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-Income Pilot Program.	))))	Case No. 10-1395-GA-ATA

SUPPLEMENTAL FINDING AND ORDER

The Commission finds:

(1) By opinion and order issued January 7, 2009, in *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 Services and Related Matters,* Case No. 07-1080-GA-AIR, et al., the Commission, *inter alia,* directed Vectren Energy Delivery of Ohio, Inc. (Vectren) to implement a one-year low-income, low-use pilot program (pilot program) to assist low-income customers with low consumption levels in paying their natural gas bills. The pilot program provides a $4.00 monthly discount for up to 5,000 income-eligible customers that are not enrolled in the Percentage of Income Payment Plan (PIPP). The pilot program became effective on October 1, 2009, and was scheduled to expire on September 30, 2010.

(2) On September 17, 2010, Vectren filed an application requesting approval of proposed revisions to its tariffs which would extend the pilot program past its initial one-year term until March 31, 2011. The Commission granted Vectren's application to extend the pilot program on September 29, 2010. The Commission also directed staff to review the pilot program and file its results with the Commission by October 29, 2010.

(3) On October 29, 2010, Staff filed the report of its review of the pilot program (Staff Report).

(4) By entry issued November 8, 2010, the attorney examiner established December 1, 2010, as the deadline for the filing of motions to intervene and comments on the pilot program and the Staff Report. Reply comments were due on December 15, 2010.

(5) The November 8, 2010, entry also granted motions to intervene filed by the Ohio Consumers' Counsel (OCC) and the Edgemont Neighborhood Coalition (Edgemont).

(6) On December 2, 2010, joint comments were filed by OCC and Edgemont (collectively, Consumer Advocates).[1]

(7) Reply comments were filed by Vectren on December 15, 2010.

(8) In its October 29, 2010, Staff Report, Staff provided information regarding a comparison of the total annual bill incurred by customers consuming between 10 and 70 thousand cubic feet (Mcf) per year, at 10 Mcf intervals, utilizing the following: the distribution and commodity rates in effect prior to the base rate proceeding in 07-1080 and the distribution and commodity rates currently in effect. At the rates currently in effect, Staff noted that a breakeven level of consumption, where a customer's bill is the same as it would have been prior to the rate proceeding in 07-1080, occurs at an annual Mcf usage of 30.35, which encompasses 5.7 percent of home energy assistance program (HEAP) eligible customers. At usage levels above the break even point, a customer's annual bill is lower than before the rate proceeding in 07-1080. Staff asserts that, during its original consideration of the straight fixed variable (SFV) rate design, the break even point occurred at an annual consumption level of approximately 80 Mcf. However, declining commodity rates have resulted in a lowered break even point. According to Staff, the decline in commodity prices has not only served to mitigate any impact from the SFV rate design, but has mitigated any increase in the rate itself.

(9) In its comments, the Consumer Advocates assert that the original intent of the pilot program was to mitigate the effects of the SFV rate design for low-income customers who were refraining from enrolling in PIPP. According to the Consumer Advocates, the Staff Report did not adequately conclude whether that goal had been achieved. Moreover, the Consumer Advocates argue that, by including the decline in commodity prices in its analysis, the Staff Report fails to determine the true effectiveness of the pilot

[1] The Commission notes that Ohio Association of Community Action Agencies (OACAA) is listed as a joint commenter in the December 2, 2010, comment filed by the Consumer Advocates; however, OACAA did not file a motion to intervene in this proceeding. Therefore, OACAA will not be considered a Consumer Advocate for purposes of this proceeding.

program. Instead, the Consumer Advocates argue that commodity prices could easily increase, bringing back the impact of the SFV rate design. Moreover, in the event the Commission decides to discontinue the low-income, low-use program, Consumer Advocates argue that a better use of the funds, instead of continuing or expanding the pilot program, would be the establishment of a fuel fund for low-income payment assistance using the $240,000 currently utilized for the pilot program. In sum, the Consumer Advocates assert that the pilot program should be continued, as is, or the funds should be converted into a fuel fund for low-income consumers.

(10) Vectren, in its reply comments, asserts that the Staff Report does not support continuing the pilot program. In support of its assertion, Vectren states that only 439 customers, who are eligible for the pilot program have a usage below 30 Mcf and that, with the decline in commodity prices, the SFV rate design has been fully implemented and there are no longer affects to be mitigated by the pilot program. Vectren, accordingly, recommends that the pilot program be eliminated on its current expiration date of March 31, 2011. Moreover, if the program is not eliminated, Vectren requests that some type of cost recovery mechanism be established to recover the cost of the program.

(11) The Commission now has an opportunity to evaluate the low-use, low-income pilot program to determine whether it should be continued. In evaluating the future of the program, the Commission is aware that the original goal of the low-use, low-income pilot program was to mitigate the impact of the imposition of the SVF rate design on certain customers. The Staff Report demonstrates that declining commodity prices served to mitigate much of the feared rate shock. Accordingly, we find that Vectren should be allowed to discontinue its low-use, low-income pilot program. In light of our determination in this Finding and Order that Vectren may discontinue its low-use, low-income pilot program, and in consideration of the winter heating season, we find that Vectren may discontinue its program effective April 1, 2011, or anytime thereafter.

It is, therefore,

ORDERED, That Vectren is authorized to discontinue its low-use, low-income pilot program effective April 1, 2011, or anytime thereafter. It is, further

ORDERED, That Vectren is authorized to file four complete copies of tariffs in final form, consistent with this Supplemental Finding and Order. Dominion shall file one copy in this case docket and one copy in its TRF docket (or may file electronically as directed in Case No 06-900-AU-WVR). The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

ORDERED, That Vectren shall notify its customers of the changes to the tariffs via bill message or bill insert 30 days prior to the effective date of the revised tariffs. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability, and Service Analysis Division at least 10 days prior to its distribution to customers. It is, further,

ORDERED, That a copy of this Supplemental Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Steven D. Lesser, Chairman

Paul A. Centolella

Valerie A. Lemmie

Cheryl L. Roberto

KLS/dah

Entered in the Journal FEB 02 2011

Reneé J. Jenkins
Secretary