

I. RECOMMENDATIONS

A. Customers have already been harmed by Suburban’s delay in filing this case, which violated a PUCO Order.

In October 2018, the PUCO ordered Ohio utilities, including Suburban, to “file an application not for an increase in rates, pursuant to R.C. 4909.18, by January 1, 2019, either in an already-pending proceeding or a newly initiated proceeding, to allow the Commission the appropriate opportunity to consider the impacts of the Tax Cuts and Jobs Act of 2017 on each specific company.”² Suburban violated this order by failing to file such a case (*i.e.*, the current case) until January 10, 2020—more than a year late.

Suburban’s apparent justification for not filing a case by the PUCO’s January 1, 2019 deadline was that it had a pending base rate case (Case No. 18-1205-GA-AIR), and it would allegedly address the tax issue in that case. But rather than actually address the tax issues in that case,³ Suburban instead signed a settlement with the PUCO Staff under which Suburban would file a future application not for increase in rates under R.C. 4909.18.⁴ Yes—Suburban’s way of addressing the tax issues in the rate case was to agree to something that the PUCO had already ordered it to do, but much later than the PUCO had ordered it to do so.

Had Suburban filed this case by January 1, 2019, instead of on January 10, 2020, customers would already be receiving bill credits for the Tax Cuts. Given this Suburban-created delay, the PUCO should take all possible actions to get the tax savings back to customers as soon as possible.

² *In re the Commission’s Investigation of the Financial Impact of the Tax Cuts & Jobs Act of 2017 on Regulated Ohio Utility Cos.*, Case No. 18-47-AU-COI, Finding & Order (Oct. 24, 2018).

³ Suburban’s new base rates do use the new tax rate under the 2017 Tax Cuts, but the case did nothing to resolve the return of EDIT or the stub period.

⁴ Case No. 18-1205-GA-AIR, Stipulation and Recommendation at 13 (May 23, 2019).

B. There is no justification for Suburban making customers wait 31 months to get back overcharges they paid to Suburban during the stub period.

As the PUCO Staff noted in its filing, it has typically recommended that the stub period be refunded to customers over a 12-month period, with carrying charges.⁵ And the PUCO has consistently approved refunds to customers of the stub period over a period of 12 months.⁶ Yet in this case, Suburban seeks to return that money to customers over a period of 31 months, which the PUCO Staff now supports.

According to the PUCO Staff, the alleged justification for this longer payback period is to “minimize the financial impact on a relatively small natural gas company.”⁷ The PUCO should reject this rationale for a longer payback period for several reasons.

First, the longer the payback period, the more current customers are subsidizing future customers. As the PUCO Staff recognized in its filing, the overpayments for the stub period occurred from January 1, 2018 to September 30, 2019. Suburban customers during that period were effectively overcharged as a result of paying a 35% tax rate instead of 21%. With it now being May 2020, customers will still be getting their money back in 2023 (counting 31 months from the middle of 2020). There will be some customers who were overcharged in 2018 and 2019, but will not be Suburban customers in 2023, and thus, they will never get their money back. Likewise, any new customers that move into the Suburban service area between 2020 and 2023 will get a windfall. The

⁵ Staff Recommendation at 4.

⁶ *See, e.g.*, Case No. 18-1841-ST-UNC, Finding & Order (Dec. 18, 2019) (Aqua Wastewater); Case No. 18-1843-WW-UNC, Finding & Order (Dec. 18, 2019) (Aqua Ohio); Case No. 18-1185-EL-UNC (Duke electric).

⁷ Staff Recommendation at 4.

longer the payback period, the more of a problem this inter-generational subsidy becomes.

Second, Suburban just recently emerged from its most recent base rate case. Suburban cannot claim to be suffering from financial difficulties just months after it settled its rate case and the PUCO approved that settlement without modification.

II. CONCLUSION

The overcharges from the “stub period” are customer money. Customers paid more than they should have, and now they deserve to be paid their money back, with interest. The PUCO should not make customers wait 31 months to get it back. That proposal is unfair under any circumstances. It is especially unfair to let Suburban hold onto customer money for nearly three years while customers are suffering from the financial fallout of the coronavirus pandemic. And it is especially unfair given that Suburban itself has already created a year-long delay in this case by waiting to file it in January 2020 instead of January 2019, as the PUCO previously ordered it to do.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 15th day of May 2020.

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Summary: Comments Comments by The Office of The Ohio Consumers' Counsel
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