

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbia Gas of Ohio, Inc., for Approval)
to Change Accounting Methods) Case No. 14-1615-GA-AAM
Associated With Its Distribution Integrity)
Management Program.)

ENTRY

The attorney examiner finds:

- (1) Columbia Gas of Ohio, Inc. (Columbia or Company) is a natural gas company within the meaning of R.C. 4905.03, and, as such, is subject to the jurisdiction of the Commission.
- (2) R.C. 4905.13 authorizes the Commission to establish systems of accounts to be kept by public utilities and to prescribe the manner in which these accounts will be kept. Pursuant to Ohio Adm.Code Chapter 4901:1-13, the Commission adopted the Uniform System of Accounts (USOA), which was established by the Federal Energy Regulatory Commission (FERC), for gas utilities in Ohio. For Ohio regulatory purposes, the system of accounts is only applicable to the extent that it has been adopted by the Commission. Therefore, the Commission may modify the USOA prescribed by FERC as it applies to Ohio utilities.
- (3) On September 12, 2014, Columbia filed an application seeking authority to establish a regulatory asset and defer, for accounting and financial reporting purposes, the related expenditures for its new pipeline safety program (PSP), designed to improve the safety of its distribution system. Columbia explains that federal regulations require operators of gas distribution pipelines to develop and implement a gas distribution integrity management program (DIMP) and that, in response, Columbia developed the PSP. According to Columbia, the PSP consists of four initiatives designed to target threats to Columbia's system: the Damage Prevention Technology Initiative; the Advanced Workforce Training Initiative; and the Enhanced Public Awareness Initiative. Columbia further explains that incurrence of costs associated with these initiatives may result in a significant and

unavoidable negative impact on Columbia's earnings, which are not recoverable in Columbia's current base rates. Consequently, Columbia requests authorization to revise its accounting procedures and defer its income statement recognition of the PSP costs incurred after December 31, 2014. Columbia notes that the recovery of the deferred amount will be addressed either in a separate proceeding or in Columbia's next base rate case proceeding. Columbia further requests authority to recover carrying charges on the deferred balance. Columbia concludes that Commission approval for this deferral accounting treatment is necessary for Columbia to assert probability of recovery of such expenditures under generally accepted accounting principles.

- (4) The attorney examiner finds that, in order to assist the Commission in its review of Columbia's application, the following procedural schedule should be established:
- (a) Motions to intervene shall be due by November 17, 2014.
 - (b) Comments on the application shall be due by November 17, 2014.
 - (c) Reply comments shall be due by December 2, 2014.

It is, therefore,

ORDERED, That the procedural schedule set forth in Finding (4) be adopted. It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/Mandy W. Chiles

By: Mandy Willey Chiles
Attorney Examiner

JRJ/sc

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in

Case No(s). 14-1615-GA-AAM

Summary: Attorney Examiner Entry setting a procedural schedule for the review of Columbia's application related to its distribution integrity management program. - electronically filed by Sandra Coffey on behalf of Mandy Willey Chiles, Attorney Examiner, Public Utilities Commission of Ohio