

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

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a natural gas company as defined by R.C. 4905.03, and a public utility as defined by R.C. 4905.02, and, as such, is subject to the jurisdiction of the Commission, pursuant to R.C. 4905.04, 4905.05, and 4905.06. DEO supplies natural gas to approximately 1.2 million customers in northeast, western, and southeast Ohio (DEO App. at 1).
- (2) By Opinion and Order issued October 15, 2008, in *In re Application of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al. (*DEO Distribution Rate Case*), the Commission approved a stipulation that, inter alia, provided that the accumulation by DEO of costs for the installation of automated meter reading (AMR) technology may be recovered through a separate charge (AMR cost recovery charge). The AMR cost recovery charge was initially set at \$0.00. The Commission's opinion in the *DEO Distribution Rate Case* contemplated periodic filings of applications and adjustments of the rate for the AMR cost recovery charge.
- (3) The current AMR cost recovery charge of \$0.37 per customer per month was approved in *In re Application of The East Ohio Gas Company d / b / a Dominion East Ohio*, Case No. 12-3116-GA-RDR, Opinion and Order (Apr. 24, 2013).
- (4) On November 27, 2013, DEO filed its prefiling notice in the instant case. On February 27, 2014, DEO filed an application requesting an adjustment to its current AMR cost recovery charge, in accordance with the procedure approved in the *DEO Distribution Rate Case*, for costs incurred during the calendar

year 2013. Along with its application, DEO also filed the direct testimony of Vicki H. Friscic.

- (5) In its February 27, 2014 application, DEO requests that the Commission approve an adjustment to DEO's AMR cost recovery charge from \$0.37 per customer per month to \$0.56 per customer per month to reflect costs during the 2013 calendar year.
- (6) DEO explains that 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 *In re Application of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 13-1988-GA-AAM, Finding and Order (Oct. 23, 2013) (*Depreciation Case*). In its October 23, 2013 Finding and Order in the *Depreciation 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. DEO offers that 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. However, DEO argues that the 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 now spread over a shorter life span for the AMR assets. The accompanying Schedules 1-11 in Attachment A of DEO's application reflect the impact of a change in depreciation rates retroactive to January 1, 2013, that was approved by the Commission in the *Depreciation Case*. The accompanying schedules in Attachment A also account for the first time a reduction to cumulative plant additions for assets that have become fully depreciated. (DEO App. at 2-5.)
- (7) DEO witness Ms. Friscic provided information regarding the adoption of revised depreciation rates, noting that this single occurrence necessitated the increase in the AMR rates. Ms. Friscic also states the shorter service lives resulted in increased depreciation expense for the AMR-ERT assets and an increase in the annual amortization amount for deferred post-in-service carrying costs, both of which are spread over the life of the assets. Ms. Friscic affirms that DEO calculated the AMR

Program revenue requirement in a manner consistent with the revenue requirement calculation in the last rate case, and provided detailed discussion as to how such calculations were made in the instant case. (DEO App., Att. C at 2-7.) Ms. Friscic offers that, by the end of 2013, over the life of the program, DEO has achieved \$18,565,635.44 in meter-reading operations and maintenance expense savings for its customers, compared to that expense for the 2007 baseline year. In 2013 alone, DEO realized \$6,354,095.32 in savings, despite increases in labor rates and benefit costs that have occurred since 2007 (DEO App., Att. C at 8).

- (8) By Entry issued March 7, 2014, the attorney examiner required that Staff and intervenor comments on the application be filed by March 28, 2014, and that DEO file, by April 2, 2014, a statement informing the Commission whether all issues raised in comments had been resolved.
- (9) Staff filed comments on DEO's application on March 28, 2014. The overall purpose of Staff's investigation was to determine if DEO's filed exhibits justify the reasonableness of the revenue requirement used as a basis for the proposed AMR cost recovery charge. Staff reviewed DEO's application, schedules, testimony, and related documentation and traced the data contained therein to supporting work papers and to source data. In addition, Staff confirms that DEO properly applied the depreciation rates adopted in the *Depreciation Case*. Based on its investigation, Staff believes that DEO's application and associated schedules adequately support the proposed \$0.56 per customer per month for recovery of AMR costs during 2013. Staff recommends approval of the application. (Staff Comments at 7.)
- (10) On April 2, 2014, DEO filed a statement indicating that it has no objection to Staff's comments. DEO further explains that, because there are no issues to be resolved with the application, a hearing in this case is unnecessary. Therefore, DEO requests that the Commission approve its application as filed on February 27, 2014. On April 3, 2014, Staff filed correspondence in the docket agreeing that a hearing is not necessary.
- (11) Upon consideration of the application and the comments filed by Staff, the Commission finds that DEO's application to adjust

its AMR cost recovery charge to \$0.56 per customer per month is reasonable and should be granted.

It is, therefore,

ORDERED, That DEO's application to adjust its AMR cost recovery charge to \$0.56 per customer per month be granted. It is, further,

ORDERED, That DEO is authorized to file four complete copies of its tariffs in final form consistent with this Finding and Order. DEO shall file one copy in its TRF docket. It is, further,

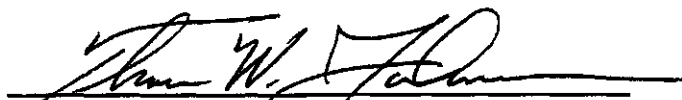
ORDERED, The effective date of the new rates for the AMR cost recovery charge shall be a date not earlier than the date upon which four complete, printed copies of the final tariff page are filed with the Commission. It is, further,

ORDERED, That DEO shall notify its customers of the changes to the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division at least 10 days prior to its distribution to customers. It is, further,

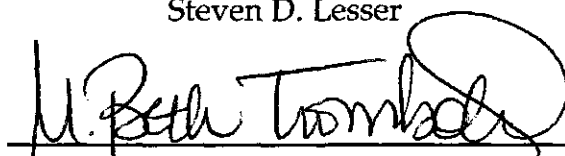
ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

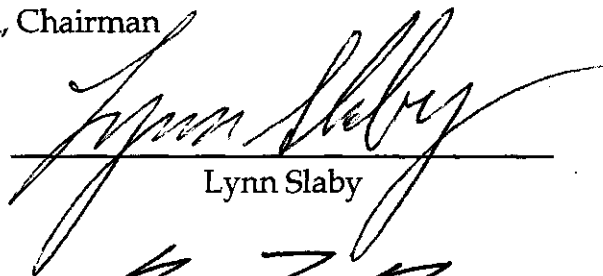
ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

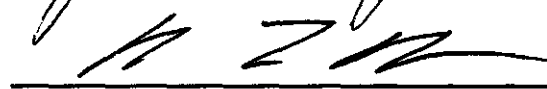

Thomas W. Johnson, Chairman


Steven D. Lesser


M. Beth Trombold



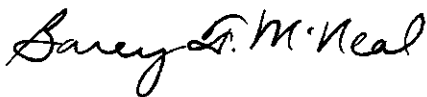
Lynn Slaby



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Barcy F. McNeal
Secretary