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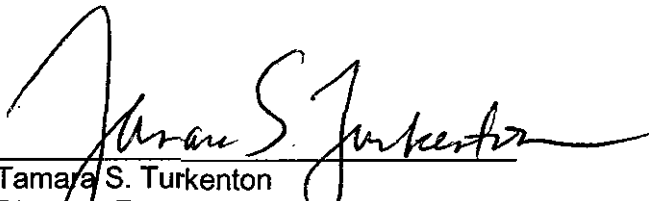
June 17, 2019

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

RE: *In the Matter of The East Ohio Gas Company d/b/a Dominion Energy Ohio's Application for Approval of an Alternative Form of Regulation Case No. 19-0468-GA-ALT.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation in regards to The East Ohio Gas Company d/b/a Dominion Energy Ohio's application in Case Nos. 19-0468-GA-ALT for approval an Alternative Form of Regulation.


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

Enclosure
Cc: Parties of Record

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The East Ohio Gas Company d/b/a Dominion Energy Ohio
Case No. 19-468-GA-ALT

Staff Response to Dominion Energy Ohio's Application and Motion for Waivers

BACKGROUND:

In accordance with R.C. 4929.111 and 4929.05, on February 27, 2019, Dominion Energy Ohio (Dominion or Company) filed a Notice of Intent to File an Application for an Alternative Rate Plan to establish a capital expenditure program rider (CEP Rider). On March 29, 2019, in accordance with R.C. 4909.18, the Company filed a Notice of Intent to File an Application for an Increase in Rates. Concurrently, the Company filed a motion to waive some of the requirements under R.C. 4909.18 and the Standard Filing Requirements (SFRs), and a memorandum in support of its waiver request.

On May 1, 2019, the Company filed an application (Application) with the Public Utilities Commission of Ohio (PUCO or Commission) for authority to establish a CEP Rider. Dominion seeks to recover the post in-service carrying costs (PISCC) and incremental depreciation and property tax expenses currently deferred under the Company's capital expenditure program deferral (CEP Deferral), along with a return-of and return-on the underlying CEP assets. The Company also proposes to collect annually ongoing costs associated with deferrals and the underlying assets.

The staff of the PUCO (Staff) has reviewed Dominion's Application and Motion for Waivers (Motion) and offers the responses and recommendations set forth below.

DOMINION'S APPLICATION, MOTION FOR WAIVERS AND MEMORANDUM IN SUPPORT

In its Application, Dominion proposes a test year for the CEP Rider that is the twelve months ending December 31, 2018 and a date certain of December 31, 2018.

In its Motion, the Company requests that the Commission waive all SFRs except for Sections A and the newspaper notice contained in the Chapter II(B)(7). Dominion maintains that information being sought in the SFRs subject to the waiver request is not necessary to materially assist Staff in its review. In the Memorandum in Support, the Company specifically delineates the filing requirements that it is seeking to be waived and characterizes each as unnecessary because the application seeks to establish a rider for the return of and on historical CEP investment and related costs, the information is not maintained in the ordinary course of business, the application is limited in nature, preparation of the information causes undue burden for the Company, and because the information being sought relates to rate increases being sought in a base rate case, which is not applicable here.

STAFF'S RESPONSE AND RECOMMENDATIONS

Staff has reviewed Dominion's Application, Motion for Waivers, and Memorandum in Support. Staff does not agree that the Application provides sufficient information for Staff to initiate its investigation. For the reasons set forth below, Staff objects in part to the Company's Motion for Waivers. Staff recommends that the Commission deny the Company's motion to waive the SFRs in Chapter II, Sections C and D; and the supplemental filing requirements in Chapter II (B)(1)-(6) and (B)(8). Staff does not oppose Dominion's motion to waive the remaining requirements listed in its Motion.

Staff does not agree with Dominion's characterization that the information being sought in the SFRs subject to the waiver request is not necessary for Staff to initiate and conduct its investigation in this case. The

SFRs requested by Staff in the preceding paragraph are, in fact, necessary for Staff to initiate its investigation and fully review the Company's Application. Furthermore, and contrary to its Motion, the Company in its Application is seeking not only recovery of historic deferrals and assets, but collection of future or ongoing deferrals and assets.¹ Therefore, the SFRs requested by Staff here, including information regarding future projections is relevant in order to conduct a complete analysis to determine if the application is just and reasonable.²

Dominion also proposes an aggressive procedural schedule which includes 13 weeks to conduct a plant audit. Similar to the audit conducted for Columbia Gas of Ohio, Inc., in Case No. 17-2202-GA-ALT, Staff recommends that this case include a thorough audit of plant comprised of not only all CEP investments from October 1, 2011 through December 31, 2018, but also all plant investments from the last rate case date certain of March 31, 2007 through the commencement of the CEP program.

Finally, the Company proposes that the CEP Rider plant audit be conducted by a third-party auditor. Staff reserves the right to conduct the audit internally or hire a third-party auditor.

Therefore, Staff recommends that the Commission deny in part Dominion's Motion for Waivers and deem the Application as compliant based on the Company providing the SFR stated above. Staff also recommends that the Commission direct Dominion to work with Staff to provide any additional information as needed during its investigation.

¹ Application at 3.

² In its Memorandum in Support, Dominion points out that the Commission granted Columbia a similar request for waiver. Staff notes, however, that Columbia's application requested recovery of historic deferrals and underlying assets, but did not request that an ongoing rider. *In the Matter of Columbia Gas of Ohio, Inc., for Approval of an Alternative Form of Regulation*, Case No. 17-2202-GA-ALT, Application at 1 (Dec. 1, 2017).