

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
SUBURBAN NATURAL GAS COMPANY
FOR AN INCREASE IN GAS DISTRIBUTION
RATES.

CASE NO. 18-1205-GA-AIR

IN THE MATTER OF THE APPLICATION OF
SUBURBAN NATURAL GAS COMPANY
FOR TARIFF APPROVAL.

CASE NO. 18-1206-GA-ATA

IN THE MATTER OF THE APPLICATION OF
SUBURBAN NATURAL GAS COMPANY
FOR APPROVAL OF CERTAIN
ACCOUNTING AUTHORITY.

CASE NO. 18-1207-GA-AAM

ENTRY

Entered in the Journal on September 23, 2020

I. SUMMARY

{¶ 1} The Commission approves, to the extent set forth in this Entry, the request of Suburban Natural Gas Company to implement the second phase of the revenue increase authorized in its recent distribution rate case.

II. DISCUSSION

{¶ 2} Suburban Natural Gas Company (Suburban or the Company) is a natural gas company as defined by R.C. 4905.03 and a public utility as defined by R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} On August 31, 2018, Suburban filed, pursuant to R.C. 4909.18, an application to increase its rates for natural gas distribution service.

{¶ 4} On May 23, 2019, a joint stipulation and recommendation (Stipulation) was filed by Suburban and Staff.

{¶ 5} On September 26, 2019, the Commission issued an Opinion and Order, adopting the Stipulation and resolving all of the issues related to Suburban's application to increase its natural gas distribution rates. Among other matters, the Stipulation provides

for a phase-in of the total revenue increase and revenue requirement over three years, as well as a phase-in of the DEL-MAR pipeline extension into rate base over a three-year period. September 26, 2019 Opinion and Order at ¶¶ 25-26, 31.

{¶ 6} On September 4, 2020, Suburban filed a notice requesting approval of revised tariffs to implement the second phase of its authorized rate increase. Suburban states that its proposed tariff sheets are consistent with the Stipulation, are just and reasonable, and should be approved, effective September 30, 2020.

{¶ 7} On September 16, 2020, Staff filed its review and recommendations in response to Suburban's notice. Following its review, Staff notes that Suburban proposes a fixed customer charge of \$34.41 for the small general service (SGS) class, a fixed customer charge of \$180 with a volumetric charge of \$0.2350 per hundred cubic feet (CCF) for the large general service (LGS) class, and a fixed customer charge of \$180 with a volumetric charge of \$0.2356 per CCF for the large general service transport (LGST) class. Although Staff generally agrees with the method used by Suburban, Staff is concerned that the Company has updated CCF sales for the LGS class based upon actual sales during the test year, which deviates from the forecasted CCF sales that were agreed upon in the Stipulation. Staff states that the Stipulation did not contemplate an update of CCF sales for any class of customers. Staff further states that the Stipulation provides only for an update in the total number of customers using the same revenue distribution percentage as established in the first year of the phase-in. According to Staff, Suburban explained that it updated the CCF sales for the LGS class because the forecast agreed upon in the Stipulation is unrealistic and will result in the Company's collection of less than the agreed upon revenue requirement. Although Staff understands Suburban's position, Staff notes that actual sales will always deviate from what is forecasted in a test year and that a revenue requirement is not guaranteed.

{¶ 8} Staff, therefore, recommends a revenue requirement of \$20,206,802 for the second year of the phase-in, with no modification of the CCF sales for the LGS class. Staff's recommendation results in a fixed customer charge of \$34.41 for the SGS class; a fixed

customer charge of \$178.95 with a volumetric charge of \$0.21251 per CCF for the LGS class; and a fixed customer charge of \$168.61 with a volumetric charge of \$0.23817 per CCF for the LGST class. However, if the Commission should adopt Suburban's proposal, particularly due to the uniqueness of a phased revenue requirement approach, Staff recommends that the Commission accept the Company's proposed rates and direct that the same methodology for updating usage be applied in next year's filing for the third year of the phase-in.

{¶ 9} Upon review, the Commission finds that Suburban's request to implement the second phase of its authorized rate increase should be approved, subject to Staff's recommendation that there be no modification of the CCF sales for the LGS class. The Stipulation provides that:

At the time additional book value of the 4.9-mile DEL-MAR pipeline extension is added to rate base at the beginning of the second and third years following the Commission's order in these proceedings (Year 2 and Year 3), Suburban's established revenue requirement for each applicable year shall be allocated to the customers based upon the total number of customers, as evaluated by Staff and as approved by the Commission, at the time the additional book value is added at the same revenue distribution percentage, excluding gas costs, as established in Year 1.

September 26, 2019 Opinion and Order at ¶ 32. Nothing in this provision or any other provision of the Stipulation contemplates an update in the second and third years of the phase-in based on actual sales or anything other than customer count. Accordingly, we find that Suburban should be authorized to file revised tariffs, consistent with this Entry.

III. ORDER

{¶ 10} It is, therefore,

{¶ 11} ORDERED, That Suburban's request for authority to implement the second phase of its revenue increase be approved, consistent with this Entry. It is, further,

{¶ 12} ORDERED, That Suburban be authorized to file tariffs, in final form, consistent with this Entry. Suburban shall file one copy in these case dockets and one copy in its TRF docket. It is, further,

{¶ 13} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 14} ORDERED, That Suburban shall notify all affected customers of the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

{¶ 15} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

SJP/kck

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Case No(s). 18-1205-GA-AIR, 18-1206-GA-ATA, 18-1207-GA-AAM

Summary: Entry approving, to the extent set forth in this Entry, the request of Suburban Natural Gas Company to implement the second phase of the revenue increase authorized in its recent distribution rate case. electronically filed by Ms. Mary E Fischer on behalf of Public Utilities Commission of Ohio