

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	:	
The East Ohio Gas Company d/b/a	:	
Dominion Energy Ohio to Adjust	:	Case No. 19-1944-GA-RDR
its Pipeline Infrastructure	:	
Replacement Program Cost	:	
Recovery Charge and Related	:	
Matters	:	

COMMENTS
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO

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**On Behalf of the Staff of the
Public Utilities Commission of Ohio**

March 23, 2020

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In the Matter of the Application of The	:	
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Dominion Energy Ohio to Adjust its	:	Case No. 19-1944-GA-RDR
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INTRODUCTION

Pursuant to the Stipulations adopted in Case Nos. 15-362-GA-ALT, 11-2401-GA-ALT, 07-829-GA-AIR, 07-830-GA-ALT, 07-831-GA-AAM, 08-169-GA-ALT, and 06-1453-GA-UNC, the Rates and Analysis Department Staff of the Public Utilities Commission of Ohio (Staff) conducted an investigation of the East Ohio Gas Company's d/b/a Dominion East Ohio's (DEO or Company) application to adjust its Pipeline Infrastructure Replacement Program (PIR Program or Program) Cost Recovery Charge and submits its conclusions and recommendations to the Public Utilities Commission of Ohio (Commission) in these Comments. The Staff of the Commission's Rates and Analysis Department prepared these Comments. Included are financial reviews of DEO's proposed additions to plant-in-service, the revenue requirement, and other matters. The Comments are the results of Staff's investigation and do not reflect the views of the Commission, nor is the Commission bound by Staff's representations or recommendations.

BACKGROUND

DEO is an Ohio Corporation engaged in the business of providing natural gas service to approximately 1.2 million customers in northeast, western, and southeast Ohio communities.

The Company's PIR Program was originally authorized by a Commission Opinion and Order on October 15, 2008, in Case No. 07-829-GA-AIR, *et al.* (Rate Case Order). DEO's PIR Program initially called for replacement of 4,122 miles of bare steel, cast iron, and other metallic (BS/CI) pipelines in its distribution system over a 25-year period and provided that DEO would assume ownership and ongoing responsibility for all customer-owned service lines when such lines were separated from service in order to replace associated mainlines or to repair leaks. The Rate Case Order also authorized DEO to establish a PIR Cost Recovery Charge (PIR Rider) to recover its PIR investments from customers, adopted a process for Staff and intervenor review of DEO's annual applications to increase the PIR Rider, and established a cap on annual PIR Rider increases. The PIR Program was initially authorized for a five-year period.

By an Opinion and Order dated August 3, 2011, the Commission approved a stipulation reached by the parties in Case No. 11-2401-GA-ALT. In that case, the parties agreed, among other things, that (1) DEO would add 1,450 miles of pre-1955 ineffectively coated pipe to the scope of its replacement program; (2) DEO would test field coated pipe that was installed after 1955 and replace any pipe found to be ineffectively coated under the Program; (3) the Program would be reauthorized for another five-year period; (4) specified caps would be placed on annual increases to the

PIR Rider; and (5) DEO would modify the schedule for filing its annual applications to adjust the PIR Rider to be consistent with the schedules used for other utilities' gas infrastructure replacement programs. This revised schedule provides that DEO shall submit a pre-filing notice (PFN) with nine months of actual data and three months of estimated data in support of its PIR Rider applications by November 30 each year. The Company then files an updated application by February 28 of the succeeding year that includes 12 months of actual data in support of new PIR Rider rates to be effective with the first billing cycle in May.

DEO's PIR Program was again reauthorized by a Commission Opinion and Order adopted on September 14, 2016 in Case No. 15-362-GA-ALT. Among other things, the Commission reauthorized DEO's PIR for the period 2017 through 2021 and maintained the same PIR Cost Recovery Charge application procedures and timelines that were adopted in the 11-2401-GA-ALT case.

In accordance with the approved application process, on November 27, 2019, DEO filed a PFN in this case indicating its intent to file an application to adjust existing PIR rider rates to recover PIR Program costs incurred during the period January 1, 2019 through December 31, 2019. The PFN included Schedules 1 through 18, which provided an estimated PIR revenue requirement based on nine months of actual data from the period January 1, 2019 through September 30, 2019, and three months of projected data for the period October 1, 2019 through December 31, 2019. On February 28, 2020, DEO filed its Application in this case, which included updated Schedules 1 through 18, 12 months of actual data through 2019, and supporting testimony.

On March 6, 2020, the Attorney Examiner in this case issued an Entry establishing a procedural schedule for the case as follows:

- (a) March 23, 2020 – Deadline for the filing of motions to intervene.
- (b) March 23, 2020 – Deadline for Staff and intervenors to file comments on the application.
- (c) March 27, 2020 – Deadline for DEO to file a statement informing the Commission whether the issues raised in the comments have been resolved.
- (d) March 31, 2020– Deadline for the parties and Staff to file expert testimony.
- (e) In the event that some or all of the parties enter into a stipulation resolving some or all of the issues in this case, the parties must file such stipulation with the Commission by 9:00 a.m. on April 2, 2020.
- (f) In the event that all of the issues are not resolved or the parties enter into a stipulation, a hearing shall commence on April 3, 2020, at 10:00 a.m. at the offices of the Commission, 180 East Broad Street, 11th Floor, Hearing Room 11-C, Columbus, Ohio 43215. Any party requesting a continuance of the hearing must file a motion to continue the hearing with the Commission by 9:00 a.m. on April 2, 2020.

PIR PROGRAM PROGRESS AND DEO’S APPLICATION

DEO reports that in 2019 it replaced 182.2 miles of bare steel or cast-iron (BS/CI) pipelines and 37,130 service lines (includes both main-to-curb and curb-to-meter service lines) and moved 33 inside customer meters outside. Including the 2019 replacements and move-outs, the Company reports that, since inception of the PIR Program in July

2008, it has replaced a total of 1,913.8 miles of BS/CI pipelines, replaced 428,627 service lines, and moved 1,927 meters outside. To recover its 2019 PIR investments, DEO's Application and supporting schedules propose a revenue requirement of \$218,084,446.64.

When allocated to the customer rate classes established in the cost of service study used in DEO's last base rate case, the Company recommends that the Commission approve the following adjustments:

Rate Class	Proposed Rates	Current Rates
GSS/ECTS	\$13.45/month	\$11.74/month
LVGSS/LVECTS	\$68.32/month	\$65.01/month
GTS/TSS	\$565.38/month	\$469.38/month
DTS	\$0.0567/Mcf	\$0.0573/Mcf

STAFF'S INVESTIGATION, CONCLUSIONS, AND RECOMMENDATIONS

The purpose of Staff's investigation was to determine if the Company's Application and supporting documentation justify the requested PIR revenue requirement and can be used as a reliable basis for DEO's proposed increases to the PIR rider rates. As part of its investigation, the Staff reviewed and analyzed all of the documentation filed by the Company. Staff audited nine months (i.e., January – September 2019) of actual capital expenditures, associated expenses, over/under-collections, and O&M savings data contained in the notice of intent filing and traced it to supporting work papers and to source data. In addition, Staff issued data requests, conducted investigative interviews, and performed independent analyses when necessary. Staff reviewed the Company's

schedules to confirm that Normalized and Non-Normalized excess deferred income taxes (EDIT), including EDIT associated with post-in-service carrying costs (PISCC), is being refunded to customers in accordance with the Commission's Finding and Order in the previous year's PIR Rider filing.¹ Finally, as recommended in Staff's Comments in the previous year's filing², Staff completed an audit of actual data for expenditures from October 2018 through December 2018.

Staff has completed its investigation of Dominion's proposed Rider application for the months of actual expenditures from January 2019 through September 2019; however, due to the timing of the filing in February, Staff recommends that actual 2019 fourth quarter data be audited in the next annual filing. With the adoption of these recommendations, Staff has no other objections to DEO's Application and supporting documentation and recommends that the Commission approve DEO's Application as modified by the recommendation stated above.

¹ *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio to Adjust Its Pipeline Infrastructure Replacement Program Cost Recovery Charge and Related Matters*, Case No. 18-1587-GA-RDR, Finding and Order (April 24, 2019).

² *Id.* Staff Comments (March 25, 2019) at 7.

Respectfully submitted,

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**On Behalf of the Staff of the
Public Utilities Commission of Ohio**

PROOF OF SERVICE

I certify that a copy of the foregoing **Comments** was served via electronic mail and/or regular U.S. mail, postage prepaid upon the following parties of record this 23rd day of March, 2020.

/s/ Jodi J. Bair

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Summary: Comments Submitted on Behalf of the Staff of The Public Utilities Commission of Ohio electronically filed by Mrs. Kimberly M Naeder on behalf of PUCO