

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. FOR AUTHORITY TO ADJUST ITS
DISTRIBUTION REPLACEMENT RIDER
CHARGES.

CASE No. 20-101-GA-RDR

ENTRY

Entered in the Journal on July 30, 2020

{¶ 1} Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, VEDO is subject to the jurisdiction of this Commission.

{¶ 2} On January 7, 2009, the Commission approved a stipulation and recommendation that authorized VEDO to establish a distribution replacement rider (DRR) to recover the costs and receive a return on investments made by the Company to accelerate implementation of a bare-steel and cast-iron pipeline replacement program (Replacement Program). *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1080-GA-AIR, et al. (2007 Rate Case), Opinion and Order (Jan. 7, 2009). In approving the DRR, the Commission also approved the parties' stipulated review process associated with the rider. Under that process, the Company is required to make an application by May 1 to establish the DRR rate to be effective for a 12-month period commencing September 1 of the same year. Commission Staff is required to investigate the application and issue a recommendation regarding the level of the proposed DRR charge to be effective on a service rendered basis on September 1 of that year. If Staff finds that the Company's application is unjust or unreasonable, or if any party filed an objection that is not resolved by the Company, no party will object to a request for a hearing process in order to effectuate, to the extent practicable with full and reasonable yet expedited discovery, the implementation of the DRR charge; further, the parties agreed to use best efforts to achieve implementation of successor DRR charges on September 1 of each year.

{¶ 3} As originally approved by the Commission, the DRR was to be in effect until February 2014, or until new rates became effective as a result of filing a new distribution rate or alternative rate plan proceeding, whichever was earlier. Subsequently, in approving a stipulation and recommendation reached in an alternative rate plan proceeding, the Commission authorized VEDO to expand the scope of the Replacement Program and extended the DRR to recover associated costs through the end of calendar year 2017. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 13-1571-GA-ALT, Opinion and Order (Feb. 19, 2014) (2013 DRR Order). As part of the stipulation approved by the Commission, VEDO agreed that any additional request to extend the DRR would be made as part of an application for an increase in rates under R.C. 4909.18 and 4909.19. 2013 DRR Order at 8.

{¶ 4} In 2018, VEDO filed an application to increase its rates for gas distribution service and for approval of alternative rate plans. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Rates*, Case No. 18-298-GA-AIR; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-299-GA-ALT; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-49-GA-ALT (combined, 2018 Rate Case). On August 28, 2019, the Commission approved a stipulation and recommendation in the 2018 Rate Case (Rate Case Stipulation) that, among other things, authorized VEDO to include the DRR balance as of December 31, 2017, in base rates. Additionally, the approved Rate Case Stipulation extended both the Replacement Program and the DRR for the period from January 1, 2018, through December 31, 2023. 2018 Rate Case, Opinion and Order (Aug. 28, 2019). The Rate Case Stipulation did not, however, make any changes to the DRR review process as established in the 2007 Rate Case.

{¶ 5} On January 21, 2020, VEDO initiated this proceeding to inform the Commission that the Company would file an application to adjust the DRR on or before May 1, 2020.

{¶ 6} On January 29, 2020, the Commission issued an Entry directing Staff to issue a request for proposal for audit services to review, among other things, (1) the accounting accuracy and used and useful nature of VEDO's capital expenditures and related assets and corresponding depreciation reserve from December 31, 2017, through December 31, 2019, and (2) the necessity, reasonableness, and prudence of VEDO's capital expenditures and related assets, with an emphasis on the capital expenditure program and DRR expenditures and assets, for the same period. Subsequently, on February 26, 2020, the Commission selected Blue Ridge Consulting Services, Inc. (Blue Ridge) to conduct the ordered audit.

{¶ 7} On March 9, 2020, the governor signed Executive Order 2020-01D (Executive Order), declaring a state of emergency in Ohio to protect the well-being of Ohioans from the dangerous effects of COVID-19. As described in the Executive Order, state agencies are required to implement procedures consistent with recommendations from the Department of Health to prevent or alleviate the public health threat associated with COVID-19. Additionally, all citizens are urged to heed the advice of the Department of Health regarding this public health emergency in order to protect their health and safety. The Executive Order was effective immediately and will remain in effect until the COVID-19 emergency no longer exists. The Department of Health is making COVID-19 information, including information on preventative measures, available via the internet at coronavirus.ohio.gov/.

{¶ 8} On May 1, 2020, VEDO filed its application for authority to adjust its DRR (Application).

{¶ 9} By Entry issued May 19, 2020, the attorney examiner issued a procedural schedule based on the process approved in the *2007 Rate Case* to aid the Commission in reviewing VEDO's Application. The schedule set forth deadlines for the filing of motions to intervene and for Staff and any intervenors to file comments.¹ Additionally, VEDO was instructed to file a statement informing the Commission whether issues raised in comments

¹ No entity moved to intervene; thus, Staff and VEDO are the only parties to this proceeding.

have been resolved. The Entry stated that, if necessary, an evidentiary hearing would be conducted on August 4, 2020.

{¶ 10} On June 17, 2020, Blue Ridge filed its audit report (Blue Ridge Report or Report). Regarding the DRR, the Report contained two adjustments and six non-adjustment recommendations.

{¶ 11} On June 30, 2020, VEDO filed a supplemental application to correct the property tax rate in the calculation of the proposed adjustments to the DRR rates and charges, along with corrected versions of certain direct testimony and exhibits filed with the original Application.

{¶ 12} On July 13, 2020, Staff filed its comments and recommendations regarding VEDO's Application, as supplemented. Except for one recommendation, which is characterized as being adequately addressed and no longer an issue, Staff's comments fully adopt the adjustments and recommendations of the Blue Ridge Report.

{¶ 13} On July 24, 2020, VEDO filed a statement regarding the resolution of issues. Specifically, VEDO informs the Commission that one issue remains unresolved: the post-in-service carrying cost (PISCC) rates to apply to DRR plant. The dispute between the parties stems from a disagreement on the interpretation of the portion of the Rate Case Stipulation pertaining to the applicable PISCC rate for the DRR.

{¶ 14} On July 28, 2020, VEDO filed the supplemental direct testimony of J. Cas Swiz pursuant to Ohio Adm.Code 4901-1-29, which instructs that all direct expert testimony in a proceeding such as this be filed no later than seven days prior to the hearing. Staff did not submit testimony.

{¶ 15} On July 29, 2020, the Company filed a letter to the docket informing the Commission that VEDO and Staff, as the only parties to this proceeding, have agreed to waive cross-examination and to stipulate for admission into the record the following prefiled documents: (1) the Company's May 1, 2020 Application and attached exhibits; (2)

the June 17, 2020 Blue Ridge Report; (3) the Company's June 30, 2020 Supplemental Application and attached exhibits; (4) Staff's Comments and Recommendation filed July 13, 2020; and (5) the July 28, 2020 Supplemental Direct Testimony of J. Cas Swiz. Further, with these agreements in place, the parties recommend that the August 4, 2020 hearing be converted to a paper hearing. Finally, the parties propose a briefing schedule under which initial briefs be filed on or before August 11, 2020, and reply briefs—at the option of the parties—be filed on or before August 18, 2020.

{¶ 16} In light of the directives set forth in the March 9, 2020 Executive Order and present pandemic circumstances, the attorney examiner finds that the proposal set forth in the Company's July 29, 2020 letter presents a reasonable course of action that will allow the Commission to fully consider the parties' divergent positions in this proceeding while honoring due process concerns. Accordingly, the August 4, 2020 hearing is hereby converted to a paper hearing for which the prefiled documents listed above shall be deemed admitted to the record. Furthermore, the attorney examiner directs the parties to file initial post-hearing briefs on or before August 11, 2020. Reply briefs, while wholly optional, must be filed on or before August 18, 2020.

{¶ 17} It is, therefore,

{¶ 18} ORDERED, That the August 4, 2020 evidentiary hearing be converted to a paper hearing as set forth in Paragraph 16. It is, further,

{¶ 19} ORDERED, That the prefiled documents identified by the parties as stated in Paragraph 15 be deemed admitted to the record. It is, further,

{¶ 20} ORDERED, That initial post-hearing briefs be filed on or before August 11, 2020, and optional reply briefs, if any, be filed on or before August 18, 2020, as stated in Paragraph 16. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/*Patricia A. Schabo*

By: Patricia A. Schabo
Attorney Examiner

SJP/hac

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Case No(s). 20-0101-GA-RDR

Summary: Attorney Examiner Entry converting evidentiary hearing to a paper hearing; ordering prefiled documents be deemed admitted; and, setting deadlines for filing initial and reply briefs electronically filed by Heather A Chilcote on behalf of Patricia Schabo, Attorney Examiner, Public Utilities Commission