

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc. For Approval)	
to Change Accounting Methods Associated)	Case No. 15-1741-GA-AAM
With its Distribution Accelerate Risk)	
Reduction Program.)	

MOTION FOR AN EXTENSION OF TIME TO FILE ANNUAL REPORT

In accordance with O.A.C. 4901-1-13, Vectren Energy Delivery of Ohio, Inc. (VEDO) requests an extension of time to file its annual report on the 2018 cost deferrals associated with its Distribution Accelerated Risk Reduction (DARR) program, which is currently due by June 1, 2019. For the reasons identified in the accompanying Memorandum in Support, VEDO's request should be granted. VEDO should be permitted to file its report for deferred DARR expenditures for both 2018 and 2019, no later than 60 days after the effective date of rates approved by the Commission for VEDO's base rate application in Case No. 18-0298-GA-AIR. In accordance with O.A.C. 4901-1-12(C), this motion includes a specific request for an expedited ruling. Staff has indicated that it does not object to VEDO's request for an extension of time to file.

Dated: May 16, 2019

Respectfully submitted,

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ATTORNEYS FOR VECTREN ENERGY
DELIVERY OF OHIO, INC.

MEMORANDUM IN SUPPORT

I. BACKGROUND

VEDO is engaged in the business of providing natural gas service to customers in Ohio and, as such, is a “natural gas company” and “public utility” as defined by R.C. 4905.03(E) and 4905.02(A). In accordance with R.C. 4905.13, the Commission previously approved VEDO’s application to establish a regulatory asset to defer up to \$4.0 million annually through the DARR to reduce key risks, continue to ensure the safe and reliable operation of its system, and ensure compliance with pipeline safety laws. *In re: Vectren Energy of Ohio, Inc.*, Case No. 15-1741-GA-AAM, Opin. & Order (Nov. 3, 2016). The Commission required VEDO to file an annual report for DARR by June 1 each year, beginning in 2017 for calendar year 2016 expenditures, detailing the deferred expenses, baseline performance levels for each safety initiative, safety performance improvements compared to baselines, results of ongoing and future investigations, any mid-term adjustments, and efforts towards identifying efficiencies and implementing cost-savings measures. The Commission further required VEDO’s annual report to include an audit report prepared by VEDO’s external auditor summarizing its findings with respect to the accuracy of VEDO’s accounting for DARR-related expenditures. Unless otherwise ordered by the Commission, VEDO’s deferral authority is set to expire no later than January 1, 2024.

VEDO previously filed its annual reports for calendar year 2016 and 2017 DARR deferred expenses. (*See* June 1, 2018 filing, Case No. 15-1741-GA-AAM; June 1, 2017 filing, Case No. 17-1384-GA-AAM, refiled on August 3, 2017 in Case No. 15-1741-GA-AAM.) Prior to filing its annual report for 2017 DARR deferred expenses, VEDO filed a base rate application, in which VEDO proposed to recover deferrals from the DARR program for actual amounts accumulated through December 2017 and for estimated amounts accumulated through December

2018, amortized over a three-year period. (*See* Staff Report, Case No. 18-0298-GA-AIR, at 16 (Oct. 1, 2018).) Both in this proceeding and in VEDO’s base rate case, Staff recommended that the Commission terminate VEDO’s DARR deferral authority contemporaneous with the date that new base rates go into effect. (*See* Staff’s Review and Recommendation, Case No. 15-1741-GA-AAM (Aug. 29, 2018); Staff Report, Case No. 18-0298-GA-AIR, at 16 (Oct. 1, 2018).) VEDO agreed that the DARR deferral should cease as of the date of approved rates and charges in Case No. 18-0298-GA-AIR. (Correspondence, Case No. 15-1741-GA-AAM (Sept. 28, 2018).)

In a Stipulation and Recommendation, filed January 4, 2019, in the pending base rate case (2018 Rate Case Stipulation or Stipulation), VEDO and Staff reiterated their proposal that the Commission authorize VEDO to defer DARR expenses only “until the date new base rates are placed into effect.” (Stipulation, ¶ 5(c); *see generally* VEDO’s Post-Hearing Reply Brief, Case No. 18-0298-GA-AIR, at 8-15 (April. 23, 2019) for discussion of the Stipulation’s DARR provisions.) The Stipulation’s revenue requirement, if approved, includes recovery of actual deferred DARR expenses accumulated through the end of 2018, amortized over five years. (Stipulation, ¶ 5(a).) The Stipulation, however, also recommends that “the Commission authorize in this case the recovery in base rates of the remaining DARR expenses deferred from January 1, 2019, until no later than the effective date of rates and charges stipulated in this proceeding (the Remaining DARR Balance).” (*Id.*, ¶ 5(c).) The Stipulation requires VEDO to provide a “late-filed exhibit” that identifies DARR costs incurred from January 1, 2019, through a date no later than the date rates are placed into effect, and validates that stipulated base rates were properly adjusted to reflect the amortized portion of the 2019 DARR balance. (*Id.*) VEDO must also confer with Staff before adjusting base rates to reflect the 2019 DARR balance. (*Id.*, ¶ 5(e).)

As of the date of the filing of this motion, the Commission has not issued a final Opinion and Order in VEDO's base rate case approving, modifying, or rejecting the Stipulation. Thus, the Commission has not yet authorized the exact amount of actual DARR deferred expenses that will be amortized and included in base rates. The Commission has also not yet specifically ruled that 2019 DARR deferred expenses will be reflected in the new rates. In the interim however, VEDO is required file its annual report on calendar year 2018 DARR deferred expenses by June 1, 2019, based on the Opinion and Order in Case No. 15-1741-GA-AAM. As set forth below, good cause exists to extend VEDO's filing of its annual report on 2018 DARR deferred expenses until after the Commission issues a ruling on the Stipulation in VEDO's rate case. This extension would give VEDO time to incorporate findings on 2019 DARR deferred expenses, if the Commission approves the Stipulation without modification. This extension would also provide administrative efficiencies, for both VEDO and Staff, in the preparation and review of the annual DARR report.

II. DISCUSSION

O.A.C. 4901-1-13 permits "extensions of time to file pleadings or other papers ... upon motion of any party for good cause shown." The Commission regularly has found good cause to grant a utility's request for a reasonable extension of time to file required annual reports for administrative reasons. *In re Oxford Natural Gas Co.*, Case No. 07-472-GA-UNC, 2007 WL 1259385 (Apr. 27, 2007 Entry); *In re North Coast Gas Transmission, LLC*, Case No. 05-532-PL-UNC, 2005 WL 1017960 (Apr. 27, 2005 Entry); *In re: FirstEnergy Corp.*, Case No. 04-997-EL-UNC, 2004 WL 1803932 (Apr. 7, 2004 Entry); *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 03-120-GA-FOR, 2003 WL 21262856 (May 30, 2003 Entry); *In re The Dayton Power & Light Co.*, No. 01-742-EL-UNC, 2001 WL 36503902 (Apr. 12, 2001 Entry); *see also In re The*

Dayton Power & Light Co., Case No. 18-264-EL-RDR (Apr. 26, 2019 and Mar. 21, 2009 Entries); *In re Ohio Power Co.*, No. 16-21-EL-RDR, 2016 WL 4128862 (July 7, 2016 Entry).

In this proceeding, VEDO must file annual reports, by June 1 of each year, on the deferred DARR expenses for the prior calendar year. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 15-1741-GA-AAM, Opin. & Order, at 3 (Nov. 3, 2016). VEDO previously timely filed its annual reports for 2017 and 2016 DARR deferred expenses. (*See supra*, p. 1.) The filing date for the annual report for 2018 DARR deferred expenses, however, arrives, as VEDO waits for the Commission's ruling on the 2018 Rate Case Stipulation. The Stipulation is relevant to this proceeding and the annual report for 2018 DARR deferred expenses for several reasons. First, Staff recommended—and VEDO agreed—that VEDO's DARR deferral authority should end on the effective date of VEDO's new base rates. (*See supra*, p. 2.) The Commission previously authorized the deferral of DARR costs through the end of 2023. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 15-1741-GA-AAM, Opin. & Order, at 5 (Nov. 3, 2016). Second, the Stipulation includes an amortized portion of the actual DARR deferred expenses accumulated through the end of 2018—expenses that Staff reviewed during the 2018 Rate Case for recovery in rates. (*Id.*) Third, the Stipulation acknowledges that VEDO's deferral authority has continued beyond 2018 and that DARR costs continue to be deferred in 2019. (*Id.*) Rather than delay recovery of the 2019 DARR balance to VEDO's next base rate proceeding, the Stipulation expressly allows VEDO to incorporate that 2019 balance into rates, subject to Staff's review.

With the 2018 Rate Case fully briefed and pending a Commission decision, good cause exists to grant VEDO an extension of time to file the annual report on 2018 DARR deferred expenses in this proceeding, until after the Commission issues its ruling on the Stipulation. This extension would allow VEDO to file an annual report on the remaining deferred DARR expenses

that will accumulate until the termination date of the DARR deferral authority authorized by the Commission in the 2018 Rate Case. This extension will allow for a number of administrative efficiencies. First, the extension would reduce the amount of duplicative work that would be required for an external audit of the 2019 DARR balance. The annual DARR reports must contain the independent auditor's filings on the accuracy of VEDO's accounting of the deferred expenses. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 15-1741-GA-AAM, Opin. & Order, at 3 (Nov. 1, 2016). The report due June 1, 2019 would only contain the external auditor's findings on VEDO's accounting of the 2018 DARR deferred expenses. An extension would allow VEDO to file a report that also included the external auditor's findings on the 2019 DARR deferred expenses. Second, the extension would eliminate the need for VEDO to file another report, and for Staff to conduct another review, a year from now. Given these efficiencies, good cause exists for granting an extension so that VEDO may file one report on 2018 and 2019 DARR deferred expenses, after the Commission has ruled on VEDO's base rate application.

VEDO proposes that it file its annual report in this proceeding, including external audit findings, for DARR deferred expenses for both 2018 and 2019 for Staff's review, no later than 60 days after the effective date of rates in the 2018 Rate Case. VEDO also proposes that Staff file its report on VEDO's annual report within 60 days of VEDO's filing.¹ VEDO would then have 30 days after the filing of the Staff report to accept or object to Staff's recommendations. In addition, VEDO proposes that, to the extent that the external auditor or Staff identifies items that ultimately would lower the DARR deferred balance and amount included in base rates annually,

¹ Given that Staff will have reviewed 2018 and 2019 DARR deferred expenses for cost recovery in the 2018 Rate Case, VEDO believes that 60 days for Staff's review is sufficient, as opposed to the 90 days allotted for Staff's review under the Order in Case No. 15-1741-GA-AAM.

VEDO will reflect this difference as a credit to the Distribution Replacement Rider (DRR) rate.

Staff has indicated that it does not object to VEDO's request for extension of time to file.

III. CONCLUSION

For the reasons discussed above, VEDO requests that it be permitted to file its annual report in this proceeding for deferred DARR expenditures for both 2018 and 2019, no later than 60 days after the effective date of rates approved by the Commission for VEDO's base rate application in Case No. 18-0298-GA-AIR. In accordance with O.A.C. 4901-1-12(C), this motion includes a specific request for an expedited ruling in advance of the June 1st filing deadline.

Dated: May 16, 2019

Respectfully submitted,

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ATTORNEYS FOR VECTREN ENERGY
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served by electronic mail
upon the following individuals on May 16, 2019:

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Summary: Motion for an Extension of Time to File Annual Report electronically filed by Shelli T Clark on behalf of Vectren Energy Delivery of Ohio, Inc.