

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. FOR APPROVAL OF A TAX SAVINGS
CREDIT RIDER.

CASE NO. 19-29-GA-ATA

ENTRY

Entered in the Journal on April 24, 2020

{¶ 1} 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 this Commission.

{¶ 2} R.C. 4909.18 provides, in part, that a public utility may file an application to establish or change any rate, charge, regulation, or practice. If the Commission determines that an application filed pursuant to R.C. 4909.18 is not for an increase in any rate and does not appear to be unjust or unreasonable, the application may be approved without a hearing. If a hearing is required, however, the burden of proof to show that the proposals in the application are just and reasonable shall be upon the public utility.

{¶ 3} Signed into law on December 22, 2017, the Tax Cuts and Jobs Act of 2017 (TCJA) provides for a number of changes in the federal tax system. Most notably, the federal corporate income tax rate was substantially reduced from 35 percent to 21 percent, effective January 1, 2018.

{¶ 4} On January 10, 2018, the Commission opened an investigation to study the impacts of the TCJA on the Commission's jurisdictional rate-regulated utilities and to determine the appropriate course of action to pass the benefits of the TCJA on to ratepayers. *In re the Commission's Investigation of the Financial Impact of the Tax Cuts and Jobs Act of 2017 on Regulated Ohio Utility Companies*, Case No. 18-47-AU-COI (*Tax COI Case*), Entry (Jan. 10, 2018), Second Entry on Rehearing (Apr. 25, 2018). Subsequently, the Commission directed all rate-regulated utilities such as VEDO "to file applications 'not for an increase in rates,' pursuant to R.C. 4909.18, in a newly initiated proceeding, to pass along to consumers the

tax savings resulting from the TCJA.” *Tax COI Case*, Finding and Order (Oct. 24, 2018) at ¶ 29.

{¶ 5} Meanwhile, VEDO had initiated a distribution rate case in 2018, which was litigated through most of 2018 and 2019. *In re the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Gas Rates*, Case No. 18-298-GA-AIR (*Rate Case*). In that proceeding, VEDO originally proposed returning the benefits of the TCJA to customers as part of its proposed base rates or creating an excess deferred tax rider. In the Staff Report for the *Rate Case*, Staff recommended the latter course of action and weighed in on how the envisioned credit mechanism should be formulated. *Rate Case*, Staff Report (Oct. 1, 2018) at 25. A January 4, 2019 Stipulation that was ultimately approved and adopted by the Commission confirmed that VEDO planned to initiate the instant proceeding to amortize and flow back to customers through a Tax Savings Credit Rider (TSCR) the benefits of the TCJA. *Rate Case*, Stipulation (Jan. 4, 2019) at 12; Opinion and Order (Aug. 28, 2019) at ¶¶ 53, 124-125.

{¶ 6} Indeed, on January 7, 2019, VEDO initiated this proceeding by filing an application for approval of the TSCR (Application) stating that approval of the same “will result in the implementation of the TSCR in accordance with the alternative credit mechanism set forth in VEDO’s testimony in the *Rate Case*, the Staff Report [for the *Rate Case*], and [the Finding and Order from the *Tax COI Case*].” Application (Jan. 7, 2019) at ¶ 7. The Application indicates that VEDO’s TSCR would include four credit components and explains how each is comprised. The Application is supported by three attachments.

{¶ 7} On May 8, 2019, Ohio Consumers’ Counsel (OCC) filed a motion to intervene in this proceeding. OCC asserts that it is entitled to intervene pursuant to R.C. 4903.221 and Ohio Adm.Code 4901-1-11. The motion is unopposed. Upon review, the attorney examiner finds that the motion to intervene is reasonable and should be granted.

{¶ 8} On March 4, 2020, Staff filed its review and recommendation regarding VEDO’s Application. Although largely supportive of the Application, Staff does disagree

with some elements. Specifically, Staff disagrees with VEDO's proposed allocation under the third component and with the Company's proposed inclusion of a return on the cumulative amortization of normalized excess accumulated deferred income taxes through the rider under the fourth component.

{¶ 9} In order to aid the Commission in its review of the Application, the attorney examiner finds that the following procedural schedule should be established:

(a) May 15, 2020 – deadline for filing motions to intervene.

(b) May 22, 2020 – deadline for filing initial comments.

(c) June 8, 2020 – deadline for filing reply comments.

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That the motion to intervene filed by OCC be granted as stated in Paragraph 7. It is, further,

{¶ 12} ORDERED, That the procedural schedule set forth in Paragraph 9 be adopted. It is, further,

{¶ 13} ORDERED, That a copy of this Entry be served upon all interested persons and parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/Patricia A. Schabo

By: Patricia A. Schabo
Attorney Examiner

NJW/hac

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Case No(s). 19-0029-GA-ATA

Summary: Attorney Examiner Entry granting motion to intervene and setting forth procedural schedule electronically filed by Heather A Chilcote on behalf of Patricia Schabo, Attorney Examiner, Public Utilities Commission