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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

PUCO

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East)
Ohio to Adjust its Pipeline Infrastructure) Case No. 16-2205-GA-RDR
Replacement Cost Recovery Charge and)
Related Matters)

**APPLICATION TO ADJUST THE
PIPELINE INFRASTRUCTURE REPLACEMENT COST RECOVERY CHARGE**

In accordance with the Public Utilities Commission of Ohio's (the Commission) October 15, 2008 Opinion and Order in Case No. 07-829-GA-AIR, the Commission's August 3, 2011 Opinion and Order in Case No. 11-2401-GA-ALT, and the Commission's September 14, 2016 Opinion and Order in Case No. 15-0362-GA-ALT, The East Ohio Gas Company d/b/a Dominion East Ohio (DEO or the Company) respectfully requests that the Commission approve: (i) the adjustment to DEO's Pipeline Infrastructure Replacement (PIR) Cost Recovery Charge set forth in Attachment A, Schedule 1, to this Application, which reflects costs associated with capital investments placed in service from January 1, 2016, through December 31, 2016, and cumulatively; and (ii) the revised PIR Cost Recovery Charge tariff sheet attached to this Application as Attachment B. In support of its Application, DEO states as follows:

1. DEO is an Ohio corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeast, western, and southeast Ohio and, as such, is a public utility as defined by R.C. 4905.02, and a natural gas company as defined by R.C. 4905.03(E).

2. On February 22, 2008, DEO filed an application to establish a PIR Cost Recovery Charge via an automatic adjustment mechanism pursuant to R.C. 4929.11 in Case No. 08-169-

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GA-UNC. DEO's application was consolidated with Case No. 07-829-GA-AIR, and the Commission approved DEO's use of an automatic adjustment mechanism to recover costs associated with the PIR program. *See* 07-829 Order at 9–10. The Order contemplated periodic filings of applications and adjustments of the rate for the PIR Cost Recovery Charge. *See id.*

3. Although the PIR Cost Recovery Charge mechanism was approved as an alternative rate plan under R.C. 4929.05, DEO's application to adjust the PIR Cost Recovery Charge will constitute an application not for an increase in rates pursuant to R.C. 4909.18. *See* Case No. 09-458-GA-RDR, Entry at 2 (July 8, 2009).

4. The current PIR Cost Recovery Charge was approved in the Commission's April 20, 2016 Order in Case No. 15-1987-GA-RDR.

5. In Case No. 11-2401-GA-ALT, the Commission approved a Stipulation and Recommendation that included a cost-sharing mechanism requiring that the PIR Cost Recovery Charge reflect a minimum \$1 million operations and maintenance (O&M) expense savings credit, notwithstanding actual O&M expense savings achieved during the fiscal year. If actual O&M expense savings are between \$1 million and \$1.5 million, DEO is not required to reflect any additional credit. If O&M expense savings exceed \$1.5 million, 50 percent of the excess thereof shall be reflected as additional O&M expense savings credited to the PIR Cost Recovery Charge revenue requirement. O&M expense savings have been calculated in accordance with the Commission's Opinion and Order in Case No. 09-458-GA-RDR. Because total actual O&M expense savings in 2016 were \$545,783.72, the minimum O&M savings have been credited as set forth above resulting in a reduction in the revenue requirement of \$1,000,000.00.

6. On November 30, 2016, DEO submitted its Pre-Filing Notice in this case, including schedules reflecting estimated figures supporting a PIR Cost Recovery Charge.

7. In accordance with the Commission's Orders, DEO hereby submits the following schedules supporting its requested PIR Cost Recovery Charge, which are attached collectively as

Attachment A:

- a. Schedule 1, which is a summary schedule reflecting the PIR revenue requirement and the proposed PIR Cost Recovery Charge by rate schedule;
- b. Schedule 2, which reflects the cumulative and incremental monthly capital additions for pipeline replacement projects, associated main-to-curb service line replacements, curb-to-meter service line replacements, and other associated PIR Program investment for the period beginning January 1, 2016, and ending December 31, 2016;
- c. Schedule 3, which reflects the cumulative and incremental monthly cost of removal associated with pipeline replacement projects, associated main-to-curb service line replacements, curb-to-meter service line replacements, and other associated PIR Program investment for the period beginning January 1, 2016, and ending December 31, 2016;
- d. Schedule 4, which reflects the cumulative and incremental monthly capital retirements associated with pipeline replacement projects, associated main-to-curb service line replacements, curb-to-meter service line replacements, and other associated PIR Program investment for the period beginning January 1, 2016, and ending December 31, 2016;
- e. Schedule 5, which reflects the incremental monthly and cumulative provision for depreciation of the capital additions;
- f. Schedule 5A, which reflects the incremental depreciation expense to be deferred and amortized over the lives of the associated assets;
- g. Schedule 6, which reflects the incremental monthly and cumulative post-in-service carrying costs, amortization of prior year post-in-service carrying costs, and the associated net regulatory asset;
- h. Schedule 7, which reflects the incremental monthly and cumulative net deferred tax balance related to post-in-service carrying costs;
- i. Schedule 8, which reflects deferred taxes on liberalized depreciation, taking into account 50 percent bonus tax depreciation in effect for capital additions in 2016;
- j. Schedule 9, which reflects annualized depreciation expense associated with capital additions through December 31, 2016;
- k. Schedule 10, which reflects annualized amortization of post-in-service

carrying costs;

- l. Schedule 11, which reflects incremental and annualized property tax expense;
 - m. Schedule 12, which reflects the approved rate of return on rate base on a pre-tax basis;
 - n. Schedule 13, which reflects the allocation of the PIR revenue requirement by rate schedule on a cost of service basis;
 - o. Schedule 14, which reflects the number of bills issued to customers on applicable rate schedules from January 1, 2016, through December 31, 2016, and the volumes transported for DTS customers between the same dates;
 - p. Schedule 15, which reflects O&M expense savings directly associated with the PIR program for the period January 1, 2016, through December 31, 2016;
 - q. Schedule 16, which provides a reconciliation of costs recoverable and costs actually recovered in accordance with the Stipulation and Recommendation approved in Case No. 11-2401-GA-ALT; and
 - r. Schedule 16A, which shows the determination of the true-up reflected on Schedule 16 between estimates included in the reconciliation of costs recoverable and costs actually recovered in Case No. 15-1987-GA-RDR and actual PIR Cost Recovery Charge recoveries.
8. As reflected in Schedule 1:
- a. The total rate base through December 31, 2016, is \$883,223,306.30;
 - b. The annualized return on rate base is \$100,334,167.60;
 - c. The annualized PIR-related revenue requirement is \$156,744,963.29;
 - d. The resulting PIR Cost Recovery Charge by rate schedule is:

GSS/ECTS:	\$9.69 per month;
LVGSS/LVECTS:	\$61.02 per month;
GTS/TSS:	\$321.68 per month;
DTS:	\$0.0678 per Mcf, capped at \$1,000 per month.

9. Schedule 1 also reflects a “Reconciliation Adjustment” to the revenue requirement. This adjustment is the difference between costs recoverable and costs actually

recovered as determined on Schedule 16. Section 1.j of the Stipulation approved in Case No. 11-2401-GA-ALT states, “The PIR Cost Recovery Charge shall include a reconciliation of costs recoverable and costs actually recovered. Any resulting reconciliation adjustment, plus or minus, shall be made to the revenue requirement of the subsequent PIR Cost Recovery Charge filing only.” And Section 1.k states, “The [rate-increase] limitations to the PIR Cost Recovery Charge do not include any adjustments attributable to the reconciliation of costs recoverable and costs actually recovered.”

10. The accompanying schedules also reflect the impact of bonus tax depreciation at a rate of 50 percent of the cost of capital investments for calendar year 2016.

11. A revised version of DEO’s tariff sheet PIR No. 1, reflecting the proposed adjustment to the PIR Cost Recovery Charge, and a scored version of this tariff sheet are attached to this Application as Attachment B.

12. The Direct Testimony of Vicki H. Friscic in support of this Application is attached as Attachment C.

WHEREFORE, DEO respectfully requests that the Commission approve DEO’s Application to Adjust the PIR Program Cost Recovery Charge; approve the revised PIR Cost Recovery Charge tariff sheet attached as Application Attachment B; and order all other necessary and proper relief.

Dated: February 28, 2017

Respectfully submitted,

/s/ Andrew J. Campbell

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served by electronic mail to the following on this 28th day of February, 2017:

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One of the Attorneys for The East Ohio Gas
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ATTACHMENT A

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
REVENUE REQUIREMENT

		Approved Cumulative Through 12/31/15	2016 Activity	Cumulative Through 12/31/16	Reference	Attachment A Schedule 1
Line	No.					
1	Return on Investment					
2	Plant In Service					
3	Capital Additions	\$1,000,386,960.47	\$187,514,468.99	\$1,187,901,429.46	Schedule 2	
4	Cost of Removal	(21,020,289.37)	(3,883,153.44)	(24,903,442.81)	Schedule 3	
5	Retirements	(44,646,126.69)	(8,028,158.51)	(52,674,285.20)	Schedule 4	
6	Total Plant In Service	934,720,544.41	175,603,157.04	1,110,323,701.45		
7	Less: Accumulated Provision for Depreciation					
8	Depreciation Expense	72,392,589.69	22,684,872.76	95,077,462.45	Schedule 5	
9	Cost of Removal	(21,020,289.37)	(3,883,153.44)	(24,903,442.81)	Line 4	
10	Retirements	(44,646,126.69)	(8,028,158.51)	(52,674,285.20)	Line 5	
11	Total Accumulated Provision for Depreciation	6,726,173.63	10,773,560.81	17,499,734.44		
12	Subtotal: Net Capital Additions	927,994,370.78	164,829,596.23	1,092,823,967.01	Line 6 less Line 11	
13	Net Regulatory Asset - Post-In-Service Carrying Costs (6.5%)	42,711,235.03	8,369,813.67	51,081,048.70	Schedule 6	
14	Net Deferred Tax Balance - PISCC	(14,948,932.27)	(2,929,434.80)	(17,878,367.07)	Schedule 7	
15	Deferred Taxes on Liberalized Depreciation	(207,577,894.09)	(35,225,448.25)	(242,803,342.34)	Schedule 8	
16	Rate Base	\$748,178,779.45	\$135,044,526.85	\$883,223,306.30	Lines 12 - 15	
17	Approved Pre-Tax Rate of Return			11.36%	Schedule 12	
18	Annualized Return on Rate Base			100,334,167.60	Line 16 x Line 17	
19	Operating Expense					
20	Incremental Depreciation Expense			405,033.69	Schedule 5A	
21	Annualized Depreciation on Assets through 12/31/2016			24,734,561.35	Schedule 9	
22	Annualized Amortization of PISCC			963,554.44	Schedule 10	
23	Incremental Property Tax Expense			166,333.05	Schedule 11	
24	Annualized Property Tax Expense on Assets through 12/31/2016			26,214,742.59	Schedule 11	
25	O&M Expense Savings			(1,000,000.00)	Schedule 15	
26	Rate Cap Adjustment			0.00	Schedule 13	
27	Revenue Requirement Before Reconciliation Adjustment			151,818,392.72		
28	Reconciliation Adjustment			4,926,570.57	Schedule 16	
29	Annualized Revenue Requirement			\$156,744,963.29		
30	PIR Cost Recovery Charge by Rate Schedule					
31	GSS / ECTS			\$9.69	Per Customer Per Month - Schedule 13	
32	LVGSS / LVECTS			\$61.02	Per Customer Per Month - Schedule 13	
33	GTS / TSS			\$321.68	Per Customer Per Month - Schedule 13	
34	DTS			\$0.0678	Per Mcf - Schedule 13	

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THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
Cost of Removal

Line No.	Description	Approved 12/31/15	01/31/16	02/29/16	03/31/16	04/30/16	05/31/16	06/30/16	07/31/16	08/31/16	09/30/16	10/31/16	11/30/16	12/31/16
1	Dx to Union													
2	Mainline Replacement & Relocation - LP													
3	M&B Structures													
4	M&B Structures													
5	Bottoms - LP													
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Line No.	Approved 12/31/15	01/31/16	02/29/16	03/31/16	04/30/16	05/31/16	06/30/16	07/31/16	08/31/16	09/30/16	10/31/16	11/30/16	12/31/16
Accumulated Plant Less Cost of Removal													
1	DB-Lib												
2	Machine Replacement & Relocation - LP	\$318,982,765.12	\$343,172,499.66	\$350,991,564.06	\$352,141,553.56	\$360,907,902.89	\$365,950,435.62	\$374,216,748.27	\$381,914,515.20	\$390,797,938.12	\$395,045,397.75	\$402,886,334.88	\$413,161,776.15
3	Machine Replacement & Relocation - RP	337,816,984.54	360,898,008.03	344,937,312.72	348,415,614.75	351,934,179.90	363,479,928.94	367,479,005.33	373,389,931.69	381,054,455.76	385,424,271.27	391,544,791.27	399,334,300.74
4	M&B Structures	8,132.16	7,740.66	8,561.95	8,762.30	8,942.30	9,086.51	9,206.14	9,308.54	9,400.55	9,485.76	9,564.51	9,638.33
5	M&B Equipment	28,005,466.91	28,084,203.05	27,905,560.47	27,935,715.55	27,954,168.81	28,078,239.62	28,379,715.22	28,705,432.73	28,872,774.63	29,585,654.74	29,620,485.94	31,912,735.94
6	Beltrami - LP	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27	1,372,055.27
7	Beltrami - RP	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21	1,841,644.21
8	Service - LP	104,700,518.25	108,162,839.60	108,162,839.60	112,911,735.64	117,487,075.93	120,690,004.11	122,566,440.32	124,510,675.35	126,642,544.56	128,919,902.12	131,268,900.93	135,274,682.07
9	Service - RP	119,066,374.95	119,461,050.79	119,984,950.72	122,439,975.95	122,439,975.95	124,188,178.91	126,345,911.25	127,335,938.79	128,717,558.79	129,341,322.62	130,174,556.04	130,909,997.07
10	Subtotal DB-Lib	\$993,960,865.19	\$1,033,037,111.02	\$999,406,720.32	\$992,086,720.32	\$998,773,117.54	\$1,010,680,700.25	\$1,010,213,066.11	\$1,019,433,703.84	\$1,019,433,703.84	\$1,019,433,703.84	\$1,019,433,703.84	\$1,019,433,703.84
11	Terminol on - M&B	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29	1,040,613.29
12	Terminol on - Machine Replacement	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74	46,631,247.74
13	Computer Software - Puchard	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88
14	Total	\$979,366,071.10	\$992,030,133.01	\$981,875,516.93	\$1,008,052,407.58	\$1,016,402,716.22	\$1,016,402,716.22	\$1,016,402,716.22	\$1,016,402,716.22	\$1,016,402,716.22	\$1,016,402,716.22	\$1,016,402,716.22	\$1,016,402,716.22
Deprec Boon													
15	DB-Lib												
16	Machine Replacement & Relocation - LP	\$483,040.73	\$489,020.81	\$499,593.55	\$501,801.71	\$514,021.44	\$527,179.60	\$533,258.87	\$544,228.18	\$556,886.15	\$562,339.55	\$574,113.11	\$588,755.53
17	Machine Replacement & Relocation - RP	481,360.62	485,179.65	491,536.13	496,492.25	507,206.32	517,958.87	523,568.33	531,907.46	543,255.06	549,155.06	557,948.16	569,037.13
18	M&B Structures	10,69	11,84	11,84	12,09	11,44	11,44	249.08	250.24	250.24	250.24	250.24	250.24
19	M&B Equipment	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83	\$1,688,570.83
20	Beltrami - LP	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24	1,281,204.24
21	Beltrami - RP	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24	1,671,651.24
22	Service - LP	14,900,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91	15,061,416.91
23	Service - RP	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23	14,663,987.23
24	Subtotal DB-Lib	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24	\$16,688,687.24
25	Terminol on - M&B	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32	117,153.32
26	Terminol on - Machine Replacement	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97	5,526,155.97
27	Computer Software - Puchard	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88	733,944.88
28	Total	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69	\$27,392,580.69

Attachment A
Schedule 6

Line #	Approved 12/31/15	Description	01/31/15	02/29/15	03/31/15	04/30/15	05/31/15	06/30/15	07/31/15	08/31/15	09/30/15	10/31/15	11/30/15	12/31/15
1		Accumulated Plant Less Cost of Removal												
2	\$70,621,185.69	1 Accumulated Depreciation - Plant	\$74,246,833.79	\$82,166,318.19	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69	\$83,715,907.69
3	\$7,965,240.07	2 Distribution M/L Replacement & Relocation - LP	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07	\$7,965,240.07
4	0.00	3 Distribution M/L Replacement & Relocation - LP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	5,165,929.05	4 M&R Structures	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05	5,165,929.05
6	0.00	5 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	0.00	6 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	16,008,101.77	7 Distribution Services - LP	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77	16,008,101.77
9	18,204,154.31	8 Distribution Services - LP	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31	18,204,154.31
10	0.00	9 Distribution Services - LP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	0.00	10 Distribution Services - LP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	0.00	11 Distribution Services - LP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	\$170,611,572.84	12 Computer Software - Purchased	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84	\$170,611,572.84
14		Regulatory Asset - Deferrals (@ 6.5%)												
15	\$385,531.42	13 Distribution M/L Replacement & Relocation - LP	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42	\$385,531.42
16	\$315,900.85	14 Distribution M/L Replacement & Relocation - LP	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85	\$315,900.85
17	\$2,981.57	15 M&R Structures	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57	\$2,981.57
18	0.00	16 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	0.00	17 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	0.00	18 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	0.00	19 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	0.00	20 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	0.00	21 Distribution Services - LP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	0.00	22 Distribution Services - LP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25	0.00	23 Transmission M & R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26	0.00	24 Transmission M/L Replacement & Relocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	0.00	25 Computer Software - Purchased	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28	\$509,809.92	26 Total Deferrals	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92	\$509,809.92
29		Regulatory Asset - Amortization												
30	\$13,707.45	27 Distribution M/L Replacement & Relocation - LP	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45	\$13,707.45
31	\$1,440.00	28 Distribution M/L Replacement & Relocation - LP	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00
32	0.00	29 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	0.00	30 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34	0.00	31 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	0.00	32 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36	0.00	33 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37	0.00	34 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38	0.00	35 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39	0.00	36 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40	0.00	37 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41	0.00	38 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
42	0.00	39 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
43	0.00	40 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
44	0.00	41 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45	0.00	42 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
46	0.00	43 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
47	0.00	44 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
48	0.00	45 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
49	0.00	46 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50	0.00	47 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
51	0.00	48 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
52	0.00	49 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
53	0.00	50 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
54	0.00	51 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55	0.00	52 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56	0.00	53 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
57	0.00	54 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
58	0.00	55 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
59	0.00	56 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	0.00	57 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
61	0.00	58 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
62	0.00	59 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
63	0.00	60 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
64	0.00	61 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	0.00	62 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
66	0.00	63 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
67	0.00	64 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
68	0.00	65 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
69	0.00	66 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	0.00	67 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
71	0.00	68 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
72	0.00	69 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
73	0.00	70 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
74	0.00	71 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	0.00	72 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
76	0.00	73 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
77	0.00	74 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
78	0.00	75 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
79	0.00	76 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	0.00	77 M&R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
81	0.00	78 M&R Structures	0.00	0.00	0.00	0.00	0.00							

**Attachment A
Schedule 7**

[illegible]

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-ROR
Deferred Taxes on Liberalized Depreciation

Attachment A
Schedule 8

2016																
Line No.	FERC Acct.	Tax Life	Cumulative 12/31/15	Total Vintage 2008	Total Vintage 2009	Total Jan - Sep 2010	Total Oct - Dec 2010	Total Vintage 2011	Total Vintage 2012	Total Vintage 2013	Total Vintage 2014	Total Vintage 2015	Total Vintage 2016	Cumulative 12/31/16		
Capital Additions Less Cost of Removal*																
1	3760	15/20	\$339,046,831.56	\$8,335,399.37	\$14,599,182.15	\$13,197,883.32	\$8,520,619.36	\$37,579,706.61	\$54,659,761.39	\$64,594,411.75	\$66,338,881.92	\$70,621,185.89	\$74,114,944.59	\$413,161,776.15		
2	3760	15	337,856,047.25	13,459,722.81	23,464,242.45	21,977,398.83	16,957,051.62	48,031,415.77	53,589,159.16	56,802,356.22	45,209,460.32	57,965,240.07	\$61,868,253.49	399,324,900.74		
3	3760	15/20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$326,988.33	376,989.33		
4	M&R Equipment	3760	15/20	26,708,025.31	0.00	1,100,353.93	524,638.97	3,563,006.38	4,093,966.30	5,704,862.89	5,495,890.46	5,165,829.05	\$4,435,362.44	31,912,735.94		
5	Bottomers - LP	3760	15/20	1,372,055.27	0.00	287,883.58	110,614.42	785,170.22	0.00	0.00	0.00	0.00	\$50.00	1,372,055.27		
6	Bottomers - LP	3760	15	1,841,644.21	0.00	336,791.37	318,860.91	628,462.20	0.00	0.00	0.00	0.00	\$90.00	1,841,644.21		
7	Bottomers - LP	3800	15/20	104,700,538.75	3,769,492.13	11,579,423.36	8,793,176.01	34,538,084.40	14,983,165.06	14,763,431.54	16,806,633.92	16,008,101.77	\$31,042,143.32	135,742,682.07		
8	Services - RP	3800	15/20	119,066,374.65	4,286,699.67	13,168,229.02	9,999,677.19	39,532,837.63	17,038,987.26	16,789,104.34	19,112,652.05	18,204,554.31	\$11,843,622.38	130,909,997.03		
9	Transmission M&R	3690	15	1,040,613.29	0.00	79,528.81	189,452.68	505,191.15	0.00	0.00	0.00	0.00	\$90.00	1,040,613.29		
10	Transmission - Mainline Replacement	3670	15	46,631,247.74	3,819,929.43	19,435,445.76	17,410,828.20	3,982,333.71	451,256.76	0.00	0.00	0.00	\$90.00	46,631,247.74		
11	Computer Software - Purchased	3030	3	733,944.88	0.00	733,944.88	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	733,944.88		
12	Total Adjusted Plant			\$978,597,322.91	\$34,271,243.41	\$84,785,031.31	\$74,522,330.53	\$37,242,945.55	\$126,146,728.07	\$158,654,166.74	\$152,963,518.67	\$167,964,910.89	\$183,631,315.55	\$1,162,997,986.65		
Tax Base In-Service subject to:																
13	MACRS - 15 Year Property		\$495,252,481.28	\$34,271,243.41	\$84,051,086.43	\$74,522,330.53	\$37,242,945.55	\$53,147,402.83	\$56,040,415.92	\$56,802,356.22	\$45,709,460.32	\$57,965,240.07	\$61,868,253.49	\$557,120,734.77		
14	MACRS - 20 Year Property		482,010,896.75	0.00	0.00	0.00	0.00	72,988,825.24	90,775,880.01	101,851,810.52	107,754,058.35	109,999,670.82	111,763,062.06	605,143,807.00		
15	3 Year Property - Straight Line		733,944.88	0.00	733,944.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	733,944.88		
16	Total Tax Depreciation Base		\$978,597,322.91	\$34,271,243.41	\$84,785,031.31	\$74,522,330.53	\$37,242,945.55	\$126,146,728.07	\$144,816,295.93	\$158,654,166.74	\$152,963,518.67	\$167,964,910.89	\$183,631,315.55	\$1,162,997,986.65		
Tax Rates																
17	MACRS - 15 Year Property		5.910%	5.900%	5.900%	5.900%	0.000%	0.000%	6.930%	7.700%	8.550%	9.500%	5.000%			
18	MACRS - 20 Year Property		4.462%	4.522%	4.888%	4.888%	0.000%	0.000%	5.713%	6.177%	6.677%	7.219%	3.750%			
19	3 Year Property - Straight Line		0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	16.667%	33.330%	33.330%	16.667%			
Tax Depreciation																
20	MACRS - 15 Year Property		\$358,804,016.06	\$1,012,715.25	\$2,479,507.05	\$5,139,408.76	\$0.00	\$0.00	\$1,872,500.42	\$2,186,890.72	\$1,932,704.43	\$2,753,348.91	\$2,480,833.09	\$405,661,924.69		
21	MACRS - 20 Year Property		305,934,326.16	0.00	0.00	0.00	0.00	0.00	2,593,013.02	3,145,693.17	3,597,369.24	3,970,438.12	63,164,588.45	382,405,128.16		
22	3 Year Property - Straight Line		733,944.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$90.00	733,944.88		
23	Total Tax Depreciation		\$665,472,287.10	\$1,012,715.25	\$2,479,507.05	\$5,139,408.76	\$0.00	\$0.00	\$4,465,513.44	\$5,332,583.89	\$5,330,073.67	\$6,723,787.03	\$95,645,421.54	\$788,801,297.73		
24	Sub-total By Tax Year												\$123,329,016.63			
Book Depreciation - Provision for Depr Expense																
25	Mainline Replacement & Relocation - LP		\$15,722,103.65										\$6,315,248.23	\$22,097,351.88		
26	Mainline Replacement & Relocation - RP		18,751,401.40										\$6,255,090.92	25,006,492.32		
27	M&R Structures		0.00										\$1,771.13	1,771.13		
28	M&R Equipment		1,688,570.83										\$675,745.28	2,364,316.11		
29	Bottomers - LP		121,204.24										\$33,462.16	144,666.40		
30	Bottomers - RP		167,051.24										\$31,482.08	199,143.32		
31	Services - LP		14,900,416.93										\$4,133,424.08	19,033,841.01		
32	Services - RP		14,663,987.23										\$4,304,107.96	18,968,095.19		
33	Transmission M&R		117,153.32										\$21,852.84	139,006.16		
34	Transmission - Mainline Replacement		5,526,155.97										\$862,678.08	6,388,834.05		
35	Computer Software - Purchased		733,944.88										\$90.00	733,944.88		
36	Total Book Depreciation		\$72,392,599.69										\$22,684,872.76	\$95,077,462.45		
37	Tax Depreciation in Excess of Book Depreciation		\$593,079,697.41										\$100,644,137.87	\$693,723,835.28		
38	Federal Deferred Taxes @ 35.00%		\$207,577,894.09										\$35,225,448.25	\$242,803,342.34		
39	Accumulated Deferred Income Tax (ADIT)															
40	Federal Deferral Rate															
41			35.00%											35.00%		

* Due to accelerated depreciation for tax purposes retirements are fully depreciated and therefore not included.
** 50% bonus tax depreciation applies. Tax depreciation is calculated on the remaining 50% of plant value at the stated depreciation rates.
*** 100% bonus tax depreciation applies to October 2010 through December 2011 plant additions.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR

Annualized Depreciation Associated With Capital Additions

Attachment A
Schedule 9

Line No.	Accumulated Plant Less Cost of Removal	Cumulative Through 12/31/16
1	Distribution ML Replacement & Relocation - LP	\$413,161,776.15
2	Distribution ML Replacement & Relocation - RP	399,324,300.74
3	Distribution M & R Structures	326,989.33
4	Distribution M & R Equipment	31,912,735.94
5	Betterments - LP	1,372,055.27
6	Betterments - RP	1,841,644.21
7	Distribution Services - LP	135,742,682.07
8	Distribution Services - RP	130,909,997.03
9	Transmission M & R	1,040,613.29
10	Transmission ML Replacement & Relocation	46,631,247.74
11	Computer Software - Purchased	733,944.88
12	Total	<u>\$1,162,997,986.65</u>

Schedule 5

Line No.	Annualized Depreciation	Depr Rate	Annualized Depreciation 12/31/16
13	Distribution ML Replacement & Relocation - LP	1.71%	\$7,065,066.37
14	Distribution ML Replacement & Relocation - RP	1.71%	6,828,445.54
15	Distribution M & R Structures	1.66%	5,428.02
16	Distribution M & R Equipment	2.35%	749,949.29
17	Betterments - LP	1.71%	23,462.15
18	Betterments - RP	1.71%	31,492.12
19	Distribution Services - LP	3.43%	4,655,974.00
20	Distribution Services - RP	3.43%	4,490,212.90
21	Transmission M & R	2.10%	21,852.88
22	Transmission ML Replacement & Relocation	1.85%	862,678.08
23	Computer Software - Purchased	10.00%	0.00
24	Total		<u>\$24,734,561.35</u>

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
An Amortized Amortization of PISC

Attachment A
Schedule 10

Line No.	Description	PISC Deferrals										Accumulated Deferrals at 12/31/16
		07/01/08 - 06/30/09	07/01/09 - 06/30/10	07/01/10 - 06/30/11	07/01/11 - 12/31/11	2012	2013	2014	2015	2016	2016 Line 14 - 26	
1	Regulatory Asset - Deferrals											
2	Distribution Mtl. Replacement & Relocation - LP	\$457,884.68	\$1,023,600.62	\$1,157,940.60	\$1,010,374.68	\$1,909,875.05	\$2,896,257.22	\$3,056,558.26	\$3,327,578.58	\$3,706,556.84	\$3,706,556.84	\$18,546,626.53
3	Distribution Mtl. Replacement & Relocation - RP	678,829.36	1,572,823.41	1,775,395.45	1,474,909.81	2,139,225.74	2,633,116.86	2,436,270.05	2,391,824.16	3,076,790.55	3,076,790.55	18,179,185.39
4	Distribution M & R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,163.92	5,163.92	5,163.92
5	Distribution M & R Equipment	0.00	52,515.47	124,900.11	124,820.70	85,082.92	163,508.85	349,197.63	231,977.84	130,939.99	130,939.99	1,330,939.99
6	Buildings - LP	0.00	12,897.87	20,123.00	28,651.52	9,447.25	0.00	0.00	0.00	0.00	0.00	66,109.64
7	Buildings - RP	0.00	14,075.51	44,719.02	35,234.72	(2,910.25)	0.00	0.00	0.00	0.00	0.00	91,120.00
8	Distribution Services - LP	215,901.50	706,803.16	706,346.15	448,812.62	641,798.01	801,784.80	808,949.35	851,566.78	1,292,892.21	1,292,892.21	6,478,624.58
9	Distribution Services - RP	245,525.10	803,782.75	805,537.46	511,530.88	729,654.34	911,762.61	918,920.82	970,683.66	846,045.52	846,045.52	6,743,647.14
10	Transmission M & R	0.00	4,151.81	18,354.19	20,945.25	0.00	0.00	0.00	0.00	0.00	0.00	43,451.25
11	Transmission Mtl. Replacement & Relocation	287,101.58	1,213,798.91	558,792.25	144,748.37	25,556.53	12,221.55	0.00	0.00	0.00	0.00	2,242,220.19
12	Computer Software - Purchased	0.00	27,828.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,828.71
	Total	\$1,885,242.22	\$5,432,269.22	\$5,214,108.23	\$3,796,029.55	\$5,537,933.59	\$7,418,021.89	\$7,558,996.11	\$7,775,631.02	\$9,126,385.51	\$9,126,385.51	\$53,755,217.34

Line No.	Description	Annual Amortization of PISC Through										Total
		07/01/08 - 06/30/09	07/01/09 - 06/30/10	07/01/10 - 06/30/11	07/01/11 - 12/31/11	2012	2013	2014	2015	2016	2016 Line 14 - 26	
13	Current Calculation											
14	An Amortized Amortization of PISC											
15	Distribution Mtl. Replacement & Relocation - LP	\$6,539.10	\$14,621.14	\$16,546.91	\$14,437.84	\$27,278.63	\$41,387.52	\$43,678.22	\$47,551.10	\$52,966.70	\$52,966.70	\$305,007.16
16	Distribution Mtl. Replacement & Relocation - RP	9,694.43	22,466.25	25,370.31	21,075.85	30,554.43	37,627.24	34,814.30	34,179.17	43,967.34	43,967.34	259,740.32
17	Distribution M & R Structures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	73.79	73.79	73.79
18	Distribution M & R Equipment	0.00	791.87	1,893.76	1,901.67	1,303.25	2,514.77	5,370.66	3,567.82	3,059.64	3,059.64	20,403.44
19	Buildings - LP	0.00	184.09	287.56	337.97	134.93	0.00	0.00	0.00	0.00	0.00	944.55
20	Buildings - RP	0.00	203.07	639.03	503.49	(41.57)	0.00	0.00	0.00	0.00	0.00	1,302.02
21	Distribution Services - LP	6,168.05	20,955.72	20,238.55	12,850.54	18,336.01	22,906.13	23,685.97	24,386.40	36,937.93	36,937.93	185,105.31
22	Distribution Services - RP	7,385.02	23,855.63	23,662.66	14,879.41	21,035.83	26,649.06	26,353.57	27,732.43	24,171.52	24,171.52	185,005.13
23	Transmission M & R	0.00	68.22	302.62	346.65	0.00	0.00	0.00	0.00	0.00	0.00	717.49
24	Transmission Mtl. Replacement & Relocation	4,387.07	18,567.62	8,562.56	2,220.58	392.79	387.97	0.00	0.00	0.00	0.00	34,316.59
25	Computer Software - Purchased	0.00	927.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	927.64
26	Total - An Amortized Amortization PISC	\$34,153.67	\$101,879.25	\$97,503.97	\$68,554.00	\$98,994.30	\$130,677.69	\$133,202.72	\$137,416.92	\$161,176.92	\$161,176.92	\$883,554.44
27	Monthly Amortization	\$2,846.14	\$8,489.94	\$8,125.33	\$5,712.83	\$8,249.52	\$10,889.39	\$11,100.23	\$11,451.41	(a)	(a)	\$86,864.79

(a) Revised amortization of PISC will begin when the rate resulting from this application is implemented.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
Incremental and Annualized Property Tax Expense

Attachment A
Schedule 11

Line No.	Property Tax Expense	Through 12/31/15	Incremental Less Prior Annualized	Total	Annualized Through 12/31/16
1	Plant in Service, Net of Cost of Removal and Retirements	\$934,720,544.41			\$1,110,323,701.45 Schedule 1
2	Effective Property Tax Rate	2.361%			2.361%
3	Tax on Property Through 12/31/2015 - Expensed in 2016 (a)	22,064,448.98		22,064,448.98	
4	Annualized Tax recovered in rates January 2016 - April 2016		(6,150,120.07)	(6,150,120.07)	
5	Annualized Tax recovered in rates May 2016 - December 2016		(14,855,825.19)	(14,855,825.19)	
6	Tax on Property Through 12/31/2016 - Expensed Jan-Dec 2017				26,214,742.59
7	Total	\$22,064,448.98	(\$21,005,945.26)	\$1,058,503.72	\$26,214,742.59

	Asset Life	Cumulative Through 2015	2016	Cumulative Through 2016
Amortization of Incremental Property Tax:				
Distribution Mainline Replacement & Relocation - LP	1.43%	\$30,100.74	\$5,264.48	\$35,365.22
Distribution Mainline Replacement & Relocation - RP	1.43%	40,090.04	5,240.48	45,330.52
Distribution M&R Structures	1.43%	0.00	0.00	0.00
Distribution M&R Equipment	1.54%	2,196.15	452.67	2,648.82
Betterments	1.43%	622.27	50.38	672.65
Services - LP	2.86%	27,454.68	3,250.55	30,705.23
Services - RP	2.86%	30,685.06	3,567.67	34,252.73
Transmission M&R	1.67%	174.11	16.82	190.93
Transmission Mainline Replacement & Relocation	1.54%	14,974.05	780.70	15,754.75
Software - Purchased	10.00%	1,412.20	0.00	1,412.20
Total Amortization		\$147,709.30	\$18,623.75	\$166,333.05

(a) Calculated by Dominion Tax Department on assets by tax jurisdiction.

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
 Approved Rate of Return on Rate Base

Attachment A
Schedule 12

Line No.		
1	Capital Structure	
2	Debt	48.66%
3	Equity	51.34%
4	Cost of Capital	
5	Debt	6.50%
6	Equity	10.38%
7	Return on Rate Base	8.49%
8	Pre-Tax Return on Rate Base	11.36%

Line No.	Description	Dist ML LP	Dist ML RP	Bottomerms	Dist M&R	Trans M&R	Trans ML	Services	Software	Total	Schedule 1, Line 1
1	Total Plant In-Service	\$196,543,750.25	\$38,203,608.93	\$3,115,120.52	\$30,686,433.44	\$983,056.15	\$46,634,536.41	\$53,024,094.79	\$600	\$1,230,537,702.65	Schedule 1, Line 1
2	Total Accumulated Provision for Depreciation	(6,148,110.29)	(204,653.48)	(242,270.76)	(3,952,720.04)	(10,412.02)	(4,181,067.62)	(23,391,331.89)	0.00	(17,499,734.44)	Schedule 1, Line 11
3	Net Plant in Service	402,111,860.54	383,408,363.41	2,869,889.76	33,638,142.48	901,607.13	40,453,468.79	228,650,742.90	0.00	1,092,837,967.01	Schedule 1, Line 12
4	PISCC	17,842,880.67	17,400,090.89	146,797.52	1,285,744.27	39,449.79	2,030,606.01	12,180,562.46	5,875.09	51,081,048.70	Schedule 1, Line 13
5	Leas: Net Deferred Tax Balance - PISCC	(6,380,008.24)	(6,107,531.82)	(51,079.13)	(450,010.49)	(33,822.13)	(710,712.10)	(2,031,196.87)	(2,056.78)	(17,878,367.07)	Schedule 1, Line 14
6	Less: Def Income Taxes	(85,582,779.88)	(88,553,273.86)	(918,322.54)	(6,650,656.64)	(232,758.31)	(10,743,402.36)	(50,031,148.75)	0.00	(242,803,342.34)	Schedule 1, Line 15
7	Rate Base	338,793,953.09	306,167,548.62	2,046,335.61	27,823,219.62	634,519.48	31,219,952.34	186,535,959.74	3,818.80	883,231,306.30	Schedule 1, Line 16
8	Return on Rate Base	37,350,765.87	34,780,833.52	232,463.73	3,160,717.75	72,081.29	3,546,586.59	21,190,485.03	433.42	100,334,167.60	Schedule 1, Line 18
Operating Expense											
9	Incremental Depreciation Expense	71,244.31	70,978.74	618.67	7,581.87	264.79	10,554.50	240,344.28	2,446.53	405,031.69	Schedule 1, Line 20
10	Amortized Depreciation	7,065,006.37	6,828,445.54	54,954.27	755,377.31	21,852.88	862,678.08	9,116,186.90	0.00	24,734,561.35	Schedule 1, Line 21
11	Amortized Depreciation	265,007.16	259,949.52	2,246.57	20,477.23	717.49	34,318.59	380,110.40	97.64	963,554.44	Schedule 1, Line 22
12	Incremental Property Tax Expense	35,385.22	45,430.52	672.85	2,464.82	190.93	13,574.75	64,957.96	1,422.01	164,333.05	Schedule 1, Line 23
13	Amortized Property Tax Expense	9,382,870.14	9,047,437.18	73,500.78	700,872.82	21,041.12	1,058,307.12	5,890,123.38	1,402.00	28,214,745.26	Schedule 1, Line 24
14	OGM Expense Savings	(57,180,448)	(58,327,453)	(26,753.83)	(802.66)	(40,710.69)	(1,216,000.00)	(218,396.23)	0.00	(1,206,000.00)	Schedule 1, Line 25
15	Revenue Requirement Before Adjustments	\$34,156,159	\$30,887,447.04	361,652.87	4,620,639.97	115,345.86	5,487,828.94	36,745,599.26	5,220.19	151,818,392.72	Schedule 1, Line 26
16	Rate Cap Adjustment - GSS/ECTS	50,687,447.04	50,687,447.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Schedule 1, Line 27
17	Revenue Requirement with Rate Cap Adj	\$3,794,158.59	\$3,794,158.59	361,652.87	4,620,639.97	115,345.86	5,487,828.94	36,745,599.26	5,220.19	151,818,392.72	Schedule 1, Line 28
18	Reconciliation Adjustment	1,759,576.33	1,700,196.51	13,813.10	135,715.84	3,954.28	138,889.03	1,118,325.28	4,936.57	4,936,570.57	Schedule 1, Line 29
19	Annualized Revenue Requirement	\$55,553,734.92	\$52,387,743.65	\$373,465.97	\$4,752,655.81	\$119,300.14	\$5,686,717.97	\$37,864,124.54	\$5,220.19	\$156,744,963.29	Schedule 1, Line 30
Allocation of Revenue Requirements by Investment											
Allocators											
Source: Schedule 3.2 (Cost of Service Study)											
Allocation by Rate Schedule											
22	GSS/ECTS	\$299,393,978.85	\$638,328,485.43	\$635,329,685.43	\$299,393,978.85	\$348,785,233.17	\$148,785,233.17	\$299,593,978.85	\$1,066,956,163.95	\$1,066,956,163.95	Schedule 1, Line 31
23	LVSS/LVCTS	\$27,084.89	\$7,350,064.50	\$7,350,064.50	\$27,084.89	\$7,349,196.34	\$7,349,196.34	\$27,084.89	\$8,793,919.52	\$8,793,919.52	Schedule 1, Line 32
24	GTSTSS	1,004,258.53	128,432,626.91	128,432,626.91	1,004,258.53	30,077,143.45	30,077,143.45	1,024,258.53	133,171,379.54	133,171,379.54	Schedule 1, Line 33
25	Total	\$301,178,281.55	\$892,413,960.38	\$892,413,960.38	\$301,178,281.55	\$208,990,671.24	\$208,990,671.24	\$301,178,281.55	\$1,390,545,151.82	\$1,390,545,151.82	Schedule 1, Line 34
% of Plant Type by Rate Schedule											
27	GSS/ECTS	99.47%	71.59%	71.19%	99.47%	71.19%	71.19%	99.47%	80.19%	80.19%	Schedule 1, Line 35
28	LVSS/LVCTS	0.18%	4.19%	4.19%	0.18%	4.19%	4.19%	0.18%	2.97%	2.97%	Schedule 1, Line 36
29	GTSTSS	0.34%	24.39%	14.39%	0.34%	14.39%	14.39%	0.34%	10.01%	10.01%	Schedule 1, Line 37
30	DTS	0.01%	10.23%	10.23%	0.01%	10.23%	10.23%	0.01%	6.89%	6.89%	Schedule 1, Line 38
31	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	Schedule 1, Line 39
Allocation by Rate Schedule of Revenue Requirement Before Reconciliation Adjustment											
32	GSS/ECTS	\$53,511,182.57	\$36,085,455.49	\$35,748.94	\$4,596,632.22	\$82,117.35	\$3,906,910.79	\$36,552,503.55	\$4,386.04	\$134,996,552.95	Bills Issued 14.3
33	LVSS/LVCTS	94,143.87	2,131,981.92	15,140.25	8,087.00	4,838.85	229,742.76	64,307.94	152.20	2,338,384.78	Schedule 1, Line 40
34	GTSTSS	182,945.22	7,594,744.82	52,047.71	16,600.14	16,600.14	789,787.49	134,966.51	522.48	8,477,239.42	Schedule 1, Line 41
35	DTS	5,886.93	5,185,168.82	36,995.97	505.69	11,799.52	551,387.50	4,021.26	359.48	5,806,125.57	Schedule 1, Line 42
36	Total	\$53,794,136.59	\$50,887,447.04	\$361,652.87	\$4,620,639.97	\$115,345.86	\$5,487,828.94	\$36,745,599.26	\$5,220.19	\$151,818,392.72	Schedule 1, Line 43
Allocation by Rate Schedule of Revenue Requirement With Reconciliation Adjustment											
37	GSS/ECTS	\$55,761,502.92	\$37,266,031.49	\$267,302.80	\$4,272,655.79	\$84,932.50	\$4,188,504.43	\$37,664,916.05	\$4,186.03	\$190,355,061.51	Bills Issued 14.3
38	LVSS/LVCTS	97,213.26	2,133,455.23	15,218.52	8,317.51	4,994.29	238,050.06	66,265.17	152.20	2,520,963.27	Schedule 1, Line 44
39	GTSTSS	188,928.25	7,519,445.04	54,035.64	16,163.01	17,169.22	789,787.49	138,410.85	522.48	8,763,445.24	Schedule 1, Line 45
40	DTS	6,079.49	5,359,103.89	38,409.01	520.10	12,204.03	551,387.50	4,143.64	359.48	6,020,553.27	Schedule 1, Line 46
41	Total	\$55,933,729.92	\$52,387,743.65	\$373,465.97	\$4,752,655.81	\$119,300.14	\$5,686,717.97	\$37,864,124.54	\$5,220.19	\$156,744,963.29	Schedule 1, Line 47

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
 PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
 CASE NO. 16-2205-GA-RDR

Actual Bills Issued and DTS Volumes for Twelve Months Ended December 31, 2016

Attachment A
 Schedule 14

Line No.	Rate Class	Billing System		
		CCS	SBS	Total
1	GSS / ECTS	14,381,551	1,444	14,382,995
2	LVGSS / LVECTS	41,635	1,363	42,998
3	GTS / TSS	18,594	8,649	27,243
4	Total Bills Issued	14,441,780	11,456	14,453,236
5	DTS Volumes			88,499,976

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
O&M Expense Savings

Attachment A
Schedule 15

Line No.	PIR O&M Baseline Categories	Recovery Period 2016	Baseline Period 7/1/07-6/30/08	Change from Baseline	Savings
1	Leak Repair	\$10,321,920.08	\$10,403,110.35	(\$81,190.27)	(\$81,190.27)
2	Leak Surveillance	2,666,565.34	2,623,474.30	43,091.04	0.00
3	Corrosion Monitoring	1,985,406.98	945,998.39	1,039,408.59	0.00
4	Corrosion Remediation	3,663,060.43	4,087,204.47	(424,144.04)	(424,144.04)
5	Total Expense/Savings	<u>\$18,636,952.83</u>	<u>\$18,059,787.51</u>	<u>\$577,165.32</u>	<u>(\$505,334.31)</u>
6	DOT Inspections			(40,449.41)	(40,449.41)
7	Total Savings			<u>(\$545,783.72)</u>	<u>(\$545,783.72)</u>
8	Minimum Savings per PIR Case # 11-2401-GA-ALT				
9	First \$1M passed back to customers				(\$1,000,000.00)
10	DEO retains next \$500K				0.00
11	Subtotal				<u>(\$1,000,000.00)</u>
12	Remainder split 50/50				
13	Customer				\$0.00
14	DEO				0.00
15	Total Savings				<u>(\$1,000,000.00)</u>

16	Summary:				
17	Customer				(\$1,000,000.00)
18	DEO				0.00
19	Total				<u>(\$1,000,000.00)</u>

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
Revenue Recon claim Adjustment

Attachment A
Schedule 16

Line No.			Schedule 16A, Line 6
1	February - April 2016 True-up to Actual	(\$299,568.13)	
2	Revenue Requirement- Case 15-1987-GA-RDR	131,239,387.54	
3	Total Revenue Requirement	<u>\$130,939,819.41</u>	
4	Recovery:		
5	May 2016	Actual	(\$10,601,408.77)
6	June 2016	Actual	(10,527,946.34)
7	July 2016	Actual	(10,490,162.64)
8	August 2016	Actual	(10,434,278.51)
9	September 2016	Actual	(10,404,127.15)
10	October 2016	Actual	(10,411,986.62)
11	November 2016	Actual	(10,487,918.46)
12	December 2016	Actual	(10,559,903.52)
13	January 2017	Actual	(10,592,204.62)
14	February 2017	Estimated	(10,501,104.07)
15	March 2017	Estimated	(10,501,104.07)
16	April 2017	Estimated	(10,501,104.07)
17	Total Recovery:	<u>(\$126,013,248.84)</u>	
18	(Over-) Under-Recovery	<u>\$4,926,570.57</u>	

THE EAST OHIO GAS COMPANY d/b/a DOMINION EAST OHIO
PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE
CASE NO. 16-2205-GA-RDR
Revenue Reconciliation Adjustment True Up Adjustment

Attachment A
Schedule 16A

Line No.	Case 15-1987-GA-RDR		
	Estimate as Filed	Actual	Actual vs. Estimate Difference
1	Recovery:		
2	(\$8,715,430.75)	(\$8,811,746.94)	(\$96,316.19)
3	(8,715,430.75)	(8,821,717.98)	(106,287.23)
4	(8,715,430.75)	(8,812,395.46)	(96,964.71)
5	(\$26,146,292.25)	(\$26,445,860.38)	(\$299,568.13)
6	February - April 2016 True-up to Actual		<u>(\$299,568.13)</u>

ATTACHMENT B

**PIPELINE INFRASTRUCTURE REPLACEMENT (PIR)
COST RECOVERY CHARGE**

APPLICABILITY

Applicable to all customers receiving service under the East Ohio's sales and transportation rate schedules.

PIR COST RECOVERY CHARGE

All customers receiving service under the following rate schedules shall be assessed a monthly charge, regardless of gas consumed, in addition to the otherwise applicable monthly service charge to recover the revenue requirement associated with East Ohio's pipeline infrastructure replacement program:

- General Sales Service – Residential ("GSS-R")
- General Sales Service – Nonresidential ("GSS-NR")
- Energy Choice Transportation Service – Residential ("ECTS-R")
- Energy Choice Transportation Service – Nonresidential ("ECTS-NR")
- Large Volume General Sales Service ("LVGSS")
- Large Volumes Energy Choice Transportation Service ("LVECTS")
- General Transportation Service ("GTS")
- Transportation Service for Schools ("TSS")

Customers receiving service under the Daily Transportation Service ("DTS") rate schedule shall be assessed a volumetric charge in addition to their volumetric delivery charge for that purpose. The maximum monthly PIR Cost Recovery Charge for any DTS customer shall be \$1,000.00 per account.

The PIR Cost Recovery Charge shall be updated annually to reflect pipeline infrastructure replacement expenditures during the most recent calendar year. East Ohio shall submit a prefiling notice by November 30 each year, and an updated filing with actual data by February 28, with the revised PIR Cost Recovery Charge becoming effective as of the first billing cycle in May.

The charges for the respective gas service schedules are:

Rate Schedules GSS-R and GSS-NR	\$9.69/month
Rate Schedules ECTS-R and ECTS-NR	\$9.69/month
Rate Schedules LVGSS and LVECTS	\$61.02/month
Rate Schedules GTS and TSS	\$321.68/month
 Rate Schedule DTS	 \$0.0678/Mcf

Issued:

Effective: With bills rendered on or after

Filed under authority of The Public Utilities Commission of Ohio in Case No. 16-2205-GA-RDR

Jeffrey A. Murphy, Vice President and General Manager

PIPELINE INFRASTRUCTURE REPLACEMENT (PIR) COST RECOVERY CHARGE

APPLICABILITY

Applicable to all customers receiving service under the East Ohio's sales and transportation rate schedules.

PIR COST RECOVERY CHARGE

All customers receiving service under the following rate schedules shall be assessed a monthly charge, regardless of gas consumed, in addition to the otherwise applicable monthly service charge to recover the revenue requirement associated with East Ohio's pipeline infrastructure replacement program:

- General Sales Service – Residential ("GSS-R")
- General Sales Service – Nonresidential ("GSS-NR")
- Energy Choice Transportation Service – Residential ("ECTS-R")
- Energy Choice Transportation Service – Nonresidential ("ECTS-NR")
- Large Volume General Sales Service ("LVGSS")
- Large Volumes Energy Choice Transportation Service ("LVECTS")
- General Transportation Service ("GTS")
- Transportation Service for Schools ("TSS")

Customers receiving service under the Daily Transportation Service ("DTS") rate schedule shall be assessed a volumetric charge in addition to their volumetric delivery charge for that purpose. The maximum monthly PIR Cost Recovery Charge for any DTS customer shall be \$1,000.00 per account.

The PIR Cost Recovery Charge shall be updated annually to reflect pipeline infrastructure replacement expenditures during the most recent calendar year. East Ohio shall submit a pre-filing notice by November 30 each year, and an updated filing with actual data by February 28, with the revised PIR Cost Recovery Charge becoming effective as of the first billing cycle in May.

The charges for the respective gas service schedules are:

Rate Schedules GSS-R and GSS-NR	\$9.69/month	Deleted: 8.12
Rate Schedules ECTS-R and ECTS-NR	\$9.69/month	Deleted: 8.12
Rate Schedules LVGSS and LVECTS	\$61.02/month	Deleted: 53.47
Rate Schedules GTS and TSS	\$321.68/month	Deleted: 253.22
Rate Schedule DTS	\$0.0678/Mcf	Deleted: 0564

Deleted: April 25, 2016

Deleted: May 6, 2016

Deleted: 15-1987

Issued: _____ Effective: With bills rendered on or after _____
Filed under authority of The Public Utilities Commission of Ohio in Case No. 16-2205-GA-RDR
Jeffrey A. Murphy, Vice President and General Manager

ATTACHMENT C

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East)	
Ohio Gas Company d/b/a Dominion East)	
Ohio to Adjust its Pipeline Infrastructure)	Case No. 16-2205-GA-RDR
Replacement Program Cost Recovery Charge)	
and Related Matters)	

**DIRECT TESTIMONY OF VICKI H. FRISCIC
ON BEHALF OF
THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO**

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**Direct Testimony of
Vicki H. Friscic**

I. INTRODUCTION

Q1. Please state your name, occupation and business address.

A. My name is Vicki H. Friscic. I am employed by The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) as Director Regulatory & Pricing. My business address is 1201 East 55th Street, Cleveland, Ohio 44103-1028.

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

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

Q3. Are you familiar with DEO's Application to adjust its Pipeline Infrastructure Replacement (PIR) Cost Recovery Charge?

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

Q4. What is the purpose of your testimony in this proceeding?

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

II. BACKGROUND

Q5. What is the PIR Program?

A. The PIR Program, approved by the Commission for an initial period of five years in Case No. 08-169-GA-ALT, facilitates the accelerated replacement, maintenance and repair of

aging pipelines and related infrastructure. It also permits DEO to recover the costs associated with replacement, maintenance and repair of such infrastructure through the PIR Charge. In its August 3, 2011 Opinion and Order in Case No. 11-2401-GA-ALT, the Commission approved a *Stipulation and Recommendation* modifying certain aspects of the PIR Program and the calculation of the PIR Charge and extending the program for an additional five years or until DEO files its next base rate case, whichever comes first. Among the modifications approved was the transition from a fiscal period ending June 30 of each year to an annual filing based on each calendar year.

In its September 14, 2016 Opinion and Order in Case No. 15-0362-GA-ALT, the Commission approved a *Stipulation and Recommendation* extending the PIR Program for an additional five-year term through December 31, 2021, with revised rate increase caps, which also provided, among other things, that the full calendar year 2016 PIR investments should be recovered under the procedures, terms, and conditions adopted in the 11-2401 case.

Q6. Does the PIR Program benefit customers?

- A. Yes. DEO's customers are realizing several benefits from the PIR Program including: (i) enhanced service reliability and safety well into the future resulting from the replacement of aging infrastructure; (ii) reduced operations and maintenance (O&M) costs that have occurred to date and will continue to occur over time resulting from a lower leak repair rate as compared to the O&M costs that would have been incurred if DEO had not accelerated the replacement of its pipelines; and (iii) lower service line costs because DEO now installs and maintains the curb-to-meter service lines that were previously the responsibility of customers.

Q7. What is the significance of the PIR Charge to DEO?

- A. The PIR Program involves a significant capital investment. Timely recovery of associated costs and a return on its investment is necessary for DEO to secure the capital funds necessary to address its infrastructure needs within 25 years rather than the approximately 89 years it would otherwise take to complete the pipeline replacements through DEO's normal capital budgeting process. The combination of the 25-year replacement time-frame and a book depreciation rate of 1.71 percent on the largest portion of the required investment allows the costs of the program to be spread over a very long period of time, which ensures that customers will not be burdened by substantial annual cost increases.

Q8. What is the established process to obtain the Commission approvals necessary for DEO to adjust its PIR Charge?

- A. DEO's current Application to adjust the PIR Charge is part of an established process before the Commission, with certain modifications approved in Case No. 11-2401-GA-ALT. The Commission approved the cost recovery mechanism in its October 15, 2008 Opinion and Order in Case No. 08-169-GA-ALT. The Commission approved the initial PIR Charge on December 16, 2009, in Case No. 09-458-GA-RDR. Subsequent adjustments were approved as follows:

- On November 3, 2010, in Case No. 10-733-GA-RDR;
- On October 26, 2011, in Case No. 11-3238-GA-RDR;
- On April 25, 2012, in Case No. 12-812-GA-RDR;
- On April 24, 2013, in Case No. 12-3125-GA-RDR;
- On April 23, 2014 in Case No. 13-2320-GA-RDR;
- On April 22, 2015, in Case No. 14-2134-GA-RDR;

- On April 20, 2016, in Case No. 15-1987-GA-RDR regarding the current PIR Charge.

As approved in Case No. 11-2401-GA-ALT, DEO transitioned the program from use of a fiscal year ending June 30 to a calendar year; accordingly, DEO is reflecting the twelve-month period from January 1 through December 31, 2016, in the Application in this case. A Pre-Filing Notice was filed on November 30, 2016, in this case, with the Application to be filed no later than February 28, 2017. Staff is to conduct an investigation of DEO's filing and determine whether the filing might be unjust or unreasonable. If Staff does not find DEO's filing to be unjust or unreasonable and no other party files an objection, the PIR Charge is to be effective as of the first billing cycle in May 2017. If Staff finds DEO's filing may be unjust or unreasonable, or another party that filed for intervention objects and DEO is unable to resolve the objection by April 1, the Commission will schedule an expedited hearing to resolve any remaining issues.

III. DEO'S PIR COST RECOVERY CHARGE

Q9. Please describe DEO's proposed PIR Charge by rate schedule.

- A. The proposed PIR Charge by rate schedule, based on the cost of service used in DEO's last rate case, is set forth at Application Attachment A, Schedule 1 at lines 31 through 34.

The PIR Charges by rate schedule are listed below.

<u>Rate Schedule</u>	<u>PIR Charge</u>
GSS/ECTS:	\$9.69 per month
LVGSS/LVECTS:	\$61.02 per month
GTS/TSS:	\$321.68 per month
DTS:	\$0.0678 per Mcf, capped at \$1,000 per month

These rates were determined by spreading the revenue requirement shown on Schedule 1 at line 29 to rate schedules based on the class cost of service study submitted in DEO's last rate case, as shown on Schedule 13, except for the Rate Cap Adjustment on Schedule 1 at line 26. In accordance with the Stipulation approved in Case No. 11-2401-GA-ALT, this adjustment would be allocated solely to the GSS/ECTS class of customers to ensure that the revised rate does not exceed the maximum increase allowed. Because DEO did not exceed the maximum increase of \$1.58 (the annual rate increase cap of \$1.40 plus \$0.18, the amount by which the rate approved in Case No. 15-1987-GA-RDR was less than the maximum rate increase cap permitted by the Stipulation approved in Case No. 11-2401-GA-ALT) based on capital additions and associated costs in 2016, this Application does not include a Rate Cap Adjustment.

Having made these allocations, the net rate base by type of PIR investment was determined using the data shown on Schedules 2 through 6 and 8, with deferred tax on Post-in-Service Carrying Costs (PISCC) determined by multiplying the effective income tax rate of 35 percent times the PISCC by investment type, which agrees in total to Schedule 7. The return on investment was calculated for each investment type in the same manner shown for total rate base on Schedule 1 at lines 16 through 18. Operating expenses were allocated to each investment type based on total plant in service for each investment type. The resulting revenue requirement for each investment type was then allocated to the rate classes using the allocators from DEO's rate case cost of service study to determine the rates for each rate class before application of the Reconciliation Adjustment. As noted above, there was no Rate Cap Adjustment.

The revenue requirement by rate class for GSS/ECTS, LVGSS/LVECTS, and GTS/TSS determined before applying the Reconciliation Adjustment was divided by the total number of actual bills issued for each rate class, respectively, for the twelve-month period ended December 31, 2016, from Schedule 14 to arrive at the monthly PIR Charge. The resulting GSS/ECTS rate calculated before the Reconciliation Adjustment is \$9.39, which is \$0.10 less than the maximum rate allowed of \$9.49 (\$7.91 before the Reconciliation Adjustment approved in last year's PIR case plus the rate increase cap for 2016 of \$1.58, determined as described above). The total revenue requirement for the DTS rate class was divided by the total DTS volumes for the twelve-month period ended December 31, 2016, from Schedule 14 to arrive at the PIR Charge per Mcf.

The Reconciliation Adjustment, discussed later in this testimony, was also allocated to the rate classes using the allocators from the rate case cost of service study. The final rates for each rate class were then calculated based on the total revenue requirement by rate class, including the Reconciliation Adjustment, as described above. The allocations and rate calculations are shown on Schedule 13.

Q10. Please describe the components used to calculate the PIR Program revenue requirement.

- A. DEO has calculated the PIR Program revenue requirement in a manner consistent with the revenue requirement calculation in the last PIR Charge case. The formula, shown on Application Attachment A at Schedule 1, is rate base times rate of return plus operating expenses, plus or minus the Rate Cap Adjustment and plus or minus the Reconciliation Adjustment. Each component of the formula is supported by a schedule or schedules.

Q11. Please identify the rate components and schedules that support the calculation of rate base shown on Application Attachment A at Schedule 1.

A. Rate base consists of the following components: Total Capital Additions shown on Schedule 2; net of Cost of Removal and Retirements shown on Schedules 3 and 4; Accumulated Provision for Depreciation shown on Schedule 5; net of Cost of Removal and Retirements shown on Schedules 3 and 4; the Net Regulatory Asset - PISCC shown on Schedule 6; Net Deferred Taxes on PISCC shown on Schedule 7; and Deferred Taxes on Liberalized Depreciation shown on Schedule 8.

Q12. Please explain the information set forth on Schedules 2, 3, and 4 and how that information is shown on Schedule 1.

A. Schedule 2 shows the Capital Additions associated with the PIR Program cumulatively and for the year ended December 31, 2016. These Capital Additions represent capital investments by DEO in pipelines, associated infrastructure, and computer software. Capital Additions from Schedule 2 appear on Schedule 1 at line 3.

Schedule 3 shows the Cost of Removal associated with the PIR Program cumulatively and for the year ended December 31, 2016. Cost of Removal represents the expense incurred in dismantling and removing an asset from its original location or the cost of activities necessary to abandon a pipeline in place. Cost of Removal from Schedule 3 appears on Schedule 1 at lines 4 and 9.

Schedule 4 shows the capital Retirements associated with the PIR Program cumulatively and for the year ended December 31, 2016. Retirements represent the removal of an asset from service after replacement. Retirements from Schedule 4 appear on Schedule 1 at lines 5 and 10.

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

A. Schedule 5 shows the Provision for Depreciation associated with the PIR Program cumulatively and for the year ended December 31, 2016. The Provision for Depreciation, sometimes known as "Accumulated Depreciation," represents the depreciation expense accumulated since inception of the PIR Program and during the year ended December 31, 2016, on the PIR Program Capital Additions shown on Schedule 2, net of Cost of Removal shown on Schedule 3. The accumulated Provision for Depreciation from Schedule 5 appears on Schedule 1 at line 8.

Q14. Please explain the information set forth on Schedules 6, 7, and 8 and how that information is shown on Schedule 1.

A. Schedule 6 shows the Net Regulatory Asset - PISCC associated with the PIR Program cumulatively and for the year ended December 31, 2016. PISCC represents carrying charges calculated at 6.5 percent on cumulative PIR Capital Additions, net of Cost of Removal, for which the Commission has authorized cost recovery through the PIR Charge, but for which cost recovery has not yet begun. The 6.5 percent rate is DEO's cost of long-term debt from the last rate case. The Net Regulatory Asset - PISCC represents accumulated PISCC net of the amortization of PISCC amounts deferred in prior years. The Net Regulatory Asset - PISCC from Schedule 6 appears on Schedule 1 at line 13.

Schedule 7 shows the Net Deferred Tax Balance - PISCC associated with the PIR Program cumulatively and for the year ended December 31, 2016. The Net Deferred Tax Balance - PISCC represents a tax liability resulting from a book versus tax timing difference associated with the recognition of PISCC on PIR Capital Additions, net of Cost of Removal. The Net Deferred Tax Balance - PISCC from Schedule 7 appears on Schedule 1 at line 14.

Schedule 8 shows Deferred Taxes on Liberalized Depreciation associated with the PIR Program cumulatively and for the year ended December 31, 2016. The Deferred Taxes on Liberalized Depreciation represent the federal income tax liability associated with the difference between depreciation allowed for income tax purposes, which is determined in accordance with tax rules, compared with depreciation calculated for book purposes, which is determined in accordance with accounting rules. Such taxes are calculated based on PIR Capital Additions, net of Cost of Removal. The calculation of Deferred Taxes on Liberalized Depreciation on Schedule 8 of this filing includes bonus tax depreciation allowed for capital additions in 2008 through 2016. Deferred Taxes on Liberalized Depreciation from Schedule 8 appears on Schedule 1 at line 15.

Q15. What is bonus tax depreciation and how has it impacted the PIR Charge?

- A. Various federal laws passed over the course of DEO's PIR program have enacted provisions for bonus tax depreciation on certain eligible capital investments. Bonus tax depreciation at a rate of 50 percent of the cost of capital investments placed in service was permitted for capital investments from 2008 through September 8, 2010. The bonus tax depreciation rate was increased to 100 percent of the cost of capital investments for the period after September 8, 2010, through December 31, 2011. For capital investments placed in service in 2012 through 2016, the bonus depreciation is 50 percent of the cost of capital investments.

Bonus tax depreciation increases accumulated deferred taxes, thereby reducing the PIR Program rate base. This reduction is significant and will remain through future years, to the benefit of DEO's customers.

The inclusion of bonus depreciation in DEO's Application in this case had the effect of reducing the PIR Charge for the GSS/ECTS rate class by approximately \$0.22.

Because the availability of bonus tax depreciation for 2016 was known, however, DEO was able to increase PIR investment during 2016 to offset a portion of the decrease such that a shortfall of only \$0.10 from the maximum allowance rate increase for the GSS/ECTS class resulted.

Q16. Please identify the schedule that supports the Approved Pre-Tax Rate of Return that DEO applies to the PIR Program rate base shown on Application Attachment A at Schedule 1.

A. Schedule 12 shows the Approved Rate of Return on Rate Base as determined by the Commission in its December 19, 2008 Entry on Rehearing in Case No. 07-829-GA-AIR and the associated pre-tax rate. The Pre-Tax Return on Rate Base is shown as the Approved Pre-Tax Rate of Return on Schedule 1 at line 17.

Q17. Please identify the rate components and schedules that support the calculation of Operating Expense shown on Application Attachment A at Schedule 1.

A. Operating Expense consists of six rate components: Incremental Depreciation Expense shown on Schedule 5A; Annualized Depreciation shown on Schedule 9; Annualized Amortization of PISCC shown on Schedule 10; Incremental Property Tax Expense and Annualized Property Tax Expense shown on Schedule 11; and O&M Expense Savings shown on Schedule 15.

Q18. Please explain the information set forth on Schedule 5A and how that information is shown on Schedule 1.

A. Schedule 5A sets forth the incremental depreciation expense actually incurred during the year ended December 31, 2016, and deferred for subsequent recovery through the PIR Charge. Incremental depreciation includes two components: (1) actual depreciation expense incurred on PIR plant additions in the preceding year up to the point the associated cost recovery charge is put into effect, and (2) depreciation expense actually incurred on new plant additions during the year covered by the current Application.

Schedule 5A also shows the calculation of the annual amortization of each PIR fiscal period's deferred incremental depreciation expense over the lives of the associated capital additions. The sum of the annual amortization for each program fiscal period is shown as Incremental Depreciation Expense on Schedule 1 at line 20.

Q19. How does the information shown on Schedule 5A differ from the information shown on Schedule 5?

- A. Schedule 5 shows the Provision for Depreciation that is included on Schedule 1 as a component of rate base. The Provision for Depreciation includes the accumulation of actual monthly depreciation expense calculated on all PIR Capital Additions, net of Cost of Removal, since inception of the PIR Program and during the year ended December 31, 2016. The monthly incremental depreciation expense calculation on Schedule 5A excludes all prior year PIR net Capital Additions for which an approved recovery rate was put into effect. Accordingly, the incremental depreciation expense on which annual amortization is calculated is less than the total amount of accumulated depreciation for the year ended December 31, 2016, included in the Provision for Depreciation on Schedule 5.

Q20. Please explain the information set forth on Schedule 9 and how that information is shown on Schedule 1.

- A. Schedule 9 sets forth the Annualized Depreciation Associated With Capital Additions as of December 31, 2016. The Annualized Depreciation Expense Associated With Capital Additions represents the depreciation expense on cumulative Capital Additions, net of Cost of Removal, as of December 31, 2016, for the twelve-month period that the adjusted PIR Charge will be in effect. This expense allows DEO to reduce regulatory lag by matching revenues received through the PIR Charge with depreciation expense being incurred in the same twelve-month period. The Annualized Depreciation Expense

Associated With Additions is shown on Schedule 1 at line 21 as Annualized Depreciation on Assets through December 31, 2016.

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

- A. Schedule 10 sets forth the Annualized Amortization of PISCC deferred for recovery in prior years and during the year ended December 31, 2016. The Annualized Amortization of PISCC represents the amortization during the twelve-month period the adjusted PIR Charge will be in effect of PISCC accumulated during each fiscal period of the PIR Program through December 31, 2016. This amortization spreads each year's accumulated PISCC to expense over the lives of the related assets. The Annualized Amortization of PISCC is shown on Schedule 1 at line 22.

Q22. Please explain the information set forth on Schedule 11 and how that information is shown on Schedule 1.

- A. Schedule 11 sets forth the Incremental and Annualized Property Tax Expense, including the Incremental Property Tax Expense for the year ended December 31, 2016, and the Annualized Property Tax Expense on Assets through December 31, 2016. The Incremental Property Tax Expense is property tax expense for PIR-related assets recognized on DEO's books in the year ended December 31, 2016, and deferred for recovery through the PIR Charge, less the amount of prior year Annualized Property Tax Expense recovered through rates during 2016. Property tax expense recognized in any calendar year is based on plant assets as of the preceding year end. As a result, property tax expense incurred during 2016 reflects a year's tax on cumulative PIR Capital Additions, net of Cost of Removal and Retirements, as of December 31, 2015. Schedule 11 also shows the calculation of the annual amortization of each year's deferred

Incremental Property Tax Expense over the lives of the associated capital additions. The amortization of Incremental Property Tax Expense is shown on Schedule 1 at line 23.

The Annualized Property Tax Expense represents the property tax expense calculated on cumulative PIR Capital Additions, net of Cost of Removal and Retirements, as of December 31, 2016, which will be recognized on DEO's books during the twelve-month period the adjusted PIR Charge will be in effect. This expense allows DEO to reduce regulatory lag by matching revenues received through the PIR Charge with property tax expense being incurred in the same twelve-month period. The Annualized Property Tax Expense on Assets through December 31, 2016, is shown on Schedule 1 at line 24.

Q23. Please explain the information set forth on Schedule 15 and how that information is shown on Schedule 1.

- A. Schedule 15 sets forth the O&M Expense Savings calculation for the year ended December 31, 2016. The O&M Expense Savings amount reflects the cost-sharing mechanism approved by the Commission in Case No. 11-2401-GA-ALT. The actual O&M Expense Savings associated with the PIR Program for the year ended December 31, 2016, was determined by measuring the reduction in expenses incurred during 2016 for leak surveillance and repair and corrosion monitoring and remediation as compared with the same expenses in the baseline year, which is the twelve-month period from July 1, 2007, through June 30, 2008. The actual O&M Expense Savings also includes any reduction in costs associated with Department of Transportation inspections on inside meters relocated to outside. The O&M Expense Savings amount determined in this manner is shown on Schedule 1 at line 25.

Q24. Does the proposed PIR Charge include any O&M Expense Savings?

- A. Yes. The calculation of the PIR Charge proposed in the Application includes a reduction in the PIR Program revenue requirement for O&M Expense Savings of \$1,000,000.00, which represents the guaranteed minimum savings in accordance with the cost-sharing mechanism.

Q25. How does the proposed increase in the PIR Charge compare with the maximum allowable increase for 2016 costs, which was reflected in the PIR Pre-Filing Notice?

- A. As previously described, the maximum allowable increase in the PIR Charge for the GSS/ECTS rate class for 2016 was \$1.58 per customer per month, which is the sum of the annual rate increase cap of \$1.40 plus \$0.18, the amount by which the rate approved in Case No. 15-1987-GA-RDR was reduced by 2015 bonus tax depreciation enacted in December 2015. DEO would note that it put sufficient capital investment in service in 2016 to meet the entire amount of investment permitted under the annual rate increase cap for 2016 of \$1.40, the 2015 shortfall of \$0.18, and \$0.12 of the \$0.22 impact of 2016 bonus tax depreciation enacted in December 2015.

Q26. Please explain the information set forth on Schedules 16 and 16A and how that information is shown on Schedule 1.

- A. Schedule 16 sets forth the Reconciliation Adjustment that results from the reconciliation of costs recoverable (as determined in the preceding PIR Charge adjustment case, Case No. 15-1987-GA-RDR) and costs actually recovered during the twelve-month period that the current PIR charge is in effect. Accordingly, Schedule 16 includes estimates of the amounts to be recovered from February through April 2017 plus a true-up of estimates for the period February through April 2016 compared with actual recoveries as shown on Schedule 16A. The Reconciliation Adjustment determined in this manner is shown on Schedule 1 at line 28.

Q27. Has DEO afforded Staff and other parties the opportunity to review the PIR Charge proposal set forth in DEO's Application?

A. Yes. Staff performed an investigation of DEO's Pre-Filing Notice that has included numerous data requests served upon DEO, which responded to each request in a timely manner. While other parties were notified of the proceeding and have the opportunity to intervene and serve discovery, no other party has yet intervened.

IV. CONCLUSION

Q28. Does this conclude your testimony?

A. Yes.