



December 31, 2018, in base rates, as permitted by the SAVE Act.<sup>4</sup> Further, the Company indicates that its proposed revenue requirement incorporates the income tax savings from the federal Tax Cut and Jobs Act of 2017 ("TCJA"), which reduced the federal corporate income tax from 35% to 21% effective January 1, 2018.<sup>5</sup> CVA asserts that its Application is in compliance with the Commission's TCJA Order dated April 25, 2018, in Case No. PUR-2018-00005.<sup>6</sup>

CVA states that the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ended December 31, 2017; the increase in the Company's rate base since its last base rate increase in 2016;<sup>7</sup> an updated capital structure and requested return on equity of 10.95%; and certain rate year adjustments that "reasonably can be predicted to occur" during the 12 months ending January 31, 2020 ("Rate Year"), as permitted by Code § 56-235.2.; as well as certain customer benefits described in the Application.<sup>8</sup>

In the Application, CVA represents that in the time since it was last authorized to increase its rates and charges in the 2016 Rate Case, the Company has made significant capital investments to improve the overall safety, reliability, and integrity of its natural gas system for the benefit of customers and to accommodate steady customer growth.<sup>9</sup> CVA states it will have invested more than \$300 million in capital expenditures on behalf of its customers from the

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

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

<sup>6</sup> See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180440173, Order (Apr. 25, 2018).

<sup>7</sup> 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, 2017 Ann. Rept. 330, Final Order (Mar. 17, 2017) ("2016 Rate Case").

<sup>8</sup> Application at 4-6.

<sup>9</sup> *Id.* at 2-3.

beginning of 2017 through the end of 2019.<sup>10</sup> The Company asserts that, of this amount, it will invest over \$110 million in modernization through its SAVE Plan and approximately \$130 million to support growth on the CVA system.<sup>11</sup>

In its Application CVA states that, in the time since the 2016 Rate Case, the Company has also continued to enhance pipeline safety and reliability through its formal integrity management program for its distribution system ("DIMP") by identifying, prioritizing, and reducing gas distribution pipeline integrity risks.<sup>12</sup> CVA indicates that, apart from DIMP initiatives, the Company conducts other operations and maintenance activities focused on further enhancing the safety of CVA's infrastructure, its employees, and the communities it serves.<sup>13</sup> CVA asserts that, during the Rate Year, it expects to continue safety-related initiatives including (i) implementation of a Pipeline Safety Management System; (ii) remediation of post-1971 shallow transmission mains and remediation of unplanned exposures on distribution mains; (iii) maintenance and repair of measurement and regulation stations; (iv) enhanced emergency response; and (v) enhanced right-of-way maintenance.<sup>14</sup>

According to the Company, the proposed rate increase would increase the average monthly bill of a typical residential customer using 5.4 dekatherms from approximately \$74.32 to approximately \$79.93, or by 7.55%.<sup>15</sup>

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<sup>10</sup> *Id.* at 3.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 4.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 4-5.

<sup>15</sup> Direct Testimony of Chad E. Notestone at Revised Attachment CEN-21 at 1.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; 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; interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

We also 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.

Pursuant to Code § 56-238, the Commission will direct the Company to provide a bond to ensure prompt refund of any excess rates or charges.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>16</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(2) CVA may place its proposed rates into effect on an interim basis, subject to refund with interest, effective for the first billing unit of February 2019.

(3) On or before December 12, 2018, CVA shall file a bond with the Commission in the amount of \$22.2 million payable to the Commission and conditioned to insure the prompt refund

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<sup>16</sup> 5 VAC 5-20-10 *et seq.*

by the Company to those entitled thereto of all amounts that the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(4) A public hearing on the Application shall be convened on April 23, 2019, 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 the testimony of public witnesses and the evidence of the Company, any respondents, and the 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.

(5) The Company shall make copies of the public version of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Vishwa B. Link, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. 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>.

(6) On or before November 7, 2018, 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 AN APPLICATION BY  
COLUMBIA GAS OF VIRGINIA, INC., FOR AUTHORITY TO  
INCREASE RATES AND TO REVISE THE TERMS AND  
CONDITIONS APPLICABLE TO GAS SERVICE  
CASE NO. PUR-2018-00131

- **Columbia Gas of Virginia, Inc. ("CVA") has applied for authority to increase rates and to revise the terms and conditions applicable to gas service.**
- **CVA requests an increase to its total revenue requirement of \$22.2 million.**
- **A Hearing Examiner appointed by the Commission will hear the case on April 23, 2019, at 10 a.m.**
- **Further information about this case is available on the State Corporation Commission's website at: <http://www.scc.virginia.gov/case>.**

On August 28, 2018, Columbia Gas of Virginia, Inc. ("CVA" or "Company") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, requesting authority to increase its rates and charges, effective for the first billing unit of February 2019, and to revise other terms and conditions applicable to gas service ("Application"). In its Application, CVA indicates that the proposed rates and charges are designed to increase the Company's non-gas base revenues by approximately \$22.2 million per year, which includes approximately \$8 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy ("SAVE") plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.* ("SAVE Act"). CVA states that it is proposing to include recovery of the costs associated with approximately \$67.5 million of net rate base

SAVE investments as of December 31, 2018, in base rates, as permitted by the SAVE Act. Further, the Company indicates that its proposed revenue requirement incorporates the income tax savings from the federal Tax Cut and Jobs Act of 2017, which reduced the federal corporate income tax from 35% to 21% effective January 1, 2018. CVA asserts that its Application is in compliance with the Commission's Order dated April 25, 2018, in Case No. PUR-2018-00005.

CVA states that the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ended December 31, 2017; the increase in the Company's rate base since its last base rate increase in 2016; an updated capital structure and requested return on equity of 10.95%; and certain rate year adjustments that "reasonably can be predicted to occur" during the 12 months ending January 31, 2020 ("Rate Year"), as permitted by Code § 56-235.2; as well as certain customer benefits described in the Application.

In the Application, CVA represents that in the time since it was last authorized to increase its rates and charges in the 2016 Rate Case, the Company has made significant capital investments to improve the overall safety, reliability, and integrity of its natural gas system for the benefit of customers and to accommodate steady customer growth. CVA states it will have invested more than \$300 million in capital expenditures on behalf of its customers from the beginning of 2017 through the end of 2019. The Company asserts that, of this amount, it will invest over \$110 million in modernization through its SAVE Plan and approximately \$130 million to support growth on the CVA system.

In its Application CVA states that, in the time since the 2016 Rate Case, the Company has also continued to enhance pipeline safety and reliability through its formal integrity management program for its distribution system ("DIMP") by identifying, prioritizing, and reducing gas distribution pipeline integrity risks. CVA indicates that, apart from DIMP initiatives, the Company conducts other operations and maintenance activities focused on further enhancing the safety of CVA's infrastructure, its employees, and the communities it serves. CVA asserts that, during the Rate Year, it expects to continue safety-related initiatives including (i) implementation of a Pipeline Safety Management System; (ii) remediation of post-1971 shallow transmission mains and remediation of unplanned exposures on distribution mains; (iii) maintenance and repair of measurement

and regulation stations; (iv) enhanced emergency response; and (v) enhanced right-of-way maintenance.

According to the Company, the proposed rate increase would increase the average monthly bill of a typical residential customer using 5.4 dekatherms from approximately \$74.32 to approximately \$79.93, or by 7.55%.

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

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on April 23, 2019, 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 contact the Commission's Bailiff.

The public version of the Company's Application, as well as the Commission's Order for Notice and Hearing, are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Vishwa B. Link, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the public version of the Application and other 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>.

On or before April 16, 2019, any interested person wishing to comment on the Company's Application shall file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before April 16, 2019, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2018-00131.

On or before January 15, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so 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 above. 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. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2018-00131.

On or before February 26, 2019, each respondent may file with the Clerk of the Commission, and serve on the Commission's 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 at the address above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2018-00131.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

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 above.

COLUMBIA GAS OF VIRGINIA, INC.

(7) On or before November 7, 2018, the Company shall serve a copy of this Order for Notice and Hearing on the following officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before December 5, 2018, the Company shall file proof of the notice and service required by Ordering Paragraphs (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 April 16, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address shown in Ordering Paragraph (8). Any interested person desiring to submit comments electronically may do so on or before April 16, 2019, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage

medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00131.

(10) On or before January 15, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so 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). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (5). 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-2018-00131.

(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 public version of the Application, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before February 26, 2019, 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 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2018-00131.

(13) The Staff shall investigate the Application. On or before March 19, 2019, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to CVA and all respondents.

(14) On or before April 9, 2019, CVA shall 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 of the testimony and exhibits 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) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(16) 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, 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.<sup>17</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.*

(17) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

T. Borden Ellis, Esquire, and Bryan D. Stogdale, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836; Vishwa B. Link, Esquire, Elaine S. Ryan, Esquire, and Sarah R. Bennett, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 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 and Utility Accounting and Finance.

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<sup>17</sup> 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-2018-00131, in the appropriate box.