

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren	:	
Energy Delivery of Ohio, Inc. for Authority	:	Case No. 12-1423-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 28, 2012

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 "PU-
8 CO") as a Public Utilities Administrator in the Accounting and Electricity Division
9 of the Utilities Department. In that capacity, I manage and participate on Commis-
10 sion Staff ("Staff") teams that review natural gas, electric, and water utilities' appli-
11 cations for recovery of certain costs associated with infrastructure replacement pro-
12 grams. In addition, I serve on Staff teams that review utility applications in base rate
13 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.

1 **Q. Have you previously testified before the Commission?**

2 A. Yes. I have testified before the Commission in several rate and enforcement pro-
3 ceedings and customer complaint cases.

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

5 A. I am supporting the Stipulation and Recommendation ("Stipulation") filed in this
6 proceeding on August 27, 2012. In my opinion, the Stipulation represents a fair and
7 reasonable compromise of the issues in these proceedings. It is my recommendation
8 that it should be adopted and approved by the Commission.

9 **THE STIPULATION**

10 **Q. Please describe the Stipulation.**

11 A. The Stipulation is a comprehensive settlement of all issues in Case No. 12-1423-GA-
12 RDR. In the Stipulation, Vectren Energy Delivery of Ohio ("VEDO" or "Compa-
13 ny") and the Staff agree that:

- 14 • The Stipulation represents an overall compromise and resolution of the issues raised
15 in this proceeding;
- 16 • VEDO will increase its proposed Distribution Replacement Rider ("DRR") revenue
17 requirement by \$79,965 to include return on and amortization of deferred deprecia-
18 tion expenses. Staff and VEDO agree that VEDO is entitled to recover return on and
19 amortization of deferred depreciation expenses pursuant to the Commission-
20 approved Stipulation filed in Case No.07-1080-GA-AIR, where the Commission in-

1 initially authorized the Distribution Replacement Program.¹ Although it was entitled
2 to recover return on and amortization of deferred depreciation expenses, VEDO
3 failed to include such expenses in its application filed on April 30, 2012 in this mat-
4 ter.

- 5
- 6 • VEDO's total DRR revenue requirement for recovery of investments through 2011
7 for its Distribution Replacement Program will be \$8,703,957 and will be allocated
8 to the Company's rate classes of customers as follows:

Rate Schedule	Per Customer Per Month	Per Ccf
310/311/315	\$2.01	
320/321/325 Group 1	\$2.01	
320/321/325 Group 2 & 3		\$0.01521
341	\$10.27	
345		\$0.00342
360		\$0.00166

- 9
- 10 • The new rates will commence with service rendered to customers after Commission
11 approval of the Stipulation.

12

13 **Q. Based on your experience with settlements reached in other proceedings before**
14 **the Commission, does the Stipulation satisfy the Commission's criteria for eva-**
15 **luating the reasonableness of a stipulation?**

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* (2007 Rate Case), Case No. 07-1080-GA-AIR, (2007 Rate Case Stipulation at 8-14).

1 A. Yes. I believe that the Stipulation satisfies each of the Commission's criteria for eva-
2 luating the reasonableness of a stipulation: the Stipulation is the result of serious bar-
3 gaining among capable, knowledgeable parties; the Stipulation benefits ratepayers
4 and the public interest; and, the Stipulation does not violate any important regulatory
5 principle or practice.

6 **THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING**
7 **AMONG CAPABLE, KNOWLEDGEABLE PARTIES**
8

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

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

16 **Q. Were all parties to this case included in the negotiations that resulted in the Sti-**
17 **pulation?**

18 A. Yes.

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

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

23 **THE SETTLEMENT BENEFITS RATEPAYERS AND**
24 **THE PUBLIC INTEREST**

1
2 **Q. In your opinion does the Stipulation benefit ratepayers and the public interest?**

3 A. Yes. The adjustment to VEDO's revenue requirement and the resulting increases to
4 the proposed DRR rates correct an omission in VEDO's original Application in this
5 case and will allow it to recover deferred depreciation expenses which it is due.
6 Settlement of this and the other issues in this case avoids a hearing and enables VE-
7 DO to begin recovery of its 2011 investments in the Distribution Replacement Pro-
8 gram. The Distribution Replacement Program, in turn, benefits customers through
9 the accelerated replacement of aging infrastructure which enhances public safety and
10 improves operational efficiency of VEDO's natural gas distribution system.

11 **THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT**
12 **REGULATORY PRINCIPLE OR PRACTICE**
13

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

15 A. No.

16 **CONCLUSION**

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

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

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

23 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 27th day of August 2012.



Devin D. Parram
Assistant Attorney General

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Summary: Testimony Pre-filed Direct Testimony of Kerry Adkins submitted on behalf of PUCO Staff electronically filed by Mr. Devin D Parram on behalf of Staff of the PUCO