

**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 Authority to Utilize Depreciation	)	Case No. 21-1173-GA-AAM
Accrual Rate.	)	
	)	

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**APPLICATION AND  
REQUEST FOR EXPEDITED TREATMENT**

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In accordance with R.C. 4905.18, The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or the Company) respectfully requests that the Commission issue an order approving the use of a 25-year depreciation accrual rate of 4.20 percent, effective November 1, 2020, for certain assets as described herein. In support of this Application, DEO states as follows:

1. DEO is an Ohio corporation engaged in the business of providing natural gas service to customers in Ohio and, as such, is a “natural gas company” as defined by R.C. 4905.03(E), and a “public utility” as defined by R.C. 4905.02.

2. Section 4905.18, Revised Code, provides in pertinent part, “The commission shall ascertain, determine, and prescribe what are proper and adequate charges for depreciation of the several classes of property for each public utility. . . . The commission may prescribe such changes in such charges for depreciation as it finds necessary.”

3. In Case No. 13-1988-GA-AAM, the Commission approved DEO’s depreciation rates, effective January 1, 2013, and directed DEO “to submit a new depreciation study for all gas plant accounts no later than September 1, 2019,” for assets as of December 31, 2018. Finding and Order (Oct. 23, 2013) ¶ 6.

4. In 2019, DEO provided a new depreciation study to Staff reflecting updated depreciation accrual rates for its gas plant accounts as of December 31, 2018, and requested approval of revised depreciation accrual rates agreed upon with Staff. *See* Case No. 19-1639-GA-AAM. The Commission ultimately approved a stipulation that, among other things, revised DEO's depreciation accrual rates, effective January 1, 2019. Finding and Order (Dec. 4, 2019) ¶ 25.

5. In late 2020, in conjunction with Dominion Energy's sale of Dominion Energy Transmission, Inc., DEO acquired certain microwave communication towers. Although the towers had been and continue to be used in the provision of DEO service, they were not previously contained in DEO's gas plant accounts. The value of the towers is not currently reflected in any DEO rate or charge, and DEO does not seek authority in this case to so recover any such investment. With the towers now on DEO's books, it is necessary to determine the appropriate depreciation treatment, as the towers were not included in DEO's 2019 depreciation study.

6. Based on the recommendation of Gannett Fleming Valuation and Rate Consultants, LLC (Gannett Fleming), DEO proposes to assign a 25-year life to the microwave towers, effective November 1, 2020, the date the assets were placed on DEO's books, and calculate the microwave towers' depreciation at an accrual rate of 4.20 percent accordingly. DEO believes that the towers belong in FERC Account 397, which is where they are currently recorded, but in the revised depreciation rates approved in Case No. 19-138-GA-AAM, FERC Accounts 397.01 and 397.02 utilize only a 10-year life. As a result, DEO proposes to establish another FERC 397 subaccount, FERC Account 397.41, place the microwave towers in that

subaccount, and assign a 25-year life and corresponding depreciation accrual rate of 4.20 percent to that subaccount.

7. Since the use of a depreciation accrual rate of 4.20 percent for this specific FERC 397 subaccount was not previously approved by the Commission in Case No. 19-138-GA-AAM, DEO is filing this application to request that relief.

8. Attachment 1 to this Application is an opinion letter from Gannett Fleming documenting its recommendation.

9. DEO requests that the Commission approve the new depreciation accrual rate of 4.20 percent for FERC Account 397.41 to be effective November 1, 2020. DEO further requests that this approval specifically include authorization for DEO to apply the new depreciation accrual rate and associated asset life in its accounting of depreciation expense in 2021 and thereafter, until such time as that depreciation accrual rate and associated asset life are revised and approved by the Commission in a subsequent proceeding.

10. DEO also requests an expedited ruling on the Application by no later than the end of December 2021. An order before year-end is needed so that DEO may make the necessary accounting adjustments to close its 2021 books in accordance with the relief sought herein.

11. Approval of the Application will not result in an increase in any current rate or charge, and, accordingly, should be considered as an application not for an increase in rates under Section 4909.18, Revised Code. For that reason, a hearing is not necessary.

#### Attachments

12. In support of the Application, DEO submits the following exhibit:

Attachment 1: Opinion Letter from Gannett Fleming

WHEREFORE, DEO respectfully requests that the Commission approve the new depreciation accrual rate for FERC Account 397.41 to be effective January 1, 2021; authorize DEO to apply the new depreciation accrual rates and associated asset life to 2021 investments placed in FERC Account 397.41; and grant any other necessary and proper relief.

Dated: November 12, 2021

Respectfully submitted,

/s/ Christopher T. Kennedy

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(Counsel willing to accept service by email)

ATTORNEYS FOR THE EAST OHIO GAS  
COMPANY D/B/A DOMINION ENERGY OHIO

# **ATTACHMENT 1**



*Excellence Delivered **As Promised***

November 8, 2021

Ms. Vicki Friscic  
Director Regulatory and Pricing  
Dominion Energy Ohio  
1201 East 55<sup>th</sup> Street  
Cleveland, OH 44103

Dear Vicki:

Microwave Towers

Per your request, we have determined a recommended depreciation rate for microwave towers that should be classified in Account 397.4, Communication Equipment – Towers/Structures. The recommended rate should be implemented as of November 2020 which is consistent with the date the towers were obtained. The rate is based on a 25-year life, S4-type survivor curve and five percent negative net salvage. These parameters are established with the general understanding of the assets being classified into this subaccount and the estimates of comparable facilities by other utilities.

A rate of 4.20 percent should be applied to this new asset class based on the straight line, whole life procedure for depreciation as is consistent with Ohio practice.

Very truly yours,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC

A handwritten signature in black ink that reads "John J. Spanos". The signature is written in a cursive style and is enclosed in a thin black rectangular box.

JOHN J. SPANOS  
President

JJS:mle

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**Case No(s). 21-1173-GA-AAM**

Summary: Application Application and Request for Expedited Treatment for  
Authority to Utilize Depreciation Accrual Rate electronically filed by Christopher T.  
Kennedy on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio