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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, Pursuant to Revised )  
Code Section 4929.11, of Tariffs to )  
Recover Conservation Expenses and )  
Decoupling Revenues Pursuant to )  
Automatic Adjustment Mechanisms )  
and for Such Accounting Authority as )  
May be Required to Defer Such )  
Expenses and Revenues for Future )  
Recovery through Such Adjustment )  
Mechanisms. )

Case No. 05-1444-GA-UNC

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STIPULATION AND RECOMMENDATION

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December 21, 2006

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of )  
Vectren Energy Delivery of Ohio, Inc. for )  
Approval, Pursuant to Revised Code )  
Section 4929.11, of Tariffs to Recover )  
Conservation Expenses and Decoupling )  
Revenues Pursuant to Automatic )  
Adjustment Mechanisms and for Such )  
Accounting Authority as May be )  
Required to Defer Such Expenses and )  
Revenues for Future Recovery through )  
Such Adjustment Mechanisms. )

**Case No. 05-1444-GA-UNC**

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**STIPULATION AND RECOMMENDATION**

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On November 28, 2005, Vectren Energy Delivery of Ohio, Inc. ("VEDO") filed an application for approval of a tariff to recover conservation expenses and decoupling revenues pursuant to automatic adjustment mechanisms and for such accounting authority as may be required to defer such expenses and revenues for future recovery through those mechanisms ("Conservation Application"). On February 1, 2006, VEDO gave a technical presentation of its Conservation Application at the Public Utilities Commission of Ohio ("Commission"). Subsequently, on February 7, 2006, the Attorney Examiner issued an Entry in which it directed that the Conservation Application be "considered a request for an alternate rate plan as described in Section 4929.01(A), Revised Code and thus...controlled by Section 4929.05, Revised Code." Conservation Application, Entry at 2 (February 7, 2006). On February 27, 2006, VEDO filed a Motion to Incorporate Standard Filing Requirements from Rate Case requesting that certain of

the standard filing requirements ("SFRs") from VEDO's recent rate case, Case No. 04-571-GA-AIR, be incorporated in the record of this proceeding, which was granted by Entry dated March 16, 2006. On March 10, 2006, VEDO filed a Motion for Waiver of Rules 4901:1-19-05 and 4901:1-19-03(B), O.A.C., which include the requirements for alternative rate plan applications and for seeking a waiver of those requirements, which was granted by Entry dated April 5, 2006.

On April 10, 2006, VEDO, Ohio Partners for Affordable Energy ("OPAE"), and the Office of the Ohio Consumers' Counsel ("OCC") filed a Stipulation and Recommendation ("April 10 Stipulation") for the purpose of resolving the issues in this proceeding. Rebuttal Testimony in support of the Stipulation was filed by VEDO, OPAE, and OCC on April 19, 2006; followed by Surrebuttal Testimony of Staff opposing the Stipulation filed on April 21, 2006. The hearing convened on April 24, 2006, at which the parties and Staff waived cross-examination of all witnesses, the record was closed, and the matter was submitted for Commission consideration.

On September 13, 2006, the Commission issued its Opinion and Order ("September Order") in which it approved the Stipulation with certain modifications. On October 13, 2006, OCC filed its Application for Rehearing. On October 23, 2006, VEDO and OPAE made responsive filings to OCC's Application for Rehearing followed by Comments filed out-of-time on October 30, 2006, by the Citizens Coalition. On November 16, 2006, OCC filed a Motion to Strike VEDO's response to its Application for Rehearing. OCC's Motion to Strike and its Application for Rehearing were denied by Entry dated November 8, 2006 ("November Entry on Rehearing").

On December 8, 2006, OCC filed a Notice of Termination and Withdrawal from the Stipulation and Recommendation filed on April 10, 2006, which OCC submits renders the April 10 Stipulation "null and void" and entitles it to a hearing as if the April 10 Stipulation had never been executed. This Stipulation and Recommendation is being filed because OCC's actions may create uncertainty or raise questions about the desire of other parties to move forward based on the valid Opinion and Order issued by the Commission on September 13, 2006. The Parties to this Stipulation and Recommendation also desire to streamline the resolution of any procedural issues that may be raised by OCC's December 8, 2006 Notice of Termination and Withdrawal from the Stipulation and Recommendation filed on April 10, 2006. Since the purpose of the Commission's decision in this proceeding was to focus conservation programs on "low-income" customers, the Parties believe that uncertainty raised by OCC's actions ultimately may work against ongoing efforts to assist those customers. Furthermore, the conservation program which the Commission approved for VEDO provided for flexibility to establish the income eligibility requirements so that a larger population of residential customers can participate in the program. Through the collaborative process, VEDO and other parties are putting this flexibility to good use, collaboratively designing a program to serve a broader base of VEDO customers consistent with the needs described by the OCC. As discussed herein, that expanded ability to offer

assistance to mitigate extraordinarily high natural gas bills is currently scheduled to commence on January 1, 2007.<sup>1</sup>

Rule 4901-1-30, O.A.C., provides that any two or more parties to a proceeding before the Commission may enter into a written stipulation resolving the issues presented in such proceeding. The purpose of this document is to set forth the agreement of the Parties below and to recommend that the Commission approve and adopt this Stipulation and Recommendation ("Stipulation") resolving all of the issues in the above-styled proceeding. The terms of this Stipulation are supported by the information contained within the schedules and documents filed as a part of VEDO's application in this case, the SFRs incorporated by entry of March 16, 2006, and VEDO's pre-filed testimony. This Stipulation is supported by adequate data and information on the record; represents a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle; and is the product of lengthy, serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Parties to settle this case. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues presented in this proceeding, the Parties stipulate, agree, and recommend that the Commission approve this Stipulation.

1. While the September Order and the November Entry on Rehearing provide a result different from that initially supported by any of the Parties and different

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<sup>1</sup> In a September 13, 2006 press release issued by OCC after the Commission's Opinion and Order, OCC expressed concern that the Commission's modifications to the April 10 Stipulation would work against efforts to provide assistance to "households that are strapped by high natural gas bills and do not qualify for assistance through state and federal programs". (<http://www.pickocc.org/news/2006/09132006.shtml> ). The ability to expand eligibility requirements to a larger population addresses the concern expressed by OCC.

from the result proposed by the April 10 Stipulation, the Parties agree that there is sufficient evidence in the record to support the September Order and the November Entry on Rehearing. Accordingly, the Parties request and the Staff recommends that the Commission affirm its September Order and November Entry on Rehearing, consistent with the findings contained therein for the purposes of eliminating any uncertainty that may be created by OCC's December 8, 2006 Notice of Termination and Withdrawal from the Stipulation and Recommendation.

2. The Parties agree and request that the Commission explicitly find that the deferral mechanism for the Sales Reconciliation Rider approved in the September Order shall continue to be effective as of the date of the September Order as provided in that Order and the November Entry on Rehearing.
3. The Parties submit that this Stipulation provides for the same result, supported by the same record, as considered and provided for in the Commission's September Order and its November Entry on Rehearing and does not constitute an increase in rates. The Parties acknowledge that the Commission may modify stipulations submitted for its approval. Pursuant to that authority and the authority provided by Section 4929.05, Revised Code, or, alternatively, Section 4909.18, Revised Code, the Parties submit that the Commission may approve this Stipulation, without a hearing, on the basis of the procedural and evidentiary record currently before it.

4. The April 10 Stipulation provided for a Conservation Collaborative, the general purpose of which is to oversee the provision of conservation assistance programs to customers. The Parties represent that the Conservation Collaborative; which includes VEDO, OPAE, Staff, and OCC; has met regularly since the issuance of the Order and has reached consensus in the implementation of program offerings to assist customers consistent with the Order beginning January 1, 2007. The Parties request that the Commission approve this Stipulation and Recommendation forthwith on an expedited basis in order to facilitate the delivery of the conservation programs to customers as directed by the Commission in its September Order, to maintain the current schedule established through the collaborative process, and to satisfy the terms and conditions of the rate schedules presently on file with the Commission as authorized by the September Order.
5. This Stipulation is a compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated. The Parties believe that this Stipulation represents a reasonable compromise of varying interests and is responsive to the somewhat unique circumstances and potential uncertainty that may be created by OCC's December 8, 2006 Notice of Termination and Withdrawal from the Stipulation and Recommendation. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, the

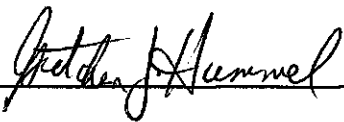
Parties shall have the right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification; any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking rehearing or terminating and withdrawing from this Stipulation pursuant to this provision, the Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Commission or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Parties will be afforded the opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.




WHEREFORE, the undersigned respectfully join in requesting that the Commission issue its Opinion and Order approving and adopting this Stipulation and Recommendation in accordance with the terms set forth above as a means of eliminating any uncertainty that may have been created by OCC's December 8, 2006 Notice of Termination and Withdrawal from the Stipulation and Recommendation.

**Executed this 21st day of December, 2006.**

Vectren Energy Delivery of Ohio, Inc.

By: 

Ohio Partners for Affordable Energy

By:  /zjh

The Staff of the Public Utilities Commission  
of Ohio

By:  /zjh

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Stipulation and Recommendation* was served upon the following parties of record this 21st day of December 2006, via hand-delivery or ordinary U.S. mail, postage prepaid.

  
Gretchen J. Hummel

### PARTIES OF RECORD

Anne Hammerstein  
Assistant Attorney General  
Public Utilities Commission of Ohio  
180 E Broad Street, 9<sup>th</sup> Floor  
Columbus, OH 43215

Maureen Grady  
Assistant Consumers' Counsel  
Office of the Ohio Consumers' Counsel  
10 W. Broad Street, 18<sup>th</sup> Floor  
Columbus, OH 43215

Joseph Meissner  
Citizens Coalition  
1223 West Sixth Street  
Cleveland, OH 44113

David Rinebolt  
Ohio Partners for Affordable Energy  
231 West Lima Street  
PO Box 1793  
Findlay, OH 45839-1793