

From: [Josephine Feik](#)
To: [Puco Docketing](#)
Subject: Case No. 18-1205-GA-AIR
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Attachments: [18-1205-GA-AIR Comments of the Ohio Gas Association.pdf](#)

Good Afternoon,

Attached are the comments being submitted by Jimmy Stewart on behalf of the Ohio Gas Association. Please let me know if you have any questions.

Have a great weekend!

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Josephine Feik

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Case No. 18-1205-GA-AIR, et al.
Comment of the Ohio Gas Association on Remand

On September 21, 2021, the Supreme Court of Ohio remanded the Public Utilities Commission of Ohio's (the "Commission") Opinion and Order approving the joint stipulation in this case, which allowed for the eventual recovery of the entire length of the extension of the Del-Mar pipeline (the "Extension").¹ This 4.9-mile pipeline represents a used and useful investment as of the date certain in the application for an increase in rates of Suburban Natural Gas ("Suburban").² Please accept these comments, which are meant to share the perspective of Ohio's natural gas industry on this critically important issue on remand.

The Supreme Court, in interpreting the phrase "used and useful" from R.C. 4909.15(A)(1), rejected the Commission's history of utilizing a forward-looking lens to view the prudence of an investment in the application of this phrase. Instead, the Court divided the phrase and found that a utility's investment is "useful" if it is "beneficial in rendering service for the convenience of the public as of the date certain."³ The date certain for Suburban's rate case was February 28, 2019. As of that date, the entirety of the Extension was "useful" under the Supreme Court's framework.

The Extension is useful for a number of reasons. Chief among these is that it provides Delaware County with the immediate opportunity for extension or expansion of service to commercial customers, which is a prerequisite for economic development. As noted by the President and Chief Operating Officer of Suburban, the Extension "is essential due to the robust growth we have experienced in Delaware County since the completion of the original" length of the Del-Mar pipeline.⁴ As the Commission well knows, when a potential job creator assesses sites for economic development, it screens out sites based on certain criteria. One of the most prominent screening criteria is the availability of public utility service to the site. The Extension is useful to the economic development efforts of Delaware County because the additional capacity provided prevents the disqualification of the area served by the Extension based on immediate availability of natural gas service.

There is also evidence in the record that the site is useful for the purpose of service reliability. It is also well known to the Commission that adding customers to natural gas infrastructure sometimes requires a utility to take measures to add additional pressure to serve existing customers. The Extension was useful as of February 28, 2019 because it provided additional reliability necessary "to maintain adequate pressure to serve Suburban's customers."⁵ In fact, Suburban's testimony in the case indicated that it explored the Extension to "resolve a concern

¹ *In re Application of Suburban Natural Gas Co.*, Slip Opinion No. 2021-Ohio-3224 ("Supreme Court Decision").

² *In the Matter of the Application of Suburban Natural Gas Company for an Increase in Gas Distribution Rates*, Case No. 18-1205-GA-AIR, et al. ("Rate Case").

³ *Supreme Court Decision* ¶25.

⁴ *Rate Case*, Direct Testimony of Andrew J. Sonderman in Support of the Stipulation (June 7, 2019) at 3.

⁵ *Rate Case*, Direct Testimony of Kyle Grupenhof (June 7, 2019) at 9.



that Suburban had about low pressures experienced on Suburban’s southern system during an extreme weather event ... in February 2015.”⁶ It was further stated that in the event of a system crash during a cold weather event, it could be “several weeks at a minimum” before service would be restored.⁷ The community served by Suburban does not deserve to face a situation similar to that of the Texas Power Crisis from early 2021, which would be prevented by the benefit of the full Extension. Limiting the definition of what is beneficial about the Extension to what is just enough, ignores issues presented by recent climate volatility.

Finally, the Commission should understand the real-life consequences associated with its interpretation of the “useful” standard. *Natural gas infrastructure investments are inherently long-term investments.* In order to make these investments, a utility needs to attract capital. Investment capital follows certainty of return. In order to attract this capital, a public utility will only make the investments necessary to extend service to job creators when the return on that investment is *timely* and *certain*.

In the case before you, intervenors and commenters may make the short-sighted argument that until customers are connected on the fringes of the length of the Extension, it is not useful. However, if the Commission interprets the Supreme Court’s decision in that manner, it will send the signal that the recovery for investments in the infrastructure necessary to create new jobs in the State of Ohio, and enhance reliability for existing customers, will be clouded with uncertainty. The practical impact of this outcome will be that these investments will not be made, the potential for economic growth in communities will be impeded, and Ohio will be viewed less favorably by future potential job creators. This outcome would be especially unfortunate when considering the abundant, low-priced supply of natural gas located right here in the eastern and southeastern parts of our home state.

In summary, the OGA encourages the Commission to consider the portions of the existing evidence that show the entirety of the Extension is “useful” under Ohio law. Further, I and my membership urge the Commissioners to consider the larger, policy implications in their consideration of this case on remand. The Supreme Court’s new framework for the interpretation of what is useful as of a date certain must include a consideration for the economic development and reliability-related benefits provided by utility investments.

A handwritten signature in blue ink that reads "Jimmy Stewart".

Jimmy Stewart
President
Ohio Gas Association

⁶ *Id.* at 3.

⁷ *Id.* at 4.

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Summary: Public Comment of Jimmy Stewart, via website, electronically filed by
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