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1 **Direct Testimony of**
2 **Vicki H. Friscic**

3 **I. INTRODUCTION**

4 **Q1. Please introduce yourself.**

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

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

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

13 **Q3. Are you familiar with DEO's Application?**

14 A. Yes. I supervised and coordinated the preparation of DEO's Pre-Filing Notice and
15 Application, including the collection of the data and assembly of the schedules
16 supporting the Capital Expenditure Program (CEP) Rider, as well as all of the exhibits to
17 the Application. I can verify that the statements contained in these materials are true and
18 correct.

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

20 A. I will serve as the overview witness in this case. I will describe the request for an increase
21 in rates, the supporting standard filing requirements, and the impact the proposed request
22 would have on customers.

1 **II. OVERVIEW OF THE CAPITAL EXPENDITURE PROGRAM DEFERRAL**

2 **Q5. Describe DEO’s Capital Expenditure Program.**

3 A. In Case Nos. 11-6024-, 12-3279-, and 13-2410-GA-UNC, the Commission authorized
4 DEO to implement a CEP and to create a regulatory asset associated with costs deferred
5 under the CEP. *See* Case Nos. 11-6024-GA-UNC, Finding & Order at 16 (Dec. 12, 2012)
6 (the 11-6024 Order); 12-3279-GA-UNC, Finding & Order at 5 (Oct. 9, 2013) (12-3279
7 Order); 13-2410-GA-UNC, Finding & Order at 4 (July 2, 2014) (13-2410 Order)
8 (collectively, the CEP Orders). DEO was authorized to defer the depreciation expense,
9 property taxes, and post-in-service carrying costs (PISCC) associated with certain types
10 of capital investments. The Commission authorized DEO to accrue CEP deferrals until
11 the accrued deferrals, if included in rates, would cause the rates charged to the General
12 Sales Service (GSS) rate class to increase by more than \$1.50 per month.

13 **Q6. What types of capital investments are eligible for the CEP Deferral?**

14 A. As approved in the CEP Orders, DEO’s CEP includes three categories of capital
15 investments:

- 16 • *Infrastructure Expansion, Improvement or Replacement.* Expenditures in this
17 category include distribution system betterments; pipeline, regulating station, or other
18 improvements or replacements, including non-billable pipeline relocations, associated
19 with DEO’s distribution, transmission, storage, production, and gathering systems
20 that are not covered by DEO’s Automated Meter Reading and Pipeline Infrastructure
21 Replacement programs; storage well and compressor station improvements or
22 replacements; and certain customer main line extensions; main-to-curb and curb-to-
23 meter service lines.

- 1 • *Installation, Upgrade or Replacement of Information Technology.* This category
2 includes capital expenditures for upgrades to or replacements of computer systems
3 utilized for accounting, billing, and utility operations, as well as communication
4 systems. Capitalized costs may include costs for hardware, software purchases or
5 development, installation, and associated licenses.
- 6 • *Programs Reasonably Necessary to Comply with Commission Rules, Regulations,*
7 *and Orders.* Capital expenditures in this category include those for required pipeline
8 integrity or other regulatory compliance associated with pipeline safety,
9 environmental compliance, metering, facilities, fleet, and other general plant
10 associated with providing DEO’s regulated services.

11 **Q7. Has the Commission held that the categories of capital investment that you just**
12 **listed align with R.C. 4929.111?**

13 A. Yes. In all three CEP Orders, the Commission found that DEO’s CEP was just and
14 reasonable and consistent with R.C. 4929.111. *See* 11-6024 Order at 16; 12-3279 Order
15 at 4–5; and 13-2410 Order at 4.

16 **Q8. Through December 31, 2018, what is the total amount deferred under the CEP?**

17 A. As of December 31, 2018, DEO’s deferred expenses totaled \$204.3 million, associated
18 with \$722.9 million in underlying gross capital investments. The annual deferrals and
19 capital investments are summarized in Exhibit I, Schedule 3, and are further detailed in
20 the respective CEP Annual Informational Filings submitted in the cases referenced above.

21 **Q9. Did the Commission set any limits on CEP deferrals?**

22 A. Yes, as noted, the Commission authorized on-going deferral authority “only up until the
23 point where the accrued deferrals, if included in rates, would cause the rates charged to
24 the General Sales Service (GSS) class of customers to increase by more than \$1.50 per

1 month.” 13-2410 Order at 1. If that threshold were met, “accrual of all future CEP-related
2 deferrals is required to cease, until such time as DEO files to recover the existing accrued
3 deferrals and establish a recovery mechanism under R.C. 4909.18, 4929.05, or 4929.11.”

4 *Id.*

5 **Q10. Did DEO reach the \$1.50 threshold before filing this application to recover the**
6 **existing accrued CEP deferrals?**

7 A. No. Based on deferrals through March 31, 2019, the estimated impact of the recovery of
8 accumulated CEP deferrals on the GSS class is \$1.29. A detailed calculation may be
9 found at Exhibit K.

10 **III. OVERVIEW OF THE APPLICATION**

11 **Q11. Please explain DEO’s Application in this case.**

12 A. DEO is requesting authority, pursuant to R.C. 4929.111, 4929.05, and 4909.18, to
13 establish the CEP Rider to recover PISCC, depreciation expense, and property tax
14 expense currently deferred under and associated with the CEP, as well as a return on the
15 CEP rate base, including the underlying CEP investments and the accumulated deferred
16 balance, as of December 31, 2018. In this proceeding, DEO proposes establishing initial
17 CEP Rider rates and a process for updating those rates to recover future CEP deferrals
18 and capital investments.

19 **Q12. Do the underlying capital investments qualify for inclusion as CEP investments?**

20 A. Yes. The CEP capital investments fall within the three categories discussed above, as
21 approved in the CEP Orders.

22 **Q13. Were all expenses deferred under the CEP calculated in accordance with provisions**
23 **of the CEP Orders?**

24 A. Yes. Specifically, the deferral calculations are determined in accordance with formulas
25 set forth in Staff’s surreply comments, as approved in the 11-6024 Order.

1 **Q14. In this Application, how does DEO propose recovering future CEP deferrals and**
2 **investments?**

3 A. Beginning in 2020, DEO proposes to update the CEP Rider annually to reflect the prior
4 year's CEP deferrals, CEP investments, and associated expenses. For CEP investments
5 placed in service after December 31, 2018, DEO will continue deferring the associated
6 PISCC, depreciation, and property-tax expenses until the rates reflecting recovery of
7 those costs and the underlying investments approved in the next annual CEP proceeding
8 are implemented. The timeline and process for the annual update is set forth in Exhibit A
9 to DEO's Alternative Rate Plan.

10 **Q15. Does the annual process provide for the inclusion of a reconciliation adjustment?**

11 A. Yes. The annual CEP Rider filing will both update the CEP revenue requirement, and
12 provide a reconciliation adjustment for any over- or under-recovery through the CEP
13 Rider. DEO will determine and allocate the reconciliation adjustment in the same manner
14 as in its annual PIR Cost Recovery Filings.

15 **Q16. Has DEO included any Excess Deferred Income Tax in its CEP rate base?**

16 A. No, it has not. Because DEO is seeking recovery of the CEP rate base and accumulated
17 deferrals more than a year after the Tax Cuts and Jobs Act of 2017 (TCJA) was enacted,
18 accumulated deferred income taxes and the rate of return on rate base in this filing
19 appropriately reflect the 21% federal income tax rate. In this Application, DEO is seeking
20 recovery of the CEP investments and associated expenses for the first time. Accordingly,
21 customers have not paid any federal income tax associated with the CEP, let alone at the
22 former 35% rate.

1 **IV. EXHIBITS AND FILING SCHEDULES**

2 **Q17. Please describe the information provided in Exhibit G.**

3 A. Exhibit G contains the schedules set forth in R.C. 4909.18(A)–(D).

4 Schedule A includes a report of DEO’s property used and useful as of the date
5 certain of December 31, 2018. This report includes all of DEO’s property used and useful
6 in the rendering of service, and is not limited to the property used and useful as it pertains
7 to this Application.

8 Schedule B is DEO’s operating statement for the twelve months ended December
9 31, 2018, as reflected on DEO’s books for that period. The detail includes all of DEO’s
10 receipts, revenues and income from all sources, and all of its operating costs and other
11 expenditures.

12 Schedule C provides a statement of income and expense anticipated under this
13 Application.

14 Finally, Schedule D includes DEO’s statement of financial condition summarizing
15 assets, liabilities and net worth as of December 31, 2018, as reflected on DEO’s books.

16 **Q18. Please describe the information provided in Exhibit H.**

17 A. Exhibit H comprises the Section A and B Schedules of the Standard Filing Requirements.
18 *See* Ohio Admin. Code 4901-7-01, Appx. The information provided in these schedules
19 represents a date certain of December 31, 2018, and a test year of twelve months ended
20 December 31, 2018. The data within these schedules reflect the actual balances per
21 DEO’s books, without adjustments.

22 **Q19. Please describe the information shown on Schedule A-1.**

23 A. Schedule A-1 is the overall financial summary that shows the calculation of DEO’s
24 earned rate of return, based on operating income for the twelve months ended December

1 31, 2018, compared to DEO's authorized rate of return approved by the Commission in
2 DEO's last rate case.

3 **Q20. Please describe the information shown on Schedule A-2.**

4 A. Schedule A-2 includes the calculation of the gross revenue conversion factor. The gross
5 revenue conversion factor provides for recognition of the fact that the revenue deficiency
6 must be adjusted for items such as gross receipts taxes and federal income taxes. This
7 factor was limited, in this case, to an adjustment for federal income taxes, as DEO's rate
8 schedules include a gross receipts rider. This calculation has been adjusted for the federal
9 income tax rate reduction resulting from the TCJA.

10 **Q21. Regarding Schedule A-3, is DEO reporting any Construction Work in Progress**
11 **(CWIP)?**

12 A. No, DEO does not include CWIP in its calculation of rate base.

13 **Q22. Please briefly describe Schedule B-1.**

14 A. Schedule B-1 is the summary of the rate base, used and useful as of the date certain,
15 determined by the Company as of the date certain in this proceeding and is the summary
16 of other underlying Section B schedules. The rate base consists of jurisdictional plant in
17 service less the reserve for accumulated depreciation; a working capital allowance
18 reflecting certain average monthly balances funded by investors and the average amount
19 of capital needed to bridge the gap between the time when expenditures are made to
20 provide service and the time when funds are received for that service; and other rate base
21 items that include, among other things, the accumulated deferred income taxes related to
22 accelerated depreciation.

1 **Q23. What information is shown on Schedule B-2?**

2 A. Schedule B-2 is a summary of the Company's plant in service by major property
3 groupings as of the date certain. The schedule also summarizes the adjustments made to
4 arrive at the adjusted jurisdictional plant in service by major property groupings as of the
5 date certain. The total original cost of jurisdictional plant in service as of December 31,
6 2018, is \$4,667,116,677.

7 **Q24. What does Schedule B-2.1 show?**

8 A. Schedule B-2.1 details, by plant account, the book cost of the plant in service data
9 summarized in Schedule B-2.

10 **Q25. What is shown on Schedule B-2.2?**

11 A. Schedule B-2.2 indicates that it is not applicable. The data within the plant in service
12 schedules reflect the actual balances per DEO's books, without adjustments.

13 **Q26. Please describe Schedule B-2.3.**

14 A. Schedule B-2.3 shows additions, retirements and transfers by FERC account for each
15 major property grouping from March 31, 2007, the date certain in DEO's most recent rate
16 case, Case No. 07-829-GA-AIR, through December 31, 2018, the date certain in this
17 case.

18 **Q27. What information is included on Schedule B-2.3a?**

19 A. In accordance with Standard Filing Requirement (C)(16), DEO has provided a
20 breakdown of the data contained in Schedule B-2.3 by year from March 31, 2007,
21 through December 31, 2018.

22 **Q28. What is shown on Schedule B-2.4?**

23 A. Schedule B-2.4 is a list of the leased property that is capitalized and included in rate base.

1 **Q29. What is shown on Schedule B-2.5?**

2 A. Schedule B-2.5 reflects assets owned by DEO that are not used in providing utility
3 service and, therefore, are not included in rate base.

4 **Q30. Please describe the information on Schedule B-3.**

5 A. Schedule B-3 shows the total Plant Investment and Reserve for Accumulated
6 Depreciation and Amortization by major property grouping, and jurisdictional allocation
7 percentages as of December 31, 2018.

8 **Q31. What is shown on Schedule B-3.1?**

9 A. Schedule B-3.1 indicates that it is not applicable. The data within the Reserve for
10 Accumulated Depreciation and Amortization schedules reflect the actual balances per
11 DEO's books, without adjustments.

12 **Q32. Please describe Schedule B-3.2.**

13 A. Schedule B-3.2 shows the Jurisdictional Plant and Reserve Balances at December 31,
14 2018, by major property grouping and FERC account. Schedule B-3.2 further shows the
15 current depreciation and amortization accrual rates, and calculated annualized
16 depreciation and amortization expense at current rates.

17 **Q33. Please describe Schedule B-3.3.**

18 A. Schedule B-3.3 shows Depreciation Reserve Accruals, Retirements, and Transfers by
19 major property grouping and FERC account from March 31, 2007, the date certain in
20 Case No. 08-0729-GA-AIR through December 31, 2018, the date certain in this case.

21 **Q34. What information is included on Schedule B-3.3a?**

22 A. On Schedule B-3.3a, DEO has provided a summarized breakdown of the data contained
23 in Schedule B-3.3 by year from March 31, 2007, through December 31, 2018.

1 **Q35. Please describe Schedule B-3.4.**

2 A. Schedule B-3.4 shows the plant investment, accumulated depreciation reserve, and
3 annual expense for leased property as of the date certain.

4 **Q36. Please describe the information shown on Schedules B-4, B-4.1 and B-4.2.**

5 A. Those schedules are intended to provide information regarding any construction projects
6 in progress that a company is seeking to include in its proposed rate base. The schedules
7 are not applicable to DEO because the Company is not requesting the inclusion of any
8 CWIP in rate base.

9 **Q37. Please describe Schedule B-5.**

10 A. Schedule B-5 sets forth the Allowance for Working Capital as of December 31, 2018.
11 The cash working capital component was computed based on lead and lag days
12 determined in a recent lead-lag study performed by DEO and is further detailed on the
13 accompanying work paper WPB-5.1. Working capital associated with supplier billings
14 results from the same lead-lag schedule and is further detailed on work paper WPB-5.2.
15 The Gas Stored Underground amount is the balance on DEO's books at December 31,
16 2018. The Materials and Supplies and Percentage of Income Payment Plan amounts are
17 supported on Schedule B-5.1.

18 **Q38. Please describe Schedule B-5.1.**

19 A. Schedule B-5.1 shows the determination of miscellaneous working capital items included
20 on Schedule B-5. Specifically, Schedule B-5.1 reflects the 13-month balances of Material
21 and Supplies and Percentage of Income Payment Plan (PIPP) receivables under 12
22 months old, both of which are further detailed on the accompanying work paper WPB-
23 5.3.

1 **Q39. Please describe the information on Schedule B-6.**

2 A. Schedule B-6 provides details of the “Other Rate Base Items” component of rate base.
3 Included on this schedule are total company date certain balances for DEO’s pension
4 assets contained in accounts 128, 182, and 186; DEO’s investment in deferred PISCC,
5 depreciation and property taxes contained in account 182 - Other Regulatory Assets;
6 customer deposits contained in account 235; and accumulated deferred income taxes
7 contained in accounts 190, 254, 282, and 283.

8 **Q40. Please describe Schedule B-6.1.**

9 A. Schedule B-6.1 indicates that it is not applicable. The data included as “Other Rate Base
10 Items” on Schedule B-6 reflect the actual balances per DEO’s books, without
11 adjustments.

12 **Q41. Please describe Schedule B-6.2.**

13 A. This schedule provides for the inclusion in rate base of Contributions in Aid of
14 Construction (CIAC). DEO nets all CIAC against gross plant balances shown on
15 Schedule B-2.1. Accordingly, this schedule is not applicable.

16 **Q42. Schedules B-7, B-7.1, and B-7.2 request jurisdictional allocation factors,**
17 **jurisdictional allocation statistics, and changes in allocation procedures. Do these**
18 **schedules apply to DEO?**

19 A. No. The Company’s entire service territory is jurisdictional. DEO does not have any non-
20 jurisdictional utility plant.

21 **Q43. Please describe the information on Schedule B-8.**

22 A. Schedule B-8 shows the computation of the unaccounted-for gas percentage for the
23 twelve months ended August 31, 2018. This period was selected in order to reflect the
24 most recently available operating cycle encompassing one heating season.

1 **Q44. Why has DEO indicated on Schedule B-9 that there is nothing to report?**

2 A. This statement was made because DEO does not include CWIP in its calculation of rate
3 base.

4 **Q45. What is the source for the data shown in the exhibits/schedules you are sponsoring?**

5 A. Generally, the information came from either DEO's SAP accounting system general
6 ledger or supporting sub-ledger systems.

7 **V. CUSTOMER IMPACT**

8 **Q46. What percentage adjustment does the proposed CEP Rider represent on customer**
9 **bills?**

10 A. PFN Exhibit 4 filed with the Commission in this case on March 29, 2019, is a bill
11 comparison for all customer classes. For a residential customer, at the average usage level
12 of 8 Mcf per month, the CEP Rider is projected to increase a typical bill by
13 approximately 6.8% per month.

14 **Q47. Do any factors mitigate the rate impact of the CEP Rider?**

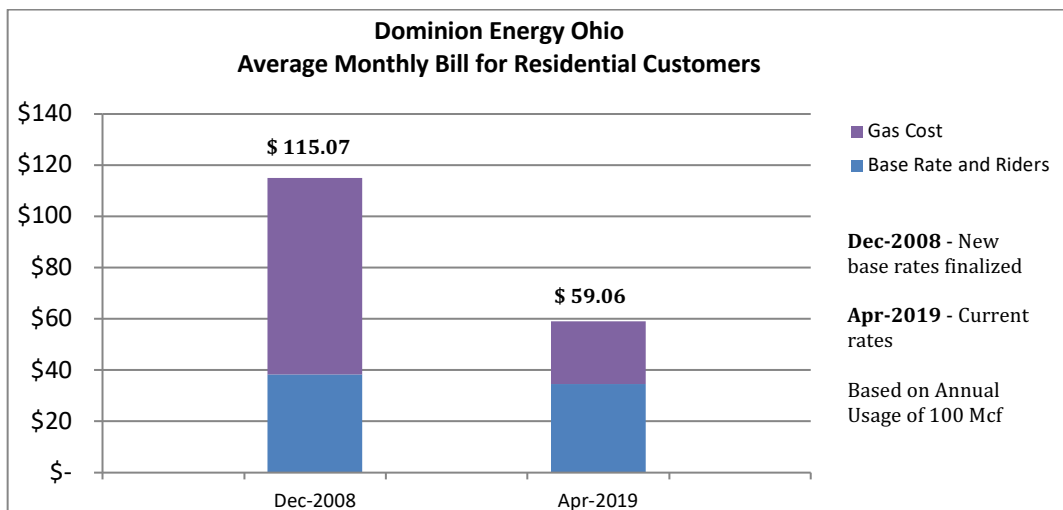
15 A. Yes. First, certain factors inherent in the calculation of the rate itself tend to mitigate its
16 impact. The formula used to determine the CEP Rider rate provides for the recovery of
17 deferred costs over the useful life of the assets rather than on a current-year basis. This
18 approach minimizes rate impact. In addition, DEO has proposed a "depreciation offset"
19 to rate base, which considerably reduces the proposed CEP rates. The depreciation offset
20 is discussed in the testimony of DEO witness Celia Hashlamoun.

21 External factors can also mitigate total bill impacts. In this case, the commodity
22 rates that customers are paying have appreciably decreased since base rates were last
23 approved in 2008. As discussed further below, taking into account commodity costs and
24 riders, DEO's customers are currently paying less than they were at the end of DEO's last

1 rate case. Additionally, DEO has also recently filed an application to pass back TCJA
 2 savings to customers. *See* Case No. 18-1908-GA-UNC. The precise mechanics of
 3 returning TCJA savings (and thus the amount of the savings per month) have yet to be
 4 determined. But for the GSS class, DEO proposed an ongoing base rate reduction of
 5 \$0.99 per month, with additional credit to be provided through the Tax Savings Credit
 6 Rider. This is on top of TCJA-related reductions already reflected in the PIR and AMR
 7 Cost Recovery Charges. DEO also acknowledged its willingness to consider a more
 8 aggressive approach to returning TCJA savings in conjunction with the resolution of this
 9 case (*see* 18-1908 Appl. at 8–9), and the Company remains willing to do so.

10 **Q48. How much less are average monthly residential customer bills than they were at the**
 11 **end of DEO’s last base rate case?**

12 A. The table below compares a residential customer’s bill in December 2008 with a
 13 customer’s bill in 2018. This comparison demonstrates that a residential customer’s bill is
 14 approximately 49% less today than at the end of 2008 taking into account both
 15 commodity costs and riders, including the PIR Cost Recovery Charge. The commodity
 16 portion of the bill is 68% less today than in 2008.



17

1 **VI. THE FILING REQUIREMENTS FOR ALTERNATIVE RATE PLAN**
2 **APPLICATIONS IN OHIO ADMIN. CODE 4901:1-19-06**

3 **Q49. Ohio Admin. Code 4901:1-19-06(C)(2) states that alternative rate plan applications**
4 **must provide a detailed alternative rate plan. Does DEO's Application provide a**
5 **detailed alternative rate plan?**

6 A. Yes. Attached as Exhibit A to DEO's Application is an alternative rate plan that states the
7 facts and grounds upon which DEO's CEP Rider application is based. Exhibit A provides
8 the rationale for DEO's new CEP Rider tariffs for all affected services, which are
9 included as Exhibit F.

10 **Q50. Ohio Admin. Code 4901:1-19-06(C)(3) requires alternative rate plan applications to**
11 **list the services for which they have been exempted and provide certain other**
12 **information regarding those exemptions. Does DEO's Application provide**
13 **information regarding any services the Commission has authorized it to exempt**
14 **under R.C. 4929.04?**

15 A. Yes. As reflected in Exhibit B to the Application, the Commission has authorized and
16 modified exemptions for DEO related to the implementation of gas supply auctions and
17 commodity-service pricing in Case Nos. 05-474-, 11-6076-, and 12-1842-GA-EXM.

18 **Q51. Ohio Admin. Code 4901:1-19-06(C)(4) requires an alternative rate plan application**
19 **to discuss how the plan addresses potential issues concerning cross-subsidization of**
20 **services. Will the adoption of DEO's alternative rate plan result in any cross-**
21 **subsidization of services?**

22 A. No. This is addressed in Exhibit C to the Application. The proposed revenue requirement
23 in this Application is allocated by customer rate class based on the class cost of service
24 study relied on in DEO's last base rate case, Case No. 07-829-GA-AIR. The use of these
25 factors, previously determined appropriate by the Commission, effectively addresses
26 concerns regarding cross-subsidization.

1 **Q52. R.C. 4929.05(A)(1) and Ohio Admin. Code 4901:1-19-06(C)(5) require an**
2 **alternative rate plan applicant to discuss how it complies with R.C. 4905.35. In your**
3 **opinion, what facts show that DEO complies with R.C. 4905.35?**

4 A. R.C. 4905.35 (1) prohibits a public utility from making or giving any undue or
5 unreasonable preference or advantage to any person, corporation, or locality; (2) prohibits
6 a public utility from subjecting any person, corporation, or locality to any undue or
7 unreasonable prejudice or disadvantage; (3) requires that natural gas companies offer
8 their regulated services or goods to all similarly situated consumers under comparable
9 terms and conditions, including persons with which it is affiliated or which it controls; (4)
10 requires that natural gas companies that offer bundled services that include both regulated
11 and unregulated services or goods offer the regulated services or goods on an unbundled
12 basis of the same quality as, or better quality than, the bundled service; and (5) prohibits
13 natural gas companies from conditioning or limiting the availability of any regulated
14 services or goods on the basis of the identity of the supplier of any other services or
15 goods or on the purchase of any unregulated services or goods from the company.

16 I am not aware of any facts that suggest DEO does not comply with R.C. 4905.35.
17 I am generally familiar with DEO's management, operations, and the services that it
18 provides. DEO makes its public utility services available on a comparable and
19 nondiscriminatory basis. DEO does not make or give any undue or unreasonable
20 preference or advantage to any person, corporation, or locality, or subject any person,
21 firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

22 Likewise, DEO offers its regulated services or goods under comparable terms and
23 conditions to all similarly-situated consumers, including persons with which it is
24 affiliated or which it controls. This is evidenced by DEO's Standards of Conduct. *See,*
25 *e.g., Gen. Terms & Cond. of Energy Choice Pooling Serv., Sheet No. ECPS 47, § 24.4.*

1 DEO has applied these principles in developing its service offerings, the terms and
2 conditions upon which it provides public utility service, and its rates.

3 Moreover, DEO does not presently have any bundled service offerings that
4 include a regulated and unregulated service.

5 Finally, DEO does not condition or limit the availability of any regulated services
6 or goods, including any discounted rates or quality, price, terms, or condition of its
7 service or goods, on the basis of the identity of the supplier of any other services or
8 goods, or on the purchase of any unregulated services or goods from DEO.

9 **Q53. R.C. 4929.05 also requires DEO to show that it substantially complies with the state**
10 **policies set forth in R.C. 4929.02 and that it expects to remain in compliance with**
11 **those policies after the Alternate Rate Plan is implemented. In your opinion, does**
12 **DEO substantially comply with state policy, and what facts show that it does?**

13 A. In my opinion, DEO substantially complies with state policy. Ohio’s policy promotes,
14 among other things, the availability of adequate, reliable, and reasonably priced services
15 and goods as well as the unbundling of those services and goods on a comparable basis. It
16 supports effective choices for supplies and suppliers; encourages market access to
17 supply- and demand-side services and goods; and acknowledges the importance of
18 effective competition and the regulatory treatment needed to support competition. Exhibit
19 D to this Application discusses how the Alternative Rate Plan supports state policy.

20 **Q54. Ohio Admin. Code 4901:1-19-06(C)(5) requires an applicant to demonstrate that its**
21 **alternative rate plan is just and reasonable. Do you believe that DEO’s alternative**
22 **rate plan just and reasonable?**

23 A. Yes. The proposed plan permits the recovery of the regulatory assets and investments that
24 support DEO in the continued provision of service to its customers and communities. The
25 CEP itself was previously approved by the Commission as just and reasonable. In Case
26 No. 12-3279-GA-UNC, the Commission held that “DEO has demonstrated that the CEP

1 is consistent with the Company's obligation under Section 4905.22, Revised Code, to
2 furnish necessary and adequate services and facilities, which the Commission finds to be
3 just and reasonable." Order at 4. DEO is merely seeking to recover the investments
4 already approved for deferral as just and reasonable. In addition, recovery of the
5 underlying assets and associated expenses in rates will bring an end to the accrual of
6 PISCC and the continued deferral of future expenses associated with those investments.
7 Finally, DEO has designed its plan to correspond to the plan approved by the
8 Commission as just and reasonable in Case No. 17-2202-GA-ALT.

9 All of these factors support the conclusion that DEO's alternative rate plan is just
10 and reasonable.

11 **VII. CONCLUSION**

12 **Q55. Does this conclude your direct testimony?**

13 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Direct Testimony was served by electronic mail to the following on this 1st day of May, 2019:

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Case No(s). 19-0468-GA-ALT

Summary: Text Direct Testimony of Vicki H. Friscic electronically filed by Ms. Rebekah J. Glover on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio