

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
VECTREN ENERGY DELIVERY OF OHIO,
INC. D/B/A CENTERPOINT ENERGY OHIO
FOR AUTHORITY TO ADJUST ITS
DISTRIBUTION REPLACEMENT RIDER
CHARGES.

CASE NO. 22-455-GA-RDR

FINDING AND ORDER

Entered in the Journal on August 10, 2022

I. SUMMARY

{¶ 1} The Commission approves the application of Vectren Energy Delivery of Ohio, Inc. d/b/a CenterPoint Energy Ohio to adjust its distribution replacement rider.

II. DISCUSSION

{¶ 2} Vectren Energy Delivery of Ohio, Inc. d/b/a CenterPoint Energy Ohio (CEOH or Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, CEOH is subject to the jurisdiction of this Commission.

{¶ 3} On January 7, 2009, the Commission authorized CEOH to establish a distribution replacement rider (DRR) to recover the costs and receive a return on investments made by the Company to accelerate implementation of a bare-steel and cast-iron pipeline replacement program (Replacement Program). *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1080-GA-AIR, et al. (2007 Rate Case), Opinion and Order (Jan. 7, 2009).

{¶ 4} The DRR was originally approved for a five-year period ending February 2014. *2007 Rate Case*, Opinion and Order (Jan. 7, 2009). The Commission subsequently approved a stipulation that authorized CEOH to expand the scope of the Replacement Program and to continue the DRR to recover associated costs through the end of calendar year 2017. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 13-1571-GA-ALT (2013 DRR Extension), Opinion and Order (Feb. 19, 2014). Pursuant to the *2013 DRR Extension*, the Company agreed that any additional request to extend the DRR would be made as part of

an application for an increase in distribution rates under R.C. 4909.18 and 4909.19. *2013 DRR Extension* at 8.

{¶ 5} In 2018, the Company filed an application to increase its rates for gas distribution service and for approval of alternative rate plans. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Rates*, Case No. 18-298-GA-AIR; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-299-GA-ALT; *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Alternative Rate Plan*, Case No. 18-49-GA-ALT (combined, *2018 Rate Case*). On August 28, 2019, the Commission approved a stipulation and recommendation in the *2018 Rate Case* (Stipulation) that, among other things, authorized CEOH to include the DRR balance as of December 31, 2017, in base rates and extended both the Replacement Program and the DRR for the period from January 1, 2018, through December 31, 2023. Additionally, as part of the approved Stipulation, the DRR is capped annually for Residential Service customers. For the DRR investment year 2021, which corresponds to the recovery period of September 1, 2022, through August 31, 2023, the applicable cap is \$10.00. *2018 Rate Case*, Opinion and Order (Aug. 28, 2019).

{¶ 6} The Commission last approved the Company's DRR rate in a Finding and Order issued August 25, 2021. *In re Application of Vectren Energy Delivery of Ohio, Inc. d/b/a CenterPoint Energy Ohio for Authority to Adjust its Distribution Replacement Rider*, Case No. 21-491-GA-RDR, Finding and Order (Aug. 25, 2021). In that Finding and Order, the Commission approved CEOH's filed application, as modified by recommendations made by Staff and accepted by the Company, to recover costs incurred during the calendar year 2020 through rates effective September 1, 2021, to August 31, 2022. Under the approved rates, Residential Service customers are currently paying \$7.58 per month. *Id.*

{¶ 7} On April 29, 2022, CEOH initiated this proceeding by filing an application to adjust the DRR to recover costs incurred during calendar year 2021 through rates effective September 1, 2022, to August 31, 2023. With its application, CEOH submits the testimony

of Steven A. Hoover, Regional Director of Gas Engineering; Chrissy M. Behme, Manager, Regulatory Reporting; and Katie J. Tieken, Director, Regulatory and Rates. CEOH also attaches exhibits and schedules supporting the various costs and calculations necessary to support the revised DRR charges. Based on the application, testimony, and supporting evidence, the Company proposes that the DRR revenue requirement of \$38,390,529 be allocated and charged to customers as follows:

Rate Schedule	\$ Per Month	\$ Per Billing Ccf
310, 311, and 315 (Residential Service)	\$8.55	
320, 321, and 325 (Group 1 - Small General Service)	\$11.12	
320, 321, and 325 (Group 2 and 3 - Large General Service)		\$0.03040
345 (Large General Transportation)		\$0.01102
360 (Large Volume Transportation)		\$0.00663

CEOH states that the calculation of the proposed DRR charge applicable to residential customers is consistent with terms of the approved Stipulation in the *2018 Rate Case* and complies with the residential rate cap for the DRR investment period ending December 31, 2021, exclusive of any variances applicable to those same customers during the period September 1, 2022, through August 31, 2023. Similarly, the Company represents that the proposed DRR charge for Group 1 customers complies with the Commission's approval of the alternative rate plan (Case No. 18-299-GA-ALT) in the *2018 Rate Case*, which requires the Group 1 charge to be 130 percent of the residential charge.

{¶ 8} By Entry dated June 8, 2022, the attorney examiner issued a procedural schedule governing the process for review of CEOH's application. Pursuant to that schedule, interested stakeholders were to file motions to intervene by June 22, 2022; Staff and intervenors were to file comments on the application by July 8, 2022; and CEOH was to file a statement by July 22, 2022, informing the Commission whether the issues raised in comments had been resolved. In the event that all issues raised in the comments were not resolved, or that the Commission finds that the application may be unjust or unreasonable, the June 8, 2022 Entry scheduled a hearing date of August 8, 2022.

{¶ 9} On July 7, 2022, Staff filed its review and recommendation regarding CEOH's application (Staff Report).¹ After presenting the relevant procedural history of the DRR, Staff provides an overview of the application. Staff relays that the Company replaced 58 miles of bare-steel and four miles of cast-iron mains, replaced 5,620 bare-steel/cast-iron service lines, and moved 3,985 meters from inside to outside as part of its Replacement Program while retiring 417 service lines. Staff reports that the application proposes a Mains Replacement Program revenue requirement of \$16,930,677 and \$21,459,852 for the Service Line and Riser Replacement Program for a total DRR revenue requirement of \$38,390,529. Upon replicating the table of proposed rates included in the application, Staff explains that the \$8.55 monthly rate for Rates Schedules 310, 311, and 315 is comprised of the annual revenue requirement of \$8.62 less an over-recovery of \$0.07.

{¶ 10} Continuing, Staff describes the scope of its investigation of the application. Staff states that it reviewed the application and attached testimony, issued data requests seeking additional supporting data, verified the calculations contained within the application, and traced representative samples back to their source data. Staff explains that its investigation was designed to ensure that the Company's policies and practices comport with sound ratemaking principles and Commission policies, confirm that the Company's books and records are reliable sources of cost data, and determine if the rider increases sought are just and reasonable. Staff remarks that it found no occurrences of erroneously entered in-service dates.

{¶ 11} Ultimately, Staff concludes that CEOH's application with a total revenue requirement of \$38,390,529 is just and reasonable.

{¶ 12} On July 22, 2022, CEOH filed a statement regarding the resolution of issues. The Company noted that the Staff Report recommended approval of the application and agreed with the stated total revenue requirement. As such, CEOH informs the Commission that there are no outstanding issues raised by comments and no hearing is necessary. In

¹ No motions to intervene were filed in this proceeding.

closing, the Company requests that the Commission approve its application and the updated DRR charges.

{¶ 13} The Commission has reviewed the Company's application, the Staff Report, and the Company's July 22, 2022 filing indicating no issues raised in comments require a hearing for resolution. Upon that review, the Commission finds that Company's application proposes updated DRR rates that are just and reasonable. Accordingly, we find that the application should be approved.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That CEOH's application to adjust its DRR rate be approved. It is, further,

{¶ 16} ORDERED, That CEOH be authorized to file tariffs, in final form, consistent with this Finding and Order. CEOH shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 17} ORDERED, That the effective date of the new tariff shall be a date not earlier than the date upon which the final tariff page is filed with the Commission. It is, further,

{¶ 18} ORDERED, That CEOH shall notify its customers of the changes to the tariff via bill message or bill insert within 30 days of the effective date of the revised tariff. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

{¶ 19} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 20} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

PAS/hac

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Case No(s). 22-0455-GA-RDR

Summary: Finding & Order approving the application of Vectren Energy Delivery of Ohio, Inc. d/b/a CenterPoint Energy Ohio to adjust its distribution replacement rider electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio