

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 4, 2015

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2015 DEC -4 P 1:49

APPLICATION OF

VIRGINIA NATURAL GAS, INC.

CASE NO. PUE-2015-00121

For approval to amend its SAVE Plan
and Rider pursuant to Virginia Code § 56-604

ORDER FOR NOTICE AND COMMENT

On November 16, 2015, in accordance with 5 VAC 5-20-80 of the Rules of Practice and Procedure of the State Corporation Commission ("Commission") and § 56-604 of the Code of Virginia, a provision of the Steps to Advance Virginia's Energy (SAVE) Plan Act ("SAVE Act"), Virginia Natural Gas, Inc. ("VNG" or "Company"), filed an application ("Application") with the Commission for approval of amendments to its SAVE Plan, which the Commission first approved in Case No. PUE-2012-00012.¹ In this Application for an amended SAVE Plan, VNG proposes to increase its authorized investment under the SAVE Plan in 2016 from \$25 million to \$30 million, and to extend the Plan for an additional five years until 2021, with a proposed annual investment of \$35 million from 2017-2021 (collectively, from January 1, 2016 to December 31, 2021, "SAVE Phase 2").² Consistent with its currently-approved SAVE Plan, the Company proposes to include up to a \$5 million variance in any single year of SAVE Phase 2, with a total program variance of up to \$5 million and a total investment over the six-year term of SAVE Phase 2 capped at \$210 million.³ The Company proposes to recover its anticipated

¹ *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012).*

² Application at 1.

³ *Id.*

expenditures through a monthly rider on customers' bills⁴ as required by § 56-604 A of the SAVE Act.

In its Application, VNG asserts that it will reach the approved investment cap of \$105 million under the currently-approved SAVE Plan in the third quarter of 2016.⁵ The Company states that it is seeking to increase its authorized investment from \$25 million to \$30 million in 2016, "[i]n order to allow for the seamless and uninterrupted completion of eligible infrastructure replacement projects identified and prioritized for 2016" under the SAVE Plan.⁶ VNG proposes to extend its SAVE Plan for an additional five years in order to allow the Company to undertake more complex infrastructure replacement projects, comprised of larger diameter steel pipelines located on primary roadways, while continuing to address the smaller diameter main and service replacement projects located in neighborhoods that are identified and prioritized for replacement under its currently-approved SAVE Plan.⁷

NOW THE COMMISSION, having considered the Company's Application and the applicable law, is of the opinion and finds that it should docket this matter; that VNG should provide public notice of its Application; that interested persons should be afforded an opportunity to file comments on the Company's Application, file notices of participation, or request a hearing on the Application; and that the Staff of the Commission ("Staff") should investigate the Application and file a Report containing its findings and recommendations.

⁴ *Id.* at 2.

⁵ *Id.* at 7.

⁶ *Id.*

⁷ *Id.* at 8.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed as Case No. PUE-2015-00121.

(2) On or before December 31, 2015, VNG shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
 VIRGINIA NATURAL GAS, INC., FOR APPROVAL
 TO AMEND ITS SAVE PLAN
 PURSUANT TO VIRGINIA CODE § 56-504
CASE NO. PUE-2015-00121

On November 16, 2015, in accordance with 5 VAC 5-20-80 of the Rules of Practice and Procedure of the State Corporation Commission ("Commission") and § 56-604 of the Code of Virginia, a provision of the Steps to Advance Virginia's Energy (SAVE) Plan Act ("SAVE Act"), Virginia Natural Gas, Inc. ("VNG" or "Company"), filed an application ("Application") with the Commission for approval of amendments to its SAVE Plan, which the Commission first approved in Case No. PUE-2012-00012. In this Application for an amended SAVE Plan, VNG proposes to increase its authorized investment under the SAVE Plan in 2016 from \$25 million to \$30 million, and to extend the Plan for an additional five years until 2021, with a proposed annual investment of \$35 million from 2017-2021 (collectively, from January 1, 2016 to December 31, 2021, "SAVE Phase 2"). Consistent with its currently-approved SAVE Plan, the Company proposes to include up to a \$5 million variance in any single year of SAVE Phase 2, with a total program variance of up to \$5 million and a total investment over the six-year term of SAVE Phase 2 capped at \$210 million. The Company proposes to recover its anticipated expenditures through a monthly rider on customers' bills as required by § 56-604 A of the SAVE Act.

In its Application, VNG asserts that it will reach the approved investment cap of \$105 million under the currently-approved SAVE Plan in the third quarter of 2016. The Company states that it is seeking to increase its authorized investment from \$25 million to \$30 million in 2016, "[i]n order to allow for the seamless and uninterrupted completion of eligible infrastructure replacement projects identified and prioritized for 2016" under the SAVE Plan. VNG proposes to extend its SAVE Plan for an

additional five years in order to allow the Company to undertake more complex infrastructure replacement projects, comprised of larger diameter steel pipelines located on primary roadways, while continuing to address the smaller diameter main and service replacement projects located in neighborhoods that are identified and prioritized for replacement under its currently-approved SAVE Plan.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application and supporting exhibits for the details of these proposals.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public and provided interested persons an opportunity to comment on the Company's Application.

A copy of the Company's Application may be obtained at no charge by requesting a copy from the Company's counsel, Joseph K. Reid, III, Esquire, and Jennifer D. Valaika, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916. The Application and related documents also are available for review in the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before January 21, 2016, interested persons may file written comments on VNG's Application with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case> on or before January 21, 2016. Comments shall refer to Case No. PUE-2015-00121.

On or before January 21, 2016, any person may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, at the address set forth above, and the respondent shall serve a copy of the notice of participation on counsel to the Company at the address set forth

above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice and Procedure. All filings shall refer to Case No. PUE-2015-00121.

On or before January 21, 2016, any interested person may request that the Commission convene a hearing in this matter by filing an original and fifteen (15) copies of a request for hearing with Joel H. Peck, Clerk, State Corporation Commission, at the address set forth above. Requests for hearing shall refer to Case No. PUE-2015-00121 and shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. Copies of any such filings shall be served on counsel for the Company at the address set forth above.

VIRGINIA NATURAL GAS, INC.

(3) On or before December 31, 2015, VNG shall serve a copy of this Order for Notice and Comment upon the chairman of the board of supervisors and county attorney of each county, and the mayor or manager (or equivalent officials) of every city and town in which VNG provides service in the Commonwealth of Virginia. Service shall be made by first class mail, postage prepaid, to the customary place of business or residence of the person served.

(4) On or before January 21, 2016, VNG shall file with the Commission proof of notice and service as required herein.

(5) VNG promptly shall make a copy of the Application available to the public, who may obtain a copy of the Application at no charge by requesting a copy in writing from the Company's counsel, Joseph K. Reid, III, Esquire, and Jennifer D. Valaika, Esquire,

McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916.

The Application and related documents also shall be available for interested persons to review in the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before January 21, 2016, interested persons may file comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUE-2015-00121.

(7) On or before January 21, 2016, any interested person may participate as a respondent in this proceeding by filing a notice of participation in accordance with 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUE-2015-00121.

(8) On or before January 21, 2016, interested persons may request that the Commission convene a hearing on the Company's Application by filing a request for hearing with the Clerk of

the Commission at the address set forth in Ordering Paragraph (6). Requests for hearing shall refer to Case No. PUE-2015-00121 and include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.

(9) A copy of any written comments, request for hearing, and notice of participation shall be sent to counsel for the Company: Joseph K. Reid, III, Esquire, and Jennifer D. Valaika, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916.

(10) The Staff shall investigate the Company's Application. On or before February 9, 2016, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a Staff Report containing its findings and recommendations and shall promptly serve a copy of the same on counsel to the Company and all respondents.

(11) On or before February 17, 2016, VNG may file with the Clerk of the Commission any response in rebuttal to the Staff Report and to any comments filed by interested persons in this proceeding.

(12) The Company shall respond to written interrogatories or requests for production of documents within four (4) calendar days after receipt of the same. Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(13) This matter is continued generally pending further order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Joseph K. Reid, III, Esquire, and Jennifer D. Valaika, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916; and C. Meade Browder, Jr.,

Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Utility and Railroad Safety, Energy Regulation, and Utility Accounting and Finance.

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