



# Public Utilities Commission

Asim Z. Haque, Chairman

FILE

August 30, 2017

## Commissioners

M. Beth Trombold  
Thomas W. Johnson  
Lawrence K. Friedeman  
Daniel R. Conway

Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, OH 43215

2017 AUG 30 PM 2:43

Re: *In the Matter of the Application of Dominion Energy Ohio, for Approval to Change Accounting Methods*, Case Number 15-1712-GA-AAM

Dear Docketing Division;

Enclosed please find the Staff's Review and Recommendation regarding the compliance filing made by Dominion Energy Ohio, Case Number 15-1712-GA-AAM.

Tamara S. Turkenton  
Chief, Regulatory Services, Division  
Public Utilities Commission of Ohio

David M. Liphtratt  
Chief, Research and Policy Division  
Public Utilities Commission of Ohio

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**The East Ohio Gas Company d/b/a Dominion Energy Ohio  
Case No. 15-1712-GA-AAM**

**SUMMARY:**

By Opinion and Order dated November 3, 2016 (Order), the Commission approved The East Ohio Gas Company d/b/a Dominion Energy's, (Dominion or Company) application in the above reference case to establish a regulatory asset to defer to up to \$15 million annually to increase customer safety through the Pipeline Safety Management Program (PSMP). The Commission's Order required Dominion to file an annual report for its PSMP by June 1 each year. The report was to include annual and cumulative PSMP expenses, monthly expenditures for each PSMP component on an annual basis, and an audit report prepared by the Company's external auditor regarding the accuracy of Dominion's accounting for PSMP expenditures. The report was to also include items such as the PSMP's progress toward reducing risks to Dominion's system, the result of ongoing and future investigations, any mid-term adjustments to PSMP projects or programs, and the Company's effort towards identifying inefficiencies and implementing cost saving measures. The carrying charge rate was set at three percent per year without compounding.

On June 1, 2017, Dominion filed its annual report for the PSMP detailing expenses deferred for calendar year 2016 (2017 Annual Report). Pursuant to the Commission's Order, Staff has 90 days to file a report regarding the proposed PSMP deferrals.

**STAFF REVIEW AND RECOMMENDATION:**

Staff has reviewed Dominion's 2017 Annual Report and accompanying attachments that were filed in this case and finds that Staff's oversight of Dominion's PSMP and related deferrals would be improved if the Company includes more comprehensive and detailed audit reports by its outside auditing company in future PSMP annual reports. As a result, Staff recommends that the Commission direct Dominion to include a more comprehensive and detailed audit report by its outside auditing company in future PSMP annual reports similar to the external auditor's report that Columbia Gas of Ohio filed on June 1, 2017 in Case No. 14-1615-GA-AAM. Otherwise, Staff has no objection to the information contained in Dominion's 2017 Annual Report and recommends that the Commission accept it as filed. However, as noted in Staff Comments filed in this case and acknowledged in the Commission's Order, Staff's lack of objection to Dominion's annual reports should not be construed as support for future recovery of the PSMP deferrals.