

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE EAST OHIO GAS COMPANY DBA
DOMINION ENERGY OHIO FOR
APPROVAL OF AN ALTERNATIVE FORM OF
REGULATION TO ESTABLISH A CAPITAL
EXPENDITURE PROGRAM RIDER
MECHANISM.

CASE NO. 19-468-GA-ALT

ENTRY

Entered in the Journal on January 10, 2020

{¶ 1} The East Ohio Gas Company dba Dominion Energy Ohio (Dominion or Company) is a natural gas company and a public utility as defined by R.C. 4905.03 and R.C. 4905.02, respectively. As such, Dominion is subject to the jurisdiction of this Commission.

{¶ 2} Under R.C. 4929.05, a natural gas company may seek approval of an alternative rate plan by filing an application under R.C. 4909.18, regardless of whether the application is for an increase in rates. After an investigation, the Commission shall approve the plan if the natural gas company demonstrates, and the Commission finds, that the company is in compliance with R.C. 4905.35, is in substantial compliance with the policies of the state as set forth in R.C. 4929.02, and is expected to continue to be in substantial compliance with state policy after implementation of the alternative rate plan. The Commission must also find that the alternative rate plan is just and reasonable.

{¶ 3} Pursuant to R.C. 4929.111, a natural gas company may file an application under R.C. 4909.18, 4929.05, or 4929.11, to implement a capital expenditure program (CEP) for any of the following: any infrastructure expansion, infrastructure improvement, or infrastructure 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. In approving the application, the Commission shall authorize the natural gas company to defer or recover both of the following: a regulatory asset for post-in-service carrying costs (PISCC) on the portion of the assets of the CEP that are 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. A natural gas company shall not request recovery of the PISCC, depreciation, or property tax expense under R.C. 4929.05 or R.C. 4929.11 more than once each calendar year.

{¶ 4} In Case No. 11-6024-GA-UNC, et al., the Commission modified and approved Dominion's application for authority to implement a CEP for the period of October 1, 2011, through December 31, 2012. *In re The East Ohio Gas Company dba Dominion East Ohio*, Case No. 11-6024-GA-UNC, et al., Finding and Order (Dec. 12, 2012). Subsequently, in Case No. 12-3279-GA-UNC, et al., the Commission modified and approved Dominion's application to implement a CEP for the period of January 1, 2013, through December 31, 2013. *In re The East Ohio Gas Company dba Dominion East Ohio*, Case No. 12-3279-GA-UNC, et al., Finding and Order (Oct. 9, 2013).

{¶ 5} In Case No. 13-2410-GA-UNC, et al., the Commission modified and approved Dominion's application to implement a CEP in 2014 and succeeding years, pursuant to R.C. 4909.18 and 4929.111. The Commission also approved Dominion's request for accounting authority to capitalize PISCC on program investments for assets placed in service but not yet reflected in rates; defer depreciation expense and property tax expense directly attributable to the CEP; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense are deferred for future recovery in a subsequent proceeding. Dominion was authorized to accrue deferrals under the CEP until the accrued deferrals, if included in rates, would cause the rates charged to the Company's General Sales Service customers to increase by more than \$1.50 per month. Additionally, the Commission noted that the prudence and reasonableness of Dominion's CEP-related regulatory assets and associated capital spending would be considered in any future proceedings seeking cost recovery, at which time the Company would be expected to provide detailed information regarding the expenditures for the Commission's review. *In re The East Ohio Gas Company dba Dominion East Ohio*, Case No. 13-2410-GA-UNC, et al., Finding and Order (July 2, 2014).

{¶ 6} On February 27, 2019, in the above-captioned case, Dominion filed a notice of intent to file an application for approval of an alternative rate plan under R.C. 4929.05. In the notice, Dominion stated that the application would request approval to establish a CEP rider mechanism (CEP Rider).

{¶ 7} On March 29, 2019, Dominion filed a notice of intent to file an alternative rate plan application for an increase in rates, notice of test year and date certain, and attached exhibits. Dominion noted that the notice of intent was sent to the mayor and legislative authority of each affected municipality. Dominion also notified the Commission that the Company is using a test year of the 12 months ending December 31, 2018, and a date certain of December 31, 2018.

{¶ 8} Concurrently with the notice, Dominion also filed a motion for waiver from certain provisions of the Commission's Standard Filing Requirements contained in Ohio Adm.Code 4901-7-01 (SFRs).

{¶ 9} On May 1, 2019, Dominion filed its alternative rate plan application, along with supporting exhibits and testimony, pursuant to R.C. 4909.18, 4929.05, 4929.11, and 4929.111. The application seeks to establish the CEP Rider. Specifically, Dominion states that the purpose of the proposed CEP Rider is to recover the PISCC, incremental depreciation expense, and property tax expense currently deferred under and associated with the CEP, as well as a return on the CEP rate base, as approved in Case No. 13-2410-GA-UNC. Dominion also proposes establishing initial CEP Rider rates, which would recover the revenue requirement associated with the CEP regulatory asset and related capital investments for the period October 1, 2011, through December 31, 2018. Thereafter, Dominion proposes an annual update process through which future CEP deferrals and investments would be reviewed and recovered, beginning with investment through December 31, 2019.

{¶ 10} On June 17, 2019, Staff filed its review and recommendation regarding Dominion's motion for a waiver of certain SFR. In its review, Staff requested that Dominion

be required to comply with the SFRs set forth in Chapter II, Section C (Operating Income) and D (Rate of Return); and the supplemental filing requirements in Chapter II(B)(1) through Chapter II(B)(6), as well as Chapter II(B)(8). Staff did not oppose Dominion's motion to waive the remaining requirements, which were Chapter II, Section E (Rates and Tariffs) and Chapter II(B)(9), Chapter II(C), and Chapter II(D).

{¶ 11} On June 18, 2019, Dominion filed a letter with the Commission indicating that it did not object to providing Staff with additional information responsive to the filing requirements identified by Staff.

{¶ 12} By Entry issued on June 19, 2019, the Commission, consistent with Staff's recommendations, granted the Company's motion for waiver of certain SFR, in part, and denied it, in part. Specifically, the Commission directed Dominion to file the information required by the SFR in Chapter II, Section C (Operating Income) and D (Rate of Return); and the supplemental filing requirements in Chapter II(B)(1) through Chapter II(B)(6), as well as Chapter II(B)(8). The Commission also noted that the grant of the requested waiver, in part, did not preclude Staff from obtaining any information waived through formal data requests, if such information was subsequently deemed necessary to complete Staff's investigation effectively and efficiently.

{¶ 13} By Entry dated August 14, 2019, the Commission directed Staff to issue a request for proposal (RFP) for audit services to assist the Commission with an audit of Dominion's CEP and associated CEP costs and deferrals. RFP No. RA19-CSPA-2 was attached to the Commission's Entry.

{¶ 14} On September 4, 2019, Staff filed correspondence on the docket indicating that, on August 23, 2019, Dominion had filed the additional information required by the Commission's June 19, 2019 Entry and that Dominion's application was now in compliance with Ohio Adm.Code 4901:1-19-06(C).

{¶ 15} By Entry dated September 11, 2019, the Commission deemed Dominion's application as filed as of August 23, 2019. Additionally, the Commission selected Blue Ridge Consulting Services, Inc. (Blue Ridge) to assist the Commission with the audit of Dominion's CEP and associated CEP costs and deferrals. The Commission directed Dominion to enter into a contract with Blue Ridge by September 25, 2019, for the purpose of providing payment for its auditing services. The Commission further directed the parties that the contract should incorporate the terms and conditions of the RFP, the auditor's proposal, and the relevant Commission entries in this case. The RFP, which was previously attached to the Commission's August 14, 2019 Entry, identified a timeline for the audit, with a final audit report due to be filed with the Commission by February 26, 2020.

{¶ 16} On December 20, 2019, Dominion filed correspondence on the docket for this matter. In the correspondence, Dominion states that it has had difficulty responding to data requests from Blue Ridge through its legacy fixed-asset reporting system, especially with regard to identifying CEP versus non-CEP expenditures and assets. Dominion explains that the RFP contemplated this issue and indicated that the timelines could be revisited and extended in case difficulties or delays with reporting data were greater than assumed. As such, Dominion requests that the Commission approve a 60-day extension of all deadlines reflected in the RFP timeline, with the final audit report being due on April 27, 2020. According to Dominion, the extension will provide additional time for the Company to fully respond to Blue Ridge's data requests and allow Blue Ridge to have sufficient time to complete its audit. Dominion assumes any costs associated with the extension. Further, Dominion does not seek to modify any other terms of the RFP.

{¶ 17} On December 27, 2019, Staff filed a review and recommendation of Dominion's request. Staff recommends that the extension be approved; however, Staff indicates that it would not recommend any further extensions of the deadlines in the future.

{¶ 18} Upon review, the attorney examiner finds that Dominion's request is reasonable and should be granted. A 60-day extension of all deadlines contained within the

August 14, 2019 RFP timeline should be approved. Blue Ridge should file its audit of Dominion's CEP expenditures in this docket by April 27, 2020.

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That a 60-day extension of all deadlines indicated in the August 14, 2019 RFP timeline be approved. It is, further,

{¶ 21} ORDERED, That Blue Ridge file its audit of Dominion's CEP expenditures in this docket by April 27, 2020. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/Anna Sanyal

By: Anna Sanyal
Attorney Examiner

JRJ/kck

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 19-0468-GA-ALT

Summary: Attorney Examiner Entry a 60-day extension of all deadlines indicated in the 8.14.19 RFP timeline be approved and that Blue Ridge file its audit of Dominion's CEP expenditures by 4.27.20. electronically filed by Mrs. Kelli C King on behalf of Anna Sanyal, Attorney Examiner, Public Utilities Commission of Ohio