

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION
OF COLUMBIA GAS OF OHIO, INC. FOR
APPROVAL OF AN ALTERNATIVE FORM
OF REGULATION TO ESTABLISH A
CAPITAL EXPENDITURE PROGRAM
RIDER MECHANISM.

CASE NO. 17-2202-GA-ALT

ENTRY

Entered in the Journal on May 29, 2018

{¶ 1} Columbia Gas of Ohio, Inc. (Columbia) is a natural gas company and a public utility as defined by R.C. 4905.03 and R.C. 4905.02, respectively. As such, Columbia is subject to the jurisdiction of this Commission.

{¶ 2} Under R.C. 4929.05, a natural gas company may seek approval of an alternative rate plan by filing an application under R.C. 4909.18, regardless of whether the application is for an increase in rates. After an investigation, the Commission shall approve the plan if the natural gas company demonstrates, and the Commission finds, that the company is in compliance with R.C. 4905.35, is in substantial compliance with the policy of the state as set forth in R.C. 4929.02, and is expected to continue to be in substantial compliance with that state policy after implementation of the alternative rate plan. The Commission must also find that the alternative rate plan is just and reasonable.

{¶ 3} Pursuant to R.C. 4929.111, a natural gas company may file an application under R.C. 4909.18, 4929.05, or 4929.11 to implement a capital expenditure program (CEP) for any of the following: any infrastructure expansion, infrastructure improvement, or infrastructure replacement program; program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. In approving the application, the Commission shall authorize the natural gas company to defer or recover both of the following: a regulatory asset for post-in-service carrying costs (PISCC) on the portion of the assets of the CEP that are placed in

service but not reflected in rates as plant in service; and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates. A natural gas company shall not request recovery of the PISCC, depreciation, or property tax expense under R.C. 4929.05 or R.C. 4929.11 more than once each calendar year.

{¶ 4} In Case No. 11-5351-GA-UNC, et al., the Commission modified and approved Columbia's application to implement a CEP for the period of October 1, 2011, through December 31, 2012, pursuant to R.C. 4909.18 and 4929.111. The Commission also approved Columbia's request to modify its accounting procedures to provide for the capitalization of PISCC on assets of the CEP placed into service but not reflected in rates as plant in service, as well as deferral of depreciation expense and property taxes directly attributable to those assets of the CEP that are placed into service but not reflected in rates as plant in service. Further, the Commission noted that the prudence and reasonableness of Columbia's CEP-related regulatory assets and associated capital spending would be considered in any future proceedings seeking cost recovery, at which time Columbia would be expected to provide detailed information regarding the expenditures for Commission review. *In re Columbia Gas of Ohio, Inc.*, Case No. 11-5351-GA-UNC, et al., Finding and Order (Aug. 29, 2012), Entry on Rehearing (Oct. 24, 2012) (*CEP Order*).

{¶ 5} In Case No. 12-3221-GA-UNC, et al., the Commission modified and approved Columbia's application to continue its CEP, including deferral of the related PISCC, depreciation expense, and property tax expense, in 2013 and succeeding years until such point as the deferral cap established in the *CEP Order* was reached.¹ *In re Columbia Gas of Ohio, Inc.*, Case No. 12-3221-GA-UNC, et al., Finding and Order (Oct. 9, 2013).

¹ The deferral cap is the point at which the accrued deferrals, if included in rates, would cause the rates charged to the Small General Service (SGS) class of customers to increase more than \$1.50 per month.

{¶ 6} On December 1, 2017, Columbia filed an alternative rate plan application, along with supporting exhibits and testimony, pursuant to R.C. 4929.05, 4929.051(A), 4929.11, and 4929.111. The application seeks to establish a new rider mechanism to recover CEP costs (CEP Rider). Specifically, Columbia states that the purpose of the proposed CEP Rider is to recover the PISCC, incremental depreciation expense, and property tax expense deferred under the CEP, as well as the corresponding assets to which these expenses are directly attributable.

{¶ 7} On March 19, 2018, Staff filed a letter notifying Columbia that, upon careful consideration, Staff determined that Columbia's application is for an increase in rates and, as such, additional information must be filed unless waived. The letter further informed Columbia that it may contest Staff's determination, withdraw its application, or amend its application.

{¶ 8} On March 21, 2018, Columbia notified Staff of its intent to amend its alternative rate plan application to be filed under R.C. 4929.111 and 4929.05 and to include the schedules set forth in R.C. 4909.18(A) through (D) and certain schedules required by the Commission's Standard Filing Requirements in Ohio Adm.Code 4901-7-01.

{¶ 9} On April 2, 2018, as supplemented on April 16, 2018, Columbia filed its amended application for an alternative rate plan to establish a CEP Rider along with amended testimony pursuant to R.C. 4929.111, 4929.05, and 4909.18. Simultaneously, Columbia filed a combined motion for waivers and notice of test year and date certain. On May 3, 2018, Staff filed its review and recommendation regarding Columbia's motion for waivers. By Entry issued May 16, 2018, the Commission granted Columbia's motion for waivers subject to Staff's recommendation that Columbia must respond to any formal information requests from Staff within five business days, even if the information request was the subject of a waiver.

{¶ 10} On May 17, 2018, Staff filed a letter stating that Columbia's amended application is in compliance with Ohio Adm.Code 4901:1-19-06. Accordingly, the application shall be deemed to have been filed as of April 2, 2018.

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That Columbia's application be deemed to have been filed as of April 2, 2018. It is, further,

{¶ 13} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/Patricia Schabo

By: Patricia A. Schabo
Attorney Examiner

JRJ/sc

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Case No(s). 17-2202-GA-ALT

Summary: Attorney Examiner Entry deems Columbia's application filed as of 04/02/2018 - electronically filed by Sandra Coffey on behalf of Patricia Schabo, Attorney Examiner, Public Utilities Commission of Ohio