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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Authority To Amend Its Filed Tariffs to Increase the Rates and Charges for Gas Service and Related Matters.	)	Case No. 07-1080-GA-AIR
In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval Of an Alternative Rate Plan for a Distribution Replacement Rider to Recover the Costs of A Program for the Accelerated Replacement Of Cast Iron Mains and Bare Steel Mains And Service Lines, a Sales Reconciliation Rider to Collect Differences between Actual And Approved Revenues, and Inclusion in Operating Expense of the Costs of Certain System Reliability Programs.	)	Case No. 07-1081-GA-ALT

REBUTTAL TESTIMONY OF H. EDWIN OVERCAST ON BEHALF OF VECTREN ENERGY DELIVERY OF OHIO, INC.

___ Management policies, practices, and organization
___ Operating income
___ Rate base
___ Allocations
___ Rate of return
___ Rates and tariffs
_X_ Other – Rate design

August 29, 2008

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REBUTTAL TESTIMONY OF H. EDWIN OVERCAST

Q. Please state your name and business address.

A. H. Edwin Overcast
P. O. Box 2946
McDonough, GA 30253

Q. What is your position and by who are you employed?

A. I am a Director of the Enterprise Management Solutions division of Black & Veatch Corporation.

Q. Are you the same H. Edwin Overcast who previously filed direct testimony in this matter?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony in this proceeding?

A. The purpose of my rebuttal testimony is to respond to certain claims made by witnesses for the Office of the Ohio Consumers' Counsel (OCC) relative to the impact of Vectren's proposed rate design on low income customers and to the relative efficiency of full SFV rates compared to volumetric block rates for gas distribution service. These issues have been addressed by Mr. Colton and Mr. Novak for the OCC.

Q. What conclusion do you reach regarding the OCC testimony and recommendations?

A. I conclude that the OCC rate design recommendations are based on incorrect analyses, faulty economics and fail to satisfy fundamental regulatory principles that form the foundation for sound ratemaking.

SFV Impact on Low Income Customers

Q. Have you reviewed the testimony and exhibits of Mr. Novak and Mr. Colton regarding the impact of the proposed rates on low income customers?

A. Yes. Mr. Novak discusses his recommendation related to low income customers at page 21 of his testimony. Mr. Colton's entire testimony is focused on low income customers and the impact that proposed rates may have on low income customers.

Q. Does either of the OCC witnesses base their opinions about low income consumption on analytically sound demand models?

A. No. Mr. Colton, for example, states at several points in his testimony that low income customers place a lower heating demand on the delivery system because they live in smaller houses. As discussed by the Energy Information Administration (EIA) in their summary of the Residential Demand Module of the National Energy Modeling System, the size of the

dwelling represents only one variable of a much larger set of variables used to forecast residential consumption of energy.[1] As the EIA report notes, the modeling effort uses four categories of variables to model energy consumption:

1. Economic and demographic effects
2. Structural effects
3. Technology turnover and advancement effects
4. Energy market effects.[2]

In fact, the size of the dwelling is only one of the structural effects. Structural effects also include the mix of end-use services. This is a critical element since gas consumption is driven not only by space heating but other gas appliances as well. In addition, there are other factors that relate to the housing stock included in both economic and demographic effects and technology turnover and advancement effects. These other factors include dwelling type (single family home, apartment, etc), occupants per household, appliance stock, and efficiency of the thermal envelope created by the dwelling's physical structure. As a practical matter, larger homes built with newer technology use less energy in total for space heating and water heating (the two largest applications of gas appliances) than do smaller older homes with less efficient appliances and a less efficient thermal envelope. It is absolutely incorrect to conclude, as

[1] The National Energy Modeling System: An Overview 2003, Report #: DOE/EIA-0581

[2] *Ibid.*

Mr. Colton concludes, that living in a smaller home means lower energy use or a lower heating demand.

Q. Do other independent sources recognize that more than the size of a home impacts usage?

A. Yes. A recent National Regulatory Research Institute (NRRI) report entitled "A Rate Design to Encourage Energy Efficiency and Reduce Revenue Requirements" by David M. Boonin states at page 8 "Consumption often depends on demographics other than income, such as family size; quality of housing stock; owners versus renters and whether the renter pays the electric bill directly; end uses such as water heating, cooking, and space heating; appliance efficiency; and age of householders."

Q. Mr. Colton also concludes that living in a smaller home means low income customers "make less of a contribution to the need for transmission and distribution capacity." Is this correct?

A. No. It is not possible to reach this conclusion based on any information such as house size for any number of reasons. First, older, smaller homes, as noted above, are likely to have less efficient appliances and thermal envelopes. As a result, they are much more likely to have higher design day load requirements than newer, more efficient dwellings. Second, as I demonstrate in my testimony and as the Missouri

Commission has concluded, it costs the same to provide natural gas distribution service to residential customers regardless of their usage. Since the natural gas distribution costs for residential customers are the same regardless of usage, the Company's proposed rate design is more cost based than continuing the volumetric rate design proposed by the OCC. Third, there are other elements than house size that impact consumption for heating. For example, the age of the occupants impacts consumption. Older citizens often require more heat to be comfortable in the winter. Families with younger children typically have more heat exchanges per day than average because of the number and duration of time that doors are opened by dwelling occupants. These factors or usage and demand determining variables encompass much more than house size and they contribute to differences in household consumption and demand. Thus, it is unreasonable to rely on a single and simple variable of house size as the determinant of gas consumption or demand.

Q. Does Mr. Colton's conclusion rely on any of these factors or variables other than house size?

A. No. Mr. Colton relies on a single asserted relationship between house size and income to build to his conclusion that low income customers cost less to serve. His costing-less-to-serve conclusion is derived from his assumption that natural gas distribution service to low income customers occurs in more densely populated areas. Mr. Colton uses an incorrect

singular reliance on house size as the determinant for consumption and demand. He then builds on this incorrect analytical foundation by layering assumptions regarding the relative cost of providing distribution service to residential customers. His combination of an incorrect foundational premise (house size determines consumption and demand) with defective assumptions regarding the significance of this premise produces an analytical approach that is incapable of reaching a correct conclusion.

Q. Is there some necessary connection between the cost of providing distribution service to residential customers and population density or the annual volumes used by a residential customer?

A. No. Neither of these observations has a necessary relationship to the cost of providing distribution service to residential customers. I share the opinion expressed by the Staff that it costs the same to serve small customers as it does to serve large customers. Simply, as I noted in my direct testimony at pages 20 to 21, the cost to serve residential customers is the same regardless of size for over 99% of the class. The reason is simple, VEDO plans and designs its system to serve design day requirements. The design day is developed based on the maximum demand that is likely to be placed on the distribution system. The minimum main and service lines installed to serve residential customers will serve the average density for the system adequately up to all but a few extraordinarily large residential customers. Since the cost of service

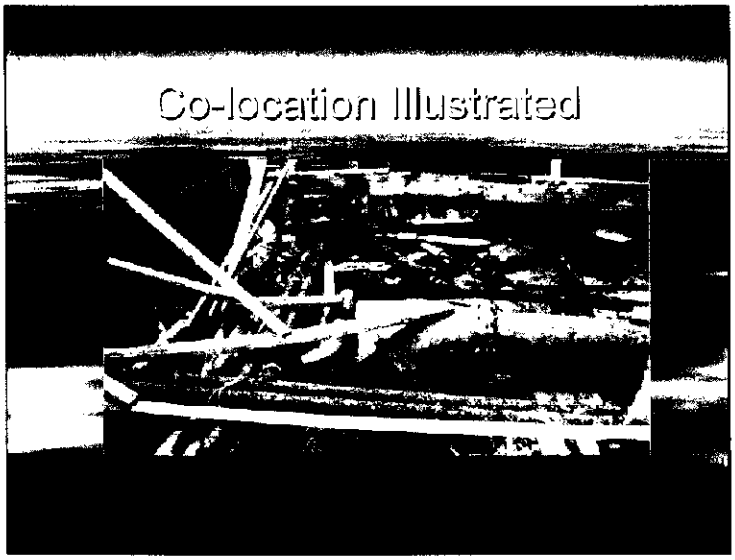
analysis and overall revenue requirements are based on the system average costs, the cost of service analysis includes the impact of customer density. Further, if VEDO were to begin to segregate customers by location and density, it is likely that customers in more densely populated areas would be subject to higher, not lower, prices because of the higher costs that are associated with providing gas distribution service in more densely populated areas.

Q. What factors cause the cost of providing gas distribution service to be higher in more densely populated areas?

A. There are several reasons for this conclusion. First, more densely populated areas tend to be served from facilities that require more expensive maintenance because of the myriad of facilities (electric conduit, cable conduit, water lines, unused steam lines and telephone conduit) that are buried near or co-located with gas main. Figure 1 illustrates this issue for an urban street. In Figure 1, the gas main is the green coated pipe. Further, the rules and regulations applicable to service in urban areas typically impose extra costs on the utility for excavation (often requiring hand digging and removal of all materials) and monitoring of repairs. It is also common that urban areas have strict requirements related to backfill and paving and requirements that limit how and when work can be done to install, maintain, repair and replace distribution system components. As population density increases, it is typical for the

safety-related requirements placed on operators of a natural gas distribution system to escalate.

Figure 1



For all these reasons, it is incorrect to assume that as population density increases there is a decrease in the cost of providing distribution service. Finally, if gas rates were based on the costs for different geographic areas of the Company, rural areas that are less densely populated may be the least costly to serve based on their proximity to the interstate pipelines that supply natural gas to the distribution system through "city gates" and the lower installation and maintenance costs associated with distribution facilities located in rural and undeveloped areas. At my request, the Company provided the cost of a sample of low density suburban main and service line project costs and a sample of high density urban main and service line project costs. These sample data demonstrate that the average cost of high density urban projects measured in cost per foot of

installed pipe is over six times as large as for lower density suburban projects. Further, the most expensive suburban project is less than 40 percent of the least expensive urban project when measured in cost per foot. However, utilities base rates on the average cost to serve a class. For residential customers, the fixed cost of service is the same for meter, regulator, service line and main because the same network of distribution facilities adequately serves all customers regardless of size. Based on these considerations, it is my opinion that both the Staff and the Company reached the correct conclusion that the distribution costs are the same per customer for all residential customers regardless of annual gas consumption.

Q. Does lower than average use per customer on an annual basis mean that the customer will not benefit from lower winter bill impacts if the customer charge fully reflected the fixed cost of providing distribution service?

A. No. Lower income residential customers who use gas exclusively for space heating typically are more weather sensitive than the typical residential customer. This means that when weather is colder than normal, these customers will have much higher winter bills than the average customer if a volumetric rate design is used to recover the fixed costs of providing service. By instead using a customer charge that fully reflects the fixed costs of providing distribution service, these customers

will have lower total winter bills when they can least afford to make their payments. This is a customer benefit of SFV even if overall their annual gas distribution service bill is somewhat higher.

Q. Does the data used by Mr. Colton based on the American Community Survey for the state of Ohio reflect an accurate picture of the VEDO service territory?

A. No. First, any reliance upon information reported by the American Community Survey to support the conclusion that natural gas expenditures increase as income increases in VEDO's service area must include important caveats which Mr. Colton did not mention in his testimony. The information Mr. Colton includes in his schedule RDC-4 (discussed at page 10 of his testimony) is published by the American Community Survey. The data for Ohio is part of the information obtained from responses to 260,000 monthly national questionnaires that include a question about the cost of "gas"[3] for the dwelling (house, apartment, mobile home) in the most recent prior month. Based on discussions with the person responsible for data collection in Ohio, it is our understanding that the 2006 American Community Survey referenced at page 10 of Mr. Colton's testimony was sent to roughly 1,500 randomly selected Ohio addresses monthly. The data is on a statewide basis with no

[3] Based on questionnaire items 13 and 14, the word "gas", as used by the American Community Survey questionnaire, includes gas "... from underground pipes serving the neighborhood" **and** gas that is "bottled, tank or LP". The questionnaire does not specifically require respondents to identify the cost of utility-supplied **natural gas** for their house, apartment or mobile home.

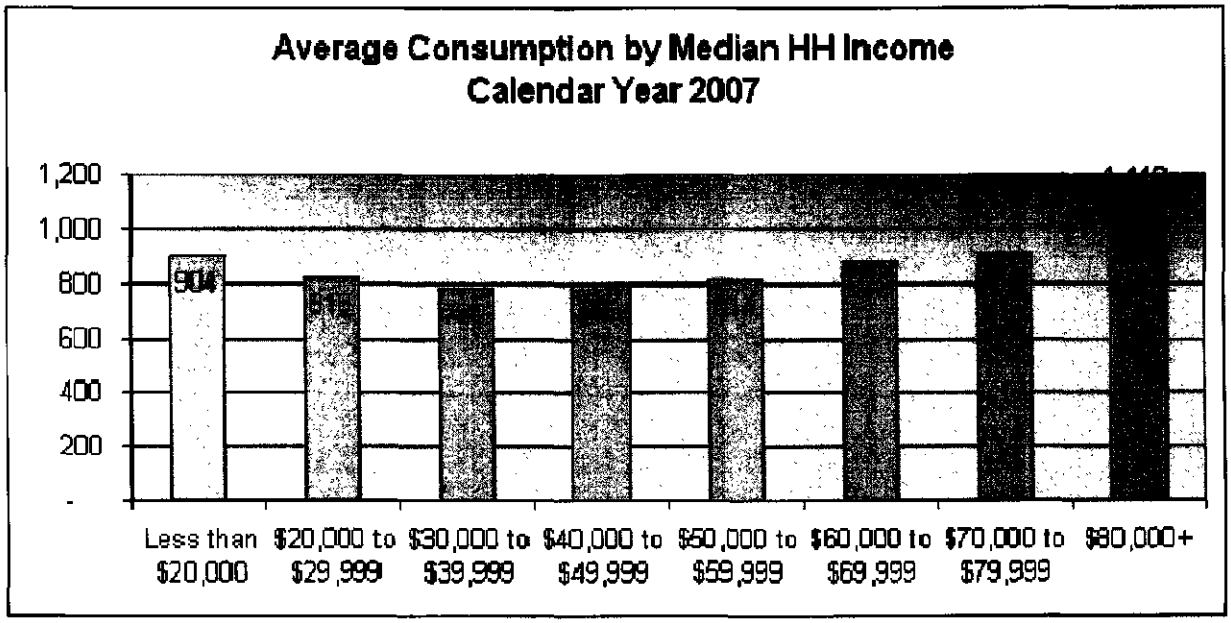
differentiation for the VEDO service area. At page 22-23 of the American Community Survey 2006 Subject Definitions report, it states:

> ***Utilities***
>
> The data on utility costs were obtained from Housing Questions 14a through 14d in the 2006 American Community Survey. The questions were asked of occupied housing units. The questions about electricity and gas asked for monthly costs, and the questions about water, sewer, and other fuels (oil, coal wood, kerosene, etc.) asked for yearly costs. Costs are recorded if paid by or billed to occupants, a welfare agency, relatives, or friends. Costs that are paid by landlords, included in rent payment or included in condominium fees are excluded.
>
> ***Limitation of the Data*** – Research has shown that respondents tended to overstate their expenses for electricity and gas when compared to utility company records. There is some evidence that this overstatement is reduced when yearly costs are asked rather than monthly costs. Caution should be exercised in using these data for direct analysis because costs are not reported for certain kinds of units such as renter-occupied units with all utilities included in the rent and owner-occupied condominium units with utilities included in the condominium fee.

More importantly, and regardless of the quality of Mr. Colton's conclusions based on his direct analysis of information available from the American Community Survey, his conclusion regarding the relationship between income and residential gas usage is incorrect based on actual data for VEDO's service area.

Figure 2 below has been prepared for the VEDO service area under my supervision based on actual residential customer bills for the calendar year 2007 for all customers with twelve months of bills. As Figure 2 shows, the lowest income customers, those under $20,000 annual household income, actually consume **more** gas than all but the two highest income groups. In addition, these residential customers with under $20,000 annual household income also use almost 9 percent above the actual 2007 average of 830.61 Ccf for the year.

Figure 2



Customers with household incomes under $30,000 use **more** gas than all but the top three groups of customers representing approximately 16.9 percent of the population. Based on this analysis of actual residential customer bills for VEDO customers and household income data for the corresponding customer service areas, the data relied upon by Mr. Colton lead him to an incorrect conclusion regarding the relationship between income and residential usage in VEDO's service area.

Q. How was this VEDO-specific usage and income data developed?

A. Customer usage data from calendar year 2007 was extracted from Vectren's billing system. Median household income, as reported by the U.S. Census at the block group level, was appended to each customer using Global Positioning System technology. The block group level is the most finite level at which the U.S. Census publishes income data. A block group generally contains between 600 and 3,000 people with a target of 1,500 people. Using actual VEDO billing record data and U.S. Census income data, we were able to demonstrate average gas consumption data by median household income range.

Q. How does this block group income data compare to the 2007 income measures for poverty?

A. For all families of four persons or less, they are considered to be at or below the poverty level if their household income is under $20,650 dollars.

Based on the analysis of actual billing information for VEDO's residential customer and available Census block group income data for VEDO's service area, it is my opinion that low income customers in VEDO's service area consume on average more natural gas annually than all but the highest income residential customers in VEDO's service area. It is also reasonable to assume that VEDO's residential customers with incomes near but above the lower income levels will also use more than the average for their respective group because of the size of the household (over four persons) and the factors which I have already discussed. This analysis of actual billing information and block group Census data which are specific to VEDO's service area and VEDO's residential customers shows that the conclusion reached by Mr. Colton that low income customers are low users is demonstrably incorrect.

Q. Does this VEDO service area data support the direct relationship between income and natural gas use which is claimed by Mr. Colton?

A. No. These data do not show a direct relationship between income and natural gas use. Instead, these data illustrate that explaining residential natural gas use involves a more complex analysis that requires consideration of a number of other variables such as those contained in the EIA model to properly understand the relationship, if any, between income and consumption. Further, this conclusion is also consistent with

the underlying economic assumptions related to estimating natural gas use.

Q. Was the VEDO service area specific analysis available to you when you prepared your testimony in this proceeding?

A. No. As I explained in my prior testimony, we previously used data for PIPP customers to evaluate the relationship between income and natural gas usage. As a result of the specific claims made by Mr. Colton and Mr. Novak and the assertion by others involved in this case that a full SFV rate design would be harmful to low income customers, we began to search for an alternative means of testing these claims and assertions using a more complete set of data on income and consumption. While we felt confident that the indications we presented based on the data from PIPP customers demonstrated that low income residential customers would not be disadvantaged by a full SFV rate design, we nonetheless set to work to find an alternative means of testing the effects of a full SFV rate design on low-income customers. After discussion with colleagues and the Company, we identified an efficient way to match income and actual consumption from the Company records. We completed the development of an alternative method of testing, gathered the data required to apply the alternative method and completed the analysis in order to prepare testimony responsive to incorrect conclusions reached using statewide data. My rebuttal testimony contains the results of this alternative method

which uses actual usage information and VEDO service area specific data that show, contrary to the abovementioned claims and assertions, that low-income residential customers use more natural gas than all but the top three groups of customers representing approximately 16.9 percent of the residential customer population.

Q. Mr. Colton asserts that the residential class is not homogeneous? Is that assertion correct?

A. No. Mr. Colton uses only the measure of annual use and house size to conclude that the class is not homogeneous. In fact, some low income customers are among the largest users of natural gas as demonstrated by the PIPP data in Exhibit HEO-2, Schedule 2 of my direct testimony. Indeed, there is a higher proportion of PIPP customers using over 2500 Ccf annually than for all other residential customers. Nevertheless, the basis for concluding the class is homogeneous is not tied to usage but to the cost of the similar utility plant, equipment and facilities used to serve each customer in the class. Since the class is homogeneous based on cost causation considerations as demonstrated in my direct testimony and supported by the Commission Staff testimony (see Mr. Puican's testimony at page 4 for example), the usage criteria selected by Mr. Colton cannot be used to support a conclusion that the residential class is not homogeneous.

Q. Does Mr. Colton's testimony demonstrate that your opinion that low income customers tend to be higher users of natural gas is incorrect?

A. No. As explained in my prior testimony and again here, income data alone are not a determinant of natural gas usage. The VEDO service area specific data which I have described in my rebuttal testimony confirm that income data alone is not a determinant of natural gas usage. In fact, the *VEDO service area specific data show that low income customers are* higher than average annual usage customers. In addition, it is important to note that low income customers are also more weather sensitive. If it is colder than normal, these customers use more gas per heating degree day (HDD) than do other residential customers. Thus, low income customers will tend to have greater than average bill volatility as weather deviates from normal weather. This greater than average bill volatility condition will escalate as greater amounts of the fixed costs of providing residential natural gas distribution service are collected volumetrically.

Q. Please discuss Mr. Novak's reasons for opposing a SFV rate design for residential customers.

A. Mr. Novak cites five reasons that he opposes SFV:

1. Residential customers have not requested the change to a flat charge.
2. SFV removes an important rate design tool.

3. SFV should be applied to all classes simultaneously.

4. SFV rates adversely impact non-PIPP low income customers.

5. SFV sends in accurate price signals.

These reasons are either wrong or irrelevant as discussed below.

Q. Does whether or not customers have requested a SFV rate design have anything to do with whether the rate design is appropriate?

A. No. Since customers do not request specific rate designs, such as volumetric blocked rates, either, Mr. Novak's reliance on requests by customers to guide the Commission's choice on the proper design of rates is useless and not relevant. Customers often do not even know the form of the rate and thus would have no basis for determining if there was a valid reason for adopting SFV. In addition, rate design is a zero sum game within a rate class. In other words, the rate design adopted for a particular class contains charges that are established to produce the revenue responsibility of that class. Customers within a rate class who benefit from a rate form would favor the rate and the ones who did not would oppose the rate. But regardless of the residential rate design, the residential class remains responsible for providing VEDO with revenue to match the revenue responsibility approved by the Commission.

Moreover, to say that customers oppose a rate design that recovers distribution-related fixed costs through a monthly customer charge in rates is also not accurate. For example, I am advised by counsel that

customers of the Ohio electric distribution service cooperatives that are exempt from the Commission's ratemaking jurisdiction must be owned by and operated for the benefit of customers. Figure 3 below shows the residential customer charge component of Ohio electric cooperative electric rates.

Figure 3

Co-op Name:	Customer Charge $/month
Adams REC, Inc.	$29.00
Buckeye REC, Inc.	$16.00
Butler REC, Inc.	$33.00
Consolidated Electric Cooperative, Inc.	$15.25
Darke REC, Inc.	$14.50
Firelands Electric Cooperative, Inc.	$18.00
Frontier Power Company	$12.00
Guernsey-Muskingum Electric Co-op, Inc.	$8.00
Hancock-Wood Electric Co-op, Inc.	$10.00
Holmes-Wayne Electric Cooperative, Inc.	$11.50
Licking Rural Electrification	$11.00
Lorain-Medina REC, Inc.	$17.00
Mid-Ohio Energy Cooperative, Inc.	$16.00
Midwest Electric, Inc.	$20.00
North Central Electric Co-op, Inc.	$20.00
North Western Electric Co-op, Inc.	$26.00
Paulding-Putnam Electric Co-op, Inc.	$17.00
Pioneer REC, Inc.	$19.50

South Central Power Co.	$7.00
Union REC, Inc.	$12.00
Washington Electric Cooperative, Inc.	$14.95
Average Customer Charge	$16.56

Since customer related costs for electric distribution service are lower per customer than for natural gas LDCs, it is reasonable to conclude from the information in Figure 3 that customers are not opposed to recovering fixed costs through monthly fixed customer charges. It is worth noting that only two Ohio cooperatives have residential customer charges below $10.00 and five have charges $20.00 or higher. Obviously, customers do not oppose higher customer charges when they are appropriate for cost based rates or based on a rate form that recovers fixed costs through the customer charge component of the rate design.

Q. Please comment on the assertion that SFV removes an important rate design tool.

A. The question here is which tool does the best job of establishing rates based on cost causation principles and aligning the interests of VEDO and its customers in favor of conservation programs. The volumetric tool recommended by Mr. Novak causes rates for larger than average volume users, including the lower income residential customers in VEDO's service area, to subsidize lower than average volume residential users and therefore is irrelevant to a consideration of a SFV rate design or a rate

design that recovers the fixed cost of providing distribution service through customer charges.

Q. Please comment on the assertion that SFV should be applied to all classes of customers or none.

A. The Company has proposed that a SFV rate design be eventually applied to all classes of firm service. This includes the proposal from Mr. Heid to increase the customer charges for Rates 320/325, 330/345 and 341 in this case. The form of this rate design may be different for larger customers since the rate design for these larger customers may involve the use of variable customer charges based on directly assignable customer costs and demand charges much the same as the rate design that is used for larger electric customers. The logic embedded in Mr. Novak's assertion suggests that it would be inappropriate for larger customers to have a rate design that includes specific demand charges unless and until separate demand charges are included in the residential rate design. Including separate demand charges in the rate design for residential customers would likely make it more difficult for residential customers to understand their gas bill and may require introduction of more expensive metering that is capable of separately recording monthly billing demands. For the residential customers, moving fully to an SFV rate design can be efficiently accomplished by including the fixed costs of providing distribution service in the customer charge, and this approach also makes it easier for a

customer to understand and predict gas bills for distribution service. There is no need to apply SFV rates to all classes at once or to use the same rate design tool to implement a SFV rate design for each customer class. Since the principle issues in this case and the primary focus of the conservation expenditures discussed in this proceeding apply to residential and small general service customers, it is appropriate to start with these classes. Also, starting with the residential and small general service customers has no impact on the revenue responsibility of these customer groups since that is set as part of the revenue distribution determination. Mr. Novak is wrong in his conclusion that it is necessary to apply this rate design to all classes at the same time and in the same way.

Q. Please comment on the concept that SFV adversely impacts non-PIPP low income customers.

A. As discussed above, the underlying basis for this conclusion is incorrect for the customers served by VEDO. Mr. Novak incorrectly assumes that low usage residential customers are also low income customers. The VEDO service area specific data prove otherwise.

Q. Please comment on the proposition that SFV sends the wrong price signal.

A. Economic theory requires that an appropriate price signal reflect marginal cost. Using a volumetric gas distribution rate implies that marginal cost for

gas delivery increases as gas consumption increases. This is not correct. The marginal distribution-related cost of an additional Ccf of gas throughput is zero. The fixed costs of distribution service do not change with changes in Ccf throughput or consumption. Importantly, the proposed rate is a distribution rate. In fact, fixed costs do not enter into the calculation of marginal costs at all. Mr. Novak erred in assuming that volumetric rates for delivery service represent a marginal cost. A rate design that recovers fixed costs volumetrically will signal customers to make inaccurate and inefficient investment decisions because the volumetric rate design incorrectly signals a customer that a portion of the fixed costs of providing distribution service can be avoided as a result of reducing annual usage. An SFV rate design or a rate design that more completely recovers the fixed costs of distribution service from residential customers through a monthly customer charge will better signal customers to make an investment in the optimum level of conservation. Customers also avoid the discouragement that comes from a volumetric rate design that comes when the volumetric rates are subsequently increased because the volumetric rate design results in a mismatch between the fixed costs of providing service and the revenue available to the utility to cover such fixed costs.

Q. **Based on the VEDO service area specific data for residential customers, what rate design do you believe is most appropriate for VEDO's residential customers?**

A. It is my opinion that a SFV rate design or a rate design that permits the fixed costs of distribution service to be recovered through monthly customer charges is most appropriate as a general proposition and in the specific case of VEDO's residential customers. This approach to rate design clearly does a better job of aligning the interests of the utility and its customers in favor of rational energy conservation programs. Based on the rate levels that emerge from the use of this approach to rate design, the monthly customer charges for residential customers seem to be well within the range of customer charges that have been selected by Ohio customers for utilities that are run by and for the benefit of customers. Finally, the specific data for VEDO's service area show that this approach to rate design works to benefit low income customers when compared with the winter heating bills and annual distribution service bills that are tied to a volumetric rate design. There is no good reason in this case for not moving fully to a SFV rate design or a rate design that permits the fixed costs of residential gas distribution service to be recovered through monthly customer charges.

Q. Does Mr. Novak make other observations regarding SFV that improperly characterize customer desires relative to SFV.

A. Yes. At page 19, Mr. Novak comments that customers would not perceive any benefit from price certainty associated with SFV. In fact, market evidence shows that customers often seek price certainty through budget

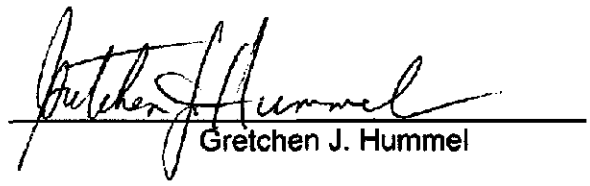
billing plans, locking in fixed commodity prices for gas offered by competitive marketers and, where available, some customers have even chosen fixed bill plans.

Q. Does that conclude your rebuttal testimony?

A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the *Rebuttal Testimony of H. Edwin Overcast on Behalf of Vectren Energy Delivery of Ohio, Inc.* was served upon the following parties of record this 29th day of August 2008, *via* electronic transmission, hand-delivery, or ordinary U.S. mail, postage prepaid.



Gretchen J. Hummel

David Rinebolt
Colleen Mooney
Ohio Partners for Affordable Energy
337 S. Main St., 4th Floor, Suite 5
PO Box 1793
Findlay, OH 45839-1793

Maureen Grady
Joseph Serio
Michael Idzkowski
Ohio Consumers' Counsel
10 West Broad Street, 18th Floor
Columbus, OH 43215-3485

John Bentine
Mark Yerick
Chester, Willcox & Saxbe, LLP
65 East State Street, Suite 1000
Columbus, OH 43215-4213

John M. Dosker
Stand Energy Corporation
1077 Celestial Street
Suite 110
Cincinnati, OH 45202-1629

Vern Margard
Assistant Attorney General
Public Utilities Commission of Ohio
180 East Broad Street, 9th Floor
Columbus, OH 43215

Trent Dougherty, Attorney
Ohio Environmental Council.
1207 Grandview Ave.
Columbus, OH 43212-3449

W. Jonathan Airey
Gregory D. Russell
Vorys, Sater, Seymour and Pease LLP
52 E. Gay Street, PO Box 1008
Columbus, OH 43216-1008