

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. 14-2125-GA-RDR
Automated Meter Reading Cost Recovery)
Charge to Recover Costs Incurred in 2014.)

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO or Company) 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 provides natural gas service to approximately 1.2 million customers in northeastern, western, and southeastern Ohio.
- (2) On October 15, 2008, the Commission approved a stipulation that, in part, 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 and Order in the *DEO Distribution Rate Case* contemplated periodic filings of applications and adjustments of the rate for the AMR cost recovery charge. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al. (*DEO Distribution Rate Case*), Opinion and Order (Oct. 15, 2008).
- (3) The current AMR cost recovery charge of \$0.56 per customer per month was approved in *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 13-2319-GA-RDR, Finding and Order (Apr. 23, 2014).
- (4) On November 21, 2014, DEO filed its pre-filing notice in the above-captioned case. On February 23, 2015, 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 2014. Along with its application, DEO also filed the direct testimony of Vicki H. Friscic.

- (5) In its February 23, 2015 application, DEO requests that the Commission approve an adjustment to DEO's AMR cost recovery charge from \$0.56 per customer per month to \$0.55 per customer per month to reflect costs during the 2014 calendar year.
- (6) In her testimony, Ms. Friscic affirms that DEO calculated the AMR cost recovery charge 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 2-6). Ms. Friscic offers that, by the end of 2014, over the life of the program, DEO has achieved \$24,669,229.82 in meter-reading operations and maintenance expense savings for its customers, compared to that expense for the 2007 baseline year. In 2014 alone, DEO realized \$6,103,594.38 in savings, despite increases in labor rates and benefit costs that have occurred since 2007 (DEO App., Att. C at 7).
- (7) By Entry issued March 3, 2015, the attorney examiner set a deadline for filing motions to intervene. The attorney examiner also required that Staff and intervenor comments on the application be filed by March 27, 2015, and that DEO file, by April 1, 2015, a statement informing the Commission whether all issues raised in the comments had been resolved.
- (8) On March 27, 2015, the Ohio Consumers' Counsel (OCC) filed a motion to intervene. In its motion to intervene, OCC states that it represents DEO's residential consumers and that the interests of these customers may be adversely affected by this case. OCC submits that its participation in this case will not unduly prolong or delay the proceeding. No memorandum contra was filed in opposition to OCC's motion to intervene. The Commission finds that the motion to intervene is reasonable and should be granted.
- (9) Staff filed comments on DEO's application on March 27, 2015. No other comments were filed.
- (10) In its comments, Staff states that the overall purpose of its 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 notes that it 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 *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 13-1988-GA-AAM, Finding and Order (Oct. 23, 2013). (Staff Comments at 4-5.)

- (11) Based on its investigation, Staff recommends that the Commission make an adjustment to DEO's calculation of call center savings on Schedule 11 of the Company's application to disallow \$559,963.44 in call center expenses in 2014. Staff believes that this adjustment is appropriate because the Company has included expenses to arrange for Department of Transportation (DOT) meter inspections in its call center expenses. Staff believes that expenses to arrange for DOT meter inspections are non-AMR related expenses and that the Company should not include them as an expense of AMR deployment. Staff notes that in *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 09-1875-GA-RDR, Opinion and Order (May 5, 2010) at 10-11, the Commission expressly indicated that non-AMR costs should be excluded from the call center savings calculation. (Staff Comments at 5-8.)
- (12) Staff states that reducing DEO's reported 2014 call center costs by \$559,963.44 results in \$69,452.59 in call center savings for 2014 instead of zero savings as reported by DEO. Staff notes that, when these call center savings are transferred to Schedule 1 and used to reduce the revenue requirement, the resulting revenue requirement that Staff recommends is \$7,846,411. Staff, however, states that the difference between the Staff-recommended revenue requirement amount and DEO's proposed amount of \$7,915,863 does not impact the AMR cost recovery charge proposed by DEO due to the effects of rounding. As a result, Staff recommends that the Commission approve an AMR cost recovery charge of \$0.55 per customer per month. Staff recommends approval of DEO's application, as modified by Staff's comments. (Staff Comments at 8-9.)
- (13) On April 1, 2015, DEO filed a statement indicating that the Company does not support the adjustment proposed by Staff in

this case, but is not opposing it. DEO also 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 23, 2015.

- (14) 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 \$0.55 per customer per month is reasonable and should be approved as modified by Staff's comments.

It is, therefore,

ORDERED, That OCC's motion to intervene is granted. It is, further,

ORDERED, That, subject to Staff's modifications set forth in this Finding and Order, DEO's application to adjust its AMR cost recovery charge is approved. It is, further,

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

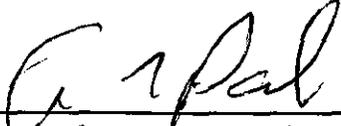
ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

ORDERED, That DEO 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 the 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 each party of record.

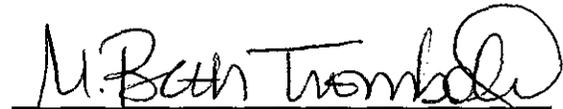
THE PUBLIC UTILITIES COMMISSION OF OHIO



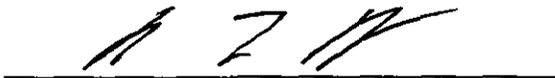
Andre T. Porter, Chairman



Lynn Slaby



M. Beth Trombold



Asim Z. Haque

Thomas W. Johnson

KKS/vrm

Entered in the Journal

APR 22 2015



Barcy F. McNeal
Secretary