

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION
OF GENERATION PIPELINE LLC FOR
AUTHORITY TO OPERATE AS AN OHIO
NATURAL GAS COMPANY.

CASE No. 15-1104-GA-ACE

FINDING AND ORDER

Entered in the Journal on February 28, 2018

I. SUMMARY

{¶ 1} The Commission approves the proposed tariffs of Generation Pipeline LLC for General Gas Service and Residential Gas Service, as filed on September 29, 2016, and revised on November 28, 2016, and May 25, 2017.

II. DISCUSSION

{¶ 2} Generation Pipeline LLC (Generation Pipeline or the Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4909.18 provides, in part, that a public utility may file an application to establish any rate, charge, regulation, or practice. If the Commission determines that the application is not for an increase in any rate and does not appear to be unjust or unreasonable, the Commission may approve the application without the need for a hearing.

{¶ 4} On June 15, 2015, as supplemented on August 31, 2015, Generation Pipeline filed an application for authority to operate as an intrastate natural gas company in the state of Ohio and for approval of a proposed tariff. Generation Pipeline also requested that the Commission consider the application on an expedited basis in order to enable the Company to support the development of the Oregon Clean Energy Center (OCEC), which

is an approximately 800 megawatt combined cycle natural gas power plant in Oregon, Ohio.

{¶ 5} On August 14, 2015, Generation Pipeline filed a motion to bifurcate the proceeding into two phases, proposing that, in phase one of the case, the Commission would determine whether the Company should be certified as a natural gas company in Ohio, while, in phase two, the Commission would decide, at a later date, whether the Company's proposed tariff should be approved or modified.

{¶ 6} In accordance with the procedural schedule established in this case, comments were filed by The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) and Columbia Gas of Ohio, Inc. (Columbia) on August 21, 2015, and August 28, 2015, respectively. Reply comments were filed by Generation Pipeline on September 4, 2015.

{¶ 7} In their comments, DEO and Columbia raise three concerns. First, DEO and Columbia note that Generation Pipeline's proposed tariff expressly limits the Company's duty, as a public utility, to serve the public, because it provides that the Company "shall be the sole judge as to whether it will extend mains and facilities into areas not served." Next, DEO and Columbia note that Generation Pipeline proposes to administer a choice program, despite the fact that it has not been granted an exemption, pursuant to R.C. 4929.04, from the duty to provide commodity service under R.C. 4905.22. Finally, DEO and Columbia note that Generation Pipeline's proposed tariff does not contain either upper or lower limits on the Company's transportation rates, which would be established pursuant to the customer's service agreement filed for the Commission's approval under R.C. 4905.31.

{¶ 8} By Finding and Order dated September 23, 2015, the Commission granted Generation Pipeline's motion to bifurcate the proceeding, in order to afford additional time for the Commission's review and consideration of the Company's proposed tariff and the

concerns raised by DEO and Columbia in their comments. The Commission noted that it would consider the comments and reply comments that have been filed by the parties and address Generation Pipeline's proposed tariff by subsequent order.

{¶ 9} In the September 23, 2015 Finding and Order, the Commission also granted Generation Pipeline's request for authority to operate as a natural gas company in the state of Ohio. The Commission noted, however, that its approval of Generation Pipeline's request for authority to operate as an intrastate natural gas company does not relieve the Company of the obligation to file a proper application with the Commission, at the appropriate time, for approval of a reasonable arrangement entered into with any customer under R.C. 4905.31, or to obtain the Commission's approval of a tariff. The Commission emphasized that Generation Pipeline is not authorized, at this time, to supply natural gas to any consumer in this state, including the OCEC, until a tariff has been approved for the Company by the Commission in the second phase of this proceeding, and the Company's special contractual arrangement with the OCEC has been filed by the Company and approved by the Commission. Finally, the Commission directed Generation Pipeline to work with Staff and provide any requested information in the course of the review of the proposed tariff.

{¶ 10} On March 2, 2016, Generation Pipeline filed a revised proposed tariff. In a cover letter accompanying the proposed tariff, Generation Pipeline explained that the tariff would enable the Company to commence industrial service to large industrial customers, including, initially, to the OCEC, subject to the filing of special contracts under R.C. 4905.31 with the Commission. Generation Pipeline further explained that, because of the large capacity and high pressure of the Oregon Lateral Pipeline, which will be used to supply natural gas to the OCEC, requests for residential and other commercial or industrial service or requests for extension of the main line are not likely to occur in the immediate future. Generation Pipeline noted that, although the Company does not anticipate service requests in the near term from other classes of customers, the Company included, at the request of

Staff, a commitment in the revised proposed tariff to file tariff sheets for both residential and other commercial or industrial classes, no later than six months from the date of approval of the revised proposed tariff. Generation Pipeline pointed out that this time period would allow the Company to initiate service to the OCEC in a timely manner, while affording additional time to work with Staff to complete tariff sheets for the other customer classes.

{¶ 11} On March 11, 2016, Staff filed a letter recommending that Generation Pipeline's proposed tariff for large industrial customers be approved.

{¶ 12} By Finding and Order dated March 31, 2016, the Commission approved Generation Pipeline's proposed tariff for Industrial Gas Service, as revised and filed on March 2, 2016. The Commission also directed Generation Pipeline to file a revised proposed tariff that includes provisions for General Gas Service and Residential Gas Service, no later than six months from the date of the Finding and Order. With respect to the concerns raised by DEO and Columbia, the Commission noted that Generation Pipeline's tariff for Industrial Gas Service includes maximum and minimum transportation rates and otherwise appears to have addressed their concerns to the extent applicable to such service. The Commission further noted that it would continue to consider the comments of DEO and Columbia as part of the review of Generation Pipeline's revised proposed tariff pertaining to General Gas Service and Residential Gas Service.

{¶ 13} On September 29, 2016, as amended on November 28, 2016, and May 25, 2017, Generation Pipeline filed its proposed tariff pertaining to General Gas Service and Residential Gas Service, along with revisions to its tariff for Industrial Gas Service.

{¶ 14} On January 11, 2018, Staff filed a letter stating that it finds that Generation Pipeline's proposed tariff is reasonable and compliant with pertinent rules for an intrastate natural gas company.

{¶ 15} The Commission finds that Generation Pipeline's proposed tariff, as filed on September 29, 2016, and revised on November 28, 2016, and May 25, 2017, does not appear to be unjust or unreasonable and that it should be approved. Generation Pipeline seeks to establish rates and charges by tariff for its General Gas Service and Residential Gas Service. We find that Generation Pipeline's revised proposed tariff constitutes a "first filing" for a new service and, thus, the Company's application is not an application for an increase in rates. *City of Cleveland v. Pub. Util. Comm.*, 67 Ohio St.2d 446, 424 N.E.2d 561 (1981); *Cookson Pottery v. Pub. Util. Comm.*, 161 Ohio St. 498, 120 N.E.2d 98 (1954). Therefore, consistent with R.C. 4909.18, the Commission finds that no hearing is required in this case.

{¶ 16} In approving Generation Pipeline's revised proposed tariff for General Gas Service and Residential Gas Service, the Commission notes that Staff finds that the tariff is reasonable and compliant with the Commission's rules. Additionally, Generation Pipeline's tariff for General Gas Service and Residential Gas Service appears to have addressed the concerns raised by DEO and Columbia, by eliminating the proposed choice program and removing the provision stating that the Company "shall be the sole judge as to whether it will extend mains and facilities into areas not served."

{¶ 17} Finally, we note that our approval of the revised proposed tariff does not relieve Generation Pipeline of the obligation to file a proper application with the Commission, at the appropriate time, to establish its initial gas cost recovery (GCR) rate, which will be determined in accordance with R.C. 4905.302 and Ohio Adm.Code Chapter 4901:1-14. We emphasize that Generation Pipeline is not authorized to supply natural gas to any consumer under its GCR tariff until the initial GCR rate has been established and approved by the Commission.

III. ORDER

{¶ 18} It is, therefore,

{¶ 19} ORDERED, That Generation Pipeline's revised proposed tariff, as filed on September 29, 2016, and revised on November 28, 2016, and May 25, 2017, be approved. It is, further,

{¶ 20} ORDERED, That Generation Pipeline be authorized to file tariffs, in final form, consistent with this Finding and Order. Generation Pipeline shall file one copy in this case docket and one copy in its TRF docket. It is, further,

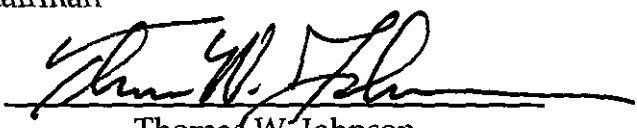
{¶ 21} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

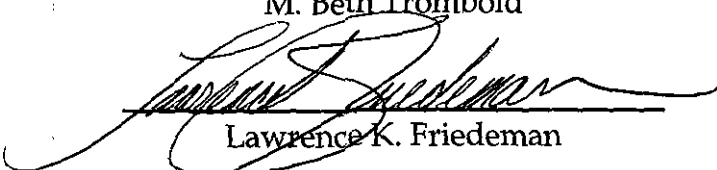
{¶ 22} ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman


M. Beth Trombold


Thomas W. Johnson

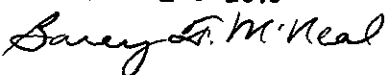

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Secretary