

# 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  
ITS PIPELINE INFRASTRUCTURE  
REPLACEMENT PROGRAM COST  
RECOVERY CHARGE AND RELATED  
MATTERS.

CASE NO. 19-1944-GA-RDR

## FINDING AND ORDER

Entered in the Journal on April 8, 2020

### I. SUMMARY

{¶ 1} The Commission approves the application of The East Ohio Gas Company d/b/a Dominion Energy Ohio to adjust its pipeline infrastructure replacement program cost recovery charge, consistent with Staff's recommendations.

### II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO 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 this Commission.

{¶ 3} R.C. 4929.11 provides that the Commission may allow any automatic adjustment mechanism or device in a natural gas company's rate schedules that allows a natural gas company's rates or charges for a regulated service or goods to fluctuate automatically in accordance with changes in a specified cost or costs.

{¶ 4} By Opinion and Order issued October 15, 2008, in *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-829-GA-AIR, et al. (*DEO Distribution Rate Case*), the Commission, inter alia, approved the joint stipulation and recommendation filed by DEO and the other parties in the *DEO Distribution Rate Case*. Included in the stipulation approved by the Commission was a provision adopting, with some modifications, Staff's recommendations set forth in the Staff Report filed in the *DEO Distribution Rate Case* on May

23, 2008. The Staff Report set forth procedures to be followed for the annual updates to DEO's pipeline infrastructure replacement (PIR) program cost recovery charge.

{¶ 5} By Opinion and Order issued August 3, 2011, in *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 11-2401-GA-ALT (2011 PIR Case), the Commission approved a stipulation and recommendation that modified DEO's PIR program. As part of the modified program, DEO would transition its PIR cost recovery charge filings from a fiscal-year basis to a calendar-year basis. In accordance with the approved modified process, DEO is to submit a prefiling notice by November 30 each year, and an updated filing with actual data by February 28, with the goal of the revised PIR charge becoming effective as of the first billing cycle in May of each year.

{¶ 6} On September 14, 2016, the Commission approved a stipulation that extended DEO's PIR program and Rider PIR through 2021. *In re The East Ohio Gas Co. d/b/a Dominion East Ohio*, Case No. 15-362-GA-ALT, Opinion and Order (Sept. 14, 2016).

{¶ 7} The current Rider PIR charge is: \$11.74 per month for General Sales Service (GSS) and Energy Choice Transportation Service (ECTS) customers; \$65.01 per month for Large Volume General Sales Service (LVGSS) and Large Volume Energy Choice Transportation Service (LVECTS) customers; \$469.38 per month for General Transportation Service (GTS) and Transportation Service for Schools (TSS) customers; and \$0.0573 per thousand cubic feet (Mcf) for Daily Transportation Service (DTS) customers, capped at \$1,000.00 per month. *In re The East Ohio Gas Co. d/b/a Dominion Energy Ohio*, Case No. 18-1587-GA-RDR, Finding and Order (Apr. 24, 2019) at ¶ 21.

{¶ 8} In accordance with the procedure approved by the Commission in the 2011 PIR Case, DEO filed a prefiling notice in the current proceeding on November 27, 2019.

{¶ 9} On January 24, 2020, the Office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene pursuant to R.C. 4903.221. No memorandum contra was filed.

{¶ 10} On February 28, 2020, DEO filed an application requesting an adjustment to

its current Rider PIR for costs incurred between January 1, 2019, and December 31, 2019. Along with its application, DEO also filed the direct testimony of Lori S. Parker and Schedules 1 through 18 in support of its application.

{¶ 11} In its February 28, 2020 application, DEO requests that the Commission approve an adjustment to Rider PIR reflecting costs associated with capital investments made during the period January 1, 2019, through December 31, 2019. As reflected in Schedule 1 of the application, DEO submits that the total annual revenue requirement for Rider PIR would be \$218,084,446.64. Further, as proposed in DEO's application, Rider PIR would be adjusted as follows:

Rate Class	Current Rates	Proposed Rates	Proposed Increase	Proposed Decrease
GSS/ECTS	\$11.74 per month	\$13.45 per month	\$1.71 per month	
LVGSS/LVECTS	\$65.01 per month	\$68.32 per month	\$3.31 per month	
GTS/TSS	\$469.38 per month	\$565.38 per month	\$96.00 per month	
DTS	\$0.0573 per Mcf	\$0.0567 per Mcf		\$0.0006 per Mcf

{¶ 12} In her testimony, Ms. Parker states that DEO's customers are realizing several benefits from the PIR program including: enhanced service reliability and safety well into the future resulting from the replacement of aging infrastructure; reduced operations and maintenance (O&M) costs that have occurred to date and will continue to occur over time resulting from a lower leak repair rate as compared to the O&M costs that would have been incurred if DEO had not accelerated the replacement of its pipelines; and lower service line costs because DEO now installs and maintains the curb-to-meter service lines that were previously the responsibility of customers. Ms. Parker provides an overview of the process for adjusting Rider PIR and an explanation for how the calculations were determined in the accompanying schedules, necessitating a total annualized revenue requirement of \$218,084,446.64. Ms. Parker also explains that DEO has calculated Rider PIR to recognize

the federal income tax rate reduction pursuant to the Tax Cuts and Jobs Act of 2017 (TCJA). Overall, Ms. Parker asserts that Rider PIR allows DEO to continue to provide safe and reliable service through the replacement of dated infrastructure in an accelerated manner. (DEO App., Attach. C at 3-18.)

{¶ 13} On March 6, 2020, the attorney examiner required that Staff and intervenor comments on the application be filed by March 23, 2020, and that DEO file, by March 27, 2020, a statement informing the Commission whether all issues raised in the comments had been resolved. The attorney examiner also granted OCC's motion for intervention.

{¶ 14} Staff filed comments on DEO's application on March 23, 2020. No other parties filed comments.

{¶ 15} In its comments, Staff states that it reviewed and analyzed all of the documentation filed by DEO. Staff indicates it audited nine months, January 2019 through 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. As part of its review, Staff also issued data requests, conducted investigative interviews, and performed independent analyses when necessary. Staff also states that it reviewed DEO's schedules to verify the accuracy of the TCJA impacts. Specifically, Staff has confirmed that normalized and non-normalized excess deferred income taxes (EDIT), including EDIT associated with post-in-service carrying costs, are being refunded to customers in accordance with the Commission's Finding and Order in the previous year's Rider PIR filing. Staff has also completed an audit of actual data for expenditures from October 2018 through December 2018. Finally, Staff states that, while it has investigated DEO's actual expenditures from January 2019 through September 2019, due to the timing of the filing in February, it recommends that actual 2019 fourth quarter data be audited in the next annual filing.

{¶ 16} Staff states, with the adoption of this recommendation, Staff has no other objections to DEO's application to adjust the Company's PIR cost recovery charge.

Consequently, Staff recommends that the Commission approve DEO's application, as modified by the recommendation stated above.

{¶ 17} On March 27, 2020, DEO filed its statement to inform the Commission whether the issues raised in the comments have been resolved. DEO indicates it does not oppose Staff's recommendation and thus believes that there are no issues to resolve. Therefore, DEO respectfully requests that the Commission approve its February 28, 2020 application, as filed.

{¶ 18} Upon consideration of the application and comments filed by Staff, the Commission finds that DEO's application to adjust its PIR cost recovery charge is reasonable and should be approved, consistent with Staff's recommendation regarding audit of actual 2019 fourth quarter data in the next annual Rider PIR filing.

### III. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That DEO's application to adjust Rider PIR, consistent with Staff's recommendation, is approved. It is, further,

{¶ 21} ORDERED, That DEO is authorized to file tariffs, in final form, consistent with this Finding and Order. DEO shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 22} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 23} ORDERED, That DEO notify its customers of the changes to the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division at least ten days prior to its distribution to customers. It is, further,

{¶ 24} ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 25} ORDERED, That a copy of this Finding and Order be served upon each party of record.

AS/kck

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**Case No(s). 19-1944-GA-RDR**

Summary: Finding & Order DEO's application to adjust Rider PIR is approved; DEO is authorized to file tariffs consistent with this Finding and Order; DEO shall file one copy in this case docket and one copy in the TRF docket; the effective date of the new tariffs shall be a date not earlier than the date which the final tariff pages are filed; DEO must notify its customers of changes to tariffs via bill message or bill insert within 30 days; nothing in this Finding and Order shall be binding in future proceedings or investigations involving the reasonableness of any rate, charge, rule, or regulation. electronically filed by Mrs. Kelli C King on behalf of Anna Sanyal, Attorney Examiner, Public Utilities Commission of Ohio