

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren )  
Energy Delivery of Ohio, Inc. for Approval )  
to Change Accounting Methods ) Case No. 15-1238-GA-AAM  
Associated With the Heating Value of the )  
Natural Gas on Its System. )

ENTRY

The attorney examiner finds:

- (1) Vectren Energy Delivery of Ohio, Inc. (Vectren or Company) is a natural gas company, as defined in R.C. 4905.03, and a public utility, as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4905.13 authorizes the Commission to establish systems of accounts to be kept by public utilities and to prescribe the manner in which these accounts will be kept. Pursuant to Ohio Adm.Code 4901:1-13-13, the Commission adopted the uniform system of accounts (USOA), as prescribed by the Federal Energy Regulatory Commission, for gas and natural gas companies in Ohio, except to the extent that the provisions of the USOA are inconsistent with any outstanding orders of the Commission. Additionally, the Commission may require the creation and maintenance of such additional accounts as may be prescribed to cover the accounting procedures of gas or natural gas companies operating within the state.
- (3) On June 30, 2015, as amended on July 14, 2015, Vectren filed an application seeking authority to establish a regulatory asset and to defer, for accounting and financial reporting purposes, the impact of the rising heat content of the natural gas delivered into Vectren's distribution system. The Company submits that, with the increases in production from the Utica and Marcellus shale, the heat content of the gas, as measured in British Thermal Units (BTU), delivered on Vectren's system has steadily risen. Vectren explains that its cost-recovery mechanisms, for customer billing purposes, are based on the volume of natural gas consumed and measured in cubic feet (CF) or hundred cubic feet (CCF).

Vectren notes, at the time of its last base rate case in 2007, the average heat value of natural gas on its system was approximately 1020 BTU/CF.<sup>1</sup> Vectren calculates the heat value of the natural gas on its system to be 1079 BTU/CF as of April 2015. Vectren states, because of the increased heat content of the gas on its system, end-use appliances and equipment require and consume less energy and the reduced consumption adversely impacts the Company's ability to recover its fixed costs. Vectren estimates the financial impact of the rise in the BTU value to equate to approximately one percent of the Company's operating revenue annually, or approximately \$1.0 million to \$1.3 million per year. According to Vectren, all the factors to determine the deferral are known and verifiable and only actual, measureable differences in the fixed-cost recovery would be deferred. Vectren submits that, to the extent that the BTU content falls below 1020 BTU/CF, the rate at the time of its last base rate case, the deferral would result in a credit. Accordingly, Vectren requests authorization to calculate and defer, each month, the heat content impact on the Company's fixed-cost recovery beginning January 2015, consistent with the FERC USOA and Generally Accepted Accounting Principles, as established by the Commission under R.C. 4905.13. Vectren notes recovery of the deferred amount will be addressed either in a separate proceeding or in the Company's next base rate case proceeding. Vectren states the proposed deferral will not impose any additional costs on any customers at this time and residential customers will not be subject to the deferral, given that residential customers' allocated share of fixed costs is recovered through a fixed monthly charge. The deferral will apply to the following Vectren rate schedules: General Default Sales Service, General Standard Choice Offer Service, General Transportation Service, Dual Fuel Standard Choice Offer Service, Large General Transportation Service, and Large Volume Transportation Service.

- (4) On December 17, 2015, Staff filed its review and recommendation of Vectren's application. In summary, Staff recommends that Vectren's application be denied.

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<sup>1</sup> *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1080-GA-AIR, et al., Opinion and Order (Jan. 7, 2009).

- (5) On December 28, 2015, Vectren filed a response to Staff's recommendation.
- (6) The attorney examiner finds that, in order to assist the Commission in its review of Vectren's application, the following procedural schedule should be established:
  - (a) Motions to intervene shall be due by April 26, 2016.
  - (b) Comments on the application shall be due by April 26, 2016.
  - (c) Reply comments shall be due by May 3, 2016.

It is, therefore,

ORDERED, That the procedural schedule set forth in Finding (6) be adopted. It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/ Greta See

By: Greta See  
Attorney Examiner

JRJ/dah

**This foregoing document was electronically filed with the Public Utilities**

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**in**

**Case No(s). 15-1238-GA-AAM**

Summary: Attorney Examiner Entry ordering the procedural schedule set forth in Finding (6) be adopted - electronically filed by Debra Hight on behalf of Greta See, Attorney Examiner.