BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters.	)))))	Case No. 12-3116-GA-RDR

APPLICATION

In accordance with R.C. 4929.11, the Commission's October 15, 2008 Opinion and Order in Case No. 07-829-GA-AIR ("Distribution Rate Case"), and the Commission's October 3, 2012 Opinion and Order in Case No. 11-5843-GA-RDR ("the 11-5843 Order"), The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO") respectfully requests that the Commission approve an adjustment to DEO's Automated Meter Reading ("AMR") Cost Recovery Charge from $0.42 per customer per month to $0.38 per customer per month to reflect costs during the 2012 calendar year associated with capital investments made from January 1, 2012, through June 30, 2012, and cumulatively. In support of its Application, DEO states as follows:

1. DEO is an Ohio corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeastern, western, and southeastern Ohio. As such, DEO is a "natural gas company" and "public utility" as defined by R.C. 4905.03(A)(5) and R.C. 4905.02.

2. On December 13, 2006, in Case No. 06-1453-GA-UNC, DEO filed an application to establish an AMR Cost Recovery Charge, via an automatic adjustment mechanism. The application was later consolidated with DEO's Application in the Distribution Rate Case. As described in DEO's application, AMR technology: (*i*) provides a cost-effective way for DEO to read customers' meters as required under the minimum gas service standards; (*ii*) lessens the

need for estimated bills, which in turn results in a better match between the amount billed and actual gas consumed; (*iii*) facilitates more frequent actual meter reads, which improves accuracy in transferring service; and (*iv*) eliminates the need for DEO to schedule appointments to read meters inside customers' premises, further enhancing convenience for customers.

3. To enable timely implementation of AMR technology, DEO proposed the use of an AMR Cost Recovery Charge applicable to all customer classes receiving AMR equipment. By recovering its incremental program costs through a separate charge, DEO was able to secure the capital funds needed to complete AMR installation on a five-year timetable. Absent this charge, DEO would have been required to fund the program through its normal capital budgeting process, which would have accommodated a 15- to 20-year systemwide deployment.

4. On May 23, 2008, Staff filed its report in the Distribution Rate Case. The Staff Report concluded that "AMR technology is a cost effective way to achieve more frequent actual meter readings and avoid inconveniencing these customers." (06-1453 Staff Report at 42.) Staff also agreed that a 5-year AMR deployment period "is preferable to spreading deployment over a 15 to 20 year time span . . . ." (*Id.* at 42–43.) Staff recommended approval of the AMR Cost Recovery Charge, subject to certain modifications.

5. On August 22, 2008, the parties in the Distribution Rate Case stipulated to adopting Staff's recommendations with respect to AMR. On October 15, 2008, the Commission approved the Stipulation. The Stipulation and Opinion and Order in the Distribution Rate Case contemplated an annual adjustment of the AMR Cost Recovery Charge.

6. The current AMR Cost Recovery Charge was approved in the 11-5843 Order. The 11-5843 Order ruled that DEO's AMR program expired on December 31, 2011, and that "should DEO wish to recover the cost of the remaining meters installed in 2012, DEO may

request an extension of the AMR program for the purpose of the Commission's consideration of DEO's recovery of these remaining meters as part of DEO's 2013 filing." *Id*. at 13.

7. In accordance with the 11-5843 Order, DEO requests that the Commission approve cost recovery associated with the installation of AMR devices from January 1, 2012, through June 30, 2012. At the beginning of 2012, 9,530 meters remained to be converted to AMR. DEO is requesting cost recovery only of those devices installed as of June 30, 2012. At that date, DEO had installed AMR devices on 7,502 of the remaining meters. At the end of 2012, DEO had installed AMR devices on all but 140 of its meters, and DEO has scheduled appointments to complete the installation of AMR devices on all but 5 of the remaining meters. The five meters belong to residential customers who have refused to allow DEO to install an AMR device. The Commission's Staff has agreed that DEO should not attempt to install AMR devices on these meters. While DEO will continue to install AMR devices on all meters (save the aforementioned five), DEO will not seek cost recovery associated with any installations completed after June 30, 2012. All the reasons that justified the Commission's approval of DEO's original AMR application in Case No. 06-1453-GA-UNC continue to apply, and DEO has in fact installed AMR devices on nearly all remaining meters in its system to the benefit of those customers. Therefore, DEO's present request is just and reasonable and should be approved.

8. On November 30, 2012, DEO filed a pre-filing notice, including schedules reflecting estimated figures supporting the requested adjustment to the AMR Cost Recovery Charge. In that Notice, DEO stated that it would serve an additional notice of its intent to file this Application not later than 30 days prior to its filing on the mayor and legislative authority of each municipality included in such application, pursuant to R.C. 4909.18 and 4909.43. Due to

an unintentional oversight, however, DEO did not serve the notice until February 8, 2013, which was several days later than 30 days prior to the end of February. In keeping with the timelines stated in the prefiling notice, DEO did not file its Application until March 11, 2013, to ensure that municipalities had the full 30-day notice. Nevertheless, on February 28, 2013, DEO served a complete copy of its filing to the Commission's Staff and all the parties to the Distribution Rate Case, including the Office of the Ohio Consumers' Counsel ("OCC"), and Ohio Partners for Affordable Energy ("OPAE"), to ensure that the later filing date did not limit their opportunity to review. No municipality has ever intervened in any of the update proceedings to the AMR Charge, and the only parties who have are OCC and OPAE. Thus, notwithstanding the filing date, DEO believes that this approach will eliminate any actual delay in reviewing and ruling on DEO's Application.

9. In accordance with the Stipulation and Opinion and Order in the Distribution Rate Case, DEO hereby submits the following schedules supporting its revised AMR Cost Recovery Charge, which are attached collectively as Attachment A:

a. Schedule 1, which summarizes the annualized revenue requirement and the proposed AMR Cost Recovery Charge;

b. Schedule 2, which reflects the incremental monthly plant additions for the cost of AMR devices and installation and the cumulative plant additions resulting from installations, system integration, and purchases of AMR devices and related computer hardware and software;

c. Schedule 3, which reflects cumulative and incremental monthly depreciation of the plant additions;

d. Schedule 4, which reflects cumulative and incremental post-in-service carrying costs;

e. Schedule 5, which reflects the cumulative and incremental net deferred tax balance related to post-in-service carrying costs;

f. Schedule 6, which reflects cumulative and incremental deferred tax on liberalized depreciation;

g. Schedule 7, which reflects annual amortization of post-in-service carrying costs for 2012;

h. Schedule 8, which reflects incremental annual property tax expense for 2012 associated with cumulative plant additions through December 31, 2011;

i. Schedule 9, which reflects the approved rate of return on rate base on a pre-tax basis;

j. Schedule 10, which reflects the number of bills issued to customers on applicable rate schedules between December 31, 2011, and December 31, 2012; and

k. Schedule 11, which reflects the change in call-center and meter-reading expense from the 2007 approved baseline to the 2012 actual expense, in compliance with the Commission's supplemental directives contained in the May 5, 2012 Opinion and Order in Case No. 09-1875-GA-RDR.

10. As reflected in Schedule 1:

a. The total net rate base through December 31, 2012, is $64,945,868.26;

b. The annualized pre-tax return on rate base is $7,377,850.63;

c. Meter-reading savings are $5,982,094.02;

d. The annualized AMR-related revenue requirement is $5,400,860.58;

e. The number of bills issued to customers on applicable rate schedules between January 1, 2012, and December 31, 2012, is 14,351,305; and

f. The resulting AMR Cost Recovery Charge is $0.38 per customer per month.

11. In the 11-5843 Order, the Commission approved DEO's current AMR tariff sheet. Clean and scored versions of this tariff sheet reflecting the adjusted AMR Cost Recovery Charge are attached as Attachment B.

12. In the 11-5843 Order, the Commission also stated that DEO "should prefile its supporting testimony at the same time it files its application" and should "address . . . what efforts it has made to maximize potential customer savings during 2012." *Id*. at 20. Accordingly, Attachment C to this Application contains the Direct Testimony of Vicki H. Friscic

and Carleen F. Fanelly. Ms. Fanelly addresses DEO's efforts to maximize potential customer savings during 2012 in her testimony.

13. DEO expects that it shall have the right to file rebuttal testimony in response to any recommendations made by witnesses for the Commission's Staff or any other intervenors. By filing the Direct Testimony contained in Attachment C, DEO does not waive or forfeit any right to file additional testimony to the extent any such recommendations are made.

WHEREFORE, DEO respectfully requests that the Commission approve DEO's Application to adjust its AMR Cost Recovery Charge to $0.38 per customer per month, as reflected in the revised AMR Cost Recovery Charge tariff attached as Attachment B, and grant DEO all other necessary and proper relief.

Dated: March 11, 2013

Respectfully submitted,

/s/ Andrew J. Campbell

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by electronic mail on the 28th day of February, 2013, to the following:

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ATTACHMENT A

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
REVENUE REQUIREMENT

Attachment A
Schedule 1

Line No.		Order 12/31/11	2012 Activity	Cumulative Through 12/31/12	Reference
1	Return on Investment				
2	Plant in Service				
3	Additions	$89,956,620.82	$674,330.19	$90,630,951.01	Schedule 2, Lines 22 & 30
4	Retirements	0.00	0.00	0.00	
5	Total Plant in Service	89,956,620.82	674,330.19	90,630,951.01	
6	Less: Accumulated Provision for Depreciation				
7	Depreciation Expense	6,985,842.97	2,836,097.03	9,821,940.00	Schedule 3, Lines 14 & 15
8	Retirements	0.00	0.00	0.00	
9	Total Accumulated Provision for Depreciation	6,985,842.97	2,836,097.03	9,821,940.00	
10	Subtotal: Net Plant Additions	82,970,777.85	(2,161,766.84)	80,809,011.01	
11	Net Regulatory Asset - Post-In-Service Carrying Costs	5,341,129.10	763,263.00	6,104,392.10	Schedule 4, Lines 33 & 41
12	Net Deferred Tax Balance - PISCC	(1,869,395.19)	(267,142.05)	(2,136,537.24)	Schedule 5, Lines 10 & 11
13	Deferred Taxes on Liberalized Depreciation	(19,752,328.00)	(78,669.61)	(19,830,997.61)	Schedule 6, Lines 30 & 31
14	Net Rate Base	$66,690,183.76	($1,744,315.50)	$64,945,868.26	
15	Approved Pre-Tax Rate of Return (ROR)			11.36%	Schedule 9, Line 8
16	Annualized Return on Rate Base			$7,377,850.63	Line 14 x Line 15
17	Operating Expense				
18	Incremental Annual Depreciation Expense			2,836,097.03	Schedule 3, Line 16
19	Annualized Amortization of PISCC			198,015.17	Schedule 7, Line 16
20	Incremental Annual Property Tax Expense			970,991.77	Schedule 8, Line 4
21	Reduction in Meter Reading Expense			(5,982,094.02)	Schedule 11, Line 1
22	Reduction in Call Center Expense			0.00	Schedule 11, Line 2
23	Annualized Revenue Requirement			$5,400,860.58	
24	Number of Bills			14,351,305	Schedule 10, Line 4
25	AMR Cost Recovery Charge			**$0.38**	Per Month

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Plant Additions by Month

Attachment A
Schedule 2

Line No.		FERC	12/31/11	01/31/12	02/28/12	03/31/12	04/30/12	05/31/12	06/30/12	07/31/12	08/31/12	09/30/12	Actual Through 09/30/12
	Cumulative												
1	ERT Installation	3820	$36,522,142.46	$36,632,149.02	$36,720,325.89	$36,803,181.61	$36,847,682.63	$36,874,356.87	$36,901,116.14	$36,901,116.14	$36,901,116.14	$36,901,116.14	$36,901,116.14
2	ERT Purchases	3810	48,649,105.20	48,718,239.57	48,777,649.46	48,852,689.38	48,892,414.08	48,922,256.82	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71
3	Computer Hardware	3912	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69
4	In House Labor - CCS IT	3990	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80
5	In House Labor - IT	3030	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46
6	Computer Software - Purchased	3030	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21
7	Total		$89,956,620.82	$90,135,761.75	$90,283,348.51	$90,441,244.15	$90,525,469.87	$90,581,986.85	$90,630,951.01	$90,630,951.01	$90,630,951.01	$90,630,951.01	$90,630,951.01
	Incremental												
8	ERT Installation			$110,006.56	$88,176.87	$82,855.72	$44,501.02	$26,674.24	$26,759.27	-	-	-	$378,973.68
9	ERT Purchases			69,134.37	59,409.89	75,039.92	39,724.70	29,842.74	22,204.89	-	-	-	295,356.51
10	Computer Hardware			-	-	-	-	-	-	-	-	-	-
11	In House Labor - CCS IT			-	-	-	-	-	-	-	-	-	-
12	In House Labor - IT			-	-	-	-	-	-	-	-	-	-
13	Computer Software - Purchased			-	-	-	-	-	-	-	-	-	-
14	Total			$179,140.93	$147,586.76	$157,895.64	$84,225.72	$56,516.98	$48,964.16	$0.00	$0.00	$0.00	$674,330.19
15	Cumulative Current Year Additions			$179,140.93	$326,727.69	$484,623.33	$568,849.05	$625,366.03	$674,330.19	$674,330.19	$674,330.19	$674,330.19	

Line No.		FERC	10/31/12	11/30/12	12/31/12	Oct- Dec	2012 Total Year
	Cumulative						
16	ERT Installation	3820	$36,901,116.14	$36,901,116.14	$36,901,116.14		
17	ERT Purchases	3810	48,944,461.71	48,944,461.71	48,944,461.71		
18	Computer Hardware	3912	2,079,836.69	2,079,836.69	2,079,836.69		
19	In House Labor - CCS IT	3990	1,944,960.80	1,944,960.80	1,944,960.80		
20	In House Labor - IT	3030	410,575.46	410,575.46	410,575.46		
21	Computer Software - Purchased	3030	350,000.21	350,000.21	350,000.21		
22	Total		$90,630,951.01	$90,630,951.01	$90,630,951.01		
	Incremental						
23	ERT Installation		-	-	-	-	$378,973.68
24	ERT Purchases		-	-	-	-	295,356.51
25	Computer Hardware		-	-	-	-	-
26	In House Labor - CCS IT		-	-	-	-	-
27	In House Labor - IT		-	-	-	-	-
28	Computer Software - Purchased		-	-	-	-	-
29	Total		$0.00	$0.00	$0.00	$0.00	$674,330.19
30	Cumulative Current Year Additions		$674,330.19	$674,330.19	$674,330.19		

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Provision for Depreciation

Attachment A
Schedule 3

Line No.		Depr Rate	12/31/11	01/31/12	02/28/12	03/31/12	04/30/12	05/31/12	06/30/12	07/31/12	08/31/12	09/30/12	10/31/12	11/30/12	12/31/12	Balance at 12/31/12
	Accumulated Plant															
1	ERT Installation		36,522,142.46	$36,632,149.02	$36,720,325.89	$36,803,181.61	$36,847,682.63	$36,874,356.87	$36,901,116.14	$36,901,116.14	$36,901,116.14	$36,901,116.14	$36,901,116.14	$36,901,116.14	$36,901,116.14	
2	ERT Purchases		48,649,105.20	48,718,239.57	48,777,649.46	48,852,689.38	48,892,414.08	48,922,256.82	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	
3	Computer Hardware		2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	
4	In House Labor - CCS IT		1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	
5	In House Labor - IT		410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	
6	Computer Software - Purchased		350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	
7	Total		$89,956,620.82	$90,135,761.75	$90,283,348.51	$90,441,244.15	$90,525,469.87	$90,581,986.85	$90,630,951.01	$90,630,951.01	$90,630,951.01	$90,630,951.01	$90,630,951.01	$90,630,951.01	$90,630,951.01	
	Depreciation Expense															
8	ERT Installation	2.22%		$67,769.48	$67,932.60	$68,085.89	$68,168.21	$68,217.56	$68,267.06	$68,267.06	$68,267.06	$68,267.06	$68,267.06	$68,267.06	$68,267.06	$818,043.16
9	ERT Purchases	2.70%		109,616.04	109,749.71	109,918.55	110,007.93	110,075.08	110,125.04	110,125.04	110,125.04	110,125.04	110,125.04	110,125.04	110,125.04	1,320,242.59
10	Computer Hardware	20.00%		34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	34,663.94	415,967.28
11	In House Labor - CCS IT	6.67%		10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	129,728.88
12	In House Labor - IT	20.00%		6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	6,842.92	82,115.04
13	Computer Software - Purchased	20.00%		5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	5,833.34	70,000.08
14	Total			$235,536.46	$235,833.25	$236,155.38	$236,327.08	$236,443.58	$236,543.04	$236,543.04	$236,543.04	$236,543.04	$236,543.04	$236,543.04	$236,543.04	$2,836,097.03
15	Cumulative Provision for Depreciation		$6,985,842.97	$7,221,379.43	$7,457,212.68	$7,693,368.06	$7,929,695.14	$8,166,138.72	$8,402,681.76	$8,639,224.80	$8,875,767.84	$9,112,310.88	$9,348,853.92	$9,585,396.96	$9,821,940.00	
16	Cumulative Current Year Activity			$235,536.46	$471,369.71	$707,525.09	$943,852.17	$1,180,295.75	$1,416,838.79	$1,653,381.83	$1,889,924.87	$2,126,467.91	$2,363,010.95	$2,599,553.99	$2,836,097.03	

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Net Regulatory Asset - Post In-Service Carrying Costs (PISCC)

Line No.		12/31/11	01/31/12 (a)	02/28/12 (a)	03/31/12 (a)	04/30/12 (a)	05/31/12 (a)	06/30/12 (a)	07/31/12 (a)	08/31/12 (a)	09/30/12 (a)	10/31/12	11/30/12	12/31/12	Balance at 12/31/12
1	Accumulated Capital Additions														
2	ERT Installation	$7,279,949.83	$7,389,956.39	$7,478,133.26	$7,560,988.98	$7,605,490.00	$7,632,164.24	$7,658,923.51	$7,658,923.51	$7,658,923.51	$7,658,923.51	$378,973.68	$378,973.68	$378,973.68	
3	ERT Purchases	8,533,669.04	8,602,803.41	8,662,213.30	8,737,253.22	8,776,977.92	8,806,820.66	8,829,025.55	8,829,025.55	8,829,025.55	8,829,025.55	295,356.51	295,356.51	295,356.51	
4	Computer Hardware	212,630.73	212,630.73	212,630.73	212,630.73	212,630.73	212,630.73	212,630.73	212,630.73	212,630.73	212,630.73	-	-	-	
5	In House Labor - CCS IT	127,950.11	127,950.11	127,950.11	127,950.11	127,950.11	127,950.11	127,950.11	127,950.11	127,950.11	127,950.11	-	-	-	
6	In House Labor - IT	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Computer Software - Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Accumulated Capital Additions	$16,154,199.71	$16,333,340.64	$16,480,927.40	$16,638,823.04	$16,723,048.76	$16,779,565.74	$16,828,529.90	$16,828,529.90	$16,828,529.90	$16,828,529.90	$674,330.19	$674,330.19	$674,330.19	Sch. 2, Line 30
9	Regulatory Asset - Deferrals														
10	ERT Installation		$39,433.06	$40,028.93	$40,506.56	$40,955.36	$41,196.40	$41,340.89	$41,485.84	$41,485.84	$41,485.84	$41,485.84	$2,052.77	$2,052.77	$413,510.10
11	ERT Purchases		46,224.04	46,598.52	46,920.32	47,326.79	47,541.96	47,703.61	47,823.89	47,823.89	47,823.89	47,823.89	1,599.85	1,599.85	476,810.50
12	Computer Hardware		1,151.75	1,151.75	1,151.75	1,151.75	1,151.75	1,151.75	1,151.75	1,151.75	1,151.75	1,151.75	-	-	11,517.50
13	In House Labor - CCS IT		693.06	693.06	693.06	693.06	693.06	693.06	693.06	693.06	693.06	693.06	-	-	6,930.60
14	In House Labor - IT		-	-	-	-	-	-	-	-	-	-	-	-	-
15	Computer Software - Purchased		-	-	-	-	-	-	-	-	-	-	-	-	-
16	Total Deferrals		$87,501.91	$88,472.26	$89,271.69	$90,126.96	$90,583.17	$90,889.31	$91,154.54	$91,154.54	$91,154.54	$91,154.54	$3,652.62	$3,652.62	$908,768.70
17	Regulatory Asset - Amortization														
18	ERT Installation		$3,032.23	$3,032.23	$3,032.23	$3,032.23	$3,032.23	$3,032.23	$3,032.23	$3,032.23	$3,032.23	$3,875.84	$3,875.84	$3,875.84	$38,917.59
19	ERT Purchases		5,632.46	5,632.46	5,632.46	5,632.46	5,632.46	5,632.46	5,632.46	5,632.46	5,632.46	7,357.41	7,357.41	7,357.41	72,764.37
20	Computer Hardware		1,355.80	1,355.80	1,355.80	1,355.80	1,355.80	1,355.80	1,355.80	1,355.80	1,355.80	1,802.54	1,802.54	1,802.54	17,609.82
21	In House Labor - CCS IT		213.73	213.73	213.73	213.73	213.73	213.73	213.73	213.73	213.73	273.53	273.53	273.53	2,744.16
22	In House Labor - IT		621.78	621.78	621.78	621.78	621.78	621.78	621.78	621.78	621.78	621.78	621.78	621.78	7,461.36
23	Computer Software - Purchased		$500.70	500.70	500.70	500.70	500.70	500.70	500.70	500.70	500.70	500.70	500.70	500.70	6,008.40
24	Total Amortization		$11,356.70	$11,356.70	$11,356.70	$11,356.70	$11,356.70	$11,356.70	$11,356.70	$11,356.70	$11,356.70	$14,431.80	$14,431.80	$14,431.80	$145,505.70
25	Regulatory Asset - Net														
26	ERT Installation		$36,400.83	$36,996.70	$37,474.33	$37,923.13	$38,164.17	$38,308.66	$38,453.61	$38,453.61	$38,453.61	$37,610.00	($1,823.07)	($1,823.07)	$374,592.51
27	ERT Purchases		40,591.58	40,966.06	41,287.86	41,694.33	41,909.50	42,071.15	42,191.43	42,191.43	42,191.43	40,466.48	(5,757.56)	(5,757.56)	404,046.13
28	Computer Hardware		(204.05)	(204.05)	(204.05)	(204.05)	(204.05)	(204.05)	(204.05)	(204.05)	(204.05)	(650.79)	(1,802.54)	(1,802.54)	(6,092.32)
29	In House Labor - CCS IT		479.33	479.33	479.33	479.33	479.33	479.33	479.33	479.33	479.33	419.53	(273.53)	(273.53)	4,186.44
30	In House Labor - IT		(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(621.78)	(7,461.36)
31	Computer Software - Purchased		(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(500.70)	(6,008.40)
32	Net		$76,145.21	$77,115.56	$77,914.99	$78,770.26	$79,226.47	$79,532.61	$79,797.84	$79,797.84	$79,797.84	$76,722.74	($10,779.18)	($10,779.18)	$763,263.00
33	Cumulative Current Year Activity		$76,145.21	$153,260.77	$231,175.76	$309,946.02	$389,172.49	$468,705.10	$548,502.94	$628,300.78	$708,098.62	$784,821.36	$774,042.18	$763,263.00	
34	Cumulative Net Regulatory Asset														
35	ERT Installation	$2,035,140.08	$2,071,540.91	$2,108,537.61	$2,146,011.94	$2,183,935.07	$2,222,099.24	$2,260,407.90	$2,298,861.51	$2,337,315.12	$2,375,768.73	$2,413,378.73	$2,411,555.66	$2,409,732.59	
36	ERT Purchases	3,142,967.92	3,183,559.50	3,224,525.56	3,265,813.42	3,307,507.75	3,349,417.25	3,391,488.40	3,433,679.83	3,475,871.26	3,518,062.69	3,558,529.17	3,552,771.61	3,547,014.05	
37	Computer Hardware	79,971.42	79,767.37	79,563.32	79,359.27	79,155.22	78,951.17	78,747.12	78,543.07	78,339.02	78,134.97	77,484.18	75,681.64	73,879.10	
38	In House Labor - CCS IT	47,500.86	47,980.19	48,459.52	48,938.85	49,418.18	49,897.51	50,376.84	50,856.17	51,335.50	51,814.83	52,234.36	51,960.83	51,687.30	
39	In House Labor - IT	19,633.47	19,011.69	18,389.91	17,768.13	17,146.35	16,524.57	15,902.79	15,281.01	14,659.23	14,037.45	13,415.67	12,793.89	12,172.11	
40	Computer Software - Purchased	15,915.35	15,414.65	14,913.95	14,413.25	13,912.55	13,411.85	12,911.15	12,410.45	11,909.75	11,409.05	10,908.35	10,407.65	9,906.95	
41	Total	$5,341,129.10	$5,417,274.31	$5,494,389.87	$5,572,304.86	$5,651,075.12	$5,730,301.59	$5,809,834.20	$5,889,632.04	$5,969,429.88	$6,049,227.72	$6,125,950.46	$6,115,171.28	$6,104,392.10	

(a) Prior year cumulative assets are included in the calculation of PISCC up to the month in which the associated AMR Cost Recovery charge was put into effect.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Net Deferred Tax Balance - PISCC

Attachment A
Schedule 5

Line No.		12/31/11	01/31/12	02/28/12	03/31/12	04/30/12	05/31/12	06/30/12	07/31/12	08/31/12	09/30/12
1	Net Deferred Tax Balance - PISCC										
2	Beginning Balance		$1,869,395.19	$1,896,046.01	$1,923,036.46	$1,950,306.71	$1,977,876.30	$2,005,605.56	$2,033,441.98	$2,061,371.22	$2,089,300.46
3	Monthly Activity		26,650.82	26,990.45	27,270.25	27,569.59	27,729.26	27,836.42	27,929.24	27,929.24	27,929.24
4	Ending Balance	$1,869,395.19	$1,896,046.01	$1,923,036.46	$1,950,306.71	$1,977,876.30	$2,005,605.56	$2,033,441.98	$2,061,371.22	$2,089,300.46	$2,117,229.70
5	Cumulative Current Year Activity		$26,650.82	$53,641.27	$80,911.52	$108,481.11	$136,210.37	$164,046.79	$191,976.03	$219,905.27	$247,834.51
6	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%

Line No.		10/31/12	11/30/12	Balance at 12/31/12
7	Net Deferred Tax Balance - PISCC			
8	Beginning Balance	$2,117,229.70	$2,144,082.66	$2,140,309.95
9	Monthly Activity	26,852.96	(3,772.71)	(3,772.71)
10	Ending Balance	$2,144,082.66	$2,140,309.95	$2,136,537.24
11	Cumulative Current Year Activity	$274,687.47	$270,914.76	$267,142.05
12	Tax Rate	35.00%	35.00%	35.00%

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Deferred Taxes on Liberalized Depreciation

Attachment A
Schedule 6

Line No.		FERC Account	Tax Life	12/31/11	Tax Year 2012: Total Vintage 2007	Total Vintage 2008	Total Vintage 2009	Jan - Sep Vintage 2010	Oct - Dec Vintage 2010	Total Vintage 2011	Total Vintage 2012	Cumulative
	Plant In-Service											
1	ERT Installation	3820	15/20		$2,756,263.11	$8,592,168.14	$9,492,002.23	$6,285,507.62	$2,116,251.53	$7,279,949.83	$378,973.68	$36,901,116.14
2	ERT Purchases	3810	15/20		4,523,047.88	14,771,574.63	10,204,104.37	8,178,417.04	2,438,292.24	8,533,669.04	295,356.51	48,944,461.71
3	Computer Hardware	3912	5		115,959.17	392,355.47	580,969.48	95,005.49	682,916.35	212,630.73	-	2,079,836.69
4	Computer Software - CCS IT	3990	1		-	-	1,419,779.86	-	397,230.83	127,950.11	-	1,944,960.80
5	Computer Software - IT	3030	1		226,195.37	184,380.09	-	-	-	-	-	410,575.46
6	Computer Software - Purchased	3030	3		278,945.51	71,054.70	-	-	-	-	-	350,000.21
7	Total Plant In-Service			$89,956,620.82	$7,900,411.04	$24,011,533.03	$21,696,855.94	$14,558,930.15	$5,634,690.95	$16,154,199.71	$674,330.19	$90,630,951.01
	Tax Base In-Service:											
8	MACRS - 5 Year Property				$115,959.17	$392,355.47	$580,969.48	$95,005.49	$682,916.35	$212,630.73	$0.00	$2,079,836.69
9	MACRS - 15 Year Property				7,279,310.99	23,363,742.77	19,696,106.60	14,463,924.66	4,554,543.77	-	-	69,357,628.79
10	MACRS - 20 Year Property				-	-	-	-	-	15,813,618.87	674,330.19	16,487,949.06
11	MACRS - 3 Year Property				278,945.51	71,054.70	-	-	-	-	-	350,000.21
12	MACRS - 1 Year Property				226,195.37	184,380.09	1,419,779.86	-	397,230.83	127,950.11	-	2,355,536.26
13	Total Tax Depreciation Base				$7,900,411.04	$24,011,533.03	$21,696,855.94	$14,558,930.15	$5,634,690.95	$16,154,199.71	$674,330.19	$90,630,951.01
	Tax Rates				6th year	5th year*	4th year*	3rd year*	3rd year**	2nd year**	1st year*	
14	MACRS - 5 Year Property				5.76%	11.52%	11.52%	19.20%	0.00%	0.00%	20.00%	
15	MACRS - 15 Year Property				6.23%	6.93%	7.70%	8.55%	0.00%	0.00%	5.00%	
16	MACRS - 20 Year Property				5.29%	5.71%	6.18%	6.68%	0.00%	0.00%	3.75%	
17	MACRS - 3 Year Property				0.00%	0.00%	16.67%	33.33%	0.00%	0.00%	33.33%	
18	MACRS - 1 Year Property				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
	Tax Depreciation											
19	MACRS - 5 Year Property			$1,932,797.00	$6,679.25	$22,599.68	$33,463.84	$9,120.53	$0.00	$0.00	$0.00	$2,004,660.30
20	MACRS - 15 Year Property			42,969,113.38	453,501.07	809,553.69	757,807.70	618,332.78	-	-	-	45,608,308.62
21	MACRS - 20 Year Property			15,813,618.87	-	-	-	-	-	-	349,808.79	16,163,427.66
22	MACRS - 3 Year Property			350,000.33	-	-	-	-	-	-	-	350,000.33
23	MACRS - 1 Year Property			2,355,536.26	-	-	-	-	-	-	-	2,355,536.26
24	Total Tax Depreciation			$63,421,065.84	$460,180.32	$832,153.37	$791,271.54	$627,453.31	$0.00	$0.00	$349,808.79	$66,481,933.17
	Current Year Sub-totals										$3,060,867.33	
	Book Depreciation											
25	ERT - Installations			$1,886,883.55							$818,043.16	$2,704,926.71
26	ERT - Purchases			3,354,588.27							1,320,242.59	4,674,830.86
27	ERT - Other			1,744,371.15							697,811.28	2,442,182.43
28	Total Book Depreciation			$6,985,842.97							$2,836,097.03	$9,821,940.00
29	Tax Depreciation in Excess of Book Depreciation			$56,435,222.87							$224,770.30	$56,659,993.17
30	Federal Deferred Taxes @ 35.00%			$19,752,328.00							$78,669.61	$19,830,997.61
31	Accumulated Deferred Income Tax (ADIT)										$78,669.61	
32	Federal Tax Rate										35.00%	35.00%

* 50% bonus tax depreciation applies. On plant additions for 2008 through September 2010 and 2012, tax depreciation is calculated on the remaining 50% of plant value (i.e., 50% of the plant value * the stated depreciation rates).
** 100% bonus tax depreciation applies.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Annualized Amortization of PISCC

Attachment A
Schedule 7

Line No.	Description		PISCC Deferrals 2008	2009	2010	2011	2012	Accumulated Deferrals at 12/31/12
1	Regulatory Asset--Deferrals							
2	ERT Installation		$484,140.14	$637,446.79	$517,451.28	$456,006.91	$413,510.10	$2,508,555.22
3	ERT Purchases		1,025,594.22	845,624.48	629,317.60	765,792.14	476,810.50	3,743,138.94
4	Computer Hardware		26,349.10	33,973.79	21,024.97	26,804.32	11,517.50	119,669.68
5	In House Labor - CCS IT		-	-	38,452.35	10,758.35	6,930.60	56,141.30
6	In House Labor - IT		26,186.72	11,119.75	-	-	-	37,306.47
7	Computer Software - Purchased		20,562.72	9,479.15	-	-	-	30,041.87
8	Cumulative Total--Deferred PISCC		$1,582,832.90	$1,537,643.96	$1,206,246.20	$1,259,361.72	$908,768.70	$6,494,853.48
			Annual Amortization of: 2008 PISCC	2009 PISCC	2010 PISCC	2011 PISCC	2012 PISCC	Total Annual Amortization
9	Annualized Amortization of PISCC							
10	ERT Installation	2.220%	$10,747.91	$14,151.32	$11,487.42	$10,123.35	$9,179.92	$55,689.92
11	ERT Purchases	2.703%	27,721.81	22,857.23	17,010.45	20,699.36	12,888.19	101,177.04
12	Computer Hardware	20.00%	5,269.82	6,794.76	4,204.99	5,360.86	2,303.50	23,933.93
13	In House Labor - CCS IT	6.67%	-	-	2,564.77	717.58	462.27	3,744.62
14	In House Labor - IT	20.00%	5,237.34	2,223.95	-	-	-	7,461.29
15	Computer Software - Purchased	20.00%	4,112.54	1,895.83	-	-	-	6,008.37
16	Total -- Annualized PISCC Amortization		$53,089.42	$47,923.09	$35,267.63	$36,901.15	$24,833.88	$198,015.17
17	Monthly Amortization						(a)	
18	ERT Installation		$895.66	$1,179.28	$957.29	$843.61		$3,875.84
19	ERT Purchases		2,310.15	1,904.77	1,417.54	1,724.95		7,357.41
20	Computer Hardware		439.15	566.23	350.42	446.74		1,802.54
21	In House Labor - CCS IT		-	-	213.73	59.80		273.53
22	In House Labor - IT		436.45	185.33	-	-		621.78
23	Computer Software - Purchased		342.71	157.99	-	-		500.70
24	Total -- Monthly PISCC Amortization		$4,424.12	$3,993.60	$2,938.98	$3,075.10		$14,431.80

(a) Amortization of 2012 PISCC will begin when the rate resulting from this application is implemented.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Property Tax Expense Calculation

Attachment A
Schedule 8

Line No.		12/31/11	Actual Through 12/31/12	Cumulative Through 12/31/12	
1	Total Plant in Service	$89,956,620.82	$674,330.19	$90,630,951.01	Schedule 2
2	2011 Effective Rate	1.0794%			
3	Ohio Property Tax on Accumulated Plant:				
4	Tax on Property Through 12/31/2011 - Expensed in 2012	$970,991.77			

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Approved Rate of Return on Rate Base

Attachment A
Schedule 9

Line No.		
1	Capital Structure	
2	Debt	48.66%
3	Equity	51.34%
4	Cost of Capital	
5	Debt	6.50%
6	Equity	10.38%
7	Return on Rate Base	8.49%
8	Return on Rate Base using Pre-Tax Equity	11.36%

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Actual Bills Issued
Twelve Months Ended December 31, 2012

Attachment A
Schedule 10

Line No.	Customer Class	CCS	SBS	Total Bills
1	GSS / ECTS	14,272,550	7,017	14,279,567
2	GTS / TSS	14,042	16,559	30,601
3	LVGSS / LVECTS	35,511	5,626	41,137
4	Total	14,322,103	29,202	14,351,305

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 12-3116-GA-RDR
Meter Reading and Call Center O&M Expense
For the Twelve Months Ended December 31, 2012 vs. the 2007 Baseline Level of Expense

Attachment A
Schedule 11

Line No.		2007 Baseline	2012 Actual	Variance 2012 Actual vs. 2007 Baseline	Reduction of AMR Revenue Requirement
1	Meter Reading	$8,684,136.64	$2,702,042.62	($5,982,094.02)	($5,982,094.02)
2	Call Center - Restated	19,031,482.22	19,489,155.76	457,673.54	-
3	Total	$27,715,618.86	$22,191,198.38	($5,524,420.48)	($5,982,094.02)

ATTACHMENT B

AMR Cost Recovery Charge

A monthly charge of $0.38 shall be added to the otherwise applicable monthly service charge for all customers receiving service under the following rate schedules to recover the depreciation, incremental property taxes and post in-service carrying charges associated with the installation of automated meter reading (AMR) equipment throughout East Ohio's system:

a) General Sales Service – Residential
b) General Sales Service – Nonresidential
c) Large Volume General Sales Service
d) Energy Choice Transportation Service – Residential
e) Energy Choice Transportation Service – Nonresidential
f) Large Volume Energy Choice Transportation Service
g) General Transportation Service
h) Transportation Service for Schools

AMR Cost Recovery Charge

A monthly charge of $0.38~~42~~ shall be added to the otherwise applicable monthly service charge for all customers receiving service under the following rate schedules to recover the depreciation, incremental property taxes and post in-service carrying charges associated with the installation of automated meter reading (AMR) equipment throughout East Ohio's system:

a) General Sales Service – Residential
b) General Sales Service – Nonresidential
c) Large Volume General Sales Service
d) Energy Choice Transportation Service – Residential
e) Energy Choice Transportation Service – Nonresidential
f) Large Volume Energy Choice Transportation Service
g) General Transportation Service
h) Transportation Service for Schools

ATTACHMENT C

DEO EXHIBIT 1.0

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters.	)))))	Case No. 12-3116-GA-RDR

DIRECT TESTIMONY OF VICKI H. FRISCIC
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO

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Direct Testimony of
Vicki H. Friscic

I. INTRODUCTION

Q1. Please introduce yourself.

A. My name is Vicki H. Friscic. I am employed by The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "Company") as Director of Regulatory & Pricing. My business address is 1201 East 55th Street, Cleveland, Ohio 44103.

II. DESCRIPTION OF APPLICATION

Q2. Was this year's Automated Meter Reading ("AMR") application prepared by you or at your direction?

A. Yes.

Q3. Were the schedules and supporting calculations prepared or performed by you or at your direction?

A. Yes.

Q4. To the best of your knowledge, are the schedules and supporting calculations accurate and complete?

A. Yes.

Q5. What change is DEO requesting to the AMR Cost Recovery Charge ("AMR Charge")?

A. DEO is requesting a reduction from the current charge of $0.42 per applicable customer, per month, to $0.38 per applicable customer, per month.

Q6. Please describe the components used to calculate the Annualized Revenue Requirement for the AMR Program.

A. DEO has calculated the AMR Program revenue requirement in a manner consistent with the revenue requirement calculation in the last rate case. The formula, shown on Application Attachment A at Schedule 1 is rate base times rate of return plus operating expenses. Each component of the formula is supported by a schedule or schedules.

Q7. Please identify the rate components and schedules that support the calculation of rate base shown on Application Attachment A at Schedule 1.

A. Rate base consists of the following components: Total Plant In Service shown on Schedule 2; Accumulated Provision for Depreciation shown on Schedule 3; Post-in-Service Carrying Costs (“PISCC”) shown on Schedule 4; Net Deferred Taxes on PISCC shown on Schedule 5; and Deferred Taxes on Liberalized Depreciation shown on Schedule 6.

Q8. Please explain the information set forth on Schedule 2 and how that information is shown on Schedule 1.

A. Schedule 2 shows the Plant Additions by Month associated with the AMR Program cumulatively and for the year ended December 31, 2012. These Plant Additions represent capital investments by DEO for the purchase and installation of AMR devices on customer meters, associated remote reading devices and equipment and computer software. Plant Additions from Schedule 2 appear on Schedule 1 at line 3.

Q9. Please explain the information set forth on Schedule 3 and how that information is shown on Schedule 1.

A. Schedule 3 shows the Provision for Depreciation associated with the AMR Program cumulatively and for the year ended December 31, 2012. The accumulated Provision for Depreciation, sometimes known as “Accumulated Depreciation,” represents the depreciation expense accumulated since inception of the AMR Program and during the year ended December 31, 2012, on the AMR Program Plant Additions shown on Schedule 2. The accumulated Provision for Depreciation from Schedule 3 appears on Schedule 1 at line 7 and the incremental depreciation expense for the year ended December 31, 2012, from Schedule 3 appears on Schedule 1 at line 18.

Q10. Please explain the information set forth on Schedules 4, 5, and 6 and how that information is shown on Schedule 1.

A. Schedule 4 shows the Net Regulatory Asset - Post-in-Service Carrying Costs associated with the AMR Program for the year ended December 31, 2012, and cumulatively. PISCC represents carrying charges calculated at 6.5 percent on cumulative AMR Plant Additions, for which the Commission has authorized cost recovery through the AMR Charge, but for which cost recovery has not yet begun. The 6.5 percent rate is DEO's cost of long-term debt from the last rate case. The PISCC Net Regulatory Asset represents accumulated PISCC net of the amortization of PISCC amounts deferred in prior years. The PISCC Net Regulatory Asset from Schedule 4 appears on Schedule 1 at line 11.

Schedule 5 shows the Net Deferred Tax Balance - PISCC associated with the AMR Program for the year ended December 31, 2012, and cumulatively. The Net Deferred Tax Balance - PISCC represents a tax liability resulting from a book versus tax timing difference associated with the recognition of PISCC on AMR Plant Additions. The Net Deferred Tax Balance - PISCC from Schedule 5 appears on Schedule 1 at line 12.

Schedule 6 shows Deferred Taxes on Liberalized Depreciation associated with the AMR Program for the year ended December 31, 2012, and cumulatively. The Deferred Taxes on Liberalized Depreciation represent the federal income tax liability associated with the difference between depreciation allowed for income tax purposes, which is determined in accordance with tax rules, compared with depreciation calculated for book purposes, which is determined in accordance with accounting rules. Such taxes are calculated based on AMR Plant Additions. The calculation of Deferred Taxes on Liberalized Depreciation on Schedule 6 of this filing includes bonus tax depreciation allowed by law for capital additions in 2008 through 2012. Deferred Taxes on Liberalized Depreciation from Schedule 6 appears on Schedule 1 at line 13.

Q11. Please identify the schedule that supports the Approved Pre-Tax Rate of Return that DEO applies to the AMR Program rate base shown on Application Attachment A at Schedule 1.

A. Schedule 9 shows the Approved Rate of Return on Rate Base as determined by the Commission in its December 19, 2008 Entry on Rehearing in Case No. 07-829-GA-AIR and the associated pre-tax rate. The Return on Rate Base using Pre-Tax Equity is shown as the Approved Pre-Tax Rate of Return on Schedule 1 at line 15. The Approved Pre-Tax Rate of Return multiplied by the AMR Program rate base on Schedule 1 at line 14 provides the amount of the Annualized Return on Rate Base on schedule 1 at line 16.

Q12. Please identify the rate components and schedules that support the calculation of Operating Expense shown on Application Attachment A at Schedule 1.

A. Operating Expense consists of five rate components: Incremental Annual Depreciation Expense shown on Schedule 3; Annualized Amortization of PISCC shown on Schedule 7; Incremental Annual Property Tax Expense shown on Schedule 8; Reduction in Meter Reading Expense shown on Schedule 11; and Reduction in Call Center Expense shown on Schedule 11.

Q13. Please explain the information set forth on Schedule 7 and how that information is shown on Schedule 1.

A. Schedule 7 sets forth the Annualized Amortization of PISCC deferred for recovery in prior years and during the year ended December 31, 2012. The Annualized Amortization of PISCC represents the amortization during the twelve-month period the adjusted AMR Charge will be in effect of PISCC accumulated during each year of the AMR Program through December 31, 2012. This amortization spreads each year's accumulated PISCC to expense over the lives of the related assets. The Annualized Amortization of PISCC is shown on Schedule 1 at line 19.

Q14. Please explain the information set forth on Schedule 8 and how that information is shown on Schedule 1.

A. Schedule 8 sets forth the Incremental Annual Property Tax Expense, which is property tax expense for AMR-related assets recognized on DEO's books during the year ended December 31, 2012, and deferred for recovery through the AMR Charge. Property tax expense recognized in any calendar year is based on plant assets as of the preceding year end. As a result, property tax expense incurred in 2012 reflects one year's tax on cumulative AMR Plant Additions as of December 31, 2011. Incremental Annual Property Tax Expense is shown on Schedule 1 at line 20.

Q15. Please explain the information set forth on Schedule 11 and how that information is shown on Schedule 1.

A. Schedule 11 sets forth the Reduction in Meter Reading Expense for the year ended December 31, 2012. The Reduction in Meter Reading Expense is determined by measuring the decrease in meter reading expenses incurred during the 2012 program year as compared with the same expenses in the baseline year, which is the calendar year ended December 31, 2007. The Reduction in Meter Reading Expense amount for 2012 is shown on Schedule 1 at line 21.

Schedule 11 also sets forth the Reduction in Call Center Expense attributable to the AMR Program for the year ended December 31, 2012. The Reduction in Call Center Expense is determined by comparing call center expenses during the 2012 program year, after the adjustments ordered by the Commission in Case No. 09-1875-GA-UNC to restate call center expenses for non-AMR-related activities since the 2007 baseline year, with call center expenses in the baseline year. Any resulting decrease in restated call center expense compared with the baseline year would be the Reduction in Call Center Expense shown on Schedule 1 at line 22.

Q16. Please explain the information set forth on Schedule 10 and how that information is shown on Schedule 1.

A. Schedule 10 sets forth the number of Actual Bills Issued through DEO's CSS (low-pressure) and SBS (high-pressure) billing systems during the twelve months ended December 31, 2012, for each of the rate classes to which the AMR Charge is applicable. The total number of bills issued for 2012 is reflected on Schedule 1 at line 24.

Q17. How is the AMR Charge shown on Schedule 1 at line 25 calculated?

A. The AMR Program Annualized Revenue Requirement on Schedule 1 at line 23 is divided by the total Number of Bills at line 24 to arrive at the AMR Charge shown at line 25.

Q18. Does the proposed AMR Charge include any credit for expense reductions?

A. Yes. As shown on Schedule 1 at line 21, the AMR Charge includes a $5,982,094.02 credit to the Annualized Revenue Requirement related to meter-reading O&M cost savings.

III. PROGRAM STATUS

Q19. What is the status of the AMR program as of December 31, 2012?

A. DEO considers the program to be complete. In fact, DEO is only requesting costs related to AMR installations that were completed by the end of June 2012. As explained in the testimony of DEO witness Carleen Fanelly, as of the end of June 2012, DEO had installed AMR devices on all but 2,028 of its active meters. Of those meters, 2,023 were those of large commercial customers with special scheduling needs. Five were meters for which customers refused to accept installation of an AMR device. At the end of 2012, 140 meters remained for conversion—135 related to large commercial customers, and the aforementioned 5 customers who refused AMR. While DEO will complete installation of the large commercial customers, it will not be requesting cost recovery for these installations.

Q20. Why is DEO limiting its cost-recovery request in this way?

A. DEO has decided to forgo recovery of these costs in order to bring the AMR installation program to a close. After June 30, 2012, DEO continued to install AMR devices as needed, and will continue to do so, to ensure that its customers receive an AMR device and monthly meter reading, as discussed in DEO witness Carleen Fanelly's testimony, but these costs will not be recovered through the AMR Charge.

Q21. What has been the cost of deployment as of June 30, 2012, and how did that compare to DEO's pre-acceleration estimates?

A. As of June 30, 2012, the total capital investment in the AMR program was $90,630,951.01. This is approximately $10 million less than the lowest estimate of the total program cost given when DEO filed its original AMR application.

Q22. Has DEO reduced meter-reading operations-and-maintenance expense?

A. Yes. By the end of 2012, over the life of the program, DEO has achieved $12,211,540.12 million in meter-reading O&M cost savings for its customers, compared to that expense for the 2007 baseline year. In 2012 alone, DEO realized nearly $6 million in new savings (precisely $5,982,094.02), despite increases in labor rates and benefit costs that have occurred since 2007.

Q23. Has DEO restated its call-center expense in accordance with the 09-1875 Order?

A. Yes. DEO has restated call-center expense using the same methodology in every case since Case 09-1875, including this one. This methodology was reviewed in detail with Staff in March 2011 for the filing based on 2010 AMR costs (Case No. 10-2853-GA-

RDR). As shown on Schedule 11, however, DEO did not experience call-center savings in 2012.

Q24. The Order in last year's case stated that DEO should address in this case "what efforts it has made to maximize potential customer savings during 2012." 11-5843 Order at 20. Did DEO attempt to maximize cost savings?

A. Yes. DEO witness Carleen Fanelly addresses this issue.

Q25. Is there any incentive for DEO not to achieve O&M cost savings?

A. No. Cost savings are as important to the Company as they are to its customers. To the extent DEO does not generate O&M savings, that means that DEO is spending more money than was built into base rates for meter-reading expense, and spending more money reduces earnings generated for our shareholders. In other words, DEO does not benefit if it fails to achieve O&M savings.

Q26. In the 11-5843 Order, the Commission stated that "DEO may request an extension of the AMR program for the purpose of the Commission's consideration of DEO's recovery of [the 9,530] remaining meters as part of DEO's 2013 filing." 11-5843 Order at 13. Has DEO made such a request?

A. Yes. DEO's application includes a request to include the costs of AMR devices installed on customer meters between January 1 and June 30, 2012. DEO believes that the request is reasonable and should be granted. As the Staff Report in Case No. 06-1453-GA-UNC recommended, and as continues to be the case, the installation of AMR devices provides many benefits to customers. Moreover, since approving the program in its October 15, 2008 Opinion and Order in Case No. 07-829-GA-AIR, the Commission has already approved accelerated cost recovery for the costs of converting over 99 percent of DEO's active meters to AMR. Moreover, in last year's case, Staff seemed to support DEO's continued installation of AMR devices in 2012. (*See, e.g.*, 11-5843 Tr. 202.) DEO is aware of no reason that the last several thousand AMR installations should be treated differently than any of the 1.2 million installations for which cost recovery has already been approved.

IV. NOTICE TO MUNICIPALITIES

Q27. Did DEO file a Notice of Intent to File an Application to Adjust its AMR Charge?

A. Yes, DEO filed its Notice of Intent on November 30, 2012, and served it on every party to its original distribution rate case in Case No. 07-829-GA-AIR. In that Notice, DEO stated that it would serve an additional notice of its intent to file this Application not later than 30 days prior to its filing on the mayor and legislative authority of each municipality included in such application.

Q28. Did DEO provide this municipal notice?

A. Yes, it did. Due to an unintentional oversight, however, DEO did not serve the notice until February 8, 2013, which was several days later than 30 days prior to the end of February.

Q29. How does DEO propose to resolve any issues raised by the timing of the prefiling notice?

A. In keeping with the timelines stated in the prefiling notice, DEO did not file its Application until March 11, 2013, to ensure that municipalities had the full 30-day notice. Nevertheless, on February 28, 2013, DEO served a complete copy of its filing on the Commission's Staff and on every party to its original distribution rate case in Case No. 07-829-GA-AIR, including the Office of the Ohio Consumers' Counsel ("OCC") and Ohio Partners for Affordable Energy ("OPAE"), to ensure that the later filing date did not limit their opportunity to review. No municipality has ever intervened in any of the update proceedings to the AMR Charge, and the only parties who have are OCC and

OPAE. Thus, notwithstanding the filing date, DEO believes that this approach will eliminate any actual delay in reviewing and ruling on DEO's Application.

V. CONCLUSION

Q30. Does this conclude your direct testimony?

A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Direct Testimony of Vicki H. Friscic was served by electronic mail to the following persons on this 28th day of February, 2013:

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DEO EXHIBIT 2.0

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters.	)))))	Case No. 12-3116-GA-RDR

DIRECT TESTIMONY OF CARLEEN F. FANELLY
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO

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Direct Testimony of
Carleen F. Fanelly

I. INTRODUCTION

Q1. Please introduce yourself.

A. My name is Carleen F. Fanelly. I am employed by The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO" or "Company") as Director, Customer Service. My business address is 2100 Eastwood Avenue, Akron, Ohio 44305.

Q2. Please describe your educational background and work experience.

A. I graduated from The University of Akron with a Bachelor of Science degree in Business Administration in 1988 and a Master of Science in Business in 1995. Prior to 1985, I held various positions in Retail Sales and Marketing. In March 1985, I was hired by The East Ohio Gas Company as a Meter Reader and have held several positions including Business Analyst, Community Affairs Representative, Manager Customer Service Center, Director Customer Contact Services and Director Gas Billing. In 2006, I joined the Dominion Services Company as Director of Dominion LDCs Customer Service Centers which included both gas and electric call center operations. In June 2008 I rejoined Dominion East Ohio as Director, Customer Service.

Q3. What are your job responsibilities as Director, Customer Service?

A. My present duties include oversight of DEO's customer service operations. I am responsible to plan, direct, and coordinate DEO customer services (*i.e.*, Customer Service Center, Customer Relations, Metering Services, Billing & Credit, Meter Reading, Dispatch and Field Meter Services) to ensure customers receive prompt, courteous, and efficient handling of inquiries and service requests. This role includes oversight of regulatory compliance associated with customer service operations.

Q4. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain the status of DEO's Automated Meter Reading ("AMR") program as of December 31, 2012, as well as the cost savings that DEO achieved during 2012.

II. PROGRAM STATUS AS OF DECEMBER 31, 2012

Q5. At the beginning of 2012, how many meters remained to be converted with AMR devices?

A. As of January 1, 2012, 9,530 meters remained for conversion, of which 3,143 were large commercial meters and 6,387 were hard-to-access meters. All of these meters served customers who either requested a delayed installation (for example, to avoid business disruptions) or simply refused DEO access.

Q6. Why did some customers request a delayed installation?

A. Commercial or industrial customers, served by larger meters, require special appointments to avoid disrupting their operations or creating an undue hardship on their business. This type of installation is often worked on odd shifts or non-traditional business days and therefore requires the scheduling of a special appointment.

Q7. What are "hard-to-access meters"?

A. This term refers to meters serving customers who refuse to allow DEO access to their premises. To gain access, DEO must engage in a time-consuming process that provides the customer multiple opportunities to provide access and avoid a disconnection. Once the initial contact is made and the customer fails to contact DEO for an appointment, an additional 40-day equipment-access process is invoked. This includes a progression of letters and an automated outbound phone call between each letter. If the customer still fails to make contact, an employee will attempt to make a personal contact to schedule an appointment. A notice is then issued on the customer's bill and, after the bill notice is rendered, a no-access termination order is issued for the account. If the customer contacts DEO to schedule an appointment, the process will stop. If DEO is unable to obtain access to the customer's meter on the scheduled appointment date, the process will go back one step and reinitiate. The final remedy is that DEO disconnects service. Once the customer contacts DEO for service restoration, we respond the same day and complete all necessary work on the equipment at that time.

Q8. DEO witness Vicki Friscic explains that DEO is not seeking cost recovery for AMR devices installed after June 30, 2012. By June 30, 2012, how many meters remained to be converted with AMR devices?

A. There were 2,028 meters that had not been converted.

Q9. How many of those meters served large commercial customers who required special appointments for the installation?

A. 2,023, or all but 5.

Q10. Why have the remaining five meters not been converted?

A. The remaining five meters serve active residential customers who have refused to allow DEO to install an AMR device, claiming that medical conditions prohibit entry or use of such a device. Except for these five meters, DEO had converted all other hard-to-access customers.

Q11. On December 31, 2012, how many meters remained to be converted with AMR devices?

A. At the end of 2012, 140 meters remained for conversion—135 related to large commercial customers, and the aforementioned 5 customers who refused AMR.

Q12. Does DEO intend to install AMR devices on the remaining meters?

A. For the commercial and industrial accounts, yes. DEO has scheduled appointments with each remaining commercial and industrial customer and will complete appointments until all such meters have been converted. But as shown in the email attached to my testimony as DEO Exhibit 2.1, Staff has agreed that given the current customers' refusal to cooperate, DEO should not attempt to convert the remaining five residential meters and should instead send them the approved notice.

Q13. What does "rerouting" mean in the context of the AMR program?

A. DEO considers rerouting to be the consolidation and re-sequencing of the order in which meters are read, for the purpose of gaining efficiency. Under DEO's implementation of the AMR program, it was one of the last steps to occur in program deployment, occurring after the transition from walking routes to monthly driving routes. To be clear, rerouting does *not* refer to the conversion of meter-reading routes from walking to driving. In this context, it refers to the fine-tuning of driving routes.

Q14. At the beginning of 2012, how many communities remained to be rerouted?

A. As of January 1, 2012, rerouting had not been initiated for two local shops, Western and Youngstown. And DEO had initiated but not completed the rerouting of one other shop, Wooster.

Q15. Did DEO complete rerouting of these shops in 2012?

A. Yes. DEO completed the rerouting of all three shops by May 2012.

III. COST SAVINGS IN 2012

Q16. What is the primary driver of O&M cost savings in the AMR program?

A. Salary reductions associated with reductions in meter-reading staff. Avoided salaries provide the vast majority of O&M cost savings.

Q17. What allows DEO to make meter-reading staff reductions?

A. The elimination of walking routes and the implementation of driving routes, that is, drive-by, remote meter reading.

Q18. On January 1, 2012, had DEO transitioned all routes on its system from walking to driving routes?

A. Yes.

Q19. Earlier in your testimony, you explained that as of June 30, 2012, 2,028 meters remained to be converted to AMR. Did the fact that these meters had not received AMR devices increase DEO's O&M costs in 2012?

A. No. The unconverted meters did not require DEO to maintain any additional meter-reading staff and did not otherwise cause any incremental O&M costs.

Q20. Did the fact that these meters had not received AMR devices prevent DEO from taking any cost-saving steps in 2012?

A. No. As mentioned, DEO had already reached sufficient installation levels in *2011* to transition its entire system to monthly, drive-by meter reading. And DEO had already achieved what it believed at the time were full staffing reductions as of the first of 2012. While DEO ended up reducing its staffing even further through attrition in 2012, these reductions were unplanned and had nothing to do with whether or not these meters were converted.

Q21. How many meter-reading personnel were employed by DEO at the beginning of 2012?

A. On the first day of 2012, DEO employed 27 meter readers and 2 salaried employees. This was down from 108 meter readers and 8 salaried employees during the 2007 baseline year.

Q22. As of April 2012, did DEO expect to make any further staffing reductions?

A. No. DEO expected that these figures represented full staffing reductions.

Q23. Did any further staffing reductions occur in 2012?

A. Yes. Two meter readers retired in the second half of 2012. Rather than immediately replace them, DEO decided to explore whether it could maintain this lower number of meter readers going forward.

Q24. Would these additional avoided salaries be recognized as a credit to the AMR Charge?

A. My understanding is that they would. But DEO witness Vicki Friscic is testifying about the amount and calculation of the AMR Charge.

Q25. Is it possible that DEO will need to increase its meter-reading staff in the future?

A. Yes. If DEO's only obligation was to reduce meter-reading O&M costs, it would eliminate all meter readers and hence all salaries. But DEO has more obligations than simply to reduce O&M costs. It must satisfy numerous minimum gas service standards, a number of which either relate to meter reading or require accurate, timely meter reads in order to comply. For that reason, DEO must ensure that it has sufficient staffing to obtain timely meter readings, with enough capacity to ensure that vacations, illnesses, other expected or unexpected absences, and attrition do not interfere with DEO's fulfillment of its service obligations. If any particular number of meter readers proves insufficient to the task, I would expect that DEO would consider an increase in staffing.

Q26. How does DEO determine how many meter readers will be needed?

A. Predicting the necessary number of meter readers is a complex process. DEO uses a software program called "RouteSmart" that uses a number of factors to determine the amount of labor that will be required to obtain a monthly read of each one of DEO's approximately 1.2 million meters. Those factors include total route mileage; road type and speed limits; meter concentrations; geographic and topographic features (*e.g.*, urban versus rural, flat versus hilly, bodies of water); and even expected local driving conditions (*e.g.*, weather and traffic). DEO also must take into account its billing cycles and the maximum number of accounts that it can bill in a given night. And as mentioned, DEO also must build in a margin to account for "non-productive" time, such as sick and vacation leave. Broadly speaking, DEO must then take the total number of hours required to accomplish the task and divide this by a certain number of man-hours to determine the number of full-time-equivalent employees that will be needed to read its meters. Relying on this process, DEO anticipated that 27 meter readers would be the final staffing level, but in its effort to achieve maximum efficiencies and cost savings, DEO is exploring whether the lower number is workable.

IV. 11-5843-GA-RDR OPINION AND ORDER

Q27. In the Commission's October 3, 2012 Opinion and Order in Case No. 11-5843-GA-RDR, the Commission stated that "DEO should address, in its application, what efforts it has made to maximize potential customer savings during 2012." Are you aware of this statement?

A. Yes.

Q28. Did DEO attempt to "maximize potential customer savings during 2012"?

A. Yes. Much of the work necessary to maximize savings was already completed at the end of 2011, leaving relatively little to do in 2012. At the beginning of 2012, DEO had installed all but 9,530 AMR devices, converted all walking routes to driving routes, and had already made the necessary staffing reductions to achieve substantially full meter-reading savings in 2012. So based on the work completed in 2011, 2012 represented the first full year of program savings. As DEO witness Vicki Friscic explains, meter-reading savings (compared to the 2007 baseline year) increased to nearly $6 million in 2012. This is a considerable increase from the savings of roughly $3.5 million reported in 2011.

As discussed above, the primary driver of cost savings with respect to meter-reading costs is avoided salaries (and associated payroll taxes and benefits), and DEO had reached what it believed to be full staffing reductions as of the first day of 2012. Nevertheless, DEO's decision not to replace the two meter readers lost through attrition and thus to remain at 25 (instead of 27) meter readers resulted in additional cost savings. Finally, as Ms. Friscic explains, DEO decided not to seek recovery of any devices installed after June 30, 2012, which also reduced costs to customers.

V. CONCLUSION

Q29. Does this conclude your direct testimony?

A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Direct Testimony of Carleen Fanelly was served by electronic mail to the following persons on this 28th day of February, 2013:

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/s/ Andrew J. Campbell
One of the Attorneys of The East Ohio Gas Company d/b/a Dominion East Ohio

DEO EXHIBIT 2.1

From: Bossart, Barbara [Barb.Bossart@puc.state.oh.us]
Sent: Thursday, December 20, 2012 2:13 PM
To: Carrie F Fanelly (Energy - 5)
Cc: John Maslanka (Energy - 5); Blackmer, Beth; Williams, John
Subject: RE: AMR Refusal Customer Communications
Attachments: Annual Meter Readings cff (2).docx

Carrie,

Staff is fine with DEO's plan to not proceed to terminate service for these customers unless access is denied for the annual meter reading requirement or for the DOT inspection. Staff has made some edits to you letter. Let me know if you have any questions.

Happy Holidays,

Barbara Bossart
Public Utilities Commission of Ohio
Service Monitoring & Enforcement Department
Utility Specialist 2
(614) 466-0793
PUCO.ohio.gov

From: Carrie F Fanelly [mailto:carrie.f.fanelly@dom.com]
Sent: Thursday, December 13, 2012 5:07 PM
To: Bossart, Barbara
Subject: RE: AMR Refusal Customer Communications

Sorry, I hit send too quickly.

From: Bossart, Barbara [mailto:Barb.Bossart@puc.state.oh.us]
Sent: Thursday, December 13, 2012 4:16 PM
To: Carrie F Fanelly (Energy - 5)
Subject: RE: AMR Refusal Customer Communications

I do not see the attachment.

From: Carrie F Fanelly [mailto:carrie.f.fanelly@dom.com]
Sent: Thursday, December 13, 2012 3:21 PM
To: Bossart, Barbara
Cc: John Maslanka
Subject: AMR Refusal Customer Communications

I have attached a draft notice that we would like to send to the customers below advising them that DEO has completed the AMR program and the requirement for an annual meter reading. All five names should be familiar since all have filed complaints on our termination notification for AMR installation. I would appreciate your time to review the letter and provide any comments. In addition a confirmation that we will not proceed to terminate service for these customers as we have previously discussed unless they fail to provide us access for the annual meter reading requirement.

Customer Information Redacted

Carrie Fanelly
Director, Customer Service
Dominon East Ohio
Office 330-798-7210
Cell 216-780-9062

DATE

NAME
ADDRESS
CITY, STATE ZIP

Subject: Annual Meter Readings

Although Dominion East Ohio has sent letters and made calls, we have been unable to persuade you to schedule an appointment so that we could install Automated Meter Reading (AMR) equipment at your home or business. Whether your refusal to do so is due to a medical condition, a fear of technology, privacy issues or other concerns we wanted to inform you -that Dominion East Ohio has completed its AMR installation program. We now are moving to a remote meter reading system to obtain monthly meter readings for billing purposes. However, since your meter does not contain an AMR devise, your meter will not be read on a monthly basis.

There are some very specific requirements that we must be able to comply with that will require your cooperation.

~~Moving forward, p~~Per the rules set forth by the Public Utilities Commission of Ohio (PUCO), our company must ~~attempt to~~ obtain one actual meter reading and ~~complete an interior service line leak survey~~ on an annual basis and complete an interior service line leak survey every three years. You will need to grant us access to do so. If we are unable to obtain an annual meter reading and complete the safety inspection after appropriate notices have been provided, we will ~~be required to~~ turn off your gas service until the work can be completed, regardless of the circumstances.

As a customer, you may call in your own monthly meter readings to Dominion East Ohio at PHONECALLCENT HOURSPHONECEN or provide reading online at www.dom.com. We will not prompt you to do so. We will estimate your gas consumption in any month that you do not provide a reading or your reading is not acceptable for billing use. The PUCO does not recognize customer readings as actual reads. Once per year, based on when we obtain the actual meter reading, your actual consumptions will be reconciled with any estimated readings that were used for billing. You will be required to pay whatever that amount is to true-up the actual consumption compared to any estimated bills that may have been paid in prior months.

We certainly hope that you reconsider your decision to provide us the opportunity to complete the installation of the AMR.

To schedule an appointment for us to complete the annual reading please contact our Customer Relations Department toll free at 866-344-6260, Monday through Friday from 8 a.m. to 4:30 p.m.

Sincerely,

Carrie Fanelly
Director, Customer Service

cc: PUCO