



Public Utilities Commission

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November 18, 2020

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Dominion Energy Ohio, for Approval to Change Accounting Methods, Case No. 15-1712-GA-AAM.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation regarding the compliance filing made by Dominion Energy Ohio, Case No. 15-1712-GA-AAM.

A handwritten signature in black ink, appearing to read "DL", written over a horizontal line.

David Liphtratt
Chief, Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

The East Ohio Gas Company Dominion Energy Ohio
Case No. 15-1712-GA-AAM

SUMMARY:

By Opinion and Order dated November 3, 2016 (2016 Order), the Commission approved The East Ohio Gas Company d/b/a Dominion Energy's, (Dominion or Company) application in Case No. 15-1712-GA-AAM to establish a regulatory asset to defer to up to \$15 million annually in order to increase customer safety through the Pipeline Safety Management Program (PSMP).

The PSMP originally consisted of four initiatives as part of the Company's Distribution Integrity Management Plan adopted in accordance with federal pipeline safety regulations, 49 C.F.R. § 192.1001, Subpart P. The four initiatives were:

- Damage Prevention Initiative consisting of programs specifically targeted at preventing pipeline damage.
- Advanced Workforce Training Initiative involving new training curricula and instructor-led classroom training at a new training facility to enhance and speed employee training.
- Asset Data Collection Initiative for implementation of automated data collection procedures for construction activities to reduce errors associated with paper records and enhancements to existing system attributes data.
- Quality Assurance Program to create a centralized and dedicated internal auditing team to evaluate employee and contractor work for compliance with the Company's operating procedures and operator qualification plan.

By Finding and Order dated November 14, 2018 (2018 Order), the Commission accepted Dominion's 2018 Annual Report as filed and articulated the appropriate process for adding or revising PSMP initiatives. As a result, the PSMP includes two new initiatives: the Underground Storage Integrity Initiative and the Gathering Rights of Way Maintenance Initiative.

On March 11, 2020 the Commission's Supplemental Finding & Order amended the process for the pipeline safety management program. Beginning in 2020, the annual report shall be filed on or before September 1 of each year and any proposed new initiatives shall be presented in the annual report. The report is to include annual and cumulative PSMP expenses, monthly expenditures for each PSMP component on an annual basis, and an audit report prepared by the Company's external auditor regarding the accuracy of Dominion's accounting for PSMP expenditures. The report is to also include items such as the PSMP's progress toward reducing risks to Dominion's system, the result of ongoing and future investigations, any mid-term adjustments to PSMP projects or programs, and the Company's effort towards identifying inefficiencies and implementing cost saving measures. The carrying charge rate was set at three percent per year without compounding.

In the same Supplemental Finding and Order, the Commission found that under the circumstances two new initiatives to enhance monitoring of low-pressure regulating stations and to identify,

assess, and remediate service off service proposed by Dominion for 2020, that Dominion may commence accrual of deferrals through the PSMP.

On September 1, 2020, Dominion filed its annual report for the PSMP detailing expenses deferred for calendar year 2019 (2020 Annual Report). Pursuant to the Commission's Order, Staff has 90 days to file a report regarding the proposed PSMP deferrals. As directed by the Commission, Dominion has proposed two additional initiatives for consideration in its annual report, the Mega Rule initiative and High Pressure (HP) Distribution Farm Taps initiative. The Mega Rule provides an expansion of the integrity manage requirements for gas transmission pipelines. The HP Distribution Farm Taps establishes a comprehensive list of these taps and their issues, ensure and follow cathodic protection requirements and to build remediation plans for issues found.

STAFF REVIEW AND RECOMMENDATION:

Staff has reviewed Dominion's 2020 Annual Report and the accompanying attachments that were filed in this case and has no objection to the information contained in the report. Staff recommends that the Commission deny its filing in part. Staff does not agree that the HP Distribution Farm Taps initiative be approved. These taps are components of regulated gas distribution systems and should have been operated and maintained by DEO as distribution piping. The information DEO proposes to collect on the farm taps in question can be collected during scheduled operations and maintenance activities such as leak surveys and corrosion inspections.

Staff recommends the Commission deny the HP Distribution Farm Taps initiative. Additionally, Staff does not oppose the Company's proposed Mega Rule initiative.

Nevertheless, as noted in Staff Comments previously filed in this case and acknowledged in the Commission's Orders, Staff's lack of objection to the addition of the Mega Rule and other previously approved programs as part of Dominion's annual report should not be construed as support for future recovery of the PSMP deferrals. Staff expressly reserves the right to challenge recovery of the deferrals in any future recovery proceeding.

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11/18/2020 3:45:18 PM

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Case No(s). 15-1712-GA-AAM

Summary: Staff Review and Recommendation regarding the compliance filing made by Dominion Energy Ohio electronically filed by Zee Molter on behalf of PUCO Staff