

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. FOR AUTHORITY TO ADJUST ITS
CAPITAL EXPENDITURE PROGRAM RIDER
CHARGES.

CASE NO. 20-99-GA-RDR

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. FOR AUTHORITY TO ADJUST ITS
DISTRIBUTION REPLACEMENT RIDER
CHARGES.

CASE NO. 20-101-GA-RDR

ENTRY

Entered in the Journal on February 26, 2020

I. SUMMARY

{¶ 1} The Commission selects Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to review the accounting accuracy, prudence, and used and usefulness of Vectren Energy Delivery of Ohio, Inc.'s total rate base investments for 2018 and 2019, as well as to review and evaluate its capital expenditure program and distribution replacement rider investments and program compliance.

II. DISCUSSION

{¶ 2} Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, VEDO is subject to the jurisdiction of the Commission.

{¶ 3} On January 7, 2009, the Commission authorized VEDO to establish the distribution replacement rider (DRR) to recover the costs and receive a return on investments made by the Company to accelerate implementation of a bare-steel and cast-iron pipeline replacement program (Replacement Program). *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1080-GA-AIR, et al. (2007 Rate Case), Opinion and Order (Jan. 7, 2009).

{¶ 4} The DRR was originally approved for a five-year period ending February 2014. *2007 Rate Case*, Opinion and Order (Jan. 7, 2009). Subsequently, however, the

Commission approved a stipulation that authorized VEDO to expand the scope of the Replacement Program and to continue the DRR to recover associated costs through the end of calendar year 2017. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 13-1571-GA-ALT (2013 DRR Extension Case), Opinion and Order (Feb. 19, 2014). Pursuant to the 2013 DRR Extension Case, VEDO agreed that any additional request to extend the DRR would be made as part of an application for an increase in distribution rates under R.C. 4909.18 and 4909.19. 2013 DRR Extension Case at 8.

{¶ 5} The Commission has also authorized VEDO to implement a capital expenditure program (CEP), pursuant to R.C. 4909.18 and 4929.111. In Case No. 12-530-GA-UNC, et al., the Commission modified and approved VEDO's application to implement a CEP for the period October 1, 2011, through December 31, 2012. Under the approved CEP, VEDO was authorized to defer the post in-service carrying costs (PISCC), depreciation, and property tax expenses for capital investments that were not part of its Replacement Program, up to the point where the accrued deferrals, if included in rates, would cause the rates charged to Residential (Rate 310, 311, and 315) and General Default Sales Service, Group 1 (Rate 320, 321, and 325) customers to increase by more than \$1.50 per month. In approving the application, the Commission noted that the prudence and reasonableness of VEDO's CEP-related regulatory assets and associated capital spending would be considered in any future proceeding 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 Vectren Energy Delivery of Ohio, Inc.*, Case No. 12-530-GA-UNC, et al., Finding and Order (Dec. 12, 2012).

{¶ 6} Subsequently, in Case No. 13-1890-GA-UNC, et al., the Commission modified and approved VEDO's application to continue its CEP, including deferral of the PISCC, depreciation expense, and property tax expense, in 2013 and succeeding years. Once again, the Commission noted that the prudence and reasonableness of VEDO's CEP-related regulatory assets and associated capital spending would be examined in a future cost-

recovery proceeding. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 13-1890-GA-UNC, et al., Finding and Order (Dec. 4, 2013).

{¶ 7} In Case No. 18-298-GA-AIR, et al., VEDO filed an application to increase its rates for gas distribution service and for approval of alternative rate plans. On August 28, 2019, the Commission approved a stipulation and recommendation (Stipulation) that, among other things, authorized VEDO to include the DRR balance as of December 31, 2017, in base rates and provided for the continuation of the Replacement Program and DRR for the period from January 1, 2018, through December 31, 2023. The Stipulation also authorized VEDO to include the deferred CEP balance as of December 31, 2017, and the assets underlying such balance, in base rates and, going forward, established a CEP Rider, with an annual process for cost-recovery filings, including a review of the necessity, prudence, lawfulness, and reasonableness of the CEP investment. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-298-GA-AIR, et al., Opinion and Order (Aug. 28, 2019).

{¶ 8} On January 29, 2020, the Commission directed Staff to issue a request for proposal (RFP) for audit services to review the accounting accuracy, prudence, and used and usefulness of VEDO's total rate base investments for 2018 and 2019, as well as to review and evaluate the Company's CEP and DRR investments and program compliance.

{¶ 9} The proposals received in response to the RFP have been evaluated and, after consideration of these proposals, the Commission selects Blue Ridge Consulting Services, Inc. (Blue Ridge). The Commission finds that Blue Ridge has the necessary experience to complete the required work.

{¶ 10} VEDO shall enter into a contract with Blue Ridge by March 11, 2020, for the purpose of providing payment for its auditing services. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and the relevant Commission entries in this case.

{¶ 11} The Commission shall solely direct the work of the auditor. Staff will review and approve payment invoices submitted by the auditor.

{¶ 12} Blue Ridge will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. Blue Ridge is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

{¶ 13} Upon request of Blue Ridge or Staff, VEDO shall provide any and all documents or information requested. VEDO may conspicuously mark such documents or information "confidential" if the Company believes the document should be deemed as such. In no event, however, shall VEDO refuse or delay in providing such documents or information.

{¶ 14} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 15} Blue Ridge shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by Blue Ridge may be examined by any participant to this proceeding. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by Blue Ridge or its agents in the preparation and presentation of the report.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That Blue Ridge be selected to perform the consulting activities set forth above and in the RFP. It is, further,

{¶ 18} ORDERED, That VEDO and Blue Ridge observe the requirements set forth herein. It is, further,

{¶ 19} 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

SJP/kck

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Case No(s). 20-0099-GA-RDR, 20-0101-GA-RDR

Summary: Entry that the Commission selects Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to review the accounting accuracy, prudence, and used and usefulness of Vectren Energy Delivery of Ohio, Inc.'s total rate base investments for 2018 and 2019, as well as to review and evaluate its capital expenditure program and distribution replacement rider investments and program compliance electronically filed by Docketing Staff on behalf of Docketing