

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Gas Company for Approval of an)
Alternative Rate Plan)

Case No. 19-1354-GA-ALT

In the Matter of the Application of Ohio)
Gas Company for Tariff Approval)

Case No. 19-1355-GA-ATA

**MOTION OF OHIO GAS COMPANY FOR AN ORDER SETTING A TEST YEAR AND
FOR WAIVER OF CERTAIN FILING REQUIREMENTS**

Frank P. Darr (Reg. No. 0025469)
(Counsel of Record)
Matthew R. Pritchard (Reg. No. 0088070)
MCNEES WALLACE & NURICK LLC
21 East State Street, 17TH Floor
Columbus, OH 43215
Telephone: (614) 469-8000
Telecopier: (614) 469-4653
fdarr@mwncmh.com
(willing to accept service via email)
mpritchard@mwncmh.com
(willing to accept service via email)

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Attorneys for Ohio Gas Company

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Under R.C. 4909.18 and 4929.05 and Rules 4901-1-12, 4901:1-19-02 and Chapter II of the Standard Filing Requirements under Chapter 4901-7, Ohio Administrative Code, Ohio Gas Company moves for an order setting the test year as January 1, 2019 to December 31, 2019 and for the waiver of the Exhibits identified in R.C. 4909.18(A) to (D) and certain standard filing requirements described in the Memorandum in Support that is attached. The reasons supporting this Motion are set out in the accompanying memorandum in support.

Respectfully submitted,

/s/ Frank P. Darr

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**MEMORANDUM IN SUPPORT THE MOTION OF OHIO GAS COMPANY FOR
WAIVER OF CERTAIN FILING REQUIREMENTS**

I. Introduction

In 2015, Ohio Gas Company (“Ohio Gas”) sought and received authority to defer expenses associated with the implementation of a geographical information system (GIS Deferral) from the Public Utilities Commission of Ohio (“Commission”). Under that authority, the first phase of the project was completed, and Ohio Gas has booked under as a deferred asset approximately \$900,000. In this proceeding, Ohio Gas seeks authorization of a rider under R.C. 4929.05 to amortize the deferred asset over a period of two years through a customer charge.

Under R.C. 4929.05, a natural gas company may request approval of an alternative rate plan by filing an application under R.C. 4909.18 and has the burden to demonstrate that the company is in compliance with R.C. 4905.35, is in substantial compliance with R.C. 4929.02 and expected to remain in substantial compliance, and that the alternative rate plan is just and reasonable. To support its proposed plan, the applicant must include

exhibits required by R.C. 4909.18(A)-(D) (“4909.18 Exhibits”) and the Commission’s standard filing requirements (“SFRs”). These requirements include the establishment of a test year. However, the Commission may waive the filing of the 4909.18 Exhibits and the SFRs upon a proper showing. See R.C. 4909.18 and Standard Filing Requirements, Chapter II.A.4. Because of the narrow scope of this application and given that Ohio Gas completed an extensive audit in connection with its recently completed rate case, Ohio Gas seeks a waiver of the 4909.18 Exhibits and certain SFRs.

II. Background

On January 28, 2015, Ohio Gas filed an application seeking authority to modify its accounting so that it could book as a regulatory asset the expenses associated with the first phase of a GIS project. *In the Matter of the Application of Ohio Gas Company for Approval to Change Accounting Methods and Defer Expenses Related to Implementation of a Geographic Information System*, Case No. 15-222-GA-AAM, Application (Jan. 28, 2015). With some modifications, the Commission approved the application. *Id.*, Finding and Order (July 29, 2015).

Ohio Gas moved forward with the GIS project and has filed annual reports. In its most recent annual report, Ohio Gas stated that the total deferred asset including carrying costs is \$910,258.75, as of December 2018. *Id.*, Report of Ohio Gas Company of 2018 Deferred Expenses Related to its Geographical Information System Program (May 16, 2019).

Following its GIS Accounting Application, Ohio Gas filed notice of its intent to file an application to increase its base rates. *In the Matter of the Application of Ohio Gas Company for an Increase in Gas Distribution Rates*, Case No. 17-1139-GA-AIR,

Application (Apr. 28, 2017). In that application, Ohio Gas sought and received limited waivers of the SFRs. *Id.*, Motion to Establish a Test Period and Date Certain and for Waivers of Certain Standard Filing Requirements (Apr. 28, 2017) and Entry (May 24, 2017). Ohio Gas then filed its application to increase rates on May 31, 2017. *Id.*, Application (May 31, 2017). After an extensive audit by the Staff of the Commission and discovery by the Ohio Consumers' Counsel, the issuance of a Staff Report, and filing of objections, the Staff, OCC, and Ohio Gas entered into a stipulation that resolved all issues including the incorporation of changes in federal tax law that became effective following the issuance of the Staff Report. *Id.*, Joint Stipulation and Recommendation (Jan. 26, 2018). The Commission approved the Joint Stipulation and Recommendation on February 21, 2018 and tariffs incorporating the Commission's Order went into effect on March 1, 2018. *Id.*, Opinion and Order (Feb. 21, 2018). The rate case did not provide for any recovery of amounts being deferred under the GIS Application.

Concurrently with this Motion, Ohio Gas filed its Prefiling Notice of Intent ("PFN") to file an application for an alternative rate plan under which Ohio Gas seeks to initiate a rider to amortize the regulatory asset approved in the GIS Application. It has determined that it can amortize the deferred asset through a customer charge of no more than \$0.86 per bill per month for two years. After an additional billing period to collect or return any under or over collection, the charge under the rider would go to zero.¹ In support of the proposed charge, Ohio Gas intends to file an application no earlier than thirty days from the filing of the PFN.

¹ Ohio Gas has also determined that it will not seek authorization for deferred accounting of Phase 2 expenses associated with the GIS project.

III. Filing Requirements under R.C. 4929.05 and Commission Rules for an Alternative Rate Application

Under R.C. 4929.05, a natural gas company such as Ohio Gas must file an application under R.C. 4909.18 to secure an alternative rate plan. The application must include the 4909.18 Exhibits “unless otherwise ordered by the Commission.”

Rule 4901:1-19-06(C) further details the exhibits to be included in an alternative rate plan application in addition to the 4909.18 Exhibits. The additional exhibits include supporting testimony, an alternative rate plan, a detailed discussion of cross subsidization issues addressed in the plan, how the applicant is in compliance with R.C. 4905.35 and 4929.02, the reasonableness of the plan, and the SFRs under Rule 4901-7-01. Rule 4901:1-19-02(D), however, also provides that “[t]he Commission may, upon an application or a motion filed by a party, waive any requirement of this chapter, other than a requirement mandated by statute.”

Likewise, the SFRs provide for waiver of any of its provisions “upon good cause shown.” SFR, Ch. II(A)(4)(d). The party seeking a waiver may demonstrate good cause by showing, among other things, that the information that the utility would provide is sufficient so that the Commission Staff can effectively and efficiently review the rate application and the expense to the utility in providing the information which is the subject of the waiver request. *Id.*

IV. Test Year

For purposes of this alternative rate plan application, Ohio Gas recommends a test year based on the current calendar year, January 1, 2019 to December 31, 2019. Ohio Gas intends to normalize actual expenses and revenue and provide its budgeted expenses and revenue for the balance of the test year on Schedules C-2 and C-2.1. As

noted below, however, it is seeking waiver of many of the remaining schedules and is seeking a waiver of the requirement to set a date certain.

V. Waiver Requests

As discussed above, the Application in this matter will seek authorization of a charge that will amortize the deferred asset the Commission approved for GIS project expenses. Ohio Gas proposes to file as exhibits (1) supporting testimony, (2) an alternative rate plan, and (3) a detailed discussion of cross subsidization issues addressed in the plan, how the applicant is in compliance with R.C. 4905.35 and 4929.02, and the reasonableness of the plan. It would support its Application with schedules documenting the amount of the outstanding regulatory asset, the proposed method for estimating the monthly charge, the proposed new tariff sheet for the charge and the modifications of the existing tariff that would need to be incorporated to accommodate the new charge (Schedules E-1, E-2, and E-3.1 of the SFRs), and a statement of bill impacts (Schedule E-5). It would also establish a proposed test year and provide the C-2 and C-2.1 Schedules. Ohio Gas also would file a proposed newspaper notice (Schedule S-3). Except for the testimony and the listed schedules, it seeks a waiver of the requirements to file the 4909.18 Exhibits and the remaining SFRs.

The 4909.18 Exhibits for which Ohio Gas seeks a waiver consist of a report of the property that is used and useful, an operating statement for the last fiscal year, a statement of the income and expense anticipated under the filed application to the extent that would be different than the C-2 and C-2.1 Schedules noted above, and a statement of financial condition. As noted above, these exhibits were recently filed with Ohio Gas's rate case and formed the basis of the approved Stipulation. Further, given the nature of

the proposed charge, they would not provide any information that would be relevant to the determination of the proper charge for amortizing the regulatory asset.

Ohio Gas also seeks a waiver of the requirement to set a date certain (SFR Chapter 1(B)(1)(a)(iii)) since there is no need to establish a rate base determination in this matter. All the amounts that were deferred are expenses, and the filing would have no effect on the rate base currently used to determine base distribution rates.

The remaining SFR exhibits for which Ohio Gas seeks a waiver include the S Schedules other than the newspaper notice noted above. These Schedules include five-year capital expenditures and forecasts (S-1 and 2), corporate processes (S-4.1), and management practices (S-4.2). Again, provision of these schedule would not provide information relevant to the proper level of the charge for which Ohio Gas is seeking approval.

Likewise, and for the same reason, Ohio Gas seeks a waiver of the requirement to provide the supplemental information with the application required by Chapter II (C) except that which is required by section (C)(6) and the information relevant to the charge required by section (C)(9).

Finally, in regard to the remaining schedules contained in the SFRs, Ohio Gas seeks a waiver of the requirement to provide the A, B, C, D, and E schedules except as discussed previously. Again, the information sought by these schedules was recently provided and fully audited in the Ohio Gas rate case, and base rates would be unaffected by the Application.

In addition to the fact that the Commission and its Staff have recently fully reviewed Ohio Gas's accounts in the recent rate case, a waiver of the remaining filing requirements is warranted for several reasons.

First, this Application seeks a rider that is similar to those approved under electric security plans. The Commission and its Staff have frequently reviewed applications seeking to approve these riders without requiring an electric utility to support its application with a detailed base rate review. Based on that experience, the Commission and the Staff should not lack confidence in the outcome of the audit that will be conducted to assess the reasonableness of the proposed charge.

Second, the Staff of the Commission has tools available to it through its investigative authority to seek additional information if a need arises. R.C. 4903.03. As the Commission is aware, Ohio Gas has a long history of working with the Commission to assure that the Staff has access to the information it needs to produce an informed report.

Further, none of these exhibits for which Ohio Gas is seeking a waiver is necessary to a proper review of the Application since it seeks to amortize expenses that have been deferred. Although approval of the charge would slightly increase rates (and the calculation of the charge and its effect on rates will be fully documented), it would have no effect on property that is used and useful or alter the return on assets of Ohio Gas. Thus, the 4909.18 Exhibits and SFRs for which Ohio Gas is seeking a waiver would not provide any additional value to the review process, but Ohio Gas would incur an additional incremental cost to update its last filing in the rate case.

VI. Conclusion

The proposed application in this case comes soon after the Commission and its Staff completed a full review of the records of Ohio Gas and authorized new base rates. The Application will address a narrow issue which can be fully investigated by a review of the schedules and supporting expense information that will be available to Staff and through discovery. As a result, the Commission will have access to the information that is needed to assure that the request for rider is just and reasonable and to make that determination without imposing undue administrative expense on Ohio Gas. Accordingly, there is good cause for the Commission to set a test year as requested and to waive the filing requirements for the 4909.18 Exhibits and the SFRs identified above in this Motion.

Respectfully submitted,

/s/ Frank P. Darr

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Matthew R. Pritchard (Reg. No. 0088070)

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Telecopier: (614) 469-4653

fdarr@mwncmh.com

mpritchard@mwncmh.com

Attorneys for Ohio Gas Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Motion of Ohio Gas Company for an Order Setting a Test Year and Waiver of Certain Filing Requirements* was served on Ohio Consumers' Counsel, 65 East State Street, 7th Floor, Columbus, Ohio, 43215 by electronic delivery this first day of July 2019. Further service will be completed as provided by Rule 4901-1-05, Ohio Administrative Code.

/s/ Frank P. Darr
Frank P. Darr

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Case No(s). 19-1354-GA-ALT, 19-1355-GA-ATA

Summary: Motion Motion of Ohio Gas Company for an Order Setting a Test Year and for Waiver of Certain Filing Requirements electronically filed by Mr. Frank P Darr on behalf of Ohio Gas Company