

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Suburban)
Natural Gas Company for Approval of an) Case No. 22-0705-GA-RDR
Adjustment to the Infrastructure Replacement)
Program Rider.)

**APPLICATION OF SUBURBAN NATURAL GAS COMPANY
FOR APPROVAL OF AN ADJUSTMENT TO THE
INFRASTRUCTURE REPLACEMENT PROGRAM RIDER**

Pursuant to R.C. 4929.05, 4929.051(B), 4929.11, and 4909.18, and the Public Utilities Commission of Ohio's (Commission) March 19, 2008 Order in Case No. 07-689-GA-AIR¹ and September 15, 2009 Finding and Order in Case No. 09-573-GA-UNC,² Suburban Natural Gas Company (Suburban) respectfully requests approval of an adjustment to Suburban's Infrastructure Replacement Program Rider (Rider IRP), reflecting costs associated with the repair or replacement of bare steel main lines (Application). In support thereof, Suburban respectfully states:

1. Suburban is a public utility and a natural gas company as those terms are defined by Sections 4905.02 and 4905.03(E) of the Revised Code, and therefore is subject to the jurisdiction of the Commission.

2. This Application is made pursuant to R.C. 4929.05, 4929.051(B), 4929.11, and 4909.18, and Ohio Adm.Code 4901:1-19-02(C), 4901:1-19-06, and 4901:1-19-13(C), which permit a natural gas company to file an application seeking authorization to continue a previously-

¹ *In the Matter of the Application of Suburban Natural Gas Company for Authority to Increase Its Rates and Charges in Certain Areas of its Service Territory*, Case No. 07-689-GA-AIR, Opinion and Order at 8-9 (Mar. 19, 2008).

² *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Infrastructure Replacement Plan and Related Matters*, Case No. 09-573-GA-UNC, Finding and Order (Sept. 15, 2009).

approved alternative rate plan. As part of this Application, Suburban respectfully requests authority to continue its existing alternative rate plan by continuing its existing Infrastructure Replacement Program (IRP) and associated recovery mechanism (Rider IRP).

3. Ohio Adm.Code 4901:1-19-06(C)(2) requires the following information, which is attached in the following Attachments:

- A. Alternative Rate Plan Description
- B. Statement of Exempt Services
- C. Statement on Cross-Subsidization of Services
- D. Statement Regarding Compliance with R.C. 4905.35 and 4929.02
- E. List of Witnesses Sponsoring Attachments
- F. Redlined Proposed Tariff Schedules
- G. Clean Proposed Tariff Schedules

4. Suburban provides natural gas service to approximately 18,990 commercial, industrial, and residential customers in two distinct distribution systems, one located in northwest Ohio, and one located in central Ohio. The northwest Ohio system (hereinafter, CORE) serves approximately 4,185 commercial, industrial, and residential customers located in Henry, Lucas, and Wood Counties. Suburban maintains an operations and customer service center in Cygnet. Suburban's central Ohio system (hereinafter, SCOL) serves approximately 14,805 commercial, industrial, and residential customers in Delaware and Marion Counties. Its headquarters, an administrative office, and operations center are located in Lewis Center, Ohio.

5. As required by Ohio Adm.Code 4901:1-19-06(A), a Notice of Intent to file this Application for approval of an adjustment to its existing IRP and associated Rider IRP pursuant to R.C. 4929.05 and 4929.051(B), was filed and served upon the Staff of the Commission on July 14, 2022.

6. R.C. 4929.05 provides that, as part of an application filed pursuant to R.C. 4909.18 a natural gas company may request approval of an alternative rate plan. A utility may file an application either for an increase in rates or not for an increase in rates under R.C. 4909.18. R.C. 4929.051(B) states that an alternative rate plan filed under R.C. 4929.05 “and seeking authorization to continue a previously approved alternative rate plan shall be considered an application not for an increase in rates.”³

7. As part of this Application, Suburban requests that the Commission continue Suburban’s existing alternative rate plan by continuing Suburban’s existing IRP and associated Rider IRP, and to set a Rider IRP rate of \$0.26 per customer per month.

8. In Case No. 07-689-GA-AIR, the Commission authorized Suburban, among other things, to establish Rider IRP rate at \$0.00.⁴ Rider IRP was established to accelerate the replacement of aging pipelines and to timely replace prone-to-fail risers, as well as the assumption of responsibilities associated with the installation, repair, and maintenance of customer service lines.⁵

9. In Case No. 09-573-GA-UNC, the Commission approved Suburban’s IRP and established Rider IRP rates in years one through five to recover costs associated with the replacement of aging pipelines and prone-to-fail risers that were not already included base rates.⁶

³ R.C. 4929.051(B); *see also* Ohio Adm.Code 4901:1-19-13(C) (“An alternative rate plan filed by a natural gas company under section 4929.05 of the Revised Code that seeks authorization to continue a previously approved alternative rate plan shall be considered an application not for an increase in rates.”).

⁴ *In the Matter of the Application of the Suburban Natural Gas Company for Authority to Increase its Rates and Charges in Certain Areas of Its Service Territory*, Case No. 07-689-GA-AIR, Opinion and Order at 8-9 (Mar. 19, 2008).

⁵ *In the Matter of the Application of Suburban Natural Gas Co. for Approval of an Adjustment to the Infrastructure Replacement Rider*, Case No. 19-1272-GA-RDR, Finding and Order at ¶ 4 (Oct. 23, 2019).

⁶ *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Infrastructure Replacement Plan and Related Matters*, Case No. 09-573-GA-UNC, Finding and Order (Sept. 15, 2009).

10. Suburban's last proposed adjustment to Rider IRP was in Case No. 19-1272-GA-RDR, wherein Suburban proposed to reduce the Rider IRP rate to \$0.17 per customer per month and then to \$0.00 upon approval of the settlement in its rate case whereas any costs associated with capital investments already made by Suburban would be folded into and recovered through base distribution rates.⁷ The Commission approved the rate case settlement on September 26, 2019. As such, the Commission determined that since the settlement had been approved in Suburban's rate case and Suburban's IRP costs were folded into and recovered through its base distribution rates, there were no costs associated with Suburban's IRP that needed to be recovered from Rider IRP, and, thus, the Commission set the Rider IRP at \$0.00.⁸

11. Now, however, since the filing of Suburban's last rate case and the established date certain of February 28, 2019, Suburban has incurred costs associated with capital investments relating to aging pipelines, including bare steel main line repairs or replacements. From February 28, 2019 through June 30, 2022, Suburban has identified for repair or replacement and has repaired or replaced bare steel main lines at a cost of \$540,713. The total monthly revenue requirement for such work will be approximately \$59,763, including annualized depreciation and annualized property tax expense. To reflect Suburban's current financial condition and the relatively large capital expenditures associated with the IRP, Suburban proposes to recover these costs through an adjustment to Rider IRP.

12. Given that Suburban will incur additional costs associated with its IRP (including making capital investments relating to aging pipelines) that will be over and above those investments already included in base rates, recovery of these additional costs through Rider IRP is

⁷ *In the Matter of the Application of Suburban Natural Gas Co. for Approval of an Adjustment to the Infrastructure Replacement Rider*, Case No. 19-1272-GA-RDR, Application (May 31, 2019).

⁸ *Id.*, Finding and Order, ¶¶ 15-17 (Oct. 23, 2019), *citing* Rate Case, Opinion and Order (Sept. 26, 2019).

warranted. Accordingly, through this Application, Suburban requests that the Commission approve an adjustment to Suburban's Rider IRP rate from \$0.00 per customer per month to \$0.26 per customer per month.

13. Additionally, pursuant to R.C. 4929.11, Suburban requests Commission approval to defer uncollected amounts for future reconciliation, and update Suburban's Rider IRP through annual filings, including reconciliation of any deferred amounts. Similar to other utilities' IRP programs, Suburban proposes to submit these annual filings through a single, annual filing, and to waive the requirement to submit a pre-filing notice.

14. Pursuant to R.C. 4929.051(B) and Ohio Adm.Code 4901:1-19-13(C), Suburban seeks approval for the continuation of its existing alternative rate plan previously approved by the Commission. Accordingly, for the foregoing reasons, Suburban's alternative rate plan application should be considered an application not for an increase in rates for purposes of R.C. 4909.18 and Ohio Adm.Code 4901:1-19-06.

15. Pursuant to R.C. 4929.05(A)(1) and as explained in Attachment D, Suburban is in compliance with R.C. 4905.35, and is in substantial compliance with the policy of this state specified in R.C. 4929.02. Suburban will not make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage. Suburban offers its regulated services to all similarly situated consumers. Suburban does not condition or limit the availability of any regulated services or goods or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from Suburban.

16. Pursuant to R.C. 4929.05(A)(2), Suburban is expected to continue to be in substantial compliance with the policy of this state specified in R.C. 4929.02 after continuation of its previously approved IRP and Rider IRP. Suburban currently promotes the availability to consumers of adequate, reliable, and reasonably priced natural gas services and will continue to do so after continuation of its previously approved IRP and Rider IRP.

17. The approval of the alternative rate plan as described in Attachment A and as set forth in the proposed tariffs, Attachment G, is just and reasonable. As set forth above, the continuation of Suburban's IRP (and associated Rider) is just and reasonable as it will foster timely recovery of capital investments made to improve Suburban's system, allowing Suburban to continue to provide safe and reliable service to a growing number of customers.

18. Suburban submits this Application pursuant to 4905.02, 4929.05, 4929.051(B), 4929.11, and 4909.18. Attachments A through G are attached to this Application and are incorporated herein.

19. As required by Ohio Adm.Code 4901:1-19-06(B)(1), supporting testimony is being filed with the Application and Attachments. See Attachment E for the list of witnesses sponsoring the Attachments.

20. As required by Ohio Adm.Code 4901:1-19-06(B)(3), Suburban will make available at its principal business office, 2626 Lewis Center Road, Lewis Center, Ohio 43035, and on its website, a copy of its Application for public inspection. Additionally, pursuant to Ohio Adm.Code 4901:1-19-06(B)(3), the Application has been served on the Office of the Ohio Consumers' Counsel and all parties of record in Suburban's last rate case proceeding.

WHEREFORE, Suburban Natural Gas Company respectfully requests that the Commission:

- (a) Accept this Application for filing;
- (b) Find that this Application, and the information contained and incorporated herein, is an application not for an increase in rates that complies with Sections 4909.18, 4929.05, and 4929.051(B), Revised Code, and with the applicable Ohio Administrative Code provisions;
- (c) Find that the current IRP recovery mechanism is unjust, unreasonable, and insufficient to yield reasonable compensation to Suburban for the natural gas services rendered;
- (d) Find that Suburban's Application to adjust its previously approved IRP and associated Rider IRP is just and reasonable and in the public interest, and, therefore, find that a hearing on the Application is not necessary;
- (e) Find that Suburban's request to defer uncollected amounts for future reconciliation, and to update Suburban's Rider IRP through annual filings, including reconciliation of any deferred amounts, is just and reasonable;
- (f) Find that Suburban is in compliance with Section 4905.35, Revised Code, and in substantial compliance with the state policies specified in Section 4929.02, Revised Code; and that Suburban is expected to continue to be in substantial compliance with the state policies specified in Section 4929.02, Revised Code; and

(g) Approve the proposed tariff pages (Attachment G), including the proposed adjustment to Rider IRP.

Respectfully Submitted,

/s/ Kimberly W. Bojko

Kimberly W. Bojko (0069402) (Counsel of Record)

Jonathan Wygonski (0100060)

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(willing to accept service by email)

Counsel for Suburban Natural Gas Company

CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document also is being served via electronic mail on August 31, 2022 upon the parties listed below.

/s/ Kimberly W. Bojko
Kimberly W. Bojko

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ATTACHMENT A

Alternative Rate Plan Description

Pursuant to Ohio Adm.Code 4901:1-19-06(C)(2), Suburban sets forth the following facts and grounds upon which its Application for an adjustment to its IRP and associated Rider IRP is based, the proposed IRP elements, and the rationale for the proposed tariff changes for all impacted natural gas services:

I. Elements of Suburban's IRP Application

The Commission initially approved Suburban's IRP and cost recovery through Rider IRP in an Opinion and Order issued March 19, 2008, in Case No. 07-689-GA-AIR. The Commission authorized Suburban to implement its IRP and establish Rider IRP to "be maintained at a zero dollar balance until such time as Suburban develops a riser replacement plan addressing the timely replacement of risers identified as prone to fail, a proposal for the assumption of responsibility for customer service lines, and a plan for the accelerated infrastructure replacement of aging pipeline."⁹ Subsequently, the Commission approved Suburban's proposed IRP and cost recovery through Rider IRP in a Finding and Order issued September 15, 2009, in Case No. 09-573-GA-UNC.

Suburban's last proposed adjustment to Rider IRP was in Case No. 19-1272-GA-RDR.¹⁰ Suburban noted that it had completed the projects identified in the initial IRP. In that case, the Commission ultimately determined the application was moot due to the approved increase to Suburban's base distribution rates, which folded the IRP expenditures into base distribution rates, and set Rider IRP to \$0.00.¹¹

⁹ *In the Application of Suburban Natural Gas Company for Authority to Increase its Rates and Charges in Certain Areas of its Service Territory*, Case No. 07-689-GA-AIR, Opinion and Order at 8-9 (Mar. 19, 2008).

¹⁰ *In the Matter of the Application of Suburban Natural Gas Co. for Approval of an Adjustment to the Infrastructure Replacement Rider*, Case No. 19-1272-GA-RDR, Application (May 31, 2019).

¹¹ *Id.*, Finding and Order, ¶¶ 15-17 (Oct. 23, 2019), *citing* Rate Case, Opinion and Order (Sept. 26, 2019).

Suburban proposes continuing its existing IRP and to adjust Rider IRP to repair or replace bare steel main lines and to recover costs associated with those repairs and replacements that have occurred since February 28, 2019, the date certain in Suburban's last rate case. Suburban is seeking to recover the costs through its previously approved recovery mechanism, in a manner similar to that of a typical recovery methodology, which is consistent with other utility companies' IRP recovery mechanisms. Suburban is proposing to recover its bare steel main line repair or replacement costs, as well as a return on and a return of that rate base investment. Suburban is not, however, proposing to seek an accelerated recovery methodology as was approved in Suburban's previous IRP filings. Suburban is also not seeking to recover any notification or education costs.

From February 28, 2019 through June 30, 2022, Suburban identified for repair or replacement and repaired or replaced \$540,713 in bare steel main lines. The total monthly revenue requirement for such work will be approximately \$59,763, including annualized depreciation and annualized property tax expense.

As part of its Application, Suburban proposes that its existing IRP, as well as a fixed, monthly customer charge to fund the IRP, be adjusted and continued pursuant to the terms provided above. Under the proposal, the Rider IRP will be set to a new rate of \$0.26, subject to future adjustments in subsequent annual filings. By continuing its existing IRP to target additional infrastructure repair or replacement, Suburban will be able to more proactively update infrastructure in order to continue to meet its obligation to provide safe and reliable service to its customers, while avoiding the fixed costs and regulatory lag associated with frequently filing base distribution rate cases.

II. Facts and Grounds Supporting the Plan

This Application to adjust its IRP and associated Rider IRP will allow Suburban to make necessary bare steel main line repairs or replacements. Suburban's proposed adjustment to its previously approved IRP will not adjust the base distribution rates paid by customers pursuant to Suburban's most recent rate case. Suburban will work with Commission Staff to ensure only prudently-incurred costs are passed on to customers through Rider IRP in subsequent rider updates.

ATTACHMENT B

Statement of Suburban Regarding Exempt Services

Pursuant to Ohio Adm.Code 4901:1-19-06(C)(2)(b) Suburban states that it has not been authorized to exempt any service under R.C. 4929.04.

ATTACHMENT C

Statement of Suburban Regarding Cross-Subsidization of Services

Pursuant to Ohio Adm.Code 4901:1-19-06(C)(2)(c), Suburban states that it does not expect any cross-subsidization of services to occur under its IRP.

ATTACHMENT D

**Statement of Suburban Regarding Compliance with
Sections 4905.35 and 4929.02, Revised Code**

Pursuant to Ohio Adm.Code 4901:1-19-06(C)(2)(d), Suburban states that its Application to adjust its IRP complies with R.C. 4905.35, and substantially complies, and is expected to continue to substantially comply, with the policies of this state specified in R.C. 4929.02, after implementation of the IRP. Additionally, Suburban states that the adjustment to the IRP proposed in its Application is just and reasonable.

R.C. 4905.35 prohibits a natural gas company that is a public utility from making or giving any undue or unreasonable preference or advantage to anyone or subjecting anyone to undue or unreasonable prejudice or disadvantage; requires a utility to offer regulated services or goods to all similarly situated consumers, including those with which it is affiliated or controls, under comparable terms and conditions; mandates the unbundling of services where such services include both regulated and unregulated services or goods; and prohibits a utility from conditioning or limiting the availability or condition of services or goods on the basis of the identity of the supplier of any other services or goods or on the purchase of unregulated services or goods. Suburban's public utility services and goods are available on a comparable and non-discriminatory basis. Suburban also offers its regulated services and goods to all similarly-situated consumers, including any persons with which it is affiliated or which it controls, under comparable terms and conditions. Consistent with the obligation to make its service offerings on a comparable and non-discriminatory basis, Suburban has applied these principles in developing its service offerings, the terms and conditions upon which it provides public utility service, and its rates. Such services, terms and conditions, and rates have been reviewed and approved by the Commission and are currently incorporated in Suburban's tariff. Finally, Suburban does not condition or limit the

availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from Suburban.

R.C. 4929.02 establishes the state policy regarding the provisions of natural gas service and goods. Among other things, this policy promotes the availability of adequate, reliable, and reasonably priced services and goods; and promotes an alignment of natural gas company interests with consumer interest in energy efficiency and energy conservation.

Suburban currently works to promote, encourage, recognize, facilitate, and ensure that the applicable policies and goals in R.C. 4929.02 are met. Suburban makes adequate, reliable, and reasonably priced natural gas services and goods available to consumers and will continue to do so after continuation of its existing IRP and Rider IRP. For all of the above reasons, Suburban's application to adjust its IRP is just and reasonable.

ATTACHMENT E

Suburban List of Witnesses

Pursuant to Ohio Adm.Code 4901:1-19-06(C)(2)(e), Suburban states that its Application to adjust its IRP and associated Rider IRP is supported by the Direct Testimony of Suburban's President and Chief Operating Officer, D. Joseph Pemberton, and the Direct Testimony of Suburban's Chief Financial Officer, Nichole M. Clement, CPA, and supporting Schedules.

ATTACHMENT F

P.U.C.O. NO. 4
(Cancels P.U.C.O. No. 3)
Tariff for Natural Gas Service

**RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF
NATURAL GAS**

Infrastructure Replacement Program Rider

Applicability:

Applicable to Customers served under all rate schedules.

Description:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with ~~Suburban's Customer notification and education and~~ the repair or replacement of bare steel main ~~service~~ lines as specified in the Company's IRP Plan filed with the PUCO. This Rider shall be calculated annually pursuant to a notice filed no later than ~~May~~ August 31 of each year based on ~~nine~~ twelve months of actual data ~~and three months of estimated data~~ for the reporting year. ~~The filing shall be updated no later than August 31 of the same year to reflect the use of actual reporting year data.~~ Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

This Rider is subject to reconciliation or adjustment, including but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to the twelve-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission in the docket those rates were approved or the Supreme Court of Ohio.

Rate:

\$0.26~~00~~ per Month

Issued: ~~09/27/2019~~ XX/XX/2022

Effective: XX/XX/2022 ~~09/30/2019~~

In accordance with the Public Utilities Commission of Ohio Opinion and Order
and subsequent authority

Order Dated: XX/XX/2022 ~~09/26/2019~~

Case Nos. ~~48-1205-GA-AIR, et al.~~ 22-0705-GA-RDR

Issued by ~~Andrew J. Sonderman~~ D. Joseph Pemberton, President and Chief Operating Officer

ATTACHMENT G

P.U.C.O. NO. 4
(Cancels P.U.C.O. No. 3)
Tariff for Natural Gas Service

**RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF
NATURAL GAS**

Infrastructure Replacement Program Rider

Applicability:

Applicable to Customers served under all rate schedules.

Description:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with the repair or replacement of bare steel main lines as specified in the Company's IRP Plan filed with the PUCO. This Rider shall be calculated annually pursuant to a notice filed no later than August 31 of each year based on twelve months of actual data for the reporting year. Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

This Rider is subject to reconciliation or adjustment, including but not limited to, increases or refunds. Such reconciliation or adjustment shall be limited to the twelve-month period of expenditures upon which the rates were calculated, if determined to be unlawful, unreasonable, or imprudent by the Commission in the docket those rates were approved or the Supreme Court of Ohio.

Rate:

\$0.26 per Month

Issued: XX/XX/2022

Effective: XX/XX/2022

In accordance with the Public Utilities Commission of Ohio Opinion and Order
and subsequent authority

Order Dated: XX/XX/2022

Case No. 22-0705-GA-RDR

Issued by D. Joseph Pemberton, President and Chief Operating Officer