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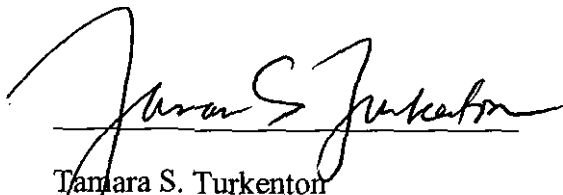
December 31, 2018

Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

RE: *Demand Side Management Rider Rate of the East Ohio Gas Co. d/b/a Dominion East Ohio,  
Case No. 18-1589-GA-RDR.*

Enclosed please find the Staff's Comments regarding the Demand Side Management rider  
and program of East Ohio Gas Company d/b/a Dominion East Ohio as filed in Case No.  
18-1589-GA-RDR.

Respectfully submitted,



Tamara S. Turkenton  
Director, Rates and Analysis  
Public Utilities Commission of Ohio



David Lipthratt  
Chief, Research and Policy Division  
Public Utilities Commission of Ohio

Enclosure  
cc: Parties of Record

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**Dominion East Ohio**  
**Case No. 18-1589-GA-RDR**

**OVERVIEW**

In Case No. 07-829-GA-AIR, the Commission authorized Dominion East Ohio (DEO) to recover \$4.0 million annually in Demand-Side Management (DSM) expenditures, plus or minus any over-or-under recoveries, through a DSM rider. DEO's initial DSM rider rate was \$0.0279 per Mcf.

In Case No. 17-1372-GA-RDR, the Commission directed DEO to file by December 1 of each year, an application to adjust its DSM rider rate for the Commission's review and approval. Prior to this ruling, the Company had not sought Commission approval to change its DSM rider rate, but rather had only filed an annual tariff with the changed rate.

On November 19, 2018, DEO submitted its annual application, including related schedules and an updated DSM rider tariff, to decrease its DSM rider rate from \$0.0340 per Mcf to \$0.0287 per Mcf. Additionally, in paragraph 10 of its application, DEO proposes that the Commission agree to an automatic 46-day approval process for future DSM rider rate applications.

Subsequently, Staff initiated an audit of DEO's DSM rider expenses for the period October 1, 2017, through September 30, 2018, and presents its findings and recommendations in this Staff letter.

**STAFF REVIEW**

Staff audited DEO's DSM program expenses for prudence and appropriateness for recovery and confirmed the calculations in order to verify the accuracy of the proposed DSM rider rate. Staff conducted this audit through a combination of document reviews, interviews, and interrogatories as needed. Staff also evaluated the reasonableness of DEO's proposal to automatically approve future DSM rider rate applications on the 46<sup>th</sup> day after filing.

**CONCLUSION**

Staff completed its audit of DEO's DSM rider for the period October 1, 2017, through September 30, 2018, and finds that DEO appropriately calculated the DSM rider rate and recommends its approval.

With regard to DEO's proposal to automatically approve future DSM rider rate applications, Staff considers 45-days as insufficient time to completely evaluate the incurred costs, the recovery of costs, prudence, and compliance with the Commission approved DSM program and allow for management review. In addition, DSM audits are performed annually for all large natural gas companies, under the Commission's jurisdiction, and those audits are not limited to a 45-day review and approval time period. For these reasons, Staff recommends that the Commission deny the Company's request to automatically update rates prior to Commission approval.