

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren)
 Energy Delivery of Ohio, Inc., for Authority to)
 Amend its Filed Tariffs to Increase the Rates) Case No. 07-1080-GA-AIR
 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 Recover the Costs of a)
 Program for the Accelerated Replacement of) Case No. 07-1081-GA-ALT
 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 Expenses of the Costs of Certain)
 Reliability Programs.)

ENTRY

The attorney examiner finds:

- (1) Vectren Energy Delivery of Ohio, Inc., (VEDO) is a natural gas company as defined in Section 4905.03(A)(6), Revised Code, and a public utility as defined in Section 4905.02, Revised Code. As such, VEDO is subject to the jurisdiction of the Public Utilities Commission in accordance with Sections 4905.04 and 4905.05, Revised Code.
- (2) On November 20, 2007, VEDO filed applications for an increase in gas distribution rates and for approval of an alternative rate plan.
- (3) The Commission has caused an investigation to be made of the facts set forth in the rate increase application by the company, the exhibits attached thereto, and the matters connected with the application.
- (4) A written report of the staff's investigation was filed on June 16, 2008. Objections to the Staff Report were timely filed by VEDO, the Office of the Ohio Consumers' Counsel (OCC), Honda of

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America Manufacturing, Inc. (Honda), Ohio Partners for Affordable Energy (OPAE), and the Ohio Environmental Council (OEC).

- (5) On July 18, 2008, a prehearing conference was held.
- (6) Local public hearings should be held in this case on the following dates:

September 3, 2008, at 6:00 p.m.

Council Chambers
Sidney Municipal Building
201 W. Poplar Street
Sidney, Ohio 45365

September 4, 2008, at 2:00 p.m.

Council Chambers
Dayton Municipal Building
101 W. Third Street
Dayton, Ohio 45401

September 4, 2008, at 6:00 p.m.

Council Chambers
Dayton Municipal Building
101 W. Third Street
Dayton, Ohio 45401

September 8, 2008, at 6:00 p.m.

Fayette Commission on Aging
1179 S. Elm Street
Washington Court House, Ohio 43160

- (7) VEDO should cause publication of the following legal notice in a newspaper of general circulation in VEDO's service area to occur once per week for two consecutive weeks prior to September 1, 2008. The legal notice should not appear in the legal notices section of the newspaper. The notice should read as follows:

LEGAL NOTICE

The Public Utilities Commission of Ohio has scheduled local public hearings in Case No. 07-1080-GA-AIR, *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, and Case No. 07-1081-GA-ALT, 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 Expenses of the Costs of Certain Reliability Programs.

In its applications, Vectren Energy Delivery of Ohio, Inc., requests a rate increase of \$27,331,071 or a 7.31 percent increase over current revenues. The local hearings are scheduled for the purpose of providing an opportunity to interested members of the public to testify in these proceedings. The local public hearings will be held as follows:

- September 3, 2008, at 6:00 p.m., at the Council Chambers, Sidney Municipal Building, 201 W. Poplar Street, Sidney, Ohio 45365.
- September 4, 2008, at 2:00 p.m., at the Council Chambers, Dayton Municipal Building, 101 W. Third Street, Dayton, Ohio 45401.
- September 4, 2008, at 6:00 p.m., at the Council Chambers, Dayton Municipal Building, 101 W. Third Street, Dayton, Ohio 45401.
- September 8, 2008, at 6:00 p.m., at the Fayette Commission on Aging, 1179 S. Elm Street, Washington Court House, Ohio 43160.

The major issues presented by the case are:

- The amount of revenue increase to which the company is entitled.
- The appropriate return on its investment to which company is entitled.

- The rate design that the company will be authorized to implement, including whether a decoupling mechanism should be implemented.
- The appropriate distribution of revenue increases among customer classes.
- The establishment of a program to systematically replace certain main lines, customer service lines and risers, and the recovery of the costs of such a program.
- The establishment of programs designed to address changing maintenance approaches and workforce requirements and the recovery of the costs of such programs.
- The establishment and continuation of conservation and demand side management programs.

Further information may be obtained by contacting the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215-3793, by viewing the Commission's web page at <http://www.puc.state.oh.us>, or by contacting the Commission's hotline at 1-800-686-7826. The hearing impaired can reach the Commission via TTY-TDD at 1-800-686-1570 or in Columbus at 466-9180.

- (8) VEDO shall file proof of publication of the legal notice as required by Finding (7).
- (9) Motions to intervene have been filed by Interstate Gas Supply, Inc. (IGS), Stand Energy Corporation (Stand), OCC, OPAE, and Honda. No memoranda contra the motions to intervene have been filed by any party. The motions to intervene should be granted.
- (10) On July 15, 2008, OEC filed a motion to intervene in this proceeding. OEC states that it is a statewide environmental advocacy organization with a sizable membership in the area served by VEDO. OEC states that, in this proceeding, it seeks to secure the maximum energy efficiency and conservation

achievable through energy efficiency and demand side management programs.

VEDO filed a memorandum contra the motion to intervene on July 29, 2008. According to VEDO, OEC conceded that its chief concern in this proceeding is the environment rather than financial savings. Thus, VEDO argues that OEC has failed to demonstrate how the issues in this proceeding are germane to OEC's purpose.

The attorney examiner finds that the motion to intervene should be granted. Recently, in an appeal from a decision by the Commission, the Supreme Court of Ohio held that statutes and rules governing intervention should be "generally liberally construed in favor of intervention." *Ohio Consumers' Counsel v. Pub. Util. Comm.* (2006), 111 Ohio St.3d 384 (quoting *State ex rel. Polo v. Cuyahoga Cty. Bd. Of Elections* (1995), 74 Ohio St.3d. 143, 144). OEC represents that it has a sizeable number of members residing in areas served by VEDO and that those members have a special interest in energy efficiency and conservation programs, areas which are the subject of specific provisions in VEDO's application. Accordingly, OEC has demonstrated reasonable grounds for intervention in this proceeding.

Finally, VEDO requests that it be allowed to conduct discovery of OEC if OEC is granted intervention in this case. OEC has not indicated that it will be presenting testimony in this proceeding by pre-filing such testimony in accordance with Rule 4901-1-29, O.A.C. Therefore, the attorney examiner finds that VEDO has not demonstrated the need for such discovery at this time, and VEDO's request should be denied.

- (11) Motions for admission *pro hac vice* have been filed on behalf of David Rinebolt and Robert Berntson. These motions should be granted.
- (12) As previously ordered, the evidentiary hearing shall commence on August 19, 2008, at 10:00 a.m., at the offices of the Commission, Hearing Room 11-F, 180 E. Broad St., Columbus, Ohio 43215.

It is, therefore,

ORDERED, That the local public hearings in this proceeding be scheduled in accordance with Finding (6). It is, further,

ORDERED, That notice of the local public hearing be published by VEDO as directed in Finding (7). It is, further,

ORDERED, That the motions to intervene filed in this proceeding by IGS, Stand, OCC, OPAAE, OEC, and Honda be granted. It is, further,

ORDERED, That the motions for admission *pro hac vice* filed on behalf of David Rinebolt and Robert Berntson be granted. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

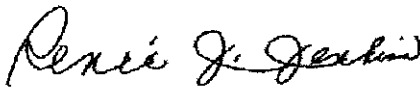


By: Gregory A. Price
Attorney Examiner

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Entered in the Journal

AUG 1 2008



Renee J. Jenkins
Secretary