

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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PUCO

In the Matter of the Application of VEDO)
Energy Delivery of Ohio, Inc., for)
Authority to Amend its Filed Tariffs to) Case No. 07-1080-GA-AIR
Increase the Rates and Charges for Gas)
Services and Related Matters.)

In the Matter of the Application of VEDO)
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) Case No. 07-1081-GA-ALT
Accelerated Replacement of Cast Iron)
Mains and Bare Steel Mains and Service)
Lines, a Sales Reconciliation Rider to)
Collect Difference Between Actual and)
Approved Revenues, and Inclusion in)
Operating Expense of the Costs of Certain)
Reliability Programs.)

**COMMENTS ON THE "FINAL REPORT ADDENDUM"
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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On November 12, 2009, Vectren Energy Delivery of Ohio Inc. (Vectren” or “Company”) filed a document with the Commission entitled “Final Report Addendum” (“Addendum”). In contrast with the Final Report¹ filed on October 23, 2009, this Addendum prepared by Vectren, was not vetted by members of the collaborative, nor was it “prepared by the DSM collaborative” as indicated on the cover sheet. OCC, as a member of the collaborative was not given the opportunity to review the Addendum before it was filed and in fact was not aware of its filing until it received a service copy of the Addendum from Vectren’s Counsel. In these Comments, OCC will recommend how the PUCO should treat Vectren’s filing.

By way of background, on October 23, 2009, Vectren filed a document entitled “Vectren Energy Delivery of Ohio DSM Action Plan: Final Report” (“Final Report”). That document was filed in response to a directive from the Public Utilities Commission of Ohio (“PUCO” or “Commission”) contained in the PUCO’s Opinion and Order of January 7, 2009. Specifically the Commission’s directive was that the collaborative “file a report within nine months of this order, identifying the economic and achievable potential for energy efficient improvements and program designs to implement further reasonable and prudent improvements in energy efficiency.”² The Final Report was prepared by Vectren and vetted by members of the collaborative, including OCC, who as a member of the collaborative, was provided an opportunity to review the Final Report

¹ “Vectren Energy Delivery of Ohio DSM Action Plan: Final Report” (“Final Report”).

² *In the Matter of the Application of VEDO Energy Delivery of Ohio, Inc., for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Services and Related Matters*, PUCO Case No. 07-1080 Opinion and Order at 13 (January 7, 2009).

before it was filed, and conveyed comments to Vectren on the Final Report before it was filed.

Vectren alleges in the cover letter to its November 12th Addendum that the information in the Addendum “clarifies the methodology used to weather-normalize certain data included in the report.” However, it is clear that the Addendum does much more than *clarify* the methodology used in the Final Report. In fact the Addendum completely changes and *revises* the methodology used in the Final Report, which has a dramatic effect on the reported average use per customer. Vectren recalculates the average use per customer using 10-year weather normalized data, instead of the 30-year weather normalized data found in the Final Report. As a result of this change, the average use per residential customer decreases from 846 Ccf per customer to 811 Ccf/year.

Accurate average use per residential customers is important because it becomes the baseline against which the potential for energy efficiency can be measured.³ Thus, if the average use per residential customer is calculated to be less under 10-year weather normalized data (which is the result of Vectren’s unilateral eleventh-hour changed approach), it will then cause the potential for energy efficiency to be understated compared to a higher average use per customer calculated under 30 years of weather normalized data. Such understatement would be inimical to the Commission’s expressed

³ Vectren Final Report at 10.

desire for VEDO to implement reasonable and prudent improvements in energy efficiency above and beyond those presently being undertaken.⁴

VEDO notes that it filed its last rate case using weather normalization based on 10 years of weather data, and the information presented in tables of the Final Report thus, could not be compared to the information presented in the rate case. Therefore, VEDO claims that, in order to be consistent with the rate case, it has revised the tables utilizing 10-year weather normalization data. Consistency with VEDO's rate case filing was not however, part of the directive from the PUCO. Rather, a report was to be filed to accurately identify the potential for energy efficiency improvements. Accurate identification of the potential for energy efficiency does not require consistency with the Company's rate case filing. And the accuracy of the potential for energy efficiency improvement may now be compromised by considering the data submitted in the Addendum.

OCC comments as follows on Vectren's Addendum. First and foremost, OCC did not, as part of the collaborative or any other process, approve of or agree to the filing of this Addendum. OCC, therefore, strongly objects to Vectren's characterization that the Addendum was "prepared by the DSM collaborative." Additionally, OCC has no basis at the present time to confirm that the data presented is accurate or in fact is what it purports to be.

⁴ See *In the Matter of the Application of VEDO Energy Delivery of Ohio, Inc., for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Services and Related Matters*, PUCO Case No. 07-1080-GA-AIR, Opinion and Order at 13 (January 7, 2009).

Second, although Vectren is correct in noting that it presented weather-normalized data on a ten-year basis as part of its filing, there is nothing in the Commission's Opinion and Order to suggest that the PUCO specifically found the use of ten-year weather normalization data to be more appropriate or accurate than thirty-year weather normalization data. While the revenue requirement agreed to in the stipulation may have incorporated an assumption regarding the use of 10-year weather normalization data⁵ the stipulation itself cannot be relied upon as establishing any precedent with respect to the PUCO findings on the appropriateness of using 10 versus 30 years of weather normalized data.

What the record does reflect is that there was a dispute as to whether use of ten-year weather normalization data was appropriate. OCC in fact, presented expert testimony against using 10-year weather normalization data. OCC Witness Novak testified that the Company could produce no rational reason for using a ten-year period for weather normalization other than the fact that it increased the Company's revenue requirements by \$1.7 million.⁶ Using ten-year usage data instead of 30 years of data is also inconsistent with past policies and practices of the Staff, Novak testified.⁷ And there was no explanation given as to what justified such a policy change.⁸

For the reasons discussed above, OCC objects to the submission of the Addendum and asks that the PUCO not give the Addendum any consideration at this juncture.

⁵ There appears to be no record evidence of such an assumption.

⁶ Testimony of Novak at 5 (July 23, 2008).

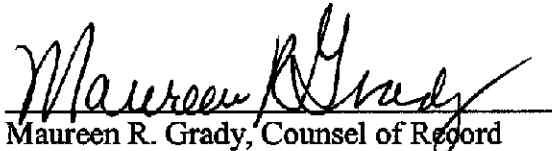
⁷ Id. at 8.

⁸ Id.

Rather, the PUCO should rely upon the findings in the Final Report, a document that was vetted with the collaborative, and was based on using weather normalized data from a 30-year period. As filed, the Addendum misrepresents the position of parties, including OCC, because it creates the appearance that OCC, and members of the collaborative, agreed to the contents and filing of the Addendum, when OCC did not. Because it changes and revises instead of clarifying the methodology for reporting customer usage, its cover letter, filed with the Addendum, is misleading. Finally, the Addendum may understate the potential for energy efficiency and is based on a methodology for calculating customer usage that is subject to dispute and has not been found to be appropriate by the PUCO.

Respectfully submitted,

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A handwritten signature in black ink, appearing to read "Maureen R. Grady", is written over a horizontal line.

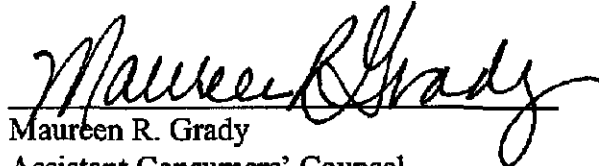
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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Comments of the Office of the Ohio Consumers' Counsel* was provided to the persons listed below via first class U.S.

Mail, postage prepaid, this 18th day of November, 2009.


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