

In the Matter of the Application of)
Vectren Energy Delivery of Ohio, Inc. for) Case No. 19-1011-GA-RDR
Authority to Adjust its Distribution)
Replacement Rider Charges)

I. INTRODUCTION

In this case, Vectren Energy Delivery of Ohio, Inc. (“Vectren” or “VEDO”) seeks to bypass a commitment it made in the Settlement approved by the Public Utilities Commission of Ohio (“PUCO”) in Case No. 13-1571-GA-ALT.¹ Specifically, Vectren proposes to charge its customers over \$133,000 through the Distribution Replacement Rider (“DRR”) for costs to replace plastic pipe in two governmental relocation projects where the plastic pipe exceeded 25% of the total retired pipeline footage. Paragraph 6 of the Settlement prohibits Vectren from charging customers through the DRR for relocating plastic pipe in these circumstances. The PUCO should protect customers by enforcing the plain language of the Settlement and deny Vectren’s proposal. While not a significant dollar issue in this case, it is an important principle that the PUCO should enforce settlements that it approved. Further, if Vectren is allowed to ignore the Settlement in this case, it could cost consumers millions in another case in the future.

The Office of the Ohio Consumer’s Counsel (“OCC”) represents the interests of Vectren’s 295,000 plus residential customers in Ohio.

¹ *In re Vectren*, Case No. 13-1571-GA-ALT, Opinion and Order (Feb. 19, 2014). The Stipulation is referred to herein as the “Settlement”.

II. RECOMMENDATION

- A. **Vectren should not be allowed to charge customers through the DRR for plastic pipe replacements in governmental relocation projects that exceed the 25% limitation set forth in paragraph 6 of the Settlement.**

The purpose of the DRR is to charge customers for costs related to Vectren's bare-steel and cast-iron replacement program.² It is no surprise then, that the Settlement restricts Vectren's ability to charge customers through the DRR for replacing plastic pipes that have already been replaced once before. Paragraph 6 of the Settlement states:

6. VEDO may recover through Rider DRR the costs associated with replacing segments of pipe that include target pipe where VEDO's pipe is in a public right-of-way, and VEDO is required to relocate its facilities at the request of a governmental entity. VEDO may recover through Rider DRR such costs due to governmental relocations *only if* any plastic pipe associated with each relocation is less than or equal to 25% of the total footage of that governmental relocation. (emphasis added)

According to Vectren, two (out of 24) of its governmental relocation projects involved replacement of plastic pipe exceeding 25% of the total footage.³ The two project groups, V-1252 and V-952, involved the replacement of 45% and 29% plastic pipe respectively.⁴ For these two projects, Vectren seeks to charge customers an additional \$133,900 for plastic pipe retirement beyond the 25% limit.⁵

² Application, at ¶ 2.

³ Hoover Direct, at 5.

⁴ *Id.*

⁵ *Id.* at 6.

Notwithstanding the plain language of the Settlement, Vectren argues that it should be allowed to charge customers the additional costs because it was prudent to replace the plastic pipe as opposed to re-using it.⁶ But whether Vectren's replacement of plastic pipe for governmental relocation projects beyond the 25% limitation was prudent is beside the point. The purpose of the 25% limitation is to protect customers from having to foot the bill for costs related to relocation projects that involve significant sections of the relocation that have been replaced (and paid for by customers) already.⁷ In addition, as PUCO Staff recognized in Case No. 13-1571-GA-ALT, disallowing recovery of costs beyond the 25% limitation prevents unnecessary litigation of this same issue.⁸

Vectren's claim that it can charge customers for prudently incurred plastic pipe replacement costs beyond the 25% limitation also makes no sense given the language in paragraph 5 of the Settlement, which applies to Vectren's replacement of plastic pipe in situations that do not involve governmental relocation projects. Unlike paragraph 6 (which permits cost recovery "only if" the plastic pipe does not exceed the limitation), paragraph 5 permits cost recovery beyond the specified plastic pipe footage limitations "unless" it can be shown that exceeding the limitations was "less economical."

Paragraph 5 states:

5. The costs of replacing and retiring a segment of interspersed plastic pipe shall be included in DRR if any individual segment of interspersed pipe is less than or equal to the following footage:
 - a. 8-inch plastic pipe: 205 feet

⁶ *Id.*

⁷ See *In re Vectren*, Case No. 13-1571-GA-ALT, Supplemental Direct Testimony of Bruce M. Hayes, at 8.

⁸ *Id.*, Post-Hearing Brief of PUCO Staff, at 6.

- b. 6-inch plastic pipe: 250 feet
- c. 4-inch plastic pipe: 365 feet
- d. 2-inch plastic pipe: 435 feet

The costs of replacing and retiring a segment of interspersed plastic pipe in excess of the foregoing limitations may be included in the DRR unless it is shown that it was less economical to replace the segment than to tie it into the existing plastic segment.

In sum, the language of the Settlement – which Vectren signed and the PUCO approved – is clear. Vectren cannot charge customers through the DRR for costs to replace plastic pipe in governmental relocation projects beyond the 25% limitation.⁹ The PUCO should enforce this Settlement.

III. CONCLUSION

The PUCO should protect customers and enforce the plain language of the Settlement. Enforcing Settlements as written also provides regulatory certainty to the signatory parties. If parties cannot rely on PUCO enforcement, they may be reluctant to settle disputed issues in the first place. In this case, the Settlement unequivocally prohibits Vectren from charging customers through the DRR for plastic pipe replacements in governmental relocation projects that exceed 25% of the total footage. Vectren project groups V-1252 and V-952 exceed this limitation and thus, the PUCO should reject Vectren's proposal to charge customers over \$133,000 through the DRR for plastic pipe replacement costs.

⁹ Vectren may seek recovery of the costs for the plastic pipe in excess of the Settlement's threshold in a future base rate proceeding, but it should not be permitted to expand the PUCO-approved limitations set forth in the Settlement.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments were served on the persons stated below via electronic transmission, this 17th day of July 2019.

/s/ Angela O'Brien

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Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of O'Brien, Angela D.