

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF VECTREN ENERGY
DELIVERY OF OHIO, INC.'S CAPITAL
EXPENDITURE PROGRAM RIDER.

CASE NO. 21-620-GA-RDR

ENTRY

Entered in the Journal on February 24, 2021

I. SUMMARY

{¶ 1} The Commission selects Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to review the necessity, prudence, and reasonableness of capital expenditures and deferrals related to Vectren Energy Delivery of Ohio, Inc.'s capital expenditure program rider.

II. DISCUSSION

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

{¶ 3} R.C. 4929.111 provides that a natural gas company may file an application to implement a capital expenditure program (CEP) for any infrastructure expansion, improvement, or replacement program; any program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds that the CEP is consistent with the applicant's statutory obligation to furnish necessary and adequate facilities, which are also found to be just and reasonable, the Commission is tasked with approving the application and authorizing the deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on that portion of assets of the CEP placed in service but not reflected in rates as plant in service and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates.

{¶ 4} In 2012, after making the necessary statutory findings, the Commission modified and approved VEDO's application to implement a CEP for the period October 1, 2011, through December 21, 2012. Under the approved CEP, VEDO was authorized to begin deferring the PISCC, depreciation, and property tax expense associated with its CEP up to the point where the accrued deferrals, if included in rates, would cause the rates charged to Residential and General Default Sales Service, Group 1 customers to increase by more than \$1.50 per month. In approving the application, the Commission noted that the prudence and reasonableness of VEDO's CEP-related regulatory assets and associated capital spending would be considered in any future proceeding seeking cost recovery, at which time the Company would be expected to provide detailed information regarding the expenditures for the Commission's review. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 12-530-GA-UNC, et al., Finding and Order (Dec. 12, 2012).

{¶ 5} The next year, the Commission modified and approved the Company's application to continue the CEP, including deferral of PISCC, depreciation expense, and property tax expense, in 2013 and succeeding years. Once again, the Commission noted that a prudence and reasonableness review would occur through a future cost-recovery proceeding. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 13-1890-GA-UNC, et al., Finding and Order (Dec. 4, 2013).

{¶ 6} In 2018, VEDO filed an application to increase its rates for gas distribution service and for approval of alternative rate plans, one of which sought authority for cost recovery of the deferrals and expenses related to the CEP. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Rates*, Case No. 18-298-GA-AIR; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-299-GA-ALT; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-49-GA-ALT (combined, 2018 Rate Case). On August 28, 2019, the Commission approved a stipulation and recommendation that, among other things, authorized VEDO to include the deferred CEP balance as of December 31, 2017, and the assets underlying such balance, in base rates

and establishing a new CEP Rider with initial rates set at zero. *2018 Rate Case*, Opinion and Order (Aug. 28, 2019) at ¶¶ 53, 65-66, 125. The approved stipulation also set forth the procedures, terms, and conditions that would govern VEDO's future cost-recovery proceedings to update customer charges for the CEP Rider, including a timeframe for the filing and processing of the annual applications and an annual or biennial review of the necessity, prudence, lawfulness, and reasonableness of the Company's CEP investment.

{¶ 7} On January 27, 2021, in anticipation of VEDO's next annual application to update customer charges for the CEP Rider, the Commission issued an Entry directing Staff to issue a request for proposal (RFP) for audit services to assist in a two-part review of the accounting accuracy, necessity, prudence, lawfulness, and reasonableness of the Company's CEP-related regulatory assets and associated capital spending for calendar year 2020.

{¶ 8} The proposals received in response to the RFP have been evaluated and, after consideration of those proposals, the Commission selects Blue Ridge Consulting Services, Inc. (Blue Ridge). The Commission finds that Blue Ridge has the necessary experience to complete the required work.

{¶ 9} VEDO shall enter into a contract with Blue Ridge by March 10, 2021, for the purpose of providing payment for its services. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and relevant Commission entries in this case.

{¶ 10} The Commission shall solely direct the work of the auditor. Staff will review and approve payment invoices submitted by the auditor.

{¶ 11} Blue Ridge will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4903.06, 4905.15, and 4905.16. Blue Ridge is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no

employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

{¶ 12} Upon the request of Blue Ridge or Staff, VEDO shall provide any and all documents or information requested. The Company may conspicuously mark such documents or information “confidential” if the Company believes the document should be deemed as such. In no event, however, shall the Company refuse or delay in providing such documents or information.

{¶ 13} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days’ prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 14} Blue Ridge shall perform its review and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by Blue Ridge may be examined by any participant to this proceeding. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by Blue Ridge or its agents in the preparation and presentation of its report.

III. ORDER

{¶ 15} It is, therefore,

{¶ 16} ORDERED, That Blue Ridge be selected to assist the Commission and Staff with the review of VEDO's CEP Rider as set forth above. It is, further,

{¶ 17} ORDERED, That VEDO and Blue Ridge shall observe the requirements set forth herein. It is, further,

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

COMMISSIONERS:

Approving:

M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

PAS/hac

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Case No(s). 21-0620-GA-RDR

Summary: Entry selecting Blue Ridge Consulting Services, Inc. to conduct the audit services necessary to review the necessity, prudence, and reasonableness of capital expenditures and deferrals related to Vectren Energy Delivery of Ohio, Inc.'s capital expenditure program rider. electronically filed by Ms. Mary E Fischer on behalf of Public Utilities Commission of Ohio