

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO


In the Matter of the Application of Vectren )  
Energy Delivery of Ohio, Inc. for Approval, )  
pursuant to Section 4929.11, Revised Code, of )  
a Tariff to Recover Conservation Expenses )  
and Decoupling Revenues Pursuant to Auto- )  
matic Adjustment Mechanisms and for such )  
Accounting Authority as May Be Required to )  
Defer Such Expenses and Revenues for Future )  
Recovery Through such Adjustment Mecha- )  
nisms. )

Case No. 05-1444-GA-UNC

ENTRY

The Commission finds:

- (1) On November 28, 2005, Vectren Energy Delivery of Ohio, Inc. (VEDO) filed an application for approval, pursuant to Section 4929.11, Revised Code, 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 such adjustment mechanisms. VEDO's conservation rider would consist of a conservation funding component and a decoupled sales component. On February 7, 2006, the attorney examiner found that the application must be considered a request for an alternate rate plan as described in Section 4929.01(A), Revised Code, and thus the process would be controlled by Section 4929.05, Revised Code.
- (2) On April 10, 2006, VEDO, Ohio Partners for Affordable Energy (OPAE) and the Ohio Consumers' Counsel (OCC) filed a Stipulation and Recommendation (April Stipulation) for the purpose of resolving the issues in this proceeding. The staff of the Commission (Staff) opposed the April Stipulation through testimony and post-hearing brief.
- (3) On September 13, 2006, the Commission issued an Opinion and Order in this case that approved the April Stipulation as modified by the Opinion and Order. On November 8, 2006, the Commission denied the application for rehearing filed by OCC.

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- (4) On December 8, 2006, OCC filed a Notice of Termination and Withdrawal from Stipulation. OCC stated that the filing was made pursuant to the April Stipulation provision that included the right of a signatory party to terminate and withdraw from the April Stipulation by filing notice within thirty days of the entry on rehearing, if the Commission did not adopt the April Stipulation in its entirety without material modification. OCC offers that in accordance with the April Stipulation, a hearing should be conducted.
- (5) On December 21, 2006, a second Stipulation and Recommendation (December Stipulation) was filed by VEDO, OPAE and Staff (signatory parties). The signatory parties requested that the Commission affirm the Opinion and Order that adopted and modified the April Stipulation, based on the existing record, without further hearing. The signatory parties further requested that the Sales Reconciliation Rider (SRR) and deferral mechanism adopted in the Opinion and Order, continue to be effective, as of the date of the Opinion and Order.
- (6) By entry dated December 29, 2006, the attorney examiner noted that OCC had withdrawn from the April Stipulation and determined that a hearing regarding the December Stipulation should be held. Therefore, the attorney examiner scheduled a prehearing conference for January 22, 2007.
- (7) On January 2, 2007, VEDO and OPAE filed a joint motion for certification of an interlocutory appeal regarding the entry issued December 29, 2006. OCC filed memoranda contra the joint motion on January 5, 2007, and on January 8, 2007. By entry dated January 10, 2007, the attorney examiner granted the joint motion for certification in part and denied the motion in part, certifying the interlocutory appeal to the Commission only for the limited question of whether VEDO should be permitted to continue the accounting treatment authorized by the Commission in the Opinion and Order issued on September 13, 2006.
- (8) Rule 4901-1-15(E), O.A.C., provides that, upon consideration of an interlocutory appeal, the Commission may affirm, reverse or modify the ruling or dismiss the appeal.

- (9) In the Opinion and Order issued on September 13, 2006, the Commission authorized VEDO to defer certain costs in implementing VEDO's conservation program. In the joint motion, VEDO and OPAE note that, prior to OCC's withdrawal from the April Stipulation, VEDO commenced the accounting necessary to implement the form of decoupling approved by the Commission in the Opinion and Order issued on September 13, 2006.

In its memorandum contra, OCC argues that the accounting implemented by VEDO is in reality a mere tracking mechanism. OCC alleges that the true deferral accounting that will occur is not set to go forward until implementation of the SRR in the fourth quarter of 2007. Thus, OCC argues that there is no financial consequence to the current tracking and no need to approve the tracking from a regulatory or financial accounting perspective.

- (10) The Commission finds that, in accordance with the Opinion and Order by the Commission, VEDO initiated an accounting treatment for the decoupling program. It should be noted that VEDO, OPAE and OCC agree that the consequences to ratepayers of the accounting treatment is subject to Commission approval and will be not be submitted to the Commission before the fourth quarter of 2007. We believe that the preservation of all parties' rights and issues and the prevention of undue expense to VEDO may best be accomplished through granting the continuation of the accounting treatment through the pendency of this case. Therefore, the Commission finds that the attorney examiner's ruling dated December 29, 2006, should be modified to permit VEDO, pursuant to Section 4905.13, Revised Code, to continue the accounting treatment authorized by the Commission in the Opinion and Order issued on September 13, 2006.

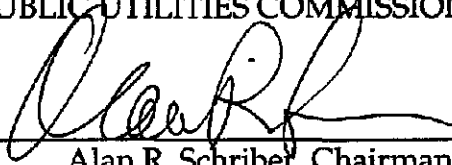
It is, therefore,

ORDERED, That the attorney examiner's ruling dated December 29, 2006, be modified as set forth in this Entry. It is, further,

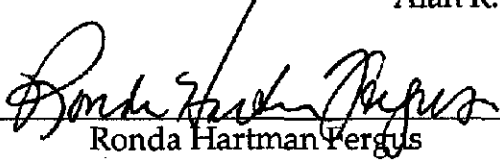
ORDERED, That VEDO be permitted to continue the accounting treatment authorized by the Commission in the Opinion and Order issued on September 13, 2006, in this proceeding. It is, further,

ORDERED, That a copy of this entry should be served upon all interested parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



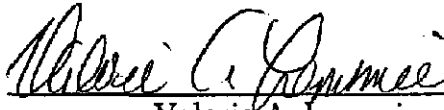
Alan R. Schriber, Chairman



Ronda Hartman Fergus



Judith A. Jones



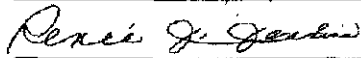
Valerie A. Lemmie

Donald L. Mason

SDL/GAP:ct

Entered in the Journal

**JAN 10 2007**



Renee J. Jenkins  
Secretary