

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
Application of Vectren :  
Energy Delivery of Ohio, : Case No. 18-298-GA-AIR  
Inc. For Approval of an :  
Increase in Gas Rates. :

In the Matter of the :  
Application of Vectren :  
Energy Delivery of Ohio, : Case No. 19-299-GA-ALT  
Inc. For Approval of an :  
Alternative Rate Plan. :

In the Matter of the :  
Application of Vectren :  
Energy Delivery of Ohio, : Case No. 18-49-GA-ALT  
Inc. For Approval of an :  
Alternative Rate Plan. :

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PROCEEDINGS

before Gregory Price and Patricia Schabo, Attorney  
Examiners, at the Public Utilities Commission of  
Ohio, 180 East Broad Street, Room 11-A, Columbus,  
Ohio, called at 10:00 a.m. on Friday, February 1,  
2019.

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VOLUME III

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ARMSTRONG & OKEY, INC.  
222 East Town Street, Second Floor  
Columbus, Ohio 43215-5201  
(614) 224-9481 - (800) 223-9481

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APPEARANCES:

Whitt Sturtevant LLP  
By Mr. Andrew Campbell  
and Mr. Christopher T. Kennedy  
88 East Broad Street  
Columbus, Ohio 43215

and  
McNees, Wallace & Nurick  
By Mr. Mat Pritchard  
and Mr. Frank Darr  
21 East State Street  
Columbus, Ohio 43215

On behalf of the Company.

Calfee, Halter & Griswold LLP  
By Mr. Trevor Alexander  
and Mr. Steve Lesser  
41 South High Street  
Columbus, Ohio 43215

On behalf of the City of Dayton and  
Honda of America Manufacturing, Inc.

Dave Yost, Ohio Attorney General  
By Mr. Werner L. Margard  
Assistant Attorney General  
30 East Broad Street, 16th Floor  
Columbus, Ohio 43215

On behalf of the Staff of the Public  
Utilities Commission of Ohio.

Ms. Colleen Mooney  
Post Office Box 12451  
Columbus, Ohio 43215

On behalf of Partners for  
Affordable Energy.

Ms. Madeline Fleisher  
21 East Broad Street, 8th Floor  
Columbus, Ohio 43215

On behalf of Environmental Law  
& Policy Center.

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APPEARANCES: (Continued)

Vorys, Sater, Seymour & Pease  
Mr. Mike Settineri  
and Ms. Gretchen Petrucci  
52 East Gay Street  
Columbus, Ohio 43215

On behalf of Retail Energy  
Supply Association.

Ms. Angela O'Brien  
Mr. Bill Michael  
Ms. Amy Botschner-O'Brien  
65 East State Street, 7th Floor  
Columbus, Ohio 43215

On behalf of the Office of the  
Consumers' Counsel.

Mr. Michael Nugent  
and Mr. Joe Oliker  
6100 Emerald Parkway  
Dublin, Ohio 43016

On behalf of IGS Energy.

Captain Robert J. Friedman  
AFLOA/JACE-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall AFB, Florida 32403

On behalf of Air Force Legal  
Operations Agency Utility Law  
Field Support Center.

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18  
19  
20  
21  
22  
23  
24  
25

INDEX

- - -

Witness	Page
Michael J. Vilbert	
Direct Examination by Mr. Kennedy	175
Cross-Examination by	187
Ms. Amy Botschner-O'Brien	

- - -

Company Exhibit	Identified	Admitted
5.0 Direct Testimony of Michael J. Vilbert	175	198
5.1 Supplemental Direct Testimony of Michael J. Vilbert	177	--
5.2 Second Supplemental Direct Testimony of Michael J. Vilbert	176	198
5.3 Revised Schedules Sponsored by Michael J. Vilbert	179	198

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1 Friday Morning Session,  
2 February 1, 2019.

3 - - -

4 ATTORNEY EXAMINER PRICE: Good morning.  
5 The Public Utilities Commission is set for hearing at  
6 this time and place, Case No. 18-49-GA-ALT, Case No.  
7 18-298-GA-AIR and Case No. 299-GA-ALT being In the  
8 Matter of the Application of Vectren Energy Delivery  
9 of Ohio for Approval of Alternative Rate Plan and  
10 Increase in Gas Rates and Approval of Alternative  
11 Rate Plan.

12 My name is Gregory Price with  
13 Miss Patricia Schabo. We're the Attorney Examiners  
14 assigned to preside over today's hearing. This is  
15 Day 3 of our hearing. We'll begin by taking the  
16 Company's next witness.

17 MR. KENNEDY: Thank you, your Honor. The  
18 Company would like to call Dr. Michael Vilbert.

19 (Witness placed under oath.)

20 ATTORNEY EXAMINER PRICE: Please be  
21 seated and state your name and business address for  
22 the record.

23 THE WITNESS: My name is Michael J.  
24 Vilbert. My business address is 201 Mission Street,  
25 Suite 2800, San Francisco, California, 94105.

1                   ATTORNEY EXAMINER PRICE:   You may  
2   proceed, Mr. Kennedy.

3                                               - - -

4                   MICHAEL J. VILBERT, PH.D  
5   being first duly sworn, as prescribed by law, was  
6   examined and testified as follows:

7                                               DIRECT EXAMINATION

8   By Mr. Kennedy:

9               Q.    Good morning, Dr. Vilbert.

10           A.    Good morning.

11           Q.    By who are you employed?

12           A.    I'm employed by The Brattle Group.

13           Q.    But today you are here to testify on  
14   behalf of the Company's Application; is that correct,  
15   sir?

16           A.    Yes.

17           Q.    Do you have in front of you what was  
18   previously marked as VEDO Exhibit No. 5.0, the Direct  
19   Testimony of Michael J. Vilbert on behalf of Vectren  
20   Energy Delivery of Ohio, Inc.?

21           A.    Yes, I do.

22           Q.    And Dr. Vilbert, did you prepare that  
23   Direct Testimony or cause it to be prepared?

24           A.    Yes.

25           Q.    And are the answers to the questions

1 given true and accurate to the best of your  
2 knowledge?

3 A. Yes, subject to the -- a couple of lines  
4 of errata.

5 Q. And we'll get to that with the revised  
6 Schedules. If I were to ask you the same questions  
7 today subject to the errata, would you provide the  
8 same responses?

9 A. Yes.

10 Q. Do you also have in front of you what's  
11 previously marked VEDO Exhibit No. 5.2 which is the  
12 Second Supplemental Direct Testimony of Michael J.  
13 Vilbert in support of the Stipulation and  
14 Recommendation on behalf of Vectren Energy Delivery  
15 of Ohio, Inc.?

16 A. I actually don't have 5.2. I have 5.1.  
17 Sorry.

18 Q. Dr. Vilbert, was this Second Supplemental  
19 Direct Testimony prepared by you or prepared under  
20 your direction?

21 A. Yes.

22 Q. And are the answers that you provided  
23 true and accurate to the best of your knowledge?

24 A. Yes.

25 Q. And if I were to ask you the same

1 questions today, would you provide the same  
2 responses?

3 A. Yes.

4 Q. Now, do you have any corrections to VEDO  
5 Exhibit No. 5.2?

6 A. No corrections.

7 Q. Can I turn your attention to what was  
8 previously marked as VEDO Exhibit No. 5.1.

9 A. Yes.

10 Q. This was the Supplemental Direct  
11 Testimony of Michael J. Vilbert on behalf of Vectren  
12 Energy Delivery of Ohio, Inc. Did you prepare this  
13 testimony or was it prepared under your direction?

14 A. Yes.

15 Q. I refer you to Page 2 of the testimony.  
16 It's true, sir, that Attachment B to this  
17 Supplemental Direct were corrected Schedules to your  
18 Direct Testimony?

19 A. Yes, that's correct.

20 Q. Can I please direct your attention to  
21 Page 3, question 8 through Page 4, question 10. And  
22 let me know when you've had a chance to review that.

23 A. I'm ready.

24 Q. Do these questions that are listed here  
25 in your Supplemental Direct explain the corrections



1 to your Direct Testimony Schedules?

2 A. Yes, they do.

3 Q. Could you please for the record briefly  
4 explain what corrections were made to your Direct  
5 Schedules.

6 A. Certainly. The change that caused the  
7 largest number of changes was the fact that the  
8 capital structure I used in my Direct was 50.6  
9 percent equity and the correct amount of equity in  
10 the capital structure was 51.06. And because I  
11 consider financial risk as a function of the capital  
12 structure, the numbers changed very slightly in all  
13 of my exhibits that adjust for differences in  
14 financial risk.

15 And so anywhere that I was using 50.6, I  
16 had to correct those Schedules to reflect 51.06 as  
17 the appropriate capital structure. So that's the  
18 majority of the changes that came about. And it  
19 results in very small changes in the estimated ROE  
20 from the sample companies.

21 The next one was an error that crept into  
22 one of the companies. Its total capital structure,  
23 instead of adding up to 100 percent only added up to  
24 80 percent. And so when we fixed that, that changed  
25 some numbers on the CAPM. That was a spreadsheet

1 error. And I regret those kind of things creep in,  
2 but that one crept in.

3 And there was one other thing that was --  
4 it's not a change exactly but it's a reporting. We  
5 did the empirical CAPM for two different values. One  
6 of the values, the sheets didn't make it into the  
7 appendix, so we just added those sheets to the  
8 revised version so that they're now there to be  
9 looked at. I used them in my testimony and reported  
10 the numbers in my testimony, but the Appendix B did  
11 not have that sheet that reported those results, so  
12 we just add them.

13 Q. So it's clear for the record, the  
14 Attachment B which you're referring to now was part  
15 of your VEDO Exhibit No. 5.1 which was your  
16 Supplemental Direct filed in response to the Staff  
17 Report, correct?

18 A. Yes.

19 Q. Do you have what is in front of you been  
20 previously marked as VEDO Exhibit 5.3?

21 A. Yes.

22 Q. Entitled Revised Schedules Sponsored by  
23 Michael J. Vilbert on Behalf of Vectren Energy  
24 Delivery Of Ohio, Inc.?

25 A. Yes.

MR. KENNEDY: And so it's clear for the record, what is in Exhibit 5.3 is essentially the Company has taken Attachment B to Exhibit -- VEDO Exhibit No. 5.1 and taken it out and it needs to be said that it's a separate exhibit and not introduce into the record the remainder of VEDO Exhibit 5.1. So the Schedules that appear in 5.3 are the exact same Schedules that appear in Attachment B to VEDO Exhibit No. 5.1.

Q. (By Mr. Kennedy) Besides those corrections to your Direct Schedules, Dr. Vilbert, to go back to your Direct Testimony, VEDO Exhibit No. 5.0, as you sit here today, you don't have any other corrections to that testimony, correct?

A. No.

MR. KENNEDY: Thank you, Dr. Vilbert.

Your Honor, the Company would like to formally move subject to cross the following exhibits -- move for admission the following Exhibits: VEDO Exhibit No. 5.0, VEDO Exhibit No. 5.2, then VEDO Exhibit No. 5.3.

ATTORNEY EXAMINER PRICE: Thank you. VEDO Exhibits 5.0, 5.1, 5.2 and 5.3 will all be marked for the record as described by counsel. We'll defer ruling on the admission of these exhibits,

1 admission of 5.0, 5.2 and 5.3 until after  
2 cross-examination. Miss O'Brien.

3 MS. BOTSCHNER-O'BRIEN: Your Honor, would  
4 this be a good time to make motions to strike?

5 ATTORNEY EXAMINER PRICE: Yes.

6 MS. BOTSCHNER-O'BRIEN: Okay. I'm moving  
7 to strike the Direct Testimony of Dr. Michael  
8 Vilbert, VEDO Exhibit 5.0; The Supplemental Direct  
9 Testimony, VEDO Exhibit 5.1; and the Second  
10 Supplemental Direct Testimony, VEDO Exhibit 5.2.

11 The grounds are for VEDO Exhibit 5.0,  
12 Direct Testimony, on the grounds of relevancy. A  
13 settlement was entered into, and we are here to  
14 litigate the settlement of which the Company is a  
15 settled signatory party.

16 The grounds for the Supplemental Direct  
17 Testimony, VEDO Exhibit 5.1, also relevancy. This  
18 testimony of Dr. Vilbert supports the Company's  
19 objection to the Staff Report, and the Company as a  
20 signatory party to the stipulation has agreed to  
21 withdraw its objection to the Staff Report.

22 And grounds for striking the Second  
23 Supplemental Direct Testimony, VEDO Exhibit 5.2, also  
24 on the grounds of relevance. Dr. Vilbert's testimony  
25 only discusses the so called reasonableness of rate

1 of return presented in the stipulation. He did not  
2 address the three prong test in evaluating the  
3 reasonableness of the rate of return in the  
4 Stipulation.

5 ATTORNEY EXAMINER PRICE: Well, we don't  
6 need to strike 5.1 because the Company is not  
7 offering it for admission anyways. The Company care  
8 to respond to the motion to strike?

9 MR. KENNEDY: Thank you, your Honor. As  
10 a matter of procedure, I wish that we would have had  
11 this motion to strike before Dr. Vilbert had flown  
12 from California, but given that the motion's been  
13 made now, as it concerns 5.0, the Company I think has  
14 put in other evidence into the record that supports  
15 its Application and the rates that were in the  
16 Application. That evidence is already in the record.

17 I think that the Company has the ability  
18 to support the Stipulation with the original  
19 Application, and Dr. Vilbert's 5.0 testimony, his  
20 Direct Testimony supports that. It also supports the  
21 serious bargaining that went into the settlement to  
22 show where the Company's position was at the time it  
23 filed versus what the Company agreed to.

24 And that was the point as well of  
25 introducing the Application and those Schedules into

1 evidence earlier in this proceeding. So we think the  
2 5.0 and Dr. Vilbert's Direct Testimony which he's  
3 here today to be cross-examined on should be  
4 admitted.

5 As it goes to 5.2, Dr. Vilbert, his role  
6 in this case was related to testimony in the ROR.  
7 His testimony, 5.2, the Second Supplemental in  
8 support of Stip, the Company considers that testimony  
9 to be in support of the rate of return in the  
10 settlement. And Dr. Vilbert acknowledges the  
11 compromise that he reviewed in the J. Cas Swiz's  
12 witness's testimony on how it was appropriate given  
13 the other issues in play that the Company would  
14 decide to entertain a settlement of the ROR in this  
15 proceeding.

16 So I think in sum, we think the testimony  
17 supports the position the Company had at the outset  
18 and explains why the Company feels like it's  
19 reasonable and supports the settlement at this point  
20 in the proceeding.

21 ATTORNEY EXAMINER PRICE: Miss O'Brien,  
22 you have the last word.

23 MS. BOTSCHNER-O'BRIEN: I just want to  
24 say regarding the Second Supplemental Direct  
25 Testimony, the testimony in support of the Stip,

1 typically our testimony filed either in support or  
2 against the Stip does talk about the three prong test  
3 and how --

4 ATTORNEY EXAMINER PRICE: Why aren't they  
5 entitled to put on testimony to support the agreed  
6 upon number in the Stip?

7 MS. BOTSCHNER-O'BRIEN: Pardon me?

8 ATTORNEY EXAMINER PRICE: Why is he  
9 not -- why do you think it's irrelevant or it's not  
10 relevant to put on testimony in support of the agreed  
11 upon number in the Stip?

12 MS. BOTSCHNER-O'BRIEN: He doesn't go  
13 into -- he doesn't address the three prong test.

14 ATTORNEY EXAMINER PRICE: I understand  
15 that, but he addresses one of the numbers in the  
16 Stipulation.

17 MS. BOTSCHNER-O'BRIEN: He addresses  
18 numbers, but he doesn't talk about the three prong  
19 test, how it balances and is representing a -- in the  
20 public interest --

21 ATTORNEY EXAMINER PRICE: I think you're  
22 splitting hairs, Ms. O'Brien.

23 MS. BOTSCHNER-O'BRIEN: Pardon me?

24 ATTORNEY EXAMINER PRICE: I said I think  
25 you're splitting hairs. Anybody else care to speak

1 to the motion before we rule?

2 MR. KENNEDY: Your Honor, one other thing  
3 that we would say, and I'll give Miss O'Brien a  
4 chance to respond if she wants to, is that, you know,  
5 the point is at this point to introduce evidence that  
6 we think is relevant to the Commission's decision on  
7 what a reasonable rate of return should be.

8 We understand that there's a question of  
9 form in what testimony may be appropriate as a matter  
10 of usual practice in support of the Stipulation, but  
11 ultimately the Commission has to have record evidence  
12 to support the rate of return that the Stipulation  
13 agrees to or whatever the Commission otherwise feels  
14 is the appropriate rate of return.

15 So as I mentioned, the Company feels like  
16 the testimony that we're offering today that we  
17 brought Dr. Vilbert out to be cross-examined on is  
18 relevant in that respect.

19 ATTORNEY EXAMINER PRICE: Miss O'Brien,  
20 he opened the door.

21 MS. BOTSCHNER-O'BRIEN: Pardon me?

22 ATTORNEY EXAMINER PRICE: He opened the  
23 door.

24 MS. BOTSCHNER-O'BRIEN: Can I get back to  
25 Exhibit 5.0, his Direct Testimony?



1 ATTORNEY EXAMINER PRICE: Yes.

2 MS. BOTSCHNER-O'BRIEN: Also, it was not  
3 offered -- he did not offer any opinion on the  
4 overall rate of return which is what we're here to  
5 discuss today, only on the return on equity by  
6 another witness. So today we're here to discuss rate  
7 of return, and his Direct Testimony really was just  
8 about return on equity, ROE.

9 ATTORNEY EXAMINER PRICE: Okay. Thank  
10 you. At this time the motion to strike will be  
11 denied. As we indicated earlier, with respect to  
12 VEDO Exhibit 5.1, the motion to strike is moot  
13 because the Company is not offering that exhibit.

14 With respect to Exhibit 5.0, the Company  
15 bears the burden of proof in this case, and they're  
16 entitled to put on the evidence they see fit to meet  
17 that burden of proof.

18 With respect to the VEDO Exhibits 5.2 and  
19 5.3, certainly the Company is entitled to put on  
20 relevant testimony regarding an agreed upon number in  
21 the Stip and why that number is based upon relevant  
22 evidence in the record. Accordingly, the motion with  
23 respect to all four elements will be denied.

24 Please proceed with your cross.

25 - - -

CROSS-EXAMINATION

By Ms. Botschner-O'Brien:

Q. Good morning, Dr. Vilbert.

A. Good morning.

Q. As stated in question and answer 4 of your testimony....

A. Excuse me, which testimony are we referencing?

Q. We are looking at the Second Supplemental Direct Testimony, 5.2. The purpose of the Second Supplemental Direct Testimony is to support the rate of return identified in the Stipulation and Recommendation filed on January 4th, 2019; is that correct?

A. Yes.

Q. And in answer 6 of your Second Supplemental Direct Testimony, you specifically refer to a 7.48 rate of return as reflected in Joint Exhibit 2.0; is that correct?

A. Yes.

Q. And you've reviewed the Stipulation; is that correct?

A. Yes.

Q. And you are aware there are rate of returns other than the 7.48 percent mentioned in the

1 Stipulation such as the pretax rate of return of  
2 8.81 percent on Page 9 of the Stipulation?

3 A. Yes.

4 Q. And have you not evaluated if the  
5 proposed 7.48 rate of return will benefit customers  
6 and is in the public interest, correct?

7 A. I'm not clear on what the question is.  
8 Do I believe it will benefit customers?

9 Q. Have you made that kind of evaluation and  
10 that it's in the public interest?

11 A. So the short answer is yes, I believe it  
12 to be in the public interest. And expanding upon  
13 that, this number represents a compromise that was  
14 the result of extended negotiations as I understand  
15 it over a number of days to arrive at a number, among  
16 other aspects of the case that was settled, and  
17 arrive at a number that all parties felt was in their  
18 interests of the settling parties. And it's a number  
19 that's less than I believe is appropriate for the  
20 risk of the Company. So it's in the public interest  
21 in that sense.

22 Q. Have you quantified the benefits to  
23 customers if the proposed 7.48 rate of return were  
24 adopted by the PUCO?

25 A. As opposed to the number that I

1 originally estimated?

2 Q. Yes.

3 A. I have not done that.

4 Q. Did you attend by phone or in person any  
5 of the settlement discussions involving the parties?

6 A. No.

7 Q. Is your understanding that the  
8 7.48 percent rate of return identified in the  
9 Stipulation is the result of a compromise among the  
10 parties signing the Stipulation?

11 A. Yes, that's my understanding.

12 Q. And your understanding is based on your  
13 review of the Second Supplemental Direct Testimony of  
14 J. Cas Swiz as you discussed in question and answer  
15 9?

16 A. Yes, that's part of it and discussions  
17 with attorneys about what was going on in these  
18 proceedings and the settlement discussions and so  
19 forth.

20 Q. Did you work with Mr. Swiz to calculate  
21 the 7.48 percent rate of return?

22 A. I did not.

23 Q. Did you discuss with Mr. Swiz the  
24 7.48 percent rate of return?

25 A. With regard to what? Whether that's a

1 right number?

2 Q. Right.

3 A. No, I did not.

4 Q. Did you ask Mr. Swiz if this 7.48 percent  
5 is the result of settlement discussions?

6 A. It's my understanding that it was the  
7 result of settlement discussions, yes.

8 Q. Recognizing that this 7.48 percent is a  
9 result of settlement discussions, do you agree this  
10 is a stipulated outcome?

11 ATTORNEY EXAMINER PRICE: I don't  
12 understand your question, so I'm not sure the witness  
13 does.

14 Q. The 7.48 -- let me rephrase that. It's a  
15 stipulated rate of return. It's not necessarily the  
16 result of an economic analysis; would you agree?

17 A. So there's a combination of questions  
18 inherent I think in your question. The first part of  
19 it is, yes, it was an agreement or a number that was  
20 arrived at through negotiations, but it was also I  
21 believe a number that's consistent with some of the  
22 numbers that the Staff came up with.

23 Q. Would you agree there's -- would you  
24 agree that there's no underlying economic or  
25 financial analysis for the 7.48 percent?

1           A.    I don't think I would go that far. The  
2   Staff made a study and their number, 7.48, is at the  
3   upper end of the range in the Staff numbers. So the  
4   Staff certainly believes that there's an economic  
5   analysis associated with that number.

6                    I made an analysis my numbers are higher  
7   than that, but it's within the range of numbers that  
8   I would have considered to be at the low end of my  
9   numbers. So I don't agree that there's no economic  
10   analysis whatsoever; however, however they arrived at  
11   the 7.48, that, I don't know other than it was a  
12   negotiated number that now is stipulated in the  
13   settlement.

14           Q.    And there's no underlying cost of  
15   long-term debt such -- do you have the Stipulation in  
16   front of you?

17           A.    I do not.

18                   MS. BOTSCHNER-O'BRIEN: May I approach  
19   the witness?

20                   ATTORNEY EXAMINER PRICE: You may.

21           Q.    (By Ms. Botschner-O'Brien) Would you turn  
22   to Page 8 of the Stipulation?

23                   MR. MARGARD: 8?

24                   MS. BOTSCHNER-O'BRIEN: 8.

25           A.    I'm there. Sorry.

1           Q.    Great.  And there's no underlying cost of  
2 long-term debt such as the 5.07 mentioned on Page 8  
3 on the Stipulation, the cost of equity capital?

4           ATTORNEY EXAMINER SCHABO:  Ms. O'Brien,  
5 could you go back to your microphone or face the  
6 court reporter.  She's having a hard time.

7           MS. BOTSCHNER-O'BRIEN:  Oh, I'm so sorry.  
8 I'll let you keep that and I'll come back and get it.

9           MR. MARGARD:  Do you have a copy?

10          MS. BOTSCHNER-O'BRIEN:  It's okay.  I  
11 have enough.

12          Q.    (By Ms. Botschner-O'Brien) There's no  
13 underlying cost of long-term debt such as the  
14 5.07 percent mentioned in Page 8 of the Stipulation,  
15 the cost of equity capital or return on equity or the  
16 capital structure to support this particular rate of  
17 return as 7.48 percent; is that correct?

18          A.    Yes.

19          MR. KENNEDY:  Objection.  Vague.

20          ATTORNEY EXAMINER PRICE:  He already  
21 answered.

22          MR. KENNEDY:  Withdrawn.

23          MS. BOTSCHNER-O'BRIEN:  Thank you.

24          Q.    (By Ms. Botschner-O'Brien) Okay.  Go  
25 ahead.  Keep that because we might be referring to

1 that again. In your Second Supplemental Direct  
 2 Testimony, Dr. Vilbert, you discuss three reasons why  
 3 this 7.48 percent rate of return is reasonable. Is  
 4 it accurate to summarize you believe it's lower than  
 5 the proposed -- that which was proposed in the  
 6 Company's Application; it is at the upper bounds of  
 7 the range in the Staff Report, that's from answer 7;  
 8 other parties have proposed different rate of returns  
 9 in this proceeding even though these rate of returns  
 10 are lower than 7.48 percent, that was from answer 8.  
 11 Is this correct?

12 A. Yes, those are things I said.

13 Q. No one really knows what would be the  
 14 outcome in terms of rate of return or return on  
 15 equity if this case were fully litigated on the  
 16 Company's Application, right?

17 A. I would say that's a fair statement.

18 Q. And just because --

19 ATTORNEY EXAMINER PRICE: Well, I think  
 20 the five Commissioners know, but beyond that, I  
 21 agree.

22 MS. BOTSCHNER-O'BRIEN: That's a very  
 23 good point.

24 Q. Just because a Company proposes a rate of  
 25 return in its Application doesn't necessarily mean



1 it's reasonable and should be adopted, right?

2 A. So I disagree with that. I wouldn't have  
3 proposed a rate of return that I didn't think was  
4 reasonable to start with.

5 Q. Okay. Just because a rate of return has  
6 been agreed upon in a Stipulation, that doesn't  
7 necessarily mean that it's reasonable, right?

8 A. Again, I disagree with your conclusion.  
9 If parties are negotiating with each other and they  
10 have diverse points of view and diverse interests,  
11 they arrive at an agreement that represents a  
12 consensus among the parties that are settling, that  
13 seems like a reasonable outcome to me.

14 Q. Would you agree that a Stipulation is a  
15 settlement and you're agreeing -- the parties who are  
16 signatories are agreeing to a package?

17 There's give and take. They may not  
18 agree with this aspect, but they may agree with  
19 another aspect. For example, they may agree with --  
20 they may not agree with rate of return but may agree  
21 with other aspects; would that be a fair statement?

22 A. Oh, absolutely. It's a give and take,  
23 and you arrive at a package of things and included in  
24 that package is this particular number, but I agree  
25 that you should not consider that number out of

1 context of all the other concessions and agreements  
2 and things that were resolved through the  
3 Stipulation.

4 Q. You do know that other parties in this  
5 proceeding have proposed a lower rate of return in  
6 this case?

7 A. Yes.

8 Q. Turning your attention to Page 9 of the  
9 Stipulation that I handed you, in particular the  
10 discussion regarding the pretax rate of return.

11 A. I see it.

12 MR. KENNEDY: Objection. This is outside  
13 the scope of Dr. Vilbert's Direct and Second  
14 Supplemental Testimony. He did not testify on the  
15 rate of return for the CAP investments.

16 ATTORNEY EXAMINER PRICE: We're going to  
17 allow her to ask her next question and then you  
18 can -- I think she's asking right now can he see it.  
19 The next question may or may not be objectionable,  
20 but we'll get to that when we get to the next  
21 question.

22 Q. (By Ms. Botschner-O'Brien) Are you on  
23 Page 9, Dr. Vilbert?

24 A. I'm there.

25 Q. The 8.81 pretax rate of return in the

1 settlement is just a gross up for federal income tax  
2 of 7.48 rate of return, right?

3 MR. KENNEDY: Objection. I think this is  
4 beyond the scope of Dr. Vilbert's support of the  
5 Stipulation.

6 ATTORNEY EXAMINER PRICE: Sustained.

7 Q. Do you have any opinion on the  
8 reasonableness of the 8.81 percent?

9 MR. KENNEDY: Objection. Same objection,  
10 outside the scope of what he testified in this case.

11 ATTORNEY EXAMINER PRICE: Sustained.

12 Q. If you know, to calculate that 8.81  
13 pretax rate of return, would you need to know the  
14 federal corporate income tax rate?

15 MR. KENNEDY: Same objection as before.  
16 I think the calculation of that was outside the scope  
17 of his testimony if she's asking for the actual  
18 calculation.

19 ATTORNEY EXAMINER PRICE: I understand.  
20 Miss O'Brien, I'll let you respond, but why is this  
21 any different from the previous two objections I  
22 already sustained?

23 MS. BOTSCHNER-O'BRIEN: I'll move on.

24 ATTORNEY EXAMINER PRICE: Thank you.

25 MS. BOTSCHNER-O'BRIEN: That's all I

1 have. Thank you, Dr. Vilbert.

2 THE WITNESS: Thank you.

3 ATTORNEY EXAMINER PRICE: Thank you.

4 Miss Petrucci.

5 MS. PETRUCCI: No questions, your Honor.

6 ATTORNEY EXAMINER PRICE: Miss Fleisher.

7 MS. FLEISHER: No questions, your Honor.

8 ATTORNEY EXAMINER PRICE: Ms. Mooney.

9 MS. MOONEY: No questions, your Honor.

10 ATTORNEY EXAMINER PRICE: Mr. Alexander.

11 MR. ALEXANDER: No questions, your Honor.

12 ATTORNEY EXAMINER PRICE: Mr. Margard.

13 MR. MARGARD: No questions, thank you,  
14 your Honor.

15 ATTORNEY EXAMINER PRICE: Redirect.

16 MR. KENNEDY: May we have a brief moment  
17 with the witness, your Honor?

18 ATTORNEY EXAMINER PRICE: Yes. Let's go  
19 off the record.

20 (Off the record.)

21 ATTORNEY EXAMINER PRICE: Let's go back  
22 on the record. Redirect.

23 MR. KENNEDY: Thank you, your Honor. The  
24 Company does not have at this time or at any time  
25 have any redirect of Dr. Vilbert.

1           ATTORNEY EXAMINER PRICE: Miss Schabo,  
2 any questions of Dr. Vilbert?

3           ATTORNEY EXAMINER SCHABO: I do not.

4           ATTORNEY EXAMINER PRICE: I have no  
5 questions. Dr. Vilbert, you're excused.

6           At this time, we will take up the motion  
7 to admit VEDO Exhibits 5.0, 5.2, 5.3. Any objections  
8 to their admission beyond your motion to strike?

9           MS. BOTSCHNER-O'BRIEN: No.

10          ATTORNEY EXAMINER PRICE: Thank you.  
11 Exhibits will be admitted.

12          (EXHIBITS ADMITTED INTO EVIDENCE.)

13          ATTORNEY EXAMINER PRICE: Anything  
14 further for today?

15          MR. KENNEDY: No, your Honor.

16          ATTORNEY EXAMINER PRICE: At this time  
17 we'll be adjourned until February 19th, 10:00  
18 o'clock. Thank you all. We're off the record.

19          (The hearing was adjourned at 10:45 a.m.)

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CERTIFICATE

I do hereby certify that the foregoing is  
a true and correct transcript of the proceedings  
taken by me in this matter on Friday, February 1,  
2019, and carefully compared with my original  
stenographic notes.

  
Cynthia L. Cunningham

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Summary: Transcript Volume III - In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. For Approval of an Increase in Gas Rates; In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. For Approval of an Alternative Rate Plan and In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. For Approval of an Alternative Rate Plan, hearing held on February 1st, 2019. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Cunningham, Cindy