

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, JANUARY 9, 2019

APPLICATION OF

VIRGINIA NATURAL GAS, INC.

For approval of an amendment to its conservation  
and ratemaking efficiency plan

SCC-CLERK'S OFFICE  
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CASE NO. PUR-2018-00194

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ORDER FOR NOTICE AND COMMENT

On December 17, 2018, 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"),<sup>1</sup> and the Commission's April 6, 2016 Final Order issued in Case No. PUE-2015-00129,<sup>2</sup> Virginia Natural Gas, Inc. ("VNG" or "Company"), by counsel, filed an application ("Application") for approval to amend and extend its current natural gas conservation and ratemaking efficiency plan ("CARE Plan").

In its Application, the Company proposes to extend the main components of the currently-approved CARE Plan and allow customers to continue to have the opportunity to participate. Additionally, VNG proposes to (1) modify the Programmable Thermostat Incentive measure to allow for differentiation between programmable and wi-fi enabled or "smart" thermostats, (2) update the items included in the do-it-yourself energy savings kit provided under

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<sup>1</sup> 20 VAC 5-201-10 *et seq.*

<sup>2</sup> *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-2015-00129, 2016 S.C.C. Ann. Rept. 325, Final Order (Apr. 6, 2016).

the Home Energy Audit Program, and (3) make changes to the Customer Education and Outreach Program.<sup>3</sup>

The Company requests approval of an average annual increase in spending in the amount of \$27,600 over the current annual budget for Program Year 3 ("PY3") of the currently-approved CARE Plan.<sup>4</sup> The Company represents that the average residential customer using 559 Ccf annually will see an average annual bill increase of \$0.10 over the current PY3 average annual charge of \$1.52.<sup>5</sup>

In its Application, the Company states that its only proposed modification to the Company's Commission-approved CARE Plan decoupling and program cost recovery mechanism, designated Rider D,<sup>6</sup> is a change in the per Ccf rate cap from \$0.07 to \$0.09 based on the rates approved in VNG's most recent base rate case, Case No. PUE-2016-00143.<sup>7</sup>

If approved by the Commission, the Company proposes to implement its amended CARE Plan effective June 1, 2019, for the three-year period ending May 31, 2022.<sup>8</sup> In its Application, the Company asserts that the amended CARE Plan will have no impact on the rate design previously adopted by the Commission.<sup>9</sup>

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<sup>3</sup> Application at 3.

<sup>4</sup> Pre-filed Direct Testimony of Tyler W. Lake at 9.

<sup>5</sup> Pre-filed Direct Testimony of James R. Kibler, Jr., at 6.

<sup>6</sup> Rider D is designed to adjust sales consistent with the CARE Act and 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).

<sup>7</sup> Application at 8; Pre-filed Direct Testimony of John M. Cogburn at 5. *See Application of Virginia Natural Gas, Inc., For a general increase in rates and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143, 2017 S.C.C. Ann. Rept. 423, Final Order (Dec. 21, 2017).

<sup>8</sup> Application at 1.

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

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. PUR-2018-00194.

(2) 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>10</sup> a Hearing Examiner is appointed to rule on any discovery matters that may arise in this proceeding.

(3) On or before February 1, 2019, 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  
CASE NO. PUR-2018-00194

On December 17, 2018, pursuant to Chapter 25 of Title 56 of the Code of Virginia, §§ 56-600 *et seq.*, the Rules Governing Utility Rate Applications and Annual Informational Filings of the State Corporation Commission ("Commission"), and the Commission's April 6, 2016 Final Order issued in Case No. PUE-2015-00129, Virginia Natural Gas, Inc. ("VNG" or "Company"),

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

by counsel, filed an application ("Application") for authority to amend and extend its current natural gas conservation and ratemaking efficiency plan ("CARE Plan").

In its Application, the Company proposes to (1) modify the Programmable Thermostat Incentive measure to allow for differentiation between programmable and wi-fi enabled or "smart" thermostats, (2) update the items included in the do-it-yourself energy savings kit provided under the Home Energy Audit Program, and (3) make changes to the Customer Education and Outreach Program.

The Company requests approval of an increase in average annual spending in the amount of \$27,600 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 559 Ccf annually will see an average annual bill increase of \$0.10 over the current PY3 average annual charge of \$1.52.

In its Application, the Company states that its only proposed modification to the Company's Commission-approved CARE Plan decoupling and program cost recovery mechanism, designated Rider D, is a change in the per Ccf rate cap from \$0.07 to \$0.09 based on the rates approved in VNG's most recent base rate case, Case No. PUE-2016-00143.

If approved by the Commission, the Company proposes to implement its amended CARE Plan effective June 1, 2019, for the three-year period ending May 31, 2022. 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, Lisa R. Crabtree, 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 15, 2019, 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. PUR-2018-00194.

On or before February 15, 2019, 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. 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-2018-00194.

On or before February 15, 2019, 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. PUR-2018-00194 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: Lisa R. Crabtree, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219.

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 Comment in this proceeding may be obtained from the Clerk of the Commission at the address above.

VIRGINIA NATURAL GAS, INC.

(4) On or before February 1, 2019, VNG shall serve a copy of this Order for Notice and Comment on the following local 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.

(5) 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, Lisa R. Crabtree, 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>.

(6) On or before February 15, 2019, 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. PUR-2018-00194.

(7) On or before February 15, 2019, 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. 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 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-2018-00194.

(8) On or before February 15, 2019, 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 (6). Requests for hearing must

refer to Case No. PUR-2018-00194 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.

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

(10) On or before February 22, 2019, VNG may file with the Clerk of the Commission any response to requests for hearing filed by interested persons in this proceeding.

(11) The Staff shall investigate the Application. On or before March 8, 2019, 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.

(12) On or before March 15, 2019, 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.

(13) On or before February 15, 2019, the Company shall provide the Commission with proof of notice and service required by Ordering Paragraphs (3) and (4).

(14) 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.

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties 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 four (4) business 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>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:

Elain S. Ryan, Esquire, and Lisa R. Crabtree, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Elizabeth B. Wade, Esquire, Southern Company Gas, Ten Peachtree Place, Atlanta, Georgia 30309; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 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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<sup>11</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-2018-00194, in the appropriate box.