

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The East)
Ohio Gas Company d/b/a Dominion East)
Ohio to Adjust Its Pipeline Infrastructure) Case No. 15-1987-GA-RDR
Replacement Program Cost Recovery)
Charge and Related Matters.)

FINDING AND ORDER

The Commission finds:

- (1) The East Ohio Gas Company d/b/a Dominion East Ohio (DEO or Company) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4929.11 provides that the Commission may allow any automatic adjustment mechanism or device in a natural gas company's rate schedules that allows a natural gas company's rates or charges for a regulated service or goods to fluctuate automatically in accordance with changes in a specified cost or costs.
- (3) On October 15, 2008, in Case No. 07-829-GA-AIR, et al., the Commission approved a stipulation filed by DEO and the other parties, which, inter alia, adopted, with some modifications, Staff's recommendations set forth in the Staff Report filed on May 23, 2008. The Staff Report set forth procedures to be followed for the annual updates to DEO's pipeline infrastructure replacement (PIR) program cost recovery charge (Rider PIR). Specifically, the process provided that DEO would file an annual application supporting an initial charge and subsequent adjustments to Rider PIR. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al., Opinion and Order (Oct. 15, 2008).
- (4) On August 3, 2011, the Commission approved a stipulation that modified DEO's PIR program. As part of the modified program, DEO would transition its Rider PIR filings from a fiscal-year basis to a calendar-year basis. Under this new process, DEO is to submit a prefiling notice by November 30 each year, and an updated filing with actual data by February 28, with the goal of the revised Rider PIR charge becoming

effective as of the first billing cycle in May of each year. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 11-2401-GA-ALT (2011 PIR Case), Opinion and Order (Aug. 3, 2011).

- (5) The current Rider PIR charge is: \$6.70 per month for General Sales Service (GSS) and Energy Choice Transportation Service (ECTS) customers; \$46.56 per month for Large Volume General Sales Service (LVGSS) and Large Volume Energy Choice Transportation Service (LVECTS) customers; \$212.94 per month for General Transportation Service (GTS) and Transportation Service for Schools (TSS) customers; and \$0.0497 per thousand cubic feet (Mcf) for Daily Transportation Service (DTS) customers, capped at \$1,000.00 per month. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 14-2134-GA-RDR, Finding and Order (Apr. 22, 2015).
- (6) In accordance with the procedure approved by the Commission in the 2011 PIR Case, DEO filed a prefiling notice in the current proceeding on November 30, 2015. On February 29, 2016, DEO filed an application requesting an adjustment to its current Rider PIR for costs incurred between January 1, 2015, and December 31, 2015. Along with its application, DEO also filed the direct testimony of Vicki H. Friscic and Schedules 1 through 16A in support of its application.
- (7) In its February 29, 2016 application, DEO requests that the Commission approve an adjustment to Rider PIR reflecting costs associated with capital investments made during the period January 1, 2015, through December 31, 2015. As reflected in Schedule 1 of the application, DEO submits that the total annual revenue requirement for Rider PIR would be \$131,226,679.71. Further, as proposed in DEO's application, Rider PIR would be increased as follows:

Rate Class	Current Rates	Proposed Rates	Proposed Increase
GSS/ECTS	\$6.70 per month	\$8.12 per month	\$1.42 per month
LVGSS/LVECTS	\$46.56 per month	\$53.49 per month	\$6.93 per month
GTS/TSS	\$212.94 per month	\$253.28 per month	\$40.34 per month
DTS	\$0.0497 per Mcf	\$0.0564 per Mcf	\$0.0067 per Mcf

- (8) In her testimony, Ms. Friscic states that DEO's customers are realizing several benefits from the PIR program including:

enhanced service reliability and safety well into the future resulting from the replacement of aging infrastructure; reduced operations and maintenance (O&M) costs that have occurred to date and will continue to occur over time resulting from a lower leak repair rate as compared to the O&M costs that would have been incurred if DEO had not accelerated the replacement of its pipelines; and lower service line costs because DEO now installs and maintains the curb-to-meter service lines that were previously the responsibility of customers. Ms. Friscic provides an overview of the process for adjusting Rider PIR and an explanation for how the calculations were determined in the accompanying schedules, necessitating a total annualized revenue requirement of \$131,226,679.71. Ms. Friscic asserts that Rider PIR allows DEO to continue to provide safe and reliable service through the replacement of dated infrastructure in an accelerated manner. (DEO App., Att. C at 2-14.)

- (9) By Entry issued March 7, 2016, the attorney examiner required that Staff and intervenor comments on the application be filed by March 25, 2016, and that DEO file, by March 31, 2016, a statement informing the Commission whether all issues raised in the comments had been resolved.
- (10) Staff filed comments on DEO's application on March 25, 2016. No other comments were filed.
- (11) In its comments, Staff states that it reviewed and analyzed all of the documentation filed by DEO and traced it to supporting work papers and to source data. As part of its review, Staff issued data requests, conducted investigative interviews, and performed independent analyses when necessary. In addition, Staff issued data requests, conducted investigative interviews, and performed independent analyses when necessary. (Staff Comments at 5.)
- (12) Based on its investigation, Staff recommends that the Commission direct DEO to file revised schedules to its application in order to remove the proposed adjustments for plant retirements that should have been recorded in 2013 and 2014, and to implement the resulting Rider PIR rates accordingly (Staff Comments at 6).

- (13) Staff states that, consistent with prior Commission rulings, it historically has not supported adjustments to pending rider applications in order to reflect out-of-period adjustments. In Staff's opinion, rider rates set in prior proceedings were subject to audit during those proceedings and specifically approved by the Commission. Staff states that it recalculated DEO's proposed Rider PIR rates with the proposed adjustments removed and determined that there should be decreases in two Rider PIR rates - two cents in the LVGSS/LVECTS rate and six cents in the GTS/TSS rate. As a result, Staff states that DEO's revised revenue requirement will be \$131,239,387.54 and that the adjusted Rider PIR rates will be: \$8.12 per month for GSS and ECTS customers (no change); \$53.47 per month for LVGSS and LVECTS customers (\$0.02 per month difference); \$253.22 per month for GTS and TSS customers (\$0.06 per month difference); and \$0.0564 per Mcf for DTS customers (no change). Staff states that it has no other objections to DEO's application. Consequently, subject to the adoption of the modifications described above, Staff recommends that the Commission approve DEO's application. (Staff Comments at 6-7.)
- (14) On March 29, 2016, DEO filed a statement indicating that the Company does not necessarily agree with the adjustments proposed by Staff in this case, but is not opposing them. DEO also explains that, because there are no issues to be resolved with the application, a hearing in this case is unnecessary. Therefore, DEO requests that the Commission approve its February 29, 2016 application, subject to the modifications recommended by Staff.
- (15) Upon consideration of the application and the comments filed by Staff, the Commission finds that DEO's application to adjust its Rider PIR is reasonable and should be approved, as modified by Staff's comments. DEO should, therefore, file revised schedules, consistent with Staff's recommendation.

It is, therefore,

ORDERED, That, subject to Staff's modifications set forth in this Finding and Order, DEO's application to adjust Rider PIR is approved. It is, further,

ORDERED, That DEO is authorized to file tariffs, in final form, consistent with this Finding and Order. DEO shall file one copy in this case docket and one copy in its TRF docket. It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

ORDERED, That DEO notify its customers of the changes to the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division at least 10 days prior to its distribution to customers. It is, further,

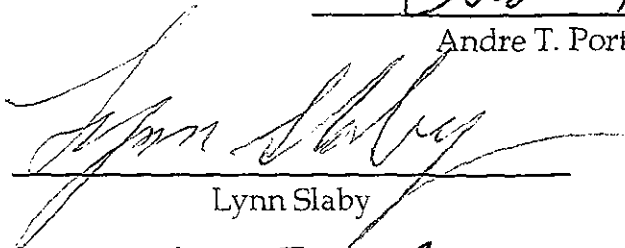
ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon each party of record.

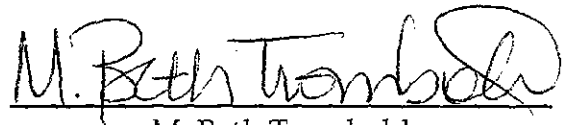
THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman



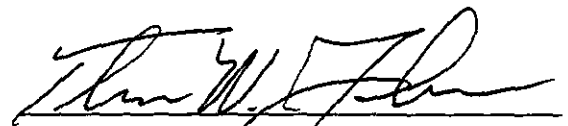
Lynn Slaby



M. Beth Trombold



Asim Z. Haque

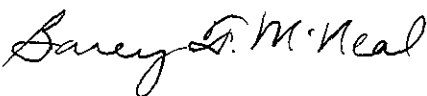


Thomas W. Johnson

KKS/vrm/dah

Entered in the Journal

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Barcy F. McNeal
Secretary