**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Change Accounting Methods. | )  )  ) | Case No. 14-1615-GA-AAM |

**CONSUMER PROTECTION COMMENTS REGARDING COLUMBIA’S PIPELINE SAFETY PROGRAM EXPENSES**

**BY**

**THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

# I. INTRODUCTION

OCC’s consumer protection comments concern Columbia Gas of Ohio’s (“Columbia”) Annual Report regarding its Pipeline Safety Program (“PSP”). Columbia seeks to defer a higher amount of expenses for the PSP than it is entitled to – nearly $4 million – potentially chargeable to consumers.[[1]](#footnote-1) Deferrals mean that the utility is booking an expense but seeking to collect it later – from consumers. The PUCO Staff wisely recommended against allowing Columbia to defer these additional expenses. OCC agrees. Consumers should be protected from such potential future overcharges.[[2]](#footnote-2)

Allowing the deferrals sends the wrong signal to Columbia. Deferrals are, as the Court has recognized, a “prelude” to recovery.[[3]](#footnote-3) There should be no recovery of these expenses from consumers.

**II. BACKGROUND**

In 2014, the PUCO authorized Columbia to establish a regulatory asset to defer up to $15 million annually for PSP expenses.[[4]](#footnote-4) Thereafter, the PUCO approved additional PSP deferral authority for $10 million ($25 million annually).[[5]](#footnote-5) On May 30, 2024, Columbia filed its annual PSP report detailing expenses deferred from January 1, 2023 through December 31, 2023.[[6]](#footnote-6)

On June 30, 2021, Columbia filed a rate case application seeking, among other things, to recover the deferred PSP amounts from January 1, 2015 through March 31, 2021.[[7]](#footnote-7) Columbia’s 2021 rate case was resolved by a multi-party settlement that OCC signed.[[8]](#footnote-8) The rate case settlement allowed Columbia to continue the PSP through December 31, 2030.[[9]](#footnote-9) But the PUCO reduced Columbia’s deferral authority for PSP expenses to $10 million annually because $15 million was embedded in distribution base rates as of March 1, 2023.[[10]](#footnote-10)

The PUCO Staff reviewed Columbia’s annual PSP report, conducted interviews with Columbia, and analyzed the calculations contained within the annual PSP report.[[11]](#footnote-11) The PUCO Staff Report concluded that Columbia’s claimed deferral balance exceeds its authority by $3,794,438 ($2,363,678 for January and February of 2023 and $1,430,760 for March through December of 2023).[[12]](#footnote-12) The PUCO Staff recommended reducing the deferral balance, and associated carrying costs (approximately $174,000), accordingly.[[13]](#footnote-13)

For consumer protection, OCC supports the PUCO Staff’s findings and recommendations.

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# ii. Consumer protection comments

The PUCO should adopt its Staff’s recommendations and adjust Columbia’s PSP deferral by $3,968,858 ($3,794,438 plus $174,420 of carry charges). PUCO Staff accurately calculated Columbia’s deferral authority, excess deferral claims, and excess carrying charges.

In Columbia’s 2021 Rate Case, the PUCO found that “the $15 million associated with Columbia’s other PSP programs (Cross Bore Remediation Program, Enhanced Public Awareness Program, and the Training Program) has been embedded in base rates and the deferral for those expenses will cease with the effective date of base rates going into effect in this proceeding.”[[14]](#footnote-14) The PUCO also found that Columbia may continue to defer “up to $10 million per year in Columbia’s Commission-approved Pipeline Safety Program (PSP) Deferral, as approved in Case No. 14-1615-GA-AAM, through December 31, 2030.”[[15]](#footnote-15) The new base rates from the 2021 Rate Case went into effect on March 1, 2023.[[16]](#footnote-16) Therefore, Columbia’s deferral authority for the PSP decreased to $10 million dollars annually, as of March 1, 2023.

The PUCO Staff here cites the PUCO’s Opinion and Order in the 2021 Rate Case regarding reducing Columbia’s deferral authority relating to the PSP, effective March 1, 2023, from $25 million annually to $10 million annually.[[17]](#footnote-17) The PUCO Staff determined, therefore, that to accurately calculate Columbia’s 2023 deferral authority “it is necessary to pro-rate the $25 million and $10 million caps over the period during which they were applicable.”[[18]](#footnote-18)

For the period January 1, 2023 through February 28, 2023, the PUCO Staff recommends that the deferral should be a prorated amount based upon the $25 million for certain aspects of the PSP, or $4,166,667 ($25 million divided by 12 months equals $2,083,333 per month times 2 months).[[19]](#footnote-19) For the period of March 1, 2023 through December 31, 2023, the PUCO Staff recommends that the deferral should be a prorated amount based upon the $10 million for other aspects of the PSP, or $8,333,333 ($10 million divided by 12 months equals $833,333 per month times 10 months).[[20]](#footnote-20) Based on these calculations, as the PUCO Staff describes, Columbia’s claimed deferral balance exceeds their authority by $3,794,438 ($2,363,678 for January and February of 2023 and $1,430,760 for March through December of 2023). The PUCO Staff recommended reducing the deferral balance accordingly, plus $174,420 in carrying costs associated with the excess deferral balance.[[21]](#footnote-21)

Adopting the PUCO Staff’s recommendations is consistent and required by the PUCO’s decision approving the 2021 Rate Case Settlement. The Rate Case Settlement as approved by the PUCO provides that Columbia’s deferral authority will be reduced by $15 million annually, at the time the new base rates go into effect, based upon most of the PSP program expenses being embedded in the new rates.[[22]](#footnote-22) Both OCC and the PUCO Staff were signatory parties to the Joint Stipulation and Recommendation in Columbia’s 2021 Rate Case.[[23]](#footnote-23) The specific language the parties agreed to is:

The Signatory Parties agree that Columbia may continue to defer, after the Opinion and Order in this proceeding, up to $10 million per year in Columbia’s Commission-approved Pipeline Safety Program Deferral, approved in Case No. 14-1615-GA-AAM, through December 31, 2030, to complete the remediation of Columbia’s GPS data currently being gathered in its service area. The deferral would accrue carrying charges at three percent through December 31, 2023, as ordered in Case No. 16-552-GA-AAM. Effective January 1, 2024, through December 31, 2030, the carrying charges shall accrue at the Company’s then-current overall long-term debt rate. The Signatory Parties agree that the $15 million associated with Columbia’s other PSP Programs (Cross Bore Remediation Program, Enhanced Public Awareness Program, and the Training Program) has been embedded in base rates and the deferral for these expenses will cease with the effective date of base rates going into effect in this proceeding.

Columbia agreed as part of the settlement to immediately cease deferral of all program expenses relating to certain parts of the PSP on March 1, 2023 (the effective date of the new base rates). Likewise, Columbia agreed to reduce its remaining deferral authority to $10 million as of the issuance of the PUCO’s decision in the 2021 Rate Case (January 23, 2023). The PUCO Staff’s calculations are accurate and reflect the Rate Case Settlement. Departing from the PUCO Staff’s position would undermine the settlement process and the PUCO orders adopting them, calling into question the finality and reliability of settlements. This could lead to parties simply being unwilling to settle.

# III. CONCLUSION

For consumer protection, the PUCO should adopt its Staff’s recommendations to adjust Columbia’s PSP deferral by $3,968,858.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of these Comments has been served electronically upon those persons listed below this 30th day of September 2024.

*s/ William J. Michael*

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Assistant Consumers’ Counsel

**SERVICE LIST**

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1. Staff’s Review and Recommendation (Aug. 29, 2024) at 2-3 [↑](#footnote-ref-1)
2. *See id.* [↑](#footnote-ref-2)
3. *Ohio Consumers’ Counsel v. PUC*, 111 Ohio St. 3d 384, 392 (2006). [↑](#footnote-ref-3)
4. *See* *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Change Accounting Methods*, Case No. 14-1615-GA-AAM, Finding and Order (Dec. 17, 2014) (“Order”). [↑](#footnote-ref-4)
5. *See* *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Change Accounting Methods Associated with its Pipeline Safety Program*, Case No. 16-552-GA-AAM, Opinion and Order (Aug. 26, 2016). [↑](#footnote-ref-5)
6. *See* Annual Report of Columbia Gas of Ohio, Inc. (May 30, 2024). [↑](#footnote-ref-6)
7. *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Services and Related Matters*, Case No 21-673-GA-AIR (the 2021 Rate Case), Application for Authority to Increase Rates for Approval of an Alternative Rate Plan, for Approval of a Demand Side Management Program, and for Approval to Change Accounting Methods (June 30, 3021). [↑](#footnote-ref-7)
8. *See* Case No 21-673-GA-AIR, Joint Stipulation and Recommendation (Oct. 31, 2022). [↑](#footnote-ref-8)
9. *See* Case No 21-673-GA-AIR, Opinion and Order (Jan. 26, 2023). [↑](#footnote-ref-9)
10. *Id*. at ¶ 90. [↑](#footnote-ref-10)
11. Staff’s Review and Recommendation (Aug. 29, 2024) at p. 2. [↑](#footnote-ref-11)
12. *See id.* at 2-3. [↑](#footnote-ref-12)
13. *Id.* [↑](#footnote-ref-13)
14. *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Services and Related Matters*, Case No 21-673-GA-AIR, Opinion and Order (Jan. 26, 2023) (“2021 Rate Case Order”) at ¶ 90. [↑](#footnote-ref-14)
15. *Id*. [↑](#footnote-ref-15)
16. Annual Report of Columbia Gas of Ohio, Inc. (May 30, 2024) at ¶ 5. [↑](#footnote-ref-16)
17. Staff’s Review and Recommendation (Aug. 29, 2024) at p. 1. [↑](#footnote-ref-17)
18. *Id*. at p. 2. [↑](#footnote-ref-18)
19. *Id*. [↑](#footnote-ref-19)
20. *Id*. [↑](#footnote-ref-20)
21. *Id.* at 2-3. [↑](#footnote-ref-21)
22. Case No 21-673-GA-AIR, Joint Stipulation and Recommendation (Oct. 31, 2022) at pp.10-11 and Opinion and Order (Jan. 26, 2023) at ¶ 90. [↑](#footnote-ref-22)
23. Case No 21-673-GA-AIR, Joint Stipulation and Recommendation (Oct. 31, 2022) at p.24. [↑](#footnote-ref-23)