

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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PUCO

In the Matter of the Application of Vectren :
Energy Delivery of Ohio, Inc. for Approval, :
Pursuant to Revised Code Section 4929.11 of a :
Tariff to Recover Conservation Expenses and : Case No. 05-1444-GA-UNC
Decoupling Revenues pursuant to Automatic :
Adjustment Mechanisms and for Such accounting :
Authority as May be Required to Defer Such :
Expenses and Revenues for Future Recovery :
Through Such Adjustment Mechanisms. :

**SUPPLEMENTAL TESTIMONY
OF
STEPHEN E. PUICAN
ENERGY & WATER DIVISION
UTILITIES DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO**

STAFF EXHIBIT _____

Submitted March 14, 2007

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1 1. Q. Would you please state your name and business address?

2 A. My name is Stephen E. Puican. My business address is 180 East Broad Street,
3 Columbus, Ohio.

4
5 2. Q. Are you the same Stephen E. Puican that previously submitted testimony in this pro-
6 ceeding on behalf of the Staff of the Public Utilities Commission of Ohio (PUCO)?

7 A. Yes, I am.
8

9 3. Q. What is the purpose of your supplemental testimony?

10 A. My supplemental testimony is to support the Amended Stipulation and Recommenda-
11 tion filed on January 12, 2007 (Amended Stipulation). This Stipulation was filed
12 jointly by Vectren Energy Delivery of Ohio (VEDO), Ohio Partners for Affordable
13 Energy (OPAE) and the PUCO Staff.
14

15 4. Q. Would you briefly outline the major provisions of that Stipulation?

16 A. The Amended Stipulation requested establishment of a Sales Reconciliation Rider
17 (SRR) which would allow VEDO to recover the difference between its weather-nor-
18 malized actual base revenues and the base revenues approved in its most recent rate
19 case, as adjusted for customer additions. The Amended Stipulation also provided for
20 the implementation of a two-year conservation program limited to low-income resi-
21 dents. This program would be funded by a \$2 million contribution by VEDO. Both
22 the SRR and the low-income program would be in effect for two years and could not
23 be extended without a subsequent Commission approval.

1 5. Q. You previously filed testimony in this proceeding opposing implementation of a sales
2 reconciliation mechanism. Why is Staff now supporting the SRR?

3 A. The sales reconciliation mechanism, as initially proposed by VEDO, was as a part of
4 a “decoupling” package that also included a Conservation Funding Component which
5 would allow VEDO to recover the costs of its conservation program from ratepayers.
6 As I stated in my direct testimony: “...customer funded DSM does not, on its own
7 merits, provide sufficient customers benefits to justify the Sales Reconciliation
8 charge. Should the Commission see fit to approve a Sales Reconciliation rider it
9 should not be in conjunction with the additional Conservation Funding Component.
10 Rather, the Company should be required to finance the DSM rebate program dis-
11 cussed above without any additional cost to customers.” The Amended Stipulation is
12 consistent with this viewpoint in that it eliminates any customer funding of DSM. The
13 program as designed in the Amended Stipulation also provides that the \$2 million be
14 spent on conservation programs specifically targeted to low-income customers. In
15 that way the money is going to that group of customers most likely to need assistance
16 in financing conservation measures.

17
18 6. Q. Are you familiar with the criteria the Commission has established to evaluate stipula-
19 tions?

20 A. Yes, I am.

21
22 7. Q. Do you believe the Amended Stipulation is the product of serious bargaining among
23 capable, knowledgeable parties?

1 A. Yes, the Staff, VEDO and OPAE are all knowledgeable and capable parties. The
2 OCC was not a participant in the discussions because of their withdrawal from the
3 stipulation upon which the Commission's prior Opinion and Order was based. That
4 withdrawal indicated an unwillingness to accept the terms contained in the Opinion
5 and Order which the other parties found entirely acceptable and used as the basis for
6 the Amended Stipulation.

7
8 8. Q. Do you believe the Amended Stipulation violates any important regulatory principle?

9 A. No. The Amended Stipulation simply allows VEDO an opportunity to recover the
10 revenues it was authorized to recover in its last rate case. The SRR is a new approach
11 but is entirely consistent with the types of alternative rate-making approaches per-
12 mitted under the statutes.

13
14 9. Q. Does the Amended Stipulation, considered as a package, benefit ratepayers and the
15 public interest?

16 A. Yes. As a package it benefits ratepayers and is in the public interest. The Amended
17 Stipulation provides VEDO with the opportunity to recover the revenues it was
18 authorized to recover in its last rate case. Customers further benefit by the Company
19 funding a DSM program targeted to low and moderate-income customers.

20
21 10. Q. Does this complete your supplemental testimony?

22 A. Yes, it does.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Supplemental Testimony of Stephen E. Puican**, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, to the following parties of record, this 14th day of March, 2007.



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