BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan.	:	Case No. 18-0049-GA-ALT
In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Increase in Gas Rates.	:	Case No. 18-0298-GA-AIR
In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan.	:	Case No. 18-0299-GA-ALT

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PROCEEDINGS

before Mr. Gregory Price and Ms. 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 Tuesday, February 19, 2019.

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VOLUME IV

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On behalf of the Staff of the PUCO.

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1 Tuesday Morning Session,
2 February 19, 2019.
3 - - -
4 EXAMINER PRICE: Let's go on the record.
5 Good morning. The Public Utilities
6 Commission has set for hearing at this time and place
7 Case No. 18-298-GA-AIR being in the Matter of the
8 Application of Vectren Energy Delivery of Ohio, Inc.,
9 for Approval of an Increase in Gas Rates.
10 My name is Gregory Price. With me is
11 Patricia Schabo. We are the Attorney Examiners
12 assigned to preside over today's hearing.
13 This is a continuation of the second --
14 beginning of the second phase of this hearing. We
15 will go ahead and take appearances of the parties,
16 starting with the Company.
17 MR. WHITT: Thank you, your Honor. On
18 behalf of Vectren Energy Delivery of Ohio, Mark
19 Whitt, Christopher Kennedy, Andrew Campbell, and
20 Becky Glover, the law firm of Whitt Sturtevant LLP,
21 88 East Broad Street, Suite 1590, Columbus, Ohio
22 43215.
23 EXAMINER PRICE: Thank you.
24 MR. PRITCHARD: Also on behalf of the
25 Company, Matt Pritchard, McNees, Wallace & Nurick, 21

East State Street, Columbus Ohio 43215.

EXAMINER PRICE: Mr. Margard.

MR. MARGARD: On behalf of the Staff of the Public Utilities Commission of Ohio, Dave Yost, Attorney General, by Werner L. Margard, Assistant Attorney General, 30 East Broad Street, 16th Floor, Columbus, Ohio.

MR. ALEXANDER: On behalf of the City of Dayton and Honda of America Manufacturing, Inc., Trevor Alexander and Steve Lesser of the law firm Calfee, Halter & Griswold.

MR. MICHAEL: Good morning, your Honors. On behalf of Vectren's residential utility consumers, the Office of the Ohio Consumers' Counsel, Bill Michael, Amy Botschner-O'Brien, and Angela O'Brien.

MR. OLIKER: Good morning, your Honors. On behalf of the Interstate Gas Supply, Joe Oliker and Mike Nugent, 6100 Emerald Parkway, Dublin, Ohio 43017.

MS. PETRUCCI: Good morning, your Honors. On behalf of the Retail Energy Supply Association, the law firm of Vorys, Sater, Seymour and Pease, Michael J. Settineri and Gretchen L. Petrucci, 52 East Gay Street, Columbus, Ohio.

MS. FLEISHER: Good morning. On behalf

of the Environmental Law & Policy Center, Madeline Fleisher, 21 West Broad Street, 8th Floor, Columbus, Ohio 43215.

MS. MOONEY: On behalf of the Ohio Partners for Affordable Energy, Colleen Mooney, Post Office Box 12451, Columbus, Ohio.

CAPTAIN FRIEDMAN: Good morning, ma'am, sir. Captain Robert Friedman on behalf of the Federal Executive Agencies. My address is 139 Barnes Drive, Suite 1, Tyndall Air Force Base, Florida 32403.

EXAMINER PRICE: Thank you. Before we take our first witness, I believe we have five witnesses we need to stipulate their testimony in.

Mr. Michael.

MR. MICHAEL: Yes, your Honor. On behalf of OCC, we have three pieces of testimony, actually it will be a total of six, your Honor, because I am going to introduce the original testimony of three witnesses as well as the supplemental testimony of three witnesses.

The first witness I would like to have her testimony marked as OCC Exhibit 1, which would be the direct testimony of Colleen Shutrump, and then as OCC Exhibit 1A, it would be the supplemental direct

1 testimony of Colleen Shutrump.
2 EXAMINER PRICE: It will be so marked.
3 (EXHIBITS MARKED FOR IDENTIFICATION
4 MR. KENNEDY: Excuse me, your Honor. The
5 Company does have an objection to the admissibility
6 of Ms. Shutrump's testimony. We didn't -- we didn't
7 have a problem with the authenticity of it, but I
8 don't know if you want to take that now.
9 EXAMINER PRICE: We will take that after
10 we mark and admit the ones you don't object to. We
11 will take up arguments on that.
12 MR. KENNEDY: Thank you.
13 EXAMINER PRICE: Just curious is it the
14 direct or supplemental?
15 MR. KENNEDY: It's both for Ms. Shutrump,
16 and to be clear that's the only OCC witness for
17 purposes of stipulating in we have an objection to.
18 EXAMINER PRICE: Thank you.
19 Mr. Michael.
20 MR. MICHAEL: And then the second piece
21 of testimony, your Honor, is the -- which I would
22 like to have marked as OCC Exhibit 2 would be the
23 direct testimony of Ralph C. Smith and if I could
24 have marked as OCC Exhibit 2A the supplemental direct
25 testimony of Ralph C. Smith.

1 EXAMINER PRICE: It will be so marked.
2 (EXHIBITS MARKED FOR IDENTIFICATION.)
3 MR. MICHAEL: And, your Honor, the final
4 piece of testimony, which my colleague is retrieving
5 a copy of, will be -- I would like to have marked as
6 OCC Exhibit 3 which would be the direct testimony of
7 Mohammad Harunuzzaman, and I would like to have
8 marked as OCC Exhibit 3A the supplemental direct
9 testimony of Mohammad Harunuzzaman.
10 EXAMINER PRICE: It will be so marked.
11 (EXHIBITS MARKED FOR IDENTIFICATION.)
12 EXAMINER PRICE: Okay. Do we have
13 objections to the admission was Exhibits 2, 2A, 3,
14 and 3A?
15 MR. KENNEDY: Not from the Company.
16 EXAMINER PRICE: Okay. Seeing no
17 objection, those four exhibits will be admitted.
18 (EXHIBITS ADMITTED INTO EVIDENCE.)
19 EXAMINER PRICE: Mr. Kennedy, do you have
20 an objection to the admission of OCC Exhibit 1 and
21 1A?
22 MR. KENNEDY: Yes. The Company objects
23 to the admission of Ms. Shutrump's direct and
24 supplemental direct on the basis of relevance. Her
25 testimony deals with EE programs and EE costs. The

1 stipulation between Staff and the other parties to
2 the stipulation have removed EE expenses from base
3 rates. So to the extent this is a cost, it's been
4 excluded from this case. Those expenses are going to
5 be dealt with in the EEFR docket at which point, you
6 know, to the extent OCC had objections, or any party,
7 to the costs at issue, the budgets, or anything
8 related to EE programs, those questions will be
9 relevant in that particular docket.
10 Now, I would happy to look at specifics
11 in the testimony to the extent counsel for OCC wants
12 to but that's basically our objection, that they are
13 no longer at issue for purposes of this application.
14 EXAMINER PRICE: Thank you.
15 Mr. Michael.
16 MR. MICHAEL: Well, your Honor, as
17 counsel pointed out, the settlement and the
18 application deals with a variety of different matters
19 related to energy efficiency programs. I think
20 Ms. Shutrump's testimony is much broader than
21 Vectren's counsel suggested and I think read in its
22 entirety is germane to what is contained as it
23 relates to EE/PDR in the settlement.
24 To the extent that counsel believes there
25 is questions regarding the relevancy, the Commission

is more than capable of sorting through what is and what is not germane for its consideration of the settlement and, if necessary, the application and the objections.

MS. FLEISHER: Your Honor, if I may just since we also have a witness touching on the efficiency programs and I -- notwithstanding the issue of costs, it's our view that some of the substantive set of circumstances about what are the programs and what is the money being spent on, this stipulation does affect that because it effectively locks in that the status quo on that will continue pending the provided for filing of Vectren's application for the programs going forward after 2019 and into 2020.

It's our view this stipulation, although it doesn't say anything directly about the substance of the EE programs, prevents us from having input into them in any form except in this hearing in any formal way.

MR. KENNEDY: Your Honor, if I could respond to that.

EXAMINER PRICE: You have the final word.

MS. MOONEY: Well, wait. Can I add?

EXAMINER PRICE: I'm sorry.

1 MS. MOONEY: Yes. OPAE would agree with
2 OCC and ELPC that we have also today introduced in
3 the record testimony of -- direct testimony of David
4 Rinebolt but also the supplemental direct of David
5 Rinebolt. It also includes energy efficiency issues
6 both in the direct and the supplemental direct, and
7 we're not -- we are not signatory parties to the
8 stipulation, so we haven't stipulated anything. So I
9 disagree completely that this issue is off the table.
10 EXAMINER PRICE: Anyone else care to
11 speak in opposition to -- or actually support of the
12 admission of these documents?
13 Mr. Kennedy, you have the final word.
14 MR. KENNEDY: To respond to ELPC's
15 counsel, the stipulation, what it says is that the
16 costs have been removed from base rates and that
17 assuming the stipulation is approved as such, there
18 would be a filing immediately thereafter in the EEFR
19 docket to adjust the EEFR expense to include that
20 base rate spending.
21 So at that point in time if parties had
22 an issue with spending or the programs associated
23 with that spending, they would have every opportunity
24 to raise that issue now.
25 What the parties want to do in this case

is essentially dispute programs for which there are no costs as -- in the stipulation that are currently in the revenue requirement. I don't believe any of the parties here have -- have argued that the revenue requirements should be higher and EE expenses should go back into that amount. So at this point if there is no costs here, I don't know what we would be potentially arguing for and litigating in this proceeding.

EXAMINER PRICE: Okay. I think this is an interesting question, and we will take the matter under advisement and defer ruling until later in the proceeding.

MR. KENNEDY: Thank you, your Honor.

EXAMINER PRICE: Ms. Fleisher.

MS. FLEISHER: Thank you, your Honor. ELPC has three exhibits providing testimony of Tamara Dzubay and direct and supplemental of Ron Nelson as to which all parties have waived cross. I believe it is possible there may be objections as to relevance or such, but at this point I would like to mark them for admission, if I may approach.

EXAMINER PRICE: You may.

MS. FLEISHER: Thank you. And, your Honor, we would like to mark as ELPC Exhibit 1 the

1 direct testimony of Tamara Dzubay. For the sake of
2 clarity of the record, the copy I provided to the
3 reporter is the corrected version of Ms. Dzubay's
4 direct testimony filed on the same date but with
5 minor typographical, et cetera, corrections to her
6 testimony which your Honors have admitted already.
7 And then for ELPC Exhibit 2, that would
8 be the direct testimony of Ron Nelson, and then ELPC
9 Exhibit 2A the supplemental direct testimony of Ron
10 Nelson.
11 EXAMINER PRICE: They will be so marked.
12 (EXHIBITS MARKED FOR IDENTIFICATION.)
13 EXAMINER PRICE: Any objections to the
14 admission of ELPC 1, 2, and 2A?
15 MR. KENNEDY: Yes, your Honor. The
16 Company actually has objections to all of that
17 testimony. If possible, it would be easier to do
18 Miss Dzubay first.
19 EXAMINER PRICE: We will do Ms. Dzubay
20 first.
21 MR. KENNEDY: As counsel sort of
22 anticipated, we have the same objection to her
23 testimony that we had to Ms. Shutrump's testimony
24 with a limited exception. For her testimony, you
25 know, we would move to strike everything after page

2, line 15, which deals with the smart thermostat issue and smart thermostat rebates. That would also include the attachments to her testimony. But we do not have objections to, you know, the first question on page 2 starting at line 6 to 14 that deals with the issue of who should be in the collaborative, which I think was an issue that was actually previewed in the first part of the hearing through another witness.

So everything beyond that, you know, deals with the smart thermostat and the rebate and, you know, what customers should be paying for and what rebates should be going through the EE programs. And as we mentioned earlier, we think that those -- those issues are no longer in this docket with the removal of the programming expense associated with them.

So that -- I don't want to restate our previous objections because it's basically the same.

EXAMINER PRICE: Okay. Just to be clear then, let's make sure this is procedurally correct. Before we rule on the admission of Ms. Dzubay's testimony, you are moving to strike everything beginning at page 2, line 15?

MR. KENNEDY: Correct, and the

attachments to that.

EXAMINER PRICE: Okay.

MS. FLEISHER: And, your Honor, not to duplicate that conversation we just had, but if I can just add one point, given that Mr. Kennedy is conceding that information about the collaborative process is relevant, it's our view that's intertwined with the fact we have substantive input as to the programs and how they should be run. It's not -- there is no current venue for that through the collaborative and I think we may just have a fundamental point of disagreement as to whether the filing about costs would offer us the opportunity to have that input.

MR. KENNEDY: And on that point, if I can respond, your Honors.

EXAMINER PRICE: You may.

MR. KENNEDY: I think what was discussed in the prior hearing was whether the Commission needed to order ELPC to be allowed to participate in the collaborative and that's what the Company assumes that first Q and A goes to. And to the extent ELPC wants to participate in that process, we don't have an objection to the Commission ordering that in this docket, but the objection we do have is to the

discussions on costs that are no longer part of this docket.

EXAMINER PRICE: Ms. Fleisher, I don't think you want to make this an all or nothing kind of objection. I think you should at least cash in your gain so far, and then we will deal with the rest of them.

We will take this one under advisement as well. So let's -- you also object to the admission of Mr. Nelson's both supplemental and direct?

MR. KENNEDY: Can we go off the record for one second?

EXAMINER PRICE: Yes.

(Discussion off the record.)

EXAMINER PRICE: Let's go back on the record.

Mr. Kennedy.

MR. KENNEDY: Your Honor, the Company has objections to the direct and supplemental direct of Mr. Nelson. What the Company has done, because this issue touches other witnesses for OCC and OPAE, is that the Company has highlighted the testimony on the issue that we are seeking to strike, and I am going to hand that out now along with a page that kind of lists the excerpts as well. I have copies for the

1 court reporter, for your Honors, and for the counsel.
2 I do not have copies of the other parties' testimony
3 for the other -- for OCC and for OPAE and ELPC
4 though. May I approach?
5 EXAMINER PRICE: You may.
6 MS. FLEISHER: And, your Honor, I am just
7 looking at this list of stuff. Would it work
8 timewise if we had a chance to digest this over the
9 lunch break? I mean, I have -- it looks like there
10 is a list of about seven or eight things for my
11 witnesses.
12 EXAMINER PRICE: I am not going to expect
13 you to respond on the fly.
14 MS. FLEISHER: Thank you, your Honor.
15 EXAMINER PRICE: I think the way we would
16 proceed once he is done handing out the documents, we
17 will let Mr. Kennedy make his arguments in favor of
18 the motions to strike, and then we'll allow you some
19 time to respond over the lunch break and move on with
20 other witnesses while you prepare.
21 MS. FLEISHER: Thank you, your Honor.
22 EXAMINER PRICE: Okay. Mr. Kennedy, if
23 you can go ahead and outline your reasons for the
24 motions to strike.
25 MR. KENNEDY: Thank you, your Honor. I

1 will indicate what we passed out and the excerpts
2 that are in the cover motion. So what we've
3 distributed to the parties are highlighted copies of
4 the following pieces of testimony: ELPC Witness
5 Nelson direct, ELPC Witness Nelson supplemental
6 direct, OCC Witness Gonzalez direct, OCC Witness
7 Gonzalez supplemental direct, and OPAE Witness
8 Rinebolt direct.
9 And I'll go ahead and read into the
10 record the excerpts that we've highlighted that have
11 been identified.
12 EXAMINER PRICE: Please.
13 MR. KENNEDY: For Mr. Nelson's direct, it
14 was page 1, line 12, through page 18, line 5, and
15 footnote 19; and then page 19, line 10, through page
16 20, line 2.
17 For Mr. Nelson's supplemental direct, it
18 was page 5, line 9, through page 6, line 12, and
19 footnote 4; page 8, lines 3 to 5, and footnote 10;
20 page 9, lines 12, through page 10, line 2; page 12,
21 lines 1 to 6 and footnotes 14 and 15.
22 For Mr. Gonzalez's direct, it is page 10,
23 line 17, through page 11, line 2, and footnote 7.
24 For Mr. Gonzalez's supplemental direct is
25 page 14 through line 6 -- line 6 to 10, and footnote

1 10.
2 And then for Mr. Rinebolt's direct, it's
3 page 5, lines 13 to 23.
4 EXAMINER PRICE: And your grounds for the
5 motion?
6 MR. KENNEDY: Your Honor, the party
7 believes that the -- what is at stake here with these
8 excerpts is data from a document that was part of the
9 direct's filing that has not been put into the
10 record. It deals with a 97-page attachment to
11 Ms. Rina Harris's direct testimony which was a Market
12 Potential Study that was performed for Vectren by a
13 third party for purposes of identifying opportunities
14 in the energy efficiency market in their service
15 territory.
16 What the other parties did in their
17 direct and supplemental direct testimony is point to
18 a portion of that -- a table from one page of that
19 document and incorporated that table into their
20 testimony. And our objections to that are twofold:
21 For one, we object to it as hearsay, as an
22 out-of-court statement of something that's not in the
23 record and will not be admitted into this record, but
24 more importantly we think it's -- it doesn't meet the
25 sort of Rules of Evidence dealing with expert

1 testimony.
2 We don't believe that the testimony
3 itself is reliable. We don't have an opportunity to
4 cross-examine the person who made the report, and the
5 witnesses that are offering that data have not done
6 their own analysis on the data that that table
7 purports to talk about which is, you know, the
8 relationship between low income and usage in the
9 Company's service territory.
10 Because those witnesses did not actually
11 review the data that was underlying in that table and
12 because they -- and the table is not otherwise in
13 evidence through Ms. Rina's testimony, we don't think
14 that the testimony can be reliable. We don't know
15 the methodologies that were used to prepare that
16 testimony -- that table or the data. We don't know
17 the source of that data. All we have is the table
18 that's been put into the testimony.
19 So we don't think that that's appropriate
20 for purposes of their expert testimony, and we are
21 happy to respond once the other parties have had a
22 chance to digest this and think about a
23 counterargument.
24 EXAMINER PRICE: Let's take your first
25 issue though just briefly because I have a follow-up

on that. An admission of a party opponent is not hearsay. You have -- these are statements made by your witness or a third party under your control. If you care to put on that witness to explain that testimony, you have the opportunity to explain those statements. You have that opportunity to.

MR. KENNEDY: To that argument, your Honor, the -- it's not an employee of the Company that made that report. It was a third party that made the report. It's 97 pages. I don't think that it's reasonable to expect the party to have adopted every single statement in that report.

I think that, you know, I am happy -- we can talk about some cases where it requires, you know, the actual party opponent to adopt the statements in that report, but I don't think that's what's happened here.

EXAMINER PRICE: Well, I take a tough line on hearsay, but I do admit that I probably construe admissions by party opponents pretty broadly in Commission proceedings.

Okay. We will take up this motion after the lunch break and allow the parties a chance to examine what's been moved to strike and to come up with a response.

All of that excitement out of the way, we can go ahead and take our first witness.

Mr. Michael.

MR. MICHAEL: OCC calls Mr. Jim Williams, your Honor. And I would like to have marked, if I could, your Honor, OCC Exhibit 4 the direct testimony of James D. Williams and as OCC Exhibit 4A the supplemental direct testimony of James D. Williams.

(Witness sworn.)

EXAMINER PRICE: Please be seated and state your name and business address for the record and the exhibits will be so marked.

(EXHIBITS MARKED FOR IDENTIFICATION.)

THE WITNESS: Yes. My name is James D. Williams. My business address is 65 East State Street, 7th Floor, Columbus, 43215.

EXAMINER PRICE: Please turn on your microphone.

Please proceed, Mr. Michael.

MR. MICHAEL: Thank you, your Honor.

- - -

JAMES D. WILLIAMS

being first duly sworn, as prescribed by law, was examined and testified as follows:

DIRECT EXAMINATION

By Mr. Michael:

Q. Mr. Williams, do you have before you what's been previously marked as OCC Exhibit 4?

A. Yes, I do.

Q. And can you identify that document, please.

A. That would be my direct testimony filed on November 7, 2018, in this proceeding.

Q. And do you have before you what was previously marked as OCC Exhibit 4A?

A. I do.

Q. And can you identify that document, please.

A. This was my supplemental direct testimony filed on January 28, 2019, in this proceeding.

Q. And were both of those pieces of testimony prepared by you or at your direction?

A. Yes, they were.

Q. And if I were to ask you the questions in each of those pieces of testimony, would your answer be the same?

A. Yes, they would.

Q. Do you have any corrections?

A. No, I don't.

MR. MICHAEL: Thank you, your Honor. I move for the admission of OCC Exhibits 4 and 4A, subject to cross-examination.

EXAMINER PRICE: Thank you.

OPAE?

MS. MOONEY: No questions.

MS. PETRUCCI: Your Honor, at this time I would like to raise a motion to strike.

EXAMINER PRICE: Well, let's do ELPC and OPAE and we will come back to you.

ELPC?

MS. FLEISHER: No questions, your Honor.

EXAMINER PRICE: Ms. Petrucci?

MS. PETRUCCI: Thank you, your Honor. The motion refers to portions of Mr. Williams' supplemental direct testimony. Starting on page 13, 11 to 18, and then the corresponding discussion. This relates to the price-to-compare portion of his testimony and the corresponding sentence on page 15 which is on line 16 and 17.

And with regard to this section of Mr. Williams' supplemental testimony, this is a topic

that was not raised in OCC's objections to the Staff Report, although the Staff Report addressed a number of issues and information related to customer bills and information to be included on the customer bills, but this was not raised at all by OCC in objections and it's our contention that OCC's waived the opportunity to now advocate for a price to compare because it had not raised that issue previously in its objections.

I would also note it isn't included at all as part of Mr. Williams' original direct testimony.

EXAMINER PRICE: Mr. Michael.

MR. MICHAEL: Well, your Honor, in the supplemental testimony obviously Mr. Williams is addressing the settlement. The settlement, in departure from the application, contains many provisions regarding marketers and discussions between the Company and marketers and an opportunity for parties to get together and talk about different ways to discuss Choice. I think it's well within OCC's rights in the context of such discussions to suggest that further and additional things also be considered.

The Commission obviously has the

1 opportunity to consider recommendations by all
2 parties as to what can be, should be in a settlement,
3 and should be a topic for conversation, and given the
4 fact that the settlement, in departure from the
5 application, contains many different provisions
6 regarding marketers and marketer billing, I think
7 it's appropriate for OCC, if it so chooses, which it
8 has, to make additional recommendations, and the PUCO
9 is perfectly capable of considering whether or not
10 those recommendations should be adopted or not.
11 And I think it would be a mistake to
12 delete from the record information that should be and
13 is germane to the Commission's consideration of the
14 settlement and what perhaps should be added to it.
15 EXAMINER PRICE: Anyone else care to
16 speak to the motion to strike?
17 MR. PRITCHARD: Your Honor, if the
18 Company may be heard, we support RESA's motion to
19 strike. I would also note that as far as
20 Mr. Michael's characterization of the stipulation, it
21 does not implement or recommend implementation of any
22 of the billing changes. There's a multi-step process
23 to review certain aspects of billing changes if those
24 are deemed reasonable and prudent and there's some
25 other categori -- categorizations in the stipulation

that they have to meet the threshold such as complying with Commission rules, then the parties would get together and file an application before the Commission in an ETC rider proceeding where the Commission would have review. So the notion that the stipulation is doing those billing changes is not a fair characterization.

And, secondarily, the other commitment of the Company to look into adding the top 25 percent list, that is not -- that is going to be paid for by -- not by customers or the Company but suppliers if it is to be implemented.

So these -- the stipulation is not requiring customers or the Company to do any extra billing changes in and of itself, so I would characterize Mr. Michael's response as beyond what is actually reflected in the stipulation.

MR. OLIKER: Your Honor, may I be heard just briefly?

EXAMINER PRICE: No. Ms. Petrucci, she's RESA. You're IGS. You may, Mr. Oliker.

MR. OLIKER: Thank you. I would just like to note for the record on behalf of IGS, we also support the motion, and I think this is an apparent attempt to bootstrap any argument they missed in

1 their statutorily required objections. Nothing would
2 have prevented the OCC from submitting this argument
3 independently of anything in the stipulation. It's
4 really an attempt to get a second bite at the apple.
5 MR. MICHAEL: Just very quickly, your
6 Honor, I don't think I characterized what the
7 stipulation says regarding the marketer provisions as
8 requiring. I think I went out of my way to say there
9 was obligations to discuss certain potential
10 programs, ideas, and stuff like that. So contrary to
11 Mr. Pritchard's characterization, I don't think I
12 said that the stipulation required those subject
13 matters.
14 But the bottom line the point on the
15 motion to strike is RESA's motion to strike suggests
16 that OCC is somehow limited by its objections. We
17 are here on a settlement. The settlement opened the
18 door to a bunch of different marketing-related
19 subject matters. OCC is making a recommendation
20 simply for the Commission to consider.
21 MS. PETRUCCI: And, your Honor, if I
22 could.
23 EXAMINER PRICE: You are going to win so
24 let's move on. We are going to grant the motion to
25 strike. This is something that could have and should

have been raised in objections. To the extent there are any billing provisions contained in the stipulation, it only requires the Company to make an application in a subsequent Commission proceeding, and OCC can make all the recommendations they want to in that proceeding.

MS. PETRUCCI: Your Honor, I have an additional motion to strike.

MR. OLIKER: Could we first clarify which sections were stricken, your Honor?

EXAMINER PRICE: What she mentioned, page 13, lines 11 to 18; and page 15, line 16 and line 17, through -- up to but not including the word "finally."

MR. OLIKER: Your Honor, given the basis for the ruling, I believe that there may be additional provisions that should be stricken as they are supplementary arguments on the same exact points.

MS. PETRUCCI: That's what I am about to do.

MR. OLIKER: I don't want to steal her thunder.

EXAMINER PRICE: Okay. You have another motion to strike.

MS. PETRUCCI: I do, your Honor. The

1 next motion to strike is with regard to page 12
2 starting at line 12 and carrying through line 15.
3 EXAMINER PRICE: Including the footnote.
4 MS. PETRUCCI: Yes, including footnote
5 25.
6 EXAMINER PRICE: And your grounds would
7 be hearsay.
8 MS. PETRUCCI: It is, as a matter of
9 fact, hearsay. And as I think you are anticipating,
10 your Honor, this portion of Mr. Williams'
11 supplemental direct testimony refers to a newspaper
12 article that's nearly three years old. It's from a
13 third party, and he has included in here -- he has
14 included it here in his testimony for the truth of
15 the matters asserted in that newspaper article.
16 Obviously there is no ability to examine
17 the -- or cross-examine the author of the article.
18 And so as a result, it's not reliable. It's pure
19 hearsay, and it should be stricken.
20 EXAMINER PRICE: Mr. Michael.
21 MR. MICHAEL: Well, first off,
22 Mr. Williams is here and available for
23 cross-examination. He is an expert on the subject
24 matter, and if RESA wants to challenge his testimony
25 or his figures in there, then they're obviously able

1 to do so.
2 Second off, obviously the Rules of
3 Hearsay don't bind in this forum. There's no concern
4 with confusing a jury. The Commission, and certainly
5 the Attorney Examiners, have a lot of experience and
6 knowledge with being able to sort through different
7 sources of evidence. They can weigh them
8 appropriately. And it wouldn't certainly be the
9 first time that the Commission allowed a newspaper
10 article to be part of the record and subject to
11 cross-examination. The Commission can give it the
12 weight it deserves. It should stay in.
13 EXAMINER PRICE: Well, it won't be the
14 first time the Commission denies admission of a
15 newspaper article. Motion to strike will be granted.
16 MS. PETRUCCI: My next motion to strike,
17 your Honor, is continuing in that same page, line 15
18 through line 20, and then carrying over to page 13,
19 lines 1 through 3. This specifically discusses the
20 subject of the shadow billing and then the
21 corresponding discussion of shadow billing on page 15
22 which is -- takes place on line 14 and 15.
23 EXAMINER SCHABO: I'm sorry. Can I back
24 you up to your first reference? I got lost.
25 MS. PETRUCCI: Page 12, starting with

1 line 15 beginning with the word "Unfortunately."
2 EXAMINER SCHABO: Thank you.
3 MS. PETRUCCI: All the way through that
4 page and then carrying over to the top of page 13,
5 lines 1 through 3.
6 EXAMINER SCHABO: Thank you.
7 MS. PETRUCCI: And then on page 15, the
8 sentence that refers to shadow billing on lines 14
9 and 15. And this is consistent with the first motion
10 to strike that I raised as, again, in this portion of
11 Mr. Williams' supplemental direct testimony, he's
12 raising a subject of shadow billing which is not
13 something that OCC raised in its objections in -- to
14 the Staff Report in this matter. It didn't claim
15 that the ETC rider should be raised for shadow
16 billing when it had the opportunity to raise that
17 initially.
18 And as I pointed out already, the Staff
19 Report does address billing, does address customer
20 inquiries related to billing concerns. It also
21 discusses the calculation of the ETC rider in
22 multiple portions of the Staff Report. But OCC
23 failed to raise that as an objection, and as a
24 result, OCC has waived the opportunity to raise this
25 now.

I'll also add that shadow billing is actually not a billing system enhancement. While it has the word billing in it, shadow billing is not at all a billing system enhancement.

EXAMINER PRICE: Mr. Michael.

MR. MICHAEL: Well, your Honor, again, this is a recommendation being made by OCC for the PUCO's consideration. The settlement, as I stated earlier, opened the door to a number of different marketer issues, and OCC believes that when the Commission is considering those marketer issues, it should also consider OCC's recommendation. I would point out that the motion to strike on this particular subject matter is different than the initial motion to strike in that your Honor ruled in a future case OCC could provide its recommendations up in that case as it relates to what we discussed on the first motion to strike.

That is not the same dynamic going on here. This is our place to raise this issue and that's what we're doing. The Commission can weigh that recommendation as it sees fit. It should stay in.

MR. MARGARD: Your Honor.

MS. MOONEY: Your Honor, I would agree

with OCC on that. The purpose of the supplemental testimony is whether the stipulation that the Staff and Company has signed and RESA meets the Commission's three-part test for the reasonableness of stipulations and this -- there are marketer billing enhancements. There are all kinds of marketer issues that are in the stipulation and RESA signed the stipulation. They're concessions to RESA or the marketers to get them to sign the stipulation.

And, now, this testimony, why we are here today is the opponents to the stipulation and Mr. Williams is testifying on why the stipulation doesn't meet the three-part test, the Commission's three-part test for the reasonable stipulation which has nothing to do with anybody filing objections to the Staff Report.

We're here for the -- this phase of the hearing is about the reasonableness and whether the stipulation conforms to the Commission's three-part test, and I don't see how you can strike Mr. Williams' comments.

EXAMINER PRICE: Very easily actually. What you are saying because they've entered into a stipulation in this case, they -- parties opposing can raise any issue whatsoever.

1 MS. MOONEY: Well, if the stipulation
2 is -- includes enhancements, includes provisions to
3 get RESA to sign the stipulation, then we can say it
4 doesn't meet the Commission's three-part test for
5 reasonableness to stipulations.
6 EXAMINER PRICE: Just because the
7 marketer is in the stipulation doesn't mean you can
8 raise any marketer issue that you have.
9 MS. MOONEY: No. We are only raising the
10 marketer issues that -- why we think the stipulation
11 is unreasonable.
12 EXAMINER PRICE: And there's plenty of
13 information and there is plenty of testimony in his
14 testimony -- prefiled testimony that's not been
15 stricken that relates directly to the issues that are
16 in the stipulation and nobody is moving to strike
17 those.
18 So anybody else care to?
19 Mr. Pritchard.
20 MR. PRITCHARD: Same general response
21 earlier on the issues weren't preserved in
22 objections, and all the billing changes that are
23 referenced in the stipulation, first, it says any
24 interested party can meet and have the same
25 discussion with the Company that the marketers can.

1 And as you noted in your earlier ruling,
2 to the extent any of these things that are referenced
3 in the stipulation would be approved, it would not be
4 in this docket, is going to be in a filing in the ETC
5 rider filing docket.
6 So the Company does not believe it has
7 opened the door for any party to ask for any billing
8 changes it wants at this juncture.
9 EXAMINER PRICE: Okay. The motion to
10 strike will be granted. The rate case process is
11 supposed to be a windling down process. OCC did not
12 reserve these issues by making objections and
13 these -- this testimony does not deal directly with
14 any actual provision in the stipulation, and it will
15 be stricken.
16 MS. PETRUCCI: Thank you, your Honor. I
17 do have one last item for a motion to strike.
18 Starting on page 14, lines 1 through 22, including
19 footnote 28, carrying over to page 15, lines 1
20 through 3, this testimony relates to the top 25
21 percent list; and then the corresponding sentence at
22 the bottom of page 15. which also deals with the top
23 25 percent list. starting on line 17 through 20.
24 And my argument here, your Honor, is a
25 little different. Mr. Williams is not an attorney,

1 and he did not include any information in his
2 prefiled testimony certainly that expresses any
3 specialized knowledge with regard to discrimination.
4 Plus if you take a close, careful look at
5 the supplemental testimony, what -- Mr. Williams
6 doesn't actually express an opinion that the top 25
7 percent list that's included in the stipulation is
8 discriminatory. His testimony, and the key portion
9 of it which is on line 10 of page 14, excuse me, is
10 that sharing the information could be discriminatory,
11 and yet he still claimed that the settlement violates
12 an important regulatory principle or practice.
13 Finally, this testimony does meet the
14 legal standards of Ohio law because not all
15 discrimination is impermissible under Ohio law. He
16 doesn't rely upon the proper legal standard or
17 demonstrate the requisite knowledge to support this
18 testimony. And as a result, this portion of his
19 direct -- supplemental direct testimony should be
20 stricken entirely.
21 EXAMINER PRICE: Motion to strike will be
22 denied. Mr. Williams is a recognized regulatory
23 expert in this state, and he is perfectly capable of
24 giving a nonlegal opinion as interpretation of
25 4929.22 as well as the policy provision from the

1 state.
2 MS. PETRUCCI: Thank you, your Honor.
3 One moment, your Honor. We are double-checking. I
4 think -- actually, no, I don't think it was. I think
5 there -- based on the prior ruling, we may have
6 inadvertently not mentioned page 15, line 1 through
7 3, which refers to the price-to-compare message and
8 shadow billing. I don't think I actually had
9 referenced that earlier when we were discussing those
10 portions and I apologize.
11 EXAMINER PRICE: You are saying page 15,
12 line 1, beginning with "This"?
13 MS. PETRUCCI: 1, 2, and 3.
14 MR. OLIKER: Starting with "This"?
15 MS. PETRUCCI: "This is another reason,"
16 starting with that sentence. I think I may have not
17 mentioned it earlier. I apologize.
18 EXAMINER PRICE: We will go ahead and
19 grant that motion to strike consistent with our
20 previous rulings.
21 Okay. Is that all your motions?
22 MS. PETRUCCI: Those are all the motions
23 I had to strike, your Honor.
24 EXAMINER PRICE: Let's go off the record.
25 (Discussion off the record.)

EXAMINER PRICE: Let's go back on the record.

Ms. Petrucci, cross?

MR. OLIKER: Can we have a minute, your Honor? I think our cross will be substantially lightened, but we want to look at our notes to make sure.

EXAMINER PRICE: You may. Let's go off the record for 5 minutes.

(Recess taken.)

EXAMINER PRICE: Let's go back on the record.

Ms. Petrucci, you may proceed.

MS. PETRUCCI: Thank you, your Honor.

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CROSS-EXAMINATION

By Ms. Petrucci:

Q. Good morning, Mr. Williams.

A. Good morning.

Q. The OCC is the residential customer advocate in these proceedings, correct?

A. Yes, it is.

Q. And the OCC does not represent commercial customers, correct?

A. That is correct.

Q. And your testimony in this proceeding relates to residential customers, correct?

A. The emphasis that I have is residential.

Q. If we could take a look -- do you have a copy of the stipulation with you?

A. I do not.

EXAMINER PRICE: Mr. Williams, here is a copy of the stipulation.

THE WITNESS: Thank you, your Honor.

MS. PETRUCCI: Thank you, your Honor.

EXAMINER PRICE: I need it back at the end.

Q. (By Ms. Petrucci) If you could turn to page 20 of the stipulation.

A. I'm there.

Q. And starting on page 20 -- if you actually want to take a look at the bottom of page 19, that's the beginning of Section 15 and includes 15b regarding SCO Supplier Coordination Issues. Do you see that?

A. I'm on page 15. Paragraph 15 is Marketer and Supplier Provisions.

Q. Right, but paragraph 15b is what I was referring to.

A. Okay. I'm with you.

1 Q. Okay. Good. And your testimony, you
2 have a copy of your testimony there with you too,
3 your supplemental testimony?
4 A. I do.
5 Q. And if you can turn to page 9, the
6 question that starts at the bottom of the page, with
7 the answer that starts at the bottom of page 9 which
8 is question 11 and answer 11 relates to Section 15b
9 of the stipulation, correct?
10 A. Yes, it does.
11 Q. The OCC is not objecting to the section
12 of Section 15b of the stipulation that refers to the
13 "Staff shall inquire whether an SCO supplier --
14 whether SCO suppliers are currently sending welcome
15 letters to customers as required"; is that correct?
16 A. No. I mean that's correct.
17 Q. It's correct you're not objecting.
18 A. That's correct.
19 Q. Thank you. And you would agree that a --
20 that requirement in paragraph -- or Section 15b to
21 have the Staff make such an inquiry is beneficial to
22 SCO customers, correct?
23 A. Whether or not it's beneficial or not, I
24 don't know. It's just I know this to be a provision
25 in the settlement.

1 Q. So you have no opinion whether it would
2 be beneficial to SCO customers.
3 MR. MICHAEL: Objection, asked and
4 answered.
5 EXAMINER PRICE: Overruled. You can
6 answer.
7 A. That's what it says in the settlement.
8 The -- whether or not that's beneficial or not, I
9 don't have an opinion one way or the other. The
10 settlement simply requires Staff to do some follow-up
11 whether or not these welcome letters are being sent.
12 That's not direct -- that's not what I am addressing
13 in my testimony.
14 Q. And Section 15b provides Vectren with
15 discretion when determining whether to transfer a
16 call to an SCO supplier, correct?
17 A. Yes, there is -- there is reasonable
18 discretion for the Company to determine if the
19 customer has an SCO specific type of question. The
20 purpose of my testimony was to basically suggest most
21 calls would be addressed by Vectren, not necessarily
22 an SCO supplier.
23 Q. So that discretion is used for purposes
24 of determining whether to transfer a call, correct?
25 A. The discretion is the discretion that's

1 identified in the settlement. How that would be
2 used, how that would be applied, I don't know. That
3 was actually one of my criticisms of the settlement
4 is that these types of conditions should have been
5 better defined so that it was clear when a customer
6 would be transferred to the SCO supplier.
7 MS. PETRUCCI: Your Honor, I would like
8 to move to strike the second portion of Mr. Williams'
9 answer when he began to discuss what he thought was
10 the point of his testimony.
11 EXAMINER PRICE: Although certainly your
12 motion is well made and has merit, we will warn the
13 witness this time to answer counsel's question and
14 only counsel's question, or in the future we will
15 strike extraneous testimony.
16 THE WITNESS: Thank you.
17 EXAMINER PRICE: Thank you.
18 Q. (By Ms. Petrucci) Mr. Williams, if you
19 could turn to page 10 of your supplemental testimony
20 and starting at line 3, I want to draw your attention
21 there. You indicate your belief that the SCO
22 customers have chosen Vectren to arrange for both the
23 supply and delivery of the natural gas service,
24 correct?
25 A. Yes.

Q. The SCO is a default service for customers that do not shop, correct?

A. I considered the SCO to be a competitive choice. Customers choose to obtain their supply through the competitive SCO, an auction process. I don't -- it's a default service, but it's a competitive service through an auction.

Q. A customer may not shop because the customer is not aware of their opportunity to shop, correct?

A. Customers may consider being on the SCO shopping.

Q. My question -- my question was a little different, Mr. Williams. Isn't it correct that a customer may not shop because the customer is not aware of their opportunity to shop?

MR. MICHAEL: Objection, asked and answered.

EXAMINER PRICE: He didn't answer. Overruled.

MR. MICHAEL: She just didn't like the answer, but he answered it.

EXAMINER PRICE: Oh, no. He objectionably did not answer that question. Overruled.

THE WITNESS: Could you repeat the question, please.

(Record read.)

A. I suspect customers may -- yeah, there could be customers that may not be aware of other options.

Q. Turning back to your supplemental testimony on page 10, lines 8 to 9, you state there that questions about the SCO supplier are the "sole responsibility of VEDO," correct?

A. That is correct.

Q. You don't know if the VEDO personnel can answer every question about an SCO supplier that a customer may ask, correct?

A. If there are questions that go beyond what VEDO would be capable of addressing, the SCO supplier's number is already listed on the bill.

Q. So if cus --

A. To be clear, if customers had questions about the SCO, I would think they would call the SCO number on the bill.

Q. You would agree with me that you don't know that the Vectren personnel can actually answer every question about an SCO supplier that a customer might ask them during a call, correct?

A. There potentially could be other questions. You want to know something more about that marketer. In those cases I think they would have reasonable discretion under the settlement to refer that call or to just ask the person to call the number on the bill.

Q. And if the personnel can't answer the customer's question about an SCO supplier, in that circumstance you would not oppose Vectren transferring the call to the SCO supplier rather than telling the customer they have to hang up and call the supplier and finding the information on the bill to make a call to the SCO supplier, correct?

A. If there is specific questions that VEDO feels it is unable to address about the supplier and they want to transfer that call or ask the person to call the number on the bill, I mean, I would want the customer to get their questions answered.

Q. You are aware that there are -- the General Assembly has implemented policies for retail natural gas competition in Chapter 4929 of the Ohio Revised Code, correct?

A. Yes, I am.

Q. And you are also aware that the Ohio Consumers' Counsel must follow the policies of this

1 state as set forth in Chapter 4929 that involve
2 supporting retail natural gas competition, correct?
3 A. Yes.
4 Q. And would you agree -- you would agree
5 that if a call is transferred, the customer can hang
6 up the call if the customer so elects, correct?
7 A. If the call is -- I guess I don't
8 understand your question.
9 Q. So if a customer calls the Vectren call
10 center and the personnel is not able to answer their
11 SCO-related question and that call is transferred,
12 the customer can hang up the call if they choose.
13 A. I suspect customers -- anybody could
14 always hang up the phone.
15 Q. And you are aware that Vectren currently
16 transfers customers -- customer calls that come into
17 its call center to -- and transfers them to SCO
18 suppliers, correct?
19 A. Vectren currently does that? I suspect
20 that could occur.
21 Q. Okay. But you don't know if they are
22 currently doing that?
23 A. No, I do not.
24 Q. Let's assume that Vectren is currently
25 transferring calls to SCO suppliers. Is it your

1 testimony that Vectren should stop transferring those
2 calls?
3 A. My testimony would be there needs to be a
4 better definition for calls that are transferred to
5 the SCO supplier.
6 Q. Therefore, you're not recommending that
7 if Vectren is currently transferring those kinds of
8 calls, that it should stop transferring those kinds
9 of calls, correct?
10 A. My testimony is that if the calls are
11 being transferred, I hope their -- I think there
12 needs to be better definition for which calls are
13 transferred. The way I read the settlement was that
14 the transfer of calls would be a new process because
15 it says to this end the Company agrees that its call
16 center will transfer a call from an SCO customer to
17 its SCO supplier.
18 Q. Okay.
19 A. Future, future tense.
20 Q. If we assume that Vectren is currently
21 making those kinds of call transfers, you aren't
22 advocating that they stop making those call
23 transfers, correct?
24 EXAMINER PRICE: I don't think you can
25 ask that question. He has already indicated he

1 doesn't know whether they do or they don't. I mean,
2 he's -- I know what the record of this case says, but
3 he can't opine on something he has no knowledge of.
4 Let's move on.
5 MS. PETRUCCI: Okay.
6 Q. (By Ms. Petrucci) If Section 15b of the
7 stipulation is approved, are you claiming that there
8 would not ever be a benefit to a customer if a call
9 to the call center is transferred to the SCO
10 supplier?
11 THE WITNESS: Can you repeat the
12 question, please?
13 MS. PETRUCCI: Can you reread it, please.
14 (Record read.)
15 EXAMINER PRICE: I think the question was
16 you are not claiming; is that correct, Ms. Petrucci?
17 MS. PETRUCCI: Thank you, your Honor,
18 yes.
19 A. I don't want to say there is never a
20 benefit. The purpose of my testimony though is that
21 there needs -- that there should be more definition
22 for what those calls would be. And the specific
23 example that I provide in my testimony is that if a
24 customer is transferred to the SCO supplier, you
25 know, whether or not there could be continuing

1 marketing types of activities as a result of that
2 transferred call, it just seems as though there needs
3 to be better definition.
4 EXAMINER PRICE: In your mind when you
5 say there should be better definition, what would be
6 the universe of calls that should be transferred to
7 the SCO supplier?
8 THE WITNESS: I believe that if a
9 customer had a question about a specific SCO
10 supplier, who are they, are they an American company,
11 things like that, that perhaps Vectren may not
12 necessarily know all the parent company
13 relationships, those kinds of things, and may direct
14 the Company to either call the supplier or transfer
15 it if that's what the customer would prefer.
16 But questions about the price, the SCO
17 itself, and the auction or how it was established,
18 how the adder is calculated, all those type of things
19 I would think would be well within the responsibility
20 of things that -- the type of service that Vectren
21 would provide through its call center.
22 EXAMINER PRICE: Thank you.
23 Q. (By Ms. Petrucci) Mr. Williams, in your
24 prefiled testimony though you claimed that those
25 types of questions are the sole responsibility of

1 Vectren, correct? And maybe I will point you to page
2 10, line 10.
3 A. Yes. And, again, the context is that the
4 SCO phone number's on the bill. Customers that have
5 questions about the SCO can always contact that
6 number. If Vectren currently transfers those calls,
7 if they have -- if the customer wants something
8 beyond what the SCO is, what the price is, how their
9 bill is calculated, things like that, I believe
10 that's all within the realm of what would be done
11 through Vectren.
12 The transfer to the SCO supplier is where
13 I have trouble trying to define what specifically --
14 why those calls would be specifically transferred.
15 And I just provided an example to the Attorney
16 Examiner. If a customer had a question about a
17 supplier or about the relationship of the supplier,
18 the parent company, their finances, things like that,
19 I suspect Vectren may not know that.
20 EXAMINER PRICE: Would your concerns for
21 this provision be eliminated if the Commission
22 prohibited the SCO supplier from marketing a
23 different product on a transferred call?
24 THE WITNESS: The concern I have, your
25 Honor, is that transfer and the potential for

1 customers to be marketed with other -- with other
2 types of products, products that may not be
3 beneficial for the customer.
4 EXAMINER PRICE: Okay. Thank you.
5 Q. (By Ms. Petrucci) Let's switch to the top
6 25 percent list. If the top 25 percent list is
7 implemented, all suppliers in Vectren's service
8 territory will have access to that list, correct?
9 A. I believe that to be the case.
10 Q. And you would agree that suppliers can
11 market and solicit and target specific customers
12 today, correct?
13 A. On a top 25 list or just --
14 Q. Just generally speaking.
15 A. Just marketers can market, yes.
16 Q. And if you turn to page 14 of your
17 supplemental direct testimony, the line 11 and 12,
18 you state there that the top 25 percent list could
19 result in "potentially even higher marketer rates" --
20 A. Yes.
21 Q. -- correct? Okay. And you would agree
22 that the 25 percent list could also result in
23 potentially even lower marketer rates for customers,
24 correct?
25 A. I would refer to the settlement document

on page 22 where there's a discussion of the top 25 percent list and there are no requirements in the settlement for customers to be placed on rates that are lower than the top 25.

MR. OLIKER: Objection. Your Honor, I'm -- Mr. Williams, are you done with your answer?

THE WITNESS: I'm done with my answer.

MR. OLIKER: I would move to strike that response which did not answer Ms. Petrucci's question. It wasn't even close. It was could the rates be lower.

EXAMINER PRICE: Overruled. He was explaining why he thinks it's unlikely the rates will be lower.

Q. And if you look at the stipulation, there's no -- nothing in that provision in the stipulation that requires that even higher marketer rates be the result of any conversation from a supplier that uses or markets to a person on the top 25 percent list, correct?

EXAMINER PRICE: Can I have that question back, please.

(Record read.)

MR. MICHAEL: Object to form.

EXAMINER PRICE: Would you rephrase the

1 question, please.
2 MS. PETRUCCI: Understood.
3 Q. (By Ms. Petrucci) There's nothing in this
4 Provision e of the stipulation that requires higher
5 rates to be marketed to customers on the top 25
6 percent list, correct?
7 A. It's silent in terms of what the purpose
8 of the top 25 list is. Whether or not it would
9 result in higher rates or lower rates is not
10 specified.
11 Q. It doesn't discuss it, correct?
12 A. That's correct.
13 Q. And would you agree if a customer is
14 charged a higher rate by a supplier that uses the
15 25 percent list, that the customer would -- then
16 would still be on the 25 percent list?
17 A. If a customer -- if a customer is on the
18 top 25 and they are marketed with a rate that's still
19 on the top 25, they would still be on the top 25,
20 yes.
21 Q. And would you -- and you would agree that
22 a supplier that uses the 25 percent list and offers a
23 fixed-rate contract to a customer that results in the
24 customer paying less for natural gas would be a
25 financial benefit for the customer, correct?

A. I don't --

MR. MICHAEL: Object to form.

MS. PETRUCCI: It's hypothetical, your Honor.

EXAMINER PRICE: Overruled. He can answer if he knows.

THE WITNESS: Can you repeat the question, please.

EXAMINER PRICE: Yes.

(Record read.)

A. If the customer's paying less for the natural gas, there is a benefit. Whether or not it's all the benefit is the purpose of my testimony.

Q. Did you review all of Section 15e in preparing your supplemental direct testimony?

A. I did.

Q. And so you are aware that in Section 15e it states that "Actual customer rates will not be included in the lists," that customers can opt out of inclusion in the customer lists available to Choice Suppliers pursuant to the Company's tariff -- I'm sorry, and "Customers that opt-out of inclusion in the customer lists available to Choice Suppliers pursuant to the Company's tariff will be excluded from any lists that may ultimately be provided" under

1 that section of the stipulation, correct?
2 A. That's what it says.
3 Q. And any supplier that's marketing to a
4 customer on the 25 percent list will not know in
5 advance of what the customer is paying upon -- when
6 it receives that 25 percent list, correct?
7 A. They don't know the specific rate. They
8 know that they are some of the most -- that they are
9 the customers that are paying the highest for natural
10 gas with a marketer, but they don't know the specific
11 rate.
12 Q. And you are aware that residential
13 customers today can opt out from the eligible
14 customer list that Vectren provides to suppliers,
15 correct?
16 A. Yes.
17 Q. And you agree that Section 15 -- that
18 under Section 15e, customers that wish to opt out
19 from being included on the eligible customer list
20 will not be flagged as being in the top 25 percent,
21 correct?
22 A. I believe to be on the top 25, they would
23 already be Choice customers. So -- so they're not --
24 the opt-out eligibility list I believe you're talking
25 about is for customers that -- that don't want to be

1 marketed, you know, don't have an interest in Choice.
2 They don't want to be marketed. These are customers
3 that are already -- I believe they are already Choice
4 customers. And so they're just getting -- so --
5 EXAMINER PRICE: But you can be a Choice
6 customer and still opt out. You just may not want to
7 be bothered.
8 THE WITNESS: Yes, that's correct.
9 Q. And you agree that not including actual
10 customer rates and not including customers that have
11 opted out from the lists are protective measures for
12 customers, correct?
13 A. Those are helpful measures, yes.
14 Q. And protective?
15 A. I don't know that it's protective
16 because -- I believe it's helpful not to include
17 those customers but having a list of customers who
18 because they are on the top 25 list are already --
19 you know, have perhaps demonstrated that they're not
20 the best shoppers in the state, to then be put on a
21 list so that marketers could then determine whether
22 or not -- continue marketing them for something else,
23 I don't think that's necessarily protective.
24 Q. If we look at page 14 in your
25 supplemental direct testimony -- I'm sorry, one last

1 question. Let's strike -- let's start at the prior
2 question. The SCO rate is a monthly variable rate;
3 isn't that correct?
4 A. That's my understanding.
5 MS. PETRUCCI: One moment, your Honor.
6 Q. One final final question, Mr. Williams.
7 Today customers can use the telephone number for
8 their SCO supplier on their bill and call their
9 supplier to ask questions about the SCO, correct?
10 A. I believe that's the reason it's on the
11 bill.
12 MS. PETRUCCI: Thank you. That's all the
13 questions I have at this time, your Honor.
14 EXAMINER PRICE: Thank you.
15 Mr. Oliker.
16 MR. OLIKER: Thank you, your Honor.
17 - - -
18 CROSS-EXAMINATION
19 By Mr. Oliker:
20 Q. Good morning, Mr. Williams.
21 A. Good morning.
22 Q. Just a few questions for you today.
23 First, starting with I believe you say on page 9,
24 line 2, "The customers of the SCO have chosen Vectren
25 to arrange for both the supply and delivery of

natural gas service." You agree that a customer does not have to choose the SCO to end up on that service.

A. They're choosing -- they're choosing Vectren to provide their delivery and -- and the supply of natural gas. I believe other information is provided to customers, new customers when they apply for service, for example, about other options that could be available in their Choice or customers are just aware of it given -- given programs have been available for almost two decades.

Q. But if they simply look at the options and they don't make a choice of somebody else, say IGS or another company, they end up in the SCO rate.

A. Yes. They are on the competitive SCO.

Q. Okay. And you say on line 9 of page 9 that customers in the SCO have no contractual relationship with the supplier. Questions about the SCO supplier, rates, monthly gas usage, billing determinants, et cetera, are the responsibility of VEDO. Regarding this statement would you agree that under the currently in effect Vectren tariffs SCO suppliers are required to send a welcome letter to the customers they serve?

A. I am aware of that tariff.

Q. And would you agree the welcome letter

1 must inform the customers of the terms and conditions
2 of their agreement and providing the customers all
3 the applicable contact information?
4 A. I believe that's what it says in the
5 tariff.
6 Q. And you state on page 9, line 10, "This
7 also includes explaining the auction process and why
8 the marketer name and contact information is listed
9 on the bill even though the customer is not under
10 contract with the supplier." Do you have a
11 Commission order citation to support this statement?
12 EXAMINER PRICE: Mr. Oliker, can you
13 check your page reference?
14 MR. MICHAEL: Are you talking about his
15 direct or supplemental?
16 MR. OLIKER: My apologies, page 10, line
17 10, transcript of the supplemental testimony. And I
18 can restate the question given that incorrect
19 reference.
20 Q. On page 10, line 10, you indicate "This
21 also includes explaining the auction process and why
22 the marketer name and contact information is listed
23 on the bill even though the customer is not under
24 contract with the supplier." Regarding this
25 statement, are you relying on a Commission order or

1 rule?
2 A. No. The point that I am making is the
3 SCO was established as part of the regulatory
4 process. There's a mechanism for PUCO oversight,
5 direction of the SCO. The -- the customers that are
6 on the SCO aren't in a direct -- don't have a direct
7 contract relationship with the marketer and that's
8 the main point that I'm trying to make in this
9 sentence. But, yes, the SCO supplier's name and
10 number is on the customer's bill. It seemed to me
11 that's the type of thing that Vectren would explain
12 to customers, how the SCO comes about, how it's
13 calculated, how often it adjusts.
14 Q. So just to be clear, I think you said
15 this before everything else that came after you said
16 "no," that's your opinion and you are not relying
17 upon any guidance provided by the Commission.
18 A. That's my opinion.
19 Q. Okay. Thank you. Regarding the SCO,
20 would you agree that Vectren does not currently bid
21 into the auction?
22 A. I'm not aware of the auction process
23 itself and how -- who all bids into that auction. I
24 don't believe that Vectren does. I believe it's
25 primarily suppliers, but I have not participated in

one myself.

Q. And on page 10, you go on to say -- this is on line 16, "the public interest is damaged as a result of potential distorting of responsibilities and increases the likelihood the customer confusion between VEDO and the SCO suppliers pertaining to the supply of natural gas will result." In trying to understand the OCC's position here, is it the OCC's desire for customers on the SCO to believe that the monopoly utility, Vectren in this case, is the provider of their competitive retail natural gas service?

A. Not at all. That's why the SCO supplier's name and contact information is listed on the bill.

Q. And if a customer that takes the SCO calls Vectren to ask about the SCO, would you agree that they are already confused?

EXAMINER PRICE: Could I have that question back.

MR. MICHAEL: Object to form.

MR. OLIKER: Maybe but I don't think so. I want to hear it.

(Record read.)

EXAMINER PRICE: Argumentative.

1 MR. OLIKER: I will restate it, your
2 Honor. It is not intended to be at all.
3 Q. (By Mr. Oliker) Mr. Williams, if a
4 customer that takes the SCO, they have got a question
5 about the SCO and although -- although their SCO
6 supplier's name and phone number is on the bill, if
7 they call Vectren instead, do you think there might
8 be some confusion over who is providing that product
9 to them?
10 A. I don't believe there is any confusion at
11 all. I believe that customers call Vectren when they
12 have questions about their bill, when they have
13 questions about how it was calculated, when they have
14 questions about their meter read, when they have
15 questions about what the rate is that they are paying
16 for natural gas and for the delivery. I believe all
17 those types of calls go to Vectren and stuff so that
18 Vectren can address them.
19 And it seems to me that because the SCO
20 supplier's name and phone number is prominently
21 listed on the bill, if customers had specific
22 questions for the SCO supplier, why would they call
23 Vectren?
24 Q. Is it possible it's because they are
25 confused over who is providing their competitive

retail natural gas service?

MR. MICHAEL: Objection. Calls for speculation. We are getting into the minds of why consumers are calling them.

EXAMINER PRICE: He has been testifying about the confusion over the last 10 minutes. Overruled.

A. Again, I don't believe there to be confusion. I believe that customers are going to call Vectren when they have questions about the bill and concerns like that. And then if there are questions about the SCO, the SCO supplier is on the bill. Why -- I just can't understand why customers would call Vectren if they had questions about the SCO. And if they called Vectren and Vectren, you know, said now that's a question that's better addressed by the SCO supplier, the name and number is on the bill. I don't know why it would go beyond that.

Q. And am I correct one of the concerns you have is if a customer is transferred to an SCO supplier, that they will be marketed with a different product?

A. That is one of my concerns.

Q. If a customer that's -- were you around

for the polar vortex? I think you've had a long career, and you may remember that term.

MR. MICHAEL: And distinguished.

A. I do recall that.

Q. Pricing was slightly volatile in that period, was it not?

A. The exact prices I don't know. I know it was volatile. The exacts I don't know.

Q. And I think we've established the SCO is a monthly variable rate, correct?

A. That is correct.

Q. And it's set based upon the third to last day's NYMEX clearing price plus an adder, correct, if you know?

A. Whether or not it's all those details, I don't know. I just know it's set through an auction process with an adder.

Q. Okay. Let's assume, for example, NYMEX had closed differently than it did during the polar vortex and we had had $8 NYMEX gas prices. Can you accept that assumption for a second?

A. Okay.

Q. And that would result in the -- first, the polar vortex happened back in January of 2014?

A. Subject to check.

Q. And if we had $8 gas prices, that was the clearing price for the February month, that could have resulted in, for example, 3, 4 hundred dollar natural gas bills for a residential customer?

A. Speculative but okay.

Q. Well, would you agree that would result in a lot of calls probably to Vectren, first of all?

A. Those -- yes, that could result in a lot of high bill inquiries or complaints to Vectren.

Q. And if there is a question about their SCO calculation and asking about the auction process or the structure of the SCO, is it not out of the realm of responsibility that a customer might say how can I get on a fixed rate?

A. That is possible.

EXAMINER PRICE: So your hypothetical is we have a one-day spike in natural gas prices. It happens on the precise day that changes the auction results, and customers then might benefit from a fixed rate contract at that time. That's your question?

MR. OLIKER: It's one example. It would have been what happened in December, I believe, of this year with pricing. It's just one example, your Honor.

Q. And to follow up on that question, would it be your recommendation that if they are talking to an SCO supplier, that if they want to get on a fixed rate, they have to hang up the phone and call back?

A. If the customer contacted the SCO supplier, that they would have to hang up and call back?

Q. No. My question is Vectren transfers a call to an SCO supplier and they are explaining the mechanics of -- first, if this is the first time they realized they were on a monthly variable price and they have a desire to change to a fixed price, is it your recommendation they have to hang up the phone and call back?

A. I believe there needs to be a separate enrollment process with these. If a customer -- using your example, for example, if a customer contacted Vectren with a high bill inquiry and they are on the SCO, my guess is that Vectren is going to explain how the pricing reflected in that for both their supply and their delivery charges. I don't know that that process -- the SCO itself is -- is approved by the PUCO. I don't know, you know, what else there would be for an SCO supplier to talk to a customer about other than if Vectren told the

customer they could call the SCO supplier and see if they have any other marketing offers that may be more advantageous for them. Call's over, they hang up, the customer calls in to see if there is a better -- a better pricing plan for them.

Q. Now, changing gears to page --

EXAMINER PRICE: I have a follow-up question. You are concerned that customers who are transferred, call Vectren and are transferred to their SCO supplier, are vulnerable to low introductory offers during the summer months that then would spike up much higher in the winter months?

THE WITNESS: That's very much a concern, your Honor.

EXAMINER PRICE: Thank you.

Q. (By Mr. Oliker) Well, to follow up on your answer and your Honor's question, if that were to occur, wouldn't they end up in the top 25 percent list potentially?

A. It depends how high a rate they ended up with.

EXAMINER PRICE: To follow up on Mr. Oliker's question, are you concerned the customers on the top 25 percent list are vulnerable to low introductory rates whose periods --

1 introductory period would be spring, summer, and
2 early fall, and whose price would then be much higher
3 in the actual winter consumption months?
4 THE WITNESS: Yes, your Honor.
5 EXAMINER PRICE: Particularly an
6 introductory rate that's coupled with a very large
7 termination fee?
8 THE WITNESS: If their termination fees
9 and things like that, yes.
10 EXAMINER PRICE: And if the customer has
11 a very large termination fee, it's not going to do
12 them very much good if they are back on the
13 25 percent list, will it?
14 THE WITNESS: And potentially raising the
15 top 25 list to even higher rates.
16 EXAMINER PRICE: Thank you.
17 Q. (By Mr. Oliker) And if you're a supplier,
18 would you agree that your ultimate goal is to retain
19 your customer base? Do you have any reason to
20 disagree that would be the goal of the supplier?
21 A. I have no reason to disagree.
22 Q. And if there -- if you know that there is
23 a top 25 percent list that is available to your
24 competitors, would you agree you have every incentive
25 to make sure your customers did not end up on that

1 list?
2 A. I suspect that there is an incentive,
3 although for marketers that have that customer, you
4 know, it seems as though -- it seems as though if
5 customers aren't on the top 25 list, it could result
6 in something different where the customers could be
7 marketed for even -- for higher rates being that for
8 these top 25, that customers are on the top 25 list
9 could actually be used to kind of pull the bottom up,
10 to increase the rates that are being charged to
11 customers.
12 Q. And have you done any analysis to support
13 that statement?
14 A. No, I've not. I just -- I have -- my
15 knowledge of the top 25 percent list is what's
16 reflected in the settlement. What's reflected in the
17 settlement is very little in comparison to how that
18 list could be used. That's the concern I have and
19 that's my testimony today.
20 Q. And you are aware there is an eligible
21 customer list today?
22 A. There is an eligible customer list today.
23 Q. Okay. And --
24 EXAMINER PRICE: Mr. Williams, if you are
25 on the eligible customer list, is there anything in

1 the stipulation which precludes Vectren from
2 transferring you to your Standard Choice Offer
3 supplier if you called Vectren and they use their
4 discretion thought this is a call that should be sent
5 to the Standard Choice Offer supplier?
6 THE WITNESS: Unless there is some
7 indication in the Vectren's billing system, no.
8 EXAMINER PRICE: Thank you.
9 Q. (By Mr. Oliker) Page 11 you take issue
10 with marketers paying -- marketers paying for costs
11 associated with implementing billing enhancements,
12 and I want to make sure we establish in the record,
13 first, do you agree the top 25 percent list is being
14 paid for by the retail suppliers, correct?
15 A. That's what it says in the settlement.
16 Q. Okay. Now, in your testimony you say
17 that the billing enhancements will not benefit all
18 customers; is that correct?
19 A. That is correct.
20 Q. Okay. Are you familiar with utility
21 consolidated billing?
22 A. I am.
23 Q. And do you know if today a supplier must
24 either choose to put all or none of their accounts in
25 utility supplier consolidated billing?

A. My understanding, again from the settlement, from the review of one of the billing system enhancements, is that it's an all or none with Vectren where customers either have to be the -- on the rate ready or that they all have to be billed in the same manner.

Q. Okay. And if you're on utility consolidated billing, then those receivables feed into the receivable purchase program, correct?

A. That is correct.

Q. And would you agree that today a supplier cannot submit a zero rate code if they want to separately bill their customer for the commodity charges, if you know?

A. I don't know what capability exists today.

Q. Okay. And if a supplier did, let's -- I don't want you to speculate, but if a supplier did have the ability to submit a zero rate code, meaning that it asked for Vectren to bill for the distribution charges and they sent a separate bill for the commodity charges, logically speaking would that cause no commodity charges to go into the purchase of receivables program?

A. That sounds right.

Q. And that would reduce the amount of commodity charges that would potentially be collected in other customers, correct, from the purchase receivables program?

A. Lower uncollectibles would be a benefit.

Q. And that was my next question. You would consider that a benefit, correct?

A. I would.

Q. Okay. And are you familiar with the potential billing upgrades associated with peak-day information?

A. Not beyond what's in the settlement. The specific I'm not that familiar with.

Q. Do you have any background in the scheduling of natural gas service?

A. No, I do not.

Q. Do you know how suppliers arrange for the delivery of commodity requirements for their pool?

A. No, I don't. I'm sure that's all part of the supplier tariff.

Q. And are you familiar on the elect -- electricity side with what is referred to as capacity tag or capacity obligation?

A. Just the terms. I'm not an expert on those subjects.

1 Q. Okay. And so you are not aware whether
2 today a customer has a specific peak-day obligation?
3 MR. MICHAEL: Object to form.
4 EXAMINER PRICE: I am not even sure if
5 you are talking about electric.
6 MR. OLIKER: Okay. We can shift this
7 back then. Thank you, your Honor.
8 Q. So, again, I don't want you to speculate,
9 but are you aware today whether a natural gas
10 customer is directly assigned an obligation for their
11 contribution to peak usage?
12 A. I think I'll choose not to speculate.
13 Q. And but you're familiar with -- take a
14 step back. As we are designing retail rates, would
15 you agree going back to bond rate principles, one of
16 the goals is to establish retail rates consistent
17 with principles of cost causation.
18 A. That would be accurate.
19 Q. And generally if there are things that we
20 can do in, you know, the regulatory paradigm that
21 allows us to more accurately design retail rates
22 consistent with principles of cost causation, that
23 would be a benefit.
24 A. Generally that's true.
25 MR. OLIKER: Thank you, Mr. Williams.

1 Those are all the questions I have.
2 Thank you, your Honor.
3 EXAMINER PRICE: Thank you.
4 Mr. Alexander?
5 MR. MICHAEL: Your Honor, I apologize,
6 Mr. Alexander, can counsel for OCC have a 2-minute
7 break off the record?
8 EXAMINER PRICE: Yes.
9 (Recess taken.)
10 EXAMINER PRICE: Let's go back on the
11 record.
12 Mr. Alexander.
13 MR. ALEXANDER: Thank you, your Honor.
14 - - -
15 CROSS-EXAMINATION
16 By Mr. Alexander:
17 Q. Mr. Williams, I have got some questions
18 about your supplemental testimony which I believe is
19 marked as Exhibit 4A. Your testimony addresses in
20 some detail what you deem to be the costs of the
21 stipulation, and I would like to talk a little bit
22 about some of the benefits of the stipulation in your
23 eyes.
24 So, first, I direct your attention to
25 page 8 of your testimony where you discuss the

development dollars targeted at the Dayton region. Do you see that?

A. Yes. That would be on line 3, page 10 -- or page 8.

Q. Correct. Now, those dollars are targeted at neighborhoods which are served by Vectren or which may be served by Vectren, correct?

A. I believe that's the requirement in the settlement.

Q. And if you want to refer to Section 12 of the settlement to refresh your recollection, but are you familiar with the fact that those contributions can also be used for the PACE program?

A. I believe I saw that in the settlement.

Q. And are you personally familiar with what the PACE program is?

A. No, I'm not.

Q. And so do you know whether the PACE program benefits the public interest?

A. No, I don't.

Q. Okay. The contributions can also be used to support charitable contributions to low income residential customers, correct?

A. I believe that's what it says in the settlement.

Q. Do you believe that shareholder-funded charitable programs for low income residential customers can be in the public interest?

A. My answer would be that I believe that charitable donations from Vectren first ought to be toward Vectren customers and to the needs of customers that need financial assistance before being made available for other things like $75,000 to the City of Dayton to obtain support for a settlement when there's other more pressing needs.

MR. ALEXANDER: Your Honor, I move to strike the entirety of the answer.

EXAMINER PRICE: Granted. Please repeat the question and go ahead and answer the question directly.

THE WITNESS: Thank you.

(Record read.)

A. I believe that can be helpful, yes.

Q. Okay. Turning our attention to the stipulation paragraph 13 which discusses economic development in the Dayton region, let me know when you're there.

A. What page of the settlement is that?

MR. MARGARD: 17.

A. I'm there.

Q. You are aware that Vectren has agreed to consult with the City of Dayton regarding economic development projects?

A. That's what the settlement says.

Q. Are you familiar with the SiteOhio Program?

A. No, I'm not.

Q. So you don't have any belief as to whether the SiteOhio Program can benefit the public interests by encouraging economic growth in the Dayton area?

A. I have no opinion.

Q. Now, turning your attention to the energy efficiency programs in Section 14 of the stipulation, are you aware that Vectren has agreed to conduct energy efficiency program presentations targeted at industrial, commercial, and residential customers?

A. That's what it says.

Q. Are you familiar with the Dayton Region Green Initiative?

A. No, I'm not.

Q. Do you believe that energy efficiency presentations targeted at customers can benefit the public interest?

A. I have no opinion at all.

Q. Again, I missed a question with regard to Section 13, I want to go back to that, which is the economic development section we discussed with the SiteOhio Program. Do you recall that conversation?

A. I'm looking for the SiteOhio Program in this settlement. If you could direct me where that is.

Q. Page 18, Section ii, top of the page.

A. Okay.

Q. Do you believe that Vectren-funded economic development programs to encourage job growth in the Dayton area can benefit the public interest?

A. I would think so.

MR. ALEXANDER: I have no further questions. Mr. Williams, thank you very much.

EXAMINER PRICE: Thank you.

Vectren?

- - -

CROSS-EXAMINATION

By Mr. Whitt:

Q. Good afternoon, Mr. Williams. I am going to ask you some questions about your testimony on the D-A-R-R expenses. If I refer to that as DARR, will you understand what I'm talking about?

A. Yes, I will.

Q. Thank you. And let's first see if we can determine what we can agree on. Can we agree that natural gas is a potentially hazardous substance?

A. Yes.

Q. And gas LDCs like Vectren deliver this hazardous substance into consumers' homes, correct?

A. That's correct.

Q. And the pipes that deliver this hazardous substance are buried under the roads or near the roads that we drive on, correct?

A. Yes.

Q. And some of these delivery pipelines are also under or near the sidewalks where we walk our kids or pets, correct?

A. They are where they are, yes.

Q. And do you understand that Vectren has approximately 5,000 miles of distribution pipeline in its system? Does that figure ring true to you?

A. I recall that from the application.

Q. And state and federal requirements exist to make sure that the natural gas delivery system is safe, correct?

A. Yes.

Q. Not only that the system is safe but that it's operated safely, correct?

A. That is correct.

Q. And these requirements for the most part are mandatory meaning that the LDCs have to abide by the requirements, correct?

A. That's correct.

Q. And LDCs have to devote resources to meeting these regulatory requirements, correct?

A. Yes.

Q. Frequent LDCs have to maintain maps of their systems, correct?

A. There is a whole series of requirements.

Q. One of those being the maintaining maps, correct?

A. Yeah, I believe they do have to have maps.

Q. And the LDCs have to perform different types of inspections at prescribed intervals, correct?

A. That's correct.

Q. And the LDC has to document those inspections, doesn't it?

A. Yes.

Q. LDCs have to catalog the leaks that they encounter, correct?

A. That is correct.

1 Q. And when they find a leak, they have to
2 assign a certain category to that leak to know how to
3 prioritize fixing it, correct?
4 A. Yes, yes. Certainly leaks have to be
5 responded to immediately, some leaks over longer
6 period of time, some leaks not necessarily at all.
7 Q. And figuring all of that out is part of
8 what a pipeline integrity management system is all
9 about, correct?
10 A. That's my understanding.
11 Q. And when leaks are identified, some of
12 those leaks need to be repaired right away; others
13 can wait, correct?
14 A. That's correct. It depends if it's a
15 grade 1, grade 2, or grade 3.
16 Q. Okay. And once a leak repair is made,
17 that repair itself then has to be inspected too,
18 doesn't it?
19 A. Are you referring to as part of like the
20 next overall inspection of the system or some sort of
21 an inspection after the repair is done that there has
22 to be a follow-up?
23 Q. Well, there have to be procedures in
24 place for the LDC to know that a required repair, A,
25 has been performed and, B, has been performed

1 according to some standard, correct?
2 A. Yes. There has to be records.
3 Q. Okay. And part of what the LDCs do is
4 also educate state and local officials and the
5 construction industry about safe practices around the
6 utility distribution system, correct?
7 A. That's correct.
8 Q. Okay. Now, all of the things we've just
9 talked about require the LDC to devote resources to
10 accomplishing, correct?
11 A. That's correct.
12 Q. And the devotion of those resources
13 requires the utility to spend money, fair to say?
14 A. That's fair.
15 Q. And would it also be fair that the more
16 efforts like the ones we discussed that the utility
17 engages in the more the utility is going to spend?
18 A. Yes.
19 Q. Can we agree that these expenditures are
20 necessary to provide safe, adequate, and reliable
21 service?
22 A. Yes, to the extent that the repairs
23 are -- are actually necessary, that type of thing.
24 I'm thinking specifically of some of the grade 3
25 types of leaks where they don't necessarily need to

be -- you know, remediation doesn't necessarily need to occur right at that time --

Q. Sure.

A. -- to comply with federal and state requirements. Now --

Q. But in order -- whatever those requirements are, in order to meet them, meeting those requirements is something a utility has to do as part of its obligation to provide safe, adequate, reliable service, correct?

A. Yes. That is the responsibility of the utility.

Q. You are aware of Vectren's filing to establish the DARR deferrals, correct?

A. Yes, I am.

Q. And that was in Case No. 15-1741-GA-AAM; is that right?

A. That's correct.

Q. Did you personally review the application in that proceeding at or around the time it was filed?

A. I don't believe so.

Q. Do you know if anyone at OCC did?

A. We've had a change of -- a number of different changes in key people in gas over the last

few years, so I don't know.

Q. Okay. And that application was filed in October of 2015; would you agree with that, subject to check?

A. Yes.

Q. The application described the activities that Vectren intended to perform as part of its DARR request, correct?

A. Yes.

Q. And the application also noted that the scope of those activities could change over time, correct?

A. I don't recall reading anything in the order or anything like that specifically, you know, reflecting that. I think in general that the application laid out a series of different initiatives that Vectren would do. I know that over time the scope -- the scope changed from time to time, but I don't recall that specifically in the application or in the Commission's order.

Q. And was it -- you understood, didn't you, that the purpose of the application was to address new regulatory requirements and changes in industry standards, correct?

A. Yes. It was intended to -- well, it was

1 intended to help address a backlog of grade 3 leaks
2 on the system at that time and to provide an infusion
3 of additional funds to correct that problem which was
4 then overall complying with federal requirements
5 through the DIP.
6 Q. And you were -- well, let me ask you when
7 did you become aware of the application in Case
8 15-1741?
9 A. I monitor the docketing all the time, and
10 so I'm aware of the different deferrals for most of
11 the different companies and track some of them.
12 Q. Okay.
13 A. I am aware of these reports, for example,
14 that were filed, the annual reports, those types of
15 things.
16 Q. I might have misunderstood. I thought
17 when I asked whether you saw Vectren's application
18 when it was filed in October 2015, you said you
19 hadn't; is that correct?
20 A. I monitor the docketing all the time.
21 When I was responding to your question, I think I was
22 just basically saying that, you know, I didn't act
23 upon it at that time. I was not involved in a
24 thorough evaluation of that deferral at that time.
25 Q. But you would have been aware of the

filing of the application, correct?

A. I would have been aware of the filing of the application and certainly the reports that were submitted since then.

Q. Okay. And you were also aware of the proposed $4 million cap that was discussed in the application, correct?

A. Yes.

Q. And I believe you just indicated you were also aware of annual reporting requirements, correct?

A. Yes.

Q. And a stipulation was filed in that case about 11 months after the application, September of 2016, correct?

A. Subject to check.

Q. Okay, okay. And OCC did not intervene in the 15-1741 case, correct?

A. We did not. I mean, this was a deferral request and so, you know, usually OCC's involvement would be some point in time when the utilities are seeking to then collect that money or add it to rates.

Q. Okay. And you were aware that in June of 2017, that Vectren had filed a report for its 2016 DARR Program year, correct?

A. I am aware of that.

Q. And OCC did not intervene in a proceeding related to the 2016 program year, correct?

A. I don't know that there was a specific proceeding for that. There wasn't like an opportunity for comments or things like that from the public or any other interested party.

Q. Nor were any proceedings sought by OCC, correct?

A. There was no request.

Q. Okay. And the same could be said of the report filed in June of -- well, June of 2018 the company filed a report for the 2017 program year, correct?

A. That's correct.

Q. And that sort of overlapped with this rate case, right?

A. It overlapped with the rate case and there was even some -- some -- there was correspondence -- well, there was both a Staff review indicating that the review was -- or that the DARR was being incorporated within the rate case. Then there was also a communications from I believe your office that there wasn't going to be any continuing activity on that specific report; everything would be

1 done within the rate case.
2 Q. Okay. For the 2016 program year,
3 Vectren, the deferral request is less than $4
4 million, correct?
5 A. Yes.
6 Q. And for the 2017 program requested less
7 than $4 million, correct?
8 A. That's correct.
9 Q. And is it your understanding that the
10 program expenditures in 2018 are also less than 4
11 million?
12 A. I believe that to be correct.
13 Q. So no year since the program was
14 initiated has the Company sought to defer amounts in
15 excess of the $4 million cap, correct?
16 A. The Company is not seeking to defer more
17 than the $4 million cap. The point of my testimony
18 was that the costs greatly exceeded the Company's
19 original budget when filing its application.
20 Q. And the order approving the Company's
21 application did not set an annual cap based on any
22 budget, correct?
23 A. The order that approved the DARR
24 specifically identified a requirements. There was
25 some strings attached. And one of those strings was

that -- that the Company needed to implement cost savings and other types of efficiencies to try to reduce -- keep the cost program as low as possible.

Q. It doesn't say anyplace in the approval order that the Company was to keep costs as low as possible. It doesn't use those words, does it?

A. I believe the specific words are implement cost savings, and I have a difficult time.

Q. Okay.

A. At this -- to implement efficiency and cost savings measures.

Q. What efficiency or cost savings measure do you contend Vectren should have implemented but failed to?

A. Well, the -- the cost cause was a sensitivity. The Commission established -- while the Commission was very genius in establishing a $4 million cap on the program, it also -- the Company had asked for considerably less in its application. I don't recall seeing anything where the Company -- where -- where there was an explanation of why the costs were more than what was originally planned or what the Company had done to try to implement efficiencies and cost savings measures.

Q. Let me ask the question again. What

1 specific measures should the Company have done that
2 you claim they failed to do?
3 A. I don't have a specific item. It's an
4 overall review of the program and as part of the
5 overall review of the program, that's why we filed
6 the objection to the Staff Report, that because that
7 was a requirement within the Commission's order that
8 should have been reviewed by Staff as part of an
9 overall review of the DARR Program, the effectiveness
10 of that program.
11 Q. So you can't tell the Commission
12 specifically -- you can't identify something that the
13 Company should have done to control costs but didn't.
14 MR. MICHAEL: I want to object to that
15 question, your Honor. The obligation was put on the
16 Company; it was not put on OCC or other parties.
17 Mr. Williams, as he pointed out in response to
18 Mr. Whitt's previous question, said that the Staff
19 should have reviewed that pursuant to the order.
20 Mr. Whitt is suggesting that somehow other parties
21 had the obligation to implement these measures, and
22 they didn't. The obligation was put on the Company.
23 EXAMINER PRICE: Overruled. I don't
24 think Mr. Whitt identified any obligation. He simply
25 asked him to identify specific measures that the

1 Company had not undertaken.
2 MR. MICHAEL: But implicit in the
3 question, your Honor, is that Mr. Williams or any
4 other party has some obligation to do so and they
5 don't; it's the Company's obligation.
6 MR. WHITT: They have an obligation when
7 they are recommending a disallowance. The Company
8 has spent under the cap every year, and the witness
9 is testifying that's still too much.
10 EXAMINER PRICE: His objection has
11 already been overruled.
12 MR. WHITT: I want to know what we did
13 wrong.
14 EXAMINER PRICE: His objection has
15 already been overruled.
16 MR. WHITT: Can the witness answer the
17 question?
18 EXAMINER PRICE: Please.
19 A. Again, I don't -- I didn't review the
20 program from a standpoint of identifying any specific
21 item. What I was -- was hoping to gain through the
22 Staff Report, and didn't, was that evaluation by
23 Staff that -- that this additional infusion of money
24 into this program had actually been implemented
25 effectively, efficiently, and that cost savings were

1 considered. I myself did not review the programs nor
2 do I really have the skill for doing that, to go in
3 and identify a particular item or say that the
4 Company should have done this rather than that. It's
5 that the Staff Report itself, I believe, should have
6 done that.
7 Q. Well, you are aware, are you not, that
8 the Company, as required by the Commission order
9 approving the program, submitted reports to Staff
10 annually about what it was doing, correct?
11 A. There were reports submitted to Staff.
12 There were -- there was actually a Staff Report that
13 was done, not necessarily a Staff Report but more
14 like a recommendation in terms of what to do with
15 those reports. And the 2017 report Staff did --
16 Staff just basically said it wasn't -- it wasn't
17 rendering an opinion on whether or not those costs
18 should be recovered or not.
19 It was just it didn't have an objection
20 to the report that the Company filed other than
21 recommending some additional -- an additional
22 financial review and specifically said that the --
23 that it's lack of objections was not to be implied to
24 be consent for the future collection of those dollars
25 which made sense to me considering that eventually

Staff would review those costs as part of a Staff Report and then determine whether or not the costs were appropriate.

Q. Sir, my point is apart from this rate case, Staff reviewed annual filings made by the Company on DARR expenses on an annual basis before the rate case was even filed, correct?

A. That's correct.

Q. OCC has saw that the Company had made those filings, correct?

A. That's correct.

Q. OCC did not seek to intervene in the cases or ask the Commission to do anything or otherwise participate in those cases, correct?

MR. MICHAEL: Objection, asked and answered.

EXAMINER PRICE: Overruled.

A. Because those cases were not -- not specifically requesting authority for collecting money from customers.

Q. Well, those cases disclosed what the company was spending, correct?

A. There was some reporting of what the Company was spending for each of the programs, yes.

Q. So to the extent those reports indicated

a level of expenditures in excess of any budgets submitted with the application, that information was made known to OCC, correct?

A. Yes.

Q. Okay. Do you have any reason to question whether approximately $10.1 million in DARR expenses that have been deferred, that that money wasn't actually spent on DARR-related activities?

A. No, I don't.

Q. Okay. So to be clear you're not suggesting, for example, that the Company only spent $8 million but is trying to amortize $10.1 million? That's not your point, correct?

A. That's not my point at all. My point is whether or not the company fulfilled all the requirements that were required when the Commission approved the program.

Q. Well, the only party claiming the requirements haven't been followed is OCC, correct?

A. I believe that to be the case.

Q. And OCC -- as between the Company, Staff, and OCC, OCC is also the only party absent from the initial DARR proceeding and each annual review proceeding, correct?

A. And as I explained, the deferral request

1 was not the recovery of money, OCC's involvement at
2 the point in time when the company wanted to seek
3 collection of that money. There was not an annual
4 review to determine whether or not anybody felt those
5 costs were appropriate or not. It was just -- it was
6 just a deferral request and a report that provided
7 some of the performance metrics for what the company
8 was doing.
9 Q. Have you ever talked -- were you
10 finished?
11 A. I am.
12 Q. Have you talked with anybody on
13 Commission Staff involved in any review of the DARR
14 filings to understand what exactly staff looked at?
15 A. No, I've not.
16 Q. Okay. So you don't know, in fact, what
17 information Staff looked at or what determination
18 Staff made about any of the work the Company had done
19 or expenditures related to that work, correct?
20 A. What I'm familiar with is that the Staff
21 Report and recommendations that were filed in both
22 '17 and '18 related to those annual reports.
23 Q. Okay. But apart from what is written in
24 the docket, that is -- that represents the extent of
25 your knowledge about what Staff did or did not do,

1 correct?
2 A. Outside of discovery in this case where
3 the emphasis became the collection of those moneys as
4 part of base rates.
5 Q. And I think you had mentioned earlier
6 you -- you disclaimed any specific expertise in the
7 administering of an Integrity Management Program,
8 correct?
9 A. That is correct.
10 Q. And you have no opinion, I take it, on
11 whether assuming 10.1 million was spent during the
12 period in question, you have no basis to opine
13 whether those expenditures were necessary to comply
14 with Pipeline Safety Regulations?
15 A. The only thing that I would say on that,
16 and I also address this in my testimony, is some of
17 the grade 3 leaks and the remediation of those types
18 of leaks as -- as they are discovered, that that
19 exceeds the PUCO -- the minimum requirements of the
20 PUCO and I assume the federal requirements as well.
21 And that's an example of an item where,
22 you know, perhaps it could be more cost effective to
23 do the remediation later as part of another program
24 that's going to be going on later, that there's -- if
25 it's not an immediate safety risk, nor is it expected

to become a safety risk at all, is there -- is -- is there a better time and a more cost effective time in which those kinds of repairs can be done? That's the exception I made and I address within my testimony.

Q. And you don't have any quantification, do you, that -- of any specific amount that you claim was spent imprudently?

A. The recommendation that I made within my testimony is that, you know, I don't know why the original budget amounts were -- were -- I recognize that the Commission had approved up to $4 million per year but -- but given that there was no indication that -- about the cost effectiveness and how this was being done, seemed to me that the original budget -- that the original budget amount would be more in line with what the Company ought to be collecting for.

Q. Would you agree with me that the Company could not have known in 2015 what it may find during inspections in 2016, 2017, 2018?

A. I mean, yes, that would all be future.

Q. Right. And you're not suggesting, are you, that because -- if the Company has, let's say, spent $4 million on necessary activities by September of any given year, that it ought to just set down its tools and quit doing anything until the next year?

A. No, not at all.

Q. Operationally the Company needs to do work that needs to be done, correct?

A. That is correct.

MR. WHITT: And these -- well, I'll just stop. Thank you, sir.

EXAMINER PRICE: Before we go on to Mr. Margard, I have one follow-up question. You indicated that you did not intervene in the deferral proceedings because the Company was simply deferring expenses and not collecting for future recovery; is that correct?

THE WITNESS: That is correct.

EXAMINER PRICE: That's all I needed.

THE WITNESS: Sorry.

EXAMINER PRICE: Does OCC have a policy that it does not intervene in deferral proceedings but always waits until future recovery?

THE WITNESS: Not at all. I believe that oftentimes the OCC will intervene in those types of things.

EXAMINER PRICE: That's all I need. Thank you.

Mr. Margard.

MR. MARGARD: I have no questions. Thank

1 you, your Honor.
2 EXAMINER PRICE: Redirect?
3 MR. MICHAEL: May I have a moment with
4 the witness, your Honor?
5 EXAMINER PRICE: You may. Let's go off
6 the record until a quarter till.
7 (Recess taken.)
8 EXAMINER PRICE: Let's go back on the
9 record.
10 Redirect?
11 MR. MICHAEL: No redirect, your Honor.
12 Thank you.
13 EXAMINER PRICE: Thank you, Mr. Williams.
14 You're excused.
15 THE WITNESS: Thank you, your Honor.
16 EXAMINER PRICE: Mr. Michael?
17 MR. MICHAEL: I had previously moved for
18 the admission of OCC Exhibit 4 and 4A, your Honor,
19 and I would renew that motion.
20 EXAMINER PRICE: Any objections to the
21 admission of Exhibits 4 and 4A, subject to the
22 motions to strike?
23 Seeing none, they will be admitted.
24 (EXHIBITS ADMITTED INTO EVIDENCE.)
25 EXAMINER PRICE: Call your next witness.

1 MR. MICHAEL: OCC calls Mr. Jeff Hecker,
2 your Honor. Your Honor, I would like to have marked
3 as OCC Exhibit, I believe we are at 5, so it would be
4 direct testimony of Mr. Hecker, and as Exhibit 5A
5 the -- pardon me -- supplemental direct testimony of
6 Mr. Hecker.
7 EXAMINER SCHABO: They will be so marked.
8 (EXHIBITS MARKED FOR IDENTIFICATION.)
9 - - -
10 JEFFREY P. HECKER
11 being first duly sworn, as prescribed by law, was
12 examined and testified as follows:
13 DIRECT EXAMINATION
14 By Mr. Michael:
15 Q. Would you state your name, please.
16 A. Yes. I'm Jeffrey P. Hecker.
17 Q. And, Mr. Hecker, where are you employed?
18 A. With the Office of the Ohio Consumers'
19 Counsel.
20 Q. And do you have before you what was
21 previously marked as OCC Exhibit 5?
22 A. Yes.
23 Q. And can you identify that document,
24 please.
25 A. That would be my direct testimony dated

November 7.

Q. And do you have what's been placed before you what was previously marked as OCC Exhibit 5A?

A. Yes. That's my supplemental direct testimony dated January 28, 2019.

Q. And do you have any corrections or additions to what was previously marked as OCC Exhibit 5, Mr. Hecker?

A. Yes, I do. On -- I had two tables in there with some numbers inadvertently got reversed on page 4 on the Staff rate of return -- Staff Report's recommended rate of return summary, the numbers under "Cost" should be "8.80 to 9.81." The "Weighted Cost Percentage" should be "4.49 to 5 point" -- I can't read, sorry. Get my glasses on. Sorry about that.

Q. If you would start from the beginning, Mr. Hecker, with the corrections to Table 1, please.

A. Okay. In the "Cost" column "Common Equity" originally was "7.82 to 8.82 percent." That should be "8.80 to 9.81 percent." In the "Weighted Cost" column under "Common Equity," it should be "4.49 to 5.01," and the total should be "6.97 to 7.49."

On page 9, which was OCC's recommended rate of return summary, the numbers for there under

1 "Common Equity," the "Cost" column should be "7.82 to
2 8.82 percent." The last column under -- with "Common
3 Equity" should be "3.99 to 4.50," and the "Total"
4 should be "6.47 to 6.98 percent." Those two tables
5 just got reversed in the original.
6 Q. Mr. Hecker, do you have any corrections
7 to what was marked as OCC Exhibit 5A, your
8 supplemental direct testimony?
9 A. No, I do not.
10 Q. And if I were to ask you the questions in
11 your direct testimony, Exhibit 5, and your
12 supplemental direct testimony, Exhibit 5A, would your
13 answers be the same?
14 A. Yes, they would.
15 MR. MICHAEL: Your Honor, I would move
16 for the admission of OCC Exhibit 5 and 5A, subject to
17 cross-examination.
18 EXAMINER SCHABO: Ms. Mooney?
19 MS. MOONEY: No questions.
20 MS. FLEISHER: No questions, your Honor.
21 MS. PETRUCCI: No questions, your Honor.
22 MR. OLIKER: No, thank you.
23 EXAMINER SCHABO: Mr. Alexander?
24 MR. ALEXANDER: No questions, your Honor.
25 EXAMINER SCHABO: And Company?

1 CROSS-EXAMINATION
2 By Mr. Whitt:
3 Q. Well, I have tipped my hand that I have
4 very little questioning, so I've lost the element of
5 surprise, but I am going to give this a try anyway.
6 A. Okay.
7 Q. Mr. Hecker, would you agree that when the
8 Commission approves rates in a rate case, that the
9 rates are intended to apply prospectively?
10 A. Yes, the rates are intended to apply
11 prospectively, correct.
12 Q. And one of the things we try to do in
13 ratemaking, to the extent that we can, is develop
14 rates that are reflective of the costs to be incurred
15 during the rate effective period; would you agree
16 with that?
17 A. Yes.
18 Q. So, for example, if there are known and
19 measurable changes during the rate effective period,
20 there are mechanisms for the Commission to take that
21 into account in setting rates, correct?
22 A. I would say that's true.
23 Q. Okay. On page 5 of your supplemental
24 direct testimony, you reference that DP&L rate case.
25 I'm at page 5, line 3. And just so we have a

reference it's Case 15-1830-EL-AIR. Do you see that?

A. Yes.

Q. And as the case number indicates, that distribution rate case would have been filed in 2015, correct?

A. Yes, that's correct.

Q. So I have a pop quiz for you. And the question for my quiz is this, how many times has the Federal Reserve raised interest rates since December of 2015?

A. I do not know.

Q. If I were to tell you nine times, would that strike you as -- well, would that strike you wrong or does that -- based on your experience as a person who follows these sorts of things, there are -- there have been numerous rate hikes since 2015; is that correct?

A. I've heard that, yes.

Q. Okay. Is your understanding that the feds is anticipating additional rate hikes in 2019?

A. Possibly, yes.

Q. And to the extent interest rates go -- well, to the extent interest rates increase, a risk-free rate of return will also increase, correct?

A. Conceivably.

1 Q. If, for example, I am earning 2 percent
2 interest on a savings account, I would expect to earn
3 something more than 2 percent to become an investor
4 in an equity security, wouldn't I, if I am rational,
5 which I'm not, but we are going to assume a fact not
6 in evidence for purposes of my question?
7 A. That sounds reasonable, yes.
8 MR. WHITT: Okay. Those are all my
9 questions. Thank you.
10 EXAMINER SCHABO: Mr. Margard?
11 MR. MARGARD: I have no questions. Thank
12 you, your Honor.
13 MR. MICHAEL: No redirect, your Honor.
14 EXAMINER SCHABO: You may step down.
15 MR. MICHAEL: We would renew our motion
16 for the admission of OCC Exhibits 5 and 5A, your
17 Honor.
18 EXAMINER SCHABO: Any objections?
19 Seeing none, they will be admitted.
20 (EXHIBITS ADMITTED INTO EVIDENCE.)
21 EXAMINER PRICE: At this time we'll
22 adjourn for lunch. Let's return at 1:55.
23 (Thereupon, at 12:51 p.m., a lunch recess
24 was taken.)
25 - - -

1 Tuesday Afternoon Session,
2 February 19, 2019.
3 - - -
4 EXAMINER PRICE: Let's go on the record.
5 I assumed the parties opposing the
6 motions to strike or supporting admission of some
7 documents have now had a chance to review the issue.
8 Ms. Fleisher seems like she's going to take the lead.
9 MS. FLEISHER: Happy to do so, although
10 don't let me steal the thunder from anyone.
11 Your Honor, I think you raised the key
12 issue in the morning session which is this is a party
13 admission I think pretty plainly under the Rules of
14 Evidence. It was -- we are all referring to it
15 because it was an attachment to a Vectren witness's
16 own testimony as part of their application. She
17 presumably was offering it for the truth of the
18 contents therein.
19 And I think, you know, in terms of
20 whether Vectren would endorse every statement in it,
21 we are not trying to get in every statement. I think
22 every single flagged piece of our witness's testimony
23 was related to one single table in the document. And
24 certainly, you know, any other objection as to
25 whether there needs to be more context or digging

1 into the date underlying that, Vectren is free to do
2 that through cross or through rebuttal as
3 appropriate.
4 So I think, you know, I just don't see
5 any basis to dispute the authenticity of their own
6 contractor's data which I'll just note also is
7 submitted as evidence to this Commission all the time
8 in energy efficiency proceedings. It is part of the
9 utility's obligation to prepare and submit a Market
10 Potential Study which they routinely do through their
11 own witnesses without having the actual necessary
12 person who did the study there to authenticate.
13 EXAMINER PRICE: Did you miss a step
14 though? And by that I mean we've done this hearing
15 in two phases, and the company already put on all of
16 its witnesses, so you knew they were not putting on
17 Witness Harris. Shouldn't you have subpoenaed
18 Witness Harris to sponsor this exhibit when the
19 Company was not going to put on that witness?
20 MS. FLEISHER: Your Honor, I don't know
21 that we need her under -- to show it's not hearsay,
22 we don't have to have her here. That's why it's a
23 hearsay exception.
24 The way I think about it if they hadn't
25 already docketed this, we would have asked for it in

1 discovery as a -- and had it produced as a document
2 and would have attached that document to our own
3 witness's testimony or got it otherwise without
4 needing to subpoena any Company witness.
5 EXAMINER PRICE: Anybody else?
6 Mr. Kennedy, response?
7 MR. KENNEDY: Thank you, your Honor.
8 MS. MOONEY: Well, wait.
9 MR. KENNEDY: Or I'll let Ms. Mooney go
10 first.
11 MS. MOONEY: I did have something else.
12 Just with regard to what the motion to strike
13 involves Mr. Rinebolt's testimony, is that
14 appropriate right now or?
15 EXAMINER PRICE: Yes.
16 MS. MOONEY: Okay. Well, I would just
17 point out that they are trying to strike the direct
18 testimony at 5 -- page 5, lines 13 through 23, and
19 then the highlighted sections that they gave those
20 lines. I see nothing objectionable of Vectren's
21 filing. It says -- he is referring to the filing.
22 It says what it says.
23 And then the other -- the other sentences
24 we could -- Mr. Rinebolt could testify to that
25 regardless of filing or not. The last sentence the

1 household living has an income of -- average annual
2 increase of 13 percent, that's just part of the --
3 part of the information in this case, so it's not
4 even related to anything necessarily to do with
5 whether or not that part of the Vectren filing was an
6 exhibit, was admitted as an exhibit in the hearing,
7 so I think that the motion to strike just should be
8 denied.
9 MR. MICHAEL: I will just say quickly,
10 your Honor, for the reasons stated by Ms. Mooney,
11 Ms. Fleisher, the motion to strike as to
12 Mr. Gonzalez's testimony should be denied.
13 EXAMINER PRICE: Thank you.
14 Mr. Kennedy, your response?
15 MR. KENNEDY: Thank you, your Honor.
16 Just to clarify what our positions were earlier on
17 the reasons, we think it's hearsay, but we also think
18 that it's not reliable expert testimony.
19 Now to the first point quickly, you know,
20 which we've already said previously was that the
21 statements were by a third-party independent
22 contractor. We didn't offer the testimony, the
23 report into evidence with our direct case. Simply
24 attaching an expert -- someone else's report to a
25 piece of testimony does not, you know, cure the

1 issue.
2 EXAMINER PRICE: Oh, she didn't simply
3 attach. She said I'm sponsoring this exhibit.
4 MR. KENNEDY: To go to the other, if I
5 may, let's talk about the reliability evidence. You
6 know, what didn't happen here was that the other
7 parties did not hire an expert to study the low
8 income population and usage in the Vectren territory.
9 MS. MOONEY: Well, I --
10 MR. KENNEDY: If I may continue? I mean,
11 they just took this data from the report that was
12 done by somebody else and tried to substitute that
13 for the expert analysis that they should have done.
14 We don't know the source of the data. We don't know
15 the methodologies that the report used to produce
16 these statistics.
17 And those are the type of things that the
18 party who is offering expert testimony has -- bears
19 the burden of proving that their testimony that they
20 are offering is reliable. And we just simply, as we
21 sit here today, know nothing about the methodologies
22 or principles that were used to compile this data.
23 EXAMINER PRICE: Unfortunately,
24 Mr. Kennedy, you are using the word "we" loosely.
25 People on this side of the room don't have access to

1 that information. You, the Company, do have access
2 to that information. And whatever reliability
3 problems there are you can cure by calling your
4 witness on rebuttal and explaining why this study --
5 she has learned that this study is deficient.
6 So you're not -- your due process rights
7 aren't -- your adversary rights aren't being impinged
8 here. You have a simple cure if you think the study
9 is unreliable. Put on a witness to say, yeah, we did
10 this, but we screwed up and that's why we didn't
11 offer it.
12 As to the hearsay aspect, you know, the
13 Ohio rule is pretty broad so, "an admission by a
14 party opponent is a statement offered against a party
15 and is, A," and those are all ors, "the party's own
16 statement, either in an individual or representative
17 capacity; B, a statement of which the party is
18 manifested in the adoption or belief in its truth; C,
19 a statement by a person authorized by the party to
20 make a statement concerning the subject; D, a
21 statement by a party's agent or servant concerning a
22 matter within the scope of the agency or employment
23 made during the existence of that relationship." And
24 we'll skip the conspiracy one. I don't think we have
25 a conspiracy here.

1 It seems to the Bench that your -- in
2 this situation you probably meet all of A, B, C, and
3 D; and, therefore, it is not hearsay and if there are
4 reliability issues, you can address them on rebuttal.
5 So the motion to strike with respect to Nelson,
6 Rinebolt, and Gonzalez will be denied.
7 Mr. Kennedy, with respect to
8 Ms. Shutrump's testimony, we agree that the direct
9 testimony you -- the stipulation has mooted their
10 objection. She won. She wanted the funding cut off,
11 and it's out of the rate case.
12 As to her supplemental testimony though,
13 the difficulty we're having is that funding under the
14 stip continues at least through December 2020 on the
15 existing programs that she's testifying about even in
16 the absence of further Commission action. You know,
17 the mechanism you set up is we'll try to come to an
18 agreement on a bunch of new programs, but if nothing
19 happens, funding continues on through December 31,
20 2020, under the exact current programs and
21 procedures. So if you can help guide me through why
22 you should win this motion vis-a-vis that.
23 MR. KENNEDY: On that part, your Honor,
24 as I indicated at the outset, is that although the
25 funding does continue, there is a filing that has to

1 happen in the EEFR docket to change the amount of
2 funding that flows through that rider to compensate
3 for the base rate renewable in this case. Whenever
4 that filing occurs, there would be the opportunity at
5 that point for parties to make any objections to, you
6 know, the type of programs that that funding will
7 find.
8 EXAMINER PRICE: You agree under the
9 stipulation existing programs, barring any other
10 Commission action, existing programs will continue
11 through December 31, 2020.
12 MR. KENNEDY: If you're -- your Honor, if
13 the assumption is that if no one -- if no one -- at
14 the point in time of the EEFR filing was made, if no
15 one objected to it, correct, the filing for those
16 particular programs would continue. But I would
17 think there would be opportunity for someone, for a
18 party to come in if they wanted a program change to
19 ask for it at that time.
20 EXAMINER PRICE: I'm not sure if I'm
21 reading the stipulation correctly or not. It's my
22 understanding from reading the stipulation that the
23 collaborative is going to get together and if there
24 is an uncontested stipulation, then that will go
25 forward with the Commission. If there is no

uncontested stipulation, existing funding, existing programs, processes stay in effect until December 31, 2020.

MR. KENNEDY: I think that's correct to the extent there still needs to be a filing in the EEFR docket to have those funds, you know, go through that particular mechanism.

EXAMINER PRICE: Okay.

MS. FLEISHER: Your Honor, can I just ask maybe first some clarification from the Company as to what's going on with the programs during the status quo time? Part of our issue is, you know, we may be able to go to Vectren and say we think you should be doing this with your programs under the existing budget, great. That statement is very different if the Commission has agreed with us versus if the Commission has not agreed with us because they have a lot of flexibility in administering their programs. You know, the budget is the budget, but it doesn't say exactly which, you know, measures; you have to divide those up.

So part of our issue is the status quo could be very much influenced by a decision here. So it's -- you know, I think to your point the status quo could continue through 2020. There's a lot of

room in what status quo means there.

EXAMINER PRICE: Okay. Well, I think at this time we should move on. We are going to admit OCC Exhibit 1A. We are not going to admit OCC Exhibit 1. And we will admit ELPC Exhibit 1.

(EXHIBITS ADMITTED INTO EVIDENCE.)

EXAMINER PRICE: Do you have any objection to the admission of Nelson's testimony beyond the motion -- beyond the motion to strike?

MR. KENNEDY: No, your Honor.

EXAMINER PRICE: Any objection -- other objections to Nelson's testimony?

Seeing none, ELPC Exhibit 2 and 2A will be admitted.

(EXHIBITS ADMITTED INTO EVIDENCE.)

EXAMINER PRICE: Consumers' Counsel, you may call your next witness.

MR. MICHAEL: OCC calls Mr. Wilson Gonzalez, your Honor. And we would like to request mark of the direct testimony of Wilson Gonzalez as OCC Exhibit 6 and the supplemental direct testimony of Wilson Gonzalez as OCC Exhibit 6A.

(Witness sworn.)

EXAMINER PRICE: Good to see you again. The exhibits will be so marked.

(EXHIBITS MARKED FOR IDENTIFICATION.)

EXAMINER PRICE: Please state your name and business address for the record.

THE WITNESS: Wilson Gonzalez, 450 Whitney Avenue, Worthington, Ohio 43085.

EXAMINER PRICE: Please proceed.

- - -

WILSON GONZALEZ

being first duly sworn, as prescribed by law, was examined and testified as follows:

DIRECT EXAMINATION

By Mr. Michael:

Q. Mr. Gonzalez, do you have in front of you what was previously marked as OCC Exhibit 6?

A. Yes. Yes, I do.

Q. And can you identify that document, please. Your direct testimony.

A. The direct testimony of Wilson Gonzalez.

Q. And do you have with you, Mr. Gonzalez, what was previously marked as OCC Exhibit 6A?

A. Yes.

Q. And can you identify that document, please.

A. Supplemental direct testimony of Wilson Gonzalez.

Q. And were those pieces of testimony prepared by you or at your direction?

A. Yes.

Q. And focusing on OCC Exhibit 6, your direct testimony, do you have any changes or additions to that testimony?

A. Direct testimony, to No. 6, the first one.

Q. Yes, sir.

A. No.

Q. And directing your attention to OCC Exhibit 6A, your supplemental direct testimony, do you have any additions, corrections to that testimony?

A. Yes. I would like to correct two footnotes.

Q. Please do so.

A. Okay. The footnote 10 on page 14, the "13 percent" in that second line should be changed to "9 percent." And I would end the sentence after the word "proposal." The second correction --

MR. PRITCHARD: The first "proposal" or second "proposal"?

THE WITNESS: I only see the word "proposal" used once on the footnote.

EXAMINER PRICE: It says "proposal" and "Staff's proposal." You are ending after "Staff's proposal"?

THE WITNESS: Oh, no. Okay. I stand corrected. So --

EXAMINER PRICE: So, yes, it ends at "Staff's proposal"?

THE WITNESS: No. It ends "under VEDO's proposal."

EXAMINER PRICE: Okay.

Q. (By Mr. Michael) And what was your second item, Mr. Gonzalez?

A. I noticed that Attachment WG-2 was not -- was not attached to 6A. It had been attached to my earlier testimony, but it was not attached in 6A.

Q. But it's the same attachment for 6 and 6A, Mr. Gonzalez?

A. Yes, it is.

Q. With those clarifications, Mr. Gonzalez, were I to you ask the questions in OCC Exhibit 6 and 6A, would your answers be the same?

A. Yes.

MR. MICHAEL: Your Honor, I move for the admission of OCC Exhibit 6 and 6A, subject to cross.

EXAMINER PRICE: We'll defer ruling on

admission of 6 and 6A until after cross-examination.

Ms. Mooney?

MS. MOONEY: No questions.

EXAMINER PRICE: Ms. Fleisher?

MS. FLEISHER: No questions.

EXAMINER PRICE: Let's go off the record.

(Discussion off the record.)

EXAMINER PRICE: Okay. Company?

MR. KENNEDY: No questions, your Honor.

EXAMINER PRICE: Mr. Alexander?

MR. ALEXANDER: No questions, your Honor.

EXAMINER PRICE: Mr. Oliker?

MR. OLIKER: No, thank you, your Honor.

EXAMINER PRICE: Ms. Petrucci?

MS. PETRUCCI: No questions, your Honor.

EXAMINER PRICE: Mr. Margard?

MR. MARGARD: No questions, your Honor.

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EXAMINATION

By Examiner Price:

Q. Mr. Gonzalez, I just have one question maybe. If you are a customer in the 75 percentile on a usage basis, right?

Let me take a step back. The exact customers on the 50 percentile, it really makes no

1 difference whether they get a fixed charge over the
2 course of -- it makes no difference whether they get
3 a fixed charge or volumetric usage as part of its
4 volumetric; is that correct?
5 THE WITNESS: That's correct.
6 EXAMINER PRICE: If I am a residential
7 customer in the 75 percentile, 100 percent -- or
8 99 percent would be the highest to lowest. I will
9 get a rate increase if the Commission adopts a
10 substantial rate increase if the Commission adopts
11 your proposal; is that correct?
12 A. Yes. If the Commission approves the
13 volumetric adjustment, yes, that would be the case.
14 Q. Have you calculated the bill impact on
15 that customer in the 75 percentile?
16 A. I think I took two below the 50
17 percentile and two above. Let me make sure. Yes, I
18 did. I have somebody who was using 100 -- usage of
19 100, yeah, I calculated the bill impact would be
20 about 5.1 percent.
21 Q. And how much will that cost in actual
22 dollars?
23 A. $4.58.
24 Q. And then is 100 the 25th percentile?
25 A. Are you saying 125 -- I got 150 usage.

Q. No, no. I'm saying I am using my example of residential customer in the 75 percentile. Would that be a customer you just described?

A. It looks like it because it would be -- 50 percent would be -- well, no. No, I don't think it would correspond exactly because the average usage was about 61.1. So 50 is below the average usage, 100 is above it, but it's not -- it's not, you know, 25 --

Q. I understand you didn't calculate it based upon my numbers.

A. Correct.

EXAMINER PRICE: Okay. Thank you. That's all I have. You are excused.

THE WITNESS: Oh, wow. Thank you very much, everyone.

EXAMINER PRICE: Mr. Michael.

MR. MICHAEL: Your Honor, I would like to renew my motion for the admission of OCC Exhibit 6 and 6A.

EXAMINER PRICE: Any objections?

Seeing none, it will be admitted.

(EXHIBITS ADMITTED INTO EVIDENCE.)

EXAMINER SCHABO: Ms. Mooney, your witness.

MS. MOONEY: Yes, your Honor. OPAE would call David C. Rinebolt.

EXAMINER PRICE: Good to see you too.

MR. RINEBOLT: It's nice to be back.

EXAMINER SCHABO: Good afternoon. Would you raise your right hand.

(Witness sworn.)

EXAMINER SCHABO: Thank you very much. Have a seat.

MS. MOONEY: Yes, your Honor. We will have marked two pieces of testimony. OPAE Exhibit 1 will be the direct testimony of David C. Rinebolt that was filed on November 7. And then OPAE Exhibit, following the way we've done this, 1A will be the supplemental direct testimony of David Rinebolt filed January 28. And I handed copies to the court reporter.

EXAMINER SCHABO: So marked.

(EXHIBITS MARKED FOR IDENTIFICATION.)

MS. MOONEY: And I have extra copies if anyone would like a printed one.

- - -

1 DAVID C. RINEBOLT
2 being first duly sworn, as prescribed by law, was
3 examined and testified as follows:
4 DIRECT EXAMINATION
5 By Ms. Mooney:
6 Q. And, Mr. Rinebolt, do you have before you
7 what has been marked as OPAE Exhibit 1 and OPAE
8 Exhibit 1A?
9 A. I do.
10 Q. And those are the direct testimony,
11 November 7, that's OPAE Exhibit 1, and then OPAE
12 Exhibit 1A is the supplemental direct testimony that
13 was filed January 28.
14 A. That's correct.
15 Q. And if I were to ask you the same
16 questions that's in your prefiled testimony, would
17 your answers be the same?
18 A. They would.
19 MS. MOONEY: In that case Mr. Rinebolt is
20 available for cross-examination.
21 MS. PETRUCCI: Your Honor, I have a
22 motion to strike.
23 EXAMINER SCHABO: Okay.
24 MS. PETRUCCI: With regard to the direct
25 testimony which was just marked as OPAE Exhibit 1,

1 page 16, lines 13 through 16, starting with the word
2 "Finally." In this portion of Mr. Rinebolt's
3 testimony he is providing anecdotal information that
4 he's gleaned from third parties. It is hearsay. He
5 did not hear it himself. He is presenting it for the
6 truth of the matter asserted, and we have no ability
7 to examine the referenced intake workers. As a
8 result, it is classic hearsay. It's not reliable,
9 and it should be stricken.
10 EXAMINER SCHABO: Where were you --
11 MS. MOONEY: What were the lines?
12 MS. PETRUCCI: The direct testimony page
13 16, lines 13 through 16, starting with the sentence
14 that begins with the word "Finally."
15 EXAMINER SCHABO: Ms. Mooney?
16 MS. MOONEY: Well, I think she's really
17 focused on that word anecdotal which we maybe could
18 strike that word, but Mr. Rinebolt has a great
19 experience discussing this sort of information with
20 workers at OPAE's member agencies. And this is
21 information about which he is an expert witness, and
22 I don't know that the word anecdotal needs -- you can
23 strike that word, but as far as information gleaned
24 from intake workers at OPAE member agencies,
25 Mr. Rinebolt is an expert witness on that, and she

1 can cross-examine him about that if she chooses.
2 MS. PETRUCCI: If I might add, it also --
3 this portion of his testimony is actually not even
4 relevant to the topic that he's addressing which is
5 the exit of merchant function. But my motion was
6 well beyond the word anecdotal, and he is referring
7 to statements from third parties that are not present
8 today, so on two grounds really, and I apologize for
9 not mentioning both of them the first time.
10 MS. MOONEY: Your Honor, Mr. Rinebolt is
11 an expert witness on the fact that marketers are
12 targeting low income neighborhoods and the elderly,
13 and if she wishes to ask him about that, she can ask
14 him about that.
15 EXAMINER SCHABO: What is your objection
16 to the second sentence?
17 MR. OLIKER: Are you referring to lines
18 15 and 16, your Honor?
19 EXAMINER SCHABO: Yes.
20 MS. PETRUCCI: I'll withdraw the motion
21 to strike lines 15 to 16, but I still find that lines
22 13 through 15 is hearsay as well as irrelevant.
23 EXAMINER SCHABO: I'll grant the motion
24 as to the sentence beginning with "Finally" and
25 ending in "elderly."

MS. PETRUCCI: In addition, your Honor, I have one other in the supplemental testimony. Page 3 on lines 21 and 22, there is a link to a Commission web page that contains shopping statistics for all of the natural gas utilities' Choice Programs. The information is irrelevant to the topic that he's addressing at the point -- at this point in his testimony which also happens to be the exit of merchant function, and it contains information related to completely different Choice Programs. And it's extraneous and should not be admitted. It should be stricken.

EXAMINER SCHABO: Ms. Mooney?

MS. MOONEY: I don't know what she means by her statement that it refers to completely different programs. I don't know what her objection's about.

MS. PETRUCCI: So this link is to information identifying activities under the Choice Programs for all of the natural gas companies. It is not specific to Vectren. It contains much more than the Vectren case or the Vectren Choice Program. Well, yeah, the data is not actually current on top of that. It's from 2017.

MS. MOONEY: That sort of data changes

1 all the time and it is -- he is referring in general
2 to eliminating the Standard Service Offer which is an
3 issue for all the natural gas utilities. If it's not
4 specific to Vectren, the point is illuminating the
5 Standard Choice Offer would reduce the choices
6 available to customers and that's the point, so I
7 think it stands because that's the point of the
8 testimony.
9 EXAMINER SCHABO: I'll deny this motion
10 and let you flush that out on cross.
11 MS. PETRUCCI: Thank you, your Honor.
12 MR. OLIKER: And, your Honor.
13 EXAMINER SCHABO: Mr. Oliker.
14 MR. OLIKER: I also have an additional
15 motion to strike related to the direct testimony
16 which was the prior document I believe you were
17 referencing. And the motion goes to page 16, line
18 18, to the following page through line 7. And this
19 question references a rider to be created to recover
20 the cost of providing the Standard Choice Offer, I
21 believe referencing some form of unbundling which,
22 although my company would support, is not a part of
23 the stipulation in this case or any of the matters
24 that we are discussing today or in the briefing.
25 It's simply not a part of this case; so, therefore,

it's irrelevant and confuses the issue and should be stricken.

EXAMINER SCHABO: Ms. Mooney?

MS. MOONEY: Your Honor, the discussion here is about the continuing need for the SCO, whether you exit the merchant function or not and, therefore, there is continuing need for an SCO and that's what this testimony is about, so it's relevant to any case where the SCO is being discussed.

MR. OLIKER: Your Honor, then why does the question say "Should a rider be created to recover the costs of providing a Standard Choice Offer upon customers taking service under the Standard Choice Offer?" Maybe there's an error in the question but it seems to be referencing the allocation of costs to the SCO regarding that specific service.

EXAMINER PRICE: Which is not in the stipulation.

MR. OLIKER: Right.

EXAMINER PRICE: Much to your dismay.

MR. OLIKER: Much to my dismay, your Honor.

EXAMINER SCHABO: Did you have anything further, Ms. Mooney?

MS. MOONEY: Well, I do agree there is nothing that's created a rider. It's still information, but it's true there is no rider in the stipulation.

EXAMINER SCHABO: I will grant that motion.

MR. OLIKER: Thank you, your Honor.

EXAMINER SCHABO: Striking the question and answer starting on page 16 at line 18 and going through page 17 at line 7.

Are there any further motions to strike?

Ms. Petrucci, would you like to begin?

MS. PETRUCCI: Thank you, your Honor.

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CROSS-EXAMINATION

By Ms. Petrucci:

Q. Mr. Rinebolt, is a copy of the stipulation up there with you, by chance?

A. No.

EXAMINER SCHABO: Will he need to reference any exhibits?

MS. PETRUCCI: No. I don't think so.

MR. KENNEDY: Your Honor, the Company can provide a copy, if that's okay.

EXAMINER SCHABO: Thank you.

1 EXAMINER PRICE: Thank you,
2 Mr. Pritchard.
3 Q. (By Ms. Petrucci) In the proposed
4 stipulation, the stipulating parties have agreed to
5 meet and to have good faith discussions regarding an
6 exit of the merchant function, correct?
7 A. I believe so.
8 Q. Can you --
9 A. I didn't draft the stipulation so.
10 Q. Did you review the stipulation?
11 A. I did look at it.
12 Q. Okay. Do you recall that that is a
13 provision within the proposed stipulation?
14 A. I believe so.
15 Q. Ohio law does permit a public utility to
16 exit the merchant function, correct?
17 A. No.
18 Q. Are you aware that the Ohio Supreme Court
19 has affirmed a public utility's exit of the merchant
20 function in Ohio?
21 A. I am. I was in the case.
22 Q. Vectren could have a discussion today
23 regarding an exit of the merchant function; isn't
24 that correct?
25 A. Absolutely. We can meet in the hall

1 right now and talk about it.
2 Q. But it's your belief that Ohio law
3 prohibits -- actually nothing in Ohio law prohibits a
4 discussion of an exit of the merchant function,
5 correct?
6 A. No, I don't think that Ohio law violates
7 the First Amendment, so I think we can talk about
8 anything we want.
9 Q. And Ohio law would also permit Vectren or
10 a third party to file a motion that requests that the
11 Commission order or allow Vectren to exit the
12 merchant function; isn't that correct?
13 A. Well, I believe that anyone can file
14 anything they want. Whether the Commission chooses
15 to act on it is the Commission's decision ultimately.
16 Q. It permits that kind of filing though is
17 was my question, and you agreed with me?
18 A. Our alternative regulation statute in
19 natural gas is very broad. It looks like you can
20 file all kinds of things under that statute.
21 Q. Okay. So all together the discussions
22 regarding exit of the merchant function are
23 permitted, a motion to request an exit of the
24 merchant function is permitted, but you are
25 testifying that the stipulation here to discuss the

1 topic as part of a bigger, broader stipulation is
2 against the public interest, correct?
3 A. Yes. There's a three-part test for
4 determining whether a stipulation should be approved.
5 One of those is should -- is the -- is the
6 stipulation in the public interest. And it's my view
7 as an expert that discussing an exit from the
8 merchant function is not in the public interest.
9 Q. Vectren's SCO rate is calculated and
10 recalculated each month; isn't that correct?
11 A. My understanding is it's a variable
12 market-based rate, yes.
13 Q. It's based on the then current monthly
14 NYMEX settlement price and an adder that results from
15 a Commission -- or an auction process that's overseen
16 by the Commission; isn't that correct?
17 A. That is correct.
18 Q. And is it also correct that the NYMEX
19 settlement price has to be converted and that the
20 conversion process uses a BTU value?
21 A. That is a request that Vectren made in
22 this case. They requested approval of a rider that
23 would cause that calculation to be made, and I
24 believe that that is adopted by the stipulation, and
25 so if the stipulation -- that provision of the

1 stipulation is improved, you will do that BTU
2 calculation; but as of now, it's not part of the
3 tariffs.
4 MS. PETRUCCI: Your Honor, can I
5 approach?
6 EXAMINER SCHABO: You may. Thank you.
7 Q. Mr. Rinebolt, can you just review what
8 I've handed to you and describe it for the record.
9 A. You've given me a copy of Sheet No. 44 of
10 the Standard Choice Offer Rider.
11 Q. Is there a date at the bottom of the
12 page?
13 A. Yes. It's January 29, 2019. And if I
14 may, just to shorten this, obviously what I said was
15 not correct regarding the SCO. You do make a BTU
16 adjustment on the SCO. There was, however, a rider
17 requested as a part of this case to make that
18 adjustment, I believe, for other companies, but I --
19 that doesn't matter right now.
20 Q. And, therefore, is part of the
21 calculation of the SCO rate is the value that is
22 created also converted again to be a per Ccf rate
23 that Vectren can use for billing to customers?
24 A. Yeah. They moved the decimal point,
25 yeah.

Q. And all together then do you agree that the SCO rate calculation involves multiple steps with multiple parts?

A. It looks like it's two steps.

MS. PETRUCCI: I don't have any further questions.

EXAMINER SCHABO: Mr. Oliker?

MR. OLIKER: Thank you, your Honor. Just briefly.

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CROSS-EXAMINATION

By Mr. Oliker:

Q. Good afternoon, Mr. Rinebolt.

A. Good afternoon, Mr. Oliker.

Q. First, to follow up on conversations you had with Ms. Petrucci, you are not opposing the BTU conversion factor proposed in the stipulation; is that correct?

A. No, not at all.

Q. And when you talk about the SCO and refer to it being a transparent, readily understandable rate, do you know what day of the month sets the SCO rate for the following month? And by day of the month, what day that the NYMEX settlement closes?

A. It's the Tuesday prior to the NYMEX

1 close.
2 Q. And that provides the SCO rate for --
3 applied to the following month's usage; is that
4 correct?
5 A. That's my understanding, yes.
6 Q. And when does a customer find out what
7 the rate they paid for their usage is?
8 A. When they see it on the bill.
9 Q. And that's after they have already used
10 the gas, right?
11 A. I would believe so, yes.
12 Q. And am I correct that a customer does not
13 know what the SCO rate will be beyond one month in
14 the future?
15 A. I think that's true for anyone on a
16 variable rate of any kind unless there's a cap.
17 Q. And the answer is "yes"?
18 A. The answer is "yes."
19 MR. OLIKER: Okay. Thank you, your
20 Honor. Those are all the questions I have.
21 Thank you, Mr. Rinebolt.
22 EXAMINER SCHABO: Mr. Michael?
23 MR. MICHAEL: No questions, your Honor.
24 EXAMINER SCHABO: Ms. Fleisher?
25 MS. FLEISHER: No questions, your Honor.

EXAMINER SCHABO: Mr. Whitt or Mr. Kennedy?

MR. KENNEDY: The company has no questions, your Honor.

EXAMINER SCHABO: Mr. Alexander?

MR. ALEXANDER: No questions, your Honor. Thank you.

EXAMINER SCHABO: Mr. Margard?

MR. MARGARD: No questions, your Honor.

MS. MOONEY: Then OPAE would move for the admission --

EXAMINER PRICE: I have a question.

MS. MOONEY: I'm sorry.

THE WITNESS: I was hoping.

MR. MICHAEL: Says every witness before your Honor Price.

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EXAMINATION

By Examiner Price:

Q. Just briefly, do you believe the existence of the Standard Choice Offer benefits customers?

A. Yes, absolutely.

Q. Do you think it benefits low-income customers?

1 A. I do.
2 Q. And your concern is even beginning the
3 discussions will develop some sort of momentum for
4 its exiting the merchant function?
5 A. Yes. I think OPAE's strategy since 2003
6 has pretty much indicated that's the approach we're
7 taking to the merchant function question.
8 EXAMINER PRICE: Thank you.
9 EXAMINER SCHABO: Ms. Mooney?
10 MS. MOONEY: Your Honors, OPAE would move
11 for the admission of OPAE Exhibit 1 and OPAE Exhibit
12 1A.
13 EXAMINER SCHABO: Any objections?
14 As modified by the motions to strike,
15 that testimony will be admitted.
16 (EXHIBITS ADMITTED INTO EVIDENCE.)
17 EXAMINER PRICE: Mr. Margard, you may
18 call your first witness.
19 MR. MARGARD: Thank you, your Honor.
20 Staff would call Mr. Peter Chace.
21 (Witness sworn.)
22 EXAMINER PRICE: Please be seated and
23 state your name and business address for the record.
24 THE WITNESS: Business address?
25 EXAMINER PRICE: Yes.

THE WITNESS: My name is Peter Chace. My business address is 180 East Broad Street, Columbus, Ohio 43215.

EXAMINER PRICE: Please proceed, Mr. Margard.

MR. MARGARD: Thank you, your Honor. Would you please let the record reflect I've handed the court reporter a document marked as Staff Exhibit No. 2 which is the Staff Report of Investigation in this case.

EXAMINER PRICE: It will be so marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. MARGARD: Thank you, your Honor. I have also handed to the witness and court reporter a document marked as Staff Exhibit No. 3, the testimony of Peter A. Chace.

EXAMINER PRICE: It will be so marked for the record.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. MARGARD: Thank you.

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PETER A. CHACE

being first duly sworn, as prescribed by law, was examined and testified as follows:

DIRECT EXAMINATION

By Mr. Margard:

Q. Mr. Chace, do you have that document before you?

A. Yes, I do.

Q. Could you identify that document for me, please.

A. Yes. It says testimony of Peter A. Chace, although it's got an incorrect division on it.

Q. That's my error, not yours; is that correct, sir?

A. Yes.

Q. Will you correct your division for us, please.

A. I'm with the Service Monitoring -- Service Monitoring and Enforcement Division.

Q. Aside from that error, do you have any other changes, corrections, amendments of any kind to this document?

A. No.

Q. This was prepared by you or at your direction, correct?

A. Yes.

Q. And you reviewed it prior to taking the stand today?

A. Yes.

Q. And if I were to ask you the questions contained herein, would your answers the same?

A. Yes.

Q. And in your opinion are those responses truthful and reasonable?

A. Yes.

MR. MARGARD: Thank you, your Honors. I respectfully move for the admission of Staff Exhibit No. 3, subject to cross-examination, and tender the witness.

EXAMINER PRICE: We'll defer ruling on the admission of the exhibit until after cross-examination.

Company?

MR. WHITT: We would -- can we go last?

EXAMINER PRICE: Well, you are on the stip with the Staff so that would present an unfair opportunity for you to rehabilitate the witness with friendly cross.

MR. WHITT: That's what I'm angling for.

EXAMINER PRICE: It's not going to work.

MR. WHITT: We don't have any questions.

EXAMINER PRICE: Thank you.

Mr. Alexander?

MR. ALEXANDER: No, your Honor.

EXAMINER PRICE: Mr. Oliker?

MR. OLIKER: No questions.

EXAMINER PRICE: Ms. Petrucci?

MS. PETRUCCI: No questions, your Honor.

EXAMINER PRICE: Ms. Fleisher?

MS. FLEISHER: No questions.

EXAMINER PRICE: Ms. Mooney?

MS. MOONEY: No questions.

EXAMINER PRICE: OCC?

MS. BOTSCHNER-O'BRIEN: I guess I'm it.

- - -

CROSS-EXAMINATION

By Ms.Botschner-O'Brien:

Q. Good afternoon, Mr. Chace. Is it true you've been the PUCO Gas Pipeline Safety Program Manager since 2009? I am referring to your testimony on page 2.

A. Yes, it is.

Q. Can you describe your duties as a Pipeline Safety Manager?

A. I was supervisor for Staff Field

1 Inspectors. We look at gas pipeline operation,
2 maintenance, and construction practices and ensure
3 they are complying with the pipeline safety
4 regulations.
5 Q. Thank you. On page 2 still, you
6 described your role in monitoring compliance with
7 Federal Pipeline Safety Requirements in 49 CFR 192
8 and Ohio Administrative Code Section 4901:1-16 Gas
9 Pipeline Safety. Can you explain the types of
10 different enforcement actions that are typically
11 taken by your office.
12 A. Types of different enforcement actions.
13 Q. You say you recommend enforcement actions
14 to the Commission. Can you explain the different
15 types of enforcement actions you might recommend.
16 A. Well, I can tell you the different
17 mechanisms of enforcement we use.
18 Q. Okay.
19 A. If we find violations, what I would do is
20 issue a notice of violation letter to the operator,
21 give him a certain period of time to respond and
22 negotiate a corrective action plan, and we would
23 monitor that plan to completion. I can also issue a
24 compliance order directing a certain corrective
25 action, and we can also refer the violation for

1 consideration by the Commission for escalated
2 enforcement.
3 Q. Thank you. Following up with that on --
4 still on page 1 of your testimony, you mentioned that
5 in your role of Gas Pipeline Safety Program Manager,
6 you monitor compliance with Code Section 4901:1-16.
7 You don't happen to have that section of the Code
8 with you, do you?
9 A. No, I don't.
10 MS. BOTSCHNER-O'BRIEN: Your Honor, may I
11 approach the witness?
12 EXAMINER PRICE: You may.
13 MR. MARGARD: Also do you have a copy for
14 me as well?
15 MS. BOTSCHNER-O'BRIEN: I do.
16 MR. MARGARD: Thank you.
17 MS. BOTSCHNER-O'BRIEN: Let the record
18 reflect that I've handed the witness and his counsel
19 Ohio Administrative Code Section 4901:1-16-04.
20 Q. Looking at 4901:1-16-04 specifically,
21 Sections (H)(1) and (H)(3), are you generally
22 familiar with that section?
23 A. Yes.
24 Q. Can you describe the three grades of
25 leaks in (H)(1) and (H)(3)?

A. Yeah. Leaks are divided into three different grades. A grade 1 leak is hazardous meaning it's an existing or probable threat to persons or property, if unaddressed could cause a fire or explosion. A grade 2 leak is a leak that is not hazardous at the time of detection but could become -- potentially become hazardous at a later period of time. And a grade 3 leak is one determined to be non-hazardous and expected to remain non-hazardous.

Q. Thank you. What types of reports does Vectren provide the PUCO for grade 1, grade 2, and grade 3 leaks?

A. Operators have to submit an annual report to the U.S. Department of Transportation. It's an office called PHMSA, Pipeline Hazardous Materials Safety Administration. That report includes summary of the number of leaks repaired over the previous year and the summary of their costs.

Q. Are you -- are you aware of the public reporting requirements in 4901:1-16-04 that would go to the PUCO?

A. Yes. That's what I am referring to, when we receive a copy of that federal report.

Q. Okay. Would -- would this be any kind of

a report that -- a report of a leak that is publicly filed that -- would this be a publicly-filed report?

A. Yes. Meaning it is a report available for a public record request available to the public.

Q. I understand it's available as a public record request, but it's not a docket-type report.

A. Oh, I see. No, it is not.

Q. Okay. That's what I was wondering. So essentially the utilities report it to you.

A. Yes.

Q. Okay. As a Gas Pipeline Safety Program Manager, are you generally supportive of safety improvements made on a gas pipeline system being both tracked and reported?

A. Yes.

Q. Okay. As a gas -- as a Pipeline Gas Safety Manager, are you supportive of establishing baseline performance measures so that safety improvements can be tracked?

A. Yes.

Q. Would you support -- would you support the public reporting of the grade 3 leaks?

A. Sure, yes.

Q. So in general you would agree with supporting -- you support public -- you support

ongoing monitoring measures and reporting on safety initiatives?

A. Yes, I do.

Q. Okay. Turning to page 6 of your testimony, are you there?

A. Yes.

Q. Okay. You refer on page 6 of your testimony to the Distribution Accelerator Risk Reduction Program or the DARR Program?

A. Yes.

Q. Are you generally familiar with Vectren's filing to establish Vectren's DARR deferrals?

A. No, I am not.

Q. Do you have a general familiarity with Vectren's DARR Program?

A. Yes.

Q. Are you aware that the PUCO approved Vectren's DARR Program?

A. Yes.

Q. Would you accept, subject to check, that the PUCO approved Vectren's application for the DARR Program in Vectren Case 15-1741?

A. Obviously I don't know the number, but I accept that, sure.

MS. BOTSCHNER-O'BRIEN: Your Honor, may I

1 approach the witness?
2 EXAMINER PRICE: You may.
3 MS. BOTSCHNER-O'BRIEN: Let the record
4 reflect that I handed the witness the PUCO order in
5 Case No. 15-1741 in which the PUCO approved Vectren's
6 filing to establish DARR deferrals.
7 EXAMINER PRICE: Thank you.
8 Q. Mr. Chace, were you involved with the
9 Staff's review of DARR in this case?
10 A. No.
11 Q. Were you involved in the Staff review of
12 the DARR in the current case?
13 A. No.
14 Q. Would you know which Staff witness was
15 involved in the DARR review in this case?
16 A. I don't know, no.
17 MS. BOTSCHNER-O'BRIEN: Your Honor.
18 EXAMINER PRICE: Yes.
19 MS. BOTSCHNER-O'BRIEN: Would you able to
20 from the Bench ask Staff counsel which witness is
21 responsible for DARR?
22 EXAMINER PRICE: I can ask. I can't
23 guarantee he will answer.
24 Mr. Margard, who was responsible for
25 review of the DARR, I'm assuming in the Staff Report?

MR. MARGARD: Thank you, your Honor. There are numerous Staff members responsible for reviewing the DARR as part of the rate case analysis. Staff Witness Lipthratt testifies specifically with respect to the DARR mechanism, and his testimony will be offered at a later day.

EXAMINER PRICE: Thank you.

MS. BOTSCHNER-O'BRIEN: Thank you.

Q. (By Ms. Botschner-O'Brien) On page 8 you discuss the DARR. Do you have an understanding of what the DARR -- what is the purpose of the DARR?

A. Page 8 of my testimony?

Q. Yes.

A. I have a general understanding of its purpose.

Q. Okay. And what would you say the purpose is?

A. To try and eliminate grade 3 leaks.

Q. So it would be your -- your testimony that the DARR was intended to help a backlog of grade 3 leaks on the VEDO system?

A. That's my understanding of its purpose, yes.

Q. Okay. Okay. Turning your attention to the order in Case No. 15-1741 that I recently handed

you.

MS. BOTSCHNER-O'BRIEN: And that is page 3, your Honor.

Q. Could you please -- it's just a sentence. Could you please read the one sentence of paragraph 7B out loud.

A. 7B?

Q. Yes.

A. "June 1 of each year, Vectren shall file an annual report detailing the deferred expenses external auditors' findings based on performance levels for each safety initiative, safety performance improvements compared to baselines, results of ongoing and future investigations, and any midterm adjustments and efforts as far as identifying efficiency and implementing cost savings measures."

Q. Thank you. Were you one of the recipients of the reports that this section references?

A. No.

Q. Would you able to indicate for the record who was from Staff getting those reports?

A. I don't know.

Q. Okay. Let's turn to page 4 of that order. Could you -- there is just one sentence.

1 Could you read the one sentence of paragraph 7E.
2 EXAMINER PRICE: Counsel, the Commission
3 order speaks for itself, although I am enjoying his
4 reading skills test here. You don't -- we're not
5 advancing the ball having to read -- read the
6 Commission order into the record.
7 MS. BOTSCHNER-O'BRIEN: I'll just make a
8 question from it. All right. Thank you. That's
9 fine.
10 Q. (By Ms. Botschner-O'Brien) Sentence 7E of
11 the order indicates that "In consultation with Staff,
12 Vectren shall develop specific performance measures
13 for each DARR Program initiative and establish a
14 baseline performance so the safety improvements can
15 be tracked." Were you involved in the development of
16 specific performance measures for each DARR
17 initiative?
18 A. No.
19 Q. Would you know from Staff who is?
20 A. No.
21 Q. Who was?
22 MS. BOTSCHNER-O'BRIEN: Your Honor, could
23 you ask Staff counsel who is responsible?
24 MR. MARGARD: And, your Honor, I'll reply
25 that I'm not sure of the specific Staff member

1 responsible for that task.
2 MR. WHITT: I would indicate, your Honor,
3 there are Staff reports filed in this docket that
4 disclose the authors of Staff reports.
5 EXAMINER PRICE: Thank you, Mr. Whitt.
6 That's very helpful.
7 MR. WHITT: You're welcome.
8 Q. (By Ms. Botschner-O'Brien) So let me just
9 summarize, as a gas -- as a Pipeline Gas Safety
10 Manager, you are supportive of establishing baseline
11 performance measures so that safety improvements can
12 be tracked as required by the order.
13 A. Yes, I am.
14 Q. Okay. Referring to page 8 of your
15 testimony, again, we were discussing the DARR -- or
16 you are discussing the DARR. You state in answer 20
17 "Staff does not recommend specific performance
18 measures for the DARR but generally believes that
19 tracking progress of the program is reasonable."
20 So here in your testimony Staff does not
21 recommend specific performance measures for the DARR.
22 How do you rec -- my question is -- and that's why I
23 handed you the order. How do you reconcile that to
24 the order paragraph 7 that we just discussed where it
25 said in consultation with Staff shall develop --

Vectren shall develop specific performance measures for each DARR Program initiative and establish a baseline performance so that safety improvements can be tracked.

MR. MARGARD: Your Honor, I am going to object at this point. This witness has indicated he was not responsible for the various reporting and monitoring activities that were identified in the Commission order. I don't think this would be the individual who could possibly respond to that question.

MS. BOTSCHNER-O'BRIEN: If he can't respond, that's fine. Just say he can't respond.

A. I may have used the word Staff --

EXAMINER PRICE: We have to wait until I rule.

THE WITNESS: Say again.

EXAMINER PRICE: You have to wait until -- since you started I will overrule your counsel's objection.

Q. Go ahead.

A. When I say "Staff," I mean gas pipeline safety staff.

EXAMINER PRICE: I guess the question that counsel is asking is you indicate you do not

1 recommend specific performance measures. Can you
2 explain why you do not recommend specific performance
3 measures?
4 THE WITNESS: I'm not familiar enough
5 with the DARR Program to say what they ought to be.
6 EXAMINER PRICE: Fair enough. Thank you.
7 Q. (By Ms. Botschner-O'Brien) I guess -- I
8 just thought you might be the one to ask some of
9 these DARR questions to because you referenced the
10 DARR in your testimony.
11 And so what I was trying to get at is --
12 maybe your Honor sort of -- specific performance
13 measures for each DARR initiative and baseline
14 performance safety improvements can be tracked was
15 important enough for the PUCO to order in Vectren's
16 DARR application, wouldn't they be a good idea here?
17 But you sort of didn't recommend that.
18 A. I didn't not recommend them either.
19 Q. Are they included in the settlement?
20 MR. MARGARD: If you know.
21 Q. If you know.
22 A. I don't know.
23 MS. BOTSCHNER-O'BRIEN: All right. May I
24 approach the witness?
25 EXAMINER PRICE: You may.

MS. BOTSCHNER-O'BRIEN: Let the record reflect that I have shown -- I have handed the witness Vectren's interim report on the DARR initiative.

EXAMINER PRICE: Did you want that marked as an exhibit?

MS. BOTSCHNER-O'BRIEN: It's -- it's already docketed. Is that necessary to take administrative notice?

EXAMINER PRICE: We can take administrative notice. I just want to know if you are going to ask questions, it might be helpful for the record to reflect what you are asking questions about.

MS. BOTSCHNER-O'BRIEN: It's not necessary.

Q. (By Ms. Botschner-O'Brien) Mr. Chace, can you look at page 2 of Attachment B.

MR. MARGARD: Your Honor, I am going to object to testifying about this document until the foundation has been laid with this witness.

EXAMINER PRICE: Sustained.

Q. Okay. Mr. Chace, do you recall ever reviewing this report? This is Vectren's most recent annual report on the DARR. Do you recall ever

1 reviewing this document?
2 A. I do not recall reviewing this, no.
3 Q. Have you ever seen this document before?
4 A. I don't recall seeing it.
5 Q. It talks about grade 3 backlog leaks.
6 This is nothing you've looked at.
7 A. I may have looked at this in the process
8 of reviewing testimony in this particular case,
9 preparing my testimony, but I don't recall.
10 Q. Are you comfortable looking at a chart
11 in -- I mean, not the text but a chart in this?
12 A. Am I comfortable looking at the chart?
13 Yes.
14 Q. It will be very clear.
15 MR. MARGARD: Your Honor, the witness has
16 indicated he doesn't have any recollection of having
17 seen this information before.
18 EXAMINER PRICE: Sustained. You have got
19 to lay a better foundation than that.
20 Q. Who from Staff would be responsible
21 for -- who would be responsible for reviewing this
22 report?
23 A. I don't know.
24 Q. Or even seeing this report.
25 A. I don't know.

MS. BOTSCHNER-O'BRIEN: This report deals with the grade 3 backlog leaks under the DARR Program, and Mr. Chace, as Gas Pipeline Safety Manager, is an expert in analysis of these kind of leaks; would he not be comfortable looking at a chart?

MR. MARGARD: Your Honor, I don't have any problem with counsel asking the witness what he knows about Vectren's programs or what he knows about their status of the grade 3 leaks. I think it's unfair, however, to have him comment on a chart or document that he has not seen. He has knowledge about leaks on the Vectren system. I'm sure he would be happy to respond to those questions.

MS. BOTSCHNER-O'BRIEN: That's what this report addresses.

EXAMINER PRICE: But you can't ask him questions about a report he's never seen before. There's no foundation.

MR. WHITT: The Company would join in the objection.

EXAMINER PRICE: Thank you.

Q. (By Ms. Botschner-O'Brien) Do you have any knowledge of the number of remaining and completed leaks from 2018?

A. Yes.

Q. And what is that knowledge?

A. I'm familiar with Vectren's annual report, and I'm familiar with our compliant -- our compliance reviews that we perform at Vectren.

EXAMINER PRICE: When you say "Vectren's annual report," you're talking about the one filed with the GPS section.

THE WITNESS: Yes, that's correct.

EXAMINER PRICE: The federal report that you get a copy of.

THE WITNESS: Yes.

Q. But that's not a publicly-filed document; is that correct?

A. That's right. It is not docketed.

Q. It is only seen within your division; is that correct?

A. Yes.

EXAMINER PRICE: Do the companies stamp these reports confidential?

THE WITNESS: No.

EXAMINER PRICE: So it's only seen within your division if anybody in the world asks for it.

THE WITNESS: That's right.

MR. WHITT: And for clarification, is

1 this the same report that was attached to your
2 witness's testimony?
3 MS. BOTSCHNER-O'BRIEN: Yes, it is.
4 MR. WHITT: Okay.
5 Q. (By Ms. Botschner-O'Brien) And --
6 EXAMINER PRICE: Counsel, do you want me
7 to take administrative notice of this document? I
8 mean, you seem like you're struggling to get the
9 number in the record. It's a publicly-filed
10 document. We will take administrative notice if that
11 can speed things along.
12 MS. BOTSCHNER-O'BRIEN: Sure. That would
13 be great.
14 EXAMINER PRICE: Sure. We'll take
15 administrative notice of the annual report of Vectren
16 Energy Delivery of Ohio, Inc., filed in Case No.
17 15-1741-GA-AAM on June 1, 2018.
18 MS. BOTSCHNER-O'BRIEN: Thank you, your
19 Honor.
20 Q. Here is something I'm sure you know,
21 okay, did you have a role in the development of the
22 Staff Report in this case?
23 A. Yes.
24 Q. What was that role?
25 A. I wrote my testimony.

Q. Were you involved in the Surface Monitoring and Enforcement Section of the Staff Report?

A. Yes.

Q. Did you write that section or?

MS. BOTSCHNER-O'BRIEN: May I approach the witness, your Honor?

EXAMINER PRICE: You may.

MS. BOTSCHNER-O'BRIEN: Thank you.

EXAMINER PRICE: Are these excerpts from the Staff Report?

MS. BOTSCHNER-O'BRIEN: Yes.

EXAMINER PRICE: So it's clear in the record, she has handed the witness pages 37, 38, and 39 of Staff Exhibit 2.

MS. BOTSCHNER-O'BRIEN: Would you like the entire Staff Report?

EXAMINER PRICE: No. Mr. Margard has taken care of that.

A. The answer is yes, I did write this.

EXAMINER PRICE: Which portions? All of this?

THE WITNESS: The Surface Monitoring and Enforcement portion.

Q. So in response to Mr. -- Attorney

1 Examiner Price, you indicated you wrote pages 37
2 through 39, Service Monitoring and Enforcement
3 Section of the Staff Report.
4 A. The portion under Facilities and
5 Operations Field Division.
6 Q. Mr. Chace, looking at those pages I
7 handed you, which of those -- where on those pages
8 does it address DARR?
9 A. It does not.
10 Q. So, Mr. Chace, if you know, where does
11 DARR get addressed in the Staff Report? It's not --
12 you just indicated it's not in pages 37 to 39,
13 Service Monitoring and Enforcement. Where does DARR
14 get addressed?
15 A. I don't know.
16 Q. Thank you. Based on your knowledge and
17 experience, if a grade 3 leak is fixed, it no longer
18 has to be monitored; is that correct?
19 A. That's correct.
20 Q. Would it be a true statement to say that
21 to the extent grade 3 or any other leaks are reduced
22 on the Vectren system, the cost to Vectren associated
23 with repairing that leak -- the leaks would decline?
24 A. Yes.
25 Q. Do you know if DARR-related activities

1 will continue after this case is completed?
2 A. As long as they have grade 3 leaks, I
3 would assume they would, but I guess I don't know for
4 sure.
5 Q. To wrap up, turning back to question and
6 answer 20, page 8, when you state that Staff
7 "generally believes that tracking progress of the
8 DARR program is reasonable," if there are no
9 performance measures, what information would be
10 specifically tracked?
11 A. There should be performance measures.
12 That's how I would set up the DARR Program if I had
13 anything to do with it.
14 EXAMINER PRICE: Can I have that answer
15 back.
16 (Record read.)
17 Q. Mr. Chace, are there performance measures
18 in the settlement?
19 MR. MARGARD: I think the witness has
20 already responded he doesn't know.
21 Q. Is that correct?
22 A. Yes.
23 Q. Who from Staff knows?
24 A. I don't know.
25 MS. BOTSCHNER-O'BRIEN: Your Honor, would

you be able to ask Staff counsel who would know?

EXAMINER PRICE: Mr. Lipthratt will be with us today. You can ask him then.

MS. BOTSCHNER-O'BRIEN: Would be the correct witness?

EXAMINER PRICE: He may be. I know he testifies as to DARR.

MS. BOTSCHNER-O'BRIEN: Thank you.

EXAMINER PRICE: But having said that, Mr. Chace is responding to your objection. If you have questions related to your objection, you should direct them to Mr. Chace.

MS. BOTSCHNER-O'BRIEN: That's all I have for this witness. Thank you, Mr. Chace.

EXAMINER PRICE: Thank you.

Mr. Margard, redirect?

MR. MARGARD: May I have a moment, please, your Honor?

EXAMINER PRICE: You may. Go off the record.

(Discussion off the record.)

EXAMINER PRICE: Let's go back on the report.

Mr. Margard.

MR. MARGARD: Thank you, your Honor.

REDIRECT EXAMINATION

By Mr. Margard:

Q. Mr. Chace, you've been asked a number of questions today about performance standards.

A. Yes.

Q. And the performance standards that were ordered by the Commission in the opinion and order that approved the DARR Program, correct?

A. Yes.

Q. And you didn't have anything to do with that case, correct?

A. No, I did not.

Q. You didn't have anything to do with defining what performance standards were or what those performance standards were intended to measure?

A. Not my recollection.

Q. You think performance standards are a good idea, but you didn't have anything to do with these performance standards.

A. That's right.

Q. And you don't have any responsibility for reviewing these performance standards, their achievement or improvement over any baselines?

A. No.

Q. Your responsibility has been limited to

evaluating the leaks, the safety performance on Vectren's system, correct?

A. My responsibility is to evaluate the compliance with the Pipeline Safety Regulations.

Q. And is Vectren in compliance?

A. Generally, yes.

MR. MARGARD: Thank you, your Honor. I have no further questions of the witness.

EXAMINER PRICE: Ms. Mooney?

MS. MOONEY: Oh, no.

EXAMINER PRICE: Recross, Ms. Fleisher?

MS. FLEISHER: No questions.

EXAMINER PRICE: Ms. Petrucci?

MS. PETRUCCI: No questions.

EXAMINER PRICE: Company?

Mr. Alexander?

MR. ALEXANDER: No.

EXAMINER PRICE: Consumers' Counsel?

MS. BOTSCHNER-O'BRIEN: No questions.

EXAMINER PRICE: Thank you. You are excused.

MR. MARGARD: Your Honor, I respectfully move for admission of Staff Exhibit No. 3.

EXAMINER PRICE: Any objections?

Seeing none, it will be admitted.

(EXHIBIT ADMITTED INTO EVIDENCE.)

EXAMINER SCHABO: Your next witness.

MR. MARGARD: Thank you, your Honor. The Staff would call Mr. John Berringer to the stand, please.

(Witness sworn.)

EXAMINER SCHABO: Please have a seat. State your name and your business address for the record.

THE WITNESS: My name is John Berringer. My business address is 180 East Broad Street, Columbus, Ohio 43215.

MR. MARGARD: Your Honors, I provided the court reporter with a document marked for purposes of identification as Staff Exhibit No. 4, testimony of John L. Berringer.

EXAMINER SCHABO: So marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

- - -

JOHN L. BERRINGER

being first duly sworn, as prescribed by law, was examined and testified as follows:

DIRECT EXAMINATION

By Mr. Margard:

Q. Mr. Berringer, do you have a copy of

Staff Exhibit 4 before you?

A. I do.

Q. Is that your testimony in this proceeding?

A. It is.

Q. And was that prepared by you or at your direction?

A. It was.

Q. Have you reviewed this document prior to taking the stand today?

A. Yes.

Q. Do you have any corrections, changes, amendments of any kind to this document?

A. No.

Q. If I were to ask you the questions that are contained in this document, would your responses be the same?

A. Yes.

Q. And in your opinion would those responses be truthful and reasonable?

A. Yes.

MR. MARGARD: Your Honor, I respectfully move for admission of Staff Exhibit No. 4, subject to cross-examination, and tender the witness.

EXAMINER SCHABO: Company?

1 MR. WHITT: No questions.
2 EXAMINER SCHABO: Mr. Alexander?
3 MR. ALEXANDER: No questions.
4 EXAMINER SCHABO: Ms. Petrucci?
5 MS. PETRUCCI: No questions.
6 EXAMINER SCHABO: Ms. Fleisher?
7 MS. FLEISHER: No questions, your Honor.
8 EXAMINER SCHABO: Ms. Mooney?
9 MS. MOONEY: No questions.
10 EXAMINER SCHABO: OCC?
11 MR. MICHAEL: Yes, your Honor. Thank
12 you.
13 - - -
14 CROSS-EXAMINATION
15 By Mr. Michael:
16 Q. Hi, Mr. Berringer.
17 A. Hello.
18 Q. I want to draw your attention to page 2,
19 lines 8 through 16, please. Let me know when you're
20 there.
21 A. Of my testimony?
22 Q. Yes, sir.
23 A. Page 2, lines 8 through 16.
24 Q. Correct.
25 A. I am there.

1 Q. When you state that Staff agrees in
2 principle with OCC's objection, do you mean that
3 Staff believes that a portion of investor relations
4 expenses should be removed from the test year
5 operating expenses?
6 A. We agree in principle with your Witness
7 Smith in the split of -- the 50/50 split of the
8 investor relations expenses, 50 percent being removed
9 because it was the responsibility of the shareholders
10 so, yes.
11 Q. Okay. And then you go on to say that the
12 issue regarding investor relations expenses was not
13 included in the terms of the stipulation. So from
14 Staff's perspective was OCC's objection adopted in
15 connection with the settlement?
16 A. OCC's objection was not adopted.
17 Q. Okay. So the Company is going to recover
18 under the settlement 100 percent of the investor
19 relations expenses?
20 A. Correct.
21 MR. MICHAEL: Okay. Thank you. I have
22 no further questions, your Honor.
23 EXAMINER SCHABO: Mr. Margard?
24 MR. MARGARD: Thank you, your Honor.
25 - - -

1 REDIRECT EXAMINATION
2 By Mr. Margard:
3 Q. And, Mr. Berringer, in response to your
4 question about whether this is included in the
5 stipulation, is this because Staff believes that the
6 stipulation is reasonable nonetheless?
7 A. Yes.
8 MR. MARGARD: Thank you, your Honor. I
9 have nothing further and would renew my motion to
10 admit the exhibit.
11 EXAMINER SCHABO: Any objection?
12 Anybody have recross?
13 All right. Seeing no objections, Staff
14 Exhibit 4 will be admitted.
15 (EXHIBIT ADMITTED INTO EVIDENCE.)
16 EXAMINER PRICE: Mr. Margard, do you have
17 one more witness for us today?
18 MR. MARGARD: I do, your Honor. I would
19 call Barbara Bossart to the stand, please.
20 (Witness sworn.)
21 EXAMINER PRICE: Please be seated and
22 state your name and business address for the record.
23 THE WITNESS: My name is Barbara Bossart.
24 My business address is 180 East Broad Street,
25 Columbus, Ohio 43215.

EXAMINER PRICE: Thank you. I am going to ask you to keep your voice up, Ms. Bossart. I can see you are a low talker already.

Proceed, Mr. Margard.

MR. MARGARD: Thank you.

(EXHIBIT MARKED FOR IDENTIFICATION.)

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BARBARA BOSSART

being first duly sworn, as prescribed by law, was examined and testified as follows:

DIRECT EXAMINATION

By Mr. Margard:

Q. Ms. Bossart, do you have what's been marked as Staff Exhibit No. 5?

A. Yes.

Q. And that's your testimony in this proceeding, correct?

A. Yes.

Q. This was prepared by you or at your direction?

A. Yes.

Q. Have you had an opportunity to review this document prior to taking the stand today?

A. Yes, I did.

Q. Do you have any changes, corrections,

amendments of any kind to this document?

A. No, I do not.

Q. If I were to ask you the questions contained in this document, would your responses be the same?

A. Yes.

Q. And in your opinion would those responses be truthful and reasonable?

A. Yes.

MR. MARGARD: Thank you. Respectfully move the admission of Staff Exhibit No. 5, subject to cross-examination, and tender the witness.

EXAMINER PRICE: Thank you.

Company?

MR. WHITT: No questions.

EXAMINER PRICE: Mr. Alexander?

MR. ALEXANDER: No questions.

EXAMINER PRICE: Ms. Petrucci?

MS. PETRUCCI: No questions.

EXAMINER PRICE: Ms. Fleisher?

MS. FLEISHER: No questions, your Honor.

EXAMINER PRICE: Ms. Mooney?

MS. MOONEY: Yes, a few questions. Thank you.

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CROSS-EXAMINATION

By Ms. Mooney:

Q. Good afternoon. On page 4 of your testimony, you're discussing OPAE's objections about additional payment plan requirements, and you refer to the Commission's current docket 19-52-AU-ORD, that the workshop is scheduled for February 5.

A. Yes.

Q. And that workshop then has already taken place?

A. Correct.

Q. And do you recall proposals that you received at that workshop, that Staff workshop?

A. We received very few recommendations, but we will -- I don't recall them all offhand, but we -- I have them -- it was transcribed, so we know them.

Q. So do you remember if there were any recommendations made at the workshop regarding payment plan requirements?

A. There were very few. OCC had a recommendation, but I do not believe -- I can't recall if there was any on -- specifically on payment plans.

Q. Now, the process where you're looking at a rules review docket, the process involves this

workshop because it's required by a rule; is that correct?

A. Correct.

Q. And the workshop usually is basically less than an hour where you just receive public comments that are transcribed but is a very short and minimal proceeding; would you agree with me on that?

A. It depends on how many commenters we have. We've had longer workshops than that.

Q. But you've had very, very short workshops as well, would you say?

A. Correct.

Q. Some of them lasting like 5 minutes; is that correct?

A. It depends on the topic.

Q. And then after the workshop is completed, there's still the -- I say the main event is that the Staff will issue its proposed rule revisions; is that correct?

A. Correct.

Q. And do you know when the Staff intends to issue its proposed rule revisions to those Administrative Code rules?

A. I do not have the time or date at this time.

1 Q. Is there -- I'm sorry.
2 A. I do not have a date at this time. I do
3 not know.
4 Q. And do you know if there's a deadline for
5 the Staff to propose its rule revisions?
6 A. Yes. It is December -- December 2019, I
7 believe. It's a five-year rule review. It is a
8 requirement that we have them issued unless I think
9 they can -- I am not a legal person, but we can ask
10 for extension, if needed. That's my understanding.
11 Q. Well, the five-year review, is there a
12 deadline for the Staff to make its proposed amendment
13 changes?
14 A. Yes, by the five-year rule review.
15 Q. That's just for the proposals? Or is it
16 for the getting in that -- because after the
17 proposals, you agree with me then there are comments
18 of the proposal.
19 A. Correct.
20 Q. And then reply comments on the proposal.
21 A. Correct.
22 Q. And so what is the five-year deadline?
23 A. You know, I'm not legal counsel. I just
24 know that I need to have -- the Staff has to work on
25 some proposals for the rules before the -- before the

1 five-year rule review.
2 Q. Before the five-year -- December 31st of
3 this year for these rules?
4 A. It would be the specific date for the
5 rule review, and I don't know that specific date off
6 the top of my head.
7 Q. But then after that, like we said -- I
8 said before, there's a proposal that's -- and then
9 there are comments on the proposal and the reply
10 comments on the proposal; is that correct?
11 A. Correct.
12 Q. Do you know how long that process takes?
13 A. No, I do not.
14 Q. And you say at the lines 12 and 14 on
15 page 4 that the Staff encourages companies to exceed
16 rule requirements, but those decisions are best
17 evaluated by the companies; is that correct?
18 A. Yes. That's what I said.
19 Q. Are you saying that it's up to the
20 companies to decide whether they want to exceed rule
21 requirements or not?
22 A. They -- we have minimum rules that they
23 have to meet. But if they want to exceed those rules
24 and provide better service, then, yes, that would be
25 up to the company.

MS. MOONEY: That's all I have. Thank you.

EXAMINER PRICE: Consumers' Counsel?

MS. BOTSCHNER-O'BRIEN: No questions for this witness. Thank you.

EXAMINER PRICE: Mr. Margard, redirect?

MR. MARGARD: Just a couple of questions, your Honor.

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REDIRECT EXAMINATION

By Mr. Margard:

Q. These workshops, participants aren't restricted in terms of what they can present to the workshop, are they?

A. I believe it has to be within the rule, the content of the rule that we're discussing, but I don't believe there is any restrictions.

Q. They could submit White Papers, testimony, a variety of different exhibits or plans or proposals?

A. Correct.

Q. Not -- not just necessarily transcribed oral presentations.

A. Yes. I believe we do take all of those.

Q. With respect to the five-years that you

are talking about, is there a specific Commission order in that proceeding, procedural schedule set forth? If you know.

A. Once the rules are proposed, there is a -- there is a schedule of when comments need to be filed and reply comments.

Q. Has that schedule been published in that case?

A. I do not believe so.

MR. MARGARD: Okay. That's all I have. Thank you, your Honor.

EXAMINER PRICE: Thank you.

Company, recross?

MR. WHITT: No, your Honor.

EXAMINER PRICE: Mr. Alexander?

MR. ALEXANDER: No, thank you.

EXAMINER PRICE: Ms. Petrucci?

MS. PETRUCCI: No, thank you.

EXAMINER PRICE: Ms. Fleisher?

MS. FLEISHER: No questions.

EXAMINER PRICE: Ms. Mooney?

MS. MOONEY: No questions.

EXAMINER PRICE: Consumers' Counsel?

MS. BOTSCHNER-O'BRIEN: No, thank you.

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1 EXAMINATION
2 By Examiner Price:
3 Q. Let's try to add some clarity to the
4 record on this five-year question. Ms. Bossart, the
5 Commission is required by law to review every chapter
6 of the Ohio Administrative Code every five years; is
7 that correct?
8 A. Correct.
9 Q. And the chapters you were -- in question
10 have a designated five-year review date by which the
11 Commission must complete action and file the results
12 of the rule review with the Joint Committee on Agency
13 Rule Review; is that correct?
14 A. That is correct. I think there's -- you
15 know, you can ask for an extension, I believe; but,
16 again, I am not aware.
17 Q. And it's your understanding, but you're
18 not positive, that the five-year rule review for
19 these two chapters the review deadline is
20 December 31, 2019?
21 A. It's December -- I don't know the exact
22 date, but it's December 2019.
23 EXAMINER PRICE: Thank you. Okay.
24 You're excused. Thank you.
25 MR. MARGARD: Your Honor, I renew my

1 motion for admission.
2 EXAMINER PRICE: Any objections to the
3 admission of Staff Exhibit 5?
4 Seeing none, it will be admitted.
5 (EXHIBIT ADMITTED INTO EVIDENCE.)
6 EXAMINER PRICE: Let's go off the record.
7 (Discussion off the record.)
8 EXAMINER PRICE: Let's go back on the
9 record.
10 At this time we will adjourn until
11 tomorrow at 9 o'clock, at which time we will take
12 Staff Witness Borer, Buckley, Lipthratt, Snider, and
13 Williams.
14 MR. MARGARD: Your Honor, before we close
15 the record, can we go off the record briefly?
16 EXAMINER PRICE: Yes. Let's go off the
17 record.
18 (Discussion off the record.)
19 EXAMINER PRICE: Let's go back on the
20 record.
21 In light of the pending weather
22 predictions, we will begin tomorrow at 10 o'clock
23 rather than 9 o'clock. Thank you.
24 We are adjourned. Off the record.
25 (Thereupon, at 3:52 p.m., the hearing was adjourned.)

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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 Tuesday, February 19, 2019, and carefully compared with my original stenographic notes.

Karen Sue Gibson

Karen Sue Gibson, Registered Merit Reporter.

(KSG-6697)

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Case No(s). 18-0049-GA-ALT, 18-0298-GA-AIR, 18-0299-GA-ALT

Summary: Transcript Volume IV - In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan; In the Matter of the Application of Vectren Energy Deliver of Ohio, Inc., for Approval of an Increase in Gas Rates 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 19th, 2019. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.