

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Northeast)
Ohio Natural Gas Corp. For Approval Of) Case No. 20-1427-GA-ALT
Alternative Regulation)

**MOTION OF NORTHEAST OHIO NATURAL GAS CORP. TO ESTABLISH TEST
PERIOD AND DATE CERTAIN AND FOR WAIVER OF CERTAIN FILING
REQUIREMENTS**

EXPEDITED RULING REQUESTED

In accordance with R.C. 4909.15(C) and Ohio Adm. Code 4901:1-19-02(D), Northeast Ohio Natural Gas Corp. (“NEO”) files this motion to use a test period of the 12 months ending March 31, 2021, for NEO’s upcoming Alternative Rate Plan, a date certain of June 30, 2020, and if necessary a waiver of any requirement to file exhibits which are not related to the former assets of Orwell-Trumbull Pipeline Company, LLC.

NEO requests an expedited ruling on this motion. Reasons to grant these requests are set forth in the following memorandum in support.

Respectfully Submitted,

/s/ N. Trevor Alexander

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BEFORE
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In the Matter of the Application of Northeast)
Ohio Natural Gas Corp. For Approval Of) Case No. 20-1427-GA-ALT
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**MEMORANDUM IN SUPPORT OF MOTION OF NORTHEAST OHIO NATURAL GAS
CORP. TO ESTABLISH TEST PERIOD AND DATE CERTAIN AND FOR WAIVER OF
CERTAIN FILING REQUIREMENTS**

EXPEDITED RULING REQUESTED

I. NEO'S TEST PERIOD AND DATE CERTAIN SHOULD BE APPROVED.

In the Notice of Intent filed on August 26, 2020, NEO proposed a test period of the 12 months ending March 31, 2021, for NEO's upcoming Alternative Rate Plan, and a date certain of June 30, 2020. Both dates are consistent with Ohio law and should be approved.

A. The proposed date certain should be approved.

The date certain is governed by R.C. 4909.15(C)(2), which states:

The date certain shall be not later than the date of filing, except that it shall be, for a natural gas, water-works, or sewage disposal system company, not later than the end of the test period.

NEO is a natural gas company, and so any date certain prior to March 31, 2021, would be acceptable under Ohio law. NEO has proposed a date certain of June 30, 2020, before the date of filing, and therefore the date certain should be approved.

B. The proposed test period should be approved.

R.C. 4909.15(C)(1) states:

[T]he revenues and expenses of the utility shall be determined during a test period. The utility may propose a test period for this determination that is any twelve-month period beginning not more than six months prior to the date the application is filed and ending not more than nine months subsequent to that date. The test period

for determining revenues and expenses of the utility shall be the test period proposed by the utility, unless otherwise ordered by the commission.

The application in this proceeding will be filed no later than September 30, 2020. The proposed start date for the test period is April 1, 2020, less than 6 months prior to the date the application will be filed. The test period ends March 31, 2021, less than 9 months subsequent to the date the application will be filed. Accordingly, consistent with Ohio law, the test period proposed by NEO should be approved.

II. NEO'S REQUEST FOR WAIVER SHOULD BE APPROVED.

Under Ohio Adm. Code 4901:1-19-02(D), the Commission "may, upon an application or a motion filed by a party, waive any requirement" of the chapter governing alternative rate plans, unless it is "a requirement mandated by statute."

Relevant to this alternative rate plan, on September 26, 2019, the Commission issued an Opinion and Order which established NEO's base rates.¹ The Commission specifically addressed the appropriate rate base and revenue requirement at that time.²

On December 4, 2019, the Commission approved NEO to purchase Orwell-Trumbull Pipeline Company, LLC's ("OTP") assets. After review of Staff's recommendation approving the transaction, the Commission found that OTP had been in receivership, that NEO had agreed to purchase OTP's assets for \$3,000,000, and discussed the issues associated with determining the value of OTP's rate base.³ The Commission approved Staff's recommendation for accounting authority "to record the value of the Purchased Assets as \$13,310,881, with an associated

¹ Case No. 18-1720-GA-AIR.

² Case No. 18-1720-GA-AIR, Opinion and Order dated September 26, 2019, pp. 9, 14.

³ Case No. 19-1921-PL-ATR, Finding and Order dated December 4, 2019.

accumulated depreciation reserve of \$4,100,921 as of September 1, 2019.”⁴ However, Staff and the Commission both made clear that while that recorded value was reasonable, Staff would still conduct a used and useful evaluation before OTP was included in NEO’s base rates.⁵

In this alternative rate proceeding, NEO does not seek an adjustment to its base rates, or to the recorded value of OTP’s assets. Instead, NEO requests only to recover of and on the recorded value of the OTP assets until its next rate case, at which point the OTP assets would be included as part of rate base.

In light of the procedural posture of this proceeding, NEO does not believe that Ohio law requires all of the documents which would typically be produced in a base rate case. Specifically, NEO does not believe that OAC 4901:1-19-06(C)(1) should require “the exhibits described in divisions (A) to (D) of section 4909.18 of the Revised Code and the schedules and other information described in the standard filing requirements pursuant to rule 4901-7-01 of the Administrative Code” in this circumstance. NEO does not believe non-OTP exhibits are required because NEO is only seeking to adjust the manner in which it currently recovers OTP costs, the value of which has already been established by the Commission.

In the event OAC 4901:1-19-06(C)(1) does apply to non-OTP assets in this circumstance, NEO hereby requests a waiver of any obligation to provide exhibits for assets other than OTP. Instead of providing that information for all NEO assets, NEO anticipates providing the

⁴ *Id.* p. 6.

⁵ *Id.*

information required by R.C. 4909.18(A) to (D)⁶ for the OTP assets only. Specifically, NEO anticipates providing:

- (A)- A report of its property used and useful as provided in section 4909.05 of the Revised Code which will consist of the Commission’s December 4, 2019 Order along with additional information providing further detail to the amounts established by the Commission in its Order;
- (B)- NEO cannot provide “a complete operating statement of [OTP’s] last fiscal year” for the reasons previously acknowledge by the Commission. NEO purchased OTP’s assets from the receivership less than 12 months ago, and therefore its access to data to periods prior to December 1, 2019 is limited. Therefore, NEO will provide the operating statement data in its possession for OTP from December 1, 2019 to the present; and
- (C) A statement of the OTP income and expense anticipated under the application filed.
- (D)- A statement of OTP’s financial condition summarizing assets, liabilities, and net worth.

⁶ “(A) A report of its property used and useful, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be used and useful as of the date certain, in rendering the service referred to in such application, as provided in section 4909.05 of the Revised Code;

(B) A complete operating statement of its last fiscal year, showing in detail all its receipts, revenues, and incomes from all sources, all of its operating costs and other expenditures, and any analysis such public utility deems applicable to the matter referred to in said application;

(C) A statement of the income and expense anticipated under the application filed;

(D) A statement of financial condition summarizing assets, liabilities, and net worth;”

III. EXPEDITED RULING

NEO respectfully requests an expedited ruling on this motion. An expedited ruling is appropriate because NEO anticipates filing the application in each case no later than September 30, 2020. Any Commission change to the date certain, test period, or a rejection of the requested waivers will have a significant impact on that filing. NEO, therefore, requests the Commission approve this motion on an expedited basis, so that it may plan accordingly.

Respectfully Submitted,

/s/ N. Trevor Alexander

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CERTIFICATE OF SERVICE

I certify that the foregoing was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 26th day of August, 2020. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

/s/ N. Trevor Alexander

Attorney for Northeast Ohio Natural Gas Corp.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

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in

Case No(s). 20-1427-GA-ALT

Summary: Motion to establish test period, date certain, and for waiver electronically filed by Mr. Trevor Alexander on behalf of Northeast Ohio Natural Gas Corp.