



# Public Utilities Commission

**Mike DeWine**, Governor  
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## Commissioners

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

May 21, 2021

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

RE: *In the Matter of the Annual Report of Columbia Gas of Ohio, Inc. for Approval of an Adjustment to its Infrastructure Development Rider Rate, Case No. 21-521-GA-IDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation in regard to Columbia Gas of Ohio, Inc.'s application filed in Case No. 21-521-GA-IDR for approval of its economic development projects annual report and request to adjust its Infrastructure Development Rider.

Sincerely,

A handwritten signature in black ink that reads "Marianne Townsend". The signature is fluid and cursive.

Marianne Townsend  
Chief, Regulatory Utility Services  
Rates and Analysis, Dept.  
Public Utilities Commission of Ohio

Enclosure  
Cc: Parties of Record

**Columbia Gas of Ohio, Inc.**  
**Case No. 21-521-GA-IDR**

**BACKGROUND:**

By Finding and Order (Order) on January 24, 2018, in Case No. 17-1905-GA-ORD, the Public Utilities Commission of Ohio (Commission) adopted revised rules in accordance with Ohio Adm. Code 4901:1-43. These rules concern the recovery of infrastructure development costs for natural gas company infrastructure development to implement R.C. 4929.16 - 4929.167. These rules allow natural gas companies to file applications for an infrastructure development rider to recover costs of certain economic development projects. The rules require natural gas companies to file an annual report with the Commission containing a detail of infrastructure development costs related to economic development project, and to set forth the rider rate for the twelve months following the annual report. The annual report shall be filed not less than 75 days prior to the proposed effective date of the updated IDR, and the rider rate will become effective automatically on the 75<sup>th</sup> day after the filing of the annual report unless suspended by the Commission for good cause shown.

In Case Nos. 16-2067-GA-ATA and 16-2068-GA-IDR, Columbia Gas of Ohio, Inc. (Columbia or Company) filed an application to adopt an infrastructure development rider (IDR) tariff. The Company proposed to incorporate a new rider known as Infrastructure Development Rider (IDR) into its tariff. By Finding and Order on May 24, 2017, the Commission approved Columbia's tariff.

On March 12, 2021, in Case No. 21-521-GA-IDR, Columbia filed its annual report in an application to adjust its IDR rate.

**SUMMARY OF APPLICATION:**

Columbia's Infrastructure Development Rider application proposes to change the IDR rate from the current \$0.04 per month to \$0.29 per month beginning with June 2021 billing. The computation of the IDR rate is based on infrastructure development costs incurred during the calendar year 2020 for Commission-approved economic development projects (EDP). According to the Company, the rate properly matches recoveries with expenses, is consistent with recovery methods proposed in Case Nos. 16-2067-GA-ATA and 16-2068-GA-IDR, does not result in over-collection of costs due to the annual true-up program requirements, and does not recover more than the annual caps for incurred infrastructure development costs from approved EDP. Columbia proposes an effective date of June 2021 billing for the rider, which is not less than 75 days after the filing of the annual report.

**STAFF'S REVIEW AND RECOMMENDATIONS:**

Staff has reviewed Columbia's annual report and rider adjustment in this case. Staff audited plant additions contained in the filing, reviewed invoices, and the general ledger. Staff verified the calculation for the new rider rate and also received verification that Columbia did not sell incremental volumes or receive incremental revenues for the line extension projects listed in the application. Staff has recommendations regarding three issues that were encountered during the audit.

In response to Data Request 4, Columbia certified these IDR costs are for facilities owned and operated by Columbia. Yet, Staff discovered facilities that were not owned and operated by the Company, as required by O.R.C. 4929.16(A). The Company removed the assets and provided supplemental assets to complete the audit. This impacted the audit of capital expenditure program assets taking place in Case No. 21-23-GA-RDR. In response to Data Request 12, the Company acknowledged that there was a failure of internal controls and provided commitments to modify its internal procedures to include regular review and monitoring to ensure proper procedures are being followed as outlined in their policies and procedures. Staff recommends that the Commission order the Company to provide a plan of action in the next IDR annual report for how the Company proposes to improve internal controls to avoid this type of issue in the future.

Staff observed record keeping discrepancies related to certain vendor invoices. In response to Data Request 13, the Company acknowledged the issues and provided commitments to improve future reporting. Staff recommends that the Commission direct the Company to provide to Staff concurrent with the filing of the next annual report all invoices related to Aerotek, Work Management Inc., and Pac Van Inc. with detailed accounting and allocation explanations for how the costs included in the IDR general ledger directly tie to costs outlined in the vendor invoices.

Finally, Staff requested data regarding the current status of each of the prior EDP. While the Company provided some information, the data was incomplete. Staff recommends that the Commission direct the Company to provide in its annual filing the following information for each approved EDP:

1. Confirm the business is a going concern (meaning, still operational).
2. Provide the current number of jobs created, and jobs retained as compared to what was filed in the EDP.
3. Provide the total final investment dollars spent by the customer, community, and/or third parties for the project compared to what was filed in the EDP.

Based on this review, in Staff's opinion, including the recommendations outlined above, Columbia's annual report and rider adjustment are consistent with the Commission's rules governing the IDR annual report and rider adjustment process. Therefore, Staff recommends that the rate can go into effect subject to the auto approval process and the rules, however Staff recommends the Commission adopt the recommendations included in the Staff letter.

**This foregoing document was electronically filed with the Public Utilities**

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**in**

**Case No(s). 21-0521-GA-IDR**

Summary: Staff Review and Recommendation in regard to Columbia Gas of Ohio, Inc.'s application for approval of its infrastructure development rider annual report electronically filed by Ms. Nicci Crocker on behalf of PUCO Staff