

**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. 15-1712-GA-AAM
Ohio for Approval to Change Accounting)	
Methods)	

STIPULATION AND RECOMMENDATION

Ohio Adm. Code 4901-1-30 provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such proceeding. The purpose of this document is to set forth the understanding of The East Ohio Gas Company d/b/a Dominion East Ohio (DEO or the Company) and the Staff of the Public Utilities Commission of Ohio (Staff) (collectively, the Signatory Parties).¹ The Signatory Parties recommend that the Public Utilities Commission of Ohio approve and adopt this Stipulation and Recommendation (the Stipulation), as part of its Opinion and Order, resolving all of the issues in the above-captioned proceeding.

The Stipulation, which shall be designated as Joint Exhibit 1.0, is supported by adequate data and information; represents, as an integrated and complete document, a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle or precedent; is in the public interest; and is the product of lengthy, serious bargaining among knowledgeable and capable parties that are representative of the many interests and stakeholders in a cooperative process undertaken by the Signatory Parties. While the Stipulation is not binding on the Commission, where, as here, it is sponsored by parties representing a significant cross section of interests, including those of the Commission's Staff, it is entitled to careful consideration by the Commission.

¹ In accordance with Ohio Adm. Code 4901-1-10(C) and 4901-1-30, Staff is a "party" for purposes of entering into this Stipulation and Recommendation.

For purposes of resolving certain issues raised by this proceeding, the Parties stipulate, agree and recommend as set forth below. Except for dispute resolution purposes in this proceeding, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against either Party, or the Commission itself. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that either Party would have taken if these issues had been fully litigated. For purposes of resolving certain issues raised by this proceeding, the Signatory Parties stipulate and recommend as follows:

1. The Signatory Parties recommend that the Commission approve the implementation of the Pipeline Safety Management Program (PSMP) and the deferral of PSMP costs as described in the Company's Application, subject to the following provisions:

a. The Company agrees to biannual meetings with Staff to review progress under the PSMP, any proposed changes, the results of any new or ongoing investigations or evaluations, cost-savings measures, and other related matters.

b. By June 1 of each year, DEO shall file an annual report detailing the deferred expenses, external auditor's findings, baseline performance levels for each safety initiative, safety performance improvements compared to baselines, results of ongoing and future investigations, any mid-term adjustments, and efforts towards identifying efficiencies and implementing cost saving measures.

c. Within 90 days of the filing of the Company's annual report, Staff shall file a report. DEO expressly agrees that Staff's reports on the Company's annual reports shall not be construed to indicate Staff's support for future recovery of the deferred expenses and acknowledges that Staff will investigate and make recommendations

regarding future recovery of the deferrals in a proceeding determined by the Commission. The Company shall have 30 days after the filing of Staff's report to accept or object to the recommendations. If objections are filed, the Commission may establish a procedural schedule for the filing of testimony and an evidentiary hearing or other proceedings as it deems appropriate.

- d. The Company shall use its best efforts to identify and implement efficiencies and cost-saving measures to minimize PSMP deferrals.
- e. For its Cross-Bore Verification Program, the Company shall develop and utilize a risk-based approach to determining the potential cross-bores to camera as opposed to using cameras for all potential cross-bores.
- f. In consultation with Staff, DEO shall develop specific performance measures for each PSMP initiative and establish a baseline performance so that safety improvements can be tracked.
- g. DEO shall cooperate with Staff to develop threshold points for discontinuing the PSMP deferrals at the semi-annual meetings. If Staff and Company cannot agree on proper thresholds, Company acknowledges that Staff may make recommendations to the Commission in its 90-day annual report, which may potentially be addressed in an evidentiary hearing.
- h. The carrying-charge rate shall be three percent per annum without compounding.
- i. The maximum annual amount to be deferred for its PSMP is the amount specified in Company's Application. If DEO seeks to accelerate the pace of PSMP

deferrals, to increase the amount of such deferrals, or both, such authority shall be requested under a different case number.

j. At such time when DEO seeks to recover any deferred PSMP costs, recovery of these deferred expenditures will be limited to the recovery of the deferred asset reflected on its books with no return on the asset being provided through rate base recognition.

k. Unless otherwise ordered by the Commission, the deferral authority will expire not later than January 1, 2024. Recovery of the deferred amounts shall be collected as determined by the Commission.

2. The Company agrees that Staff reserves the right to investigate and make determinations and recommendations to the Commission regarding the recovery of the deferred expenses in a future recovery proceeding.

3. The Signatory Parties acknowledge that the Commission's approval of this Stipulation does not necessitate or require the approval of any other deferral application that may be filed by the Company in any future proceeding.

4. The Signatory Parties acknowledge that except as specifically set forth within this Stipulation, Staff neither endorses nor attests to any statements or positions contained in the Application and that such statements and positions shall be neither attributed to Staff nor characterized as Staff's position in any other proceeding.

5. The Signatory Parties believe that the Stipulation represents a reasonable compromise of varying interests. The Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification. Should the Commission reject or materially modify all or any part of the Stipulation, the Signatory Parties shall have the right,

within 30 days of the issuance of the Commission's Order, to file an Application for Rehearing, or to terminate and withdraw from the Stipulation by filing a notice with the Commission in this proceeding, including service to all the Signatory Parties. The Signatory Parties agree that they will not oppose or argue against any other Signatory Party's Application for Rehearing that seeks to uphold the original, unmodified Stipulation. Upon the Commission's issuance of an Entry on Rehearing that does not adopt the Stipulation in its entirety without material modification, any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within 30 days of the Commission's Entry on Rehearing. The Signatory Parties to the Stipulation agree to defend and shall not oppose the withdrawal and termination of the Stipulation by any other Signatory Party.² Upon notice of termination or withdrawal by any Signatory Party pursuant to the above provisions, the Stipulation shall immediately become null and void. In any such event, this proceeding shall go forward at the procedural point at which the Stipulation was filed, and the Signatory Parties will be afforded the opportunity to present evidence through witness, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues which shall be decided upon the record and briefs as if the Stipulation had never been executed.

The undersigned hereby stipulate and agree that each represents that it is authorized to enter into this Stipulation and Recommendation on this 9th day of September, 2016. This Stipulation and Recommendation may be signed in counterparts.

² Any Signatory Party has the right, in its sole discretion, to determine what constitutes a "material" change for purposes of that party withdrawing from the Stipulation.

**The East Ohio Gas Company d/b/a
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Summary: Stipulation and Recommendation electronically filed by Ms. Rebekah J. Glover on behalf of The East Ohio Gas Company d/b/a Dominion East Ohio