

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren	)	
Energy Delivery of Ohio, Inc., for Approval	)	Case No. 18-0049-GA-ALT
of an Alternative Rate Plan	)	

**APPLICATION FOR APPROVAL OF AN ALTERNATIVE RATE PLAN**

Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company), in accordance with R.C. R.C. 4929.111, 4909.18, 4929.05, and 4929.11, respectfully requests that the Commission approve this Application for its Capital Expenditure Program (CEP) Alternative Rate Plan, and any other necessary and proper relief as described below. In support of this Application, VEDO states as follows:

1. VEDO is an Ohio corporation engaged in the business of transporting and distributing natural gas to approximately 318,000 customers in Dayton and west central Ohio. VEDO is a “public utility” and “natural gas company” as defined in R.C. 4905.02(A) and 4905.03(E) and is subject to the Commission’s jurisdiction in accordance with R.C. 4905.04, 4905.05, and 4905.06.

2. On February 3, 2012, VEDO filed its first application for approval of its Capital Expenditure Program (CEP). After several rounds of comments, the Commission approved VEDO’s CEP, finding that it was “consistent with the Company’s obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable.” *See* Case No. 12-0530-GA-UNC, Finding & Order at 21 (Dec. 12, 2012) (the 12-530 Order). Subject to certain conditions, the Commission authorized VEDO to begin deferring the post-in-service carrying costs (PISCC), depreciation

expense, and property tax expense associated with its CEP beginning with the period October 1, 2011, through December 31, 2012. *Id.*

3. On August 29, 2013, VEDO filed its second application for approval of its CEP in Case No. 13-1890-GA-UNC. It requested that the Commission approve the continuance of VEDO's CEP program, with certain modifications. The Commission again determined that VEDO had "demonstrated that the CEP is consistent with its obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable." Finding & Order at 6 (Dec. 4, 2013) (13-1890 Order). The Commission also approved VEDO's request to implement an "on-going CEP." *Id.* at 7. Under this request, VEDO could continue deferring amounts related to the CEP until "the \$1.50 per month threshold is surpassed"; if that occurred, "[a]ccrual of all future CEP-related deferrals should cease . . . until such time as VEDO files to recover the existing accrued deferrals and establish a recovery mechanism under Sections 4909.18, 4929.05, or 4929.11, Revised Code." *Id.*

4. Since issuance of the 13-1890 Order, VEDO has not been required to file an annual application to renew the CEP or the related deferral authority, *see id.* at 3, but has filed annual reports each year from 2013 through 2017, with an additional report to be filed later this month. To date, no comments have been filed by Staff or by any other party with respect to any of VEDO's annual reports. Nor has the Commission taken any action either with respect to any annual report, or with respect to VEDO's authority to continue deferring amounts related to the CEP.

5. On March 30, 2018, VEDO filed an application for an increase in rates and for approval of an alternative rate plan. *See* Case Nos. 18-0298-GA-AIR & 18-0299-GA-ALT

(collectively, the Rate Case Proceeding). In the Rate Case Proceeding, currently pending, VEDO requested authority to recover in base rates the CEP-related deferrals through December 31, 2017, as part of rate base as of the date certain of December 31, 2017.

6. Because the Rate Case Proceeding involves an application to recover CEP-related deferrals, and because the post-date-certain CEP regulatory asset does not exceed the \$1.50 threshold established in the 12-530 and 13-1890 Orders, VEDO is continuing to defer PISCC, depreciation expense, and property expense as part of its on-going CEP approved in the 13-1890 Order, *see id.* at 7, and will continue to do so going forward, subject to Commission review as proposed below.

7. In this proceeding, beginning with 2018 investments, VEDO proposes that the deferrals associated with such investments be annually reviewed and recovered through a newly proposed Capital Expenditure Program Rider (the CEP Rider). VEDO does not propose recovering a return on and of the CEP assets and investments themselves, only on the associated deferrals (*i.e.*, PISCC, depreciation expense, and property tax). Beginning with its CEP applicable to 2018 expenditures, VEDO proposes including a Shared Asset Charge as part of its CEP. Additional detail regarding the CEP Alternative Rate Plan, the Shared Asset Charge, the proposed procedures, and related matters are discussed in the Exhibits to the CEP Alternative Rate Plan provided in accordance with Ohio Adm. Code 4901:1-19-06 and in the testimony of VEDO Witness J. Cas Swiz.

8. VEDO does not propose that CEP Rider rates be established in this proceeding, but that the Commission establish an annual process to review and update the CEP Rider. Under VEDO's proposal, the first application to establish CEP Rider rates will be filed on April 1, 2019, and will pertain to CEP investments from January 1 through December 31, 2018.

9. In a motion filed today, VEDO is requesting that the proceedings considering this Application for the CEP Alternative Rate Plan, and the Rate Case Proceeding, be consolidated.

10. In accordance with R.C. 4909.43(B) and Ohio Adm. Code 4901:1-19-06(A), a notice of intent to file this Application was served on the mayor and legislative authority of each municipality on December 29, 2017, and on the Commission on January 3, 2018.

11. In accordance with R.C. 4929.05(A)(1) and (2), VEDO states that it is in compliance with R.C. 4905.35 and is in substantial compliance with the policy of the State specified in R.C. 4929.02; VEDO also submits that it will continue to be in substantial compliance with state policy after implementation of the CEP Alternative Rate Plan as proposed.

12. In compliance with Ohio Adm. Code 4901:1-19-06(C), VEDO has attached to the Application the following Exhibits to the CEP Alternative Rate Plan:

- (a) Detailed alternative rate plan, which states the facts and grounds upon which the proposed plan is based, and which sets forth the Plan's elements, transition plans, and other matters as required by the rules;
- (b) Listing of the services which have been exempted, the case number authorizing such exemption, a copy of the approved separation plan, and a copy of the approved code of conduct;
- (c) Detailed discussion of how potential issues concerning cross-subsidization of services have been addressed in the Plan;
- (d) Detailed discussion of how the Plan is in compliance with section 4905.35 of the Revised Code, in substantial compliance with the policies of the state of Ohio specified in section 4929.02 of the Revised Code, how VEDO expects to continue to be in substantial compliance with the policies of the state specified in section

4929.02 of the Revised Code, after implementation of the CEP Alternative Rate Plan, and a demonstration that the CEP Alternative Rate Plan is just and reasonable; and

(e) List of witnesses sponsoring each of the exhibits in the Application.

13. In accordance with the deadline set forth in Ohio Admin. Code 4901:1-19-06(B)(1), the testimony of J. Cas Swiz is being filed in support of the CEP Alternative Rate Plan concurrently with this Application. In addition to other material, proposed tariff sheets establishing the CEP Rider, with a placeholder rate initially set at zero, are attached to the testimony of VEDO Witness Swiz.

14. VEDO represents that a copy of the CEP Alternative Rate Plan has been provided to the Office of the Ohio Consumers' Counsel and each party of record in its most recent alternative rate plan proceeding, as required by Ohio Admin. Code 4901:1-19-06(B)(2). Additionally, copies of the Plan are being kept at VEDO's principal business office and on its web page, [www.vectren.com](http://www.vectren.com), for public inspection.

WHEREFORE, VEDO respectfully requests that the Commission consider the facts and proposals set forth in this application and approve the CEP Alternative Rate Plan, the CEP Rider, and the proposed tariff sheets, and grant any other necessary and proper relief.

Dated: April 13, 2018

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing and all attachments were served by electronic mail upon the following this 13th day of April, 2018:

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One of the Attorneys for Vectren Energy  
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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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**ALTERNATIVE RATE PLAN EXHIBITS**

**I. Ohio Adm. Code 4901:1-19-06(C)(2) Detailed alternative rate plan and related information.**

In 2011, the General Assembly enacted House Bill 95 (HB95). The bill included R.C. 4929.111, which authorized natural gas companies to implement capital expenditure programs. Before describing its proposal in this case, Vectren Energy Delivery of Ohio, Inc. (VEDO) will provide background on its Capital Expenditure Program (CEP), and the connection of this case with its pending rate case, Case No. 18-0298-GA-AIR.

**A. Background**

**1. Case No. 12-530-GA-UNC – VEDO’s Initial CEP Filing.**

On February 3, 2012, VEDO filed its first application for approval of its CEP. After several rounds of comments, the Commission approved VEDO’s CEP and authorized it to adjust its accounting procedures to allow for the deferral of post-in-service carrying costs (PISCC), depreciation expense, and property tax expense associated with its CEP investments beginning with the period October 1, 2011, through December 31, 2012. *See* Case No. 12-0530-GA-UNC, Finding & Order at 21 (Dec. 12, 2012) (the 12-530 Order).

The Commission made several determinations and imposed several conditions, including the following:

- “VEDO’s application include[d] the necessary information required by Section 4929.111, Revised Code, regarding the types and amounts of the expenditures included in the CEP,” *id.*;
- VEDO “demonstrated that the CEP is consistent with the Company’s obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable,” *id.*;
- the “the prudence and reasonableness of the magnitude of VEDO’s CEP-related regulatory assets and associated capital spending in any future proceedings seeking cost recovery” would be reviewed in future proceedings,” *id.*;
- “VEDO should docket an annual informational filing by April 30 of each year that details the monthly CEP investments and the calculations used to determine the associated deferrals, as recommended by Staff,” *id.*;
- “VEDO’s calculation of CEP deferred regulatory assets should be net of incremental revenue attributable to CEP investments” and that “VEDO should calculate the total monthly deferral . . . using the specific definitions and formulas set forth in Staff’s surreply comments,” *id.*;
- “VEDO may accrue CEP deferrals up until the point where the accrued deferrals, if included in rates, would cause the rates charged to Residential (Rate 310, 311, and 315) and General Default Sales Service, Group 1 (Rate 320, 321, and 325) customers to increase by more than \$1.50 per month,” *id.*; and
- “[a]ccrual of all future CEP-related deferrals should cease once the \$1.50 per month threshold is surpassed, until such time as VEDO files to recover the existing accrued deferrals and establish a recovery mechanism under Sections 4909.18, 4929.05, or 4929.11, Revised Code.” *Id.*

## **2. Case No. 13-1890-GA-UNC – Authority for an on-going CEP.**

The next year, on August 29, 2013, VEDO filed an additional application in Case No. 13-1890-GA-UNC. It requested that the Commission approve the continuance of VEDO’s CEP program, with certain modifications. The Commission again determined that VEDO had “demonstrated that the CEP is consistent with its obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable.” Finding & Order at 6 (Dec. 4, 2013) (13-1890 Order).

The Commission also approved modifications to the annual procedure as follows:

- VEDO “shall provide interested persons and Staff an opportunity to comment on [VEDO’s] CEP report due by April 30 each year,” *id.* at 6;
- “any comments and reply comments should be filed within 30 days and 40 days, respectively, of the date [the] annual CEP report is filed,” *id.*;
- “After receipt of each annual CEP report and review of any comments and replies submitted, the Commission will determine whether there should be further review of [VEDO’s] approved deferral authority,” *id.*; and
- If so, an appropriate procedure would be established with 60 days after the filing of the annual CEP report, with VEDO authorized to “continue to accrue appropriate deferrals, unless and until the Commission orders otherwise,” *id.*

The Commission also approved VEDO’s request to implement an “on-going CEP.” *Id.* at

7. Under this request, VEDO could continue deferring amounts related to the CEP until “the \$1.50 per month threshold is surpassed”; if this occurred, “[a]ccrual of all future CEP-related deferrals should cease . . . until such time as VEDO files to recover the existing accrued deferrals and establish a recovery mechanism under Sections 4909.18, 4929.05, or 4929.11, Revised Code.” *Id.*

In accordance with both the 12-530 Order and the 13-1890 Order (the CEP Orders), VEDO filed annual reports each year beginning in 2013, in Case No. 12-530-GA-UNC, and then from 2014 through 2017 in Case No. 13-1890-GA-UNC, with an additional report to be filed later this month. To date, no comments have been filed by Staff or by any other party with respect to any of VEDO’s annual reports. Nor has the Commission taken any action either with respect to any annual report, or with respect to VEDO’s authority to continue deferring amounts related to the CEP.

### **3. Case No. 18-0298-GA-AIR – Compliance with the \$1.50 limit on accrued deferrals.**

On March 30, 2018, VEDO filed an application to increase rates in Case No. 18-0298-GA-AIR and for approval of an alternative rate plan in Case No. 18-0299-GA-ALT (collectively,

the Rate Case Proceeding). Among other things, the base rates proposed in the Rate Case Proceeding included the CEP-related deferred balance as of December 31, 2017, the date certain of the rate case. At the time of the filing, as discussed in the testimony of VEDO Witness J. Cas Swiz, the inclusion of the accrued deferrals in rates (standing alone) did not exceed the \$1.50 per month threshold.

Thus, because VEDO filed an application “to recover the existing accrued deferrals” and to “establish a recovery mechanism” under R.C. 4909.18 before exceeding the \$1.50 limit, VEDO satisfied the conditions of the 12-530 and 13-1890 Orders, and accordingly it remains authorized under those Orders to continue deferring amounts related to its CEP. At this time, VEDO is continuing to defer amounts related to ongoing CEP investments, in compliance with all conditions and limitations established by prior orders, and it intends to file an annual report related to 2017 activity around the end of this month.

#### **B. VEDO’s CEP Rider Proposal**

In this proceeding, beginning with CEP-related deferrals for the period January 1 through December 31, 2018, and continuing each year thereafter, VEDO proposes annually recovering the deferred CEP balance with a return through the proposed CEP Rider. The CEP Rider will be based on a revenue requirement calculation, which captures the return on the deferred balance (based on VEDO’s proposed rate of return in the Rate Case Proceeding) and the recovery of the deferred balance over the average life of VEDO’s assets (based on VEDO’s proposed composite depreciation rates in the Rate Case Proceeding). The CEP Rider will not include a return on the underlying CEP investments, which will be addressed in VEDO’s next base rate case. The CEP Rider rates and charges will be in effect for twelve months, with any under- or over-recovery variance included for recovery (or pass-back) in the subsequent CEP Rider filing.

The CEP Rider revenue requirement will be calculated using the total deferred balance as of the end of the prior calendar year. This deferred balance is comprised of the deferred depreciation expense on CEP investments, the accrued and deferred PISCC on CEP investments, deferred property tax expense on CEP investments, and deferred Shared Asset Charge expense (which itself comprises carrying costs, depreciation expense, and property tax expense), less incremental revenues associated with CEP investments. The total deferred balance will be reduced by estimated deferred income taxes attributed to the deferred depreciation and PISCC. VEDO will include a reconciliation of actual CEP Rider recoveries against the amounts authorized for recovery in each annual CEP filing, with any under- or over-recovery variance included for recovery (or pass-back) in each CEP Rider filing. The calculation of the overall revenue requirement and of each of the individual components, as well as the proposed development of the rate, are discussed in detail in the testimony of VEDO Witness Swiz.

VEDO proposes to allocate the CEP Rider revenue requirement using the allocations from its proposed cost of service study in the Rate Case Proceeding. In the event these allocations are updated during the Rate Case Proceeding, VEDO will adjust the CEP Rider allocators to match the final approved amounts. VEDO proposes to recover the allocated CEP revenue requirement from each Rate Schedule consistent with the rate design proposed for its Distribution Replacement Rider (DRR). As described in more detail in the testimony of VEDO Witness Swiz, VEDO intends to apply a fixed charge to the Residential Rate Schedules (Rates 310, 311, and 315) and to Group 1 customers in the General Service Rate Schedules (Rates 320, 321, and 325); a volumetric (per CCF) rate will apply to all other customers.

### C. Annual Proceedings and Reporting

With respect to the annual update process, VEDO proposes establishing the following schedule, which would enable the implementation of an updated CEP Rider by August 1 of each year:

<u>Date</u> <sup>1</sup>	<u>Activity</u>
April 1	File CEP Rider Application
June 1	Staff Report
June 15	Motions to Intervene and Comments by VEDO and Other Parties
June 22	Notification Whether Issues Raised in Comments Have Been Resolved
July	Hearing
August 1	Rate Effective Date

Under this schedule, the Commission Staff would conduct an investigation and review the deferral activity and CEP investments for the prior calendar year over a sixty-day period, and then provide a report of its findings and recommendations. VEDO and other interested parties would then have 14 days to respond to Staff's report, and another week to resolve any issues identified in the report or in any comments. If such issues are not resolved, a hearing would be conducted in time for resolution and Commission order by August 1.

As part of this annual CEP Rider filing, VEDO will also present its estimated CEP budget for the then-current calendar year. In each subsequent CEP Rider filing, VEDO will provide a reconciliation of the actual CEP investments against the CEP budget, with explanations for

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<sup>1</sup> These dates are approximate and may vary depending on weekends. VEDO expects that a specific procedural schedule would be established in each case.

significant variances, which is consistent with how VEDO has presented past annual reports under the CEP Orders. Going forward, VEDO proposes that the annual CEP Rider filing and report replace the current annual reporting requirements under the CEP Orders.

**II. Ohio Adm. Code 4901:1-19-06(C)(3), Statements regarding exemptions.**

VEDO has been granted exemptions by the Commission with respect to its provision of commodity service. *See* Case No. 07-1285-GA-EXM (original exemption); Case No. 12-483-GA-EXM (modification). VEDO's approved code of conduct is set forth at Sheet No. 72 in its Tariff for Gas Service.

**III. Ohio Adm. Code 4901:1-19-06(C)(4), Cross-Subsidization.**

The Alternative Rate Plan will not result in the cross-subsidization of services. All CEP deferred balances will be subject to annual review by the Commission and its Staff, and any rates or charges reflecting the CEP deferred balances will also be subject to review and approval by the Commission. Any rates and charges recovering CEP deferred balances will reflect appropriate allocations of cost responsibility to customer classes in accordance with the cost of service study or other related analysis applicable at the time that the CEP Rider rates are set. No cross-subsidization shall occur under any element of VEDO's Alternative Rate Plan.

**IV. Ohio Adm. Code 4901:1-19-06(C)(5), Compliance with Revised Code Provisions**

VEDO will address compliance with R.C. 4905.35, substantial compliance with R.C. 4929.02, and the justness and reasonableness of the plan, in that order.

**A. Compliance with R.C. 4905.35.**

R.C. 4905.35 provides in its entirety as follows:

(A) No public utility shall make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

(B)(1) A natural gas company that is a public utility shall offer its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions.

(2) A natural gas company that is a public utility and that offers to a consumer a bundled service that includes both regulated and unregulated services or goods shall offer, on an unbundled basis, to that same consumer the regulated services or goods that would have been part of the bundled service. Those regulated services or goods shall be of the same quality as or better quality than, and shall be offered at the same price as or a better price than and under the same terms and conditions as or better terms and conditions than, they would have been had they been part of the company's bundled service.

(3) No natural gas company that is a public utility shall condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from the company.

VEDO is compliant with R.C. 4905.35. In accordance with R.C. 4905.35(A), VEDO does not make or give any undue or unreasonable preference or advantage to any person, firm, corporation, or locality, or subject any person, firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

In accordance with R.C. 4905.35(B)(1), VEDO offers its regulated services or goods to all similarly situated consumers, including persons with which it is affiliated or which it controls, under comparable terms and conditions, as evidenced by VEDO's Supplier Code of Conduct and Affiliate Code of Conduct (*see* Tariff Sheets No. 52 and No. 72). Consistent with the obligation to make its service offerings available on a comparable and non-discriminatory basis, VEDO has applied these principles in developing its service offerings, the terms and conditions upon which it provides public utility service, and its rates. Such services, terms and conditions and rates have been reviewed and approved by the Commission and are currently incorporated in VEDO's tariff.

With respect to R.C. 4905.35(B)(2), VEDO does not presently have any bundled service offerings that include a regulated and unregulated service.

In accordance with R.C. 4905.35(B)(3), VEDO does not condition or limit the availability of any regulated services or goods, or condition the availability of a discounted rate or improved quality, price, term, or condition for any regulated services or goods, on the basis of the identity of the supplier of any other services or goods or on the purchase of any unregulated services or goods from VEDO.

**B. Substantial compliance with R.C. 4929.02.**

The Commission's rules require VEDO to discuss its current compliance with state policy and its expected compliance with that policy following implementation of the proposed plan.

R.C. 4929.02 establishes Ohio's state policy regarding the provision of natural gas service and goods. The policy promotes, among other things, the availability of adequate, reliable, and reasonably priced services and goods as well as the unbundling and comparability of those services and goods. It supports effective choices for supplies and suppliers; encourages

market access to supply- and demand-side services and goods; and acknowledges the importance of effective competition and the regulatory treatment needed to support competition.

VEDO currently works to promote, encourage, recognize, facilitate and ensure the goals in R.C. 4929.02 are met. VEDO's record of service in Ohio includes a proactive effort to work with stakeholders to implement unbundled and ancillary service offerings that provide customers with effective and convenient choices to meet their natural gas supply needs. VEDO's current tariff provides numerous options for service of varying terms and conditions to meet its customers' needs for the purchase and delivery of natural gas. VEDO's services provide all customers the opportunity to choose an alternative commodity supplier. VEDO's current rates provide no subsidies flowing to or from regulated services or goods. VEDO developed and implemented a successful residential and commercial natural gas choice program within the first two years of its ownership and operation of the VEDO system, and as approved in Case No. 07-1285-GA-EXM, it has implemented an auction-based commodity-service procurement since 2008.

VEDO also provides funding for low-income conservation programs resulting in more efficient use and conservation of natural gas for qualifying customers. VEDO's energy efficiency programs provide annual funding for low-income conservation programs resulting in more efficient use and conservation of natural gas for qualifying customers. In collaboration with the VEDO DSM Collaborative, VEDO's programs also provide annual funding for energy-efficiency and conservation programs for residential and small business customers. VEDO's conservation portfolio also includes resources, such as an online energy audit tool and a dedicated conservation connection hotline, to assist customers in becoming more energy efficient and managing their bills.

Moreover, VEDO's bill inserts, public outreach initiatives, and customer service representatives provide information useful to customers in making choices about natural gas services and goods.

The Commission has previously ruled that VEDO is in compliance with R.C. 4929.02, based on information that is substantially unchanged. *See* Case No. 07-1825-GA-EXM, Opin. & Order (Apr. 30, 2008); Case No. 05-1444-GA-UNC, Opin. & Order (Sept. 13, 2006); Case No. 13-1571-GA-ALT, Opin. & Order (Feb. 19, 2014) (approving application and stipulation filed under R.C. 4929.05). VEDO will continue to comply with R.C. 4905.35 and to substantially comply with the policies specified in R.C. 4929.02, after implementation of VEDO's Alternative Rate Plan proposals.

VEDO's proposed CEP Rider will not detrimentally affect VEDO's compliance with state policy. The annual update and recovery of CEP-related deferrals is specifically authorized by statute, *see* R.C. 4929.111(D)–(E), and the Commission has already ruled that VEDO's CEP deferrals are consistent with the statutory criteria set forth in R.C. 4929.111(C). *See* Case No. 12-0530-GA-UNC, Finding & Order at 21 (Dec. 12, 2012) (finding that “VEDO's application includes the necessary information required by Section 4929.111, Revised Code, regarding the types and amounts of the expenditures included in the CEP such that the Company has demonstrated that the CEP is consistent with the Company's obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable.”). Ongoing CEP deferrals will continue to be subject to Commission review and approval, and only approved deferrals will be recovered through the CEP Rider. Given that the CEP is consistent with and in furtherance of the provision of just and reasonable service, and given that VEDO has determined the related costs in keeping with R.C.

4929.111 and with the Commission's orders, the program itself and the recovery of the related costs are both in keeping with state policy.

In sum, implementation of VEDO's proposal, combined with VEDO's existing services and programs, will ensure continued and enhanced compliance with the policies described in Section 4929.02, Revised Code.

**C. The proposed plan is just and reasonable.**

For all of the foregoing reasons, VEDO's proposed plan is just and reasonable. VEDO's CEP has already been determined to be consistent with its statutory obligation "to furnish necessary and adequate services and facilities," and the Commission has found the CEP-related services and facilities "to be just and reasonable." *Id.* Ongoing CEP deferrals will continue to be subject to these requirements. The inclusion of the Shared Asset Charge within the CEP is also just and reasonable, for reasons explained in detail in the testimony of VEDO Witness Swiz. VEDO's plan to recover such costs on annual basis is directly authorized by statute, and will facilitate necessary investment in VEDO's system and in the infrastructure that benefits Ohio citizens and businesses. No deferred CEP assets will be recovered unless subject to review by the Commission and its Staff, and only approved amounts will be recovered from customers.

Given the Commission's prior findings that the CEP is in compliance with statutory criteria, given that deferral and annual recovery is directly authorized by statute, and given the procedures proposed to ensure only prudent and reasonable CEP deferrals are recovered, the plan should be deemed just and reasonable and approved.

**V. Ohio Adm. Code 4901:1-19-06(C)(6), List of Witnesses.**

In accordance with the Commission's rules, below is the list of witnesses who will sponsor testimony on behalf of VEDO's Alternative Rate Plan in this proceeding.

- J. Cas Swiz

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**DIRECT TESTIMONY OF  
J. CAS SWIZ  
ON BEHALF OF  
VECTREN ENERGY DELIVERY OF OHIO, INC.**

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<u>      </u>	Management policies, practices, and organization
<u>      </u>	Operating income
<u>      </u>	Rate base
<u>      </u>	Allocations
<u>      </u>	Rate of return
<u>      </u>	Rates and tariffs
<u>  X  </u>	Other (CEP Rider)

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**Direct Testimony of  
J. Cas Swiz**

**I. BACKGROUND AND QUALIFICATIONS**

**Q1. Please state your name and business address.**

A. My name is J. Cas Swiz and my business address is One Vectren Square, Evansville, Indiana 47708.

**Q2. What position do you hold with Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company)?**

A. I am Director, Rates and Regulatory Analysis for Vectren Utility Holdings, Inc. (VUHI), the immediate parent company of VEDO. I also hold this same position with two other utility subsidiaries of VUHI – Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren North) and Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren South).

**Q3. Please describe your educational background.**

A. I am a 2001 graduate of the University of Evansville with a Bachelor of Science degree in Accounting, and a 2005 graduate of the University of Southern Indiana with a Masters of Business Administration.

**Q4. Please describe your professional experience.**

A. From 2001 to 2003, I was employed by ExxonMobil Chemical as a Product and Inventory accountant. Since 2003, I have been employed with VUHI in various accounting capacities. In 2008, I was named Manager, Regulatory and Utility Accounting, and in November 2012, I was promoted to Director, Regulatory Implementation and Analysis. I was named to my current position in August 2015.

1 **Q5. What are your present duties and responsibilities as Director, Rates and Regulatory**  
2 **Analysis?**

3 A. I am responsible for the regulatory and rate matters of the regulated utilities within VUHI  
4 in proceedings before the Indiana and Ohio utility regulatory commissions. I also have  
5 the responsibility for the financial analysis and implementation of all regulatory  
6 initiatives of VUHI, as well as the preparation of accounting exhibits submitted in various  
7 regulatory proceedings.

8 **Q6. Have you previously testified before this Commission?**

9 A. Yes. I have testified in VEDO's Distribution Replacement Rider (DRR) proceedings,  
10 Case Nos. 13-1121-GA-RDR, 14-0813-GA-RDR, 15-0865-GA-RDR, 16-0904-GA-  
11 RDR, and 17-1155-GA-RDR. I am also testifying in VEDO's pending base rate case,  
12 Case No. 18-0298-GA-AIR (the Rate Case).  
13

14 **II. SUMMARY**

15 **Q7. What is the purpose and scope of your testimony in this proceeding?**

16 A. My testimony will support VEDO's proposal to establish a Capital Expenditure Program  
17 (CEP) Rider to recover deferred costs, starting January 1, 2018, authorized under  
18 VEDO's CEP in Case Nos. 12-530-GA-UNC and 13-1890-GA-UNC (collectively, the  
19 CEP Orders). I will discuss the authority granted under the CEP Orders in accordance  
20 with Ohio House Bill 95 (HB95) and how VEDO, in compliance with the CEP Orders, is  
21 proposing recovery of the CEP investments and deferred balance as part of its Rate Case.  
22 I will discuss the continued deferral of costs starting January 1, 2018, in accordance with  
23 the CEP Orders. Finally, I will discuss how the CEP Rider will be calculated and

1 allocated to VEDO's customer classes in each annual CEP Rider filing, and present an  
2 estimate of the customer bill impacts for recovery of the 2018 deferral.

3 **Q8. Are the Company's books and records kept in accordance with the Federal Energy**  
4 **Regulatory Commission (FERC) Uniform System of Accounts?**

5 A. Yes. The Company's books and records are kept in accordance with the FERC Uniform  
6 System of Accounts as adopted by this Commission.

7 **Q9. Are you sponsoring any attachments to your testimony in this proceeding?**

8 A. Yes. Attachment A to my testimony presents the illustrative CEP Rider calculation  
9 exhibits that are proposed to be filed annually. Attachment B to my testimony presents  
10 the proposed CEP Rider Tariff Sheet.

11  
12 **III. CEP BACKGROUND**

13 **Q10. Please explain the currently approved HB95 Capital Expenditure Program.**

14 A. On December 12, 2012, in Case No. 12-530-GA-UNC, the Commission issued an Order  
15 (the 12-530 Order) that approved accounting authority, inclusive of the deferral of  
16 depreciation and property tax expense and the accrual of PISCC, on investments made  
17 under the Company's CEP for the period October 1, 2011 through December 31, 2012.  
18 The 12-530 Order required VEDO to submit, by April 30 of each year, a report detailing  
19 the total deferred balance associated with CEP investments and the estimated impacts on  
20 customers if included for recovery in rates. The Commission's Order also required the  
21 deferral to be offset by incremental revenues received as a result of these investments,  
22 which VEDO has complied with as demonstrated within each annual report submitted in  
23 accordance with the Order. This accounting authority was granted on investments made  
24 starting October 2011 until such point as the cumulative deferral of activity, if included in

1 rates, would result in a bill impact to residential and general service group 1 customers of  
2 \$1.50 per customer per month.

3 On December 4, 2013, in Case No. 13-1890-GA-UNC, the Commission issued  
4 another Order (the 13-1890 Order) that approved the continuation of the CEP investments  
5 and deferral beyond December 31, 2012, with such deferrals permitted to continue  
6 without further approval up to the point when the deferral would reach the \$1.50 per  
7 customer per month cap established in the 12-530 Order. The 13-1890 Order did not  
8 change the calculation of each of the deferred components, including the offsetting  
9 incremental revenue credit, and maintained the requirement for VEDO to file annual  
10 reports, by April 30 of each year, detailing the CEP investments, deferral, and estimated  
11 impacts on VEDO's customers if included for recovery in rates.

12 **Q11. Please explain how VEDO proposes to recover its CEP investments and deferrals in**  
13 **the Rate Case.**

14 A. VEDO has utilized the approved accounting authority to compile a total deferred balance  
15 of approximately \$66 million as of December 31, 2017, which has been included for  
16 recovery as part of rate base in the Rate Case. As explained in my testimony in that  
17 proceeding, VEDO has also requested recovery of this deferral over an extended period,  
18 using the proposed composite depreciation rate in that proceeding. The impact of the  
19 inclusion of the deferral in base rates is estimated to be approximately \$1.35 per  
20 residential customer per month, which is below the defined cap. Finally, VEDO's Net  
21 Utility Plant balance in the Rate Case includes the eligible CEP investments for which the  
22 accounting treatment has been applied.

1 **Q12. How will VEDO account for additional deferred activity related to these CEP**  
2 **investments during the Rate Case proceeding?**

3 A. Under the terms of the CEP Orders, deferrals are required to cease once the balance  
4 reaches the \$1.50 per customer per month estimated cap, until such time as the Company  
5 files to recover the existing deferrals and establish a recovery mechanism. Because  
6 VEDO has requested authority in the Rate Case to recover the deferred balance as of  
7 December 31, 2017, the Company believes it has met the requirements of the 12-530  
8 Order, and deferral on the CEP investments will continue during the pendency of both the  
9 Rate Case and this proceeding. The recovery of deferrals not captured in VEDO's base  
10 rate proposal will be addressed in this proceeding.

11  
12 **IV. CEP RIDER**

13 **Q13. Please summarize VEDO's proposal to establish the CEP Rider.**

14 A. VEDO proposes to establish the CEP Rider to recover the deferred balance, with a return,  
15 in current rates. As reflected in the illustrative calculation schedules included in  
16 Attachment A to my testimony, the CEP Rider will be based on a revenue requirement  
17 calculation, capturing the return on the deferred balance and the recovery of the deferred  
18 balance over the average life of VEDO's assets. The CEP Rider will not include a return  
19 on the underlying CEP investments; these will be addressed in VEDO's next base rate  
20 case. VEDO proposes to annually update the CEP Rider, to capture deferrals through  
21 December 31 of the prior calendar year. The CEP Rider rates and charges will be in  
22 effect for twelve months, with any under- or over-recovery variance included for  
23 recovery (or pass-back) in the subsequent CEP Rider filing.

**Q14. What is VEDO seeking to establish in this proceeding?**

A. VEDO is proposing only to establish the CEP Rider mechanism; the initial rate will be set at zero. As explained later in my testimony, VEDO's intention is to make its first filing to establish a CEP Rider rate on April 1, 2019, covering deferrals from January 1 through December 31, 2019.

**Q15. What are the primary benefits of the proposed CEP Rider?**

A. In the Rate Case, VEDO is seeking recovery of the cumulative deferred balance associated with the CEP investments through December 2017. This deferral, at approximately \$66 million, is a significant portion of VEDO's proposed revenue increase in the Rate Case. As deferrals on new CEP investments will continue, starting in 2018, the proposed CEP Rider will help mitigate future base rate increases by allowing for gradual recovery of the deferred balance in current rates. This gradual recovery will reduce the amount that will ultimately be included in VEDO's subsequent base rate case.

In addition, the CEP Rider will support VEDO's continued investment in the State of Ohio in a reasonable and economic manner. The effect of HB95 has been to support growth in the economy of Ohio by encouraging and incenting utility investment, and the CEP Rider would act as another tool to support these investments and the benefits they provide.

**Q16. Please explain the components of the CEP Rider Revenue Requirement.**

A. The CEP Rider revenue requirement will be calculated using the total deferred balance as of the end of the prior calendar year. This deferred balance is comprised of the deferred depreciation expense on CEP investments, the accrued and deferred PISCC on CEP investments, deferred property tax expense on CEP investments, and (as discussed below) deferred Shared Asset Charge expense, less incremental revenues associated with

1 CEP investments. (I will discuss the Shared Asset Charge, and its inclusion within the  
2 CEP, in detail in the next section of my testimony.) The total deferred balance will be  
3 reduced by estimated deferred income taxes attributed to the deferred depreciation and  
4 PISCC. Attachment A, Schedule 1 to my testimony shows the calculation of the  
5 illustrative CEP Rider revenue requirement.

6 **Q17. Are there assets currently in utility plant in service that are being retired as part of**  
7 **the CEP projects?**

8 A. Yes. Each component of the deferral will include the impact of retirements attributed to  
9 CEP projects. For example, deferred depreciation expense is calculated on the net asset  
10 additions – the total costs recorded on the Work Order related to the new asset less the  
11 assets retired as a result of the project. Attachment A, Schedule 2 shows an illustrative  
12 calculation of the net CEP investments eligible for deferred treatment.

13 **Q18. Please describe how the Deferred Depreciation Expense is calculated.**

14 A. The deferred depreciation is calculated on eligible CEP investments consistent with  
15 VEDO's fixed asset policies and procedures. Costs attributed to a capital project are  
16 captured within a Project or Work Order within VEDO's Fixed Asset system,  
17 PowerPlant. The costs within a Work Order are booked within FERC Account 107,  
18 Construction Work in Progress (CWIP), until such time as the investments are complete  
19 and the assets are used and useful in providing utility service to VEDO customers. At that  
20 point, the Work Order is placed in-service, and the costs are transferred to FERC Account  
21 101, Gas Plant In Service. This transfer to FERC Account 101 also identifies the  
22 appropriate FERC Plant Account for each cost component of the Work Order, assigning  
23 the costs to a specific asset type or category.

VEDO's Fixed Asset system calculates depreciation on the investment at the moment the Work Order is placed in-service. In that initial month, 50 percent of the Work Order costs (or Asset Costs at this point) are multiplied by the applicable depreciation rate assigned to the FERC Plant Account where the asset is assigned. The applicable depreciation rates will be those most recently approved by the Commission.<sup>1</sup> In each subsequent month, depreciation is calculated in full for each asset that remains in-service.

The formula for the deferred depreciation is as follows:

$$[(\text{Previous Month's Cumulative Gross Plant Additions} - \text{Previous Month's Cumulative Retirements}) + (50\% \times \text{Current Month Plant Additions} - 50\% \times \text{Current Month Retirements})] \times (\text{Depreciation Rate} / 12 \text{ months})$$

Attachment A, Exhibit Nos. 3a through 3e to my testimony reflect the illustrative calculation of the deferred depreciation on CEP investments.

**Q19. Is the calculation of deferred depreciation the same one that VEDO has utilized for prior CEP deferrals?**

A. Yes, this calculation matches what VEDO has used since the approval in the 12-530 Order, as disclosed in its annual reports.

**Q20. Please describe how the Deferred PISCC is calculated.**

A. Deferred PISCC is calculated on in-service CEP investments using a one-month lag approach. Once the Work Order is placed in-service, FERC requirements specify that the Allowance for Funds Used During Construction (AFUDC), which captures the financing costs (debt and equity) on the project during construction, ceases in the month the Work Order is complete. The accrual of PISCC will begin in the month following the completion of the Work Order.

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<sup>1</sup> VEDO has filed a request to adjust its depreciation rates as part of its base rate case in Case No. 18-0298-GA-AIR.

1           The basis for the calculation will be the Net Plant Balance of CEP investments,  
2           which is calculated by taking the cumulative gross plant additions through the prior  
3           calendar month (net of retirements of existing assets) less the Accumulated Depreciation  
4           on these CEP Assets through the prior calendar month. This net plant balance is  
5           multiplied by VEDO's Cost of Long-Term Debt (Cost of Debt) established in its base  
6           rate proceeding<sup>2</sup> to determine the PISCC accrued for the current month.

7           The formula for the deferred PISCC is as follows:

8           [(Previous Month's Cumulative Gross Plant Additions – Previous Month's Cumulative  
9           Retirements) – (Previous Month's Accumulated Depreciation)] x (Cost of Long-Term  
10           Debt Rate / 12 months)

11           Attachment A, Schedule 4 shows the illustrative calculation of the PISCC deferral  
12           on eligible CEP investments.

13   **Q21. Is the calculation of the PISCC deferral the same one that VEDO has utilized for**  
14   **prior CEP deferrals?**

15   A.    Yes, this calculation matches what VEDO has used since the approval in the 12-530  
16           Order, as disclosed in its annual reports.

17   **Q22. Please describe how the Deferred Property Tax Expense is calculated.**

18   A.    Deferred property tax expense is calculated based on the cumulative gross plant additions  
19           less cumulative retirements for the prior calendar year. Because VEDO's property tax  
20           expense reflects the liability in the current calendar year on prior year investments, any  
21           additions during the current year are not resulting in incremental property tax expense.  
22           For example, VEDO's 2018 property tax expense is based on VEDO's 2017 gross plant  
23           balance included within its property tax returns. Any 2018 additions would not create  
24           incremental property tax expense until 2019.

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<sup>2</sup> VEDO's proposed base rates reflect a Cost of Debt of 5.07 percent in Case No. 18-0298-GA-AIR.

1 All eligible investments (additions less retirements) are multiplied by a Percent  
2 Good Adjustment, which is based on the State of Ohio's personal property tax tables by  
3 asset type. This adjustment recognizes the declining value of assets over time for tax  
4 purposes. The resulting net amount is multiplied by a valuation percentage of 25 percent,  
5 dictated by the Ohio Department of Taxation Annual Natural Gas Property Tax Report.  
6 Finally, this amount is then multiplied by the most recent available property tax rate for  
7 VEDO, calculated by taking the total property tax paid as a percentage of total taxable  
8 value of plant in service.

9 The formula for the deferred property tax expense is as follows:

10 
$$[(\text{Previous Month's Cumulative Gross Plant Additions} - \text{Previous Month's Cumulative}$$
  
11 
$$\text{Retirements})] \times (\text{Percent Good Adjustment}) \times (25\%) \times (\text{Effective Property Tax Rate} / 12$$
  
12 
$$\text{months})$$

13 Attachment A, Schedule 5 shows the illustrative calculation of the deferred  
14 property tax expense on eligible CEP investments.

15 **Q23. Is the calculation of the deferred property tax expense the same one that VEDO has**  
16 **utilized for prior CEP deferrals?**

17 A. Yes, this calculation matches what VEDO has used since the approval in the 12-530  
18 Order, as disclosed in its annual reports.

19 **Q24. Please explain how the Incremental Revenue Credit is calculated.**

20 A. The Incremental Revenue Credit will be calculated in two components. For those Rate  
21 Schedules and customers subject to a straight fixed variable rate design, VEDO will  
22 compare actual annual customers against the Rate Case "baseline" customer count by  
23 Rate Schedule. If the actual customers are greater than the baseline, meaning VEDO has  
24 added more customers than it has lost since the Rate Case, VEDO will multiply the  
25 increase in customers by the cost portion of VEDO's base rates. The cost portion of

VEDO's base rates will exclude any equity return, and will be determined once base rates are approved in VEDO's Rate Case. If the actual customers are less than the baseline, meaning VEDO's net customer count has dropped since the Rate Case, then no incremental revenue adjustment is needed.

For those Rate Schedules with volumetric base rates and charges, VEDO will identify the CEP investments made that resulted in the extension of main to serve new customers. Any volumetric sales attributed to these investments will be multiplied by the cost portion of the applicable volumetric rates to determine the incremental revenue credit applied to the deferred balance.

The formula for calculating the Incremental Revenue Credit will be as follows:

$$\frac{[(\text{Actual Customers} - \text{Baseline Customers}) \times (\text{Cost Portion of Customer Charge})] + [(\text{Additional Volumetric (CCF) Sales Attributed to CEP Investments}) \times (\text{Cost Portion of Volumetric Rate})]}{\text{Incremental Revenue Credit}}$$

Attachment A, Schedule 7 shows the illustrative calculation of the incremental revenue credit associated with CEP investments.

**Q25. Is the calculation of the incremental revenue credit essentially the same one that VEDO has utilized for prior CEP deferrals?**

A. Yes. The formula for determining the incremental revenue credit is unchanged, but for the cost portion of the rates and charges, which is pending update in the Rate Case, applied to determine the appropriate revenue credit.

**Q26. Please explain how the Deferred Taxes attributed to these deferred costs is calculated.**

A. VEDO will include as part of the net CEP deferred balance the associated Deferred Income Taxes (DIT) attributed to the CEP deferred depreciation and PISCC. Under current tax laws, certain expenses like depreciation are treated differently for tax purposes than they are for book purposes, resulting in a DIT Liability. These deferred

taxes represent a cost-free source of funding for capital investments. VEDO will calculate the associated DIT Liability for CEP investments by multiplying the deferred depreciation and PISCC portion of the deferred balance by 21 percent (current Federal statutory income tax rate), with the resulting amount becoming a reduction to the net deferred balance on which VEDO will earn a return.

**Q27. What rate of return will be used to determine the return on the deferred balance?**

A. The rate of return applied to the net deferred balance will be the pre-tax rate of return from VEDO's most recent base rate case. VEDO's proposed rates reflect a pre-tax rate of return of 9.43 percent in the Rate Case proceeding. In the event this rate of return is adjusted in the Rate Case, VEDO will adjust the CEP Rider revenue requirement calculation to match the rate of return approved in the Rate Case.

**Q28. What Amortization rate is VEDO proposing to use for the deferred balance?**

A. VEDO proposes to use the composite depreciation rate of 3.10 percent, proposed within its Rate Case proceeding. This is consistent with how VEDO has estimated the impact of its CEP deferrals since the inception in the 12-530 Order. In the event this rate is adjusted during the Rate Case, VEDO will adjust the CEP Rider revenue requirement to match the approved composite depreciation rate.

**Q29. How will the Revenue Requirement be allocated amongst VEDO's Rate Schedules?**

A. VEDO will allocate the CEP Rider revenue requirement using the Rate Base allocations from its proposed Cost of Service Study in its Rate Case proceeding. In the event these allocations are updated during the Rate Case, VEDO will adjust the CEP Rider allocators to match the final approved amounts. Attachment A, Schedule 10 shows the proposed allocation percentages for the CEP Rider.

1 **Q30. Please describe how the allocated CEP revenue requirement will be recovered from**  
2 **customers.**

3 A. VEDO proposes to recover the allocated CEP revenue requirement from each Rate  
4 Schedule consistent with its current DRR rate design. For the Residential Rate Schedules  
5 (Rates 310, 311, and 315), VEDO will utilize a fixed charge per customer per month.

6 For the Group 1 customers in the General Service Rate Schedules (Rates 320,  
7 321, and 325), VEDO will apply the ratio of the monthly base rate charge for Residential  
8 customers and General Service Group 1 customers to the CEP Rider charges. As an  
9 example, VEDO has proposed in the Rate Case a Residential Monthly Charge of \$35.41  
10 and a Group 1 Customer Charge of \$46.19. The proposed Group 1 charge is  
11 approximately 130 percent of the Residential Monthly charge. In future CEP Rider  
12 proceedings, the proposed Residential CEP Rider charge will be multiplied by 130  
13 percent (or other applicable ratio, depending on the respective charges approved in the  
14 Rate Case) to arrive at the Group 1 CEP Rider monthly charge.

15 The remaining revenue requirement for the General Service Rate Schedules,  
16 applicable to Group 2 and Group 3 customers, will be recovered via a volumetric (per  
17 CCF) rate.

18 For the large transportation Rate Schedules (Rate 345 and Rate 360, the allocated  
19 CEP revenue requirement will be recovered via a volumetric (per CCF) rate.

20 Attachment A, Schedule 11 shows the calculation of the illustrative CEP Rider  
21 rates and charges. VEDO is not proposing to implement these rates in this proceeding,  
22 and will make a filing on April 1, 2019, to seek initial CEP Rider rates and charges.

1 **Q31. How will the CEP Rider recoveries be captured in the annual CEP revenue**  
2 **requirement calculation?**

3 A. In each CEP Rider filing, VEDO will reduce the deferred balance by the amount  
4 authorized for recovery in the CEP Rider for the prior year.  
5

6 **V. SHARED ASSET CHARGE**

7 **Q32. What is the Shared Asset Charge?**

8 A. The Shared Asset Charge reflects the cost of assets used by VEDO in the provision of  
9 regulated service, and owned by VEDO's parent, VUHI, in support of utility operations.  
10 VUHI owns specific assets that are used by all of VUHI's utility subsidiaries—for  
11 example, customer billing systems, financial systems, buildings and facilities. Because  
12 these assets serve a common utility purpose, it is more efficient and cost effective to have  
13 them centrally owned and operated. Without this consolidated approach, each utility  
14 subsidiary would be required to invest in the same kind of assets, and include these costs  
15 in rate base within its base rate proceedings. An individual, utility-specific approach to  
16 these investments would be duplicative and more costly, whether considered at the level  
17 of the individual utility or for the consolidated system as a whole. In contrast, the  
18 consolidated approach creates economies of scale, reducing the overall cost to each utility  
19 subsidiary.

20 The Shared Asset Charge results in the same treatment and rate impact that would  
21 be achieved if the assets or an allocated share of the assets were in rate base. The charge  
22 calculates a return on the net investment at the authorized rate of return for each utility  
23 subsidiary, and adds to this the depreciation expense and property tax expense associated  
24 with these shared assets. Each component (net asset balance and associated expenses) is

1 then allocated to VEDO (and the other utility subsidiaries) based on specific VUHI  
2 defined allocation rules, and charged to each utility as an operating expense. By design,  
3 however, this allocated expense has the same impact, both on VEDO's books and for  
4 ratemaking purposes, as if VEDO's share of the assets were held as plant in service.

5 **Q33. Would these assets consolidated and held by VUHI be included in VEDO rate base**  
6 **absent the Shared Asset Charge treatment?**

7 A. Yes. Without the consolidated approach, to provide adequate service to its customers, it  
8 would be necessary for VEDO to invest in the same assets, or the same kind of assets,  
9 and include these investments on its books as plant in service in rate base.

10 **Q34. Assuming VEDO could directly own the same share of the same assets included in**  
11 **the Shared Asset Charge, would VEDO's rates and charges change?**

12 A. No. As noted, the Shared Asset Charge mirrors the treatment that would exist if these  
13 assets, in full or in part, were included as plant in service on VEDO's general ledger.  
14 Customer rates and charges would continue to include a return on these investments at  
15 the approved rate of return, and recovery of depreciation and property tax on these  
16 investments.

17 **Q35. Based on your understanding of R.C. 4929.111, would the underlying assets and**  
18 **investments reflected in the Shared Asset Charge be eligible for inclusion within**  
19 **VEDO's CEP?**

20 A. Yes, subject to the review and approval of the Commission. As an example, a large  
21 component of the VUHI Shared Asset Charge reflects modifications, upgrades, and in  
22 some instances replacements of the utility customer billing systems and components.  
23 These investments, in accordance with Ohio Revised Code 4929.111, would be eligible  
24 capital expenditure program investments as a "program to install, upgrade, or replace  
25 information technology systems."

1 **Q36. Earlier, you explained how the Shared Asset Charge is generally determined; please**  
2 **explain how the Shared Asset Charge will be calculated within the CEP.**

3 A. As previously explained, the Shared Asset Charge is an operating expense for VEDO.  
4 This operating expense has been included for recovery in VEDO's base rates, both the  
5 current rates approved in Case No. 07-1080-GA-AIR and those proposed in the Rate  
6 Case, at a specific defined amount. However, the Shared Asset Charge in base rates is  
7 calculated using a full rate of return. To ensure compliance with the provisions of R.C.  
8 4929.111, VEDO will calculate the carrying cost component of the Shared Asset Charge  
9 within the CEP using the cost of long-term debt approved in the Rate Case (the proposed  
10 rates reflect VEDO's cost of 5.07 percent).

11 **Q37. Will VEDO annually include the entire Shared Asset Charge in the CEP?**

12 A. No. VEDO proposes to include the Shared Asset Charge within the CEP deferral only to  
13 the extent the annually allocated investment used to calculate the Shared Asset Charge,  
14 and associated depreciation and property tax expenses, exceeds what was included for  
15 recovery in base rates, with necessary adjustments to reflect the application of the cost of  
16 long-term debt. If the actual Shared Asset Charge during a calendar year is in excess (or  
17 below) the baseline amount, the difference will be captured (or passed back) in the CEP  
18 Rider deferral.

19 Attachment A, Schedule 6 shows the illustrative calculation of the Shared Asset  
20 Charge deferral, along with the calculation of the proposed base rate level of the Shared  
21 Asset Charge to adjust for the use of long-term debt rate.

1 **Q38. R.C. 4929.111(D) specifies that, if approved a capital expenditure program**  
2 **investment, a regulatory asset will be authorized to capture the PISCC on in-service**  
3 **assets, and depreciation and property tax expense attributed to the assets. Do you**  
4 **believe the Company's proposal to include the Shared Asset Charge complies with**  
5 **R.C. 4929.111(D)?**

6 A. Yes. As explained earlier in my testimony, the Shared Asset Charge captures the same  
7 three components authorized for deferral and recovery under R.C. 4929.111(D): carrying  
8 costs on the net plant in service balance, depreciation expense attributed to this plant  
9 balance, and property tax expense attributed to this balance. The Company's proposal is  
10 to include only the amount of the Shared Asset Charge in excess of what is currently  
11 proposed to be recovered in VEDO's base rates and charges in the Rate Case, adjusted to  
12 reflect the PISCC at the cost of long-term debt. The depreciation and property tax  
13 component, when compared to the amounts in base rates, represent the incremental costs  
14 directly attributable to assets not yet included in rates.

15 The growth in net plant shown in the asset charge, when comparing to what is  
16 included in base rates, would be an investment made by VEDO that would otherwise  
17 qualify as eligible CEP investments *absent* the Shared Asset Charge treatment. As such,  
18 the calculated return (PISCC), depreciation, and property tax expense would be  
19 appropriately deferred in a regulatory asset under R.C. 4929.111(D).

20 **Q39. Has VEDO included Shared Asset Charge deferrals in its prior CEP?**

21 A. No, these costs were not included in VEDO's prior CEPs. As previously explained in my  
22 testimony, VEDO believes that the investments made at VUHI on behalf of utility  
23 operations, including VEDO, would constitute eligible CEP investments for R.C.  
24 4929.111 authorized accounting treatment. Resetting the level of the Shared Asset  
25 Charge within VEDO's base rates provides an opportunity to review this treatment. As

such, VEDO is proposing to begin including these amounts within its deferred balance starting in 2018.

## **VI. ANNUAL FILING PROCESS**

### **Q40. Please describe the annual CEP Rider filing process and timeline.**

A. VEDO proposes to file annually on April 1 for an adjustment to its CEP Rider rates. The revenue requirement in the filing will be based on the total deferred balance through December 31 of the prior calendar year. As the following schedule shows, VEDO proposes that Commission Staff conduct its investigation over a sixty-day period, reviewing the deferral activity and CEP investments over the prior calendar year, at which point Staff will provide a report of its findings. VEDO, and other interested parties, would then have 14 days to respond to the report, and another week to resolve any issues raised in the comments. If any issues were not resolved, the Commission could then conduct a hearing. VEDO proposes to implement updated CEP Rider rates and charges by August 1 of each year.

<b><u>Date</u></b> <sup>3</sup>	<b><u>Activity</u></b>
April 1	File CEP Rider Application
June 1	Staff Report
June 15	Motions to Intervene and Comments by VEDO and Other Parties
June 22	Notification Whether Issues Raised in Comments Have Been Resolved
July	Hearing
August 1	Rate Effective Date

---

<sup>3</sup> These dates are approximate and may vary depending on weekends. VEDO expects that a specific procedural schedule would be established in each case.

1 As part of this annual CEP Rider filing, VEDO will also present its estimated CEP budget  
2 for the current calendar year (Attachment A, Schedule 9). In each subsequent CEP Rider  
3 filing, VEDO will provide a reconciliation of the actual CEP investments against the CEP  
4 budget, with explanations for significant variances (Attachment A, Schedule 8). This is  
5 consistent with how VEDO has presented its past annual reports under the CEP Orders.  
6 Going forward, the annual CEP Rider filing will replace the current annual reporting  
7 requirements under the CEP Orders.

8 **Q41. Will VEDO reconcile the actual CEP Rider recoveries against the revenue**  
9 **requirement in each annual CEP filing?**

10 A. Yes. VEDO will include a reconciliation of actual CEP Rider recoveries against the  
11 amounts authorized for recovery in each annual CEP filing, with any under- or over-  
12 recovery variance included for recovery (or pass-back) in each CEP Rider filing.

13 **Q42. Will VEDO continue deferring eligible costs once the CEP Rider is established?**

14 A. Yes. The CEP Rider will only recover past deferrals. As such, VEDO will continue to  
15 defer accrued PISCC, depreciation expense, and property tax expense, and with  
16 Commission approval will begin deferring Shared Asset Charge expense, until such point  
17 as the CEP investments and the associated costs are included for recovery within base  
18 rates.

19 **Q43. Will the CEP Rider include recovery of deferrals on CEP investments during the**  
20 **pendency of the Rate Case?**

21 A. Yes. The deferred balance included for recovery in future CEP Rider filings will include  
22 any deferrals on CEP investments through December 31, 2017, until such point as base  
23 rates are approved in the Rate Case. At that point, deferrals on these investments will  
24 cease.

1  
2 **VII. CUSTOMER IMPACTS**

3 **Q44. Has VEDO prepared an estimate of the impact of the CEP Rider on its customers?**

4 A. Yes. Attachment A to my testimony presents an example calculation of the CEP Rider for  
5 2018 investments, resulting in estimated customer rates on Schedule 11. For the  
6 Residential Rate Schedules, the estimated impacted of the CEP Rider for 2018 deferrals  
7 is \$0.06 per customer per month. As noted previously, this does not reflect VEDO's  
8 initial proposed CEP Rider rate; rather, this provides an example of the estimate of the  
9 initial rate based on current projections and reflecting current assumptions, including  
10 some that may be modified during the Rate Case. The actual rate will be calculated,  
11 based on updated, actual figures, and filed on April 1, 2019, for Commission approval.

12  
13 **VIII. STATUTORY REQUIREMENTS**

14 **Q45. Under R.C. 4929.05, before the Commission may approve the Alternative Rate Plan,**  
15 **it must find that VEDO complies with R.C. 4905.35. In your opinion, what facts**  
16 **show that VEDO complies with Section 4905.35, Revised Code?**

17 A. R.C. 4905.35 (1) prohibits a public utility from making or giving any undue or  
18 unreasonable preference or advantage to any person, corporation, or locality; (2) prohibits  
19 a public utility from subjecting any person, corporation, or locality to any undue or  
20 unreasonable prejudice or disadvantage; (3) requires that natural gas companies offer  
21 their regulated services or goods to all similarly situated consumers under comparable  
22 terms and conditions, including persons with which it is affiliated or which it controls; (4)  
23 requires that natural gas companies that offer bundled services that include both regulated  
24 and unregulated services or goods offer the regulated services or goods on an unbundled  
25 basis of the same quality as, or better quality than, the bundled service; and (5) prohibits

1 natural gas companies from conditioning or limiting the availability of any regulated  
2 services or goods on the basis of the identity of the supplier of any other services or  
3 goods or on the purchase of any unregulated services or goods from the company.

4 I am not aware of any facts that suggest VEDO does not comply with R.C.  
5 4905.35. I am generally familiar with VEDO's management, operations, and the services  
6 that it provides. VEDO makes its public utility services available on a comparable and  
7 nondiscriminatory basis. VEDO does not make or give any undue or unreasonable  
8 preference or advantage to any person, corporation, or locality, or subject any person,  
9 firm, corporation, or locality to any undue or unreasonable prejudice or disadvantage.

10 Likewise, VEDO offers its regulated services or goods under comparable terms  
11 and conditions to all similarly-situated consumers, including persons with which it is  
12 affiliated or which it controls. This is evidenced by VEDO's Supplier Code of Conduct  
13 and Affiliate Code of Conduct (see VEDO Tariff for Gas Service, Sheets No. 52 and No.  
14 72), and VEDO has applied these principles in developing its service offerings, the terms  
15 and conditions upon which it provides public utility service, and its rates.

16 Moreover, VEDO does not presently have any bundled service offerings that  
17 include a regulated and unregulated service.

18 Finally, VEDO does not condition or limit the availability of any regulated  
19 services or goods, including any discounted rates or quality, price, terms, or condition of  
20 its service or goods, on the basis of the identity of the supplier of any other services or  
21 goods, or on the purchase of any unregulated services or goods from VEDO.

1 **Q46. R.C. 4929.05 also requires VEDO to show that it substantially complies with the**  
2 **state policies set forth in R.C. 4929.02 and that it expects to remain in compliance**  
3 **with those policies after the Alternate Rate Plan is implemented. In your opinion,**  
4 **does VEDO substantially comply with state policy, and what facts show that it does?**

5 A. In my opinion, VEDO substantially complies with state policy. Ohio's policy promotes,  
6 among other things, the availability of adequate, reliable, and reasonably priced services  
7 and goods as well as the unbundling and comparability of those services and goods. It  
8 supports effective choices for supplies and suppliers; encourages market access to  
9 supply- and demand-side services and goods; and acknowledges the importance of  
10 effective competition and the regulatory treatment needed to support competition.

11 The Alternative Rate Plan exhibits discuss how the Plan supports state policy.  
12 These exhibits were prepared under my supervision. I can verify that the statements  
13 contained in those exhibits are true and correct.

14 **Q47. Finally, R.C. 4929.05 requires the Commission to find that VEDO's proposal is just**  
15 **and reasonable. Do you believe that the Alternative Rate Plan is just and**  
16 **reasonable?**

17 A. Yes, for the reasons stated above and in the Alternative Rate Plan exhibits.

18  
19 **IX. CONCLUSION**

20 **Q48. Does that conclude your prepared direct testimony?**

21 A. Yes, it does.

## FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 1  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP) RIDER  
CUMULATIVE REVENUE REQUIREMENT CALCULATION  
AS OF DECEMBER 31, 2018

Line No.	Description	Balance at 12/31/2018	Reference
1	Deferred Depreciation Expense	\$ 679,529	Schedule 3a, Line 1 + Schedule 3b, Line 1 + Schedule 3c, Line 1 + Schedule 3d, Line 1 + Schedule 3e, Line 1
2	Deferred PISCC	\$ 970,898	Schedule 4, Line 6
3	Deferred Property Tax Expense	\$ -	Schedule 5, Line 6 [1]
4	Deferred Shared Service Asset Charge Expense	\$ 632,430	Schedule 6, Line 2
5	Incremental Revenue Offset Deferral	\$ -	Schedule 7, Line 5 [2]
6	Total Deferred CEP Amounts	\$ 2,282,857	Sum of Lines 1 - 5
7	Deferred Taxes - Depreciation	\$ (142,701)	Line 1 x -21%
8	Deferred Taxes - PISCC	\$ (203,889)	Line 2 x -21%
9	Net Cumulative Deferred CEP Amounts	\$ 1,936,267	Sum of Lines 6 - 8
10	Rate of Return	9.43%	Pre-Tax rate of return proposed in Case No. 18-0298-GA-AIR
11	Pre-Tax Return on Deferred CEP Amounts	\$ 182,590	Line 9 x Line 10
12	Amortization of Deferred Depreciation Regulatory Asset	\$ 21,065	Line 1 x 3.10% [3]
13	Amortization of Deferred PISCC Regulatory Asset	\$ 30,098	Line 2 x 3.10% [3]
14	Amortization of Deferred Property Tax Regulatory Asset	\$ -	Line 3 x 3.10% [3]
15	Amortization of Deferred Shared Service Asset Charge Regulatory Asset	\$ 19,605	Line 4 x 3.10% [3]
16	Amortization of Deferred Revenue Offset Regulatory Asset	\$ 19,605	Line 5 x 3.10% [3]
17	Total Annual Revenue Requirement	\$ 272,963	Sum of Lines 11 - 16

[1] As proposed in Case No. 18-0298-GA-AIR, VEDO will accrue property tax expense one year in arrears; therefore, no property tax will be deferred in 2018. Property tax expense deferred in 2019 will be based on assets placed in service as of December 31, 2018.

[2] VEDO has not estimated incremental revenues associated with approved CEP projects; however, VEDO commits to offsetting the deferred costs with incremental revenues consistent with the methodology presented in Case No. 18-0049-GA-ALT.

[3] VEDO used the composite depreciation rate as proposed in Case No. 18-0298-GA-AIR.

VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
MONTHLY CEP INVESTMENTS  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018

Description: Report on all CEP Investments placed in-service  
Represents Net Asset Balance eligible for Accounting Authority.

Line  
No.

(A) Cumulative Balance

Description: Net Cumulative Asset Balance eligible for Accounting treatment proposed in 18-0298-GA-UNC.

Calculation: Prior Month Asset Balance + Current Month Asset Activity

Budget Category	Beg Balance												Balance at 12/31/2018
	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	
1 Infrastructure Expansion	\$ -	\$ 627,748	\$ 1,480,793	\$ 2,436,582	\$ 3,189,618	\$ 3,735,631	\$ 4,686,786	\$ 5,320,207	\$ 6,252,913	\$ 7,231,394	\$ 8,102,394	\$ 9,051,016	\$ 10,689,562
2 Infrastructure Improvement	\$ -	\$ 163,157	\$ 993,504	\$ 2,429,254	\$ 4,452,033	\$ 5,359,410	\$ 6,587,066	\$ 7,288,833	\$ 8,540,319	\$ 10,396,255	\$ 10,943,747	\$ 12,476,795	\$ 13,648,471
3 Programs Reasonably Necessary to Comply	\$ -	\$ -	\$ 169,890	\$ 487,626	\$ 1,275,998	\$ 1,645,107	\$ 2,135,252	\$ 3,353,676	\$ 4,013,049	\$ 4,477,724	\$ 5,219,091	\$ 5,791,051	\$ 7,415,365
4 Federal Pipeline Safety Requirements	\$ -	\$ 354,951	\$ 482,336	\$ 685,849	\$ 825,413	\$ 901,764	\$ 1,253,283	\$ 2,454,663	\$ 3,563,923	\$ 5,412,595	\$ 10,515,831	\$ 11,121,365	\$ 15,259,946
5 Distribution Replacement	\$ -	\$ 364,417	\$ 937,755	\$ 1,745,981	\$ 2,344,205	\$ 2,977,028	\$ 3,735,134	\$ 4,449,042	\$ 5,038,945	\$ 5,824,105	\$ 6,605,305	\$ 7,210,690	\$ 8,222,985
6 Total CEP In-Service	\$ -	\$ 1,679,960	\$ 4,392,014	\$ 8,573,665	\$ 12,456,377	\$ 15,108,984	\$ 19,038,808	\$ 22,866,422	\$ 27,409,548	\$ 33,342,072	\$ 41,386,367	\$ 45,650,918	\$ 55,236,330

(B) Monthly Activity - Net Assets

Description: Monthly activity for all Assets placed in-service and eligible for Accounting Treatment

Calculation: Total Asset Activity [C] + Total Retirement Activity [D]

Budget Category	Activity for Twelve Months Ended												12/31/2018
	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	
7 Infrastructure Expansion	\$ 627,748	\$ 853,048	\$ 955,789	\$ 753,036	\$ 545,912	\$ 951,256	\$ 633,421	\$ 932,708	\$ 978,480	\$ 871,000	\$ 948,622	\$ 1,538,547	\$ 10,689,562
8 Infrastructure Improvement	\$ 163,157	\$ 830,346	\$ 1,435,751	\$ 2,022,779	\$ 907,377	\$ 1,221,646	\$ 701,777	\$ 1,251,485	\$ 1,855,936	\$ 547,492	\$ 1,533,048	\$ 1,171,675	\$ 13,648,471
9 Programs Reasonably Necessary to Comply	\$ 169,890	\$ 327,936	\$ 778,372	\$ 369,110	\$ 490,144	\$ 641,297	\$ 577,128	\$ 659,972	\$ 464,075	\$ 741,367	\$ 571,961	\$ 1,624,314	\$ 7,415,365
10 Federal Pipeline Safety Requirements	\$ 354,951	\$ 127,385	\$ 203,514	\$ 139,564	\$ 76,351	\$ 351,519	\$ 1,201,380	\$ 1,109,160	\$ 1,848,772	\$ 5,103,236	\$ 606,533	\$ 4,138,591	\$ 15,259,946
11 Distribution Replacement	\$ 364,417	\$ 573,338	\$ 808,226	\$ 598,224	\$ 632,823	\$ 758,107	\$ 713,907	\$ 589,803	\$ 785,260	\$ 781,200	\$ 605,386	\$ 1,012,295	\$ 8,222,985
12 Total CEP In-Service Activity - Net Assets	\$ 1,679,960	\$ 2,712,053	\$ 4,181,651	\$ 3,882,713	\$ 2,652,607	\$ 3,929,824	\$ 3,827,614	\$ 4,543,126	\$ 5,932,524	\$ 8,044,295	\$ 4,264,550	\$ 9,585,412	\$ 55,236,330

(C) Monthly Activity - Assets (Total)

Description: Monthly activity for all Assets placed in-service.

Source: WP 3.1

Budget Category	Activity for Twelve Months Ended												12/31/2018
	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	
13 Infrastructure Expansion	\$ 627,748	\$ 853,048	\$ 955,789	\$ 753,393	\$ 557,933	\$ 951,890	\$ 633,421	\$ 932,740	\$ 978,925	\$ 859,598	\$ 949,423	\$ 1,701,985	\$ 10,755,891
14 Infrastructure Improvement	\$ 174,354	\$ 840,024	\$ 1,501,471	\$ 2,051,665	\$ 902,868	\$ 1,244,320	\$ 713,129	\$ 1,271,267	\$ 1,912,238	\$ 559,473	\$ 1,580,753	\$ 1,197,768	\$ 13,949,351
15 Programs Reasonably Necessary to Comply	\$ 202,637	\$ 368,991	\$ 797,335	\$ 413,069	\$ 554,278	\$ 707,584	\$ 671,461	\$ 706,164	\$ 662,007	\$ 783,273	\$ 563,404	\$ 1,720,404	\$ 8,150,608
16 Federal Pipeline Safety Requirements	\$ 355,079	\$ 128,057	\$ 215,856	\$ 144,333	\$ 62,224	\$ 383,180	\$ 1,204,864	\$ 1,142,218	\$ 1,918,108	\$ 5,096,377	\$ 684,971	\$ 4,172,788	\$ 15,508,054
17 Distribution Replacement	\$ 376,414	\$ 616,551	\$ 819,722	\$ 611,232	\$ 664,388	\$ 773,994	\$ 725,529	\$ 608,071	\$ 793,531	\$ 797,239	\$ 616,225	\$ 1,033,451	\$ 8,436,346
18 Total CEP In-Service Activity - Gross Assets	\$ 1,736,232	\$ 2,806,671	\$ 4,290,172	\$ 3,873,683	\$ 2,741,711	\$ 4,060,968	\$ 3,948,403	\$ 4,660,460	\$ 6,264,809	\$ 8,095,961	\$ 4,394,775	\$ 9,826,397	\$ 56,800,252

(D) Monthly Activity - Retirements (Total)

Description: Monthly activity for all Retirements processed.

Source: WP 3.2

Budget Category	Activity for Twelve Months Ended												12/31/2018
	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	
19 Infrastructure Expansion	\$ (3)	\$ (9,678)	\$ (65,720)	\$ (367)	\$ (12,021)	\$ (634)	\$ 1	\$ (34)	\$ (444)	\$ 11,402	\$ (801)	\$ (63,436)	\$ (66,329)
20 Infrastructure Improvement	\$ (11,197)	\$ (41,055)	\$ (18,963)	\$ (43,959)	\$ (64,134)	\$ (66,287)	\$ (94,333)	\$ (46,192)	\$ (197,932)	\$ (11,981)	\$ (47,704)	\$ 8,557	\$ (300,881)
21 Programs Reasonably Necessary to Comply	\$ (32,948)	\$ (672)	\$ (12,344)	\$ (4,768)	\$ 14,127	\$ (31,661)	\$ (3,484)	\$ (33,058)	\$ (69,336)	\$ 6,859	\$ (79,437)	\$ (34,207)	\$ (735,242)
22 Federal Pipeline Safety Requirements	\$ (128)	\$ (43,213)	\$ (11,495)	\$ (13,009)	\$ (31,565)	\$ (15,887)	\$ (11,621)	\$ (18,269)	\$ (6,271)	\$ (16,040)	\$ (10,839)	\$ (21,156)	\$ (248,108)
23 Distribution Replacement	\$ (11,997)	\$ (56,272)	\$ (94,618)	\$ (90,980)	\$ (89,104)	\$ (131,144)	\$ (120,789)	\$ (117,334)	\$ (332,285)	\$ (51,665)	\$ (130,225)	\$ (240,985)	\$ (1,563,921)
24 Total CEP In-Service Activity - Retirements	\$ (56,272)	\$ (94,618)	\$ (108,521)	\$ (90,980)	\$ (89,104)	\$ (131,144)	\$ (120,789)	\$ (117,334)	\$ (332,285)	\$ (51,665)	\$ (130,225)	\$ (240,985)	\$ (1,563,921)

## FOR ILLUSTRATIVE PURPOSES ONLY

VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
DEFERRED DEPRECIATION  
INFRASTRUCTURE EXPANSION  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018

Description: Provide detailed calculation of deferred depreciation on CEP Investments  
Represents the Deferred Depreciation on Infrastructure Expansion.

Line  
No.

[A] Cumulative Balance  
Description: Cumulative Deferred Depreciation Balance for Infrastructure Expansion  
Calculation: Prior Month Deferred Balance + Current Month Deferred Depreciation

Budget Category	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Balance at 12/31/2018
1 Infrastructure Expansion - Deferred Depreciation	\$ -	\$ 423,118	\$ 7,96	\$ (688,00)	\$ 18,021.54	\$ 572	\$ 824	\$ 1,267	\$ 107	\$ 17	\$ 107	\$ 379,800	\$ 671,209	\$ 159,983

[B] Net Plant Additions Eligible for Deferred Depreciation  
Description: Monthly Activity of Net Plant Additions for Infrastructure Expansion  
Source: Schedule 2

Utility Account	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Activity for Twelve Months Ended 12/31/2018
2 667 Mains	-	\$ 423,118	\$ 7,96	\$ (688,00)	\$ 18,021.54	\$ 572	\$ 824	\$ 1,267	\$ 107	\$ 17	\$ 107	\$ 379,800	\$ 671,209	\$ 20,168
3 669 Meas & Reg Station Equip	-	-	-	-	\$ 27,725.45	\$ 880	\$ 1,267	\$ 964	\$ 164	\$ 26	\$ 164	\$ 379,800	\$ 671,209	\$ 31,027
4 674.2 Land Rights	-	-	-	-	\$ 234,418.62	\$ 127,161	\$ 500,930	\$ 186,500	\$ 392,934	\$ 371,535	\$ 139,407	\$ 379,800	\$ 671,209	\$ 3,826,077
5 676 Mains	-	\$ 154,978.25	\$ 279,162.85	\$ 388,042.35	-	-	-	-	-	-	-	-	-	-
6 678 Meas & Reg Station Eq-Gen	-	-	-	-	\$ 446,573.04	\$ 388,638	\$ 420,756	\$ 379,709	\$ 504,927	\$ 533,677	\$ 712,580	\$ 515,876	\$ 886,194	\$ 6,277,473
7 680 Services	-	\$ 423,053.57	\$ 531,998.20	\$ 529,481.99	-	-	-	-	-	-	-	-	-	-
8 681 Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 682 Meter Installations	-	\$ 24,642.30	\$ 26,342.07	\$ 19,514.87	\$ 12,870.72	\$ 15,381	\$ 14,635	\$ 32,977	\$ 2,088	\$ 36,906	\$ 14,318	\$ 28,102	\$ 42,630	\$ 271,407
10 683 House Regulators	-	\$ 24,642.31	\$ 15,533.44	\$ 19,637.36	\$ 10,154.67	\$ 12,193	\$ 12,844	\$ 33,013	\$ 32,712	\$ 36,095	\$ 4,695	\$ 23,840	\$ 38,050	\$ 263,410
11 685 Indus Meas & Reg St Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 689.1 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 690 Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Total Infrastructure Expansion	\$ -	\$ 627,746	\$ 853,048	\$ 955,789	\$ 753,036	\$ 546,912	\$ 951,256	\$ 633,421	\$ 932,706	\$ 978,480	\$ 871,000	\$ 948,622	\$ 1,638,547	\$ 10,889,562

[C] Deferred Depreciation Calculation

Description: Deferred Depreciation Calculation by Month

Calculation: Prior Month Asset Balance x Depreciation Rate/12 Months + Current Month Asset Activity x 50% x Depreciation Rate/12 Months

Utility Account	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Activity for Twelve Months Ended 12/31/2018
13 667 Mains	\$ -	\$ 0	\$ 1	\$ (0)	\$ (1)	\$ (0)	\$ (0)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (5)
14 669 Meas & Reg Station Equip	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 31	\$ 32	\$ 33	\$ 34	\$ 34	\$ 34	\$ 34	\$ 278
15 674.2 Land Rights	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 34	\$ 35	\$ 36	\$ 37	\$ 37	\$ 37	\$ 37	\$ 306
16 676 Mains	\$ 166	\$ 631	\$ 1,345	\$ 2,012	\$ 2,399	\$ 3,072	\$ 3,808	\$ 4,428	\$ 5,247	\$ 5,794	\$ 6,350	\$ 6,350	\$ 42,727
17 678 Meas & Reg Station Eq-Gen	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18 680 Services	\$ 679	\$ 2,211	\$ 3,914	\$ 5,484	\$ 6,830	\$ 8,130	\$ 9,414	\$ 10,834	\$ 12,500	\$ 14,499	\$ 16,469	\$ 18,719	\$ 109,682
19 681 Meters	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
20 682 Meter Installations	\$ 31	\$ 95	\$ 152	\$ 192	\$ 228	\$ 265	\$ 325	\$ 369	\$ 417	\$ 481	\$ 536	\$ 586	\$ 3,715
21 683 House Regulators	\$ 29	\$ 75	\$ 116	\$ 150	\$ 176	\$ 205	\$ 258	\$ 334	\$ 414	\$ 461	\$ 494	\$ 566	\$ 3,280
22 685 Indus Meas & Reg St Equip	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23 689.1 Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24 690 Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Infrastructure Expansion Deferred Depreciation	\$ 904	\$ 3,012	\$ 5,526	\$ 7,869	\$ 9,697	\$ 11,739	\$ 13,874	\$ 16,034	\$ 18,647	\$ 21,305	\$ 23,919	\$ 27,456	\$ 159,983

[1] FERC Account specific depreciation rate proposed in Case No. 18-0298-GA-AIR.

## FOR ILLUSTRATIVE PURPOSES ONLY

VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
DEFERRED DEPRECIATION  
INFRASTRUCTURE IMPROVEMENT  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018

Schedule 3b  
Page 1 of 1

Description: Provide detailed calculation of deferred depreciation on CEP Investment  
Represents the Deferred Depreciation on Infrastructure Improvement

Line No.	Utility Account	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Balance at 12/31/2018	Activity for Twelve Months Ended 12/31/2018
1	665.1 Rights-of-Way	-	200	1,596	5,632	13,369	24,168	37,405	52,871	70,620	92,035	116,251	142,908	172,711		74,969
2	665.2 Meas & Reg Station Strct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	667 Mains	-	-	124,568	98,966	787,171	(32,123)	14,116	14,593	(5,802)	6,536	19,471	(159,413)	114,034	884,414	-
4	667 Meas & Reg Station Equip	-	-	840.73	38	3,743	484,400	4,893	2,491	9,135	3,059	10,592	255	11,954	544,478	-
5	674.2 Land Rights	-	-	4,659.20	-	4,580	-	3,433	-	(482)	-	0	-	(4,661)	7,529	-
6	675 Structures & Improvements	-	-	-	-	-	-	-	-	-	(966)	-	-	-	(966)	-
7	676 Mains	-	-	215,786	795,180	335,873	692,164	586,567	325,465	553,461	996,779	407,902	835,959	634,152	6,494,882	-
8	676 Meas & Reg Station Equip	-	-	5,084	20,584	30	5,340	26,667	8,672	(1,601)	(22,248)	4,030	(2,038)	69,773	115,967	-
9	679 Meas & Reg Station Equip	-	-	-	-	-	-	(1,451)	-	-	-	-	-	-	(1,451)	-
10	680 Services	-	-	8,967	65,923	15,958	2,409	5,676	(44,967)	51,749	61,749	41,092	48,214	66,778	333,616	-
11	681 Meters	-	-	1,213.42	166,599	421	138,399	3,451	20,383	36,022	104,306	30,184	87,057	2,779	760,248	-
12	682 Meter Installations	-	-	309,302	446,309	188,902	221,645	416,545	374,981	609,027	706,679	34,009	723,142	277,403	4,434,755	-
13	683 House Regulators	-	-	(0.18)	3	0	-	-	-	17	(89)	(3)	-	89	17	-
14	685 Indus Meas & Reg St Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	685 Indus Meas & Reg St Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Total Infrastructure Improvement	-	163,157	830,346	1,435,751	2,022,779	907,377	1,227,646	701,777	1,251,485	1,855,936	547,492	1,533,048	1,171,675	13,648,471	-

Line No.	Utility Account	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Balance at 12/31/2018	Activity for Twelve Months Ended 12/31/2018
17	665.1 Rights-of-Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	665.2 Meas & Reg Station Strct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	667 Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	667 Meas & Reg Station Equip	-	(105)	(76)	164	1,112	1,921	1,902	1,932	1,942	1,943	1,970	1,821	1,772	16,298	-
21	669 Meas & Reg Station Equip	-	1	5	5	411	826	841	847	857	867	878	887	898	7,319	-
22	674.2 Land Rights	-	3	6	8	11	11	13	15	15	15	15	15	12	137	-
23	675 Structures & Improvements	-	-	-	-	-	-	-	-	-	-	(1)	(2)	(2)	(5)	-
24	676 Mains	-	124	479	1,561	2,772	3,873	5,243	6,219	7,160	8,820	10,325	11,657	13,231	71,464	-
25	676 Meas & Reg Station Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	811	-
26	679 Meas & Reg Station Equip	-	1	7	28	46	50	77	106	112	92	77	79	135	161	-
27	680 Services	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)	(16)	-
28	681 Meters	-	16	47	167	298	328	341	278	288	471	635	779	963	4,610	-
29	682 Meter Installations	-	2	22	429	835	835	1,070	1,328	1,404	1,594	1,776	1,935	2,056	13,328	-
30	683 House Regulators	-	159	704	1,648	2,442	2,955	3,753	4,743	5,973	7,617	8,543	9,489	10,740	58,766	-
31	685 Indus Meas & Reg St Equip	-	-	(0)	0	0	0	0	0	0	0	(0)	(0)	(0)	(0)	-
32	Total Infrastructure Improvement	-	200	1,396	4,036	7,736	10,799	13,237	15,466	17,749	21,415	24,216	26,657	29,803	172,711	-

[1] FERC Account specific depreciation rate proposed in Case No. 18-0298-GA-AIR.

FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 3c  
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VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
DEFERRED DEPRECIATION  
PROGRAMS REASONABLY NECESSARY TO COMPLY  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018

Description: Provide detailed calculation of deferred depreciation on CEP Investments  
Represents the Deferred Depreciation on Programs Reasonably Necessary to Comply

Line No.	[A] Cumulative Balance														
	Description: Cumulative Deferred Depreciation Balance for Programs Reasonably Necessary to Comply														
Calculation: Prior Month Deferred Balance + Current Month Deferred Depreciation															
Budget Category		1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	
1	Programs Reasonably Necessary - Deferred Depreciation	\$ -	\$ -	\$ 263	\$ 1,243	\$ 3,897	\$ 8,293	\$ 13,969	\$ 21,428	\$ 31,065	\$ 42,840	\$ 56,463	\$ 72,168	\$ 89,998	\$ 111,484
[B] Net Plant Additions Eligible for Deferred Depreciation															
Description: Monthly Activity of Net Plant Additions for Programs Reasonably Necessary to Comply															
Source: Schedule 1															
Utility Account		1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Activity for Twelve Months Ended 12/31/2018
2	603 Miscellaneous Int Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	604.1 Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	611.1 Liquid Petroleum Gas Eq.	\$ -	\$ 3,748	\$ -	\$ 141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (117)
5	611.3 Supply Lines Cw to Pt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	662.1 Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	665.2 Rights-of-Way	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	669 Meas & Reg Station Equip	\$ -	\$ 272	\$ -	\$ 3,583	\$ 1,666	\$ -	\$ 536	\$ 81	\$ 375	\$ 4,712	\$ 6,073	\$ 19,500	\$ 8,024	\$ -
9	674.1 Land	\$ -	\$ -	\$ -	\$ (11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	674.2 Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	674.4 Land Rights (25 yr Amortz)	\$ -	\$ 3,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11)
12	674.5 Land Rights (20 yr Amortz)	\$ -	\$ -	\$ -	\$ 16,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,808
13	675 Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	678 Meas & Reg Station Eq-Gen	\$ -	\$ 543	\$ -	\$ 6,956	\$ 3,075	\$ 1,412	\$ 475	\$ 72	\$ 4,879	\$ 13,328	\$ 2,149	\$ (17,262)	\$ 3,369	\$ -
15	679 Meas & Reg Station Eq-Clt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	681 Meters	\$ -	\$ 132,529	\$ 315,118	\$ 642,995	\$ 336,915	\$ 416,295	\$ 456,428	\$ 346,516	\$ 589,905	\$ 456,590	\$ 487,288	\$ 325,416	\$ 476,845	\$ (2,749)
17	682 Meter Installations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,658
18	687 Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (71,956)
19	689.1 Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,290)
20	690 Structures & Improvements	\$ -	\$ (0)	\$ -	\$ 3,547	\$ 1,518	\$ (6,022)	\$ 41,947	\$ 5,290	\$ 3,548	\$ (71,956)	\$ 13,217	\$ 81,221	\$ 20,178	\$ 20,178
21	691.1 Electronic Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ -	\$ -	\$ 366	\$ (52)	\$ -	\$ -	\$ -
22	691.2 Furniture & Fixtures	\$ -	\$ 409	\$ 963	\$ 1,100	\$ -	\$ -	\$ 571	\$ (156)	\$ -	\$ (571)	\$ -	\$ 7,389	\$ 50,359	\$ 50,359
23	692.1 Automobiles	\$ -	\$ 14,381	\$ -	\$ 47,384	\$ 5,823	\$ -	\$ 80,887	\$ 61,813	\$ 43,911	\$ 21,165	\$ 42,880	\$ 5,121	\$ 42,037	\$ 385,501
24	692.2 Light Trucks	\$ -	\$ (10,787)	\$ -	\$ 43,765	\$ 1,611	\$ 62,910	\$ 7,384	\$ 123,223	\$ 8,697	\$ 76,475	\$ 30,310	\$ 68,617	\$ 30,980	\$ 441,572
25	692.3 Trailers	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ -	\$ 2,302	\$ 1,379	\$ 1,068	\$ 1,330	\$ 1,569	\$ (1,287)	\$ 780	\$ 91,164
26	692.4 Heavy Trucks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,031)	\$ -	\$ -	\$ -	\$ (2,103)	\$ -	\$ 33,903	\$ 124,528	\$ 124,528
27	694 Tools, Shop & Garage Equip	\$ -	\$ 8,792	\$ 7,525	\$ 3,265	\$ 8,792	\$ 15,024	\$ 13,279	\$ 9,020	\$ 25,25	\$ 16,921	\$ 6,374	\$ 31,336	\$ 40,737	\$ 162,302
28	696 Power Operated Equipment	\$ -	\$ 11,996	\$ -	\$ -	\$ -	\$ (2,030)	\$ 33,030	\$ (35,619)	\$ 3,743	\$ 9	\$ (82)	\$ 9	\$ 13,672	\$ 13,672
29	697 Communication Equipment	\$ -	\$ 15,207	\$ 4,331	\$ 8,429	\$ 2,343	\$ 1,812	\$ 2,171	\$ 45,688	\$ 1,322	\$ 4,209	\$ 1,582	\$ 2,260	\$ 339,829	\$ 339,829
30	698 Miscellaneous Equipment	\$ -	\$ (1)	\$ -	\$ -	\$ 7,365	\$ 1,068	\$ 2,288	\$ -	\$ -	\$ 7,065	\$ 140,549	\$ 15,732	\$ 429,183	\$ 429,183
31	Total Programs Reasonably Necessary	\$ -	\$ 169,690	\$ 327,936	\$ 778,372	\$ 369,110	\$ 490,144	\$ 641,297	\$ 577,128	\$ 659,972	\$ 464,075	\$ 741,367	\$ 571,961	\$ 1,624,314	\$ 7,415,365

[C] Deferred Depreciation Calculation  
Description: Deferred Depreciation Calculation by Month  
Calculation: Prior Month Asset Balance x Depreciation Rate/12 Months + Current Month Asset Activity x 50% x Depreciation Rate/12 Months

Line	Utility Account	Depreciation Rate [1]												Activity for Twelve Months Ended 12/31/2018
		1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	
32	603 Miscellaneous Int Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	604.1 Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	611.1 Liquid Petroleum Gas Eq.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	611.3 Supply Lines Cw to Pt	\$ 5	\$ 11	\$ 11	\$ 3	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 130
36	665.1 Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
37	665.2 Rights-of-Way	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	669 Meas & Reg Station Equip	\$ 0	\$ 0	\$ 3	\$ 3	\$ 8	\$ 9	\$ 10	\$ 10	\$ 11	\$ 15	\$ 24	\$ 45	\$ 68
39	674.1 Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203
40	674.2 Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	674.4 Land Rights (25 yr Amortz)	\$ 2	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 45
42	674.5 Land Rights (20 yr Amortz)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	675 Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 665
44	678 Meas & Reg Station Eq-Gen	\$ 0	\$ 1	\$ 7	\$ 7	\$ 15	\$ 19	\$ 20	\$ 21	\$ 25	\$ 40	\$ 53	\$ 40	\$ 23
45	679 Meas & Reg Station Eq-Cit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265
46	681 Meters	\$ 179	\$ 786	\$ 2,083	\$ 3,410	\$ 4,430	\$ 5,612	\$ 6,699	\$ 7,967	\$ 9,384	\$ 10,676	\$ 11,790	\$ 12,877	\$ 75,884
47	682 Meter Installations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	687 Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 35
49	689.1 Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	690 Structures & Improvements	\$ -	\$ -	\$ -	\$ 3	\$ 8	\$ 4	\$ 35	\$ 76	\$ 84	\$ (46)	\$ (92)	\$ (82)	\$ (323)
51	691.1 Electronic Equipment	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7)	\$ 75	\$ 880	\$ (880)
52	691.2 Furniture & Fixtures	\$ 1	\$ 4	\$ 8	\$ 10	\$ 10	\$ 10	\$ 11	\$ 12	\$ 12	\$ 11	\$ 12	\$ 112	\$ 614
53	691.3 Automobiles	\$ 46	\$ 93	\$ 245	\$ 417	\$ 435	\$ 686	\$ 1,156	\$ 1,496	\$ 1,706	\$ 1,912	\$ 2,057	\$ 2,219	\$ 2,400
54	692.1 Light Trucks	\$ 19	\$ 59	\$ 180	\$ 351	\$ 543	\$ 889	\$ 1,258	\$ 1,490	\$ 1,781	\$ 2,051	\$ 2,322	\$ 2,693	\$ 12,488
55	692.2 Trailers	\$ 1	\$ 7	\$ 11	\$ 18	\$ 18	\$ 11	\$ 18	\$ 22	\$ 22	\$ 27	\$ 32	\$ 32	\$ 10,187
56	692.3 Heavy Trucks	\$ (5)	\$ (9)	\$ (9)	\$ (9)	\$ (14)	\$ (19)	\$ (19)	\$ (19)	\$ (19)	\$ (24)	\$ (29)	\$ 51	\$ 317
57	694 Tools, Shop & Garage Equip	\$ 20	\$ 53	\$ 71	\$ 91	\$ 130	\$ 177	\$ 215	\$ 234	\$ 266	\$ 305	\$ 368	\$ 488	\$ 2,417
58	696 Power Operated Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3)	\$ (3)	\$ 48	\$ 43	\$ (8)	\$ (3)	\$ (3)	\$ 93	\$ 2,417
59	697 Communication Equipment	\$ 42	\$ 97	\$ 132	\$ 162	\$ 174	\$ 185	\$ 318	\$ 448	\$ 464	\$ 480	\$ 480	\$ 441	\$ 4,432
60	698 Miscellaneous Equipment	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
61	Total Programs Reasonably Necessary	\$ 263	\$ 979	\$ 2,654	\$ 4,396	\$ 5,676	\$ 7,459	\$ 9,638	\$ 11,775	\$ 13,623	\$ 15,706	\$ 17,829	\$ 21,486	\$ 111,484.29

[1] FERC Account specific depreciation rate proposed in Case No. 15-0298-GA-AIR.

FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 3d  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
DEPRECIATION  
FEDERAL PIPELINE SAFETY REQUIREMENTS  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018Description: Provide detailed calculation of deferred depreciation on CEP Investments  
Represents the Deferred Depreciation on Federal Pipeline Safety Requirements

Line No.	[A] Cumulative Balance														
Description: Cumulative Deferred Depreciation Balance for Federal Pipeline Safety Requirements															
Calculation: Prior Month Deferred Balance + Current Month Deferred Depreciation															
Budget Category															
Federal Pipeline Safety Requirements - Deferred Depreciation															
	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	Balance at 12/31/2018		
1	\$ -	\$ -	\$ 377	\$ 1,260	\$ 2,477	\$ 4,053	\$ 5,858	\$ 8,106	\$ 11,994	\$ 18,271	\$ 27,554	\$ 43,962	\$ 66,193	\$ 93,171	
[B] Net Plant Additions Eligible for Deferred Depreciation															
Description: Monthly Activity of Net Plant Additions for Federal Pipeline Safety Requirements															
Source: Schedule 1															
Utility Account															
	1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018		
2	\$ -	\$ -	\$ 1,643	\$ 5	\$ (38)	\$ (2)	\$ 26	\$ 354	\$ (223)	\$ 50	\$ 173,043	\$ 5,149	\$ 27,136	\$ 13,584	
3	\$ -	\$ -	\$ 697	\$ 65	\$ -	\$ 135	\$ 4	\$ -	\$ 9	\$ (177,249)	\$ 2	\$ 5,435	\$ 986	\$ 6,830	
4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,784	\$ -	\$ -	\$ (904)	\$ -	\$ -	\$ -	\$ 3,784	
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,634	\$ (23,136)	\$ 1,175,948	\$ 743,749	\$ 1,430,065	\$ 478,835	\$ 2,672,548	\$ 10,760,393	
6	\$ -	\$ -	\$ 7,907	\$ 7,907	\$ 47,002	\$ 3,398	\$ 10,876	\$ 96,563	\$ 49,836	\$ 197,542	\$ 50,827	\$ 50,008	\$ 1,119,797	\$ 2,132,421	
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518,905	\$ -	\$ -	\$ 518,905	
8	\$ -	\$ -	\$ 75,364	\$ 75,364	\$ 129,890	\$ 85,585	\$ 25,924	\$ 237,511	\$ (30,402)	\$ 222,890	\$ 13,095	\$ 123,859	\$ 233,457	\$ 1,635,521	
9	\$ -	\$ -	\$ 13,520	\$ 13,520	\$ 27,069	\$ (4,205)	\$ -	\$ 15,620	\$ 5,105	\$ 32,024	\$ 814	\$ 15,728	\$ 33,574	\$ 132,529	
10	\$ -	\$ -	\$ 790	\$ 790	\$ 2,012	\$ 410	\$ 4,096	\$ 23,967	\$ 5,105	\$ (55,953)	\$ -	\$ (66,862)	\$ 51,128	\$ 53,775	
11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (692)	\$ -	\$ (44)	\$ -	
12	\$ -	\$ -	\$ 33	\$ 210	\$ 13	\$ 36	\$ 8	\$ 837	\$ 1,107	\$ 1,786	\$ 408	\$ -	\$ -	\$ 2,203	
13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
14	\$ -	\$ -	\$ 127,385	\$ 203,514	\$ 135,564	\$ 76,351	\$ 351,519	\$ 1,201,380	\$ 1,109,160	\$ 1,848,772	\$ 5,103,236	\$ 605,533	\$ 4,138,581	\$ 15,259,946	
[C] Deferred Depreciation Calculation															
Description: Deferred Depreciation Calculation by Month															
Calculation: Prior Month Asset Balance x Depreciation Rate/12 Months + Current Month Asset Activity x 50% x Depreciation Rate/12 Months															
Depreciation Rate (%)															
	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018			
15	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
16	1.43%	\$ 0	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 0	\$ (0)	\$ 3	\$ 7	\$ 8	\$ 24	
17	1.91%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 45	
18	2.57%	\$ 258	\$ 530	\$ 574	\$ 662	\$ 754	\$ 763	\$ 1,997	\$ 4,053	\$ 6,381	\$ 12,104	\$ 16,809	\$ 20,183	\$ 65,067	
19	2.00%	\$ 59	\$ 125	\$ 170	\$ 212	\$ 224	\$ 314	\$ 436	\$ 642	\$ 849	\$ 1,248	\$ 1,646	\$ 2,621	\$ 8,545	
20	1.43%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ 618	\$ 618	\$ 618	\$ 2,164	
21	2.57%	\$ 47	\$ 176	\$ 305	\$ 626	\$ 746	\$ 1,028	\$ 1,249	\$ 1,456	\$ 1,708	\$ 2,230	\$ 2,870	\$ 3,253	\$ 15,784	
22	2.00%	\$ 11	\$ 45	\$ 68	\$ 13	\$ 61	\$ 71	\$ 84	\$ 111	\$ 138	\$ 152	\$ 183	\$ 213	\$ 1,073	
23	3.00%	\$ 325	\$ 630	\$ 1,010	\$ 1,325	\$ 1,650	\$ 2,075	\$ 2,500	\$ 2,925	\$ (90)	\$ 52	\$ 116	\$ 163	\$ 421	
24	3.00%	\$ 0	\$ 0	\$ 0	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 9	\$ 9	\$ 7	\$ 6	\$ 47	
25	2.78%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
26	2.78%	\$ 377	\$ 892	\$ 1,218	\$ 1,575	\$ 1,806	\$ 2,248	\$ 3,888	\$ 6,277	\$ 9,282	\$ 16,408	\$ 22,231	\$ 26,978	\$ 93,171	
27															

[1] FERC Account specific depreciation rate proposed in Case No. 18-0298-GA-AIR.

VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
DEFERRED DEPRECIATION  
DISTRIBUTION REPLACEMENT  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018

Schedule 3e  
Page 1 of 1

Description: Provide detailed calculation of deferred depreciation on CEP Investment  
Represents the Deferred Depreciation on Distribution Replacement<sup>[1]</sup>

Line  
No.

[A] Cumulative Balance  
Description: Cumulative Deferred Depreciation Balance for Distribution Replacement  
Calculation: Prior Month Deferred Balance + Current Month Deferred Depreciation

Budget Category		Balance at												
		1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018
Distribution Replacement - Deferred Depreciation		\$ -	\$ -	\$ 560	\$ 2,561	\$ 6,686	\$ 13,040	\$ 21,371	\$ 31,826	\$ 44,639	\$ 59,590	\$ 76,694	\$ 96,244	\$ 117,945
1														\$ 142,180

1	Distribution Replacement - Deferred Depreciation	\$ -	\$ 560	\$ 2,561	\$ 6,686	\$ 13,040	\$ 21,371	\$ 31,826	\$ 44,639	\$ 59,590	\$ 76,694	\$ 96,244	\$ 117,945	\$ 142,180
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[B] Net Plant Additions Eligible for Deferred Depreciation  
Description: Monthly Activity of Net Plant Additions for Distribution Replacement  
Source: Schedule 1

Utility Account		1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Activity for Three Months Ended 12/31/2018	
2	680 Services	\$ -	\$ 304,273	\$ 474,884	\$ 674,713	\$ 682,443	\$ 573,668	\$ 543,112	\$ 953,402	\$ 512,791	\$ 733,627	\$ 669,168	\$ 534,922	\$ 931,799	\$ 7,588,812	
3	681 Meters	\$ -	\$ -	\$ -	\$ -	\$ (1,033)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,033)	
4	682 Meter Installations	\$ -	\$ 26,308	\$ 51,354	\$ 70,293	\$ (118,838)	\$ 11,466	\$ 162,955	\$ (327,401)	\$ 48,382	\$ 4,949	\$ 56,655	\$ 34,417	\$ 36,508	\$ 57,049	
5	683 House Regulators	\$ -	\$ 33,835	\$ 47,090	\$ 63,220	\$ 35,652	\$ 47,689	\$ 52,040	\$ 87,906	\$ 28,630	\$ 46,684	\$ 55,376	\$ 36,047	\$ 43,988	\$ 578,157	
6	Total Distribution Replacement	\$ -	\$ 364,417	\$ 573,338	\$ 808,226	\$ 598,224	\$ 632,823	\$ 758,107	\$ 713,907	\$ 589,803	\$ 785,260	\$ 781,200	\$ 605,386	\$ 1,012,295	\$ 8,222,985	

[C] Deferred Depreciation Calculation

Description: Deferred Depreciation Calculation by Month

Calculation: Prior Month Asset Balance x Depreciation Rate/12 Months + Current Month Asset Activity x 50% x Depreciation Rate/12 Months

Utility Account		1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Activity for Three Months Ended 12/31/2018	
7	680 Services	\$ 488	\$ 1,738	\$ 3,582	\$ 7,774	\$ 11,966	\$ 16,318	\$ 20,500	\$ 24,683	\$ 28,867	\$ 33,051	\$ 37,235	\$ 41,419	\$ 133,431	
8	681 Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
9	682 Meter Installations	\$ 33	\$ 130	\$ 282	\$ 434	\$ 586	\$ 738	\$ 890	\$ 1,042	\$ 1,194	\$ 1,346	\$ 1,498	\$ 1,650	\$ 1,802	
10	683 House Regulators	\$ 39	\$ 133	\$ 261	\$ 389	\$ 517	\$ 645	\$ 773	\$ 901	\$ 1,029	\$ 1,157	\$ 1,285	\$ 1,413	\$ 1,541	
11	Total Distribution Replacement Deferred Depreciation	\$ 560	\$ 2,001	\$ 4,125	\$ 8,330	\$ 12,455	\$ 16,586	\$ 20,713	\$ 24,844	\$ 28,972	\$ 33,100	\$ 37,228	\$ 41,356	\$ 142,180	

[1] FERC Account specific depreciation rate proposed in Case No. 18-0298-GA-AIR.

[2] Represents capital investment for Distribution Replacement activity not recovered via the Company's Distribution Replacement Rider (DRR) - as proposed in 18-0298-GA-AIR.

VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
POST-IN-SERVICE CARRYING COSTS (PISCC)  
FOR THE 12 MONTHS - JANUARY 2018-DECEMBER 2018

Description: Provide detailed calculation of post in-service carrying costs (PISCC) on CEP Investments  
Represents the deferred PISCC on eligible investments

Line  
No.

[A] Cumulative Balance  
Description: Cumulative Deferred PISCC Balance for eligible CEP Investments  
Calculation: Prior Month Deferred Balance + Current Month Deferred PISCC

Budget Category	Balance at 1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018
1 Infrastructure Expansion - Deferred PISCC	\$ -	\$ -	\$ 2,648	\$ 8,588	\$ 19,143	\$ 32,546	\$ 48,215	\$ 67,853	\$ 90,109	\$ 116,237	\$ 146,421	\$ 180,195	\$ 217,876
2 Infrastructure Improvement - Deferred PISCC	\$ -	\$ -	\$ 688	\$ 4,879	\$ 15,119	\$ 33,872	\$ 56,413	\$ 84,085	\$ 114,551	\$ 150,441	\$ 193,976	\$ 239,722	\$ 291,833
3 Programs Reasonably Necessary to Comply - Deferred PISCC	\$ -	\$ -	\$ 716	\$ 2,813	\$ 8,188	\$ 15,104	\$ 24,066	\$ 35,706	\$ 49,744	\$ 66,521	\$ 85,201	\$ 106,947	\$ 131,034
4 Federal Pipeline Safety Requirements - Deferred PISCC	\$ -	\$ -	\$ 1,498	\$ 3,531	\$ 6,418	\$ 9,888	\$ 13,673	\$ 18,934	\$ 29,254	\$ 44,234	\$ 66,986	\$ 111,230	\$ 157,938
5 Distribution Replacement - Deferred PISCC	\$ -	\$ -	\$ 1,537	\$ 5,488	\$ 12,837	\$ 22,686	\$ 35,174	\$ 50,820	\$ 69,429	\$ 90,466	\$ 114,749	\$ 142,260	\$ 172,217
6 Total CEP - Deferred PISCC	\$ -	\$ -	\$ 7,087	\$ 25,599	\$ 61,705	\$ 114,096	\$ 177,541	\$ 257,398	\$ 353,193	\$ 467,899	\$ 607,333	\$ 780,344	\$ 970,898

[B] Net Plant Additions Eligible for Deferred PISCC  
Description: Net Plant Addition Balance by Month for eligible CEP Investments  
Source: Schedule 2

Utility Account	Balance at 1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018
7 Infrastructure Expansion	\$ -	\$ 627,746	\$ 1,480,793	\$ 2,436,592	\$ 3,189,618	\$ 3,735,531	\$ 4,686,786	\$ 5,320,207	\$ 6,252,913	\$ 7,231,394	\$ 8,102,394	\$ 9,051,016	\$ 10,689,562
8 Infrastructure Improvement	\$ -	\$ 163,157	\$ 993,504	\$ 2,429,254	\$ 4,452,033	\$ 5,359,410	\$ 6,587,056	\$ 7,289,833	\$ 8,540,319	\$ 10,396,255	\$ 10,943,747	\$ 12,476,795	\$ 13,648,471
9 Programs Reasonably Necessary to Comply	\$ -	\$ 169,690	\$ 497,626	\$ 1,275,996	\$ 1,645,107	\$ 2,135,252	\$ 2,776,548	\$ 3,353,676	\$ 4,013,649	\$ 4,477,724	\$ 5,219,091	\$ 5,791,051	\$ 7,415,365
10 Federal Pipeline Safety Requirements	\$ -	\$ 354,951	\$ 482,336	\$ 665,949	\$ 825,413	\$ 901,764	\$ 1,253,283	\$ 2,454,663	\$ 3,563,823	\$ 5,412,595	\$ 10,515,831	\$ 11,121,365	\$ 15,259,946
11 Distribution Replacement	\$ -	\$ 364,417	\$ 937,795	\$ 1,745,981	\$ 2,344,205	\$ 2,977,028	\$ 3,735,134	\$ 4,449,042	\$ 5,038,845	\$ 5,824,105	\$ 6,605,305	\$ 7,210,690	\$ 8,222,865
12 Total CEP In-Service	\$ -	\$ 1,679,960	\$ 4,392,014	\$ 8,573,865	\$ 12,456,377	\$ 15,108,984	\$ 19,038,008	\$ 22,866,422	\$ 27,409,548	\$ 33,342,072	\$ 41,386,367	\$ 45,650,918	\$ 55,236,330

[C] Accumulated Depreciation on Net Plant Additions  
Description: Accumulated Depreciation Balance by Month on eligible CEP Investments  
Source: Schedule 3a, Schedule 3b, Schedule 3c, Schedule 3d, Schedule 3e

Utility Account	Balance at 1/1/2018	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018
13 Infrastructure Expansion	\$ -	\$ (904)	\$ (3,917)	\$ (9,443)	\$ (17,312)	\$ (27,010)	\$ (38,748)	\$ (52,622)	\$ (68,656)	\$ (87,303)	\$ (109,608)	\$ (132,527)	\$ (159,983)
14 Infrastructure Improvement	\$ -	\$ (200)	\$ (1,596)	\$ (5,632)	\$ (13,369)	\$ (24,168)	\$ (37,405)	\$ (52,871)	\$ (70,620)	\$ (92,039)	\$ (116,251)	\$ (142,908)	\$ (172,711)
15 Programs Reasonably Necessary to Comply	\$ -	\$ (263)	\$ (1,243)	\$ (3,897)	\$ (8,293)	\$ (13,969)	\$ (21,428)	\$ (31,065)	\$ (42,840)	\$ (56,463)	\$ (72,188)	\$ (89,998)	\$ (111,484)
16 Federal Pipeline Safety Requirements	\$ -	\$ (377)	\$ (1,260)	\$ (2,477)	\$ (4,053)	\$ (5,858)	\$ (8,106)	\$ (11,994)	\$ (18,271)	\$ (27,554)	\$ (43,982)	\$ (66,193)	\$ (93,171)
17 Distribution Replacement	\$ -	\$ (560)	\$ (2,561)	\$ (6,686)	\$ (13,040)	\$ (21,371)	\$ (31,826)	\$ (44,639)	\$ (59,590)	\$ (76,694)	\$ (96,244)	\$ (117,945)	\$ (142,180)
18 Total CEP Accumulated Depreciation	\$ -	\$ (2,306)	\$ (10,576)	\$ (28,336)	\$ (56,067)	\$ (92,375)	\$ (137,514)	\$ (193,191)	\$ (259,977)	\$ (340,049)	\$ (437,233)	\$ (549,571)	\$ (679,529)

[D] Deferred PISCC Calculation

Description: Deferred PISCC Calculation by Month  
Source: (Net Plant Addition Balance Prior Month + Accumulated Depreciation Balance Prior Month) x PISCC Rate / 12 Months

Utility Account	PISCC Rate	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	6/30/2018	7/31/2018	8/31/2018	9/30/2018	10/31/2018	11/30/2018	12/31/2018
19 Infrastructure Expansion	5.07%	\$ -	\$ 2,648	\$ 6,240	\$ 10,255	\$ 13,403	\$ 15,669	\$ 19,638	\$ 22,256	\$ 26,128	\$ 30,184	\$ 33,774	\$ 37,681
20 Infrastructure Improvement	5.07%	\$ -	\$ 688	\$ 4,191	\$ 10,240	\$ 18,753	\$ 22,541	\$ 27,672	\$ 30,572	\$ 35,784	\$ 43,535	\$ 45,746	\$ 52,111
21 Programs Reasonably Necessary to Comply	5.07%	\$ -	\$ 716	\$ 2,097	\$ 5,375	\$ 9,616	\$ 8,962	\$ 11,640	\$ 14,038	\$ 16,777	\$ 18,680	\$ 21,746	\$ 24,087
22 Federal Pipeline Safety Requirements	5.07%	\$ -	\$ 1,498	\$ 2,033	\$ 2,887	\$ 3,470	\$ 3,785	\$ 5,281	\$ 10,320	\$ 14,980	\$ 22,752	\$ 44,244	\$ 46,708
23 Distribution Replacement	5.07%	\$ -	\$ 1,537	\$ 3,951	\$ 7,349	\$ 9,849	\$ 12,488	\$ 15,646	\$ 18,609	\$ 21,037	\$ 24,283	\$ 27,501	\$ 29,967
24 Total CEP Deferred PISCC		\$ -	\$ 7,087	\$ 18,512	\$ 36,106	\$ 52,391	\$ 63,445	\$ 79,857	\$ 95,795	\$ 114,706	\$ 139,434	\$ 173,011	\$ 190,554

Activity for Three Months Ended 12/31/2018

**FOR ILLUSTRATIVE PURPOSES ONLY**Schedule 5  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
PROPERTY TAX DEFERRAL  
FOR THE PERIOD ENDED DECEMBER 31, 2018Description: Provide summary of calculation of deferred property taxes on CEP Investments  
Represents the deferred property taxes on eligible investmentsLine  
No.**[A] Cumulative Balance**

Description: Cumulative Deferred Property Tax Balance for eligible CEP Investments

Calculation: Prior Year Deferred Balance + Current Year Deferred Activity

Budget Category		12/31/2018	12/31/2019
1	Infrastructure Expansion - Deferred Property Taxes	\$ -	\$ 242,387
2	Infrastructure Improvement - Deferred Property Taxes	\$ -	\$ 312,476
3	Programs Reasonably Necessary to Comply - Deferred Property Taxes	\$ -	\$ 164,642
4	Federal Pipeline Safety Requirements - Deferred Property Taxes	\$ -	\$ 347,931
5	Distribution Replacement - Deferred Property Taxes	\$ -	\$ 188,785
6	Total CEP - Deferred Property Taxes	\$ -	\$ 1,256,222

**[B] Annual Property Tax Deferrals by Investment Year**

Description: Property Tax Deferrals for Annual Period on eligible CEP Investments, by Investment Year

Source: Work Paper 5.1

Utility Account		12/31/2019
7	Infrastructure Expansion	
8	2018 Investment - Pay 2019	\$ 242,387
9	Total Infrastructure Expansion	\$ 242,387
10	Infrastructure Improvement	
11	2018 Investment - Pay 2019	\$ 312,476
12	Total Infrastructure Improvement	\$ 312,476
13	Programs Reasonably Necessary to Comply	
14	2018 Investment - Pay 2019	\$ 164,642
15	Total Programs Reasonably Necessary to Comply	\$ 164,642
16	Federal Pipeline Safety Requirements	
17	2018 Investment - Pay 2019	\$ 347,931
18	Total Federal Pipeline Safety Requirements	\$ 347,931
19	Distribution Replacement	
20	2018 Investment - Pay 2019	\$ 188,785
21	Total Distribution Replacement	\$ 188,785
22	Total CEP Property Tax Activity	\$ 1,256,222

## FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 6  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
CALCULATION OF SHARED SERVICE ASSET CHARGE EXPENSE DEFERREDDescription: Provide detailed calculation of Shared Service Asset Charge incremental expense deferred.  
Represents the cost of the additional CEP-eligible investments at VUHI, charged to VEDO.Line  
No.

## [A] Cumulative Balance

Description: Cumulative Shared Asset Charge Incremental Expense related to CEP Investments  
Calculation: Prior Year Incremental Expense + Current Year Incremental Expense

Category		Balance at 12/31/2018
1	Shared Asset Charge Incremental Expense	\$ 632,430
2	Total Shared Asset Charge Incremental Expense	\$ 632,430

## [B] Annual Incremental Asset Charge Expense

Description: Incremental Shared Asset Expense for Annual Period compared to Base Rate Level

Source: Adjustment C-3.19, Case No. 18-0298-GA-AIR

Category		Activity Through 12/31/2018	Base Rate Case 18-0298-GA-AIR	Incremental Costs
3	Utility Holdings Net Plant Balance at December 31	\$ 177,387,452	\$ 163,515,339	
4	Less: Plant Related Utility Holdings Accumulated Deferred Income Taxes at December 31	\$ (29,997,413)	\$ (9,924,019)	
5	Net Utility Holdings Balance at December 31	[Line 3 + Line 4] \$ 147,390,039	\$ 153,591,320	
6	Weighted Average Cost of Capital (Pre-Tax)	18-0298-GA-AIR 5.07%	5.07%	
7	Utility Holdings Asset Return	[Line 5 x Line 6] \$ 7,472,675	\$ 7,787,080	
8	VEDO Allocation	21.29%	21.25%	
9	VEDO Allocated Utility Holdings Asset Return	[Line 7 x Line 8] \$ 1,590,933	\$ 1,654,743	
10	Utility Holdings Depreciation Expense	\$ 26,348,189	\$ 22,908,007	
11	VEDO Allocation	21.13%	21.13%	
12	VEDO Allocated Utility Holdings Depreciation Expense	[Line 10 x Line 11] \$ 5,566,623	\$ 4,840,996	
13	Utility Holdings Property Tax Expense	\$ 1,997,368	\$ 2,134,050	
14	VEDO Allocation	21.50%	21.50%	
15	VEDO Allocated Utility Holdings Property Tax Expense	[Line 13 x Line 14] \$ 429,434	\$ 458,821	
16	VEDO Asset Charge	[Lines 9 + 12 + 15] \$ 7,586,990	\$ 6,954,560	\$ 632,430

**FOR ILLUSTRATIVE PURPOSES ONLY**Schedule 7  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
CALCULATION OF INCREMENTAL REVENUE ASSOCIATED WITH CEP INVESTMENTS

Description: Provide detailed calculation of incremental revenues on CEP Investments.  
Represents the incremental revenues associated with CEP Investments, treated as offset to deferred expenses.

Line  
No.**[A] Cumulative Balance****Description:** Cumulative Incremental Revenue related to CEP Investments**Calculation:** Prior Year Incremental Revenue + Current Year Incremental Revenue

		Balance at	
Category		12/31/2018	
1	Residential Incremental Revenue	\$	-
2	General Service Incremental Revenue	\$	-
3	Large Industrial Incremental Revenue	\$	-
4	Other Revenues Directly Attributable to CEP Investment	\$	-
5	Total Incremental Revenue - (Increase)	\$	-

**[B] Annual Incremental Revenue by Category****Description:** Incremental Revenues for Annual Period related to CEP Investments by Category**Source:** Work Paper 6.1-1, Work Paper 6.1-2, Work Paper 6.2

		Activity Through	
Category		12/31/2018	
6	Residential Incremental Revenue	\$	-
7	General Service Incremental Revenue	\$	-
8	Large Industrial Incremental Revenue	\$	-
9	Other Revenues Directly Attributable to CEP Investment	\$	-
10	Total Incremental Revenue	\$	-

## FOR ILLUSTRATIVE PURPOSES ONLY

Schedule 8  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
ACTUAL-AUTHORIZED CEP EXPLANATIONS  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2018Description: Provide explanations on the variance between Actual and Authorized CEP Investment.  
Total Additions (net of retirements) during the calendar year compared to authorized level.

Line No.	Category	[A] 2018 Budget	[B] Less: 2018 Investments in DRR	[C]=[A]-[B] Estimated CEP Budget	[D] Actual Total Additions	[E]=[C]-[D] Total Variance	[F] Less: Ineligible Additions	[G]=[E]-[F] Remaining Variance
1	Infrastructure Expansion	\$ 11,300,000	\$ -	\$ 11,300,000	\$ 11,300,000	\$ -	\$ -	\$ -
2	Infrastructure Improvement & Replacement	\$ 11,100,000	\$ -	\$ 11,100,000	\$ 11,100,000	\$ -	\$ -	\$ -
3	Programs Reasonably Necessary to Comply	\$ 6,100,000	\$ -	\$ 6,100,000	\$ 6,100,000	\$ -	\$ -	\$ -
4	Federal Pipeline Safety Requirements	\$ 19,300,000	\$ -	\$ 19,300,000	\$ 19,300,000	\$ -	\$ -	\$ -
5	Distribution Replacement	\$ 78,500,000	\$ 69,555,400	\$ 8,944,600	\$ 8,944,600	\$ -	\$ -	\$ -
6	Total CEP Investment	\$ 126,300,000	\$ 69,555,400	\$ 56,744,600	\$ 56,744,600	\$ -	\$ -	\$ -

Explanations: (Estimated prior year CEP Budget vs. Actual CEP Addition Variances)Notes:

- [A] Schedule 1 - Case No. 18-0298-GA-UNC, Schedule 9.  
 [B] Estimated investments to be recovered in the Distribution Replacement Rider. Recovery is pending the approval in a separate cause.  
 [C] Total Capital Expenditures estimated for CEP Accounting Treatment.  
 [D] Sum of Schedule 3, Lines 13-17  
 [E] Total Variance - (Over)/Under spend on additions.  
 [F] Sum of Schedule 3, Lines 19-24 + Sum of Schedule 3, Lines 31-36  
 Amounts represent those additions that were ineligible for accounting treatment  
 [G] Eligible Addition Variance - (Over)/Under spend on additions.

**FOR ILLUSTRATIVE PURPOSES ONLY**Schedule 9  
Page 1 of 1**VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
ESTIMATED CAPITAL BUDGET  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2019  
(\$ MILLIONS)****Description: Provide estimated Capital Budget for the previous year as proposed 18-0298-GA-UNC**

<b>Line No.</b>	<b>Category</b>		<b>2019</b>
1	Infrastructure Expansion	\$	11.6
2	Infrastructure Improvement and Replacement	\$	12.6
3	Programs Reasonably Necessary to Comply with Commission Rules, Regulations, and Orders	\$	6.2
4	Federal Pipeline Safety Requirements	\$	21.1
5	Distribution Replacement	[A] \$	80.2
6	<b>Total</b>	<b>\$</b>	<b>131.7</b>

[A] Certain investments to be removed from CEP if recovered through DRR cost-recovery mechanism.

**FOR ILLUSTRATIVE PURPOSES ONLY**Schedule 10  
Page 1 of 1**VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
ALLOCATION OF CEP RIDER COSTS  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2018****Description: Allocation of CEP Rider Revenue Requirement to Rate Schedules**

<b>Line No.</b>	<b>Rate Schedule</b>	<b>Rate Base Allocation</b>	<b>Reference</b>
1	Residential - Rates 310/311/315	74.8630%	Case No. 18-0298-GA-AIR
2	General Service - Rates 320/321/325	15.7720%	Case No. 18-0298-GA-AIR
3	Large Transportation - Rate 345	3.5520%	Case No. 18-0298-GA-AIR
4	Large Volume Transportation - Rate 360	5.8130%	Case No. 18-0298-GA-AIR
5	Total	100.0000%	Sum of Lines 1-4
6	Total Revenue Requirement	\$ 272,963	Schedule 1, Line 17
7	Residential - Rates 310/311/315	\$ 204,348	[Line 1 x Line 6]
8	General Service - Rates 320/321/325	\$ 43,052	[Line 2 x Line 6]
9	Large Transportation - Rate 345	\$ 9,696	[Line 3 x Line 6]
10	Large Volume Transportation - Rate 360	\$ 15,867	[Line 4 x Line 6]
11	Total	\$ 272,963	Sum of Lines 7-10

**FOR ILLUSTRATIVE PURPOSES ONLY**Schedule 11  
Page 1 of 1VECTREN ENERGY DELIVERY OF OHIO, INC.  
CAPITAL EXPENDITURE PROGRAM (CEP)  
CALCULATION OF CEP RIDER RATES  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2018

## Description: Derivation of CEP Rider Rates

Line No.	Rate Schedule	[A] Revenue Requirement	[B] Customers	[C]=[A]/[B]/12 Rate per Customer per Month	[D] Throughput (CCF)	[E]=[A]/[D] Rate per CCF
1	Rate 310/311/315	\$ 204,348	295,099	\$ 0.06		
2	Rate 320/321/325	\$ 43,052				
3	Group 1	\$ 1,151	15,285	\$ 0.08		
4	Group 2 & 3	\$ 41,901			76,569,266	\$ 0.00055
5	Rate 345	\$ 9,696			50,753,816	\$ 0.00019
6	Rate 360	\$ 15,867			184,040,109	\$ 0.00009
7	<u>Total</u>	<u>\$ 272,963</u>				

8	Proposed CEP Rate - Rate 310/311/315	\$ 0.06	[Line 1, [C]]
9	Case No. 18-0298-GA-AIR Ration	130% **	
10	Proposed CEP Rate - Rate 320/321/325 Group 1	\$ 0.08	[Line 8 x Line 9]
11	Group 1 Customers	15,285	[Line 3, [B]]
12	Group 1 Revenue Requirement	\$ 1,151	[Line 10 x Line 11]
13	Group 2 & 3 Revenue Requirement	\$ 41,901	[Line 2, [A] - Line 12]

**	Residential Customer Charge	\$ 35.41	
	General Service Group 1 Customer Charge	\$ 46.19	
	Ration	130%	

## **CAPITAL EXPENDITURE PROGRAM RIDER**

### **APPLICABILITY**

The Capital Expenditure Program ("CEP") Rider is applicable to any Customer served under the Rate Schedules identified below.

- Rate 310 - Residential Default Sales Service
- Rate 311 - Residential Standard Choice Offer Service
- Rate 315 - Residential Transportation Service
- Rate 320 - General Default Sales Service
- Rate 321 - General Standard Choice Offer Service
- Rate 325 - General Transportation Service
- Rate 345 - Large General Transportation Service
- Rate 360 - Large Volume Transportation Service

### **DESCRIPTION**

The CEP will recover deferred costs, including depreciation and property tax expense and accrued post-in-service carrying costs, associated with Company's capital expenditure program under Ohio Revised Code 4929.111, approved by the Commission in Case No. 18-0049-GA-ALT. All applicable Customers shall be assessed either (a) a monthly charge in addition to the Monthly Charge or Customer Charge component of their applicable Rate Schedule, or (b) a volumetric charge applicable to each Billing Ccf of metered gas usage each month.

Actual costs and actual recoveries are reconciled in each annual CEP update, with any under- or over-recovery being recovered or returned over the next twelve (12) month period.

### **CAPITAL EXPENDITURE PROGRAM RIDER CHARGE**

The charges for the respective Rate Schedules are:

<b><u>Rate Schedule</u></b>	<b><u>\$ Per Month</u></b>	<b><u>\$ Per Billing Ccf</u></b>
310, 311 and 315	\$0.00	
320, 321 and 325 (Group 1)	\$0.00	
320, 321 and 325 (Group 2 and 3)		\$0.00000
345		\$0.00000
360		\$0.00000

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Filed pursuant to the Finding and Order dated \_\_\_\_\_ in Case No. 18-0298-GA-AIR of The Public Utilities Commission of Ohio.

Issued

Issued by Scott E. Albertson, Vice-President Effective

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**4/13/2018 4:06:15 PM**

**in**

**Case No(s). 18-0049-GA-ALT**

Summary: Application for Approval of an Alternative Rate Plan electronically filed by Ms. Rebekah J. Glover on behalf of Vectren Energy Delivery of Ohio, Inc.