



ensure that the future capital investments will be appropriate and include improvements and upgrades that help development the competitive market.

**(2) Indefinite authority to defer costs and expenses**

Columbia asks for indefinite authority to continue deferring the post-2017 depreciation, property taxes, post-in-service carrying costs, and the post-2017 CEP expenses until Columbia requests recovery through a future “separate proceeding” (Amended Application at Exhibit A at 6). RESA objects to the future deferral authority on an indefinite basis. Columbia has not justified any change in the Commission’s decision in Case Nos. 12-3221-GA-UNC et al., wherein it concluded that authority to continue deferring would cease when the accrued deferrals, if included in rates, would cause the rates charged to the SGS class to increase by more than \$1.50 per month.<sup>2</sup> Also, Columbia’s expenses and revenues have not undergone Commission review for many years. Authority for future CEP deferrals should not be given without being conditioned on the timely future review through or in conjunction with a traditional rate case so that all utility expenses and revenues can be studied and appropriate cost recovery ordered.

**(3) Establishing the CEP rider without full review of the utility’s expenses and revenues**

Columbia requests authority to recover the deferrals and costs associated with the underlying CEP investments via a new rider – the CEP Rider (Amended Application at 1). Columbia proposes to recover more than \$109 million (Amended Application at Exhibit J pages 1 and 2). Recovery through a rider of this nature will not add the assets into rate base and recovery will not result in a review of Columbia’s overall expenses and revenues. In addition,

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<sup>2</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case Nos. 12-3221-GA-UNC et al., Finding and Order (October 9, 2013).

Columbia's expenses and revenues have not undergone Commission review for many years.<sup>3</sup> Cost recovery of such a significant amount should be done through or in conjunction with a traditional rate case so that all utility expenses and revenues can be studied and appropriate cost recovery ordered.

**(4) Columbia must comply with Revised Code § 4929.05**

Per Revised Code § 4929.05, before an alternative rate plan can be approved, Columbia must be in substantial compliance with and expected to continue to be in substantial compliance with the natural gas policy of this state set forth in Revised Code § 4929.02. Columbia claims that the CEP Rider will advance Ohio's policies by ensuring recovery of its investments and removing an incentive for Columbia to increase throughput, citing Revised Code § 4929.02(A)(1) and § 4929.02(A)(12) (Amended Application at Exhibit D). RESA objects because Columbia did not adequately demonstrate (as required by Ohio Administrative Code Rule 4901:1-19-06(A)(5)) that Columbia will be in *substantial* compliance with Ohio's natural gas policies in Revised Code § 4929.02(A). These include the following subsection of Revised Code § 4929.02(A):

- (2) Promote the availability of unbundled and comparable natural gas services and goods that provide wholesale and retail consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs;
- (4) Encourage innovation and market access for cost-effective supply- and demand-side natural gas services and goods;
- (5) Encourage cost-effective and efficient access to information regarding the operation of the distribution systems of natural gas companies in order to promote effective customer choice of natural gas services and goods;
- (7) Promote an expeditious transition to the provision of natural gas services and goods in a manner that achieves effective competition and

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<sup>3</sup> The last rate case was: *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Distribution Service*, Case Nos. 08-72-GA-AIR et al.

transactions between willing buyers and willing sellers to reduce or eliminate the need for regulation of natural gas services and goods under Chapters 4905. and 4909. of the Revised Code;

## **Objections to the Staff Report**

### **(1) No cost-control mechanism(s) / future deferral and/or recovery**

Staff noted in its report that the company's capital spending increased from 2012 to 2017 significantly and that there is a need to keep costs under control and not burden ratepayers with excessive and unnecessary plant investments (Staff Report at 7). This appears to respond to Columbia's request for authority to defer post-2017 costs and assets associated with the CEP investments (Amended Application at Exhibit A at 6). Staff did not directly address that future deferral authority request in its report, for which RESA objects. Staff recommended, rather, that "Columbia work with Staff to *identify* reasonable and meaningful annual caps" to control future costs.

RESA objects to Staff's recommendation for annual caps because annual caps will not ensure that the company's future capital investments will be appropriate in the first place, and include improvements and upgrades that help development of the competitive market in Columbia's territory. Specifically, Staff's recommendation will not ensure that Columbia invests appropriately in improvements to its natural gas scheduling and billing system and customer meters. Staff did not propose any specific means/process for when and where needed future investments would be evaluated, nor did it identify any future proceeding in which caps would be implemented. Also, there is no time period. RESA further objects that the Staff's recommendation only seeks discussions for identifying options. Staff's recommendation falls short of ensuring that the company's future capital investments will be appropriate in the first

place and for implementing a solution to the identified concern for keeping future CEP costs under control.

**(2) Next rate case**

Staff recommended that Columbia be ordered to “work with Staff regarding the filing date of the next rate case application” (Staff Report at 9). Staff includes no specific date recommendation and includes no specificity as to the type of rate case application (i.e., distribution rate case, alternative rate plan, etc.). RESA objects to those omissions.

**(3) Compliance with Revised Code § 4929.05**

Per Revised Code § 4929.05, before an alternative rate plan can be approved, Columbia must be in substantial compliance with and expected to continue to be in substantial compliance with the natural gas policy of this state set forth in Revised Code § 4929.02. Per Ohio Administrative Code Rule 4901:1-19-06(A)(5), the alternative rate plan must address in detail that the utility is in substantial compliance and is expected to continue to be in substantial compliance with the natural gas policy of this state set forth in Revised Code § 4929.02 with the alternative rate plan. As noted above, Columbia did not adequately demonstrate that Columbia will be in *substantial* compliance with Ohio’s natural gas policies in Revised Code § 4929.02(A). Staff only reiterated Columbia’s limited arguments on this point (Staff Report at 9-10). RESA objects as Staff did not fully analyze whether Columbia would continue to be in substantial compliance with promoting the availability of reasonably priced natural gas services, and with other natural gas policies.

## **Conclusion**

For the foregoing reasons, RESA objects to the Amended Application and the Staff Report in this proceeding. RESA's major issues are: (a) blanket authority to defer post-2017 CEP costs and expenses; (b) indefinite authority to defer post-2017 CEP costs and expenses; and (c) cost recovery under the CEP Rider without concurrent review of utility's overall expenses and revenues.

Respectfully Submitted,

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## CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to these cases. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 15th day of October 2018.

/s/ Gretchen L. Petrucci  
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