

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of )  
The East Ohio Gas Company d/b/a )  
Dominion Energy Ohio for Approval of an ) Case No. 20-1634-GA-ALT  
Alternative Form of Regulation )

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**OBJECTIONS TO THE STAFF REPORT OF INVESTIGATION  
OF INDUSTRIAL ENERGY USERS-OHIO**

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**MAY 5, 2021**

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This case involves the Application filed by the East Ohio Gas Company d/b/a/ Dominion Energy Ohio (“Dominion”) to continue charging customers under its Pipeline Infrastructure Replacement Rider (“Rider PIR”).<sup>1</sup> Dominion is proposing to make over \$1 billion in capital investments over the next five years and to charge its customers for such investments. However, neither Dominion’s Application nor the PUCO Staff Report conduct a thorough analysis of the rates to be charged to nonresidential customers under Dominion’s Rider PIR. Accordingly, the Commission should require that a thorough and complete analysis of Dominion’s PIR Program and its rate impacts be conducted to determine if Dominion’s program is just and reasonable.

Pursuant to R.C. 4929.05 and 4929.051, Dominion must meet the burden of proof that its proposed alternative rate plan, in this case its PIR Program and the commensurate

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<sup>1</sup> On October 30, 2020, Dominion filed its Notice of Intent to file an Application for approval of the continuation of an alternative rate plan under R.C. 4929.05 and 4929.051(B). Thereafter, on December 8, 2020, Dominion filed an Application to continue its Pipeline Infrastructure Replacement Rider (“Rider PIR”) for another five-year period beginning with investment as of January 1, 2022, and ending with investment as of December 31, 2026. Dominion also proposed to continue increasing level of investment under Rider PIR by three-percent per year.

Rider PIR, is just and reasonable. On the face of the application, Dominion has not done so.

Further, in accordance with R.C. 4909.19(C) and Ohio Adm.Code 4901:1-19-07(C), the Commission is required to cause an investigation to be made and a written report filed which addresses, at a minimum, the justness and reasonableness of the proposed alternative rate plan. On April 5, 2021, the PUCO Staff filed its Staff Report of Investigation on Dominion's Application regarding its PIR Program. The PUCO Staff Report is also silent on the rate impacts to nonresidential customers.

Further, the PUCO Staff failed to recommend a downward adjustment of Dominion's rate of return, including a reduction of Dominion's 6.5% embedded cost of debt to match its actual 2.29% cost of debt. Accordingly, the Commission should find that the Staff Report failed to address the justness and reasonableness of Dominion's proposed alternative rate plan.

Finally, pursuant R.C. 4909.19(C) and Ohio Adm.Code 4901:1-19-07(F), parties may file Objections to the Staff Report and Application specifically designating and sufficiently explaining the portions of the Staff Report or Application that are unjust and unreasonable. Accordingly, Industrial Energy Users-Ohio ("IEU-Ohio") respectfully submits the following Objections to the PUCO Staff Report of Investigation:

- (1) The PUCO Staff Report is unjust and unreasonable because it fails to address whether Dominion's proposed alternative rate plan is just and reasonable;
- (2) Dominion's Application is unjust and unreasonable because it fails to conduct a rate analysis or consider the rate impacts to commercial and industrial customers;
- (3) The PUCO Staff Report is unjust and unreasonable because it fails to recommend that Dominion's rate of return be adjusted downward to reflect current market conditions.

**I. The PUCO Staff Report is unjust and unreasonable because it fails to address whether Dominion’s proposed alternative rate plan is just and reasonable.**

R.C. 4909.19(C) and Ohio Adm.Code 4901:1-19-07(C) require the Commission to cause an investigation to be made and a written report filed *which addresses, at a minimum, the justness and reasonableness of the proposed alternative rate plan.* The PUCO Staff Report fails to address the justness and reasonableness of Dominion’s proposed alternative rate plan. There is no analysis in the Staff Report, or Dominion’s application, regarding the bill impacts from the proposed PIR alternative rate plan on nonresidential customers. Before the PUCO considers approval of the alternative rate plan it should review the bill impacts on all customers.

**II. Dominion’s Application is unjust and unreasonable because it fails to conduct a rate analysis or consider the rate impacts to commercial and industrial customers.**

Dominion’s Application is devoid of the rates or rate impacts to commercial and industrial customers. While Dominion’s Application is “not for an increase in rates” and proposes to continue using the same methodology as its last base rate case, this does not excuse Dominion from providing the rates and rate impacts in its Application. R.C. 4909.18 states, “If the commission determines that such application is not for an increase in any rate . . . the commission may permit the filing of the [rate] schedule proposed in the application and fix the time when such schedule shall take effect.” Dominion cannot satisfy the statute or meet its burden of proof without providing the rates to be charged and the impacts to customers. Likewise, the Staff Report is unreasonable because it failed to require Dominion to provide the proposed rates and impacts on nonresidential

customers. Finally, the Commission cannot determine that rates are just and reasonable if the rates and their impacts are not included in the Application or Staff Report.

**III. The PUCO Staff Report is unjust and unreasonable because it fails to recommend that Dominion's rate of return be adjusted downward to reflect current market conditions.**

One of the PUCO's primary responsibilities is to regulate rates to ensure they are just and reasonable. If rates are not just and reasonable, then they must be adjusted so that customers are not harmed. In this case, Rider PIR will be set using an outdated and inflated rate of return that was set over a decade ago in Dominion's last base rate case, Case No. 07-829-GA-AIR. Part of the reason Dominion's rate of return is inflated is because it uses an embedded cost of long-term debt of 6.5% when Dominion's actual cost of debt is around 2.29%. This means that Dominion has been, and requests authority to continue, over-charging all consumers, including commercial and industrial customers for its imputed cost of debt. With the significant level of investment and revenue requirement Dominion requests in this proceeding, lowering the rate of return to reflect current market conditions, including but not limited to Dominion's actual cost of capital, will allow Dominion to recover its **actual** costs while not overcharging customers for phantom costs, like a hypothetical cost of debt.

The PUCO Staff Report is unjust and unreasonable because it fails to recommend a downward adjustment of Dominion's rate of return or the cost of debt that would be applied to capital expenditures made under this alternative rate plan and collected through Rider PIR.

**IV. Conclusion**

IEU-Ohio appreciates the opportunity to file these Objections to the PUCO Staff Report of Investigation and the Application filed by Dominion. IEU-Ohio looks forward to

working with the parties to an amicable resolution of the proceeding, or in the alternative, supporting its objections at a hearing.

Respectfully submitted,

/s/ Bryce McKenney

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**COUNSEL FOR INDUSTRIAL ENERGY USERS-OHIO**

## **CERTIFICATE OF SERVICE**

In accordance with Ohio Adm.Code 4901-1-05, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Motion to Intervene and Memorandum in Support of Industrial Energy Users-Ohio* was sent by, or on behalf of, the undersigned counsel for IEU-Ohio to the following parties of record this 5th day of May, 2021, via electronic transmission.

/s/ Bryce McKenney

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Summary: Objection to Staff's Report of Investigation electronically filed by Bryce A McKenney on behalf of Industrial Energy Users-Ohio