

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
EASTERN NATURAL GAS COMPANY FOR
APPROVAL OF AN ALTERNATIVE RATE PLAN
PROPOSING A REVENUE DECOUPLING
MECHANISM.

CASE NO. 08-940-GA-ALT

IN THE MATTER OF THE APPLICATION OF
PIKE NATURAL GAS COMPANY FOR
APPROVAL OF AN ALTERNATIVE RATE PLAN
PROPOSING A REVENUE DECOUPLING
MECHANISM.

CASE NO. 08-941-GA-ALT

ENTRY

Entered in the Journal on August 1, 2018

I. SUMMARY

{¶ 1} The Commission directs Eastern Natural Gas Company to refund its accrued demand-side management revenues and to file a plan to equitably and efficiently refund the revenues to customers. In regard to the demand-side management program of Pike Natural Gas Company, the Commission reinstates a procedural schedule for the filing of comments and reply comments.

II. DISCUSSION

{¶ 2} Eastern Natural Gas Company (Eastern) and Pike Natural Gas Company (Pike) (jointly, Companies) are natural gas companies, as defined in R.C. 4905.03, and public utilities, as defined in R.C. 4905.02, and, as such, are subject to the jurisdiction of this Commission.

{¶ 3} On June 16, 2010, the Commission modified and approved the Companies' amended applications, pursuant to R.C. 4929.05, 4929.051, and 4909.18, to advance their respective rates toward a straight-fixed variable rate design and to implement an alternative rate plan to include revenue decoupling mechanisms with the adoption of

demand-side management (DSM) programs and associated DSM riders, pursuant to a joint stipulation and recommendation (Stipulation). Pursuant to the Commission-approved Stipulation, the DSM rider rates for Eastern and Pike were designed to collect approximately \$80,000 annually from ratepayers, with an additional \$10,000 annually to be provided by shareholders. The DSM rider rate for Eastern residential and commercial customers is \$1.03 per bill and the rider rate for Pike residential and commercial customers is \$0.95 per bill. The DSM programs fund weatherization and related home improvement repairs for the Companies' highest demand, low-income Percentage of Income Payment Plan customers. *In re Eastern Natural Gas Co. and Pike Natural Gas Co.*, Case No. 08-940-GA-ALT, et al., Opinion and Order (June 16, 2010).

{¶ 4} On May 31, 2017, the Companies filed a motion to suspend the collection of their respective DSM riders, reasoning that, over the last several years, expenditures for the weatherization programs have not kept pace with the revenues collected by the Companies through the DSM riders.

{¶ 5} By Entry issued July 26, 2017, the Commission granted the Companies' motion to suspend collection of the DSM riders but directed that Eastern and Pike continue to provide DSM weatherization programs, until the Commission specifically orders otherwise. Further, the Entry directed the Companies, along with the remaining parties to the proceedings, Ohio Partners for Affordable Energy and Staff, to discuss and evaluate the DSM programs and established a procedural schedule for the filing of comments and reply comments to assist the Commission with its review of the Companies' DSM programs. Pursuant to the July 26, 2017 Entry, comments were due September 15, 2017, and reply comments were due September 29, 2017.

{¶ 6} On September 14, 2017, the Companies filed a motion to indefinitely suspend the procedural schedule and committed to continuing to work with the parties

to reach a consensus on a proposal for the DSM programs and to inform the Commission of the status of the negotiations.

{¶ 7} By Entry issued September 15, 2017, the Companies' motion to indefinitely suspend the procedural schedule was granted and the parties were directed to notify the attorney examiner if they reached a consensus recommendation or an impasse and, otherwise, to inform the attorney examiner of their progress on December 1, 2017, and on the first of every month, or the subsequent business day, thereafter.

{¶ 8} According to the sporadic status updates filed by the Companies on December 8, 2017, April 17, 2018, May 8, 2018, and June 1, 2018, the parties have exchanged proposals. Nonetheless, the Companies have repeatedly advised the Commission that "negotiations may not be completed until some time in 2018."

{¶ 9} On March 1, 2018, in Case No. 18-369-GA-ATR, Eastern filed a joint application with the Village Energy Cooperative Association, Inc. (VECA) to transfer the assets and customers of Eastern to VECA. As represented in the application, VECA is a member-owned, not-for-profit cooperative engaged in the business of supplying natural gas to its members within the state of Ohio and is operated exclusively for its members. According to the application, pursuant to R.C. 4905.02 and 4905.04, the Commission does not have jurisdiction over VECA.

{¶ 10} The Commission notes that more than a year has passed since the Commission granted the Companies' request to suspend collection of the DSM riders. We also note that purportedly the parties have been engaged for more than nine months in negotiations to develop a consensus DSM program proposal, to no avail, while Eastern continues to hold DSM funds. In light of the lack of progress to develop a consensus proposal and Eastern's application to transfer its assets and customers to an entity over which the Commission purportedly does not have jurisdiction, the Commission directs

Eastern to refund to residential and commercial ratepayers, in the form of a bill credit, all accrued DSM revenues, subject to an audit and reconciliation.

{¶ 11} Eastern shall file with the Commission, within 15 days after the issuance of this Entry, a plan, for the Commission's consideration and approval, to equitably and efficiently refund the DSM funds accrued. Staff shall conduct a final audit of Eastern's DSM rider and DSM program for accuracy, prudence, and reconciliation.

{¶ 12} In regard to Pike, the Commission finds it necessary to reinstitute a procedural schedule to assist the Commission with its review of Pike's DSM program and consideration of alternatives, including, but not limited to, discontinuance of the DSM program, or initiation of other energy efficiency or conservation programs. Accordingly, the following procedural schedule shall be established:

- (a) Comments shall be filed by August 22, 2018.
- (b) Reply comments shall be filed by September 5, 2018.

{¶ 13} After reviewing the comments and reply comments, the Commission will determine the course of action to be taken.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That Eastern is directed to refund the DSM revenues collected and, to that end, Eastern shall file a plan to equitably and efficiently refund the DSM rider revenues. It is, further,

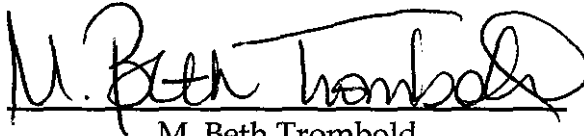
{¶ 16} ORDERED, That, as to Pike's DSM program, the parties comply with the procedural schedule as set forth in Paragraph 12. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO



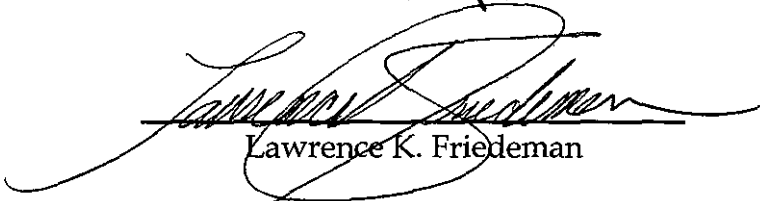
Asim Z. Haque, Chairman



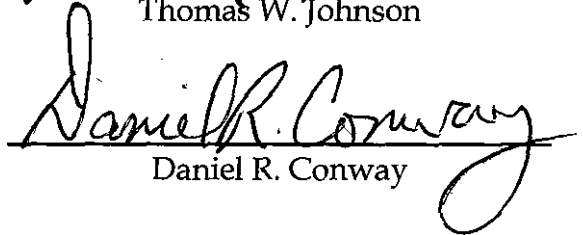
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