THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE ANNUAL APPLICATION OF THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO FOR AN ADJUSTMENT TO THE CAPITAL EXPENDITURE PROGRAM RIDER RATE.	**CASE NO. 23-619-GA-RDR**

FINDING AND ORDER

Entered in the Journal on September 6, 2023

I. SUMMARY

{¶ 1} The Commission approves the application of The East Ohio Gas Company d/b/a Dominion Energy Ohio to adjust its capital expenditure program rider, consistent with this Finding and Order.

II. LAW AND PROCEDURAL HISTORY

{¶ 2} The East Ohio Gas Company d/b/a Dominion Energy Ohio (Dominion or the Company) is a natural gas company, as defined by R.C. 4905.03, and a public utility, as defined by R.C. 4905.02. As such, Dominion is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4929.111 provides that a natural gas company may file an application to implement a capital expenditure program (CEP) for any infrastructure expansion, improvement, or replacement program; any program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds that the CEP is consistent with the applicant's statutory obligation to furnish necessary and adequate facilities, which are also found to be just and reasonable, the Commission is tasked with approving the application and authorizing the deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on that portion of the assets of the CEP placed in service but not reflected in rates as plant in service and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates.

{¶ 4} In Case No. 11-6024-GA-UNC, et al., the Commission modified and approved Dominion's application for authority to implement a CEP for the period of October 1, 2011, through December 31, 2012. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 11-6024-GA-UNC, et al., Finding and Order (Dec. 12, 2012). Subsequently, in Case No. 12-3279-GA-UNC, et al., the Commission modified and approved Dominion's application to implement a CEP for the period of January 1, 2013, through December 31, 2013. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 12-3279-GA-UNC, et al., Finding and Order (Oct. 9, 2013).

{¶ 5} In Case No. 13-2410-GA-UNC, et al., the Commission modified and approved Dominion's application to implement a CEP in 2014 and succeeding years, pursuant to R.C. 4909.18 and 4929.111. The Commission also approved Dominion's request for accounting authority to capitalize PISCC on program investments for assets placed in service but not yet reflected in rates; defer depreciation expense and property tax expense directly attributable to the CEP; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense are deferred for future recovery in a subsequent proceeding. The Company was authorized to accrue deferrals under the CEP until the accrued deferrals, if included in rates, would cause the rates charged to the Company's general sales service customers to increase by more than $1.50 per month. Additionally, the Commission noted that the prudence and reasonableness of Dominion's CEP-related regulatory assets and associated capital spending would be considered in any future proceeding seeking cost recovery, at which time the Company would be expected to provide detailed information regarding the expenditures for the Commission's review. *In re The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 13-2410-GA-UNC, et al., Finding and Order (July 2, 2014).

{¶ 6} On December 30, 2020, the Commission approved and adopted a stipulation and recommendation (Stipulation) that resolved all the issues related to Dominion's application for an alternative rate plan to establish a Capital Expenditure Program rider (CEP Rider) for recovery of its CEP deferrals and investments from October 1, 2011, through December 31, 2018. *In re The East Ohio Gas Company d/b/a Dominion Energy Ohio*, Case No. 19-468-GA-ALT, Opinion and Order (Dec. 30, 2020). For recovery of future CEP deferrals and investments, the Stipulation also provides that Dominion will file annual applications to update the CEP Rider rates on or before April 1 of each year. Further, the Stipulation requires that Staff or its designee conduct a review of Dominion's annual application to update the CEP Rider rates to determine the lawfulness, used and usefulness, prudence, and reasonableness of the CEP assets placed in service and the related CEP regulatory asset included in the proposed CEP Rider revenue requirement.

{¶ 7} By Entry issued on February 22, 2023, in this case, the Commission directed Staff to issue a request for proposal for audit services to assist the Commission with the audit of Dominion's CEP for the period of January 1, 2022, through December 31, 2022. On March 22, 2023, the Commission selected Blue Ridge Consulting Services, Inc. (Blue Ridge) as the auditor and directed Dominion to enter into a contract with Blue Ridge.

{¶ 8} On March 30, 2023, Dominion filed its application for authority to adjust its CEP Rider (Application). With the Application, the Company requests that the Commission approve proposed CEP Rider rates that would be effective with the first billing cycle in October 2023 to recover the costs of CEP investments placed in service and the related CEP regulatory assets for the period January 1, 2022, through December 31, 2022. Dominion filed various schedules in support of its Application, along with the direct testimony of Celia B. Hashlamoun. Dominion proposes the following CEP Rider rates:

Rate Schedule	Adjusted Rate
General Sales Service – Residential (GSS-R) and Energy Choice Transportation Service – Residential (ECTS-R)	$6.97 per bill
General Sales Service – Nonresidential (GSS-NR) and Energy Choice Transportation Service – Nonresidential (ECTS-NR)	$19.97 per bill
Large Volume General Sales Service (LVGSS) and Large Volume Energy Choice Transportation Service (LVECTS)	$79.71 per bill
General Transportation Service (GTS) and Transportation Service for Schools (TSS)	$1,301.41 per bill
Daily Transportation Service (DTS)	$0.0709/Mcf
Firm Storage Service (FSS)	$0.2443/Mcf

{¶ 9} On July 21, 2023, Blue Ridge filed its audit report (Audit Report).

{¶ 10} By Entry issued on July 27, 2023, the attorney examiner established a procedural schedule for this case, such that the Staff Report of Investigation (Staff Report) was due by August 4, 2023, motions to intervene and comments by all parties were due by August 15, 2023, and a statement by Dominion regarding whether the issues raised in comments had been resolved was due by August 31, 2023. Further, the July 27, 2023 Entry scheduled an evidentiary hearing for September 6, 2023, if necessary.

{¶ 11} Also, on July 27, 2023, Staff filed the Staff Report regarding the Application. Staff notes that, after reviewing the Application and supporting documentation, it fully adopts the recommendations in the Audit Report. Staff notes that the Audit Report includes recommendations to adjust the revenue requirement in regard to: (1) the inadvertent removal of expenses; (2) the relocation of meters; (3) removing the amount paid over fair market value for the land purchase of a previously leased site; (4) corrections for the under- and overstatement of plan; (5) the over-accrual of allowance for funds used during construction; (6) correcting the recording of retirements; (7) corrections for the overstatement of plant; and (8) adjustments to correct PISCC and correct the composite amortization rate. Further, Staff notes that Blue Ridge advocates several general audit recommendations in the Audit Report.

{¶ 12} In addition, Staff notes that based on the Company's three-year average return on equity (ROE), Dominion is experiencing better financial results than its peers by only a slight margin. This is the first annual CEP Rider review in which Dominion's three-year average ROE has exceeded the Company's authorized ROE of 10.38 percent. Finally, Staff notes that Dominion is required to file a base rate application by no later than October 2023, affording the opportunity to fully examine and address concerns related to its earnings. Ultimately, Staff recommends that the Commission approve the Company's Application to adjust the CEP Rider, as modified by the recommendations in the Staff Report.

{¶ 13} On August 15, 2023, the Ohio Energy Leadership Council (OELC), formerly known as Industrial Energy Users-Ohio, filed a motion to intervene. In its motion, OELC states it is an organization composed of energy-intensive manufacturing, industrial, institutional, information technology, and business customers, a significant portion of whom are Dominion customers. Accordingly, OELC contends that it has a real and substantial interest in, and will be directly impacted by, the issues raised in this proceeding. No memorandum contra OELC's motion was filed. The Commission finds OELC's motion to intervene is reasonable and should be granted.

{¶ 14} Only Dominion filed comments on August 15, 2023, the deadline set forth by the procedural schedule. In its comments, Dominion notes that the adjustments decrease the recommended revenue adjustments by a total of $79,987.94. Further, with the adjustments recommended in the Audit Report, and including a reconciliation component for prior period unrecovered amounts, Dominion calculates that the CEP Rider rate would be adjusted as follows:

Rate Schedule	Adjusted Rate
General Sales Service – Residential (GSS-R) and Energy Choice Transportation Service – Residential (ECTS-R)	\$6.97 per bill
General Sales Service – Nonresidential (GSS-NR) and Energy Choice Transportation Service – Nonresidential (ECTS-NR)	\$19.96 per bill
Large Volume General Sales Service (LVGSS) and Large Volume Energy Choice Transportation Service (LVECTS)	\$79.67 per bill
General Transportation Service (GTS) and Transportation Service for Schools (TSS)	\$1,300.72 per bill
Daily Transportation Service (DTS)	\$0.0709/Mcf
Firm Storage Service (FSS)	\$0.2442/Mcf

{¶ 15} Dominion states that the Company disagrees with the adjustments for relocating/moving meters and the land purchase, as discussed in the Audit Report (Adjustments #3, #4, and #5), because Dominion believes the costs are properly recorded in utility plant and fully recoverable as a component of the CEP rate base. However, Dominion states that, in the interest of fully resolving the instant proceeding and in view of the relatively minor impact on CEP Rider rates in this proceeding, Dominion is not opposing the recommendation to adjust the CEP Rider to exclude the affected costs. The Company contends that resolving this case in an expedient manner will also minimize the use of Commission resources and not further delay the effective date of CEP Rider rates, causing additional carrying costs that would burden customers. Dominion reserves the right to further address the appropriate rate base treatment and recovery of these costs in conjunction with the Company's upcoming base rate filing.

{¶ 16} On August 21, 2023, Dominion filed a statement reiterating that the Company would not oppose the recommendations in the Audit Report and Staff Report.

Further, Dominion proposed that given the resolution of all issues raised by the parties, a hearing is unnecessary.

III. COMMISSION CONCLUSION

{¶ 17} Based on our review of the foregoing, the Commission concludes that Dominion's application should be approved, subject to the adjustments and recommendations provided in the Audit Report, as fully adopted by the Staff Report. Furthermore, the Commission finds that a hearing in this case is not necessary.

IV. ORDER

{¶ 18} It is, therefore,

{¶ 19} ORDERED, That OELC's motion to intervene be granted. It is, further,

{¶ 20} ORDERED, That Dominion's Application filed March 30, 2023, be approved, subject to the adjustments and recommendations provided in the Audit Report and adopted by the Staff Report. It is, further,

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

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

COMMISSIONERS:
Approving:
Jenifer French, Chair
Daniel R. Conway
Lawrence K. Friedeman
Dennis P. Deters
John D. Williams

GNS/dr