

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE ANNUAL
APPLICATION OF COLUMBIA GAS OF
OHIO, INC. FOR AN ADJUSTMENT TO THE
CEP RIDER RATE.

CASE NO. 19-438-GA-RDR

ENTRY

Entered in the Journal on July 16, 2019

{¶ 1} Columbia Gas of Ohio, Inc. (Columbia) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, Columbia is subject to the jurisdiction of the Commission.

{¶ 2} R.C. 4929.111 provides that a natural gas company may file an application to implement a capital expenditure program (CEP) for any infrastructure expansion, improvement, or replacement program; any program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds that the CEP is consistent with the applicant's statutory obligation to furnish necessary and adequate facilities, which are also found to be just and reasonable, the Commission is tasked with approving the application and authorizing the deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on that portion of assets of the CEP placed in service but not reflected in rates as plant in service and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates.

{¶ 3} In Case No. 11-5351-GA-UNC, et al., the Commission modified and approved Columbia's application to implement a CEP for the period October 1, 2011, through December 31, 2012. Under the approved CEP, Columbia was authorized to begin deferring the related PISCC, depreciation, and property tax expenses (CEP Deferral) for capital investments that were not part of its accelerated infrastructure replacement program (IRP) up to the point where the deferred amount, if included in customer rates, would exceed

\$1.50 per month for the Small General Service class of customers. In approving the application, the Commission noted that the prudence and reasonableness of Columbia's CEP-related regulatory assets and associated capital spending would be considered in any future proceeding seeking cost recovery, at which time Columbia would be expected to provide detailed information regarding the expenditures for the Commission's review. *In re Columbia Gas of Ohio, Inc.*, Case No. 11-5351-GA-UNC, et al., Finding and Order (Aug. 29, 2012), Entry on Rehearing (Oct. 24, 2012).

{¶ 4} Subsequently, in Case No. 12-3221-GA-UNC, et al., the Commission modified and approved Columbia's application to continue its CEP, including deferral of the related PISCC, depreciation expense, and property tax expense, in 2013 and succeeding years. Once again, the Commission noted that the prudence, reasonableness, and magnitude of the deferrals and capital expenditures would be examined in a future cost-recovery proceeding. *In re Columbia Gas of Ohio, Inc.*, Case No. 12-3221-GA-UNC, et al., Finding and Order (Oct. 9, 2013).

{¶ 5} On November 28, 2018, the Commission approved and adopted a stipulation and recommendation (Stipulation) resolving all issues relating to Columbia's application for an alternative rate plan to establish a new rider mechanism (CEP Rider) to recover the CEP costs, including the CEP Deferral and the corresponding assets to which those expenses are directly attributable. *In re Columbia Gas of Ohio, Inc.*, Case No. 17-2202-GA-ALT, Opinion and Order (Nov. 28, 2018). In approving the Stipulation, the Commission permitted Columbia to apply to adjust the CEP Rider rates on a yearly basis to collect from customers the prior calendar year's non-IRP capital expenditures and related deferrals. Under the Stipulation, each year's application is to contain schedules based on 12 months of actual data for the prior calendar year and the rate of return used in development of the revenue requirement is to be based on the capital structure and cost of capital authorized by the Commission in Columbia's most recent base rate case, Case No. 08-72-GA-AIR, et al. The Commission also prescribed annual rate caps by customer class per year. Finally, the

Stipulation directed that Staff or its designee perform a review of Columbia's annual filing to determine the necessity, prudence, lawfulness, and reasonableness of the non-IRP capital expenditures and related assets for the prior calendar year.

{¶ 6} On February 28, 2019, in the above-captioned case and pursuant to the terms of the Stipulation adopted in Case No. 17-2202-GA-ALT, Columbia filed its annual application to adjust the CEP Rider rate.

{¶ 7} By Entry issued on March 20, 2019, the Commission directed Staff to issue a request for proposal for audit services to assist in its review of the necessity, prudence, lawfulness, and reasonableness of Columbia's CEP Rider.¹

{¶ 8} By Entry dated April 17, 2019, the Commission selected Blue Ridge Consulting Services, Inc. (Blue Ridge) to assist Staff in performing the necessary review of the CEP Rider.

{¶ 9} On June 7, 2019, Ohio Consumers' Counsel (OCC) filed a motion to intervene. OCC asserts that it is entitled to intervene under R.C. 4903.221 and Ohio Adm.Code 4901-1-11. The motion is unopposed. Upon review, the attorney examiner finds that the motion to intervene is reasonable and should be granted.

{¶ 10} On July 10, 2019, Blue Ridge filed its audit report.

{¶ 11} On July 15, 2019, Staff filed its review and recommendations regarding Columbia's application (Staff Report). In short, Staff recommends that the Commission

¹ In the March 20, 2019 Entry, the Commission explained that the review of the CEP Rider is a two-part audit. The first part reviews and attests to the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2018, through December 31, 2018. The second part simultaneously assesses and informs on the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and related assets for the same period.

approve Columbia's application to adjust the CEP Rider as modified by comments contained in the Staff Report.

{¶ 12} Pursuant to the Stipulation adopted in Case No. 17-2202-GA-ALT, the new CEP Rider rate will become effective by September 1 following the February application filing unless Staff finds Columbia's filing to be unjust and unreasonable or if any other party granted intervention files an objection to either Columbia's annual filing or Staff's review that is not resolved by Columbia by July 31 of each year. If Staff finds that Columbia's application is unjust or unreasonable, or if an intervening party files an objection that is not resolved by July 31, Columbia must propose an expedited hearing process in order to effectuate, to the extent practicable, the implementation of the CEP Rider rates by September 1 or the first billing cycle of the revenue month following the Commission's decision.

{¶ 13} Given the time frame set by the Stipulation, the attorney examiner finds that the following procedural schedule should be established:

- (a) July 26, 2019 – deadline for filing motions to intervene.
- (b) July 26, 2019 – deadline for any intervening party to file an objection to either Columbia's application or to the Staff Report.
- (c) July 31, 2019 – deadline for Columbia to file a statement notifying the Commission as to the existence of any unresolved issues or objections and the need for an expedited hearing process.

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That OCC's motion to intervene be granted. It is, further,

{¶ 16} ORDERED, That the procedural schedule set forth in Paragraph 13 be adopted. It is, further,

{¶ 17} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/*Patricia A. Schabo*

By: Patricia A. Schabo
Attorney Examiner

JRJ/hac

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Summary: Attorney Examiner Entry granting motion to intervene and setting procedural schedule electronically filed by Heather A Chilcote on behalf of Patricia Schabo, Attorney Examiner, Public Utilities Commission