

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

STIPULATION AND RECOMMENDATION

Ohio Adm.Code 4901-1-30 provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such proceeding. The purpose of this document is to set forth the understanding and agreement of The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or the Company), the Staff of the Public Utilities Commission of Ohio (Staff) (which, for the purpose of entering into this Stipulation and Recommendation, will be considered a party by virtue of Ohio Adm.Code 4901-1-10(C)), Ohio Partners for Affordable Energy (OPAE), and Industrial Energy Users-Ohio (IEU-Ohio), and to recommend that the Public Utilities Commission of Ohio (PUCO or the Commission) approve and adopt this Stipulation and Recommendation (Stipulation), as part of its Opinion and Order, resolving all of the issues in the above-captioned proceeding.

This Stipulation, which shall be designated as Joint Exhibit 1.0, is supported by adequate data and information; represents, as an integrated and complete document, a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle or precedent; is in the public interest; and is the product of lengthy, serious bargaining among knowledgeable and capable parties who represent the various interests and stakeholders in a cooperative process undertaken by the Signatory Parties. While this Stipulation is not binding on the Commission, where, as here, it is sponsored by parties representing a significant cross section of interests, including the Commission's Staff, it is entitled to careful consideration by the Commission.

The Signatory Parties stipulate and recommend as follows:

1. DEO's Application filed in this proceeding on December 8, 2020, shall be approved as filed, subject to the findings and recommendations of the Staff Report filed in this proceeding on April 5, 2021, except as otherwise specifically provided for in this Stipulation. If any proposed rate, charge, term, condition, or other item set forth in DEO's Application is not addressed in the Staff Report or this Stipulation, the proposed rate, charge, term, condition, or other item shall be treated in accordance with the Application.

2. The Staff Report recommendation to modify the date of the annual PIR cost recovery application and associated procedural schedule is withdrawn, and the filing schedule and effective date of the PIR Cost Recovery charge shall remain as currently in effect in accordance with the Application, except that Staff may audit actual fourth quarter data for the most recent calendar year in the subsequent annual PIR filing. DEO agrees to work with Staff to identify ways to better facilitate Staff's review of the PIR project data.

3. With respect to the Staff recommendations regarding the PIR Program rate of completion (*see* Staff Report at 4), DEO agrees that Staff shall undertake an interim review of the PIR Program (the Interim Review), including, but not limited to, an evaluation of the Program's completion date and any recommended changes thereto in accordance with the requirements of this Paragraph.

a. The Interim Review shall be conducted by an independent, third-party consultant (the Consultant), selected by Staff, with experience in natural gas distribution systems and operations, Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations, and accelerated gas pipeline replacement programs. Staff will develop an RFP to solicit bids from qualified contractors for the Interim

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Review, with input from Signatory Parties on the scope and requirements of the Interim Review. The RFP and Interim Review will address the management, effectiveness, and projected completion of the PIR Program. This provision does not limit Staff or the Commission from proposing or including additional topics for review in the RFP and Interim Review. DEO shall directly contract with the Consultant and pay the cost of the services solicited in the RFP. Except as expressly set forth in this Stipulation, Staff shall solely direct the work of the Consultant and approve payment of invoices submitted by the Consultant. To the extent that DEO seeks cost recovery of any payments made to the Consultant for the services solicited in the RFP, no Signatory Party is prohibited from opposing such proposal.

- b. The Signatory Parties acknowledge that the appropriate forum to review the prudence or recoverability of any of the 2022-2026 PIR investment is the annual PIR cost recovery proceeding, *i.e.*, a continuation of the current process of auditing annual costs in the annual update cases.
- c. The Consultant shall present the Interim Review and related workpapers, in draft form, to DEO and Staff for factual review and comment no later than March 1, 2024. Any factual review and comment shall be provided to the Consultant no later than March 15, 2024. The draft Interim Review will be provided to Signatory Parties when it is provided to DEO, and any comments DEO provides to the Consultant on the draft Interim Review will be provided to Signatory Parties at the same time. Signatory Parties may be required to execute confidentiality agreements with DEO, prior to reviewing the draft Interim Review

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or DEO's comments on the draft Interim Review. The Consultant shall present the Interim Review and related workpapers, in final form, to Staff, no later than April 1, 2024, and Staff shall provide all parties to this proceeding with a copy of the final Interim Review and related workpapers upon receipt from the Consultant. The final Interim Review shall also be docketed in DEO's base rate case application proceeding to be filed no later than October 2024 (the Rate Case Application), except as set forth in Paragraph 3.d.

- d. If DEO files the Rate Case Application prior to the completion of the Interim Review, (i) the Rate Case Application shall not include a request to reauthorize or continue the PIR Cost Recovery Charge for investment beyond December 31, 2026; (ii) DEO shall not file any proceeding requesting reauthorization or continuation of the PIR Cost Recovery Charge for investment beyond December 31, 2026 (the Subsequent PIR Reauthorization Proceeding) until the Interim Review is completed and final in accordance with Paragraph 3.c.; and (iii) the final Interim Review shall be docketed in the Subsequent PIR Reauthorization Proceeding. Nothing in this Paragraph 3.d. shall be construed to prohibit DEO from requesting or any Signatory Party from opposing consolidation of the Rate Case Application and the Subsequent PIR Reauthorization Proceeding.
- e. Nothing in this Stipulation shall be construed to: (i) limit DEO's right to request any extension or modification of the PIR Program in the Rate Case Application or Subsequent PIR Reauthorization Proceeding, including to recommend a completion date for the PIR Program beyond 2033; (ii) require any Signatory Party to support or adopt any finding or recommendation in the Interim Review;

or (iii) prohibit any Signatory Party from conducting and submitting its own review of or recommendations regarding the PIR Program, or requesting that the Commission order additional review, during the Rate Case Application proceeding or Subsequent PIR Reauthorization Proceeding. To the extent any Signatory Party proposes or recommends a completion date for the PIR Program beyond 2033 in the Rate Case Application or Subsequent PIR Reauthorization Proceeding, no Signatory Party is prohibited from opposing such proposal or recommendation.

4. DEO shall reflect PIR plant balances in the Company's proposed rate base in the Rate Case Application as of the date certain of that case. DEO's proposed base rates shall also incorporate a return on and of the assets underlying the PIR deferrals that are used and useful on the date certain of that case, including any unamortized PIR regulatory assets as of the date certain. DEO shall also address the proposed treatment of PIR-associated EDIT in the Rate Case Application. DEO's authority to accrue PIR-related deferrals, file annual updates to the PIR Cost Recovery Charge, and implement approved rates for the PIR Cost Recovery Charge related to PIR investments through December 31, 2026, will continue during the pendency of the Rate Case Application and after the effective date of new base rates, unless this period is modified in the Rate Case Application proceeding or Subsequent PIR Reauthorization Proceeding. DEO is not prohibited from requesting in its Rate Case Application or Subsequent PIR Reauthorization Proceeding, and no Signatory Party is prohibited from opposing, authority to continue the PIR Program to cover PIR investments made in 2027 and beyond.

5. Except as expressly set forth below, for PIR investments from January 1, 2021, through December 31, 2026, DEO shall prospectively exclude capitalized amounts from the PIR

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Cost Recovery Charge revenue requirement associated with the Long-Term Incentive Program (LTIP), the Leadership Incentive Plan (LIP), and the financial-performance component of the Annual Incentive Plan (AIP) (collectively, Capitalized Financial Incentives). If the Commission rules, in DEO's Rate Case Application proceeding or a proceeding filed thereafter, that financial-performance-based incentive compensation costs, including Capitalized Financial Incentives, are properly recoverable in rates, DEO may cease prospectively excluding Capitalized Financial Incentives under this Paragraph, and no Signatory Party is prohibited from supporting or opposing the later inclusion and recovery of Capitalized Financial Incentives in PIR Cost Recovery Charge revenue requirements. DEO reserves the right to seek, and no Signatory Party is prohibited from opposing, recovery of costs associated with the LTIP, LIP, and/or AIP, including Capitalized Financial Incentives, in other Commission proceedings, including the Rate Case Application proceeding.

6. The Signatory Parties agree that the following exhibits should be admitted into the record:

Joint Exhibit 1.0	Stipulation and Recommendation
DEO Exhibit 1.0	Direct Testimony of Lori S. Parker (filed December 8, 2020)
DEO Exhibit 2.0	DEO's Application and Alternative Rate Plan Exhibits (filed December 8, 2020)
Staff Exhibit 1.0	Staff Report (filed April 5, 2021)

7. The Signatory Parties hereby withdraw their respective Objections to the Staff Report of Investigation, which were filed on May 5, 2021. Such Objections may be reinstated if the Commission rejects this Stipulation in whole or in part.

8. This Stipulation is entered into as an overall compromise and resolution of the issues presented in this proceeding and does not necessarily represent the position that any

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Signatory Party would have taken absent its execution. The Signatory Parties believe that this Stipulation represents a reasonable compromise of the varying interests that have been asserted in this proceeding.

9. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission; provided, however, that each Signatory Party has the right, in its sole discretion, to determine whether the Commission's approval of this Stipulation contains a material modification thereof.

10. If the Commission rejects or materially modifies all or part of this Stipulation, any Signatory Party shall have the right, within 30 days of issuance of the Commission's Order, to apply for rehearing. If, upon rehearing, the Commission does not adopt the Stipulation without material modification, or if the Commission makes a material modification to any Order adopting the Stipulation pursuant to any reversal, vacation and/or remand by the Supreme Court of Ohio, then within 30 days of the Commission's Entry on Rehearing or Order on Remand any Signatory Party may withdraw from the Stipulation by filing a notice with the Commission in this proceeding (Notice of Withdrawal), and serving said Notice of Withdrawal upon all Signatory Parties.

11. No Signatory Party shall file a Notice of Withdrawal without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement achieves such an outcome, the Signatory Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, and a Signatory Party files a Notice of Withdrawal, then the Commission will convene an evidentiary hearing to afford that Signatory Party the opportunity to contest the Stipulation by presenting evidence

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through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are successful, then some or all of the Signatory Parties shall submit the amended Stipulation to the Commission for approval after a hearing if necessary.

12. Unless the Signatory Party exercises its right to terminate its Signatory Party status or withdraw as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission and in any appeal that it participates in from the Commission's adoption and/or enforcement of this Stipulation.

13. This Stipulation is submitted for purposes of this proceeding only. This Stipulation, including any information and data submitted herewith, shall not be cited as precedent in any future proceeding for or against any Signatory Party, except as necessary to enforce the terms of this Stipulation.

14. The Signatory Parties stipulate, agree, and recommend that the Commission issue a final Opinion and Order in this proceeding, ordering the adoption of this Stipulation, including the terms and conditions agreed to in this Stipulation by all Signatory Parties.

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The undersigned hereby stipulate and agree and each represents that it is authorized to enter into this Stipulation and Recommendation on this 12th day of October, 2021. This Stipulation and Recommendation may be signed in counterparts.

**The East Ohio Gas Company
d/b/a Dominion Energy Ohio**

**The Staff of the Public Utilities
Commission of Ohio**

By: Christopher T. Kennedy
Counsel

By: Jodi Bair (e-mail authorized)
Counsel

Date: October 12, 2021

Date: October 12, 2021

Ohio Partners for Affordable Energy

Industrial Energy Users-Ohio

By: Robert Dove (e-mail authorized)
Counsel

By: Matthew Pritchard (e-mail authorized)
Counsel

Date: October 12, 2021

Date: October 12, 2021

CERTIFICATE OF SERVICE

I hereby certify that a courtesy copy of the foregoing Stipulation and Recommendation was served by electronic mail, to the following on this 12th day of October, 2021:

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/s/ Christopher T. Kennedy _____
One of the Attorneys for The East Ohio Gas
Company d/b/a Dominion Energy Ohio

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Summary: Stipulation Stipulation and Recommendation electronically filed by Christopher T. Kennedy on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio