

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Columbia Gas of Ohio, Inc. for Approval of	)	Case No. 17-2202-GA-ALT
an Alternative Form of Regulation.	)	

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**OHIO PARTNERS FOR AFFORDABLE ENERGY’S  
OBJECTIONS**

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**I. Introduction**

Ohio Partners for Affordable Energy (“OPAE”) hereby respectfully submits to the Public Utilities Commission of Ohio (“Commission”) these objections to the above-captioned Amended Application (“Application”) of Columbia Gas of Ohio, Inc. (“Columbia”) and to the Staff Report of Investigation (“Staff Report”) conducted in response to the Amended Application and the Prudence Audit of Blue Ridge Consulting Services, Inc. These objections are filed in conformance with Ohio Administrative Rule 4901:1-19-07(F) and the September 19, 2018 Entry issued after the Staff Report was filed on September 14, 2018.

Columbia’s alternative rate plan requests the establishment of a Capital Expenditure Program Rider (“CEP Rider”). Columbia’s purpose in requesting the CEP Rider is to recover post-in-service carrying costs, incremental depreciation expense, and property tax expense currently deferred pursuant to Columbia’s Capital Expenditure Program (“CEP”). Columbia also seeks to recover through the CEP Rider the corresponding CEP assets to which the CEP expenses are directly attributable.

## **II. Objections to the Application**

1. OPAE objects that Columbia's last base rate case, Case Nos. 08-72-GA-AIR, et al., Opinion and Order, December 3, 2008, upon which many assumptions in the alternative regulation plan are based, was decided nearly ten years ago. Therefore, the basis for the plan is outdated in many respects. In its Application, Columbia recognizes changes have taken place since the decision in its last base rate case such as a decrease in commodity prices, which has decreased total customer bills and created an optimal time for recovery of Columbia's capital investments. Testimony of Melissa Thompson at 6. Other changes since 2008 that are relevant to the Application are not discussed.
2. OPAE objects that the Application contends that the rate plan will not result in any cross-subsidization of services because each of the revenue requirements is allocated by customer rate class based on the cost incurrence reported in the Class Cost of Service Study approved by the Commission in Case Nos. 08-72-GA-AIR, et al. Columbia claims that the use of the same factors better ensures the mitigation of potential cross-subsidization through assignment of the individual revenue requirement to customers on those bases previously determined appropriate by the Commission in the 2008 base rate case. Testimony of Melissa Thompson at 7. OPAE objects that Columbia relies on a cost of service study so outdated that the Commission cannot find that the rate plan conforms to the statutory requirements for just and reasonable rates.

3. OPAE objects that Columbia's Application uses its current pre-tax rate of return, which was established in its most recent base rate case, Case Nos. 08-72-GA-AIR, et al. Testimony of Diana M. Beil at 5-6. This is a pre-tax rate of return of 10.95%, which is out-dated in 2018 for several reasons as discussed below.
4. OPAE objects that the pre-tax rate of return of 10.95% does not reflect the 2017 federal income tax reduction. Id. The Staff Report calculated a pre-tax rate of return of 9.52% to account for the effects of the 2017 federal tax reduction. Staff Report at 8. Although Columbia's Application states that Columbia intends to incorporate the recent tax reduction in its Rider CEP rates to be established in this proceeding, the tax decrease has still not been passed back to customers even though it became effective on January 1, 2018.
5. OPAE objects that the return on equity established in Case Nos. 08-72-GA-AIR, et al. was 10.39%. Opinion and Order at 7. A new base rate case is necessary to determine an appropriate return on equity for CEP expenditures to be determined in this case. A return on equity of 10.39% is higher than a return on equity for CEP expenditures that should be allowed today.
6. OPAE objects that the current base rates established in Case Nos. 08-72-GA-AIR, et al., reflect the recovery of depreciation expense that no longer reflects the rate base upon which that depreciation expense was established. The assets which comprised the rate base at date certain in Case Nos. 08-72-GA-AIR, et al., December

31, 2007, are being retired and associated depreciation expense should decline.

7. OPAE objects that reliance on the current base rates established in Case Nos. 08-72-GA-AIR, et al., does not allow the Commission to find that the alternative rate plan complies with the statutory requirements for alternative rate plans or is just and reasonable. It is unjust and unreasonable for the Commission not to require adjustments to update the findings of the last base rate case, or in the alternative, for the Commission not to require that Columbia commit to filing a base rate case in 2020 as a condition of approval of this alternative rate plan.
8. OPAE objects that Columbia's proposed CEP Rider monthly charges from 2019 through 2020 cannot be found just and reasonable in the absence of CEP Rider rate caps that reflect reasonable, prudent, and necessary plant investments.

### **III. Objections to the Staff Report**

1. OPAE objects that the Staff only recommended that the Commission order Columbia to work with the Staff regarding the filing date of the next base rate case application. Staff Report at 9. The Staff should have recommended that Columbia file a base rate case in 2020 with a date certain in 2020.
2. OPAE objects that the Staff recommended that the Commission find Columbia's Application just and reasonable with the adoption of the Staff recommendations without a requirement for Columbia to file a base rate case in 2020 with a date certain in 2020.

3. OP&A objects that the Staff did not make recommendations to accomplish the return to ratepayers of all the tax savings from the 2017 federal corporate tax reduction, including not only the effect on the CEP Rider charges going forward but also the period from January 1, 2018 through the present for the CEP Rider and base distribution rates with carrying charges.
4. OP&A objects that the Staff did not recommended that Columbia provide more detailed information on what investments are projected to be covered in the projected capital budgets for 2018 through 2022.
5. OP&A objects that Staff did not require an annual compliance audit for the Rider CEP and require a review of the need for a project and whether the capital was committed in a prudent manner.

Respectfully submitted,

s/s Colleen Mooney

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## **CERTIFICATE OF SERVICE**

A copy of the foregoing Objections will be served by the Commission's Docketing Division electronically upon the persons who are electronically subscribed to this case on this 15th day of October 2018.

/s/Colleen Mooney  
Colleen L. Mooney

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Summary: Objection to the Application and Staff Report electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy