

FILE

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of: :
: Case No. 07-1080-GA-AIR
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. :

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

TELEPHONE DEPOSITION OF KERRY A. HEID

ARMSTRONG & OKEY, INC.
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ORIGINAL

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PUCO

1 taken before me, Rosemary F. Anderson, a Notary
2 Public in and for the State of Ohio, at the offices
3 of Ohio Consumers' Counsel, 10 West Broad Street,
4 Columbus, Ohio, on Wednesday, August 13, 2008 at
5 10:07 a.m.

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1 APPEARANCES:

2 McNeese, Wallace & Nurick
3 By Ms. Gretchen J. Hummel (via telephone)
4 Fifth Third Center, Suite 1700
5 21 East State Street
6 Columbus, Ohio 43215

7 On behalf of the Company.

8 Janine L. Migden-Ostrander
9 Ohio Consumers' Counsel
10 By Ms. Maureen R. Grady
11 10 West Broad Street, Suite 1800
12 Columbus, Ohio 43215-3485

13 On behalf of the Residential
14 Consumers of the State of Ohio.

15 ALSO PRESENT:

16 Vectren:
17 Mr. Larry Friedeman
18 Mr. Jerrold Ultry

19 - - -

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WITNESS

PAGE

Kerry A. Heid

Examination by Ms. Grady

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DEPOSITION EXHIBITS

IDENTIFIED

1 - Notice to Take Deposition

5

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1 KERRY A. HEID

2 being first duly sworn, as hereinafter certified,
3 deposes and says as follows:

4 EXAMINATION

5 By Ms. Grady:

6 Q. Good morning, Mr. Heid.

7 A. Good morning.

8 MS. GRADY: At this time I would like to
9 mark as Deposition Exhibit No. 1 the Notice to Take
10 Deposition Upon Oral examination of Kerry A. Heid and
11 Request for Production of Documents dated June 27,
12 2008.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 Q. Now, Mr. Heid, in that Notice of
15 Deposition you were directed to produce at the time
16 of your deposition all documents relating to your
17 testimony or to your knowledge and expertise with
18 regard to the subject matter of these proceedings
19 and/or your responses to discovery, including, but
20 not limited to, the results of any studies done for
21 these proceedings and any backup documentation,
22 including raw data for those studies.

23 In response to that notice, what
24 documents did you bring to the deposition this

1 morning?

2 A. I have brought my direct testimony,
3 including all of the applicable exhibits that were
4 referenced in that testimony, including exhibits or
5 Schedules B-4 and E-5. I've also brought with me
6 copies of my supplemental testimony, including all of
7 the applicable exhibits referenced in that testimony.
8 I've brought with me copies of the workpapers that I
9 filed in this proceeding. I've got two binders that
10 contain the testimony from the OCC and the various
11 parties and the objections that they filed in this
12 proceeding, as well as the Staff Report and the Eagle
13 report and various other workpapers.

14 Q. Now, Mr. Heid, you said various
15 workpapers. Can you describe those?

16 A. They were various workpapers that I've
17 used, including the preparation of the
18 cost-of-service study and rate design.

19 Q. Would those have been workpapers that
20 were filed in this proceeding or no?

21 A. Those would include workpapers that were
22 filed in this proceeding. It included various items
23 that I consider the official file, which would
24 include copies of the prefiled and notice, copies of

1 the decoupling order, copies of the main study and
2 meter study, which I think were also included in
3 field workpapers, just the various copies of the
4 depositions that have occurred to date.

5 Q. Thank you.

6 MS. GRADY: Gretchen, if I could have one
7 minute, I would appreciate it.

8 MR. HUMMEL: Okay.

9 (Discussion off record.)

10 Q. (By Ms. Grady) Mr. Heid, go to your
11 direct testimony, page 4, lines 14 through 15. You
12 testified the E-3.2 was the cost-of-study service for
13 the test year ending May 31, 2008 with the date
14 certain of August 31, 2007; is that correct?

15 A. Yes.

16 Q. And then you go on to state that the
17 cost-of-service study is based on three months of
18 actual data and nine months of estimated data.

19 A. Yes, sir.

20 Q. Now, the pro forma A revenue levels that
21 you refer to in the schedules, those would be the
22 present revenue levels of the company showing the
23 three months actual and nine months projected without
24 adjustments, if you know?

1 A. It would not include the proposed rate
2 increase. It would be made up of the test year
3 actual numbers, plus the pro forma adjustment, but
4 not including the proposed rate increase itself.

5 Q. Okay. Just so I'm clear, it would be the
6 three and nine with the pro forma adjustment at the
7 actual -- at the present revenue levels?

8 A. That is correct.

9 Q. Now, pro forma B would show the results
10 with the proposed revenue that's being sought by
11 VEDO; is that correct?

12 A. That is correct.

13 Q. And the three and nine data would be
14 adjusted for the pro forma adjustments that the
15 company is making in this case.

16 A. Yes. They tie back to the income
17 statement from Ms. Hardwick.

18 Q. Now, page 28 of your schedule, that would
19 be 28 of E-3 -- let me back up a second. E-3.2 is
20 your cost-of-service study; is that correct?

21 A. Yes.

22 Q. If we go to page 28 of that study, we
23 see, do we not, a comparison of the pro forma
24 operating revenues and the resulting dollar subsidy

1 at present and proposed rates. Is that what that
2 shows?

3 A. Yes.

4 Q. I want to focus on that schedule for a
5 moment. Line 1, rates 310 and 315 would be
6 residential customer class, correct?

7 A. That's correct.

8 Q. And Column B is the revenues at present
9 rate, that would be the three and nine plus the
10 pro forma adjustments.

11 A. Yes.

12 Q. Now, then you compare the revenues at
13 present rates to the revenues required for equalized
14 returns. That would be Column C.

15 A. Correct.

16 Q. And could you tell me the derivation of
17 Column C?

18 A. The derivation of Column C is included in
19 the preceding workpapers or the preceding schedule,
20 pages 1 through 27. That is simply adjusting the
21 revenues so that it would generate equal rates of
22 return by rate class.

23 MR. HUMMEL: I think someone may have
24 joined the call. Is someone else on the phone now?

1 Okay. I sorry, I thought I heard a beep.

2 MS. GRADY: I did hear a beep as well.

3 MR. HUMMEL: That's comforting, thank
4 you. And Mr. Freedmen just joined me.

5 MR. FRIEDEMANN: Good morning.

6 MS. GRADY: Is it Mr. Friedeman that
7 caused the beep.

8 MR. FRIEDEMANN: My pacemaker.

9 MR. HUMMEL: Oh, thank you.

10 Q. You said Column C is derived from the
11 preceding workpaper or the preceding schedule,
12 page 1 through 27 of E-3.2, did you say that?

13 A. Yes, I did.

14 Q. Then you would subtract Column B from
15 Column C to get the present subsidy under the
16 pro forma revenues at present rates.

17 A. Yes.

18 Q. Okay. On the other half of this schedule
19 you have the pro forma revenues proposed rates, and,
20 again, when we say pro forma there, we're talking
21 about the three and nine test year data plus any
22 adjustments proposed by the company to the three and
23 nine at proposed rate levels, correct?

24 A. Yes. In other words, Column C and D

1 would be the pro forma A that we initially talked
2 about; Columns E, F and G the pro forma B.

3 Q. Now, in the section of Schedule E-3.2,
4 page 28 of 40, entitled Pro Forma Revenues Proposed
5 Rates, which you call pro forma B, can you tell me
6 the first column, Revenues Required for Equalized
7 Returns, is that derived from the previous 27 pages
8 to E-3.2?

9 A. Yes. Actually, all of these numbers were
10 derived on those preceding pages.

11 Q. And the column entitled Ending Subsidy is
12 Column F minus Column E?

13 A. Correct.

14 Q. And the column entitled Subsidy
15 Reduction, that reflects the rate design decision of
16 the company to reduce the subsidy; is that correct?

17 A. That's correct.

18 Q. Now, Mr. Heid, if the pro forma revenues
19 at present rates are understated for class 310 and
20 315, then the subsidy or Column D would be
21 overstated; is that correct?

22 A. Are you speaking in terms that the total
23 revenues being overstated or by customer class?

24 Q. By customer class.

1 A. I don't understand your question.

2 Q. I guess if we look at rates -- the
3 subsidies that you calculated are on a rate class
4 basis; is that correct?

5 A. Yep.

6 Q. Okay. So if the pro forma revenues at
7 present rates are understated for a particular class,
8 then the subsidy that you calculate for that class
9 would be overstated; is that correct?

10 A. Well, its depends.

11 Q. Can you explain?

12 A. It depends on how that pro forma revenue
13 at present rates was lower than what we reflect here.
14 If it is a function that all of the so-called
15 pro forma A revenues are lower, in other words, the
16 total revenues of present rates were lower, then that
17 would have a flow-through effect, including an effect
18 on the subsidy reduction.

19 Q. And is that because the subsidy
20 reduction -- the revenues required for equalized
21 return are backed into?

22 A. Yes.

23 Q. Okay. So what you're saying is if the
24 total revenue shown at present rates is understated,

1 then the revenue required for equalized return would
2 be overstated and the subsidies would be overstated.

3 A. If the pro forma revenues at present
4 rates are understated, then that's going to, as I
5 said, have a flow-through effect. It would affect
6 the total amount of the increase and would affect the
7 subsidies by customer class, as well as the amount of
8 the overall increase.

9 Q. And, Mr. Heid, the rate design adopted by
10 the company is based in large part upon conclusions
11 the company reaches as to whether a subsidy is
12 present for a particular rate class; is that correct?

13 A. Yes. Our goal is to move towards equal
14 rates of return that at the same time consider and
15 mitigate any potential rate shock resulting from that
16 movement.

17 Q. Now, on page 7 of your testimony, lines
18 29 through 33, you speak to the data used to perform
19 the cost-of-service study, and you indicate on
20 line 31 that: "The customer and volume statistics by
21 rate class were developed by summarizing data
22 contained in E-4 and E-4.1."

23 A. Yes.

24 Q. If the customer volume and statistics

1 that you relied upon to run your cost-of-service
2 study were inappropriate, it would have an impact on
3 your cost-of-service study, wouldn't it?

4 A. Yes. As we discussed, if the pro forma A
5 revenues change, it will have a flow-through effect
6 on virtually all of the numbers.

7 Q. Now, on page 11 of your testimony you
8 reference at line 18 "the long-established Commission
9 policy." Do you see that reference?

10 A. Yes, I do.

11 Q. Are you talking about the PUCO or some
12 other commission?

13 A. Well, both, actually. Here I'm
14 specifically talking about the Ohio Commission, but I
15 think it would be fair to generalize that virtually
16 all of the commissions have a goal and probably a
17 statutory requirement as well to move towards
18 cost-based rates.

19 Q. Do you know if the Ohio Commission has a
20 statutory requirement to move towards cost-based
21 rates?

22 A. I could not point to a specific statute.
23 I'm sure there is a statute that probably requires
24 that rates be not unduly discriminatory, and that is

1 commonly defined as cost based.

2 Q. Now, is your knowledge of the longest
3 established -- let's talk about the commission policy
4 being the PUCO. How did you gain your knowledge of
5 the PUCO policy with respect to revenue distribution?

6 A. Well, as I say, I couldn't point to a
7 specific statute, but this was really based more on
8 general observation and knowledge and by
9 participation in the previous VEDO rate case.

10 Q. Beyond the previous VEDO rate case, do
11 you have any independent knowledge of the PUCO policy
12 with respect to revenue distribution?

13 A. Well, I am familiar with the rate cases
14 that other companies have filed. They typically file
15 a cost-of-service study. A cost-of-service study is
16 required to be filed in Schedule E-3.2, and the only
17 purpose of filing a cost-of-service study would be in
18 determining the cost to serve individual customer
19 classes.

20 Q. So you're saying that the other companies
21 that have filed E-3.2. Can you tell me, have you
22 read those filings, or are you just intuitively
23 saying if other companies are required to file E-3.2,
24 then the cost-of-service study must be used in the

1 design of rates.

2 A. Both.

3 Q. Can you tell me how you define "long" in
4 that phrase, "long established" in terms of the PUCO?

5 A. No, I couldn't give you a specific number
6 of years.

7 Q. Can you explain to me how you used the
8 earnings indices to guide you in moving to equal
9 rates of return as referenced on page 11, lines 25
10 through 26?

11 A. Yes. The cost-of-service study
12 determined the resulting rate of return on rate base
13 by customer class. If you take the rate of return
14 for an individual customer class and divide that by
15 the overall system rate of return, that gives you
16 what is referred to as an earnings index. If that
17 earnings index is below 1, that would show that the
18 customer class rate of return is below the system
19 rate of return, and, therefore, you would conclude
20 that they are being provided a subsidy, whereas if
21 the earnings index was above 1, that would
22 demonstrate the customer class rate of return was
23 greater than the overall system rate of return and,
24 accordingly, you would conclude that they were

1 providing a subsidy.

2 Once we determined those earnings indices
3 for each customer class, and we want to move each
4 earnings index for each customer class towards a
5 value of 1, and then the only question whether you go
6 all the way to a value of 1 or whether you just move
7 partway in order to mitigate potential rate shock.

8 Q. When you talk about the rate shock, can
9 you define what you mean there?

10 A. I always say you know it when you see it.

11 Q. Like obscenity.

12 A. Really, there is no definition that I'm
13 aware of.

14 Q. Now, that leads into my next question,
15 and that goes to page 12 of your testimony on line 16
16 you indicate that "other factors militate against
17 moving completely to cost of service rates." Do you
18 see that reference?

19 A. Yes, I do.

20 Q. Can you tell me what those other factors
21 are?

22 A. It would primarily be the concern for
23 rate shock for a particular customer class.

24 Q. Let's talk about the residential class.

1 Can you define -- I know you said you know it when
2 you see it, but for Vectren can you define when rate
3 shock would occur in terms of moving towards cost of
4 service for the residential customers in the context
5 of this rate case?

6 A. Well, we certainly would not want to see
7 residential bill impact above 10 percent, so one of
8 our objectives is to keep the residential increase
9 below 10 percent.

10 Q. When you say residential bill impacts,
11 are you talking about the total bill or talking about
12 customer charge? I want to understand exactly what
13 you're saying, Mr. Heid.

14 A. I'm talking about the total revenue
15 increase for the customer class and also that would
16 translate into the effect on an average residential
17 customer. In other words, we would not want the
18 overall revenues for the residential customer class
19 to increase in the double digits, nor would we want
20 the average residential customer to have that high of
21 a bill impact.

22 Q. And average, you are talking about an
23 average use customer, residential?

24 A. Yes, I am.

1 Q. And do you know for Vectren what the
2 average use residential customer is, how many Ccf?

3 A. Give me one moment. I believe I included
4 that in my schedule, but let me look. It's 81 Mcf,
5 to the best of my recollection, but I'm still looking
6 to see whether I included that in my exhibit. 81
7 Mcf, I apparently did not, but I believe it was in
8 the range of 81 Mcf per year.

9 Q. Okay. The 10 percent figure that you
10 said, you said you would not want to see the
11 residential bill impacts go into double digits. The
12 10 percent figure, how is that derived? What is it
13 based on?

14 A. That really is just an internal Vectren
15 guideline where they do not want to create that great
16 of a bill impact on residential customers.

17 Q. Was that internal Vectren guideline
18 communicated to you?

19 A. I'm sorry, say that again.

20 Q. Was that internal Vectren guideline
21 communicated to you?

22 A. Yes. When we go through the rate design
23 process, it is not me in isolation, obviously, that
24 is doing that. I actually meet with Mr. Ulrey and

1 other members of the Vectren team and we discuss the
2 amounts of the subsidy reduction and the rate design,
3 and that was communicated in the context of those
4 suggestions. It's also important to point out that
5 the total bill impact that I'm talking about includes
6 gas costs, and so the total bill impact is kind of a
7 moving target because as the gas costs get higher,
8 then, obviously, we recognize that the bill impacts
9 are more severe overall for the residential
10 customers, and we try to maybe moderate bill impacts
11 even below the 10 percent range.

12 Q. Is it your assumption that the total gas
13 cost will continue to increase for customers?

14 A. I don't have any opinion on that. You
15 know, certainly it's higher than it has been in
16 preceding rate cases.

17 Q. You talked about the 10 percent being an
18 internal Vectren guideline. Is there a guideline,
19 other than Vectren's internal guideline, that you
20 have for defining rate shock for Vectren's customers?
21 Let's start with Vectren's customers.

22 A. I'm sorry, could you say that again?

23 MR. HUMMEL: And also, Ms. Grady, we
24 might want again for the sake of consistency say

1 Vectren when only referring to the corporation and
2 VEDO when referring to VEDO.

3 MS. GRADY: Understood.

4 Q. Mr. Heid, when I have been using the term
5 Vectren, how have you understood it?

6 A. I have understood it to mean VEDO
7 generally.

8 Q. Okay. I appreciate that. I will try to
9 be more accurate with respect to that.

10 Mr. Heid, where I'm going, we talked
11 about this internal Vectren guideline which
12 essentially says, as you communicated, that you don't
13 want to see the residential bill impact go above 10
14 percent or go into double digits. My question is, do
15 you have your own internal guideline at which point
16 you would say if the residential bill impact is above
17 X percent, then there is going to be rate shock.

18 A. No, I really don't. I share Vectren's
19 belief. You know, keep in mind that I was director
20 of rates for Vectren and worked for them for about 13
21 years, so I do share a lot of the same beliefs and
22 positions as Vectren, and in this case I certainly
23 share that opinion.

24 Q. Now, again, this is going back, just

1 cleaning up here, you had indicated on page 12, line
2 6, there were other factors militating against moving
3 completely to cost-of-service rates, and we talked
4 about rate shock. Are there any other factors that
5 you are referencing there on those lines of your
6 testimony?

7 A. That is certainly the primary
8 consideration. I can't think of any other
9 consideration right now.

10 Q. Now, if I went to E-3.2, page 24 of 40, I
11 would see the rate of returns by class under the
12 present rates; is that right?

13 A. Give me that reference again.

14 Q. 3.2, page 24 of 40.

15 A. Yes. That would show the resulting rate
16 of return at the pro forma A; in other words, that's
17 the present revenue level; in other words, that's
18 what the actual rates are generating as far as rate
19 of return on rate base.

20 Q. And line 14 you show the current rate of
21 return for each class?

22 A. Correct.

23 Q. And that's mathematically derived how?

24 A. It would be line 12, the net operating

1 income, divided by line 13, the original cost to rate
2 base.

3 Q. Thank you. E-3.2 page 27 of 40, I'll
4 give you a moment to find that, that's the rate of
5 returns by class proposed to be used in the design of
6 rates for the company; is that right?

7 A. That's correct.

8 Q. And to see the movement proposed to
9 reduce the subsidy, we would compare page 27 to
10 page 24; is that right?

11 A. That's correct.

12 Q. And for the residential customers the
13 earning index would go from negative 161 to 60
14 percent?

15 A. Yes. And that's actually shown on
16 schedule E-3.2, page 29 of 40.

17 Q. Okay. When you go on the earnings index
18 from a negative 161 percent to a 60 percent, that
19 represents a reduction in the subsidy?

20 A. Yes, it does. If it's moving closer to a
21 subsidy -- or an earnings index of 1, then that would
22 represent a subsidy reduction.

23 Q. Okay. Now Schedule E-4 shows the sales
24 by rate revenue; is that right?

1 A. I'm sorry, if I could maybe expand on my
2 last answer.

3 Q. I'm sorry, I didn't mean to cut you off.

4 A. That's fine. Under the earnings index if
5 you move closer to a earnings index of 1, that would
6 demonstrate a subsidy reduction. As I had discussed
7 in my supplemental testimony, it is possible that the
8 earnings index could move closer to a factor of 1,
9 but, yes, a dollar subsidy would increase. So simply
10 because the earnings index would move closer to a
11 factor of 1 does not, by itself, indicate that a
12 subsidy reduction is occurring. It simply indicates
13 that using this measure of subsidy reduction is
14 occurring, but it is possible that the dollar amount
15 of the subsidy would be increasing at the same time.

16 Q. Okay. Thank you. Now, Schedule E-4,
17 that shows sales by rate revenue; is that right?

18 A. Yes.

19 Q. And, if you know, that is based on the
20 three and nine unadjusted revenues by class?

21 A. No. That would be -- that would include
22 the pro forma adjustments to the volume.

23 Q. I'm sorry. That would be based on the
24 three and nine plus pro forma adjustments done by the

1 company to its application?

2 A. That's correct.

3 Q. Now, E-4.1 shows billing determinates by
4 rate schedule and customer class based on the three
5 months actual and three months estimated; is that
6 right?

7 A. Yes. E-4.1 simply shows all of the
8 detail and then that rolls up to Schedule E-4. I was
9 going to say they do show the pro forma A adjusted,
10 in other words, including the pro forma adjustments.

11 Q. Now, Mr. Heid, when is it appropriate to
12 use actual test year revenues by class to establish
13 rate design for a utility?

14 A. You mean actual without any pro forma
15 adjustments?

16 Q. Yes.

17 A. Well, the only time it would be
18 appropriate is if there was no need for the pro forma
19 adjustments; in other words, if your test year was
20 completely representative of your current conditions,
21 which rarely, if ever, exist.

22 Q. When is it appropriate to use the actual
23 test year revenues by class with pro forma
24 adjustments to establish rate design?

1 A. Always.

2 Q. Is it preferable to use actual test year
3 revenues as opposed to a projected test year revenue
4 figure with adjustments?

5 A. I don't really have any opinion on that.
6 If you're asking me whether a completely 12-month
7 historical period is more appropriate than a three
8 and nine test year?

9 Q. I guess I'm asking you whether an actual
10 12-month period of time is more appropriate to use
11 than a three months actual and nine months projected
12 period of time for revenues.

13 A. No. I would not agree with that. First
14 of all, I don't believe that's what the requirement
15 is in Ohio, but I believe that the three and nine is
16 more representative simply because you're able to
17 reflect the changes that you anticipate to occur in
18 that nine-month period.

19 Q. Do you know for Vectren, in fact,
20 Mr. Heid the three and nine is more representative
21 than the 12-month actual revenues?

22 A. You're really getting outside of my area
23 here. That would probably be a question more
24 appropriately addressed to Ms. Hardwick. I simply

1 use their revenue requirement numbers in performing
2 the cost-of-service study and rate design. If they
3 had used the 12-month historical, I would have used
4 those numbers for my purposes, so I really don't have
5 any opinion on that. I think that would be more
6 appropriate to address to another witness.

7 Q. I appreciate that, Mr. Heid. Now, did
8 you review the staff report in this case?

9 A. Yes, I did.

10 Q. And, in particular, did you review the
11 staff report, the section of the staff report which
12 addressed rate design and cost of service?

13 A. Yes, I did.

14 Q. Would it be your conclusion that the
15 staff has accepted the methodology that you have used
16 in your cost-of-service study?

17 A. I believe they accepted the results of
18 the cost-of-service study. They did, however, use a
19 different revenue distribution that was based upon
20 the cost-of-service study. So we both started with
21 the same cost-of-service study, but in moving towards
22 equal rate of return, we did that in different ways.

23 Q. Okay. You have the staff report in front
24 of you, do you not?

1 A. I can get that here, hold on.

2 Q. Can you turn to table 3 on page 29 of the
3 staff report.

4 A. Yes.

5 Q. Is it fair to say, Mr. Heid, that table
6 3 compares the staff's proposed allocation of the
7 rate increase with your proposed allocation.

8 A. I believe that is what that purports to
9 represent. Honestly, I have not checked those
10 numbers to see if that is what is going on on that
11 table because that's simply not the way that we
12 approach the revenue distribution or rate design.

13 Q. So you wouldn't know why the -- you
14 wouldn't know what the staff's comparison is there
15 and how it would differ from the results of your
16 cost-of-service study?

17 A. Well, I assume that it differs simply
18 because they used a different approach to revenue
19 distribution than we did.

20 Q. And that's where you would believe the
21 result, the comparison differs, as opposed to a
22 difference in the cost-of-service study results?

23 A. Yes. I saw nothing in the study that
24 would lead me to believe that they disagreed in any

1 way with the cost-of-service study, and they did
2 include affirmative statements with respect to the
3 cost-of-service study. They started with the same
4 cost of service that VEDO did, but in moving toward
5 equal rate of return, they used a different approach
6 so they ended up having different revenue targets, if
7 you will, and the total revenue increase to classes,
8 what's different than what VEDO had proposed.

9 MS. GRADY: Mr. Heid, that's all the
10 questions I have for you this morning. I appreciate
11 your time.

12 At this point I open up for
13 cross-examination for any other parties that
14 intervened in or represent parties in the rate case.

15 (No response.)

16 MS. GRADY: Hearing no response, we can
17 conclude and go off the record.

18 (The deposition concluded at 10:44 a.m.)

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24

1 State of Ohio :
2 County of _____ : SS:
3

4 I, Kerry A. Heid, do hereby certify that I
5 have read the foregoing transcript of my deposition
6 given on Wednesday, August 13, 2008; that together
7 with the correction page attached hereto noting
8 changes in form or substance, if any, it is true and
9 correct.

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Kerry A. Heid

I do hereby certify that the foregoing
transcript of the deposition of Kerry A. Heid was
submitted to the witness for reading and signing;
that after he had stated to the undersigned Notary
Public that he had read and examined his deposition,
he signed the same in my presence on the _____ day
of _____, 2008.

Notary Public

My commission expires _____, _____.

CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Wednesday, August 13, 2008, and carefully compared with my original stenographic notes.

Rosemary F. Anderson / Kst
Rosemary Foster Anderson,
Professional Reporter and
Notary Public in and for
the State of Ohio.

My commission expires April 5, 2009.

(RFA-8186)

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