

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
THE EAST OHIO GAS COMPANY D/B/A  
DOMINION ENERGY OHIO FOR AUTHORITY TO  
REVISE ITS TARIFFS.

CASE No. 17-2514-GA-ATA

IN THE MATTER OF THE APPLICATION  
OF THE EAST OHIO GAS COMPANY  
D/B/A DOMINION ENERGY OHIO FOR  
APPROVAL TO ESTABLISH AN  
INFRASTRUCTURE DEVELOPMENT RIDER.

CASE No. 17-2515-GA-IDR

### FINDING AND ORDER

Entered in the Journal on May 2, 2018

#### I. SUMMARY

{¶ 1} The Commission approves The East Ohio Gas Company d/b/a Dominion Energy Ohio's application, as amended, to establish an infrastructure development rider.

#### II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or 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 the Commission.

{¶ 3} R.C. 4929.161 permits a natural gas company to file an application with the Commission for approval of an infrastructure development rider (IDR) to recover prudently incurred infrastructure development costs of one or more approved economic development projects.

{¶ 4} On December 20, 2017, DEO filed an application, pursuant to R.C. 4929.161 and Ohio Adm.Code 4901:1-43-04, seeking authority to establish an IDR as part of its tariff. DEO also proposes a new provision in its rules and regulations to address mainline extensions funded by the IDR. Finally, DEO requests approval to revise various rate schedules to reflect the applicability of the IDR; update an internal cross-reference, citations to the Ohio

Administrative Code, and the tariff's table of contents; and eliminate tariff code prefixes from certain headers for consistency.

{¶ 5} With respect to the proposed IDR, DEO notes that it seeks to establish the rider at an initial rate of zero per customer and that, as economic development projects are proposed and approved, the rider rate would be updated in accordance with the Commission's timelines and conditions. DEO further notes that, consistent with R.C. 4929.162, cost recovery under the IDR will be capped at \$1.50 per month per customer, regardless of rate class. Additionally, DEO explains that, in some instances, an IDR-funded mainline may enable the Company to provide service to additional customers, in which case the Company will credit incremental revenues to amounts being recovered through the IDR by way of a subsequent rate adjustment. Finally, DEO states that its application will not result in an increase in any rate or charge and that it may, therefore, be approved without a hearing.

{¶ 6} Motions to intervene in these proceedings were filed by the Ohio Consumers' Counsel (OCC) and Ohio Partners for Affordable Energy (OPAЕ) on January 4, 2018, and February 9, 2018, respectively. OCC and OPAЕ state that they meet the intervention criteria set forth in R.C. 4903.221 and Ohio Adm.Code 4901-1-11 and should, therefore, be granted intervention. No memoranda contra were filed.

{¶ 7} On February 5, 2018, OCC filed comments asserting that DEO's tariff should include a refund provision for mainline extensions in connection with economic development projects. Specifically, OCC argues that the tariff should specify that the IDR will be credited by the amount of any deposits that subsequent customers pay to DEO to connect with an IDR-related mainline. OCC contends that, in the absence of such a provision, residential customers will be deprived of an offset to IDR costs. OCC concludes that DEO's proposed tariff, as it relates to mainline extensions, is unjust and unreasonable and should be rejected.

{¶ 8} DEO filed reply comments on February 16, 2018. DEO argues that OCC misunderstands the Company's proposal, given that the Company does, in fact, propose to

recognize the revenue impact of subsequent connections by crediting back incremental revenues to offset costs under the IDR. DEO acknowledges that the proposed tariff does not specify the ratemaking and accounting treatment for mainline extensions in detail. DEO states, however, that the tariff provides that both “costs and revenues associated with IDR-related extensions” will be treated as required by the Commission.

{¶ 9} On March 16, 2018, DEO filed amended tariff sheets. DEO notes that, following discussions with Staff, the Company has revised its proposed tariff to address revenue crediting, while all other tariff amendments proposed in the application remain the same. As amended, the proposed tariff provides, in pertinent part, that “[i]n circumstances where an IDR-funded mainline enables DEO to provide service to a subsequent, additional customer, DEO shall credit incremental revenues to amounts being recovered through the IDR by way of a subsequent rate adjustment.”

{¶ 10} On April 9, 2018, Staff filed its review and recommendation in response to DEO’s amended application. Based upon its review, Staff states that DEO’s amended application is consistent with the Commission’s rules governing approval of tariffs. Staff notes that the IDR is subject to reconciliation and, therefore, recommends that DEO modify its proposed tariff to indicate that the IDR is subject to reconciliation, which may include refunds to customers. With this modification to the tariff, Staff recommends that DEO’s amended application be approved.

{¶ 11} Upon consideration of DEO’s amended application, as well as Staff’s review and recommendation and OCC’s comments, the Commission finds that the proposed tariff changes do not appear to be unjust or unreasonable, are in the public interest, and are consistent with R.C. 4929.16 et seq. Accordingly, the Commission finds that DEO’s application, as amended on March 16, 2018, should be approved and that the Company should be authorized to include the revised language in its tariff, which contains the terms, conditions, and rates that the Company applies to the gas service that it provides to customers. We also find that DEO should further revise its tariff to include language that

clarifies that the IDR is subject to reconciliation, including, but not limited to, refunds to customers, based upon the results of audits ordered by the Commission. The revised final tariff shall be approved effective upon filing, subject to final review by the Commission.

{¶ 12} We find that DEO's proposed tariff constitutes a "first filing" for a new service and, thus, the 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 these cases.

{¶ 13} Additionally, the Commission finds that the motions to intervene filed by OCC and OPAE comply with the requirements set forth in R.C. 4903.221 and Ohio Adm.Code 4901-1-11 and should, accordingly, be granted. With respect to OCC's comments, we note that the amended tariff filed by DEO on March 16, 2018, includes a revenue crediting provision for IDR-related mainline extensions and, therefore, appears to resolve OCC's concerns.

### III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That OCC's and OPAE's motions to intervene in these proceedings be granted. It is, further,

{¶ 16} ORDERED, That DEO's application, as amended, be approved. It is, further,

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

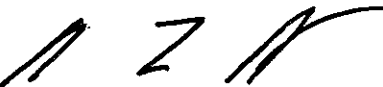
{¶ 18} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission, subject to final review by the Commission. It is, further,

{¶ 19} ORDERED, That DEO shall notify all affected customers via a bill message or bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

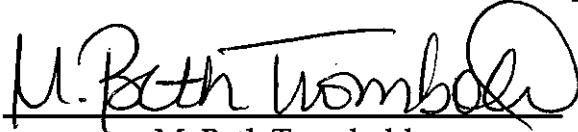
{¶ 20} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

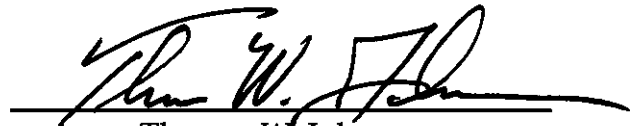
THE PUBLIC UTILITIES COMMISSION OF OHIO



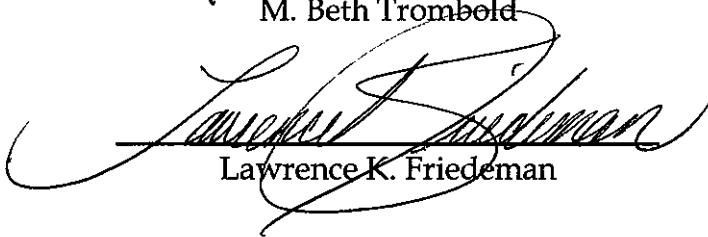
Asim Z. Haque, Chairman



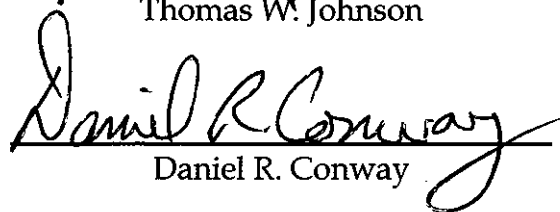
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