

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Suburban Natural Gas Company for an Increase in Gas Distribution Rates.)))	Case No. 18-1205-GA-AIR
In the Matter of the Application of Suburban Natural Gas Company for Tariff Approval.)))	Case No. 18-1206-GA-ATA
In the Matter of the Application of Suburban Natural Gas Company for Approval of Certain Accounting Authority.)))	Case No. 18-1207-GA-AAM

**OHIO PARTNERS FOR AFFORDABLE ENERGY'S
OBJECTIONS TO THE STAFF REPORT
AND
SUMMARY OF MAJOR ISSUES**

Ohio Partners for Affordable Energy ("OPAE") respectfully submits to the Public Utilities Commission of Ohio ("Commission") these Objections to the Staff Report of Investigation and Summary of Major Issues in these proceedings considering the applications of Suburban Natural Gas Company ("Suburban") for an increase in gas distribution rates, tariff approval, and approval of certain accounting authority.

OPAE objects to the Staff Report's Failure to Consider Alternatives to the Recovery of the Entire Revenue Requirement from Small General Service Customers through a High Fixed Customer Service Charge.

The Staff Report states that Suburban proposed to recover base rates from Small General Service ("SGS") customers as a customer service charge. Staff Report at 22. Accepting Suburban's proposal, the Staff recommends that

the current customer service charge be increased to reflect the amount of the revenue increase and that the entirety of the revenue requirement be recovered through the fixed customer service charge for SGS customers. The Staff's only attempt to moderate Suburban's request is that the Staff recommends that the monthly customer service charge be prorated for customers whose billing period is less than a billing month, which can be between 26 and 35 days. Thus, the Staff seeks to avoid the circumstance that the customer might be charged the Staff's recommended \$33.88 monthly customer service charge for as little as 1 to 25 days of service. *Id.* at 22.

The Commission has approved several applications for the adoption of modified Straight Fixed Variable ("SFV") or full SFV rate designs for gas utilities. In Case No. 17-594-GA-ALT, the Commission approved Suburban's application for a two-year phase-in of a full SFV rate design. Staff Report at 27. As of November 10, 2017, the customer service charge was \$9.18. The first phase of the two-year phase-in brought the charge to \$19.30. The second phase of the increase was effective November 2018 when the customer charge increased to \$29.42. In this case, Staff recommends an increase in the charge from the current \$29.42 to \$33.88, a 15.16% increase. Staff Report at 28.

OPAE objects to the use of a high fixed customer charge that eliminates any variable component of the distribution service base rate. High fixed customer charges harm low-income customers when low-income households are in smaller housing structures and have lower consumption than higher-income households. Low-income households may live in higher density

housing and impose a lower distribution cost. Therefore, high residential customer charges shift costs from higher-income to lower-income households. High customer charges result in the placement of an unjust burden of revenue responsibility upon low-income households.

In addition, with high fixed charges, customers are inclined to consume more natural gas rather than conserve because the distribution charge is fixed regardless of usage. Conservation and energy efficiency are discouraged. High fixed customer charges result in the placement of an unjust burden of revenue responsibility upon low-use, more efficient households.

High fixed charges decrease the value of energy efficiency programs and increase the payback period for energy efficiency measures. Volumetric charges are preferable to fixed charges, because customers see more benefit in conservation and energy efficiency programs. It is the low-income, low-use, and efficient-use customers who experience the brunt of the rate increase.

A fixed monthly customer charge used to recover the entire revenue requirement resulting from a distribution base rate case eliminates rate design. The Staff should have considered alternatives when the application for a rate increase only results in a higher fixed customer charge than the already high fixed customer charge currently in place. If there is no alternative to this process of ever increasing high fixed customer charges, the resulting rates cannot be considered just and reasonable.

OPAE objects to the Staff Report's Failure to Recommend Additional Assistance for Suburban's Low-Income Customers.

OPAE objects that the Staff Report did not recommend additional assistance for low-income residential customers in Suburban's service area. In Case No. 17-594-GA-ALT, the Commission approved Suburban's application for a two-year phase-in of a full SFV rate design. Staff Report at 27. Suburban also agreed to file, within four months of approval of its alternative rate plan, an Energy Efficiency Program ("EEP") pilot to weatherize the residences of Suburban's high-usage Percentage of Income Payment Plan customers. An associated cost recovery mechanism, Rider EEP, was initially set at zero. Case No. 17-594-GA-ALT, Finding and Order (November 1, 2017).

Suburban worked with Staff, other parties, and OPAE member agencies to develop the two-year EEP pilot program. OPAE, which is the administrator of the EEP pilot, along with its member agencies, will perform home energy and safety audits. The annual program costs are projected to be approximately \$70,000. The Commission initiated Rider EEP at a rate of \$0.3431 per month to be applied to the SGS rate schedule accounts. Rider EEP will be subject to annual reconciliation and prudence reviews by the Staff based on actual incurred program costs. Case No. 18-376-GA-RDR, Finding and Order (November 7, 2018) at 5-6. Suburban filed its EEP/rider tariff effective November 8, 2018. The home audits and weatherization projects are to commence when the revenue generated from Rider EEP equals \$30,000, which is with the beginning of the third month of collection of

the revenue from Suburban's 17,000 SGS customers. Finding and Order, Case No. 18-376-GA-RDR at 4.

The EEP pilot program and Rider EEP should be seen as a partial response to the high fixed customer charges resulting from the imposition of the full SFV rate design and its impact on low-income customers. Given that the result of the Staff Report is a recommendation of an even higher fixed customer charge, the Staff should have addressed the need for additional assistance for Suburban's low-income customers.

OPAЕ objects to the Staff Report's Acceptance of the \$10 Field Collection Charge.

Suburban proposed a new charge, the Field Collection Charge, of \$10 for customers who pay a field employee to prevent disconnection. Staff recommended tariff language such that: "If an employee of the company has been dispatched to terminate service for non-payment and a customer pays the bill to avoid disconnection, a \$10 charge shall apply." Staff Report at 22. According to the Staff Report, Suburban provided support for the "increase" with cost-based data, including work papers showing fully loaded hourly labor rate, travel time and equipment. Therefore the Staff recommended approval of the Field Collection Charge. Staff Report at 23.

Ohio Administrative Code (O.A.C.) Rule 4901:1-18-06 sets forth the disconnection procedures for natural gas distribution utilities. Under Rule 4901:1-18-06(A), a utility may, after at least 14 days' notice, disconnect a residential

customer's service during normal business hours. Under Rule 4901:1-18-06(A)(5)(a), the disconnection notice mailed shall clearly display the total amount required to prevent disconnection. On the day of disconnection of service, the utility shall provide the customer with personal notice. If the customer is not home, the utility shall attach written notice to the premises in a conspicuous location prior to disconnecting service. Utility employees or agents who disconnect service at the premises shall be authorized to accept payment in lieu of disconnection or dispatch an employee to the premises to accept payment or make available to the customer another means to avoid disconnection. Rule 4901:1-18-06(A)(3)(4)(a), (b), (c).

The Field Collection Charge of \$10 is not an increase to a current charge, but a new charge for a service the customer already receives and has a right to receive under Ohio law. The utility already must send an employee to the premises on the day of disconnection. The utility employee must already be able to accept payment as a means for the customer to avoid disconnection. There is no basis for an additional \$10 to be added to the amount needed to avoid disconnection.

In addition, the disconnection notice, given 14 days in advance, must give the amount need to avoid disconnection. The Field Collection Charge cannot add another \$10 to the amount needed to avoid disconnection if it was not given on the 14-day disconnection notice sent to the residence. It is not clear if the \$10 is an additional amount to be added to the amount needed to avoid disconnection.

OPAE objects to the Staff Report's approval of the Field Disconnection Charge. There is no reason to believe an additional \$10 is needed for a service the utility is already required to perform. In addition, the disconnection notice must give the amount needed to avoid disconnection, and the addition of the new charge should not be added to the amount needed to avoid disconnection. Therefore, the Field Connection violates Rule 4901:1-18-06(A)(3)(4)(a), (b), (c).

OPAE objects to the Staff Report's Acceptance of the \$125 Theft of Service/Tampering Investigation Charge without Clarification.

Suburban proposes another new charge called the "Theft of Service/Tampering Investigation Charge" of \$125. The Staff Report states that the new charge was supported with cost-based data, including work papers showing fully loaded hourly labor rate and travel time. The Staff recommends approval of the new \$125 Theft of Service/Tampering Investigation Charge. Staff Report at 24.

O.A.C. Rule 4901:1-18-07 sets forth the reconnection of service rules and at O.A.C. Rule 4901:1-19-07(E) the provisions addressing tampering. Pursuant to Rule 4901:1-18-07(E)(1), when a utility has disconnected a meter in connection with alleged tampering or unauthorized reconnection of a gas meter, there shall be a rebuttable presumption that the person in possession or control of the meter at the time of the tampering is the party obligated to pay for the service. The presumption may be rebutted so that the customer may complain and not be obligated to pay.

Although there may be a presumption of obligation to pay, the presumption is rebuttable, and a complaint may be made. An investigation may rebut the presumption. This is similar to the case of the increase in the Meter Test Charge from the existing \$35 to \$40 for SGS customers. The Staff Report states that the Meter Test Charge is levied on a customer “when the meter is tested to be accurate.” Staff recommends that residential customers receive one free meter test every three years. Staff Report at 22. It is assumed that if the customer requests a meter test, and the meter is found to be inaccurate, i.e., the meter is defective, no charge is applied.

As with the Meter Test Charge, the Theft of Service/Tampering Investigation Charge should be levied only if the investigation finds that theft of service and/or tampering actually took place. The customer may file a complaint and rebut the presumption of obligation to pay. Therefore, if the tampering or theft investigation results in no finding of tampering or theft, and if the presumption of the obligation to pay is successfully rebutted, there should be no charge.

SUMMARY OF MAJOR ISSUES

Pursuant to Revised Code Section 4903.083, OP&E proposes the following summary of major issues:

1. The appropriate level of revenues that Suburban should be authorized to collect through rates;
2. The appropriate level of funding for Energy Efficiency (“EE”) and low-income assistance programs;
3. The appropriate rate design and fixed customer charges for residential and small commercial customers;
4. The use of the SFV rate design and the consideration of alternatives to the SFV rate design;
5. The appropriate rate of return for ratemaking purposes;
6. The appropriate level of test-year revenues;
7. The appropriate level of operating and maintenance expenses;
8. The appropriate level of rate base.

Respectfully submitted,

/s/Colleen L. Mooney

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CERTIFICATE OF SERVICE

A copy of these Objections to the Staff Report and Summary of Major Issues will be served electronically by the Commission's Docketing Division upon the parties identified below on this 8th day of March 2019.

/s/Colleen L. Mooney
Colleen L. Mooney

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Case No(s). 18-1205-GA-AIR, 18-1206-GA-ATA, 18-1207-GA-AAM

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