THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF SUBURBAN NATURAL GAS COMPANY FOR AN ADJUSTMENT TO ITS INFRASTRUCTURE REPLACEMENT PROGRAM RIDER.

CASE NO. 17-1371-GA-RDR

FINDING AND ORDER

Entered in the Journal on November 1, 2017

I. SUMMARY

{¶ 1} The Commission approves the application of Suburban Natural Gas Company to increase its infrastructure replacement program rider.

II. DISCUSSION

{¶ 2} Suburban Natural Gas Company (Suburban or Company) is a natural gas company as defined by R.C. 4905.03 and a public utility as defined by R.C. 4905.02, and, as such, is subject to the jurisdiction of the Commission.

{¶ 3} On March 19, 2008, the Commission authorized Suburban, among other things, to establish an infrastructure replacement program (IRP) rider at a zero-dollar level. *In re Suburban Natural Gas Co.*, Case No. 07-689-GA-AIR (*2007 Rate Case*), Opinion and Order (Mar. 19, 2008).

{¶ 4} On September 15, 2009, the Commission approved Suburban's IRP. *In re Suburban Natural Gas Co.*, Case No. 09-573-GA-UNC (*2009 IRP Case*), Finding and Order (Sept. 15, 2009). Suburban's IRP provides for the accelerated replacement of aging pipelines and timely replacement of prone-to-fail risers, as well as Suburban's assumption of responsibilities associated with the installation, repair, and maintenance of customer service lines. The Commission directed that Suburban complete replacement of all prone-to-fail risers within four years of the date of the Finding and Order. Pursuant to the approved IRP, Suburban must submit an application to recover the costs associated with the IRP by August 31 of each year. In addition, Suburban must file a prefiling notice by May 31 of each year.

In accordance with the procedure approved by the Commission in the *2009 IRP Case*, Suburban filed its prefiling notice in the current proceeding on May 31, 2017.

{¶ 5} In Case No. 15-1048-GA-RDR, the Commission approved a Stipulation and Recommendation (Stipulation) between Staff and Suburban. *In re Suburban Natural Gas Co.*, Case No. 15-1048-GA-RDR (*2015 IRP Case*), Opinion and Order (Oct. 28, 2015). The Stipulation provides that, because Suburban has completed the IRP for replacement of prone-to-fail risers and no additional costs associated with the program remained to be added to the IRP rider, any subsequent repair or replacement of customer service lines will not be subject to recovery through the IRP rider. The Stipulation further provides that the IRP rider will continue through October 31, 2020, for the collection of the remaining balance of the 50 percent portion of the capital investment by the Company associated with the previously completed riser replacement and replacement of leaking customer service lines, which was excluded from plant accounts and subject to accelerated recovery, including the cost of debt, and will be amortized over four years. Additionally, the Stipulation provides that Suburban will use the IRP rider to collect revenues associated with the expense incurred for the 50 percent portion of the capital investment, including a return at the rate approved in the *2007 Rate Case*, associated with previously completed replacement of prone-to-fail risers and leaking customer service lines, which was included in the appropriate plant accounts and not eligible for accelerated recovery. *2015 IRP Case* at 5-6.

{¶ 6} Suburban's current IRP rider rate, which is $0.07 per month per customer, was approved in *In re Suburban Natural Gas Co.*, Case No. 16-1212-GA-RDR, Finding and Order (Oct. 26, 2016).

{¶ 7} On August 29, 2017, in the above-captioned case, Suburban filed its application to adjust its IRP rider. In its application, Suburban proposes to increase its IRP rider rate from $0.07 per month per customer to $0.11 per month per customer. In support of its application, Suburban filed three schedules, tariff sheets, and the testimony of its outside consultant, Nichole M. Clement. The three schedules detail the costs associated with

the IRP for the period July 2016 to June 2017. Schedule A-1 provides the combined effect of the replacement of service lines and risers, Schedule A-2 details the cost-of-debt calculation, and Schedule A-3 provides the rate of return. The proposed increase in the IRP rider may be summarized as follows:

Current Rate	Proposed Rate	Amount of Increase
$0.07 per month	$0.11 per month	$0.04 per month

{¶ 8} On September 14, 2017, the attorney examiner issued an Entry establishing a procedural schedule, which included deadlines for the filing of motions to intervene and for the filing of comments on Suburban's application. The Entry scheduled the hearing for October 17, 2017, in the event that all of the issues raised in the comments were not resolved. The Entry also directed Suburban to file a statement by October 2, 2017, informing the Commission whether the issues raised in any comments have been resolved.

{¶ 9} No motions to intervene or comments from interested stakeholders were filed in response to the Entry.

{¶ 10} On September 25, 2017, Staff filed its comments and recommendations. In its comments, Staff reports its review of Suburban's application and supporting documents. Staff reviewed Suburban's 50-50 split of costs, including the cost of debt, and overall rate of return used and any tax inclusions. Staff believes that Suburban properly excluded gross receipts tax and applied the correct cost of debt and rate of return to the costs of replacing prone-to-fail risers and the repair and replacement of customer service lines. No expenses were included for testing service lines because those expenses are already recovered through base rates. Staff confirmed that Suburban properly applied the 45-year depreciation life provided for in the Commission-approved IRP.

{¶ 11} After reviewing Suburban's application and supporting documents, Staff concluded that Suburban included the appropriate costs and cost estimates for recovery through its IRP rider and that it provided reliable data to support the proposal. As a result, Staff believes that Suburban's application will result in a just and reasonable IRP rider rate of $0.11 per month per customer.

{¶ 12} On September 29, 2017, Suburban filed a statement notifying the Commission that there are no issues raised by Staff's recommendations, thus obviating the need for a hearing.

{¶ 13} After reviewing the application, the applicable terms of the Stipulation approved in the *2015 IRP Case*, and Staff's comments and recommendations, the Commission finds that Suburban's application to increase its IRP rider from $0.07 per month per customer to $0.11 per month per customer is reasonable and in the public interest. Consequently, the application should be approved.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That Suburban's application to increase its IRP rider from $0.07 per month per customer to $0.11 per month per customer be approved. It is, further,

{¶ 16} ORDERED, That Suburban be authorized to file tariffs, in final form, consistent with this Finding and Order. Suburban shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 17} 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,

{¶ 18} 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,

{¶ 19} ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Asim Z. Haque, Chairman

M. Beth Trombold

Thomas W. Johnson

Lawrence K. Friedeman

Daniel R. Conway

LDJ/vrm

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Barcy F. McNeal
Secretary