

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 7, 2016

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APPLICATION OF

VIRGINIA NATURAL GAS, INC.

CASE NO. PUE-2015-00129

For authorization to amend its conservation and
ratemaking efficiency plan pursuant to Chapter 25
of Title 56 of the Code of Virginia

ORDER FOR NOTICE AND COMMENT

On December 14, 2015, pursuant to Chapter 25 of Title 56 of the Code of Virginia, §§ 56-600 *et seq.* ("CARE Act"), the Rules Governing Utility Rate Applications and Annual Informational Filings of the State Corporation Commission ("Commission"), 20 VAC 5-201-10 *et seq.*, and the Commission's April 27, 2015 Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan issued in Case No. PUE-2014-00068,¹ Virginia Natural Gas, Inc. ("VNG" or "Company"), by counsel, filed an application ("Application") for authority to amend and extend its natural gas conservation and ratemaking efficiency plan ("CARE Plan"). In its Application, the Company is not seeking to modify its Commission-approved CARE Plan decoupling mechanism ("Rider D"),² which is designed to adjust sales consistent with the CARE Act.

In its Application, the Company proposes to expand its Residential Home Incentive Program by: (1) increasing the required energy factor for the High-Efficiency Natural Gas Tank-Style Water Heater Incentive measure from 0.62 or greater to 0.67 or greater and increasing the corresponding incentive amount from \$50 to \$70; (2) adding a Programmable

¹ *Application of Virginia Natural Gas, Inc., For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia, Case No. PUE-2014-00068, Doc. Con. Cent. No. 150420333, Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan (Apr. 27, 2015).*

² Rider D only applies to VNG's residential customers taking service on Rate Schedule 1 (Residential Firm Gas Sales Service) and Rate Schedule 3 (Residential Air Conditioning Firm Gas Sales Service).



Thermostat Incentive measure that provides a \$25 rebate to customers who install a programmable or wi-fi enabled thermostat; and (3) adding a Bundled Water Heater and Furnace Bonus Incentive measure that provides a \$50 additional rebate to customers who install both a qualifying water heater and furnace.³ Additionally, the Company is proposing to update the items included in the do-it-yourself energy savings kit provided under the Home Energy Audit Program and to permit customers to request the kit prior to taking the audit. The Company is also proposing a 5% participation and spending variance to be included in the budget for each individual measure, as well as the potential processing costs associated with the measure.⁴ The Company is proposing to continue the Low-Income Weatherization Program and the Customer Education and Outreach Program; however, the Company is not proposing any changes to the existing programs.⁵

The Company requests approval of an increase in annual spending in the amount of \$34,627 over the current annual budget for Program Year 3 ("PY3") of the currently-approved CARE Plan.⁶ The Company represents that the average residential customer using 621 ccf annually will see an average annual bill increase of \$0.13 over the current PY3 average annual charge of \$1.39.⁷

If approved by the Commission, the Company proposes to implement its amended CARE Plan effective June 1, 2016, for the three-year period ending May 31, 2019.⁸ In its Application,

³ Application at 3, 10.

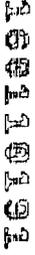
⁴ *Id.* at 3.

⁵ *Id.* at 10.

⁶ Pre-filed Direct Testimony of Kevin W. Kirby at 8.

⁷ Pre-filed Direct Testimony of Robert S. Duvall at 6.

⁸ Application at 1.



the Company asserts that the amended CARE Plan will have no impact on the rate design previously adopted by the Commission.⁹

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the matter should be docketed; the Company should provide notice of its Application; interested parties should be given the opportunity to file comments, participate as a respondent in this proceeding, or request a hearing on the Application; the Staff of the Commission ("Staff") should investigate the Application and file a report on its findings and recommendations ("Staff Report"); and the Company should have an opportunity to respond to any comments, requests for hearing, and the Staff Report.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed as Case No. PUE-2015-00129.
- (2) On or before February 1, 2016, VNG shall cause a copy of the following notice to be published as display advertising (not classified) on one 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 AUTHORITY TO
 AMEND ITS CONSERVATION AND RATEMAKING
 EFFICIENCY PLAN PURSUANT TO CHAPTER 25 OF
 TITLE 56 OF THE CODE OF VIRGINIA
CASE NO. PUE-2015-00129

On December 14, 2015, pursuant to Chapter 25 of Title 56 of the Code of Virginia, §§ 56-600 *et seq.* ("CARE Act"), the Rules Governing Utility Rate Applications and Annual Informational Filings of the State Corporation Commission ("Commission"), 20 VAC 5-201-10 *et seq.*, and the Commission's April 27, 2015 Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan issued in Case No. PUE-2015-00129, Virginia Natural Gas, Inc. ("VNG" or "Company"), by counsel, filed an application ("Application") for

⁹ *Id.* at 2.

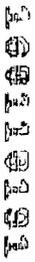
authority to amend and extend its natural gas conservation and ratemaking efficiency plan ("CARE Plan"). In its Application, the Company is not seeking to modify its Commission-approved CARE Plan decoupling mechanism, which is designed to adjust sales consistent with the CARE Act.

In its Application, the Company proposes to expand its Residential Home Incentive Program by: (1) increasing the required energy factor for the High-Efficiency Natural Gas Tank-Style Water Heater Incentive measure from 0.62 or greater to 0.67 or greater and increasing the corresponding incentive amount from \$50 to \$70; (2) adding a Programmable Thermostat Incentive measure that provides a \$25 rebate to customers who install a programmable or wi-fi enabled thermostat; and (3) adding a Bundled Water Heater and Furnace Bonus Incentive measure that provides a \$50 additional rebate to customers who install both a qualifying water heater and furnace. Additionally, the Company is proposing to update the items included in the do-it-yourself energy savings kit provided under the Home Energy Audit Program and to permit customers to request the kit prior to taking the audit. The Company is also proposing a 5% participation and spending variance to be included in the budget for each individual measure, as well as the potential processing costs associated with the measure. The Company is proposing to continue the Low-Income Weatherization Program and the Customer Education and Outreach Program; however, the Company is not proposing any changes to the existing programs.

The Company requests approval of an increase in annual spending in the amount of \$34,627 over the current annual budget for Program Year 3 ("PY3") of the currently-approved CARE Plan. The Company represents that the average residential customer using 621 ccf annually will see an average annual bill increase of \$0.13 over the current PY3 average annual charge of \$1.39.

If approved by the Commission, the Company proposes to implement its amended CARE Plan effective June 1, 2016, for the three-year period ending May 31, 2019. In its Application, the Company asserts that the amended CARE Plan will have no impact on the rate design previously adopted by the Commission.

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 testimony and exhibits for the details of these proposals.



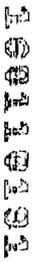
The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public and provided interested persons an opportunity to comment on the Company's Application.

A copy of the Company's Application may be obtained at no charge by requesting a copy of the same from the Company's counsel, Joseph K. Reid, III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. The Application and related documents also shall be available for review in the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, 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 February 16, 2016, interested persons may file written comments on VNG's Application with Joel Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. 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-2015-00129.

On or before February 16, 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 above. 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-2015-00129.

On or before February 16, 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 above. Requests for hearing must refer to Case No. PUE-2015-00129 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.

A copy of any written comments, requests for hearing, and notices of participation shall simultaneously be sent to counsel for the Company: Joseph K. Reid, III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219.

VIRGINIA NATURAL GAS, INC.

(3) On or before February 1, 2016, VNG shall serve a copy of this Order for Notice and Comment on the chairman of the board of supervisors and the county attorney of each county and upon 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 personal delivery or by first class mail, postage prepaid, to the customary place of business or residence of the person served.

(4) VNG shall promptly 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 of the same in writing from the Company's counsel, Joseph K. Reid, III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. 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, 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:

<https://www.scc.virginia.gov/case>.

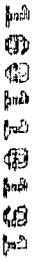
(5) On or before February 16, 2016, interested persons may file written comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission,



c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <https://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUE-2015-00129.

(6) On or before February 16, 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 (5). 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-2015-00129.

(7) On or before February 16, 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 (5). Requests for hearing must refer to Case No. PUE-2015-00129 and include: (i) a precise statement of the filing party's interest in the proceedings; (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.



(8) A copy of any written comments, requests for hearing, and notices of participation shall simultaneously be sent to counsel for the Company, Joseph K. Reid, III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219.

(9) On or before February 23, 2016, VNG may file with the Clerk of the Commission any response to requests for hearing filed by interested persons in this proceeding.

(10) The Staff shall investigate the Application. On or before March 8, 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 March 15, 2016, VNG may file with the Clerk of the Commission any response in rebuttal to the Staff Report and any comments filed by interested persons in this proceeding.

(12) On or before February 16, 2016, the Company shall provide the Commission with proof of notice and service required by Ordering Paragraphs (2) and (3).

(13) The Company shall respond to written interrogatories or requests for the production of documents within four (4) business 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.

(14) 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; Elizabeth B. Wade, Esquire, and Erica McGill, Esquire, AGL Resources Inc., Ten Peachtree Place, Atlanta, Georgia 30309; 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;
and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of
Energy Regulation and Utility Accounting and Finance.

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