



# Public Utilities Commission

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## Commissioners

M. Beth Trombold  
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December 1, 2022

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

RE: *In the Matter of the Application of The East Ohio Gas Company d/b/a 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 The East Ohio Gas Company d/b/a Dominion Energy Ohio, Case No. 15-1712-GA-AAM.

A handwritten signature in black ink that reads 'Adam Burns'.

Adam Burns  
Accounting and Finance Division  
Public Utilities Commission of Ohio

Enclosure  
Cc: Parties of Record

**The East Ohio Gas Company Dominion Energy Ohio**  
**Case No. 15-1712-GA-AAM**

**BACKGROUND OF DOMINION’S PIPELINE SAFETY MANAGEMENT PROGRAM**

Pursuant to the Opinion and Order dated November 3, 2016 (2016 Order), the Public Utilities Commission of Ohio (Commission) approved The East Ohio Gas Company d/b/a Dominion Energy's (Dominion or Company) application in Case No. 15-1712-GA-AAM, to establish a regulatory asset to defer 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 that was adopted in accordance with federal pipeline safety regulations, 49 C.F.R. 192.1001, Subpart P. The four initiatives were:

- 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.
- Quality Assurance Program intended 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.

In the 2016 Order, Dominion received authority to revise its accounting procedures and defer operations and maintenance costs incurred for the PSMP on or after January 1, 2016, with the annual amount not to exceed \$15 million, including carrying costs of three percent per annum on the deferred balance, without compounding, as costs are incurred until recovery of the deferral commences. Unless ordered by the Commission, the deferral will expire not later than January 1, 2024. Recovery of any deferred PSMP-related costs will be addressed in a separate proceeding or in Dominion’s next general rate case.

As part of the Commission’s approval of the PSMP, Dominion is required to file an annual report by June 1 of each year detailing: the expenditures, deferred expenses, baseline performance measures for each initiative, improvements of each initiative in comparison to the baselines, results of ongoing and future investigations, any mid-term adjustments, efforts to identify efficiencies and implement cost-saving measures. Additionally, Dominion was required to include with its annual report an audit report, prepared by an external auditor, reporting on the accuracy of Dominion’s accounting for PSMP-related expenditures. Within 90 days of the Company filing its annual report, Staff shall file a report of its investigation (Staff Report). Dominion is afforded 30 days to accept or object Staff’s recommendations.

Pursuant to the 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.

On March 11, 2020, the Commission's Supplemental Finding & Order amended the process for the PSMP. Beginning in 2020, the annual report shall be filed on or before September 1 of each year and any proposed new initiatives shall be presented in the annual report. In the event Staff objects to any new initiative within its Staff Report, Dominion will not defer expenses associated with the new initiative until the Commission issues an order approving the inclusion of the new initiative. In all other respects, the PSMP process shall continue as previously approved by the Commission. Additionally, there were two new initiatives the Commission approved, 1) enhance monitoring of low-pressure regulating stations and 2) identify, assess, and remediate service off service proposed by the Company for 2020 and Dominion may commence the accrual of deferrals through the PSMP.

On September 1, 2020, Dominion filed its PSMP annual report that proposed two additional initiatives, the Mega Rule initiative and the High Pressure (HP) Distribution Farm Taps initiative. The Mega Rule provides an expansion of the integrity management requirements for gas transmission pipelines. The HP Distribution Farm Taps established a comprehensive list of these taps and their issues, ensured, and followed cathodic protection requirements and build remediation plans for issues found. Staff did not oppose the Company's proposed Mega Rule initiative; however, Staff recommended the Commission deny the HP Distribution Farm Taps initiative. On December 16, 2020, Dominion withdrew its request to defer expenses related to the HP Distribution Farm Taps initiative in 2021.

On September 1, 2021, Dominion filed its PSMP annual report that proposed the inclusion of one new initiative associated with the compliance of a new requirement of Ohio Admin.Code 4901:1-16. In its Staff letter for the Company's PSMP annual report filing, Staff indicated that Dominion withdrew its deferral authority request for costs associated with a new compliance initiative relating to Ohio Admin.Code 4901:1-16-04(J). Dominion stated that should it determine at a future point in time there are costs that are PSMP-eligible, the Company may re-propose the initiative in a future annual report for Staff's review.

On September 1, 2022, Dominion filed its 2022 PSMP Annual Report. In the report, the Company did not request any new initiatives. The Company may propose new initiatives in future annual report filings for Staff's review.

## **CONCLUSION AND RECOMMENDATION**

Staff reviewed Dominion's 2022 Annual Report and accompanying attachments filed in this case. Staff has no objection to the information contained in the report. Staff's lack of objection to approved programs as part of Dominion's annual report 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.

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

**12/1/2022 2:00:56 PM**

**in**

**Case No(s). 15-1712-GA-AAM**

Summary: Staff Review and Recommendation regarding the compliance filing made by The East Ohio Gas Company d/b/a Dominion Energy Ohio electronically filed by Zee Molter on behalf of PUCO Staff