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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)
Continued Accounting Authority to Defer)
Differences between Actual Base)
Revenues and Commission-Approved)
Base Revenues Previously Granted in)
Case No. 05-1444-GA-UNC and)
Request to Consolidate with Case No.)
07-1080-GA-AIR.)

Case No. 08-632-GA-AAM

APPLICATION

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May 23, 2008

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Delivery of Ohio, Inc.**

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In the Matter of the Application of)
Vectren Energy Delivery of Ohio, Inc. for)
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Case No. 05-1444-GA-UNC and)
Request to Consolidate with Case No.)
07-1080-GA-AIR.)

APPLICATION

Now comes Vectren Energy Delivery of Ohio, Inc. ("VEDO" or "Applicant") and respectfully requests the approval of the Public Utilities Commission of Ohio ("Commission") for continued accounting authority to defer differences between actual base revenues and Commission-approved base revenues as previously authorized in Case No. 05-1444-GA-UNC until resolution of VEDO's pending request to increase rates in Case No. 07-1080-GA-AIR. Additionally, VEDO respectfully requests that this Application be consolidated with Case No. 07-1080-GA-AIR. In support of these requests, VEDO states as follows:

1. Applicant is an Ohio corporation engaged in the business of providing natural gas service to customers in southwestern Ohio and, as such, is a public utility as defined by Section 4905.02 and 4905.03, Revised Code.
2. By Supplemental Opinion and Order dated June 27, 2007 in Case No. 05-1444-GA-UNC, the Commission approved an Amended Stipulation and Recommendation ("Stipulation") in which it approved, *inter alia*, a Sales

Reconciliation Rider ("SRR") to recover the difference between VEDO's weather-normalized actual base revenues and the base revenues approved in VEDO's last rate case, Case No. 04-571-GA-AIR, as adjusted for customer additions, effective for two years. The Commission also granted VEDO authority to defer the differences between actual base revenues and previously-approved base revenues for subsequent recovery via the SRR. Additionally, the Stipulation provided for a two-year conservation program for low-income customers funded in the amount of \$2,000,000 by VEDO. Further, within the two-year period, VEDO was required to file an application with the Commission that includes a proposal to continue the program and a rate design proposal as an alternative to, or refinement of, existing mechanisms, which may be an application to increase rates.

3. The Stipulation explicitly provided that the approved deferrals would begin as of October 1, 2006. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval, Pursuant to Revised Code Section 4929.11, 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*, Case No. 05-1444-GA-UNC, Supplemental Opinion and Order at 6 (June 27, 2007).
4. The Commission's Supplemental Opinion and Order issued on June 27, 2007 in Case No. 05-1444-GA-UNC specifically stated that "neither the DSM [Demand Side Management] program nor the SRR may be extended without the approval

of the Commission.” *Id.* at 19 [citing Opinion and Order at 16 (September 13, 2006)].

5. On November 20, 2007, in Case No. 07-1080-GA-AIR, VEDO filed an application to increase rates that includes a proposal for a slightly revised SRR and additional deferral authority necessary to implement the new SRR, which is currently pending before the Commission. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. For Approval of an Alternative Rate Plan for a Distribution Replacement Rider to Recover the Costs of a Program for the Accelerated Replacement of Cast Iron Mains and Bare Steel Mains and Service Lines, a Sales Reconciliation Rider to Collect Differences between Actual and Approved Revenues, and Inclusion in Operating Expense of the Costs of Certain System Reliability Programs*, Case No. 07-1081-GA-ALT, Alt. Reg. Exhibit A (November 20, 2007). The 275th day of the rate clock applicable to this rate application is August 21, 2008, which is 40 days prior to the September 30, 2008 expiration date of the two-year period of the relevant deferrals. *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval, Pursuant to Revised Code Section 4929.11, 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*, Case No. 05-1444-GA-UNC, Supplemental Opinion and Order at 6 (June 27, 2007).
6. At this point, it appears possible that a Commission order in VEDO’s pending rate case will not be issued prior to the expiration of VEDO’s deferral authority in

Case No. 05-1444-GA-UNC, and there could be a period of time during which VEDO will be without the authority to defer the revenue differences for future recovery as contemplated in the pending rate case.

7. Accordingly, VEDO respectfully requests that the Commission continue its previously-granted authority to defer the differences between actual base revenues and Commission-approved base revenues in the same manner as authorized in Case No. 05-1444-GA-UNC for the period from October 1, 2008 until final resolution of the currently pending rate case (Case No. 07-1080-GA-AIR).
8. In the event that the continued deferral authority sought herein is granted, and only if recovery of the deferrals is ultimately approved, VEDO will continue funding the low-income conservation program authorized in Case No. 05-1444-GA-UNC on a pro rata basis for a period beginning on the effective date of the continued deferral and ending on the date on which the rates set in Case No. 07-1080-GA-AIR become effective.
9. Inasmuch as the deferral authority and conditional low-income conservation program funding addressed herein directly relate to issues raised by and to be resolved in VEDO's pending rate case, VEDO respectfully requests that this Application be consolidated with Case No. 07-1080-GA-AIR.

WHEREFORE, Vectren Energy Delivery of Ohio, Inc. respectfully requests that the Commission approve this Application for continued authority for deferrals as described above and that this Application be consolidated with Case No. 07-1080-GA-AIR for the reasons stated herein.

Respectfully submitted,



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