

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East) Case No. 13-1988-GA-AAM
Ohio for Authority to Revise Its)
Depreciation Accrual Rates.)

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO or Company) is a natural gas company as defined by Section 4905.03(E), Revised Code, and a public utility as defined by Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.

- (2) Section 4905.18, Revised Code, provides, in pertinent part:

Every public utility shall carry a proper and adequate depreciation or deferred maintenance account, whenever the public utilities commission, after investigation, determines that a depreciation account can be reasonably required. The commission shall ascertain, determine, and prescribe what are proper and adequate charges for depreciation of the several classes of property for each public utility.... The commission may prescribe such changes in such charges for depreciation as it finds necessary.

- (3) By opinion and order issued on October 15, 2008, in *In the Matter of The East Ohio Gas Company d/b/a Dominion East Ohio for Authority to Increase Rates for its Gas Distribution Service*, Case No. 07-829-GA-AIR, et al. (07-829), the Commission approved a stipulation that prescribes DEO's current depreciation accrual rates. The Commission also granted DEO a 10-year amortization of a depreciation reserve imbalance over accrual and required the Company to submit a depreciation study for all gas plant accounts within five years.

- (4) On September 24, 2013, DEO filed an application to revise its depreciation accrual rates, along with a request for expedited treatment. In the application, DEO states that, with the assistance of the consulting firm, Brown, Williams, Moorhead & Quinn, Inc., the Company reviewed its current depreciation accrual rates for all gas plant accounts. DEO further states that, on July 5, 2013, the Company provided to Staff a depreciation study recommending revised depreciation accrual rates. DEO adds that Staff's comments and recommendations regarding the proposed depreciation accrual rates have been incorporated in the attachments to the Company's application.
- (5) Specifically, DEO requests that the Commission approve the revised depreciation accrual rates, with the rates effective as of January 1, 2013. DEO further requests authorization to apply the revised depreciation accrual rates and associated asset lives in its accounting of depreciation expense and related deferral amortization in 2013 and thereafter for investments made under its automated meter reading (AMR), pipeline infrastructure replacement (PIR), and capital expenditure (CEP) programs. DEO notes that approval of the application will not result in an increase in any current rate or charge.
- (6) Upon review of DEO's application, the Commission finds that the Company's proposed depreciation accrual rates and the underlying parameters listed on attached Table I are reasonable and should be approved, effective January 1, 2013, and that the Company should be authorized to apply the revised depreciation accrual rates and associated asset lives to investments made in 2013 and thereafter under its AMR, PIR, and CEP programs. We further find that DEO's application will not result in an increase in any rate or charge and, accordingly, should be considered as an application not for an increase in rates under Section 4909.18, Revised Code. Finally, the Commission directs DEO to submit a new depreciation study for all gas plant accounts no later than September 1, 2019, with a study date of December 31, 2018, to coincide with the end of the existing amortization from 07-829.

It is, therefore,

ORDERED, That this application is approved and the depreciation accrual rates and underlying parameters shown on attached Table I be approved. It is,

further,

ORDERED, That the depreciation accrual rates be effective as of January 1, 2013. It is, further,

ORDERED, That DEO be required to submit a new depreciation study for all gas plant accounts no later than September 1, 2019, with a study date of December 31, 2018. It is, further,

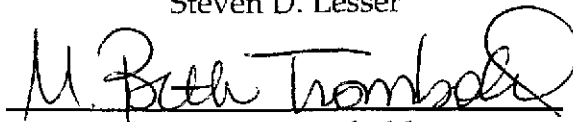
ORDERED, That nothing in this finding and order shall be binding upon this Commission in any further proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

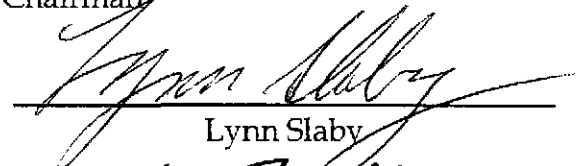
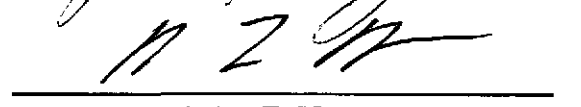
ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser


M. Beth Trombold


Lynn Slaby

Asim Z. Haque

CS:jd

Entered in the Journal

OCT 23 2013



Barcy F. McNeal
Secretary

The East Ohio Gas Company d/b/a Dominion East Ohio
Depreciation Study
Accrual Rate Comparison

Account No.	Description	Current							
		Average Service Life	Net Salvage %	Accrual Rate %		Average Service Life	Net Salvage %	Accrual Rates %	
<u>INTANGIBLE PLANT</u>									
303.01	Misc Intangible Plant CIAC					20	0	5.00	
303.02	Misc Intangible Plant Computer Software In House	9	0	11.11		10	0	10.00	
303.03	Misc Intangible Plant-Computer Software	9	0	11.11		10	0	10.00	
<u>NATURAL GAS PRODUCTION AND GATHERING PLANT</u>									
325.41	Rights Of Way	60	0	1.67		80	0	1.25	
327.01	Field Compressor Station Structures	25	-5	4.20		25	-2	4.08	
328.01	Field M&R Station Structures	29	-5	3.62		30	-5	3.50	
329.01	Other Structures	life span	0	4.08		60	0	1.67	
330.01	Producing Gas Wells Well Construction					50	0	2.00	
331.01	Producing Gas Wells Well Equipment					50	-10	2.20	
332.01	Field Lines	60	-20	2.00		75	-20	1.60	
333.01	Field Compressor Station Equipment	23	-5	4.57		33	-1	3.06	
334.11	Field M&R Station Equip-Purchase Gas-Meters & Gauges	27	-5	3.89		25	-5	4.20	
334.12	Field M&R Station Equip-Other	24	-15	4.79		34	-33	3.91	
335.02	Drilling & Cleaning Equipment	18	0	5.56		20	0	5.00	

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UNDERGROUND STORAGE PLANT							
350.21	Rights Of Way	55	0	1.82	70	0	1.43
351.02	Structures & Improvements-Compressor Station Structures	55	-10	2.00	52	0	1.92
351.03	Structures & Improvements-M & R Station Structures	42	0	2.38	61	-5	1.72
351.04	Structures & Improvements-Other Structures	50	-10	2.20	45	-20	2.67
352.01	Wells-Well Construction	60	0	1.67	70	0	1.43
352.02	Wells-Well Equipment	65	-70	2.62	70	-8	1.54
352.11	Land & Land Rights-Leaseholds	60	0	1.67	40	0	2.50
352.12	Land & Land Rights-Storage Rights	60	0	1.67	60	0	1.67
352.31	Non-Recoverable Natural Gas	39	0	2.56	65	0	1.54
353.01	Lines	65	-40	2.15	60	-50	2.50
354.01	Compressor Station Equipment - Compressor Station Equipment	48	-15	2.40	46	-53	3.33
355.01	M & R Equipment-Meters & Gauges	27	0	3.70	30	0	3.33
355.02	M & R Equipment-Other	45	-25	2.78	55	-43	2.60
357.03	Other Equipment-Other	15	0	6.67	15	0	6.67
TRANSMISSION PLANT							
365.21	Rights Of Way	75	0	1.33	75	0	1.33
366.01	Structures & Improvements-Compressor Station Structures	45	0	2.22	45	0	2.22
366.02	Structures & Improvements-M&R Station Structures	50	-10	2.20	75	0	1.33
366.03	Structures & Improvements-Other Structures	50	-10	2.20	47	0	2.13
367.01	Mains	60	-25	2.08	65	-20	1.85
368.01	Compressor Station Equipment-Compressor Station Equipment	35	0	2.86	31	0	3.23
369.02	M&R Station Equipment-Meters & Gauges	27	-10	4.07	25	-1	4.04
369.03	M&R Station Equipment-Other	50	-20	2.40	60	-26	2.10
370.10	Communication Equipment Communication				15	0	6.67
370.30	Communication Equipment Radio				15	0	6.67
371.03	Other Equipment	37	-5	2.84	60	0	1.67

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	DISTRIBUTION PLANT								
374.04	Land & Land Rights - Rights-of-Way	75	0	1.33		75	0	1.33	
375.01	Structures & Improvements-M & R Station Structures - General	62	-30	2.10		70	-16	1.66	
375.02	Structures & Improvements-M & R Station Structures - Industrial	45	0	2.22		60	0	1.67	
375.03	Structures & Improvements-Other Structures								
	Cleveland #2 Works - Office and Shop	life span	-5	2.54		70	-39	1.99	
	Small Structures	45	-5	2.33		12	0	8.33	
	Total Account 375.03			3.80				2.18	
375.04	Structures & Improvements-Leasehold Improvements	life span	0	0.00					
376.01	Mains	70	-25	1.79		70	-20	1.71	
378.01	M & R Station Equipment	50	-20	2.40					
378.01	M & R Station Equipment Meters and Gauges					25	0	4.00	
378.02	M & R Station Equipment Other Equipment					65	-53	2.35	
380.01	Services - All Pressures	50	-100	4		50	-20	2.40	
380.02	Services - Low Pressure	35	-100	5.71		35	-20	3.43	
380.03	Services - Regulated Pressure	50	-100	4		35	-20	3.43	
380.04	Special Services	37	-100	5.41		35	-10	3.14	
381.01	Meters - Meters	37	0	2.70		30	0	3.33	
381.02	Meters - Recording Gauges	27	0	3.70		10	0	10.00	
381.03	Meters - Hexagram	15	0	6.67		13	0	7.69	
381.04	Meters ERT Modules					15	0	6.67	
382.00	Meter Installations	45	0	2.22		38	0	2.63	
382.04	Meter Installations ERT Modules					15	0	6.67	
383.01	House Regulators	30	-15	3.83					
383.02	House Regulators Large					25	0	4.00	
383.01	House Regulators Small					25	0	4.00	
384.01	House Regulator Installation	43	-5	2.44		35	0	2.86	
385.00	Industrial M & R Station Equipment	44	-5	2.39					
385.01	Industrial M & R Station Equipment Meters and Gauges					45	-2	2.27	
385.03	Industrial M & R Station Equipment Other					45	-18	2.62	
387.01	Other Equipment - Other Equipment	22	-5	4.77		22	0	4.55	

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<u>GENERAL PLANT</u>							
390.02	Structures & Improvements - Main Office	lifespan	0	10.15	20	0	5.00
390.05	Structures & Improvements - Other	45	0	2.22	20	0	5.00
391.01	Office Furniture & Equipment - Furniture	20	0	5.00	20	0	5.00
391.02	Office Furniture & Equipment - Computer Hardware	5	0	20.00	5	0	20.00
391.03	Office Furniture & Equipment - Equipment	10	0	10.00	10	0	10.00
392.01	Transportation Equipment - Automobiles				8	0	12.50
392.02	Transportation Equipment - Trucks	8	25	9.38	8	44	7.00
392.03	Transportation Equipment - Trailers	11	35	5.91	12	38	5.17
392.05	Transportation Equipment - NGV Kits	6	0	16.67	6	0	16.67
393.01	Stores Equipment	20	0	5.00	20	0	5.00
394.01	Tools, Shop & Garage Equip - Tools & Equipment	20	0	5.00	20	0	5.00
394.03	Tools, Shop & Garage Equip - NGV Compression/Station	15	0	6.67	15	0	6.67
395.01	Laboratory Equipment	20	0	5.00	20	0	5.00
396.01	Power Operated Equipment	11	40	5.45	10	30	7.00
397.01	Communications Equipment	10	0	10.00	10	0	10.00
397.02	Communications Equipment - Telephone System	10	0	10.00	10	0	10.00
398.01	Miscellaneous Equipment	15	0	6.67	15	0	6.67
399.01	Other Intangible Property - Computer Software	15	0	6.67	15	0	6.67