

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. FOR APPROVAL TO CHANGE
ACCOUNTING METHODS ASSOCIATED
WITH ITS DISTRIBUTION ACCELERATED
RISK REDUCTION PROGRAM.

CASE NO. 15-1741-GA-AAM

FINDING AND ORDER

Entered in the Journal on March 11, 2020

I. SUMMARY

{¶ 1} The Commission finds that the deferral of expenses for the distribution accelerated risk reduction program by Vectren Energy Delivery of Ohio, Inc. shall cease, and this case should be closed of record.

II. PROCEDURAL BACKGROUND

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

{¶ 3} On October 9, 2015, Vectren filed an application for authority to establish a regulatory asset and defer, for accounting and financial reporting purposes, expenditures for its new distribution accelerated risk reduction (DARR) program, which was developed pursuant to federal pipeline safety regulations requiring a distribution integrity management plan and state regulations facilitating the enforcement of Ohio's existing underground damage prevention law. Vectren requested authorization to revise its accounting procedures and to defer operations and maintenance costs incurred for the DARR program on or after January 1, 2016, with the annual increase not to exceed \$4 million per calendar year. Vectren acknowledged that the recovery of the deferred amount will be addressed in Vectren's next base rate case proceeding. Vectren concluded that Commission approval for this deferral accounting treatment was necessary for

Vectren to assert probability of recovery of such expenditures under generally accepted accounting principles.

{¶ 4} On November 3, 2016, the Commission approved, pursuant to a stipulation and recommendation, Vectren's application to establish a regulatory asset to defer DARR program expenses, up to \$4 million annually through January 1, 2024. As part of the approved DARR program, Vectren is required to file an annual report, by June 1 each year, detailing, among other things, the deferred expenses, external auditor's findings, and baseline performance levels for each safety initiative. Staff is afforded 90 days after the annual report is filed to submit its review and recommendation and Vectren has 30 days to file objections or to accept the Staff's recommendations.

{¶ 5} On March 30, 2018, in Case No. 18-298-GA-AIR, et al., Vectren filed a combined application to increase rates and charges and for approval of an alternative rate plan pursuant to R.C. 4909.18 and R.C. 4929.05. Subsequently, on April 13, 2018, in Case No. 18-49-GA-ALT, Vectren also filed its application for approval of a second alternative rate plan. On April 13, 2018, Vectren filed a motion to consolidate the proceedings in Case No. 18-298-GA-AIR, et al., and Case No. 18-49-GA-ALT and the motion was granted. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Gas Rates*, Case No. 18-298-GA-AIR, et al. (*Rate Cases*), Entry (May 24, 2018).

{¶ 6} On May 16, 2019, in the above-captioned case, Vectren filed a motion for an extension of time to file its annual DARR report for 2018, which was due by June 1, 2019, and proposed to file one DARR report for 2018 and 2019, which would be filed no later than 60 days after the effective date of rates approved in the Company's pending *Rate Cases*.

{¶ 7} By Entry issued May 29, 2019, Vectren's motion for an extension of time to file a combined annual DARR report for 2018 and for 2019 was granted.

{¶ 8} On August 28, 2019, the Commission adopted a Stipulation and Recommendation (Stipulation) filed by various parties to resolve the issues raised in the *Rate Cases* and subsequently denied the applications filed for rehearing of the order adopting the Stipulation. *Rate Cases*, Opinion and Order (Aug 28, 2019); Second Entry on Rehearing (Dec. 4, 2019). Rates approved in the *Rate Cases* became effective September 1, 2019.

{¶ 9} On October 29, 2019, Vectren filed its annual DARR report for calendar year 2018 and for the period January 1, 2019, through August 31, 2019.

{¶ 10} On December 27, 2019, Staff filed its review and recommendation of Vectren's 2018 and 2019 annual DARR report. In the Staff Report, Staff states that it has no objections to the information contained in the DARR report. Further, Staff states that it has reviewed the post-January 1, 2019 DARR expenses and, given Vectren's incorporation of the deferred DARR expense balance into base rates, Staff notes that the DARR deferral has ceased. Accordingly, Staff recommends that the Commission accept Vectren's annual report as filed and that this case be closed of record.

{¶ 11} On January 8, 2020, Vectren filed a correspondence stating that the Company accepts the Staff's recommendation.

III. COMMISSION CONCLUSION

{¶ 12} Consistent with the DARR process established in the Stipulation, and approved by the Commission, no further action is necessary regarding Vectren's combined 2018 and 2019 annual report. Further, the Commission finds, consistent with the Staff's recommendation and Vectren's acceptance, that the DARR deferral has ceased and Vectren has incorporated DARR expenses into base rates, as approved by the Commission in the *Rate Cases*, and, therefore, this case should be closed of record.

IV. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That Vectren's DARR deferral cease and this case be closed of record. It is, further,

{¶ 15} ORDERED, That a copy of this Finding and Order be served upon all interested persons of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

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Case No(s). 15-1741-GA-AAM

Summary: Finding & Order that the Commission finds that the deferral of expenses for the distribution accelerated risk reduction program by Vectren Energy Delivery of Ohio, Inc. shall cease, and this case should be closed of record. electronically filed by Docketing Staff on behalf of Docketing