

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. 13-2320-GA-RDR
Replacement Program Cost Recovery)
Charge and Related Matters.)

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a natural gas company as defined by R.C. 4905.03, and a public utility as defined by R.C. 4905.02, and, as such, is subject to the jurisdiction of the Commission, pursuant to R.C. 4905.04, 4905.05, and 4905.06. DEO supplies natural gas to approximately 1.2 million customers in northeast, western, and southeast Ohio (DEO App. at 1).
- (2) By Opinion and Order issued October 15, 2008, in *In re Application of The East Ohio Gas Co., d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al., the Commission approved a stipulation filed by DEO and the other parties, which, inter alia, adopted, with some modifications, Staff's recommendations set forth in the Staff Report filed on May 23, 2008. The Staff Report set forth procedures to be followed for the annual updates to DEO's pipeline infrastructure replacement (PIR) program cost recovery charge (Rider PIR). Specifically, the process provided that DEO would file an annual application supporting an initial charge and subsequent adjustments to Rider PIR.
- (3) By Opinion and Order issued August 3, 2011, in *In re Application of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 11-2401-GA-ALT, the Commission approved a stipulation that modified DEO's PIR program (2011 PIR Case). As part of the modified program, DEO would transition its Rider PIR filings from a fiscal-year basis to a calendar-year basis. Under this new process, DEO is to submit a prefiling notice by November 30 each year, and an updated filing with actual data by February 28, with the goal of the revised Rider PIR charge becoming effective as of the first billing cycle in May of each year.

- (4) The current Rider PIR charge, which was approved in *In re Application of The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 12-3125-GA-RDR, Opinion and Order (Apr. 24, 2013) (2012 PIR Case) is: \$4.06 per month for General Sales Service (GSS) and Energy Choice Transportation Service (ECTS) customers; \$32.11 per month for Large Volume General Sales Service (LVGSS) and Large Volume Energy Choice Transportation Service (LVECTS) customers; \$145.18 per month for General Transportation Service (GTS) and Transportation Service for Schools (TSS) customers; and \$0.0328 per thousand cubic feet (Mcf) for Daily Transportation Service (DTS) customers, capped at \$1,000 per month.
- (5) In accordance with the procedure approved by the Commission in the 2011 PIR Case, DEO filed a prefiling notice in the current proceeding on November 27, 2013. On March 3, 2014, DEO filed an application requesting an adjustment to its current Rider PIR for costs incurred between January 1, 2013, and December 31, 2013. Along with its application, DEO also filed the direct testimony of Vicki H. Friscic and Schedules 1 through 16A in support of its application.
- (6) In its March 3, 2014 application, DEO requests that the Commission approve an adjustment to Rider PIR reflecting costs associated with capital investments made during the period January 1, 2013, through December 31, 2013. As reflected in Schedule 1 of the application, DEO submits that the total annual revenue requirement for Rider PIR would be \$88,755,844.87. As proposed in DEO's application, Rider PIR would be increased to: \$5.44 per month for GSS and ECTS customers; \$42.39 per month for LVGSS and LVECTS customers; \$186.31 per month for GTS and TSS customers; and \$0.0469 per Mcf, capped at \$1,000 per month, for DTS customers. (DEO App. at 4; Att. A, Sch. 1.)
- (7) Ms. Friscic states that DEO's customers are realizing several benefits from the PIR Program including: enhanced service reliability and safety well into the future resulting from the replacement of aging infrastructure; 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 lower service line costs because DEO now installs and maintains the curb-to-meter service lines that were previously the responsibility of customers. Ms. Friscic provides an overview of the process for adjusting the Rider PIR and an explanation for how the calculations were determined in the accompanying schedules, necessitating a total annualized revenue requirement of \$88,755,844.87. Ms. Friscic asserts that Rider PIR allows DEO to continue to provide safe and reliable service through the replacement of dated infrastructure in an accelerated manner. (DEO App., Att. C at 2-14.)

- (8) By Entry issued March 7, 2014, the attorney examiner required that Staff and intervenor comments on the application be filed by March 28, 2014, and that DEO file, by April 3, 2014, a statement informing the Commission whether all issues raised in comments had been resolved.
- (9) Staff filed comments on DEO's application on March 27, 2014. Staff reviewed and analyzed all of the documentation filed by DEO and traced it to supporting work papers and to source data. As part of its review, Staff issued data requests, conducted investigative interviews, and performed independent analyses when necessary. Staff notes that, included in the stipulation between the parties in the *2011 PIR Case*, there is a revenue reconciliation adjustment mechanism that provides that Rider PIR shall include a reconciliation of costs recoverable and costs actually recovered. Staff explains that the mechanism provides that, if over-recovery occurs, that amount is refunded in the succeeding PIR proceeding. However, if DEO under-recovers the revenue requirement established in the prior Rider PIR filing, that amount is added to the succeeding PIR revenue requirement. For purposes of this PIR filing, Staff notes Schedule 16 shows that DEO has under-recovered the revenue requirement approved in the *2012 PIR Case* by \$3,437,012.67. Staff believes the reconciliation adjustment has been calculated properly and agrees that \$3,437,012.67 should be added to the revenue requirement for this proceeding as shown by DEO on Schedule 1. Staff states that DEO's calculation of the PIR revenue requirement, as reflected in the updated filing, is supported by adequate data and is properly allocated to the various customer classes. As such, Staff recommends the Commission approve the PIR

revenue requirement of \$88,755,844.87 and the resulting Rider PIR rates as proposed by DEO. Staff also recommends that the adjusted Rider PIR rates become effective in the first billing cycle of May, 2014. (Staff Comments at 5, 7-8).

- (10) On April 2, 2014, DEO filed a statement that it has no objection to Staff's comments and that there are no issues to be resolved. Further, DEO asserts that, as there are no outstanding issues, a hearing is not necessary and the application should be approved as filed. (DEO Statement at 1-2.)
- (11) Upon consideration of the application and the comments filed by Staff, the Commission finds that DEO's application to adjust its Rider PIR is reasonable and should be granted.

It is, therefore,

ORDERED, That DEO's application to adjust its Rider PIR to reflect the charges provided in Finding (6). It is, further,

ORDERED, That DEO is authorized to file complete copies of its tariffs in final form consistent with this Finding and Order. DEO shall file one copy in its TRF docket. It is, further,


ORDERED, The effective date of the new rates for the Rider PIR shall be a date not earlier than the date upon which four complete, printed copies of the final tariff page are filed with the Commission. It is, further,

ORDERED, That DEO shall 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 this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division at least 10 days prior to its distribution to customers. It is, further,

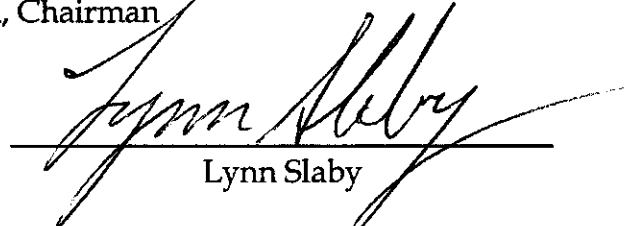
ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser


Lynn Slaby


M. Beth Trombold


Asim Z. Haque

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Secretary