

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE EAST OHIO GAS COMPANY D/B/A
DOMINION ENERGY OHIO FOR
APPROVAL OF TARIFFS TO ADJUST ITS
AUTOMATED METER READING COST
RECOVERY CHARGE TO RECOVER COSTS
INCURRED IN 2017.

CASE NO. 17-2178-GA-RDR

FINDING AND ORDER

Entered in the Journal on April 18, 2018

I. SUMMARY

{¶ 1} The Commission approves the application of The East Ohio Gas Company d/b/a Dominion Energy Ohio to adjust its automated meter reading cost recovery charge.

II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (Dominion or Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4929.11 provides that the Commission may allow any automatic adjustment mechanism or device in a natural gas company's rate schedules that allows a natural gas company's rates or charges for a regulated service or goods to fluctuate automatically in accordance with changes in a specified cost or costs.

{¶ 4} On October 15, 2008, the Commission approved a stipulation that, in part, provided that the accumulation by Dominion of costs for the installation of automated meter reading (AMR) technology may be recovered through a separate charge (AMR cost recovery charge). The AMR cost recovery charge was initially set at \$0.00. The Commission's Opinion and Order contemplated periodic filings of applications and adjustments for the AMR cost recovery charge. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al. (*Distribution Rate Case*), Opinion and Order (Oct. 15, 2008).

{¶ 5} Dominion's current AMR cost recovery charge of \$0.44 per customer per month was approved by the Commission on April 19, 2017. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 16-2206-GA-RDR, Finding and Order (Apr. 19, 2017).

{¶ 6} On November 29, 2017, Dominion filed its prefiling notice in the above-captioned case. On February 28, 2018, Dominion filed an application requesting an adjustment to its current AMR cost recovery charge, in accordance with the procedure approved in the *Distribution Rate Case*, for costs incurred during the calendar year 2017. Along with its application, Dominion also filed the direct testimony of Vicki H. Friscic.

{¶ 7} In its February 28, 2018 application, Dominion requests that the Commission approve an adjustment to the Company's AMR cost recovery charge from \$0.44 per customer per month to \$0.33 per customer per month, as shown below, to reflect costs during the 2017 calendar year.

Current Rate	Proposed Rate	Proposed Decrease
\$0.44 per month	\$0.33 per month	\$0.11 per month

{¶ 8} In her testimony, Ms. Friscic affirms that Dominion calculated the AMR cost recovery charge in a manner consistent with the revenue requirement calculation in the last rate case, and provided detailed discussion as to how such calculations were made in the instant case (Dominion App., Att. C at 2-7). Ms. Friscic offers that, in 2017, Dominion achieved \$6,515,806.02 in meter-reading operations and maintenance (O&M) expense savings for its customers, compared to that expense for the 2007 baseline year. However, she noted that Dominion did not experience call-center savings in 2017. (Dominion App., Att. C at 7-8; Schedule 11.)

{¶ 9} By Entry issued March 6, 2018, the attorney examiner set a March 23, 2018 deadline for filing motions to intervene. The attorney examiner also required that Staff and intervenor comments on the application be filed by March 23, 2018, and that Dominion file,

by March 29, 2018, a statement informing the Commission whether all issues raised in the comments had been resolved.

{¶ 10} Staff filed comments on Dominion's application on March 23, 2018. No other comments were filed.

{¶ 11} In its comments, Staff states that its findings and recommendations result from financial reviews of Dominion, including assessment of the Company's proposed revenue requirement, matters related to its program to install AMR equipment on customer meters throughout its service area, and the associated AMR cost recovery charge. Staff notes that, although Dominion completed installation of AMR devices throughout its system in 2012, it will continue to incur recoverable AMR-related costs such as depreciation and property tax expenses and continue to reduce the AMR cost recovery charge by the annual O&M savings resulting from the AMR deployment. Staff further notes that, as a result, the Company will continue to file annual applications until the AMR costs are included in its base rates in its next base rate case. In addition, Staff confirms that Dominion properly applied the depreciation rates adopted in *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 13-1988-GA-AAM, Finding and Order (Oct. 23, 2013).

{¶ 12} Staff notes that Dominion's recommended reduction in the AMR cost recovery charge is primarily due to the Company's proposal to recognize the federal income tax rate reduction pursuant to the Tax Cuts and Jobs Act of 2017 (TCJA). Staff explains that Dominion proposes to reduce the pre-tax rate of return used in the AMR cost recovery charge revenue requirement calculation from 11.36 percent to 9.91 percent, in order to recognize the federal income tax rate reduction from 35 percent to 21 percent. Staff adds that Dominion believes that determining the impact of the TCJA on accumulated deferred income taxes associated with its AMR program is a complex matter that cannot be resolved in the current case. Staff states that Dominion, therefore, proposes that amortization of the AMR-related excess deferred income taxes for 2018 be reflected in next year's AMR application. Further, Staff notes that the Commission is currently investigating the financial

impacts of the TCJA in *In re the Commission's Investigation of the Financial Impact of the Tax Cuts and Jobs Act of 2017 on Regulated Ohio Utility Companies*, Case No. 18-47-AU-COI (*Tax COI Case*), and determining what, if any, adjustments should be made to utility company rates in Ohio as a result of the federal income tax rate reduction.

{¶ 13} Staff, therefore, recommends that the Commission accept Dominion's proposed AMR cost recovery charge as proposed in its application, subject to potential reconciliation, adjustments, or refunds next year. Staff further recommends that, in its order in this case, the Commission expressly notify Dominion that next year's AMR cost recovery charge may be adjusted to reflect any reconciliation or refunds resulting from ongoing investigations of the impacts of the federal income tax rate reduction. In addition, Staff recommends that the Commission direct Dominion to note in its tariffs that the AMR cost recovery charge is subject to reconciliation and potential refunds as determined by the Commission.

{¶ 14} Staff states that, with adoption of the above-noted recommendations, it has no other objections to Dominion's application to adjust the Company's AMR cost recovery charge. Consequently, Staff recommends that the Commission approve Dominion's application as filed.

{¶ 15} On March 29, 2018, Dominion filed its statement to inform the Commission whether the issues raised in the comments have been resolved. In its statement, Dominion indicates that the Company does not object to Staff's recommendations. Dominion notes that, after discussions with Staff, the Company proposes to include the following language in its AMR tariff: "This Rider is subject to reconciliation or adjustment, including, but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to: (1) the twelve-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission in the docket in which those rates were approved or by the Supreme Court of Ohio; and (2) those implementing the Commission's orders in Case No. 18-47-AU-COI or in any other case ordered by the

Commission to address the impacts of federal income tax reform.” Dominion states that, because Staff recommends approval of the AMR cost recovery charge and the Company accepts Staff’s recommendations, a hearing in this case is unnecessary. Therefore, Dominion requests that the Commission approve its February 28, 2018 application as filed and the proposed tariff language.

{¶ 16} Upon consideration of the application and the comments filed by Staff, the Commission finds that Dominion’s application to adjust its AMR cost recovery charge to \$0.33 per customer per month is reasonable and should be approved. The Commission accepts Staff’s recommendations, and notes that Dominion’s AMR cost recovery charge may be adjusted, in the Company’s next annual adjustment proceeding, to reflect any reconciliation or refunds resulting from ongoing investigations of the impact of the federal income tax rate reduction and based on the outcome of the Commission proceedings in the *Tax COI Case*. We also find that Dominion’s proposed tariff language should be approved.

III. ORDER

{¶ 17} It is, therefore,

{¶ 18} ORDERED, That Dominion’s application to adjust its AMR cost recovery charge is approved. It is, further,

{¶ 19} ORDERED, That Dominion’s proposed tariff language is approved. It is, further,

{¶ 20} ORDERED, That Dominion is authorized to file tariffs, in final form, consistent with this Finding and Order. Dominion shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 21} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 22} ORDERED, That Dominion notify its customers of the changes to the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division at least ten days prior to its distribution to customers. It is, further,

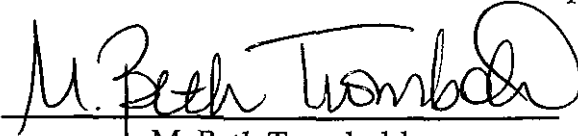
{¶ 23} ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 24} ORDERED, That a copy of this Finding and Order be served upon each party of record.

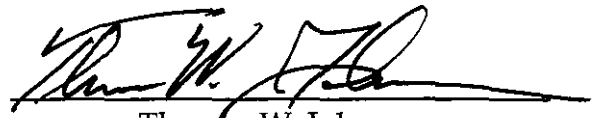
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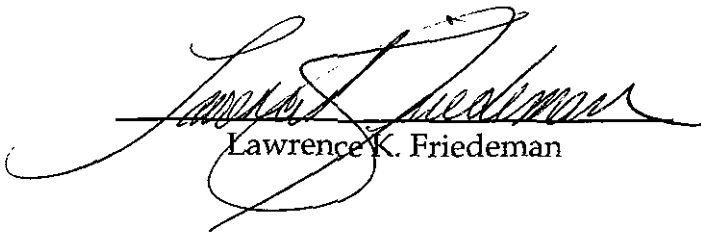
Asim Z. Haque, Chairman



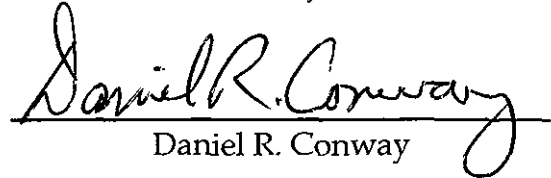
M. Beth Trombold



Thomas W. Johnson



Lawrence K. Friedeman




Daniel R. Conway

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Entered in the Journal

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Barcy F. McNeal

Secretary