

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 1, 2017

SCC-CLERK'S OFFICE
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APPLICATION OF

2017 SEP - 11 P 2: 13

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUR-2017-00095

For approval to amend a SAVE Plan
pursuant to Virginia Code § 56-604

and

For approval to implement a 2018 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 15, 2017, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application for approval to amend Phase 2 of its SAVE Plan pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 ("SAVE Act") of the Code of Virginia ("Code"),¹ and for approval to implement a 2018 Infrastructure Reliability and Replacement Adjustment ("IRRA") ("Application").

In its Application, the Company requests approval to increase the total five-year (2016-2020) cap on authorized Phase 2 SAVE Plan expenditures from \$150 million to \$173.8 million and to maintain the previously authorized 5% tolerance band.² According to the Company, its investments in the replacement of large-scale SAVE eligible projects limit the

¹ Code § 56-603 *et seq.*

² The Commission approved CVA's Phase 2 SAVE Plan in *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) ("2015 SAVE Order").

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funds available for smaller projects, and the Company anticipates that it will exceed the current five-year cap of \$150 million if the Company maintains the current rate of SAVE investments.³ CVA is not proposing to modify the operational aspects of its current SAVE Plan or the authorized categories of SAVE eligible infrastructure, nor is the Company proposing any other substantive changes to the terms and conditions of the SAVE Plan.⁴

Section 56-604 A of the SAVE Act allows CVA to recover SAVE eligible infrastructure costs (as defined in Code § 56-603) through a SAVE Rider, which is defined in the Company's tariff as the IRRA. Accordingly, CVA requests authority to implement a 2018 IRRA in accordance with Section 20 of its General Terms and Conditions, as contemplated in the Commission's November 28, 2011 Order Approving SAVE Plan and Rider in Case No. PUE-2011-00049,⁵ as modified by the July 3, 2013 Order Approving Amended SAVE Plan in Case No. PUE-2013-00015⁶ and extended by the 2015 SAVE Order. The 2018 IRRA comprises a 2016 Infrastructure Replacement Reconciliation Rate ("IRRR") and a 2018 Infrastructure Replacement Current Rate ("IRCR") and is billed as a combined fixed charge each month.⁷ The 2016 IRRR is designed to true-up the IRCR in effect for calendar year 2016 to the actual SAVE

³ Application at 4.

⁴ *Id.* In addition, the Company is not proposing a change to the annual spending cap of \$30 million and the associated 25% annual tolerance band. See Pre-filed Direct Testimony of Robert E. Horner at 5-6.

⁵ *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).

⁶ *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. 356, Order Approving Amended SAVE Plan (July 3, 2013).

⁷ Application at 3.

costs experienced during that time period, and the 2018 IRCR is designed to recover projected costs associated with SAVE-eligible infrastructure replacements during calendar year 2018.⁸

In its Application, the Company seeks approval of the following: (1) the Company's 2016 IRRR credit in the amount of \$1,263,556;⁹ (2) the Company's 2018 IRCR in the amount of \$5,740,130;¹⁰ and (3) the filing of rate sheets implementing the 2018 IRCR and 2016 IRRR. The 2018 IRCR and the 2016 IRRR result in an IRRA total net charge to customers of \$4,476,574 for 2018.¹¹ The Company requests that the 2018 IRRA be effective with the first billing unit of January 2018 through the last billing unit of December 2018.¹² The Company's 2018 IRRA proposed monthly rates by rate schedule are as follows: Residential Sales Service / Residential Transportation Service, \$1.14; Small General Service 1 / Small General Transportation Service 1, \$1.24; Small General Service 2 / Small General Transportation Service 2, \$3.30; Small General Service 3 / Small General Transportation Service 3, \$10.17; Large General Service 1 / Transportation Service 1, \$96.59; and Large General Service 2 / Transportation Service 2, \$463.14.¹³

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application should be docketed; that CVA should provide public notice of its Application; that interested persons should be afforded an opportunity to file comments or

⁸ *Id.* at 3, 7.

⁹ *See id.*, Schedule No. 14a, Page 2 of 3.

¹⁰ *Id.*, Page 3 of 3.

¹¹ *Id.*

¹² Application at 8.

¹³ *See id.*, Schedule No. 14h, Page 1 of 1.

request a hearing on the Company's Application; and that the Staff of the Commission ("Staff") should investigate the Application and file a report containing the Staff's findings and recommendations ("Staff Report").

Accordingly, IT IS ORDERED THAT:

(1) CVA's Application is docketed as Case No. PUR-2017-00095.

(2) On or before September 29, 2017, 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 AMEND A SAVE PLAN PURSUANT TO
VIRGINIA CODE § 56-604 AND TO IMPLEMENT A 2018 SAVE
PLAN INFRASTRUCTURE RELIABILITY AND REPLACEMENT
ADJUSTMENT IN ACCORDANCE WITH SECTION 20 OF ITS
GENERAL TERMS AND CONDITIONS
CASE NO. PUR-2017-00095

On August 15, 2017, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application for approval to amend Phase 2 of its SAVE Plan pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 ("SAVE Act") of the Code of Virginia ("Code"), and for approval to implement a 2018 Infrastructure Reliability and Replacement Adjustment ("IRRA") ("Application").

In its Application, the Company requests approval to increase the total five-year (2016-2020) cap on authorized Phase 2 SAVE Plan expenditures from \$150 million to \$173.8 million, and to maintain the 5% tolerance band authorized in Case No. PUE-2015-00071 ("2015 SAVE Order"). According to the Company, its investments in the replacement of large-scale SAVE eligible projects limit the funds available for smaller projects, and the Company anticipates that it will exceed the current five-year cap of \$150 million if the Company maintains the current rate of

SAVE investments. CVA is not proposing to modify the operational aspects of its current SAVE Plan or the authorized categories of SAVE eligible infrastructure, nor is the Company proposing any other substantive changes to the terms and conditions of the SAVE Plan.

Section 56-604 A of the SAVE Act allows CVA to recover SAVE eligible infrastructure costs (as defined in Code § 56-603) through a SAVE Rider, which is defined in the Company's tariff as the IRRA. Accordingly, CVA requests authority to implement a 2018 IRRA in accordance with Section 20 of its General Terms and Conditions, as contemplated in the Commission's November 28, 2011 Order Approving SAVE Plan and Rider in Case No. PUE-2011-00049, as modified by the July 3, 2013 Order Approving Amended SAVE Plan in Case No. PUE-2013-00015 and extended by the 2015 SAVE Order. The 2018 IRRA comprises a 2016 Infrastructure Replacement Reconciliation Rate ("IRRR") and a 2018 Infrastructure Replacement Current Rate ("IRCR") and is billed as a combined fixed charge each month. The 2016 IRRR is designed to true-up the IRCR in effect for calendar year 2016 to the actual SAVE costs experienced during that time period, and the 2018 IRCR is designed to recover projected costs associated with SAVE-eligible infrastructure replacements during calendar year 2018.

In its Application, the Company seeks approval of the following: (1) the Company's 2016 IRRR credit in the amount of \$1,263,556; (2) the Company's 2018 IRCR in the amount of \$5,740,130; and (3) the filing of rate sheets implementing the 2018 IRCR and 2016 IRRR. The 2018 IRCR and the 2016 IRRR result in an IRRA total net charge to customers of \$4,476,574 for 2018. The Company requests that the 2018 IRRA be effective with the first billing unit of January 2018 through the last billing unit of December 2018. The Company's 2018 IRRA proposed monthly rates by rate schedule are as follows: Residential Sales Service / Residential Transportation Service, \$1.14; Small General Service 1 / Small General Transportation Service 1, \$1.24; Small General Service 2 / Small General Transportation Service 2, \$3.30; Small General Service 3 / Small General Transportation Service 3, \$10.17; Large General Service 1 / Transportation Service 1, \$96.59; and Large General Service 2 / Transportation Service 2, \$463.14.

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. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

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, James S. Copenhaver, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836. 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 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 October 6, 2017, interested persons may file written comments on CVA'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 6, 2017, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUR-2017-00095.

On or before October 6, 2017, interested persons desiring to participate as a respondent in this proceeding shall file a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. If not filed electronically on the Commission's website: <http://www.scc.virginia.gov/case>, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth above. The 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-2017-00095, and copies thereof simultaneously shall be served on counsel for the Company.

On or before October 6, 2017, 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 shall refer to Case No. PUR-2017-00095 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. All filings shall refer to Case No. PUR-2017-00095, and copies thereof simultaneously shall be served on counsel for the Company.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Rules of Practice and Procedure and an official copy of the Commission's Order in this proceeding may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218-2118.

COLUMBIA GAS OF VIRGINIA, INC.

(3) On or before September 29, 2017, 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 CVA 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) CVA 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 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 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>.

(5) On or before October 13, 2017, 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 6, 2017, 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 6, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUR-2017-00095.

(7) On or before October 6, 2017, 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").¹⁴ 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

¹⁴ 5 VAC 5-20-10 *et seq.*

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-2017-00095.

(8) On or before October 6, 2017, interested persons may request that the Commission convene a hearing on the Company's Application by filing an original and fifteen (15) copies of 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. PUR-2017-00095 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.

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

(10) The Staff shall investigate the Application. On or before November 3, 2017, 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 promptly shall serve a copy of the same on counsel to the Company and all respondents.

(11) On or before November 17, 2017, the Company may file with the Clerk of the Commission any responses to the Staff Report and any comments or requests for hearing filed by interested persons in this proceeding.

(12) 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. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, 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 the Staff.¹⁵ 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:

James S. Copenhaver, Esquire, Columbia Gas of Virginia, Inc., 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. 9th Street, 8th Floor, Richmond, Virginia 23219-3424. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation, Utility and Railroad Safety, and Utility Accounting and Finance.

¹⁵ The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2017-00095, in the appropriate box.