THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO TO ADJUST ITS PIPELINE INFRASTRUCTURE REPLACEMENT PROGRAM COST RECOVERY CHARGE AND RELATED MATTERS.	**CASE NO. 20-1625-GA-RDR**

FINDING AND ORDER

Entered in the Journal on April 21, 2021

I. SUMMARY

{¶ 1} The Commission approves the application of The East Ohio Gas Company d/b/a Dominion Energy Ohio to adjust its pipeline infrastructure replacement program cost recovery charge, consistent with the recommendations of Staff, as modified on April 1, 2021.

II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (Dominion or Company) is a natural gas company, as defined by R.C. 4905.03, and a public utility, as defined by R.C. 4905.02. As such, Dominion is subject to the jurisdiction of the Commission pursuant to R.C. 4905.04, 4905.05, and 4905.06.

{¶ 3} R.C. 4929.11 provides that the Commission may allow any automatic adjustment mechanism or device in a natural gas company's rate schedules that allows a natural gas company's rates or charges for a regulated service or goods to fluctuate automatically in accordance with changes in a specified cost or costs.

{¶ 4} In Case No. 07-829-GA-AIR, et al., the Commission approved, pursuant to a stipulation with certain modifications, Dominion's recovery mechanism for its pipeline infrastructure replacement (PIR) program and the process for annual updates to the PIR cost recovery charge. *In re The East Ohio Gas Company d/b/a Dominion East Ohio* (*Distribution Rate Case*), Case No. 07-829-GA-AIR, et al., Opinion and Order (Oct. 15, 2008).

{¶ 5} In Case No. 11-2401-GA-ALT, the Commission approved a stipulation and recommendation that modified Dominion's PIR program. As part of the modified program, Dominion agreed to transition its PIR cost recovery charge filings from a fiscal-year basis to a calendar-year basis and to submit a prefiling notice by November 30 each year, and an updated filing with actual data by February 28, with the goal of the revised PIR charge becoming effective as of the first billing cycle in May of each year. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 11-2401-GA-ALT, Opinion and Order (Aug. 3, 2011).

{¶ 6} Subsequently, the Commission approved a stipulation that extended Dominion's PIR program and rider through 2021. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 15-362-GA-ALT, Opinion and Order (Sept. 14, 2016).

{¶ 7} In Case No. 19-1944-GA-RDR, the Commission approved Dominion's current PIR cost recovery charges. *In re The East Ohio Gas Company d/b/a Dominion Energy Ohio*, Case No. 19-1944-GA-RDR, Finding and Order (Apr. 8, 2020).

{¶ 8} On November 30, 2020, in the above-noted docket, Dominion filed a prefiling notice consistent with the procedures established in Case No. 11-2401-GA-ALT.

{¶ 9} On February 26, 2021, Dominion filed its application to adjust its PIR cost recovery charge for costs incurred January 1, 2020, through December 31, 2020. Along with the application, Dominion filed the testimony of Lori S. Parker in support of its PIR application.

{¶ 10} In its application, Dominion requests that the Commission approve an adjustment to Rider PIR reflecting costs associated with capital investments made during the period January 1, 2020, through December 31, 2020. As reflected in Schedule 1 of the application, Dominion submits that the total annual revenue requirement for Rider PIR would be $242,821,702.22. Further, as Dominion proposed in the application, Rider PIR would be adjusted as shown in Paragraph 14 below.

{¶ 11} In her testimony, Ms. Parker states that Dominion's customers are realizing several benefits from the PIR program including: enhanced service reliability and safety well into the future resulting from the replacement of aging infrastructure; reduced operations and maintenance (O&M) costs that have occurred to date and will continue to occur over time resulting from a lower leak repair rate as compared to the O&M costs that would have been incurred if Dominion had not accelerated the replacement of its pipelines; and lower service line costs because Dominion now installs and maintains the curb-to-meter service lines that were previously the responsibility of customers. Ms. Parker provides an overview of the process for adjusting Rider PIR and an explanation for how the calculations were determined in the accompanying schedules, necessitating a total annualized revenue requirement of $242,821,702.22. Ms. Parker also explains that Dominion has calculated Rider PIR to recognize the federal income tax rate reduction pursuant to the Tax Cuts and Jobs Act of 2017. Overall, Ms. Parker asserts that Rider PIR allows Dominion to continue to provide safe and reliable service through the replacement of dated infrastructure in an accelerated manner. (Dominion App., Attach. A, Sch. 1, Attach. C at 3, 5-17.)

{¶ 12} By Entry issued March 2, 2021, the procedural schedule in this case was established such that motions to intervene and comments on the application by Staff and intervenors were due by March 23, 2021; a statement from Dominion as to whether all issues raised in the comments have been resolved was due by March 29, 2021; expert testimony on behalf of intervenors and Staff was due to be filed with the Commission by March 31, 2021; in the event the parties were able to negotiate a settlement, the stipulation was due to be filed with the Commission by 9:00 a.m., on April 2, 2021; and, in the event that all issues were not resolved or the parties entered into a stipulation, the hearing was scheduled to commence on April 5, 2021.

{¶ 13} Staff filed its comments on Dominion's PIR application on March 23, 2021. No motions to intervene or other comments were filed.

{¶ 14} In its comments, Staff states that it reviewed and analyzed all of the documentation filed by Dominion. Staff indicates it audited nine months, January 2020 through September 2020, of actual capital expenditures, associated expenses, over-/under-collections, and O&M savings data contained in the notice of intent filing, and traced it to supporting work papers and to source data. As part of its review, Staff also issued data requests, conducted investigative interviews, and performed independent analyses when necessary. Staff expresses concern with the rate of progression of the PIR program and notes that, since the commencement of the PIR in 2008, Dominion has completed replacement of approximately 37 percent of the total pipeline mileage targeted for replacement as of the close of 2020. As a part of its investigation, Staff disallowed plant additions associated with the steel gas main failure at 28000 Shaker Blvd., in Pepper Pike, Ohio (Incident). Further, Staff states that the Company exceeded its revenue caps in 2019, in excess of the revenue requirement effect of the Incident and, therefore, no refund to the PIR is required. Staff, however, adjusted the revenue requirement to $242,710,423.75 to account for the Incident. Staff also notes that, as previously directed by the Commission, Staff completed an audit of actual data for expenditures from October 2019 through December 2019. Finally, while Staff has investigated Dominion's actual expenditures from January 2020 through September 2020, due to the timing of the filing in February, Staff recommends that actual 2020 fourth quarter data be audited in the next annual filing. Based on Staff's adjustment, the revised rates are as follows:

Rate Class	Current Rates	Proposed Rates in the Application	Staff Recommended Rates	Proposed Increase Based on Staff Recommendation
General Sales Service and Energy Choice Transportation Service	$13.45 per month	$14.98 per month	$14.97 per month	$1.52 per month
Large Volume General Sales Service and Large Volume Energy Choice Transportation Service	$68.32 per month	$70.02 per month	$70.01 per month	$1.69 per month
General Transportation Service and Transportation Service for Schools	$565.38 per month	$635.82 per month	$635.77 per month	$70.39 per month
Daily Transportation Service	$0.0567 per Mcf	$0.0585 per Mcf with a cap of $1,000 per month	$0.0585 per Mcf with a cap of $1,000 per month	$0.0018 per Mcf

{¶ 15} In its comments, Staff states that, with the adoption of these recommendations, Staff has no other objections to Dominion's application to adjust the Company's PIR cost recovery charge. Consequently, Staff recommends that the Commission approve Dominion's application, as modified by Staff's recommendations stated above.

{¶ 16} On March 29, 2021, Dominion and Staff filed a joint motion for an extension of the due date for Dominion to file its statement addressing whether the issues raised in the comments have been resolved and the due date to file expert testimony, until April 1, 2021, to afford the parties additional time to negotiate a resolution of the issues.

{¶ 17} By Entry issued March 30, 2021, the parties' motion for an extension of the procedural schedule was granted.

{¶ 18} On April 1, 2021, Dominion filed its statement to inform the Commission whether the issues raised in the comments have been resolved. Dominion notes that Staff's recommended disallowance associated with the Incident reflects original project costs, whereas the Company intended to exclude any remediation project costs for the Incident from the PIR. Dominion provided Staff with detailed information regarding the Incident and discovered $5,225.84 of remediation costs inadvertently included in the PIR revenue requirement, which Dominion agrees to remove. Dominion also identified an invoice amount of $133,018.00, for which payment is being withheld pending resolution of any legal disputes with the vendor. Dominion commits to making an adjustment in a future annual PIR filing in the month and year that the amount accrues, if the invoice is not paid in full, including, subject to Staff's review, an offset to other obligations owed by the vendor to Dominion for PIR projects. Dominion does not object to Staff reserving the right to review this accrued amount in a future annual PIR filing and to confirm the appropriateness of any adjustment by the Company. Further, Dominion does not oppose Staff's recommendation that the actual fourth quarter 2020 data be audited in the next annual PIR filing. In consideration of the additional information provided by Dominion and the Company's agreement to adjust the PIR revenue requirement to eliminate the Incident remediation costs, to review and adjust, as necessary, accrued amounts, and to defer the audit for the fourth quarter PIR data, Dominion represents that Staff has agreed to withdraw its recommended disallowance for the Incident. Dominion indicates that Staff recommended approval of Dominion's application, subject to Staff's recommendations, and given the parties' resolution of the issues raised, a hearing in this case is not necessary. Thus, Dominion respectfully requests that the Commission approve its February 26, 2021 application, as modified consistent with the Company's statement.

{¶ 19} On April 1, 2021, Staff filed a correspondence stating that the parties have agreed to further amend the Staff's recommendations as represented by Dominion in the Company's April 1, 2021 statement.

{¶ 20} Upon consideration of the application, the comments filed by Staff, Dominion's statement, and Staff's correspondence, the Commission finds that Dominion's application to adjust its PIR cost recovery charge is reasonable and should be approved, subject to the recommendations proposed by Staff and the adjustments to Staff's recommendations as reflected in Dominion's statement and Staff's correspondence filed on April 1, 2021.

III. ORDER

{¶ 21} It is, therefore,

{¶ 22} ORDERED, That Dominion's application to adjust its PIR cost recovery charge, as modified consistent with this Finding and Order, is approved. It is, further,

{¶ 23} ORDERED, That Dominion is authorized to file tariffs, in final form, consistent with this Finding and Order. Dominion shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 24} 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,

{¶ 25} ORDERED, That Dominion notify its customers of the changes to the tariffs via bill message or bill insert within 30 days of the effective date of the revised tariffs. A copy of the 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,

{¶ 26} ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 27} ORDERED, That a copy of this Finding and Order be served upon all interested persons of record.

COMMISSIONERS:
Approving:
Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

GNS/hac