

FILE

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren :
Energy Delivery of Ohio, Inc. for Authority : Case No. 11-2776-GA-RDR
to Adjust its Distribution Replacement Rider :
Charges. :

**PREFILED TESTIMONY OF KERRY J. ADKINS
OF THE ACCOUNTING AND ELECTRICITY DIVISION
OF THE UTILITIES DEPARTMENT ON BEHALF
OF THE STAFF OF THE PUBLIC
UTILITIES COMMISSION OF OHIO**

Staff Exhibit No. __

August 10, 2011

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1 **PREFILED TESTIMONY OF KERRY J. ADKINS**

2 **INTRODUCTION**

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

4 A: My name is Kerry J. Adkins and my business address is 180 East Broad Street, Co-
5 lumbus, Ohio 43215-3793.

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Public Utilities Commission of Ohio ("Commission" or
8 "PUCO") as a Public Utilities Administrator in the Accounting and Electricity Divi-
9 sion of the Utilities Department. In that capacity, I manage and participate on Com-
10 mission Staff ("Staff") teams that review natural gas, electric, and water utilities' ap-
11 plications for recovery of certain costs associated with infrastructure replacement
12 programs. In addition, I serve on Staff teams that review utility applications in base
13 rate proceedings and perform other related duties as assigned.

14 **Q. Please briefly describe your educational background and work experience.**

15 A. I received a B.A. degree in history and political science from Ohio Northern Univer-
16 sity and a Master of Public Administration degree with concentrations in regulatory
17 policy and fiscal administration from The Ohio State University. I began my em-
18 ployment with the PUCO in 1989 as a Researcher II in what was then the Consumer
19 Services Department's Nuclear Division. Since that time, I have held a number of
20 analyst and management positions at the Commission. I was assigned to my present
21 position in January 2008. Prior to my employment with the PUCO, I was employed
22 as the Administrative Deputy for the City of Whitehall, Ohio.

Q. Have you previously testified before the Commission?

A. Yes. I have testified before the Commission in several rate and enforcement proceedings and customer complaint cases.

Q. What is the purpose of your Testimony in this proceeding?

A. I am supporting the Stipulation and Recommendation (“Stipulation”) filed in this proceeding on August 10, 2011. In my opinion, the Stipulation represents a fair and reasonable compromise of the issues in these proceedings. It is my recommendation that it should be adopted and approved by the Commission.

THE STIPULATION

Q. Please describe the Stipulation.

A. The Stipulation is a comprehensive settlement of all issues in Case No. 11-2776-GA-RDR. In the Stipulation, Vectren Energy Delivery of Ohio (“VEDO” or “Company”) and the Staff agree that:

- The Stipulation represents an overall compromise and resolution of the issues raised in this proceeding;
- VEDO will reduce its proposed DRR revenue requirement by \$4,832 to eliminate compounding of post in-service carrying costs (“PISCC”);
- VEDO will make an additional \$18,468 reduction to the revenue requirement to recognize additional bonus depreciation available pursuant to the most current interpre-

tation and guidance for tax treatment of depreciation under the Federal Government's American Recovery and Reinvestment Act;¹

- VEDO's total Distribution Replacement Rider ("DRR") revenue requirement (revenue requirement for recovery of investments through 2010 for its Distribution Replacement Program will be \$5,540,825 and will be allocated to the Company's rate classes of customers as follows:

Rate Schedule	Per Customer Per Month	Per Ccf
310/311/315	\$1.27	
320/321/325 Group 1	\$1.27	
320/321/325 Group 2 & 3		\$0.00980
341	\$6.65	
345		\$0.00267
360		\$0.00166

- The new rates will commence with service rendered to customers on and after September 1, 2011.

Q. Based on your experience with settlements reached in other proceedings before the Commission, does the Stipulation satisfy the Commission's criteria for evaluating the reasonableness of a stipulation?

A. Yes. I believe that the Stipulation satisfies each of the Commission's criteria for evaluating the reasonableness of a stipulation: the Stipulation is the result of serious bargaining among capable, knowledgeable parties; the Stipulation benefits ratepayers

¹ H.R. 1, 111th Congress, American Recovery and Reinvestment Act of 2009.

1 and the public interest; and, the Stipulation does not violate any important regulatory
2 principle or practice.

3 **THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING**
4 **AMONG CAPABLE, KNOWLEDGEABLE PARTIES**

5
6 **Q. Do you believe the Stipulation filed in this case is the product of serious bar-**
7 **gaining among knowledgeable parties?**

8 A. Yes. The Stipulation is the product of an open process in which all parties were
9 represented by experienced counsel and technical experts that have participated in
10 numerous regulatory proceedings before the Commission. There were extensive
11 negotiations among the parties and the Stipulation represents a comprehensive
12 compromise of the issues raised by parties with diverse interests.

13 **Q. Were all parties to this case included in the negotiations that resulted in the**
14 **Stipulation?**

15 A. Yes.

16 **Q. Which parties have signed the Stipulation?**

17 A. VEDO and the Staff signed the Stipulation as a reasonable resolution of all the is-
18 sues. The Office of the Ohio Consumers Counsel ("OCC") is the only other party
19 to this proceeding, and it did not sign the Stipulation.

20 **THE SETTLEMENT BENEFITS RATEPAYERS AND**
21 **THE PUBLIC INTEREST**

22
23 **Q. In your opinion does the Stipulation benefit ratepayers and the public interest?**

24 A. Yes. The issues raised in this case were relatively minor and technical in nature and
25 did not involve large sums of money. Settlement of the issues avoids a hearing and

1 enables VEDO to begin recovery of its 2010 investments in the Distribution Re-
2 placement Program. The Distribution Replacement Program, in turn, benefits cus-
3 tomers through the accelerated replacement of aging infrastructure which enhances
4 public safety and improves operational efficiency of VEDO's natural gas distribution
5 system.

6 **THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT**
7 **REGULATORY PRINCIPLE OR PRACTICE**
8

9 **Q. Does the Stipulation violate any important regulatory principle or practice?**

10 A. No.

11 **CONCLUSION**

12 **Q. Are you recommending that the Commission approve the Stipulation?**

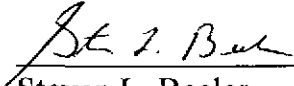
13 A. Yes. I believe the Stipulation represents a fair, balanced and reasonable compro-
14 mise of diverse interests and provides a fair result for customers. I believe that the
15 Stipulation meets all of the Commission's criteria for adoption of settlements and
16 that the Commission should issue an order approving the settlement.

17 **Q. Does this conclude your Prepared Direct Testimony?**

18 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-filed Testimony of Kerry J. Adkins was served upon all parties of record by electronic mail and/or regular U. S. mail this 10th day of August 2011.



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Assistant Attorney General

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