

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, AUGUST 25, 2020

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APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUR-2020-00149

For approval to amend a System Expansion Plan  
pursuant to Chapter 28 of Title 56 of the  
Code of Virginia

ORDER FOR NOTICE AND COMMENT

On August 5, 2020, Columbia Gas of Virginia, Inc. ("CVA" or the "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-610 *et seq.* of the Code of Virginia ("Code"), an application ("Application to Amend") to amend the Company's System Expansion Plan (or "Plan") approved by the Commission in February 2016.<sup>1</sup> The Plan is a natural gas infrastructure expansion plan designed to deliver natural gas service to customers located in unserved areas within the Company's service territory by providing an alternative method of collecting the uneconomic portion of the investment related to infrastructure expansion projects ("eligible expansion investment" or "EEI").<sup>2</sup> The Company states that, since approval, 71 projects contributing EEI to the Plan have been placed under contract and are serving or will serve new customers, thus providing a positive benefit to the overall system and expanding natural gas infrastructure to unserved areas.<sup>3</sup> According to the Company, while the estimated EEI for these projects in the Plan falls within the maximum level of investment

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<sup>1</sup> *Application of Columbia Gas of Virginia, Inc., For approval of a System Expansion Plan pursuant to Chapter 28 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00056, 2016 S.C.C. Ann. Rept. 239, Order Approving System Expansion Plan (Feb. 19, 2016).

<sup>2</sup> Application to Amend at 1.

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

authorized by the Commission, the actual costs for the projects, and thus the actual EEI for the projects, are expected to be higher than the estimates.<sup>4</sup> The Company seeks to amend its Plan as needed to complete the 71 existing projects contributing EEI to the Plan and to recover the related costs from the beneficiaries of these investments ("Affected Customers").<sup>5</sup>

In its Application to Amend, the Company states that it provides natural gas service to over 270,000 customers in Central and Southern Virginia, the Piedmont region, and most of the Shenandoah Valley, as well as portions of Northern and Western Virginia and the Hampton Roads region.<sup>6</sup> The Company further states that, in Case No. PUE-2015-00056, the Commission approved a maximum level of investment of approximately \$3.57 million with the ability to exceed this amount by no more than 10% over the Plan's five-year investment period and established a fixed monthly rider (the "MAIN Rider") at \$6.63 per month to recover the eligible system expansion infrastructure costs ("Plan Cost of Service") associated with the EEI.<sup>7</sup>

According to the Company, the 71 projects contributing EEI to the Plan that have been placed under contract resulted in a total of approximately \$3.81 million in estimated EEI based on the economic analysis completed at the time each project was placed under contract.<sup>8</sup> While the estimated EEI for these projects in the Plan falls within the authorized maximum level of investment (*i.e.*, \$3.57 million plus 10%), the actual costs for the projects, and thus the actual EEI for the projects, are expected to be higher than the estimates.<sup>9</sup> CVA is requesting the

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

<sup>5</sup> *Id.* at 1-2.

<sup>6</sup> *Id.* at 2.

<sup>7</sup> *Id.* at 3.

<sup>8</sup> *Id.* at 4.

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

approvals necessary to complete the 71 existing projects contributing EEI to the System Expansion Plan and recover the associated costs from Affected Customers.<sup>10</sup> Specifically, the Company is requesting:

- (1) An increase in the maximum level of investment under the Plan from \$3.57 million plus 10% to \$5.1 million;
- (2) An increase in estimated Plan Cost of Service from \$8,476,655 to \$9,503,506;
- (3) An increase in the MAIN Rider from \$6.63 to \$8.63 effective January 1, 2021, and \$10.63 effective January 1, 2022; and
- (4) A decrease in projected Affected Customers from 5,319 to 3,301.<sup>11</sup>

CVA states that the Company will not add any new projects to the Plan that would result in EEI being added to the Plan.

The Company is requesting a modified maximum level of investment of \$5.1 million, which is the projected maximum level of necessary investment to complete the 71 projects contributing EEI to the System Expansion Plan; CVA calculated this amount based on the projects contributing EEI to the Plan that are near completion.<sup>12</sup> According to CVA, as of May 31, 2020, MAIN Rider revenues have been less than Plan costs by \$176,606 and, based on actual costs incurred to date, the \$6.63 MAIN Rider is not sufficient to recover eligible system expansion infrastructure costs.<sup>13</sup> The Company calculates the revised estimated Plan Cost of

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

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

<sup>12</sup> *Id.* at 5; Direct Testimony of Jeffery T. Gore at 4.

<sup>13</sup> Application at 5; Direct Testimony of Jeffery T. Gore at 5.

Service as \$9,503,506.<sup>14</sup> Accordingly, CVA proposes to increase the MAIN Rider gradually over the next two years for the Affected Customers to \$8.63 effective January 1, 2021, and \$10.63 effective January 1, 2022, and proposes a two-step increase based on the gradualism rate principle.<sup>15</sup> The Company states that the proposed two-step increase is needed to begin to align revenues and expenses associated with the System Expansion Plan.<sup>16</sup> CVA states that it will continue to make annual update filings to substantiate the need for the second annual increase.<sup>17</sup>

NOW THE COMMISSION, upon consideration of CVA's Application to Amend, is of the opinion and finds that this matter should be docketed; that the Company should provide public notice of its Application to Amend; that any interested persons should be afforded an opportunity to file comments or request a hearing on the Company's Application to Amend; and that the Staff should investigate the Application to Amend and file a report containing the Staff's findings and recommendations.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels.<sup>18</sup> The Commission has taken certain actions, and may take

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<sup>14</sup> Application at 5.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay at Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam. These and subsequent Executive Orders related to COVID-19 may be found at: <https://www.governor.virginia.gov/executive-actions/>.

additional actions going forward, that could impact the procedures in this proceeding.<sup>19</sup>

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

For clarification, we note that the proposed MAIN Rider, if approved, would result in an increase to the bills of Affected Customers. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We have responded to this economic emergency by, among other actions, temporarily suspending customer service disconnections for customers of Virginia utilities during the pandemic emergency. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record. That is what we will do in this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The matter is docketed as Case No. PUR-2020-00149.
- (2) All pleadings, briefs, or other documents required to be served in this matter shall

be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and*

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<sup>19</sup> See, e.g., *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case Nos. CLK-2020-00004 and CLK-2020-00005, Doc. Con. Cen. No. 200520101, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

*format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").<sup>20</sup>

Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.<sup>21</sup>

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) 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, a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding.

(5) On or before September 9, 2020, 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:

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

<sup>21</sup> As noted in the Commission's Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency.

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
COLUMBIA GAS OF VIRGINIA, INC.  
FOR APPROVAL TO AMEND A SYSTEM EXPANSION PLAN  
PURSUANT TO CHAPTER 28 OF TITLE 56  
OF THE CODE OF VIRGINIA  
CASE NO. PUR-2020-00149

On August 5, 2020, Columbia Gas of Virginia, Inc. ("CVA" or the "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-610 *et seq.* of the Code of Virginia ("Code"), an application ("Application to Amend") to amend its System Expansion Plan (or "Plan") approved by the Commission in February 2016.

CVA provides natural gas service to over 270,000 customers in Central and Southern Virginia, the Piedmont region, and most of the Shenandoah Valley, as well as portions of Northern and Western Virginia and the Hampton Roads region. The Plan is an infrastructure expansion plan designed to deliver natural gas service to customers in unserved areas within the Company's service territory by providing an alternative method of collecting the uneconomic portion of the investment related to infrastructure expansion projects ("eligible expansion investment" or "EEI"). The Company seeks to amend its Plan as needed to complete 71 existing projects contributing EEI to the Plan and to recover the related costs from the beneficiaries of these investments ("Affected Customers").

In its Application to Amend, CVA explains that, in Case No. PUE-2015-00056, the Commission approved a maximum level of Plan investment of approximately \$3.57 million with the ability to exceed this amount by no more than 10% over the Plan's five-year investment period and established a fixed monthly rider (the "MAIN Rider") at \$6.63 per month to recover the eligible system expansion infrastructure costs ("Plan Cost of Service") associated with the EEI. CVA states that 71 projects contributing EEI to the Plan that have been placed under contract resulted in a total of approximately \$3.81 million in estimated EEI based on the economic analysis completed at the time each project was placed under contract. While the estimated EEI for these projects in the Plan falls within the authorized maximum level of investment, the actual costs for the projects, and thus the actual EEI for the projects, are expected to be higher than the estimates. CVA is requesting the approvals necessary to complete the 71 existing projects contributing EEI to the System Expansion Plan and recover the associated costs from Affected Customers.

Specifically, the Company is requesting:

- (1) An increase in the maximum level of investment under the Plan from \$3.57 million plus 10% to \$5.1 million;
- (2) An increase in estimated Plan Cost of Service from \$8,476,655 to \$9,503,506;
- (3) A two-step increase in the MAIN Rider from \$6.63 to \$8.63 effective January 1, 2021, and to \$10.63 effective January 1, 2022;
- (4) A decrease in projected Affected Customers from 5,319 to 3,301.

The Company is requesting a modified maximum level of investment of \$5.1 million to complete the 71 projects contributing EEI to the System Expansion Plan. CVA calculated this amount based on the projects contributing EEI to the Plan that are near completion. According to CVA, as of May 31, 2020, MAIN Rider revenues have been less than Plan costs, and the \$6.63 MAIN Rider is not sufficient to recover eligible system expansion infrastructure costs. Accordingly, CVA proposes to increase the MAIN Rider gradually over the next two years for the Affected Customers.

The details of these and other proposals are set forth in the Company's Application to Amend. Interested persons are encouraged to review the Company's Application to Amend and supporting 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 or request a hearing on the Company's Application to Amend.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the



duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Comment for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the Application to Amend may be viewed on the Commission's website or obtained, at no charge, by submitting a written request to counsel for the Company: T. Borden Ellis, Esquire, and Bryan D. Stogdale, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836, or [tbellis@nisource.com](mailto:tbellis@nisource.com) and [bstogdale@nisource.com](mailto:bstogdale@nisource.com).

On or before October 6, 2020, any interested person wishing to comment on the Company's Application to Amend may file written comments with the Clerk of the Commission by following the instructions on the Commission's website: <https://scc.virginia.gov/casecomments/Submit-Public-Comments>. All such comments shall refer to Case No. PUR-2020-00149.

Any person or entity may participate as a respondent in this proceeding by filing, on or before October 6, 2020, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a notice of participation in accordance with the Commission's Rules of Practice. Such notice of participation shall include the email addresses of such parties or their counsel. Pursuant to Rule 5 VAC 5-20-80, *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 shall 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-2020-00149. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

On or before October 6, 2020, any interested person or entity may file, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a request that the Commission convene a hearing on the Application to Amend. Requests for a hearing shall refer to Case No. PUR-2020-00149 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.

A copy of any notices of participation and requests for hearing simultaneously shall be sent to counsel for the Company electronically at the email address set forth above.

The Commission's Application to Amend, the Order for Notice and Comment, and the Commission's Rules of Practice may be viewed at the Commission's website: <https://scc.virginia.gov/pages/Case-Information>.

COLUMBIA GAS OF VIRGINIA, INC.

(6) On or before September 9, 2020, CVA shall serve a copy of its Application to Amend and 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 CVA 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 or town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(7) On or before September 16, 2020, CVA shall file proof of the notice and service required by Ordering Paragraph (5) and (6) with the Clerk of the Commission.

(8) On or before October 6, 2020, any interested person or entity may file written comments on CVA's Application to Amend with the Clerk of the Commission by following the

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instructions on the Commission's website: <https://scc.virginia.gov/casecomments/Submit-Public-Comments>. All comments shall refer to Case No. PUR-2020-00149.

(9) On or before October 6, 2020, any interested person may participate as a respondent in this proceeding by filing, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a notice of participation in accordance with the Commission's Rules of Practice. Such notice of participation shall include the email addresses of such parties or their counsel. 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-2020-00149.

(10) On or before October 6, 2020, any interested person or entity may file, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a request that the Commission convene a hearing on the Company's Application to Amend. Requests for hearing must 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 such filings shall refer to Case No. PUR-2020-00149.

(11) A copy of any requests for hearing and notices of participation simultaneously shall be sent to counsel for the Company, T. Borden Ellis, Esquire, and Bryan D. Stogdale, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836, or [tbellis@nsource.com](mailto:tbellis@nsource.com) and [bstogdale@nsource.com](mailto:bstogdale@nsource.com).

(12) On or before October 13, 2020, CVA may file with the Clerk of the Commission a response to any requests for hearing and any comments filed by interested persons in this proceeding.

(13) The Staff shall investigate the Application to Amend. On or before October 20, 2020, the Staff shall file with the Clerk of the Commission a Staff Report containing its findings and recommendations and promptly shall serve a copy of the Staff Report on counsel to the Company and all respondents.

(14) On or before November 3, 2020, CVA may file with the Clerk of the Commission any response in rebuttal to the Staff Report.

(15) All documents filed in paper form 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 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 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>22</sup> Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

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<sup>22</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2020-00149, in the appropriate box.

(17) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to:

T. Borden Ellis, Esquire, and Bryan D. Stogdale, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836, [tbellis@nsource.com](mailto:tbellis@nsource.com), [bstogdale@nsource.com](mailto:bstogdale@nsource.com); Vishwa B. Link, Esquire, and Sarah R. Bennett, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [vlink@mcguirewoods.com](mailto:vlink@mcguirewoods.com), [sbennett@mcguirewoods.com](mailto:sbennett@mcguirewoods.com); 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, [MBrowder@oag.state.va.us](mailto:MBrowder@oag.state.va.us); and the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.