

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren)
Energy Delivery of Ohio, Inc. for Approval) Case No. 13-1890-GA-UNC
to Implement a Capital Expenditure)
Program.)

In the Matter of the Application of Vectren)
Energy Delivery of Ohio, Inc. for Approval) Case No. 13-1891-GA-AAM
to Change Accounting Methods.)

ENTRY

The Attorney Examiner finds:

- (1) Vectren Energy Delivery of Ohio, Inc. (Vectren) is a public utility as defined in Section 4905.02, Revised Code, and a natural gas company under Section 4905.03, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By Finding and Order issued on December 12, 2012, in *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case No. 12-530-GA-UNC, *et al.*, (CEP Order) the Commission modified and approved Vectren's application for authority to implement a capital expenditure program (CEP) for the period of October 1, 2011, through December 31, 2012, pursuant to Sections 4909.18 and 4929.111, Revised Code. The Commission approved Vectren's request to modify its accounting procedures to provide for capitalization of post-in-service carrying costs (PISCC) on those assets of the CEP that are placed into service, but not reflected in rates as plant in service, as well as deferral of depreciation expense and property taxes directly attributable to those assets of the CEP that are placed into service, but not reflected in rates as plant in service, and creation of a regulatory asset to defer the PISCC, depreciation expense, and property tax expense for recovery in a future proceeding. The Commission authorized Vectren to accrue CEP-related deferrals only up until the point where the accrued deferrals, if included in rates, would cause the rates charged to Residential (Rates 310, 311, and 315) and General Default Sales Service, Group 1 (Rates 320, 321, and 325) customers to increase by more than \$1.50 per month. At that point, accrual of all

future CEP-related deferrals is required to cease, until Vectren files to recover the existing accrued deferrals and to establish a recovery mechanism under Sections 4909.18, 4929.05, or 4929.11, Revised Code.

- (3) On August 29, 2013, Vectren filed the instant application, pursuant to Sections 4909.18 and 4929.111, Revised Code, seeking authority to implement an ongoing CEP, including accounting authority to: capitalize PISCC on investments under the CEP for assets placed in-service, but not yet reflected in rates; defer depreciation expense and property tax expense directly associated with the CEP assets placed in service; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense will be deferred for recovery pursuant to a future application, in 2013 and succeeding years, up until the point where the accrued deferrals, if included in rates, would cause the rates charged to its Residential and General Default Sales Service, Group 1 customers to increase by more than \$1.50 per month. Vectren proposes to compute and defer the cost of its CEP-related investments in accordance with the CEP Order. According to the application, a cumulative investment of \$61.5 million is projected for Vectren's CEP during the period from January 1, 2013, through December 31, 2013. Vectren notes that, on August 22, 2013, in *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan for Continuation of its Distribution Replacement Rider*, Case No. 13-1571-GA-ALT (DRR case), the company filed an application for approval to extend and expand its existing distribution replacement rider (DRR) mechanism. Vectren submits that, if recovery of all or any portion of the capital expenditures included in this CEP application is approved in the DRR case, Vectren will deduct the corresponding amount from the CEP program, as appropriate. Vectren emphasizes that it is not requesting cost recovery as part of this application and that recovery of any approved deferrals will be requested in a separate proceeding and, therefore, approval of this application will not result in an increase in any rate or charge. For that reason, Vectren states that this application should be considered as an application not for an increase in rates under Section 4909.18, Revised Code.

- (4) In order to assist the Commission in its review of Vectren's application, the Attorney Examiner finds that the following procedural schedule should be established:
- (a) October 2, 2013 - Deadline for the filing of motions to intervene.
 - (b) October 10, 2013 - Deadline for the filing of comments on the application by Staff and intervenors.
 - (c) October 24, 2013 - Deadline for the filing of reply comments.

It is, therefore,

ORDERED, That the procedural schedule set forth in finding (4) be adopted. It is, further,

ORDERED, That a copy of this entry be served upon all interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/ Greta See

By: Greta See
Attorney Examiner

jrj/vrm

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in

Case No(s). 13-1890-GA-UNC, 13-1891-GA-AAM

Summary: Attorney Examiner Entry establishing the procedural schedule for consideration of Vectren's application for a capital expenditure program; electronically filed by Vesta R Miller on behalf of Greta See, Attorney Examiner, Public Utilities Commission of Ohio