

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The :
East Ohio Gas Company d/b/a : Case No. 17-0820-GA-ATA
Dominion East Ohio for Approval of :
Changes in rules and Regulations. :

**REPLY COMMENTS
ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Dominion Energy Ohio (DEO or the Company) filed an Application on March 24, 2017 to add or amend certain provisions in several tariffs necessary to accommodate a planned acquisition of additional contract pipeline capacity in the Ashtabula, Ohio area. This capacity would be associated with new pipeline construction to be developed by RH energytrans, LLC, and known as “the Risberg Line.” Comments on the Application were filed by the Staff of the Public Utilities Commission of Ohio (Staff), the Retail Energy Supply Association (RESA), and The Office of the Ohio Consumers’ Counsel (OCC).

In its comments filed on April 6, 2017, Staff stated its belief that the original application and accompanying proposed tariffs were reasonable, and recommended that the application be approved. At the outset, Staff reiterates those initial comments.

DEO submitted a Supplemental Application on June 27, 2017 with updated tariff provisions substantially similar to those submitted with the original Application. The Company has also filed, contemporaneously with its Supplemental Application, an appli-

cation for amendment of the same tariffs in a separate case.¹ The tariffs proposed in the Application and Supplemental Application in this case are presented as though the proposed changes in the 17-1459-GA-ATA case have already been adopted, although they have not been. Staff has, however, reviewed the changes proposed in that case and submitted comments on July 27, 2017 recommending that they be approved. Staff has reviewed the tariffs proposed in the Supplemental Application, requesting further changes, and finds them to be reasonable, as well. Staff therefore recommends that the tariffs be approved as filed.

DEO requested that costs to be incurred by acquiring capacity on the planned “Risberg Line” be recovered by its Transportation Migration Rider, Part B. Staff reiterates its previous conclusion that the recovery of capacity costs associated with the Risberg Line through Transportation Migration Rider-Part B (TMR-B) is reasonable, and recommends that such recovery be approved.

What is different in the Supplemental Application is the submission of a precedent agreement between DEO and RH energytrans, LLC. This agreement sets forth prices, terms and conditions not found in the original Application or the proposed tariffs. DEO requests that the Commission approve its commitment “to reserve capacity and purchase services at the price, terms, and conditions set forth in the precedent agreement.”

Staff recognizes that this is an extraordinary request. DEO made clear in the Supplemental Application that it does not believe “that Commission review and approval of

¹ *In the Matter of the Application of The east Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of Changes in Rules and Regulations*, Case No. 17-1459-GA-ATA

the attached precedent agreement in particular, or supply agreements with upstream pipeline companies in general, are necessarily required under Ohio law.” Staff agrees. DEO has not requested that the Commission approve the precedent agreement, and the Commission should decline to do so.

But Staff believes that the Company’s decision to enter into this agreement was reasonable under the circumstances. The Ashtabula area is capacity constrained. Economic growth has been stymied by DEO’s inability to serve additional load, both new and incremental. Staff believes that DEO’s commitment to acquire additional capacity is reasonable in light of demand that would otherwise go unmet, and opportunity that would otherwise be lost.

Furthermore, Staff agrees with DEO that the Risberg Line likely presents the lowest cost opportunity for DEO to acquire additional capacity to serve the Ashtabula area. The Company’s decision to enter into the precedent agreement is made more reasonable by provisions that guarantee DEO “most favored nation” status, allow DEO to assign capacity and its associated costs to customers taking additional capacity, and permit DEO to release capacity where customers seek to bypass it and take service directly from the pipeline developers.

Staff believes that approving the Company’s applications, its updated tariffs, the recovery of capacity costs through TMR-B, and specifically DEO’s commitment to reserve capacity and purchase services at the price, terms, and conditions set forth in the precedent agreement and exhibits attached to the Supplemental Application, is reasonable and advances important state policies as articulated in R.C. 4929.02.

Respectfully submitted,

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/s/ Werner L. Margard

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**On behalf of the Staff of
The Public Utilities Commission of Ohio**

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Reply Comments** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by electronic mail upon the following Parties of Record, this 28th day of July, 2017.

/s/ Werner L. Margard

Werner L. Margard

Assistant Attorney General

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/28/2017 2:13:37 PM

in

Case No(s). 17-0820-GA-ATA

Summary: Reply Comments submitted by Assistant Attorney General Werner Margard on behalf of the Staff of the Public Utilities Commission of Ohio electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio