

**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. 17-0820-GA-ATA
Ohio for Approval of Changes in Rules and)
Regulations.)

**COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

On March 24, 2017, East Ohio Gas Company d/b/a Dominion East Ohio (“Dominion” or “Utility”) filed an application with the Public Utilities Commission of Ohio (“PUCO”) requesting approval to amend provisions of several tariffs that may affect its 1.1 million residential customers. This application seeks PUCO pre-approval to charge customers for pipeline capacity costs that have not been proven to be reasonable, necessary, and prudently incurred. The capacity costs that DEO seek to obtain PUCO approval of relate to a planned acquisition of additional contract pipeline capacity in the Ashtabula, Ohio area,¹ called the Risberg Line.²

According to the application, this pipeline is not expected to be in service, any earlier than in late 2018, but Dominion seeks "a reasonable degree of certainty regarding the regulatory treatment to be accorded to service provided under the Risberg Line and to the associated costs and revenues."³ Even though DEO seeks expedited treatment of its application, it admits that it may not be necessary to implement the proposed tariff revisions at this time. In fact, DEO states that it would be appropriate to file the approved

¹ Application at 1.

² Application, Ex. C-2 & C-3 at 1.

³ Application at Ex. C-2 & C-3 at 2.

tariffs relating to the Risberg Line approximately nine to 12 months prior to in-service date of the pipeline.⁴ The proposed tariff amendments request that although not reflected in the proposed tariffs changes per se, Dominion "intends" to credit 50 percent of incremental revenues to rider Transmission Migration Rider-B. ("TRM-B")⁵ The Staff of the PUCO filed a Review and Recommendation on April 6, 2017, stating that Staff believes that the application is reasonable.

The Office of the Ohio Consumers' Counsel ("OCC") files these Comments urging the PUCO to not pre-approve DEO's capacity contract charges to customers. It is premature at this point to pre-approve unknown costs and possible credits. There are no cost data or proposed cost support analysis included in Dominion's filing. However, the costs for this additional capacity will be collected from customers, with the potential for costs to be offset through a crediting method linked to one of the utility's riders, TMR-B. The Staff, in its review, provided no indication that it had reviewed costs or projections. Its full review is recounted in a one page document.

Essentially, DEO asks the PUCO to approve a blank check that customers will pay without appropriate regulatory review. If the PUCO were to allow this type of request, it could possibly lead to imprudent and/or uneconomic decisions. DEO would have little or no incentive to minimize costs that it could pass through to consumers as unchecked charges.

With DEO's request to pre-approve the costs of the contracted capacity, DEO is asking to shift its risks onto its customers. The PUCO should decline to do so. It should

⁴ Id.

⁵ Id.

not pre-approve these future costs. Rather, DEO should seek approval of costs after they are known and the pipeline is complete and is being used to provide service to DEO customers. Such a review would be in keeping with traditional PUCO after-the fact review. DEO has not proven a need for extraordinary pre-approval here. Nor is OCC aware of any precedent that supports the pre-approval of gas pipeline capacity charges to customers associated with yet-to-be-built pipelines.

Moreover, the application is also faulty in that it asks the PUCO to approve DEO's intent to provide credits to customers. DEO states that “[a]lthough not reflected in the proposed tariff changes *per se*, DEO *intends* to credit 50 percent of incremental revenues toward amounts that would otherwise be recovered under TMR-B.”⁶ The PUCO cannot approve an idea or, as stated by Dominion in its application, an “intent” to credit customers. Revised Code Section 4909.22 reads that “[e]very unjust or unreasonable charge is prohibited.” There is no way to know whether the credits are reasonable. Nor is there enough information provided to judge whether the credits together with the costs, will result in charges to customers that are just and reasonable as required by Ohio law.

Before approving the capacity contract and related tariffs, the PUCO must understand, at a minimum, the following: (1) the current capacity shortfall in the Ashtabula area, supported by data on number of operational flow orders in the past five year and other data, (2) the amount of capacity that DEO plans to acquire on the Risberg Line, (3) the estimated or actual cost of the capacity to be acquired, both in total dollars and in dollars per Mcf, (4) the estimated incremental load, both in the Ashtabula area and

⁶ Id. at 2 (emphasis added).

the remainder of DEO's service territory, and (5) the estimated in service date of the pipeline. But none of this information has been provided.

The PUCO should not pre-approve DEO's application until after the pipeline is in service, is used and useful, and is providing capacity. Once the line is providing service to customers, then DEO should be permitted to seek recovery of the charges after showing that the capacity provided by the Risberg line is reasonable, necessary, and prudently incurred. Until then, the PUCO should decline to approve the application.

Respectfully submitted,

BRUCE WESTON (0016973)
OHIO CONSUMERS' COUNSEL

/s/ Jodi Bair

Jodi Bair (0062921), Counsel of Record
Ajay Kumar (0092208)
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Telephone: Bair (614) 466-9559
Telephone: Kumar (614) 466-1292
Jodi.bair@occ.ohio.gov
Ajay.kumar@occ.ohio.gov
(Both will accept service via email)

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 10th day of May 2017.

/s/ Jodi Bair

Jodi Bair

Assistant Consumers' Counsel

SERVICE LIST

William.wright@ohioattorneygeneral.gov
mjsettineri@vorys.com
glpetrucci@vorys.com
joliker@igsenergy.com

whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com
glover@whitt-sturtevant.com

Attorney Examiner:
Megan.addison@puc.state.oh.us

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Summary: Comments Comments by The Office of the Ohio Consumers' Counsel electronically filed by Ms. Jamie Williams on behalf of Bair, Jodi Mrs.