

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for ) Case No. 16-2422-GA-ALT  
Approval of an Alternative Form of )  
Regulation.

A Stipulation and Recommendation (“Stipulation”) was filed in this case on August 18, 2017. Joint Exhibit 1. All parties to the case were included in the negotiations that resulted in the Stipulation. Columbia Ex. 5 at 3. The parties engaged in negotiations concerning various settlement proposals and positions. The Stipulation represents a reasonable compromise of the issues presented by the application, the Staff Report, and the parties. Id. at 4.

The Stipulation modifies Columbia's application by decreasing the maximum monthly Rider IRP rate to be paid by Columbia's Small General Service ("SGS") customers. The Staff Report had found that the proposed increases to the annual Rider IRP rate cap for SGS customers in Columbia's application were unreasonable because Columbia had never reached its allowed rate cap in any year of the IRP. In the most recent IRP filing for 2016, the IRP rider rate was still below the cap for SGS customers. Therefore, the Staff recommended that the Commission not allow for the application's cap increases. Staff Report at 11. Setting the cap too high might provide Columbia enough capital to finish the IRP project sooner than 25 years, which would cause current customers to subsidize future customers by paying too much for IRP costs today for benefits that will accrue to future customers. Columbia's incentive for cost containment was also jeopardized by too high a cap. Columbia should have an incentive to control costs, especially when it renegotiates its construction contracts with contractors for the IRP program in 2021 and 2022. Staff Report at 11.

The Stipulation reduces the Columbia application's proposed maximum Rider IRP SGS class rates from the application's maximum riders of \$11.50 in 2018, \$12.80 in 2019, \$14.10 in 2020, \$15.40 in 2021, and \$16.70 in 2022. Columbia Ex. 4 at 4. The Stipulation's maximum riders are \$11.35 in 2018, \$12.50 in 2019, \$13.70 in 2020, \$14.95 in 2021, and \$16.20 in 2022. Joint Exhibit 1 at 3. Thus, under the Stipulation, Columbia's SGS class customers will see a per-month incremental increase in their maximum rider rate between \$1.15

and \$1.25 per year instead of the Columbia application's proposed \$1.30 rate increase per year. Columbia Ex. 5 at 5. These stipulated reduced maximum rate caps benefit ratepayers.

The Stipulation also modifies the application to increase the minimum level of Operations and Maintenance ("O&M") savings that are passed back to customers. Columbia's application had proposed to keep the minimum O&M savings at \$1.25 million per year, which the Staff Report found to be unreasonable because such savings are insufficient when compared to other utility accelerated replacement programs. Staff Report at 8. The Staff Report had expressed concern that Columbia's annual O&M savings had not attained the levels that other utilities achieved. Id. at 9. The Stipulation addresses this concern by increasing the minimum level of O&M savings that are passed back to customers. In 2018 and 2019, the minimum annual O&M savings to be passed back to ratepayers will be \$2 million; in 2020, the minimum annual O&M savings to be passed back will be \$2.25; and in 2021 and 2022, the minimum annual O&M savings passed back will be \$2.5 million. Joint Exhibit 1 at 3. This modification to the Columbia application achieved by the Stipulation benefits ratepayers.

In addition to benefiting ratepayers, the Stipulation violates no important regulatory principle or practice. The Stipulation is consistent with the Commission's orders in past Columbia applications requesting the IRP and an extension of the IRP and is also consistent with other utilities' infrastructure replacement program extension orders. Id. at 6.

Therefore, the Stipulation is a fair and reasonable compromise of the interests of the parties and benefits ratepayers and the public interest. The Stipulation is the product of serious bargaining among all the parties. The Stipulation violates no important regulatory principle or practice. The Stipulation meets the Commission's criteria for the reasonableness of settlements and the Commission should issue an order approving the Stipulation in its entirety.

Respectfully submitted,

/s/Colleen Mooney

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## **CERTIFICATE OF SERVICE**

A copy of the foregoing Initial Brief of Ohio Partners for Affordable Energy will be served on this 23rd day of October 2017 by the Commission's e-filing system to these parties who have electronically subscribed to this case.

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Summary: Brief electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy