

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of The East	)	
Ohio Gas Company d/b/a Dominion Energy	)	Case No. 23-0894-GA-AIR
Ohio for Approval to Increase Natural Gas	)	
Rates.	)	

In the Matter of the Application of The East	)	
Ohio Gas Company d/b/a Dominion Energy	)	Case No. 23-0895-GA-ALT
Ohio for Approval of Alternative Rate Plan.	)	

In the Matter of the Application of The East	)	
Ohio Gas Company d/b/a Dominion Energy	)	Case No. 23-0896-GA-AAM
Ohio for Approval to Change Accounting	)	
Methods.	)	

In the Matter of the Application of The East	)	
Ohio Gas Company d/b/a Dominion Energy	)	Case No. 23-0897-GA-ATA
Ohio for Approval of Tariff Revisions.	)	

**APPLICATION TO INCREASE RATES AND CHARGES**

<u>Company Name and Address:</u>	The East Ohio Gas Company d/b/a Dominion Energy Ohio 1201 East 55th Street Cleveland, Ohio 44101
<u>Company Contact for Rate Case Matters:</u>	Ella R. Hochstetler Director, Regulatory and Pricing Ohio (216) 780-8441 ella.r.hochstetler@dominionenergy.com
<u>Test Period:</u>	January 1, 2023 to December 31, 2023
<u>Date Certain:</u>	December 31, 2023

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Filed: October 31, 2023

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**VERIFIED APPLICATION**

In accordance with R.C. 4909.18 and R.C. 4929.05, The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or the Company) respectfully requests the Public Utilities Commission of Ohio (the Commission) approve this Application for an increase in distribution rates for natural gas service, an alternative rate plan, changes in DEO’s accounting methods, and revisions to DEO’s tariffs. 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(A).

2. In accordance with Chapter I, Paragraph B of the Commission’s Standard Filing Requirements (SFRs) in Ohio Adm.Code 4901-7-01, Appendix A, DEO filed a Pre-Filing Notice (PFN) on September 29, 2023, indicating its intent to file this Application for an increase in DEO’s natural gas distribution rates. Included with DEO’s PFN were exhibits with the

Company's proposed tariff schedules (PFN Exhibit 3) and the Schedule E-5 typical bill comparison (PFN Exhibit 4). As required by the SFRs, DEO's PFN was filed with the Commission at least 30 days prior to the filing of this Application.

3. DEO's Application is being filed in part to recognize in rate base the substantial investment in pipelines, meters, and other jurisdictional assets that DEO has made since its last rate case, Case No. 07-829-GA-AIR, and to recover revenues sufficient enough to pay for the Company's operating expenses, service the Company's debt, and provide a reasonable rate of return on its property used and useful in the rendition of natural gas service to its customers.

4. This Application is being filed pursuant to R.C. 4909.18, and related sections of the Ohio Revised Code, for approval of changes in distribution rates for natural gas service for incorporated communities and unincorporated territories within DEO's entire service area.

5. This Application is also being filed pursuant to R.C. 4929.05, and related sections of the Ohio Revised Code, for approval of DEO's Alternative Rate Plan, for the continuation and modification of its existing Automated Meter Reading (AMR) Cost Recovery Charge, Capital Expenditure Program (CEP) Rider, Pipeline Infrastructure Replacement (PIR) Program and Cost Recovery Charge, Tax Savings Credit Rider (TSCR), and Transportation Migration Riders (TMR). Additional details regarding these proposals are set forth in the Exhibits to DEO's Alternative Rate Plan being provided in accordance with Ohio Adm.Code 4901:1-19-06.

6. In accordance with R.C. 4909.43(B) and Chapter I, Paragraph A of the SFRs, on September 29, 2023, DEO notified in writing the major and legislative authority of each municipality affected by this Application of DEO's intent to file said Application and the proposed rates to be contained therein. A copy of DEO's notice was included in DEO's PFN as PFN Exhibit 5.

7. In accordance with Ohio Adm.Code 4901:1-19-06(A), a notice of intent to file an application for its Alternative Rate Plan was also filed with the Commission and sent to the Directors of the Rates and Analysis Department and the Service Monitoring and Enforcement Department for Commission Staff. DEO's municipal notice also indicated DEO's intent to file an application of an Alternative Rate Plan.

8. DEO's current base rates were authorized by the Commission in Case No. 07-829-GA-AIR and were based on a test period beginning January 1, 2007, and ending December 31, 2007, with a date certain of March 31, 2007. Since that test period, the valuation of the property used and useful in the rendition of natural gas service to its customers has materially increased, as have expenses associated with providing that service.

9. As authorized by the Commission's Entry dated October 18, 2023, the proposed base rates submitted with this Application are based on a test period beginning January 1, 2023, and ending December 31, 2023, with a projected date certain of December 31, 2023.

10. DEO's primary reason for filing this Application is to recover a return on and of the plant investment placed in service since the date certain used in the Company's last base rate case. In its proposed base rates, DEO has included base rate investments through December 31, 2023, including CEP, PIR and AMR investments and related deferrals through December 31, 2023. Included with this Application are the A (Revenue requirements), B (Rate base) and C (Operating income) schedules that support the capital costs and expenses that DEO seeks to recover in rates.

11. The Company's current rates are projected to provide a 3.87% rate of return for the test period. This is substantially below the 8.49% rate of return found reasonable for DEO by the Commission in DEO's last base rate proceeding.

12. DEO estimates that the rate changes proposed herein, if approved, would increase gross revenues by approximately \$212 million, over the test period gross revenues generated from providing natural gas service to customers. In calculating its proposed revenue requirement, DEO submits that the use of a 7.53% rate of return will provide the Company with a fair and reasonable opportunity to recover its costs of service and earn a reasonable rate of return on its rate case investment. This increase equates to an approximate 16.8% annual increase in the average residential customer's total bill. Included with this Application are the D (Rate of return) schedules that support the Company's requested rate of return.

13. To recover its proposed base rates revenues, DEO proposes changes to the rates and charges in the following rate schedules: General Sales Service – Residential (GSS – R); General Sales Service – Nonresidential (GSS – NR); Large Volume General Sales Service (LVGSS); Energy Choice Transportation Service – Residential (ECTS – R); Energy Choice Transportation Service – Nonresidential (ECTS – NR); Large Volume Energy Choice Transportation Service (LVECTS); General Transportation Service (GTS); Daily Transportation Service (DTS); Firm Storage Service (FSS); and Standby Service (SS).

14. DEO also proposes to change the rate for its Gross Receipts Tax Rider and eliminate its Transportation Service for Schools rate schedule and its Transportation Surcredit Rider.

15. DEO also proposes to eliminate the revenue sharing from its firm receipt point option and commodity exchange revenues, in its calculation of the charge for the Interim Emergency and Temporary Percentage of Income Payment Rider, and include that revenue in base rates.

16. DEO also proposes changes to its TMR. Such changes include the elimination of TMR – Part A, the renaming of TMR – B to the Operational Balancing Rider, and modifications

to the credits that are netted against DEO's operational balancing costs, including the introduction of a new credit for off-system revenues. Additional details regarding the proposed changes to the Operational Balancing Rider, including the proposed continuation and calculation of the monthly charge, are set forth in the Exhibits to DEO's Alternative Rate Plan.

17. DEO also proposes adjustments to its AMR Cost Recovery Charge. Additional details regarding the proposed changes to the AMR Cost Recovery Charge, including DEO's proposed continuation and calculation of the monthly charge, are set forth in the Exhibits to DEO's Alternative Rate Plan.

18. DEO also proposes adjustments to its PIR Cost Recovery Charge. Additional details regarding the proposed changes to the PIR Cost Recovery Charge, including DEO's proposed continuation and calculation of the monthly charges, are set forth in the Exhibits to DEO's Alternative Rate Plan.

19. DEO also proposes adjustments to its CEP Rider. Additional details regarding the proposed changes to the CEP Rider, including DEO's proposed continuation and calculation of the monthly charges, are set forth in the Exhibits to DEO's Alternative Rate Plan.

20. DEO also proposes adjustments to its TSCR. Additional details regarding the proposed changes to the TSCR, including DEO's proposed continuation and calculation of the monthly credits, are set forth in the Exhibits to DEO's Alternative Rate Plan.

21. DEO is also proposing various revisions to non-rate rules, regulations, terms, and conditions contained in its tariff, including modifications to its Rules and Regulations and the terms and conditions applicable to transportation service and its Energy Choice program; such changes are detailed and explained in the Company's E Schedules.

22. DEO also requests approval of all appropriate accounting authority as necessary to implement any deferrals, riders, and any other programs or proposals as may be approved by the Commission.

23. DEO also proposes to revise its depreciation accrual rates, will be providing a copy of the depreciation study supporting the proposed revisions with its direct testimony, and requests that the Commission approve DEO's proposed revised depreciation rates.

24. DEO also proposes to recover in base rates the regulatory assets approved for deferral in connection with Pipeline Safety Management Program (PSMP) approved by the Commission in Case No. 15-1712-GA-AAM and to reflect an ongoing level of PSMP expenses in base rates.

25. DEO also proposes prorating the fixed service charge for all rate classes in certain circumstances where customers begin or end service outside of a full billing cycle.

26. As required by R.C. 4909.18 and the Commission's SFRs, DEO has attached the following schedules to this Application:

- a. Schedules A-1 through A-3, which provide certain financial data for the proposed test year and date certain and calculate a gross revenue conversion factor;
- b. Schedules B-1 through B-9, which report DEO's rate base, including information and adjustments regarding property used and useful in rendering natural gas service to the customers affected by this Application;
- c. Schedules C-1 through C-12, which contain detailed schedules of DEO's revenues and incomes from all sources, its operating costs and other expenditures, and certain adjustments that DEO deems applicable; and a statement of the income and expense anticipated under this Application;

- d. Schedules D-1 through D-5, which contain a statement of DEO's cost of capital and its financial condition summarizing assets, liabilities, and net worth;
- e. Schedules E-1 through E-5, which include DEO's proposed tariff schedules, current tariff schedules, scored tariffs indicating provisions to be changed, narrative rationale for tariff changes, customer charge rationale, cost of service study, class and schedule revenue summary, annualized test-year revenues at proposed rates versus current rates, and typical bill comparison;
- f. Schedules S-1 and S-2, which provide certain capital expenditures and other financial information;
- g. Schedule S-3, which is a proposed notice for newspaper publication that discloses the substance of the Application and the specific requirements of R.C. 4909.18;
- h. Schedule S-4.1, which is an executive summary of the Company's corporate process; and
- i. An executive summary of the Company's management policies, practices, and organization employed to meet the corporate goals, as well as a response to any functional areas designated by Staff of the Commission for discussion.

27. Subject to waivers provided in the Commission's October 18, 2023 Entry, DEO is also delivering four print copies of the required Supplemental Information to be provided at Filing to the Utilities Department, Office of the Rate Case Manager, in accordance with the SFRs, Chapter II, Paragraph (C). Subject to waivers provided in the Commission's October 18,

2023 Entry, DEO is also providing Commission Staff with one print copy of the supplemental information set forth in SFRs, Chapter II, Paragraph (D).

28. In compliance with Ohio Adm.Code 4901:1-19-06(C)(2), DEO has also attached to the Application the following Alternative Rate Plan Exhibits:

- a. Detailed Alternative Rate Plan, which states the facts and grounds upon which the proposed plan is based, and which sets forth the Plan's elements, transition plans, and other matters as required by the rules. The exhibit, in conjunction with Schedule E-3, also states and supports the rationale for the initial proposed tariff changes for all impacted natural gas services;
- b. Listing of the services which have been exempted, the case number authorizing such exemption, a copy of the approved separation plan, and a copy of the approved code of conduct;
- c. Detailed discussion of how potential issues concerning cross-subsidization of services have been addressed in the Plan;
- d. Detailed discussion of how the Plan is in compliance with section 4905.35 of the Revised Code, in substantial compliance with the policies of the state of Ohio specified in section 4929.02 of the Revised Code, how DEO expects to continue to be in substantial compliance with the policies of the state specified in section 4929.02 of the Revised Code, after implementation of the Alternative Rate Plan, and a demonstration that the Alternative Rate Plan is just and reasonable; and
- e. List of witnesses sponsoring the exhibits in the Alternative Rate Plan Application.

29. An electronic copy of DEO's proposed Alternative Rate plan is being provided to the Office of the Ohio Consumers' Counsel and each party of record in its previous alternative rate plan or rate case proceeding, as required by Ohio Adm.Code 4901:1-19-06(B)(3).

30. At the time of the filing of this Application, no municipal corporation has in effect any ordinance or franchise that does or will regulate the rates or charges to any customer affected by this Application.

31. R.C. 4909.18 provides that an application filed thereunder shall be verified by the president or a vice-president and the secretary or treasurer of the applicant. Such verifications have been included with this Application.

32. In accordance with Ohio Adm.Code 4901-7-01, Appendix A, Chapter II, Paragraph (A)(6)(a) and Ohio Adm.Code 4901:1-19-06(B)(2), DEO will file all prepared direct testimony in support of this Application within 14 days of this filing.

33. In accordance with Ohio Adm.Code 4901-1-02(D)(3), DEO is electronically filing this application, and also submitting one complete print copy of the application to the Commission's Docketing division.

WHEREFORE, because the rates, charges, and other provisions in the current rate schedules do not yield just and reasonable compensation to DEO for providing natural gas service to the customers to which they are applicable, and do not yield a just and reasonable return on the value of the property used for furnishing that service, and because continuation of the rates currently in effect would be unconstitutionally confiscatory, DEO respectfully requests that the Commission:

- a. Accept this Application for filing;

- b. Find that this Application and the attached Schedules filed herewith and incorporated herein, are in accordance with R.C. 4909.18 and the Commission's rules;
- c. Approve the Form of Notice in Schedule S-3 filed herewith;
- d. Find that the current rates, prices, and charges for natural gas distribution service are unjust, unreasonable, and insufficient to yield reasonable compensation to DEO for natural gas distribution service rendered;
- e. Find that the proposed rates, prices, charges, and other provisions included in Schedule E-1 are just and reasonable, and approve such schedules and revisions in the form tendered herewith;
- f. Find that DEO is in compliance with R.C. 4905.35; that DEO is in substantial compliance with the state policies as specified in R.C. 4929.02, and that DEO is expected to continue to be in substantial compliance with the state policies specified in R.C. 4929.02 after the Alternative Rate Plan is implemented;
- g. Find that the Alternative Rate Plan is just and reasonable as proposed and approve said plan;
- h. Approve DEO's requested automatic rate adjustments in accordance with R.C. 4929.11 to the extent applicable;
- i. Approve any changes in DEO's accounting methods that may be necessary to implement the Commission's approval of this Application;
- j. Fix the date on or after which the rates, charges, and other provisions of this Application apply to the services provided by DEO; and

- k. Grant any other necessary and proper approval in order to implement the relief requested in this Application.

Dated: October 31, 2023

Respectfully submitted,

/s/ Christopher T. Kennedy

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(All counsel willing to accept service by email)

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

## Verification

STATE OF OHIO                                 )  
  ) ss.:  
COUNTY OF CUYAHOGA                     )


Daniel Weekley personally appeared before me, a Notary Public, in and for said State, and being first duly sworn said that he is President of The East Ohio Gas Company d/b/a Dominion Energy Ohio, and that the statements in the foregoing Application are true and that the data and facts set forth are accurate to the best of his knowledge and belief.



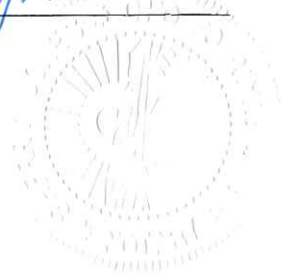
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President  
The East Ohio Gas Company d/b/a  
Dominion Energy Ohio

Sworn to before me and subscribed in my presence this 25<sup>th</sup> day of October, 2023.

**SHERRY JONES**  
NOTARY PUBLIC • STATE OF OHIO  
Comm. No. 2018-RE-702701  
My commission expires Jan. 22, 2028



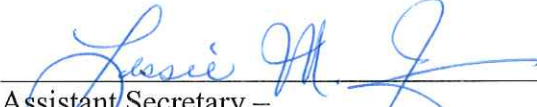
\_\_\_\_\_  
Notary Public



## Verification

STATE OF OHIO                                 )  
  ) ss.:  
COUNTY OF CUYAHOGA                     )

Lessie M. Jones personally appeared before me, a Notary Public, in and for said State, and being first duly sworn said that she is a Secretary of The East Ohio Gas Company d/b/a Dominion Energy Ohio, and that the statements in the foregoing Application are true and that the data and facts set forth are accurate to the best of her knowledge and belief.

  
\_\_\_\_\_  
Assistant Secretary –  
The East Ohio Gas Company d/b/a  
Dominion Energy Ohio

Sworn to before me and subscribed in my presence this 25<sup>TH</sup> day of October, 2023.

**SHERRY JONES**  
**NOTARY PUBLIC • STATE OF OHIO**  
Comm. No. 2018-RE-702701  
My commission expires Jan. 22, 2026

  
\_\_\_\_\_  
Notary Public



## **CERTIFICATE OF SERVICE**

I hereby certify that a courtesy copy of this Application and Attachments was served by electronic mail this 31st day of October, 2023 to the following:

[Amy.BotschnerOBrien@OhioAGO.gov](mailto:Amy.BotschnerOBrien@OhioAGO.gov)

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/s/ Christopher T. Kennedy

One of the Attorneys for The East Ohio  
Company d/b/a Dominion Energy Ohio

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**ALTERNATIVE RATE PLAN EXHIBITS**

R.C. 4929.05(A) permits a natural gas company to “request approval of an alternative rate plan by filing an application under section 4909.18 of the Revised Code, regardless of whether the application is for an increase in rates.” The Commission “shall authorize the applicant to implement an alternative rate plan if the natural gas company has made a showing and the commission finds” (1) that “[t]he natural gas company is in compliance with section 4905.35 of the Revised Code and is in substantial compliance with the policy of this state specified in section 4929.02 of the Revised Code”; (2) that “[t]he natural gas company is expected to continue to be in substantial compliance with the policy of this state specified in section 4929.02 of the Revised Code after implementation of the alternative rate plan”; and (3) that “[t]he alternative rate plan is just and reasonable.” That alternative rate plan may include “any automatic adjustment mechanism or device in a natural gas company's rate schedule.” R.C. 4929.11(B). In addition, the Commission

maintains jurisdiction over every alternative rate plan that has been previously approved. R.C. 4929.08(A). Additionally, the natural gas company may seek to continue or modify a previously approved alternative rate plan. R.C. 4929.051(B); R.C. 4929.08(A).

In accordance with R.C. 4929.05 and other sections of R.C. Chapter 4929, The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or the Company) hereby submits this application for an alternative rate plan for the continuation and modification of five existing rate mechanisms: the Automated Meter Reading (AMR) Cost Recovery Charge, Capital Expenditure Program (CEP) Rider, Pipeline Infrastructure Replacement (PIR) Program and Cost Recovery Charge, Tax Savings Credit Rider (TSCR), and Transportation Migration Riders (TMR). In addition to the information required under the Commission's Standard Filing Requirements pursuant to Ohio Adm. Code 4901-7-01, DEO is also providing herein the information required under Ohio Adm. Code 4901:1-19-06(C)(2).

**I. Ohio Adm. Code 4901:1-19-06(C)(2)(a) Detailed alternative rate plan and related information.**

As explained below, certain of DEO's proposals assume base rates have become effective not later than February 2025. In the event base rates have not become effective by that time, DEO will work with Staff to adjust the timing and process for any initial or transitional period applicable to any program or proposal.

**A. Continuation and Modification of the AMR Cost Recovery Charge approved in Case No. 07-829-GA-AIR (the 2007 Rate Case)**

The AMR Cost Recovery Charge is added to the monthly service charge to recover the depreciation, incremental property taxes and post in-service carrying charges (PISCC) associated with the installation of AMR equipment. The AMR charge is currently recovered from the following rate classes: General Sales Service – Residential (GSS-R), General Sales Service – Nonresidential (GSS-NR), Large Volume General Sales Service (LVGSS), Energy Choice

Transportation Service – Residential (ECTS-R), Energy Choice Transportation Service – Nonresidential (ECTS-NR), Large Volume Energy Choice Transportation Service (LVECTS), General Transportation Service (GTS), and Transportation Service for Schools (TSS). To adjust the AMR charge annually based on the most recent calendar year costs, DEO currently files a pre-filing notice by the end of November, and an application by the end of February. The adjusted AMR charge is then typically in effect from the beginning of May through the end of April.

In this proceeding, DEO has included AMR balances through December 31, 2023, in its proposed base rates. However, estimated unamortized AMR deferrals as of December 31, 2023, have not been included in proposed base rates and would still need to be recovered through the AMR charge. DEO requests that the AMR Cost Recovery Charge continue through the end of April 2026 to recover the remaining deferrals. Accordingly, DEO would continue to file annual adjustment applications in February 2024 and 2025, until the remaining AMR deferrals have been recovered. The AMR tariff would then be withdrawn, effective May 1, 2026, and future annual AMR filings would be unnecessary.

## **1. Background**

In the 2007 Rate Case, pursuant to a stipulation, the Commission approved DEO's recovery of accrued costs for the installation of AMR technology through a separate mechanism, with the initial recovery charge set at zero, and with subsequent periodic filings to adjust the AMR Cost Recovery Charge. Case No. 07-829-GA-AIR, Opin. & Order (Oct. 15, 2008). Presently, the annual adjustments also incorporate a reconciliation component for over- or under- recoveries. Case No. 20-1624-GA-RDR, Finding & Order (Apr. 21, 2021). By recovering its incremental program costs through a separate charge, DEO was able to secure the capital funds needed to complete AMR installation on a five-year timetable. Absent this charge, DEO would have been required to fund

the program through its normal capital budgeting process, which would have accommodated a 15- to 20-year systemwide deployment.

The current AMR Cost Recovery Charge was approved in April 2023 and is recovering AMR balances through December 31, 2022. Case No. 22-1018-GA-RDR, Finding & Order (Apr. 19, 2023). All AMR plant additions ceased as of mid-2012 and have been included in AMR rate base. However, incremental changes in retirements, depreciation expense, property tax expense, and deferrals continue to flow through the AMR charge. In addition, the Company continues to reflect a reduction in meter reading expense in the AMR revenue requirement that is not reflected in DEO's current base rates.

## **2. Duration of AMR Cost Recovery Charge**

Although DEO has included AMR balances through December 31, 2023, in its proposed base rates, DEO intends to continue to file annual AMR adjustment applications while the Company's base rate case is pending. Accordingly, DEO anticipates filing an AMR application in February 2024 to reflect AMR activity through December 31, 2023, and an AMR application in February 2025 to reflect AMR activity through December 31, 2024. For the reasons discussed herein, however, DEO requests authorization to make the 2025 filing its final annual AMR adjustment application. DEO further requests authority to continue the existing accounting treatment and procedures for AMR charges until the withdrawal of the AMR tariff, except as otherwise stated herein.

## **3. AMR Revenue Requirement Calculation**

For the 2024 AMR application, DEO would make no changes to the current calculation of the AMR revenue requirement. DEO would continue to calculate an AMR rate base and continue to submit the same schedules submitted in Case No. 22-1018-GA-RDR. In addition, DEO would

continue to reflect a reduction in meter reading expense in the annualized AMR revenue requirement.

For the 2025 AMR Application, DEO proposes a number of changes to the AMR revenue requirement calculation. First, DEO would not include an AMR rate base, including Excess Deferred Income Taxes (EDIT) balances, under the assumption that prior to the filing, DEO would have new base rates in effect that incorporate those balances. Second, DEO would include any remaining deferral balances for incremental annual depreciation expense, annualized amortization of PISCC, and incremental annual property tax expense, and amortize those balances over the final 12-month rate effective period. Third, DEO would still reflect an annualized reduction in meter reading expense; however, this amount would include the 2024 savings, plus any remaining 2023 savings not fully passed back based on the timing of the effective date of new base rates.

#### **4. AMR Cost Recovery Mechanism and Procedures**

DEO proposes to continue the existing cost-recovery timing and procedures for its 2024 and 2025 AMR Applications, while its base rate case is pending. This would include, among other things, making a pre-filing notice by the end of November in 2023 and 2024, filing an application with supporting schedules and testimony by the end of February in 2024 and 2025, and having the new charge go into effect by the first billing period of May in 2024 and 2025.

When DEO files new base rates, DEO requests authority to exclude AMR balances through December 31, 2023, from the AMR Cost Recovery Charge. DEO would then include any outstanding amounts that were not fully recovered or credited during the May 2024 through April 2025 rate effective period, in its 2025 AMR application. DEO anticipates that the final AMR charge would begin in May 2025 and remain in effect through the end of April 2026, at which point the AMR deferral balance should be zero, the AMR tariff sheet would be withdrawn, effective May 1, 2026, and future AMR filings would be unnecessary. If, as of May 1, 2026, there

remains an under- or over-collected AMR balance, DEO proposes that any final reconciliation balance be applied against an existing deferral or otherwise reflected in DEO's rates through a methodology to be agreed upon with Staff.

**B. Continuation and Modification of the CEP Rider approved in Case No. 19-468-GA-ALT (the CEP Rider Case)**

The CEP Rider is assessed monthly to recover the costs of CEP investments and associated deferrals. For the GSS-R, ECTS-R, GSS-NR, ECTS-NR, LVGSS, LVECTS, GTS, and TSS rate classes, the CEP charge is a fixed charge, which is adjusted annually and included in the basic service charge. For the Daily Transportation Service (DTS) and Firm Storage Service (FSS) rate classes, the CEP charge is a volumetric charge in addition to their volumetric delivery or usage charge. DEO is currently authorized to defer and recover CEP investments placed in service until such time as new base rates become effective.

As described in this alternative rate plan, DEO requests a continuation and modification of its CEP deferral and recovery authority, beyond the effective date of new base rates, and for CEP investments made through December 31, 2029.

**1. Background**

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. The Commission previously approved DEO's CEP and authorized the Company to defer post-in-service carrying costs (PISCC), depreciation expense, and property tax expense associated with its CEP investments beginning October 1, 2011.

See Case Nos. 11-6024-GA-UNC, 11-6025-GA-AAM, 12-3279-GA-UNC, 12-3280-GA-AAM, 13-2410-GA-UNC, and 13- 2411-GA-AAM (the CEP Deferral Cases).

In the CEP Deferral Cases, DEO identified three categories of capital investments for inclusion in its CEP:

- *Infrastructure Expansion, Improvement or Replacement.* Expenditures in this category include distribution system betterments; pipeline, regulating station, or other improvements or replacements, including non-billable pipeline relocations, associated with DEO's distribution, transmission, storage, production, and gathering systems that are not covered by DEO's Automated Meter Reading and Pipeline Infrastructure Replacement programs; storage well and compressor station improvements or replacements; and certain customer main line extensions; main-to-curb and curb-to-meter service lines.
- *Installation, Upgrade or Replacement of Information Technology.* This category includes capital expenditures for upgrades to or replacements of computer systems utilized for accounting, billing, and utility operations, as well as communication systems. Capitalized costs may include costs for hardware, software purchases or development, installation, and associated licenses.
- *Programs Reasonably Necessary to Comply with Commission Rules, Regulations, and Orders.* Capital expenditures in this category include those for required pipeline integrity or other regulatory compliance associated with pipeline safety, environmental compliance, metering, facilities, fleet, and other general plant associated with providing DEO's regulated services.

The Commission has found DEO's proposed CEP reasonable, consistent with R.C. 4929.111, and consistent with the Company's obligation under R.C. 4905.22 to furnish necessary and adequate services and facilities. See, e.g., Case Nos. 13-2410-GA-UNC & 13-2411-GA-AAM, Finding & Order (July 2, 2014) ¶¶ 10-11.

On December 30, 2020, the Commission approved a stipulation and recommendation (the CEP Stipulation) that resolved DEO's alternative rate plan application to establish a CEP Rider for recovery of CEP deferrals and investments from October 1, 2011, through December 31, 2018. Case No. 19-468-GA-ALT, Opin. & Order (Dec. 30, 2020). The CEP Stipulation also establishes residential rate caps, deferral authority, and rate recovery authority for CEP investments placed in

service and the related CEP regulatory asset through December 31, 2023. For recovery of CEP investments and deferrals, the CEP Stipulation provides that DEO file annual applications on or before April 1 of each year to update the CEP Rider rates effective on or before the start of the first billing cycle in October. Further, the CEP Stipulation requires that Staff or its designee conduct a review of DEO's annual application to adjust 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. In the CEP Rider Case, the Commission found that DEO's alternative rate plan to establish a CEP Rider, as modified by the CEP Stipulation and the Commission's orders, was just and reasonable – a decision upheld by the Ohio Supreme Court on appeal. Case No. 19-468-GA-ALT, Second Entry on Reh'g (Feb. 23, 2022), *aff'd In re Application of E. Ohio Gas Co.*, Slip Opinion No. 2023-Ohio-3289 (Sept. 20, 2023).

DEO is required to submit its application to adjust the CEP Rider charges by April 1 of every year. The revised CEP Rider charges then become effective as of the first billing cycle in October. DEO last adjusted its CEP Rider charges in October 2023 to reflect the CEP investments placed in service and the related CEP regulatory asset (i.e., the deferred balance) through December 31, 2022, *see* Case No. 23-619-GA-RDR, and intends to file an application by April 1, 2024, to recover the CEP investments placed in service and the related CEP regulatory asset through December 31, 2023.

As explained herein, although DEO will update the CEP Rider to reflect investment through December 31, 2023, it will remove such investment from the CEP Rider when new base rates become effective. This will comply with the CEP Stipulation's requirement that DEO's proposed base rates in this proceeding incorporate both of the following: (i) the CEP Rider revenue

requirement as of the date certain of this case (i.e., December 31, 2023), and (ii) a return on and of the assets underlying the CEP deferrals that are used and useful on the date certain of that case, including any unamortized CEP regulatory assets as of the date certain. DEO's proposed base rates include both of these elements.

The CEP Stipulation further provides that the filing of DEO's base rate application allows DEO to continue to accrue CEP-related deferrals, file annual updates to the CEP Rider and implement approved CEP Rider rates until such time as new base rates become effective.

## **2. Duration of CEP and CEP Rider**

In this alternative rate plan, DEO does not propose any changes or clarifications to the categories of investment for inclusion in the CEP that the Commission previously approved in the CEP Deferral Cases. DEO believes that the investment categories previously identified and approved remain reasonable and consistent with applicable Ohio laws.

During the pending base rate case, DEO intends to continue filing applications to annually adjust CEP charges, as permitted by the CEP Stipulation. In addition, DEO proposes and requests authority to continue to accrue CEP-related deferrals and recover CEP investments placed in service and the related CEP regulatory asset through the CEP Rider, after the effective date of new base rates. Specifically, DEO requests authorization to extend the CEP Rider to recover CEP investments and deferrals as of December 31, 2029, unless this period is modified in a subsequent base rate case or alternative rate plan proceeding. DEO further requests all accounting authority necessary to implement DEO's CEP proposals as described herein.

## **3. CEP Investments and Annual Rate Caps**

DEO proposes and requests authority to recover through the CEP Rider the CEP investments and deferrals that DEO makes through December 31, 2029, subject to the following residential rate caps:

<b>CEP Rate Effective Period</b>	<b>CEP Investment Period</b>	<b>Estimated Annual CEP Capital Investment</b>	<b>CEP Rate Cap on GSS-R &amp; ECTS-R</b>
October 1, 2025 – September 30, 2026	Through December 31, 2024	\$245M	\$2.16
October 1, 2026 – September 30, 2027	Through December 31, 2025	\$264M	\$4.69
October 1, 2027 – September 30, 2028	Through December 31, 2026	\$286M	\$6.80
October 1, 2028 – September 30, 2029	Through December 31, 2027	\$309M	\$8.27
October 1, 2029 – September 30, 2030	Through December 31, 2028	\$328M	\$9.68
October 1, 2030 – September 30, 2031	Through December 31, 2029	\$280M	\$11.38

Notably, DEO’s proposed rate caps reflect DEO’s ratemaking proposals identified herein concerning the calculation and allocation of the CEP revenue requirement. Any adjustments to the ratemaking assumptions underlying DEO’s proposed rate caps may also necessitate adjustments to the rate caps themselves, and accordingly DEO reserves the right to propose such adjustments during this proceeding in response to the Staff Report and/or the recommendations of intervening parties. DEO’s proposed rate caps also assume that new base rates are in effect – and investment and deferrals through December 31, 2023, have been excluded from the CEP Rider charges before October 1, 2025. Further, DEO’s proposed rate caps assume – and DEO requests authority – that any annual reconciliation adjustments for over- or under-recoveries for the prior period continue not to count against the annual rate caps.

DEO further proposes that, to continue CEP-related deferrals and the CEP Rider to cover CEP investments beyond 2029, the Company file an application pursuant to R.C. 4909.18, R.C. 4929.05, or R.C. 4929.11, requesting such authorization. Such application, once filed, would extend DEO’s authority to accrue CEP-related deferrals, file annual updates to the CEP Rider and

implement approved CEP Rider rates until such time as the Commission issues a final opinion and order on DEO's application.

#### **4. CEP Deferrals**

The CEP Stipulation provides that the current rate caps for CEP investments and deferrals though December 31, 2023 "also cap DEO capital expense deferral authority ... for CEP investments placed in service in calendar years 2019 through 2023." *Id.* ¶ 9. The CEP Stipulation further explains how DEO's existing deferral authority may be capped. The CEP Stipulation provides that deferrals will cease once the costs associated with the related CEP assets begin to be recovered in rates. *Id.* The CEP Stipulation further provides that deferrals will also cease for any CEP assets excluded from the annual CEP revenue requirement due to the application of the existing rate caps. *Id.* The CEP Stipulation also provides that any excluded assets are considered base rate assets and any associated deferrals should be reversed and expensed on DEO's books and records. DEO proposes that the existing CEP deferral authority, as set forth in the CEP Stipulation, continue for the CEP investments through December 31, 2029, subject to DEO's proposed rate caps identified herein.

DEO further proposes that CEP deferrals continue to accrue under the current previously approved PISCC rate until such time as the Commission issues a final order in this proceeding approving new base rates and a new long-term debt rate for DEO for ratemaking purposes. Upon issuance of the Commission's final order, DEO proposes the following treatment for the PISCC rate: (i) the PISCC rate for accruing CEP deferrals would not change until the beginning of the month following the Commission's final order; and (ii) the PISCC rate would be updated to reflect DEO's long-term debt rate approved in this proceeding.

## **5. CEP Revenue Requirement Calculation and Allocation**

For the CEP investment periods 2024 through 2029, DEO proposes to calculate and allocate the CEP Revenue Requirement using the same methodologies and formulas previously utilized, except for the following modifications identified here.

First, DEO proposes to modify the formula for calculating the CEP revenue requirement by removing the depreciation offset from the calculation of net CEP plant additions. Any rationale for including a depreciation offset no longer applies with the filing of DEO's base rate case, as it is not necessary to approximate the impact of depreciation on assets included in rate base but not reflected in base rates. In addition, notwithstanding DEO's prior acceptance, DEO has determined that the inclusion of a depreciation offset raises tax normalization concerns. These matters will be further discussed in the Company's testimony.

Second, DEO proposes to adjust the presentation of net CEP plant in service in the CEP revenue requirement calculation to remove the separate line item for cost of removal. Rather, the CEP capital additions line item would exclude any cost of removal amounts.

Third, DEO proposes to change the calculation of Accumulated Deferred Income Taxes (ADIT) to include depreciation expense deferrals. Currently, the ADIT calculation only includes the PISCC and property tax expense deferrals.

Fourth, DEO proposes to use the rate of return approved by the Commission in this proceeding to calculate the annualized return on rate base.

Fifth, DEO does not propose to include an incremental revenue offset, and has not adopted the calculation for an incremental revenue offset set forth in the CEP Stipulation. As will be explained in testimony, although DEO previously agreed to such an offset, any rationale for such an offset no longer applies with the filing of DEO's base rate case.

Sixth, DEO proposes to amortize prior year deferrals over a 12-month period, rather than the expected life of the assets. This will reduce the deferral balance and subsequent amortization that will be included in proposed base rates in the Company's next base rate case.

Seventh, DEO proposes to further study and consider modifications to the calculation of the annualized property tax expense, based on the specific assets recovered through the CEP Rider. DEO further proposes that the Company include and explain the calculation for its proposed property tax rate in the CEP update proceeding following the approval of new base rates.

Eighth, DEO does not propose to exclude any capitalized incentive compensation costs from the CEP Revenue Requirement. Such costs reflect a reasonable form of compensation and should not be excluded absent a showing the specific costs are imprudent or unreasonable.

Lastly, DEO proposes to utilize the total plant in service allocator, as reflected in DEO's Cost of Service Study (COSS) submitted in this proceeding, to allocate the CEP revenue requirement across DEO's classes.

## **6. CEP Cost Recovery Mechanism and Procedures**

As stated elsewhere herein, during the pendency of its base rate case, DEO intends to file its 2024 application by April 1, 2024, to adjust the CEP Rider charges to reflect 2023 CEP investments and deferrals. The existing cost recovery mechanism and processes approved by the Commission in the CEP Rider Case will continue to apply to that application.

In addition, for future applications to adjust the CEP Rider rates for CEP investments and deferrals incurred in 2024 through 2029, DEO proposes to utilize the existing procedures, terms, and conditions of cost recovery previously approved in the CEP Rider Case, except as otherwise stated herein. This means, among other things, that DEO will continue to file applications by April 1 of each year to adjust CEP Rider charges effective as of or before the first billing cycle in October.

DEO proposes that the CEP Rider rates be adjusted to exclude capital investments and related deferrals through December 31, 2023, at the time that DEO's new base rates are effective. Any under- or over-recoveries for the CEP rate effective period October 1, 2024, through September 30, 2025 would be included in the reconciliation adjustment for the 2025 CEP filing and would not be counted against the CEP Rider rate cap for 2024 CEP investments and deferrals.

In addition, DEO proposes that the CEP charge for the DTS class be changed from a volumetric charge to a fixed charge. DEO believes that a fixed charge is more appropriate to recover the CEP revenue requirement allocated to the DTS class, based on the types of investments being recovered through the CEP and the fixed charge recovery being utilized for DEO's other non-residential classes.

Lastly, DEO proposes that any annual audit performed by Staff or its designee in the annual CEP update proceedings, be limited to assets and deferrals identified for recovery through the CEP Rider, and not include base rate assets. DEO believes that this approach would be a more efficient use of available resources, streamline the annual CEP audits, and avoid duplicative review of the same assets in annual CEP proceedings and DEO's next base rate case.

**C. Continuation and Modification of the PIR Program and Cost Recovery Charge approved in Case No. 08-169-GA-ALT, and later modified in Case No. 11-2401-GA-ALT, Case No. 15-362-GA-ALT, and Case No. 20-1634-GA-ALT (the PIR Program Cases)**

The PIR Cost Recovery Charge is assessed monthly to recover the costs of PIR investments and associated deferrals. For the GSS-R, ECTS-R, GSS-NR, ECTS-NR, LVGSS, LVECTS, GTS, and TSS rate classes, the PIR Cost Recovery Charge is a fixed charge, which is adjusted annually. For the DTS rate class, the PIR Cost Recovery Charge is a volumetric charge in addition to the DTS customers' volumetric delivery or usage charge. In addition, DEO's tariff currently provides

that the maximum monthly PIR Cost Recovery Charge for any DTS customer shall be capped at \$1,000.00 per account.

As described in this alternative rate plan, DEO requests a continuation and modification of its PIR deferral and recovery authority, beyond the effective date of new base rates, and for PIR investments made through December 31, 2031. In the interim, the filing of DEO's base rate case extends DEO's existing PIR deferral and recovery authority until new base rates are in effect.

### **1. Background**

On February 22, 2008, DEO filed its initial application to establish a PIR Cost Recovery Charge to recover certain costs associated with a proposed accelerated pipeline replacement program via an automatic adjustment mechanism pursuant to R.C. 4929.11 in Case No. 08-169-GA-UNC. This application reflected the Company's recognition that significant capital investment was needed to modernize and protect the integrity of DEO's pipeline system and launched a multi-decade effort to replace its aged infrastructure. In broad terms, the PIR Program involves the replacement over an accelerated time frame of more than 4,100 miles of DEO's bare steel, cast iron, wrought iron and copper pipelines, as well as over 1,450 miles of older vintage field-coated pipelines where the coating is no longer effective in preventing corrosion. In an entry on rehearing dated May 28, 2008, the Commission determined that the automatic adjustment mechanism proposed by DEO in the PIR case should be treated as an alternative rate plan and considered under the provisions of R.C. 4929.05. DEO's application was consolidated with the 2007 Rate Case, and the Commission approved DEO's use of a mechanism to recover costs associated with the PIR Program. Case No. 07-829-GA-AIR, Opin. & Order (Oct. 15, 2008) at 9–10. The 2007 Rate Case Order contemplated periodic filings of applications and adjustments of the rate for the PIR Cost Recovery Charge. *See id.*

The PIR Program and PIR Cost Recovery Charge were then modified in Case No. 11-2401-GA-ALT. On August 3, 2011, the Commission approved a Stipulation and Recommendation supporting several modifications to the program: specified the treatment of certain ineffectively-coated pipe; addressed the recovery of costs related to meter relocations, government relocations, system improvements, regulating stations, and main-to-curb service lines; transitioned from a fiscal- to calendar-year-based program; provided for reconciliation adjustments; adjusted the rate-increase limits applicable to the PIR Cost Recovery Charge; and modified the crediting of operating and maintenance (O&M) expense savings. The Commission also approved the continuation of the PIR Program for an additional five-year term. In approving the Stipulation, the Commission found that “the stipulation benefits ratepayers and is in the public interest as it will accelerate DEO’s PIR program, produce leak repair savings over time, increase the rate of infrastructure replacement in order to maintain system reliability, and better ensure public safety at substantial economic benefit to its customers.” Case No. 11-2401-GA-ALT, Opin. & Order (Aug. 3, 2011) at 9.

In Case No. 15-362-GA-ALT, the Company requested authority to continue the PIR Program for another five-year period that would cover investment years 2017 through 2021. DEO proposed increasing program investment by \$20 million in both 2017 and 2018, followed by increases of three percent per year for 2019, 2020, and 2021. On September 14, 2016, the Commission approved a Stipulation and Recommendation that adopted these investment levels, among other provisions. In approving the Stipulation, the Commission “emphasize[d] that Dominion has stated the fundamental purpose for the PIR program is public safety, and that the safety risks presented by natural gas necessitate accelerated replacement of corrosion-prone lines,

particularly given that a large quantity of such pipeline remains in Dominion's system.” Case No. 15-362-GA-ALT, Opin. & Order (Sept. 14, 2016) at 22.

In Case No. 20-1634-GA-ALT, the Company requested authority to continue the PIR Program for another five-year period that would cover investment years 2022 through 2026. DEO estimated PIR capital investment and proposed residential rate increase caps on the PIR Cost Recovery Charge based on a three-percent annual increase in recoverable PIR investment. On April 20, 2022, the Commission approved a Stipulation and Recommendation (the PIR Stipulation) that adopted DEO’s estimated investment levels and proposed rate increase caps, among other provisions. In approving the PIR Stipulation, the Commission found that the PIR Program “provides numerous benefits to customers[,] ... increases safety and reliability, and ... costs money to implement.” Case No. 20-1634-GA-ALT, Opin. & Order (Apr. 20, 2022) ¶ 55.

DEO is currently authorized to defer and recover PIR investments placed in service through December 31, 2026, and is required to submit its application to adjust the rates for the PIR Cost Recovery Charge by the end of February every year. The revised rates for the PIR Cost Recovery Charge then become effective as of the first billing cycle of in May. DEO last adjusted the rates for the PIR Cost Recovery Charge in May 2023 to reflect the PIR investments placed in service through December 31, 2022, *see* Case No. 22-1019-GA-RDR, and intends to file an application by the end of February 2024, to recover the PIR investments placed in service through December 31, 2023.

## **2. Duration of PIR Program and Cost Recovery Charge**

The PIR Stipulation provided for an Interim Review of the PIR Program that would address the management, effectiveness, and projected completion date. Case No. 20-1634-GA-ALT, Opin. & Order (Apr. 20, 2022) ¶ 38. The Commission’s auditor, Daymark Energy Advisors, Inc.

(Daymark), completed the Interim Review in July 2023. The Interim Review was filed in Case No. 20-1634-GA-ALT, and shall also be docketed in this base rate case proceeding.

In the Interim Review, the Commission’s auditor Daymark specifically reviewed the projected completion date of the PIR Program and concluded that a projected completion date of 2041 was “the most reasonable and considers potential construction/permitting and rate impact challenges.” (Daymark Interim Review at 26.) Daymark further concluded that DEO would need to accelerate the current pace of completion to meet the 2041 target. (*Id.* at 26–27, 33.) In recognition of the need to increase the pace of completion per year and also extend the PIR Program, DEO has designed its PIR-related alternative rate plan proposals based on that 2041 target. DEO’s direct testimony will further address the reasonableness of a 2041 target date, the underlying assumptions, and the factors that could potentially affect the pace of completion that DEO would need to maintain for the 2041 target. DEO’s direct testimony will also address Daymark’s findings and recommendations included within the Interim Review.

For purposes of this alternative rate plan, DEO specifically proposes and requests authorization to extend the PIR Program and Cost Recovery Charge to recover PIR investments and deferrals through December 31, 2031, unless this period is modified in a subsequent base rate case or alternative rate plan proceeding. This request adds another five years to the Commission’s existing authorization and would leave 10 years remaining between the end of the proposed authorized period (2031) and the 2041 target date for completion. DEO further requests all accounting authority necessary to implement DEO’s PIR proposals as described herein.

### **3. PIR Investments and Annual Rate Caps**

In this alternative rate plan, DEO proposes and requests authority to recover through the PIR Cost Recovery Charge the PIR investments and deferrals that DEO makes through December 31, 2031, subject to the following residential rate caps:

<b>PIR Rate Effective Period</b>	<b>PIR Investment Period</b>	<b>Estimated Annual PIR Capital Investment</b>	<b>PIR Rate Cap on GSS-R &amp; ECTS-R</b>
May 1, 2025 – April 30, 2026	Through December 31, 2024	\$246M	\$2.76
May 1, 2026 – April 30, 2027	Through December 31, 2025	\$268M	\$5.20
May 1, 2027 – April 30, 2028	Through December 31, 2026	\$293M	\$7.52
May 1, 2028 – April 30, 2029	Through December 31, 2027	\$301M	\$9.50
May 1, 2029 – April 30, 2030	Through December 31, 2028	\$311M	\$11.54
May 1, 2030 – April 30, 2031	Through December 31, 2029	\$320M	\$13.77
May 1, 2031 – April 30, 2032	Through December 31, 2030	\$330M	\$16.04
May 1, 2032 – April 30, 2033	Through December 31, 2031	\$340M	\$18.31

In this alternative rate plan and requested PIR extension, DEO proposes residential rate caps, rather than rate increase caps. DEO proposes that if the Company's PIR revenue requirement for any given PIR investment period for 2024 through 2031 results in a PIR monthly charge that exceeds the annual residential rate cap for that investment period, the PIR revenue requirement will be reduced such that the monthly charge equals the residential rate cap for that investment period.

Notably, DEO's estimated PIR investment levels and proposed residential rate caps assume a 2041 completion date and an accelerated pace of completion. In particular, DEO has proposed to increase its investment for the 2024–2026 PIR investment periods above the levels estimated in Case No. 20-1634-GA-ALT. This increased investment represents an increase in the number of miles to be replaced and an increase in the expected cost of replacement, since DEO's alternative rate plan filing in Case No. 20-1634-GA-ALT. DEO believes that this increased investment is necessary, both to ramp up the pace of completion prior to 2027 and to mitigate the bill impact of the 2027 PIR investment period. Based on this increased investment and other proposed changes

to the calculation of the PIR Revenue Requirement, DEO's proposed annual increases to the PIR Cost Recovery Charge for the 2024–2026 PIR investment periods are higher than what the Company proposed in Case No. 20-1634-GA-ALT.

In addition, DEO's proposed rate caps reflect DEO's ratemaking proposals identified herein concerning the calculation and allocation of the PIR revenue requirement. Any adjustments to the ratemaking assumptions underlying DEO's proposed rate caps may also necessitate adjustments to the rate caps themselves, and accordingly DEO reserves the right to propose such adjustments during this proceeding in response to the Staff Report and/or the recommendations of intervening parties. DEO's proposed rate caps also assume that new base rates are in effect – and investment and deferrals through December 31, 2023, have been excluded from the PIR Cost Recovery Charge – before May 1, 2025. Further, DEO's proposed rate caps assume – and DEO requests authority – that any annual reconciliation adjustments for over- or under-recoveries for the prior period continue not to count against the annual rate caps.

DEO further proposes that, to continue PIR-related deferrals and the PIR Cost Recovery Charge to cover PIR investments beyond 2031, the Company file an application pursuant to R.C. 4909.18, R.C. 4929.05, or R.C. 4929.11, requesting such authorization. Such application, once filed, would extend 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 until such time as the Commission issues a final opinion and order on DEO's application.

#### **4. PIR Deferral Calculation**

DEO currently is authorized to accrue deferrals for PIR plant that has been placed in service but not yet included in the PIR Cost Recovery Charge. Those PIR plant-related deferrals include PISCC, depreciation expense and property tax expense. Only the PIR plant-related PISCC deferrals are presently included in the PIR rate base.

DEO proposes and requests authority that the Company be permitted to also include the unamortized depreciation expense and property tax expense deferrals, net of deferred income taxes, in the PIR rate base.

DEO further proposes that deferrals for PIR plant additions cease accruing when the associated PIR plant additions for that investment period are included in the PIR Cost Recovery Charge and the adjusted PIR rates are effective. For example, the deferrals accruing on 2024 PIR plant additions would cease to accrue when the 2024 PIR plant additions are included in the PIR Cost Recovery Charge for the May 1, 2025, through April 30, 2026 rate effective period. This proposed treatment is consistent with DEO's existing treatment of the PIR deferrals.

DEO further proposes that PIR deferrals continue to accrue under the current previously approved PISCC rate until such time as the Commission issues a final order in this proceeding approving new base rates and a new long-term debt rate for DEO for ratemaking purposes. Upon issuance of the Commission's final order, DEO proposes the following treatment for the PISCC rate: (i) the PISCC rate for accruing PIR deferrals would not change until the beginning of the month following the Commission's final order; and (ii) the new PISCC rate would be DEO's long-term debt rate approved in this proceeding.

## **5. PIR Revenue Requirement Calculation and Allocation**

For the PIR investment periods 2024 through 2031, DEO proposes to calculate and allocate the PIR Revenue Requirement using the same schedules, methodologies and formulas previously utilized, except for the following modifications identified here.

First, as described herein, DEO proposes to include the unamortized deferrals for depreciation expense and property tax expense in the PIR rate base on which the rate of return is earned. Since PIR-related deferrals through December 31, 2023 have been included in proposed

rate base in this filing, the 2024 PIR-related deferrals would be the initial incremental deferrals for depreciation expense and property tax expense included in the PIR rate base.

Second, DEO proposes to use the rate of return approved by the Commission in this proceeding to calculate the annualized return on rate base.

Third, DEO proposes to amortize prior year deferrals over a 12-month period, rather than the expected life of the assets. This will reduce the unamortized deferral balances that will be included in the PIR rate base and, subsequently, in the proposed base rates in the Company's next base rate case.

Fourth, all PIR-related EDIT balances to be refunded to customers have been included in proposed base rates or will be reflected in the PIR revenue requirement for the 2023 PIR investment period. Accordingly, the PIR revenue requirement starting with the 2024 PIR investment period would not reflect any PIR-related EDIT balances to be refunded.

Fifth, DEO proposes that costs recoverable through the PIR Cost Recovery Charge continue to be offset by Operations and Maintenance (O&M) expense savings. However, to determine O&M savings, DEO proposes that the Company measure the difference between several expense categories (e.g., leak repair, leak surveillance, corrosion monitoring, corrosion remediation, and DOT inspections) for a new baseline period after the effective date of new base rates. DEO would identify that new baseline period and expense categories in its 2025 PIR application for the 2024 PIR investment period.

Sixth, DEO does not propose to exclude any capitalized incentive compensation costs from the PIR Revenue Requirement. Such costs reflect a reasonable form of compensation and should not be excluded absent a showing the specific costs are imprudent or unreasonable.

Lastly, DEO proposes to utilize the functional plant-related allocators, as reflected in DEO's Cost of Service Study (COSS) submitted in this proceeding, to allocate the PIR revenue requirement across DEO's classes. DEO's direct testimony will identify and further discuss the specific PIR asset group, proposed allocation, and COSS allocator. The updated allocations will include allocations for the GSS-NR and ECTS-NR classes; accordingly, starting with the 2024 PIR investment period, DEO would have separate rates for the GSS-NR and ECTS-NR classes, effective for the first billing period in May 2025.

## **6. PIR Cost Recovery Mechanism and Procedures**

As stated elsewhere herein, during the pendency of its base rate case, DEO intends to file an application by the end of February 2024 to adjust the rates for the PIR Cost Recovery Charge to reflect 2023 PIR investments. The existing cost recovery mechanism and processes approved by the Commission in Case No. 20-1634-GA-ALT will continue to apply to that application.

In addition, for future applications to adjust the rates for the PIR Cost Recovery Charge for PIR investments and deferrals incurred in 2024 through 2031, DEO proposes to utilize the existing procedures, terms, and conditions of cost recovery previously approved by the Commission in the prior PIR reauthorization proceedings, except as otherwise stated herein. This means, among other things, that DEO will continue to file applications by the end of February of each year to adjust the rates for the PIR Cost Recovery Charge effective as of or before the first billing cycle in May.

DEO proposes the following changes to the existing cost recovery mechanism and procedures. First, DEO proposes to eliminate the prefiling municipal notice for the annual applications to adjust the rates for the PIR Cost Recovery Charge. DEO believes that the annual municipal notice is not required and is an unnecessary cost and use of available resources. Second, similar to the CEP Rider, DEO proposes that the rate for the PIR Cost Recovery Charge for the DTS class be changed from a capped volumetric charge to a fixed charge. DEO believes that a

fixed charge is more appropriate to recover the PIR revenue requirement allocated to the DTS class, based on the types of investments being recovered through the PIR and the fixed charge recovery being utilized for DEO's other non-residential classes.

In addition, similar to DEO's proposals for the AMR Cost Recovery Charge and CEP Rider, DEO proposes that the rates for the PIR Cost Recovery Charge be adjusted to exclude capital investments and related deferrals through December 31, 2023, at the time that DEO's new base rates are effective. Any under- or over-recoveries for the PIR rate effective period May 1, 2024, through April 30, 2025 would be included in the reconciliation adjustment for the 2025 PIR filing and would not be counted against the PIR rate cap for 2024 PIR investments and deferrals.

**D. Continuation and Modification of the TSCR approved in Case No 18-1908-GA-UNC and Case No 18-1909-GA-ATA (the TCJA Cases)**

The Tax Cuts and Jobs Act of 2017 (TCJA), signed into law on December 22, 2017, provided for several changes in the federal tax system. Most notably, the federal corporate income tax rate was reduced from 35 percent to 21 percent, effective January 1, 2018. The TSCR, which was initially effective with bills rendered on or after the first billing period in April 2020, currently passes back tax savings, not reflected in other DEO rates or charges, to all customers receiving service under DEO's sales, transportation, and storage rate schedules.

DEO currently files an annual supplemental application in February to update the TSCR charges effective for the first billing period in April. In this alternative rate plan, DEO proposes and requests authority to make changes in the duration, calculation, and cost recovery of the TSCR that would eliminate the need for the TSCR after the April 2025 to March 2026 rate effective period.

## **1. Background**

In Case Nos. 18-1908-GA-UNC and 18-1909-GA-ATA (the TCJA Cases), the Commission approved a stipulation resolving DEO's application seeking authority to return to customers the tax savings resulting from the TCJA that were not already reflected in the AMR and PIR riders and to establish the TSCR for that purpose. Finding & Order (Dec. 4, 2019). DEO currently files annual supplemental applications in the TCJA cases to track actual refunds and reconcile variances in the amounts refunded to ensure that the appropriate amounts of tax savings are refunded to customers. *See, e.g.*, Fourth Finding & Order (Mar. 8, 2023). After Staff's review and the Commission's approval of the Company's supplemental applications, DEO files a new TSCR tariff annually, with updated credit percentages by rate schedule to take effect with bills rendered on or after the first billing period in April of that year. DEO made supplemental filings in 2021, 2022, and 2023.

In the TCJA cases, DEO's total anticipated refund through the TSCR was estimated at approximately \$511.4 million. This refund comprised several categories: Stub Period federal income tax (FIT) (\$45.76 million), Stub Period EDIT Amortization (\$9.46 million), Unprotected EDIT (\$181.46 million), Protected EDIT (\$250.63 million), Plant Unprotected (\$5.2 million),<sup>1</sup> and Annual Base Rate FIT (\$18.89 million). Of that Protected EDIT balance, \$48.3 million was considered EDIT associated with CEP assets. This refund did not include the other significant TCJA-related savings that DEO has passed back through its updated AMR and PIR charges. DEO proposes to pass back any remaining AMR and PIR protected EDIT through new base rates.

The total amount of actual savings refunded through the TSCR so far through March 2023 is approximately \$212.8 million. In its 2023 supplemental application, DEO anticipated that it

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<sup>1</sup> Represents the net of \$24.5 million depreciation credit to customers less \$19.3 million EDIT tax asset foregone in TCJA Stipulation.

would refund an additional \$52.1 million from April 2023 through March 2024. DEO anticipates filing another supplemental application during the first quarter of 2024, which would update the amounts previously refunded for the period April 2023 to March 2024, by replacing estimated EDIT amortization values with actual amounts or more recent estimates, and including estimated refund amounts for the period April 2024 through March 2025.

## **2. Duration of TSCR**

In this alternative rate plan, DEO requests authority to maintain the TSCR through the end of March 2026. In addition, DEO proposes and requests authority for the following treatment of the unamortized TCJA refund balances. First, the balance for the Annual Base Rate FIT will no longer be necessary given proposed base rates appropriately reflect the 21-percent corporate federal income tax rate. Second, the balances for other remaining Protected EDIT, excluding CEP EDIT, would also be reflected in DEO's new base rates. DEO proposes to exclude CEP EDIT balances from new base rates because DEO no longer considers CEP EDIT to be Protected EDIT and rather has reclassified it as Unprotected EDIT. Third, DEO proposes to accelerate the amortization of the entire CEP EDIT regulatory liability as an offset against the same amount of accelerated amortization of the existing Pipeline Safety Management Program (PSMP) deferral balances, which will significantly reduce that deferral balance. Fourth, DEO proposes to continue to refund the remaining balances of Unprotected EDIT (other than CEP) and Plant Unprotected through the TSCR. DEO further proposes that the remaining Unprotected balances be refunded through the TSCR during the period April 2025 through March 2026, which would allow for DEO's 2025 filing to be DEO's final supplemental application. DEO requests all accounting authority necessary to implement DEO's TSCR proposals as described herein.

### **3. TSCR Credit Calculation**

While the base rate case is pending, for the 2024 supplemental application, DEO would continue to calculate the TSCR credits in the same manner as currently calculated. The 2024 supplemental application would contain updated actuals and estimates for the amounts refunded from April 2023 through March 2024, and also would include the estimated refunds for April 2024 through March 2025 plus any true-up/reconciliation amounts.

Provided new base rates are effective by or before the first billing period in January 2025, for the 2025 supplemental application, DEO proposes and requests authority to continue to calculate the TSCR credits in the same manner as currently calculated, subject to the changes identified herein. In particular, DEO proposes to continue to use the same base rate allocation factors from Case No. 09-654-GA-UNC that were utilized for passing back prior refunds through the TSCR. However, as described herein, the TSCR credits for the period from April 2025 through March 2026 would pass back only Unprotected EDIT (other than CEP) and Plant Unprotected balances, with the other TJCA-related balances having been either reflected in new base rates or in the case of CEP EDIT offset against the PSMP deferral balance accelerated amortization.

### **4. TSCR Credit Mechanism and Procedures**

As described herein, after DEO's new base rates are effective, the TSCR would continue to be the rate mechanism for passing back Unprotected EDIT (other than CEP) and Plant Unprotected balances for the period from April 2025 through March 2026. However, DEO proposes and requests authority to file a revised TSCR tariff to reflect rates that exclude amounts to be recovered through base rates, applied to the PSMP deferral, or otherwise handled outside the TSCR when it files its new base rate tariffs. This tariff filing is appropriate because DEO's new base rates would incorporate certain credit balances currently reflected in TSCR. Any savings not fully credited for the April 2024 through March 2025 rate effective period, at the time the TSCR

rates are zeroed out, would be included in the balances to be credited for the April 2025 through March 2026 rate effective period. In addition, DEO proposes that any final reconciliation balance for the April 2025 through March 2026 rate effective period would be applied against an existing deferral or otherwise reflected in DEO's rates through a methodology agreed-upon with Staff.

**E. Continuation and Modification of the TMR – Part B approved in Case No. 96-1019-GA-ATA, and later modified in Case No. 05-474-GA-ATA and Case No. 07-1224-GA-EXM.**

TMR – Part A currently applies an additional charge of \$.099 to volumes transported under DTS, GTS, and TSS rate schedules. TMR – Part B currently applies an additional charge based on the cost of operational balancing and other reconciliation adjustments to all volumes delivered under the ECTS-R, ECTS-NR, LVECTS, GSS-R, GSS-NR, and LVGSS rate schedules. The TMR – Part A charge has remained unchanged since the late 1990s. In contrast, DEO currently files revised tariffs for TMR – Part B every three months in February, May, August, and November, and includes detailed schedules with the tariff filing to support adjustments to the TMR – Part B charge.

In this alternative rate plan, DEO proposes and requests authority to eliminate the TMR – Part A charge and tariff, and to change the name of TMR – Part B charge and tariff to the Operational Balancing Rider. In addition, DEO proposes changes to the calculation of the Operational Balancing Rider, formerly TMR – Part B, charge.

**1. Background**

The current TMR – Part A charge was approved by the Commission in Case No. 97-0219-GCR. *See* Opin. & Order (Nov. 5, 1998) (approving stipulation regarding the appropriate level of capacity held by DEO to meet the need of gas cost recovery (GCR) customers). Prior to the implementation of TMR – Part A, DEO was charging the GTS/TSS/DTS rate classes a Transition Cost rider to recover the stranded firm transportation (FT) demand charges billed to DEO by

interstate pipelines associated with their design day demand as well as a Take or Pay rider that recovered charges passed on by interstate pipelines associated with FERC Order 636 . The reliance on system assets to balance daily supply and demand differences is what this rider was designed to recover.

TMR – Part B was originally approved by the Commission to recover the costs associated with DEO’s Energy Choice program. *See* Case No. 96-1019-GA-ATA, Opin. & Order (July 2, 1997) (approving stipulation). Subsequently, the Commission approved the use of the TMR – Part B to recover the costs for phase 1 and phase 2 of DEO’s exit from the merchant function, as well as costs and credits that were once recovered through DEO’s GCR mechanism. *See* Case No. 05-474-GA-ATA, Opin. & Order (May 26, 2006); Case No. 07-1224-GA-EXM, Opin. & Order (June 18, 2008). In addition, all aspects of the proposed cost recovery through the TMR – Part B are reviewed as part of an annual financial audit conducted by an outside auditor, which is docketed and reviewed by Staff. *See* Case No. 05-474-GA-ATA, Opin. & Order (May 26, 2006).

## **2. Duration of Operational Balancing Rider**

DEO proposes that TMR – Part B remain in effect but be renamed the Operational Balancing Rider. However, DEO proposes that the TMR – Part A charge and tariff be eliminated.

DEO proposes discontinuing TMR – Part A. Since the adoption of the TMR – Part A charge, DEO has restructured its FT Demand on interstate pipelines for customers’ design day demand and for operational balancing. Also, based on exiting the merchant function, DEO now has in place the means to release interstate FT Demand to Energy Choice marketers associated with their customers’ design day demand. Thus, the existing TMR-A rate no longer reflects current cost considerations. In addition, other mechanisms can provide better recognition and offset of the balancing costs imposed by GTS and DTS customers. DEO proposes to continue crediting volume-banking-service revenues from GTS customers against costs recovered under TMR-B (being

renamed the Operational Balancing Rider). In addition, DEO also proposes crediting revenue from daily imbalance fees chargeable to DTS customers against Operational Balancing Rider recoveries. Both the DTS and GTS classes are also subject to cash outs, which also continue to offset Operational Balancing Rider recoveries, and to the extent any of these classes cash out short, a demand component is recovered. DEO believes that if any changes are needed to reflect a demand component of operational balancing, it would be reasonable and more appropriate to adjust these fees and charges, rather than to continue to bill the GTS and DTS rate classes separately for two different charges.

### **3. Operational Balancing Rider Charge Calculation**

DEO proposes that the Company's updates to the recovery rate for the Operational Balancing Rider remain on a quarterly basis, with tariff filings in February, May, August, and November in DEO's annual EXR docket. DEO further proposes that the formula for the calculation of the recovery rate remain the same: total costs to be recovered divided by the projected recovery volumes. In addition, to calculate the net costs, DEO would continue to deduct the anticipated credits from its operational balancing costs.

However, DEO proposes changes to the anticipated credits. Currently, the anticipated credits are the TMR – Part A charges, Volume Banking charges, and FSS Storage Migration charges. First, with the elimination of TMR – Part A, those charges would no longer be credited against DEO's costs. Second, DEO would be adding two new categories of credits: DEO's proposed Imbalance Fees and DEO's proposed Off-System Revenue Sharing. Based on current projections, DEO believes the net effect of these changes would increase the level of crediting to the Operational Balancing Rider. DEO's proposals surrounding these two items will be discussed further in DEO's testimony. DEO requests all accounting authority necessary to implement DEO's Operational Balancing Rider proposals as described herein and the Company's testimony.

#### **4. Operational Balancing Rider Cost Recovery Mechanism and Procedures**

DEO proposes that the currently approved cost recovery mechanism and procedures for TMR – Part B continue to be used to review and approve changes in the Operational Balancing Rider, including, but not limited to, the annual audit of the Operational Balancing Rider charge by an independent accountant, and the review of said audit results by the Commission. DEO further proposes that the current processes for updating the TMR – Part B remain in place for the Operational Balancing Rider. DEO would continue to submit supporting schedules with each quarterly update in the same form as currently submitted: Operating Balancing Rider Rate Calculation, Recovery Volumes, Operational Balancing Capacity Costs, Operational Balancing Credits, and Gas Cost Deferrals for Operational Balancing.

#### **II. Ohio Adm. Code 4901:1-19-06(C)(2)(b), Statements regarding exemptions.**

DEO has been granted exemptions by the Commission with respect to its provision of commodity service. *See* Case No. 05-0474-GA-ATA (approval of Standard Service Offer); Case No. 07-1224-GA-EXM (approval of Standard Choice Offer); Case No. 12-1842-GA-EXM (modification of SCO service); Case No. 18-1419-GA-EXM (approval of Monthly Retail Rate (MRR) Commodity Service). DEO's approved standards of conduct are currently set forth in its General Terms and Conditions of Energy Choice Pooling Service tariff Section 24, Sheet Nos. ECPS 47–49, and have been included with DEO's Application in Schedule E-2.

#### **III. Ohio Adm. Code 4901:1-19-06(C)(2)(c), Cross-Subsidization.**

DEO does not expect any cross-subsidization of services to occur under the proposed continuation and modification of the rate mechanisms identified herein. All customers will benefit from the continued provision of safe and reliable service through DEO's investments in its systems. All balances recovered or credited through these rate mechanisms will be subject to

review by the Commission and its Staff. No revised rates or charges will take effect unless first subject to review and approval by the Commission. The associated rates and charges will also reflect appropriate allocations of cost responsibility to DEO's customer classes subject to review and approval by the Commission.

#### **IV. Ohio Adm. Code 4901:1-19-06(C)(2)(d), Compliance with Revised Code Provisions**

DEO will address compliance with R.C. 4905.35, substantial compliance with R.C. 4929.02, and the justness and reasonableness of the alternative rate plan, in that order.

##### **A. Compliance with R.C. 4905.35.**

R.C. 4905.35 provides in its entirety as follows:

(A) No public utility shall make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

(B)(1) A natural gas company that is a public utility shall offer its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions.

(2) A natural gas company that is a public utility and that offers to a consumer a bundled service that includes both regulated and unregulated services or goods shall offer, on an unbundled basis, to that same consumer the regulated services or goods that would have been part of the bundled service. Those regulated services or goods shall be of the same quality as or better quality than and shall be offered at the same price as or a better price than and under the same terms and conditions as or better terms and conditions than, they would have been had they been part of the company's bundled service.

(3) No natural gas company that is a public utility shall condition or limit the availability of any regulated services or goods or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from the company.

DEO is compliant with R.C. 4905.35. In accordance with R.C. 4905.35(A), DEO does not make or give any undue or unreasonable preference or advantage to any person, firm, corporation,

or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

In accordance with R.C. 4905.35(B)(1), DEO offers its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions, as evidenced by DEO's Standards of Conduct. *See, e.g.*, Gen. Terms & Cond. of Energy Choice Pooling Serv., Sheet No. ECPS 47, § 24.4. Consistent with the obligation to make its service offerings available on a comparable and non-discriminatory basis, DEO has applied these principles in developing its service offerings, the terms and conditions upon which it provides public utility service, and its rates. Such services, terms and conditions, and rates have been reviewed and approved by the Commission and are currently incorporated in DEO's tariff.

With respect to R.C. 4905.35(B)(2), DEO does not presently have any bundled service offerings that include a regulated and unregulated service.

In accordance with R.C. 4905.35(B)(3), DEO does not condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from DEO.

#### **B. Substantial compliance with R.C. 4929.02.**

The Commission's rules require DEO to discuss its current compliance with state policy and its expected compliance with that policy following implementation of the proposed plan. The Commission has previously ruled that DEO is in compliance with R.C. 4929.02, based on information that is substantially unchanged. *See* Case No. 07-1224-GA-EXM, Opin. & Order at 20 (June 18, 2008).

R.C. 4929.02 establishes Ohio's state policy regarding the provision of natural gas service and goods. The policy promotes, among other things, the availability of adequate, reliable, and reasonably priced services and goods as well as the unbundling and comparability of those services and goods. It supports effective choices for supplies and suppliers; encourages market access to supply- and demand-side services and goods; and acknowledges the importance of effective competition and the regulatory treatment needed to support competition.

DEO currently works to promote, encourage, recognize, facilitate and ensure the goals in R.C. 4929.02 are met. DEO's record of service in Ohio includes a proactive effort to work with stakeholders to implement unbundled and ancillary service offerings that provide customers with effective and convenient choices to meet their natural gas supply needs. DEO's current tariff provides numerous options for service of varying terms and conditions to meet its customers' needs for the purchase and delivery of natural gas. DEO's services provide all customers the opportunity to choose an alternative commodity supplier. DEO's current rates provide no subsidies flowing to or from regulated services or goods. DEO was the first Ohio natural gas utility to develop and implement a successful residential and commercial natural gas choice program, and as approved in Case No. 05-474-GA-ATA, it has conducted auction-based commodity-service procurement since 2006. As of September 2023, approximately 93% of DEO's residential customers (including Standard Choice Offer customers) participated in DEO's Energy Choice program, as did approximately 57 suppliers and 38 aggregation programs. Moreover, DEO's bill inserts, public outreach initiatives, and customer service representatives provide information useful to customers in making choices about natural gas services and goods. DEO continues to work with Staff and other stakeholders to ensure that customers understand and are equipped to effectively participate in DEO's Energy Choice program.

The continuation and modification of the rate mechanisms identified herein, in particular the PIR Program and Cost Recovery Charge and CEP Rider, will further advance State policy. By encouraging DEO to make investments in replacing and repairing aging infrastructure and ensuring timely recovery of DEO's costs, the alternative rate plan will enhance DEO's ability to continue offering adequate, reliable, and reasonably priced natural gas goods and services. The Commission has already considered and accepted these and other benefits associated with DEO's existing mechanisms and similar mechanisms approved for other natural gas companies. These same benefits may reasonably be expected to accrue under DEO's alternative rate plan, as further described in DEO's supporting testimony. In addition, as described herein and in the supporting testimony, the Commission will also continue to review and approve revised PIR and CEP charges to ensure that those charges remain just and reasonable. In sum, implementing these proposals, along with DEO's existing service programs, will ensure continued and enhanced compliance with the policies contained in R.C. 4929.02.

**C. The proposed plan is just and reasonable.**

For all of the foregoing reasons, DEO's alternative rate plan seeking the continuation and modification of the rate mechanisms identified herein is just and reasonable. Specifically, with respect to DEO's request to extend the PIR Program and Cost Recovery Charge and CEP Rider, the Commission has previously approved and extended similar rate mechanisms for DEO and other LDCs in Ohio. *See* Case Nos. 20-1634-GA-ALT, 15-0362-GA-ALT, 11-2401-GA-ALT, and 08-169-GA-ALT (approving and extending DEO's PIR Program and Cost Recovery Charge); Case No. 19-468-GA-ALT (approving DEO's CEP Rider); *see also* Case Nos. 21-638-GA-ALT, 17-2202-GA-ALT, 16-2422-GA-ALT, and 11-5515-GA-ALT (approving and extending Columbia Gas of Ohio Inc.'s IRP and CEP Riders); Case No. 19-0791-GA-ALT (approving Duke Energy Ohio, Inc.'s CEP Rider); Case Nos. 14-1622-GA-ALT and 12-1687-GA-ALT (approving and

extending Duke's AMRP); Case No. 18-0049-GA-ALT (approving Vectren Energy Delivery of Ohio, Inc.'s CEP Rider); Case Nos. 13-1571 and 18-299-GA-ALT (approving and extending Vectren's DRR). Given that DEO's alternative rate plan proposals in this proceeding related to the rate mechanisms identified herein are similar to proposals previously approved by the Commission, and based on Commission precedent and the record evidence provided in DEO's supporting testimony, DEO's alternative rate plan should be deemed to be just and reasonable.

**V. Ohio Adm. Code 4901:1-19-06(C)(2)(e), List of Witnesses.**

In accordance with the Commission's rules, below is the list of witnesses who will sponsor testimony in support of DEO's alternative rate plan.

- Ella R. Hochstetler
- Celia B. Hashlamoun
- Lori S. Parker
- Zach Goodson
- Karen Searles
- Cliff Andrews
- Mark Kelly
- John Taylor

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**Case No(s). 23-0894-GA-AIR, 23-0895-GA-ALT, 23-0896-GA-AAM, 23-0897-GA-ATA**

Summary: Application Application for Approval to Increase Natural Gas Rates, for Approval of Alternative Rate Plan, for Approval to Change Accounting Methods, and for Approval of Tariff Revisions electronically filed by Mr. Christopher T. Kennedy on behalf of The East Ohio Gas Company d/b/a Dominion Energy Ohio.