

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The)	
East Ohio Gas Company d/b/a Dominion)	Case No. 21-619-GA-RDR
Energy Ohio for Authority to Adjust Its)	
Capital Expenditure Program Rider)	
Charges.)	

**STATEMENT OF THE EAST OHIO GAS COMPANY D/B/A
DOMINION ENERGY OHIO NOTIFYING THE COMMISSION
AS TO THE EXISTENCE OF UNRESOLVED ISSUES OR OBJECTIONS**

In accordance with the Commission’s August 4, 2021 and August 6, 2021 Entries in this proceeding, The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO) hereby notifies the Commission “as to the existence of unresolved issues or objections and the need for an expedited hearing process.” Entry (Aug. 4, 2021) ¶ 11.

On August 2, 2021, Staff filed its Review and Recommendation (Staff Report) in this proceeding, in which Staff recommended approval of DEO’s Application to adjust its Capital Expenditure Program (CEP) Rider rate, subject to the adjustments and recommendations of the Plant-in-Service and Capital Expenditure Program Audit (Audit Report) submitted by Blue Ridge Consulting Services, Inc. (Blue Ridge). (*See* Staff Rep. at 4; *see also generally* Blue Ridge Audit Rep. at 30-32.)

With respect to Blue Ridge Adjustment No. 1, DEO does not agree in principle with this adjustment and believes that the costs at issue are recoverable in its CEP Rider rate, consistent with the Commission’s recent decision in Case No. 19-791-GA-ALT. In that case concerning another gas utility’s proposed CEP Rider, the Commission specifically found:

Finally, we find no merit in OCC’s arguments related to the Stipulation’s provisions imposing rate caps and allowing inclusion of earnings- and stock- based incentives in the CEP Rider. ... With respect to the latter, the Signatory Parties have explained that their recommendation that earnings- and stock-based incentives be

recovered through Duke's CEP Rider is consistent with GAAP, as well as the treatment of such incentives in the Company's natural gas base rates and the CEP riders and base rates for other natural gas companies (Co. Ex. 7 at 4). Accordingly, the Commission finds that the inclusion of these incentives in Duke's CEP Rider is not unreasonable.

In re Duke Energy Ohio, Inc., Case No. 19-791-GA-ALT, Opin. & Order (Apr. 21, 2021) ¶ 69.

DEO would also like to point out that the costs at issue in Blue Ridge Adjustment No. 1 are costs incurred for restricted stock benefits provided under Company's Leadership Incentive Plan (LIP) to Dominion non-executives directly charging time to CEP projects and are not associated with the executive program as described by Blue Ridge. These LIP costs are capitalized in accordance with DEO's existing accounting policies and procedures that follow generally accepted accounting principles (GAAP). In addition, the LIP incentives for Dominion non-executives are time-based vested benefits, and not based on any specific corporate earnings or financial result.

For these reasons, DEO does not believe that Adjustment No. 1 is appropriate. However, to limit the number of contested issues in this proceeding, DEO accepts the Staff Report recommendations and does not object to the removal of the LIP costs identified in the Blue Ridge Audit Report from the approved CEP revenue requirement for purposes of this proceeding. In doing so, DEO reserves its right to seek cost recovery of LIP and other stock-based incentives in future proceedings before the Commission. With this acceptance, DEO considers all the issues between the Staff and the Company to be resolved.

On August 16, 2021, the Office of the Ohio Consumers' Counsel filed comments in this proceeding, requesting that the Commission reject the rate of return (ROR) established in DEO's last base rate case for use in the calculation of the updated CEP revenue requirement – an issue that the parties litigated, and the Commission ruled upon, in Case No. 19-468-GA-ALT. (*See*

generally OCC Cmts. at 3-7.) OCC also asks the Commission to exclude “all financial incentives” from the CEP Rider. (*See generally id.* at 7-12.) For a number of reasons, including the Commission’s decisions in Case Nos. 19-468-GA-ALT and 19-791-GA-ALT, the Company does not accept OCC’s recommendations.

Given that unresolved issues remain between OCC and the Company and that this is an annual reconciliation proceeding, DEO respectfully requests that the Commission order an expedited hearing process to resolve these issues.

Dated: August 31, 2021

Respectfully submitted,

/s/ Christopher T. Kennedy
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ATTORNEYS FOR THE EAST OHIO
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CERTIFICATE OF SERVICE

I hereby certify that a courtesy copy of this filing was served by electronic mail this 31st day of August, 2021, to the following:

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Summary: Text Statement Notifying the Commission as to the Existence of Unresolved Issues or Objections electronically filed by Christopher T Kennedy on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio