

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Vectren Energy Delivery of Ohio, Inc. to)
File Revised Tariffs Extending Its Low) Case No. 10-1395-GA-ATA
Income Pilot Program)

RECEIVED-DOCKETING DIV
2010 OCT 20 PM 5:05
PUCO

**JOINT MOTION TO EXPAND THE SCOPE OF THE COMMISSION STAFF
REVIEW
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL,
THE EDMONT NEIGHBORHOOD COALITION AND
OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES**

The Office of the Ohio Consumers' Counsel ("OCC"), the Edgemont Neighborhood Coalition and Ohio Association of Community Action Agencies ("OACAA") ("Consumer Advocates"), on behalf of the residential utility customers of Vectren Energy Delivery of Ohio, Inc. ("Vectren" or "the Company"), moves the Public Utilities Commission of Ohio ("PUCO" or "Commission") to grant Consumer Advocate's Motion to Expand the Scope of the Commission Staff's ("Staff") review of the Vectren low income pilot program ("Pilot Program") in this proceeding. In this case Vectren has requested an extension of its Pilot Program until March 31, 2011, and the Commission has ordered Staff to conduct a review. The review as outlined by the Commission in its Finding and Order should be expanded.

Consumer Advocate's Motion should be granted, as explained in detail in the attached Memorandum in Support.

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.
Technician JA Date Processed 10-20-2010


Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL



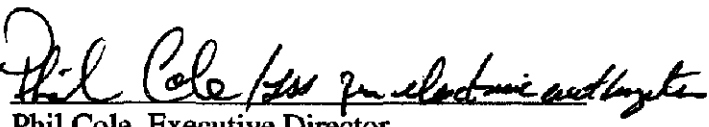
Joseph E. Serio, Counsel of Record
Larry S. Sauer
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
(614) 466-8574 – Telephone
(614) 466-9475 – Facsimile
serio@occ.state.oh.us
sauer@occ.state.oh.us



Ellis Jacobs, Counsel of Record
Advocates for Basic Legal Equality
333 W. First Street, Suite 500B
Dayton, Ohio 45402
(937) 535-4419 – Telephone
ejacobs@ablelaw.org

*Counsel for the Edgemont Neighborhood
Coalition*



Phil Cole, Executive Director
**Ohio Association of Community Action
Agencies**
50 West Broad Street, Suite 1616
Columbus, Ohio 43215
(614) 224-8500 – Telephone
(614) 224-2587 – Facsimile
phil@oacaa.org

In the Matter of the Application of)
Vectren Energy Delivery of Ohio, Inc. to)
File Revised Tariffs Extending Its Low) Case No. 10-1395-GA-ATA
Income Pilot Program)

I. INTRODUCTION

On September 17, 2010, the Company filed revised tariffs requesting the Commission to authorize Vectren to extend the Pilot Program to March 31, 2011.⁴ The

⁴ Id.

Commission issued a Finding and Order instructing the Staff to review Vectren's Pilot Program.⁵

II. ARGUMENT

A. **The Adverse Impact Of The SFV Rate Design On Low-Use Low-Income Residential Customers Guided The Commission To Recognize The Merits of The Pilot Program.**

The Commission recognized the potential harm that the SFV rate design might pose to low-use and low-income residential customers. In its Vectren Rate Case Order, the Commission stated:

The Commission is concerned; however, with the impact that the change in rate structure will have on some VEDO customers who are low-income, low-use customers. The Commission believes that some relief is warranted for this class of customers. In previous cases, we approved a pilot program available to a specified number of eligible customers, in order to provide incentives for low-income customers to conserve and to avoid penalizing low-income customers who wish to stay off of programs such as PIPP. We have emphasized that the implementation of the pilot program was important to our decisions to adopt a levelized rate design in that case. Therefore, the Commission finds that VEDO should likewise implement a one-year, low-income, pilot program aimed at helping low-income, low-usage customers pay their bills.⁶

Admitting there is a problem is the first step to addressing a problem. In this case, the Commission's remedy was a one-year Pilot Program with continuation of the program dependent upon an evaluation of the program's effectiveness.⁷ The Pilot Program was

⁵ Finding and Order at 2 (September 29, 2010).

⁶ *In re Vectren Rate Case*, Case No. 07-1080-GA-AIR, et al. Opinion and Order at 14 (January 7, 2009).

⁷ *Id.*

designed for 5,000 low-use residential customers who meet certain income level criteria.

The Commission's Order stated:

As in the prior cases, the customers in the low-income, pilot program shall be non-PIPP, low-usage customers, verified at or below 175 percent of the poverty level. VEDO's program should provide a four-dollar, monthly discount to cushion much of the impact on qualifying customers. This pilot program should be made available for one year to the first 5,000 eligible customers. VEDO, in consultation with staff and the parties, shall establish eligibility qualifications for this program by first determining and setting the maximum low-usage volume projected to result in the inclusion of 5,000 low-income customers who are determined to be at or below 175 percent of the poverty level. The Commission expects that VEDO will promote this program such that, to the fullest extent practicable, the program is fully enrolled with 5,000 customers.⁸

It was recognized that under the traditional rate design, a certain segment of Vectren's low-use customers despite being income eligible for the Percentage of Income Payment Plan ("PIPP") program were able to refrain from PIPP enrollment. Therefore, the Commission approved the Pilot Program in order to provide incentives for low-income customers to conserve and to avoid penalizing low-income customers who wish to stay off of programs such as PIPP.⁹ The Pilot Program is therefore serving an important role for the most vulnerable residential consumers -- by mitigating the harsh effects of the SFV rate design.

⁸ Id.

⁹ Id.

B. The Commission Order Approving The Pilot Program Required An Evaluation Of The Pilot Program's Effectiveness.

The Commission has now instructed the Staff to conduct a "review." The Finding and Order states:

As a final matter, the Commission finds it appropriate for Staff to review Vectren's Pilot Program and file its results with the Commission in this docket by October 29, 2010. The staff report should include, at least, the following information:

(a) A comparison of the total annual bill incurred by customers consuming between 10 and 70 thousand cubic feet (Mcf) at 10 Mcf intervals under (1) the distribution and commodity rates in effect prior to the last base rate proceeding and (2) the distribution and **commodity rates currently in effect.**

(b) The number of Vectren residential customers at various consumption levels between 10 and 70 Mcf and 10 Mcf intervals and at any other consumption level Staff believes is pertinent to our review.¹⁰

While a review of the Pilot Program is required, the scope of the review should be expanded in order to fully and fairly evaluate the Pilot Program's effectiveness. In order to determine the true impact of the SFV rate design on the low use low income customers, and the importance of the \$4.00 per month discount, the Staff's review, at a minimum, must take into consideration the level of Pilot Program enrollment during the first year of eligibility, the impact of the SFV rate design on Vectren's uncollectible account balances, PIPP enrollments and arrearages, Pilot Program participant disconnections.

Joint Advocates recommend that the Commission through an Entry establish a process by which the Staff's review is subject to comments and reply comments from the

¹⁰ Finding and Order at 2 (September 29, 2010). (Emphasis added).

Company, OCC, the Edgewood Neighborhood Coalition, OACAA and any other interested party. The impact of the SFV rate design on low-use and low-income residential customers must be completely studied in order to assure the effectiveness of the Pilot Program is fully understood.

C. The Staff's Review Must Not Be Allowed To Use Declining Commodity Rates As A Means To Mitigate The Pilot Program's Effectiveness.

The Commission instructs the Staff to include "current commodity" rates in its review.¹¹ The Pilot Program became effective with bills rendered on or after October 1, 2009.¹² However, during the year in which the Pilot Program was initially offered the natural gas commodity market saw prices reach seven year lows.¹³ Therefore, such an analysis is problematic because it fails to recognize that those commodity rates could just as easily increase which would then magnify the need for the low income program. Reliance on declining natural gas commodity rates will skew the effectiveness of the Pilot Program, unless the review can somehow guarantee that natural gas commodity prices will remain at the current low levels.

The natural gas commodity market prices play a significant factor in the affordability of low-income customers' utility bills. The Consumer Advocates are very interested in the outcome of the Staff's review. However, as OCC argued in the

¹¹ Finding and Order at 2 (September 29, 2010).

¹² Application at 1 (September 17, 2010).

¹³ http://tonto.eia.doe.gov/oog/info/ngw/historical/2009/08_27/ngupdate.asp ("Natural gas prices at the Henry Hub fell below \$3.00 for the first time since August 8, 2002, falling to \$2.78 per MMBtu in trading on Friday, August 21[, 2009].").

Dominion East Ohio Low-Income Pilot Program,¹⁴ the Staff's analysis that uses current commodity rates in the analysis -- commodity rates which have significantly dropped since the Dominion Rate Case (and Vectren Rate Case) -- disguises the onerous effect that the SFV rate design has on low-use/low-income residential customers.¹⁵ Therefore, the Commission should review staff's review carefully, taking into consideration that natural gas price volatility could later result in natural gas commodity price increases.

D. The Commission Should Consider Converting The Pilot Program Funding Into A Fuel Fund.

Alternatively, Consumer Advocates suggest that a better use of the Pilot Program funding, would be for these same funds to instead be made available for low-income bill payment assistance. The Commission should consider using the funds -- \$240,000¹⁶ -- to establish a fuel fund for low-income bill payment assistance. To support the fact that Vectren's residential customers are facing significant challenges, Vectren recently filed an annual report of the service disconnections for non-payment ("Disconnection Report"). This report shows that between June, 2009 and May, 2010, Vectren disconnected 18,766 customers for non-payment.¹⁷ These customers had unpaid bills totaling \$12.1 million, an average or nearly \$650.00 per customer. Furthermore, of the

¹⁴ *In re Dominion Low Income Pilot Program*, Case No. 10-200-GA-ATA, OCC Comments at 8-9 (June 3, 2010).

¹⁵ *In re Dominion Low Income Pilot Program Review*, Case No. 10-200-GA-ATA, OCC Comments at 8-9 (June 3, 2010).

¹⁶ 5,000 customers x \$4.00/month X 12 months = \$240,000.

¹⁷ *In the Matter of the Annual Report of Service Disconnections for Non-Payment Required by Section 4933.123, Revised Code*, Vectren Disconnection Report at 3 (October 1, 2010).

customers who were disconnected for non-payment, only 10,509 were reconnected, leaving 8,257 residential customers without gas service in Vectren's service territory.¹⁸

The cost of the Pilot Program to Vectren's shareholders is approximately \$240,000 per year.¹⁹ However, this cost pales in comparison to the benefits that the SFV rate design provides Vectren and Vectren's shareholders. During Vectren's 2007 Rate Case it was argued by Vectren that the SFV rate design was necessary in order to avoid the problem of revenue erosion caused by declining average usage per customer,²⁰ an annual benefit estimated \$2.5 million.²¹ The benefits that Vectren derives from the SFV rate design will dwarf the Pilot Program cost to the Company and its shareholders. Therefore, the Commission should require Vectren shareholders to instead provide low-income customers with bill payment assistance funded by the Pilot Program dollars, or in the alternative, maintain the existing Pilot Program to provide credits to 5,000 low-income customers.

III. CONCLUSION

For all the reasons discussed above, the Commission should require Staff to expand its review of the Vectren Pilot Program. In addition, the Commission should consider requiring Vectren shareholders to provide low-income customers with bill payment assistance funded by the Pilot Program dollars, or in the alternative, maintain the

¹⁸ Id.

¹⁹ 5,000 customers x \$4.00 discount per customer/month x 12 months per year = \$240,000.

²⁰ *In re 2007 Rate Case*, Ulrey Direct Testimony) at 5 (December 4, 2007); See also Staff Ulrey Supplemental Testimony at 4 (July 23, 2008).

²¹ Decline in average use per customer 931 (2004 Rate Case) to 815 (2007 Rate Case) a 12.5% decline. Vectren estimates for each 5% decline in residential sales volume decline equates to \$1 million in revenue loss.

existing Pilot Program to provide \$4.00 per month credits to 5,000 low-income customers.

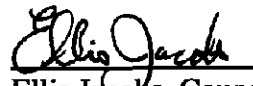
Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL




Joseph P. Serio, Counsel of Record
Larry S. Sauer
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
(614) 466-8574 – Telephone
(614) 466-9475 – Facsimile
serio@occ.state.oh.us
sauer@occ.state.oh.us



Ellis Jacobs, Counsel of Record
Advocates for Basic Legal Equality
333 W. First Street, Suite 500B
Dayton, Ohio 45402
(937) 535-4419 – Telephone
ejacobs@ablelaw.org

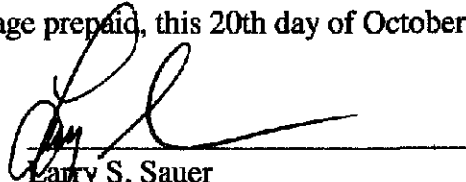
*Counsel for the Edgemont Neighborhood
Coalition*



Phil Cole, Executive Director
**Ohio Association of Community Action
Agencies**
50 West Broad Street, Suite 1616
Columbus, Ohio 43215
(614) 224-8500 – Telephone
(614) 224-2587 – Facsimile
phil@oacaa.org

CERTIFICATE OF SERVICE

I hereby certify that a copy of this *Joint Motion to Expand The Scope Of the Staff Review by the Office of the Ohio Consumers' Counsel, The Edgemont Neighborhood Coalition and Ohio Association of Community Action Agencies* was served on the persons stated below via first class U.S. Mail, postage prepaid, this 20th day of October, 2010.


Larry S. Sauer
Counsel of Record

SERVICE LIST

Gretchen J. Hummel
McNees Wallace & Nurick, LLC
21 East State Street, 17th Floor
Columbus, Ohio 43215
ghummel@mwncmh.com

William Wright
Attorney General's Office
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
william.wright@puc.state.oh.us