

**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	:	Case No. 12-3116-GA-RDR
Automated Meter Reading Cost Recovery	:	
Charge and Related Matters	:	

COMMENTS

**SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Mike DeWine
Ohio Attorney General

William L. Wright
Section Chief

Devin D. Parram
Assistant Attorney General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
Telephone: (614) 466-4395
Facsimile: (614) 644-8764
devin.parram@puc.state.oh.us

**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	:	Case No. 12-3116-GA-RDR
Automated Meter Reading Cost Recovery	:	
Charge and Related Matters	:	

**COMMENTS
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

I. INTRODUCTION

In accordance with the Public Utilities Commission of Ohio (Commission) Opinion and Order adopting the Stipulation and Recommendation filed in Case No. 07-829-GA-AIR et al., the Commission's Staff has conducted its investigation in the above-referenced matter and hereby submits its findings and recommendations in these Comments to the Commission.

These Comments were prepared by the Commission's Utilities Department. Included are findings and recommendations resulting from financial reviews of The East Ohio Gas Company d/b/a Dominion East Ohio's (DEO or Company) proposed plant-in-service additions, revenue requirement, and other matters related to its program to install automated meter reading (AMR) equipment on customer meters throughout its service area and the associated AMR Cost Recovery Charge.

Pursuant to the Attorney Examiner's Entry dated March 13, 2013, copies of these Comments have been filed with the Commission's Docketing Division.

These Comments contain the results of the Staff's investigation, and do not purport to reflect the views of the Commission, nor is the Commission bound in any manner by the representations and/or recommendations set forth herein.

II. BACKGROUND

DEO is an Ohio corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeast, western and southeast Ohio communities.

In its October 15, 2008 Opinion and Order in Case No. 07-829-GA-RDR (2008 Rate Case Order) adopting the Stipulation and Recommendation (2007 Stipulation) filed by the parties, the Commission authorized DEO to establish an automated adjustment mechanism to recover the costs associated with an Automated Meter Reading (AMR) program.¹ The recovery mechanism, in the form of an annual rider, is designed to permit the Company to recover its annual costs to install AMR equipment on each of the nearly 1.3 million meters in its system over a five-year period. AMR equipment facilitates billing accuracy and customer convenience by enabling DEO to remotely read customers' meters which contributes to monthly meter reads. This program lessens the need for estimated meter reads and for scheduling appointments to read inside meters.

¹ *In re DEO*, Case No. 07-829-GA-AIR, *et al.* (Opinion and Order) (October 15, 2008).

The 2007 Stipulation established a process that called for annual filings in support of increases to the AMR Cost Recovery Charge. The process involves a pre-filing notice being filed in November of each year. The filing must contain schedules with nine months of actual and three months of projected cost and related data in support of the rider increase. Also, a date certain for property valuation of December 31st of the applicable year must be included in the filing. By February 28th of the following year, the Company must then file an application updating the data provided to include a full year of actual data. The process then provides that unless the Staff finds DEO's filing to be unjust or unreasonable or another party files an objection that is not resolved by DEO, then the Staff will recommend Commission approval of the Company's Application. If approved by the Commission, the resulting increase to the AMR rider will take effect with the first billing cycle following the Commission order.

In accordance with the application process, on November 30, 2012, DEO pre-filed a notice in this case that included preliminary schedules containing nine months of actual and three months of projected cost and related data associated with installation of AMRs in 2011. Due to an oversight, DEO did not serve notice to each municipality included in its application until February 8, 2013 in accordance with O.R.C 4909.18 and 4909.43. The delay in providing notice to the municipalities led to DEO delaying filing of its Application, with schedules updated to include a full year of actual data, until March 11, 2013. However, copies of the Application and related schedules were provided to Staff

and “all parties to the Distribution Rate Case” on February 28, 2013, “to ensure that the later filing date did not limit their opportunity to review”.²

On January 18, 2013, the Attorney Examiner issued an Entry granting a motion to intervene by the Office of the Ohio Consumers Counsel (OCC). On March 13, 2013, the Attorney Examiner issued an Entry establishing the following procedural schedule for this case:

- (a) March 29, 2013 – Deadline for filing of motions to intervene.
- (b) March 29, 2013 – Deadline for Staff and interveners to file comments on the application.
- (c) April 3, 2013 – Deadline for DEO to file a statement, informing the Commission whether the issues raised in the comments have been resolved.
- (d) April 8, 2013 – Deadline for the parties and Staff to file expert testimony.
- (e) In the event that some or all of the parties enter into a stipulation resolving some or all of the issues in this case, the parties must file such stipulation with the Commission by 9:00 a.m. on April 12, 2013.
- (f) In the event that all of the issues are not resolved or the parties enter into a stipulation, a hearing shall commence on April 15, 2013, at 10:00 a.m. at the offices of the Commission, 180 East Broad Street, 11th Floor, Hearing Room 11 C, Columbus, Ohio 43215. Any party requesting a continuance of the hearing must file a motion to continue the hearing with the Commission by 9:00 a.m. on April 12, 2013.

² Case No. 12-3116-GA-RDR, Company Application, March 13, 2013, page 2

III. DEO'S APPLICATION AND IMPLEMENTATION PROGRESS

As of June 2012, the Company considers the deployment phase of the AMR program to be complete. There remained only 140 active meters without an AMR device at the end of 2012 bringing DEO's total number of AMR installations up to 1,252,748. Table 1 below shows the Company's historical AMR installation progress.

Table 1 - DEO AMR Installations			
Year	Annual	Cumulative	% of Total Meters
2006	524		
2007	131,480	132,004	10%
2008	278,582	410,586	32%
2009	332,135	742,721	58%
2010	257,020	999,741	78%
2011	243,617	1,243,358	98%
2012	9,390	1,252,748	100%

The remaining 140 meters constitute 135 large commercial customers that have specific scheduling requirements and five customers that have refused access to DEO because they do not want an AMR device. The Company plans to continue with the installation

of AMR devices on the 135 commercial customer meters but will forgo recovery on those devices in order to bring the installation phase to a close³.

For recovery of 2012 costs, the Application and supporting schedules propose an annualized revenue requirement of \$5,400,861, which when allocated to customers results in a proposed rider rate of \$0.38 per month. The current rate that is being paid by customers is \$0.57 per month. This rate was set in Case No. 10-2853-GA-RDR, but was later modified by the Commission's Opinion and Order in Case No. 11-5843-GA-RDR. However, the \$0.57 per month rate was reinstated due to a Stay issued by the Ohio Supreme Court pending the Company's appeal of the Case No. 11-5843-GA-RDR Order. The rate proposed in the pending application represents a \$0.19 per month reduction in the rate currently being collected from customers and a reduction of \$0.04 over the amount Ordered by the Commission in Case No. 11-5843-GA-RDR.

The rate reduction is largely a result of a reduction of meter reading costs that have already been built into the Company's current base rates. In this filing, DEO has recognized just over \$5.98 million in meter reading savings over the established 2007 baseline. No call center savings were reported.

IV. SUMMARY OF STAFF'S INVESTIGATION

The overall purpose of the Staff's investigation was to determine if the Company's filed exhibits justify the reasonableness of the revenue requirement used as a basis for the proposed AMR Cost Recovery Charge. The Staff reviewed the Company's Application,

³ Case No. 12-3116-GA-RDR, Company Application Attachment C: Direct Testimony of Vicki H. Friscic, March 13, 2013, page 7

schedules, testimony, and related documentation and traced the data contained therein to supporting work papers and to source data. As part of its review, the Staff issued data requests, conducted investigative interviews, and performed independent analyses when necessary. When investigating the Company's operating expenses, the Staff reviewed expenses associated with depreciation, amortization of post in-service carrying charges, property taxes, and reduction in operation and maintenance expenses. For rate base, the Staff tested the Company's plant accounting system to determine if the information on AMR assets contained in the Company's plant ledgers and supporting continuing property records represented a reliable source of original cost data.

V. STAFF'S COMMENTS

The Staff acknowledges that the installation phase of DEO's AMR has come to a close. Virtually all of its active meters have been updated with an AMR device or will be soon and Staff supports the Company's decision not to seek further recovery for those devices installed after 2012 through this Rider.

The Rider application should continue to be filed annually until the Company's base rates reflect a return on these assets as well as the reduction in costs achieved through the program.

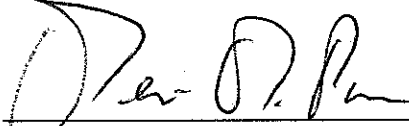
VI. CONCLUSIONS AND RECOMMENDATIONS

The Staff supports a Commission finding that the DEO's proposed revenue requirement and customer allocations are just and reasonable and support the proposed AMR rate of \$0.38 per customer per month.

Respectfully Submitted,

Michael DeWine
Attorney General

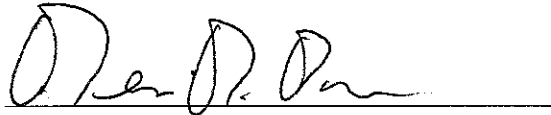
William L. Wright, Section Chief
Public Utilities Section

A handwritten signature in black ink, appearing to read "Devin D. Parram", is written over a horizontal line.

Devin D. Parram
Assistant Attorney General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
Telephone: (614) 644-8599
Facsimile: (614) 644-8764
devin.parram@puc.state.oh.us

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing **Comments** was served via electronic mail upon the following parties of record on the 29th day of March, 2013.



Devin D. Parram
Assistant Attorney General

Parties of Record:

Mark A. Whitt
Andrew J. Campbell
Whitt Sturtevant
The KeyBank Building
88 East Broad Street, Suite 1590
Columbus, OH 43215
whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com

Joseph Serio
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
serio@occ.state.oh.us

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/29/2013 4:18:28 PM

in

Case No(s). 12-3116-GA-RDR

Summary: Comments Staff Comments in 12-3116-GA-RDR electronically filed by Mr. Devin D Parram on behalf of Staff of the PUCO