

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 to :
Adjust Its Pipeline : Case No. 09-0458-GA-UNC
Infrastructure Replacement:
Program Cost Recovery :
Charge and Related :
Matters. :

- - -

PROCEEDINGS

before Ms. Christine M. Pirik and Ms. Katie Stenman,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-F,
Columbus, Ohio, called at 10 a.m. on Monday,
October 19, 2009.

- - -

VOLUME II

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

- - -

1 APPEARANCES:

2 Jones Day
3 By Mr. Paul A. Colbert
4 and Mr. Grant W. Garber
5 325 John H. McConnell Boulevard, Suite 600
6 Columbus, Ohio 43215

7 Jones Day
8 By Mr. David A. Kutik
9 901 Lakeside Avenue
10 Cleveland, Ohio 44114-1190

11 On behalf of the Applicant.

12 Richard Cordray,
13 Ohio Attorney General
14 By Duane W. Luckey,
15 Senior Deputy Attorney General
16 Public Utilities Section
17 By Mr. Stephen A. Reilly
18 and Mr. William Wright
19 180 East Broad Street
20 Columbus, Ohio 43215

21 On behalf of the Staff of the PUCO.

22 Janine L. Migden-Ostrander,
23 Ohio Consumers' Counsel
24 By Mr. Joseph P. Serio
25 and Mr. Larry S. Sauer
Assistant Consumers' Counsel
Ten West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential Customers of
Dominion East Ohio.

- - -

INDEX

- - -

Witness	Page
Vicki H. Friscic	
Cross-Examination (Continued) by Mr. Reilly	6
Redirect Examination by Mr. Colbert	14
Recross-Examination by Mr. Sauer	19
Recross-Examination by Mr. Wright	21
Kerry J. Adkins	
Direct Examination by Mr. Wright	34
Cross-Examination by Mr. Mr. Serio	38
Cross-Examination by Mr. Mr. Colbert	40
Ibrahim Soliman	
Direct Examination by Mr. Reilly	154
Cross-Examination by Mr. Sauer	156
Cross-Examination by Mr. Mr. Colbert	161
Redirect Examination by Mr. Reilly	192

- - -

DEO EXHIBITS	ID'D	REC'D
1 Direct Testimony of Vicki H. Friscic	I-122	23
2 Supplemental Direct Testimony of Vicki H. Friscic	I-122	23
4 Direct Testimony of Eric Hall	I-112	29
5 Application filed in Case No. 09-458	I-135	32
6 Notice of Intent to File an Application to Adjust PIR	I-135	32
7 Stipulation and Recommendation, Case No. 08-169	I-135	32
8 Blue Ridge Consulting Services, Inc. Report of Conclusions and Recommendations, Case No. 07-0829	I-135	33
9 Joint Stipulation and Recommendation Case No. 09-0006	41	152

INDEX (Continued)

- - -

DEO EXHIBITS	ID'D	REC'D
10 Stipulation and Recommendation Case Nos. 08-1250 and 08-1251	79	152
11 Natural Gas Companies Annual Report of The East Ohio Gas Company, December 31, 2007	113	153
12 Natural Gas Companies Annual Report of The East Ohio Gas Company, December 31, 2008	113	153
13 Application in Case No. 08-169	I-112	32
14 11-14-08 PUCO Meeting Dominion Pipeline Infrastructure Replacement Program	I-112	32
16 DEO Response to Data Requests Set 1	139	--
17 Staff Report filed in Case No. 08-0072	172	205
18 Blue Ridge Consulting Services, Inc. Report of Conclusions and Recommendations in Case No. 08-0074	172	205
19 Stipulation and Recommendation in Case No. 09-38	182	206

- - -

OCC EXHIBITS	ID'D	REC'D
2 10-2-09 Comments filed by OCC in Case No. 09-458	I-135	32
3 10-15-09 Withdrawal of One OCC Comment in Case No. 09-458	I-135	32
4 Title 18-Conservation of Power and Water Resources	I-154	32
5 Requests for Production of Documents - Request No. 23	I-167	32

INDEX (Continued)

- - -

STAFF EXHIBITS

ID'D REC'D

1 10-2-09 Comments and Recommendations
by Staff in Case No. 09-458

I-135 33

2 6-12-08 Report filed by Staff in
Case No. 08-169

I-135 33

3 5-23-08 Report filed by Staff in
DEO Distribution Rate Case

I-135 33

4 Prefiled Testimony of Kerry J.
Adkins

35 145

5 Prefiled Testimony of
Ibrahim Soliman

154 198

- - -

1 Monday Morning Session,
2 October 19, 2009.

3 - - -

4 EXAMINER PIRIK: We'll go back on the
5 record. This is the continuation of the hearing in
6 09-458-GA-UNC. Ms. Friscic is on the stand, and I
7 believe we are on redirect.

8 MR. COLBERT: No.

9 MR. REILLY: We are on cross.

10 EXAMINER PIRIK: We are on cross, okay.

11 MR. REILLY: Thank you.

12 - - -

13 VICKI H. FRISCIC
14 being previously duly sworn, as prescribed by law,
15 was examined and testified as follows:

16 CROSS-EXAMINATION (Continued)

17 By Mr. Reilly:

18 Q. Good morning, Ms. Friscic.

19 A. Good morning, Mr. Reilly.

20 Q. Friday when we broke up -- well, before
21 we broke up, we were talking about adjustments; do
22 you remember that?

23 A. I do.

24 Q. And as part of that, you had answered the
25 question noting when the company agrees to

1 adjustments or when it's required to make
2 adjustments, they could have an effect on rates. Do
3 you remember that generally?

4 A. Yes.

5 Q. I just wanted to close the loop on that.
6 Are you aware of any situation in which the company
7 has made adjustments on its own to its accounts prior
8 to submitting its rate application schedules, in
9 computing its rate application schedules. I should
10 put it that way.

11 A. I'm not sure I understand the question.

12 Q. Okay. Has the company made adjustments
13 to the amounts shown in its accounts when it makes an
14 application to increase its rates? Have they ever
15 done it, to your knowledge?

16 A. Well, it depends on what types of
17 adjustments you're talking about. In our rate
18 case --

19 Q. Just if you would, any adjustments.

20 A. I know we've made the typical rate case
21 filing type adjustments, however, we did not adjust
22 for those blanket work orders that were closed on a
23 monthly basis in our rate case as you're expecting us
24 to do here.

25 Q. Also when we broke, if I can direct your

1 attention to page 6 of your supplemental testimony,
2 line 23, the sentence beginning on that page and
3 running over to line 2 on page 7 of your supplemental
4 testimony, would you take a quick look at that for
5 me, please?

6 A. Yes.

7 Q. On page 7 of your supplemental testimony
8 in line 1 the word "that" appears. Do you see that?

9 A. Yes.

10 Q. Do you see that word? What does the word
11 "that" refer back to?

12 A. The word "that" is used to say here
13 that --

14 Q. Excuse me. If you could just direct me
15 to the reference for the word "that" as it's used in
16 that sentence.

17 A. Our revenue requirement in this
18 proceeding was calculated similar to the revenue
19 requirement --

20 Q. Excuse me, Ms. Friscic.

21 A. -- revenue requirement in our base rate
22 case.

23 Q. I understand that. But what I'm asking
24 you is the reference for the word "that." As I
25 understand the rules of grammar, that refers back to

1 a word previously used, and I'm asking for the
2 identity of that word.

3 A. It's referring back to the rate base
4 equivalent. I'm saying --

5 Q. Okay.

6 A. -- in this sentence --

7 Q. Thank you, Ms. Friscic. We can move on
8 and talk about depreciation a little bit.

9 EXAMINER PIRIK: Mr. Reilly, could you
10 just be a little bit more patient with the witness.

11 MR. REILLY: I'm sorry.

12 EXAMINER PIRIK: I feel like she's
13 getting cut off a little bit, and it may be confusing
14 for the court reporter.

15 MR. REILLY: I'm sorry, your Honor. She
16 had answered my question --

17 EXAMINER PIRIK: I understand. I'm just
18 asking you to allow her to finish her answers when
19 she's talking.

20 MR. REILLY: Steve, if I could just have
21 a clarification from the Bench.

22 EXAMINER PIRIK: You may proceed,
23 Mr. Reilly.

24 MR. REILLY: Excuse me, I'm sorry?

25 EXAMINER PIRIK: I understand, and if

1 she's not answering the question, ask for a motion to
2 strike and you can ask her to be more precise, but
3 please don't cut her off.

4 MR. REILLY: I will do that, your Honor.

5 Q. (By Mr. Reilly) Excuse me, Ms. Friscic,
6 I'm sorry.

7 If I can direct your attention to your
8 direct testimony filed in this case, and I confess at
9 this point I don't know what the number is.

10 EXAMINER PIRIK: DEO Exhibit 1.

11 MR. REILLY: DEO Exhibit 1.

12 Q. And particularly I'd like to talk about
13 accumulated and annualized depreciation. You're
14 familiar with those terms, correct?

15 A. Correct.

16 Q. And they're discussed generally in your
17 testimony between pages 8 and 12, I believe.

18 A. Yes.

19 Q. Now, as I understand it, and I'm looking
20 particularly at page 8 of your direct testimony,
21 accumulated depreciation, the total of it represents
22 depreciation over a 12-month period between
23 June 30th, 2009 -- July 1st of, in this case 2008,
24 and June 30th of 2009, between the plant -- in total
25 it's computed on the plant in service which would end

1 as of June 30th, 2009; is that correct?

2 A. Actually, the accumulated depreciation
3 is, just to be specific, the depreciation incurred as
4 assets are being capitalized throughout the period
5 that you mentioned.

6 Q. Right.

7 A. July 1st, 2008, through June 30th, 2009.
8 So as the plant assets are recorded, depreciation
9 begins and accumulates during that period.

10 Q. Okay. And the total would be that plant
11 in service on June 30th, 2009, correct?

12 A. The total accumulated depreciation has
13 accumulated during that period and is based on the
14 assets in service by June 30th, 2009.

15 Q. Thank you. You define or you talk about
16 how annualized depreciation is calculated on page 11
17 of your direct testimony, I believe; is that true?

18 A. Yes.

19 Q. And the annualized depreciation is
20 calculated on the plant in service as of June 30th,
21 2009. I believe that's what it says. Is that true?

22 A. Yes.

23 Q. So annualized and accumulated
24 depreciation are computed on the same PIR plant,
25 correct?

1 A. But those two things are different and
2 I'd like to explain. In total an annual level of
3 depreciation expense would include depreciation on
4 the assets during the period of, in this case July,
5 2008, through June 30th, 2009. So as the assets are
6 capitalized, depreciation begins and accumulates. So
7 each year you have depreciation on new additions put
8 into service that year.

9 You also have a full year of depreciation
10 expense on the assets as of the beginning of the
11 period, so together that represents an annual level
12 of expense for the company.

13 MR. REILLY: I'd move to strike
14 everything from "those things are different" on.

15 EXAMINER PIRIK: Motion denied.

16 Q. Back on your supplemental testimony,
17 Ms. Friscic, on page 7, line 3, do you see the phrase
18 "FERC-approved accounting methodology"?

19 A. Yes.

20 Q. Does that phrase, is it referring back to
21 the regulation/guideline that you were talking about
22 earlier in your testimony, 18 CFR section 201?

23 A. Yes, it does, the Uniform System of
24 Accounts that is used for the rate case purposes and
25 for filing our annual reports with the PUCO.

1 Q. Just so I understand you, 18 CFR section
2 201 is part of the Uniform System of Accounts, is it
3 not?

4 A. It is.

5 Q. Okay. Where you used the term
6 "FERC-approved accounting methodology," is that
7 referring back to 18 CFR section 201, or are you
8 talking about something broader?

9 A. I'm talking about something broader but
10 including section 201.

11 MR. REILLY: Thank you, your Honor.

12 Thank you, Ms. Friscic.

13 EXAMINER PIRIK: Okay. We're all done
14 with cross from staff, correct?

15 MR. REILLY: Excuse me?

16 EXAMINER PIRIK: We're all done with
17 cross from staff.

18 MR. REILLY: Yes, thank you, your Honor.

19 EXAMINER PIRIK: Now we are on redirect.

20 MR. COLBERT: Your Honor, if we could
21 take a five-minute break to confer, that would be
22 helpful.

23 EXAMINER PIRIK: I will give you just a
24 couple of minutes because really it should be just on
25 this last line of questioning.

1 MR. COLBERT: That's fine.

2 EXAMINER PIRIK: We will stay right here.

3 MR. COLBERT: Thank you.

4 (Discussion off the record.)

5 EXAMINER PIRIK: Mr. Colbert.

6 MR. COLBERT: Thank you, your Honor, we
7 have just some brief redirect. Thank you.

8 - - -

9 REDIRECT EXAMINATION

10 By Mr. Colbert:

11 Q. Good morning, Ms. Friscic.

12 A. Good morning, Mr. Colbert.

13 Q. Ms. Friscic, do you recall Mr. Sauer on
14 Friday asking questions about the differences between
15 Dominion's PIR program and the main replacement
16 programs of other LDCs, in Duke and Columbia?

17 A. Yes, I do.

18 Q. And are you aware of differences between
19 DEO's PIR program and main line replacement programs
20 offered by those other LDCs?

21 EXAMINER PIRIK: Mr. Colbert, could you
22 speak just a little louder.

23 MR. COLBERT: Sure.

24 EXAMINER PIRIK: It's hard because you're
25 speaking softly.

1 Q. Do you recall or are you aware of
2 differences between Dominion's PIR program and the
3 main line replacement program of Duke and Columbia?

4 A. Yes. The differences that I'm aware of,
5 first with regard to the programs, Dominion East Ohio
6 has more bare steel pipe in its system than any other
7 LDC in the country, and I believe Mr. McNutt
8 testified to that in the rate case proceeding. And
9 Dominion East Ohio also has storage and gathering
10 lines which the other LDCs do not and we have a
11 larger proportion of transmission pipeline than the
12 other LDCs, so there are some inherent differences in
13 our systems.

14 With regard to cost recovery, I do know
15 that Duke did not ask for the, what we're terming
16 incremental depreciation expense which represents the
17 depreciation expense during the program year on new
18 additions and, therefore, they don't have that in
19 their cost recovery. Columbia did ask for that and
20 was granted that with amortization over the life of
21 the asset.

22 We've asked for that and we would like
23 amortization concurrent with the 12-month period that
24 the PIR rate will be in effect, which gives us sooner
25 recovery more closely aligned with the incurrence of

1 that expense.

2 Q. Ms. Friscic, do you recall questions from
3 staff counsel Mr. Reilly about whether Dominion
4 believes it is appropriate for staff to recommend
5 adjustments to DEO's PIR cost recovery charge?

6 A. Yes, I do.

7 MR. REILLY: Objection, I don't believe
8 that -- I think that misstates testimony. I don't
9 think we were talking about whether --

10 EXAMINER PIRIK: I'll overrule the
11 objection and allow you to clarify it on recross.
12 You can clarify it on recross if you prefer. But
13 I'll overrule the objection.

14 Mr. Colbert.

15 MR. COLBERT: Thank you.

16 Q. What type of adjustments does Dominion
17 believe are appropriate to make in this proceeding?

18 A. Well, the adjustments that we've made in
19 this proceeding are to reflect deferral of property
20 taxes and depreciation which are incremental as a
21 result of this program for recovery during the period
22 which the rate is in effect. We have not made
23 adjustments related to blanket work orders just as we
24 did not make those adjustments to plant in our recent
25 rate case.

1 Q. Do you recall being asked questions about
2 the average service life of assets that are reflected
3 in depreciation expense?

4 A. Yes.

5 Q. And is the average service calculated on
6 the basis of all assets within a certain account
7 rather than just those that are being retired?

8 A. Yes, it's all assets in that category of
9 plant, in this case the main lines.

10 Q. And will Dominion provide an updated
11 depreciation study upon filing its next base rate
12 case?

13 A. Yes. At the time we file the base rate
14 case or sooner.

15 Q. And over what time frame did Dominion
16 originally propose to complete its PIR program?

17 A. Twenty-five years.

18 Q. Do you recall Dominion ever indicating
19 the cost savings from the program accruing over any
20 particular period within that 25-year time frame?

21 A. No. In either our application or
22 testimony in the rate case proceeding we did not
23 discuss any anticipated savings or timing of such
24 savings. We did discuss that we anticipate there
25 will be savings, but not the period in which we

1 should expect to see those savings occur.

2 Q. And is it reasonable to expect that large
3 savings would immediately occur as a result of the
4 program?

5 A. No. In this first year of the program
6 East Ohio has replaced or retired only about 3-1/2
7 percent of the pipeline that's in scope for the
8 project or for the program, and so it doesn't make
9 sense yet that we would have significant savings. We
10 expect that to occur as the program goes forward.

11 Q. Okay. And do you remember Mr. Sauer
12 asking you questions about FERC accounting guidance
13 provided for blanket work orders?

14 A. Yes.

15 Q. Ms. Friscic, referring to page 6, line
16 17, of your supplemental direct testimony, Dominion
17 Exhibit 2, based on your experience as an accountant
18 would the word "may" on that line expressly give a
19 utility permission to account for costs in that
20 manner?

21 MR. WRIGHT: Excuse me, your Honor, could
22 I hear the first part of the question reread, please?

23 EXAMINER PIRIK: Yes.

24 (Record read.)

25 A. Yes, I would interpret that to indicate

1 that a utility may, in fact, clear the blanket work
2 orders to plant on a monthly basis.

3 MR. COLBERT: Your Honor, that's all the
4 redirect that we have.

5 EXAMINER PIRIK: Thank you.

6 MR. COLBERT: Thank you.

7 MR. WRIGHT: I have a question
8 maybe -- I'm sorry.

9 EXAMINER PIRIK: That's okay. OCC.

10 MR. SAUER: Yeah, we've got a couple
11 questions.

12 - - -

13 RECROSS-EXAMINATION

14 By Mr. Sauer:

15 Q. Good morning, Ms. Friscic.

16 A. Good morning.

17 Q. Do you recall just recently Mr. Colbert
18 was asking you some questions about incremental
19 depreciation expense?

20 A. Yes.

21 Q. And he asked you a question as to what
22 differences there are in the other LDC programs
23 related to that.

24 A. Yes.

25 Q. And you stated that it's your

1 understanding that Columbia asked for and was granted
2 incremental depreciation over the life of the assets.
3 Is that your understanding?

4 A. I'm not sure that they asked for it, but
5 my understanding is that was what was approved in
6 their case.

7 Q. And is that essentially the adjustment
8 that staff has recommended in this case as well for
9 Dominion East Ohio?

10 A. Yes, that's the adjustment that staff has
11 recommended. Dominion East Ohio has not asked for
12 that. We see no rationale whatsoever for
13 depreciation being spread -- depreciation in and of
14 itself is amortization and to reamortize that, again,
15 over the lives of the assets, quite honestly, does
16 not make sense to us.

17 Q. It's consistent treatment with what was
18 done in the Columbia Gas of Ohio --

19 A. But what was done in Columbia is not
20 consistent with Duke.

21 Q. But, again, Duke didn't ask for
22 incremental depreciation expense.

23 A. That's true, but it's not consistent with
24 what is approved in our -- Dominion Ohio's AMR case.

25 Q. Do you recall Mr. Colbert asked you some

1 questions about savings, baseline savings in --

2 A. Yes.

3 Q. -- DEO's case?

4 A. Uh-huh.

5 Q. Did the company ever state that savings
6 would not occur in years 1 through 5 in application
7 or in testimony?

8 A. Dominion East Ohio did not state that
9 savings would not occur, and in fact we had
10 \$85,000 of savings in this application. There was
11 not discussed any expectation in year one.

12 MR. SAUER: I think that's all I have.

13 EXAMINER PIRIK: Mr. Wright.

14 MR. WRIGHT: Just a couple questions.

15 - - -

16 RECROSS-EXAMINATION

17 By Mr. Wright:

18 Q. Good morning, Ms. Friscic.

19 A. Good morning.

20 Q. Just to carry out, pick up on that line
21 and carry it forward, you used the term in response
22 to a question from Mr. Colbert "significant savings."
23 I believe it was your testimony that you would expect
24 significant savings as the program moves forward,
25 correct?

1 A. Correct.

2 Q. You don't have anything in particular in
3 mind when you use the word "significant," do you?

4 A. No, we don't.

5 Q. Any particular level of savings.

6 A. Correct.

7 Q. And are you disagreeing with the
8 testimony of either Witnesses Hall or Reed who
9 indicated that there is no guarantee of any sort in
10 terms of the level of savings during any time within
11 this program? Do you disagree with that?

12 A. I do not disagree with that. I agreed
13 with what they said.

14 Q. Okay.

15 MR. WRIGHT: That's all I have, thank
16 you.

17 EXAMINER PIRIK: Mr. Reilly?

18 MR. REILLY: We have nothing further,
19 your Honor.

20 EXAMINER PIRIK: Mr. Colbert, with regard
21 to the exhibits.

22 MR. COLBERT: Yes, your Honor. At this
23 time we would move into evidence DEO Exhibits 1 and
24 2, and it was also --

25 MR. SERIO: Your Honor, excuse me. Can

1 we do those one at a time?

2 MR. COLBERT: Sure, I'll stop there.

3 EXAMINER PIRIK: With regard to DEO
4 Exhibit 1, are there any objections?

5 MR. SAUER: No objection.

6 EXAMINER PIRIK: Hearing none, DEO
7 Exhibit 1 shall be admitted into the record.

8 (EXHIBIT ADMITTED INTO EVIDENCE.)

9 EXAMINER PIRIK: With regard to DEO
10 Exhibit 2, are there any objections?

11 Hearing none, DEO Exhibit 2 shall be
12 admitted into the record.

13 (EXHIBIT ADMITTED INTO EVIDENCE.)

14 EXAMINER PIRIK: Next, Mr. Colbert.

15 MR. COLBERT: Yes, your Honor. Your
16 Honor, we would -- well, first, when we left off on
17 Friday, there were still questions about DEO Exhibits
18 3 and 4, I believe. We think it's appropriate to
19 move both of those into evidence. There was no
20 additional cross-exam for either of those witnesses
21 on the exhibit attached to Mr. Reed's testimony in
22 particular.

23 EXAMINER PIRIK: DEO Exhibit 3 has
24 already been admitted. It was DEO Exhibit 4 which
25 was Mr. Hall's testimony.

1 MR. COLBERT: And we would still
2 anticipate using the Black & Veatch report on
3 cross-examination so it might be appropriate to wait
4 for that.

5 EXAMINER PIRIK: I think, though, we're
6 at the conclusion of your case --

7 MR. COLBERT: We are.

8 EXAMINER PIRIK: -- at this point in
9 time. And, yes, we're moving on to cross-examination
10 of staff witnesses, but I think we need to put to
11 rest those documents that are part of your direct
12 case, one of which is Mr. Hall's testimony, and with
13 the reference of the Black & Veatch report in
14 Mr. Hall's testimony the question on Friday was
15 whether or not you wanted that reference to continue
16 in Mr. Hall's testimony, then you need to move the
17 admission of the Black & Veatch report.

18 MR. COLBERT: Your Honor, we would move
19 the admission of the Black & Veatch report. The
20 Black & Veatch report was admitted into the docket in
21 case No. 07-829 at page 236 --

22 EXAMINER PIRIK: Volume II.

23 MR. COLBERT: -- of Volume II of the
24 transcript in that case, and as all of the parties
25 agreed, there was to be no objections to documents

1 that were entered into that case. So we would move
2 the admission of that.

3 MR. SERIO: Your Honor, I do have an
4 objection to that. There's no foundation for the
5 witness relying on the Black & Veatch report.
6 There's no indication that he read the report other
7 than to specify that he took a table out of the
8 report. So he hasn't made any causal link between
9 what was a piece of evidence in the other proceeding
10 and what he wants in this proceeding, and there at
11 least would have to be some causal link established
12 before the witness can just throw something into his
13 testimony that otherwise would be hearsay because
14 he's offering it for the truth of the matter asserted
15 and then get it into the record by simply referencing
16 to it.

17 I mean, he didn't go into what he did
18 with it, he just said I took these numbers from it,
19 and that gives us no background at all. It doesn't
20 put it in any context, and it doesn't give us the
21 opportunity to question the author of the report
22 about what he put into the report to get the numbers
23 that this witness was relying on.

24 EXAMINER PIRIK: Does staff have anything
25 they'd like to say about this?

1 MR. REILLY: No, your Honor.

2 EXAMINER PIRIK: Mr. Colbert.

3 MR. COLBERT: Yes, your Honor. If I may,
4 OCC questioned that witness about Mr. McNutt's
5 testimony and subsequently has cross-examined
6 Ms. Friscic on Mr. McNutt's testimony. The exhibit
7 was offered on redirect of Mr. McNutt in the case
8 below. The issue was -- so the issue was, in fact,
9 raised not only on direct by Mr. Hall, but also on
10 cross-examination in this case.

11 In addition to that, Mr. Hall did testify
12 that the table was accurate and OCC had full
13 opportunity to cross-examine him on the accuracy of
14 the statements in the table. So that testimony is on
15 the record. There also, of course, was the
16 opportunity to cross-examine and, in fact, was taken
17 in the case below that we've all agreed to cite to,
18 so I think that it is proper evidence for admission
19 in this case.

20 EXAMINER PIRIK: I'd like to turn to page
21 4 of Mr. Hall's testimony. Mr. Serio, with regard to
22 the portion of this testimony that you're requesting
23 be stricken for lack of foundation, are you talking
24 about the sentence beginning on line 7 starting at
25 "As DEO pointed out" and ending on line 8 with the

1 "Black and Veatch report"?

2 MR. SERIO: Yes, your Honor.

3 EXAMINER PIRIK: So you're not talking
4 about the page referenced above.

5 MR. SERIO: No, your Honor, he
6 acknowledged direct knowledge to the table. It's the
7 other sentence that there's no foundation for that.

8 EXAMINER PIRIK: Do you have a response
9 to what Mr. Colbert just said?

10 MR. SERIO: Well, other than there is no
11 foundation. I mean, he testified about the leak
12 rates and that's appropriate, but to simply throw in
13 a reference to a report and then require me to
14 cross-examine him on it which would only then
15 establish the connection that he didn't make in the
16 testimony puts me in the position where I have to
17 authenticate a document that he didn't do directly in
18 his testimony.

19 That burden shouldn't be on me, that
20 burden should have been on the witness himself. If
21 he wants that document in his testimony, there should
22 have been some foundation in his testimony for it.

23 EXAMINER PIRIK: Mr. Colbert, do you have
24 any final statement?

25 MR. COLBERT: Well, your Honor, as we

1 discussed at the beginning of the case, this case
2 involves documents in particular relating to two
3 cases below, the 07-829 rate case and the 08-169 PIR
4 case. There was a general agreement among the
5 parties not to object to the admission of documents
6 submitted in that case. This particular document has
7 a significant amount of information concerning leak
8 rates and prioritization of the program and other
9 information that we certainly believe is helpful to
10 the Commission in determining the outcome of this
11 case and we think it's appropriate to be referred to.

12 So given the agreement of the parties, we
13 think it ought to be admitted. If for some reason
14 it's not going to be admitted, we would certainly ask
15 the Bench to take administrative notice of it.

16 EXAMINER PIRIK: I understand where the
17 company is coming from, Mr. Colbert, with regard to
18 this sentence that's in Mr. Hall's testimony, but
19 there was no foundation laid for this document as
20 part of his testimony, and yes, we did discuss and
21 the Bench worked with the parties to find a way to
22 have documents that are in the distribution rate case
23 be brought into this record as exhibits, but I don't
24 see how Mr. Hall's testimony and this reference to
25 the Black & Veatch report in his testimony can remain

1 within Mr. Hall's testimony.

2 Perhaps there is a way on
3 cross-examination, as you said, you intend on
4 bringing it up on cross-examination and we can see
5 where that goes from there, but at this point in time
6 I'm going to grant the motion to strike the sentence
7 beginning with "As DEO pointed out" beginning on line
8 7 of page 4 of Mr. Hall's testimony and ending on
9 line 8 with the words "Black & Veatch report." That
10 will be stricken from Mr. Hall's testimony.

11 With that ruling, are there any other
12 objections to Mr. Hall's testimony being admitted?

13 Hearing none, with that one exception
14 Mr. Hall's testimony will be admitted onto the
15 record.

16 (EXHIBIT ADMITTED INTO EVIDENCE.)

17 EXAMINER PIRIK: I need to go back for
18 just a minute to Ms. Friscic, it's already been
19 admitted into the record, but I need a clarification
20 to the reference in your original testimony, DEO
21 Exhibit 1, on page 6, the first line of answer 13,
22 the cite at the end of that sentence, is page 19 the
23 correct page?

24 THE WITNESS: No, page 19 is not the
25 correct page. I believe it should be 9.

1 MR. REILLY: I apologize. Can you go
2 over the page numbers again?

3 EXAMINER PIRIK: I went kind of fast
4 there. Page 6 of the original testimony, the cite at
5 the end of the first line for answer 13, it should be
6 a reference paragraph 5 on page 9 and not 19. Do you
7 see that?

8 MR. REILLY: I'm completely lost. Page
9 6, line --

10 EXAMINER PIRIK: Well, there's no numbers
11 but it's the first line of answer 13, the very end of
12 the line.

13 MR. REILLY: This is page 6 of staff's
14 recommendation, No. 3 is inconsistent --

15 EXAMINER PIRIK: We'll go off the record.

16 (Discussion off the record.)

17 (Witness excused.)

18 EXAMINER PIRIK: We'll go back on the
19 record.

20 MR. COLBERT: Your Honor, I think now is
21 an appropriate time to admit DEO Exhibit 5, which is
22 the application to adjust the pipeline infrastructure
23 replacement program cost recovery charge in Case No.
24 09-458; DEO Exhibit No. 6, the notice of intent to
25 file an application to adjust pipeline infrastructure

1 replacement program cost recovery charge also in Case
2 No. 09-458; the stipulation and recommendation which
3 is DEO Exhibit No. 7, that is from Case 08-169; DEO
4 Exhibit 13 which is the application in case
5 08-169-GA-ALT to establish the PIR charge; and I
6 think DEO Exhibit No. 14 which is the November, 2008,
7 packet that we discussed, and we do have full copies
8 of that for all of the parties.

9 EXAMINER PIRIK: Excellent.

10 MR. REILLY: I'm sorry, again DEO Exhibit
11 14 is what?

12 MR. COLBERT: That's the report that we
13 were asked to produce the entirety of on Friday, the
14 November 14th, 2008, report that was part of the
15 meeting.

16 MR. REILLY: Oh the meeting thing, right.

17 MR. COLBERT: And then as your Honor
18 mentioned, it might also be appropriate to introduce
19 certain OCC and staff exhibits dealing with the
20 various comments and reports as well.

21 EXAMINER PIRIK: Okay. With regard to
22 DEO Exhibit 5, Exhibit 6, Exhibit 7, Exhibit 13, and
23 Exhibit 14, are there any objections?

24 Hearing none, those exhibits shall be
25 admitted into the record.

1 (EXHIBITS ADMITTED INTO EVIDENCE.)

2 EXAMINER PIRIK: I'll turn now to OCC
3 with regard to the outstanding exhibits that are
4 pending for OCC.

5 MR. SAUER: Yes, your Honor. Thank you.
6 I think OCC Exhibit 2 which were the comments that
7 were filed in this case on I believe October 2nd, and
8 OCC Exhibit 3 which was the withdrawal of one comment
9 that was filed in this case on October 15th, and then
10 OCC Exhibit 4 which was the CFR -- title 18 CFR part
11 201, the system of accounts document, and OCC Exhibit
12 5 which was the request to produce No. 23. I think
13 those are the only outstanding OCC documents that
14 haven't been admitted.

15 EXAMINER PIRIK: Are there any objections
16 to these OCC documents?

17 Hearing none, they shall be admitted into
18 the record.

19 (EXHIBITS ADMITTED INTO EVIDENCE.)

20 EXAMINER PIRIK: Turning to staff.

21 MR. REILLY: Your Honor, we would move as
22 Staff Exhibit No. 1 the comments and recommendations
23 that staff submitted in this Case 09-458. We would
24 also move as Staff Exhibit 2 the Staff Report that
25 was filed in 08-169, the case below this case, and as

1 Staff Exhibit No. 3 the Staff Report filed in
2 Dominion's rate case, 07-829. I believe that's it.

3 EXAMINER PIRIK: Are there any objections
4 to these documents being admitted?

5 Hearing none, Staff exhibits shall be
6 admitted into the record.

7 (EXHIBITS ADMITTED INTO EVIDENCE.)

8 MR. COLBERT: Your Honor, one more item
9 perhaps.

10 EXAMINER PIRIK: Yes.

11 MR. COLBERT: DEO Exhibit 8, which is the
12 Blue Ridge Consulting Services report in the
13 underlying rate case, it might be appropriate to
14 admit that now given that the Staff Report is coming
15 in. It's the other -- essentially it's the tandem
16 side of the Staff Report.

17 EXAMINER PIRIK: Are there any objections
18 to the Blue Ridge report, DEO Exhibit 8, coming into
19 the record?

20 MR. REILLY: No.

21 EXAMINER PIRIK: Hearing none, it shall
22 be admitted into the record.

23 (EXHIBIT ADMITTED INTO EVIDENCE.)

24 EXAMINER PIRIK: Does that conclude your
25 case, Mr. Colbert?

1 MR. COLBERT: That does conclude our
2 case, your Honor.

3 EXAMINER PIRIK: Turning to the next
4 witness, I believe is a staff witness.

5 MR. WRIGHT: It is, your Honor, we would
6 call Kerry Adkins to the stand at this time, please.

7 EXAMINER PIRIK: Please raise your right
8 hand.

9 (Witness sworn.)

10 - - -

11 KERRY J. ADKINS
12 being first duly sworn, as prescribed by law, was
13 examined and testified as follows:

14 DIRECT EXAMINATION

15 By Mr. Wright:

16 Q. Good morning, Mr. Adkins, how are you
17 this morning?

18 A. I'm well, thank you. How are you,
19 Mr. Wright?

20 Q. I'm fine, thanks. Would you please state
21 your name for the record.

22 A. Kerry Adkins.

23 Q. Mr. Adkins, you're employed by the Public
24 Utilities Commission?

25 A. That is correct.

1 Q. And in what capacity?

2 A. I am a public utilities administrator in
3 the utilities department, accounting and electricity
4 division.

5 Q. Have you prepared testimony for this
6 case?

7 A. I have.

8 MR. WRIGHT: Your Honor, I would like to
9 have marked as Staff Exhibit No. 4 prefiled testimony
10 of Kerry Adkins filed on October 14, 2009.

11 EXAMINER PIRIK: The document is so
12 marked.

13 MR. WRIGHT: Thank you.

14 (EXHIBIT MARKED FOR IDENTIFICATION.)

15 Q. Mr. Adkins, do you have in front of you
16 what we have just marked as Staff Exhibit No. 4?

17 A. Yes.

18 Q. And is that, in fact, the prefiled
19 testimony you prepared and submitted in this case?

20 A. Yes.

21 Q. Do you have any corrections or changes to
22 that testimony this morning?

23 A. I do.

24 Q. Could you identify those slowly and one
25 by one, please.

1 A. I apologize, your Honors, there are no
2 line numbers here, I will be as complete as I can
3 describing the changes.

4 On page 4 in what is the, I guess
5 continuation of question and answer No. 8, at the
6 very bottom -- I'm sorry, the bottom of the paragraph
7 starting with the words "In the Staff Report," it's
8 the last two sentences of that paragraph, it should
9 all be stricken. It repeats the preceding two
10 sentences.

11 Also on page 6, in the question No. 12,
12 after the -- at the very bottom of the question
13 there's the parenthetical statement "Supplemental
14 Testimony." At the end of the parentheses I'd like
15 to add a period and capitalize the letter H in the
16 word "how" to make that a separate, stand-alone
17 sentence.

18 And then on page 9 at the very top of the
19 page there's another parenthetical statement that
20 says "Application at 10-11," and there's a semicolon.
21 I'd like to strike the words "emphasis supplied."
22 There is no emphasis supplied in the preceding
23 sentence. And that's all, your Honor.

24 EXAMINER PIRIK: Okay.

25 Q. Does that constitute the entirety of your

1 changes, Mr. Adkins?

2 A. It does.

3 Q. With those changes do you, as you sit on
4 the stand today, do you adopt the answers --
5 questions and answers that appear in your testimony?

6 A. I do.

7 MR. WRIGHT: Your Honor, Mr. Adkins is
8 available for cross-examination.

9 EXAMINER PIRIK: Thank you. I'm not sure
10 who of the company is -- Mr. Colbert?

11 MR. COLBERT: That's fine, your Honor.

12 MR. WRIGHT: Paul, again, I'd ask you to
13 keep your voice up.

14 MR. COLBERT: Yes, I'll keep my voice up.

15 MR. SERIO: Your Honor, in all fairness I
16 had a couple of questions and it probably would make
17 sense for us to go before the company.

18 EXAMINER PIRIK: You're not inferring
19 that you're going to be doing friendly cross, are
20 you?

21 MR. SERIO: You know, I'm trying to
22 clarify some statements here. How they're taken is
23 going to be how they're taken.

24 EXAMINER PIRIK: Thank you, Mr. Serio.
25 We'll allow Mr. Serio to go first.

1 MR. SERIO: Thank you.

2 - - -

3 CROSS-EXAMINATION

4 By Mr. Serio:

5 Q. Good morning, Mr. Adkins.

6 A. Good morning.

7 Q. Would you turn to page 11 of your
8 testimony. And I'd like to look at the answer at the
9 top of the page, the last sentence that begins
10 "Additionally." Do you see that?

11 A. I do.

12 Q. First, can you identify the other Ohio
13 LDCs that you're referring to there?

14 A. Essentially we're talking about Duke.

15 Q. And Duke being Duke Energy that provides
16 natural gas service in the Cincinnati general area?

17 A. That is correct.

18 Q. Now, when you say "more significant cost
19 savings earlier and based upon smaller investment,"
20 when you compared savings, were you referencing the
21 \$85,000 in this proceeding that the company has
22 provided in its application?

23 A. Yes.

24 Q. And to the extent that you indicated more
25 savings for Duke, what specific dollar amount were

1 you referring to?

2 A. In the company's original application in
3 the PIR case the company --

4 Q. Excuse me, the company being Dominion
5 East Ohio?

6 A. Yeah, I'm sorry, Dominion East Ohio in
7 its original PIR application noted that, that was a
8 paragraph in there that discussed that Duke had
9 achieved 8.5 million -- approximately \$8.5 million of
10 savings which would have been over the first five
11 years of Duke's program.

12 Here we're talking about numbers and --
13 that average out to well over a million dollars as
14 well in savings. Here we're talking about \$85,000
15 with \$90 million in capital additions.

16 Q. Now, the \$90 million figure that's in the
17 last line of that answer, my understanding is that
18 that's what you're looking at as the investment that
19 Dominion made in the current PIR proceeding, correct?

20 A. That's correct.

21 Q. And it's your testimony, then, that Duke
22 made smaller annual investments than that
23 \$90 million?

24 A. At least in the first year. I'm sorry,
25 the first -- in Duke's first AMR, what they called

1 AMRP application, they made capital additions of
2 approximately \$56 million and they achieved savings
3 slightly greater than \$1 million.

4 MR. SERIO: That's all I have, your
5 Honor, thank you.

6 EXAMINER PIRIK: Thank you.

7 Mr. Colbert.

8 MR. COLBERT: Thank you, your Honor.

9 - - -

10 CROSS-EXAMINATION

11 By Mr. Colbert:

12 Q. Good morning, Mr. Adkins.

13 A. Good morning, Mr. Colbert.

14 Q. Mr. Adkins, just to continue for a second
15 with the line of questioning that Mr. Serio just
16 concluded, you had indicated that on page 11 there
17 you were talking about Duke; is that correct?

18 A. That is correct.

19 Q. Okay. But it says "other Ohio LDCs," is
20 that correct? It doesn't specify Duke in the
21 testimony.

22 A. It says other Ohio LDCs.

23 Q. And there is another Ohio LDC besides
24 Dominion and Duke that has an AMRP or PIR program; is
25 that correct?

1 A. There are two other LDCs.

2 Q. There are two others, okay. At least one
3 of those is Columbia Gas of Ohio; is that right?

4 A. That is correct.

5 MR. COLBERT: Your Honor, may I approach?

6 EXAMINER PIRIK: Yes.

7 MR. COLBERT: Thank you. Your Honor, we
8 would mark this as Dominion Exhibit 9. This is the
9 stipulation -- joint stipulation and recommendation
10 in the Columbia Gas case, Case No. 09-0006-GA-UNC.

11 EXAMINER PIRIK: The document will be so
12 marked.

13 MR. COLBERT: Thank you.

14 (EXHIBIT MARKED FOR IDENTIFICATION.)

15 Q. Now, Mr. Adkins, would you please turn to
16 page 5 of this stipulation. Do you see that?

17 A. I'm at page 5.

18 Q. And this is a stipulation and
19 recommendation that was entered into by, among
20 others, the staff, correct?

21 A. The staff is a signatory party.

22 Q. Okay. And, Mr. Adkins, would you please
23 turn, it is the first page after a document entitled
24 Stipulation Attachment 2, it's marked Schedule
25 AMRP-1.

1 MR. WRIGHT: Paul, excuse me. Where are
2 you? I missed something.

3 MR. COLBERT: Sure.

4 MR. WRIGHT: Which page?

5 MR. COLBERT: It's the first page after
6 Stipulation Attachment 2.

7 Q. Now, Mr. Adkins, would you please turn
8 your attention to line 28 of Schedule AMRP-1.

9 A. I'm there.

10 MR. WRIGHT: Your Honor, I would like to
11 at least note an objection, perhaps a continuing one.
12 We have no foundation that's been laid with respect
13 to this document and this witness's familiarity with
14 this document. I suppose if there are things in this
15 document Mr. Colbert wishes to argue about, he can do
16 so on brief. But at a minimum I think there needs to
17 be some connection of this witness with this case and
18 this document in particular.

19 MR. COLBERT: Well, your Honor, two
20 points. One, we can certainly go through the
21 exercise of seeing whether Mr. Adkins is personally
22 familiar with the stipulation in this case.
23 Regardless, it's proper to offer this to rebut his
24 direct testimony. His direct testimony mentioned
25 other Ohio LDCs, it was not specific to Duke, and he

1 is testifying other LDCs had more savings. That
2 simply isn't true. And, in fact, staff agreed, as
3 this document plainly shows, to a stipulation with
4 another LDC with zero savings.

5 So regardless of his familiarity with
6 this document, when he wrote his testimony and made
7 it an issue, it becomes proper to introduce.

8 EXAMINER PIRIK: I do understand that,
9 Mr. Colbert. I am interested in whether this
10 witness, there is a foundation as far as his
11 knowledge of this stipulation, so I think we do need
12 to go through that exercise to clarify the record.

13 MR. COLBERT: Sure. Thank you, your
14 Honor.

15 Q. (By Mr. Colbert) Mr. Adkins, are you
16 aware that Columbia Gas of Ohio has had a case to
17 establish a rate adjustment in its AMRP?

18 A. Yes, generally aware.

19 Q. You're generally aware. And are you
20 generally aware that the staff settled that case?

21 A. Yes.

22 Q. And in looking at the front page of this
23 document can you identify whether this is, in fact,
24 the stipulation and recommendation in the Columbia
25 case, and I would -- besides the case number I would

1 direct your attention to the docketing stamp.

2 A. That's what I would have said, judging by
3 the docketing stamp it appears to be a stipulation
4 and recommendation, whether that's all of them or any
5 amendments or any changes to this document, I'm not
6 aware.

7 Q. Fair enough. But this appears to be a
8 stipulation in the Columbia case.

9 A. That was docketed on June 2nd, 2009.

10 Q. Okay. And you're generally familiar with
11 those types of documents, you would recognize
12 generally documents docketed at the Commission.

13 A. That's correct.

14 Q. And you are employed as a member of staff
15 that ultimately then, as we discussed earlier, signed
16 this stipulation, correct?

17 A. I am a member of staff, but I had no
18 involvement in this case whatsoever.

19 Q. That was going to be my next question is
20 whether you were involved in this particular case.

21 You had no direct involvement in this
22 case?

23 A. I had no involvement at all.

24 Q. But you were aware that the case was
25 going on.

1 A. I was aware, yes.

2 Q. Okay. Mr. Adkins, you are familiar with
3 generally Schedule AIs in rate cases.

4 A. Very generally. I've not actually worked
5 a rate case in this context.

6 Q. You can identify a schedule that shows a
7 revenue requirement?

8 A. If asked to identify the schedule, I
9 could probably say, yes, this is a Schedule A.

10 Q. Okay. And would you turn back, please,
11 to that AMRP-1.

12 MR. WRIGHT: Paul, are we back to the
13 original page you were questioning from?

14 MR. COLBERT: Yes, we're back to the
15 original page.

16 MR. WRIGHT: Okay.

17 MR. COLBERT: Thank you.

18 Q. And is this generally the type of
19 schedule that you would expect to find for a
20 calculation of revenue requirement?

21 MR. WRIGHT: Your Honor, I would like to
22 again note a continuing objection. I know where
23 we're headed. The witness has identified he had no
24 involvement in this case, he generally knows what
25 stipulations look like, he would have had no -- he

1 would have not participated in the preparation of
2 this document and I think it's improper to be asking
3 him questions about it.

4 If the company wants to cite it for some
5 reason, that's fine, but it's not incumbent or even
6 proper for this witness to authenticate a document
7 that he didn't produce, was not produced under his
8 direction, was involved in a case that he had no
9 participation in whatsoever.

10 EXAMINER PIRIK: I do understand your
11 objection, it will be noted for the record, however,
12 the witness does reference other LDCs in his
13 testimony and I do understand --

14 MR. WRIGHT: And he's explained what he
15 meant by that.

16 EXAMINER PIRIK: Excuse me, Mr. Wright,
17 and he explained he had no involvement in the
18 Columbia case. I think the witness can answer to the
19 best of his ability. If he, obviously, had no
20 involvement in this attachment, he has already stated
21 that, and to the best of his ability if he
22 understands what a line number reference is or what
23 it is, then I will allow him to answer the question.
24 But your objection is noted for the record.

25 MR. WRIGHT: Could I ask for a

1 clarification on your Honor's ruling, then. To say,
2 to note that a number is on a particular line is
3 fine, but he's not testifying as to how the number
4 was derived or anything else.

5 EXAMINER PIRIK: I believe this witness
6 has already said he had no involvement in this case.

7 MR. WRIGHT: Okay.

8 EXAMINER PIRIK: And he clarified the
9 record for that.

10 MR. WRIGHT: Thank you.

11 EXAMINER PIRIK: Mr. Colbert.

12 MR. COLBERT: Thank you, your Honor.

13 Q. (By Mr. Colbert) Mr. Adkins, I wasn't
14 going to ask you how the numbers were derived, but
15 can you please confirm for the record that on line 28
16 marked "Operation & Maintenance Savings" there are no
17 savings in the Columbia stipulation and in particular
18 on the document marked Schedule AMRP-1; is that
19 correct?

20 A. I can say that the line you're
21 referencing has a dash both for activity through
22 December 31, 2008, and a total as of December 31,
23 2008. There are dashes in those columns.

24 Q. Okay. Just one last question about this
25 document. On the line above it, line 27, it does

1 show that there are Operation & Maintenance Expenses
2 associated with the calculation of the revenue
3 requirement; is that a fair reading?

4 A. There are numbers in those columns.

5 Q. Thank you. Mr. Adkins, yesterday
6 during -- or, I'm sorry, on Friday when we started
7 the hearing, we passed out some notebooks with
8 various documents in them. We're going to be
9 referring to a number of those documents. Do you
10 have one of those notebooks?

11 A. I do not.

12 MR. COLBERT: Your Honor, may I approach?

13 EXAMINER PIRIK: Yes.

14 MR. COLBERT: Thank you.

15 MR. WRIGHT: This is the same thing you
16 handed out the other day.

17 MR. COLBERT: Yes, the very same thing,
18 many but not all of the documents we will be
19 referring to are in there so I thought it might be
20 helpful for Kerry to have them.

21 MR. WRIGHT: You won't be referring to
22 any -- okay.

23 MR. COLBERT: If we do, we'll pass it out
24 to everyone.

25 MR. WRIGHT: I gotcha.

1 Q. (By Mr. Colbert) Thank you, Mr. Adkins.
2 Can you please turn to tab 5 at page 3 and
3 specifically paragraph 3A starting at the bottom of
4 the page. This is of the stipulation and
5 recommendation.

6 EXAMINER PIRIK: I know this may be
7 difficult, but are you going to name them as
8 exhibits?

9 MR. COLBERT: I was going to name the
10 exhibit number.

11 EXAMINER PIRIK: Excellent.

12 MR. COLBERT: I just hadn't gotten there
13 yet.

14 MR. WRIGHT: Paul, did you say tab 5?

15 MR. COLBERT: I'm sorry, tab 9. My
16 fault.

17 MR. WRIGHT: And could you give me the
18 page reference again, please?

19 MR. COLBERT: Yes, it's page 3 of tab 9
20 at the bottom of the page, it's paragraph 3A.

21 And, your Honor, this is DEO Exhibit 7.

22 Q. (By Mr. Colbert) Are you there,
23 Mr. Adkins?

24 A. You were referencing paragraph numbered
25 3; is that correct?

1 Q. 3A.

2 A. 3A, I am there.

3 Q. Okay. And, Mr. Adkins, paragraph 3A
4 reads "Unless otherwise specifically provided for in
5 this stipulation and recommendation, all rates,
6 conditions, and any other items shall be treated in
7 accordance with the Staff Reports. If any proposed
8 rates, terms, conditions, or other items set forth in
9 the Company's Application are not addressed in the
10 Staff Reports, the proposed rate, term, condition, or
11 other item shall be treated in accordance with the
12 applicable Application filed in these consolidated
13 proceedings."

14 Have I read that correctly?

15 A. Yes.

16 Q. So, Mr. Adkins, in other words, paragraph
17 3A of the stipulation means that the terms of the
18 stipulation govern treatment of a particular item
19 including items related to the PIR cost recovery
20 charge; is that correct? Is that fair?

21 MR. SERIO: Objection. We haven't
22 established that Mr. Adkins is an expert or has a
23 legal background to testify as to his understanding
24 of the stipulation and there's no foundation with
25 this witness and this document either, your Honor.

1 MR. COLBERT: Excuse me, your Honor. I'm
2 not asking for a legal opinion as to, you know, what
3 this document controls from a legal standpoint. I'm
4 asking for this witness's lay interpretation of the
5 language in a stipulation without regard to the
6 Commission's order in the case or anything else.
7 This was a stipulation signed by staff that's
8 referred to, I believe, in the witness's testimony
9 and in which the witness has said that various items
10 such as O&M expenses, you know, were not agreed to by
11 the parties.

12 EXAMINER PIRIK: I'll allow the question.
13 I think we do need to clarify the record as to
14 whether this witness was involved in this case in
15 particular.

16 MR. COLBERT: Fair enough.

17 Q. Mr. Adkins, are you familiar with this
18 stipulation and recommendation?

19 A. I was not -- I was not a staff member
20 that was assigned to work this case, but I mean this
21 particular stipulation, I was not involved in that
22 case.

23 Q. I'm not asking whether you were involved
24 in the case. I'm asking whether you're familiar with
25 the stipulation and recommendation.

1 A. I've read it.

2 Q. Okay. Thank you.

3 And, in fact, you read it in part to
4 prepare your testimony for this case; did you not?

5 A. I did.

6 Q. So now what we're trying to establish now
7 in this particular part is sort of -- well, not sort
8 of, it is the order of priority of different
9 documents as to how they affect the calculation of
10 the PIR cost recovery charge in this proceeding. So
11 based on the paragraph that I just read, is it fair
12 to say that the stipulation among the parties is the
13 governing or controlling document in the first
14 instance as to how the PIR cost recovery charge is to
15 be calculated?

16 MR. SERIO: Objection.

17 EXAMINER PIRIK: Objection overruled.

18 MR. REILLY: Excuse me, your Honor, point
19 of clarification.

20 EXAMINER PIRIK: Yes.

21 MR. REILLY: I would suggest on the PIR
22 recovery charge how it should be calculated is a
23 matter of the Commission order. It is a matter of
24 the Commission order, it is not a matter of the --
25 it's a matter of the stipulation only because it was

1 adopted by the Commission order. It does not deal
2 with the parties' intent.

3 EXAMINER PIRIK: First of all, I need to
4 clarify. Which attorney is with Mr. Adkins?

5 MR. REILLY: I'm sorry. I'm sorry.

6 EXAMINER PIRIK: I just want to be sure.
7 I do understand where you're coming from. And I do
8 understand there will be an opportunity for redirect
9 and you will have that opportunity.

10 MR. REILLY: Mr. Wright is.

11 EXAMINER PIRIK: Mr. Serio.

12 MR. SERIO: I had a different objection,
13 I just want to clarify when he said "parties," that
14 this witness was testifying with regard to staff and
15 not all the parties.

16 EXAMINER PIRIK: Yes, I think that's an
17 appropriate clarification. I think we're going to
18 need to have the question reread.

19 MR. COLBERT: Your Honor, if it's easier,
20 I might just rephrase.

21 Q. (By Mr. Colbert) Mr. Adkins, let's try
22 this a slightly different way. Can you go to page 6
23 of your testimony, please.

24 A. I'm there.

25 Q. Okay. At page 6 of the testimony you

1 make two statements in your answer to question No.
2 12. First, you say "the stipulation does not
3 specifically address the issue of incremental O&M
4 expenses at all." And second, you say "the
5 stipulation defers to the Staff Report where the
6 expense categories that Staff recommended for PIR
7 recovery excluded incremental O&M expense." Have I
8 read that correctly?

9 A. The question speaks for itself, it says
10 what it says.

11 Q. Okay. And you are suggesting there, are
12 you not, that the report is important because the
13 stipulation didn't address the topic in your opinion;
14 is that correct?

15 A. In the staff's opinion, the Commission
16 approved the stipulation. The stipulation in turn
17 deferred to the Staff Report on PIR related matters,
18 the position of the staff, that's what's in my
19 testimony, that's what staff believes.

20 Q. Okay. And I wasn't asking you about the
21 substance of it. What we're talking about here is
22 what controls. Are you suggesting that if the
23 stipulation had contained express requirements for
24 the parties, agreed to by the parties, regarding O&M
25 expense that the stipulation and not the Staff Report

1 then would have control? Is that your understanding?

2 A. My understanding is what did happen as
3 opposed to what might have happened or what could
4 have happened. There's a universe of things that
5 could have happened. What did happen was that the
6 staff -- the stipulation, what it did do, it set
7 forth that the controlling document, if you will,
8 your words, controlling document would be the Staff
9 Report; that's my understanding of the stipulation.
10 I believe that's the Commission's understanding when
11 it approved the application.

12 Q. So you're saying -- you're suggesting
13 there's nothing in the stipulation that controls?
14 There are some paragraphs in the stipulation that
15 deal with PIR cost recovery, are there not?

16 A. There are some paragraphs that deal,
17 yeah, there are. But when it comes to O&M, I don't
18 believe that was specified.

19 Q. Yeah, and again, I'm not talking about
20 O&M. You know, Mr. Adkins, just as a general thing,
21 if we can just try and answer the questions, this
22 will go much faster. We do have a substantial amount
23 of cross-examination here and we'd like to do
24 everything we can to get it done today. We will have
25 a lengthy discussion about O&M.

1 MR. WRIGHT: Excuse me, your Honor. I
2 would just note for the record that the question
3 there pertained to a portion of his testimony that
4 specifically does address incremental O&M. So I
5 think the witness was correct to be talking in that
6 context.

7 A. That is why I was -- that is why I was --

8 EXAMINER PIRIK: That's fine, Mr. Adkins.

9 Q. Mr. Adkins, again, all I'm trying to
10 establish here is that pursuant to the language that
11 we read in the stipulation itself in paragraph 3A and
12 pursuant to your application of that ordering that
13 appears on your paragraph 6, can we agree that in
14 order of control the stipulation -- between the
15 parties, without regard for a moment to the
16 Commission's order, that the order of control is
17 first the language in the stipulation, second the
18 language in the Staff Report, and third the language
19 in the company's application? That's all I'm trying
20 to get to.

21 A. My understanding, and I believe the
22 staff's understanding is that you're correct in that
23 the staff -- the stipulation refers to the Staff
24 Report so the stipulation defers to the Staff Report
25 first so the stipulation works to the staff, and then

1 things that are not specifically addressed in the
2 Staff Report are -- defers to the company's
3 application is my understanding.

4 Q. Okay. And I think we agree with that
5 part of it. But you would also agree that something
6 that is specifically in the Staff Report -- or, in
7 the stipulation, to the extent it modified the Staff
8 Report, the stipulation would govern, correct?

9 A. That is correct.

10 Q. Thank you.

11 Can you please turn to paragraph O of the
12 stipulation that is DEO Exhibit No. 7 starting on
13 page 8.

14 A. I'm there.

15 Q. And that is the specific paragraph and it
16 has a number of parts, correct, that addresses the
17 PIR program? Is that correct?

18 A. Can I ask you to repeat your question
19 again, please?

20 Q. Yeah. Paragraph O of the stipulation is
21 the specific paragraph of the stipulation that
22 addresses the PIR program; is that your
23 understanding?

24 A. I believe the whole document addresses
25 the PIR application, but this specifically talks

1 about, you know, it makes the modifications to, it
2 says the PIR program should be adopted subject to the
3 following modifications.

4 Q. Okay. Thank you.

5 Mr. Adkins, would you turn to tab 13 and
6 what has been marked DEO Exhibit 13, which is the
7 company's application in Case No. 08-169.

8 A. I'm there.

9 Q. Can you turn to page 9 of the
10 application, please.

11 A. I'm there.

12 Q. Okay. Paragraph C of that page at the
13 first sentence reads "Incremental O&M expenses
14 associated with PIR program shall be calculated based
15 on incremental and non-duplicative costs that, but
16 for the existence of the PIR program and assumption
17 of ownership of service lines, would not be incurred
18 by DEO." Did I read that correctly?

19 A. Yes.

20 Q. Now, the second sentence immediately
21 following that reads "Such incremental O&M includes
22 increased corporate service company and shared
23 service expenses allocated to DEO that are not
24 charged to the capital project." Did I read that
25 sentence correctly?

1 A. Yes.

2 Q. Now, that sentence doesn't say that
3 incremental O&M expenses are limited only to
4 corporate service company and shared service expenses
5 that are not charged to the capital project; is that
6 correct?

7 MR. WRIGHT: Objection.

8 EXAMINER PIRIK: Objection overruled.

9 A. The staff believes that that sentence was
10 meant to define what was included as incremental O&M.

11 MR. WRIGHT: Can I have the response read
12 back, please?

13 EXAMINER PIRIK: Yes.

14 (Record read.)

15 MR. WRIGHT: Thank you.

16 Q. Mr. Adkins, would you please now turn to
17 your testimony.

18 MR. WRIGHT: I'm sorry, do we have a page
19 reference?

20 MR. COLBERT: That's what I'm looking
21 for, Bill, I'm sorry, I've lost my spot for a moment.

22 Q. At page 4 of your testimony in the answer
23 to No. 8 you say that "Staff rejected the Company's
24 request for incremental O&M expenses, except for
25 deferring a recommendation on O&M costs associated

1 with meter relocations." Is that correct?

2 A. That is correct.

3 Q. And if you would turn to the Staff Report
4 in 08-169 that is at tab 10 of the notebook that
5 you've got, and I believe Staff Exhibit No. 2, and
6 please turn to page 5.

7 A. I'm on page 5.

8 Q. It is the language at the top of page 5,
9 I believe, that you're referring to when you testify
10 that staff rejected Dominion's request for
11 incremental O&M expense; is that correct?

12 EXAMINER PIRIK: Mr. Colbert, can you
13 give a specific reference?

14 MR. COLBERT: Well --

15 EXAMINER PIRIK: Are you talking about
16 the partial paragraph at the top of the page?

17 MR. COLBERT: Yes. I believe
18 specifically where in the second full sentence that
19 begins "that recovery should include," I'm trying to
20 clarify, but I believe that's what the witness is
21 referring to.

22 Q. Is that the language you're referring to?

23 A. The language staff's referring to here
24 is, and my testimony is referring to actually starts
25 on page 4 of the Staff Report in the original PIR

1 case where the staff specifically reiterated what the
2 company was requesting and it notes four items, and
3 then the paragraph you're referring to that continues
4 onto 5, staff includes three of those four items the
5 company requested and then later the staff
6 specifically rejected inclusion of incremental O&M as
7 we believe was defined by the company in its
8 application.

9 Q. And I'm just clarifying that the language
10 you're referring to that's specifically rejected,
11 your words, the incremental O&M is that first not
12 full paragraph on page 5. You're not referring to
13 any other language, are you?

14 A. I'm actually referring back to page 4.

15 Q. Okay. So the language at the second full
16 paragraph on page 4 that lists the four items and
17 then staff's treatment of that language at the top of
18 page 5.

19 A. Yes. That's my understanding, yes.

20 Q. You're not referring to any other
21 language in the Staff Report.

22 A. Well, the next sentence goes on to say
23 "However, in a later section of the Staff Report, the
24 Staff rejected," and there I'm referring to the
25 paragraph in the middle of page 5 that says

1 "Regarding the request for incremental O&M expenses,
2 Staff recommends that they not include," and it goes
3 on to refer to what staff believes was defined in the
4 company's application. It's the totality of those
5 three.

6 Q. Would you please read the rest of that
7 paragraph that you just, started," Regarding the
8 request."

9 A. "Regarding the request for incremental
10 O&M expenses, Staff recommends they not include
11 increased corporate service company and shared
12 service expenses allocated to DEO that are not
13 charged to the capital project. Staff will also
14 withhold any recommendation regarding the inclusion
15 of any O&M expenses allocated" -- I'm sorry,
16 allocated -- I think that is "associated," but it
17 says "allocated with relocating inside meters until
18 such time as meter relocation plan is submitted."

19 Q. For the record, staff never proposed
20 changing that word "allocated" to "associated,"
21 correct?

22 A. No, I don't believe.

23 Q. Okay. And that sentence or that
24 paragraph you just read expressly recommends that
25 incremental O&M not including increased corporate

1 service company and shared expenses not charged to
2 the project, correct?

3 A. We believe that that's what was asked for
4 and other than the incremental O&M associated with
5 meter moveouts, that the staff was rejecting in
6 totality what the company had asked for in its
7 application. I would point to the paragraph where it
8 says "Staff," at the bottom of page 5 of the Staff
9 Report which says the "Staff is recommending one
10 other limitation to approval of the PIR program."
11 It's a list of limitations that the staff is talking
12 about.

13 Q. But the limitation at the bottom of page
14 5 that you just referred to has to do with a one-time
15 approval for a 25-year program, and staff recommends
16 that it be limited to an initial term of 5 years,
17 correct?

18 A. I was only referring to the first
19 sentence where staff is recommending one other
20 limitation, meaning that the preceding paragraphs
21 were dealing with limitations.

22 Q. As part of the company's application
23 filed in 09-458, that is in this proceeding, did it
24 request recovery of any corporate service company or
25 shared service O&M expenses?

1 A. Not to my knowledge.

2 Q. Is there anything in the paragraph that
3 begins "Regarding the request for incremental O&M
4 expense" that you just read that expressly states
5 that the corporate service company or shared services
6 are the only O&M expenses that the company might
7 incur?

8 A. The paragraph was responding to, staff
9 was going through the company's application and in
10 responding to that the staff rejected what the
11 company was asking for. The company's application,
12 you have to look at the two documents together, the
13 company's application, it says such incremental O&M
14 includes, and then that's what the staff was speaking
15 to here in our judgment.

16 Q. All right, Mr. Adkins, let's go back to
17 the application. Again, page 9 of the application.

18 A. I'm there.

19 Q. And can you direct me to any language in
20 that paragraph that limits incremental O&M to
21 increased corporate service company and shared
22 service expenses?

23 A. I would point out the sentence we
24 discussed previously, "Such incremental O&M
25 includes." I mean, if it included other things,

1 they're not defined here.

2 Q. So it did include other things.

3 A. No, I'm saying it did not include other
4 things. I'm saying if it did, they would have been
5 listed here.

6 Q. Mr. Adkins, does that sentence starting
7 "Such incremental O&M" read that it only includes
8 such expenses?

9 MR. WRIGHT: Objection. If I may, your
10 Honor, it's the company's application. Mr. Colbert
11 can argue what it means, what it says or doesn't say,
12 there obviously are differences of opinion here. But
13 the value of a staff witness saying does it
14 specifically exclude -- it's their application.

15 EXAMINER PIRIK: Objection overruled.

16 A. May I ask you to repeat your question,
17 please?

18 Q. Sure. Does that sentence that we're
19 talking about here starting "Such incremental O&M"
20 say that the O&M expenses being sought by the company
21 only include corporate service company and shared
22 services?

23 A. It does not say "only" but I believe the
24 staff believes that's what was defined by the company
25 and that's what the staff was speaking to in the

1 Staff Report. I mean, if there were other implicit
2 somehow unknown or implicit and unknown amounts, the
3 staff wasn't aware of it and didn't speak to it.

4 Q. Okay. Then let's turn back to the
5 stipulation at paragraph O for a moment.

6 MR. WRIGHT: Which tab is that again,
7 Paul?

8 MR. COLBERT: I believe it's tab 9.
9 Yeah, tab 9, Exhibit 7.

10 Q. Please turn to page 10 and specifically
11 paragraph O-6.

12 A. I'm there.

13 Q. And this is the paragraph dealing with a
14 baseline level of O&M expenses by which we would
15 calculate O&M savings; is that correct?

16 A. Savings associated with leak detection
17 and repair processes, and I'm sorry, Department of
18 Transportation inspections on inside meters that may
19 no longer be necessary, yes.

20 Q. Now, the savings associated with this is
21 supposed to offset or to reduce the fiscal year-end
22 regulatory asset eligible for recovery through the
23 PIR cost recovery charge; is that correct? Did I
24 read that correctly?

25 A. That's what it says.

1 Q. Yeah. Now, can you turn back to tab 13
2 in the application, please, at page 8.

3 A. I'm there.

4 Q. Okay. At paragraph 17 can you read me
5 what is part of regulatory asset? There's a list.

6 A. Paragraph 17, "The Company shall record
7 as a regulatory asset in account 182.3, Other
8 Regulatory Assets: (1) incremental depreciation
9 expense, (2) incremental property taxes, (3)
10 incremental O&M expenses, and (4) return on rate base
11 with the expenditures associated with its PIR
12 program."

13 Q. Okay. So you're -- first of all, you
14 would agree, would you not, that that's the
15 regulatory asset referred to in paragraph 0 that we
16 just looked at? Paragraph 0 of the stipulation.

17 A. I believe it is, yes.

18 Q. And paragraph 0 saying that the company
19 expressly gets to recover the items in that
20 regulatory asset includes in its list incremental
21 O&M; is that correct?

22 A. I believe you mischaracterized the
23 staff -- the stipulation deferred to the Staff
24 Report. The Staff Report specifically rejected No. 3
25 in that list by its incremental O&M expenses.

1 Q. The stipulation -- so you're now saying
2 that the Staff Report controls over the language in
3 the stipulation that expressly says the company can
4 recover that regulatory asset? Is that your
5 testimony?

6 A. My testimony is as I just stated, I
7 believe the staff -- the stipulation defers to the
8 Staff Report when the Staff Report's specific. The
9 Staff Report was specific on this issue. The staff
10 specifically included what should be recovered in the
11 PIR asset, regulatory asset, item 1, item 2, and item
12 4, and the staff expressly rejected item No. 3 as the
13 company defined it.

14 Q. And earlier you also testified that if
15 the stipulation modified the Staff Report, that that
16 would control. Is that correct?

17 A. I don't believe what you're referring to
18 is a modification of the Staff Report.

19 Q. You don't.

20 A. I do not.

21 Q. Okay. Mr. Adkins, if you'd refer back to
22 the Staff Report which is tab 10, again, Staff
23 Exhibit No. 2, in regards to incremental O&M, does
24 the word "all" appear anywhere in the Staff Report as
25 in all incremental O&M anywhere?

1 MR. WRIGHT: Objection; asked and
2 answered.

3 EXAMINER PIRIK: Objection overruled.

4 A. Are you referring to a specific page
5 number?

6 Q. No, I'm referring to anywhere in the
7 Staff Report.

8 A. Well, when the Staff Report was written,
9 I don't believe the word "all" was necessary, the
10 staff spoke to what was in the application.

11 Q. Is there anywhere in the Staff Report in
12 connection with incremental O&M where it says the
13 staff rejects or excludes all incremental O&M?

14 A. I think my previous -- my prefiled
15 written testimony and my testimony here today is that
16 the paragraph where the staff talks about, it's the
17 construction of the document is what the staff
18 believes, that the staff identified the idea, the
19 four things that should go -- and the staff
20 specifically included what should be in the PIR
21 recovery charge as those three items including
22 incremental O&M, and then the staff specifically
23 excluded the incremental O&M the company defined in
24 its application.

25 Q. Mr. Adkins, please turn to page 6 of your

1 testimony.

2 MR. WRIGHT: I'm sorry, the testimony?

3 MR. COLBERT: Yeah, his testimony.

4 A. I'm there.

5 Q. On 6 in the answer to No. 11, please read
6 the last sentence starting "As a result."

7 A. "As a result, the Staff would recommend
8 that if the Commission determines that the Company
9 may recover the proposed O&M expenses, then it should
10 require the company to conclusively demonstrate that
11 the expenses are incremental prior to including such
12 expense in the PIR Recovery Charge."

13 Q. Okay. And here you are talking about,
14 that is this answer is talking about, among other
15 things, vehicle expenses; is that correct?

16 A. It is talking about if the Commission
17 were -- allowed the company to recover the O&M
18 expenses that it requests, then the company should be
19 required to demonstrate that they are incremental.

20 Q. Well, Mr. Adkins, how is that consistent
21 with your answer the only incremental expenses that
22 the company has requested are shared savings and,
23 well, shared savings and corporate service company
24 expenses?

25 A. Recall that the staff doesn't believe

1 that the O&M expenses should be recovered at all. We
2 believes that it was spoken to clearly in the Staff
3 Report, the stipulation defers to the Staff Report I
4 think as we established, then the point is that,
5 however, should the Commission disagree, then we
6 would argue -- we would say that we were not able to
7 complete our investigation to determine whether or
8 not they were -- the expenses that are requested are
9 incremental, therefore, if the Commission agrees with
10 the staff, we would recommend that the Commission
11 wait until the incremental O&M expenses that were
12 requested are verified.

13 Q. But you agree that the expenses that were
14 requested were not corporate service company or
15 shared service expenses.

16 A. No; they were for other things other than
17 that.

18 Q. Please turn back to the Staff Report
19 that's tab 10 and page 5 of that report. Let me know
20 when you're there.

21 A. You said page 5?

22 Q. Yes.

23 A. I'm there.

24 Q. Okay. Please turn your attention to the
25 second-to-last paragraph on that page. Would you

1 please read that sentence that starts "Staff also
2 supports"?

3 A. "Staff also supports DEO's proposal to
4 submit an annual PIR plan to Staff which will include
5 a detailed description of the projects to be
6 undertaken in the upcoming fiscal year, as well as an
7 estimate of the associated capital and O&M
8 expenditures."

9 Q. Okay. Please turn back to tab 9, the
10 stipulation at page 9, paragraph 4.

11 A. You said page 9, paragraph 4, of the
12 stipulation.

13 Q. Well, page 9, this is paragraph -- I'm
14 sorry, 4, part C specifically. Do you see that?

15 A. Yes.

16 Q. That part of the stipulation requires
17 Dominion East Ohio to perform studies no later than
18 August 2012 that -- well, assessing "the Company's
19 ability to effectively and prudently manage, oversee,
20 and inspect the PIR program." Did I read that
21 correctly?

22 A. Which part were you reading from?

23 Q. Part C.

24 A. Part C.

25 Q. Well, I started with the August 2012 at

1 the top and then went to part C.

2 A. Did you read the entirety of --

3 Q. Why don't you read it.

4 A. -- the paragraph of the stipulation, O-4?

5 Q. Why don't you read O-4 through C.

6 A. Through C.

7 Q. Yeah.

8 A. "By no later than August 2012, DEO shall
9 perform studies assessing (a) the impact of the PIR
10 program on safety and reliability, (B) the estimated
11 costs and benefits associated from acceleration of
12 the pipeline replacement activity, and (C) the
13 Company's ability to effectively and critically
14 manage, oversee and inspect the PIR program. Such
15 studies shall be provided to the Signatory Parties
16 and considered in the annual PIR Post Audit
17 procedure."

18 Do you want the rest of that?

19 Q. No, that was fine.

20 Now, is it reasonable to conclude that
21 some or all of the parties that signed the
22 stipulation wanted to ensure that Dominion would
23 prudently manage the PIR program?

24 A. I'm not sure I can speak for the other
25 parties in the case.

1 Q. Staff.

2 A. I think it's reasonable to assume that
3 the staff would want to ensure that the program was
4 prudently managed, yes.

5 EXAMINER PIRIK: Mr. Colbert, when
6 there's an appropriate time, I'd like to take a short
7 break.

8 MR. COLBERT: This is a fine time.

9 EXAMINER PIRIK: Okay. We will take a
10 break until -- well, we'll take approximately a
11 10-minute break.

12 (Recess taken.)

13 EXAMINER PIRIK: Go back on the record.
14 Mr. Colbert.

15 MR. COLBERT: Thank you, your Honor.

16 Q. (By Mr. Colbert) Mr. Adkins, would you
17 please turn to tab 13, this is the DEO's PIR
18 application and I believe also DEO Exhibit 13 at page
19 9, this is paragraph 17C.

20 A. I'm there.

21 Q. Would you read the first sentence of 17C,
22 please?

23 A. "Incremental O&M expenses associated with
24 the PIR program shall be calculated based on
25 incremental and non-duplicative costs that, but for

1 existence of the PIR program and assumption of
2 ownership of service lines, would not be incurred by
3 DEO."

4 Q. Mr. Adkins, would you please turn to
5 Staff Exhibit 1, the comments and recommendations
6 submitted by the staff on October 2nd, and I believe
7 that's tab 5 in the notebook. Start at the bottom of
8 page 3, please.

9 A. You said the bottom of page 3?

10 Q. Yes. Continuing over to page 4.

11 A. I'm there.

12 Q. That language says, among other expenses,
13 that staff reviewed incremental O&M expenses; is that
14 correct?

15 A. Yes.

16 Q. Okay. Mr. Adkins, have you reviewed the
17 testimony of Mr. Soliman filed in this case?

18 A. Very generally.

19 Q. Are you aware of some statements in his
20 testimony such that staff's recommendation is
21 consistent with the recommendations of Duke and
22 Columbia Gas of Ohio?

23 A. I'm not aware of that part of his
24 testimony.

25 Q. You're not. Are your recommendations in

1 regard to O&M expenses and the O&M baseline savings,
2 which I believe are the two issues that you address,
3 intended to be consistent with staff's positions in
4 the Columbia and Duke case?

5 A. As I noted earlier, I did not work on the
6 Columbia case at all, so I'm not really familiar with
7 what the staff recommended in those cases. As to the
8 Duke case, which case are you referring?

9 Q. I'm talking about the AMRP program of
10 both companies, and for purposes of this question I'm
11 not asking whether you're familiar with the cases,
12 I'm simply asking whether it's staff's intent to be
13 consistent with its recommendations in all three
14 cases.

15 A. I don't know that, I mean, each case, you
16 look at each case itself, what the company asks for
17 and what the company didn't ask for and you -- so the
18 recommendations in each case are stand-alone. I
19 don't know that our intent is to recommend something
20 similar in each case. I think I wouldn't
21 characterize that. I think you look at them on a
22 case-by-case basis.

23 Q. Okay. So if Mr. Soliman said that, you'd
24 disagree with Mr. Soliman.

25 A. I think the staff does a similar

1 investigation in each case and from our perspective
2 the programs are very similar and, therefore, the
3 investigation is also very similar. So if that's
4 what Mr. Soliman was referring to, then I guess I
5 would agree with him.

6 Q. But the recommendations would be
7 stand-alone based on the --

8 MR. WRIGHT: I'm sorry, Paul, I cannot
9 hear you.

10 MR. COLBERT: I'm sorry. I'll speak up.

11 Q. But the recommendations would be
12 stand-alone based on the results of the investigation
13 in each program. That's what you testified to a
14 moment ago, right?

15 A. The staff does investigate each
16 application individually and then makes its -- you
17 know, staff files its comments in each case, if
18 that's what you're asking me.

19 Q. All right. And you said you had not
20 looked at the Columbia case. Have you looked at the
21 Duke case?

22 A. Which Duke case are you referring to?

23 Q. The most recent AMRP case, I think that's
24 08-1250.

25 A. Yes, I have looked at that case.

1 Q. Did you work on that case?

2 A. I did.

3 Q. You did, okay. And do you know whether
4 Duke is recovering O&M costs as part of its AMRP
5 program?

6 A. To the best of my recollection, it is
7 not. Not having a line item titled incremental O&M
8 or O&M, to the best of my recollection it's not.

9 Q. Do you know whether it has a schedule
10 that's titled Gas Maintenance Accounts?

11 MR. WRIGHT: I'm sorry, when you refer to
12 "it," are you referring --

13 MR. COLBERT: Duke, the Duke case, we're
14 still talking about the 1250 case, 08-1250.

15 Q. Do you know whether there's a schedule
16 that is titled Gas Maintenance Account?

17 A. A schedule? No, not that I'm aware of.

18 Q. And maintenance supervision and
19 engineering, is that something that you normally
20 consider in operation and maintenance expense?

21 A. Without knowing what you're referring to
22 I'm struggling -- without seeing the document I'm
23 struggling to --

24 Q. Fair enough.

25 MR. COLBERT: May I approach, your Honor?

1 EXAMINER PIRIK: Yes.

2 MR. COLBERT: Your Honor, we'd ask that
3 this be marked as Dominion East Ohio 10.

4 EXAMINER PIRIK: The document is so
5 marked.

6 MR. COLBERT: Thank you.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 Q. Mr. Adkins, do you have this?

9 A. I do.

10 Q. And I believe it's easiest from the
11 bottom, if you go to the third sheet from the bottom
12 that's marked Schedule 22, stipulation Exhibit 4 of I
13 believe it's --

14 MR. WRIGHT: Does it say "revised"?

15 MR. COLBERT: Yes, Schedule 22 Revised.
16 That's correct.

17 A. I do see that.

18 Q. Do you see that?

19 A. Yes, sir.

20 Q. And do you see line 5, Maintenance
21 Supervision Engineering?

22 A. I do.

23 Q. Okay. And are generally management
24 supervision expenses considered what you would call
25 O&M expenses, operating and maintenance expenses?

1 A. Yes.

2 Q. Okay. Can you please turn to -- well,
3 it's marked Schedule 1 Revised, the first page after
4 the certificate of service at the end of the
5 stipulation.

6 A. I'm there.

7 Q. Okay. Do you see -- well, first of all,
8 this is the annualized revenue requirement for Duke
9 Energy-Ohio in the 08-1250 case; is it not?

10 A. I believe it is, yes.

11 Q. And do you see line 40?

12 A. I do.

13 Q. And line 40 is the achieved reduction in
14 mains-maintenance expense, right?

15 A. Yes.

16 Q. Okay.

17 A. It is \$849,281 of savings.

18 Q. And that's from Schedule 22 that we were
19 just looking at, correct?

20 A. Yes.

21 Q. And that savings is netted against, that
22 is it offsets their revenue requirement in its
23 entirety, correct?

24 A. It does. It reduces the revenue
25 requirement, yes.

1 Q. And if you go back to Schedule 22, it has
2 essentially a base year of expenses and the test year
3 of expenses and they are taking the reductions
4 against the total amount of expenses that, as we
5 agreed to a moment ago, includes at least some
6 operation and maintenance expense; is that correct?

7 MR. WRIGHT: Your Honor, if I might,
8 could I request that the -- with respect to how
9 anything was calculated on this document, that there
10 at least be some foundation as to whether or not this
11 witness participated in that at all, preparation of
12 the schedules that we're talking about. I understood
13 your last question to use the word, I thought,
14 "calculation." Maybe I misunderstood.

15 MR. COLBERT: Well, all right, let's find
16 out.

17 Q. Mr. Adkins, you said earlier that you
18 worked on the case.

19 A. I did.

20 Q. And were you familiar with the revenue
21 requirement determined in this case?

22 A. I was.

23 Q. And did your involvement in the case have
24 anything to do with maintenance expenses?

25 A. Not as such. It came up as -- the

1 savings calculation came up, to the best of my
2 recollection, and the maintenance as part of the
3 savings calculation.

4 Q. So you had something to do with the
5 savings calculation.

6 A. I did.

7 Q. Okay. And this Schedule 22 represents,
8 does it not, the savings calculation?

9 A. It does.

10 Q. Okay. So you're familiar with this --

11 A. I am.

12 Q. -- calculation?

13 A. I am.

14 Q. Okay. And what they have done here, have
15 they not, is they've taken the reduction in expenses
16 associated with the test year and they have compared
17 that to the baseline year and passed through the
18 entire amount of the reduction as savings while
19 showing -- that is while allowing as part of that
20 calculation the entirety of the expenses that are
21 shown I believe on lines 5, 6, and 7, and then
22 totaled on the Total line; is that correct?

23 A. What the schedule does, as we noted, in
24 their last base rate case, and I believe it came from
25 the stipulation, there were three accounts that the

1 company was supposed to look at and they would
2 compare the PIR -- their AMRP test year to that
3 baseline year, yes, it is totaled across each month
4 and then the final right hand -- far right-hand
5 column is the total.

6 Q. Yes. And at least some of the expenses
7 included in that, as we discussed before, are what
8 you and I would commonly refer to as operating and
9 maintenance expenses.

10 A. All three of them are titled maintenance.

11 Q. Right.

12 A. Maintenance of mains and then maintenance
13 of services.

14 Q. In fact, all three of them, the entirety
15 of the schedules really is what we would call
16 operating and maintenance expenses.

17 A. All three of them have the title
18 maintenance in their title, or the word maintenance
19 in their title.

20 Q. Okay. And on this schedule there's no
21 segregating, that is line 1 is not offset by line 5,
22 line 6 is not offset by line 2, and line 7 is not
23 offset by line 3 individually, correct? It's done in
24 the aggregate.

25 A. I'm not sure I follow your question.

1 Line 1 is not offset by line 5.

2 Q. Yeah, in order to determine the savings,
3 right, line 1 is titled Maintenance Supervision
4 Engineering and line 5 is titled Maintenance
5 Supervision Engineering but for a different year,
6 2007 versus 2008, correct?

7 A. That's correct.

8 Q. Okay. And, for example, in 2007 the
9 maintenance supervision engineering total expense was
10 378,952, correct?

11 A. I'm sorry, could you repeat that, please?

12 Q. Sure. On line 1 for 2007, Maintenance
13 Supervision Engineering, the total, the far right,
14 right?

15 A. Right.

16 Q. Is \$378,952, correct?

17 A. That's correct.

18 Q. Okay. And the total for line 5,
19 Maintenance Supervision Engineering in 2008 is
20 \$243,376.70, correct?

21 A. That's correct.

22 Q. Okay. So the expenses in that category
23 from 2007 to 2008 went down, right?

24 A. That's correct.

25 Q. Now, in the next category, maintenance of

1 mains, do you see that on line 2 for 2007?

2 A. I do.

3 Q. Can you tell me what the total is?

4 A. If I can read this poor copy, it's an
5 image copy, it's very difficult to read, 3,768,039.

6 Q. I believe that to be correct, yes. And
7 can you read the same number for Maintenance of Mains
8 on line 6?

9 A. 4,974,955, 85, I'm not sure.

10 Q. Close enough. We're within tens of
11 dollars, right?

12 A. Correct.

13 Q. What has happened here is that they have
14 totaled the three numbers for 2007 and totaled the
15 three numbers for 2008, correct?

16 A. That's correct.

17 Q. And the 2008 savings is then the
18 difference between the 5,572,266.56, I'm having the
19 same problem you had, and the 4 million, what,
20 654,755? Is that correct?

21 A. That is the difference, yes.

22 Q. And if that's the difference, we know
23 this is an aggregate calculation because some of the
24 expenses went up and some of them went down, right?

25 A. Yes.

1 Q. Okay. And you did not perform that
2 function in the Columbia case.

3 A. Correct.

4 Q. Okay. Mr. Adkins, would you please turn
5 to page 5 of your testimony.

6 A. There.

7 Q. Now, Mr. Adkins, you testified on that
8 page I believe in the response to question 1, I'm
9 sorry, in response question 10 that staff did not
10 have incremental O&M expense data to review until the
11 company filed its application on August 28th, 2009,
12 correct?

13 A. That is what I testified, yes.

14 Q. And staff was aware, though, that
15 Dominion had identified potential incremental O&M
16 expenses for cost recovery through the PIR cost
17 recovery charge, correct?

18 A. Could you repeat your question, please?

19 Q. Sure. Staff was aware that the company
20 had, in fact, as early as its application the 08-169
21 case, identified incremental O&M expense as one of
22 the expenses it was seeking to recover.

23 A. That would be -- the company did request
24 it in the 08-169 PIR application case, however, the
25 staff in our opinion rejected that and then the

1 Commission approved the stipulation that adopted the
2 staff's report. So it was not -- should not have
3 been in for recovery in our opinion.

4 Q. Well, okay, that may be your opinion, you
5 are aware, for example, again in the prefiling notice
6 in this case in 09-458 that the company had
7 identified potential incremental O&M expenses for
8 recovery through the PIR cost recovery charge, is
9 that --

10 A. Actually I was not aware. When we looked
11 at Schedule 1, the company's prefiling notice, I
12 think the words it used was "our net O&M." We
13 thought that was a placeholder for the savings
14 calculation which was still under discussions at that
15 point. So we thought that would be a placeholder.
16 We did not take that to be incremental O&M. I would
17 further point out that the number included there was
18 zero and there was no supporting schedule for line 25
19 either.

20 Q. We'll get to that.

21 Mr. Adkins, did you attend a
22 November 14th, 2008, meeting, informational meeting,
23 with Dominion?

24 A. Yes.

25 Q. And do you have with you a copy of the

1 presentation, the information that was handed out at
2 that meeting?

3 A. I do not.

4 MR. COLBERT: Your Honor, may we
5 approach?

6 EXAMINER PIRIK: Yes.

7 MR. COLBERT: Your Honor, this has
8 already been marked and admitted as Dominion Exhibit
9 14.

10 MR. SERIO: Just so we're clear, your
11 Honor, the company is waiving the pages that are all
12 marked privileged and confidential, correct?

13 MR. COLBERT: Yes. So waived. Just to
14 be clear on the record, at least at this moment and
15 as far as we know we have no confidential information
16 in this case.

17 MR. SERIO: Thank you.

18 Q. (By Mr. Colbert) Mr. Adkins, would you
19 please -- well, before you turn to a particular page,
20 Mr. Adkins, you have seen this document before,
21 correct?

22 A. I have. I was at the meeting.

23 Q. You were at the meeting and you've
24 received the document. Do you still have a copy of
25 the document?

1 A. Somewhere in mine.

2 Q. Somewhere in yours, okay. Could you
3 please turn to page 31. Do you see that?

4 A. Yes.

5 Q. Okay. And this lists potential
6 incremental O&M expenditures for the PIR program,
7 right?

8 A. That's its title, the slide.

9 Q. And would you please turn to tab 8, what
10 has been marked as Dominion Exhibit 6, the prefiling
11 notice.

12 A. I'm there.

13 Q. Now, I believe that you testified a
14 moment ago -- well, strike that. There's no need to
15 reiterate.

16 Could you please turn to PFN Exhibit 5,
17 Schedule 1, it is, I don't know, probably 20 or 25
18 pages down. It's after the typical bill comparison
19 schedules.

20 MR. WRIGHT: Captioned Revenue
21 Requirement, Paul?

22 MR. COLBERT: Yes, that's the page. It's
23 right after -- it's the first page in tab 5, Kerry.

24 A. I'm there.

25 Q. Okay. Do you see line 25?

1 A. I do. It says "O&M Net."

2 Q. Uh-huh. And over under Reference, what
3 does it say?

4 A. To be determined, t-b-d, I take that to
5 mean to be determined.

6 Q. That was going to be my next question is
7 what you took that to mean. I believe you to be
8 correct.

9 So that's an indication that there were
10 O&M expenses yet to be determined by the company,
11 right?

12 A. Actually, as I previously testified, the
13 staff, at least Mr. Soliman and I, interpreted that
14 to be the placeholder for the savings calculation
15 which was under discussion at that time. We did not
16 take that to mean that there was incremental O&M.

17 Q. I see.

18 After the November 14th meeting and after
19 the prefiling notice was made in May, did staff issue
20 any data requests about incremental O&M expenses?

21 A. I don't recall any formal data requests,
22 no.

23 Q. Any informal data requests?

24 A. We did, and this is an area I may have to
25 defer to Mr. Soliman since he led this portion of

1 staff's investigation, but my recollection is that we
2 did ask several questions about incremental O&M.

3 Q. When were those questions asked; do you
4 know?

5 A. I -- I would have to defer to Mr. Soliman
6 on that point. I don't know when that portion of the
7 investigation started.

8 Q. Can you please turn to staff's
9 October 2nd comments, that's tab 5, at page 5.

10 A. I'm there.

11 Q. In this section staff is evaluating DEO's
12 performance in its contractor selection process; is
13 that correct?

14 A. That is the title of this section is
15 Contractor Selection Review.

16 Q. Okay. Please turn to page 7 and --

17 MR. WRIGHT: We're still in the comments?

18 MR. COLBERT: We're still in the
19 comments.

20 Q. -- the paragraph that begins "Based upon
21 a review," it's the first full paragraph on the page,
22 do you see that?

23 A. I see it.

24 Q. Can you read that aloud, please?

25 A. "Based upon a review of DEO's PIR job

1 determination, bidding and contracting procedures,
2 job monitoring, and contracting controls in this
3 proceeding; the Staff finds that the current
4 management operation and bidder selection and
5 contractor oversight of the PIR program are
6 reasonable."

7 Q. Now, is it fair to say that staff
8 identified no deficiencies in Dominion's contractor
9 procurement process?

10 A. I would have to say the words on the
11 document stand for themselves. I didn't work on this
12 portion of the Staff Report.

13 I know whatever the staff that did work
14 on this were recommending, I would have to say the
15 words have to speak for that.

16 Q. Well, you're not aware of any
17 recommendation asking that Dominion change or improve
18 or do anything else regarding its contractor review
19 and procurement, are you?

20 MR. WRIGHT: Objection, your Honor, the
21 witness just indicated he didn't do that -- was not
22 responsible for that particular section of the
23 report.

24 MR. COLBERT: Your Honor, that's --

25 EXAMINER PIRIK: I'll let the witness

1 answer the question.

2 MR. COLBERT: Thank you, your Honor.

3 A. Could you repeat your question or may I
4 have it read back, please?

5 EXAMINER PIRIK: Yes.

6 MR. COLBERT: Can we read it.

7 (Record read.)

8 A. Again, since I didn't work on that
9 section of the report I would just refer to the words
10 that -- staff's recommendations you included in the
11 comments.

12 Q. But you've read the entirety of their
13 comments and recommendations, correct?

14 A. I've got to be perfectly honest, this
15 section of the report I skimmed, did not read.

16 Q. Okay.

17 A. I had no responsibility for it so,
18 therefore, I didn't --

19 Q. The next section of the report that's
20 titled "Staff's Exceptions and Recommendations," did
21 you read that?

22 A. Yes, I did read that section.

23 Q. Is there anything referring back to that
24 section in that following section that you have read?

25 A. No.

1 Q. Thank you.

2 So in reading that paragraph that you
3 just read and that we know you didn't work on, and
4 your testimony earlier where you said that staff was
5 concerned about the management of the PIR program,
6 it's your testimony that although staff is concerned
7 about the reasonable management and operation of the
8 program, that staff has also concluded that the
9 resources allocated to that function should not be
10 recovered; is that fair?

11 A. It was a very convoluted question, may I
12 have it read back, please?

13 Q. I'll rephrase it. You're right.

14 So it's your testimony that staff has
15 concluded that the company's PIR management operation
16 is reasonable without concluding that the resources
17 allocated by DEO to that task are reasonable. Is
18 this fair?

19 A. I'm sorry, I don't understand the
20 question. Could you try it one more time, please?
21 Don't mean to be thick, I just don't see your point.

22 Q. No, that's all right. Let me see if I
23 can break it down in two separate questions. Over
24 the time we've been talking here, one relating to the
25 stipulation in this and the comments and

1 recommendations of staff, staff appears to conclude,
2 and I believe you stated, that the management and
3 oversight of the company of the PIR program is
4 reasonable. Let's just start with that. Is that
5 fair?

6 A. As I said before, that section on page 7
7 of the staff comments stands for itself -- stands for
8 itself and it says that staff finds the current
9 management operation bidder selection of the
10 contractor oversight of the PIR program is
11 reasonable.

12 Q. Right. And earlier in our discussion
13 about the stipulation there was a clause in the
14 stipulation that said that the parties, and you said
15 you only represented the staff, so the staff were
16 concerned about the reasonableness of the management,
17 that that was something that the parties were looking
18 at as well, right?

19 A. I believe I testified that the Commission
20 or the staff is always concerned about that the
21 company is properly managed.

22 Q. Okay. So staff is concerned about those
23 things, it at least made a statement about them in
24 the comments and recommendations. The resources that
25 would be used to perform those functions are

1 resources that are paid for out of operating and
2 maintenance expense normally. In fact, in terms of
3 Columbia's supervision expense you agreed with me
4 that that was normally termed an operating and
5 maintenance expense, correct?

6 A. No, that's not -- I didn't speak to
7 Columbia at all.

8 Q. I'm sorry, with Duke. You're correct. I
9 misspoke.

10 A. I believe we talked about Duke and their
11 O&M costs and the savings that were entitled
12 Maintenance, I don't know if I said anything beyond
13 that.

14 Q. Do you still have the Duke stipulation?

15 A. Somewhere up here.

16 Q. Okay. Can you go to that Schedule 22
17 again.

18 A. I'm there.

19 Q. Do you remember we had a discussion about
20 line 5 titled "Maintenance Supervision Engineering"?

21 A. Yes.

22 Q. And you said that that was commonly
23 recognized as an operation and maintenance expense?

24 A. I said the titles were maintenance,
25 therefore --

1 Q. You don't remember.

2 A. I don't recall. Perhaps I can have my
3 testimony read back to me.

4 Q. So is it your testimony now that the
5 supervision and management resources that are
6 necessary to manage the PIR program do not result in
7 any operating and maintenance expenses?

8 A. Could you ask the question again, please?

9 Q. Sure. Is it your testimony that the
10 resources necessary to manage and supervise the PIR
11 program do not result in any operating and
12 maintenance expenses associated with the PIR program?

13 A. I don't know. I mean, I don't know what
14 specific expenses you're referring to nor do I know
15 how they're, I mean, I don't know where they would be
16 booked in the company's records.

17 Q. Supervising contractors, would that
18 typically be an operating and maintenance expense?

19 A. Not necessarily. It could be associated
20 with a capital project as well.

21 Q. Okay. Do you know which -- do you know
22 what expenses -- well, do you know what expenses
23 would typically be operating and maintenance
24 expenses?

25 A. Not necessarily. I mean, it would

1 probably depend on the context, and without any
2 context I don't know.

3 Q. Can you define operating and maintenance?

4 A. Probably not in this context. I mean, I
5 don't know what -- I mean, I could give you some
6 definition of the words but they would give no
7 context to that definition.

8 Q. In the context of this case.

9 A. Like I said, in the context of this case
10 what I presume the operating and maintenance --
11 operating and maintenance activities or supervising,
12 to use your words, supervising contractors could be
13 capitalized is my understanding. It could be
14 associated with the capital with a particular
15 project, or spread out among multiple projects, I
16 don't know.

17 Q. And you think that would be proper for
18 recovery through this?

19 A. I'm not offering an opinion on that. I'm
20 just saying it could be.

21 Q. I'm asking for your opinion on that. Do
22 you think that would be proper for recovery as a
23 capitalized expense in this program?

24 A. This is an area where I think I'm going
25 to have to defer to Mr. Soliman, who is following me

1 on the stand, because he's our accountant here. I am
2 not an accountant.

3 Q. Well, just to be clear, you're the one
4 that's testifying on the O&M expenses in this case;
5 Mr. Soliman is not.

6 A. I think there's, to me it depends on the
7 question. I mean, Mr. Soliman, he worked the last --
8 he was the staff lead on the last -- staff's
9 investigation of the last base rate case for
10 Dominion. He also was the staff lead on staff's
11 investigation in this case of the PIR application.
12 And he also led the staff's investigation in
13 particular of the O&M portion of this so I would
14 probably defer -- this would be a question I would
15 defer to him.

16 Q. So we should ask about the
17 appropriateness of specific O&M expenses and how
18 they're categorized from an accounting perspective,
19 we should ask Mr. Soliman, not you.

20 A. For the reasons I stated earlier, yes.

21 Q. Okay. So you're not aware of how the
22 company accounts for costs associated with
23 prioritizing bidding and contracting procedures, job
24 monitoring, and contracting controls?

25 A. No. Not really.

1 EXAMINER PIRIK: We'll take a five-minute
2 break.

3 (Recess taken.)

4 EXAMINER PIRIK: We're ready to go back
5 on the record. Mr. Colbert.

6 MR. COLBERT: Yes, thank you, your Honor.

7 Q. (By Mr. Colbert) Mr. Adkins -- I'm sorry,
8 I'll speak up, I already heard that one coming.

9 Mr. Adkins, do you have Mr. Reed's
10 testimony in front of you?

11 A. I have it here somewhere. Is it in your
12 book?

13 Q. No, I'm sorry.

14 A. I still have it somewhere.

15 MR. COLBERT: Your Honor, just for the
16 record, this is Dominion Exhibit 3.

17 A. Thank you. I have located Mr. Reed's
18 testimony.

19 Q. Can you turn to the attachment to
20 Mr. Reed's testimony, it should be on the very back,
21 it looks like this.

22 A. Actually, we did not get that attachment.
23 I believe that came up last week.

24 MR. COLBERT: We don't have it still. Do
25 we have another -- hold on, I think I do.

1 May I approach, your Honor?

2 EXAMINER PIRIK: Yes.

3 MR. WRIGHT: Paul, just so we're all
4 reading from the same document, this says in the
5 upper right corner "Revised 8/14/09"?

6 MR. COLBERT: Yes, that is the correct
7 document.

8 Q. Mr. Adkins, on that attachment there is a
9 column marked Vehicle Total that is \$54,912.30, and
10 that represents the total amount of the vehicle
11 related incremental O&M expense that Dominion is
12 seeking to recover in this case; is that correct?

13 A. That is my understanding, yes.

14 Q. Okay. And on the same attachment the
15 total amount of incremental O&M expense the company
16 is seeking to recover is \$1,128,669.73; is that
17 correct?

18 A. That is what is listed as the grand
19 total, yes.

20 Q. Now, subject to check, would you agree
21 that the vehicle related expenses about which you
22 expressed concern in your testimony are less than
23 5 percent of the total O&M -- incremental O&M that
24 the company is seeking to recover?

25 A. Without doing the math, subject to check,

1 I would agree.

2 Q. And the total amount of labor expense
3 that the company is seeking to recover, again
4 pursuant to this exhibit, is \$971,701.14; is that
5 your understanding?

6 A. That is my understanding what the company
7 has requested in recovery, yes, for labor.

8 Q. And subject to check, would you agree
9 that the labor related expenses are over 85 percent
10 of the total incremental O&M expense that Dominion is
11 seeking to recover?

12 A. Again, without doing the math and subject
13 to check, I would agree.

14 Q. Mr. Adkins, would you turn to page 4 of
15 your testimony, please.

16 MR. WRIGHT: Page what, Paul?

17 MR. COLBERT: Four. It is difficult to
18 speak over the sirens. The air conditioning I can
19 manage.

20 MR. WRIGHT: I'll give you the benefit of
21 the doubt on that one.

22 MR. COLBERT: Thank you.

23 A. I am at page 4.

24 Q. Now --

25 MR. WRIGHT: I'm sorry, this is the

1 witness's testimony?

2 MR. COLBERT: The witness's testimony.

3 Q. Mr. Adkins, at page 4 of the testimony
4 you repeat the claim that we've discussed in the
5 Staff Report that staff has recommended only three
6 categories of expenses should be recovered through
7 the PIR charge; is that correct?

8 A. Well, the staff was referring to the four
9 items that the company had requested and the Staff
10 Report spoke to three, specifically said three of
11 those should be included and one rejected, that is my
12 testimony, yes.

13 Q. Okay. And those expense categories were
14 incremental depreciation expense, incremental
15 property taxes, and a return on the rate base for the
16 PIR program expenditures, correct?

17 A. Those were the three items listed and I
18 believe it was on page 5 of the Staff Report, the
19 original PIR application case.

20 Q. And it's on page 4 of your testimony.

21 A. Yes.

22 Q. Okay. Now, that list does not include
23 post-in-service charges, does it?

24 A. It does not.

25 Q. But staff agrees that DEO can recover

1 post-in-service carrying charges, correct?

2 A. It is included and the staff has not
3 objected to it so presumably yes.

4 Q. Okay. Well, do you know?

5 A. I don't recall -- I don't recall it being
6 specifically -- I don't know -- I don't recall if it
7 was mentioned or not mentioned in the stipulation to
8 be recovered or not. I just don't recall.

9 Q. Do you recall whether it's mentioned
10 or -- in the Staff Report?

11 A. I don't recall if it is or is not.

12 Q. Okay. The list does not include
13 post-in-service carrying charge amortization, does
14 it?

15 A. It does not.

16 Q. Okay. Do you know whether staff agrees
17 that DEO can recover post-in-service carrying charge
18 amortization?

19 A. Again, it is included in the company's
20 application for recovery and the staff has not
21 objected.

22 Q. All right. As we've previously
23 discussed, the company's original PIR application in
24 08-169 requested recovery of the incremental costs
25 that would not be incurred but for the existence of

1 the PIR program and the assumption of ownership of
2 service lines; is that correct?

3 A. That's my understanding of what the
4 company requested, yes.

5 Q. Okay. And you'd agree that those types
6 of expenses listed as incremental O&M by Mr. Reed in
7 his testimony on the exhibit we've been discussing
8 are similar to the expenses that staff has reviewed
9 as part of this case?

10 A. Staff reviewed the expenses for a
11 different purpose. We reviewed -- again, we believe
12 the incremental O&M expenses should not be recovered.
13 We believe it's outside the fence of what the
14 Commission approved for recovery. However, if we're
15 wrong, we still had the obligation to review the
16 incremental O&M expenses that the company proposed.
17 And by "review" I mean tying them back to there,
18 looking at the expenses and tying them back to the
19 company's -- with the source documents and back to
20 the company's records of accounts.

21 Q. You would agree that Dominion could not
22 properly manage the PIR program if it did not perform
23 the activities listed in Mr. Reed's testimony in the
24 attached exhibit, correct?

25 MR. WRIGHT: I'm sorry, can I have the

1 question read back, please?

2 EXAMINER PIRIK: Yes.

3 (Record read.)

4 MR. WRIGHT: Thank you.

5 A. In my 18-plus years' experience at the
6 Commission we have always been told we do not, the
7 staff does not manage the company, it's up to the
8 company to manage the company. So I guess I wouldn't
9 offer an opinion whether or not that would -- what's
10 in Mr. Reed's testimony is necessary for implementing
11 the -- or managing the PIR program.

12 Q. Okay. But you would expect and we've
13 previously discussed you would expect that there
14 would be some management of the PIR program.

15 A. I would agree that the company has a
16 responsibility to manage the program.

17 Q. Okay. And you would also agree that
18 there are expenses associated with that management
19 function, wouldn't you?

20 A. There's likely to be some costs, where
21 that cost is recorded, I don't know, or where it
22 should be recorded, I don't know.

23 Q. Are there any statements in the PIR Staff
24 Report filed on June 12th, 2008, that's the report in
25 08-169, that specifically address the very first

1 sentence that we've discussed in paragraph C on page
2 9 of the application? You read it, but that's the
3 sentence that reads "Incremental O&M expenses
4 associated with the PIR program shall be calculated
5 based on the incremental and non-duplicative costs
6 that, but for the existence of the PIR program and
7 assumption of ownership of service lines, would not
8 be incurred by DEO."

9 A. Again, that's a very long question. I'm
10 not sure I --

11 Q. I'm simply asking you whether there is
12 any part of the PIR Staff Report that specifically
13 and expressly addresses that sentence.

14 A. Refer me to the sentence again. I mean,
15 specifically where it is.

16 Q. Sure. The sentence is in the company's
17 application which is DEO Exhibit 13 in tab 13 in your
18 book, and it's at page 9, the very first sentence of
19 paragraph, I believe it's, yeah, 17C.

20 Now, what I'm asking you is whether there
21 is a specific sentence or paragraph in the PIR Staff
22 Report that expressly directly discusses this
23 sentence in the company's application.

24 A. And I believe I've offered several times
25 my opinion that, yes, there -- the Staff Report

1 specifically speaks to it and that the second
2 sentence in the application defines the incremental
3 expenses as includes such O&M -- O&M expenses
4 includes and then it lists -- the staff spoke to each
5 of those.

6 Q. And so you're saying that the second
7 sentence excludes everything that's in the first
8 sentence.

9 A. I'm saying the second sentences defines
10 the first sentence.

11 Q. Okay. So can I take that as a -- you
12 haven't pointed me to anything in the PIR Staff
13 Report that deals with that sentence expressly.

14 A. Except for the sentence that says
15 regarding the request for incremental O&M expenses
16 and where it says staff is also recommending one
17 other limitation, meaning staff provided for
18 limitations, and in that paragraph staff is talking
19 about limiting O&M to only those items that were
20 deferred for later. Staff expressly -- in our
21 opinion, staff expressly rejected everything except
22 for O&M expenses associated with relocating meters or
23 the staff deferred a portion on that point.

24 MR. COLBERT: Could I have that answer
25 read back, please?

1 (Record read.)

2 Q. Can you please turn to that sentence in
3 the report, this is at tab 10, page 5 of the Staff
4 Report which is Dominion Exhibit 10. Is that right?
5 I'm sorry, 2. I'm sorry, Staff Exhibit 2. Sorry
6 about that.

7 A. It is tab --

8 Q. Tab 10.

9 A. Tab 10.

10 Q. Yeah, it's at page 5.

11 A. I'm there.

12 Q. Okay. Now, do you see anything in that
13 sentence that says anything at all about deferred
14 expenses?

15 A. Again, that entire paragraph talks about
16 the totality of what the company requested.

17 Q. Mr. Adkins, that's not what I asked you.
18 I'm not trying to cut you off here. Let me ask it a
19 different way. Is the word "deferred" in that
20 sentence at all?

21 A. The word "deferred" is not in the
22 sentence.

23 Q. Okay. Does that sentence say anything
24 about incremental and non-duplicative costs? Are
25 those words in the sentence?

1 A. They are not in the sentence.

2 Q. Is there anything in the sentence about
3 costs that would occur but for the existence of the
4 PIR program?

5 A. Again, the sentence reads what it reads.
6 I've given what I believe the staff's interpretation
7 of the sentence is. I believe the document, the
8 construction of the document is clear what it is. In
9 response to your specific question, it does not state
10 those words.

11 Q. In fact, the only thing that the sentence
12 says expressly that the staff recommends is not
13 included in incremental O&M are, and I'll read it
14 word for word, "They do not include increased
15 corporate service company and shared service
16 expenses." Is that correct?

17 A. Because the staff was speaking to what
18 the company had requested and the company had defined
19 incremental O&M to be the shared service expenses and
20 associated -- and --

21 Q. In the second sentence -- you're
22 referring to the second sentence of that paragraph
23 17C in the application.

24 A. I am. Yes.

25 Q. Again, it is still your contention that

1 that reads out of the application the first sentence.

2 A. I don't think it reads out. I think it
3 defines the first sentence. I think the second
4 sentence very clearly defines the first sentence,
5 what the company meant by the term "incremental O&M
6 expenses."

7 Q. And you think the terms "incremental" and
8 "non-duplicative costs" are confined to corporate
9 service company and shared service costs.

10 MR. WRIGHT: Objection, we have been
11 through this ad nauseam.

12 EXAMINER PIRIK: I agree with Mr. Wright,
13 we need to move on.

14 MR. WRIGHT: Thank you.

15 Q. On page 5 of your testimony you indicate
16 that the company's total vehicle expenses increased
17 in 2008 compared to 2007. Did the staff perform any
18 analysis as to how those expenses changed in non-PIR
19 areas of the company?

20 A. Specific questions regarding staff's
21 investigation I would have to defer to Mr. Soliman.
22 Again, as I noted earlier, he led this portion of the
23 staff's investigation.

24 Q. You didn't participate in the
25 investigation of O&M expenses?

1 A. I accompanied Mr. Soliman on several
2 trips to the company, however, he led it, and there
3 were other instances he went to the company on this
4 topic where I was not present.

5 Q. And you had no responsibilities regarding
6 this topic?

7 A. My responsibilities were more related
8 towards the portion of the staff's position and our
9 belief that these were not -- the O&M expenses,
10 incremental O&M expenses were not permitted at all,
11 were not approved for recovery at all. The part of
12 the investigation regarding the incremental nature of
13 it was more Mr. Soliman than me.

14 Q. Mr. Adkins, are you familiar with the
15 fact the public utilities must file an annual report
16 with the Commission?

17 A. Yes.

18 MR. COLBERT: Your Honor, may I approach?

19 EXAMINER PIRIK: Yes.

20 MR. COLBERT: Thank you. Your Honor, we
21 would mark the 2007 Dominion Annual Report as
22 Dominion Exhibit 11 and the 2008 annual report as
23 Dominion Exhibit 12.

24 EXAMINER PIRIK: The documents will be
25 marked.

1 (EXHIBITS MARKED FOR IDENTIFICATION.)

2 Q. Mr. Adkins, starting with the 2007
3 report, is this -- looking at the front page, is this
4 what you're familiar with as a natural gas company
5 annual report typically filed at the Commission?

6 A. It appears to be, however, I would not
7 have looked at enough of these to necessarily know
8 what's typical and what's atypical.

9 Q. Okay. But it appears to be an annual
10 report, right?

11 A. It does.

12 Q. Can you turn to page 47 of the report,
13 please.

14 A. I'm at page 47 titled "Employee
15 Compensation."

16 Q. Yes.

17 A. Yes.

18 Q. And the total -- well, what is the total
19 operation and maintenance employee compensation? Do
20 you see that on the page there?

21 A. In the proper column it's 78,340,445.

22 Q. Can you turn to the 2008 report? By the
23 way, same thing, this appears to be a report filed at
24 the Commission, correct?

25 A. It does.

1 Q. Okay. Also at page 47.

2 A. I'm there.

3 Q. Can you give me the same number, the
4 operation and maintenance total employee
5 compensation?

6 A. The number provided here is 82,449,482.

7 Q. Okay. And would you agree that the
8 increase in operation and maintenance employee
9 compensation from 2007 to 2008 is over \$4 million?

10 A. Yeah, I would agree mathematically it's
11 more, but I wouldn't know why.

12 MR. COLBERT: Your Honor, I'm about to
13 start a different topic. This might be a good time
14 to break for lunch.

15 EXAMINER PIRIK: I think that would be a
16 good idea. Let's break until 1:30 and we'll
17 reconvene.

18 (At 12:34 p.m., a lunch recess was taken
19 until 1:30 p.m.)

20 - - -

21

22

23

24

25

1 Monday Afternoon Session,
2 October 19, 2009.

3 - - -

4 EXAMINER PIRIK: Go back on the record.
5 Mr. Colbert.

6 MR. COLBERT: Thank you, your Honor.

7 - - -

8 KERRY J. ADKINS
9 being first duly sworn, as prescribed by law, was
10 examined and testified as follows:

11 CROSS-EXAMINATION (Continued)

12 By Mr. Colbert:

13 Q. Good afternoon, Mr. Adkins.

14 A. Good afternoon.

15 Q. If you would start by directing your
16 attention to the PIR Staff Report which is tab 10 and
17 Staff Exhibit 2 at page 5.

18 A. I'm there.

19 Q. Can you please read the first two
20 sentences of the second-to-the-last paragraph that
21 begins "The PIR program will result"?

22 A. The first two sentences; is that correct?

23 Q. Yeah. Please.

24 A. "The PIR program will result in the
25 elimination of existing leaks and reduce the

1 occurrence of future leaks on the distribution system
2 which will result in the reduction in future O&M
3 expenses. Staff agrees with DEO that this reduction
4 in O&M expenses be used to reduce the fiscal year-end
5 regulatory asset in order to provide customers a more
6 immediate benefit of the cost reductions achieved as
7 a result of the PIR program."

8 Q. And is it fair to say, then, that O&M
9 expenses are expected to decrease because of the
10 elimination of existing leaks and reduction of future
11 leaks?

12 A. I believe this sentence refers to there
13 will be a reduction that will reduce the year-end --
14 the fiscal year-end asset, regulatory asset. That's
15 my understanding of what occurs, the revenue
16 requirement calculation of the O&M savings would
17 reduce the overall revenue requirement.

18 Q. Okay. But the reason for the reduction,
19 one of the reasons will be -- through the PIR program
20 will be the elimination of existing leaks and
21 reductions of future leaks. Would you agree with
22 that?

23 A. That's what the application states. I'm
24 sorry, that's what the Staff Report states.

25 Q. Okay. If you would turn to paragraph 06

1 of the stipulation which is tab 9 and Dominion
2 Exhibit 7. 06 is on page 10.

3 A. I've got it.

4 MR. WRIGHT: I'm sorry, Paul, is this the
5 08-169?

6 MR. COLBERT: Yes.

7 MR. WRIGHT: Okay. Page?

8 MR. COLBERT: 10.

9 MR. WRIGHT: Thank you.

10 Q. (By Mr. Colbert) And we've covered part
11 of this, but that paragraph begins "Any savings
12 relative to a baseline level of O&M expenses
13 associated with leak detection and repair processes,
14 Department of Transportation inspections on inside
15 meters that may no longer be necessary if meters are
16 relocated outside, and corrosion monitoring expenses
17 shall be used to reduce the fiscal year-end
18 regulatory asset eligible for recovery through the
19 PIR Cost Recovery Charge." Have I read that
20 correctly?

21 A. Yes.

22 Q. Is it fair to say that the three types of
23 costs to be included in baseline savings are, one,
24 leak detection and repair processes, two, Department
25 of Transportation inspections that are no longer

1 required, and three, corrosion monitoring expenses?

2 A. If I understood your question correctly,
3 what is supposed to go into the savings calculation
4 according to this paragraph is the O&M expenses
5 associated with leak detection repair processes and
6 Department of Transportation inspections on inside
7 meters that may no longer be necessary, and corrosion
8 monitoring expenses. Those are the items that I
9 believe are supposed to go into the savings
10 calculation.

11 Q. I think you and I agree. That is good.
12 That list does not include corrosion
13 remediation costs, correct?

14 A. In the stipulation it does not
15 specifically mention remediation, I think it's
16 reasonable to assume that corrosion remediation,
17 since it was included in the application, listed as
18 an item in the application, and also corrosion
19 monitoring, there's very little point in finding
20 corrosion if you don't fix it, however, the specific
21 words in the stipulation do not include "corrosion
22 remediation."

23 Q. And there's nothing in the application,
24 the Staff Report, or the stipulation that states that
25 parties are to eliminate any of those categories or

1 add categories in determining O&M savings; is that
2 correct?

3 A. The paragraph refers to the three items
4 that we discussed.

5 Q. Okay. And the Staff Report and the
6 application, that is the application in 08-169, don't
7 do anything differently.

8 A. I think I would suggest that the staff --
9 I'm sorry, that the application does include
10 corrosion remediation as --

11 Q. Not the application in 08-169.

12 A. Yes, the application in 08-169. I think
13 it does point to corrosion remediation as one of the
14 areas of potential savings which did not -- I'll find
15 you a page number.

16 Q. Well, you were about to finish. Just
17 that it wasn't agreed in the stipulation?

18 A. It is not specifically enumerated in the
19 stipulation. But your question was broad, your
20 question was did the Staff Report or the stipulation
21 or the application.

22 Q. The parties discuss the baseline level of
23 expenses as to the three areas set forth in the
24 stipulation; is that correct?

25 A. In the stipulation, you mean?

1 Q. Uh-huh.

2 A. Yeah, I mean, the stipulation refers to
3 those three areas.

4 Q. And there's nothing else in the
5 stipulation that addresses O&M expense savings; is
6 that right?

7 A. Nothing jumps to mind right now.

8 Q. Okay. Did the company's application in
9 the 08-169 case, the PIR Staff Report in the same
10 case, or the stipulation in that case set forth any
11 specific expectation with regard to the timing of O&M
12 expense savings?

13 A. I think the company's original
14 application on page 3, paragraph 6, I think there's a
15 reference to the Duke program where the company says
16 DEO also anticipates significant benefits from
17 reduced incidents of Duke preparing expenses and like
18 Duke will credit savings to avoid operation and
19 maintenance expenses -- costs, I'm sorry, costs to
20 customers, and the company quotes that a Staff Report
21 where the staff points out the customers realized
22 approximately 8.5 million in O&M savings. That would
23 be covering the first five years of Duke's program
24 where Duke achieved 8.5 million, therefore, I think
25 the first five years of its program Duke managed

1 8.5 million in O&M savings. I think there's
2 implication, strong implication there that the
3 company anticipates a similar savings -- a similar
4 time frame.

5 Q. Over the first five years.

6 A. Since this Staff Report was referring to
7 the first five years of Duke's program, yes.

8 Q. And there's nothing specific about what
9 the savings would be in any particular year, is
10 there?

11 A. Not in any particular year, no.

12 Q. Okay. And just to be clear, the Duke
13 program could have savings of 8-1/2 million or more
14 or a little less in the first five years.

15 A. Duke did have --

16 Q. Duke did. I said --

17 A. I'm sorry, did you say --

18 Q. I said the Dominion program could still
19 have the savings that are being referred to.

20 A. One of the positions I make in my
21 testimony is that the staff is concerned that cost
22 increases in the categories that both company -- I'm
23 sorry, company witnesses have indicated that there's
24 no -- they don't know when savings are going to occur
25 and that costs are, at least in two of the

1 categories, are anticipated to increase, therefore, I
2 think it's unlikely -- the staff's opinion is it's
3 unlikely we're going to see savings in the near-term
4 future. That's our position in my testimony.

5 Q. Have you examined which pipelines are
6 going to be replaced over the first five years for
7 the Dominion program?

8 A. Not specifically, no.

9 Q. No? Have you evaluated the amount of
10 bare steel to be replaced in Dominion's program
11 versus the other AMRP program?

12 A. No.

13 Q. Do you know whether as a particular
14 company has more bare steel in the ground or not the
15 leak rates that are expected to occur associated with
16 the amount of steel in the ground?

17 MR. WRIGHT: Can I have the question
18 again, please?

19 (Record read.)

20 A. I don't know if I know the answer to
21 that. I don't know whether a company has more bare
22 steel than another, I haven't done that analysis.

23 Q. So would you expect a company that has
24 more leaks and that can replace bare steel that has a
25 higher degree of -- well, would you expect a company

1 that has more leaks and can replace bare steel with
2 those leaks to have accompanying savings?

3 A. I believe the company is positive that as
4 bare steel is replaced, there will be fewer leaks on
5 its system overall. That's true of all the
6 companies.

7 Q. Okay. Let's turn to -- well, let me ask
8 you a couple questions about staff's comments and
9 recommendations on this topic. Staff has calculated
10 the savings of 554,300 in O&M savings; is that
11 correct?

12 A. That's what I recall, yes.

13 Q. And what portion of that savings is
14 attributable to leak detection and repair process
15 savings?

16 A. I would have to go back. Repeat your
17 question, please.

18 Q. Sure. What portion of the savings are
19 attributable to leak detection and repair process
20 savings, if any?

21 A. I want to try answering your question by
22 basically figuring out or explaining how the staff --
23 how the staff arrived at the \$554,000 number. It was
24 done the same way the company did except for each
25 time there was a number in the baseline period, which

1 was July 1, '07, through June 30, '08, each time the
2 PIR test year period was greater than that, meaning
3 there was a cost increase instead of a savings as the
4 staff was anticipating, then we set that number to
5 zero, just the resultant number compared to the
6 base -- the aggregate.

7 Once you set those numbers to zero, total
8 them, subtract that total from the total for the
9 baseline year, that's how we arrived at our \$554,000
10 number.

11 MR. COLBERT: Can I have that answer read
12 back, please?

13 (Record read.)

14 Q. So I'm not quite sure I understood your
15 answer so I want to be clear about the calculation
16 that you made. There were in the company's
17 application four categories as opposed to the three
18 we discussed in the stipulation, correct, because the
19 company added corrosion remediation?

20 A. That is correct.

21 Q. Okay. And did you take the cumulative
22 total of the expenses in the baseline year and match
23 those against the cumulative total of the expenses in
24 the test year and then take the difference as the
25 total savings? Is that what I understood your

1 testimony to be?

2 A. If I understand your question correctly,
3 no. What we did was we took the four categories that
4 the company included, leak repair, leak surveillance,
5 corrosion monitoring, and corrosion remediation,
6 compared each of the -- each of those accounts
7 individually against the test year and where that
8 number was resulted or where subtracting the
9 baseline -- recovery period from the baseline, where
10 that number was positive, meaning that there was a
11 cost increase, we set that number to zero prior to
12 totaling the numbers, or the aggregate.

13 Q. So you compared the leak detection and
14 repair process expenses in the baseline year to the
15 leak detection and repair process expenses in the
16 test year, and if the expenses went up, it became
17 zero, and if they went down, then you had savings.

18 A. That's correct.

19 Q. Okay. And in leak detection and repair
20 the answer that staff came up with was zero, correct?

21 A. That is correct, because there were cost
22 increases in those two categories compared to the
23 baseline period.

24 Q. And the same is true for Department of
25 Transportation inspections, correct, that there was

1 no baseline O&M savings associated with that
2 category?

3 A. You mean the Department of Transportation
4 inspections --

5 Q. Yes.

6 A. You mean the corrosion monitoring that
7 was --

8 Q. No; that was the third category, right?
9 The movement of -- the ability to reduce inspections,
10 Department of Transportation inspections, due to the
11 movement of inside meters to outside like leak
12 detection and repair did not produce any savings,
13 correct?

14 A. I don't know if that was included in the
15 company's proposal. If it's not, we didn't count it
16 either. I don't know which of those categories the
17 company intended the Department of Transportation
18 inspections to --

19 Q. Well, there are three we agreed on in the
20 stipulation, right?

21 A. Well, I believe there are four in the
22 stipulation. I believe it's O&M leak detection and
23 repair, which is one and two, Department of
24 Transportation inspections are associated meter
25 moveouts, and then I think there was also corrosion

1 monitoring which would be a total of four.

2 Q. Okay.

3 A. And I'm trying to figure out, the company
4 included four but I don't know which of the four
5 categories the company included in its application
6 has the DOT inspections associated with DOT meter
7 moveouts, I don't know which of those four.

8 Q. Okay. That's fine. Looking at the leak
9 detection and repair process as one category instead
10 of two as we agreed upon a moment ago, there were no
11 savings associated with that category, correct?

12 A. As I interpreted the question, leak
13 detection and repair equated to -- on the company's
14 application, leak repair and leak surveillance, those
15 and staff's same two categories, leak repair and leak
16 surveillance.

17 Q. And there were no savings associated with
18 that, correct?

19 A. The company shows the costs actually went
20 up in those categories.

21 Q. Right. And the same is true, that is
22 there was no reduction in the costs attributable to
23 the Department of Transportation inspections
24 resulting from the movement of inside meters to
25 outside, correct?

1 A. And I believe I said I don't know where
2 the company included that category so, therefore, I
3 don't know.

4 Q. You don't know.

5 A. I don't know if there are savings there
6 or not.

7 Q. Okay.

8 A. We didn't look at it.

9 Q. And corrosion monitoring, there was no
10 savings associated with corrosion monitoring,
11 correct?

12 A. Again, costs went up in that category,
13 therefore, under the staff proposal it was set to
14 zero.

15 Q. Okay. So the entirety of the \$554,300 in
16 savings identified by staff results from the
17 inclusion of corrosion remediation; is that correct?

18 A. That's fair.

19 Q. Okay.

20 A. Yes.

21 Q. You're familiar with Mr. Eric Hall's
22 prefiled direct testimony in this case?

23 A. I am.

24 Q. And staff never conducted a review of the
25 company's prioritization process as it relates to the

1 potential impact on leak detection and repair and
2 corrosion monitoring O&M expenses; is that correct?

3 A. That's correct.

4 Q. Okay. And staff did not investigate
5 whether the decrease in corrosion remediation expense
6 was directly attributable to the PIR program
7 activities performed to date, did they?

8 A. Corrosion remediation, was that what --

9 Q. Yeah, you didn't investigate whether the
10 decrease, that is the cost savings, attributable to
11 corrosion remediation expense was directly
12 attributable to the PIR program.

13 A. We did not.

14 Q. Are you familiar with the Code of Federal
15 Regulations Title 41 part 192 that deals with the
16 minimum federal pipeline safety standards for the
17 transportation of natural gas?

18 A. Beyond its existence, no.

19 Q. Is the mix of pipeline size, age, and
20 type being replaced under the various Ohio LDCs' PIR
21 type programs identical across all utilities?

22 A. I would have no way of knowing if it's
23 identical or not.

24 Q. Is it close? Do you know?

25 A. I believe that --

1 Q. I'm sorry?

2 A. I'm sorry. I believe both, I mean all of
3 the companies are replacing, you know, what they
4 describe as bare steel, wrought iron, in some cases
5 copper pipe. In terms of the size and pressure, I
6 believe certainly on the distribution side there are
7 bound to be similarities.

8 Q. Is each company's yearly capital
9 investment as a percentage of its total miles of
10 pipeline similar? Do you know?

11 A. I don't know.

12 Q. How many prone-to-failure risers will be
13 included in Duke's and Columbia's AMRP programs?

14 A. I don't know.

15 Q. Is it a lot?

16 A. I don't know.

17 Q. Do you know how many are in DEO's?

18 A. No.

19 Q. What's the relative size of the three
20 bare steel pipeline systems, that is Duke, Columbia,
21 and Dominion's, at the outset of each of the AMRP
22 programs?

23 MR. WRIGHT: Objection. The witness has
24 already stated he does not have familiarity with
25 those --

1 MR. COLBERT: Your Honor, this is my last
2 question that line exploring exactly what the witness
3 knows about the different systems.

4 EXAMINER PIRIK: I'll allow the witness
5 to answer to the best of his ability.

6 A. May I -- repeat the question or have it
7 read back to me, please.

8 Q. Sure. What is the relative size of the
9 three bare steel pipeline systems at the outset of
10 the AMRP programs?

11 A. By size do you mean pipe diameter? Do
12 you mean length, mileage of bare steel?

13 Q. Mileage of pipe.

14 A. I don't know the difference. I don't
15 know.

16 Q. You don't know, okay. Did staff look at
17 or investigate that when it was making its decisions
18 about expected savings or cost recovery or anything
19 else related to this program?

20 A. Primarily what staff relied on was
21 company representation that there would be savings
22 comparable to what is achieved in the other programs.
23 At the time the company made those representations
24 Duke was the only program that was active and, as the
25 company pointed out in its application, Duke got much

1 greater savings than what -- including in year one
2 than what DEO is proposing in this case. That's what
3 the staff is relying on.

4 Q. Is there anywhere where DEO has said that
5 it wouldn't have comparable savings over the only
6 five-year period that you've identified in the
7 application?

8 A. In year one Duke was able to get north of
9 a million dollars in savings from a smaller
10 investment than what Dominion was able to get.

11 Q. Well --

12 A. And that's part of the expectation that
13 there was going to be greater savings from replacing
14 pipeline in Dominion's system.

15 Q. As we discussed this morning, staff also
16 agreed to zero savings in Columbia's program in year
17 one, right?

18 A. But part of the problem with Columbia is
19 it's only -- Columbia's only had three months worth
20 of savings at the time. I mean, part of the test
21 year for that case, for their pipeline and
22 restructure case, overlapped by nine months the test
23 year their -- for Columbia's rate case so there was
24 actually only three months worth of data in the
25 savings calculation this morning. So I'm not sure

1 it's necessarily a fair comparison to compare a
2 year's worth of Dominion's pipeline infrastructure
3 replacement program to basically three months of
4 Columbia for the savings calculation.

5 Q. Does the fact that staff agreed to a zero
6 savings in year one in Columbia mean that it has no
7 expectation of savings going forward?

8 A. I think staff does have expectations for
9 savings in Columbia --

10 Q. Okay.

11 A. -- continued savings in Duke, and greater
12 savings than \$85,000 on Dominion's system.

13 Q. Are you aware that Black & Veatch
14 performed an analysis of DEO's bare steel piping that
15 was submitted as an exhibit in 08-169?

16 MR. SERIO: Objection. There's
17 absolutely no foundation on Black & Veatch.

18 MR. COLBERT: Just starting, I asked him
19 whether he was aware that they had performed an
20 analysis.

21 MR. SERIO: We haven't established that
22 the witness even knows who Black & Veatch is.

23 EXAMINER PIRIK: Objection overruled. I
24 believe that -- Mr. Colbert, I believe you're going
25 down the line of foundation and I'll allow you to

1 continue.

2 MR. COLBERT: Thank you, your Honor.

3 A. I did not know that Black & Veatch
4 existed prior to reading Mr. Hall's testimony. I had
5 no idea that such a report existed.

6 Q. But you know now.

7 A. Last week when I read -- when I first
8 read Mr. Hall's testimony was the first time I'd
9 become aware of it.

10 Q. So you didn't rely on the Black & Veatch
11 report to reach a conclusion that Dominion should
12 have any particular savings in this case, did you?

13 A. No. The staff relied primarily on
14 company statements in its application and in
15 Mr. McNutt's testimony that savings comparable to
16 what Duke achieves would be achieved here.

17 Q. So you didn't rely on any independent
18 analysis at all.

19 A. I'm not sure I'd characterize Black &
20 Veatch, if it was employed by the company, as
21 independent, but I did not do any independent
22 analysis beyond what was here, no.

23 Q. Mr. Adkins, are you familiar with the
24 testimony of Mr. Tim McNutt in the rate case?

25 A. I am. I've read it.

1 Q. You have.

2 A. Yes, I have.

3 Q. Are you familiar -- have you read the
4 transcript of his cross-examination as well or just
5 the direct testimony?

6 A. Just his direct testimony.

7 Q. Okay. What is the age and condition of
8 the -- well, why is the age and condition of the
9 infrastructure of DEO a principal concern?

10 A. A principal concern of whom?

11 Q. Of staff's.

12 A. There's obviously a safety consideration,
13 as pipes leak, a chance for leaking pipes to migrate
14 and cause explosions. Also there's increased costs
15 associated with repairing and replacing pipe, the
16 older it is the more prone to leaks it is, to my
17 understanding.

18 Q. Okay. And you would agree that the
19 replacement and repair of leaks would be one of the
20 factors driving decisions, prioritization decisions
21 in the PIR program?

22 A. I think, you know, the number, the
23 frequency, the placement of leaks, how fast it's
24 leaking, the pressure it's leaking at I think would
25 all be considerations.

1 MR. COLBERT: Your Honor, Mr. McNutt's
2 testimony was the subject of cross-examination of
3 Mr. Hall by OCC and now us of Mr. Adkins. We would
4 ask that that be marked as DEO Exhibit 17.

5 EXAMINER STENMAN: Is there a 16 that I
6 don't have?

7 MR. COLBERT: We've marked it. We
8 haven't used it yet.

9 EXAMINER STENMAN: Okay. Seventeen is
10 fine.

11 MR. COLBERT: We'll get to that shortly.

12 EXAMINER STENMAN: Okay. So marked.

13 MR. WRIGHT: You're marking the
14 cross-examination of McNutt as --

15 MR. COLBERT: No, we're marking
16 Mr. McNutt's direct testimony in the rate case which
17 has been used twice in cross-examination here.

18 MR. WRIGHT: Okay.

19 MR. COLBERT: Once by OCC and once by us.
20 That's all.

21 EXAMINER STENMAN: Actually, just a
22 moment. I think it's already been admitted as OCC
23 Exhibit 1.

24 MR. COLBERT: Okay, and it's been
25 admitted?

1 EXAMINER STENMAN: It's been admitted as
2 OCC Exhibit 1.

3 MR. COLBERT: Good. That's fine. Thank
4 you.

5 Q. (By Mr. Colbert) Mr. Adkins, if you would
6 turn to page 5 of your testimony. At page 5 of your
7 testimony you indicate that staff could not complete
8 its analysis of the company's incremental O&M
9 information due to the short amount of time
10 available; is that correct?

11 A. That's just what I say, yes.

12 Q. And we've previously discussed that staff
13 made no data requests of the company at least through
14 the period where the company filed its application in
15 this case, August 28th of 2009. Do you recall that
16 conversation?

17 A. I believe I indicated we had not asked --
18 we had not requested -- made any formal data
19 requests, and I believe I also indicated that
20 Mr. Soliman had made several informal data requests.

21 Q. Okay. And we'd also -- that's right.
22 And we also established there were several meetings
23 where the company had provided lists of what might be
24 included and that type of thing, but as you say, no
25 formal requests, correct?

1 A. That's correct.

2 Q. Okay. Did the company meet with the
3 staff on August 26th, 2009, to discuss its
4 August 28th PIR filing?

5 A. I believe so, yes.

6 Q. And in that meeting did the company
7 provide an overview of the filing including proposed
8 recovery of incremental O&M?

9 MR. WRIGHT: Objection. I believe we
10 need to establish a foundation that the witness was
11 aware of the meeting, but doesn't know whether or not
12 he attended.

13 Q. Did you attend the meeting?

14 A. I believe so, but I wouldn't swear to it
15 since this is sworn testimony. I believe I was
16 there.

17 Q. Thank you. That was the answer.

18 A. Okay. I believe I was there.

19 Q. We were both there.

20 A. I attend a lot of meetings.

21 Q. That's right.

22 MR. WRIGHT: I had to ask, Paul, because
23 I wasn't.

24 MR. COLBERT: No, you weren't; Mr. Reilly
25 was there.

1 Q. So in that meeting did the company
2 provide an overview of the filing including the
3 proposed recovery of incremental O&M?

4 A. I don't -- I'm not saying the company
5 didn't, but I don't specifically recall the company
6 talking about incremental O&M, but the company did
7 provide an overview of what was included in the
8 filing, what the company intended to include in the
9 filing is my recollection.

10 Q. Okay. And as we discussed, that was on
11 August 26th.

12 MR. COLBERT: Your Honor, I'm going to --
13 I've marked the data request that I'm going to hand
14 out as Dominion Exhibit 16. May I approach?

15 EXAMINER STENMAN: Of course.

16 MR. COLBERT: Thank you.

17 EXAMINER STENMAN: And that will be
18 marked as 16?

19 MR. COLBERT: Sixteen.

20 EXAMINER STENMAN: Okay.

21 (EXHIBIT MARKED FOR IDENTIFICATION.)

22 Q. And do you have what has now been marked
23 as DEO Exhibit 16 in front of you?

24 A. I do.

25 MR. SERIO: Excuse me, your Honor, before

1 we go any further, the response indicates this is
2 confidential. Again, I'm assuming the company's
3 waiving confidentiality. Bottom left-hand corner of
4 the second page.

5 MR. COLBERT: The answer is yes, as we
6 indicated.

7 MR. SERIO: Thank you.

8 EXAMINER PIRIK: Thank you.

9 MR. COLBERT: Sure.

10 Q. Do you have this in front of you?

11 A. I do.

12 Q. And do you recognize this as a data
13 request from staff to the company, a request date of
14 September 17th?

15 A. I don't recall this is something we sent
16 to the company. Whether we requested something while
17 we were at the company's offices and this is a
18 company description of what we asked, I'm not sure.

19 Q. Well, it's marked as data request set
20 Kerry Adkins set No. 1. This is --

21 A. It is. I don't recall sending this.

22 Q. You don't recall sending this.

23 A. Perhaps Mr. Soliman did and it was
24 attributed to me. As I noted earlier, Mr. Soliman
25 led this part of the staff's investigation on it.

1 Q. Okay.

2 A. On the incremental O&M.

3 Q. Well, I will represent to you that this
4 is we believe, from the company's standpoint, the
5 first formal data request that it received from the
6 staff regarding incremental O&M. Are you aware of
7 any formal data requests in the case prior to this
8 date?

9 A. No.

10 Q. Okay. Do you know why, when the
11 application was filed on August 28th and staff
12 believed the time was so short, it would have waited
13 almost two-and-a-half weeks to make the first formal
14 data request regarding incremental O&M?

15 A. I believe I indicated on several
16 occasions that Mr. Soliman led this part of the
17 staff's investigation so this would best be directed
18 to him because I didn't know that he didn't make
19 informal data requests prior to that, I just don't
20 know.

21 Q. During the course of the investigation
22 staff made a number of informal data requests to the
23 company, did it not?

24 A. I was present for -- we made several
25 requests, yes.

1 Q. And generally speaking the company was
2 responsive to those requests, was it not?

3 A. I'll let Mr. Soliman speak to, because
4 there might be some questions about whether we got
5 back everything that we asked for, and I --

6 Q. Not suggesting perfect. I'm just trying
7 to establish there was an exchange of information.

8 A. Generally the company's staff was
9 cooperative, yes.

10 Q. You have testified that you didn't have
11 information associated with the particulars of the
12 company's incremental O&M expense cost recovery
13 request in this case at an early enough time to do an
14 evaluation; have you not?

15 A. I believe in my testimony I indicated we
16 did not have data to analyze, meaning numbers and
17 associated schedules to analyze before the company
18 filed its application on August 28th.

19 Q. And are you aware of any request,
20 informal or formal, asking for the numbers prior to
21 this?

22 A. What numbers?

23 Q. Asking for the incremental O&M expense
24 numbers.

25 A. I believe, as I indicated, we really

1 didn't anticipate that there would be a request for
2 incremental O&M.

3 Q. But on August 26th you didn't believe
4 there were any, correct?

5 A. I believe, I answered that I didn't
6 recall that being discussed at the meeting. I'm not
7 saying it wasn't, I'm just saying I don't recall.

8 Q. On August 28th when the application was
9 filed, you knew that there was a request, correct?

10 A. That's when we first -- when we became
11 aware of it, yes.

12 Q. Okay. And are you aware of any request
13 for specific data relating to incremental O&M prior
14 to September 17th, between August 28th and
15 September 17th?

16 A. I believe as I answered earlier, I would
17 have to defer to Mr. Soliman in that because I don't
18 know if there were requests raised before or not.

19 Q. Okay.

20 A. I don't know.

21 MR. COLBERT: Your Honor, I think that
22 concludes our questions.

23 EXAMINER PIRIK: You're not off the hook
24 yet, Mr. Adkins.

25 THE WITNESS: I know.

1 MR. COLBERT: That was a good try,
2 though.

3 EXAMINER PIRIK: We'll take a ten-minute
4 break. Let's come back at a quarter till.

5 (Recess taken.)

6 EXAMINER PIRIK: Back on the record.
7 Mr. Wright.

8 MR. WRIGHT: Your Honor, I'm very pleased
9 to report that we have no redirect examination of
10 this witness.

11 EXAMINER PIRIK: Excellent.

12 Mr. Serio.

13 MR. SERIO: Well, if there's no redirect,
14 I don't know what I'd get to recross.

15 EXAMINER PIRIK: Oh, you don't have any.
16 I'm getting confused as to what witness we have on
17 the stand he's been there for so long.

18 Okay. With regard to exhibits, I'll
19 start first with the staff exhibit.

20 MR. WRIGHT: Mr. Adkins' testimony, Staff
21 Exhibit 4, we would move its admission at this time.

22 EXAMINER PIRIK: Are there any
23 objections?

24 Hearing none, Staff Exhibit 4 shall be
25 admitted into the record.

1 (EXHIBIT ADMITTED INTO EVIDENCE.)

2 EXAMINER PIRIK: With regard to the
3 Dominion exhibits.

4 MR. COLBERT: Yes, your Honor. We have
5 five exhibits to move in, would you like me to take
6 them one at a time or all five at once?

7 EXAMINER PIRIK: We'll start with all
8 five at once and see if we have to separate them out.

9 MR. COLBERT: Okay. The five exhibits
10 are Dominion 9 is the Columbia stipulation and
11 attached schedules; Dominion 10 is the Duke
12 stipulation and attached schedules; Dominion 11 is
13 the 2007 Dominion annual report; Dominion 12 is the
14 2008 annual report; and Dominion 16 is the Kerry
15 Adkins' data request.

16 EXAMINER PIRIK: Thank you.

17 Are there any objections to these five
18 exhibits?

19 MR. WRIGHT: Your Honor, with respect
20 to -- and I apologize, Paul, I got these out of
21 order -- but the stipulation and recommendation from
22 the Columbia case is what number again? Nine?

23 MR. COLBERT: Nine.

24 MR. WRIGHT: I would just note for the
25 record, your Honor, that I think the witness was

1 cross-examined on I believe one of the attachments to
2 that document, so I question the need to bring the
3 whole document in.

4 You're proposing the whole document, are
5 you not?

6 MR. COLBERT: We are, Bill. You know,
7 we're happy to limit it to the pages that we needed.
8 I had thought from our earlier discussions that the
9 preference was for the entirety of the document, and
10 we certainly have no issue with anybody citing to any
11 part of the document.

12 MR. WRIGHT: Is there any intention to
13 use any part of the document from your end other than
14 the table that you crossed on?

15 MR. COLBERT: Well, there may be in the
16 sense that in the text itself there's language about
17 the agreement for no O&M savings in the first year,
18 but it wouldn't stray from the subject we discussed
19 with Mr. Adkins.

20 MR. WRIGHT: All right. Well, if your
21 Honor's preference is for the entire document,
22 normally I would say -- I would agree with that, but
23 we've really talked about one page of it. And I
24 would say the same thing about DEO 10, the Duke
25 stipulation. You only talked --

1 MR. COLBERT: We did talk about two pages
2 of each. We talked about both --

3 MR. WRIGHT: In --

4 MR. COLBERT: In both of them we talked
5 about the revenue requirement schedule and the O&M
6 schedule.

7 MR. WRIGHT: Nothing in the body of the
8 document itself.

9 MR. COLBERT: We did not talk about
10 anything in the body of the document.

11 MR. WRIGHT: Okay.

12 MR. SERIO: Your Honor, I guess from our
13 perspective both the stipulations contain in the body
14 of the documents language that says that those
15 stipulations are submitted for purposes of those
16 proceedings only. I want to make sure that that
17 language is included part of any of the stipulation
18 that goes into the record because it seems to me that
19 you take one line out of a stipulation that
20 specifically says this isn't to be used as precedent
21 in another proceeding without keeping in the context
22 of the full document, it's troublesome.

23 EXAMINER PIRIK: I agree, Mr. Serio. I
24 think the documents need to be put in as a whole so
25 that language like that is not excluded from the

1 exhibit itself. So I think we will keep the
2 documents as a whole.

3 Are there any other objections to these
4 five exhibits?

5 MR. WRIGHT: The same objection I guess I
6 would have for DEO 11 and 12, these two annual
7 reports. Again, cross-examination of one page of
8 both documents. I don't even know what else is in
9 here and I don't know if there's any intention to use
10 any other part of the document.

11 Obviously, the witness wasn't asked about
12 any other part of the document.

13 MR. COLBERT: Again, Mr. Wright --

14 EXAMINER PIRIK: Well, again, as the
15 Bench has stated, we do prefer to have whole
16 documents in the record, otherwise it could be
17 totally taken out of context, realizing that the
18 record in this case is built by the testimony and by
19 the cross-examination itself, whatever, you know,
20 else is in that document is, you know, not part of
21 this case. It's just those things that are relevant
22 for the purposes of this case and certain types of
23 language as in the stipulation as to the meaning of
24 the stipulation itself in both Duke and Columbia.

25 So are there any other objections with

1 regard to these documents?

2 MR. SERIO: Yes, your Honor. DEO
3 Exhibits 11 and 12 are documents that the company
4 puts together and the company sends to the
5 Commission. Mr. Adkins isn't the person, to my
6 understanding, at the PUCO that sends out requests
7 for annual reports or is in charge of maintaining
8 annual reports, for whatever reason the Commission
9 keeps the annual reports.

10 All he did was read into the record what
11 he was asked to read into it by counsel. Seems to me
12 there's no foundation that Mr. Adkins has any working
13 knowledge of what's in the document itself as far as
14 authentication. It's not like he put the annual
15 report together.

16 This is a company document and if the
17 company wants a company document in the record,
18 shouldn't they do that through their own witness and
19 not through a witness whose only familiarity is, yes,
20 the number that you read is on that page of this
21 report?

22 MR. COLBERT: Your Honor.

23 EXAMINER PIRIK: Mr. Colbert.

24 MR. COLBERT: Yes, your Honor. The
25 witness testified that he was familiar with annual

1 reports, that he could identify it as an annual
2 report. He knew that annual reports were filed at
3 the Commission. And I would point out also these are
4 public documents available on the Commission's
5 website for that matter, so I think they're available
6 to anybody.

7 The point of the questioning was to point
8 out that staff had not done an investigation into the
9 O&Ms to verify or to otherwise correct numbers that
10 had been submitted to them by the company. The
11 numbers in the annual report are not, of course, the
12 numbers that relate directly to the labor expenses
13 that the company is requesting in this case. So we
14 believe that it's important for the Commission to
15 have and to know that staff had available to it
16 instantaneously public information that it could have
17 used to complete and conduct its investigation and
18 didn't do so.

19 So that was the point, we were never
20 trying to -- and we did not ask Mr. Adkins to verify
21 the accuracy of the numbers. The only thing we asked
22 him to do was to note that they went up from one year
23 to the other and that they were available.

24 MR. SERIO: I guess that's the point,
25 though, if he's not asked to verify the accuracy of

1 the numbers, then we don't have established in the
2 record that the numbers here are accurate. If the
3 numbers aren't in the record as accurate, then to say
4 that the staff should have relied on something that
5 we haven't established as accurate numbers to do an
6 investigation is building something on an absolutely
7 rotted foundation and not an appropriate document
8 that should come into the record.

9 EXAMINER PIRIK: Are there any other
10 objections with regard to these five exhibits?

11 MR. REILLY: No, your Honor.

12 MR. SERIO: The only other thing is I
13 would like clarification if DEO Exhibit 16 was a
14 formal or informal staff data request.

15 MR. COLBERT: That was a formal staff
16 data request.

17 MR. SERIO: I guess, your Honor, I'm not
18 going to object to it other than to state that I
19 don't think that we ever saw this, if this was a
20 formal data request. But, you know, if the company
21 indicates it's a response to a formal and they did
22 provide it, just to the best of our knowledge we have
23 not seen this document before.

24 EXAMINER PIRIK: My understanding was
25 from questioning with the witness, if I recall

1 correctly, is that he deferred to Mr. Soliman some of
2 the actual data request questions and so I think when
3 Mr. Soliman takes the stand, hopefully we'll be able
4 to clarify whether this was a formal or an informal
5 data request. I didn't get the impression from this
6 witness that he had been familiar with it or had seen
7 the document before today. So perhaps Mr. Soliman
8 can clarify that. You know, other than that I don't
9 see that there is a problem with the document itself,
10 but it is a question of exactly what the status of it
11 is.

12 With regard to, first I'll take DEO
13 Exhibits 9 and 10, I will admit those into the
14 record.

15 (EXHIBITS ADMITTED INTO EVIDENCE.)

16 EXAMINER PIRIK: With regard to Exhibits
17 11 and 12, I do note your concern, Mr. Serio, as far
18 as, you know, the witness's actual handling of these
19 documents and the source of these documents and the
20 weight that the Commission may give the information
21 therein, and I do understand that, but I think that
22 could have been appropriately -- could have been
23 questions for redirect examination if, in fact, there
24 was a concern that these documents should not be
25 brought in under this witness; I could have seen that

1 happening. And in light of the fact that they are
2 public documents provided here and submitted to the
3 Commission and on the website, I'm going to allow
4 them to be admitted in the record.

5 MR. SERIO: I understand, your Honor,
6 just that this was a staff witness. If they didn't
7 have redirect, I can't redirect the witness on --

8 EXAMINER PIRIK: I understand that. I
9 understand you were waiting for recross, but since it
10 was the staff witness and there wasn't an objection
11 from that perspective --

12 MR. SERIO: Thank you, your Honor, I
13 understand.

14 EXAMINER PIRIK: Yeah, that's kind of
15 where the Bench is coming from.

16 (EXHIBITS ADMITTED INTO EVIDENCE.)

17 EXAMINER PIRIK: With regard to DEO
18 Exhibit 16, realizing that we need to have some
19 clarification, we will look to the next witness,
20 Mr. Soliman, for that clarification, and I think I'll
21 withhold ruling on that until Mr. Soliman is on the
22 stand. Does that make sense?

23 MR. COLBERT: That's fine.

24 EXAMINER PIRIK: Thank you, Mr. Adkins.

25 THE WITNESS: Thank you, your Honors.

1 (Witness excused.)

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 (Witness sworn.)

4 EXAMINER PIRIK: You may be seated.

5 - - -

6 IBRAHIM SOLIMAN

7 being first duly sworn, as prescribed by law, was
8 examined and testified as follows:

9 DIRECT EXAMINATION

10 By Mr. Reilly:

11 Q. Good afternoon, Mr. Soliman.

12 A. Good afternoon.

13 Q. Would you state your name and spell it
14 for the court reporter, please.

15 A. Ibrahim Soliman.

16 Q. Okay. By whom are you employed,
17 Mr. Soliman?

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

20 Q. In what capacity?

21 A. I am an administrator in accounting and
22 electricity of the utilities department.

23 Q. Thank you.

24 Do you have before you up there on the
25 witness stand a document marked for identification

1 purposes as Staff Exhibit No. 5?

2 A. Yes.

3 Q. Could you tell me what that document is?

4 A. Prefiled testimony for this.

5 Q. Is it your prefiled testimony?

6 A. Yes.

7 Q. Could you tell me how that document came
8 into existence?

9 A. After staff comments were issued and we
10 were able to settle the case, I prepared my testimony
11 for this hearing.

12 Q. Was that document prepared under your
13 supervision or by you?

14 A. It was prepared by me, yes.

15 Q. Okay. Are there any changes or additions
16 you wish to make to it?

17 A. I have one small correction in page 3,
18 line 16.

19 Q. Yes.

20 A. The company income statement in the same
21 time should be changed from "in" to "at."

22 Q. From "in" to -- oh.

23 A. "At."

24 Q. "As."

25 A. Not as, "at," a-t.

1 Q. Okay. Thank you. My hearing's only
2 fair.

3 With that change if I should ask you the
4 questions that appear in this document, would your
5 answers with that change be the same as the answers
6 given in this document

7 A. Yes, sir.

8 MR. REILLY: Your Honor, with that we
9 would move the introduction of Staff Exhibit No. 5
10 and provide Mr. Soliman for questioning, for
11 cross-examination.

12 EXAMINER PIRIK: Thank you, Mr. Reilly.
13 Mr. Sauer?

14 MR. SAUER: We have a couple clarifying
15 questions, your Honor, thank you.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Sauer:

19 Q. Mr. Soliman, could you turn to page 9 of
20 your testimony. I'm looking in particular to your
21 question and answer No. 17. Are you there?

22 A. Yes.

23 Q. Does that question and answer have any
24 relationship to the objection that OCC had in their
25 objections on page 9 regarding the delay in reporting

1 retirements? Are you familiar with that?

2 MR. COLBERT: Objection, your Honor.
3 This is friendly cross. And I have no idea what
4 Mr. Soliman's answer will be, of course, but this
5 was, in fact, OCC's objection, they've chosen not to
6 put a witness on to support that objection, and
7 friendly cross is not permitted here.

8 There is no other purpose for them
9 asking, no legitimate purpose for them asking
10 Mr. Soliman about this issue.

11 EXAMINER PIRIK: Mr. Sauer.

12 MR. SAUER: Well, one, I'm trying to
13 understand if it is related to our objection, but
14 Mr. Soliman discusses some information he received on
15 October 6th, 2009, and I'm trying to understand
16 exactly if there is a relationship between our
17 objection and his comment, I'm just trying to
18 understand what information they received and try to
19 understand what that has to do with this -- the
20 concerns that he's raising in his testimony.

21 MR. COLBERT: Your Honor, if I may. On
22 that date there were settlement discussions between
23 the parties and there was information exchanged at
24 those settlement discussions that were part of the
25 settlement discussions. So I would be -- well, I

1 would be concerned about settlement discussion
2 information coming into this proceeding through this
3 line of questioning.

4 EXAMINER PIRIK: I do understand your
5 concern, Mr. Colbert, however, since there is a date
6 in the document itself, in the testimony itself, I
7 will allow Mr. Sauer to continue this line of
8 questioning. I would warn against friendly cross and
9 I would also warn the witness against divulging
10 something that was actually discussed within
11 settlement negotiations and ask, since the Bench was
12 not privy to those discussions, I'm looking to
13 counsel who were present at that point in time, and
14 staff, to keep us on the straight and narrow.

15 Mr. Sauer, with that you may continue
16 your line of questioning.

17 MR. SAUER: Thank you, your Honor.

18 Q. (By Mr. Sauer) Mr. Soliman, I'll ask this
19 question again, are you familiar with the objection
20 that OCC had raised in its objections regarding the
21 delay in reporting retirements?

22 A. Yes.

23 Q. And in your question and answer 17 are
24 you stating that you have similar concerns regarding
25 the timing in which DEO-E is reporting retirements?

1 MR. COLBERT: Objection, your Honor. Two
2 grounds. One, this is not DEO-E. DEO-E is the
3 competitive affiliate of Dominion East Ohio, so I'd
4 ask that the record be clarified as to that. And,
5 second, that is a friendly cross question. He's
6 asking basically whether the staff supports OCC's
7 comment.

8 EXAMINER PIRIK: I do understand what
9 you're saying, but I think he is leading into -- you
10 know, I'll allow at least another question because I
11 believe he's leading into the question he was trying
12 to get at before. So with that clarification, I'll
13 overrule the objection and allow Mr. Sauer to
14 continue.

15 MR. SAUER: Thank you, your Honor. Could
16 you restate the question, please, or repeat the
17 question, please.

18 (Record read.)

19 A. My question and answer No. 17 was based
20 on my request to the company back in September about
21 that I noticed that there is some retirement that was
22 not booked in the company books as of June 30, 2009,
23 and I asked the company to provide me with that data.

24 I was not aware of what OCC or --
25 investigating or their concern about this issue.

1 Q. I understand that you were expecting the
2 company to provide staff with some additional
3 information regarding those retirements.

4 A. Yes, I received information from the
5 company back in October 6th and I was not able to
6 reflect this information on the staff comments. And
7 I'm asking the company to provide more information
8 because the information I had received was only
9 partial information.

10 Q. So at this point do you have like an
11 order of magnitude of the adjustment retirements that
12 you're anticipating the company may be making?

13 A. No, I do not.

14 Q. Okay. I have one other question,
15 Mr. Soliman. I'm asking this not from a legal
16 perspective, but from more of regulatory perspective.
17 Is it your understanding that in the DEO PIR case,
18 that the company has the burden of proof?

19 A. That's my understanding, yes.

20 Q. And the staff does not have a burden to
21 disprove the company's case, do they?

22 THE WITNESS: Can I have that question
23 again, please?

24 (Record read.)

25 MR. COLBERT: Objection, your Honor.

1 That's calling for a legal conclusion.

2 EXAMINER PIRIK: Objection sustained.

3 MR. SAUER: Thank you. I have no further
4 questions.

5 EXAMINER PIRIK: Thank you.

6 Mr. Colbert.

7 MR. COLBERT: Thank you, your Honor.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Colbert:

11 Q. Good afternoon, Mr. Soliman. How are
12 you?

13 A. Good afternoon. Fine, how are you?

14 Q. Okay.

15 Can you please turn to page 5 of your
16 testimony. The first full sentence on that page
17 reads "The Staff believes a regulatory asset approved
18 by the Commission should also be subject to the
19 alternative ratemaking rules and regulations." Did I
20 read that correctly?

21 A. Yes.

22 Q. Likewise, the sentence beginning -- well,
23 continuing on line 16, I guess it begins on line 14
24 actually, it says that "Also, this accounting
25 treatment complies with GAAP - Financial Accounting

1 Statement 71, Accounting for the Effects of Certain
2 Types of Regulation. A regulatory asset created by a
3 state commission is a unique accounting treatment and
4 should be subject to each state Commission's
5 ratemaking/alternative ratemaking rules and
6 regulations." Did I read that correctly?

7 A. Yes.

8 Q. Please identify any of the authority to
9 which you refer on page 5 other than the Financial
10 Accounting Statement 71 which is the only rule you
11 mentioned specifically.

12 A. Do you mean to identify the Commission
13 authority?

14 Q. Yeah, I want you to tell us what
15 alternative ratemaking rules and regulations you are
16 specifically referring to there.

17 A. It is very well known the Commission
18 authority regarding ratemaking proceeding and
19 alternative ratemaking proceeding.

20 Q. Is that your answer?

21 A. Yes.

22 Q. Okay. So you don't know of any specific
23 rules?

24 A. I have a copy of the rules. Do you want
25 me to provide you a copy of the Commission rules?

1 Q. Is there a specific rule regarding a
2 regulatory asset and the Commission's alternative
3 ratemaking authority?

4 A. The Commission has established in a lot
5 of previous rate cases what their policy is when it
6 comes to regulatory assets created by the Commission
7 and how it should be treated for ratemaking purposes.

8 Q. So the authority that you're discussing
9 comes from prior Commission cases; is that what
10 you're saying now?

11 A. Yes.

12 Q. So there are no rules or regulations,
13 these are prior Commission cases?

14 A. Well, the Commission rules -- the
15 Commission's decision in prior cases become
16 guidelines for the staff and the rules to follow in
17 future rate cases.

18 Q. So Commission orders, as I understand it,
19 are now guidelines; is that your testimony?

20 A. Commission decision in a certain issues
21 in rate cases, it become a guideline for the staff.

22 Q. And do you have any particular Commission
23 order in mind when you wrote this on page 5?

24 A. The last Columbia Gas AMRP case.

25 Q. That would be 09-0006?

1 A. Yes.

2 Q. And --

3 A. This is just an example. I can provide
4 you with a list of all the others, I have to go back
5 and search all the Commission decisions in the last
6 25 years.

7 Q. The 09-0006 case enunciated a particular
8 rule as to regulatory assets or a guideline, as you
9 said?

10 A. The Commission approved the stipulation
11 and the stipulation contained regulatory assets
12 established by the Commission and amortized over the
13 life of that assets.

14 Q. Okay. But there are other cases that did
15 it differently, correct?

16 A. Can you tell me specifically what other
17 cases?

18 Q. Sure. The AMR case of Dominion's just a
19 few months ago.

20 A. Dominion did not request regulatory
21 assets.

22 Q. Actually, it did. In that case there's a
23 one-year deferral in the regulatory assets, sir.

24 A. That's for -- can you refer me to a
25 certain line in their application, please?

1 Q. I can refer you to the revenue
2 requirement schedule and, of course, it was approved
3 by the Commission.

4 A. Would you, please?

5 MR. COLBERT: Give us a moment, we had
6 not intended to go into the AMR case.

7 EXAMINER PIRIK: Okay.

8 MR. COLBERT: Your Honor, we do not have
9 with us and didn't, of course, intend to discuss the
10 AMR case. It is available -- can we go off the
11 record for a moment?

12 EXAMINER PIRIK: Yes.

13 MR. COLBERT: Thank you.

14 (Discussion off the record.)

15 THE EXAMINER: We'll go back on the
16 record.

17 MR. COLBERT: Thank you, your Honor.

18 Q. (By Mr. Colbert) Mr. Soliman, we'll skip
19 ahead and we'll come back to this if it's
20 appropriate.

21 EXAMINER PIRIK: You may need to speak a
22 little bit louder, Mr. Colbert.

23 MR. COLBERT: I will endeavor to do so.

24 EXAMINER PIRIK: We can hear you. I'm
25 just not sure when you're pointing in this direction

1 that others can hear you.

2 MR. COLBERT: Thank you, your Honor.

3 Q. Mr. Soliman, does Financial Accounting
4 Standard No. 71 prescribe a particular period over
5 which regulatory assets should be amortized?

6 A. No, it does not.

7 MR. COLBERT: I'm sorry, I need to locate
8 a couple documents.

9 Q. Mr. Soliman, do you have a binder in
10 front of you that we've been talking about, that the
11 company had passed out?

12 A. Yes.

13 Q. Okay. Good. Would you please turn to
14 Staff Exhibit 3, it's tab 11, that's the Staff Report
15 in the 07-829 case. Are you there?

16 A. Yes.

17 Q. And would you please turn to page Roman
18 numeral iii, little iii.

19 MR. SAUER: I'm sorry, what page?

20 MR. COLBERT: Small Roman numeral iii,
21 it's the page with staff acknowledgments on it.

22 MR. SAUER: Okay.

23 Q. Are you there?

24 A. Yes.

25 Q. Mr. Soliman, you're the Mr. Soliman that

1 was in charge of putting together the operating
2 income in the rate base section of the Staff Report,
3 correct?

4 A. Yes.

5 Q. Okay. Mr. Soliman, concurrently with the
6 Staff Report there was a report created by Blue Ridge
7 Consulting Services, Inc., a report of conclusions
8 and recommendations on the financial audit of the
9 East Ohio Gas Company in the same case. Are you
10 familiar with that report?

11 A. I read the report a year and a half ago,
12 yes.

13 Q. And it has a section on rate base as
14 well; do you recall?

15 A. Yes.

16 Q. Mr. Soliman, if you would turn to tab 12,
17 what has been marked as Dominion Exhibit 8. If you
18 would turn to page 76 of that report. At page 76
19 Blue Ridge was required to prepare a comparison to
20 identify plant additions by year by account; is that
21 correct?

22 A. Yes.

23 Q. Okay. If you would turn to page 77,
24 please. At the top of page 77 Blue Ridge stated that
25 "Plant additions between rate cases are of special

1 interest since these assets have not been reviewed as
2 to whether they are used and useful to the utility's
3 customers. This task identified those asset amounts
4 that have been added to DEO's plant in service since
5 its last rate case." Have I read that correctly?

6 A. That's what the report said, yes.

7 Q. And on page 78, the next page, it lists
8 plant additions including distribution plant
9 additions by year and FERC account, correct?

10 A. Yes.

11 Q. Now, please turn to page 83 of the
12 report. Page 83 of the report Blue Ridge describes
13 the accounting for certain plant additions as "A
14 significant portion of the plant additions for 2000
15 to 2007 included work completed through the blanket
16 work order process. Typically, this type of work
17 order includes activities which are recurring,
18 usually of short duration, and do not exceed certain
19 dollar expenditure limitations. Customer
20 installations, meters, and distribution main
21 replacements are typical of the types of plant
22 additions in which work orders are used. DEO does
23 not, however, set a dollar limit for individual
24 transactions that may be charged to blanket work
25 orders. For the period 1998 through date certain,

1 (March 31, 2007), blanket work orders accounted for
2 \$352 million of total plant additions -- of the total
3 plant additions of \$787.6 million. Of this,
4 \$315 million (89.6 percent) was spent on those
5 categories mentioned above, i.e., distribution main
6 and customer installation-related work." Did I read
7 that correctly?

8 A. Yes.

9 Q. Okay.

10 A. Can I have one minute to read it because
11 I wasn't following you when you started reading it,
12 please.

13 Q. Take your time, please.

14 A. Thank you.

15 Q. Okay.

16 A. I'm fine.

17 Q. Good. On page 84, in the Conclusions and
18 Recommendations section, Blue Ridge made the
19 following comment and recommendation --

20 MR. REILLY: Your Honor, excuse me, but,
21 I mean the report says what it says. I don't know
22 that we need it read. If he wants to refer the
23 witness to something and ask him questions about it,
24 that's fine. The report says what it says. If it
25 comes into evidence -- I mean, I think it has been

1 admitted into evidence. People can quote it.

2 MR. COLBERT: Yes.

3 MR. REILLY: I don't think we need to
4 read it.

5 MR. COLBERT: It has been admitted into
6 evidence and I'm trying to point the witness to a
7 particular -- particular sections of it and I do have
8 several questions referring back to the Staff Report.

9 MR. REILLY: I think it may --

10 MR. COLBERT: This is the last of those.

11 MR. REILLY: I think it may go quicker if
12 the witness just reads it.

13 EXAMINER PIRIK: You mean if he's pointed
14 to the paragraph and he has the time to read it.

15 MR. REILLY: Right, and then we can ask
16 questions about it. The report says what it says.

17 MR. COLBERT: I'll just ask a question.

18 Q. (By Mr. Colbert) Mr. Soliman, the Blue
19 Ridge report and the comment and recommendations
20 generally found that the company had reasonable
21 support for and was properly maintaining its blanket
22 work orders; did it not?

23 A. For accounting purposes, yes, they are
24 keeping their books according to the guidelines
25 provided by FERC. But for ratemaking purposes it's

1 completely different. They did not make a
2 recommendation about the work order, which work order
3 was in service or was used and useful and should be
4 included or excluded from rate base in a revenue
5 requirement calculation in a large distribution rate.

6 Q. Mr. Soliman, would you please turn back
7 to the Staff Report, Staff Exhibit 3 at tab 11, and
8 specifically page 55, Schedule B-2. Are you there?

9 A. Yes.

10 Q. Do you see line 6 titled "Distribution
11 Plant"?

12 A. Yes.

13 Q. Okay. Do you see any adjustment made by
14 staff to the distribution plant of the applicant in
15 this case Dominion?

16 A. The staff did not do any adjustment to
17 the distribution plant because the staff was not
18 aware that the rate base included any plant that was
19 not used and useful and it was not mentioned by the
20 consultant and I'm -- as I'm speaking now, I'm not
21 sure that the rate base in the last rate case
22 included any plant that was not used and useful back
23 at that time or today.

24 Q. Okay. But the consultant Blue Ridge
25 didn't find anything wrong with it, right? They

1 looked at blanket work orders and, in fact, they gave
2 it special consideration, right?

3 A. The Blue Ridge consultant report on the
4 accounting of the company's of blanket work. It did
5 not test to see what including in a rate base, if
6 it's used and useful or not.

7 Q. Mr. Soliman --

8 MR. COLBERT: Your Honor, may I approach
9 the witness?

10 EXAMINER PIRIK: Yes.

11 MR. COLBERT: Your Honor, I would ask
12 that the Staff Report and the Blue Ridge report in
13 the Columbia Gas rate case 08-72-GA-AIR be marked as
14 Dominion Exhibit 17 and Dominion Exhibit 18
15 respectively, and we'll pass them out to everybody.
16 We've got copies for everybody.

17 EXAMINER PIRIK: The documents will be so
18 marked.

19 MR. COLBERT: Thank you.

20 (EXHIBITS MARKED FOR IDENTIFICATION.)

21 MR. REILLY: Can I see whatever you're
22 going to talk with him about?

23 MR. COLBERT: Yes, we're passing them out
24 to everybody.

25 MR. REILLY: Okay.

1 MR. COLBERT: They're just large, it
2 takes a minute.

3 EXAMINER PIRIK: Mr. Colbert, is the
4 Staff Report DEO Exhibit 17 and the Blue Ridge
5 Exhibit 18?

6 MR. COLBERT: Yes.

7 EXAMINER PIRIK: Mr. Colbert.

8 MR. COLBERT: Yes, I'm sorry, your Honor.
9 I just have to find one spot. I'll be right there.

10 Q. (By Mr. Colbert) Mr. Soliman, would you
11 please turn to page 82 of the Columbia Blue Ridge
12 report. Are you there?

13 A. Yes.

14 Q. Okay. And can you please tell me -- in
15 the last sentence above the table, can you please
16 tell me, does Columbia use -- did Blue Ridge find
17 that Columbia uses blanket work orders and closes
18 those work orders on a 30-day cycle?

19 MR. REILLY: Objection, your Honor. I
20 mean, I think we're getting -- on relevance. What
21 happened in Columbia -- Blue Ridge is a financial
22 audit. The witness has already testified that
23 there's a difference between financial audits and
24 audits for ratemaking purposes, which is what staff
25 performed.

1 I fail to see what the Columbia -- how
2 the Columbia, the financial audit that was performed
3 by Blue Ridge is relevant to this case. In addition,
4 Mr. Soliman, if you take a look at the Staff Report,
5 what has just been marked for identification purposes
6 as DEO Exhibit 17, over on the acknowledgments page,
7 little iii, Mr. Soliman wasn't involved with the
8 case.

9 MR. COLBERT: Your Honor --

10 MR. REILLY: I would object to relevance
11 and even Mr. Soliman's ability to testify to this.

12 MR. COLBERT: Your Honor, the relevance
13 is pretty simple. It's being suggested in both the
14 comments by OCC and staff that certain plant
15 additions be excluded because they were incomplete by
16 June 30th, 2009, in this case. For many years now,
17 and we've just provided -- we're in the process of
18 providing three examples, but for many years now the
19 companies have accounted for these plant additions
20 pursuant to the FERC system of accounts and have
21 closed these transactions, these plant additions, on
22 a monthly basis.

23 As we go forward here with this
24 examination, we'll find that not only Dominion but
25 Duke and Columbia do the same thing, and in all of

1 the recent rate cases staff did not make any
2 adjustment to plant as a result of this.

3 So we think things -- now, that takes
4 care of both the financial side and the ratemaking
5 side, and we think it's important to point out to the
6 Commission when you're talking in some cases about
7 hundreds of millions of dollars of plant additions on
8 an annual basis, that this is the way that it has
9 been done and the Commission has approved it and the
10 staff has approved it in the staff reports virtually
11 forever.

12 EXAMINER PIRIK: I will overrule the
13 objection but I do think that you need to ask the
14 question as to whether Mr. Soliman was involved in
15 this specific case and exactly where this has come
16 from, and I'll allow you to go somewhat down the
17 road.

18 MR. COLBERT: Well, the only --

19 EXAMINER PIRIK: I don't need more
20 argument on the record, though. You can put all of
21 this in your brief.

22 MR. COLBERT: And no addition --

23 THE EXAMINER: Mr. Reilly, did you have
24 something else?

25 MR. REILLY: Yes, your Honor, I just, the

1 Bench has already ruled, I won't bore the Bench with
2 more, but I would note that Mr. Soliman has already
3 testified with regard to the point he does know
4 about, which is the Dominion report that they did not
5 know, that Blue Ridge was not making a determination
6 with regard to anything involved with ratemaking,
7 particularly the used and useful standard which is
8 relevant to this case.

9 EXAMINER PIRIK: Yes, I think the witness
10 is going a fine job.

11 MR. REILLY: Now I would --

12 EXAMINER PIRIK: Mr. Sauer, did you have
13 something else?

14 MR. SAUER: Just because Mr. Colbert
15 raised and pointed to our comments.

16 EXAMINER PIRIK: I've already made the
17 ruling. We're set on this.

18 MR. SAUER: I would just point out that
19 our comments pertain to the PIR proceeding which is
20 going on now and we believe are different than the
21 treatment the prepaid additions might get in a rate
22 case setting such as Columbia's and DEO's set forth
23 in the Blue Ridge or Staff Report.

24 EXAMINER PIRIK: Mr. Colbert.

25 MR. COLBERT: Thank you, your Honor. Can

1 I have the last question and answer read back? I'm
2 sorry, I don't remember whether the witness actually
3 answered or not.

4 EXAMINER PIRIK: I think you do need to
5 lay some foundation, initially. I think Mr. Reilly's
6 right as far as Mr. Soliman's involvement in this
7 particular case and his familiarity with these
8 documents.

9 MR. COLBERT: As I was going to say, your
10 Honor, Mr. Soliman, as Mr. Reilly pointed out, was
11 not in charge of this particular case. Mr. Soliman
12 does know how to read Schedule B-2 and B-4 and he can
13 confirm that staff made no adjustments in the case
14 and that's all I'm going to ask him to do.

15 MR. REILLY: Your Honor.

16 EXAMINER PIRIK: Mr. Reilly. I know you
17 have more you'd like to say.

18 MR. REILLY: I would object to that
19 question. They're picking out one line in a schedule
20 of a rate case. If Mr. -- of which Mr. Soliman had
21 nothing to do with. I mean, I think he has not been
22 qualified to discuss this report at all.

23 EXAMINER PIRIK: And I do -- I do
24 appreciate where you're coming from, Mr. Reilly. The
25 difficulty is in this situation there are a lot of

1 different dockets being argued and whatnot, and it is
2 very difficult, I think the record needs to clearly
3 reflect whether or not Mr. Soliman had any
4 involvement in this case whatsoever so that it
5 clearly states that what he's merely reciting is
6 what's in the documents before him as opposed to any
7 type of an argument, and then the briefing will
8 actually be the appropriate place to make any types
9 of comparisons or arguments.

10 MR. REILLY: I would just note to the
11 Bench, we have to be -- staff has tried to be as open
12 and as accommodating as it knew how to be and I feel
13 like that decision is now being used against us
14 because we --

15 EXAMINER PIRIK: Certainly the Bench
16 isn't using anything against you, Mr. Reilly. We're
17 treating it all the same, but I do understand where
18 you're coming from.

19 And I think Mr. Soliman needs to be the
20 one to testify, Mr. Colbert, as to whether or not
21 he's been involved in these cases or not.

22 MR. COLBERT: Okay.

23 Q. (By Mr. Colbert) Mr. Soliman --

24 MR. COLBERT: I still need the question
25 and answer read back.

1 EXAMINER PIRIK: I think you need to -- I
2 think you're going to need to reiterate the question.
3 We've gone way down this road. You need to go back
4 and start with the foundation with Mr. Soliman.

5 MR. COLBERT: That's fine, your Honor.

6 Q. Mr. Soliman, were you involved in this
7 case at all, the Columbia case?

8 A. I was not.

9 Q. Okay. Are you aware that -- are you
10 aware that like most rate cases there was a Staff
11 Report filed in the case?

12 A. Yes, I was aware that Columbia Gas of
13 Ohio Staff Report was issued back in 2008.

14 Q. Okay. And were you aware that there was
15 a similar report filed by Blue Ridge Consulting in
16 that case as well?

17 A. Yes.

18 Q. Okay. Can you please turn to page 82 of
19 that report, the Blue Ridge report? And on the
20 second-to-last full sentence of that just above the
21 table does that describe blanket work orders that
22 Columbia uses that are typically closed on a 30-day
23 cycle?

24 MR. REILLY: I'd just like my objection
25 noted.

1 EXAMINER PIRIK: So noted.

2 MR. REILLY: Thank you.

3 A. I'm sorry, at page 82 I have Schedule
4 C-3.60.

5 Q. Of the Blue Ridge report.

6 A. I'm sorry.

7 Q. That's all right.

8 A. Can I have the question reread, please?

9 Q. Yes. The second-to-last sentence just
10 above the table there discusses blanket work orders
11 that are used by Columbia and typically closed on a
12 30-day cycle; is that correct?

13 A. I'm not familiar with this report. I did
14 not read it. This is my first time I see it. I'm
15 not sure what they're talking about.

16 Q. Okay. Can you turn to page 50 of the
17 Staff Report?

18 A. I am there.

19 Q. Did staff make any adjustments to
20 distribution plant on this schedule?

21 MR. REILLY: Objection, relevance.

22 EXAMINER PIRIK: Objection overruled.

23 A. I was not the staff in charge of this
24 case, and I'm not sure what kind of adjustment was
25 made.

1 Q. On line 2 at page 50 on Schedule B-2 the
2 number under Applicant is one dollar different than
3 the number under Staff; is that correct? I read that
4 correctly?

5 A. That's correct --

6 MR. REILLY: Objection, relevance.

7 EXAMINER PIRIK: Your objection is noted
8 for the record. I understand you have a continuing
9 objection on Schedule B-2.

10 MR. REILLY: Thank you, your Honor.

11 EXAMINER PIRIK: Thank you.

12 MR. REILLY: I won't raise it again,
13 thank you.

14 EXAMINER PIRIK: Okay.

15 A. The number is what the number is showing,
16 but I'm not sure what the detail in the number -- if
17 the number already excluded anything that was not
18 used and useful by the Blue Ridge or by the staff, so
19 I can't tell what's in the number. The numbers are
20 the same, but I can't tell you what's in the number.

21 MR. COLBERT: Your Honor, may I approach?

22 EXAMINER PIRIK: Yes.

23 MR. COLBERT: This is the stipulation and
24 recommendation in the automated meter reading case
25 that we were discussing with Mr. Soliman just a

1 little bit ago. This would be marked as Dominion 19.

2 EXAMINER PIRIK: And the case number is
3 09-06?

4 MR. COLBERT: 09-38.

5 EXAMINER PIRIK: 09-38.

6 MR. COLBERT: GA-UNC, I'm sorry, 09-06 is
7 the Columbia case. I'm not quite -- can you share on
8 this one? I'm not sure we've got enough copies,
9 thank you.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. Mr. Soliman, would you please turn to
12 Stipulation Attachment 1, page 2 of 2.

13 A. I am there.

14 Q. Are you there?

15 A. Yes.

16 Q. Okay. And under Deferral Accounting, do
17 you see that?

18 MR. REILLY: I'm sorry, where are you?

19 A. I can't see it.

20 MR. REILLY: Page 2 of 2?

21 MR. COLBERT: Page 2 of 2 underneath the
22 table.

23 MR. REILLY: Oh, Deferral Accounting,
24 okay.

25 MR. COLBERT: The top sentence is each

1 year's AMR charge. Right below that is Deferral
2 Accounting, do you see that?

3 MR. REILLY: Yes.

4 A. Yes.

5 Q. And what does that say right underneath
6 that? Can you read that out loud, please?

7 MR. REILLY: Objection, relevance. Your
8 Honor, this is a completely different case,
9 completely different assets, completely different
10 methods. I mean, there's no relevance here at all.

11 EXAMINER PIRIK: I do understand, and you
12 have a continuing objection on this line, but again,
13 we also need to know whether or not this witness was
14 involved in this case. I don't recall whether you've
15 asked those questions or not.

16 MR. COLBERT: I believe we did earlier,
17 your Honor, but I'll ask them again.

18 Q. Mr. Soliman, this was a case involving
19 Dominion's automated meter reading cost recovery
20 charge and you were involved in this case, were you
21 not?

22 A. I was involved in the case, yes.

23 Q. And, in fact, you helped come to this
24 stipulation; did you not, with the company?

25 A. That's correct.

1 Q. Okay. And you're familiar with these
2 schedules, are you not?

3 A. I'm not really familiar with the
4 Attachment 1 here. I'm familiar with what the staff
5 used to calculate the first year of the AMR charge of
6 the 30 cents, but other than that I'm not familiar
7 with what these are.

8 Q. And this is part of that, is it not?

9 A. I'm not sure, the 1 million and 821
10 referred is for the next year, it's not for the first
11 year. I haven't done -- the next year has not been
12 filed yet.

13 Q. Would you please turn to the first page
14 of the stipulation attachment. This is the revenue
15 requirement agreed to by the parties, is it not?

16 A. I'm sorry, which page?

17 Q. Page 1 of 2 instead of page 2 of 2, same
18 attachment, just the other side of the piece of
19 paper.

20 A. The only column that I'm familiar with is
21 the first column which is 2009 Calculation of the
22 assets -- on Assets through December 31st, 2008. The
23 other numbers are estimated numbers and has no
24 meaning. It was just provided for information. The
25 only number that I'm familiar is the number in the

1 first column and that's what we have used to
2 establish the rate for the first year of the AMR.

3 Q. And that has incremental annual
4 depreciation expense as the first line under
5 operating expense; is that correct?

6 MR. REILLY: Objection, the document
7 speaks for itself.

8 EXAMINER PIRIK: Objection so noted.
9 Overruled.

10 A. Can I have the question reread, please?
11 (Record read.)

12 A. Yes, it does. It has only the
13 incremental accumulated depreciation for the AMR and
14 it did not include annualized depreciation for AMR.

15 Q. Yes. And do you know -- well, on page 2
16 of 2 it says that the depreciation is deferred to a
17 regulatory asset monthly, does it not?

18 A. If you're talking about 2009, the
19 882,000, yes, the depreciation was deferred on a
20 monthly base -- that's it.

21 Q. And right below that where it says "Once
22 the AMR Cost Recovery Charge for 2010 is put into
23 effect," that's the same methodology that was used to
24 calculate 2009, is it not? That is the actual
25 numbers that you say you're familiar with.

1 A. Are you referencing to the 1.8 million?

2 Q. No, I'm referencing the 882,775.40. It
3 was calculated in the same manner as the example for
4 the next year on this page, was it not?

5 A. I'm sorry, I don't understand the
6 question.

7 Q. We'll move on, your Honor.

8 Can you turn to tab 10, I'm sorry. I'm
9 sorry, tab 13, Dominion's PIR application in 08-169,
10 and that's also Dominion Exhibit 13, pages 11 to 16.

11 A. I'm sorry, page what?

12 Q. Starting at page 11. We're looking
13 generally at 11 to 16.

14 EXAMINER PIRIK: Are we looking at DEO
15 Exhibit 13?

16 MR. COLBERT: Yes, the application,
17 roughly pages 11 to 16.

18 EXAMINER PIRIK: There's a page 16?

19 MR. COLBERT: I'm sorry, paragraphs 11 to
20 16.

21 EXAMINER PIRIK: Okay.

22 MR. COLBERT: My fault. I was trying to
23 move it along faster and referred you to the wrong
24 ones.

25 Q. Are you there, Mr. Soliman? Page 5 is

1 where paragraph 11 starts.

2 A. Yes.

3 Q. Okay. That area of the application
4 generally describes the facilities that Dominion will
5 include in the PIR program, correct?

6 A. Yes.

7 Q. In paragraph 12 of that section, the
8 company describes its proposal to assume ownership of
9 the curb-to-meter service lines; is that correct?

10 A. Yes.

11 Q. In the last sentence of paragraph 12
12 Dominion specifically identified the cost of
13 installing new service lines for new construction in
14 its description of the facilities to be installed in
15 the program; do you agree with that?

16 A. I'm sorry, you said the last sentence of
17 number what?

18 Q. The last sentence of paragraph 12.

19 MR. REILLY: Excuse me, on page 6?

20 MR. COLBERT: Yes.

21 A. That starts with "Added to these
22 figures"?

23 Q. Yes. You can read the sentence aloud if
24 you'd like.

25 A. "Added to these figure would be the cost

1 associated with the replacement and repair of
2 existing service lines on other parts of its system
3 as well as installation of service lines for new
4 construction."

5 However, I have denoted that there was a
6 note No. 2 next to that and it said down there in
7 that same page 6 at the end of the page 6, said "Due
8 to the unknown magnitude of these costs and the fact
9 that customers will bear such costs if the Company
10 does not assume ownership and responsibility for
11 curb-to-meter services, DEO has not included the
12 associated expenses in the estimated rider figures
13 included in this application."

14 Q. Okay. But the facilities it included
15 included facilities for new installation, that's what
16 it was requesting in that last sentence, right?

17 A. Yes.

18 Q. Okay.

19 A. Whether or not that was included in the
20 page 2.

21 Q. Fair enough.

22 Please turn to the PIR Staff Report which
23 is at 10 and is Staff Exhibit 2. On page 3 of the
24 PIR Staff Report, staff addressed the company's
25 proposal to assume responsibility for the

1 installation of all customer service lines; is that
2 correct?

3 A. Yes.

4 Q. And at the beginning of that section of
5 the PIR Staff Report the staff states that it
6 supports the concept of the company ownership of
7 customer service lines as indicated in the testimony
8 filed in support of an Ohio LDC's application to take
9 ownership of customer service lines when the company
10 performs maintenance, repair, or replacement work on
11 the lines. Did I read that correctly?

12 A. Yes.

13 Q. At the top of page 3 of the same staff
14 report staff finds that there might be benefits to
15 customers because assuming customer-owned service
16 lines would enhance safety, reliability, and also
17 possibly relief of financial burden to the customer;
18 is that fair?

19 A. I'm trying to find where this is written,
20 I'm sorry.

21 Q. At the very top of page 3 it's the
22 sentence that starts "Staff believes that LDC
23 assumption." "Staff" is the very last word in the
24 first line.

25 A. That's correct.

1 Q. Okay. And at the top of the next
2 paragraph it says that "Staff therefore supports
3 DEO's proposal to assume the responsibility for the
4 installation of all customer service lines and the
5 maintenance, repair and replacement of all unsafe or
6 leaking customer owned service lines. The costs
7 associated with this activity should be recovered as
8 part of the Infrastructure Replacement Program." Did
9 I read that correctly?

10 A. Yes. And the staff did include the costs
11 associated with the main line replacement program.

12 Q. I'm sorry, I couldn't hear you.

13 A. And the staff did include the costs
14 associated with the replacement of service line.

15 Q. Okay. And that includes for the
16 installation of all customer service lines as it said
17 in the sentence?

18 A. Yes, the staff include over \$4 million of
19 investment for customer service line to be recovered
20 in this PIR proceeding.

21 MR. COLBERT: Can you reread the
22 question, please?

23 (Record read.)

24 Q. Mr. Soliman, I don't think you answered
25 my question. I think you answered the dollar amount

1 that the staff approved, but you didn't answer
2 whether it included recovery for the installation of
3 all service lines.

4 A. It included installation costs of the
5 replacement service line. It did not include the
6 cost for the new service line.

7 Q. Mr. Soliman, can you turn to the top of
8 page 5 of the Staff Report, please. Staff states
9 that "DEO should recover through the PIR Cost
10 Recovery Charge costs associated with assuming
11 ownership of curb-to-meter service lines including
12 new installations." Did I read that correctly?

13 A. Yes.

14 MR. COLBERT: Your Honor, no more
15 questions.

16 EXAMINER PIRIK: Thank you.

17 MR. REILLY: Can we have about ten
18 minutes? Everybody's been meeting with the witnesses
19 before redirect.

20 EXAMINER PIRIK: Yes, I think that's
21 appropriate. Let's take a break, then, until 4:30.
22 Maybe 25 till, that way we can take a real break and
23 use the facilities and you can still have time to
24 talk.

25 (Recess taken.)

1 EXAMINER PIRIK: Mr. Reilly.

2 MR. REILLY: Thank you, your Honor.

3 - - -

4 REDIRECT EXAMINATION

5 By Mr. Reilly:

6 Q. Mr. Soliman, I'd like to talk to you
7 about regulatory assets for a moment if we could.
8 Would you tell us -- back up. Are you familiar with
9 the FERC accounting rules?

10 A. Yes, I am.

11 Q. Do you use them in your job?

12 A. Yes.

13 Q. Often?

14 A. Yes.

15 Q. Have you used them for many years, in
16 fact?

17 A. Yes.

18 Q. Do the FERC accounting rules provide for
19 regulatory assets, quote, "regulatory assets," end
20 quote?

21 A. No, it does not. To establish a
22 regulatory asset you need a state commission order.

23 Q. All right. Was there such an order in
24 this case, and by "this case" I mean 09 -- in 09-458
25 and the cases leading to it, was there such an order?

1 A. Yes, in the PIR staff report 08-169 --

2 Q. Yes.

3 A. -- on page 6 the staff made
4 recommendation to the Commission to establish a
5 regulatory assets for post-in-service carrying
6 charges. And the Commission has approved the
7 regulatory asset for post-in-service carrying
8 charges.

9 Q. And where did the Commission approve
10 that? Do you recall?

11 A. It's in the stipulation.

12 Q. In the Commission's opinion and order --
13 the stipulation in 07-829 when it was discussing the
14 PIR program, if I could direct your attention to page
15 8 of the stipulation. And I believe that is --

16 MR. REILLY: Does someone have the
17 stipulation 08-729?

18 MR. COLBERT: Yeah, paragraph O --

19 MR. REILLY: No, just what's the exhibit
20 number?

21 MR. COLBERT: It is DEO 7.

22 Q. DEO Exhibit 7, page 8.

23 MR. REILLY: Thank you.

24 Q. That would be tab 7 in the notebook. No,
25 it isn't. Excuse me.

1 EXAMINER PIRIK: Tab 6.

2 MR. REILLY: What is it?

3 EXAMINER PIRIK: Tab 6.

4 MR. REILLY: Tab 6? Tab 6 in the
5 notebook. No, that's --

6 MR. COLBERT: Tab 9.

7 MR. REILLY: Tab 9.

8 EXAMINER PIRIK: Oh.

9 Q. (By Mr. Reilly) Page 8. I know it's page
10 8. If I could direct your attention to paragraph
11 O --

12 A. Yes.

13 Q. -- the stipulation adopts the Staff
14 Report recommendations, correct?

15 A. Yes.

16 Q. Except as modified, and none of the
17 modifications apply; is that not correct also?

18 A. Yes, that's correct.

19 Q. Okay. And the Commission order adopts
20 the Staff Report, correct? I'm sorry, adopts the
21 stipulation.

22 MR. COLBERT: Excuse me, can I have the
23 prior question and answer read back, please.

24 MR. REILLY: Well, let me do it.

25 Q. Mr. Soliman, if you would take -- I think

1 paragraph O speaks for itself, but if you could take
2 a look at paragraph O for me of the stipulation, page
3 8.

4 A. Yes.

5 Q. Paragraph O, as you've already testified,
6 states that the Staff Report's recommendations with
7 regard to the PIR application shall be adopted except
8 for the following exceptions, and there are a total
9 of seven exceptions. Is that not correct?

10 A. That's correct.

11 Q. Do any of those seven exceptions have to
12 do with staff's statement -- with staff's
13 recommendation with regard to a regulatory asset in
14 the PIR program?

15 A. No, it did not.

16 Q. And if you know, this is the stipulation
17 that was ultimately adopted by the Commission; is
18 that not correct?

19 A. That's correct.

20 Q. Okay. I would like to talk to you a
21 little bit about Blue Ridge Consulting Services. Are
22 you familiar with Blue Ridge?

23 A. For Dominion East Ohio?

24 Q. Have you ever heard of Blue Ridge
25 Consulting Services?

1 A. Yes.

2 Q. Are you aware of them ever having done
3 work here at the Commission?

4 A. Yes.

5 Q. And that was in one of the Dominion
6 cases; is that correct?

7 A. That was in our last distribution rate
8 case for Dominion.

9 Q. And in that rate case what kind of
10 services did they perform?

11 A. It's kind of financial audit.

12 Q. A financial audit?

13 A. Yes.

14 Q. Is a financial audit the same kind of
15 audit that the staff performs in a rate case?

16 A. In addition to the financial audit the
17 staff also does its own audit to make sure that the
18 costs requested in the company books should be
19 recovered for ratemaking purpose.

20 Q. Is one of the issues involved in a
21 financial audit whether costs should be recovered for
22 regulatory purposes?

23 A. Yes.

24 Q. Is one of the issues in Blue Ridge's
25 financial audit whether particular costs should be

1 recovered in rates? Is that what they're looking at?

2 A. No, they only looking at the financial
3 information to make sure that the company is
4 complying with uniform system of account.

5 Q. So if the company is applying the Uniform
6 System of Accounts in an acceptable way, that ends
7 Blue Ridge's consideration; is that correct?

8 A. That's correct.

9 Q. Okay. Is that the end of the
10 consideration on whether a particular cost or expense
11 should be recovered?

12 A. I'm sorry, can I -- ask that question
13 again.

14 (Record read.)

15 Q. Let me clarify the question. The issue
16 of whether a particular expense should be recovered,
17 that question, should they be able to recover an
18 expense in rates, should Dominion be able to recover
19 an expense in rates, is that issue addressed in the
20 Staff Report, in the staff's audit, in the staff's
21 consideration?

22 A. Yes, that's -- the staff do its own audit
23 for ratemaking purpose to make sure that the cost
24 included showing in the company's financial statement
25 are appropriate to be included for ratemaking

1 purpose.

2 Q. All right. And I think you said that is
3 not an issue, though, the recoverability in rates of
4 an expense, that is not in the Blue Ridge financial
5 audits; is that correct?

6 A. Yes.

7 Q. Let me talk to you for a second also
8 about --

9 MR. REILLY: I think that will do it.
10 Thank you, your Honor. That will cover it.

11 EXAMINER PIRIK: Thank you.

12 MR. SAUER: No questions, your Honor.

13 EXAMINER PIRIK: Thank you.

14 Mr. Colbert.

15 MR. COLBERT: No recross, your Honor.

16 EXAMINER PIRIK: With regard to exhibits.

17 MR. REILLY: Okay, with that we would
18 move the introduction of Mr. Soliman's testimony
19 which is Staff Exhibit No. 5.

20 EXAMINER PIRIK: Are there any
21 objections?

22 Hearing none, Staff Exhibit 5 shall be
23 admitted.

24 (EXHIBIT ADMITTED INTO EVIDENCE.)

25 EXAMINER PIRIK: Mr. Colbert.

1 MR. COLBERT: Yes, your Honor. We have I
2 believe four exhibits remaining, one is DEO 16, which
3 was the data request; DEO 17 is the Columbia Staff
4 Report; DEO 18 is the Columbia Blue Ridge report; and
5 DEO 19 is the AMR stipulation and attachments.

6 EXAMINER PIRIK: Mr. Serio.

7 MR. SERIO: With regard to DEO Exhibit
8 16, since it's carried over from Mr. Adkins, it was
9 my understanding that the company was going to try to
10 close the loop with Mr. Soliman. Unless I missed it,
11 the loop was left open, so I would object to the
12 grounds that they never established any foundation
13 with Mr. Soliman who Mr. Adkins indicated was the
14 direct witness for that particular document.

15 MR. COLBERT: If I can.

16 EXAMINER PIRIK: Mr. Reilly, do you have
17 any objections to any of these exhibits?

18 MR. REILLY: Yes, your Honor, we would
19 object to DEO Exhibits 17 and 18 on the basis of
20 relevance. They're dealing with matters that are not
21 before the Commission, they're by different
22 companies, they were -- the testimony with regard to
23 them was from Mr. Soliman who is a witness who,
24 according to the testimony, had nothing to do with
25 the case and didn't know anything about it.

1 On that basis, on the basis of the lack
2 of relevance and a lack of foundation, we'd object to
3 17 and 18.

4 Dealing with No. 19 which is the
5 stipulation in the AMR exhibit -- in the AMR case, we
6 would object to the introduction of the testimony
7 for, among other reasons, it contradicts the express
8 terms of the stipulation. The stipulation says it
9 shall not be used beyond the stipulation in any other
10 proceeding as precedent.

11 Further, the -- and we object beyond that
12 on relevance because the stipulation says it does not
13 represent the position that any party would take
14 outside of the stipulation if the stipulation didn't
15 exist. Therefore, anything in the stipulation that
16 deals with anything factual that they wish to talk
17 about now such as the tables or how something was
18 handled does not -- is part of the overall
19 stipulation, it isn't what any party would -- what
20 any of the parties would have thought necessarily was
21 the right thing to do, therefore, we object on the
22 basis of relevance and because it contradicts the
23 terms of the stipulation.

24 EXAMINER PIRIK: And that's for -- you
25 are saying that specifically for DEO 19.

1 MR. REILLY: That's DEO 19. If you look,
2 I think it's on the second page.

3 EXAMINER PIRIK: Mr. Colbert.

4 MR. COLBERT: Thank you, your Honor. If
5 I may, I'm going to work backwards from 19 down to
6 16. In regard to the AMRP, that came up over
7 cross-examination with Mr. Soliman where Mr. Soliman
8 raised the stipulation and recommendation as a
9 guideline ordered by the Commission from the Columbia
10 case in 09-0006. That has the identical language in
11 it, and the only reason the AMRP came up was to rebut
12 Mr. Soliman's contention in his testimony that the
13 Commission had developed these guidelines in some
14 consistent manner.

15 So, you know, we think that it is proper
16 to bring up. If, frankly, it's disallowed, then
17 Mr. Soliman's testimony should be stricken. He was
18 using that stipulation for the very purpose. Now, we
19 don't suggest either of those things. We think it's
20 proper to bring both pieces in.

21 Regarding the Columbia Staff Report and
22 the Blue Ridge Staff Report, DEO 17 and 18 which are
23 in that very case, 09-0006, the issue that has been
24 raised in this case is the exclusion from rate base
25 of certain plant additions that are accounted for

1 using what's called a blanket work order that, as we
2 discussed earlier, has been approved by the
3 Commission for many years and used in exactly this
4 manner.

5 We think it certainly is proper to be
6 able to demonstrate to the Commission that this has
7 been occurring in other cases. Now, in order to
8 expedite the process here we cut short, we have other
9 documents that show the same thing in yet more cases,
10 but we certainly think that it is appropriate to
11 demonstrate to the Commission what the practice has
12 been and to be able to make the argument that it's
13 perfectly legal and proper as has been the practice
14 for many years.

15 And we believe that the Columbia reports,
16 both the Staff Report and the Blue Ridge report, help
17 to demonstrate that.

18 Regarding the DEO 16, while Mr. Adkins
19 said that he was not the person doing the specific
20 investigation, he did say that he was familiar with
21 the questions that were asked, that he had gone with
22 Mr. Soliman on the audits, and that he generally was
23 familiar with the data requests, et cetera, in the
24 case, and the only thing that we asked about it was
25 the date of the data request and whether he knew

1 whether something else had occurred before that on
2 the subject.

3 Counsel for staff could have redirected
4 on that, they could have asked Mr. Soliman or
5 Mr. Adkins whether there was some data request prior
6 to that date. No one's done so. No one's
7 contradicted Mr. Adkins' testimony, and we think on
8 that basis it is properly admissible. It wasn't
9 that -- we didn't ask Mr. Adkins to discuss the
10 accuracy of the data request or the response to it,
11 merely the date and merely the timing of it.

12 MR. SAUER: Your Honor, OCC would join
13 the staff in objecting to Exhibits 17 and 18 for the
14 reason that we stated earlier. I think Mr. Colbert
15 generally speaking said to the effect that these
16 documents have stated what takes place in a rate
17 case, that being the Columbia rate case where these
18 reports were generated, and it's our position this
19 isn't a rate case proceeding, this is a pipeline
20 infrastructure replacement proceeding, and it's
21 somewhat a different animal than a rate case and
22 doesn't necessarily -- the processes that took place
23 during Dominion or Columbia's rate cases aren't
24 necessarily the processes that ought to take place
25 here.

1 EXAMINER PIRIK: Mr. Reilly, did you have
2 something else?

3 MR. REILLY: Thank you, your Honor. I
4 would just like to respond briefly to one point that
5 Mr. Colbert raised about Mr. Soliman's testimony. I
6 would note that Mr. Soliman did not seek to introduce
7 collateral reports. They're seeking to introduce
8 everything, and I understand it's the Bench's desire
9 to have the whole report if any part of it is being
10 referenced, but Mr. Soliman rendered an opinion which
11 I think is perfectly proper for a person to do,
12 that's what his testimony is. It's his opinion being
13 stated in the testimony.

14 I don't think that's the same as seeking
15 to introduce a document contrary to the terms of the
16 document. I wanted to point that out in addition to
17 what we have already said here.

18 EXAMINER PIRIK: And that's your --
19 you're specifically referencing DEO 19 when you say
20 contrary to the terms of the document.

21 MR. REILLY: Yes. Yes. Yes.

22 EXAMINER PIRIK: I'll take these one at a
23 time. First of all, with regard to what's been
24 marked as DEO Exhibit 16, as we had mentioned
25 earlier, the expectation was that it would be cleared

1 up and I believe Mr. Adkins had totally deferred to
2 Mr. Soliman with regard to where this document came
3 from and whether it was formal or informal.

4 I'd also like to point out that under the
5 question part it says -- first of all, the heading is
6 a Dominion document and the question says "To follow
7 up from our meeting with the PUCO yesterday, please
8 supply the following." And that appears to me to be
9 a document that was created by Dominion. Whether it
10 was formal or informal from staff I don't know, I
11 don't know what the reference is and it was never
12 cleared up with Mr. Soliman so I'm going to deny
13 admission of DEO Exhibit 16.

14 With regard to DEO Exhibits 17 and 18,
15 everyone's objections are noted for the record,
16 however, I think as I said before, this is a
17 difficult case in that there are a lot of things
18 being compared, and the Commission is going to decide
19 what is and what isn't going to be comparable and
20 they will make the ultimate decision as to what will
21 be determined in this case. I'm going to admit those
22 two documents, 17 and 18, DEO 17 and 18.

23 (EXHIBITS ADMITTED INTO EVIDENCE.)

24 EXAMINER PIRIK: With regard to DEO
25 19 -- oh, I did have one note. On DEO 18, on the

1 cover page it references case 08-74-GA-AIR, and I
2 think that's a typo. It's supposed to be 72. It's
3 correct in the header of each of the pages. It's
4 just on the cover page. So for reference purposes I
5 just want to be sure the record reflects the correct
6 cite on the front of the page of that document.

7 With regard to DEO 19, I'm going to admit
8 that document for the same reason that I'm admitting
9 the other documents, but I think it is an interesting
10 argument and a valid argument that when parties enter
11 into stipulations, they say that they won't use the
12 information contained in that stipulation or
13 agreement of the parties in another proceeding, so I
14 find a little bit of difficulty there but, again, our
15 job is to make sure that the record is clear and to
16 be able to provide information to the Commission so
17 that they can review everything and come up with
18 their decision based upon the actual facts in the
19 case.

20 In this case there's -- these aren't
21 facts in the case, these are just documents that
22 parties are wishing to argue I believe on brief as to
23 comparisons and, you know, for citing purposes I'm
24 going to allow that document in.

25 (EXHIBIT ADMITTED INTO EVIDENCE.)

1 EXAMINER PIRIK: That being said, I
2 believe that the only other document that has not
3 been admitted into the record is DEO 15. That's the
4 Black & Veatch.

5 MR. COLBERT: Yes, your Honor, when we
6 did the cross-examination, it wasn't identified and
7 we did not ask that it be introduced.

8 EXAMINER PIRIK: I just wanted to be sure
9 that was clear on the record.

10 MR. COLBERT: Yes.

11 EXAMINER PIRIK: We'll go off the record.

12 (Discussion off the record.)

13 EXAMINER PIRIK: Go back on the record.
14 We had an off-the-record discussion with regard to a
15 briefing schedule and it was agreed that the initial
16 brief in this case would be due by the end of
17 business day on Monday, November 2nd, and that the
18 reply briefs -- that the initial brief will be shared
19 amongst the parties by 5:30 p.m. on that day. And
20 then the reply briefs will be due by end of business
21 day on Thursday, November 12th.

22 Is there anything else that we need to
23 put on the record? Hearing none, I believe that
24 completes this proceeding and we will adjourn and
25 provide the Commission with this record and the

1 eventual briefs for their consideration. Thank you
2 all.

3 (The hearing was concluded at 5:16 p.m.)

4 - - -

5 CERTIFICATE

6 I do hereby certify that the foregoing is
7 a true and correct transcript of the proceedings
8 taken by me in this matter on Monday, October 19,
9 2009, and carefully compared with my original
10 stenographic notes.

11
12 _____s/Maria DiPaolo Jones
13 Maria DiPaolo Jones, Registered
14 Diplomate Reporter and CRR and
Notary Public in and for the
State of Ohio.

15 My commission expires June 19, 2011.

16 (MDJ-3461)

17 - - -
18
19
20
21
22
23
24
25

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/20/2009 8:42:54 AM

in

Case No(s). 09-0458-GA-UNC

Summary: Transcript Dominion East Ohio Vol-II 10/19/09 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs. and Gibson, Karen Sue Mrs.