

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)	
Ohio Gas Company d/b/a Dominion Energy)	
Ohio for Approval of Tariffs to Adjust its)	Case No. 19-1945-GA-RDR
Automated Meter Reading Cost Recovery)	
Charge and Related Matters.)	

APPLICATION

In accordance with R.C. 4929.11 and the Commission’s October 15, 2008 Opinion and Order in Case No. 07-829-GA-AIR (Distribution Rate Case), The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO) respectfully requests that the Commission approve an adjustment to DEO’s Automated Meter Reading (AMR) Cost Recovery Charge from \$0.25 per customer per month to \$0.02 per customer per month to reflect costs during the 2019 calendar year associated with cumulative capital investments through June 30, 2012. In support of its Application, DEO states as follows:

1. 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. As such, DEO is a “natural gas company” and “public utility” as defined by R.C. 4905.03(E) and R.C. 4905.02.

2. On December 13, 2006, in Case No. 06-1453-GA-UNC, DEO filed an application to establish an AMR Cost Recovery Charge, via an automatic adjustment mechanism. The application was later consolidated with DEO’s application in the Distribution Rate Case. As described in DEO’s application, AMR technology: (i) provides a cost-effective way for DEO to read customers’ meters as required under the minimum gas service standards; (ii) lessens the need for estimated bills, which in turn results in a better match between the amount billed and

actual gas consumed; (iii) facilitates more frequent actual meter reads, which improves accuracy in transferring service; and (iv) eliminates the need for DEO to schedule appointments to read meters inside customers' premises, further enhancing convenience for customers.

3. To enable timely implementation of AMR technology, DEO proposed the use of an AMR Cost Recovery Charge applicable to all customer classes receiving AMR equipment. By recovering its incremental program costs through a separate charge, DEO was able to secure the capital funds needed to complete AMR installation on a five-year timetable. Absent this charge, DEO would have been required to fund the program through its normal capital budgeting process, which would have accommodated a 15- to 20-year systemwide deployment.

4. On May 23, 2008, Staff filed its report in the Distribution Rate Case. The Staff Report concluded that "AMR technology is a cost effective way to achieve more frequent actual meter readings and avoid inconveniencing these customers." (06-1453 Staff Report at 42.) Staff also agreed that a five-year AMR deployment period "is preferable to spreading deployment over a 15 to 20 year time span." (*Id.* at 42–43.) Staff recommended approval of the AMR Cost Recovery Charge, subject to certain modifications.

5. On August 22, 2008, the parties in the Distribution Rate Case stipulated to adopting Staff's recommendations with respect to AMR. On October 15, 2008, the Commission approved the Stipulation. The Stipulation and Opinion and Order in the Distribution Rate Case contemplated an annual adjustment of the AMR Cost Recovery Charge.

6. The current AMR Cost Recovery Charge was approved in the April 24, 2019 Opinion and Order in Case No. 18-1588-GA-RDR.

7. On November 26, 2019, DEO filed a pre-filing notice, including schedules reflecting estimated figures supporting the requested adjustment to the AMR Cost Recovery

Charge. Additionally, on December 2, 2019, pursuant to R.C. 4909.18 and 4909.43, DEO provided written notice to the mayor and legislative authority of each municipality within its service territory of DEO's intent to file this Application.

8. Schedule 1 of this filing continues to reflect impacts of the Tax Cuts and Jobs Act of 2017 through (a) revision of the pre-tax rate of return for the 21-percent federal income tax rate and (b) credits to the revenue requirement to flow through to customers the amortization of AMR-related excess deferred income tax (EDIT) grossed up for federal income tax and a corresponding reduction of the EDIT amount in the AMR rate base without the tax gross up.

9. In accordance with the Stipulation and Opinion and Order in the Distribution Rate Case, DEO hereby submits the following schedules supporting its revised AMR Cost Recovery Charge, which are attached collectively as Attachment A:

- a. Schedule 1, which summarizes the annualized revenue requirement and the proposed AMR Cost Recovery Charge;
- b. Schedule 2, which reflects the incremental monthly plant additions for the cost of AMR devices and installation and the cumulative plant additions resulting from installations, system integration, and purchases of AMR devices and related computer hardware and software;
- c. Schedule 2A, which reflects cumulative and incremental monthly retirements of AMR assets;
- d. Schedule 3, which reflects cumulative and incremental monthly depreciation of the plant additions;¹
- e. Schedule 4, which reflects monthly amortization of post-in-service carrying costs and the remaining cumulative net regulatory asset;
- f. Schedule 5, which reflects the cumulative and incremental net deferred tax and EDIT balances related to post-in-service carrying costs;

¹ The filing reflects application of the new depreciation rates approved by the Commission in its December 4, 2019 Finding and Order in Case No. 19-1639-GA-AAM.

- g. Schedule 5A, which reflects the amortization for 2019 of the EDIT balance related to post-in-service carrying costs and the EDIT amortization grossed up for federal income tax;
 - h. Schedule 6, which reflects cumulative and incremental deferred tax on liberalized depreciation, the amortization for 2019 of the associated EDIT balance, and the EDIT amortization grossed up for federal income tax;
 - i. Schedule 7, which reflects annualized amortization of post-in-service carrying costs for 2019;
 - j. Schedule 8, which reflects incremental annual property tax expense for 2019 associated with cumulative plant additions through December 31, 2018;
 - k. Schedule 9, which reflects the approved rate of return on rate base on a pre-tax basis adjusted for the TCJA federal income tax rate change;
 - l. Schedule 10, which reflects the number of bills issued to customers on applicable rate schedules from January 1, 2019, through December 31, 2019;
 - m. Schedule 11, which reflects the change in meter-reading and call-center expense from the 2007 approved baseline to the 2019 actual expense, in compliance with the Commission's supplemental directives contained in the May 5, 2012 Opinion and Order in Case No. 09-1875-GA-RDR;
10. As reflected in Schedule 1:
- a. The total net rate base through December 31, 2019, is \$32,362,446.29;
 - b. The annualized pre-tax return on rate base is \$3,207,118.43;
 - c. Meter-reading savings are \$6,788,413.96;
 - d. Call-center savings are \$0.00;
 - e. EDIT amortization to be refunded to customers is \$287,314.16;
 - f. The annualized AMR-related revenue requirement is \$349,570.45;
 - g. The number of bills issued to customers on applicable rate schedules from January 1, 2019, through December 31, 2019, is 14,595,632; and
 - h. The resulting AMR Cost Recovery Charge is \$0.02 per customer per month.
11. Clean and scored versions of the tariff sheet reflecting the adjusted AMR Cost Recovery Charge are attached as Attachment B.

12. In its Opinion and Order in Case No. 11-5843-GA-RDR, the Commission stated that DEO “should prefile its supporting testimony at the same time it files its application.” Opin. at 20 (Oct. 3, 2012). Accordingly, Attachment C to this Application contains the Direct Testimony of Lori S. Parker.

13. DEO expects that it shall have the right to file rebuttal testimony in response to any recommendations made by witnesses for the Commission’s Staff or any other intervenors. By filing the Direct Testimony contained in Attachment C, DEO does not waive or forfeit any right to file additional testimony to the extent any such recommendations are made.

WHEREFORE, DEO respectfully requests that the Commission approve DEO’s Application to adjust its AMR Cost Recovery Charge to \$0.02 per customer per month, as reflected in the revised AMR Cost Recovery Charge tariff attached as Attachment B, and grant DEO all other necessary and proper relief.

Dated: February 26, 2020

Respectfully submitted,

/s/ Christopher T. Kennedy

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by electronic mail on the 26th day of February, 2020, to the following:

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ATTACHMENT A

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
REVENUE REQUIREMENT

Attachment A
Schedule 1

Line No.		Approved 12/31/18	2019 Activity	Cumulative Through 12/31/19	Reference
1	Return on Investment				
2	Plant in Service				
3	Additions	\$ 90,630,951.01	\$ -	\$ 90,630,951.01	Schedule 2, Line 7
4	Retirements	(1,358,891.32)	(339,684.50)	(1,698,575.82)	Schedule 2A, Line 7
5	Total Plant in Service	89,272,059.69	(339,684.50)	88,932,375.19	
6	Less: Accumulated Provision for Depreciation				
7	Depreciation Expense	45,710,376.51	2,903,543.52	48,613,920.03	Schedule 3, Line 26
8	Retirements	(1,358,891.32)	(339,684.50)	(1,698,575.82)	Line 4
9	Total Accumulated Provision for Depreciation	44,351,485.19	2,563,859.02	46,915,344.21	
10	Subtotal: Net Plant Additions	44,920,574.50	(2,903,543.52)	42,017,030.98	
11	Net Regulatory Asset - Post-In-Service Carrying Costs	3,500,766.16	(498,352.08)	3,002,414.08	Schedule 4, Lines 33 & 41
12	Net Deferred Tax Balance - PISCC	(735,160.93)	104,653.95	(630,506.98)	Schedule 5, Lines 4 & 5
13	Excess Deferred Income Tax (EDIT) on PISCC	(466,653.49)	93,330.70	(373,322.79)	Schedule 5, Lines 10 & 11
14	Deferred Taxes on Liberalized Depreciation	(7,167,869.23)	159,632.22	(7,008,237.01)	Schedule 6, Lines 6 & 8
15	Excess Deferred Income Tax (EDIT) on Depreciation	(4,778,579.47)	133,647.48	(4,644,931.99)	Schedule 6, Lines 6 & 10
16	Net Rate Base	<u>\$ 35,273,077.54</u>	<u>\$ (2,910,631.25)</u>	<u>\$ 32,362,446.29</u>	
17	Approved Pre-Tax Rate of Return			9.91%	Schedule 9, Line 8
18	Annualized Return on Rate Base			\$ 3,207,118.43	Line 16 x Line 17
	Operating Expense				
19	Incremental Annual Depreciation Expense			2,903,543.52	Schedule 3, Line 25
20	Annualized Amortization of PISCC			123,390.26	Schedule 7, Line 35
21	Incremental Annual Property Tax Expense			1,191,246.36	Schedule 8, Line 5
22	Reduction in Meter Reading Expense			(6,788,413.96)	Schedule 11, Line 1
23	Reduction in Call Center Expense			-	Schedule 11, Line 2
24	Excess Deferred Income Taxes (EDIT) Amortization			(169,174.03)	Schedule 6, Line 11
25	Excess Deferred Income Taxes (EDIT) PISCC Amortization			(118,140.13)	Schedule 5A, Line 5
26	Annualized Revenue Requirement			<u>\$ 349,570.45</u>	
27	Number of Bills			14,595,632	Schedule 10, Line 4
28	AMR Cost Recovery Charge			<u>\$ 0.02</u>	Per Customer Per Month

Attachment A
Schedule 2

[illegible]

Attachment A
Schedule 2A

Attachment A
Schedule 2A

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Provision for Depreciation

Attachment A
Schedule 3

Line No.	FERC	Approved 12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19			
Cumulative Plant Additions																	
1	ERT Installation	3820	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14		
2	ERT Purchases	3810	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71		
3	Computer Hardware	3912	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69	2,079,836.69		
4	In House Labor - CCS IT	3990	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80		
5	In House Labor - IT	3030	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46	410,575.46		
6	Computer Software - Purchased	3030	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21	350,000.21		
7	Total		\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01	\$ 90,630,951.01		
Less: Fully Depreciated Plant - Cumulative																	
8	Computer Hardware		\$ (2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)	(2,079,836.69)		
9	In House Labor - IT		(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)	(410,575.46)		
10	Computer Software - Purchased		(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)	(350,000.21)		
11	Total		\$ (2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)	(2,840,412.36)		
Net Depreciable Plant - Cumulative																	
12	ERT Installation		\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14	\$ 36,901,116.14		
13	ERT Purchases		48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71	48,944,461.71		
14	Computer Hardware		-	-	-	-	-	-	-	-	-	-	-	-	-		
15	In House Labor - CCS IT		1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80	1,944,960.80		
16	In House Labor - IT		-	-	-	-	-	-	-	-	-	-	-	-	-		
17	Computer Software - Purchased		-	-	-	-	-	-	-	-	-	-	-	-	-		
18	Total		\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65	\$ 87,790,538.65		
Depreciation Expense																	
		Rate													Current Year	Cumulative	
19	ERT Installation	3.75%	\$ 17,472,753.11	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 115,315.99	\$ 1,383,791.88	\$ 18,856,544.99
20	ERT Purchases	2.84%	24,262,404.22	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	115,835.23	1,390,022.76	25,652,426.98
21	Computer Hardware	20.00%	2,079,836.69	-	-	-	-	-	-	-	-	-	-	-	-	-	2,079,836.69
22	In House Labor - CCS IT	6.67%	1,134,806.82	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	10,810.74	129,728.88	1,264,535.70
23	In House Labor - IT	10.00%	410,575.46	-	-	-	-	-	-	-	-	-	-	-	-	-	410,575.46
24	Computer Software - Purchased	10.00%	350,000.21	-	-	-	-	-	-	-	-	-	-	-	-	-	350,000.21
25	Total		\$ 45,710,376.51	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 241,961.96	\$ 2,903,543.52	\$ 48,613,920.03
26	Cumulative Provision for Depreciation		\$ 45,710,376.51	\$ 45,952,338.47	\$ 46,194,300.43	\$ 46,436,262.39	\$ 46,678,224.35	\$ 46,920,186.31	\$ 47,162,148.27	\$ 47,404,110.23	\$ 47,646,072.19	\$ 47,888,034.15	\$ 48,129,996.11	\$ 48,371,958.07	\$ 48,613,920.03		
27	Cumulative Current Year Activity			\$ 241,961.96	\$ 483,923.92	\$ 725,885.88	\$ 967,847.84	\$ 1,209,809.80	\$ 1,451,771.76	\$ 1,693,733.72	\$ 1,935,695.68	\$ 2,177,657.64	\$ 2,419,619.60	\$ 2,661,581.56	\$ 2,903,543.52		

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Net Regulatory Asset - Post-In-Service Carrying Costs (PISCC)

Attachment A
Schedule 4

Line No.	Approved 12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	Rate Change 05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	Balance at 12/31/19
		(a)	(a)	(a)	(a)									
1	Accumulated Capital Additions													
2	ERT Installation	-	-	-	-	-	-	-	-	-	-	-	-	-
3	ERT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Computer Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-
5	In House Labor - CCS IT	-	-	-	-	-	-	-	-	-	-	-	-	-
6	In House Labor - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Computer Software - Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Accumulated Capital Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Regulatory Asset - Deferrals													
10	ERT Installation	-	-	-	-	-	-	-	-	-	-	-	-	-
11	ERT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Computer Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-
13	In House Labor - CCS IT	-	-	-	-	-	-	-	-	-	-	-	-	-
14	In House Labor - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Computer Software - Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Total Deferrals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Regulatory Asset - Amortization													
18	ERT Installation	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 16,594.61	\$ 199,135.32
19	ERT Purchases	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	24,565.80	294,789.60
20	Computer Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-
21	In House Labor - CCS IT	311.74	311.74	311.74	311.74	311.74	311.74	311.74	311.74	311.74	311.74	311.74	311.74	3,740.88
22	In House Labor - IT	30.89	30.89	30.89	30.89	30.86	30.86	30.86	30.86	30.86	30.86	30.86	30.86	370.44
23	Computer Software - Purchased	26.34	26.34	26.34	26.34	26.31	26.31	26.31	26.31	26.31	26.31	26.31	26.31	315.84
24	Total Amortization	\$ 41,529.38	\$ 41,529.38	\$ 41,529.38	\$ 41,529.38	\$ 41,529.32	\$ 41,529.32	\$ 41,529.32	\$ 41,529.32	\$ 41,529.32	\$ 41,529.32	\$ 41,529.32	\$ 41,529.32	\$ 498,352.08
25	Regulatory Asset - Net Change													
26	ERT Installation	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (16,594.61)	\$ (199,135.32)
27	ERT Purchases	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(24,565.80)	(294,789.60)
28	Computer Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-
29	In House Labor - CCS IT	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(311.74)	(3,740.88)
30	In House Labor - IT	(30.89)	(30.89)	(30.89)	(30.89)	(30.86)	(30.86)	(30.86)	(30.86)	(30.86)	(30.86)	(30.86)	(30.86)	(370.44)
31	Computer Software - Purchased	(26.34)	(26.34)	(26.34)	(26.34)	(26.31)	(26.31)	(26.31)	(26.31)	(26.31)	(26.31)	(26.31)	(26.31)	(315.84)
32	Net	\$ (41,529.38)	\$ (41,529.38)	\$ (41,529.38)	\$ (41,529.38)	\$ (41,529.32)	\$ (41,529.32)	\$ (41,529.32)	\$ (41,529.32)	\$ (41,529.32)	\$ (41,529.32)	\$ (41,529.32)	\$ (41,529.32)	\$ (498,352.08)
33	Cumulative Current Year Activity	\$ (41,529.38)	\$ (83,058.76)	\$ (124,588.14)	\$ (166,117.52)	\$ (207,646.84)	\$ (249,176.16)	\$ (290,705.48)	\$ (332,234.80)	\$ (373,764.12)	\$ (415,293.44)	\$ (456,822.76)	\$ (498,352.08)	
34	Cumulative Net Regulatory Asset													
35	ERT Installation	\$ 1,419,504.96	\$ 1,402,910.35	\$ 1,386,315.74	\$ 1,369,721.13	\$ 1,353,126.52	\$ 1,336,531.91	\$ 1,319,937.30	\$ 1,303,342.69	\$ 1,286,748.08	\$ 1,270,153.47	\$ 1,253,558.86	\$ 1,236,964.25	\$ 1,220,369.64
36	ERT Purchases	2,048,721.82	2,024,156.02	1,999,590.22	1,975,024.42	1,950,458.62	1,925,892.82	1,901,327.02	1,876,761.22	1,852,195.42	1,827,629.62	1,803,063.82	1,778,498.02	1,753,932.22
37	Computer Hardware	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74	2,233.74
38	In House Labor - CCS IT	29,391.14	29,079.40	28,767.66	28,455.92	28,144.18	27,832.44	27,520.70	27,208.96	26,897.22	26,585.48	26,273.74	25,962.00	25,650.26
39	In House Labor - IT	493.79	462.90	432.01	401.12	370.23	339.37	308.51	277.65	246.79	215.93	185.07	154.21	123.35
40	Computer Software - Purchased	420.71	394.37	368.03	341.69	315.35	289.04	262.73	236.42	210.11	183.80	157.49	131.18	104.87
41	Total	\$ 3,500,766.16	\$ 3,459,236.78	\$ 3,417,707.40	\$ 3,376,178.02	\$ 3,334,648.64	\$ 3,293,119.32	\$ 3,251,590.00	\$ 3,210,060.68	\$ 3,168,531.36	\$ 3,127,002.04	\$ 3,085,472.72	\$ 3,043,943.40	\$ 3,002,414.08

(a) Prior year cumulative assets are included in the calculation of PISCC up to the month in which the associated AMR Cost Recovery charge was put into effect.

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Net Deferred Tax Balance - PISCC

Attachment A
Schedule 5

No.		Approved 12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	Balance at 12/31/19													
1	Net Deferred Tax Balance - PISCC																										
2	Beginning Balance	\$	735,160.93	\$	726,439.76	\$	717,718.59	\$	708,997.42	\$	700,276.25	\$	691,555.09	\$	682,833.93	\$	674,112.77	\$	665,391.61	\$	656,670.45	\$	647,949.29	\$	639,228.13		
3	Monthly Activity		(8,721.17)		(8,721.17)		(8,721.17)		(8,721.17)		(8,721.16)		(8,721.16)		(8,721.16)		(8,721.16)		(8,721.16)		(8,721.16)		(8,721.16)		(8,721.15)		
4	Ending Balance	\$	735,160.93	\$	726,439.76	\$	717,718.59	\$	708,997.42	\$	700,276.25	\$	691,555.09	\$	682,833.93	\$	674,112.77	\$	665,391.61	\$	656,670.45	\$	647,949.29	\$	639,228.13	\$	630,506.98
5	Cumulative Current Year Activity		\$	(8,721.17)	\$	(17,442.34)	\$	(26,163.51)	\$	(34,884.68)	\$	(43,605.84)	\$	(52,327.00)	\$	(61,048.16)	\$	(69,769.32)	\$	(78,490.48)	\$	(87,211.64)	\$	(95,932.80)	\$	(104,653.95)	
6	Tax Rate		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		21.00%		
7	Excess Deferred Income Tax (EDIT)																										
8	Reclassification from the Net Deferred Tax Balance	466,653.49	\$	466,653.49	\$	458,875.93	\$	451,098.37	\$	443,320.81	\$	435,543.25	\$	427,765.69	\$	419,988.14	\$	412,210.58	\$	404,433.02	\$	396,655.46	\$	388,877.90	\$	381,100.34	
9	Amortization (Sch. 12A, Line 4)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.55)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.56)		(7,777.55)
10	Ending Balance	\$	466,653.49	\$	458,875.93	\$	451,098.37	\$	443,320.81	\$	435,543.25	\$	427,765.69	\$	419,988.14	\$	412,210.58	\$	404,433.02	\$	396,655.46	\$	388,877.90	\$	381,100.34	\$	373,322.79
11	Cumulative Current Year Activity		\$	(7,777.56)	\$	(15,555.12)	\$	(23,332.68)	\$	(31,110.24)	\$	(38,887.80)	\$	(46,665.35)	\$	(54,442.91)	\$	(62,220.47)	\$	(69,998.03)	\$	(77,775.59)	\$	(85,553.15)	\$	(93,330.70)	

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
PISCC Excess Deferred Income Tax (EDIT) Amortization

Attachment A
Schedule 5A

Line No.	2018	PISCC Deferred Tax		Excess Deferred Income Tax	
		@35%	@21%		
1	Net PISCC Regulatory Asset- December 31, 2017	\$ 3,999,887.08	\$ 3,999,887.08		Schedule 4
2	PISCC Deferred Tax	1,399,960.48	839,976.29	\$ 559,984.19	(a)
3	Amortize over 6 years - 2018-2023			6	(b)
4	PISCC Excess Deferred Income Tax (EDIT) Amortization			<u>\$ 93,330.70</u>	(c=a/b)
5	PISCC EDIT Amortization at (c) Grossed Up for Federal Income Tax			<u>\$ 118,140.13</u>	Sch 1 line 25

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Deferred Income Tax on Liberalized Depreciation

Attachment A
Schedule 6

Line No.	2019	Deferred Tax		Excess Deferred Income Tax	
		ARAM*	@21%		
1	Beginning of Year Timing Difference - Previously Reported	\$ 34,132,711	\$ 34,132,711		
2	Deferred Tax	11,946,449	7,167,869	\$ 4,778,579.48	(a)
3	Beginning EDIT Balance - Revised (Final)			\$ 4,778,705.00	(b)
4	EDIT Adjustment Booked in 2019			\$ 125.52	(c=b-a)
5	End of Year Timing Difference	\$ 33,372,557	\$ 33,372,557		
6	Deferred Tax	11,653,169	7,008,237	\$ 4,644,932.00	(d)
7	Change in Plant Timing Difference	\$ (760,154)			
8	Change in Deferred Income Tax @ 21%		\$ (159,632)		
9	Change in Excess Deferred Income Tax (EDIT)			\$ (133,773.00)	(e=d-b)
10	Total Change in EDIT Amortization Booked in 2019			\$ (133,647.48)	(f=e+c)
11	EDIT Amortization - Grossed Up for Federal Income Tax			\$ (169,174.03)	

**Average Rate Assumption Method*

Note: Tax system reports are rounded.

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Annualized Amortization of PISCC

Attachment A
Schedule 7

Line No.	Description	PISCC Deferrals							(b)		Accumulated Deferrals at 12/31/19
		2008	2009	2010	2011	2012	2013	2014-2019			
1	Regulatory Asset--Deferrals										
2	ERT Installation	\$ 484,140.14	\$ 637,446.79	\$ 517,451.28	\$ 456,006.91	\$ 413,510.10	\$ 10,263.85	\$ -	\$ -	2,518,819.07	
3	ERT Purchases	1,025,594.22	845,624.48	629,317.60	765,792.14	476,810.50	7,999.25	-	-	3,751,138.19	
4	Computer Hardware	26,349.10	33,973.79	21,024.97	26,804.32	11,517.50	-	-	-	119,669.68	
5	In House Labor - CCS IT	-	-	38,452.35	10,758.35	6,930.60	-	-	-	56,141.30	
6	In House Labor - IT	26,186.72	11,119.75	-	-	-	-	-	-	37,306.47	
7	Computer Software - Purchased	20,562.72	9,479.15	-	-	-	-	-	-	30,041.87	
8	Cumulative Total--Deferred PISCC	\$ 1,582,832.90	\$ 1,537,643.96	\$ 1,206,246.20	\$ 1,259,361.72	\$ 908,768.70	\$ 18,263.10	\$ -	\$ -	6,513,116.58	
(a)											
		Annual Amortization of:							Total Annual	Monthly	
9	Amortization Approved in Case #17-2178-GA-RDR	Amortization %	2008 PISCC	2009 PISCC	2010 PISCC	2011 PISCC	2012 PISCC	2013 PISCC	2014-2019 PISCC	Amortization	Amortization
10	Annualized Amortization of PISCC										
11	ERT Installation	6.67%	\$ 43,040.06	\$ 52,798.49	\$ 40,232.99	\$ 33,509.96	\$ 28,869.17	\$ 684.60	\$ -	\$ 199,135.27	\$ 16,594.61
12	ERT Purchases	6.67%	88,698.52	68,556.38	48,171.24	55,705.85	33,124.05	533.55	-	294,789.59	24,565.80
13	Computer Hardware	20.00%	-	-	-	-	-	-	-	-	-
14	In House Labor - CCS IT	6.67%	-	-	2,562.14	716.95	461.84	-	-	3,740.93	311.74
15	In House Labor - IT	10.00%	-	370.73	-	-	-	-	-	370.73	30.89
16	Computer Software - Purchased	10.00%	-	316.03	-	-	-	-	-	316.03	26.34
17	Total -- Annualized PISCC Amortization		\$ 131,738.58	\$ 122,041.63	\$ 90,966.37	\$ 89,932.76	\$ 62,455.06	\$ 1,218.15	\$ -	\$ 498,352.55	\$ 41,529.38
(a)											
		Annual Amortization of:							Total Annual	Monthly	
18	Amortization Approved in Case #18-1558-GA-RDR	Amortization %	2008 PISCC	2009 PISCC	2010 PISCC	2011 PISCC	2012 PISCC	2013 PISCC	2014-2019 PISCC	Amortization	Amortization
19	Annualized Amortization of PISCC										
20	ERT Installation	6.67%	\$ 43,040.06	\$ 52,798.49	\$ 40,232.99	\$ 33,509.96	\$ 28,869.17	\$ 684.60	\$ -	\$ 199,135.27	\$ 16,594.61
21	ERT Purchases	6.67%	88,698.52	68,556.38	48,171.24	55,705.85	33,124.05	533.55	-	294,789.59	24,565.80
22	Computer Hardware	20.00%	-	-	-	-	-	-	-	-	-
23	In House Labor - CCS IT	6.67%	-	-	2,562.14	716.95	461.84	-	-	3,740.93	311.74
24	In House Labor - IT	10.00%	-	370.30	-	-	-	-	-	370.30	30.86
25	Computer Software - Purchased	10.00%	-	315.68	-	-	-	-	-	315.68	26.31
26	Total -- Annualized PISCC Amortization		\$ 131,738.58	\$ 122,040.85	\$ 90,966.37	\$ 89,932.76	\$ 62,455.06	\$ 1,218.15	\$ -	\$ 498,351.77	\$ 41,529.32
(c)											
		Annual Amortization of:							Total Annual		
27	Current Year Calculation	Amortization %	2008 PISCC	2009 PISCC	2010 PISCC	2011 PISCC	2012 PISCC	2013 PISCC	2014-2019 PISCC	Amortization	
28	Annualized Amortization of PISCC										
29	ERT Installation	3.75%	\$ 10,123.02	\$ 14,681.21	\$ 12,707.69	\$ 11,735.02	\$ 11,001.08	\$ 280.11	\$ -	\$ 60,528.13	
30	ERT Purchases	2.84%	13,659.57	12,685.72	10,326.54	13,460.46	8,830.43	154.97	-	59,117.69	
31	Computer Hardware	20.00%	-	-	-	-	-	-	-	-	
32	In House Labor - CCS IT	6.67%	-	-	2,564.71	717.57	462.16	-	-	3,744.44	
33	In House Labor - IT	10.00%	-	-	-	-	-	-	-	-	
34	Computer Software - Purchased	10.00%	-	-	-	-	-	-	-	-	
35	Total -- Annualized PISCC Amortization		\$ 23,782.59	\$ 27,366.93	\$ 25,598.94	\$ 25,913.05	\$ 20,293.67	\$ 435.08	\$ -	\$ 123,390.26	Schedule 1, Line 20

(a) Based on asset lives approved in Case No. 13-1988-GA-AAM

(b) Due to completion of program, no PISCC recorded for calendar years 2014-2019

(c) Based on asset lives approved in Case No. 19-1639-GA-AAM

Schedule 1, Line 20

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Property Tax Expense

Attachment A
Schedule 8

Line No.		Through 12/31/18	2019 Activity	Cumulative Through 12/31/19	
1	Total Plant in Service	\$ 90,630,951.01	\$ -	\$ 90,630,951.01	Schedule 2
2	Retirements	(1,358,891.32)	(339,684.50)	(1,698,575.82)	Schedule 2A
3	Total Plant in Service Less Retirements	\$ 89,272,059.69	\$ (339,684.50)	\$ 88,932,375.19	
4	2018 Effective Rate	1.3344%			
5	Tax on Property Through 12/31/2018 - Expensed in 2019	<u>\$ 1,191,246.36</u>			

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Approved Rate of Return on Rate Base

Attachment A
Schedule 9

Line No.		
1	Capital Structure	
2	Debt	48.66%
3	Equity	51.34%
4	Cost of Capital	
5	Debt	6.50%
6	Equity	10.38%
7	Return on Rate Base	<u>8.49%</u>
8	Return on Rate Base using Pre-Tax Equity	<u>9.91%</u>
		(a)

(a) The Pre-Tax Rate of Return on Rate Base was adjusted to reflect the federal income tax rate of 21% in accordance with the Tax Cuts and Jobs Act.

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO

AUTOMATED METER READING COST RECOVERY CHARGE

CASE NO. 19-1945-GA-RDR

Actual Bills Issued

Twelve Months Ended December 31, 2019

Attachment A
Schedule 10

Line No.	Customer Class	CCS	SBS	Total Bills
1	GSS / ECTS	14,523,453	1,347	14,524,800
2	LVGSS / LVECTS	48,378	2,139	50,517
3	GTS / TSS	12,730	7,585	20,315
4	Total	14,584,561	11,071	14,595,632

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
AUTOMATED METER READING COST RECOVERY CHARGE
CASE NO. 19-1945-GA-RDR
Meter Reading and Call Center O&M Expense

Attachment A
Schedule 11

Line No.		2007 Baseline	2019 Actuals	Variance 2019 Projected vs. 2007 Baseline	Reduction of AMR Revenue Requirement
1	Meter Reading	\$ 8,684,136.64	\$ 1,895,722.68	\$ (6,788,413.96)	\$ (6,788,413.96)
2	Call Center - Restated	19,031,482.22	20,287,981.92	1,256,499.70	-
3	Total	<u>\$ 27,715,618.86</u>	<u>\$ 22,183,704.60</u>	<u>\$ (5,531,914.26)</u>	<u>\$ (6,788,413.96)</u>

ATTACHMENT B

AMR Cost Recovery Charge

A monthly charge of \$0.02 shall be added to the otherwise applicable monthly service charge for all customers receiving service under the following rate schedules to recover the depreciation, incremental property taxes and post in-service carrying charges associated with the installation of automated meter reading (AMR) equipment throughout East Ohio's system:

- a) General Sales Service – Residential
- b) General Sales Service – Nonresidential
- c) Large Volume General Sales Service
- d) Energy Choice Transportation Service – Residential
- e) Energy Choice Transportation Service – Nonresidential
- f) Large Volume Energy Choice Transportation Service
- g) General Transportation Service
- h) Transportation Service for Schools

This Rider is subject to reconciliation or adjustment, including, but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to: (1) the twelve-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission in the docket in which those rates were approved or by the Supreme Court of Ohio; and (2) those implementing the Commission's orders in Case No. 18-47-AU-COI or in any other case ordered by the Commission to address the impacts of federal income tax reform.

Issued:

Effective: With bills rendered on or after

Filed under authority of the Public Utilities Commission of Ohio in Case No. 19-1945-GA-RDR
James E. Eck, Vice President and General Manager

THE EAST OHIO GAS COMPANY

Fourteenth Revised Sheet No. AMR 1
Superseding Thirteenth Revised Sheet No. AMR 1

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AMR Cost Recovery Charge

A monthly charge of \$0.02 shall be added to the otherwise applicable monthly service charge for all customers receiving service under the following rate schedules to recover the depreciation, incremental property taxes and post in-service carrying charges associated with the installation of automated meter reading (AMR) equipment throughout East Ohio's system:

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- a) General Sales Service – Residential
- b) General Sales Service – Nonresidential
- c) Large Volume General Sales Service
- d) Energy Choice Transportation Service – Residential
- e) Energy Choice Transportation Service – Nonresidential
- f) Large Volume Energy Choice Transportation Service
- g) General Transportation Service
- h) Transportation Service for Schools

This Rider is subject to reconciliation or adjustment, including, but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to: (1) the twelve-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission in the docket in which those rates were approved or by the Supreme Court of Ohio; and (2) those implementing the Commission's orders in Case No. 18-47-AU-COI or in any other case ordered by the Commission to address the impacts of federal income tax reform.

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Issued:

Effective: With bills rendered on or after

Filed under authority of the Public Utilities Commission of Ohio in Case No. 19-1945-GA-RDR
James E. Eck, Vice President and General Manager

ATTACHMENT C

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)	
Ohio Gas Company d/b/a Dominion Energy)	
Ohio for Approval of Tariffs to Adjust its)	Case No. 19-1945-GA-RDR
Automated Meter Reading Cost Recovery)	
Charge and Related Matters.)	

**DIRECT TESTIMONY OF LORI S. PARKER
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO**

TABLE OF CONTENTS

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IV.	NOTICE TO MUNICIPALITIES.....	9
V.	CONCLUSION	10

**Direct Testimony of
Lori S. Parker**

I. INTRODUCTION

Q1. Please introduce yourself.

A. My name is Lori S. Parker. I am employed by The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or Company) as a Regulatory Specialist in the Regulatory & Pricing group. My business address is 1201 East 55th Street, Cleveland, Ohio 44103.

Q2. In your capacity as Regulatory Specialist, are you generally familiar with DEO's books and records?

A. Yes. I am responsible for preparing and making a variety of regulatory filings that include financial information derived from DEO's financial records, including the general ledger, annual reports, income statements, and balance sheets.

Q3. Please briefly describe your education and professional experience.

A. I graduated from Missouri State University with a Master of Accountancy degree. Upon graduation, I spent seven years with two public accounting firms, where I provided accounting, auditing, business consulting, and tax services for privately held businesses. During this time, I became a licensed CPA and held positions of increasing responsibility. I've been employed by Dominion Energy for over twelve years, starting as Senior Accountant in our retail gas and electric business. I have also worked as a Senior Financial Analyst in Alternative Energy Solutions and Electric Transmission and as a Senior Controls Specialist in Gas Transmission. In 2020, I joined DEO's Regulatory Affairs department as a Regulatory Specialist. I continue to hold an active CPA license and am a member of the Virginia Society of CPAs.

Q4. Are you familiar with DEO's Application to adjust its Automated Meter Reading (AMR) Cost Recovery Charge?

A. Yes. I supervised and coordinated the preparation of DEO's Application, including the collection of the data and assembly of the schedules supporting the AMR Cost Recovery Charge (AMR Charge), which were submitted as part of DEO's AMR filings.

Q5. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain the adjustment to the AMR Charge set forth in DEO's Application in this case.

II. DESCRIPTION OF APPLICATION

Q6. What change is DEO requesting to the AMR Charge?

A. DEO is requesting a change from the current charge of \$0.25 per applicable customer, per month, to \$0.02 per applicable customer, per month.

Q7. Has DEO reflected any impacts of the Tax Cuts and Jobs Act (TCJA) in this filing?

A. Yes. DEO has recalculated the Pre-Tax Rate of Return to include the federal income tax rate of 21 percent, which became effective January 1, 2018. In addition, the revenue requirement in this filing includes credit adjustments to refund to customers the amount of amortization during 2019 of AMR-related excess deferred income tax (EDIT) on depreciation and post-in-service carrying costs, grossed up for federal income tax, and corresponding reductions of the respective EDIT amounts in the AMR rate base. These tax reform impacts are described further below.

Q8. Please describe the components used to calculate the Annualized Revenue Requirement for the AMR Program.

A. DEO has calculated the AMR Program revenue requirement in a manner consistent with the revenue requirement calculation in the last rate case and in prior annual AMR Charge proceedings, with adjustments to reflect the inclusion in this filing of further impacts of

the TCJA. The formula, shown on Application Attachment A at Schedule 1, is rate base times rate of return plus operating expenses. Each component of the formula is supported by a schedule or schedules.

Q9. Please identify the rate components and schedules that support the calculation of rate base shown on Application Attachment A at Schedule 1.

- A. Rate base consists of the following components: Total Plant In Service shown on Schedule 2; Retirements shown on Schedule 2A; Accumulated Provision for Depreciation shown on Schedule 3; Net Regulatory Asset - Post-in-Service Carrying Costs (PISCC) shown on Schedule 4; Net Deferred Taxes on PISCC shown on Schedule 5; PISCC Excess Deferred Income Tax Amortization on Schedule 5A; Deferred Taxes on Liberalized Depreciation shown on Schedule 6; and Excess Deferred Income Tax on Depreciation shown on Schedule 6.

Q10. Please explain the information set forth on Schedule 2 and how that information is shown on Schedule 1.

- A. Schedule 2 shows the Plant Additions by Month associated with the AMR Program cumulatively and for the year ended December 31, 2019. These Plant Additions represent capital investments by DEO for the purchase and installation of AMR devices on customer meters, associated remote reading devices and equipment and computer software. Because the AMR program was completed in 2012, there are no additional plant investments in 2019. Plant Additions from Schedule 2 appear on Schedule 1 at line 3.

Q11. Please explain the information set forth on Schedule 2A and how that information is shown on Schedule 1.

A. Schedule 2A shows retirements of AMR Program assets, which reduce Plant in Service and Accumulated Depreciation in the rate base. Total retirements from Schedule 2A appear on Schedule 1 at lines 4 and 8.

Q12. Please explain the information set forth on Schedule 3 and how that information is shown on Schedule 1.

A. Schedule 3 shows the Provision for Depreciation associated with the AMR Program cumulatively and for the year ended December 31, 2019. The accumulated Provision for Depreciation, sometimes known as “Accumulated Depreciation,” represents the depreciation expense accumulated since inception of the AMR Program and during the year ended December 31, 2019, on the cumulative AMR Program Plant Additions shown on Schedule 2. The accumulated Provision for Depreciation from Schedule 3 appears on Schedule 1 at line 7 and the incremental depreciation expense for the year ended December 31, 2019, from Schedule 3 appears as Incremental Annual Depreciation Expense on Schedule 1 at line 19.

Q13. Please explain the information set forth on Schedules 4, 5, and 6 and how that information is shown on Schedule 1.

A. Schedule 4 shows the Net Regulatory Asset - Post-in-Service Carrying Costs associated with the AMR Program for the year ended December 31, 2019, and cumulatively. PISCC represents carrying charges calculated at 6.5 percent on cumulative AMR Plant Additions, for which the Commission has authorized cost recovery through the AMR Charge, but for which cost recovery has not yet begun. The 6.5 percent rate is DEO’s cost of long-term debt from the last rate case. The Net Regulatory Asset - PISCC represents

accumulated PISCC net of the amortization of PISCC amounts deferred in prior years.

The Net Regulatory Asset - PISCC from Schedule 4 appears on Schedule 1 at line 11.

Schedule 5 shows the Net Deferred Tax Balance - PISCC associated with the AMR Program for the year ended December 31, 2019, and cumulatively. The Net Deferred Tax Balance - PISCC represents a tax liability resulting from a book versus tax timing difference associated with the recognition of PISCC on AMR Plant Additions.

This schedule was revised in last year's AMR proceeding to reflect accumulated deferred income tax at 21% in accordance with the federal income tax rate change and to separately show the EDIT balance and its amortization. The Net Deferred Tax Balance - PISCC from Schedule 5 appears on Schedule 1 at line 12, and the Excess Deferred Income Tax on PISCC from Schedule 5 appears on Schedule 1 at line 13.

Schedule 5A shows the determination of PISCC Excess Deferred Income Tax (EDIT) Amortization reflected on Schedule 5 and the PISCC EDIT amortization grossed up for federal income tax, which appears on Schedule 1 at line 25.

Schedule 6 shows Deferred Taxes on Liberalized Depreciation associated with the AMR Program for the year ended December 31, 2019, and cumulatively. The Deferred Taxes on Liberalized Depreciation represent the federal income tax liability associated with the difference between depreciation allowed for income tax purposes, which is determined in accordance with tax rules, compared with depreciation calculated for book purposes, which is determined in accordance with accounting rules. Such taxes are calculated based on AMR Plant Additions. The calculation of Deferred Taxes on Liberalized Depreciation on Schedule 6 of this filing includes bonus tax depreciation allowed by law for capital additions in 2008 through 2012. There have been no capital

additions since 2012. This schedule has been simplified to reflect calculations generated by Dominion Energy's tax system of the accumulated deferred income tax balance at 21% in accordance with the TCJA and the EDIT balance, as well as the change in these balances during 2019. The schedule also shows the amount of EDIT amortization for 2019 grossed up for federal income tax.. The Deferred Taxes on Liberalized Depreciation on Schedule 6 is shown on Schedule 1 at line 14 and the Excess Deferred Income Tax (EDIT) on Depreciation on Schedule 6 appears on Schedule 1 at line 15.

Q14. Please identify the schedule that supports the Pre-Tax Rate of Return that DEO applies to the AMR Program rate base shown on Application Attachment A at Schedule 1.

- A. Schedule 9 shows the Return on Rate Base as determined by the Commission in its December 19, 2008 Entry on Rehearing in Case No. 07-829-GA-AIR. The Return on Rate Base using Pre-Tax Equity is calculated using the federal income tax rate of 21 percent in accordance with the TCJA. The Return on Rate Base using Pre-Tax Equity is shown as the Pre-Tax Rate of Return on Schedule 1 at line 17. The Pre-Tax Rate of Return multiplied by the AMR Program rate base on Schedule 1 at line 16 provides the amount of the Annualized Return on Rate Base on Schedule 1 at line 18.

Q15. Please identify the rate components and schedules that support the calculation of Operating Expense shown on Application Attachment A at Schedule 1.

- A. Operating Expense consists of the following rate components: Incremental Annual Depreciation Expense shown on Schedule 3; Annualized Amortization of PISCC shown on Schedule 7; Incremental Annual Property Tax Expense shown on Schedule 8; Reduction in Meter Reading Expense shown on Schedule 11; Reduction in Call Center Expense shown on Schedule 11; Excess Deferred Income Tax (EDIT) Amortization on Schedule 6; and PISCC EDIT Amortization on Schedule 5A.

Q16. Please explain the information set forth on Schedule 7 and how that information is shown on Schedule 1.

- A. Schedule 7 sets forth the Annualized Amortization of PISCC deferred for recovery in prior years and during the year ended December 31, 2019. The Annualized Amortization of PISCC represents the amortization during the twelve-month period the adjusted AMR Charge will be in effect of PISCC accumulated during each year of the AMR Program through December 31, 2019. This amortization spreads each year's accumulated PISCC to expense over the lives of the related assets. The Annualized Amortization of PISCC is shown on Schedule 1 at line 20.

Q17. Please explain the information set forth on Schedule 8 and how that information is shown on Schedule 1.

- A. Schedule 8 sets forth the Incremental Annual Property Tax Expense, which is property tax expense for AMR-related assets net of retirements recognized on DEO's books during the year ended December 31, 2019 and deferred for recovery through the AMR Charge. Property tax expense recognized in any calendar year is based on plant assets as of the preceding year end. As a result, property tax expense incurred in 2019 reflects one year's tax on cumulative AMR Plant Additions as of December 31, 2018. Incremental Annual Property Tax Expense is shown on Schedule 1 at line 21.

Q18. Please explain the information set forth on Schedule 11 and how that information is shown on Schedule 1.

- A. Schedule 11 sets forth the operations-and-maintenance (O&M) expense savings attributable to the AMR program for the year ended December 31, 2019. The Reduction in Meter Reading Expense is determined by measuring the decrease in meter reading expenses incurred during the 2019 program year as compared with the same expenses in the baseline year, which is the calendar year ended December 31, 2007. In 2019, DEO

achieved \$6,788,413.96 in meter-reading O&M expense savings compared to that expense for the 2007 baseline year and despite increases in labor rates and benefit costs that have occurred since 2007. The Reduction in Meter Reading Expense amount for 2019 is shown on Schedule 1 at line 22.

The Reduction in Call Center Expense is determined by comparing call center expenses during the 2019 program year, after the adjustments ordered by the Commission in Case No. 09-1875-GA-UNC to restate call center expenses for non-AMR-related activities since the 2007 baseline year, with call center expenses in the baseline year. The Reduction in Call Center Expense amount for 2019 is shown on Schedule 1 at line 23.

Q19. Has DEO restated its call-center expense in accordance with the 09-1875 Order?

A. Yes. DEO has restated call-center expense using the same methodology in every case since Case No. 09-1875, including this one. This methodology was reviewed in detail with Staff in March 2011 for the filing based on 2010 AMR costs (Case No. 10-2853-GA-RDR).

Q20. Did this methodology result in the recognition of any call-center O&M expense savings this year?

A. No. As shown on Schedule 11, DEO did not experience call-center savings in 2019.

Q21. Please explain the information set forth on Schedule 10 and how that information is shown on Schedule 1.

A. Schedule 10 sets forth the number of Actual Bills Issued through DEO's CCS (low-pressure) and SBS (high-pressure) billing systems during the twelve months ended December 31, 2019, for each of the rate classes to which the AMR Charge is applicable. The total number of bills issued for 2019 is reflected on Schedule 1 at line 27.

Q22. How is the AMR Charge shown on Schedule 1 at line 28 calculated?

- A. The AMR Program Annualized Revenue Requirement on Schedule 1 at line 26 is divided by the total Number of Bills at line 27 to arrive at the AMR Charge shown at line 28.

III. PROGRAM STATUS

Q23. What is the status of the AMR program as of December 31, 2019?

- A. DEO considered the program to be complete as of the end of June 2012. Since that time, DEO has continued and will continue to install AMR devices as needed, but is not seeking recovery of those costs through the AMR Charge. Although there is no further capital investment in the AMR program, DEO will continue to request approval for recovery of PISCC, depreciation, property taxes, and a return on AMR investments until such time as the AMR investments are included in rate base.

Q24. What was the total cost of AMR deployment, and how did that compare to DEO's pre-acceleration estimates?

- A. The total capital investment in the AMR program was \$90,630,951.01. This is approximately \$10 million less than the lowest estimate of the total program cost given when DEO filed its original AMR application.

IV. NOTICE TO MUNICIPALITIES

Q25. Did DEO file a Notice of Intent to File an Application to Adjust its AMR Charge?

- A. Yes, DEO filed its Notice of Intent on November 26, 2019, and served it on every party to its original distribution rate case in Case No. 07-829-GA-AIR.

Q26. Did DEO provide municipalities a notice of its intent to file an Application to Adjust its AMR Charge?

- A. Yes, it did. DEO mailed the notice to mayors and legislative authorities within its service territories on December 2, 2019, which was more than 30 days prior to the end of February.

V. CONCLUSION

Q27. Does this conclude your direct testimony?

A. Yes.

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Summary: Application Application to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters electronically filed by Mr. Christopher T Kennedy on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio