

FILE

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)
Authority to Amend its Filed Tariffs to) Case No. 07-1080-GA-AIR
Increase the Rates and Charges for Gas)
Services and Related Matters.)
)

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) Case No. 07-1081-GA-ALT
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 Difference Between Actual and)
Approved Revenues, and Inclusion in)
Operating Expense of the Costs of Certain)
Reliability Programs.)

MOTION FOR LOCAL PUBLIC HEARINGS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

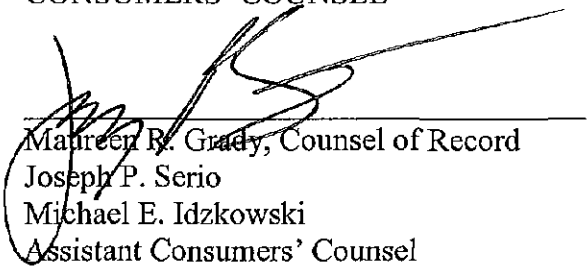
The Office of the Ohio Consumers' Counsel ("OCC"), on behalf of the approximately 293,000 residential utility consumers of Vectren Energy Delivery of Ohio, Inc. ("Vectren" or "the Company"), moves for four local public hearings in three localities to provide Vectren's customers with an appropriately transparent state regulatory process through the opportunity to testify in the above-captioned proceedings that relate to Vectren's proposed rate increase and other matters.

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The reasons for granting OCC' Motion are further set forth in the attached
Memorandum in Support.

Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL



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MEMORANDUM IN SUPPORT

On November 20, 2007, Vectren filed an application seeking to increase rates (“Rate Case Application”) for all of its gas service customers in Ohio, including approximately 293,000 residential customers.¹ Vectren’s Rate Case Application seeks a revenue increase of \$27,331, 071.² Concurrently with the Rate Case Application in Case No. 07-1081-GA-ALT, Vectren also filed an application seeking approval of an alternative rate plan for (1) a distribution replacement rider to recover the costs of a

¹*In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Services and Related Matters, Case No. 07-1080-GA-AIR, et al., Application (November 20, 2007).*

² Id.

program for the accelerated replacement of cast iron mains and bare steel mains and service lines, (2) a sales reconciliation rider to collect differences between actual and approved revenues, and (3) the inclusion in operating expense of the costs of certain system reliability programs.

Finally, on May 23, 2008, Vectren filed an Application in Case No. 08-632-GA-AAM seeking 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 the resolution of Vectren's pending rate application in Case No. 07-1080-GA-AIR.³ In addition, Vectren is asking that Case No. 08-632-GA-AAM be consolidated with Case No. 07-1080-GA-AIR.⁴ If granted by the PUCO, each of Vectren's current applications will result in significantly increased rates for Vectren's customers.

Under the statutory rate increase procedure set forth in R.C. 4903.083, the Commission is directed to "hold public hearings in each municipal corporation in the affected service area having a population in excess of one hundred thousand persons, **provided that, at least one public hearing shall be held in each affected service area. At least one such public hearing shall be held after 5:00 p.m.**"⁵

The statutory requirements of R.C. 4903.083 are for good purpose. A local public hearing forewarns customers of potential rate increases. The notice of the hearing provides the Commission with the opportunity to "state prominently the total amount of

³ Application at 1.

⁴ Id.

⁵ R.C. 4903.083(emphasis added).

the revenue increase requested in the application for the increase”⁶ and explain the case in “a brief summary of the then known major issues in contention.”⁷ Such a notice of the hearing will assist in conveying the parties’ differing positions on issues in the cases to the customers. In addition, the local public hearings will provide an opportunity for the Company’s customers to participate in the case.

Providing customers with a forum to participate in the regulatory process is critical. Because regulation is designed to be a substitute for competition,⁸ it is imperative that the regulator recognize the consumers’ right to comment on whether or not rate increases are just and reasonable and to protest rate increases that fail to meet this standard. In the unregulated marketplace, customers may voice their opinions regarding a vendor’s pricing by their spending (or lack of spending) on the vendor’s product. In the case of the natural gas utility, the customer has little opportunity to address displeasure over utility rate increases through competitive responses. The customer’s opportunity to comment is especially important in the process of setting a utility’s rates since nothing short of terminating service or leaving the service territory altogether provide options to a customer feeling oppressed by a utility’s rates. A less drastic option -- and the only practical option -- for customers to act is provided when customers are afforded the opportunity to participate in a local public hearing, as set out in R.C. 4903.083.

In keeping with the General Assembly’s intent behind R.C. 4903.083, it has been the Commission’s practice to schedule public hearings within a close proximity of the

⁶ Id.

⁷ Id.

⁸ James C. Bonbright, et al., *Principles of Public Utility Rates* at 141 (2d ed. 1988).

Company's customers and require state officials and applicant utilities to travel to the location of the affected public to offer customers the opportunity to be heard on the issues.⁹ Similarly seeking in this case to honor the intent of R.C. 4903.083, OCC has reviewed Vectren's customer base, both in terms of population density and geographic location.

In its Rate Case Application, Vectren states that its service area includes "approximately 315,000 customers in west central Ohio, all of whom will be affected by this Application," spread out over all or portions of 17 counties. Vectren's customers live in approximately 97 communities in west central Ohio.¹⁰ Based on the Ohio Consumers' Counsel's review of Vectren's service area and the large distances between population centers, OCC proposes four local public hearings to be held at three different sites. The Commission should order local public hearings in:

1. Sidney (Shelby County)
2. Washington Court House (Fayette County)
3. Downtown Dayton (Montgomery County) - one during the day and one in the evening

These three locations constitute population centers throughout Vectren's customer service area and are geographically disbursed. Sidney, which lies in the northern part of

⁹ See *In the Matter of the Application of Ohio American Water Company to Increase its Rates for Water and Sewer Services Provided to its Entire Service Area*, Case No. 06-433-WS-AIR, Entry at 1-2 (November 14, 2006). (The attorney examiner found it appropriate to add an additional local public hearing in response to an OCC motion for an additional local public hearing because of the number of customers that would have to travel more than 100 miles to testify at one of the other local public hearings.)

¹⁰ Rate Case, Notice of Intent, (September 28, 2007) PFN Exhibit 2 at pages 10 -11.

Vectren's service area, was approved by the Commission as a suitable site for a local public hearing in Vectren's last rate case.¹¹ Washington Court House is in Fayette County, and would provide a public hearing location in the south and southeastern parts of Vectren's service area. Dayton, with a population of approximately 160,000 people and the largest city in Vectren's service territory, is located in the center of Vectren's service area. With a population of over one hundred thousand, the PUCO is required under R.C. 4903.083 to hold at least one local public hearing there. Due to its size and location, OCC believes that two public hearings (one daytime, one evening) in Dayton are appropriate to provide Vectren's customers an opportunity to be heard.

The Commission should hold public hearings in these three separate locations where many of the customers who face the rate increase reside. Moreover, because Vectren's service territories are spread out across a large geographic area, scheduling three sites for the public hearings provides Vectren's customers a reasonable opportunity to participate in this rate case.

In addition to scheduling the above-referenced hearings, OCC specifically requests that the Commission set the majority of the local public hearings for evening hearings (after 5:00 p.m.) in order to provide Vectren's working customers with a convenient and reasonable opportunity to participate in the regulatory process as contemplated by the public policy codified in R.C. 4903.083.

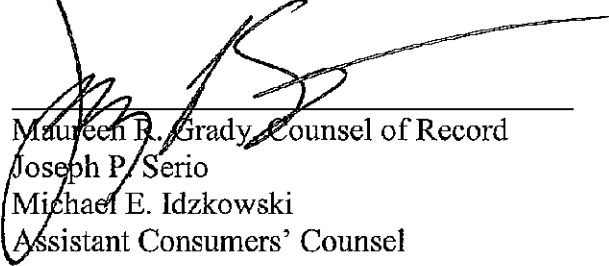
¹¹ *In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Authority to Amend its Filed Tariffs to Increase the Rates and Charges for Gas Service and Related Matters*, Case No. 04-571-GA-AIR, Entry (January 7, 2005).

The Commission has previously recognized the specific need for evening hearings as demonstrated in the First Energy rate cases,¹² where the Commission scheduled twelve local public hearings, including eight evening hearings. In addition, the Commission scheduled a majority of the local public hearings in the Duke Energy of Ohio rate case for evening hearings.¹³

WHEREFORE, for good cause and the reasons set forth herein, OCC's motion should be granted.

Respectfully submitted,

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¹² *In the Matter of the Application of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company for Authority to Increase Rates for Distribution Service, to modify Certain Accounting Practices and for Tariff Approval*, Case Nos. 07-551-EL-AIR et al., Entry (February 13, 2008).

¹³ *In the Matter of the Application of Duke Energy Ohio, Inc. for and Increase in Rates*, Case Nos. 07-589-GA-AIR, et al. Entry at 2 (February 1, 2008). (local public hearings were to be conducted on the dates: (a) February 21, 2008, at 6:30 p.m., at Mason, Ohio. (b) February 25, 2008, at 3:00 - 5:00 p.m., at Cincinnati, Ohio. (c) February 25, 2008, at 6:30 p.m., at Cincinnati, Ohio.) The Mason local public hearing was rescheduled for March 11 at 6:30 p.m. due to inclement weather Entry Nunc Pro Tunc at 1 (February 26, 2008).

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion for Local Public Hearings was served by first class United States Mail, postage prepaid, to the persons listed below, on this 17th day of July 2008.



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