



**Public Utilities
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August 29, 2019

PUCO

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Dominion Energy Ohio, for Approval to Change Accounting Methods, Case No. 15-1712-GA-AAM.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation regarding the compliance filing made by Dominion Energy Ohio, Case No. 15-1712-GA-AAM.

Tamara S. Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

David Lipthrott
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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Technician ML Date Processed AUG 29 2019

The East Ohio Gas Company d/b/a Dominion Energy Ohio
Case No. 15-1712-GA-AAM

SUMMARY:

By Opinion and Order dated November 3, 2016 (2016 Order), the Commission approved The East Ohio Gas Company d/b/a Dominion Energy's, (Dominion or Company) application in the above reference case to establish a regulatory asset to defer to up to \$15 million annually to increase customer safety through the Pipeline Safety Management Program (PSMP). The PSMP originally consisted of four initiatives as part of the Company's Distribution Integrity Management Plan adopted in accordance with federal pipeline safety regulations, 49 C.F.R. § 192.1001, Subpart P. The four initiatives were: a Damage Prevention Initiative consisting of programs specifically targeted at preventing pipeline damage; Advanced Workforce Training Initiative involving new training curricula and instructor-led classroom training at a new training facility to enhance and speed employee training; Asset Data Collection Initiative for implementation of automated data collection procedures for construction activities to reduce errors associated with paper records and enhancements to existing system attributes data; and, a Quality Assurance Program to create a centralized and dedicated internal auditing team to evaluate employee and contractor work for compliance with the Company's operating procedures and operator qualification plan. By Finding and Order dated November 14, 2018 (2018 Order), the Commission accepted Dominion's 2018 Annual Report as filed and articulated the appropriate process for adding or revising PSMP initiatives. As a result, the PSMP includes two new initiatives: the Underground Storage Integrity Initiative and the Gathering Rights of Way Maintenance Initiative.

The Commission's Order required Dominion to file an annual report for its PSMP by June 1 each year. The report was to include annual and cumulative PSMP expenses, monthly expenditures for each PSMP component on an annual basis, and an audit report prepared by the Company's external auditor regarding the accuracy of Dominion's accounting for PSMP expenditures. The report was to also include items such as the PSMP's progress toward reducing risks to Dominion's system, the result of ongoing and future investigations, any mid-term adjustments to PSMP projects or programs, and the Company's effort towards identifying inefficiencies and implementing cost saving measures. The carrying charge rate was set at three percent per year without compounding. On May 31, 2019, Dominion filed its annual report for the PSMP detailing expenses deferred for calendar year 2018 (2019 Annual Report). Pursuant to the Commission's Order, Staff has 90 days to file a report regarding the proposed PSMP deferrals.

STAFF REVIEW AND RECOMMENDATION:

Staff has reviewed Dominion's 2019 Annual Report and accompanying attachments that were filed in this case and has no objection to the information contained in the report. Staff recommends that the Commission accept it as filed. Nevertheless, as noted in Staff Comments previously filed in this case and acknowledged in the Commission's Orders, Staff's lack of objection to Dominion's annual reports should not be construed as support for future recovery of the PSMP deferrals. Staff expressly reserves the right to challenge recovery of the deferrals in any future recovery proceeding.