

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
COLUMBIA GAS OF OHIO, INC. FOR  
APPROVAL TO CHANGE ACCOUNTING  
METHODS.

CASE NO. 20-1104-GA-AAM

## ENTRY ON REHEARING

Entered in the Journal on September 9, 2020

### I. SUMMARY

{¶ 1} The Commission denies the application for rehearing of its July 15, 2020 Finding and Order filed by Ohio Consumers' Counsel.

### II. DISCUSSION

#### A. *Applicable Law and Procedural History*

{¶ 2} Columbia Gas of Ohio, Inc. (Columbia or Company) is a natural gas company and a public utility, as defined in R.C. 4905.03 and 4905.02, respectively. As such, Columbia is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4905.13 authorizes the Commission to establish systems of accounts to be kept by public utilities and to prescribe the manner in which these accounts will be kept. Pursuant to Ohio Adm.Code 4901:1-13-13, the Commission adopted the Uniform System of Accounts (USOA), which was established by the Federal Energy Regulatory Commission (FERC), for gas and natural gas companies in Ohio, except to the extent that the provisions of the USOA are inconsistent with any outstanding orders of the Commission. Additionally, the Commission may require the creation and maintenance of such additional accounts as may be prescribed to cover the accounting procedures of gas or natural gas companies operating within the state.

{¶ 4} On March 9, 2020, the governor signed Executive Order 2020-01D (Executive Order), declaring a state of emergency in Ohio to protect the well-being of Ohioans from the dangerous effects of COVID-19. As described in the Executive Order, state agencies are

required to implement procedures consistent with recommendations from the Department of Health to prevent or alleviate the public health threat associated with COVID-19. Additionally, all citizens are urged to heed the advice of the Department of Health regarding this public health emergency in order to protect their health and safety. The Executive Order was effective immediately and will remain in effect until the COVID-19 emergency no longer exists. The Department of Health is making COVID-19 information, including information on preventative measures, available via the internet at [coronavirus.ohio.gov/](https://coronavirus.ohio.gov/).

{¶ 5} Pursuant to R.C. 3701.13, the Ohio Department of Health has supervision of “all matters relating to the preservation of the life and health of the people” and the “ultimate authority in matters of quarantine and isolation.” On March 12, 2020, the Director of the Ohio Department of Health issued an Order indicating that “all persons are urged to maintain social distancing (approximately six feet away from other people) whenever possible.” On March 22, 2020, and as amended on April 2, 2020, the Director of the Ohio Department of Health issued an Order directing that from March 23, 2020, until May 1, 2020, with certain outlined exceptions, “all individuals currently living within the State of Ohio are ordered to stay at home or at their place of residence except as allowed in [the] Order. \* \* \* All persons may leave their homes or place of residence only for Essential Activities, Essential Governmental Functions, or to participate in Essential Businesses and Operations,” as defined in the Order.

{¶ 6} On March 12, 2020, the Commission initiated Case No. 20-591-AU-UNC and directed all utility companies in this state to review their disconnection procedures in light of the state of emergency. *In re the Proper Procedures and Process for the Commission’s Operations and Proceedings During the Declared State of Emergency and Related Matters*, Case No. 20-591-AU-UNC (*Emergency Case*), Entry (Mar. 12, 2020) at ¶ 7. On March 13, 2020, the Commission extended its winter reconnection order through May 1, 2020, and directed all utility companies in this state to review their reconnection procedures. *Emergency Case*, Entry (Mar. 13, 2020) at ¶ 6. In the March 12, 2020, and March 13, 2020 Entries, the Commission also directed all utility companies to promptly seek any necessary approval,

for the duration of the emergency, to suspend otherwise applicable disconnection or reconnection requirements that may impose a service continuity or service restoration hardship on residential and non-residential customers or create unnecessary COVID-19 risks associated with social contact. The Commission determined that such filings shall be deemed approved on an emergency basis for a period of at least 30 days effective as of the filing date or until such date as the Commission may otherwise specify, which shall not be less than 30 days.

{¶ 7} On March 18, 2020, in Case No. 20-637-GA-UNC, Columbia filed a motion to suspend certain provisions of the Ohio Administrative Code and the corresponding provisions of its tariff, to avoid otherwise applicable disconnection or reconnection requirements that may impose a service continuity hardship on customers and to avoid unnecessary social contact between Columbia personnel, Columbia customers, contractors, and the general public. By Finding and Order issued May 20, 2020, the Commission granted, in part, Columbia's motion for waiver during the COVID-19 emergency, consistent with the Staff's recommendations and modifications, and the Finding and Order. As part of the Finding and Order, the Commission also directed Columbia to track the costs associated with the emergency in a separate FERC account, as well as to track any costs the Company avoids due to the emergency in the event that Columbia subsequently elects to seek deferral authority or to request recovery of expenses. *In re Columbia Gas of Ohio, Inc.*, Case No. 20-637-GA-UNC (*Columbia Emergency Case*), Finding and Order (May 20, 2020) at ¶ 44.

{¶ 8} On May 29, 2020, in the above-captioned case, Columbia filed an application seeking authority to establish a regulatory asset and defer, for accounting purposes, the expenditures incurred, and revenues lost, as a result of the COVID-19 emergency.

{¶ 9} On June 10, 2020, Staff filed its review and recommendation of Columbia's application. While acknowledging the unique circumstances in light of the pandemic, Staff, based on its evaluation and analysis of the six criteria it uses to evaluate applications for

deferral authority, recommended that Columbia's application for deferral authority be granted for both incremental costs that result from Columbia's response to COVID-19 and foregone revenues associated with late payment fees.

{¶ 10} Ohio Consumers' Counsel (OCC) was granted intervention in this case and, consistent with the procedural schedule, OCC filed comments on Columbia's request for deferral authority.

{¶ 11} By Finding and Order issued July 15, 2020, the Commission granted Columbia's request for deferral authority for both expenses and foregone revenues, pursuant to the approach recommended by Staff. Further, the Commission specifically noted that the Commission does not authorize carrying charges on the deferrals and reiterated the directives in the *Columbia Emergency Case*, that the Company track costs associated with the emergency in a separate FERC account and also track any costs that it avoids due to the emergency. *Columbia Emergency Case*, Finding and Order (May 20, 2020) at ¶ 44. The July 15, 2020 Finding and Order emphasized that recovery is not guaranteed until the deferred amounts have been reviewed and addressed in an appropriate future proceeding, in which the question of recovery of the deferred amounts, including, but not limited to, issues such as prudence, proper computation, proper recording, reasonableness, and any potential double-recovery, will be fully considered by the Commission.

{¶ 12} R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.

{¶ 13} On August 14, 2020, OCC filed an application for rehearing of the Finding and Order granting Columbia's request for deferral authority, asserting one assignment of error.

{¶ 14} On August 24, 2020, Columbia filed a memorandum contra OCC's application for rehearing. As a threshold matter, Columbia advocates that the application

for rehearing should be denied, as OCC fails to raise any new arguments for the Commission's consideration which were not presented in OCC's comments filed on July 9, 2020. Further, if the Commission elects to address OCC's substantive arguments, Columbia states that the Commission has already considered such arguments and should again reject OCC's arguments.

{¶ 15} The Commission has reviewed and considered all of the arguments raised in OCC's application for rehearing. Any argument raised on rehearing that is not specifically discussed herein has been thoroughly and adequately considered by the Commission and should be denied.

***B. Consideration of the Application for Rehearing***

{¶ 16} In its only assignment of error, OCC contends that the Commission's Finding and Order is unreasonable, is unlawful, and violates prior precedent to the extent that the Finding and Order grants Columbia's request for deferral authority, despite Columbia's failure to meet each of the requirements of the six-part test used to evaluate a utility's request to defer expenses. OCC avers that Columbia failed to comply with three aspects of the test. First, OCC argues that Columbia, as the applicant, has the burden to demonstrate, and failed to demonstrate, that the Company's revenues are insufficient. OCC notes that Columbia did not provide the level of deferrals requested or provide documentation of revenues or costs the Company expects to defer and, therefore, Staff was unable to determine the amount of the deferral requested, as required by the six-part test. OCC asserts that, without the exact amount of deferrals known, it may be difficult to determine whether Columbia is seeking double-recovery for expenses already collected from customers. Further, OCC declares, as expressed in its comments, that Columbia failed: (a) to disclose what sorts of expenses and costs the Company will seek to defer; (b) to disclose the amount it seeks to defer; (c) to establish that the Company actually lost revenue to be deferred; (d) to demonstrate that the Company attempted to avoid costs that could offset deferred amounts; and (e) to track avoided expenses that could offset deferral amounts. Next, OCC notes that, while Columbia indicated the types of expenses allegedly incurred as a result of the

emergency, Columbia failed to provide any proof of additional expenses incurred or to show that such increased expenditures are material. Finally, OCC contends that Columbia failed to provide any documentation or to demonstrate its costs have increased and that such loss will harm Columbia. Further, OCC notes that Columbia has not identified any expense that the Company has avoided or will avoid as a result of its change in operations. Without the information noted, OCC declares that it is impossible to determine how the alleged increase in costs or possible loss in revenue impacts Columbia's operating expenses to determine if the utility suffered any actual harm.

{¶ 17} In its memorandum contra, Columbia states that OCC overlooks Staff's rationale and approach, and the Commission's acceptance of Staff's approach, for determining whether Columbia's revenues are insufficient, whether the costs incurred as a result of the pandemic are material, whether Columbia's costs have increased, and whether the increased costs will cause Columbia harm. In fact, Columbia points out that Staff stated that the costs included in Columbia's rates are insufficient, although the exact amount of the deferral is unknown. Columbia emphasizes that Staff declared that, although Staff could not determine if costs were material, as of the filing of the application, it is reasonably probable that the costs will be material, and that Columbia would experience financial harm. July 15, 2020 Finding and Order at ¶ 15(a), (b), and (e). Thus, Columbia argues that OCC has offered no new reasons for the Commission to revise its Finding and Order and, therefore, the application for rehearing should be denied.

{¶ 18} The Commission reiterates and emphasizes, as we noted in the July 15, 2020 Finding and Order, that, while we have approved Columbia's request for deferral authority, recovery is not guaranteed. In an appropriate future proceeding, where Columbia has the burden of proof, interested parties will be afforded the opportunity to evaluate and challenge the amounts of the deferrals and recovery, as well as issues such as prudence, proper computation, proper recording, reasonableness, and any potential double-recovery, and the tracking of expenses and foregone revenues will be fully considered by the Commission. In this manner, OCC and other interested parties will be afforded the

opportunity to evaluate and challenge Columbia's recovery of expenses incurred and foregone revenues. In the July 15, 2020 Finding and Order, the Commission again directed, as we had done in the *Columbia Emergency Case*, that Columbia track the costs associated with the emergency, in a separate FERC account, and track avoided costs due to the emergency. Considering the unique circumstances of the emergency, the unknown duration of the emergency, and the associated financial impact on Columbia customers and the utility, the Commission continues to find the approach advocated by Staff to be appropriate, reasonable, and consistent with Commission precedent. *In re Ohio Power Co.*, Case No. 20-602-EL-UNC, et al., Finding and Order (May 6, 2020) at ¶¶ 53-54, 61-62; *In re The Dayton Power and Light Co.*, Case No. 20-650-EL-AAM, et al., Finding and Order (May 20, 2020) at ¶¶ 35-37, 44-45. Accordingly, the Commission finds that OCC has failed to present any new arguments for the Commission's consideration that were not previously considered and rejected and, therefore, the Commission denies the application for rehearing.

### III. ORDER

{¶ 19} It is, therefore,

{¶ 20} ORDERED, That the application for rehearing filed by OCC be denied. It is, further,

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

**COMMISSIONERS:**

*Approving:*

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

GNS/hac



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Summary: Entry denying the application for rehearing of its July 15, 2020 Finding and Order filed by Ohio Consumers' Counsel. electronically filed by Ms. Mary E Fischer on behalf of Public Utilities Commission of Ohio