

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 7, 2016

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APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUE-2016-00087

For approval to implement a 2017 SAVE Plan
Infrastructure Reliability and Replacement
Adjustment in accordance with Section 20
of its General Terms and Conditions

ORDER FOR NOTICE AND COMMENT

On August 12, 2016, Columbia Gas of Virginia, Inc. ("CGV" or "Company") filed an application ("Application") for approval to implement a 2017 Infrastructure Reliability and Replacement Adjustment ("IRRA") in accordance with Section 20 of the Company's General Terms and Conditions, as contemplated in the State Corporation Commission's ("Commission") November 28, 2011 Order Approving SAVE Plan and Rider,¹ as modified by the July 3, 2013 Order Approving Amended SAVE Plan² and extended by the October 23, 2015 Order Approving Amended SAVE Plan.³ The Company's SAVE Plan, as amended and extended ("Phase 2" of the

¹ *Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2011-00049, 2011 S.C.C. Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

² *Application of Columbia Gas of Virginia, Inc., For authority to amend its SAVE Plan pursuant to § 56-604 of the Code of Virginia*, Case No. PUE-2013-00015, 2013 S.C.C. Ann. Rept. 365, Order Approving Amended SAVE Plan (July 3, 2013).

³ *Application of Columbia Gas of Virginia, Inc., For approval to amend and extend a SAVE Plan pursuant to Virginia Code § 56-604 and For approval to implement a 2016 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions*, Case No. PUE-2015-00071, 2015 S.C.C. Ann. Rept. 352, Order Approving Amended SAVE Plan (Oct. 23, 2015).

SAVE Plan), was authorized pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 of the Code of Virginia.⁴

In its Application, CGV states that Phase 2 of its SAVE Plan is a five-year program that commenced on January 1, 2016. According to the Company, Phase 2 of the SAVE Plan includes cost recovery mechanisms that are designed to facilitate the accelerated replacement of approximately \$150 million of SAVE eligible natural gas infrastructure during the five-year term of Phase 2.⁵

The costs incurred in replacing eligible natural gas infrastructure are recovered through a SAVE Rider, which is defined in the Company's tariff as the IRRA. The IRRA is comprised of two components: an Infrastructure Replacement Current Rate ("IRCR") and an Infrastructure Replacement Reconciliation Rate ("IRRR"). The two components collectively constitute a single IRRA, which is billed as a fixed charge each month. The IRRR is the mechanism by which the Company trues-up, on an annual basis, the actual IRRA revenues against the preceding year's actual cost of service as determined from actual SAVE eligible expenditures.⁶

In its Application, the Company seeks approval of the following: (1) the Company's 2015 IRRR credit in the amount of \$146,632,⁷ to be effective with the first billing unit of January 2017 through the last billing unit of December 2017; (2) the Company's 2017 IRCR to be set at zero effective for the first billing unit of January 2017 and to be reset to \$2,043,109,⁸ for the

⁴ Virginia Code §§ 56-603 *et seq.*

⁵ Application at 2.

⁶ *Id.* at 2-3.

⁷ *See id.*, Schedule No. 14a, Page 1 of 2.

⁸ *See id.*, Schedule No. 14a, Page 2 of 2.

period October 1, 2017, through December 31, 2017, to recover eligible infrastructure replacement costs that are not otherwise recovered through new base non-gas rates;⁹ and (3) the filing of rate sheets implementing the 2017 IRCR and 2015 IRRR. The 2017 IRCR and the 2015 IRRR result in an IRRA total net charge to customers of \$1,896,477, for 2017.¹⁰ Under the Company's proposal, the 2017 IRRA on the monthly bill for the average residential customer will reflect a credit in the amount of \$0.04 from January 2017 through September 2017. Effective with the first billing unit in October 2017, the 2017 IRRA on the average residential customer's monthly bill will increase to \$2.04.¹¹

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

Accordingly, IT IS ORDERED THAT:

(1) CGV's Application shall be docketed as Case No. PUE-2016-00087.

⁹ On April 29, 2016, the Company filed with the Commission an application requesting authority to increase its rates and charges effective for the first billing unit of October 2016, or September 28, 2016 ("2016 Rate Case"). *See Application of Columbia Gas of Virginia, Inc., For authority to increase rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00033, filed April 29, 2016. The proposed rates and charges include in rate base all SAVE investments made prior to the rate year and also include a rate year level of projected SAVE Plan costs for the period October 2016 through September 2017. By its May 17, 2016 Order for Notice and Hearing in the 2016 Rate Case, the Commission authorized the Company to implement its proposed rates on an interim basis, subject to refund, for the first billing unit of October 2016. Since the proposed rates incorporate eligible infrastructure replacement costs previously reflected in the currently effective SAVE Rider, the Company will reset the IRCR to zero, to be effective September 28, 2016, through September 30, 2017.

¹⁰ *See* Application, Schedule No. 14a, Page 2 of 2.

¹¹ *See id.*, Schedule No. 14h, Page 1 of 1.

(2) On or before September 28, 2016, the Company 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 COLUMBIA GAS OF VIRGINIA, INC.,
FOR APPROVAL TO IMPLEMENT A 2017 SAVE PLAN
INFRASTRUCTURE RELIABILITY AND REPLACEMENT
ADJUSTMENT IN ACCORDANCE WITH SECTION 20
OF ITS GENERAL TERMS AND CONDITIONS
CASE NO. PUE-2016-00087

On August 12, 2016, Columbia Gas of Virginia, Inc. ("CGV" or "Company") filed an application ("Application") for approval to implement a 2017 Infrastructure Reliability and Replacement Adjustment ("IRRA") in accordance with Section 20 of the Company's General Terms and Conditions, as contemplated in the State Corporation Commission's ("Commission") November 28, 2011 Order Approving SAVE Plan and Rider, as modified by the July 3, 2013 Order Approving Amended SAVE Plan and extended by the October 23, 2015 Order Approving Amended SAVE Plan. The Company's SAVE Plan, as amended and extended ("Phase 2" of the SAVE Plan), was authorized pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 of the Code of Virginia.

In its Application, CGV states that Phase 2 of its SAVE Plan is a five-year program that commenced on January 1, 2016. According to the Company, Phase 2 of the SAVE Plan includes cost recovery mechanisms that are designed to facilitate the accelerated replacement of approximately \$150 million of SAVE eligible natural gas infrastructure during the five-year term of Phase 2.

The costs incurred in replacing eligible natural gas infrastructure are recovered through a SAVE Rider, which is defined in the Company's tariff as the IRRA. The IRRA is comprised of two components: an Infrastructure Replacement Current Rate ("IRCR") and an Infrastructure Replacement Reconciliation Rate ("IRRR"). The two components collectively constitute a single IRRA, which is billed as a fixed charge each

month. The IRRR is the mechanism by which the Company trues-up, on an annual basis, the actual IRRA revenues against the preceding year's actual cost of service as determined from actual SAVE eligible expenditures.

In its Application, the Company seeks approval of the following: (1) the Company's 2015 IRRR credit in the amount of \$146,632, to be effective with the first billing unit of January 2017 through the last billing unit of December 2017; (2) the Company's 2017 IRCR to be set at zero effective for the first billing unit of January 2017 and to be reset to \$2,043,109, for the period October 1, 2017, through December 31, 2017, to recover eligible infrastructure replacement costs that are not otherwise recovered through new base non-gas rates; and (3) the filing of rate sheets implementing the 2017 IRCR and 2015 IRRR. The 2017 IRCR and the 2015 IRRR result in an IRRA total net charge to customers of \$1,896,477, for 2017. Under the Company's proposal, the 2017 IRRA on the monthly bill for the average residential customer will reflect a credit in the amount of \$0.04 from January 2017 through September 2017. Effective with the first billing unit in October 2017, the 2017 IRRA on the average residential customer's monthly bill will increase to \$2.04.

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 or request a hearing 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, James S. Copenhaver, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836. The Application and related documents shall also be 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 may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before October 5, 2016, interested persons may file written comments on CGV's Application with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so on or before October 5, 2016, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2016-00087.

On or before October 5, 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. If not filed electronically, an original and fifteen (15) copies of the request for hearing shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, at the address set forth above. Requests for hearing must refer to Case No. PUE-2016-00087 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 and requests for hearing shall simultaneously be sent to counsel for the Company at the address set forth above.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order for Notice and Comment in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

COLUMBIA GAS OF VIRGINIA, INC.

(3) On or before September 28, 2016, the Company shall serve a copy of this Order for Notice and Comment on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or upon equivalent officials) of every city and town in which CGV 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) CGV 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, James S. Copenhaver, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836. The Application and related documents shall also 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 may also download unofficial copies from the Commission's website:

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

(5) On or before October 5, 2016, the Company shall provide the Commission with the proof of notice and service required by Ordering Paragraphs (2) and (3).

(6) On or before October 5, 2016, interested persons may file comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so on or before October 5, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. Comments shall refer to Case No. PUE-2016-00087.

(7) On or before October 5, 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. If not filed electronically, an original and fifteen (15) copies of the request for

hearing shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, at the address set forth in Ordering Paragraph (6). Requests for hearing must refer to Case No. PUE-2016-00087 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.

(8) A copy of any written comments and requests for hearing shall simultaneously be sent to counsel for the Company at the address set forth in Ordering Paragraph (4).

(9) The Commission Staff shall investigate the Application. On or before October 17, 2016, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a report ("Staff Report") containing its findings and recommendations and shall promptly serve a copy of the same on counsel to the Company and all interested persons filing comments or requests for hearing.

(10) On or before October 24, 2016, the Company may file with the Clerk of the Commission any response in rebuttal to the Staff Report, requests for hearing, and any comments filed by interested persons in this proceeding.

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

(12) 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:
James S. Copenhaver, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester,

Virginia 23836; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 North Ninth Street, 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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