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**BEFORE**  
**THE PUBLIC UTILITIES COMMISSION OF OHIO** 2010 JUL 23 PM 3:10

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. )

**PUCO**

Case No. 07-1080-GA-AIR

In the Matter of the Application of Vectren )  
Energy Delivery of Ohio, Inc. for Authority )  
to Adjust its Distribution Replacement Rider )  
Charges. )

Case No. 10-595-GA-RDR

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**SUPPLEMENTAL DIRECT TESTIMONY OF**  
**SCOTT E. ALBERTSON**  
**ON BEHALF OF**  
**VECTREN ENERGY DELIVERY OF OHIO, INC.**

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July 23, 2010

**Attorneys for Vectren Energy Delivery**  
**of Ohio, Inc.**

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**SUPPLEMENTAL DIRECT TESTIMONY OF SCOTT E. ALBERTSON**

**INTRODUCTION**

**Q. Please state your name and business address.**

A. Scott E. Albertson

One Vectren Square

Evansville, Indiana 47708

**Q. Are you the same Scott E. Albertson who previously filed direct testimony and exhibits in these cases?**

A. Yes. I provided testimony and exhibits to support the derivation of the DRR charges, bill impacts and the DRR tariff sheet.

**Q. What is the purpose of your supplemental direct testimony in these proceedings?**

A. The purpose of my supplemental direct testimony is to address the changes in proposed DRR charges, along with associated bill impacts and a revised tariff sheet, reflecting the change in the DRR revenue requirement sponsored by VEDO witness Janice M. Barrett.

**Q. What exhibits are attached to your supplemental direct testimony?**

A. The following exhibits are attached to my supplemental testimony:

Exhibit No. SEA-S1, Pages 1 through 5 – DRR – Derivation of Charges;

Exhibit No. SEA-S2, Page 1 of 1 – DRR – Tariff Sheet; and

Exhibit No. SEA-S3, Page 1 of 1 – DRR – Annual Residential Customer

1 Bill Impact.

2 **EXPLANATION OF CHANGES**

3 **Q. Please explain Exhibit No. SEA-S1.**

4 A. Exhibit No. SEA-S1, Pages 1, 3, and 4 have been revised to reflect the  
5 modification of the DRR revenue requirement as discussed by VEDO  
6 witness Janice M. Barrett. The DRR revenue requirement is shown on  
7 Page 1 of 5, Line 8. The reduction to the DRR revenue requirement  
8 results in a slight reduction in dollars allocated to each rate schedule, but  
9 not the allocation factors themselves (as shown on Exhibit No. SEA-S1,  
10 Page 2 of 5). Although Page 2 does not change with this supplemental  
11 filing, it is included herein to avoid confusion.

12 **Q. Does Exhibit No. SEA-S1 contain any other changes?**

13 A. The allocation factors shown on Page 5 of 5 have been revised to reflect  
14 the DRR revenue requirement. The allocation of recoveries to specific  
15 months is a function of the dollars recovered volumetrically versus those  
16 recovered through a fixed charge per customer. Because the DRR  
17 revenue requirement is allocated differently for mains and service lines  
18 costs, when the revenue requirement for each is modified, the resulting  
19 recoveries, which are volume-dependent, and those which are customer-  
20 dependent, vary slightly. This drives a change in the monthly allocation  
21 factors shown on page 5. As explained in my direct testimony in these  
22 proceedings, this schedule is used as the basis for determining the

1 recovery variance in future DRR filings.

2 **Q. What is the resulting change in the monthly charge per residential**  
3 **customer?**

4 A. The proposed DRR charge for residential customers has changed from  
5 \$0.66 per customer per month to \$0.65 per customer per month.

6 **Q. What other changes have been made to your exhibits as a result of**  
7 **the new DRR revenue requirement?**

8 A. Exhibit No. SEA-S2 is the proposed DRR tariff sheet reflecting the revised  
9 DRR charges. Exhibit No. SEA-S3 illustrates the associated annual  
10 residential bill impact, which has decreased from \$7.92 to \$7.80 per  
11 customer.

12 **Q. Are there any other changes to your exhibits as a result of the new**  
13 **DRR revenue requirement?**

14 A. No.

15 **CONCLUSION**

16 **Q. Does this conclude your supplemental direct testimony?**

17 A. Yes, it does.

**VECTREN ENERGY DELIVERY OF OHIO  
DISTRIBUTION REPLACEMENT RIDER  
DERIVATION OF CHARGES**

<u>Line</u>	<u>Rate Schedule</u>	<u>(A) Mains Allocated DRR Revenue Requirement (b)</u>	<u>(B) Service Lines Allocated DRR Revenue Requirement (b)</u>	<u>(C) Total DRR Revenue Requirement (A) + (B)</u>	<u>(D) Customer Count (c)</u>	<u>(E) Proposed DRR per Customer Per Month (C)/(D)/12</u>	<u>(F) Annual Volumes (d)</u>	<u>(G) Proposed DRR per Ccf (C)/(F)</u>
1	310/311/315	\$400,516	\$1,846,016	\$2,246,532	287,775	\$0.65		
2	320/321/325	\$152,374	\$307,301	\$459,675				
3	Group 1			\$125,689 (e)	16,114	\$0.65		
4	Group 2 & 3			\$333,986 (e)			74,512,297	\$0.00448
5	341	\$30	\$49	\$79	2	\$3.27		
6	345	\$40,001	\$9,517	\$49,517			41,357,001	\$0.00120
7	360	\$58,542	\$4,213	\$62,755			53,763,331	\$0.00117
8	Total (a)	\$651,463	\$2,167,095	\$2,818,558				

(a) Revenue requirement from Exhibit No. JMB-S1

(b) Reflects revenue requirement multiplied by allocation factors found on Exhibit No. SEA-S1, Page 2

(c) Average customer count for CY 2009

(d) 2010 Budget Volumes

(e) From Exhibit No. SEA-S1, Page 3

**VECTREN ENERGY DELIVERY OF OHIO  
DISTRIBUTION REPLACEMENT RIDER  
RATE SCHEDULE ALLOCATION FACTORS**

<u>Line</u>	<u>Rate Schedule</u>	<u>Description</u>	<u>Mains Allocation Factors (a) (%)</u>	<u>Service Line Allocation Factors (b) (%)</u>
1	310/311/315	Residential DSS/SCO/Transportation	61.480%	85.184%
2	320/321/325	General Service DSS/SCO/Transportation	23.390%	14.180%
3	341	Dual Fuel	0.005%	0.002%
4	345	Large General Transportation	6.140%	0.439%
5	360	Large Volume Transportation	8.986%	0.194%
6		Total	<u>100.000%</u>	<u>100.000%</u>

(a) Mains Allocation Factor as presented in Case No. 07-1080-GA-AIR

(b) Service Lines Allocation Factor as presented in Case No. 07-1080-GA-AIR

**VECTREN ENERGY DELIVERY OF OHIO  
DISTRIBUTION REPLACEMENT RIDER  
ALLOCATION OF REVENUE REQUIREMENT - RATES 320, 321 AND 325**

<u>Line</u>	<u>Description</u>	<u>Amount</u>		<u>Source</u>
1	Proposed DRR - Rate 310/311/315	\$0.65	Per Month	Exhibit No. SEA-S1, Page 1
2	Proposed DRR - Rate 320/321/325 - Group 1	\$0.65	Per Month	Line [1]
3	Customer Count - Group 1	<u>16,114</u>		Exhibit No. SEA-S1, Page 1
4	Revenue Requirement - Group 1 (1)	\$125,689		Line [2] x Line [3] x 12
5	Revenue Requirement - Total 320/321/325	<u>\$459,675</u>		Exhibit No. SEA-S1, Page 1
6	Revenue Requirement - Group 2 & 3 (1)	<u>\$333,986</u>		Line [5] - Line [4]

Notes:

(1) to Exhibit No. SEA-S1, Page 1

**VECTREN ENERGY DELIVERY OF OHIO  
DISTRIBUTION REPLACEMENT RIDER  
RATE SCHEDULE BILL IMPACTS**

		(A)	(B)	(C)	(D)	(E)	
<u>Line</u>	<u>Rate Schedule</u>	<u>Present Revenue (a)</u>	<u>Previous DRR Revenue Requirement</u>	<u>Current DRR Revenue Requirement (c)</u>	<u>Incremental DRR Revenue Requirement (C)-(B)</u>	<u>% Increase (D)/(A)</u>	
1	310/311	\$173,803,267	\$0	\$1,575,246	\$1,575,246	0.91%	(d)
2	315	\$24,340,895	\$0	\$671,286	\$671,286	2.76%	(b) (d)
3	320/321	\$63,209,467	\$0	\$322,609	\$322,609	0.51%	(d)
4	325	\$7,066,433	\$0	\$137,066	\$137,066	1.93%	(b) (d)
5	341	\$20,339	\$0	\$79	\$79	0.39%	
6	345	\$7,684,911	\$0	\$49,517	\$49,517	0.64%	(b) (e)
7	360	\$6,593,932	\$0	\$62,755	\$62,755	0.95%	(b) (e)
8	Total	\$282,749,244	\$0	\$2,818,558	\$2,818,558	1.00%	

(a) Twelve months ending December 31, 2009

(b) Does not include gas costs

(c) From Exhibit No. SEA-S1, Page 2

(d) Current revenues calculated as unit rate times Number of customers

(e) Present revenues include allocation of former Rate 330 revenues



**VECTREN ENERGY DELIVERY OF OHIO  
DISTRIBUTION REPLACEMENT RIDER  
DETERMINATION OF APPROVED RECOVERIES  
BY CALENDAR MONTH**

(A)		(B)	(C)
Line	Month	Allocation Factor (1)	Approved Recoveries (2)
1	September-10	7.44%	\$209,719
2	October-10	7.94%	\$223,786
3	November-10	8.61%	\$242,644
4	December-10	9.52%	\$268,230
5	Subtotal (To Second Annual DRR Filing)		<u>\$944,379</u>
6	January-11	9.95%	\$280,398
7	February-11	9.40%	\$264,934
8	March-11	9.03%	\$254,527
9	April-11	8.03%	\$226,215
10	May-11	7.68%	\$216,453
11	June-11	7.50%	\$211,363
12	July-11	7.46%	\$210,374
13	August-11	7.45%	\$209,914
14	Subtotal (To Third Annual DRR Filing)		<u>\$1,874,179</u>

(1) Based on monthly volumes / customer count (as applicable) as a percentage of annual, in 2010 Budget.

(2) Allocation Factor in Column B times total revenue requirement.

VECTREN ENERGY DELIVERY OF OHIO, INC.  
Tariff for Gas Service  
P.U.C.O. No. 3

Sheet No. 45  
Fourth Revised Page 2 of 2  
Cancels Third Revised Page 2 of 2

## **DISTRIBUTION REPLACEMENT RIDER**

### **DISTRIBUTION REPLACEMENT RIDER CHARGE**

The charges for the respective Rate Schedules are:

<b><u>Rate Schedule</u></b>	<b><u>\$ Per Month</u></b>	<b><u>\$ Per Ccf</u></b>
310, 311 and 315	\$0.65	
320, 321 and 325 (Group 1)	\$0.65	
320, 321 and 325 (Group 2 and 3)		\$0.00448
341	\$3.27	
345		\$0.00120
360		\$0.00117

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Filed pursuant to the Finding and Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_ of the Public  
Utilities Commission of Ohio.

Issued: \_\_\_\_\_

Issued by: Jerrold L. Ulrey, Vice President

Effective: \_\_\_\_\_

**VECTREN ENERGY DELIVERY OF OHIO  
DISTRIBUTION REPLACEMENT RIDER  
ANNUAL RESIDENTIAL CUSTOMER BILL IMPACT**

Line

1	Proposed Residential DRR Per Customer Per Month	\$0.65
2	Months	<u>12</u>
3	Annual Bill Impact	<u>\$7.80</u>

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing *Supplemental Direct Testimony of Scott E. Albertson* has been served by first class mail, postage prepaid, or hand-delivered, this 23rd day of July, 2010, to the following parties of record.

  
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