

**FILE**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Columbia Gas :  
of Ohio, Inc. for Authority to Amend Filed Tariffs : Case No. 08-72-GA-AIR  
to Increase the Rates and Charges for Gas :  
Distribution Service. :

In the Matter of the Application of Columbia Gas :  
of Ohio, Inc. for Approval of an Alternative Form : Case No. 08-73-GA-ALT  
of Regulation and for a Change in its Rates and :  
Charges. :

In the Matter of the Application of Columbia Gas :  
of Ohio, Inc. for Approval to Change Accounting : Case No. 08-74-GA-AAM  
Methods. :

In the Matter of the Application of Columbia Gas :  
of Ohio, Inc. for Authority to Revise its : Case No. 08-75-GA-AAM  
Depreciation Accrual Rates. :

**PREFILED TESTIMONY  
OF  
PETER K. BAKER**

**RELIABILITY & SERVICE ANALYSIS DIVISION  
SERVICE MONITORING & ENFORCEMENT DEPARTMENT  
PUBLIC UTILITIES COMMISSION OF OHIO**

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

October 9, 2008

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1 1. Q. Please state your name and business address.

2 A. My name is Peter K. Baker. My address is 180 E. Broad Street, Columbus,  
3 Ohio 43215-3793.

4

5 2. Q. By who are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio.

7

8 3. Q. What is your present position with the Public Utilities Commission of Ohio  
9 and what are your duties?

10 A. I am a section chief in the Reliability and Service Analysis Division of the  
11 Service Monitoring and Enforcement Department. My section analyzes  
12 reliability and service quality performance, and enforces reliability, service  
13 quality, and consumer protection rules for electric, gas, and water utilities.  
14 My section also reviews the general terms and conditions in the tariffs of  
15 electric, gas, and water utilities to ensure compliance with consumer pro-  
16 tection rules.

17

18 4. Q. Would you briefly state your educational background and work history?

19 A. I have bachelor's degrees in Psychology (1967) and Philosophy (1971)  
20 from the University of Oklahoma, and a 1987 bachelor's degree in Business  
21 Administration (with major in Accounting) from Franklin University.  
22 From 1972 to 1986, I was employed by Dowell Division of Dow Chemical

1 Company (an oil field service operation later called Dowell Schlumberger)  
2 where I functioned as clerk/dispatcher and administrative assistant. In  
3 1987, I joined the PUCO, where I worked as an analyst and coordinator in  
4 the Performance Analysis Division of the Utilities Department. In  
5 December of 1994, I was promoted to Administrator in the Consumer Ser-  
6 vices Department (now called the Service Monitoring and Enforcement  
7 Department), and assigned to the Compliance Division (now the Facilities  
8 and Operations Field Division). In that organization, I enforced electric,  
9 gas, and telephone service quality, customer service, and consumer protec-  
10 tion rules. In 1997, I was transferred to the Service Quality and Analysis  
11 Division (now called the Reliability and Service Analysis Division), and in  
12 2000, I was promoted to my current position and duties.

13  
14 5. Q. What is the purpose of your testimony in this case?

15 A. My testimony responds to certain objections concerning automated meter  
16 reading (AMR). These include Columbia Gas of Ohio, Inc., (CGO) Objec-  
17 tions 21 through 23 and Appalachian Peoples Action Coalition and Ohio  
18 Partners for Affordable Energy (OPAE) Objections IV and VIII.

19  
20 6. Q. What was CGO's Objection 21?

1 A. CGO objected to Staff's recommendation that CGO use its projected AMR-  
2 related O&M savings to reduce the amount of Rider IRP if actual savings  
3 are less than projected savings.<sup>1</sup>  
4

5 7. Q. Why did Staff make that recommendation?

6 A. CGO has projected an AMR-related O&M savings amount for each of the  
7 years 2011 through 2033.<sup>2</sup> Staff relied on that projection as an important  
8 basis for its recommendation that the Commission approve cost recovery  
9 for the AMR devices through Rider IRP. Also, because the amount of that  
10 rider will be reduced by the AMR-related O&M savings, Staff believes it is  
11 important that CGO be held accountable for the savings that it projected.  
12 Finally, Staff believes such accountability will serve as an incentive for  
13 CGO to actually achieve the projected savings.  
14

15 8. Q. What should occur if the actual savings exceed CGO's projection?

16 A. If actual savings exceed the projected amount, then the higher actual  
17 amount should be used to reduce the amount of Rider IRP.  
18

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<sup>1</sup> CGO Objections at 8.

<sup>2</sup> For projected savings relating to partial AMR deployment, see updated Schedule G-7, Section I, provided in a July 18, 2008 updated response to Staff Data Request 5. For projected savings relating to full AMR deployment, see Attachment LWM-1 to Prepared Supplemental Direct Testimony of Larry W. Martin.

1 9. Q. What should occur if actual savings are less than CGO's projection?

2 A. If actual savings are less than the projected amount, then the higher pro-  
3 jected amount should be used to reduce the amount of Rider IRP.

4  
5 10. Q. What was CGO's Objection 22?

6 A. CGO objected to Staff's recommendation that other O&M savings besides  
7 meter reading savings should be used to reduce the amount of Rider IRP.<sup>3</sup>

8  
9 11. Q. What other savings does Staff have in mind?

10 A. Staff believes that any O&M savings related to gaining access to read  
11 inside meters should be reflected as a reduction to Rider IRP. This would  
12 involve costs for such activities as sending letters, postcards, and other  
13 notices to customers to arrange access to read meters. These costs should  
14 be greatly reduced after CGO installs AMR devices on inside meters and  
15 hard-to-access meters, and Rider IRP should reflect such savings. Staff  
16 believes Rider IRP should also reflect any savings related to CGO's cus-  
17 tomer call center operations. Staff believes that a significant proportion of  
18 CGO's customer call volume relates to billing and meter reading issues due  
19 to inside and hard-to access meters, and that such call volume will be sig-  
20 nificantly reduced after CGO installs AMR devices on these meters. Staff

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<sup>3</sup> CGO Objections at 8.

1           therefore believes Rider IRP should reflect the savings resulting from such  
2           lower call volumes.

3  
4   12.   Q.   How would such savings be calculated?

5           A.   Staff believes CGO could utilize a procedure similar to the one Staff  
6           recommended for calculating meter reading O&M savings.<sup>4</sup> Accordingly,  
7           the pertinent year-ending account balances would be compared with the  
8           corresponding account for the test year in this case. Any resulting reduc-  
9           tion from the test year amount would be considered savings and be used as  
10          an offset when calculating the Rider IRP amount for the ensuing year.

11  
12   13.   Q.   What was CGO Objection 23?

13          A.   This objection responds to Staff's recommendation that CGO submit a  
14          study detailing the net cost of continuing AMR deployment to its full sys-  
15          tem, but on a less aggressive timeframe than the Company proposed in its  
16          partial deployment plan. Instead of submitting that study after the con-  
17          clusion of this case, CGO has elected to file it in supplemental testimony.<sup>5</sup>

18  

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<sup>4</sup>           Staff Report at 30-31.

<sup>5</sup>           See pages 5-7 of Brad Bohrer's Prepared Supplemental Direct Testimony and also pages 6-8 of  
Larry Martin's Prepared Supplemental Direct Testimony.

1 14. Q. What were the results of that study?

2 A. According to the study, CGO estimates that it can deploy AMR technology  
3 to all of its customers over a five-year period, and that the monthly cost to  
4 residential customers would range from about \$0.20 for the first year to a  
5 peak of about \$0.61 for year five, after which it would gradually decrease.  
6

7 15. Q. What are the benefits of full AMR deployment?

8 A. The major benefit is that CGO customers will be able to receive bills based  
9 on actual meter readings every month. By contrast, CGO currently obtains  
10 an actual meter reading every other month and estimates the customer's  
11 usage for the months when there is no meter reading. Receiving an actual  
12 meter reading every month means the customers will receive a more accu-  
13 rate bill, which is important because commodity rates are currently near  
14 historic highs, fluctuate widely, and constitute a high percentage of the  
15 customer's total gas bill.<sup>6</sup> In addition to providing this major benefit to cus-  
16 tomers, full AMR deployment also provides operational benefits. Staff  
17 agrees with Columbia Witness Brad Bohrer's Supplemental Direct Testi-  
18 mony where he lists the following operational benefits of full deployment:<sup>7</sup>

19 ○ Further reductions to meter reading expense;

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<sup>6</sup> This situation also affects many of CGO's Choice customers whose commodity rates fluctuate from month to month.

<sup>7</sup> Brad Bohrer's Prepared Supplemental Direct Testimony at 7.

- Improved employee safety;
- Reduction in meter reading errors; and
- Reduction in billing exceptions.

16. Q. What is CGO's response to the study?

A. As a result of the study, CGO now recommends full AMR deployment over the next five years, and requests recovery of associated costs in Rider IRP.

17. Q. What is the Staff's response to the study?

A. Staff supports full AMR deployment over the next five years with cost recovery through Rider IRP, subject to the conditions stated on Pages 30 and 31 of the Staff Report and as further discussed in my testimony.

18. Q. What was OPAE Objection IV?

A. OPAE objected that Staff should have recommended that CGO modify its tariffs to require monthly meter reading for customers with AMR devices on their meters.<sup>8</sup>

19. Q. How do you respond to this objection?

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<sup>8</sup>

OPAЕ Objections at 5.



1           A.     Staff agrees that CGO should provide monthly meter reading for customers  
2                   on a given meter-reading route as soon as all gas meters on that route are  
3                   equipped with AMR devices. Staff recommends that CGO implement  
4                   AMR deployment on a route-by-route basis and prioritize the deployment  
5                   on those routes with the highest percentage of inside and hard-to-access  
6                   meters.

7  
8   20.   Q.     What is OPAE Objection VIII?

9           A.     OPAЕ objects that AMR cost recovery should be subject to the “used and  
10                  useful” standard.<sup>9</sup>

11  
12   21.   Q.     Does Staff agree with OPAЕ on this point?

13           A.     Yes, it was Staff’s intent that AMR cost recovery be subject to the “used  
14                  and useful” standard.

15  
16   22.   Q.     Does this conclude your testimony?

17           A.     Yes, it does.


18  

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<sup>9</sup>     OPAЕ Objections at 6.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Barbara Bossart, 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 9<sup>th</sup> day of October, 2008.



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