

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
THE EAST OHIO GAS COMPANY DBA
DOMINION ENERGY OHIO FOR
APPROVAL OF AN ALTERNATIVE FORM OF
REGULATION TO ESTABLISH A CAPITAL
EXPENDITURE PROGRAM RIDER
MECHANISM.

CASE NO. 19-468-GA-ALT

ENTRY

Entered in the Journal on June 19, 2019

I. SUMMARY

{¶ 1} The Commission finds, consistent with Staff's recommendations, that The East Ohio Gas Company dba Dominion Energy Ohio's motion for waiver of certain standard filing requirements should be granted, in part, and denied, in part.

II. DISCUSSION

{¶ 2} The East Ohio Gas Company dba Dominion Energy Ohio (Dominion or Company) is a natural gas company and a public utility as defined by R.C. 4905.03 and R.C. 4905.02, respectively. As such, Dominion is subject to the jurisdiction of this Commission.

{¶ 3} Under R.C. 4929.05, a natural gas company may seek approval of an alternative rate plan by filing an application under R.C. 4909.18, regardless of whether the application is for an increase in rates. After an investigation, the Commission shall approve the plan if the natural gas company demonstrates, and the Commission finds, that the company is in compliance with R.C. 4905.35, is in substantial compliance with the policy of the state as set forth in R.C. 4929.02, and is expected to continue to be in substantial compliance with that state policy after implementation of the alternative rate plan. The Commission must also find that the alternative rate plan is just and reasonable.

{¶ 4} Pursuant to R.C. 4929.111, a natural gas company may file an application under R.C. 4909.18, 4929.05, or 4929.11 to implement a capital expenditure program (CEP) for any of the following: any infrastructure expansion, infrastructure improvement, or

infrastructure replacement program; any program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. In approving the application, the Commission shall authorize the natural gas company to defer or recover both of the following: a regulatory asset for post-in-service carrying costs (PISCC) on the portion of the assets of the CEP that are placed in service but not reflected in rates as plant in service; and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP. A natural gas company shall not request recovery of the PISCC, depreciation, or property tax expense under R.C. 4929.05 or R.C. 4929.11 more than once each calendar year.

{¶ 5} In Case No. 11-6024-GA-UNC, et al., the Commission modified and approved Dominion's application for authority to implement a CEP for the period of October 1, 2011, through December 31, 2012. *In re The East Ohio Gas Company dba Dominion East Ohio*, Case No. 11-6024-GA-UNC, et al., Finding and Order (Dec. 12, 2012). Subsequently, in Case No. 12-3279-GA-UNC, et al., the Commission modified and approved Dominion's application to implement a CEP for the period of January 1, 2013, through December 31, 2013. *In re The East Ohio Gas Company dba Dominion East Ohio*, Case No. 12-3279-GA-UNC, et al., Finding and Order (Oct. 9, 2013).

{¶ 6} In Case No. 13-2410-GA-UNC, et al., the Commission modified and approved Dominion's application to implement a CEP in 2014 and succeeding years, pursuant to R.C. 4909.18 and 4929.111. The Commission also approved Dominion's request for accounting authority to capitalize PISCC on program investments for assets placed in service but not yet reflected in rates; defer depreciation expense and property tax expense directly attributable to the CEP; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense are deferred for future recovery in a subsequent proceeding. Dominion was authorized to accrue deferrals under the CEP until the accrued deferrals, if included in rates, would cause the rates charged to the Company's General Sales

Service customers to increase by more than \$1.50 per month. Additionally, the Commission noted that the prudence and reasonableness of Dominion's CEP-related regulatory assets and associated capital spending would be considered in any future proceedings seeking cost recovery, at which time the Company would be expected to provide detailed information regarding the expenditures for the Commission's review. *In re The East Ohio Gas Company dba Dominion East Ohio*, Case No. 13-2410-GA-UNC, et al., Finding and Order (July 2, 2014).

{¶ 7} On February 27, 2019, in the above-captioned case, Dominion filed a notice of intent to file an application for approval of an alternative rate plan under R.C. 4929.05. In the letter, Dominion noted that the application would request approval to establish a CEP rider mechanism.

{¶ 8} On March 29, 2019, Dominion filed a notice of intent to file an alternative rate plan application for an increase in rates, notice of test year and date certain, and attached exhibits. Dominion noted that the notice of intent was sent to the mayor and legislative authority of each affected municipality. Dominion also notified the Commission that the Company is using a test year of the 12 months ending December 31, 2018, and a date certain of December 31, 2018.

{¶ 9} Concurrently with the notice, Dominion also filed a motion for waiver from certain provisions of the Commission's Standard Filing Requirements contained in Ohio Adm.Code 4901-7-01 (SFRs). Under Ohio Adm.Code 4901:1-19-06(C), an alternative rate plan application that is for an increase in rates must include the exhibits described in R.C. 4909.18(A) through (D) and the SFR prescribed in Ohio Adm.Code 4901-7-01, unless otherwise waived pursuant to Ohio Adm.Code 4901:1-19-02(D).

{¶ 10} In its motion for waiver, Dominion contends that the requirements from which it requests waivers seek information that is not necessary for Staff to effectively and efficiently review an alternative rate plan application under R.C. 4929.111. Dominion further submits that, although such a showing is not required by Ohio Adm.Code 4901:1-19-02(D), its request for waivers meets the good cause standard set forth in Ohio Adm.Code

4901-7-01, Appendix A, Chapter II(A)(4)(d) for waiving an SFR. In its motion, Dominion breaks its request down into the actual requirements sought to be waived; the Commission will follow suit in its discussion.

{¶ 11} Dominion requests waivers from the supplemental filing requirements found in Chapter II(B)(1) through Chapter II(B)(6), Chapter II(B)(8), and Chapter II(B)(9). The first six sections require a utility to provide its most recent five-year capital expenditures budget; most recent five-year financial forecast; the financial forecast's underlying assumptions made in projecting the results of operations; five-year projection of revenue requirements; balance sheet items to support the revenue requirement projections; and specified elements of a statement of changes in financial position. Dominion argues that, because its application seeks to establish a rider for the return of and on historical CEP investment and related costs, five-year forecasts and projections are not necessary and would not materially assist Staff in its review of Dominion's application. The latter two sections require an executive summary of the corporate process used by the utility's board of directors and corporate officers and an executive summary of the management policies, practices, and organization that the utility uses to meet its corporate goals. Dominion asserts that this information is not maintained in the ordinary course of business, and due to the limited nature of R.C. 4929.111 and Dominion's application, compiling this information would render an undue burden on Dominion. Furthermore, Dominion asserts that this information would not assist Staff in its review of Dominion's application.

{¶ 12} Dominion also seeks a waiver of Chapter II(C) and Chapter II(D). The former requires the applicant to give the Commission's rate case manager four copies of various workpapers and information; the latter requires the utility to make certain information available to Staff on the first day of the field audit. As to both, Dominion again contends that the information under these SFRs would not materially assist Staff in its review of the application.

{¶ 13} Dominion next states that Chapter II, Section C requires an applicant to provide the Commission with information regarding operating income, which is used to determine appropriate base rates. Dominion states that this information is not applicable under R.C. 4929.111, relevant to Dominion's application, or maintained in the ordinary course of business. Dominion states that compiling this information would constitute an undue burden on Dominion and will not materially assist Staff in the review of its application.

{¶ 14} Similarly, Dominion signifies that the data required by Chapter II, Section D – information regarding an overall rate of return – is not implicated by the application for a CEP rider. Instead, Dominion asserts that the Commission has determined that riders should be developed using the rates of return determined in a utility's most recent rate case. Therefore, Dominion also requests a waiver from Chapter II, Section D.

{¶ 15} Finally, Dominion asks that the requirements of Chapter II, Section E be waived. This part of the SFRs relates to copies of current and proposed tariff schedules, a narrative explanation of tariff schedules, customer charges, a class cost-of-service study, and revenue-related pricing schedules. Dominion states that its application includes current and proposed tariff schedules, a narrative explanation of the proposed changes, and a bill comparison. It contends that the balance of Section E is only applicable for an increase in base rates.

{¶ 16} Dominion explains that the request for certain waivers does not preclude Staff from requesting waived information during the course of its review as Dominion would provide the relevant information in response to Staff data requests. Dominion clarifies that it is simply requesting the Commission to waive compliance with certain SFRs at the time that it submits its application and supporting exhibits in this proceeding. Finally, Dominion notes that the Commission approved similar, conditional waivers for Columbia Gas of Ohio, Inc., in Case No. 17-2202-GA-ALT.

{¶ 17} On May 1, 2019, Dominion filed its alternative rate plan application, along with supporting exhibits and testimony, pursuant to R.C. 4909.18, 4929.05, 4929.11, and 4929.111. The application seeks to establish a new rider mechanism to recover CEP costs (CEP Rider). Specifically, Dominion states that the purpose of the proposed CEP Rider is to recover the PISCC, incremental depreciation expense, and property tax expense currently deferred under and associated with the CEP, as well as a return on the CEP rate base, as approved in Case No. 13-2410-GA-UNC. Dominion also proposes establishing initial CEP Rider rates, which would recover the revenue requirement associated with the CEP regulatory asset and related capital investments for the period October 1, 2011, through December 31, 2018. Thereafter, Dominion proposes an annual update process through which future CEP deferrals and investments would be reviewed and recovered, beginning with investment through December 31, 2019.

{¶ 18} On June 17, 2019, Staff filed its review and recommendation regarding Dominion's motion for a waiver of certain SFR. Staff notes that it does not agree that Dominion's application provides sufficient information for Staff to initiate its investigation or that the information required in the SFR is not necessary for Staff to conduct its review. Staff emphasizes that Dominion is seeking not only recovery of historic deferrals and assets, but collection of future deferrals and assets as well. Staff asserts that certain information required under the SFR, including information regarding future projections, is relevant and necessary to conduct a complete analysis of whether Dominion's application is just and reasonable. Accordingly, Staff requests that Dominion be required to comply with the SFRs set forth in Chapter II, Section C (Operating Income) and D (Rate of Return); and the supplemental filing requirements in Chapter II(B)(1) through Chapter II(B)(6), as well as Chapter II(B)(8). Staff does not oppose Dominion's motion to waive the remaining requirements, which are Chapter II, Section E (Rates and Tariffs) and Chapter II(B)(9), Chapter II(C), and Chapter II(D). Although Staff recommends that Dominion's motion be denied, in part, Staff advises that the application should be deemed compliant upon the Company's provision of the information identified by Staff. Staff further recommends that

Dominion be directed to work with Staff to provide any additional information, as needed, during its investigation.

{¶ 19} Finally, on June 18, 2019, Dominion filed a letter with the Commission indicating that it does not object to providing Staff with additional information responsive to the filing requirements identified by Staff and will do so within a reasonable time frame for Staff's use in conducting its investigation in this case.

{¶ 20} Upon review of Dominion's motion, Staff's review, and correspondence from Dominion, the Commission finds, consistent with Staff's recommendations, that the Company's motion for waiver of certain SFR should be granted, in part, and denied, in part. Accordingly, Dominion is directed to file the information required by the SFR in Chapter II, Section C (Operating Income) and D (Rate of Return); and the supplemental filing requirements in Chapter II(B)(1) through Chapter II(B)(6), as well as Chapter II(B)(8). Finally, we note that our granting of the requested waiver, in part, does not preclude Staff from obtaining any information waived through formal data requests, if such information is subsequently deemed necessary to complete Staff's investigation effectively and efficiently.

III. ORDER

{¶ 21} It is, therefore,

{¶ 22} ORDERED, That, consistent with Staff's recommendations, Dominion's motion for waiver of certain SFR be granted, in part, and denied, in part, as further described in Paragraph 20. It is, further,

{¶ 23} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

AS/mef

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Case No(s). 19-0468-GA-ALT

Summary: Entry that, consistent with Staff's recommendations, Dominion's motion for waiver of certain SFR be granted, in part, and denied, in part, as further described in Paragraph 20. electronically filed by Docketing Staff on behalf of Docketing