   (EXHIBIT HEREBY MARKED.)

17           Q.    Now, Mr. Baker, with regards to your  
18 testimony --

19                   HEARING EXAMINER JENNINGS:   Mr.  
20 Whitt, just a second, please.

21           MR. WHITT:   I'm sorry.

22                   HEARING EXAMINER JENNINGS:   Sorry  
23 for the interruption.   I was just marking my  
24 exhibit correctly.

25           MR. WHITT:   No problem.

1           Q.    Mr. Baker, if you would, on page 4 of  
2   your testimony, I want to focus on the chart  
3   that you have which reflects an estimate of AMR  
4   installations based on information Dominion  
5   supplied in the rate case, correct?

6           A.    Yes.

7           Q.    And I'd like you to look at Staff's  
8   comments which we marked as Staff Exhibit 8,  
9   page 5. This is a chart showing actual AMR  
10   installations up to and including 2011, correct?

11          A.    Yes.

12          Q.    I'm going to be flipping -- we're  
13   going to sort of look at both of these charts  
14   together, but if you look in your testimony, the  
15   Company had estimated it would install 122,000  
16   devices in 2007, correct?

17          A.    Yes.

18          Q.    And Staff's comments indicate that  
19   the Company actually installed 131,480, correct?

20          A.    Yes.

21          Q.    In the rate case the Company  
22   estimated it would install 200,000 but actual  
23   installations were 278,582, correct?

24          A.    That's right.

25          Q.    In 2009, estimate was 275,000, the

1 actual installations were 332,135, correct?

2 A. Right.

3 Q. The 2010 estimates was 317,000, the  
4 actual installations were 250,020, correct?

5 A. 257,000.

6 Q. Thank you for the correction. And  
7 the 2011 estimate was 386,000, the actual  
8 installations were 243,617, correct?

9 A. Correct.

10 Q. Now, if we look at the actual  
11 installations and compare it to what the Company  
12 had estimated back in 2007, a year before the  
13 program was approved, it is fair to conclude, is  
14 it not, that the Company actually installed the  
15 devices at a faster pace than it had estimated?

16 A. Yes. During the years 2007, '8 and  
17 '9.

18 Q. Right. And if we look at the  
19 estimates, in the last two years the Company  
20 estimated that it would install over 300,000  
21 devices per year the last two years of the  
22 program, correct?

23 A. Correct.

24 Q. And if we look at what the Company  
25 actually did, it had installed at a faster pace

1 in 2009 and 2010?

2 A. I'm not sure about 2010. That would  
3 have been a slower pace than previous year and  
4 lower than what was estimated.

5 Q. Well, can we agree that for 2011 the  
6 actual installations were 243,000, correct?

7 A. Roughly, yes.

8 Q. And we have heard testimony about the  
9 9500 or so that remain out there, correct?

10 A. Correct.

11 Q. So the most that it would be humanly  
12 possible to install would be 252,000 in 2011,  
13 correct?

14 A. Yes.

15 Q. That's because the other million plus  
16 devices had already been installed in the prior  
17 four years, correct?

18 A. Correct.

19 Q. Had the Company followed the  
20 deployment schedule it had estimated, it would  
21 have had more meters remaining to be converted  
22 in the last two years of the program than it  
23 actually had, right?

24 A. That's right.

25 Q. Now, in the Company's application, we

1 looked at it, and the Company said they would  
2 begin installing 250,000 devices in 2008,  
3 correct?

4 A. Say that again, please.

5 Q. In the Company's application, they  
6 said beginning in '08 they intended to install  
7 250,000 devices per year, correct?

8 A. Yes.

9 Q. And if we look at Staff's chart on  
10 page 5 of its comments, the Company installed in  
11 excess of 250,000 devices per year for every  
12 year except 2011, right?

13 A. Actuals you're talking about?

14 Q. Actuals.

15 A. Can you repeat that?

16 Q. The Company in its application said  
17 beginning in 2008 it would install 250,000  
18 devices a year, correct?

19 A. Correct.

20 Q. The actual installations exceeded  
21 250,000 per year every year of the program from  
22 2008 through 2010, correct?

23 A. Correct.

24 Q. And it didn't hit 250,000 in 2011  
25 because of the scenarios that were discussed in

1 testimony that you were present for earlier  
2 today; is that right?

3 A. You mean -- I'm not sure what you  
4 meant by the scenarios.

5 Q. Well, we'll move on.

6 MR. CAMPBELL: May I approach?

7 HEARING EXAMINER JENNINGS: Yes.

8 (EXHIBIT HEREBY MARKED.)

9 Q. Mr. Baker, Mr. Campbell is going to  
10 be handing you a document we have marked as DEO  
11 Exhibit 9. I'll ask you to review it and let me  
12 know if you can identify it as prefiled  
13 testimony you submitted in Dominion's rate case.

14 MR. CAMPBELL: Actually, it's 8.

15 Q. Exhibit 8.

16 A. Yes, it is.

17 Q. Could you please turn to page 3 of  
18 DEO Exhibit 8.

19 A. Okay.

20 Q. In the question and answer beginning  
21 at line 6, question 7, in responding to OCC's  
22 objections you talk about the benefits of  
23 monthly meter reading which full AMR deployment  
24 makes possible, correct?

25 A. Yes. These are non-quantifiable



1 benefits.

2 Q. That would come with full deployment.

3 A. Yes.

4 Q. On page 4 of Exhibit 8, line 9 you  
5 say, do you not, that "With full AMR deployment  
6 and monthly meter reading, all DEO customers  
7 will receive every month a bill indicating their  
8 actual usage that coincides with that month's  
9 commodity rate," correct?

10 A. Yes.

11 Q. The next question at line 13 asks,  
12 "Does full deployment of AMR devices produce  
13 other customer benefits?"

14 And your answer at line 14 says,  
15 "Yes. With full AMR deployment," and you go on  
16 to talk about a number of benefits, correct?

17 A. That's correct.

18 Q. At line 21 of your testimony on page  
19 4 you say, the last sentence, "Monthly meter  
20 reading with full AMR deployment also reduces  
21 the time it takes to identify defective meters,"  
22 correct?

23 A. Right.

24 Q. Question 10, line 8, page 5,  
25 "Question: Does DEO receive operational benefits

1 from full AMR deployment?"

2 "Answer: Yes, with full AMR  
3 deployment," and then it continues, correct?

4 A. That's correct.

5 Q. At the bottom of page 5, line 20, you  
6 talk about meter reading. You say, "meter  
7 reading expense would be reduced because fewer  
8 meter readers are needed with full AMR  
9 deployment," correct?

10 A. Correct.

11 Q. Question 11, page 6, "Can you  
12 summarize your position with respect to OCC's  
13 objection?"

14 Your answer, "I believe the customer  
15 and operational benefits of full AMR deployment  
16 justify recovering its cost through the AMR cost  
17 recovery charge as specified in the Staff  
18 report," correct?

19 A. Correct.

20 Q. Page 8, line 10, you say, "Although  
21 DEO has committed to perform monthly meter  
22 readings, it will not be able to adopt this  
23 practice for all customers until it completes  
24 the five-year AMR deployment process," correct?

25 A. Correct.

1 MR. WHITT: No. further questions.

2 HEARING EXAMINER JENNINGS: Do I  
3 understand correctly that this last exhibit was  
4 identified as DEO Exhibit 8?

5 MR. WHITT: Yes.

6 HEARING EXAMINER JENNINGS: Okay.  
7 Thank you. Is there any redirect?

8 MR. PARRAM: I have just one  
9 question, Your Honor.

10 - - -

11 REDIRECT EXAMINATION

12 By Mr. Parram:

13 Q. Mr. Baker, counsel actually had  
14 questions specifically about your prefiled  
15 testimony on page 5 as it relates to the table  
16 on page 5 and --

17 MR. SERIO: Can we get a  
18 clarification as to which testimony?

19 MR. PARRAM: Prefiled direct  
20 testimony of Pete Baker filed in this case  
21 11-5843.

22 HEARING EXAMINER STENMAN: Can you  
23 speak up, Mr. Parram?

24 MR. PARRAM: Sure. I'm referring to  
25 Mr. Baker's prefiled direct testimony in this

1 case, page 5.

2 Q. Mr. Whitt was asking you questions  
3 about this table specifically, and at line 13  
4 and 14 of your direct testimony, what is your  
5 understanding as it relates to the recovery  
6 costs for the year 2011? When are those or the  
7 estimated savings -- let me rephrase that.

8 Based upon your table on page 5, when  
9 do you expect to see the estimated \$6 million in  
10 savings?

11 A. When would that be recovered in  
12 rates?

13 Q. Yes.

14 A. That would be in 2013.

15 Q. For --

16 A. I'm sorry. The 386,000 estimated  
17 installations for 2011 would produce the savings  
18 of \$2,950,000, should be recovered in the year  
19 2012.

20 Q. And what would be the savings  
21 recovery for 2012 for the 2011 cost?

22 A. It would be \$6 million.

23 MR. PARRAM: That's all I have, Your  
24 Honor.

25 HEARING EXAMINER JENNINGS: Anything

1 further?

2 MR. SERIO: No, Your Honor.

3 HEARING EXAMINER JENNINGS: If not,  
4 you're excused.

5 MR. PARRAM: Your Honor, it's about  
6 5:30. I'm pretty sure Mr. Whitt's going to have  
7 more than half an hour of questions for Mr.  
8 Adkins. I was wondering if we should break and  
9 reconvene tomorrow for our final witness, if  
10 that would be preferable.

11 MR. WHITT: I don't think it's going  
12 to be much more than half hour, and we have all  
13 the Company folks from out of town. I'd like to  
14 get them on the road even if we had to go till  
15 6:30, I think that's preferable to coming back.

16 HEARING EXAMINER JENNINGS: My  
17 preference would be to finish this evening as  
18 opposed to coming in tomorrow morning for 15, 20  
19 minutes.

20 MR. PARRAM: I have to make a phone  
21 call then.

22 HEARING EXAMINER JENNINGS: Okay.

23 MR. PARRAM: No longer than five, ten  
24 minutes.

25 MR. WHITT: We can take a break for

1 people to do what they need to do.

2 HEARING EXAMINER STENMAN: Let's go  
3 off the record.

4 (Off the record.)

5 HEARING EXAMINER JENNINGS: Back on  
6 the record.

7 - - -

8 KERRY J. ADKINS  
9 called as a witness on behalf of the Staff,  
10 being first duly sworn, testified as follows:

11 DIRECT EXAMINATION

12 By Mr. Parram:

13 Q. Please state your name and business  
14 address for the record.

15 A. My name is Kerry, K-e-r-r-y, Adkins,  
16 A-d-k-i-n-s. My business address is 180 East  
17 Broad Street, Columbus, Ohio 43215.

18 Q. And by whom are you employed and in  
19 what capacity?

20 A. I'm employed by the Public Utilities  
21 Commission of Ohio as a Staff member in the  
22 Accounting and Electricity Division as a Public  
23 Utilities Administrator.

24 MR. PARRAM: I'd like to mark for  
25 purposes of identification prefiled direct

1 testimony of Kerry Adkins that's filed in this  
2 matter as Staff Exhibit 9.

3 HEARING EXAMINER JENNINGS: It will  
4 be so marked.

5 (EXHIBIT MARKED MARKED.)

6 Q. Mr. Adkins, do you have a copy of  
7 your testimony in front of you?

8 A. I do.

9 Q. Was this testimony prepared by you or  
10 under your direction?

11 A. It was.

12 Q. Did you cause this testimony to be  
13 filed on April 27, 2012?

14 A. Yes.

15 Q. Do you have any changes to this  
16 testimony?

17 A. I have several to propose if the  
18 Bench would indulge me.

19 MR. WHITT: Could I have just one  
20 moment? I apologize. I'm getting my hands on  
21 my copy of the testimony. Thank you.

22 MR. PARRAM: Your honor, what I have  
23 is an errata to the prefilled testimony of  
24 Mr. Kerry Adkins. This errata made a change to  
25 Mr. Adkins' testimony specifically as it relates

1 to the amount. The number of meter readers in  
2 his initial testimony, he had an amount as 36  
3 meter readers, and after the filing of  
4 Ms. Fanelly's testimony, it came to light that  
5 the actual number is 29 meter readers.  
6 Mr. Adkins had based his calculations in his  
7 testimony upon the initial number, and we  
8 indicated that we weren't sure if there was a  
9 lower amount in his testimony and also indicated  
10 if there was other information were to come to  
11 light, we would reserve the right to supplement  
12 our testimony.

13 We do have an errata here. It looks  
14 worse than what it is. It actually is just  
15 changing Mr. Adkins' calculations with regards  
16 to 36 meter readers, now it's 29. So I have the  
17 errata and then also the new KA exhibits to  
18 Mr. Adkins' testimony, because it changed all of  
19 his schedules attached to his testimony, so I  
20 will hand that out now.

21 MR. WHITT: May I be heard?

22 HEARING EXAMINER STENMAN: Why don't  
23 you let him give everyone a copy first.

24 MR. PARRAM: You want me to give you  
25 a copy first?



1                   MR. WHITT: I would like to see a  
2                   copy.

3                   HEARING EXAMINER STENMAN: The Bench  
4                   would like copies too before we hear arguments.  
5                   Go ahead.

6                   MR. WHITT: Your Honor, the record  
7                   should note that the Company made a pre-filing  
8                   application in this case in November of 2011.  
9                   It updated that filing with actual information  
10                  in February 2012. The comment period was  
11                  eventually extended to March 30 of 2012, or some  
12                  period around that time. Information about  
13                  Staffing levels is basic information that Staff  
14                  had ample opportunity to seek discovery on  
15                  during the course of its investigation.

16                  We were told that a mistake came to  
17                  light when Ms. Fanelly's testimony was filed,  
18                  which was last Friday. Although Staff purports  
19                  to reserve the right to supplement its  
20                  testimony, it doesn't have that right under the  
21                  procedural schedule. This is a substantive  
22                  change that changes Staff's recommendation,  
23                  proposes a greater reduction than they had  
24                  proposed previously. It is highly unfair and  
25                  prejudicial for this to be sprung on the Company

1 at ten minutes until 6 on the day of hearing.

2 MR. PARRAM: If I said a mistake was  
3 made, I was mistaken. There was no mistake in  
4 Mr. Adkins' testimony that was initially filed.  
5 We filed his testimony based upon information  
6 that we had at the time. As has been discussed  
7 in motions to strike, that there was a data  
8 request that was issued as it relates to the  
9 specific information. The Company objected to  
10 answering that. We did not raise any problem,  
11 we didn't want to create a fight about that  
12 information today. But seeing the fact that it  
13 is factual information, it is pertinent to the  
14 Commission's determination in this case, and the  
15 Company itself has decided to put on a witness  
16 and file it in the docket that's now public  
17 information.

18 I don't see how the Commission Staff  
19 should not be allowed to modify their  
20 calculation based upon factual information that  
21 the Company has put into the record itself.

22 MR. WHITT: Well, Your Honor, Staff  
23 had an opportunity to get that form through  
24 appropriate means, including a six-month period  
25 of investigation. The data request that is

1 being alluded to was served on us after the  
 2 Company had agreed to Staff's request for a  
 3 continuance. There was no mention when that  
 4 request was made of us for Staff to engage in  
 5 additional discovery. Certainly, the Commission  
 6 is entitled to factual information, but there  
 7 has to be a process in place for parties to be  
 8 able to respond to that information, and this  
 9 may be factual but it's just too late and the  
 10 recommendation is changed.

11 If the admission is this isn't a  
 12 mistake, this is really just an update, that's  
 13 even more of a reason to exclude it. I mean,  
 14 they're saying, based on what we heard today, we  
 15 want to now change our testimony. That's what  
 16 they're saying, and that's not fair.

17 MR. SERIO: Do I get a bite at the  
 18 apple?

19 HEARING EXAMINER STENMAN: Why not.

20 MR. SERIO: I don't know. My comment  
 21 would be, it looks to me, like the only thing  
 22 that's changed here is a number in a  
 23 calculation. The underlying formula that the  
 24 Staff is presenting is the same. So if the  
 25 change is the number, then any argument you

1 would have against the Staff before the errata  
2 or after the errata are going to be the same, so  
3 there's no prejudice by changing a number to  
4 reflect an accurate number that the Company's  
5 witness actually has put on the record now.

6 HEARING EXAMINER STENMAN: This is a  
7 pretty extensive errata here just to look at,  
8 given that it is ten till 6. So let's go off  
9 the record for a moment.

10 (Off the record.)

11 HEARING EXAMINER STENMAN: Back on  
12 the record. Go ahead, Mr. Parram.

13 MR. PARRAM: Your Honors, I would  
14 like to clarify. I'd like to mark the errata to  
15 the prefiled testimony of Mr. Kerry J. Adkins as  
16 Staff Exhibit 9A.

17 HEARING EXAMINER STENMAN: Does that  
18 include the schedules?

19 MR. PARRAM: Yes. The schedules  
20 KA-1a, KA-2a, KA-3a, KA-4a.

21 (EXHIBIT HEREBY MARKED.)

22 Q. Mr. Adkins, excluding the changes in  
23 your errata which has been marked as Staff  
24 Exhibit 9A, do you have any other changes to  
25 your prefiled testimony with regard to Staff

1 Exhibit 9?

2 A. I do not.

3 Q. And if I were to ask you all the  
4 questions contained in Staff Exhibit 9 today,  
5 would all your answers still be the same?

6 A. They would.

7 MR. PARRAM: Your Honors, I tender  
8 Mr. Adkins for cross.

9 HEARING EXAMINER STENMAN: Mr.  
10 Serio, anything?

11 MR. SERIO: No questions, Your Honor.

12 HEARING EXAMINER STENMAN: Mr. Whitt?

13 - - -

14 CROSS-EXAMINATION

15 By Mr. Whitt:

16 Q. I guess we could officially say good  
17 evening to each other now. Mr. Adkins, can we  
18 agree that Dominion did not need Commission  
19 approval to install AMR devices, that just like  
20 any capital program the Company expends capital  
21 and at some point will come in and seek recovery  
22 through a base rate case; is that right?

23 A. I would agree that the Company does  
24 not need permission from the Commission to  
25 install them. Recovery is a different question.

1           Q.    Right.  And the Company could have  
2   undertaken the installation program on whatever  
3   deployment schedule it deemed fit without  
4   getting Commission approval subject to,  
5   obviously, to prudent determination for cost  
6   recovery purposes, correct?

7           A.    Could you repeat your question,  
8   please?

9           Q.    The Company could have installed AMR  
10   devices under whatever schedule it wanted to  
11   without seeking Commission approval, is that  
12   right, for the installations?

13          A.    It could have, yes.

14          Q.    And the Commission would then have  
15   the ability to review the reasonableness of that  
16   decision when it comes time to try to get that  
17   investment in the rate base, correct?

18          A.    Had the Company under its own, on its  
19   own volition started an AMR program,  
20   installation program, it could have then sought  
21   recovery from the Commission assuming the  
22   Commission -- I'll stop there.  It could have  
23   sought recovery from the Commission, yes.

24          Q.    So you would agree that the purpose  
25   of the Company's application in this proceeding

1 was to seek approval of a cost recovery  
2 mechanism, correct?

3 A. In this proceeding?

4 Q. And that wasn't really clear. In the  
5 06-1453 proceeding the application was for  
6 approval of a cost recovery mechanism, correct?

7 A. I believe it was, the application was  
8 for an AMR deployment program, AMR installation  
9 program, and I think it was also associated cost  
10 recovery and associated items, I believe.

11 Q. Do you have the application up there?

12 A. Is it 1453?

13 Q. Yes.

14 A. I don't know. I do have it.

15 Q. If we look at the first page of DEO  
16 Exhibit 3 it says that the Company respectfully  
17 requests, one, "approval of tariffs to recover,  
18 through an automatic adjustment mechanism, costs  
19 associated with the deployment of automated  
20 meter reading equipment," correct?

21 A. Correct.

22 Q. And the second thing it asks for is  
23 "authority to permit the deferral of those costs  
24 for subsequent recovery through the automatic  
25 adjustment mechanism," correct?

1           A.     Correct.

2           Q.     And there isn't anything with respect  
3 to what the Company is asking for, for the  
4 Company asking the Commission to approve a  
5 deployment plan, correct?

6           A.     If I look at page 2 of that document  
7 you're reading from, at paragraph 4 it says,  
8 "DEO therefore proposes to replace all of its  
9 remote meter index devices with automated meter  
10 reading devices and to install AMR equipment on  
11 all of its other meters over a five-year  
12 period."

13          Q.     Right. But I thought we agreed that  
14 the Company didn't have to ask the Commission's  
15 permission to do that.

16          A.     There's nothing that I know of that  
17 required the Company to make an application.

18          Q.     Right. And what the Company, again,  
19 what it specifically requested are two things:  
20 approval of tariffs and deferral authority,  
21 correct?

22          A.     It seems tariffs to recover; the rest  
23 of the document, I think in the paragraph, Nos.  
24 1 and 2 that you read, I believe, speak to it.  
25 I think the rest of the document has to come



1 along with it. I don't think you can leave them  
2 vacant like that. The rest of the document is  
3 the rest of the explanation for those two items  
4 1 and 2.

5 Q. Well, certainly the Commission would  
6 expect the Company to explain what it intends to  
7 do and why it needs deferral authority, wouldn't  
8 it?

9 A. Yes.

10 Q. And if we go to page 8 of the  
11 application, the Wherefore Clause again asks the  
12 Commission to approve two things: tariffs and  
13 deferral authority, correct?

14 A. You're reading the Wherefore on the  
15 bottom of page 8?

16 Q. Yes.

17 A. It says pursuant to various statutes,  
18 it asks the Commission to "approve the Company's  
19 application for approval of tariffs to institute  
20 an automatic adjustment clause to recover costs  
21 associated with AMR deployment; for approval of  
22 the accounting treatment discussed herein; and  
23 for all other necessary proper relief."

24 Q. And it doesn't ask for any of the  
25 things that are requested at the beginning of

1 the application or the Wherefore Clause. It is  
2 not asking for those approvals to be obtained  
3 during any specific period of time, correct?

4 A. I believe the word "herein" captures  
5 all other parts of the document, and it is over  
6 a five-year period.

7 Q. Well, nothing in the application  
8 requests approval of a hard start and stop date,  
9 is that fair?

10 A. After a quick perusal of the  
11 document, at two or three minutes after 6 after  
12 a long day, I don't see anything.

13 Q. Okay. And the same could be said for  
14 the Staff report, couldn't it, that nothing in  
15 the Staff report recommends a hard stop and  
16 start date?

17 A. I don't recall if there was a Staff  
18 report in 06-1453.

19 Q. So you don't -- you wouldn't be able  
20 to look to the Staff report then for support of  
21 any hard start or stop date?

22 A. I don't know if there was or was not  
23 a Staff report.

24 Q. And nothing in the stipulation in the  
25 rate case indicates the parties agree to any

1 specific start-stop date, correct?

2 A. I don't know.

3 Q. The Commission order approving the  
4 stipulation doesn't specify a hard start-stop  
5 date, does it?

6 A. I don't know.

7 Q. But at the end of the day the  
8 mechanism that the Company asks the Commission  
9 to approve sets up a process for cost recovery  
10 through this AMR charge, correct?

11 A. I believe a rate case where it  
12 ultimately approved an AMR cost recovery charge,  
13 yes.

14 Q. If you go to page 5 of your testimony  
15 in this case.

16 A. I'm there.

17 Q. And in question 8 you refer to a  
18 baseline O&M expense amount of approximately 8.7  
19 million, correct?

20 A. Yes.

21 Q. And that is based on expenses for the  
22 2007 baseline year, correct?

23 A. I believe there was an agreement;  
24 there's some adjustments to what was included in  
25 the base rates for the items I have listed here

1 in my direct testimony, but I think there was an  
2 agreement ultimately to make some adjustment.  
3 But ultimately what was agreed upon in the base  
4 rate was approximately 8.6 million, in my  
5 testimony.

6 Q. And the intent of having a baseline  
7 was to be able to look before and after AMR  
8 installation to determine whether any savings  
9 had occurred, correct?

10 A. Yes.

11 Q. On page 8 of your testimony on line  
12 18 you discuss how any acceleration in AMR  
13 installations and resulting savings would be  
14 most visible towards the end of the program when  
15 most savings were expected to be realized,  
16 correct?

17 A. Yes.

18 Q. And so the fact that Dominion has  
19 reported a greater level of savings each year of  
20 the program is not something unusual, correct?

21 A. The fact that it's reported in each  
22 year's AMR cost recovery charge application more  
23 than was done previous years, I think it was to  
24 be expected.

25 Q. That's what you would expect to see?

1           A.    Yes.

2           Q.    Now, page 10 of your testimony you  
3 list three things that you believe Dominion was  
4 required to do based on the 09-1875 order,  
5 correct?

6           A.    Yes.

7           Q.    And the first item you list is  
8 complete installation of all AMR devices by the  
9 end of 2011; is that right?

10          A.    Yes.

11          Q.    Do you have the 09-1875 order up  
12 there?

13          A.    I do somewhere. Allow me to find  
14 it. I do have it.

15          Q.    On page 7 just above call center  
16 savings --

17          A.    Yes.

18          Q.    -- the last sentence says that after  
19 discussing the Commission's recommendation, "To  
20 that end, the Commission finds that, in its 2011  
21 filing, DEO should demonstrate how it will  
22 achieve the installation of the devices on the  
23 remainder of its meters by the end of 2011."

24                And my question is, I assume that you  
25 are interpreting the term "remainder of its

1 devices" to mean all; is that fair?

2 A. That in reading the totality of the  
3 Commission's order, yes, I believe that's what  
4 the Commission intended.

5 Q. And what the Commission specifically  
6 ordered is that Dominion "should demonstrate how  
7 it will achieve the installation of the devices  
8 on the remainder of its meters by the end of  
9 2011," correct?

10 A. That's the words the Commission use,  
11 yes.

12 Q. Now, the order does not direct  
13 Dominion to complete the AMR program in 2011,  
14 correct? It doesn't use that verbiage?

15 A. As I stated in my direct testimony, I  
16 believe the Commission's order clearly -- I  
17 believe the Commission says earlier in the  
18 document that it anticipates they'll complete  
19 the installation by 2011. Reading that in  
20 context with here where it says, "DEO should  
21 demonstrate how it will achieve installation of  
22 the devices on the remainder of its meters by  
23 the end of 2011," I don't know how to read it  
24 any other way but that was the Commission's  
25 expectation.

1           Q.    In fact, the Company in this  
2    proceeding, before the order came out, told the  
3    Commission it anticipated substantial completion  
4    by the end of 2011, correct?

5           A.    I believe also if you look at the  
6    plan that was filed in the 2853 case, I believe  
7    the Commission -- I believe it says there they  
8    will actually complete installation by 2011, not  
9    substantially complete. There have been  
10   other -- there have been cases where I'm aware  
11   of where the Company indicated it will  
12   substantially complete; there's also instances  
13   where the Company said it will complete  
14   complete.

15          Q.    I had a really good question in mind  
16   and I lost it.

17          A.    It's late for all of us.

18          Q.    Well, just so we're clear here,  
19   before the 09-1875 order came out, Dominion,  
20   either in prior plans or testimony in the  
21   09-1875 proceeding, told the Commission and the  
22   other stakeholders it intended to be either  
23   complete or substantially complete by the end of  
24   2011, correct?

25          A.    Yes.

1           Q.    And is it fair to characterize the  
2   order as basically directing the company to  
3   prove it.  You say you are going to be done.  
4   Prove it.  Is that a fair characterization?

5           A.    I think it is a bit more than that.  
6   I think the Commission directly ordered the  
7   Company to install the meters by the end of --  
8   I'm sorry, install the AMR devices by the end of  
9   2011 and to do so in a manner that would  
10   maximize savings.

11          Q.    You are not suggesting, are you, that  
12   the order in 09-1875 changed the stipulation  
13   that the Commission previously approved for the  
14   program, are you?

15          A.    Here I think the Commission orders  
16   speak for itself.  I think the Commission  
17   ordered the Company to do the things I have  
18   stated in my direct testimony.

19          Q.    Well, did it, in your opinion, did it  
20   change the prior stipulations?

21          A.    I don't have prior stipulations in  
22   front of me, so I can't say whether it did or it  
23   did not.

24          Q.    Well, does the order say it's  
25   changing any stipulations?



1           A.    To my knowledge, no.

2           Q.    In fact, the order looks to the  
3 stipulation as a basis for rejecting OCC's  
4 savings calculation, correct?

5           A.    It does refer to the stipulation when  
6 it rejects OCC's arguments, yes.

7           Q.    And the 09-1875 order directed the  
8 Company to, in its next filing, to submit a plan  
9 for how it was going to achieve deployment by  
10 the end of 2011, correct?

11          A.    Yes.

12          Q.    And the Company did, in fact, submit  
13 its plan in its 2011 filing, did it not?

14          A.    Yes.

15          Q.    And Staff reviewed that plan,  
16 correct?

17          A.    Yes.

18          Q.    And Staff and the Company and any  
19 intervenors reached a stipulation in that case,  
20 correct?

21          A.    Yes.

22          Q.    And the stipulation doesn't have any  
23 provisions speaking to changes to or  
24 modifications of the meter, the AMR plan that  
25 had been filed in the proceeding, correct?

1           A.    Correct.

2           Q.    Now, your second item on page 10  
3 discusses a requirement to deploy in a manner to  
4 maximize savings by allowing regular routing at  
5 the earliest possible time; is that correct?

6           A.    Yes.

7           Q.    And it's your testimony that this was  
8 not done, correct?

9           A.    It's my testimony that DEO did not  
10 deploy the AMR devices in a manner that  
11 maximized savings, that's correct.

12          Q.    And you say on page 15 -- I'm sorry,  
13 question 15 on page 12 of your testimony that  
14 the Company could have maximized savings if it  
15 would have accelerated installation of the AMR  
16 devices, correct?

17          A.    Yes.

18          Q.    What specifically should Dominion  
19 have done differently?

20          A.    I believe the Commission's order, in  
21 order to maximize savings, I think it is fairly  
22 obvious that DEO has stated since inception of  
23 the program that it needed to reach critical  
24 mass or receive much in the way of savings. The  
25 Staff accepted that argument in the 1875 case,

1 for example, and so the way to maximize savings  
2 in the Staff's opinion is get to critical mass  
3 sooner.

4 Q. How could they have done that?

5 A. How could they have done that?

6 Q. Yes.

7 A. In our opinion, they could have done  
8 so by maintaining the same deployment schedule  
9 that was used in 2009 throughout 2000 -- I'm  
10 sorry, starting with June of 2010 after, which  
11 was the first month after the Commission's  
12 order, and then carry out that same deployment  
13 schedule and same deployment pattern throughout  
14 2011; and in our opinion you definitely do not  
15 maximize savings by slowing installation.

16 Q. Anything else they could have done?

17 A. I believe the Company Witness Fanelly  
18 and also Company Witness Friscic outlined  
19 several steps, or at least two or three steps  
20 through Mr. Serio, I think the Company Witness  
21 Fanelly went through with Mr. Serio that were  
22 some items the Company did.

23 Q. Well, have you seen, has any  
24 information come to light that you're aware of  
25 that shows a specific deficiency by the Company

1 which would indicate that it wasn't working as  
2 hard as it could to get the installations  
3 complete?

4 A. It showed its deployments.

5 Q. We can agree, it is not  
6 mathematically possible to install devices once  
7 you have completed the deployment, unless you  
8 start going around and putting on a second  
9 device on a meter, right?

10 A. Once you're done, you're done.  
11 However, in this instance the Company is not  
12 done. It still has 9,530 meters to do.

13 Q. Can you tell me anything other than  
14 they should have just done it faster? Can you  
15 tell me anything specific about their plan, what  
16 about the plan that you reviewed was deficient  
17 that caused them, in your opinion, to violate  
18 the Commission's order?

19 A. I'm recalling from the 2010 plan that  
20 was filed in the 2853 case, the Company at least  
21 in two instances used the word "and continues  
22 its practices"; it continues. There was nothing  
23 in that document that said it accelerated its  
24 practices or changed its practices.

25 Q. Where in the order does it direct the

1 Company to change its practices or accelerate  
2 anything? The order says submit a plan, does it  
3 not?

4 A. It says deploy the AMR devices in  
5 such a manner to maximize savings.

6 Q. But you are not able to tell us what  
7 they should have done differently other than do  
8 it quicker?

9 A. Don't slow down. Other than that.

10 Q. Okay. On page 13 of your testimony  
11 you say that the Company did not accelerate  
12 installations in response to the Commission's  
13 09-1875 order; is that right?

14 A. I state, based on the deployment that  
15 was in 2009, the Company, in effect, took its  
16 foot off the gas and installed fewer AMRs in  
17 2010 and fewer still in 2011, leaving 9,530  
18 uninstalled.

19 Q. You were present for testimony, were  
20 you not, where I think several witnesses today  
21 have looked at paragraph 6 of the Company's  
22 application where it indicates that beginning in  
23 January of '08 the Company would install  
24 approximately 250,000 devices a year. Do you  
25 recall that testimony?

1           A.    That's testimony regarding the 1453  
2 application?

3           Q.    No, testimony regarding what the  
4 Company asked for in its application that was  
5 eventually approved.

6           A.    That's what I was asking for  
7 clarification.  It's the application in the  
8 06-1453 case?

9           Q.    Yes.

10          A.    Yeah, I believe it did say 250,000,  
11 yes.

12          Q.    If Dominion had installed all of the  
13 devices, every single one of them by the end of  
14 2011, the number of devices would still be less  
15 in 2011 than what was installed in 2009 or 2010,  
16 correct?

17          A.    I'm sorry, I'm not understanding your  
18 question.

19          Q.    There were 243,617 devices installed  
20 in 2011, correct?

21          A.    Yes.

22          Q.    And we have established earlier that  
23 there were 9,530 devices remaining, correct?

24          A.    Yes.

25          Q.    Had those 9,530 devices been

1 installed in 2011, the total would be 253,147.

2 Would you agree with that, subject to check?

3 A. Yes.

4 Q. And 253,147 is less than what was  
5 installed in 2009, correct?

6 A. Yes.

7 Q. It's also less than what was  
8 installed in 2010, correct?

9 A. Yes.

10 Q. And it is not because the Company  
11 slowed deployment but because it was so close to  
12 being finished, right?

13 A. No. I mean, there was a rate at the  
14 end of 2009, a rate, I believe, maybe it was  
15 332,000. The following year -- so the Company  
16 clearly had the resource and wherewithal to  
17 install at a rate of 332,135 per year.

18 Q. Okay.

19 A. The following year it did a number  
20 less than that. That's subsequent to the  
21 Commission order that said deploy these devices  
22 in a manner to maximize savings.

23 Q. So that we're clear here, on page 10  
24 of your testimony you list three things that you  
25 believe the 09-1875 order required Dominion to

1 do, correct?

2 A. You said page 10?

3 Q. Yes.

4 A. I'm there. Would you ask the  
5 question again, please?

6 Q. You list three things on page 10 that  
7 you believe the 09-1875 order required, correct?

8 A. Yes.

9 Q. And one of the requirements was to  
10 file a plan in its next application, correct?

11 A. Yes.

12 Q. And Staff raised no objection to that  
13 plan, correct?

14 A. Staff did provide comments on that  
15 plan in the comments that were filed in the, I  
16 think it's the 10-2353 case. Staff indicated  
17 that -- the Staff indicated in the comments in  
18 that case that the Company should aggressively  
19 pursue getting to its inside meters -- I'm  
20 sorry, to its hard-to-access meters prior to the  
21 cold months. Whenever it could no longer use  
22 the Company's policy against disconnection would  
23 prevent it from disconnecting customers in order  
24 to assist in gaining access to the meter; and  
25 secondly, the Staff said that, I believe, 240



1 some odd thousand meters -- I'm sorry, AMRs left  
2 to install was below the previous year's  
3 installation rate. Therefore, the Staff thought  
4 that the Company would be done installing meters  
5 by the end of 2011.

6 Q. But there's nothing in the comments  
7 that you filed in the 2010 application where  
8 Staff indicated they thought Dominion was not  
9 deploying fast enough.

10 A. There's no direct statement to that  
11 effect, no.

12 Q. There's no indirect statement other  
13 than listing what the deployment was, right?

14 A. Well, there was indirect statement in  
15 that the Commission Staff was clearly concerned  
16 about -- we identify what we believe is a  
17 critical path towards getting installations  
18 done, which was gaining access to inside meters  
19 well before the on-set of cold weather, and also  
20 we indicated that we believe that the remaining  
21 meters left to install was well below the  
22 installation rates of the previous three years,  
23 therefore, we thought the Company would get  
24 done.

25 Q. Well, are you telling the Commission

1 that Staff reviewed the plan that the Company  
2 submitted, believed it to be deficient, yet  
3 signed a stipulation settling the case?

4 A. I'm saying we signed a stipulation  
5 settling the case. I agree with that.

6 Q. Even though it's your testimony today  
7 that the Company's plan was in violation of the  
8 Commission's order, but Staff settled it anyway?

9 A. We didn't know that the plan was  
10 going to be in violation of the Commission's  
11 order until the Company was actually in  
12 violation of the Commission's order.

13 Q. I thought you said that the plan that  
14 was submitted in 2010, I believe it's Staff's  
15 position that there really weren't any changes  
16 made in that plan and that they hadn't listened  
17 to the Commission and would just keep on doing  
18 what they had been doing; and the plan,  
19 therefore, was deficient. Is that what you are  
20 saying or not?

21 A. As I sit here today, I believe the  
22 plan was deficient.

23 Q. That's what you say today; that's not  
24 what you said in the proceeding, is it?

25 A. I don't think we had any specific

1 statements that the plan was deficient in the  
2 2853 comments that were filed.

3 Q. Do you think that's something the  
4 Commission would like to know if it's directing  
5 companies to do something and the Company isn't  
6 following a Commission order, that the  
7 Commission may expect Staff to bring that to  
8 their attention?

9 A. I would expect the Commission would  
10 expect the Company to want to comply with  
11 whatever its directive is, and if the Company is  
12 not complying with its directive, I would expect  
13 the Commission would like the Staff to point  
14 that out.

15 Q. And Staff didn't do that in the 2010  
16 application, correct?

17 A. Other than the comments that I have  
18 already outlined in the 2853 case, no.

19 Q. Page 14 of your testimony, line 3 you  
20 say that the Company had a full five years to  
21 work its plan. Do you see that?

22 A. Yes.

23 Q. Now, there was no approved -- well,  
24 the 06-1453 application was not approved in  
25 2007, correct?

1 A. I don't recall when it was approved.

2 Q. Well, do you know that it wasn't in  
3 2007?

4 A. Can you point me to an exhibit?

5 Q. Do you have the Staff report up  
6 there?

7 A. This Staff report in this case?

8 Q. Yes.

9 A. I do somewhere.

10 Q. I'm sorry, in the rate case Staff  
11 report.

12 A. I do not unless it was left by a  
13 previous witness up here.

14 MR. CAMPBELL: May I approach with a  
15 copy of it?

16 HEARING EXAMINER STENMAN: Yes.

17 A. Mr. Whitt, if I might, I do have the  
18 part that deals with the AMR from the Staff  
19 report in this case.

20 Q. Yes, that's what we wanted.

21 A. I do have that.

22 Q. And maybe we can short circuit that  
23 here if you still have Staff Exhibit 3.

24 A. I do.

25 Q. On the first page under the

1 Background section, the second paragraph  
2 reflects, does it not, that the Commission  
3 approved the rate case stipulation by an Opinion  
4 and Order issued October 15, 2008?

5 A. I'm sorry, it's late in the day.  
6 Would you repeat your question, please?

7 Q. Let me point to it. The bottom  
8 paragraph on the first page indicates, does it  
9 not, that the Commission approved the rate case  
10 stipulation on October 15, 2008?

11 A. It does, yes.

12 Q. And you understand that the rate case  
13 stipulation addressed AMR as well, right?

14 A. Yes.

15 Q. So there was no approved cost  
16 recovery mechanism in 2007, correct?

17 A. Not to my knowledge.

18 Q. And you were present, were you not,  
19 during testimony in which a document was  
20 introduced indicating Staff's expectation that  
21 the Company would not disconnect for non-access  
22 in 2007?

23 A. I was here for the testimony. I  
24 don't recall specifically what was asked or  
25 answered.

1 Q. It was a case, was it not, that  
2 whether there would even be a cost recovery  
3 mechanism was being litigated throughout 2007  
4 and 2008 in the rate case?

5 MR. SERIO: Can I get the question  
6 repeated?

7 (Question read.)

8 A. I believe the Company's application  
9 in the 06-1453 case was rolled into the rate  
10 case, therefore, and I believe the rate case  
11 proceedings went on through the time period you  
12 just discussed.

13 Q. And during that time period there was  
14 no approved cost recovery mechanism, correct?

15 A. That's my understanding, yes.

16 Q. And if you would refer please to DEO  
17 Exhibit 7, which is the AMR portion of the rate  
18 case Staff report.

19 A. I got it.

20 Q. That report, if you look at the  
21 bottom was --

22 A. I'm sorry, the Staff report?

23 Q. Yes.

24 A. Okay.

25 Q. The date stamp at the bottom

1 indicates it was filed on May 23, 2008, correct?

2 A. Correct.

3 Q. And this is where Staff recommended  
4 approval with some modifications; is that right?

5 A. Approval of the automated meter  
6 reader proposal, yes.

7 Q. But even at that point the Company  
8 should not have assumed, should it, that the  
9 Staff recommendation would be approved? Would  
10 you agree with that?

11 A. The Commission is always free to make  
12 whatever decision it wants to make, so yes.

13 Q. That's right. And until there's a  
14 Commission order authorizing the cost recovery  
15 mechanism, the Company is at risk for whatever  
16 expenditures it's making; is that right?

17 A. That's correct.

18 Q. And I think we just established the  
19 Commission order came out in October 2008,  
20 correct?

21 A. Correct.

22 Q. So the first full calendar year in  
23 which the Company was deploying with an approved  
24 order in hand was 2009; is that right?

25 A. Based on that time line, yes.

1 Q. And that was the year the Company had  
2 the highest number of installations, correct?

3 A. 2009 was the year it had most  
4 installations under the AMR program, yes.

5 Q. It's your opinion DEO had the  
6 resources to install at the 2009 level  
7 throughout the deployment period, correct?

8 A. My testimony is that it had the  
9 resources to do so. Subsequent to the  
10 Commission orders in 2010 and 2011 it had the  
11 resources to do so since it had done so in 2009.

12 Q. Since the extent the Company focused  
13 initially, after getting its order at the end of  
14 '08, to the extent the Company focused initially  
15 on meters that it could readily access, would  
16 you expect it to be easier to install a greater  
17 number of devices than if the Company had  
18 started on inside meters?

19 A. I don't know that I accept the  
20 Company did do more installations on easier to  
21 access in 2009. I don't know if it did or did  
22 not.

23 Q. That wasn't really my question. The  
24 question was would you expect that if they had  
25 started in areas where they could easily access



1 meters, that it would be easier to install a  
2 large number of devices on those meters as  
3 opposed to starting with inside meters where  
4 access may be more difficult?

5 A. If that's indeed what the Company had  
6 done. I think it would be hard-to-access  
7 meters. They're called hard to access for a  
8 reason. It's more difficult, but it's clear  
9 that in our opinion the number of inside and  
10 hard-to-access meters was known to the Company  
11 since the inception of its program.

12 Q. Would you expect that it would be  
13 more expensive to install devices on inside  
14 meters as opposed to outside meters?

15 A. I don't know the answer to that  
16 question.

17 Q. Would you agree there's a cost  
18 associated with site visits?

19 A. For what purpose?

20 Q. To install AMRs?

21 A. Exclusively to install AMRs?

22 Q. Yes.

23 A. There would be a cost, yes; the cost  
24 of the meter, the cost of labor associated with  
25 the installation.

1           Q.   And I guess apart from any  
2           distinction between inside and outside, can we  
3           agree there is a cost that's associated with  
4           installing AMR devices?

5           A.   Yes.

6           Q.   And these costs were reflected in the  
7           AMR charge, correct?

8           A.   Yes.

9           Q.   And what drives the level of the AMR  
10          charge is the level of investment being made,  
11          correct?

12          A.   Can I clarify my previous answer?

13          Q.   Well, your counsel can redirect you.

14               MR. WHITT: Can you read my question?

15               (Question read.)

16          A.   To the extent that the Company incurs  
17          costs to install AMRs, yes. And some of those  
18          costs are recovered, some are not. Those costs,  
19          I believe, where the Company was already going  
20          for another visit, I don't believe get included  
21          in the AMR charge.

22          Q.   And I'm just talking generally here  
23          that the greater the level of capital  
24          investment, the higher the AMR charge has to be  
25          to recover that investment, correct?

1 A. Generally, yes.

2 Q. And it would cost more to install  
3 330,000 devices than it would to install 250,000  
4 devices, correct?

5 A. Correct.

6 Q. And that higher level investment  
7 would result in a higher AMR charge, correct?

8 A. Yes.

9 Q. So if DEO had installed at a pace of  
10 330,000 per year, the AMR charge would have been  
11 higher in 2010 and 2011 and for that matter  
12 whatever Dominion would propose for 2012?

13 A. What's included in the Company's  
14 schedules when they file the applications with  
15 additions schedule, so those numbers would be  
16 higher; plant additions. Now, the overall rate  
17 may not necessarily be higher; depends on how  
18 much OEM savings. You have to remember, the  
19 capital additions in the revenue requirement  
20 calculation, the installations, you're only  
21 taking 11.36 percent of those versus a  
22 dollar-for-dollar recovery of savings. But  
23 generally, yes, the more additions you have, the  
24 more cost you have on the additions schedule  
25 will result, it could result depending on the

1 amount of O&M savings, yes.

2 Q. All other things being equal, if the  
3 Company had installed 330,000 devices in 2010 as  
4 you're suggesting they should have, had they  
5 done that, the AMR charge would have been higher  
6 for 2010 than what it actually was?

7 A. Not if there was more O&M savings.

8 Q. But I said all things being equal,  
9 and I'm not talking about O&M savings, I'm  
10 talking about the level of investment. If  
11 you're installing 330,000, that costs more than  
12 installing 250, correct?

13 A. On the addition side, yes.

14 Q. So if we had installed 330,000 in  
15 2010, the charge that year would be higher in  
16 order to recover the greater level of  
17 investment?

18 A. All else being equal, yes.

19 Q. Now, have you quantified what that  
20 additional cost would have been? In other  
21 words, if the Company had done what you say they  
22 should do and installed 330,000 devices a year,  
23 what difference would that make or have made in  
24 the calculation of the AMR charge?

25 A. It would depend on the amount of

1 savings reported.

2 Q. I just asked if you've made that  
3 calculation?

4 A. Without considering the savings, no.

5 Q. Well, have you made the calculation  
6 at all with or without savings?

7 A. No.

8 Q. And so you can't say whether the  
9 additional savings that Staff is recommending  
10 would offset whatever that greater level of  
11 investment would have resulted in?

12 A. I believe I can say that because of  
13 the way the revenue requirement calculation  
14 works.

15 Q. Hold on. You didn't do the  
16 calculation, right?

17 A. I did not.

18 Q. You did do a savings calculation,  
19 correct?

20 A. Correct, I did.

21 Q. But you did not consider the expense  
22 required to generate that savings, right?

23 A. As I agreed, I did not do that  
24 specific calculation.

25 Q. Thank you. Mr. Adkins, we're handing

1 you a copy of what's been marked for  
2 identification as DEO Exhibit 9 and I'll ask if  
3 you can identify this document as Staff comments  
4 filed in Case No. 10-2853?

5 A. Yes, that's what it is.

6 Q. Could you refer to page 3, please.

7 A. Yes.

8 Q. At the top of page 3, Staff's comment  
9 is that DEO plans to substantially complete the  
10 AMR installations by the end of 2011, correct?

11 A. I believe this paragraph is where the  
12 Staff is basically, I guess, summarizing the  
13 Company's application, yes.

14 Q. So the Company informed Staff that it  
15 intended to substantially complete the  
16 installations in 2011?

17 A. Again, I believe it was summarizing  
18 what the Company had in its application, yes.

19 Q. And Staff's comments don't indicate  
20 that substantial completion isn't good enough,  
21 do they?

22 A. I don't recall that we did.

23 Q. Would you consider 99.2 percent to be  
24 substantial completion?

25 A. Without conceding that that's not

1 what the Commission ordered, but I would concede  
2 it's pretty close to being finished, yes.

3 Q. Do you expect that there will come a  
4 point in time where the Company will have access  
5 to every single one of these 9,530 meters that  
6 are left?

7 A. I believe that's what the Company is  
8 committed to do, and I believe that's what the  
9 Commission ordered the Company to do.

10 Q. So it would be your opinion that if  
11 there's even one meter that hasn't been  
12 converted, that Dominion has not completed the  
13 program and, therefore, has not complied with  
14 the Commission's order?

15 A. I guess it would depend on the  
16 circumstances why. There was testimony earlier,  
17 there was testimony earlier today where  
18 hypotheticals was constructed where if it didn't  
19 have an impact on the O&M savings and if the  
20 customer requested it, then I would think that  
21 would be okay.

22 Q. What impact on savings is there to  
23 the AMR charge by virtue of the fact that there  
24 are 9,530 devices that haven't been installed?  
25 How does that affect savings?

1           A.    I don't know.

2           Q.    So you're not able to draw any  
3 conclusion that because the Company has 9500  
4 meters left to install, that that has  
5 detrimentally affected the level of O&M savings  
6 generated?

7           A.    I can't say with certainty whether it  
8 did or did not.

9           Q.    Now, suppose Dominion had installed  
10 every single AMR device and rerouted every  
11 single community by the end of 2011. Now, any  
12 savings that resulted from that effort would be  
13 realized throughout 2012, correct?

14          A.    If all installations were completed  
15 and the meter readers associated with who had  
16 formerly been reading the meters had been  
17 released and the Company was at the final meter  
18 staffing level as of 1-1-12, then throughout all  
19 of '12, then yes, that's when you can see a full  
20 amount of savings.

21          Q.    Right. And you'd have to go through  
22 calendar year 2012 to fully realize the savings  
23 that had been generated from activities  
24 previously, correct?

25          A.    Previously meaning.



1 Q. Prior to 2012?

2 A. Prior to 2012, that's where you're  
3 losing me. You will need to get the savings,  
4 in the Staff's opinion, which are an annual  
5 calculation of the avoided cost in a particular  
6 year, so each recovery year speaks to the cost  
7 savings that were delivered in the prior year.  
8 So by the end of the prior year -- so I don't  
9 know if I answered your question.

10 Q. Not really. But let's start with  
11 2011 and the case that brings us here today.

12 A. 2011 installation year or recovery  
13 year? There's a difference.

14 Q. The 2011 installation year.

15 A. Okay.

16 Q. The Company did various things  
17 throughout 2011, the end result of which it had  
18 installations to 99.2 percent of its service  
19 area, correct?

20 A. Yes.

21 Q. Now we're in 2012 and through  
22 calendar year 2012, January to December, that's  
23 the period in which the savings from 2011 would  
24 be realized, and then in the 2013 application  
25 we're comparing whatever the meter reading

1 expense is to whatever the baseline is, correct?

2 A. Well, recalling the Staff, you could  
3 have got done earlier but, yes, I do believe  
4 that 2013 reporting year you have the savings  
5 that were resulting from the 2012 installation  
6 year, yes.

7 Q. Now, on page 17 of your testimony,  
8 page 17 of your testimony, the first several  
9 lines here, it's your opinion that the Company  
10 should have installed AMRs on all of its meters  
11 by August of 2011 at the latest, correct?

12 A. Yes, based on, I believe I explained  
13 this in my direct testimony, but based on what  
14 the Staff took of 2009 implementation, both the  
15 rate and the pattern of deployment, and applied  
16 that starting the month in 2010, the month after  
17 the Commission order in the 1875 case, and then  
18 carried that through 2010 through 2011. And so  
19 basically actually what we did, we took the 2012  
20 year, assuming that the Company had reached 29  
21 meter readers, and fully avoided the cost of  
22 meter readers through all of 2009. We  
23 calculated how much meter reading savings, how  
24 much meter reading costs would be avoided. Took  
25 that number, divided it by twelve, and added

1 that back into the Company's savings this year.  
2 It was based on getting done in August of this  
3 year, yes.

4 Q. But my question was intended at least  
5 to be simpler, and that is in your opinion, all  
6 of the installation should have been completed  
7 by no later than August of 2011?

8 A. Based on the deployment rate, having  
9 the Company not slide the deployment rate  
10 subsequent to the Commission's order, yes.

11 Q. And I hope we can agree that even if  
12 there was a program start date of January 2007  
13 that five years would be December of 2011?

14 A. Yes.

15 Q. Now, on page 20 of your testimony  
16 there's some discussion of your savings  
17 calculation; is that right?

18 A. Yes.

19 Q. And at page 21, beginning at line 8  
20 you try to explain how Staff's calculation is  
21 different than the type of calculation OCC  
22 recommended in Case 09-1875, correct?

23 A. I do explain how it's different, yes.

24 Q. Page 21, line 8 you say, "Staff's  
25 calculation of meter reading savings is not

1 based -- I think there's a missing word here --  
 2 is not based on DEO's AMR completion percentage  
 3 compared to an estimate of savings if  
 4 installations were 100 percent complete."  
 5 That's what you say, right?

6 A. Yes.

7 Q. But in point of fact, what your  
 8 calculation is, is assuming a 100 percent  
 9 completion four months before the end of the  
 10 year, doing some math and adding that on to 2011  
 11 savings, correct?

12 A. Yes.

13 Q. Then you say, "Secondly, the numbers  
 14 used in the Staff's calculations come directly  
 15 from a Commission approved stipulation, or they  
 16 were supplied by the Company, or they were  
 17 derived using actual quantifiable numbers  
 18 supplied by the Company." I guess I need to see  
 19 if we can reach a common understanding on what  
 20 you mean by quantifiable. Do you mean that  
 21 something is quantifiable if it's just  
 22 expressable in a number?

23 A. If it can be added or subtracted,  
 24 statistical operations performed, yeah, it's  
 25 quantifiable.

1 Q. Okay. In which case OCC's  
2 recommendation in the '09 case was quantifiable  
3 too as well by looking at total estimated  
4 savings, taking 58 percent of that and saying  
5 here's what the result is, this is what the  
6 savings should be. That's quantifiable, isn't  
7 it?

8 A. The Commission's rejection of the OCC  
9 argument in the 1875 case was based on a  
10 projection of a percentage, a percentage of a  
11 projection, and that's not what we're doing  
12 here. We're taking actual numbers and  
13 calculating based on the baseline that the  
14 Company has.

15 Q. Well, I'm trying to understand how  
16 your numbers are actual numbers and OCC's --

17 MR. PARRAM: I don't think he was  
18 done with answering the question.

19 HEARING EXAMINER STENMAN: Did you  
20 have anything else, Mr. Adkins?

21 THE WITNESS: No.

22 HEARING EXAMINER STENMAN: Mr. Whitt?

23 Q. Help me understand how Staff's  
24 numbers are different from OCC's numbers.  
25 They're both numbers, right?

1           A.    They're both numbers, but OCC took a  
2   percentage of an estimate and the Commission  
3   rejected that argument because it was based on a  
4   projection; it was a percentage of a project,  
5   and then carrying that forward into the future.  
6   What we did was we used the Company's, the  
7   actual baseline. I don't believe there's a  
8   dispute we used the correct baseline. I also  
9   don't believe there's a dispute that there are  
10  29 meter readers at the beginning of 2012 and  
11  will remain so at the end of 2012. I don't  
12  believe we're in dispute that 2009  
13  implementation pace was the 332 some odd  
14  thousand. I don't think none of those numbers  
15  are in dispute, to the best of my knowledge.

16               Therefore, and those were the numbers  
17  that the Staff used to make this calculation.

18           Q.    You have calculated what Staff  
19  expects the 2012 savings to be, correct?

20           A.    Yes.

21           Q.    So I guess none of us have to come  
22  back here next year because Staff already knows  
23  what the savings is going to be.

24           A.    I hope we don't have to come back  
25  here next year; but, I mean, to the extent

1 whatever the Company reports next year, we'll  
2 evaluate that number based on the knowledge that  
3 we have knowing that there were 29 meter readers  
4 left. So we will look at avoided costs based on  
5 the known facts.

6 Q. Well, point being your calculation is  
7 an estimate, is it not?

8 A. It is an estimate, yes.

9 Q. Dominion's application in 06-1453  
10 provided an estimate of total cost of the  
11 project being 100 to 110 million, correct?

12 A. Can you point me to a page?

13 Q. Yeah, page 4, paragraph 5.

14 A. Yes.

15 Q. And assuming you have reviewed the  
16 testimony indicating that to date or as the end  
17 of 2011 the total capital costs have been about  
18 90 million; is that correct?

19 A. I recall that testimony, yes.

20 Q. That 110 million is an actual number,  
21 isn't it?

22 A. It's a number that the Company  
23 provided.

24 Q. It is a -- it is a mathematical  
25 number?

1           A.    It's a number.

2           Q.    Okay.  And 90 million is a number  
3 too, isn't it?

4           A.    It is.

5           Q.    And if we subtract 90 million from  
6 110 million, that results in another actual  
7 number of 20 million, correct?

8           A.    I comes up, yes, that's the math,  
9 yes.

10          Q.    Which would give us a quantifiable  
11 level of savings of the overall investment on an  
12 estimated-to-actual basis, correct?

13          A.    It's the Company's estimated versus  
14 what is actually there based on what was  
15 estimated, yes.

16          Q.    If the Company had maintained a  
17 deployment pace of 330,000 devices per year, and  
18 the Company even at that pace was not able to  
19 complete installation of all the devices, that  
20 would be because of no access situations,  
21 wouldn't it?

22          A.    I have no idea why hypothetically the  
23 Company couldn't make installations.

24          Q.    Is Staff claiming that Dominion  
25 should have disconnected service to however many



1 customers it needed to, to have all the devices  
2 installed by the end of 2011 or actually by  
3 August of 2011?

4 A. I believe that disconnection was one  
5 of the tools in the Company's arsenal in order  
6 to compel the customers to provide access in  
7 accordance with whatever rules were in place for  
8 disconnecting customers.

9 Q. Well, with respect to the 9,500  
10 meters that are left, should the Company  
11 disconnect those customers if they don't  
12 respond?

13 A. It depends on the circumstances, but  
14 I think there's this hypothetical earlier where  
15 they said the customers didn't want any part of  
16 it, and again, those hypotheticals also set up  
17 constructive ideas where there was no impact on  
18 the O&M savings. So in those instances, no, I  
19 wouldn't think you would disconnect the  
20 customers. But generally under the rules  
21 outlined in the plan, if customers don't provide  
22 access, then it gets to -- it's not winter  
23 months, then yes, I do believe you should  
24 disconnect customers.

25 Q. And if the Commission's prior orders

1 are interpreted as a directive, thou shalt  
2 complete installation by the end of 2011, the  
3 Company to meet that directive, if that is the  
4 directive, the Company would have no alternative  
5 but to disconnect customers that haven't given  
6 access; is that right?

7 A. Or seek clarification from the  
8 Commission if that is what the Commission meant.

9 Q. You say that is what they meant,  
10 don't you?

11 A. I'm saying, I'm saying the  
12 Commission's order speaks for itself and I  
13 believe the Commission's order said install the  
14 the main meters by the end of 2011.

15 Q. So for Dominion to get its house in  
16 order and get in compliance with that order,  
17 they should start turning folks off now, right?

18 A. If it is not in the winter months,  
19 yes.

20 Q. I don't think the winter reconnect  
21 still applies. So would Staff be comfortable if  
22 the Company went back to the office tomorrow,  
23 figured out who hadn't given access, and shut  
24 those folks off?

25 A. Providing the Company has followed

1 the process that's set up to notify customers  
2 that, indeed, the Company will be or needs  
3 access, then yes.

4 Q. I'm just making sure we're clear so  
5 it doesn't become an issue later, that Staff  
6 doesn't have an issue, provided the processes  
7 are followed, that the no-access folks are  
8 subject to immediate shutoff?

9 A. I don't believe I said immediate  
10 shutoff. I believe I said following the  
11 processes that are in place. But I do believe I  
12 think that's why the processes are there. I  
13 think, again, it is a bit outside my area of  
14 expertise. You had an opportunity with Staff  
15 Witness Baker or Fadley to take that issue up.  
16 It's not my area of expertise, but for me as the  
17 non-expert in this area, as Staff witness I  
18 would think, yes, you would disconnect customers  
19 in accordance with the rules that are in place.

20 Q. And the folks that run manufacturing  
21 facilities that have asked us to work with them  
22 and delay the installation until they have a  
23 plant shutdown, we should disregard their  
24 wishes, go turn their factories off, and throw  
25 everybody out of work and halt production?

1 That's what's needed to comply with the order?

2 A. Again, I believe I indicated you can  
3 seek clarification from the Commission. That's  
4 all that's necessary in instances where  
5 customers either don't want one or there's an  
6 impact.

7 Q. Well, you seem confident that no  
8 clarification is needed, that the order speaks  
9 for itself and says this needs to be done at the  
10 end of 2011. My question is based on your  
11 interpretation of the order, your recommendation  
12 to the Commission, should we be disregarding the  
13 wishes of customers and just shutting people off  
14 because we haven't met some December 31, 2011  
15 bogey?

16 MR. PARRAM: He's already given his  
17 answer on the question. I don't know how many  
18 times he's going to ask the question, but it's  
19 asked and answered.

20 MR. WHITT: It's been asked, hasn't  
21 been answered.

22 MR. PARRAM: He gave an answer; you  
23 just don't like it.

24 HEARING EXAMINER STENMAN: Overruled.  
25 You can answer.

1           A.    May I have the question read?

2                   (Question read.)

3           A.    Again, I believe I stated that to  
4   the extent that the DOE seeks circumstance with  
5   the customer, one you call a hardship, for  
6   example, manufacturing customers, that you can  
7   seek clarification from the Commission; but also  
8   I think we have -- I think Staff Witness Fadley  
9   and Staff Witness Baker made it clear that the  
10   Staff's position is that these manufacturing  
11   customers were known to the Company since  
12   inception of the program and could have been  
13   making its arrangements well before the end of  
14   2011.

15          Q.    I think what you're saying is you  
16   can't answer my question of what the Company  
17   needs to do to get into compliance with the  
18   Commission's order as you have interpreted it;  
19   is that correct?

20               MR. PARRAM:  Objection.  His answer  
21   is his answer.

22               MR. WHITT:  No, his answer is telling  
23   us we need clarification, and that's not my  
24   question.  It's based on his recommendation.  He  
25   says all means all, and I want to know if we're

1 out of compliance, as is being alleged, what do  
2 we need to do to get into compliance?

3 HEARING EXAMINER STENMAN: First of  
4 all, I need people to not talk over each other.  
5 I know it's five after 7 and we're all tired.  
6 It helps to have a clear record.

7 Second, his answer is his answer.  
8 You can't force him to say what you want him to  
9 say.

10 MR. WHITT: I can't?

11 HEARING EXAMINER STENMAN: Perhaps  
12 you could; but can you try asking it a different  
13 way? The objection is sustained.

14 MR. WHITT: With that we have no  
15 further questions.

16 HEARING EXAMINER STENMAN: Redirect?

17 MR. PARRAM: Just a few questions,  
18 Your Honor.

19 - - -

20 REDIRECT EXAMINATION

21 By Mr. Parram:

22 Q. On page 5 of your testimony -- I'm  
23 sorry. I don't believe that's on page 5.

24 Mr. Whitt asked you questions regarding the  
25 Commission's order, not in the '07 rate case,

1 not in the Opinion and Order, not actually  
2 coming out until October 2008. Do you recall  
3 him asking you those questions?

4 A. Yes.

5 Q. But in 2007 did DEO install  
6 approximately 132,000 AMRs?

7 A. It did.

8 Q. And did DOE obtain recovery for these  
9 132,000 AMRs through the automated meter reader  
10 recovery charge?

11 A. It did.

12 Q. Mr. Whitt asked you a couple  
13 questions about if Dominion would have had  
14 continued at the 2009 pace, whether you knew  
15 that it would necessarily be more cost as it  
16 relates to AMR charge. If DEO did proceed at  
17 the 2009 pace, although there may be more  
18 charge, would there also be more O&M savings?

19 A. Yes.

20 Q. And Mr. Whitt asked you a question  
21 about your recommendation indicating that the  
22 Company should have or could have been done in  
23 August of 2012, and yet he pointed out that the  
24 program's based upon Staff's position in  
25 December 1 of 2012. Do you recall that

1 discussion with Mr. Whitt?

2 A. Vaguely, yes.

3 Q. Let me ask it this way. Although the  
4 program -- I'm sorry, in December 31, 2011.  
5 Although from Staff's position in this case,  
6 Dominion should have been done with the program  
7 by the end of December of 2011, is it possible  
8 for Dominion to get done earlier in 2011, let's  
9 say August of 2011? Is it your opinion that the  
10 2009 Opinion and Order requires Dominion to get  
11 done at the earliest possible time?

12 A. I do.

13 Q. So even though Dominion may have had  
14 a five-year program ending at the end of  
15 December of 2011, that if it had the ability to  
16 get done at an earlier possible time, let's say  
17 August of 2011, would it have had the obligation  
18 to do that pursuant to the 2009 Opinion and  
19 Order; is that correct?

20 A. That is correct. The Staff's opinion  
21 is that had the Company kept its 2009 deployment  
22 pace, it should have reached critical mass  
23 sooner in the year, therefore, it would have  
24 realized more savings.

25 Q. Mr. Whitt asked you a couple



1 questions regarding the OCC methodology used in  
 2 the '09 case as compared to the methodology that  
 3 has been used by Staff in this particular case.  
 4 Are you aware in the '09 case that OCC used any  
 5 numbers as relates to actual meter readers  
 6 employed by them?

7 A. It did not.

8 Q. Are you aware if they used any, in  
 9 their methodology in the 2009 case, used any  
 10 type of calculation as relates to the salary of  
 11 meter readers?

12 A. It did not.

13 Q. And did it in Staff's calculation,  
 14 did it use those actual numbers, the number of  
 15 meter readers and salaries of meter readers?

16 A. The Staff used the number of meter  
 17 readers and the Staff used what we determined to  
 18 be a fully loaded per meter reader cost that  
 19 would be avoided with the release of meter  
 20 readers.

21 Q. And the actual amount of meter  
 22 readers used by Staff in their calculation, that  
 23 information was obtained by who?

24 A. The number of meter readers was  
 25 obtained by a request to DEO and testimony that

1 was provided today by Ms. Fanelly.

2 Q. And Mr. Whitt also asked you a number  
3 of questions about disconnection of customers.  
4 Is it the Staff's opinion that disconnecting  
5 customers is the only way that Dominion could  
6 have gotten done, completely done with the  
7 program by the end of 2011?

8 A. No. The Company, there's several --  
9 in our opinion, the Company's had years to  
10 contact customers, to contact them again to work  
11 with customers. I believe the Company's  
12 required to do DOT inspections and other reasons  
13 to get inside the customers' homes, and so even  
14 if not doing so under the MGSS rules, but the  
15 end result is that there are other ways of doing  
16 this besides the customer. In our opinion, they  
17 should have been utilizing this method.

18 MR. PARRAM: That's all I have, Your  
19 Honor.

20 HEARING EXAMINER STENMAN: Any  
21 recross?

22 - - -

23 RECROSS-EXAMINATION

24 By Mr. Whitt:

25 Q. Is it correct that in your savings

1 calculation Staff didn't use actual salaries and  
2 benefits of the meter readers, correct? You  
3 used averages?

4 A. We took the baseline that was there  
5 and divided the baseline cost, the 8.6 million  
6 baseline cost by 116 which was what the Company  
7 indicated was the number of employees in the  
8 meter reading call center.

9 Q. But you assumed average salary levels  
10 and not what the actual salaries of the  
11 personnel were, correct?

12 A. We didn't make an assumption of  
13 salary levels. We simply just used baseline.

14 Q. Well, you did use an assumption if  
15 you didn't use the actual salaries, correct?

16 A. We used the baseline.

17 Q. Which is not the actual salaries?

18 A. It's what was included in base rates  
19 that were paid for the salaries for those 116  
20 people that were in there. I believe the salary  
21 number was 7.7 of the 8.7 million was salaries  
22 and associated benefits that was associated with  
23 those employees.

24 Q. Baseline salaries not salaries for  
25 any year other than the baseline?

1 A. Correct.

2 Q. And your calculation wouldn't reflect  
3 any salary increases that would have occurred  
4 subsequent to 2007, correct?

5 A. It goes off the baseline.

6 Q. What I said is correct?

7 A. Yes.

8 MR. WHITT: Nothing further.

9 HEARING EXAMINER STENMAN: Mr.  
10 Adkins, you're free to go.

11 MR. WHITT: Your Honors, if we may  
12 take a very short recess, I think we will know  
13 in short order, have some answers for a couple  
14 of the outstanding items this morning with  
15 respect to rebuttal and the errata.

16 HEARING EXAMINER STENMAN: Before we  
17 do that, let's deal would some outstanding  
18 exhibits. There are a number of them. I don't  
19 know who wants to go first.

20 MR. PARRAM: Staff moves for  
21 admission of Staff Exhibits 6, 7, 8, 9 and 9A.

22 HEARING EXAMINER STENMAN: Other than  
23 Dominion's objection to 9A that it's already  
24 made, are there any objections to the admission  
25 of those exhibits?

1 MR. SERIO: No, Your Honor.

2 MR. WHITT: No.

3 HEARING EXAMINER STENMAN: Staff  
4 Exhibits 6 through 9 will be admitted and  
5 Dominion's objection to 9A will be overruled and  
6 it will be also admitted.

7 (EXHIBITS HEREBY ADMITTED.)

8 HEARING EXAMINER STENMAN: Dominion  
9 also has some exhibits.

10 MR. WHITT: I'm sorry?

11 HEARING EXAMINER STENMAN: Exhibits 6  
12 through 9.

13 MR. WHITT: I believe, Your Honor,  
14 we're not going to move for the admission of 6,  
15 which were the OCC comments. We will move for  
16 the admission of Exhibits 7, 8 and 9.

17 HEARING EXAMINER STENMAN: Any  
18 objection?

19 MR. SERIO: No objection to 7, 8, 9.

20 MR. PARRAM: No objections.

21 HEARING EXAMINER STENMAN: 7, 8, and  
22 9 will be admitted.

23 (EXHIBITS HEREBY ADMITTED.)

24 MR. STENMAN: With respect to OCC and  
25 OPAC's comments in this matter.

1 MR. SERIO: I have those. If you'd  
2 like them, we can make those OCC/OPAE Exhibit 1.

3 HEARING EXAMINER STENMAN: Any  
4 objections to the admission of OCC/OPAE, their  
5 comments?

6 MR. PARRAM: No objection.

7 MR. WHITT: No. I'm sorry, I spoke  
8 too quickly. This might be an appropriate time  
9 if we can do our brief recess, because I don't  
10 know what our position is on the motion to  
11 strike and its relation to the comments.

12 HEARING EXAMINER STENMAN: Okay. As  
13 brief as possible. For as many people as can  
14 stay in the room, let's do that, and you're free  
15 to step out in the hallway.

16 (Off the record.)

17 HEARING EXAMINER STENMAN: Back on  
18 the record. We were discussing OCC Exhibit 1.

19 MR. WHITT: That's the comments.

20 HEARING EXAMINER STENMAN: Yes.

21 MR. WHITT: The Company does have a  
22 motion to strike pending. We recognize that a  
23 lot of what's in their comments has been the  
24 subject of testimony, but nevertheless we are  
25 not going to withdraw that motion really for

1 purposes of just preserving our position there.  
2 So if you want to go ahead and overrule it,  
3 that's fine.

4 HEARING EXAMINER STENMAN: The motion  
5 to strike is overruled. OCC Exhibit 1 will be  
6 admitted.

7 (EXHIBIT MARKED AND ADMITTED.)

8 MR. WHITT: And we do object to the  
9 admission of the errata, I believe that was 9A,  
10 for reasons previously articulated. Having said  
11 those two things, we don't need to file rebuttal  
12 testimony. I think there's a sufficient record  
13 developed for the Commission to decide the  
14 case. So I think we are done and just need to  
15 talk briefing schedule.

16 HEARING EXAMINER STENMAN: A few more  
17 housekeeping matters. The objection to the  
18 errata is overruled. Staff Exhibit 9A is  
19 admitted.

20 (EXHIBIT HEREBY ADMITTED.)

21 HEARING EXAMINER STENMAN: Dominion  
22 has not marked its application.

23 MR. WHITT: That would be exhibit --  
24 what exhibit are we up to? 10? Let's call that  
25 Dominion Exhibit 10 if it's acceptable to the

1 parties. We could stipulate to the admission of  
2 the application as filed.

3 HEARING EXAMINER STENMAN: As filed  
4 on February 28, 2012. Any objections to the  
5 admission of Dominion Exhibit 10?

6 MR. SERIO: No.

7 MR. PARRAM: No.

8 HEARING EXAMINER STENMAN: It will be  
9 admitted.

10 (EXHIBIT HEREBY ADMITTED.

11 HEARING EXAMINER STENMAN: Let's go  
12 off the record.

13 (Off the record.)

14 HEARING EXAMINER STENMAN: Back on  
15 the record. After discussion with the parties,  
16 initial briefs in this matter will be due on  
17 June 6 with reply briefs due on June 20. Is  
18 there anything else to come before us? Hearing  
19 nothing else, we're adjourned. Thank you.

20 - - -

21 Thereupon, at 7:35 p.m. the hearing  
22 was concluded.

23 - - -

24

25



CERTIFICATE

I do hereby certify that the foregoing  
is a true and correct transcript of the  
proceedings taken by me in this matter before  
the Public Utilities Commission of Ohio on  
Wednesday, May 2, 2012.

\_\_\_\_\_  
Iris I. Dillion  
Registered Professional  
Reporter.

- - -

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Summary: Transcript of the Application of East Ohio Gas Company hearing held on 05/02/12 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Dillion, Iris I. Mrs.