

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 13, 2017

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APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUR-2017-00027

For approval of an experimental  
Multifamily Line Extension Program  
pursuant to § 56-234 of the Code of Virginia and  
for a waiver of provisions of Rule 20 VAC 5-303-20

ORDER FOR NOTICE AND HEARING

On February 23, 2017, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for approval of a five-year experimental Multifamily Line Extension Program ("Pilot"), pursuant to § 56-234 of the Code of Virginia ("Code").<sup>1</sup>

Under the proposed Pilot, following a determination that an extension of service to a multifamily project would produce a positive net present value ("NPV") calculated under the Company's current line extension policy, an eligible builder or developer would be offered a line extension agreement pursuant to the proposed Multifamily Tariff. Under the proposed Multifamily Tariff, the contribution provided by the Company may not exceed the lesser of:

- (i) the actual per unit cost for installation of gas piping and venting in the multifamily project;
- (ii) 80% of the per unit positive NPV (on a per unit basis) of the development, as calculated using CVA's economic analysis; or (iii) \$1,250 per unit.<sup>2</sup>

According to the Company, the Pilot

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<sup>1</sup> Application at 1. In its Application, CVA also requests a waiver of the provisions of Rule 20 VAC 5-303-20 of the Commission's Rules Governing Utility Promotional Allowances, Rule 20 VAC 5-303-10 *et seq.*, thus affording the Company an opportunity to recover the costs of the Multifamily Pilot in the context of a base rate proceeding. Along with its Application, the Company filed a proposed new Section 8.2(a)(i)(4) to its General Terms and Conditions of Service ("Multifamily Tariff") and testimony in support of the Application.

<sup>2</sup> *Id.* at 3.

will be available to all new multifamily projects and to existing multifamily developments that are not served with natural gas but are requesting natural gas service to be provided to at least two individually metered dwelling units served through a single service line.<sup>3</sup> The Company proposes a \$5 million cap on cumulative contributions committed to during the five-year term of the Pilot.<sup>4</sup>

According to the Company, the Pilot is designed to: (1) reduce the relatively high up-front costs of installing internal piping and venting within multifamily projects where an extension of service by CVA is economically justified; (2) afford the ultimate occupants of those multifamily buildings the opportunity to receive the economic benefits of low cost, clean and reliable natural gas service; and (3) increase CVA's natural gas multifamily customer base throughout its service area in an economic and rational manner, which will expand the customer base over which its fixed cost of service will be recovered.<sup>5</sup> For those reasons, the Company asserts that approval of the Pilot is in the public interest.<sup>6</sup>

The Company states that the Pilot is necessary in order for CVA to acquire information that is or may be in furtherance of the public interest.<sup>7</sup> Specifically, the Company intends to track data relating to the contributions provided, number of projects completed, number of meters added, estimated load added and estimated benefits passed on to existing customers.<sup>8</sup> Additionally, the Company plans to evaluate whether the 80% of positive NPV cap on

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<sup>3</sup> *Id.* at 4.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

contributions as well as the \$1,250 per unit cap on contributions are effective and whether either or both of the limitations on contributions should be adjusted in the event that the Pilot is extended or made permanent.<sup>9</sup> In addition, the Company intends to assess whether the 480-month amortization period is reasonable or should be adjusted.<sup>10</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that CVA should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; a procedural schedule should be established to allow interested persons an opportunity to file comments on the Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. Further, we find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2017-00027.
- (2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission as directed above.
- (3) A public hearing on the Application shall be convened on July 25, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main

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<sup>9</sup> *Id.* at 4-5.

<sup>10</sup> *Id.* at 5.

Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of the Company, any respondents, and Staff. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(4) A copy of the Application may be obtained by submitting a written request to counsel for the Company, James S. Copenhaver, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 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>.

(5) On or before April 11, 2017, the Company shall cause 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 in Virginia:

NOTICE TO THE PUBLIC OF  
 THE APPLICATION OF COLUMBIA GAS OF VIRGINIA,  
 INC., FOR APPROVAL OF AN EXPERIMENTAL  
 MULTIFAMILY LINE EXTENSION PROGRAM PURSUANT  
 TO § 56-234 OF THE CODE OF VIRGINIA AND FOR  
 WAIVER OF PROVISIONS OF RULE 20 VAC 5-303-20  
CASE NO. PUR-2017-00027

On February 23, 2017, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for

approval of a five-year experimental Multifamily Line Extension Program ("Pilot"), pursuant to § 56-234 of the Code of Virginia.

Under the proposed Pilot, following a determination that an extension of service to a multifamily project would produce a positive net present value ("NPV") calculated under the Company's current line extension policy, an eligible builder or developer would be offered a line extension agreement pursuant to the proposed Multifamily Tariff. Under the proposed Multifamily Tariff, the contribution provided by the Company may not exceed the lesser of: (i) the actual per unit cost for installation of gas piping and venting in the multifamily project; (ii) 80% of the per unit positive NPV (on a per unit basis) of the development, as calculated using CVA's economic analysis; or (iii) \$1,250 per unit. According to the Company, the Pilot will be available to all new multifamily projects and to existing multifamily developments that are not served with natural gas but are requesting natural gas service to be provided to at least two individually metered dwelling units served through a single service line. The Company proposes a \$5 million cap on cumulative contributions committed to during the five-year term of the Pilot.

According to the Company, the Pilot is designed to:

(1) reduce the relatively high up-front costs of installing internal piping and venting within multifamily projects where an extension of service by CVA is economically justified; (2) afford the ultimate occupants of those multifamily buildings the opportunity to receive the economic benefits of low cost, clean and reliable natural gas service; and (3) increase CVA's natural gas multifamily customer base throughout its service area in an economic and rational manner, which will expand the customer base over which its fixed cost of service will be recovered. For those reasons, the Company asserts that approval of the Pilot is in the public interest.

The Company states that the Pilot is necessary in order for CVA to acquire information that is or may be in furtherance of the public interest. Specifically, the Company intends to track data relating to the contributions provided, number of projects completed, number of meters added, estimated load added and estimated benefits passed on to existing customers. Additionally, the Company plans to evaluate whether the 80% of positive NPV cap on contributions as well as the \$1,250 per unit cap on contributions are effective and whether either or both of the limitations on contributions should be adjusted in the event that the Pilot is extended or made permanent. In addition, the Company

intends to assess whether the 480-month amortization period is reasonable or should be adjusted.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled a public hearing on July 25, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

A copy of the Application may be obtained by submitting a written request to counsel for the Company, James S. Copenhaver, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the public version of all documents filed in this case also are available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 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>.

Any person or entity may participate as a respondent in this proceeding by filing, on or before May 2, 2017, 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, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also must be sent to counsel for 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 ("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. PUR-2017-00027. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before July 18, 2017, any interested person wishing to comment on the Application shall file written comments on the Application with the Clerk of the Commission at the address set forth above. Any interested person desiring to file comments electronically may do so on or before July 18, 2017, 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. PUR-2017-00027.

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

COLUMBIA GAS OF VIRGINIA, INC.

(6) On or before April 11, 2017, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made either by personal delivery or first class mail to the customary place of business or residence of the person or entity served.

(7) On or before April 11, 2017, the Company shall serve a copy of its Application and this Order for Notice and Hearing upon each electric utility operating within CVA's service territory.

(8) On or before April 25, 2017, the Company shall file proof of the notice and service required by Ordering Paragraphs (5), (6), and (7), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before July 18, 2017, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Any interested person desiring to submit comments electronically may do so on or before July 18, 2017, 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. All comments shall refer to Case No. PUR-2017-00027.

(10) On or before May 2, 2017, any person or entity 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 the Clerk of the Commission at the address set forth in Ordering Paragraph (8), and the respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (4). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's 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. Any organization, corporation or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00027.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all public materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before May 23, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00027.

(13) The Staff shall investigate the Application. On or before June 13, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(14) On or before July 11, 2017, the Company may file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically,

an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.<sup>11</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
James S. Copenhaver, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive,  
Chester, Virginia 23836; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office  
of the Attorney General, Division of Consumer Counsel, 202 N. 9<sup>th</sup> Street, Eighth Floor,  
Richmond, Virginia 23219-3424; and a copy shall be delivered to the Commission's Office of  
General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

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<sup>11</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00027, in the appropriate box.