

IURC
PETITIONER'S

OFFICIAL
EXHIBITS

FILED
October 30, 2020
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SYCAMORE GAS)
COMPANY FOR (1) AN ADJUSTMENT TO ITS)
GAS SERVICE RATES THROUGH A FEDERALLY)
MANDATED COST ADJUSTMENT FACTOR, (2))
AUTHORITY TO DEFER 20% OF ITS)
FEDERALLY MANDATED COMPLIANCE PLAN)
COSTS ALONG WITH AN EXCESS VARIANCE)
FOR ONE PROJECT, (3) APPROVAL OF)
MODIFICATIONS TO ITS FEDERALLY)
MANDATED COMPLIANCE PLAN, AND (4))
APPROVAL OF ITS FOURTH PROGRESS)
REPORT RELATED TO ITS FEDERALLY)
MANDATED COMPLIANCE PLAN, ALL)
PURSUANT TO IND. CODE CH. 8-1-8.4 AND THIS)
COMMISSION'S ORDER IN CAUSE NO. 45131)

IURC
PETITIONER'S
EXHIBIT NO. 3
DATE 1-13-21
REPORTER AET

CAUSE NO. 45131 FMCA-4

VERIFIED PETITION

Sycamore Gas Company ("SGC" or "Petitioner") petitions the Indiana Utility Regulatory Commission ("Commission") for (1) an adjustment to its gas service rates through its Federally Mandated Cost Adjustment Factor ("FMCA") to recover 80% of the costs incurred in connection with its federally mandated Pipeline Safety Compliance Plan ("Compliance Plan") approved in the Commission's April 24, 2019 Order in Cause No. 45131 (the "FMCA Order"); (2) authority to defer 20% of the federally mandated costs incurred in connection with the Compliance Plan for recovery in SGC's next general rate case pursuant to Ind. Code § 8-1-8.4-7 and the FMCA Order; (3) approval of modifications to the Compliance Plan, including an updated estimate to one project; and (4) approval of SGC's Fourth Progress Report, submitted pursuant to the ongoing review process approved in the FMCA Order.

Identity of Petitioner

SGC is a public gas utility corporation organized and existing under the laws of the State of Indiana and has its principal office at 370 Industrial Drive, Suite 200, Lawrenceburg, Indiana

47025. It is engaged in rendering natural gas utility service in southeastern Indiana and owns, operates, manages and controls, among other things, plant and equipment within the State of Indiana used for the transportation, delivery, and furnishing of natural gas utility services to the public. SGC is subject to the jurisdiction of the Commission as provided by the Public Service Commission Act, as amended, Ind. Code ch. 8-1-2.

SGC also qualifies as an “energy utility” as defined in Ind. Code § 8-1-2.5-2 and, as such, also qualifies as an “energy utility” as defined in Ind. Code § 8-1-8.4-3.

Description of Relief Sought

FMCA Tracker Factors

In its FMCA Order, the Commission authorized SGC “to defer (until captured within the FMCA tracker) and recover 80% of its actual costs incurred in connection with the Compliance Plan through an FMCA tracker ... including capital, O&M, depreciation, taxes, financing, and AFUDC based on the current overall WACC.” FMCA Order, p. 15. The referenced FMCA tracker is to be established and adjusted through semi-annual FMCA tracker filings in May and November of each year. This Petition is SGC’s fourth such semi-annual FMCA tracker filing.

In this proceeding, SGC is requesting Commission approval of FMCA factors to effectuate the timely recovery of 80% of federally mandated costs incurred in connection with the Compliance Plan to be applicable and made effective for bills rendered by SGC for the billing months of February 2021 through July 2021. Upon becoming effective, the FMCA factors shall remain in effect for approximately six (6) months or until replaced by different factors approved in a subsequent filing.

The proposed FMCA factors are based on actual capital costs related to the Compliance Plan incurred and recorded as of September 30, 2020, and projected federally mandated

depreciation, O&M, and property tax expenses for the period February 1, 2021 through July 31, 2021. SGC's evidence will show that, as of September 30, 2020, it has incurred costs totaling \$3,252,277 on 16 of the 34 Compliance Projects approved by the Commission in the FMCA Order, FMCA-1 Order, FMCA-2 Order, and FMCA-3 Order. Expenditures related to three of these projects – Projects Nos. 16, 23 and 29 – are newly initiated projects included in FMCA-4 as these projects were initiated after March 31, 2020. Sycamore will be including additional expenditures related to seven of these projects – Project Nos. 2, 7, 11, 17, 19, 21 and 30 – which were first included in previous FMCA tracker filings and continuing through September 30, 2020. Finally, six of these projects – Nos. 9, 10, 12, 15, 22, and 34 – were fully completed prior to March 31, 2020, so only the net depreciated value will be included in FMCA-4. SGC is requesting inclusion of \$3,144,444 in FMCA Tracker filings, \$3,131,276 of which consists of capital costs. In this FMCA-4, covering the period of April 1, 2020 through September 30, 2020, SGC is seeking to recover through its revised FMCA tracker \$765,370, consisting of \$754,186 in capital costs, and an additional \$11,184 in O&M costs.

This filing also includes a reconciliation of projected expenses to actual expenses incurred related to the Compliance Plan for the period October 1, 2019 through July 31, 2020 (FMCA-2) and a reconciliation of projected revenues to actual revenues incurred related to the Compliance Plan for the period February 1, 2020 through July 31, 2020 (FMCA-2). SGC's total revenue requirement to be recovered during the billing months of February 2021 through July 2021 is set forth on Exhibit 2, Attachment A, Schedule 8.

SGC also requests approval to defer 20% of the federally mandated costs incurred in connection with the Compliance Plan, plus ongoing carrying charges on these deferred federally mandated costs, for recovery in SGC's next general rate case. SGC's deferred revenue requirement

as of this fourth semi-annual FMCA tracker filing is set forth on Exhibit 2, Attachment A, Schedule 9.

Pursuant to the ongoing review process approved in the FMCA Order, SGC hereby submits and requests approval of its Fourth Progress Report on the status of the Compliance Plan, set forth in Attachment JTS-1 to Exhibit 1, the testimony of SGC witness Stenger. SGC is requesting approval of modifications to the Compliance Plan, including an updated estimate to one project, as described and supported by SGC witness Stenger.

Finally, SGC requests authority to increase its authorized net operating income for Gas Cost Adjustment Clause earnings test purposes, to reflect Compliance Plan earnings; and SGC requests confidential treatment for certain confidential and proprietary information submitted in this Cause.

Procedural Matters

SGC's books and records supporting its calculations and assertions in this semi-annual FMCA tracker filing are available for inspection and review by the Indiana Office of Utility Consumer Counselor ("OUCC") and this Commission.

A clean and redlined version of SGC's proposed FMCA Rider and Appendix E reflecting the FMCA factors requested to become effective for bills rendered by SGC during the months of February 2021 through July 2021 are attached as Attachment C to Exhibit 2, the testimony of SGC witness Ream.

Petitioner requests approval of the following agreed procedural schedule:

- (a) SGC will file its Case-in-Chief by October 30, 2020;
- (b) The OUCC and any Intervenors will file their respective Cases-in-Chief by December 18, 2020;

(c) SGC will file its rebuttal testimony (if any) by December 23, 2020; and

(d) Discovery should be conducted on an informal basis, with responses or objections due within ten (10) calendar days until the OUCC / Intervenor filing date, after which date responses or objections will be due within five (5) calendar days. Discovery requests received after 5:00 p.m. EDT on Monday through Thursday or after 12:00 p.m. EDT on Fridays or the day before a state holiday shall be deemed received the next business day. All discovery requests and responses shall be served on all parties of record.

It is contemplated that the approved FMCA factors will be applied to bills rendered by Petitioner for the billing months of February 2021 through July 2021. To accommodate this billing date, SGC requests that an evidentiary hearing be held on or before January 11, 2021 and SGC requests that the Commission issue an order approving modified FMCA tracker factors for SGC no later than January 27, 2021.

Applicable Law

Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-1-8, 8-1-2-4, 8-1-2-19, 8-1-2-29, 8-1-2-38, 8-1-2-39, 8-1-2-42(a), Ind. Code Ch. 5-14-3 and 8-1-8.4 to be applicable to the subject matter of this Petition.

Petitioner's Counsel

The names and addresses of persons authorized to accept service of papers in this proceeding are:

Counsel of Record:

Mark R. Alson
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Email: mark.alson@icemiller.com
(317) 236-2263 Office
(317) 592-4698 Fax

With a copy to:

John T. Stenger
Sycamore Gas Company
370 Industrial Drive, Suite 200
Lawrenceburg, IN 47025
Email: jstenger@sycamoregas.com

WHEREFORE, Sycamore Gas Company respectfully requests that the Commission promptly publish notice, make such other investigation and hold such hearings as are necessary or advisable, and thereafter make and enter an order on or before January 27, 2021 in this Cause:

a) Authorizing and approving the FMCA factors set forth in Attachment C to the testimony of SGC witness Ream accompanying this Petition, to become effective for bills rendered by SGC during the billing months of February 2021 through July 2021 or until replaced by different factors approved in a subsequent filing;

b) Approving Petitioner's Appendix E of its IURC tariff for gas service, as set forth in Attachment C to the testimony of SGC witness Ream accompanying this Petition, which contains the FMCA factors to become effective for bills rendered by SGC during the billing months of February 2021 through July 2021;

c) Authorizing Petitioner to defer 20% of the federally mandated costs for recovery in SGC's next general rate case pursuant to Ind. Code § 8-1-8.4-7 and the Commission's Order in Cause No. 45131;

d) Approving the Fourth Progress Report on the status of the Compliance Plan set forth in Attachment JTS-1 to the testimony of SGC witness Stenger accompanying this Petition, including approval of an updated estimate to one project included in the Compliance Plan;

e) Authorizing Petitioner to increase its authorized net operating income for Gas Cost Adjustment Clause earnings test purposes, to reflect Compliance Plan earnings;

f) Granting confidential treatment for certain confidential and proprietary information submitted in this Cause; and

g) Making such other and further findings and orders as the Commission may deem appropriate and proper.

Respectfully submitted,

SYCAMORE GAS COMPANY

A handwritten signature in dark ink, appearing to read "Mark R. Alson", is written over a horizontal line.

Mark R. Alson, Atty. No. 27724-64
Attorney for Petitioner

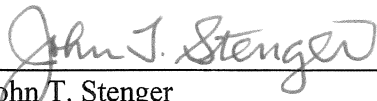
Dated this 30th day of October, 2020

Mark R. Alson
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Email: mark.alson@icemiller.com
(317) 236-2263 Office
(317) 592-4698 Fax

VERIFICATION

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated: October 29, 2020



John T. Stenger

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served on October 30, 2020 by email transmission to the following counsel at the Indiana Office of Utility Consumer Counselor:

T. Jason Haas, Deputy Consumer Counselor
Indiana Office of Utility Consumer Counselor
PNC Center
115 W. Washington Street, Suite 1500S
Indianapolis, IN 46204
THass@oucc.IN.gov
infomgt@oucc.IN.gov



Mark R. Alson
Attorney for Petitioner

Mark R. Alson
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Email: mark.alson@icemiller.com
(317) 236-2263 Office
(317) 592-4698 Fax