

**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 : Case No. 15-1986-GA-RDR  
Adjust its Automated Meter Reading Cost :  
Recovery Charge and Related Matters :

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

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**On behalf of the Staff of  
The Public Utilities Commission of Ohio**

**March 25, 2016**

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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 Staff of the Public Utilities Commission of Ohio (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 Rates and Analysis 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, 2016, 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 Staff's 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 northeastern, western, and southeastern 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. 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.

The 2007 Stipulation established a process that called for annual filings to support proposed 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, Staff will recommend the Commission approve 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 25, 2015, 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 2015. On February 29, 2016, DEO filed its Application and supporting schedules containing full-year actual data for AMR device costs incurred in calendar year 2015. Although DEO completed installation of AMR devices throughout its system in 2012, it will continue to incur AMR-related costs such as depreciation and property tax expenses 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 AMR costs are included in its base rates in its next base rate case. On March 7, 2016, the Attorney Examiner assigned to this case issued an Entry establishing the following procedural schedule:

- (a) March 25, 2016 – Deadline for filing of motions to intervene.
- (b) March 25, 2016 – Deadline for Staff and intervenors to file comments on the application.
- (c) March 30, 2016 – Deadline for DEO to file a statement, informing the Commission whether the issues raised in the comments have been resolved.
- (d) March 31, 2016 – 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 4, 2016.
- (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 5, 2016, at 10:00 a.m. at the offices of the Commission, 180 East Broad Street, 11<sup>th</sup> 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 4, 2016.

### **III. DEO'S APPLICATION**

For recovery of 2015 AMR costs, DEO's Application and supporting schedules propose an annualized revenue requirement of \$6,590,751, which when allocated to customers, results in a proposed AMR Cost Recovery Charge of \$0.46 per customer per month. The current rate that is being paid monthly by customers (as set last year in Case No. 14-2125-GA-RDR) is \$0.55 per customer. In testimony filed with the Application, Company witness Vicki Friscic notes that Application Schedule 2A for plant retirements includes an adjustment for retirements that should have been recognized in 2013 and

2014 and that the adjustments, in turn, result in adjustments to prior year property taxes on Schedule 8.<sup>1</sup>

#### **IV. SUMMARY OF STAFF'S INVESTIGATION**

The overall purpose of 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. 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, Staff issued data requests and performed independent analyses when necessary. When investigating the Company's operating expenses, 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, Staff confirmed that the Company properly applied the depreciation rates adopted in Case No. 13-1988-GA-AAM.

#### **V. STAFF'S COMMENTS AND RECOMMENDATIONS**

Based on its investigation, Staff recommends that the Commission direct DEO to file revised schedules to its Application in order to remove the proposed adjustments for plant retirements that should have been recorded in 2013 and 2014 and to implement the

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<sup>1</sup> *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. 15-1986-GA-RDR (Direct Testimony of Vicki H. Friscic at 3) (Feb. 29, 2016).

resulting AMR Cost Recovery Charge rate accordingly. Consistent with prior Commission rulings, Staff historically has not supported adjustments to pending rider applications in order to reflect out-of-period adjustments.<sup>2</sup> In Staff's opinion, rider rates set in prior proceedings were subject to audit during those proceedings and specifically approved by the Commission. Utilizing electronic copies of the Application schedules provided by the Company, Staff recalculated DEO's proposed AMR Cost Recovery Charge and determined that removal of the proposed adjustments will not have an impact on the rate proposed by DEO. Staff estimates that DEO's revenue requirement without the proposed adjustments will be \$6,606,572. Due to the relatively small nature of the adjustments and the effects of rounding, the resulting monthly rate remains at \$0.46 per customer, as DEO originally proposed. Staff has no other objections to DEO's Application. Therefore, subject to the adoption of Staff's modification described above, Staff recommends that the Commission approve DEO's Application.

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<sup>2</sup>

*In the Matter of the Long-Term Forecast Report of the Cincinnati Gas & Electric Company and Related Matters, et al.*, Case Nos. 03-118-GA-FOR and 03-218-GA-GCR (Entry) (Dec. 10, 2004).



Respectfully Submitted,

**Michael DeWine**  
Attorney General

**William L. Wright**, Section Chief  
Public Utilities Section

*/s/ Natalia V. Messenger*

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**On behalf of the Staff of**  
**The Public Utilities Commission of Ohio**

## **VI. CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing **Comments** was served via electronic mail upon Applicant's counsel, Mark A. Whitt, Andrew J. Campbell, and Rebekah J. Glover, Whitt Sturtevant, The KeyBank Building, 88 East Broad Street, Suite 1590, Columbus, Ohio, 43215, at [whitt@whitt-sturtevant.com](mailto:whitt@whitt-sturtevant.com), [campbell@whitt-sturtevant.com](mailto:campbell@whitt-sturtevant.com), and [glover@whitt-sturtevant.com](mailto:glover@whitt-sturtevant.com), on the 25th day of March, 2016.

*/s/ Natalia V. Messenger*

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**Steven L. Beeler**

Assistant Attorney General

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**3/25/2016 12:57:43 PM**

**in**

**Case No(s). 15-1986-GA-RDR**

Summary: Comments submitted by Assistant Attorney General Natalia Messenger on behalf of the Staff of the Public Utilities Commission of Ohio. electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio