

**FILE**

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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

2008 AUG 22 PM 4:48

**PUCO**

In the Matter of the Application of The East Ohio :  
Gas Company dba Dominion East Ohio for : Case No. 07-829-GA-AIR  
Authority to Increase Rates for its Gas :  
Distribution Service. :

In the Matter of the Application of The East Ohio :  
Gas Company dba Dominion East Ohio for : Case No. 07-830-GA-ALT  
Approval of an Alternative Rate Plan for its Gas :  
Distribution Service. :

In the Matter of the Application of The East Ohio :  
Gas Company dba Dominion East Ohio for : Case No. 07-831-GA-AAM  
Approval to Change Accounting Methods. :

In the Matter of the Application of The East Ohio :  
Gas Company dba Dominion East Ohio for : Case No. 08-169-GA-ALT  
Approval of Tariffs to Recover Certain Costs :  
Associated with a Pipeline Infrastructure :  
Replacement Program Through an Automatic :  
Adjustment Clause, and for Certain Accounting :  
Treatment. :

In the Matter of the Application of The East Ohio :  
Gas Company dba Dominion East Ohio for : Case No. 06-1453-GA-UNC  
Approval of Tariffs to Recover Certain Costs :  
Associated with Automated Meter Reading and :  
for Certain Accounting Treatment. :

**PREFILED TESTIMONY  
OF  
MARCIA RUTHERFORD  
RATES & TARIFFS/ENERGY & WATER DIVISION  
UTILITIES DEPARTMENT  
PUBLIC UTILITIES COMMISSION OF OHIO**

Staff Exhibit \_\_\_\_\_

August 22, 2008

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Technician SM Date Processed 8/25/08

1    **1.    Q.    State your name and address.**

2

3        A.    My name is Marchia Rutherford. My business address is 180 E. Broad  
4            Street, Columbus, Ohio 43266-0573.

5

6    **2.    Q.    By whom are you employed and in what capacity?**

7

8        A.    I am employed by the Public Utilities Commission of Ohio as a Utility  
9            Specialist in the Utilities Department.

10

11   **3.    Q.    Please outline your educational background.**

12

13        A.    I received a Bachelor of Science Degree in Business Administration from  
14            Franklin University, Columbus, Ohio, and received a Master of Business  
15            Administration Degree from Ashland University, Ashland, Ohio.

16

17   **4.    Q.    Please outline your work experience.**

18

19        A.    I came to the Public Utilities Commission in February, 1989 as a Utility  
20            Rate Analyst 2. I have been in my current position as a Utility Specialist 2  
21            for five years. For all 19 years that I have been with the Public Utilities  
22            Commission of Ohio, I have been involved with utility rates and tariff  
23            issues.

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**5. Q. What is the purpose of your testimony?**

A. I will be addressing issues in the Rates and Tariffs section of the Staff Report of Investigation. I will specifically address the following issues: Class Cost of Service Study, Revenue Distribution, Miscellaneous Charges and the Late Payment Charge.

**6. Q. Dominion East Ohio's (DEO) objection #26, objects to Staff's proposed rate of return for the General Transportation Service and Transportation Service for Schools (GTS/TSS), stating the proposed would generate a rate of return that far exceeds those of any other class. How do you wish to respond?**

A. While the company's statement is not incorrect and there is validity in the company's observation, Staff would like to make mention of several important points. The current rate of return for GTS/TSS class is 14.35% and is 3.33 on an index basis when compared to the current overall rate of return of 4.31%. Staff's proposed rate of return produces an index of 1.82 in contrast to the Company's index of 1.47 for this class based on the company proposed overall rate of return of 8.50%. Even though Staff's proposed revenue does not generate a revenue reduction for this class as requested by the company, Staff believes that maintaining the current revenue recovery,

1 thus not assigning any of the revenue increase responsibility to this class is  
2 not unreasonable.

3  
4 **7. Q. Ohio Partners for Affordable Energy (OPAE) objection 9, objects to**  
5 **Staff's acceptance of the peak and average method of allocating costs**  
6 **among the various classes.**

7  
8 A. The objection states that costs should be allocated based on usage alone.  
9 Staff is not sure what is meant by that statement or how the prescribed  
10 method would be applied in allocating costs in the class cost of service. The  
11 average and excess demand method as prescribed in the "Gas Rate  
12 Fundamentals" manual, fourth edition by the American Gas Association  
13 supports the average and excess demand as acceptable methodology. The  
14 proposed rate design is not a result of the average and excess class cost of  
15 service study. The relationship between the proposed rate design and the  
16 class cost of service is that the proposed rates must generate the class total  
17 revenue assigned.

18  
19 **8. Q. Ohio Consumers' Counsel (OCC) objection #3, objects to Staff's**  
20 **acceptance of the class cost of service study (ccoss) failing to require the**  
21 **company to segregate the current General Sales Service (GSS) class into**  
22 **residential and non-residential.**

23

1           A.   OCC's witness Frank Radigan states on page 24 of his testimony that the  
2           ccross is reasonably accurate and that he supports Staff's proposal.  
3           However, where the witness does not agree is Staff's acceptance of the  
4           ccross combining residential and non-residential customers. An issue raised  
5           by Mr. Radigan concerning the group of customers being less homogenous  
6           group is a valid argument. Although Staff did not recommend the  
7           separation of these customers in the ccross, Staff does agree that in a future  
8           rate case the company should perform a ccross analysis separating costs  
9           between these two groups. Absent parties providing alternative studies  
10          which provide detailed information separating costs between the two groups  
11          and without a detailed analysis showing the impact of breaking out these  
12          two groups, Staff recommends that the uniform rates be maintained for both  
13          groups until the company has had an opportunity to perform the necessary  
14          studies.

15  
16    9.    **Q.   DEO's objection #24, Neighborhood Environmental Coalition, The**  
17          **Center of Greater Cleveland, Cleveland Housing Network, The**  
18          **Consumers for Fair Utility Rates and The Legal Aid Society of**  
19          **Cleveland objection #3, objects to Staff's proposed reconnection charge**  
20          **from \$20.00 to \$33.00.**

21

1 DEO's objection #25, objects to Staff recommending approval of the  
2 proposed investigation fee contingent upon additional information provided  
3 by the company in the pending data request response.  
4

5 A. As stated in the staff report, costs associated with collection are incidental  
6 and the company should be able to recover costs that are imposed by  
7 individual customers. The commission staff firmly believes in the cost  
8 causation principle. The company has the right to recover costs that are  
9 incurred when services are being provided or a task has been completed.  
10

11 The objective in utilizing 2,080 hours instead of the 1,638 hours as used by  
12 the company is merely to determine the average hourly rate. It is Staff's  
13 position that the use of 1,638 hours actually overstates the average hourly by  
14 excluding 442 hours. Staff continues to believe the methodology used in  
15 calculating the reconnection charge is more appropriate.  
16

17 In addition, based upon the same principle as stated above, Staff finds that  
18 the investigation fee should be raised to \$112.00 instead of the proposed  
19 \$117.00.  
20

21 **10. Q. OP&E's objection 8, Neighborhood Environmental Coalition, The**  
22 **Center of Greater Cleveland, Cleveland Housing Network, The**  
23 **Consumers for Fair Utility Rates and The Legal Aid Society of**

1           **Cleveland objection #2, objects to Staff's recommending the approval**  
2           **of the 1.5% late payment charge.**

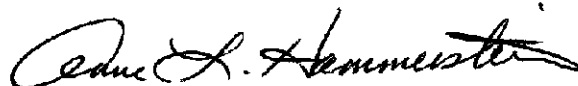
3  
4           A.   Utilities are currently permitted to charge the 1.5% and Staff continues to  
5           find the company's request to be reasonable. The concept of late fees is  
6           common practice and serves as a vehicle in deterring late payments. The  
7           company did not request a rate that is above the current rate recovered by  
8           other utilities and Staff's position remains the same. The application of  
9           dollars associated with the recovery of the 1.5% will be addressed by  
10          witness Soliman.

11  
12   **11.   Q.   Does that conclude your direct testimony?**

13  
14          A.   Yes.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Marcia Rutherford, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 22nd day of August, 2008.



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