

**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.)	
)	

**OBJECTIONS TO THE APPLICATION AND STAFF REPORT OF INVESTIGATION
OF INTERSTATE GAS SUPPLY, INC.**

I. INTRODUCTION

On December 1, 2017, Columbia Gas of Ohio, Inc. (“Columbia”) filed an application in the above-captioned proceeding requesting authority to implement a new alternative rate plan to establish a capital expenditure program rider (“CEP Rider”). On April 2, 2018, Columbia amended its application in response to a written notice from Commission Staff (“Staff”) that concluded Columbia’s application sought an increase in rates. The Staff Report of Investigation (“Staff Report”) was filed with the Public Utilities Commission of Ohio (“Commission”) on September 14, 2018, which set forth Staff’s findings regarding the amended Application.

Pursuant to R.C. 4929.05, O.A.C Rule 4901:1-19-07(F), and the Attorney Examiner’s Entry dated September 19, 2018, Interstate Gas Supply Inc. (“IGS” or the “Company”) hereby files its objections to the application and the Staff Report on Columbia’s CEP Rider application, and reserves the right to contest through cross-examination, testimony, or exhibits any newly raised issues, issues raised by any other party, or any position set forth in the Staff Report that changes prior to the close of the record.

II. OBJECTIONS TO THE APPLICATION

IGS asserts the following objections to Columbia's amended CEP Rider application:

A. Columbia's Application Fails to Describe the CEP Investments and Deferral Assets in Enough Detail to Warrant Recovery.

IGS objects to Columbia's CEP Rider application because it unreasonably fails to describe its projected capital expenditures in enough detail to warrant recovery of those costs. Columbia initiated this proceeding, in part, to establish a capital expenditure program rider (CEP Rider) that will allow Columbia to recover four categories of capital investments: Replacement/Public Improvement/Betterment, Growth, Support Services, and Information Technology¹. While Columbia's application describes the facilities it intends to develop and improve in general terms, it falls short of describing the scope of the projects that will benefit from those expenditures with any particularity. The application simply does not contain enough detail to properly evaluate whether Columbia's proposed rate caps are warranted. Since the application does not describe the projects that will benefit from the expenditures with any particularity, it cannot provide IGS or other intervenors with any assurance that Columbia will invest in the infrastructure upgrades necessary to promote the CHOICE market; therefore, IGS objects.

III. OBJECTIONS TO THE STAFF REPORT

IGS asserts the following objections to the Staff Report on the CEP Rider application:

A. The Staff Report Fails to Recommend that Columbia Describe Its Capital Expenditures in Enough Detail to Determine Whether the Proposed Rate Caps Are Reasonable.

¹ *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Alternative Form of Regulation*, Case No. 17-2202, Exhibit A at 2-3 (April 2, 2018).

IGS objects to the Staff Report's failure to recommend that Columbia supplement its CEP Rider application with a detailed summary of its projected capital expenditures. The Company agrees with the Staff Report's recommendation that Columbia and Staff should work together to identify "reasonable and meaningful" ² annual spending caps to ensure that ratepayers in the Columbia service territory are not held accountable for unnecessary and excessive investment. However, IGS objects to the Staff Report's failure to recommend that Columbia describe its proposed capital improvements in enough detail to properly evaluate whether the annual rate caps proposed under the CEP Rider are reasonable and necessary. The Staff Report recommends that the Commission approve Columbia's CEP Rider application³ absent a requirement that Columbia justify its rate projections by specifically identifying the projects and improvements it plans to undertake; therefore, IGS objects.

B. The Staff Report Fails to Recommend that Columbia's Proposed Capital Expenditures Include Upgrades Specifically Designed to Benefit the CHOICE Market.

IGS objects to the Staff Report's failure to recommend that Columbia dedicate a portion of its proposed capital investment toward the advancement of CHOICE programs. The Staff Report indicates that the CEP Rider rate will be set to introduce additional investments,⁴ yet it does not require Columbia to specifically identify its projected expenditures or the manner in which those investments will be deployed. As written, the

² Staff Report at 7.

³ *Id.* at 10.

⁴ *Id.*

Staff Report unreasonably permits Columbia to develop a capital expenditure program that could benefit Standard Choice Offer customers only.

There are several CHOICE programs and systems that Columbia can improve through its proposed capital expenditure program. Those programs and systems include, but are not limited to, advanced metering, Information Technology, and other operational technologies capable of streamlining changes in customer account ownership. IGS sees value in using infrastructure dollars to improve the customer experience across all classes; therefore, the Commission should direct Columbia to dedicate a portion of its proposed capital expenditure budget in the Replace/Public Improvement/Betterment, Growth, and Information Technology categories toward CHOICE program enhancements.

III. CONCLUSION

Columbia's CEP Rider application is unreasonable because it does not contain enough information to properly evaluate whether its proposed capital expenditures are warranted. The Staff Report is also unreasonable in that it fails to recommend that Columbia provide a detailed summary of the capital expenditure projects it plans to undertake so that the Commission and intervenors can properly evaluate the proposed costs. IGS also objects to the Staff Report in that it falls short of recommending that Columbia dedicate a portion of its capital expenditure investments toward improving the CHOICE market. Based on the foregoing, IGS respectfully objects to Columbia's CEP Rider application and Staff Report.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that this *Objection to the Application and Staff Report of Investigation of Interstate Gas Supply, Inc.* was filed electronically with the Docketing Division of the Public Utilities Commission of Ohio on this 15th day of October 2018.

/s/ Michael Nugent
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Summary: Objection Interstate Gas Supply Inc.'s Objections to Columbia Gas of Ohio Inc.'s Alt Rate Application and Staff Report electronically filed by Mr. Michael A Nugent on behalf of Interstate Gas Supply, Inc.