

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc. to Implement)	Case No. 12-530-GA-UNC
a Capital Expenditure Program.)	

In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc. for Authority)	Case No. 12-531-GA-AAM
to Change Accounting Methods.)	

**SECOND SUPPLEMENTAL REPLY COMMENTS OF
VECTREN ENERGY DELIVERY OF OHIO**

I. INTRODUCTION

On September 14, 2012, Vectren Energy Delivery of Ohio, Inc. (“VEDO” or “Company”) filed supplemental reply comments in this proceeding. Among other things, VEDO proposed that it be permitted to continue capital expenditure program (“CEP”) deferrals “until the rate impact of recovering a return on and of the CEP regulatory asset on VEDO’s Residential (Rate 310, 311 and 315) and General Default Sales Service, Group 1 (Rate 320, 321 and 325) customers would exceed \$2.50 per month.” (VEDO Supp. Reply Comments at 5.)

On October 26, Staff filed surreply comments. As pertinent here, Staff recommended “that the Commission set a cap on VEDO’s CEP deferrals at \$1.50 per customer per month if the deferrals were included in customer rates as opposed to the \$2.50 cap recommended by VEDO.” (Staff Sur. Comments at 11.) Staff also stated, however, “that the adequacy of the [\$1.50] cap can be revisited in a future case,” depending on what rate treatment VEDO obtains regarding certain modernization investments. (*Id.* at 14.)

Having reviewed Staff’s surreply comments, VEDO offers these second supplemental reply comments to further clarify its position. VEDO continues to maintain any position set forth in its earlier comments to the extent they are not modified below.

II. COMMENTS

VEDO believes that enough agreement exists between Staff and VEDO that the Commission could approve VEDO's application to the satisfaction of both parties. VEDO continues to believe that a \$1.50 cap will prove insufficient if VEDO must defer system modernization investments, along with all other necessary investments, through the CEP. But it appears that both VEDO and Staff agree that the adequacy of any monetary cap can be revisited if it becomes necessary. (*See* Staff Sur. Comments at 14 ("the adequacy of the cap can be revisited in a future case if VEDO is unsuccessful in obtaining an alternative recovery mechanism similar to its DRR for its modernization investments in the future"); VEDO Supp. Reply Comments at 6 (recognizing that monetary cap could be recalculated "if an alternative rate mechanism is approved for recovery of the modernization investment").)

VEDO continues to believe that any time limit *or* monetary limit on deferrals is contrary to the plain language of R.C. 4929.111. But given that it is not necessary at this time to resolve issues regarding the adequacy of different monetary caps, VEDO would accept a \$1.50 limit on deferrals at this time. VEDO, however, would reserve the right to raise any and all issues concerning monetary caps in a future filing, as appropriate, including if VEDO does not obtain approval of an alternative recovery mechanism for the system modernization investments referenced in its supplemental reply comments.

III. CONCLUSION

In accordance with its comments filed in this case, VEDO respectfully requests that the Commission grant its application.

Dated: December 4, 2012

Respectfully submitted,

/s/ Andrew J. Campbell

Mark A. Whitt (Counsel of Record)

Andrew J. Campbell

WHITT STURTEVANT LLP

88 E. Broad St., Suite 1590

Columbus, Ohio 43215

Telephone: (614) 224-3911

Facsimile: (614) 224-3960

whitt@whitt-sturtevant.com

campbell@whitt-sturtevant.com

ATTORNEYS FOR VECTREN ENERGY
DELIVERY OF OHIO, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Second Supplemental Reply Comments was served by electronic mail to the following persons on this 4th day of December, 2012:

Steven L. Beeler
Assistant Attorney General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
steven.beeler@puc.state.oh.us

Joseph P. Serio
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215
serio@occ.state.oh.us

Colleen L Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, Ohio 45840
cmooney2@columbus.rr.com

/s/ Andrew J. Campbell
One of the Attorneys for Vectren Energy
Delivery of Ohio, Inc.

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Summary: Comments Second Supplemental Reply Comments electronically filed by Mr. Andrew J Campbell on behalf of Vectren Energy Delivery of Ohio