

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of <b>The</b>	:	
<b>East Ohio Gas Company d/b/a</b>	:	
<b>Dominion East Ohio</b> to Adjust its	:	Case No. 16-2205-GA-RDR
Pipeline Infrastructure Replacement	:	
Program Cost Recovery Charge and	:	
Related Matters.	:	

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**COMMENTS AND RECOMMENDATIONS**

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**INTRODUCTION**

Pursuant to the Stipulations adopted in Case Nos. 11-2401-GA-ALT, 07-829-GA-AIR, 07-830-GA-ALT, 07-831-GA-AAM, 08-169-GA-ALT, and 06-1453-GA-UNC, the Staff of the Public Utilities Commission of Ohio (Staff) has conducted an investigation of the East Ohio Gas Company's d/b/a Dominion East Ohio (DEO or Company) application to adjust its Pipeline Infrastructure Replacement Program (PIR Program or Program) Cost Recovery Charge and submits its conclusions and recommendations to the Public Utilities Commission of Ohio (Commission) in these Comments. Staff's Comments were prepared by the Commission's Rates and Analysis Department. Included are financial reviews of DEO's proposed additions to plant-in-service, revenue requirement, and other matters. The Comments are the results of Staff's investigation and do not reflect the views of the Commission, nor is the Commission bound by Staff's representations or recommendations.

## **BACKGROUND**

DEO is an Ohio Corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeast, western, and southeast Ohio communities.

The Company's PIR Program was initially authorized by a Commission Opinion and Order on October 15, 2008 in Case No. 07-829-GA-AIR, *et al* (Rate Case Order). DEO's PIR Program initially called for replacement of 4,122 miles of bare steel, cast iron, and other metallic (BS/CI) pipelines in its distribution system over a 25-year period and provided that DEO would assume ownership and ongoing responsibility for all customer-owned service lines when such lines were separated from service in order to replace associated mainlines or to repair leaks. The Rate Case Order also authorized DEO to establish a PIR Cost Recovery Charge (PIR Rider) to recover its PIR investments from customers, adopted a process for Staff and intervenor review of DEO's annual applications to increase the PIR Rider, and established a cap on annual PIR Rider increases. The PIR Program was initially authorized for a five-year period.

By an Opinion and Order dated August 3, 2011, the Commission approved a stipulation reached by the parties in Case No. 11-2401-GA-ALT. In that case, the parties agreed, among other things, that (1) DEO would add 1,450 miles of pre-1955 ineffectively coated pipe to the scope of its replacement program; (2) DEO would test field coated pipe that was installed after 1955 and replace any pipe found to be ineffectively coated under the Program; (3) the Program would be reauthorized for another five-year period; (4) specified caps would be placed on annual increases to the PIR Rider; and (5)

DEO would modify the schedule for filing its annual applications to adjust the PIR Rider to be consistent with the schedules used for other utilities' gas infrastructure replacement programs. This revised schedule provides that DEO shall submit a pre-filing notice (PFN) with nine months of actual data and three months of estimated data in support of its PIR Rider applications by November 30 each year. The Company is then to file an updated application by February 28 of the succeeding year that includes 12 months of actual data in support of new PIR Rider rates to be effective with the first billing cycle in May. DEO's PIR Program was again reauthorized by a Commission Opinion and Order adopted on September 14, 2016 in Case No. 14-362-GA-ALT. Among other things, the Commission reauthorized DEO's PIR for the period 2017 through 2021, established that recovery of 2016 PIR costs would be recovered under the terms and conditions adopted in the 11-2401-GA-ALT case, and maintained the same PIR Cost Recovery Charge application procedures and timelines that were adopted in the 11-2401-GA-ALT case.

In accordance with that schedule, on November 30, 2016, DEO filed a PFN in this case indicating its intent to file an application to adjust existing PIR rider rates to recover PIR Program costs incurred during the period January 1, 2016 through December 31, 2016. The PFN included Schedules 1 through 16A, which provided an estimated PIR revenue requirement based on nine months of actual data from the period January 1, 2016 through September 30, 2016, and three months of projected data for the period October 1, 2016 through December 31, 2016. On February 28, 2017, DEO filed its Application in this case, which included updated Schedules 1 through 16A, 12 months of actual data through 2016, and supporting testimony.

On March 1, 2017, the Attorney Examiner in this case issued an Entry establishing a procedural schedule for the case which was subsequently amended by an Attorney Examiner Entry issued on March 13, 2017. The procedural schedule for the case is as follows:

- (a) March 24, 2017 – Deadline for the filing of motions to intervene.
- (b) March 24, 2017 – Deadline for Staff and intervenors to file comments on the application.
- (c) March 31, 2017 – Deadline for DEO to file a statement informing the Commission whether the issues raised in the comments have been resolved.
- (d) April 3, 2017 – Deadline for the parties and Staff to file expert testimony.
- (e) In the event that some or all of the parties enter into a stipulation resolving some or all of the issues in this case, the parties must file such stipulation with the Commission by 9:00 a.m. on April 5, 2017.
- (f) In the event that all of the issues are not resolved or the parties enter into a stipulation, a hearing shall commence on April 6, 2017, at 10:00 a.m. at the offices of the Commission, 180 East Broad Street, 11<sup>th</sup> Floor, Hearing Room 11-C, Columbus, Ohio 43215. Any party requesting a continuance of the hearing must file a motion to continue the hearing with the Commission by 9:00 a.m. on April 5, 2017.

### **PIR PROGRAM PROGRESS AND DEO’S APPLICATION**

DEO reports that in 2016 it replaced 170.06 miles of BS/CI pipelines and 43,194 service lines (includes both main-to-curb and curb-to-meter service lines) and moved 29

inside customer meters outside. Including the 2016 replacements and move-outs, the Company reports that, since inception of the PIR Program in July 2008, it has replaced a total of 1,374.44 miles of BS/CI pipelines, replaced 314,626 service lines, and moved 1,588 meters outside. To recover its 2016 PIR investments, DEO's Application and supporting schedules propose a revenue requirement of \$156,744,963.29.

When allocated to the customer rate classes established in the cost of service study used in DEO's last base rate case, the Company recommends that the Commission approve the following adjustments:

<b>Rate Class</b>	<b>Proposed Rates</b>	<b>Current Rates</b>
GSS/ECTS	\$9.69/month	\$8.12/month
LVGSS/LVECTS	\$61.02/month	\$53.47/month
GTS/TSS	\$321.68/month	\$253.22/month
DTS	\$0.0678/Mcf	\$0.0564/Mcf

### **STAFF'S INVESTIGATION, CONCLUSIONS, AND RECOMMENDATIONS**

The purpose of Staff's investigation was to determine if the Company's Application and supporting documentation justify the requested PIR revenue requirement and can be used as a reliable basis for DEO's proposed increases to the PIR rider rates. As part of its investigation, the Staff reviewed and analyzed all of the documentation filed by the Company and traced it to supporting work papers and to source data. In addition, Staff issued data requests, conducted investigative interviews, and performed independ-

ent analyses when necessary. Based on this investigation, the Staff does not have any objections to DEO's Application or supporting documentation and believes that the Company's calculation of the PIR revenue requirement is supported by adequate data and is property allocated to the various customer classes. Therefore, the Staff recommends that the Commission approve DEO's Application as filed.

Respectfully submitted,

**Michael DeWine**  
Ohio Attorney General

**William L. Wright**  
Section Chief

*/s/ Steven L. Beeler*  
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**On Behalf of the Staff of the  
Public Utilities Commission of Ohio**

## **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Staff Comments was served via electronic mail and/or regular U.S. mail, postage prepaid upon the following parties of record this 24<sup>th</sup> day of March, 2017.

/s/ Steven L. Beeler

**Steven L. Beeler**

Assistant Attorney General

### **Parties of Record:**

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Summary: Comments filed by Steven L. Beeler on behalf of the Public Utilities Commission of Ohio. electronically filed by Ms. Tonneta Scott on behalf of PUC