

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
OHIO GAS COMPANY FOR AUTHORITY  
TO CHANGE ITS DEPRECIATION  
ACCRUAL RATES.

CASE NO. 16-2124-GA-AAM

## FINDING AND ORDER

Entered in the Journal on November 30, 2016

### I. SUMMARY

{¶ 1} The Commission approves the application of Ohio Gas Company for authority to change its depreciation accrual rates.

### II. DISCUSSION

{¶ 2} Ohio Gas Company (Ohio Gas or the Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4905.18 provides that every public utility shall carry a proper and adequate depreciation or deferred maintenance account, whenever the Commission, after investigation, determines that a depreciation account can be reasonably required. Pursuant to the statute, 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 and may prescribe such changes in such charges for depreciation as the Commission finds necessary.

{¶ 4} On October 26, 2016, Ohio Gas filed an application, pursuant to R.C. 4905.18, seeking authority to change its depreciation accrual rates. In support of the application, Ohio Gas states that its depreciation accrual rates were prescribed by the Commission in Case No. 03-1853-GA-AAM and have remained unchanged since January 1, 2003. *In re Ohio Gas Co.*, Case No. 03-1853-GA-AAM (2003 Depreciation Case), Entry (Sept. 11, 2003). Ohio Gas further states that, at the request of the Company, Staff performed a depreciation study of the

Company's plant depreciation accrual rates, average service lives, and net salvage values and, following its review, Staff proposed several adjustments. Accordingly, Ohio Gas requests that the Commission approve the proposed depreciation accrual rates, with an effective date of January 1, 2016. Finally, Ohio Gas notes that the Commission's approval of the proposed depreciation accrual rates would not result in any increase in the Company's rates or charges at this time.

{¶ 5} On November 3, 2016, Staff filed its review and recommendation in response to the application filed by Ohio Gas. In its review and recommendation, Staff confirms that, at the request of Ohio Gas, Staff performed a depreciation study that included a review and analysis of plant depreciation accrual rates, average service lives, and net salvage values. Staff concludes that the depreciation accrual rates proposed by Ohio Gas are just and reasonable and should, therefore, be adopted by the Commission.

{¶ 6} Upon review of the application filed by Ohio Gas, as well as Staff's review and recommendation, the Commission finds that the Company's proposed depreciation accrual rates are just and reasonable and should, therefore, be adopted, effective January 1, 2016. Additionally, we find that, because the change in the depreciation accrual rates of Ohio Gas will not result in any increase to the Company's rates or charges, the Commission may approve the application without a hearing. Accordingly, the Commission finds that the application filed by Ohio Gas to change its depreciation accrual rates should be approved pursuant to R.C. 4905.18.

{¶ 7} Finally, the Commission notes that, in the *2003 Depreciation Case*, Ohio Gas was directed to submit a depreciation study for all of its accounts no later than five years from the date of the Entry in that case. *2003 Depreciation Case*, Entry (Sept. 11, 2003) at 2. In its application in the present case, Ohio Gas did not explain its failure to submit the required depreciation study within the time period prescribed by the Commission in the *2003 Depreciation Case*. While we have determined that the application of Ohio Gas should be approved, nothing in this Finding and Order precludes the Commission from considering, in

any future proceeding in which the Company seeks to establish charges based on the new depreciation accrual rates, whether the delay in updating the rates has adversely impacted the Company's customers.

### III. ORDER

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That the application filed by Ohio Gas be approved. It is, further,

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

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

#### THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Asim Z. Haque, Chairman

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Lynn Slaby

  
M. Beth Trombold


  
Thomas W. Johnson

  
M. Howard Petricoff

SJP/sc

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Barcy F. McNeal  
Secretary