

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
NORTHEAST OHIO NATURAL GAS CORP.  
FOR APPROVAL OF AN ALTERNATIVE  
FORM OF REGULATION.

CASE NO. 20-1427-GA-ALT

## ENTRY

Entered in the Journal on December 2, 2020

### I. SUMMARY

{¶ 1} The Commission finds, consistent with Staff's recommendations, that Northeast Ohio Natural Gas Corp.'s motion for waiver of certain standard filing requirements should be granted. The Commission also establishes the test year and date certain for this proceeding.

### II. DISCUSSION

{¶ 2} Northeast Ohio Natural Gas Corp. (NEO or the 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, NEO is subject to the jurisdiction of this Commission.

{¶ 3} 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 policy of the state as set forth in R.C. 4929.02, and is expected to continue to be in substantial compliance with that state policy after implementation of the alternative rate plan. The Commission must also find that the alternative rate plan is just and reasonable.

{¶ 4} On October 18, 2019, NEO and Orwell-Trumbull Pipeline Co., LLC (OTP), by and through the receiver over the personal and real property of OTP, Zachary B. Burkons of Rent Due, LLC, filed a joint application in Case No. 19-1921-PL-ATR seeking Commission approval of a proposed transfer of certain pipeline assets, real property, books and records,

and other non-cash items of OTP to NEO (Purchased Assets) pursuant to an asset purchase agreement dated October 15, 2019.

{¶ 5} On December 4, 2019, the Commission issued a Finding and Order in Case No. 19-1921-PL-ATR approving the transfer of the Purchased Assets to NEO. Given NEO's stated intent to pursue recovery on and of the Purchased Assets in a future proceeding, the Finding and Order merely approved 1) NEO's acquisition of the Purchased Assets from OTP, and 2) NEO's request for accounting authority to record the value of the Purchased Assets as \$13,310,881, with an associated accumulated depreciation reserve of \$4,100,921 as of September 1, 2019, subject to Staff conducting a used and useful test.

{¶ 6} On August 26, 2020, in the above-captioned case, NEO filed a notice of intent to file an application for an increase in rates and a notice for approval of an alternative rate plan under R.C. 4929.05 to recover costs associated with the acquisition of OTP.

{¶ 7} Also on August 26, 2020, NEO filed a motion for waiver of certain standard filing requirements (SFR) and a request to establish a test year and date certain. As to the latter, NEO notifies the Commission that the Company is using a test year of the 12 months ending March 31, 2021, and a date certain of June 30, 2020, in compliance with R.C. 4909.15(C)(1) and (2).

{¶ 8} With respect to its motion for waiver, NEO states that, in the case at hand, NEO does not seek an adjustment to its base rates, or to the recorded value of OTP's assets, considering the procedural posture of this proceeding. Rather, NEO requests only recovery of and on the recorded value of the OTP assets until its next rate case, at which point, NEO represents that the OTP assets would be included as part of rate base. Accordingly, NEO requests that the Commission waive Ohio Adm.Code 4901:1-19-06(C)(1), which requires "the exhibits described in divisions (A) to (D) of section 4909.18 of the Revised Code and the schedules and other information described in the standard filing requirements pursuant to rule 4901-7-01 of the Administrative Code." In this circumstance, NEO argues that non-OTP exhibits are not required because the Company is only seeking to adjust the manner in

which it currently recovers OTP costs, the value of which has already been established by the Commission in Case No. 19-1921-PL-ATR.

{¶ 9} As a final point, NEO argues that, if Ohio Adm.Code 4901:1-19-06(C)(1) does apply to non-OTP assets in this circumstance, the Company requests waiver of any obligation to provide exhibits for assets other than those purchased from OTP. Instead of providing that information for all NEO assets, the Company states that it anticipates providing the information required by R.C. 4909.18(A) to (D) for the OTP assets only.

{¶ 10} On September 23, 2020, the Ohio Consumers' Counsel (OCC) filed a motion to intervene in this proceeding and memorandum in support. No party opposed the motion to intervene. The Commission finds that the motion complies with the requirements set forth in R.C 4903.221 and Ohio Adm.Code 4901-1-11, and should, therefore, be granted

{¶ 11} On September 29, 2020, NEO filed an alternative rate plan application, along with supporting exhibits and testimony, pursuant to R.C. 4909.18 and 4929.05. The application seeks authorization for recovery on and of the Purchased Assets until NEO's next rate case, at which point NEO states the Purchased Assets will be included in the Company's rate base. Additionally, NEO states that the application proposes to establish rates under a new rider, the Infrastructure Acquisition Adjustment Rider, to collect the revenue needed to support the Purchased Assets until NEO files its next distribution rate case. Lastly, NEO believes that the application is beneficial to customers and other stakeholders, stating that, by filing an application for an alternative rate plan, as opposed to filing a new distribution rate case, the Company has saved interested stakeholders considerable time and unnecessary regulatory expense.

{¶ 12} On November 19, 2020, Staff filed its review and recommendation regarding NEO's motion for a waiver of certain SFR. Staff notes that the application provides sufficient information for Staff to continue its investigation. Staff believes that NEO's waiver request is reasonable and should be granted. Staff states that, should the Commission grant NEO's motion, then the application will be in technical compliance with Ohio Adm.Code 4901:1-

19-06. Lastly, Staff recommends that the Commission direct NEO to provide Staff with any additional information as needed during its investigation.

{¶ 13} Under Ohio Adm.Code 4901:1-19-06(C), an alternative rate plan application that is for an increase in rates must include the exhibits described in R.C. 4909.18(A) through (D) and the SFR prescribed in Ohio Adm.Code 4901-7-01, unless otherwise waived pursuant to Ohio Adm.Code 4901:1-19-02(D).

{¶ 14} Upon review of NEO's motion and Staff's response, the Commission finds, consistent with Staff's recommendations, that the Company's motion for waiver of certain SFR should be granted. Additionally, we note that our granting of the requested waiver does not preclude Staff from obtaining any information waived through formal data requests, if such information is subsequently deemed necessary to complete Staff's investigation effectively and efficiently. As NEO's application is now in compliance with Ohio Adm.Code 4901:1-19-06(C), the application shall be deemed to have been filed as of September 29, 2020. Finally, with respect to NEO's request that the Commission establish the test year and date certain as proposed by the Company, the Commission finds that the request is reasonable and should be approved.

### III. ORDER

{¶ 15} It is, therefore,

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

{¶ 17} ORDERED, That, consistent with Staff's recommendations, NEO's motion for waiver of certain SFR be granted. It is, further,

{¶ 18} ORDERED, That the test period in this matter shall be the 12 months ending March 31, 2021, and the date certain shall be June 30, 2020. It is, further,

{¶ 19} ORDERED, That NEO's application be deemed to have been filed as of September 29, 2020. It is, further,

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

**COMMISSIONERS:**

*Approving:*

M. Beth Trombold  
Lawrence K. Friedeman  
Daniel R. Conway  
Dennis P. Deters

LLA/hac

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**Case No(s). 20-1427-GA-ALT**

Summary: Entry finding, consistent with Staff's recommendations, that Northeast Ohio Natural Gas Corp.'s motion for waiver of certain standard filing requirements should be granted. The Commission also establishes the test year and date certain for this proceeding. electronically filed by Kelli C. King on behalf of The Public Utilities Commission of Ohio