



Public Utilities Commission

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FILE

September 29, 2017

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

2017 SEP 29 PM 1:05
PUCO

RE: *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an
Economic Development Project: Nucor Steel Marion Project, Case No. 17-1906-GA-EDP*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation regarding the economic development project application made by Columbia Gas of Ohio, Inc., Case No. 17-1906-GA-EDP.

Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio

David Liphtratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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Columbia Gas of Ohio, Inc.
Case No. 17-1906-GA-EDP

BACKGROUND:

On September 1, 2017, in Case No. 17-1906-GA-EDP, the Columbia Gas of Ohio, Inc. (Company) filed an application for approval of an economic development project entitled the Nucor Steel Marion Project (Project). On By Finding and Order (Order) dated June 1, 2016, in Case No. 15-871-GA-ORD, the Public Utilities Commission of Ohio (Commission) adopted rules in Ohio Adm. Code 4901:1-43 concerning the recovery of infrastructure development costs for natural gas company infrastructure development to implement R.C. 4929.16 - 4929.167. These rules allow natural gas companies to file applications for an infrastructure development rider (IDR) to recover costs of certain economic development projects.

The rules require a natural gas company that seeks recovery of economic development project costs to first file an application for an infrastructure development rider. The rules then require natural gas companies to file a notice with the Commission, prior to beginning construction, for approval of an economic development project. The notice must contain: (1) the name and location of the project; (2) a background of the subject company of the economic development project; (3) the level of total investment and capital expenditure by the subject company and the economic development impact (including estimated state and local taxable base increase, anticipated number of new jobs created and retained by the project, and a description of the community served and the benefits to that community); (4) a description of the potential locations that may compete with the proposed location (to the maximum extend practicable), and (5) the level of infrastructure investment anticipated by the natural gas company. The level of infrastructure investment must also include a description of how the infrastructure development costs are projected to generate a return less than the most recently authorized rate of return and a description of how the utility will not exceed a two dollar cap on an annual basis.

On March 31, 2017, Governor John Kasich signed into law Substitute House Bill 26 that, among other things, amended the rate limitation to a \$1.50 cap per month. On September 5, 2017, the Commission, through attorney examiner entry, opened Case 17-1905-GA-ORD *In the Matter of the Amendment of the Rules in Ohio Adm. Code Chapter 4901:1-43 Regarding Recovery of Infrastructure Development Costs* to revise the existing rules.

SUMMARY OF APPLICATION:

As stated, the Company filed an application for approval of an economic development project entitled the Nucor Steel Marion Project (Project). Simultaneously, the Company filed an application for a limited waiver of Ohio Adm. Code 4901:1-43-03(A)(3)(a), which requires a natural gas company to disclose in economic project applications the estimated state and local taxable base increases associated with proposed projects. Columbia maintained that such tax information is not available to it; therefore, it cannot provide the required disclosures. Also on September 1, 2017, Columbia filed a motion for protective order seeking to protect from disclosure required capital investment information, including specific capital contributions. On September 11, 2017, Columbia met with Staff to review certain confidential information related to how the proposed Nucor Steel Marion Project development costs are projected to generate a return less than the most recently authorized rate of return, pursuant to Ohio Adm. Code 4901:1-43-03(E)(1).

STAFF'S REVIEW AND RECOMMENDATIONS:

In accordance with R.C. 4929.163(A), notices of economic development projects shall be deemed automatically approved on the thirtieth day after the date of the notice filing unless the notice filing is

suspended by the Commission for good cause shown. Staff has reviewed Columbia's application in this case and met with the Company regarding how the proposed project development costs are projected to generate a return less than the most recently authorized rate of return. Staff also confirmed that the new rate will not exceed the amended \$1.50 per month rate limitation. Based on this review and the Commission's approval of Columbia's motion for limited waiver of Ohio Adm. Code 4901:1-43-03(A)(3)(a), in Staff's opinion, Columbia's application is consistent with the Commission's rules governing approval of infrastructure development projects. Therefore, Staff recommends that the Commission approve Columbia's application in this case by operation of the thirty-day automatic approval process established by R.C. 4929.163(A).