

## 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

### ENTRY

Entered in the Journal on May 4, 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. 4929.111 provides that a natural gas company may file an application to implement a capital expenditure program (CEP) for any infrastructure expansion, improvement, or replacement program; any program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds the CEP is consistent with the applicant's statutory obligation to furnish necessary and adequate facilities, which are also found to be just and reasonable, the Commission is tasked with approving the application and authorizing the deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on that portion of the assets of the CEP placed in service but not reflected in rates as plant in service and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates.

{¶ 3} On February 3, 2012, VEDO filed an application to implement a CEP for the period of October 1, 2011, through December 31, 2012. After making the necessary statutory findings, the Commission modified and approved the application and authorized VEDO to begin deferring the PISCC, depreciation expense, and property tax expenses (CEP Deferral) associated with its CEP up to the point where the accrued deferrals, if included in rates, would cause the rates charged to Residential and General Default Sales Service, Group 1

customers to increase by more than \$1.50 per month. The Commission also noted that the application did not address cost recovery of CEP-related items and stated that a prudence and reasonableness review would be conducted, and the Company be expected to provide detailed information regarding expenditures, when such cost recovery was requested. *In re Application of Vectren Energy Delivery of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case No. 12-530-GA-UNC, Finding and Order (Dec. 12, 2012) (2012 CEP Order).

{¶ 4} The next year, the Commission modified and approved the Company's application to continue the CEP, including deferral of the PISCC, depreciation expense, and property tax expense, in 2013 and succeeding years. Consistent with the 2012 CEP Order, VEDO was authorized to continue the CEP and CEP Deferral until the accrued deferrals, if included in rates, would cause the rates of specified customer groups to increase by more than \$1.50 per month. And, once again, the Commission noted that a prudence and reasonableness review would occur through a future cost-recovery proceeding. *In re Application of Vectren Energy Delivery of Ohio, Inc., for Approval to Implement a Capital Expenditure Program*, Case No. 13-1890-GA-UNC, Finding and Order (Dec. 4, 2013) (2013 CEP Order). Because the 2013 CEP Order authorized the CEP Deferral on an ongoing basis, beginning in 2013, VEDO filed yearly updates in Case No. 13-1890-GA-UNC rather than annual applications.

{¶ 5} In 2018, VEDO filed an application to increase its rates for gas distribution service and for approval of alternative rate plans, one of which sought authority for cost recovery of the deferrals and expenses related to the CEP. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Rates*, Case No. 18-298-GA-AIR; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-299-GA-ALT; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-49-GA-ALT (combined, 2018 Rate Case). As is relevant, through the applications, VEDO requested authority to recover in base rates the CEP-related deferrals through December 31, 2017, and,

beginning with 2018 investment, to annually review and recover CEP-related deferrals through a new CEP Rider.

{¶ 6} On August 28, 2019, the Commission approved a stipulation and recommendation in the combined cases (Rate Case Stipulation) that, among other things, recommended approval of the Company's request to recover its CEP-related deferred balance as of December 31, 2017, as well as the underlying CEP assets, in new base rates and establishing the new CEP Rider with initial rates set at zero. *2018 Rate Case*, Opinion and Order (Aug. 28, 2019) at ¶¶ 53, 65-66, 125. The Rate Case Stipulation also set forth the procedures, terms, and conditions that would govern VEDO's future cost-recovery proceedings to update customer charges for the CEP Rider, including an annual or biennial review of the necessity, prudence, lawfulness, and reasonableness of the Company's CEP investments.

{¶ 7} On January 21, 2020, VEDO initiated this proceeding to inform the Commission that the Company would file a CEP Rider application on or before March 1, 2020.

{¶ 8} On January 29, 2020, the Commission issued an Entry directing Staff to issue a request for proposal for audit services to review, among other things, (1) the accounting accuracy and used and useful nature of VEDO's capital expenditures and related assets and corresponding depreciation reserve from December 31, 2017, through December 31, 2019, and (2) the necessity, reasonableness, and prudence of VEDO's capital expenditures and related assets for the same period. Subsequently, on February 26, 2020, the Commission selected Blue Ridge Consulting Services, Inc. to conduct the ordered audit.

{¶ 9} On February 28, 2020, VEDO filed its application for authority to adjust its CEP Rider (Application). VEDO explains that, pursuant to authority granted in the *2018 Rate Case*, 2012 CEP Order, and 2013 CEP Order, the Company continued to defer costs associated with the CEP investments made through December 31, 2017, during the pendency of the rate case, and until the Commission issued its *2018 Rate Case* Opinion and

Order in August 2019; those deferred costs were not included in the rate case proceeding. VEDO further explains that, upon deliberation with Staff, the Company will instead seek to recover the deferred costs within the next base rate case. Accordingly, the proposed CEP Rider revenue requirement captures only deferred activity associated with CEP investments made from January 1, 2018, through December 31, 2019.

{¶ 10} In addition to other aspects of annual CEP Rider filings, the Rate Case Stipulation set forth a schedule to apply to such proceedings, unless modified by the Commission. According to that schedule, updated CEP Rider rates are to become effective September 1, 2020, for the subsequent 12-month period.

{¶ 11} The attorney examiner finds that the schedule set forth by the Rate Case Stipulation should be observed and, therefore, implements the following dates:

- (a) July 1, 2020 – deadline for filing Staff Report.
- (b) July 15, 2020 – deadline for filing motions to intervene.
- (c) July 15, 2020 – deadline for VEDO and intervenors to file comments.
- (d) July 31, 2020 – deadline for VEDO to file statement notifying the Commission as to whether issues raised in comments have been resolved.

Furthermore, if necessary, an evidentiary hearing will be conducted on August 6, 2020, at 10:00 a.m., in Hearing Room 11-D, at the offices of the Commission, 180 East Broad Street, Columbus, Ohio 43215-3793.

{¶ 12} It is, therefore,

{¶ 13} ORDERED, That the procedural schedule set forth in Paragraph 11 be adopted. It is, further,

{¶ 14} ORDERED, That an evidentiary hearing, if necessary, be scheduled for August 6, 2020, at 10:00 a.m., as stated in Paragraph 11. It is, further,

{¶ 15} 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

JRJ/hac

**This foregoing document was electronically filed with the Public Utilities**

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Summary: Attorney Examiner Entry setting forth procedural schedule and scheduling evidentiary hearing, if necessary electronically filed by Heather A Chilcote on behalf of Patricia Schabo, Attorney Examiner, Public Utilities Commission