

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| 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. 13-2319-GA-RDR |
| Automated Meter Reading Cost Recovery | : | |
| Charge to Recover Costs Incurred in 2013 | : | |

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

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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 submits its findings and recommendations to the Commission in these Comments.

These Comments were prepared by the Commission's Utilities Department Staff. 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 revenue requirement, 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 7, 2014, copies of these Comments have been filed with the Commission's Docketing Division.

These Comments contain the results of the Staff's investigation. These Comments do not reflect the views of the Commission and the Commission is not bound by the Comments' representations and/or recommendations.

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 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 enables DEO to remotely read customers' meters, which promotes billing accuracy and customer convenience. The AMR program also 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 costs and related data in support of the rider increase. Also, the filing must include a date certain of December 31st of the applicable year for property valuation. 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 27, 2013, DEO pre-filed a notice in this case that included preliminary schedules containing nine months of actual and three months of projected data related to AMR costs incurred in 2013. On February 27, 2014, DEO filed its Application and supporting schedules containing full-year actual data for AMRD costs incurred in calendar year 2013. Although DEO completed installation of AMR devices throughout its system in 2012, it will continue to incur AMR-related costs such as depreciation, property tax expenses, and post in-service carrying costs and continue to reduce the AMR Cost Recovery Charge by the annual operation and maintenance savings resulting from the AMR deployment. As a result, the Company will continue to file annual applications until the AMRD costs are included in

its base rates in its next base rate case. On March 7, 2014, the Attorney Examiner assigned to this case issued an Entry establishing the following procedural schedule:

- (a) March 28, 2014 – Deadline for filing of motions to intervene.
- (b) March 28, 2014 – Deadline for Staff and interveners to file comments on the application.
- (c) April 2, 2014 – Deadline for DEO to file a statement, informing the Commission whether the issues raised in the comments have been resolved.
- (d) April 3, 2014 – 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 7, 2014.
- (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 8, 2014, 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 7, 2014.

III. DEO'S APPLICATION

For recovery of 2013 AMRD costs, DEO's Application and supporting schedules propose an annualized revenue requirement of \$7,982,049, which when allocated to customers, results in a proposed AMR Cost Recovery Charge of \$0.56 per customer per month. The current rate that is being paid by customers (as set last year in Case No. 12-3116-GA-RDR) is \$0.37 per customer per month. The proposed \$0.19 increase to the AMR Cost Recovery Charge is a result of changes to the depreciation rates for the AMR

devices that were approved by the Commission in Case No. 13-1988-GA-AAM. In its October 23, 2013 Finding and Order in that case, the Commission authorized DEO to change its depreciation rates for the purchase and installation of AMR encoder-receiver-transmitter (ERT) devices from 37 and 45 years respectively to 15 years for both purchase and installation. The newly adopted depreciation rates for DEO's AMR-ERT devices make them consistent with the rates for similar devices employed by the other natural gas companies in the State. However, the now shorter service life of the AMR-ERT devices causes DEO to experience an increase in its depreciation expense and its annual amortization of deferred post in-service carrying costs because both of these costs are spread over a now shorter life span for the AMR assets.

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, 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 and performed independent analyses when necessary. When investigating the Company's operating expenses, the Staff reviewed DEO's proposed expenses associated with depreciation, amortization of post in-service carrying charges, property taxes, and reduction in operation and maintenance expenses. In addition, the Staff confirmed that

the Company properly applied the depreciation rates adopted in the 13-1988-GA-AAM case.

V. STAFF'S COMMENTS AND RECOMMENDATIONS

Based on its investigation, the Staff believes that DEO's Application and associated schedules adequately support the Company's proposed \$0.56 per customer per month AMR Cost Recovery Charge for recovery of AMR costs incurred in 2013. The Staff recommends that the Commission approve DEO's Application as filed.

Respectfully Submitted,

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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 28th day of March, 2014.

/s/Katie L. Johnson

Katie L. Johnson

Assistant Attorney General

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Case No(s). 13-2319-GA-RDR

Summary: Comments electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO