



November 27, 2023

Docketing Division  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus OH 43215

RE: *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio, for Approval to Change Accounting Methods, Case No. 15-1712-GA-AAM.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation regarding the compliance filing made by The East Ohio Gas Company d/b/a Dominion Energy Ohio (Dominion or Company) in Case No. 15-1712-GA-AAM.

Adam Burns  
Accounting and Finance Division  
Public Utilities Commission of Ohio

Enclosure  
Cc: Parties of Record

**The East Ohio Gas Company Dominion Energy Ohio  
Case No. 15-1712-GA-AAM**

**BACKGROUND OF DOMINION’S PIPELINE SAFETY MANAGEMENT PROGRAM**

Pursuant to an Opinion and Order dated November 3, 2016 (2016 Order), the Public Utilities Commission of Ohio (Commission) approved Dominion’s application in Case No. 15-1712-GA-AAM, to establish a regulatory asset to defer up to \$15 million annually to increase customer safety through the Pipeline Safety Management Program (PSMP).

The PSMP originally consisted of four initiatives as part of the Company's Distribution Integrity Management Plan that was adopted in accordance with federal pipeline safety regulations, 49 C.F.R. 192.1001, Subpart P. The four initiatives were:

- Damage Prevention Initiative, which consists of programs specifically targeted at preventing pipeline damage.
- Advanced Workforce Training Initiative, which involves new training curricula and instructor-led classroom training at a new training facility to enhance and speed employee training.
- Asset Data Collection Initiative for the implementation of automated data collection procedures for construction activities to reduce errors associated with paper records and enhancements to existing system attributes data.
- Quality Assurance Program, which is intended to create a centralized and dedicated internal auditing team to evaluate employee and contractor work for compliance with the Company's operating procedures and operator qualification plan.

In the 2016 Order, Dominion received authority to revise its accounting procedures and defer operations and maintenance costs incurred for the PSMP on or after January 1, 2016. The annual deferral amount is not to exceed \$15 million, including carrying costs of three percent per annum on the deferred balance, without compounding, as costs are incurred until recovery of the deferral commences. Unless ordered by the Commission, the deferral will expire no later than January 1, 2024. Recovery of deferred PSMP-related costs will be addressed in a separate proceeding or in Dominion’s next distribution rate case.

As part of the Commission’s approval of the PSMP, Dominion is required to file an annual report by June 1 of each year detailing the expenditures, deferred expenses, baseline performance measures for each initiative, improvements of each initiative in comparison to the baselines, results of ongoing and future investigations, any mid-term adjustments, and efforts to identify efficiencies and implement cost-saving measures. Additionally, Dominion was required to include with its annual report an audit report, prepared by an external auditor, reporting on the accuracy of Dominion’s accounting for PSMP-related expenditures. Within 90 days of the Company filing its annual report, Staff is required to file a report of its investigation (Staff Report). Dominion is afforded 30 days to accept or object to Staff’s recommendations.

Pursuant to a November 14, 2018 Finding and Order (2018 Order), the Commission accepted Dominion’s Annual Report as filed and articulated the appropriate process for adding or revising

PSMP initiatives. As a result, the PSMP includes two new initiatives: the Underground Storage Integrity Initiative and the Gathering Rights of Way Maintenance Initiative.

On March 11, 2020, the Commission's Supplemental Finding & Order amended the PSMP process. Beginning in 2020, the annual report must be filed on or before September 1 of each year and any proposed new initiatives shall be presented in the annual report. In the event Staff objects to any new initiative, Dominion will not defer expenses associated with the new initiative until the Commission issues an order approving the inclusion of the new initiative. In all other respects, the PSMP process continues as previously approved by the Commission. Additionally, there were two new initiatives the Commission approved, 1) enhance monitoring of low-pressure regulating stations and 2) identify, assess, and remediate services proposed by the Company for 2020 and Dominion may commence the accrual of deferrals through the PSMP.

On September 1, 2021, Dominion filed its PSMP annual report that proposed the inclusion of one new initiative associated with the compliance of a new requirement of Ohio Admin.Code 4901:1-16. In its Staff letter for the Company's PSMP annual report filing, Staff indicated that Dominion withdrew its deferral authority request for costs associated with a new compliance initiative relating to Ohio Admin.Code 4901:1-16-04(J). Dominion stated that in the event there are costs that are PSMP-eligible, the Company may re-propose the initiative in a future annual report for Staff's review.

On September 1, 2023, Dominion filed its 2023 PSMP Annual Report. In the report, the Company did not request any new initiatives. The Company may propose new initiatives in future annual report filings for Staff's review.

On May 16, 2023, Dominion filed Case No. 23-0548-GA-AAM, which stated the Company intended to address issues related to the PSMP as part of its next distribution rate case, to include but not be limited to, the need for any further extension of deferral authority for PSMP expenses. In this case, Dominion requested an extension of its existing deferral authority beyond the current expiration date of December 31, 2023, until the Commission rules upon Dominion's current distribution rate case filed on October 31, 2023. On October 4, 2023, Dominion was granted the extension to defer up to the Opinion & Order in Case No. 23-894-GA-AIR.

## **CONCLUSION AND RECOMMENDATION**

Staff reviewed Dominion's 2023 Annual Report and accompanying attachments filed in this case. Staff finds the Annual Report to be reasonable and has no objection to the information contained in the report. Staff's lack of objection to approved programs as part of Dominion's annual report should not be construed as support for future recovery of the PSMP deferrals. Staff expressly reserves the right to challenge recovery of the deferrals in any future recovery proceeding.

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 15-1712-GA-AAM**

Summary: Staff Review and Recommendation regarding the compliance filing made by The East Ohio Gas Company d/b/a Dominion Energy Ohio electronically filed by Zee Molter on behalf of PUCO Staff.