

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application of Vectren :
Energy Delivery of Ohio, : Case No. 18-0049-GA-ALT
Inc., for Approval of an :
Alternative Rate Plan. :

In the Matter of the :
Application of Vectren :
Energy Delivery of Ohio, : Case No. 18-0298-GA-AIR
Inc., for Approval of an :
Increase in Gas Rates. :

In the Matter of the :
Application of Vectren :
Energy Delivery of Ohio, : Case No. 18-0299-GA-ALT
Inc., for Approval of an :
Alternative Rate Plan. :

- - -

PROCEEDINGS

before Mr. Gregory Price and Ms. Patricia Schabo,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-A,
Columbus, Ohio, called at 10:00 a.m. on Tuesday,
March 12, 2019.

- - -

VOLUME VI - REBUTTAL TESTIMONY

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481

- - -

APPEARANCES:

Whitt Sturtevant LLP
By Mr. Mark A. Whitt
Ms. Rebekah J. Glover
and Mr. Christopher T. Kennedy
88 East Broad Street, Suite 1590
Columbus, Ohio 43215

and

McNees, Wallace & Nurick LLC
By Mr. Matthew Pritchard
21 East State Street, Suite 1700
Columbus, Ohio 43215

On behalf of the Applicant.

Dave Yost, Ohio Attorney General
By Mr. Werner L. Margard, III,
Assistant Attorney General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

Calfee, Halter & Griswold LLP
By Mr. Trevor Alexander
and Mr. Steve Lesser
1200 Huntington Center
41 South High Street
Columbus, Ohio 43215

On behalf of the City of Dayton and Honda
of America Manufacturing, Inc.

Vorys, Sater, Seymour & Pease, LLP
By Mr. Michael J. Settineri
and Ms. Gretchen L. Petrucci
52 East Gay Street
Columbus, Ohio 43215

On behalf of the Retail Energy Suppliers
Association.

- - -

APPEARANCES: (Continued)

Interstate Gas Supply, Inc.
By Mr. Joseph Oliker
and Mr. Michael A. Nugent
6100 Emerald Parkway
Dublin, Ohio 43016

On behalf of the Interstate Gas Supply,
Inc.

Environmental Law & Policy Center
By Ms. Madeline Fleisher
21 West Broad Street, 8th Floor
Columbus, Ohio 43215

On behalf of the Environmental Law &
Policy Center.

Ohio Partners for Affordable Energy
By Ms. Colleen Mooney
P.O. Box 12451
Columbus, Ohio 43212

On behalf of the Ohio Partners for
Affordable Energy.

Bruce J. Weston, Ohio Consumers' Counsel
By Mr. William Michael
Ms. Amy Botschner-O'Brien
Ms. Angela O'Brien,
and Mr. Christopher Healey
Assistant Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215

On behalf of the Residential Customers of
Vectren Energy Delivery of Ohio, Inc.

Captain Robert J. Friedman
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall AFB, Florida 32407

On behalf of the Federal Executive
Agencies.

- - -

1	INDEX		
2	- - -		
3	WITNESS		PAGE
4	Russel A. Feingold		
	Direct Examination by Mr. Kennedy		469
5	Cross-Examination by Ms. O'Brien		471
	Cross-Examination by Ms. Fleisher		507
6	Cross-Examination by Ms. Mooney		522
7	Rina H. Harris		
	Direct Examination by Mr. Kennedy		548
8	Cross-Examination by Mr. Healey		550
	Direct Examination (Continued) by Mr. Kennedy		553
9	Cross-Examination (Continued) by Mr. Healey		559
	Cross-Examination by Ms. Fleisher		576
10	Cross-Examination by Ms. Mooney		584
11	J. Cas Swiz		
	Direct Examination by Mr. Kennedy		592
12	Cross-Examination by Mr. Michael		594
	Cross-Examination by Ms. Fleisher		614
13	Cross-Examination by Ms. Mooney		629
	Examination by Examiner Price		643
14	- - -		
15	VEDO EXHIBIT	IDENTIFIED	ADMITTED
16	9.2 Rebuttal Testimony of Rina H. Harris on Behalf of Vectren		
17	Energy Delivery of Ohio, Inc.	548	589
18	11.3 Rebuttal Testimony of J. Cas Swiz on Behalf of Vectren		
19	Energy Delivery of Ohio, Inc.	592	645
20	12.1 Rebuttal Testimony of Russell A. Feingold on Behalf		
21	of Vectren Energy Delivery of Ohio, Inc.	469	544
22	- - -		
23	ELPC EXHIBIT	IDENTIFIED	ADMITTED
24	3 AGA Energy Analysis Natural Gas Utility Rate Structure:		
	The Customer Charge Component		
25	-2015 Update	509	591

INDEX (Continued)

- - -

ELPC EXHIBIT IDENTIFIED ADMITTED

4	Principles of Public Utility Rates by James C. Bonbright	513	--
5C	Vectren Maximo-Soil Condition Labor Cost Factors Workpaper (Confidential)	519	544
6C	Vectren Energy Delivery of Ohio, Inc., Proposed Test Year Without Gas Costs Functional Revenue Requirement (Confidential)	521	544
7	Mr. Swiz's Worksheets in Support of Chart	617	645
8	Report of Service Disconnections for Nonpayment of Vectren Energy Delivery of Ohio, Inc., Case No. 18-757-GE-UNC	623	--

- - -

OCC EXHIBIT IDENTIFIED ADMITTED

8	Direct Testimony of Rina H. Harris on behalf of Vectren Energy Delivery of Ohio, Inc.	562	590
---	---	-----	-----

- - -

Tuesday Morning Session,
March 12, 2019.

- - -

EXAMINER PRICE: Let's go on the record.

Good morning. The Public Utilities
Commission has set for hearing at this time and place
Case No. 18-298-GA-AIR being in the Matter of the
Application of Vectren Energy Delivery of Ohio, Inc.,
for Approval of an Increase in Gas Rates.

We will begin today by taking appearances
starting with the Company.

MR. KENNEDY: Good morning, your Honors,
Christopher Kennedy with Whitt Sturtevant on behalf
of the Company.

EXAMINER PRICE: Mr. Margard.

Mr. Pritchard.

MR. PRITCHARD: Also on behalf of the
Company, Matt Pritchard, McNees, Wallace & Nurick, 21
East State Street, Columbus, Ohio 42215.

EXAMINER PRICE: Mr. Margard.

MR. MARGARD: On behalf of the staff of
the Public Utilities Commission of Ohio, Dave Yost,
Ohio Attorney General, by Assistant Attorney General
Werner L. Margard.

MR. MICHAEL: Good morning, your Honor.

1 On behalf of Vectren's residential utility consumers,
2 the Office of the Ohio Consumers' Counsel, by Bill
3 Michael, Christopher Healey, and Angela O'Brien.

4 MS. FLEISHER: Good morning, your Honors.
5 Madeline Fleisher on behalf of the Environmental Law
6 & Policy Center, 21 West Broad Street, 8th Floor,
7 Columbus, Ohio 43215.

8 MS. MOONEY: Colleen Mooney on behalf of
9 Ohio Partners for Affordable Energy, Post Office Box
10 12451, Columbus, Ohio.

11 MR. ALEXANDER: Trevor Alexander from
12 Calfee, Halter & Griswold representing the City of
13 Dayton and Honda of America Manufacturing, Inc.

14 MR. SETTINERI: Good morning, your
15 Honors. On behalf of the Retail Energy Supply
16 Association, Mike Settineri with the law firm for
17 Vorys, Sater, Seymour & Pease, 51 East Gay Street,
18 Columbus, Ohio 43215.

19 CAPTAIN FRIEDMAN: Good morning, your
20 Honors, Captain Robert Friedman representing the
21 Federal Executive Agencies. My address is 139 Barnes
22 Drive, Suite 1, Tyndall Air Force Base, Florida
23 32407.

24 EXAMINER PRICE: Thank you. We are --
25 this is our sixth day of hearing in this proceeding

1 and we are going to take rebuttal witnesses today.

2 Company may call your first witness.

3 MR. KENNEDY: The Company would like to
4 call Russell Feingold to the stand.

5 (Witness sworn.)

6 EXAMINER PRICE: Please be seated and
7 state your name and business address for the record.

8 THE WITNESS: Russell A. Feingold,
9 F-E-I-N-G-O-L-D, 2525 Lindenwood Drive, Wexford,
10 Pennsylvania 15090.

11 EXAMINER PRICE: Please proceed,
12 Mr. Kennedy.

13 (EXHIBIT MARKED FOR IDENTIFICATION.)

14 - - -

15 RUSSELL A. FEINGOLD
16 being first duly sworn, as prescribed by law, was
17 examined and testified as follows:

18 DIRECT EXAMINATION

19 By Mr. Kennedy:

20 Q. Good morning, Mr. Feingold.

21 A. Good morning.

22 Q. Do you have what has been -- in front of
23 you what's been marked for identification as VEDO
24 Exhibit No. 12.1, the Rebuttal Testimony of Russell
25 A. Feingold on Behalf of Vectren Energy Delivery of

1 Ohio, Inc.?

2 A. Yes, I do.

3 Q. And was this testimony -- this rebuttal
4 testimony prepared by you or prepared under your
5 direction?

6 A. It was.

7 Q. And as you sit here today, to the best of
8 your knowledge, are the answers that were given in
9 this testimony true and accurate?

10 A. Yes.

11 Q. And if I were to ask you the same
12 questions today, would you give the same answers?

13 A. I would.

14 Q. Are there any corrections you would like
15 to make to your rebuttal testimony?

16 A. Yes. I have one correction. The
17 correction appears on page 31 in the response to
18 question No. 55, line 8. The first word in that line
19 "efficiency" should be changed to read "efficient,"
20 so it should be "efficient design and engineering
21 standards."

22 MR. KENNEDY: Thank you, Mr. Feingold.

23 With that, your Honor, we would like to
24 move for the admission of Mr. Feingold's testimony,
25 subject to the cross-examination.

EXAMINER PRICE: We'll defer ruling on admission of this exhibit until after cross-examination.

Captain Friedman?

CAPTAIN FRIEDMAN: No cross, sir.

EXAMINER PRICE: Mr. Settineri?

MR. SETTINERI: No questions, your Honor.

EXAMINER PRICE: Mr. Alexander?

MR. ALEXANDER: No, thank you, your Honor.

EXAMINER PRICE: Mr. Margard?

MR. MARGARD: No, thank you, your Honor.

EXAMINER PRICE: Consumers' Counsel?

MS. O'BRIEN: Yes, thank you, your Honor.

- - -

CROSS-EXAMINATION

By Ms. O'Brien:

Q. Good morning, Mr. Feingold.

A. Good morning.

Q. My name is Angela O'Brien. I am with the Office of the Ohio Consumers' Counsel. And I would like to start with just a few background questions just to kind of get going into my other questions.

Now, my understanding is that under the Stipulation, the net fixed residential charge would

1 be 29.14 a month; is that correct?

2 A. That's my understanding, yes.

3 Q. And that amount represents Vectren's
4 proposal to increase the residential fixed charge to
5 32.86 minus a proposed tax credit of \$3.72; is that
6 correct?

7 A. As far as the specific components of the
8 tariff or concern, I think that would be better
9 addressed to Mr. Swiz.

10 Q. Well, can you agree with me that if that
11 amount is approved, customers will pay that charge on
12 a monthly basis before they even use a single
13 molecule of gas?

14 A. They will pay that charge irrespective of
15 their monthly gas consumption, so it could be 0, or
16 it could be 100 Ccf.

17 Q. So are you saying that their fixed charge
18 could be zero?

19 A. No. I'm saying if their consumption was
20 zero in a month.

21 Q. Okay. They will still pay the fixed
22 charge.

23 A. Just as they would if they used a certain
24 level of gas.

25 Q. Okay. And Vectren acknowledges that this

1 fixed charge will increase over time; is that
2 correct?

3 A. Yes. Just as any other rate would over
4 time as the utility's revenue requirement changes.

5 Q. Okay. Now, I would like to direct your
6 attention to page 5 of your testimony, lines 15 and
7 16. And there you state "No party proposed any rate
8 mitigation to limit the amount of the rate increase
9 that would be recovered from the residential class";
10 is that correct?

11 A. Yes.

12 Q. Okay. Now, are you familiar -- you're
13 familiar obviously with OCC's recommendation that
14 Vectren use a volumetric component in its rate,
15 right?

16 A. Yes, I am.

17 Q. Okay. And under a rate design with a
18 volumetric component, a customer who uses less gas
19 supply would pay a lower rate; is that correct?

20 A. Could you restate that question, please?

21 Q. Sure. Under a rate design that uses a
22 volumetric component, the customer who uses less gas
23 supply would pay a lower rate; is that correct?

24 A. Less gas supply than -- than what? The
25 average?

1 Q. Less gas supply than someone who uses
2 more gas supply.

3 A. If there was a volumetric rate component,
4 the customer's bill would be less because a portion
5 of the bill would be applied against the volumetric
6 charge, so to the extent that the consumption is
7 less, that bill would be somewhat less.

8 Q. Okay. Thank you. And wouldn't that
9 represent a mitigation to a rate increase?

10 A. No. Within the context of my statement
11 on page 5, what I was really referring to was once
12 the utility decides on a revenue requirement for the
13 total company, there is a determination of how those
14 revenues should be apportioned to the various classes
15 or rates and that was the reference from my
16 statement. It wasn't a rate design-related
17 statement.

18 Q. Okay. But it would lessen the customer's
19 fixed charge, right?

20 MR. KENNEDY: Objection, vague.

21 EXAMINER PRICE: Sustained. Please
22 rephrase.

23 Q. But a fixed rate that contains a
24 volumetric component would decrease the rate for a
25 customer; isn't that correct?

1 A. It depends on the consumption of the
2 customer. Some customers would see a decrease. Some
3 customers would see a relative increase.

4 Q. But if the customer consumed less gas, it
5 would be a decrease, correct?

6 A. Is that less than the average customer?

7 Q. Less than someone who uses more gas.

8 A. If there was a volumetric charge, all of
9 the things being equal, the customer that used less
10 gases would see a reduction in the bill by virtue of
11 the volumetric component.

12 Q. Okay. Thank you. Now, are you familiar
13 with OCC's recommendation that Vectren implement a
14 revenue decoupling mechanism?

15 A. I have reviewed that, yes.

16 Q. Okay. And under a revenue decoupling
17 mechanism, wouldn't residential customers receive a
18 credit in the event Vectren's revenues exceed what is
19 authorized by the Commission?

20 A. It would receive -- the customers would
21 receive a credit just as they would receive a
22 surcharge because a revenue decoupling presumably
23 would be designed on a symmetrical basis which means
24 that if it was warmer than normal, relative to the
25 normal that Vectren used in its rate case, customers

1 would see a surcharge after the fact.

2 MS. O'BRIEN: Your Honor, I would move to
3 strike everything after "receive a credit" --

4 EXAMINER PRICE: Denied.

5 MS. O'BRIEN: -- as nonresponsive.

6 EXAMINER PRICE: Denied.

7 Q. Well, if -- if a customer did receive a
8 credit, wouldn't that -- wouldn't that mitigate a
9 rate increase?

10 A. A rate increase by Vectren?

11 Q. A rate increase to the customer.

12 MR. KENNEDY: Objection, vague.

13 EXAMINER PRICE: Sustained. Please
14 rephrase.

15 Q. If a customer receives a credit under the
16 revenue decoupling mechanism as a result of Vectren
17 earning revenues that exceed what's authorized by the
18 Commission, wouldn't that mitigate a rate increase?

19 A. No, I don't think so because all the
20 revenue decoupling mechanism is trying to achieve is
21 to bring the utility's revenues back to the level
22 that was approved by the Commission in the most
23 recently completed rate case.

24 Q. Now, are you familiar with Vectren's
25 community support commitment set forth in the

1 stipulation?

2 A. No, I did not review those in particular,
3 no.

4 Q. You didn't? Do you have a copy of the
5 stipulation in front of you?

6 A. Yes.

7 Q. Okay. Let's see, could you please refer
8 to stipulation paragraph 12a.

9 A. I have it.

10 Q. Okay. And can you read the first
11 sentence of paragraph 12a.

12 A. "Beginning within 30 days of the
13 Commission's approval of this Stipulation, VEDO will
14 make available, including through an affiliate, not
15 less than \$75,000 per calendar year until an order is
16 issued by the Commission approving new rates in
17 VEDO's next base rate case to be used at the City's
18 reasonable discretion to assist in or support
19 economic development within Dayton, as set forth
20 below and subject to the following terms and
21 conditions."

22 Q. Now, are you familiar with OCC's
23 recommendation that this \$75,000 contribution be used
24 as a Vectren shareholder-funded bill payment
25 assistance program for residential customers?

1 MR. KENNEDY: Objection. This is beyond
2 the scope of Mr. Feingold's testimony.

3 MS. O'BRIEN: Your Honor, he testifies
4 that no one -- that no one testified or suggested a
5 rate mitigation program. I'm simply trying to show
6 that there were proposals made to mitigate rate
7 increases.

8 EXAMINER PRICE: The objection is
9 sustained. I read all 46 pages of his testimony.
10 Nowhere does he address this.

11 Q. (By Ms. O'Brien) Okay. Well, I'll move
12 on. In several parts of your testimony you cite bill
13 stability as one of the benefits of the straight
14 fixed variable rate design; is that correct?

15 A. Yes.

16 Q. Okay. And specifically we can look at
17 page 12, line 19, where you say the straight fixed
18 variable rate design is preferred because straight
19 fixed variable rates provide bill stability and there
20 are other places in your testimony as well. Now, are
21 you familiar with Vectren's tariff general terms and
22 conditions applicable to gas service on file with the
23 Commission?

24 A. No, I am not.

25 Q. Are you familiar --

1 MS. O'BRIEN: May I approach the witness?

2 EXAMINER PRICE: You may.

3 Q. If I show you a copy of Vectren's general
4 terms and conditions, would that help you?

5 A. I don't know.

6 Q. Well, could I ask you to refer to it?

7 A. Yes, you can.

8 EXAMINER PRICE: Have you ever seen this
9 document before?

10 THE WITNESS: Years ago. I have not seen
11 it for purposes of this case.

12 Q. Well, let me ask you a follow-up
13 question. On page -- let's see, on --

14 MR. KENNEDY: Excuse me, counsel. Do you
15 have any other copies of that exhibit?

16 MS. O'BRIEN: Yes, I do actually.

17 Q. Well, you specifically referred to the
18 Company's budget billing plan that's contained in the
19 general terms and conditions. You refer to that in
20 your testimony.

21 MR. KENNEDY: Is there a specific line
22 where he refers to that?

23 MS. O'BRIEN: Yes. I'll tell you right
24 now. On page 10, line 10.

25 Q. You state straight fixed variable rates

1 will result in lower annual true-ups for customers
2 who are on the utility's budget billing program; is
3 that correct?

4 A. Yes.

5 Q. Okay. And what is your understanding of
6 the company's budget billing program?

7 A. I didn't review the company's budget
8 billing program in detail. The statement that you
9 referred me to in my testimony is a generic statement
10 that is meant to say that for a program presented by
11 a utility, that allows customers to effectively
12 levelize their bills over -- over a 12-month period
13 through what's characterized as budget billing.

14 That straight fixed variable rate design
15 provides that same levelization and will require less
16 true-ups to the extent that the margin recovered from
17 the customer over the 12-month period is different
18 than what the margin should be based on the rates and
19 the revenue requirement.

20 Q. Okay. So if you could just take the
21 tariff sheets that I just provided to you and if you
22 could turn to original page 2 of 3. And if you look
23 under 3B sub 4, can you read the first sentence of
24 that.

25 MR. KENNEDY: Objection. I don't think

1 there has been sufficient foundation for this
2 document based on the witness's testimony filed in
3 this case.

4 MS. O'BRIEN: Your Honor, I provided him
5 with a copy of the tariff.

6 EXAMINER PRICE: Well, that doesn't
7 matter. No. 1, you have to lay a foundation for any
8 document, irrespective of whether it's a tariff or
9 any other document. However, he did indicate that he
10 had reviewed this a year ago, but I think the
11 relevance of his reading skills is very limited. Why
12 don't you ask your question referring to that
13 sentence. He doesn't need to read the sentence into
14 the record.

15 Q. So isn't it true given that -- given the
16 fact that there is a budget billing plan set forth in
17 the Company's tariff that provides for levelized
18 payments over a 12-month period, a straight fixed
19 variable rate is not absolutely necessary to have
20 levelized payments?

21 A. No. I don't agree with that.

22 Q. Okay. Well, are you familiar with the
23 Commission's rules regarding extended payment plans
24 and responsibilities?

25 A. No, I'm not.

1 Q. If I were to show you a copy of the
2 Commission's rules, would that help you?

3 A. I don't know.

4 MS. O'BRIEN: May I approach the witness?

5 EXAMINER PRICE: You may.

6 MS. O'BRIEN: Do you want the copies?

7 MR. KENNEDY: Do you have a copy,
8 counselor, please? Thank you.

9 Q. Okay. So this right here is the
10 Commission's rule which I pulled off of LAW Writer.

11 EXAMINER PRICE: Are you testifying to
12 that?

13 MS. O'BRIEN: No, I am not testifying. I
14 am just explaining to him what it is since he is not
15 familiar with it.

16 Q. So this governs extended payment plans
17 and responsibilities. Could you look at subpart D of
18 the rule, please.

19 MR. KENNEDY: I am going to object to the
20 foundation. I don't think the witness has indicated
21 that he's been refreshed in his recollection of his
22 understanding of the rule.

23 EXAMINER PRICE: Sustained.

24 MS. O'BRIEN: Your Honor --

25 Q. Sir, would you agree with me that this is

1 a copy of the Commission's rule regarding extended
2 payment plans and responsibilities?

3 MR. KENNEDY: Objection. I don't think
4 you can ask him to authenticate a document that he's
5 not aware of.

6 MS. O'BRIEN: Your Honor, can we take
7 administrative notice of the Commission's rule
8 regarding extended payment plans and
9 responsibilities?

10 EXAMINER PRICE: I don't think we need to
11 take administrative notice of it. It is freely
12 citeable in your brief.

13 MS. O'BRIEN: Exactly. And I am just --

14 EXAMINER PRICE: That doesn't get you out
15 of the foundation problem at all.

16 Have you ever seen this document before?

17 THE WITNESS: No, I have not, your Honor.

18 Q. Would you be surprised to know that the
19 Commission has rules regarding extended payment plans
20 and responsibilities?

21 MR. KENNEDY: Objection.

22 EXAMINER PRICE: Don't answer that,
23 argumentative.

24 Q. All right. I'll move on. Would you
25 agree with me though that there are consumer

1 protections in place under the Company's tariffs and
2 under the Commission's rules that protect consumers
3 or provide for a levelized payment plan?

4 MR. KENNEDY: Objection, vague.

5 Q. Would you agree --

6 EXAMINER PRICE: I was going to allow it.

7 MS. O'BRIEN: I don't know. You know,
8 I'm anticipating. I am not doing so good today.

9 EXAMINER PRICE: You can answer if you
10 know the answer to the question.

11 A. Based on the document you provided to me,
12 I would assume that the Company does provide that
13 type of program.

14 Q. And given the fact that the Company does
15 provide a program through which a customer can obtain
16 levelized bills throughout a 12-month period, isn't
17 it true that the straight fixed variable rate is not
18 necessary to have a levelized bills -- bill payment
19 plan or levelized bills?

20 A. No. I don't agree with that.

21 EXAMINER PRICE: Why don't you agree with
22 it?

23 THE WITNESS: I don't agree with it, your
24 Honor, because at the end of the 12-month period
25 under a budget billing plan, there still could be the

possibility of having to make an adjustment at the end of the 12-month period which would not be necessary under straight fixed variable rate design.

EXAMINER PRICE: Due to the weather the Company may undercollect the distribution revenue requirement.

THE WITNESS: That's correct. Because the presumption is that if you don't have straight fixed variable rate design, the delivery rate would have a volumetric component in it.

EXAMINER PRICE: Thank you.

MS. O'BRIEN: Thank you, your Honor.

Q. Okay. Well, let's move on to revenue decoupling at page 8, Q and A 19. Let me just get there. Part of your testimony is your contention that revenue decoupling is complicated and confusing for customers to understand. Would you agree with me that that's an accurate characterization of your testimony?

A. That wasn't exactly an accurate characterization. I would say a more appropriate characterization is that decoupling mechanism relative to straight fixed variable rate design is more complicated and more difficult to understand for the customer.

1 Q. Okay. Right. And why is that?

2 A. Because a revenue decoupling mechanism
3 effectively is an after-the-fact adjustment to the
4 underlying delivery rates of the utility to correct
5 for deficiencies in that underlying rate to the
6 extent that the costs are not properly recovered
7 through the rate.

8 Q. Okay. So, in other words, at some point
9 it required -- would you say it requires a true-up or
10 a settlement?

11 A. It requires a periodic rate adjustment as
12 we talked about earlier that would be symmetric,
13 either a rate surcharge or a rate refund depending on
14 what factors occurred in the ensuing period that
15 would not allow the utility to recover its fixed
16 costs of delivery service.

17 Q. Okay. Now, have you or Vectren ever
18 conducted any studies to support your conclusion that
19 revenue decoupling would be more difficult for
20 customers to understand in this way?

21 A. I have not conducted a study on behalf of
22 Vectren, but I have been involved in numerous
23 proceedings in other jurisdictions where revenue
24 decoupling was implemented and some of the feedback
25 from customers suggested that there were questions on

1 what this adjustment was on my bill which would
2 relate to the revenue decoupling mechanism itself.

3 So the fact that there is a new
4 adjustment and the fact that a customer's rates would
5 vary based on the customer not necessarily knowing
6 what caused that variability, those were questions
7 that arose.

8 Q. Okay. You didn't cite any of those
9 studies in your testimony though, did you?

10 A. Those were not studies. Those were just
11 perspectives that were provided within the context of
12 work that I've performed for other utilities. I
13 believe that within my rebuttal testimony the fact
14 that I said it was difficult to understand and
15 straight fixed variable rate design was a more
16 simplified approach was sufficient to bring the point
17 across.

18 Q. But you didn't cite any evidence to
19 support that conclusion; is that correct?

20 A. I don't think any evidence is necessary
21 just by virtue of the fact of the mechanics of a
22 revenue decoupling mechanism where you have
23 after-the-fact adjustments that may or may not be
24 understood by a customer relative to a straight fixed
25 variable rate design where you have a stated charge

1 that does not change month to month.

2 Q. Okay. So let's talk a little bit about
3 the mechanics of the revenue decoupling. As you
4 mentioned, it involves at the end either a surcharge
5 or possibly a credit, and you say that that is one of
6 the things that is difficult to understand about
7 revenue decoupling. Is that an accurate
8 characterization of what you just said?

9 A. That's one of the things, yes.

10 Q. Okay. Now, isn't it true that in
11 Vectren's tariff residential services there is --
12 there is a number of rate riders?

13 A. That's my understanding, yes.

14 Q. Okay. And among these rate riders are,
15 for example, the uncollectible expense rider, the
16 exit transition cost rider, the distribution
17 replacement rider, and the energy efficiency funding
18 rider?

19 A. I'll accept that.

20 Q. Okay. And aren't the costs that are
21 actually recovered by Vectren through these types of
22 riders reconciled on an annual basis with any under-
23 or overcollection reflected as a charge or a credit
24 to the customers' rates?

25 MR. KENNEDY: Objection to the foundation

1 and knowledge of the riders, specific riders for the
2 Company. I don't think Mr. Feingold's testimony
3 speaks to specific reconciliation of these riders, so
4 it may be within his knowledge, but I'm not sure.

5 EXAMINER PRICE: It's also compound. If
6 you want to ask him about riders, ask him one rider,
7 whether -- his understanding of one rider at a time.

8 Q. Okay. Mr. Feingold, you mentioned you
9 would accept that the Company has a number of rate
10 riders --

11 A. Yes.

12 Q. -- in its residential tariff, right? And
13 in your experience do rate riders -- are they
14 typically reconciled on an annual basis?

15 A. In my experience some of them are, yes.

16 Q. Okay. So if the actual costs are over,
17 customer may receive a credit. If an actual charge
18 is less, there may be a surcharge; is that correct?

19 A. That's right.

20 Q. Okay. Now, are the operation of these
21 types of riders, do you believe that those are
22 difficult for a customer to understand?

23 A. I would think that some customers
24 probably when they look at their bill may not
25 necessarily understand all of the particulars of

1 those riders. I mean, just like when I get a bill
2 for natural gas service, there were riders on it.
3 And, you know, I haven't explored exactly what might
4 cause the rider to change or anything like that.
5 It's just on the bill.

6 Q. But that doesn't keep Vectren from --
7 from using the riders to recover costs; is that
8 correct?

9 A. That's right. When the rider is
10 associated with a specific cost, I think there is a
11 direct correlation between the rider and the costs
12 recovered through the rider.

13 Q. Now, if a customer were confused by these
14 rate riders, do you think Vectren would stop using
15 them?

16 A. I think it would have to be an issue that
17 would be discussed with the Staff and with the
18 Commission because as I understand it, the concept of
19 a rider in Ohio is -- is an acceptable ratemaking
20 approach.

21 Q. Similarly, based upon your experience,
22 when a customer participates in a budget billing
23 program over a certain period, at the end of that
24 period, the customer's rates will be either trued up
25 or settled to reflect the customer's actual usage?

1 A. That's right.

2 Q. Okay. And do you think customers have a
3 difficult time understanding how that works?

4 A. I can't speak for the customers of
5 Vectren on that issue. I think Mr. Swiz would be
6 better qualified to address that.

7 Q. Okay. Now, I want to move on to page 13
8 of your testimony, specifically lines 5 through 9.
9 And here you testify "Most importantly, a volumetric
10 rate design will create incorrect price signals for
11 VEDO's customers, which will result in inefficient
12 consumption decisions under which customers save
13 money on their gas bills, but society saves nothing
14 in terms of scarce resources because VEDO's gas
15 delivery costs do not change (i.e., no avoided costs
16 are realized)."

17 Now, is it your testimony here that under
18 a volumetric rate design, customers would save money
19 if they use less gas?

20 A. Their gas bill would decrease.

21 Q. Okay. And if a customer uses less gas,
22 wouldn't that be efficient energy consumption, not
23 inefficient energy consumption?

24 EXAMINER PRICE: I think you need to
25 rephrase your question, distinction whether you are

1 talking about the commodity side or the delivery
2 side.

3 MS. O'BRIEN: Your Honor, I am asking him
4 what he testified to. I am unclear to it, so I am
5 just trying to get him to clarify it.

6 EXAMINER PRICE: You can answer.

7 A. Within the context of my statement on
8 page 13, I was specifically addressing the costs of
9 delivery service which is the subject of the
10 volumetric rate design discussion in the straight
11 fixed variable rate design discussion that we are
12 having.

13 Q. So going back to my question, if a
14 customer uses less gas on the commodity side,
15 wouldn't that be more efficient energy consumption?

16 MR. KENNEDY: Objection, relevance. We
17 are here to talk about the delivery rate.

18 EXAMINER PRICE: Sustained.

19 Q. Okay. Well, I'll move on. I just have
20 another question about that particular sentence.
21 What do you mean by "scarce resources"?

22 A. In -- within the context of the delivery
23 service issue that we are addressing, scarce
24 resources to me means the resources associated with
25 VEDO providing gas delivery service to its customers.

1 Q. Okay. And what are those resources?

2 A. Those resources would be the investment
3 and the associated expenses associated with delivery
4 service which I've stated in numerous places are
5 fixed costs to the utility.

6 Q. But I'm asking specifically what are
7 those fixed costs that you say are scarce resources.

8 A. Do you want me to go through the FERC
9 Uniform System of Accounts to list the plant items
10 and the expense items that comprise delivery service?

11 Q. I mean, if those fall within your
12 definition of scarce resources, that's fine. I'm
13 unclear what you mean by scarce resources. I am just
14 looking for clarification. Simple question.

15 A. Okay. I would say that scarce resources
16 within the context of this statement is equivalent to
17 VEDO's delivery cost of service or delivery revenue
18 requirement.

19 Q. And how is a delivery revenue requirement
20 a scarce resource?

21 A. Because those dollars could be invested
22 elsewhere for different services or not be invested
23 at all.

24 Q. So it's not a question of scarcity; it's
25 just a question of how the Company decides to

1 allocate it.

2 A. But within the economist's definition of
3 scarcity of resources and efficient pricing, it does
4 fall within -- under that definition.

5 Q. Okay. Now, I want to move on to page 8
6 of your testimony and specifically line 17. Okay.
7 Here you talk about -- you state that the "Economic
8 theory dictates that an appropriate price signal
9 reflects short-run marginal costs." Now, are you
10 familiar with the Ohio Revised Code provisions set
11 forth in 4905.70 entitled "Energy Conservation
12 Programs"?

13 A. No, I'm not.

14 Q. And if I were to show you a copy of that
15 statute, would that help you answer a couple of
16 questions I have about it?

17 A. I don't know.

18 MS. O'BRIEN: May I approach the witness?

19 EXAMINER PRICE: You may.

20 Q. This is the statute that governs the
21 Commission's energy -- adoption of energy
22 conservation programs. And in the first sentence, do
23 you see the statement that the Commission must take
24 into account long-run incremental costs?

25 MR. KENNEDY: Objection, foundation. The

1 witness hasn't indicated he is familiar with this
2 part of the Revised Code.

3 EXAMINER PRICE: Sustained.

4 Q. Are you -- are you aware that the
5 Commission -- that Ohio statutes govern the
6 Commission's adoption or requirements with respect to
7 energy conservation programs?

8 A. I presume that the Commission has
9 jurisdiction over that activity, yes.

10 Q. Okay. I want to ask it a different way.
11 Vectren is not asking the Commission to do anything
12 contrary to statute, is it?

13 MR. KENNEDY: Objection, argumentative.

14 MS. O'BRIEN: Your Honor, I am -- he
15 won't read the statute. I am just trying to get to
16 my question.

17 EXAMINER PRICE: Why don't you ask your
18 question.

19 MS. O'BRIEN: I did ask him a question.

20 EXAMINER PRICE: Why don't you see if you
21 can lay a foundation to see if he has ever seen the
22 statute before.

23 Q. (By Ms. O'Brien) Have you ever seen the
24 statute before?

25 A. No, I have not.

1 Q. Okay. So would you mind -- would you
2 accept that this is a statute governing energy
3 conservation programs?

4 MR. KENNEDY: Objection. I mean, the
5 witness is here, as his testimony indicates, to talk
6 about economic theory and policies supporting the
7 adoption of straight fixed variable rate design. He
8 did not reference the statute or testify as to the
9 Commission's role in administering approved energy
10 efficiency conservation.

11 MS. O'BRIEN: Actually, your Honor, he
12 testifies regarding short-run marginal costs. The
13 Ohio statute provides that the Commission should
14 consider long-run incremental costs. I think it's a
15 fair question.

16 EXAMINER PRICE: Well, first of all, you
17 are asking him to make a legal conclusion.

18 MS. O'BRIEN: I am just asking him to
19 read the front of the statute.

20 EXAMINER PRICE: You can't ask a witness
21 questions about a document they have not seen period.

22 Q. (By Ms. O'Brien) Okay. Well, then we'll
23 move on. Okay. Let's move on to page 29 to 30 of
24 your testimony. And the bottom of page 29 and the
25 top of page 30, you reference Mr. Gonzalez's

1 testimony, and you state that it's of no value
2 considering that no rate design, including a
3 volumetrically structured rate, should be structured
4 to reflect variations in the actual costs to serve an
5 individual customer from the costs to serve the
6 average customer within a rate class; is that
7 correct?

8 A. Yes.

9 Q. Okay. And then if you go to the bottom
10 of page 33, you testify in response to question
11 number 58 that it's not feasible -- I'm sorry, it's
12 not feasible to calculate an individual residential
13 customer's cost of service stating that it would
14 be -- that it would require approximately 295,000
15 separate computations; is that your testimony?

16 A. It is.

17 Q. Okay. And, again, you mentioned
18 something similar at the top of page 34. Where in
19 Mr. Gonzalez's testimony or in any of the testimony
20 offered by the OCC is it recommended that Vectren
21 design or calculate rates based on the actual costs
22 to serve each individual Vectren customer?

23 A. Well, I recall in Mr. Gonzalez's
24 testimony that he talks about reflecting differences
25 between customers that are served in an urban area

1 versus customers that are served in a suburban area.
2 So to me that's a distinguishing characteristic that
3 he is trying to point out should be accommodated in
4 rate design.

5 Q. But that's not -- that's not recommending
6 that Vectren make calculations based on each
7 individual customer, correct?

8 A. No, it's not, but it's moving away from
9 the average costs to serve the residential class and
10 that's what prompted my rebuttal testimony to address
11 that issue.

12 Q. So would you agree with me that your
13 testimony in this respect mischaracterizes the OCC's
14 position?

15 A. No.

16 MR. KENNEDY: Objection. Well,
17 withdrawn.

18 EXAMINER PRICE: Thank you.

19 Q. Would you agree with me some people just
20 use less gas than others even during the winter
21 months?

22 A. Yes.

23 Q. And that under a straight fixed variable
24 rate design, those with the same -- those same
25 low-usage customers, regardless of why they use less

1 gas, would still have to pay the same amount for
2 distribution services as the person who keeps the gas
3 furnace, say, set at 78 degrees 24/7?

4 A. For the delivery component, I would
5 agree; but the commodity point, they would not.

6 Q. Okay. Now, I would like to move to page
7 40 of your testimony. And here I am specifically
8 referencing questions -- question and answer 71. You
9 testify here that the degree of control that
10 customers will have on their gas bills will not
11 change, if the straight fixed variable rate design is
12 maintained, since the cost of the commodity is not a
13 function of the rate design. Is that a correct
14 characterization of your testimony?

15 A. Yes.

16 Q. Okay. But you acknowledge that straight
17 fixed variable rate would increase; is that correct?

18 A. It's proposed to increase, yes.

19 Q. So your contention that even though
20 customers will be paying higher distribution ratings,
21 they will still have the same amount of control over
22 their bills if the Commission simply continues the
23 straight fixed variable rate design; is that correct?

24 A. Yes, and I point to the commodity
25 component to bill -- commodity component of the

1 customer's bill is that control aspect.

2 Q. Okay. But I'm not talking about the
3 commodity component. I am just talking about the
4 distribution rate under the straight fixed variable
5 rate. So even though the Commission could continue
6 it, you know, the customers even if the customers
7 didn't have much control over that distribution rate
8 to begin with, they would still have that same amount
9 of control if the Commission continues the straight
10 fixed variable rate; is that right? They would have
11 the same amount of control basically.

12 MR. KENNEDY: Objection, compound.

13 EXAMINER PRICE: If you could rephrase.

14 Q. So your testimony is that Vectren is
15 looking to continue the straight fixed variable rate
16 as it currently has, correct?

17 A. That's correct.

18 Q. Okay. And you acknowledge that that rate
19 will increase over time, correct?

20 A. Yes.

21 Q. So if the Commission grants Vectren's
22 proposal to continue the straight fixed variable
23 rate, the customer will have the same amount of
24 control over that rate as it does currently; is that
25 correct?

1 A. Yes.

2 Q. Okay. I think I just have a couple more
3 questions. Apologize for that. I want to go back to
4 when we talked a little bit about revenue decoupling
5 and how that mechanism works. And we discussed
6 how -- you know, you testified that I think -- we
7 talked about how a customer could obtain a credit
8 following revenue decoupling if, for example, the
9 Company overearned; is that correct? Do you remember
10 that testimony?

11 A. Yeah. I'm not sure it was characterized
12 as overearned. I thought it was more a
13 characterization that if the revenue requirement or
14 the revenues were different than the revenue
15 requirement approved by the Commission.

16 Q. Okay. And was it your testimony that
17 customers could receive a credit in the event that
18 Vectren -- Vectren earned more than the revenue
19 requirement? And then if it earned less than the
20 revenue requirement, it could charge a surcharge?

21 A. That's right. And I just want to be
22 absolutely certain that we're talking in more generic
23 terms. Each revenue decoupling mechanism has
24 particular aspects to the mechanism that can impact
25 how those surcharges and credits are determined and

1 over what period they are determined. I was trying
2 to talk in general terms about just the overall
3 methodology of revenue decoupling.

4 In some cases the decoupling mechanism
5 will refer to the margin per customer established in
6 the last rate case and other cases will refer to the
7 level of usage of an average customer and the
8 adjustments, both positive and negative, would be
9 based off of those benchmarks.

10 Q. Okay. But you would agree with me and if
11 there were a revenue decoupling mechanism and the
12 Company earned more than its revenue requirement, the
13 customer generally speaking would receive a credit.

14 A. Not necessarily.

15 Q. Okay. Well, if the Company underearned
16 with a revenue decoupling mechanism in place, would a
17 surcharge be imposed on the customer?

18 EXAMINER PRICE: Can you rephrase the
19 question and not use the word "earned"? Earned
20 implies income, not revenue coming in. I think
21 that's confusing the record.

22 MS. O'BRIEN: Could you read back the
23 question, please.

24 (Record read.)

25 Q. So let me rephrase the question. If the

1 Company receives more than its revenue requirement,
2 would the customer receive a credit with the revenue
3 decoupling mechanism?

4 A. And just as I answered earlier to the
5 other question you asked, it's not necessarily the
6 case. It depends on how the mechanism would be
7 designed, and I'm concerned about making a blanket
8 statement that changes in the revenue requirement
9 automatically require adjustments. It could be that
10 there are other factors that come into play that
11 offset that.

12 Q. Okay.

13 EXAMINER PRICE: One of the things that
14 could happen, just tell me if I am off the right
15 track -- off the wrong track here, some revenue
16 decoupling mechanisms have callers where no more than
17 2 percent over -- received more than 2 percent of the
18 revenue requirement gets deferred or received less
19 than 2 percent gets deferred; is that correct?

20 THE WITNESS: Well, there can -- there
21 can be that type of consideration. What I was
22 referring to was --

23 EXAMINER PRICE: Okay. Wrong track.

24 THE WITNESS: Well, it's a similar
25 concept in that depending on how the revenue

1 decoupling mechanism is designed, there could be
2 additional customers added to the system and
3 additional costs incurred by the utility that would
4 not necessarily trigger an adjustment through the
5 revenue decoupling mechanism because in that case the
6 design of the mechanism would recognize that there
7 are additional customers to be served but additional
8 costs incurred to serve them.

9 EXAMINER PRICE: Okay.

10 THE WITNESS: So it shouldn't be flowed
11 back to customers.

12 EXAMINER PRICE: Thank you.

13 Q. (By Ms. O'Brien) Okay. Just -- I'm just
14 trying to get a clear understanding here. Okay. So
15 if a revenue mechanism -- revenue decoupling
16 mechanism is in place, and Vectren receives less than
17 the revenue requirement, it would impose a surcharge
18 on the customer.

19 MR. KENNEDY: Objection, asked and
20 answered.

21 MS. O'BRIEN: Your Honor, I am just
22 trying to get --

23 EXAMINER PRICE: We'll allow this one.

24 A. Well, my answer from before stands, not
25 necessarily. I would have to look at the particular

1 mechanics of how the revenue decoupling mechanism
2 is -- is designed. I would say there's a general
3 indication that there could be a surcharge or credit
4 based on how the revenue requirement changed relative
5 to the Commission's approval of a revenue
6 requirement, but I don't want to state that in
7 absolute terms because I'm not sure that that would
8 always be the case.

9 Q. Okay. If in the case there's a revenue
10 decoupling mechanism and the Company receives more
11 than its revenue requirement and if under the revenue
12 decoupling mechanism that would warrant a credit to
13 customers, do you accept that that could be a
14 possibility?

15 A. I would accept that hypothetical, yes.

16 Q. Okay. Now, if there is not a revenue
17 decoupling mechanism in place and the company
18 receives more than its revenue requirement, how does
19 the customer receive a credit for what the Company
20 receives over and above the revenue requirement?

21 A. They wouldn't receive a credit because
22 the delivery costs that are being charged to the
23 customer are exactly equal to the costs that the
24 utility incurs in providing delivery service. So
25 there was something other than the delivery costs of

1 service that changed or created the need for the
2 revenue decoupling adjustment.

3 That's why I was hesitating before to say
4 in every case there's going to be an adjustment.

5 Q. Okay. So your testimony is that they
6 would not in that instance receive a credit; is that
7 correct?

8 A. Well, there wouldn't be a need for a
9 credit because the straight fixed variable rate
10 design embodies the revenue requirement and the cost
11 of delivery service that was approved by the
12 Commission in the utility's last rate case, so the
13 math would indicate that there would be a full
14 recovery of that cost.

15 MS. O'BRIEN: Your Honor, I would move to
16 strike his answer. I just asked him whether or not
17 they would receive the credit. It's a simple yes or
18 no question.

19 MR. KENNEDY: I mean, your Honor, he
20 explained how straight fixed variable recovers
21 revenues. We can talk about how the revenue
22 requirement is calculated and get into that type of
23 discussion, but I think the answer is responsive.

24 EXAMINER PRICE: I don't think there is
25 any simple yes or no questions on revenue decoupling

measures so denied.

MS. O'BRIEN: I have no further questions.

EXAMINER PRICE: Ms. Fleisher?

MS. FLEISHER: Thank you, your Honor.

- - -

CROSS-EXAMINATION

By Ms. Fleisher:

Q. Mr. Feingold, welcome back to Ohio.

A. Thank you. Good morning.

Q. Good morning. Now, you've testified in support of natural gas distribution rate designs other than straight fixed variable, correct?

A. Yes, I have.

Q. Okay. And is one of those instances a 2017 proceeding in Minnesota involving the CenterPoint Natural Gas Utility?

MR. KENNEDY: Objection. This is beyond the scope of his testimony. He didn't testify to his experience outside of Ohio.

MS. FLEISHER: If you allow me a couple of questions, it's about his -- his underpinnings for backing straight fixed variable which I think is well within --

EXAMINER PRICE: I'll allow it.

1 Q. (By Ms. Fleisher) All right. And in that
2 testimony, I am happy to refresh your memory, if
3 needed, but is it true you relied on American Gap --
4 an American Gas Association report from 2015 that
5 collected data on natural gas fixed charge levels
6 nationally?

7 A. I do recall that, yes.

8 Q. Okay.

9 MS. FLEISHER: May I approach, your
10 Honor?

11 EXAMINER PRICE: You may.

12 Q. Take a moment to look through that and
13 let me know when you're done.

14 A. Okay.

15 Q. All right. Is this a copy of the report
16 that you relied on in your 2017 testimony?

17 MR. KENNEDY: Objection. We are talking
18 about a document he relied on in a different
19 jurisdiction for his testimony. There is no
20 foundation he relied on it in this testimony so I
21 don't see how it's relevant to what Mr. Feingold
22 testified on rebuttal today.

23 EXAMINER PRICE: Ms. Fleisher has
24 promised to prove this up. We will give her the
25 opportunity.

1 MS. FLEISHER: Certainly, your Honor.
2 And at the moment I am just trying to authenticate
3 the document. I know your Honor appreciates that.

4 EXAMINER PRICE: Do you want to mark it?

5 MS. FLEISHER: Yes. I believe I'm on
6 ELPC Exhibit 3.

7 EXAMINER PRICE: It will be so marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. And I think the question may still be
10 pending.

11 EXAMINER PRICE: I believe it is. Would
12 you like the question read back?

13 THE WITNESS: Yes, please, your Honor.

14 EXAMINER PRICE: Can we have the question
15 back again.

16 (Record read.)

17 A. I believe it is, yes.

18 Q. Okay. All right. And do you believe
19 this represents an accurate survey of fixed charge --
20 natural gas charges nationally as of the time the
21 survey was conducted?

22 A. I do.

23 Q. Okay. So if you recall the contents of
24 that, it's true that nationally there are many
25 utilities that do not recover all distribution costs

1 through a straight fixed variable rate design,
2 correct?

3 A. I would agree with that.

4 Q. That's all I have on it, or you may put
5 it aside. And counsel for OCC asked you a few
6 questions about Vectren's budget billing program, and
7 I just had one additional one. Do you know how many
8 customers participate in Vectren's budget billing
9 program?

10 A. I believe Mr. Swiz would be the better
11 person to address that. I believe he has numbers
12 that are more representative of VEDO's situation.

13 Q. So you didn't look at data on that point
14 in preparing your testimony.

15 A. I did at one point, but I just don't
16 recall the numbers as we sit here today.

17 Q. Okay. Did you look at any data regarding
18 the average dollar amount of true-ups for
19 participants in Vectren's budget billing program?

20 A. No, I did not.

21 Q. Can you turn to page 5 of your testimony.
22 And on lines 20 to 22, you talk about -- discuss
23 fixed costs, and throughout your testimony you
24 discuss fixed costs. Is it correct when you say
25 fixed costs, you are including demand-related costs

1 in that term?

2 A. Yes.

3 Q. And can you turn to page 8 of your
4 testimony. Here you talk about short-run marginal
5 costs. Can you provide some examples or explain what
6 type of costs are short-run marginal costs?

7 A. Yes. They would be costs that vary based
8 on one more or one less unit of consumption or in
9 this case natural gas being consumed. And it would
10 be over a period of time that is very short where all
11 of the utility's resources are fixed in nature.

12 Q. Okay. And when you say a period of time
13 that is very short, what period of time do you have
14 in mind for short-run marginal costs?

15 A. In -- within the context of my testimony,
16 I was looking at the period that I characterize as
17 the test year or rate effective period.

18 Q. Okay. So I -- just for illustration what
19 would be one type of cost in the revenue requirement
20 that would be such a short-run marginal cost?

21 A. There wouldn't be any in the revenue
22 requirement. The short-run marginal cost within that
23 period would be the commodity cost of gas.

24 Q. And are there also long-run marginal
25 costs in the natural gas distribution system?

1 A. Conceptually you can calculate a long-run
2 marginal cost, and from an economist's point of view,
3 it would be over a period of time where all of the
4 utility's assets are variable in nature so they can
5 be changed as needed.

6 Q. And for purposes of your testimony, since
7 short-run marginal costs were costs varying within
8 the test year, you would consider a long-run marginal
9 cost one that varies beyond the scope of a year; is
10 that correct?

11 A. That's correct, although in my rebuttal
12 testimony I did point out that for a distribution
13 utility like Vectren, the costs of gas delivery
14 service are fixed in nature over the relevant period,
15 and I did not nor did anyone in this case calculate
16 long-run marginal costs for Vectren.

17 Q. Can you turn to page 11 of your
18 testimony. And here you refer to the analysis on
19 line 7 done by the company's witness Swiz. Do you
20 see that?

21 A. I do.

22 Q. Okay. And are you relying on anything
23 beyond Mr. Swiz's analysis in considering the impacts
24 of the straight fixed variable rate design on
25 low-income customers?

1 A. Well, I think I say in my testimony that
2 the analysis that Mr. Swiz had conducted is
3 consistent with what I've seen in other situations,
4 and I mentioned Columbia Gas of Ohio where I had
5 conducted a similar usage income study in 2007 that
6 was used by the Commission to support straight fixed
7 variable rate design in Columbia's proceeding.

8 So in that regard I was relying on a more
9 generalized view of the notion that low-income
10 customers are higher-than-average-use customers. And
11 I point out that VEDO in its 2008 case conducted a
12 similar study and found comparable results.

13 Q. Now, I am not going to make you turn to
14 it unless you want to, but on the bottom of page 17
15 of your testimony, you provide a quote from the
16 venerated Mr. Bonbright, correct?

17 A. Yes.

18 Q. And would you say that Mr. Bonbright's
19 treatise, the "Principles of Public Utility Rates,"
20 is a useful resource to inform the Commission about
21 rate design questions?

22 A. I think it provides a good foundation for
23 utility ratemaking purposes, yes.

24 MS. FLEISHER: Okay. And may I approach?

25 EXAMINER PRICE: You may.

1 MS. FLEISHER: Can we mark this as ELPC
2 Exhibit 4?

3 EXAMINER PRICE: So marked.

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 Q. And, Mr. Feingold, I'll represent to you
6 that these are selected excerpts from "Principles of
7 Public Utility Rates" by James C. Bonbright. And I
8 just wanted to point you to the -- I didn't mark the
9 right page here. Page 41 based on the sort of
10 different print numbers on the side. It's six or
11 seven pages in. And this is a chapter from that book
12 "Cost of Service as the Basic Standard of
13 Reasonableness." Just let me know when you are
14 there, sir.

15 A. I'm there.

16 Q. Okay. And is this the chapter that you
17 quoted from in your testimony?

18 A. It is.

19 Q. Okay. And then if you go forward to 166
20 on the side numbering. It's a chapter entitled
21 "Marginal Cost, Short-Run and Long-Run." Do you see
22 that?

23 A. I see it.

24 Q. Okay. And is that chapter of the same
25 book also you think informative about principles of

1 rate design?

2 A. It is but there are differing views on
3 how marginal costs should be applied to ratemaking.

4 Q. Okay. Thank you. All right. And in
5 your testimony you talk about Vectren designing its
6 distribution system based on design day demand, among
7 other factors, correct?

8 A. Yes, although I think I go a bit further,
9 and I talk about the notion of design hour and
10 connected loads as driving some of the investment in
11 distribution facilities.

12 Q. Okay. Let's stick with design day demand
13 for now. So design day demand increases can require
14 investments in new or replacement distribution
15 assets, correct?

16 A. I would agree with that.

17 Q. Do you know how Vectren protects design
18 day demand?

19 A. In general terms they use a baseload heat
20 factor approach and that's to determine design day by
21 class. I'm not as familiar with how Vectren designs
22 or derives design day on a systemwide basis. I think
23 Mr. Swiz might be in a better position to address
24 that issue.

25 Q. Okay. Well, let's see how far we can get

1 and I may save some questions for him. Do you know
2 the time frame over which Vectren projects design day
3 demand?

4 A. I assume it's a day.

5 Q. Okay. I guess in terms of, you know,
6 what are they looking at? What day? Tomorrow? You
7 know, two years from now? Five years from now?

8 A. Well, they are -- they are different uses
9 or applications of design day for a gas utility. And
10 that's why I pointed out earlier design hour and
11 connected load is sometimes a more appropriate
12 measure of how a utility decides what size facilities
13 to invest in when they connect to -- the customer to
14 the distribution system.

15 Design day may be a measure that is used
16 to help manage a distribution system with regard to
17 volumes that are flowing for transportation customers
18 versus sales customers, and in some cases the design
19 day criteria that's used for those purposes is
20 different than the design day criteria used for the
21 physical facilities themselves.

22 Q. And does this case relate to the physical
23 facilities themselves?

24 A. Yes.

25 Q. And for that purpose, do you know what

1 time frame Vectren uses, or should I address that to
2 Mr. Swiz?

3 A. When you say time frame, I'm still
4 somewhat confused on -- on -- on what that means. I
5 mean, in general terms, a gas distribution utility
6 will reevaluate its design day periodically based on
7 the mix of customers on the system, based on usage
8 characteristics of customers, things of that nature.
9 So it's not a one-time calculation that then never is
10 revisited.

11 Q. Okay. So if Vectren is sitting there
12 deciding what size main to invest in, distribution
13 main, do you know how far out they are looking at
14 design day demand?

15 A. No, I don't.

16 Q. And you also brought up the topic of
17 connected loads. Do you know how Vectren determines
18 connected loads on its system?

19 A. I don't know the specific mechanics. All
20 I can tell you is that in general terms a gas utility
21 will examine the gas out -- utilizing appliances
22 within a home for a residential customer, add up the
23 BTU ratings of those connected loads, and will size
24 the system accordingly based on the meter or the
25 service line and if there is a main extension

1 required to be able to accommodate that connected
2 load.

3 Q. Okay. And I am going to acknowledge here
4 that my familiarity with BTU loads is not large. Can
5 you explain a little bit what you mean by when they
6 are looking at BTU loads?

7 A. Well, so, for example, if you take a
8 home, you would have in it a gas furnace, possibly a
9 gas dryer, you could have gas cooking, you could have
10 a gas water heater. Each of those gas-utilizing
11 appliances have a BTU rating based on the maximum
12 amount of gas that's needed to operate that facility
13 in a worst-case situation or the maximum-use
14 situation. And that's what I would characterize as
15 the connected load.

16 Q. Thank you. Now, page 29 of your
17 testimony, question 52, you refer to some figures
18 regarding the cost of installing distribution mains,
19 correct?

20 A. Yes.

21 MS. FLEISHER: Okay. And may I approach,
22 your Honor?

23 EXAMINER PRICE: You may.

24 MS. FLEISHER: This is a confidential
25 workpaper, but I don't intend to ask any questions

1 about it so, on the public record.

2 Q. Mr. Feingold, is this the workpaper that
3 you used to prepare those figures?

4 A. Yes, it is.

5 Q. Okay.

6 MS. FLEISHER: Sorry, your Honor. May I
7 mark that as ELPC Exhibit 5C?

8 EXAMINER PRICE: It will be so marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. All right. If you can turn to page 31 of
11 your testimony towards the bottom. And here you
12 discuss the costs of residential service lines,
13 correct?

14 A. Yes.

15 Q. Okay. And Vectren's cost-of-service
16 study treats those as customer-related costs,
17 correct?

18 A. That's correct.

19 Q. All right. And page 36, lines 1 through
20 6, and did you do any quantitative calculations using
21 Vectren's data to support this portion of your
22 testimony?

23 A. No, I did not.

24 Q. And page 41, lines 6 to 13.

25 A. What was the line reference?

1 Q. Sorry, lines 6 -- starting at line 6.

2 A. Thank you.

3 Q. It's question 70. And do you see where
4 you testify that gas usage and gas commodity prices
5 will still have the greatest influence on the price
6 signals received by residential customers when making
7 gas usage decisions? Did you do any studies or
8 analysis to support that assertion?

9 A. Are we on page 41?

10 Q. I apologize. No. I have page 40.
11 Question 70 is probably easier to go.

12 A. Could I have that answer back again --
13 that question?

14 EXAMINER PRICE: Let's have the question
15 again, please.

16 (Record read.)

17 A. I don't believe that a study is required
18 by definition. The short-run marginal costs that the
19 price signals should be based upon is based on the
20 commodity cost of gas for Vectren.

21 Q. Is that a "no"?

22 A. I think it's a "not needed."

23 Q. Okay. Just making sure that also means
24 "no." Thank you. And one last thing.

25 MS. FLEISHER: May I approach, your

1 Honor?

2 EXAMINER PRICE: You may.

3 MS. FLEISHER: And this is also
4 confidential, but I don't intend to get into any
5 confidential details.

6 Q. Mr. Feingold, you supported Vectren's
7 cost-of-service study in this case, correct?

8 A. That's correct.

9 Q. Okay. Do you recognize these as excerpts
10 from the updated cost-of-service study that Vectren
11 provided in this case?

12 A. I recognize the exhibits. I can't verify
13 that it's for the updated revenue requirement. I
14 would have to take a closer look at it.

15 Q. Okay. Assuming that it is, does this --
16 do these excerpts reflect calculation of demand,
17 commodity, and customer-related costs for Vectren's
18 residential rate class?

19 A. Yes. That is one of the columns in
20 the -- on the pages.

21 MS. FLEISHER: Oh, sorry. I am not doing
22 well at this today. Can we mark this as ELPC 6C?

23 EXAMINER PRICE: So marked.

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

25 MS. FLEISHER: Thank you, your Honor.

1 That's all I have.

2 EXAMINER PRICE: Thank you. Ms. Mooney.

3 - - -

4 CROSS-EXAMINATION

5 By Ms. Mooney:

6 Q. Good afternoon. Earlier, you --

7 A. Good morning.

8 Q. Yeah, it is. Thank you. Earlier you
9 responded to Ms. Fleisher's question and -- about
10 low-income customers using more, being not -- being
11 higher-use customers, and you referred to a Vectren
12 study in 2008. Do you remember that -- your
13 testimony on that?

14 A. Yes, I do.

15 Q. And can you -- for the record we could go
16 back and ask the court reporter to read what you said
17 about the 2008 Vectren study. But can you recall the
18 context of that 2008 Vectren study that you testified
19 about?

20 A. The context that was raised today?

21 Q. What you were testifying about when
22 you -- in response to Ms. Fleisher, you began to talk
23 about a Vectren 2008 study that purported to show
24 that low-income customers are high-use customers, and
25 I was asking you what was that study? Tell me about

1 that study that you testified to.

2 A. Well, I think there's some confusion. I
3 think my response was that I testified to a Columbia
4 Gas of Ohio study, and I made reference to a Vectren
5 study that was filed in their last rate case, but I
6 did not testify to that study.

7 Q. Okay. You did refer to a Vectren 2008,
8 their last rate case, study from that last rate case;
9 is that correct?

10 A. That's correct.

11 Q. Okay. And what did you say about that
12 again as far as the low-use customer -- low-income
13 and low-use customers?

14 A. I said that the Vectren study conducted
15 in the 2007-2008 rate case the results were
16 consistent with the analysis that Mr. Swiz had
17 presented in this proceeding.

18 Q. And what was -- what was the result of
19 that study?

20 A. That there was essentially a U-shaped
21 relationship between the annual gas usage of
22 residential customers compared to their annual
23 income. And by U shaped I mean that the
24 low-income -- the low-income customers had higher
25 than average gas consumption and then the

1 middle-income customers had below average gas usage
2 and then the high-income customer had above average
3 gas usage.

4 Q. And do you know who conducted that study?

5 A. Dr. Overcast.

6 Q. And he was -- he performed that study for
7 Vectren?

8 A. It was performed on his behalf by
9 Vectren.

10 Q. And do you know what the Percentage of
11 Income Plan is in Ohio?

12 A. I know what the concept is, but I don't
13 know the mechanics of the program.

14 Q. What's your understanding of the concept
15 of the PIPP program?

16 A. That the PIPP program provides a reduced
17 rate to customers to reflect their ability to pay.

18 Q. Would you equate then Vectren's
19 low-income customers with Vectren's PIPP customers?

20 A. I believe that the PIPP customers would
21 be a subset of Vectren's low-income customers.

22 Q. And what 2008 Vectren study focused on
23 PIPP customers?

24 MR. KENNEDY: Objection, no foundation.

25 Q. Do you know if the Vectren 2008 study

1 focused on PIPP customers as the low-income component
2 of the study?

3 A. I don't recall.

4 Q. What if it did? Would that change your
5 analysis or your idea about the idea that low-income
6 customers are high-use customers?

7 MR. KENNEDY: Objection, assumes facts in
8 the hypothetical.

9 MS. MOONEY: Well, it's a hypothetical
10 because he comes in as a no so I have to --

11 MR. KENNEDY: I'm objecting to the facts
12 in evidence because you haven't put the study into
13 evidence. You are just testifying what your
14 understanding of it is.

15 EXAMINER PRICE: Sustained.

16 MS. MOONEY: He's the one --

17 Q. All right. You are the one that
18 testified earlier today in response to Ms. Fleisher's
19 question about the 2008 Vectren study, right?

20 A. I did.

21 Q. And you -- you keep referring to it as
22 low-income customers were shown to be high-use
23 customers as a result of that study; is that correct?

24 A. I said that that study showed similar
25 results to the study that was conducted in this

1 proceeding.

2 Q. By whom?

3 A. By Mr. Swiz.

4 Q. And did Mr. Swiz use PIPP customers as
5 low-income -- as a surrogate for low-income
6 customers?

7 A. It's my understanding that he used a
8 greater number of residential customers in his
9 analysis that presumably went beyond simply PIPP
10 customers. There were non-PIPP residential customers
11 in the study as well.

12 Q. Did the 2008 Vectren study go beyond PIPP
13 customers?

14 A. I don't recall.

15 Q. Do you know?

16 MR. KENNEDY: Asked and answered.

17 EXAMINER PRICE: Sustained. He said he
18 didn't recall.

19 Q. All right. This is a hypothetical. If
20 the 2008 study equated low-income customers with PIPP
21 customers, would that mean that you could say that
22 low-income customers are high-use customers?

23 A. For those PIPP customers, yes, you can.

24 Q. Well, we've already established that PIPP
25 customers and low-income customers are not the same

1 group of customers, correct?

2 A. That's correct.

3 Q. Okay. So if the 2008 study equated
4 and -- or it didn't -- the 2008 study focused
5 exclusively on PIPP customers as low-income
6 customers, would that cause you to have doubts about
7 the 2008 study?

8 A. No.

9 Q. Is there any reason why a PIPP customer
10 would be less concerned about usage than a low-income
11 customer that's not on PIPP?

12 A. I hope not.

13 Q. Do you know what the PIPP program is?

14 A. I think I answered it earlier that in
15 general terms it reflected a reduced bill for
16 customers that don't have the ability to pay their
17 full gas bill.

18 Q. How is the bill -- customer bill reduced?
19 By what factor?

20 A. I said earlier I don't know the mechanics
21 of the program.

22 Q. So you don't know that the PIPP customer
23 pays a percentage of his income of the gas bill,
24 hence the expression percentage of income?

25 EXAMINER PRICE: Are you testifying to

1 that, Ms. Mooney?

2 MS. MOONEY: I asked him if he has --

3 EXAMINER PRICE: He already said he
4 didn't know. He already said he didn't know what the
5 measure was -- what the reduction was.

6 Q. All right. I will try again. If I am a
7 PIPP customer and I pay a percentage of my income for
8 my gas service, would I care about usage as much as a
9 customer who pays for usage, whose bill is based on
10 its usage?

11 A. I can't answer that.

12 Q. No? You don't think a customer cares
13 about what his bill is?

14 A. I can't answer what's in the minds of the
15 PIPP customer relative to the non-PIPP customer as
16 far as gas usage is concerned.

17 Q. Well, in your testimony you often testify
18 about what's in the minds of customers. You say
19 customers don't understand the straight fixed
20 variable, whereas, at -- and we did -- and there was
21 questions asking you on what basis you decided the
22 customers were able to understand the straight fixed
23 variable rates.

24 Do you have any specific citations to
25 the -- your notion that the straight fixed variable

1 rate design is confusing or difficult for customers
2 to understand?

3 A. I never said that in my testimony. What
4 I've said in my testimony is that straight fixed
5 variable rate design is a straightforward and
6 understandable rate structure compared to revenue
7 decoupling.

8 Q. You said customers would not understand
9 revenue decoupling?

10 A. I said customers would have more
11 difficulty understanding revenue decoupling relative
12 to straight fixed variable rate design.

13 Q. And what was your basis for making that?
14 Do you have a specific citation or study that would
15 cause you to -- to that conclusion?

16 A. Just based on my years of experience in
17 designing rates. I did not conduct a specific study.

18 Q. And does Mr. Bonbright in his book ever
19 mention straight fixed variable rate design?

20 A. Back in 1961 the term was not yet coined,
21 but he does talk about recovery of fixed costs in the
22 fixed components of rates.

23 Q. All right. Let's talk about the costs
24 that go into rates. And referring to page 5 of your
25 testimony refers to cost causation, the

1 characteristics of gas delivery service, and
2 recognizes that the company's incurred costs are
3 relatively uniform on average. Could you give me
4 maybe like five -- the top five costs of gas delivery
5 service, the costs the Company incurs to perform gas
6 delivery service, like the top five of those costs.

7 A. Okay. The first would be distribution
8 mains, the plant investment, and the associated
9 expenses.

10 Q. You mean buying the main?

11 A. No, incurring the cost of mains.

12 Q. Okay.

13 A. I thought that was the question.

14 Q. Okay. Go ahead. That's one. That's No.
15 1, incurring the cost of mains?

16 A. Well, I would -- to be more precise I
17 would characterize it as the revenue requirement
18 associated with distribution mains.

19 Q. Are there different size mains?

20 A. There are.

21 Q. Are there large -- large mains and
22 smaller circumference mains?

23 A. Yes.

24 Q. And does a large main cost more than a
25 small one?

1 A. Yes.

2 Q. Okay. Now, what's the next cost?

3 A. I would say the revenue requirements
4 associated with service lines.

5 Q. Okay. Okay. The next one?

6 A. I would say the revenue requirement
7 associated with meters.

8 Q. The next one?

9 A. The reason I'm hesitating is there were a
10 number of other components of the revenue requirement
11 of the utility that don't stand out as significantly
12 as the first three that I mentioned that I have to
13 refer to VEDO's cost-of-service study to give you a
14 more precise answer.

15 Q. Are there labor costs?

16 A. Well, there are labor costs but that's
17 why I characterized those first three as revenue
18 requirement because there's a labor component
19 associated with each of those three facilities. So I
20 didn't split it out the same way that you might want
21 it split out.

22 Q. Okay. Would you say that those costs are
23 the same every month?

24 A. Within the context of the utility's
25 revenue requirement determination and the use of a

1 test year in designing rates, I would say yes.

2 Q. For every year -- every month of the test
3 year the costs are the same for each of the months in
4 the test year?

5 A. No. The costs will vary but, again,
6 because rates are designed on the average, that's why
7 I was saying that they are the same across the test
8 year.

9 Q. The costs vary by month.

10 A. Yeah. They can vary, sure.

11 Q. Okay. On page 6 of your testimony, you
12 are referring -- lines 9 and 10, you have a reference
13 to the utilities not recovering their full revenue
14 requirement. Do you see that?

15 A. I do.

16 Q. Under traditional regulatory principles,
17 is a utility entitled to its full revenue
18 requirement?

19 A. Well, I assume that if a regulatory body
20 approves the revenue requirement, that they are
21 entitled to it but entitled I think is a -- is a word
22 of art. I would say the fairer characterization is
23 the utility has an opportunity to recover its revenue
24 requirement.

25 Q. It has an -- the idea is when the rate

1 case sets the rate, that the -- this is the revenue
2 requirement based on a test year and then the years
3 going forward, the utility has an opportunity, but it
4 isn't entitled to that revenue requirement for every
5 year; is that correct?

6 A. I'm not sure how you are using entitled.
7 If you are using it as synonymous with guarantee, I'm
8 not suggesting that.

9 Q. Well, if we looked at that sentence on
10 page 6, you say, "However, simply setting utility
11 rates on marginal costs can result in utilities not
12 recovering their full revenue requirements." Now,
13 what my question is going to is whether or not you
14 think that a utility has -- is ob -- I'm using
15 entitled, but the utility is supposed to be
16 recovering every year its full revenue requirement.

17 A. No, that's not really the purpose of this
18 statement. What I was trying to convey here was that
19 if you use some measure of marginal costs as a
20 substitute for embedded or historical costs to
21 determine a utility's revenue requirement, based on
22 the study that I've done over the years, you would
23 find that in most cases the marginal costs are less
24 than the embedded historical revenue requirement.

25 And so as a result, the rates would not

1 recover those costs if you use marginal costs as the
2 basis for the rates.

3 Q. Now, do distribution utilities do
4 anything in their day-to-day operations to reduce
5 their costs?

6 A. I'm sure that management of a utility is
7 prudent in how they decide to deploy resources and to
8 manage their costs relative to the revenue
9 requirement that they're allowed to recover.

10 Q. Do you think that distribution utilities
11 are interested in reducing the costs of running the
12 distribution system?

13 A. I believe that management of utilities
14 have that as a primary objective.

15 Q. Do you know if Vectren had any problems
16 avoiding rate cases during the times that they had a
17 volumetric -- a larger volumetric component to the
18 distribution rates?

19 MR. KENNEDY: Objection as to
20 argumentative and the term "avoiding."

21 EXAMINER PRICE: If you could rephrase,
22 please, Ms. Mooney.

23 Q. Well, all right. On page 10, lines 12,
24 and it goes through the advantages of the straight
25 fixed variable rate design and one of them was that

1 they can reduce the rate case frequency for a
2 utility. Do you see that?

3 A. I do.

4 Q. Now, when was Vectren's last rate case?

5 A. It was in the 2008 period with a decision
6 in early 2009.

7 Q. And how long ago was that?

8 A. Roughly 10 years. And during that period
9 they had straight fixed variable rate design in
10 place.

11 Q. And you think the straight fixed variable
12 rate design reduced the rate case frequency?

13 A. I think it can. I didn't say it will.

14 Q. Do you know if it did?

15 MR. KENNEDY: Objection, speculation.
16 She is asking for the Company's opinion on that.

17 EXAMINER PRICE: He can answer if he
18 knows.

19 A. Well, all I can say is that over that
20 10-year period, I -- I am aware that straight fixed
21 variable rate design was the approved rate design
22 during that period, and the fact that a rate case
23 wasn't filed I can only presume that that may have
24 been one of the factors that contributed to the
25 ability to have less frequent rate cases by the

1 Company.

2 Q. Do you know if the Company -- if Vectren
3 has committed to filing a base rate case in the
4 Stipulation that's in this proceeding?

5 A. I believe the Stipulation talked about a
6 rate case before 2024.

7 Q. Yes. Thank you. We earlier talked about
8 the budget billing and the fact that customers of
9 Vectren can levelize their monthly bill by enrolling
10 in budget billing. Do you remember those questions?

11 A. I do.

12 Q. And so if a customer wishes to have
13 basically the same bill every month, they could just
14 enroll in budget billing; is that correct?

15 A. That's right, for both components of
16 their bill.

17 Q. And on page 12, one of the advantages of
18 the straight fixed variable is that it provides the
19 opportunity to recover revenues during the post-rate
20 case period without the use of a deferral ratemaking
21 mechanism. Do you see that?

22 A. I do.

23 Q. Now, were there any deferrals referred to
24 in this base rate case that were going to come into
25 the revenue requirement?

1 A. I don't know.

2 Q. Were any deferrals authorized as a result
3 of this case?

4 A. I don't know. What I was referring to
5 here as a deferral ratemaking mechanism was a revenue
6 decoupling mechanism.

7 Q. Oh, you are equating deferrals with
8 decoupling?

9 A. No. I was equating deferral ratemaking
10 mechanism with revenue decoupling mechanism because a
11 ratemaking decoupling mechanism requires a deferral
12 account to be able to identify the amount of overage
13 or underage of, in some cases, the revenue
14 requirement to be able to determine what the
15 adjustment should be in a subsequent period.

16 Q. Well, we did talk about the rider. We
17 earlier talked about all the riders that Vectren has,
18 correct?

19 A. We did.

20 Q. And those also involve under- and
21 overrecovery of certain costs, right?

22 A. They do.

23 Q. And is that kind of -- is there a
24 deferral associated then with any of the riders? Is
25 that the deferral you are referring to here?

1 A. No. As I said earlier, the deferral I'm
2 talking about here is specifically a revenue
3 decoupling mechanism within the context of the
4 benefits of SFV relative to revenue decoupling.

5 Q. And then on page 12 again at line 25,
6 that the straight fixed variable provides no
7 disincentive for conservation or efficiency. Did I
8 read that right? Does that "no" go there or how
9 does -- is that a double negative? What are you
10 trying to say about the effect of straight fixed
11 variable rates on conservation and efficiency there?

12 A. I am trying to say that a straight fixed
13 variable rate design breaks the link between gas
14 usage and revenue so that the Company no longer has a
15 throughput incentive to grow volumes to be able to
16 recover their fixed costs of delivery service.

17 Q. From a customer's standpoint, does a
18 straight fixed variable provide a disincentive for
19 efficiency?

20 A. No.

21 Q. Why not?

22 A. Because it is based upon an economically
23 efficient price signal from the commodity cost of
24 gas.

25 Q. If I'm going to get a -- if I have very

1 low usage and I am going to get a bill for
2 essentially \$50 a month regardless of my -- whether
3 or not I have zero or -- usage or a very small amount
4 of usage, would I -- would I -- it doesn't matter
5 what my bill is, it's fixed, so how would that
6 incentive -- incentivize the need to conserve or be
7 efficient?

8 A. Because you are trying to establish a
9 price signal to incent to conserve based on the costs
10 to society that can be avoided or saved with less use
11 of gas and that's the commodity cost of gas.

12 Q. But if I'm a low-use customer, I'm not
13 going to see -- if I use zero, I'm going to get the
14 same bill regardless because I'm not using anything;
15 is that correct?

16 A. In that particular month, yes, you
17 would -- you would receive a bill for the fixed
18 amount, and other months when you use gas, you would
19 have a commodity component in your bill.

20 Q. And if -- I am going to get a \$30 bill in
21 the summer when I have used no gas; is that -- is
22 that going to be easy for me -- do you think that's
23 easy for the customer to understand?

24 A. I believe it's as easy as a customer who
25 receives a fixed bill for garbage service or for

1 water service or for cell phone service. I think
2 fixed bills are a component of pricing that are
3 accepted by customers.

4 Q. Okay. So I get a fixed bill for garbage
5 service \$50, but I don't have any garbage. What
6 would be the first thing I would do in that case?
7 What would a customer do?

8 A. I don't know.

9 Q. Would they cancel the service?

10 A. If you knew that you weren't going to
11 have any garbage for the next 11 months, you might.

12 Q. Why 11 months?

13 A. Just because I'm using a 12-month period
14 because that's what rates are designed on.

15 Q. My garbage rate is not designed on an
16 11-month period, is it?

17 A. For some future period then instead of
18 quantifying it as 11 months, my statement still
19 holds.

20 Q. Now, if customers are having practically
21 no usage, hardly using gas at all, and what very
22 little they are using they could just switch to
23 electric, and in Mr. Rinebolt's testimony he refers
24 to the notion that customers on a straight fixed
25 variable who are paying a high fixed charge every

1 month regardless of usage, would drop their natural
2 gas distribution service and just switch to electric,
3 say, so they don't have to deal with that high fixed
4 charge every month when they are hardly using the
5 service. Would -- do you recall that testimony from
6 Mr. Rinebolt?

7 A. I do. And I believe I responded to that
8 testimony.

9 Q. If a significant amount of low-use
10 customers who are basically paying the \$30 a month
11 for no service left the system or were no longer
12 customers of Vectren, would that change the
13 cost-of-service study?

14 A. Eventually it could cause the
15 cost-of-service study to change, and it would cause
16 the residential unit cost of service to go up.

17 Q. Why is that?

18 A. Because there would be fewer customers to
19 recover the fixed costs of delivery service.

20 Q. Wouldn't there possibly be small -- are
21 you including the residential and small commercial in
22 the same category?

23 A. I was just responding to your question
24 which I thought was residential.

25 Q. No, it wasn't. I'm referring to low-use

1 or even customers that have no usage, any customer.

2 A. And I'm sorry. What was the question
3 then?

4 Q. Would it change the -- the allocation of
5 customer classes, would you -- if you had customers
6 who just don't use the gas service at all and they
7 are still paying a high fixed cost monthly just
8 because they are listed on your -- on Vectren's
9 customers' service list, would that change the
10 cost-of-service study?

11 A. Are you saying the customers have left
12 the system, or they're just not using any gas and
13 they are still on the system?

14 Q. Well, they are on the system. That's why
15 they are paying the fixed charge but they say why am
16 I paying this fixed charge if I'm not using it. And
17 so those customers just -- the low-use customers just
18 start dropping off. Whether they are small
19 commercial or residential, they just start dropping
20 off the system. Is that eventually going to have an
21 impact on the cost-of-service study?

22 A. Yes, just like any other change in number
23 of customers over time would change the allocation
24 relationships in the cost-of-service study.

25 MS. MOONEY: Okay. That's all the

1 questions I have. Thank you.

2 EXAMINER PRICE: Redirect?

3 MR. KENNEDY: Can you give us one minute?

4 EXAMINER PRICE: Mr. Margard?

5 MR. MARGARD: I think you asked earlier,
6 and the answer is no.

7 EXAMINER PRICE: Okay. Now, redirect?

8 MR. KENNEDY: Can we have one minute to
9 confer?

10 EXAMINER PRICE: You may.

11 (Discussion off the record.)

12 EXAMINER PRICE: Let's go back on the
13 record.

14 Mr. Kennedy, redirect?

15 MR. KENNEDY: The Company has no
16 redirect, your Honor.

17 EXAMINER PRICE: Questions for this
18 witness?

19 EXAMINER SCHABO: No.

20 EXAMINER PRICE: Neither do I. You are
21 excused.

22 THE WITNESS: Thank you.

23 EXAMINER PRICE: Mr. Kennedy, care to
24 renew your motion for admission?

25 MR. KENNEDY: Yes. We would like to move

1 for the admission of Mr. Feingold's rebuttal
2 testimony, VEDO Exhibit 12.1.

3 EXAMINER PRICE: Any objections?
4 Seeing none, it will be admitted.
5 (EXHIBIT ADMITTED INTO EVIDENCE.)

6 MS. FLEISHER: Your Honor, I would like
7 to move for the admission of my exhibits.

8 EXAMINER PRICE: 3, 4, 5C, 6C; ELPC 3, 4,
9 5C, and 6C. Any objection to the admission of 3, 4,
10 5C, and 6C?

11 MR. KENNEDY: No objection to 5C and 6C.
12 As to 3, the AGA report, Mr. Feingold testified he
13 did not rely on it for purposes of this case, and we
14 would object to it as a hearsay.

15 (EXHIBITS ADMITTED INTO EVIDENCE.)

16 EXAMINER PRICE: Ms. Fleisher?

17 MS. FLEISHER: I guess I'm not -- can I
18 get a clarification? Is it a relevance objection or
19 just a hearsay objection?

20 MR. KENNEDY: This is an objection that
21 Mr. Feingold did not prepare it. He did not attach
22 it to his testimony. He did not rely on it so it's a
23 third-party statement so it's hearsay for those
24 purposes.

25 MS. FLEISHER: And, your Honor, it's

1 something that he himself can speak to the -- I'm not
2 relying on the document as to its truth. I am
3 relying on the fact he is aware of this document and
4 the facts and has used it and has, therefore, you
5 know, in his previous testimony relied on it,
6 basically attested to its truth.

7 MR. KENNEDY: And I guess my response
8 would be if Ms. Fleisher doesn't intend to cite to
9 any facts within the document for the truth of those
10 facts, then I would not have a problem with the --

11 EXAMINER PRICE: She intends to cite to
12 those facts.

13 MS. FLEISHER: I haven't written the
14 brief yet, but I am going to leave that option open.

15 EXAMINER PRICE: So it's an out-of-court
16 statement. It's being offered for the truth of the
17 matter asserted. What exception to hearsay would
18 apply? It's not an admission of a party opponent
19 because Vectren didn't use it in Vectren's testimony.

20 MS. FLEISHER: I guess what I am arguing
21 is that it's not -- I am not relying on the actual
22 out-of-court statement for the truth. I am relying
23 on the fact that Mr. Feingold has relied on this as
24 the truth, if that makes sense.

25 MR. KENNEDY: I recall the testimony

1 about it was whether or not Mr. Feingold had
2 experience or knowledge about the fact that other
3 jurisdictions did not have straight fixed variable
4 rate design. That did not indicate his reliance on
5 this for this or he was holding it out for the truth
6 of the matter of anything that's in the document.

7 MR. ALEXANDER: Your Honor, the City
8 would join the motion and the objection by the
9 Company and only note there were no questions about
10 the -- any of the specific facts in the document
11 itself, and so to the extent the witness might have
12 clarification or further explanation about those
13 facts, he was unable to provide that as there were no
14 questions about the facts in the document so.

15 EXAMINER PRICE: I am going to defer
16 ruling on this one. I think Ms. Fleisher is in a lot
17 of trouble on this one, but maybe we can look at the
18 hearsay exceptions and find one that actually works.

19 And you have an objection to ELPC 4?

20 MR. KENNEDY: Well, I would never object
21 to the venerate or venerated Dr. Bonbright, but the
22 exhibit that's attached is just select parts of
23 Mr. Bonbright's -- Dr. Bonbright's work.

24 MS. FLEISHER: Your Honor, if it would be
25 fine by you, I would certainly be fine taking

1 administrative notice of the entire --

2 MR. MICHAEL: Treatise?

3 MS. FLEISHER: For those who don't want
4 to go to the library, I will provide a link to where
5 it's available online.

6 EXAMINER PRICE: Objection to taking
7 administrative notice of this learned treatise?

8 MR. KENNEDY: I don't have an objection.
9 It was a completeness objection.

10 EXAMINER PRICE: We will take
11 administrative notice of the entire document.

12 MS. FLEISHER: Thank you, your Honor.

13 EXAMINER PRICE: Let's go off the record.
14 (Discussion off the record.)

15 EXAMINER SCHABO: Let's go back on the
16 record.

17 Mr. Kennedy, your next witness.

18 MR. KENNEDY: The Company would like to
19 call to the stand Ms. Rina Harris.

20 EXAMINER SCHABO: Have a seat and provide
21 your name and business address for the record,
22 please.

23 THE WITNESS: Yes. My name is Rina
24 Harris, and my business address is 211 Northwest
25 Riverside Drive, Evansville, Indiana 47708.

1 EXAMINER SCHABO: Thank you.

2 Mr. Kennedy.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 - - -

5 RINA H. HARRIS

6 being first duly sworn, as prescribed by law, was
7 examined and testified as follows:

8 DIRECT EXAMINATION

9 By Mr. Kennedy:

10 Q. Good afternoon, Ms. Harris. Do you have
11 in front of you what was previously marked for
12 identification as VEDO Exhibit No. 9.2, the Rebuttal
13 Testimony of Rina H. Harris on Behalf of Vectren
14 Energy Delivery of Ohio, Inc.?

15 A. Yes.

16 Q. Did you prepare this testimony, or was it
17 prepared under your direction?

18 A. I prepared it.

19 Q. And as you sit here today, do the answers
20 given -- are they true and accurate to the best of
21 your knowledge?

22 A. Yes.

23 Q. And if I were to ask you the same
24 questions today, would you provide the same answers?

25 A. Yes.

1 Q. Do you have any corrections to make to
2 this particular piece of testimony?

3 A. No.

4 MR. KENNEDY: Your Honor, I would move
5 for the admission, subject to the cross-examination,
6 of VEDO Exhibit No. 3.2, the Rebuttal Testimony of
7 Rina H. Harris.

8 EXAMINER SCHABO: We will defer admission
9 until after cross-examination.

10 Captain Friedman, do you have any
11 questions?

12 CAPTAIN FRIEDMAN: No questions, your
13 Honor.

14 EXAMINER SCHABO: Mr. Settineri?

15 MR. SETTINERI: No questions, your Honor.

16 EXAMINER SCHABO: Mr. Alexander?

17 MR. ALEXANDER: No questions, your Honor.
18 Thank you.

19 EXAMINER SCHABO: Any preference as to
20 your order?

21 Mr. Healey.

22 MR. HEALEY: Yes.

23 - - -

24

25

CROSS-EXAMINATION

By Mr. Healey:

Q. Ms. Harris, you are testifying as an expert witness today, correct?

A. Correct.

Q. And your testimony focuses on the straight fixed variable rate design in response to testimony provided by certain intervenors, correct?

A. Related to the Market Potential Study.

Q. Have you ever published any articles on rate design?

A. I have not.

Q. Have you ever been asked by a news agency to be interviewed on rate design?

A. No.

Q. Have you ever been asked to give a speech on rate design outside of Vectren?

A. No.

Q. Have you ever testified before a legislative body on rate design?

A. No.

Q. Do you have any educational degrees which require you to study rate design?

A. No.

Q. Are you a rate design expert?

1 A. I am not.

2 MR. HEALEY: Your Honor, at this time I
3 move to strike Ms. Harris's testimony starting on
4 page 9, line 11, through page 13, line 17. This
5 portion of her testimony is the second half of her
6 testimony. The first portion relates to her
7 discussion of the Market Potential Study. The second
8 half relates to the impact that rate design has on
9 customers' usage of natural gas.

10 As we just established through the brief
11 voir dire of the witness, she has virtually no
12 experience in rate design and point blank admitted
13 she is not an expert in rate design, yet she is
14 testifying as an expert in rate design as the cover
15 of her testimony suggestions. That would not be
16 allowed and, therefore, the portions that I have
17 identified should be stricken.

18 EXAMINER PRICE: What was the end
19 portion?

20 MR. HEALEY: Page 9, line 11, through --
21 basically through the end other than the conclusion,
22 page 13, line 17. Those portions would all require
23 her to be an expert in rate design.

24 EXAMINER SCHABO: Mr. Kennedy.

25 MR. KENNEDY: Yes. If you could refer to

1 the question 3 which it says the purpose of her
 2 rebuttal testimony, the section of the testimony that
 3 he said -- that OCC is seeking to strike would be
 4 summarized starting with line 17, and it reads "My
 5 rebuttal testimony also will address Mr. Nelson's,
 6 Mr. Gonzalez's, and Mr. Rinebolt's suggestion that
 7 the continuation of straight fixed variable rate
 8 design will impede VEDO from achieving energy
 9 efficiency program goals." Ms. Harris has offered
 10 testimony today on the fact of whether or not Vectren
 11 has been meeting energy efficiency program goals.
 12 The testimony outlined from the intervenors was that
 13 straight fixed variable rate design was somehow
 14 impeding Vectren from doing that.

15 So as the -- Mr. Healey did not ask about
 16 Ms. Rina -- Ms. Harris's experience in running the
 17 energy efficiency program. Had he done that, I'm
 18 sure that she would have been considered an expert in
 19 energy efficiency and how Vectren operates that
 20 program so I think --

21 EXAMINER PRICE: Why don't we give you an
 22 opportunity to ask those questions if you think he
 23 should have asked.

24 - - -

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DIRECT EXAMINATION (Continued)

By Mr. Kennedy:

Q. Good afternoon, Ms. Harris.

A. Good afternoon.

Q. Could you please state, you know, summarize your experience in running Vectren's energy efficiency portfolio program specific to Ohio.

A. Sure. We've run energy efficiency programs in Ohio since 2009. We have very successfully met and exceeded our goals for the past nine years. I have experience in implementing, planning, and evaluating our energy efficiency programs. As it -- as associated with our Ohio energy efficiency program, we offer both residential and commercial programs, have grown over the years. We've worked with our collaborative to modify programs and take recommendations.

Q. And specifically, Ms. Harris, you would have an understanding or knowledge of how VEDO has met its particularly -- its particular energy efficiency goals over the last 2 to 10 years or however long you have been in charge of that program?

A. Yes.

MR. KENNEDY: Your Honor, I would, you

1 know, again state that she's providing some factual
2 testimony and also some expert testimony. Obviously
3 we offered Mr. Feingold as an expert in rate design.
4 We have Mr. Swiz is the company's tariff expert, but
5 I think it's appropriate for Ms. Harris to offer some
6 factual testimony within her field to support the
7 Company's rebuttal position.

8 EXAMINER SCHABO: Anything further,
9 Mr. Healey?

10 MR. HEALEY: I would just point out I am
11 not disputing her qualification in energy
12 efficiencies but what she's testifying on here is the
13 impact that a certain rate design will have on
14 customers' energy efficiency efforts. Those are two
15 different things. She may be qualified to say, you
16 know, energy efficiency does X, Y, and Z. That does
17 not make her qualified. She admitted to testifying
18 on her opinions about how a particular rate design
19 will affect energy efficiency.

20 EXAMINER PRICE: But, Mr. Healey, you
21 would concede they have had a straight fixed variable
22 rate design throughout the -- all these energy
23 efficiency programs. We're not making a switch here
24 from a volumetric design to where she might have no
25 experience in how straight fixed variable would have

1 impacted. She's been managing these programs while
2 they have had a straight fixed variable rate design.

3 MR. HEALEY: That's true, your Honor.
4 That doesn't mean she's qualified as an expert
5 witness. Lots of people have experience in a lot of
6 things while things are going on and that doesn't
7 make her an expert on everything that's happening at
8 Vectren.

9 MS. FLEISHER: Your Honor, ELPC supports
10 that motion to strike, and I want to be clear that
11 straight -- keeping the same rate design is a totally
12 separate question from what does this look like on
13 customer bills which is exactly what Ms. Harris is
14 supposedly testifying to which is what are customers
15 seeing on their bills and how are they reacting and
16 that's really going to change even though it's
17 still tech -- theoretically the straight fixed rate
18 variable, that number is going way up, and so her
19 ability to say as that number goes up what the impact
20 will be on customers and their participation in
21 energy efficiency programs, I agree with Mr. Healey,
22 would require some expertise she apparently doesn't
23 have.

24 EXAMINER PRICE: I will defer to my
25 colleague to make this ruling, but I will just say

1 OCC is setting a standard that it may regret later if
2 we adopt this standard.

3 MR. HEALEY: I am fully confident in the
4 qualifications of all OCC experts, your Honor.

5 MR. KENNEDY: I guess I would again state
6 there are facts within this testimony that I think
7 makes her a factual witness on whether or not Vectren
8 has met its energy efficiency program goals. The
9 testimony of the other three parties was that
10 straight fixed variable rate design prevents the
11 utility or impedes the utility from meeting those
12 goals. They didn't offer any evidence to support
13 that opinion. I think we have the right to offer
14 factual evidence that undermines that opinion.

15 MS. MOONEY: Your Honor, we are in a rate
16 case that's going to set the rates going forward and
17 there are -- our problem with straight fixed variable
18 is with the amount that is going to be going forward.
19 So I think it is irrelevant whether or not in the
20 past, in the current rates have they met their goal,
21 energy efficiency goal.

22 MR. KENNEDY: In your testimony from your
23 own experts talked about what -- the effect of it as
24 sort of a general statement so.

25 MS. MOONEY: It's incentive -- our

1 testimony is that straight fixed variable is a
2 disincentive to energy efficiency, which it is and
3 continues to be, and it will be even worse --

4 EXAMINER PRICE: Ms. Mooney, let's not
5 testify again.

6 EXAMINER SCHABO: I am going to overrule
7 the motion to strike because I'm not seeing anywhere
8 in here that she's offering an expert opinion on the
9 SFV rate design. She is providing testimony, yeah,
10 in light of the EE programs. Each question is pretty
11 specific to that, and question and answer 27 she very
12 specifically denies that she's offering any opinion
13 on the regulatory policies that support SFV rate
14 design. So if you would like to narrow your motion
15 to some specific portion of the testimony that I can
16 better evaluate, I'll take another motion, but the
17 pending motion is overruled.

18 MR. HEALEY: Sure. I'll make one
19 follow-up motion then in light of that ruling, your
20 Honor, if you will. I would move to strike page 13,
21 line 7, the sentence starting with "The SFV rate
22 design" where she says "will not impact energy" --
23 "energy savings associated with VEDO's EE programs."
24 That is very specific expert-type testimony on how a
25 particular rate design will have an impact on

1 Vectren's energy efficiency programs and that
2 particular statement would require her to be an
3 expert in rate design, not just an expert in energy
4 efficiency.

5 MR. KENNEDY: And my response to that,
6 you know, it's basically observations running the EE
7 programs. This is her observation, that the fact
8 that the rate design has been in effect has not
9 impeded Vectren from meeting those EE program goals.

10 MR. HEALEY: Your Honor, if I may, it
11 says will not impact, not that it has not impacted.
12 Those are very different things. I think she's
13 making a projection about the future and how this
14 proposed rate design will impact their programs going
15 forward; and, again, she said I am not a rate design
16 expert.

17 MR. KENNEDY: I would hope that someone
18 that had 10 years of administering an EE program
19 under straight fixed variable rate design and
20 realizing that the company has made the program goals
21 during that time would be able to use that experience
22 to offer her testimony on what may happen in the
23 future if straight fixed variable rate design is
24 maintained. So I -- you know, I don't know who else
25 would be a better person in a position to state that,

1 so I would say that that testimony should be
2 sufficient and allowed.

3 EXAMINER SCHABO: Overruled.

4 - - -

5 CROSS-EXAMINATION (Continued)

6 By Mr. Healey:

7 Q. Ms. Harris, I would like to start with a
8 brief hypothetical and if you don't understand any of
9 the assumptions, just let me know. Let's assume that
10 Customer A pays a \$40 fixed charge per month and \$5
11 per Mcf. And for purposes of this hypothetical, just
12 to keep it simple we are going to ignore commodity
13 portion, distribution portion. We are just going to
14 do fixed and variable. That way it makes the math
15 nice and easy. Is that okay?

16 Now, this customer, if this customer
17 engages in energy efficiency and reduces their usage
18 by 1 Mcf per month, they will save \$5, correct?

19 A. Correct.

20 Q. Now, let's consider Customer B. Customer
21 B instead pays a \$10 fixed charge and \$10 per Mcf.
22 If that customer engages in energy efficiency and
23 reduces usage by 1 Mcf, they will save \$10, correct?

24 A. Is that -- the \$10 per Mcf and the \$5 per
25 Mcf, is that the fixed portion of the bill or is that

1 the variable portion?

2 Q. Well, it's the per Mcf portion of the
3 bill so that would be a variable.

4 A. Okay.

5 Q. So Customer B that I have described has a
6 \$10 fixed charge and a \$10 per Mcf charge. That
7 customer engages in energy efficiency and reduces
8 usage by 1 Mcf. They will save \$10 that month,
9 correct?

10 A. Sure. Yep.

11 Q. And so you would agree then when looking
12 at these two customers, the customer that had the
13 higher fixed charge is saving less from engaging in
14 energy efficiency, correct?

15 A. Can you repeat that?

16 Q. Sure. We've got two customers. You
17 would agree that the first customer that had a higher
18 fixed charge gets less benefits from participating in
19 energy efficiency because they saved only \$5 compared
20 to \$10 from the other customer.

21 A. No, I wouldn't necessarily agree with
22 that. I mean, they are still saving energy savings.
23 So while their fixed portion of their bill may be
24 going up, they are still saving on the variable
25 portion, so the total amount saved may be the same;

1 but, yes, their bill is going up.

2 Q. So we established that the first customer
3 will save \$5 and the second customer will save \$10
4 and you believe that those are the same; is that your
5 follow-up testimony? Saving \$5 is the same as saving
6 \$10?

7 A. Well, sure. Saving \$10 per Ccf, they are
8 seeing higher bill savings, I would agree with that.

9 Q. You mention in your rebuttal testimony
10 you had filed two prior sets of testimony in this
11 case, correct?

12 A. Correct.

13 Q. And one of those was direct testimony you
14 filed on April 13, 2018?

15 A. I think that's correct.

16 Q. And you didn't make any false statements
17 in that April 13, 2018, testimony, did you?

18 A. Not that I'm aware of.

19 Q. Do you have a copy of that testimony in
20 front of you?

21 A. Yes.

22 MR. HEALEY: Your Honor, she has got a
23 copy, but I am going to mark it as the next OCC
24 exhibit which I believe is No. 8. May I approach to
25 give copies to the Bench and court reporter?

1 EXAMINER SCHABO: You may.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 Q. Ms. Harris, what's now been marked OCC
4 Exhibit 8 is your testimony that you filed on
5 April 13 in this case. You said you have a copy in
6 front of you. Can you turn to page 2 of that
7 testimony, please.

8 A. Okay.

9 Q. And starting on line 22 of page 2, you
10 note that you are follow -- sponsoring certain
11 attachments, correct?

12 A. Correct.

13 Q. And the first bullet point is described
14 as the 2018-2023 MPSAP prepared by Applied Energy
15 Group, correct?

16 A. That's correct.

17 Q. And MPSAP is the Market Potential Study
18 and Action Plan?

19 A. That's correct.

20 Q. And if I refer to that just as the Market
21 Potential Study, you'll understand that's what I'm
22 talking about?

23 A. Yes.

24 Q. And this is the same Market Potential
25 Study you discuss in your rebuttal testimony,

1 correct?

2 A. That's correct.

3 Q. And turning to page 3 of your -- I am
4 going to switch microphones. I apologize. Looking
5 at page 3 of your April 13 testimony, line 6, there's
6 a question that says "Were your testimony and
7 exhibits in this proceeding prepared by you or under
8 your supervision? Answer: Yes." Do you see that?

9 A. Yes.

10 Q. So you would agree then that the Market
11 Potential Study was prepared by you or under your
12 supervision, correct?

13 A. Yes. It was prepared under my
14 supervision.

15 Q. You can put that aside for now. We may
16 come back to it later still. Let's look now at your
17 rebuttal testimony page 13, please.

18 A. Okay.

19 Q. Looking at line 7 you state "The SFV rate
20 design will not impact energy savings associated with
21 VEDO's EE programs." Do you see that?

22 A. Yes.

23 Q. So is it your testimony that VEDO's EE
24 programs will save customers the exact same amount of
25 energy no matter what rate design is used?

1 A. Not necessarily. I mean, there's a lot
2 of factors that go into how much energy is saved year
3 over year. There is program-related changes,
4 evaluation impacts, recommendations from our
5 evaluator related to the energy savings incremental
6 costs, so there's a lot of different factors that
7 impact the total energy savings.

8 Q. Sure. Let's hold all factors equal other
9 than rate design. Let's say everything else is the
10 same and only the rate design changes. No
11 conceivable change in rate design will effect how
12 much energy is saved under your programs?

13 A. No.

14 Q. No. So, for example, if you had a \$50
15 fixed charge and 0 variable charge compared to a 0
16 fixed charge and \$20 per Mcf, your programs will save
17 the exact same amount of energy in those two
18 scenarios?

19 A. So when I refer to "energy savings," I am
20 referring to Ccf savings.

21 Q. Correct.

22 A. Yeah.

23 Q. So your testimony is in the two scenarios
24 I just described, the Ccf savings from your programs
25 will be literally the same.

1 A. Well, repeat your scenario, please.

2 Q. Sure. Two different rate designs. Let's
3 say you run your programs under straight fixed
4 variable, \$40 fixed charge, 0 variable, or you run
5 them under the opposite, 0 fixed charge and some
6 variable charge, whatever it is, \$10 per Mcf. When
7 you are comparing those two rate designs, you believe
8 that your EE programs will save the exact same
9 number --

10 A. No, they would not.

11 Q. If you don't mind.

12 A. Sorry.

13 Q. It's helpful for the record if I can
14 finish my question. Thank you. Is it your testimony
15 that your EE programs will save the exact same number
16 of Ccfs for customers under those two rate designs?

17 A. No. If a customer doesn't have -- if
18 everything isn't fixed cost, there is no variable
19 portion to the bill. So when people save energy,
20 they save on the variable portion of their bill.
21 However, I would say this is not a realistic
22 scenario.

23 Q. That's fair. But your testimony on page
24 13, line 7, is the SFV rate will not impact the VEDO
25 EE programs. That to me, can you clarify, means zero

1 impact; is that what you are testifying to?

2 A. I'm testifying to what I know of straight
3 fixed variable today and what we've been able to do
4 for the past -- since 2009 and my high level
5 awareness of the proposal that Mr. Cas has put
6 together under the Stipulation.

7 Q. I am not sure you answered my question.
8 Is it your testimony there will be literally zero
9 impact on your EE programs based on the rate design?

10 A. No. There would be an impact.

11 Q. Okay. And the next sentence in your
12 testimony talks about the fact that dollar savings
13 can vary due to variation in rates or usage. Can you
14 explain why that's the case?

15 A. The dollar savings can vary because there
16 could be changes in rates. There could be changes in
17 the incremental costs. Or the customers could use
18 more or less. So there is a lot of factors that can
19 affect the dollar savings with -- associated with our
20 programs.

21 Q. And you mentioned changes in rates.
22 You're talking about variable rates, correct?

23 A. Correct.

24 Q. And one of those variable rates is the
25 commodity portion of the bill, correct?

1 A. Yes.

2 Q. And so under your current rate design,
3 which is straight fixed variable, when a customer
4 participates in one of your energy efficiency
5 programs, the only dollar savings they see on their
6 bill is going to come on the commodity side, correct?

7 A. I don't think so. I think there is some
8 other riders that would be impacted that are
9 associated with volumetric -- volume so that's
10 probably a better question for Mr. Swiz.

11 Q. Okay.

12 A. Any charge or rate that's associated with
13 volumetric rates.

14 Q. Okay. But they are not going to save any
15 money on their base distribution portion of their
16 bill, correct? The customer charge.

17 A. They are not going to save on the fixed
18 portion of their bill.

19 Q. And the higher the variable charge --
20 sorry. The higher the variable rate on their bill
21 the more they will save by participating in energy
22 efficiency, correct?

23 MR. KENNEDY: I guess I would object to
24 whether you're talking about energy savings or dollar
25 savings so vague in that instance, counselor.

1 MR. HEALEY: Can I have that reread? I
2 think I said "dollars."

3 (Record read.)

4 MR. HEALEY: I'll reask.

5 Q. (By Mr. Healey) The higher the variable
6 rate the more money the customers will save by
7 participating in energy efficiency programs, correct?

8 A. The per Mcf saved would be higher, yes --
9 or Ccf saved, yes, it would be higher.

10 Q. And so if we were to add a variable
11 portion to Vectren's base rate design, instead of
12 using straight fixed variable, your energy efficiency
13 programs would be more cost effective, wouldn't they?

14 A. Well, we run several cost-effectiveness
15 tests. We look at the TRC test which does not take
16 into consideration -- which is the total resource
17 cost test. It looks like -- that test looks at the
18 avoided costs compared to the incremental costs of
19 the customer and to the program costs of the utility
20 and so that does not take into account bill savings.

21 The only cost that looks at bill savings
22 is the participant cost test which is one perspective
23 out of four of the tests that we look at. And, yes,
24 the bill savings would be higher as you moved more of
25 the fixed costs into the variable costs.

1 Q. Can you clarify, did you testify that
2 bill savings are not part of the TRC test, for
3 example?

4 A. The bill savings are not.

5 Q. They are not a component of the net
6 present value of the benefits?

7 A. The avoided cost is -- the avoided cost
8 of the commodity is the benefit but not -- the bill
9 savings are not.

10 Q. And that's the difference on the
11 commodity side between the avoided costs and the
12 amounts saved on the bill?

13 A. There is a difference. I know there is
14 escalators that are associated with the avoided cost
15 and how that increases in the future. And I don't
16 think that is accounted for in the participant cost
17 test.

18 Q. Do you believe that there's any
19 correlation between the marginal price of natural gas
20 and the amount of gas that customers use?

21 A. I guess I don't know. I have never
22 really looked at it.

23 Q. Are you familiar with the concept of
24 elasticity in the context of economics?

25 A. I recall that from my economic class.

1 Q. And let me know if you agree with this,
2 if something has zero price elasticity, that means
3 that as the price goes up or down, people purchase
4 the exact same amount, correct?

5 MR. KENNEDY: I guess I would object to
6 that. You haven't laid the foundation that she's an
7 economics expert on price elasticity by virtue of
8 taking an economics class in college.

9 MR. HEALEY: That's what I am trying to
10 figure out, if she knows what zero price elasticity
11 means. If she doesn't know, then I'm happy to --

12 EXAMINER SCHABO: That's a fair question
13 to ask and answer.

14 A. I honestly don't remember the mechanics
15 of price elasticity. I wish I did.

16 Q. So you wouldn't be able to testify on how
17 changes in gas prices affect customers' usage
18 patterns, correct?

19 A. No. I guess not.

20 Q. Let's look at page 8 of your testimony,
21 please. And I'm looking at line 16 where you state
22 "VEDO's low income EE participants have a higher
23 annual average use than any of the customer segments
24 identified in Table 3-1 of the MPSAP." Do you see
25 that sentence?

1 A. I see it.

2 Q. Here you specifically refer to "EE
3 participants." You are not suggesting that
4 100 percent of your low-income customers participate
5 in the EE programs, correct?

6 A. No.

7 Q. And you're -- sorry.

8 A. Could you repeat -- could you repeat the
9 question again, please?

10 Q. Sure. You are not suggesting that
11 100 percent of your low-income customers participate
12 in your programs, correct?

13 A. No, they don't.

14 Q. And you are not suggesting that the
15 customers that participate in your programs are
16 somehow representative of the entire low income
17 population, are you?

18 A. I mean, they are representative of the
19 low income population that goes through the CAP
20 agency, I guess.

21 Q. Right. But taking data about customers
22 that participate in your EE programs, we couldn't
23 extrapolate that and say that's true about the rest
24 of the low income population, correct?

25 A. I guess that depends on what your

1 definition is of low income, right? So the folks
2 that participated in our low income program what --
3 Vectren Weatherization Program 1 I think the
4 qualification parameters are you have to be up to
5 200 percent of poverty level, and then our program 2
6 is between 2 and 3 hundred percent. So based on that
7 definition, I would think that they would be
8 representative of up to 200 percent and between 2 and
9 3 hundred percent of poverty level.

10 Q. So you believe that if you look just at
11 the customers that participate and not the customers
12 that don't participate, that you can make general
13 conclusions with all low-income customers?

14 A. I could make a general assumption based
15 on low-income customers within that definition of up
16 to 200 percent and between 200 and 300 percent.

17 Q. And have you done any analysis to
18 determine the extent to which the sample of customers
19 participating in your programs is representative of
20 the entire population of customers up to 200 percent?

21 A. So we do evaluations every year. And our
22 sample sizes can range around 200 customers which
23 is -- which is a decent sample.

24 Q. Are you an expert in statistics?

25 A. I am not an expert.

1 Q. Did you do any study on the, for example,
2 margins of error if you were to use that as the
3 sample size?

4 A. I did not study it within this -- within
5 our low income analysis. We didn't do a confidence
6 precision level.

7 Q. Did you analyze the extent to which that
8 might be considered a biased sample under standard
9 statistical methods?

10 A. I don't know that it would be a biased
11 sample.

12 Q. Right. My question was did you do any
13 analysis to determine the extent to which it might be
14 biased or not biased?

15 A. I guess I didn't do it because I didn't
16 think it was necessarily biased. We were trying to
17 evaluate the low income savings associated with that
18 particular program. Our research goal for that was
19 very specific.

20 Q. You agree that Vectren customers can
21 engage in energy efficiency without participating in
22 your energy efficiency programs, correct?

23 A. That's correct.

24 Q. For example, a customer can go to the
25 store and buy an efficient natural gas water heater

1 without a rebate from the utility, correct?

2 A. That's correct.

3 Q. And by virtue of installing this now
4 efficient water heater, they would reduce their usage
5 and then potentially save money on their natural gas
6 bill, correct?

7 A. That's correct.

8 Q. And so when we are considering -- we I
9 guess being the Commission. When the Commission is
10 considering whether to adopt a straight fixed
11 variable rate design and the impact it might have on
12 customers' using patterns, they would have to look
13 beyond just how successful your energy efficiency
14 programs may or may not have been, correct?

15 A. No, not necessarily.

16 Q. So you believe that if your energy
17 efficiency programs are effective, then the
18 Commission should ignore what customers are doing
19 outside the energy efficiency programs when deciding
20 what rate design to adopt?

21 A. Could you rephrase your question, please?

22 Q. Sure. I am asking based on your opinion,
23 should the Commission consider customers that don't
24 participate in your energy efficiency programs when
25 deciding what rate design to adopt?

1 MR. KENNEDY: I'll object to the extent
2 he is asking for a rate design opinion for a witness
3 that he said should not be offering a rate design
4 opinion.

5 MR. HEALEY: Your Honor, it's a very
6 selective picking and choosing what she wants to
7 answer. My objections about rate design were denied,
8 and she's purported to be able to answer questions
9 about the energy efficiency. If she doesn't have an
10 answer for this one, then she can say she doesn't
11 have an answer.

12 EXAMINER SCHABO: Ask -- or answer if you
13 have one or if you understand the question.

14 THE WITNESS: I don't have an answer.

15 Q. Just to clarify that means you don't know
16 the answer to my question?

17 A. Could you repeat your question?

18 MR. HEALEY: Can I have it reread,
19 please.

20 (Record read.)

21 A. Yeah, I don't know the answer to the
22 question.

23 MR. HEALEY: I am going to stop there,
24 your Honor. That's all I have. Thank you.

25 EXAMINER SCHABO: Ms. Fleisher?

MS. FLEISHER: Thank you, your Honors.

- - -

CROSS-EXAMINATION

By Ms. Fleisher:

Q. Ms. Harris, in the Market Potential Study, are gas rates and input used to determine potential customer adoption of energy efficiency measures?

A. Potential adoption, no.

Q. How does the Market Potential Study determine potential adoption of energy efficiency measures?

A. So I guess I'll explain how the Market Potential Study is conducted to sort of give you an idea. So the goal of the Market Potential Study is to provide a -- provide guidance on how much energy efficiency potential is in the market and then provide recommendations of what type of programs can help capture that market, energy efficiency market.

So it creates market segments and helps create a baseline of end-use technology by segment. Then it helps identify what type of measures by end use we could implement to capture energy efficiency

1 savings, and then it creates three layers of
2 potential, economic potential, technical potential,
3 and achievable potential. Two of those three levels
4 of potential are theoretical upper limits, so we tend
5 to focus on the achievable potential which takes into
6 consideration customer preference and cost barriers.

7 From that point we take that achievable
8 potential and design programs around it. So we try
9 to figure out what type of programs can help capture
10 some of those achievable potential savings so it's
11 not -- the achievable potential is not a direct input
12 into the action plan, but it provides guidance on
13 what type of programs to offer, and it gives guidance
14 on the budget you might need to achieve the energy
15 efficiency programs.

16 Q. Okay. And so if fewer customers prefer
17 to adopt energy efficiency measures, might you need a
18 larger budget to achieve the same energy savings
19 through your programs?

20 A. I guess I am not clear on the question.

21 Q. Okay. So you said that achievable
22 potential is informed in part by customer preference,
23 correct?

24 A. Yes.

25 Q. Okay. And then that then partly informs

1 your budget for programs, correct?

2 A. So the program potential, yes, takes into
3 account the budget.

4 Q. Okay. If customers are on their own less
5 likely to adopt energy efficiency measures, might you
6 have to, say, offer a higher rebate for a measure to
7 achieve your targeted energy savings?

8 A. I mean, that's one scenario. There's
9 certainly a lot of different reasons why we would
10 have to increase our rebate level, whether it's
11 related to lower participation or higher free
12 ridership. I mean, there is various reasons why we
13 would make those types of changes to the rebate
14 level.

15 Q. And do you think customer preferences are
16 informed by the bill savings they might see from an
17 energy efficiency measure?

18 A. I think that's one factor. So our
19 programs are designed to sort of do a lot of
20 marketing, so we market to customers. We do bill
21 inserts and we have commercials and we promote energy
22 reduction and general bill savings. And so I think
23 that's what really drives a lot of our program energy
24 savings. It's, you know, all of the trade ally
25 activities. We work with a lot of furnace

1 contractors and insulation contractors and give them
2 talking points how to really upsell these measures.
3 And obviously they have a stake in the game too. So
4 that is really what drives participation, just the
5 fact that the customers have an opportunity to save
6 energy.

7 MS. FLEISHER: Okay. Your Honor, I would
8 move to strike everything after I think she said
9 "that's one factor," the initial answer. The rest
10 was general discussion of what goes into their energy
11 efficiency program design and what it's designed to
12 accomplish was not responsive to the question.

13 MR. KENNEDY: Can I have the question
14 read back.

15 (Record read.)

16 MR. KENNEDY: I think it was a question
17 that was pretty open ended. It allowed her to
18 testify as to what she thought the factors were for
19 why customers would adopt a particular technology.

20 EXAMINER SCHABO: Overruled.

21 Q. Ms. Harris, do program participants
22 participate in your -- Vectren's energy efficiency
23 programs voluntarily?

24 A. Yes.

25 Q. Okay. Including low-income participants?

1 A. Yes. They have the choice to participate
2 in our program.

3 Q. So the participants in your program are
4 not a random sampling of all Vectren customers,
5 correct?

6 A. I guess I don't know how that's relevant.
7 I mean, they are not a random sample. They are the
8 participants in our program.

9 Q. I'm sorry. Can I just get that as a
10 "yes" or "no," if we could have the question reread?

11 A. I guess I don't know if they are a random
12 sample of our population. I have not looked at the
13 characteristics.

14 Q. On average how many residential customers
15 participate in Vectren's energy efficiency programs
16 in a year?

17 A. That varies. I am trying to think.

18 Q. Actually before you answer I am aware of
19 a source of possible variations so let me rephrase to
20 work around that. So you started a new home energy
21 program in 2018.

22 A. That's correct.

23 Q. Okay. And about how many participants
24 are there in that program on an annual basis?

25 A. You know, I would need to confirm. I

1 don't remember off the top of my head.

2 Q. If you want to look back at your original
3 testimony on page 13 at the bottom, that may refresh
4 your memory.

5 MR. KENNEDY: Her direct?

6 MS. FLEISHER: Her direct, sorry.

7 EXAMINER PRICE: I think for -- to make
8 the record clear, we should refer to that as OCC
9 Exhibit 8 and not her direct because her direct was
10 never actually offered in the proceeding.

11 MS. FLEISHER: Certainly.

12 Q. If you would refer to OCC Exhibit 8,
13 question 24, that might help you.

14 A. Okay. I'm there.

15 Q. And looking at that, do you recall on an
16 annual basis how many participants there usually are
17 in the -- are projected to be in the home energy
18 program?

19 A. Yeah. So that was an estimate at the
20 time. We had not launched the program. We were
21 discussing a partnership with Dayton Power and Light.
22 They were going to work with a vendor named OPower to
23 offer a home energy report program and that is the
24 estimate they had provided. However, since then they
25 are no longer working with OPower and are working

1 with a different vendor, so I think that estimate is
2 a little bit lower. We piloted this program in 2018
3 with the DP&L.

4 Q. Okay. And can you give me a number of
5 around how many customers were in the pilot?

6 A. I don't have a copy of the operating plan
7 up here, but I want to say it's -- I mean, I guess I
8 shouldn't guess. It's likely lower than 77
9 participants -- sorry, 77,000 participants rather.

10 Q. Okay. And for 2019 do you recall how
11 many participants you're aiming at for the home
12 energy report program?

13 A. I don't. I don't have my scorecard up
14 here with me.

15 Q. Okay. Prior to starting the home energy
16 report program, do you recall how many annual
17 participants were in the Vectren Energy efficiency
18 programs?

19 A. Well, in 2019 I think we were going to
20 plan for 22,000 participants. I don't know if that's
21 what actually came through. Again, I don't have that
22 documentation in front of me but that's what we
23 planned.

24 Q. Sure. And can you describe the home
25 energy report program briefly.

1 A. Yeah. Sure. It's a behavioral program
2 whereby we work with a vendor, and they send out a
3 one-page document that helps the customer understand
4 how much energy they are using compared to similar
5 homes. So it gives them sort of a ranking of, hey,
6 you are one of most efficient neighbors so that you
7 are within the top 10 or you are doing good, you
8 know, you are average or you're below the average.

9 So the idea is to motivate customers to
10 do better than similar homes and their neighbors. It
11 also provides tips, energy saving tips, and it refers
12 them to rebate programs that can help them save
13 energy.

14 Q. And outside the home energy report
15 program, what kind of efficiency measures do your
16 programs promote?

17 A. We offer a wide variety of programs. We
18 offer rebate programs. So we provide rebates for
19 high efficiency gas appliances such as furnace,
20 boiler, smart thermostats. Then we also offer like a
21 home insulation program, or we offer insulation to
22 customers. We have a schools program, a school kit
23 program where we educate teachers and help them
24 provide a curriculum to students to save energy. We
25 also give the students an energy kit so they can go

1 home and install some water-saving measures. We have
2 the behavioral program, maybe others that I might be
3 missing on the residential side.

4 Q. Pardon me. For appliances that are
5 included within your programs, the ones that are
6 included in your programs, you promote because they
7 will use less natural gas, correct?

8 A. Yes.

9 MS. FLEISHER: That's all, your Honors.

10 EXAMINER SCHABO: Okay. Ms. Mooney?

11 - - -

12 CROSS-EXAMINATION

13 By Ms. Mooney:

14 Q. Good afternoon. Earlier Ms. Fleisher --
15 oh, no, Mr. Healey referred to the CAP agencies. Do
16 you recall that?

17 A. I do.

18 Q. What is that a reference to?

19 A. CAP is a reference to the Community
20 Action Partners maybe. And so we work with OP&E and
21 Dayton CAP to offer our low-income programs, and a
22 lot of times low-income customers will go to a CAP
23 agency to seek low-income assistance, energy
24 assistance.

25 Q. And this -- the low-income program --

1 energy efficiency program that you are referring to
2 that you get customers or participants from CAP
3 agencies; is that correct?

4 A. I think they are referred by the CAP
5 agency, yeah.

6 Q. Yes. They are referred by the CAP agency
7 and this -- and you have two different weatherization
8 programs at Vectren. There is a 1 and a 2, correct?

9 A. That's correct.

10 Q. And the 1 is the one that is 200 percent
11 of poverty; is that correct?

12 A. Yes.

13 Q. Now, do you -- would you equate all of
14 the low-income customers, what you would call
15 generically low income, or say 35,000 a year annual
16 income or less, with those customers that would be
17 going into a CAP agency?

18 A. No, not necessarily. I think the
19 definition between what we use in the Market
20 Potential Study is different than the customers that
21 come through our low-income weatherization program.

22 Q. And let's talk about the -- and the
23 customers that go through -- your low-income
24 weatherization customers are the customers that have
25 been referred to you by the CAP or CAP agency which

1 is -- is that correct?

2 A. I believe so.

3 Q. And do you have -- and a CAP agency is
4 administering a HWAP program, a home weatherization
5 assistance program; is that correct, which is a
6 federal program, correct?

7 A. Correct.

8 Q. And do you know if HWAP concentrates on
9 identifying high-use low-income customers?

10 A. I don't know.

11 Q. You say the customers are voluntarily
12 entering your energy efficiency program, either the 1
13 or the 2, and they are referred by the CAP agency,
14 but then they voluntarily enroll in your programs.

15 A. Yes.

16 Q. Would it make sense to you that the
17 low-income customers who have been referred by the
18 CAP agencies to enroll in your program would be the
19 high-use customers?

20 A. Well, I guess what I can say is based on
21 the evaluations of our low-income program, we've seen
22 an average use between 800 and 1,100 Ccfs annually.

23 Q. Are you referring to the 1 program, No.
24 1, or program No. 2 when you refer to your
25 evaluations?

1 A. Both. I think the range -- I think that
2 range covers both. So 1 covers between 800 and about
3 1,100, and 2 also covers between 800 and 1,100.

4 Q. The usage.

5 A. Usage before weatherization.

6 Q. And you agree customers self-select to
7 enter into your weatherization programs, right? Your
8 energy efficiency program.

9 A. That's my understanding. Now, I don't
10 actually run our low-income program but that is my
11 understanding.

12 Q. Do you have any understanding or
13 knowledge of whether HWAP focuses on putting
14 large-use customers into energy efficiency
15 weatherization programs?

16 A. I don't.

17 Q. Do you have any knowledge whether HWAP is
18 charged by the Congress to focus on high-use
19 customers?

20 A. No, I was not aware.

21 Q. And do you have any knowledge of whether
22 HWAP in its contracts with the Department of Energy
23 the rules require focus on high-use customers?

24 A. No, I am not aware.

25 Q. And if the rules require HWAP and the

1 CAPs to focus on high-use users, high-use users,
2 would that affect the fact that most of the customers
3 that you got from CAP agencies are high-use
4 customers?

5 A. I mean, based on what you have shared
6 with me today, I could make that assumption, but I
7 don't -- I don't know that personally.

8 MR. KENNEDY: I guess I'll object to the
9 fact she is going to rely on the counsel's testimony
10 for her opinion.

11 EXAMINER SCHABO: It might be better if
12 you mention something before she answers the question
13 next time.

14 MR. KENNEDY: I can have it stricken if I
15 make that motion.

16 EXAMINER SCHABO: Are you after the fact
17 making that motion?

18 MR. KENNEDY: I am making that motion.

19 EXAMINER SCHABO: I am denying that
20 motion.

21 MS. MOONEY: That's all the questions.
22 Thank you.

23 EXAMINER SCHABO: Mr. Margard?

24 MR. MARGARD: No questions. Thank you.

25 EXAMINER SCHABO: Any redirect?

1 MR. KENNEDY: Can we have a moment,
2 please?

3 EXAMINER SCHABO: Of course. Let's go
4 off the record.

5 (Discussion off the record.)

6 EXAMINER SCHABO: Let's go back on the
7 record.

8 MR. KENNEDY: The Company has no redirect
9 for Ms. Harris.

10 EXAMINER SCHABO: All right. Thank you,
11 Ms. Harris. You may step down.

12 MR. KENNEDY: Your Honors had no
13 questions?

14 EXAMINER PRICE: No.

15 EXAMINER SCHABO: No. Are there any
16 motions?

17 MR. KENNEDY: We would move for the --
18 move again for the admission of Ms. Harris's rebuttal
19 testimony, VEDO Exhibit 9.2.

20 EXAMINER SCHABO: Subject to the motions
21 to strike, are there any objections?

22 All right. Seeing none, it will be
23 admitted.

24 (EXHIBIT ADMITTED INTO EVIDENCE.)

25 MR. HEALEY: OCC moves for the admission

1 of Exhibit 8. Thank you.

2 MR. KENNEDY: No objections.

3 EXAMINER SCHABO: Any other objections?

4 Seeing none, it will be admitted.

5 (EXHIBIT ADMITTED INTO EVIDENCE.)

6 EXAMINER PRICE: We will go off the
7 record until 2:15, I guess.

8 (Thereupon, at 1:15 p.m., a lunch recess
9 was taken.)

10 - - -
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 Tuesday Afternoon Session,
2 March 12, 2019.

3 - - -

4 EXAMINER PRICE: Let's go back on the
5 record.

6 We have one piece of unfinished business
7 from this morning. That is the admission of ELPC 3.
8 That exhibit will be admitted at this time. We like
9 to construe hearsay exceptions broadly, and if you
10 construe the records of regularly conducted activity
11 very broadly, one time only in your career, then it
12 will meet that hearsay exception.

13 MS. FLEISHER: I was going to go for
14 recorded recollection.

15 (EXHIBIT ADMITTED INTO EVIDENCE.)

16 EXAMINER PRICE: Company, please call
17 your next witness.

18 MR. KENNEDY: The Company would like to
19 call Mr. Cas Swiz.

20 EXAMINER PRICE: Please be seated and
21 state your name and business address for the record.

22 THE WITNESS: J. Cas Swiz, 211 Northwest
23 Riverside Drive, Evansville, Indiana 47708.

24 EXAMINER PRICE: Please proceed,
25 Mr. Kennedy.

(EXHIBIT MARKED FOR IDENTIFICATION.)

- - -

J. CAS SWIZ

being first duly sworn, as prescribed by law, was
examined and testified as follows:

DIRECT EXAMINATION

By Mr. Kennedy:

Q. Good afternoon, Mr. Swiz.

A. Good afternoon.

Q. Do you have in front of you what was
previously marked for identification as VEDO Exhibit
No. 11.3, the Rebuttal Testimony of J. Cas Swiz on
Behalf of Vectren Energy Delivery of Ohio, Inc.?

A. I do.

Q. Was this testimony prepared by you or
prepared under your direction?

A. It was.

Q. As you sit here today, are the answers
reflected in there true and accurate to the best of
your knowledge?

A. They are.

Q. If I were to ask you the same questions
today, would you provide the same answers?

A. I would.

Q. Do you have any corrections you would

1 like to make to this rebuttal testimony?

2 A. One correction on page 11, line 10, the
3 reference to the case number in there is incorrect.
4 It should be "Case No. 07-1080-GA-AIR."

5 Q. And for the record could you identify the
6 incorrect case number that you are replacing.

7 A. Yes. It's replacing "Case No.
8 10-1395-GA-ATA."

9 Q. Thank you, Mr. Swiz. Besides that one
10 correction, do you have any other corrections to your
11 testimony?

12 A. No, I do not.

13 MR. KENNEDY: Your Honor, subject to
14 cross-examination, the Company moves for the
15 admission of Mr. Cas's rebut -- Mr. Swiz's rebuttal
16 testimony, VEDO Exhibit No. 11.3.

17 EXAMINER PRICE: We will defer admission
18 of the exhibit until the end of cross-examination.

19 Captain Friedman, cross-examination?

20 CAPTAIN FRIEDMAN: No, sir.

21 EXAMINER PRICE: Mr. Alexander?

22 MR. ALEXANDER: No questions, your Honor.

23 EXAMINER PRICE: Mr. Margard?

24 MR. MARGARD: No, thank you, your Honor.

25 EXAMINER PRICE: Consumers' Counsel?

1 MR. MICHAEL: Thank you, your Honor.

2 - - -

3 CROSS-EXAMINATION

4 By Mr. Michael:

5 Q. Mr. Swiz, if you would please turn to
6 page 3, line 7 and 8, of your testimony. Let me know
7 when you are there.

8 A. I'm there.

9 Q. And you reference the Vectren's last rate
10 case on line 8, correct?

11 A. That is correct.

12 Q. And that case was decided in an
13 environment with a bad economy and high gas prices
14 compared to today, correct?

15 A. I don't know if I would classify it as a
16 bad economy, but I am no expert on that. I do know
17 that the gas prices were higher in 2008 and 2009 than
18 what they are today.

19 Q. Okay. And on line 9, Mr. Swiz, you
20 assert that the proposed -- you -- Vectren proposes
21 continuing the status quo SFV rate design, correct?

22 A. That's correct.

23 Q. And at the very least, the factual status
24 quo has changed since the last rate case regarding
25 gas prices, correct?

1 A. I think the gas prices have changed since
2 the last rate case.

3 Q. They are substantially lower today than
4 they were back then, correct?

5 A. They are lower.

6 Q. If I could draw your attention to the
7 same page, Mr. Swiz, page 3, lines 18 and 19.

8 A. I see those.

9 Q. And you -- you reference there actual
10 bill impacts, correct?

11 A. On line 19, that's correct.

12 Q. Yes, sir. And the actual bill impacts
13 that you did were -- for the first year were
14 Vectren's proposal to be adopted, correct?

15 A. That is correct.

16 Q. And in point of fact, there are some
17 components of a consumer's bill that will change as
18 time goes by, notwithstanding the adoption of
19 Vectren's proposal in this case, correct?

20 A. Do you have a specific component in mind
21 that you are speaking about?

22 Q. Yes, sir. I've got multiple, and I'll go
23 through them, if I might. The first one is the DRR;
24 that will increase, correct?

25 A. Yes. I acknowledge that in my rebuttal.

1 Q. And the CEP is likely to increase too,
2 correct?

3 A. The CEP rider, if approved, will go into
4 effect, yes.

5 Q. And gas cost recovery were also changed
6 from year one on a going forward basis, correct?

7 A. As the market changes, yes.

8 Q. And the -- what you -- I believe the
9 acronym you use is TSCR; does that ring a bell,
10 Mr. Swiz?

11 A. That's the tax savings credit rider, yes.

12 Q. Thank you. And that will change on a
13 going-forward basis too if that rider is implemented,
14 correct?

15 A. Yes, it will.

16 EXAMINER PRICE: Mr. Swiz, you would
17 include the plan impacts of the tax savings credit
18 rider in your bill impacts, did you not?

19 THE WITNESS: Yes, we did. We included
20 it in both our direct case and then as a result of
21 the rider filing included it within the projected
22 impacts.

23 EXAMINER PRICE: Thank you.

24 Q. (By Mr. Michael) If you would please turn
25 your attention to, Mr. Swiz, page 5 and specifically

1 lines 6 through 8. Let me know when you are there,
2 please.

3 A. I'm there.

4 Q. The TSCR has not yet been approved by the
5 PUCO, correct?

6 A. No. It is pending before the Commission.

7 Q. And it is also correct that the tax cut
8 meant to be reflected in the TSCR is not necessarily
9 permanent, correct?

10 A. Well, I would say it's not permanent but
11 there is a component of this that's going to last
12 beyond 30 years, so it's longer than my career
13 remaining at Vectren.

14 Q. And when you say "a component of this,"
15 what is "this" to which you are referring?

16 A. The tax savings credit rider.

17 Q. Okay. And I was unclear in my question,
18 Mr. Swiz. My question is there's no guarantee that
19 the tax cut will be permanent, correct?

20 A. I'm not sure what you mean.

21 Q. So are you familiar with the acronym
22 TS -- tax -- the Trump tax cut?

23 A. Tax Cuts and Jobs Credit.

24 Q. Yes.

25 A. Yes.

1 Q. That tax cut is not necessarily
2 permanent, correct? That could be changed by a
3 future administration.

4 A. Legislatively all tax laws can be
5 adjusted, correct.

6 Q. Now, I want to draw your attention now
7 same page, Mr. Swiz, lines 9 through 11, and you
8 discuss there how the fixed charge will be reduced by
9 the amount of the TSCR. And my question, Mr. Swiz,
10 is to the extent that TSCR is approved by the
11 Commission, that credit to customers would be
12 applicable regardless of the rate design reached in
13 this case, correct?

14 A. Pending Commission approval in that
15 separate proceeding, that credit will be given back
16 to customers regardless of what occurs in this
17 proceeding.

18 Q. And those dollars that will be passed
19 back to consumers are con -- are dollars that Vectren
20 charged them under a previous tax regime and Vectren
21 is giving it back given the tax cut, correct?

22 A. Those are dollars that were reflected
23 appropriately within rates in the past that due to
24 the reduction in the tax rate from 35 percent to 21
25 percent are now being refunded to customers.

1 Q. And those were customer dollars in the
2 first instance so basically you are giving back
3 customers dollars that they gave Vectren under a
4 previous tax regime, correct?

5 A. We are giving back a regulatory liability
6 associated with those deferred taxes, yes.

7 Q. If you would please turn to page 6 of
8 your testimony, Mr. Swiz, and I am going to ask you
9 some questions regarding lines 8 through 17, please.
10 Let me know when you are there, please.

11 A. I'm there.

12 Q. And the decision reached in Vectren's
13 last rate case was based on the specific facts and
14 circumstances before the Commission in that case,
15 correct?

16 A. Yes. The Commission rendered their
17 decision based off of the evidence in that
18 proceeding.

19 Q. And you would agree, Mr. Swiz, that the
20 Commission should base its decision in this case
21 based on the facts and circumstances before it in
22 this particular case, correct?

23 A. Yes. And I think as both I and
24 Mr. Feingold have noted, the situations have --
25 have -- are relatively unchanged since -- since this

1 decision.

2 Q. And on lines 15 through 17, same page,
3 Mr. Swiz, you describe that OCC and some other
4 parties are asking the Commission to revisit and
5 reconsider approval of the SFV rate design for VEDO's
6 residential class. And my question to you, Mr. Swiz,
7 is you don't doubt the Commission's authority to do
8 that if there is, in fact, a change in facts and
9 circumstances in this particular case, correct?

10 A. The Commission can definitely revisit
11 that and understand with the evidence within this
12 record and take into consideration whether the facts
13 have changed since that point in time.

14 Q. Okay. I want to draw --

15 EXAMINER PRICE: But you're not
16 testifying that even if facts and circumstances have
17 changed, the Commission's required to revisit this
18 rate design question, are you?

19 THE WITNESS: No, I am not testifying on
20 that.

21 EXAMINER PRICE: Thank you.

22 Q. The Commission has the discretion to do
23 that, correct, Mr. Swiz?

24 A. That's correct.

25 EXAMINER PRICE: Vast discretion, wide

1 discretion.

2 Q. On lines 24 and 25 still on page 6,
3 Mr. Swiz, I would like you to explain for me what you
4 mean when you assert or characterize OCC's position
5 which would have set a lower customer charge,
6 included a volumetric charge, and provided an offset
7 for lower sales through an adjustable decoupling
8 rider. Explain to me what you mean right there.

9 A. Well, I believe the rate design that was
10 advocated by the other parties in this proceeding was
11 to establish a fixed charge that would be at or below
12 where it currently sits today, a volumetric rate to
13 recover fixed costs per Ccf, and then the
14 establishment or reestablishment of a decoupling
15 rider.

16 Q. And were those proposals to be adopted,
17 Mr. Swiz, under OCC's proposal, Vectren would still
18 be able to meet its revenue requirement in the
19 Stipulation, correct?

20 A. The rates that would be designed in this
21 proceeding would be set to ensure that we were
22 getting recovery of our revenue requirement.

23 Q. And Vectren would do so even under OCC's
24 proposal, correct?

25 A. In a perfect world, the recovery of the

1 revenue requirement through the rate design would
2 still occur.

3 Q. Draw your attention, if I could,
4 Mr. Swiz, please, to page 7 and I am going to ask you
5 questions. Let's stick with lines 23 and 24. Please
6 let me know when you are there, sir.

7 A. I'm there.

8 Q. Okay. And you would agree with me,
9 Mr. Swiz, that it would be perfectly within the
10 PUCO's discretion when analyzing the various
11 proposals involved in this case to compare
12 proposals -- different proposals looking forward
13 rather than comparing the rate impact on historic
14 versus proposed, correct?

15 A. I am not sure I followed your question.

16 Q. Certainly. It was inartful. So one of
17 your criticisms about OCC's testimony is that rather
18 than comparing bill impacts by looking at current
19 rates versus future SFV rates, OCC compared straight
20 fixed variable going forward and Mr. Wilson's
21 proposal going forward, correct? So you think that's
22 an inaccurate comparison to make?

23 A. I believe this reference in here and the
24 reference that goes to page 8 was actually stating
25 that the comparison that was put together by

1 Mr. Gonzalez and Mr. Nelson ignored the fact that the
2 DRR is currently recovered within a fixed charge and
3 that our current rates do not -- our current rates
4 capture the straight fixed variable rate design for
5 both the DRR and our base customer charge. That is
6 the appropriate starting point when we look at
7 comparing both what the proposed rates mean to
8 customers and what the continuation of SFV means.

9 By ignoring the DRR piece, the assumption
10 is that there's an immediate reduction to specific
11 customers' bills as a result of moving the DRR to a
12 volumetric charge and that's not something that's
13 before the Commission today.

14 Q. Okay. So this case obviously, Mr. Swiz,
15 is about setting Vectren's rates on a going-forward
16 basis, correct?

17 A. That is correct.

18 Q. And it would be within the PUCO
19 discretion when determining how you get to the rate
20 design to compare on a going-forward basis what
21 Vectren has proposed with straight fixed variable and
22 what OCC has proposed with a fixed component, a
23 variable component, and a decoupling mechanism,
24 correct?

25 A. Yes. It's definitely appropriate which

1 is why page 8 I put the table on there what that
2 truly reflects which is the shift of the DRR to a
3 volumetric rate and the impacts it has on the usage
4 levels because our schedule 5 or the updated schedule
5 5 that I have attached to my rebuttal takes it from
6 current rates as it sits today as to what the
7 proposed rates show.

8 Q. If you would please turn to page 10 of
9 your testimony, Mr. Swiz, I am going to ask you
10 questions regarding lines 1 through 19. Please let
11 me know when you're there.

12 A. I'm there.

13 Q. So in -- back in Vectren's last rate
14 case, the commodity component of the bill that
15 customers pay was about 75 to 80 percent of the bill;
16 is that correct?

17 A. That's correct.

18 Q. And in today's environment the commodity
19 portion would only make up about 45 percent; is that
20 correct?

21 A. If you looked at it on an annual basis
22 but I think the appropriate basis would be looking at
23 it over the winter period which is the 60 to 65
24 percent and that is also comparable to the 75 to 80
25 percent.

1 Q. Okay. I was going to get to that 60 to
2 65 percent in my next question but let me just make
3 sure I understand what you just said. So are you
4 saying that an apples-to-apples comparison between
5 the percentage of a customer's bills is made up by
6 commodity back in the '07 rate case compared to today
7 would be the 60 to 65 percent versus the 75 to 80?

8 A. I am saying that the best -- the best
9 dataset to be able to look at for the commodity
10 portion of the customer's bill is during those
11 periods when the highest gas usage occurs which is
12 November through March or the coldest periods of the
13 year. That range is 60 to 65 percent. If you looked
14 at that same period in the last rate case, it was
15 between 75 and 80 percent as well.

16 Q. Okay. Do you know what the annualized
17 would have been in the '07 rate case?

18 A. 75 to 80 percent.

19 Q. Okay. So annualized didn't change versus
20 the November to March time frame?

21 A. No, it did not change.

22 Q. You -- in the question part of Q 24,
23 Mr. Swiz, you note that the Commission noted that the
24 commodity portion of the bill was the "biggest
25 driver." Do you see that?

1 A. I do see that.

2 Q. And is that assertion one of the
3 fundamental reasons why the Commission approved SFV
4 in '07?

5 MR. KENNEDY: Objection, calls for a
6 legal conclusion and opinion.

7 MR. MICHAEL: It's in his testimony and
8 he's describing what the Commission said in the '07
9 case and later on in his testimony he references
10 Mr. Feingold who says that the Commission should no
11 longer take into consideration the percentage of the
12 commodity portion of the bill so I'm exploring.

13 EXAMINER PRICE: He is a regulatory
14 expert. He can give his opinion, it won't be a legal
15 opinion, but he can give his regulatory opinion.

16 A. I can't render an opinion on what the
17 Commission decided upon or how they based their
18 decision upon this. What I can note is it was -- it
19 was one of the criteria that was noted within the
20 order. But I don't know if that was a driver for or
21 against SFV or the volumetric rate design.

22 What we have tried to denote here is that
23 it's still a significant portion of the customer's
24 bill, and when considering that, I think it's an
25 important factor.

1 Q. If I could draw your attention, please,
2 Mr. Swiz, to page 11, lines 19 through 21, of your
3 testimony. Let me know when you are there, please.

4 A. I'm there.

5 Q. And when you -- you would acknowledge
6 that to the extent the Commission adopts an SFV rate
7 design, that's a -- that's a policy decision reached
8 by the Commission; it's not a regulatory requirement
9 that the Commission has to reach, correct?

10 A. I'm not sure I follow the question. I
11 mean, it is not a regulatory requirement, but I think
12 it is still a component of what is determined within
13 a base rate proceeding.

14 Q. And it's perfectly appropriate that --
15 it's within the Commission's discretion to reach a
16 different policy decision in this case if it were to
17 find a different set of facts in this case, correct?

18 A. Sure. The Commission has the discretion
19 to be able to adjust its viewpoint throughout. I
20 think the important piece is, as we've noted within
21 testimony, we don't believe that the facts have
22 changed since what was used as the basis in the last
23 case.

24 Q. Certainly. And the Commission back in
25 Vectren's last case obviously is a different

1 Commission in terms of its membership than it is that
2 will be deciding this case, correct?

3 A. Yes.

4 Q. If you would please turn to page 12 of
5 your testimony, Mr. Swiz, and I want to draw your
6 attention to the table, if I could.

7 A. I'm there.

8 Q. Any potential future increases in either
9 CEP or DRR are not included in Vectren's proposed
10 line item in that table, correct?

11 A. That is correct, nor are they included in
12 Duke's, Columbia's, or Dominion's line item on the
13 table. This reflects what's currently in place or
14 what would be currently in place under our proposed
15 rates.

16 Q. Does either Duke's, Columbia's, or
17 Dominion's line item include a TSCR equivalent?

18 A. No. I don't believe either of them have
19 a TSCR equivalent approved by the Commission.

20 Q. If you would please turn to page 13 of
21 your testimony, Mr. Swiz, I am going to ask you
22 questions regarding lines 1 through 17. Let me know
23 when you are there, please.

24 A. I'm there.

25 Q. Who prepared the analysis you referred to

1 on line 16?

2 A. It was prepared at my direction by
3 members of my staff and then the Staff of our market
4 research department within Vectren.

5 Q. And when was that analysis prepared?

6 A. Approximately two weeks ago.

7 Q. And is the analysis to which you are
8 referring on line 16 the same analysis to which you
9 refer on line 19, Mr. Swiz?

10 A. Yes.

11 Q. If you would please turn to page 14 of
12 your testimony, Mr. Swiz, and I am going to draw your
13 attention to line 1.

14 A. I see that.

15 Q. So 23 percent of VEDO's customer base was
16 not included in the analysis, correct?

17 A. That's correct. We excluded those
18 customer premises that did not have a consecutive 12
19 months of usage because we were looking at an annual
20 income level, we needed to ensure we had an annual
21 usage level to reflect our customer base.

22 Q. And you would agree, Mr. Swiz, that as a
23 general proposition, low-income individuals move more
24 frequently than higher income individuals do,
25 correct?

1 A. Yes, but our data analysis was based off
2 of the customer premise information, so it was
3 capturing the fact that customers themselves might
4 move, but the premise that is -- that they are moving
5 into and out of is the component that we are looking
6 at here. So that facility, that home, is what is the
7 basis of the analysis.

8 Q. But you wouldn't have been able to
9 capture the relative income of the folks that moved
10 out versus the folks that moved in, correct?

11 A. Yes. I mean, I will say the demographic
12 information that was utilized from Esri is reflecting
13 a projected census block information based off of
14 those customers that are there. It's not -- there is
15 no foolproof means other than getting customers tax
16 returns to be able to determine their income level,
17 so it is the business practice representation that we
18 have to be able to do this analysis.

19 Q. If I could draw your attention to line 7,
20 Mr. Swiz, you reference the market research
21 purchased. Do you see that?

22 A. I do see that.

23 Q. When was that data purchased?

24 A. I don't know the specific date of when it
25 was purchased.

1 Q. Would it have been at or about the same
2 time that the analysis we just got done discussing
3 was performed?

4 A. No. This data is something that's
5 utilized by the market research department for other
6 means.

7 Q. And on lines 8 through 9, Mr. Swiz, you
8 describe what a block group generally contains. Do
9 you see that?

10 A. I do see that.

11 Q. How many did your block group contain
12 that you used?

13 A. As I noted there, the block groups that
14 we utilized were targeting 1,500 people, and I think
15 the information we pulled together had multiple
16 people or multiple breakpoints within the block
17 groups. Our range was 600 to 3,000 individuals -- or
18 households, excuse me.

19 Q. And explain to me how that range would
20 have been analyzed. So you are getting information
21 on between 600 and 3,000 people. How are you
22 analyzing information from a range rather than a
23 fixed number?

24 A. Well, it's averaging together within a
25 specific area the incomes for the households. You

1 are trying to target that as close as you can to a
2 number that represents that area. And then when we
3 plotted our customer premise information, we utilized
4 GIS information to be able to line that up with the
5 block group data to ensure that we had a
6 representative income number to link with the
7 customers as part of that geographic area.

8 Q. Could I ask you to turn, please,
9 Mr. Swiz, to page 15 of your testimony and I am going
10 to ask you some questions regarding lines 10 through
11 13. Please let me know when you are there.

12 A. I'm there.

13 Q. Vectren does not maintain customer income
14 as a data point, correct?

15 A. No. It's not a data point that we are
16 allowed to maintain.

17 Q. Is that something, Mr. Swiz, that Vectren
18 would be willing to do in order to assist the
19 Commission evaluating rate designs such as straight
20 fixed variable versus a volumetric rate design?

21 A. I don't think that's something that the
22 Company can make the call on on this. This is --
23 this is customer-specific information and much like
24 any survey data it's up to the customer to provide
25 what they believe is the information that represents

1 them.

2 Q. Okay. If it were found -- if the
3 evidence were to show, Mr. Swiz, and the Commission
4 were to believe that low income equals low usage,
5 would you agree that straight fixed variable would
6 not be the appropriate rate design in this case?

7 A. No. I still believe that straight fixed
8 variable is the appropriate rate design, and I think
9 Mr. Feingold covers that within his testimony, the
10 fact that the rate design itself should be
11 independent of any income analysis. What we've
12 prepared here is in response to arguments made by
13 other parties against or -- against SFV or rationale
14 against SFV.

15 Q. Even if low income consumers were to pay
16 more under an SFV, it would be Vectren's position
17 that SFV is still nonetheless the right rate design;
18 is that correct?

19 A. I think we have got evidence that the SFV
20 rate design is the appropriate rate design.

21 MR. MICHAEL: I don't have any further
22 questions, Mr. Swiz. Thank you for your time.

23 THE WITNESS: Thank you.

24 EXAMINER PRICE: Thank you.

25 Ms. Fleisher?

1 MS. FLEISHER: Thank you, your Honor.

2 - - -

3 CROSS-EXAMINATION

4 By Ms. Fleisher:

5 Q. Mr. Swiz, can we start with Schedule E.
6 And I just wanted to ask about that. So that
7 represents an analysis based on year one after
8 approval.

9 MR. MICHAEL: Your Honor, should she turn
10 off her microphone?

11 MS. FLEISHER: Sorry.

12 MR. KENNEDY: I didn't mean to interrupt
13 you.

14 EXAMINER PRICE: You are correct. It
15 shouldn't have gone on at all.

16 A. Just to be clear, you are speaking --

17 Q. Okay.

18 A. Just to be clear, you are speaking of
19 Attachment A to my rebuttal?

20 Q. Yes. Sorry.

21 MR. KENNEDY: Could you restate that
22 question, please?

23 MS. FLEISHER: Yeah. I'll start over.

24 MR. KENNEDY: Thank you.

25 Q. So looking at Attachment A to your

1 rebuttal testimony, that analysis is based on rates
2 as of year one after Commission approval of the
3 stipulation in this case, correct?

4 A. Yes. That analysis takes rates that are
5 currently in effect and compares them to what would
6 be in effect in year one after this rate case.

7 Q. So it would not reflect the rate impacts
8 of the escalation of rider DRR in subsequent years,
9 correct?

10 A. No, it would not reflect those.

11 Q. And could you go to page 10 of your
12 rebuttal testimony. And Mr. Michael asked you some
13 questions about the numbers on lines 11 to 16. And I
14 just wanted to figure out the basis for those
15 numbers. So starting with the 45 percent on line 13,
16 what are the inputs to that calculation of that 45
17 percent number?

18 A. Would be the same inputs we utilized for
19 the proposed rates on Attachment A within the
20 Schedule E-5.

21 Q. And on line 16, the 60 to 65 percent, the
22 proposed rates are again from Attachment A, correct?

23 A. Yes.

24 Q. And what about the monthly usage from
25 November to March? Where is that from?

1 A. It was from our Schedule EFOR and the
2 supporting information that we had from our test
3 year.

4 Q. Okay.

5 EXAMINER PRICE: What number did you use
6 as a proxy for commodity costs?

7 THE WITNESS: We used our currently
8 effective SCO price or in the case -- I say that. In
9 the case when we filed that in March of 2018, it was
10 the currently effective SCO price as the basis for
11 the commodity cost.

12 EXAMINER PRICE: Okay. Thank you.

13 Q. (By Ms. Fleisher) And then going to page
14 18.

15 EXAMINER PRICE: I'm sorry. Could I have
16 the page number?

17 MS. FLEISHER: Page 18.

18 Q. Too used to the microphone. So this --
19 this chart summarizes the analysis you did comparing
20 usage with income, correct?

21 A. It -- it approaches -- it tries to lay
22 out the usage -- the usage factors for each customer
23 in -- to mimic the histogram that Mr. Nelson did by
24 factoring in income as a driver; so, yes, it does use
25 the same information. It just presents it in a

1 slightly different manner.

2 Q. Okay. And the Y -- two Y axes on this
3 chart represent numbers of customers, correct?

4 A. That's correct.

5 MS. FLEISHER: Okay. May I approach?

6 EXAMINER PRICE: You may.

7 MS. FLEISHER: Can we mark this as ELPC
8 Exhibit 7?

9 EXAMINER PRICE: So marked.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. Mr. Swiz, take just a moment to look at
12 those and let me know when you're done.

13 EXAMINER PRICE: I don't know how to
14 describe this.

15 MS. FLEISHER: And I'll go ahead and,
16 subject to Mr. Swiz's verification, say that these
17 are workpapers that he provided in support of this
18 chart.

19 MR. KENNEDY: But these aren't all of the
20 papers that he provided, are they?

21 MS. FLEISHER: This is excerpts of the
22 workpapers, yeah.

23 Q. All right. Mr. Swiz, do you recognize
24 these as excerpts of the workpapers you provided in
25 support of this chart?

1 A. Yes. These are specific data points that
2 were within the workpapers.

3 Q. And if you can turn to the third page,
4 apologies on the size, but if you can squint, the
5 columns under the heading "Less than 30." Sorry.
6 So -- okay.

7 MR. KENNEDY: Excuse me, counselor.
8 Would it be okay if we marked which pages for the
9 record are 1, 2, and 3; and then would you be able to
10 have Mr. Swiz identify what's generally on these
11 pages so that we know?

12 MS. FLEISHER: Sure. Yeah.

13 Q. All right. Let's start with page 1 which
14 is headed "Premises with 12 Consecutive Bills" at the
15 top. And can you go ahead and describe what's on
16 this page.

17 A. Yes. So this is the data that was
18 utilized for income usage analysis and, as I noted
19 within my testimony, we took the 12 months end of
20 June 2018, our total residential sales by customer
21 premise. We excluded those customers that did not
22 have 12 consecutive bills. We excluded 28 customer
23 premise information that we didn't have appropriate
24 latitude and longitude information and we plotted
25 those out with appended data from the market research

1 department on the income using the census block data
2 and this is a summary pivot table of those 227,000
3 customer premise and the usage that was in place for
4 the 12 months ended June of 2018. And then that
5 captures the -- in the fourth column that's in a
6 lighter font, it captures the average consumption for
7 the year for each of the customers within that income
8 block that's used for the table within my rebuttal
9 testimony.

10 And then at the bottom section collapses
11 that information to break it at those customers that
12 have income less than \$30,000 which is with the row
13 labeled 1 and then those customers that are greater,
14 having income greater than or equal to \$30,000, and
15 those have the row label of 0 to, again, just kind of
16 subdivide it or I guess aggregate some of the
17 categories for the histogram.

18 Q. Okay. And going to page 2, which has two
19 tables, both with "Median HH Income Range" at the top
20 and "Average Consumption," can you describe those?

21 A. Yeah. As I noted on page 1 where we
22 calculated the average consumption for customer which
23 is mathematically taking the sum of the annual usage
24 divided by the count of the premises, this is just
25 grouping it together for table presentation.

1 Q. Okay.

2 A. For both of those categories, excuse me.

3 Q. Certainly. And the third page with the
4 long columns in fairly small font, can you describe
5 what's in each of those columns, please?

6 A. Yes. So the 227,000 lines of customer
7 information that we had appended the income
8 information to, we looked at the usage, and we
9 captured each of those individual line items into the
10 buckets which is in the bucket column there. So for
11 those customers that used 25 Ccf or less, they were
12 put into the 25 bucket. And that's how we kind of
13 layered in all 227,000 customers. The column that's
14 headed "Less Than 30" with the 0 next to it are the
15 summation of all of the lines for those customers
16 that had income of greater than or equal to \$30,000.
17 And then the next columns over that show "Less Than
18 30" with a 1 is a summation of the information for
19 the customers that had income less than \$30,000.

20 Q. Okay. Thank you. Very helpful. And
21 let's go back a step to the customer data that you
22 used as input to this analysis. So you mentioned
23 that you excluded certain items, certain customer
24 information from your analysis. Can you explain what
25 you excluded?

1 A. Yeah. We excluded really kind of two
2 primary sets of information. If the customer premise
3 did not have usage or did not have bills rendered for
4 consecutive 12-month periods, they were excluded and
5 at that point in time what it means is they were
6 not -- somebody at that location was not billed a
7 customer charge. Somebody at that location did not
8 receive gas. In many instances that service was
9 disconnected. So that customer group was excluded
10 because we were comparing an annual income level, and
11 we needed to compare it to an annual usage level.

12 The second category, which was
13 significantly smaller, and, like I said, it was 28
14 customers where we just didn't have good latitude and
15 longitude information within our customer information
16 system to plot it with the census block data, and so
17 in the essence of time we just excluded those 28
18 customers. They did not have any outlier usage. It
19 wasn't, you know, customers that had significantly
20 high or significantly low usage. It was just bad
21 data that we didn't have in our system.

22 Q. Okay. So when you excluded those 28
23 customers, you looked to check whether you were
24 excluding some kind of outliers or if they were
25 comparable to normal customers, correct?

1 A. Yeah. We wanted to make sure we weren't
2 trying to skew any of the information somehow because
3 we couldn't align income factor to that individual
4 customer premise.

5 Q. Okay. Did you look at the same issue
6 with respect to the 23 percent of customers that you
7 excluded because they lacked clumps of data?

8 A. No, because at that time we didn't have
9 good information to determine if there was a
10 rationale behind it. In some instances we had some
11 of those premises that only had 1 month of bill data
12 and another instance we might have 9 or 10 months of
13 bill data, but we didn't have enough to even be able
14 to extrapolate what the annual usage might be based
15 off that information. So to avoid skewing any of the
16 data points, we excluded it.

17 Q. And did you look to see whether those 23
18 percent of customers you excluded didn't have 12
19 months of data because they had been disconnected at
20 some time during the year?

21 A. Again, because we were looking at it on a
22 premise basis we were focused on that location and
23 the usage at that location so there wasn't a deeper
24 dive to determine if there were rationale for why a
25 disconnect occurred. It could have been a house for

1 sale for a significant period of time that had gas
2 disconnected or could have been other factors. We
3 did not look at that detail.

4 Q. And customers who are disconnected for
5 some -- you know, for, say, 2 months out of the year,
6 they are paying the monthly bill the other 10 months,
7 correct?

8 A. Correct.

9 Q. And are you aware that Vectren every year
10 provides a disconnection report to the Commission?

11 A. I am generally aware of that, yes.

12 MS. FLEISHER: Okay. May I approach,
13 your Honor?

14 EXAMINER PRICE: You may.

15 MS. FLEISHER: We can mark this as ELPC
16 Exhibit 8.

17 EXAMINER PRICE: So marked.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 MS. FLEISHER: And I can go through this
20 with the witness but plan to ask for your Honors to
21 take administrative notice, so if you want me to go
22 through that.

23 EXAMINER PRICE: We'll defer ruling on
24 your request for now.

25 Q. (By Ms. Fleisher) Mr. Swiz, have you had

1 a chance to look at this document which says "Report
2 of Service Disconnections for Nonpayment of Vectren
3 Energy Delivery of Ohio" and it's dated June 29,
4 2018, and indicates it's filed with the PUCO Case No.
5 18-757-GE-UNC?

6 A. Yes, I see that report.

7 Q. And when you were preparing your
8 analysis, did you look at this document?

9 A. No. This document was not something
10 that's prepared by my team, so it wasn't something we
11 considered as part of our analysis.

12 Q. Okay. Are you generally aware of how
13 many customers in Vectren's service territory were
14 disconnected during the time period of this report
15 which is the 12-month period ending May 31, 2017?

16 A. By aware I can -- I can read it on the
17 page that is included within the report. Outside of
18 that, I'm not -- this is the first time I've seen the
19 data points.

20 Q. Okay. So putting aside whether you have
21 seen this exact document, you don't generally have
22 knowledge about the number of service disconnections
23 in Vectren's service territory?

24 A. No, I do not.

25 Q. And, Mr. Swiz, do you have any

1 educational background in statistics?

2 A. Short of taking one class in college, no.

3 Q. Based at least on that one class in
4 college --

5 A. Went into accounting for a reason.

6 Q. -- can you explain what a median is?

7 A. Median is the average of the -- of the
8 dataset that you are looking at.

9 Q. And does a median --

10 EXAMINER PRICE: I see why you took only
11 one class.

12 THE WITNESS: Mean is the average.

13 MR. MICHAEL: That explains a lot.

14 EXAMINER PRICE: Why don't you revisit
15 your answer.

16 THE WITNESS: Yes, let me revisit it.
17 Median is the midpoint. It's the exact midpoint
18 between the top and the bottom. The mean is the
19 average.

20 Q. Okay. So as an illustrative example, the
21 median usage of the customers you were looking at
22 this -- in this analysis with incomes under 30,000,
23 you would look at the usage where you would have half
24 the customers below and half the customers above; is
25 that an accurate description of what a median would

1 be?

2 A. That is an accurate description of what a
3 median could be, yes.

4 Q. And can you explain what an average is.

5 A. The average takes the cumulative -- in
6 this case the cumulative usage for those customers
7 within that dataset and divides it by the number of
8 customers that are within that dataset.

9 Q. So as a hypothetical, you know, you could
10 have a set of 10 customers of which 9 of them were
11 using 1 Ccf per year and the 10th was using 1,000 Ccf
12 per year, and your average would be sort of somewhere
13 between -- somewhere midway between 1 and 1,000,
14 correct?

15 A. In your hypothetical --

16 Q. Yes.

17 A. -- it would be pret --

18 EXAMINER PRICE: Can I have that question
19 and answer back again?

20 MS. FLEISHER: I'm sorry.

21 EXAMINER PRICE: Can I have that question
22 back again and answer.

23 (Record read.)

24 MS. FLEISHER: I think I may reask that
25 question.

1 EXAMINER PRICE: I think that would be a
2 good idea.

3 Q. (By Ms. Fleisher) Mr. Swiz, taking the
4 hypothetical of 10 customers, 9 use 1 Ccf per year
5 the 10th uses 1,000 Ccf per year, if you average
6 those out, you get an average usage close to 500 Ccf
7 per year, correct?

8 A. Doing math in my head at this point in
9 time, I think that that's -- 500 seems -- if you have
10 got 9 at 1 and 1,000, and you got 1,000, 9 in total
11 divided by 10, you are probably looking at roughly
12 100 as the average.

13 Q. 100, yes. Thank you for correcting me.

14 MR. MICHAEL: You went to the same class
15 he did.

16 MS. FLEISHER: Hey, I'm a lawyer.

17 Q. And your opinions in your testimony about
18 impacts on low-income customers relate to the average
19 low-income customer, correct?

20 A. Yes, because the average is how rates are
21 set and derived within a rate proceeding.

22 EXAMINER PRICE: Can I have the question
23 back again, please.

24 (Record read.)

25 EXAMINER PRICE: When you did your census

1 data, I thought for income you took the median
2 customer within each census block; is that correct?

3 THE WITNESS: No. We were taking the
4 census block -- the census block data point; so, yes,
5 I get it, the median of the census assigned to the
6 customers within that geographic region.

7 EXAMINER PRICE: For income.

8 THE WITNESS: For income, yes.

9 EXAMINER PRICE: For income, but for
10 usage you used average customer; is that right?

11 THE WITNESS: Yes.

12 EXAMINER PRICE: Okay. Thank you.

13 MS. FLEISHER: Thank you for clarifying,
14 your Honor.

15 Q. (By Ms. Fleisher) Now, Mr. Swiz, you may
16 have heard me asking Mr. Feingold this morning some
17 questions about the Company's calculation of design
18 day demand. Were you here for that?

19 A. I did hear that -- those questions, yes.

20 Q. And can you explain how Vectren
21 determines design day demand for purposes of
22 investing in the distribution system?

23 MR. KENNEDY: Object to the foundation of
24 whether or not he's actually an expert in that
25 territory for the Company.

1 MS. FLEISHER: That's why I am asking if
2 he can explain. He can say no if he can't.

3 EXAMINER PRICE: You can answer if you
4 know.

5 A. I am not aware of how that's done. It's
6 not anything that's done as part of my department, if
7 something was done in combination with our
8 engineering and gas supplying group, so it's not
9 something I'm privy to.

10 Q. So just -- I just want to -- do want to
11 be absolutely clear on this point, so you don't know
12 if for purposes of investing in the distribution
13 system if Vectren is looking at design day demand in
14 1 year or 5 years or 10 years?

15 A. No, I do not.

16 MS. FLEISHER: That's all I have, your
17 Honor.

18 EXAMINER PRICE: Thank you.

19 Ms. Mooney?

20 MS. MOONEY: Thank you.

21 - - -

22 CROSS-EXAMINATION

23 By Ms. Mooney:

24 Q. I want to start on page 5 of your
25 testimony when you are discussing the present monthly

1 DRR charge of \$9.25 per customer. Do you see that?

2 A. On line 1 of page 5, yes.

3 Q. Yes, line 1, page 5. Now did the DRR
4 charge change annually? Was there a step up annually
5 in the current DRR charge?

6 A. Yes. We did annual filings to update the
7 DRR for investments made through the prior calendar
8 year.

9 Q. Sorry. Is this DRR charge that you have,
10 the 9.25, is that the year five of the DRR?

11 A. It is the currently effective DRR
12 charges. It aligns with the investment made through
13 December 31st of 2017 so those investments that are
14 now included within rate base.

15 Q. Okay. You say through 2017. And when
16 did the DRR begin?

17 A. I believe the first year of investment
18 was 2009, and so our first rate was effective in
19 September of 2010.

20 Q. So this is what year? The 9.25
21 represents what year of the DRR?

22 A. So 2009 to 2017, eight years.

23 Q. And then you say -- the next sentence
24 then you say that the stipulated rate, it would be
25 the monthly DRR -- well, that -- and you're using --

1 when you come to the \$32.86, you are using year one
2 of the DRR in this case; is that correct?

3 A. No. I'm using year zero which is what
4 this rate case is going to yield. We --

5 Q. Okay. It reflects -- does it reflect the
6 first year of the DRR under this rate case?

7 A. The 32.86 includes all cumulative DRR
8 investment made from 2009 through 2017 through rate
9 base in this proceeding so there's no -- there's no
10 separate and distinct DRR charge within the \$32.86.

11 Q. But the DRR that is going to be approved
12 in this case is going to increase over a five-year
13 period; is that correct?

14 A. Well, the DRR is not being approved in
15 this case. The DRR mechanism is a separate filing
16 that will be approved once the Company makes the
17 filing later this year and that will capture
18 investments for calendar year 2018.

19 Q. The filing that will be made this year
20 will capture 2018 but then there will be another
21 filing that will capture 2019, 2020, 2021, 2022,
22 2023; is that correct?

23 A. Yes. There will be an annual filing to
24 capture updates to the investments.

25 Q. And we do have a figure for -- at the end

1 of the five-year period that you are approving a DRR.
 2 In this case when you file the DRR, we do have a
 3 figure for what that final charge for the DRR will
 4 be, don't we --

5 A. No, we do not.

6 Q. -- at this appointment?

7 A. No, we do not.

8 Q. Or a cap for it?

9 A. We know what the cap is, but we don't
 10 have a final figure of what the DRR will be.

11 Q. Oh, sure. And what is the cap at the
 12 five-year point?

13 A. I believe -- give me one second. \$13.75
 14 is the cap in the final year of the DRR.

15 Q. And so wouldn't it be more fair or
 16 accurate to use that number, the 13.75 number to
 17 compare to the current DRR charge of 9.25 which is
 18 the final year up to this point and what will be the
 19 cap of the DRR, the 13.75, at the end of this -- of
 20 the coming five-year period?

21 A. No. I don't think that's correct. It
 22 would be an apples-to-oranges comparison. Again, the
 23 32.86 captures cumulative investment through the date
 24 of 2017 and that's what the \$18.37 plus the \$9.25
 25 that's also capturing. So include a hypothetical cap

1 without understanding what spend we're going to
2 actually see, even as was noted earlier what tax
3 rules might be in place in the future, it does not
4 give a good comparison point.

5 Q. Do you agree with me you are going to be
6 through the DRR for the next five years increasing
7 the DRR charge along the lines up to that cap that's
8 agreed to?

9 A. Yes, we will continue to be investing in
10 our DRR program, and we will have annual DRR filings.

11 Q. And if you take the fixed customer charge
12 that you're approving in this case and you add it to
13 the \$13.75, which is the DRR cap, coming through the
14 five years, then you would get a figure that might
15 compare to the present DRR and the present customer
16 charge.

17 A. No.

18 MR. KENNEDY: Objection.

19 A. Again, that's apples to oranges.

20 Q. And speaking of apples to oranges, the
21 chart there on page 12 that is giving the total fixed
22 charge for Vectren, current proposed Duke, Columbia,
23 and Dominion, don't you think that's a comparison of
24 apples to oranges? Wouldn't there be a serious
25 difference between the revenues, expenses, the dates

1 of the rate cases, and many other factors that would
2 make these comparisons with Duke, Columbia, Dominion,
3 and Vectren apples-to-oranges comparisons?

4 A. I think there are unique differences to
5 every single utility. What this is trying to
6 demonstrate is that Vectren's proposed fixed charge
7 is not out of whack compared to the other utilities.
8 All of these utilities have natural gas
9 infrastructure. They have infrastructure replacement
10 programs. They have other rider mechanisms, and it's
11 consistent in the approach on rate design and
12 there's -- we are not creating Vectren as an outlier.

13 Q. It's still an apples-to-oranges
14 comparison to compare their fixed -- their fixed
15 customer charges, Vectren's, Duke's, Columbia's,
16 Dominion's?

17 A. I mean, again, each company operates
18 their business differently, but it is a comparison of
19 natural gas utilities providing services within the
20 State of Ohio, so I think it's a relevant comparison
21 point to consider -- for the Commission to consider
22 when they look at the proposed fixed charge within
23 our proceeding.

24 Q. Okay. On page 9 of your testimony, there
25 at lines 16, 17, and 18, you are -- you say at the

1 highest usage level, the 300 Ccf, a customer can
2 expect a \$4.34 increase in its monthly bill. Do you
3 see that?

4 A. I do see that.

5 Q. And that's a reference to what? Are you
6 referring there to just the EEFR rider, or are you
7 referring to the entirety of this case?

8 A. The entirety of this case as reflected
9 within Attachment A, page 1 of 25. That's where
10 these data points are coming from --

11 Q. Okay.

12 A. -- as I noted in the start of my answer
13 in that. So it's a comparison of what current rates
14 and then what the proposed rates in this proceeding
15 yield as bill impacts.

16 Q. And then you say a customer with no usage
17 can expect a \$1.59 increase. Do you see that?

18 A. I do see that.

19 Q. Why would a customer with no usage
20 happily accept a \$1.59 increase in their bill?

21 MR. KENNEDY: Object as to "happily."

22 EXAMINER PRICE: Sustained.

23 Q. Would you agree with me a customer that
24 uses 300 Ccf a month has a -- has more potential to
25 reduce the bill through energy efficiency than a

1 customer that has no usage?

2 A. Yes. I think that's an obvious
3 conclusion, that the energy savings off of a 300 Ccf
4 bill versus a 0 Ccf bill, you would have more
5 opportunity with a 300 Ccf bill.

6 Q. Now, at page 10 and 11, the question
7 going on, you're referring to the -- because fixed
8 costs will be recovered evenly throughout the year,
9 do you see that?

10 A. Do you have a specific line reference you
11 could point me to?

12 Q. Yeah. It's spanning page 10 and 11 on my
13 printout here.

14 A. I see that.

15 Q. And you were here this morning when
16 Mr. Feingold was testifying?

17 A. Yes, I was.

18 Q. And don't you agree that a budget billing
19 will also produce stable bills by recovering the cost
20 evenly throughout the year?

21 A. I disagree with the stability argument on
22 the budget bills. When you still have an annual
23 true-up mechanism to ensure that customers are paying
24 for what their actual bills would have yielded during
25 the 12-month period, you still end up with an annual

1 adjustment to reflect where they sit. So it's -- it
2 gives the impression to customers that it's a stable
3 bill up to the point where you have to do a true-up.

4 Q. And the true-up occurs once a year,
5 right?

6 A. Yes, it does.

7 Q. And then for the next 12 months, it's a
8 stable bill based on that, so it's a stable bill for
9 12 months?

10 A. Well, it then becomes an adjusted bill to
11 reflect the projected gas costs and projected rider
12 rates and everything that would be in place during
13 the 12 months, so it's not -- it's not a stable bill
14 that would be flat for the entire time period.

15 Q. It's adjusted every 12 months?

16 A. It is adjusted every 12 months.

17 Q. And doesn't the rider also -- all of the
18 various riders also get adjusted every 12 months?

19 A. Yes.

20 Q. And doesn't that affect any customer's
21 bill that's paying the rider?

22 A. Yes.

23 Q. Did you or Vectren do anything to test
24 the data that you got from Esri?

25 A. By "test" what do you mean?

1 Q. Verify.

2 A. Well, we use an industry reputable source
3 for demographic projection information that's got
4 history of accuracy against census data.

5 Q. So did you do anything to verify the
6 value you got from Esri, or did you just accept it?

7 A. I guess we can accept it because we don't
8 have customer income information to be able to
9 cross-check or cross-validate that. Again, we rely
10 on the entity that we pay money to to be able to get
11 the information from.

12 Q. So did you -- you just took what Esri
13 gave you and used it, but you didn't do anything to
14 verify the data.

15 A. We wouldn't have had anything to verify
16 the data against, that's correct.

17 Q. All right. Okay. Now, back on page 13
18 when you refer to this analysis that you undertook
19 between the income and usage and then on let's say
20 lines 19 and 20 and 21, the period -- the 12-month
21 period represents a baseload-to-baseload period as
22 opposed to calendar year. Do you see that?

23 A. I do see that.

24 Q. Now, the reference to baseload, does that
25 basically mean this data in your analysis is not

1 weather normalized; is that correct?

2 A. It's correct it's not weather normalized.
 3 My reference to this though is to note that it is a
 4 July to June period meaning that the winter season
 5 that's impacting customer usage is consistent. It's
 6 not picking up the winter season from the beginning
 7 of a calendar year and end of a calendar year that
 8 might have different weather patterns.

9 Q. But it's not weather normalized as far as
 10 other years are concerned.

11 A. No.

12 Q. And wouldn't that also create an
 13 apples-to-oranges comparison if you haven't weather
 14 normalized the data?

15 A. No. The weather normalization will
 16 weather normalize every single customer based off of
 17 the degree days, so every single customer will be
 18 adjusted. It's reflective of the usage during that
 19 time period, and it's linked appropriately with the
 20 income for that time period or projected income for
 21 that period, so it's not a mixed analysis.

22 Q. You mean usage is -- can be used instead
 23 of weather normalizing?

24 A. For this analysis I think it's -- it
 25 doesn't make any material difference to things

1 because, again, you would weather normalize all
2 227,000 customers individually to reduce or increase
3 their usage depending on weather for that time
4 period.

5 Q. Now, do you agree with me not all
6 low-income customers are PIPP customers?

7 A. I would agree with that.

8 Q. Do you believe that PIPP customers are
9 representative of all low-income customers?

10 A. I believe that PIPP customers are a
11 significant portion of the low-income basis. But,
12 again, to look at low income in aggregate, ignoring
13 or putting aside whether their PIPP or non-PIPP, is
14 the important categorization.

15 Q. I don't understand your answer.

16 A. Well, we did not do anything to either
17 segregate PIPP customers in our income analysis nor
18 did we do anything to just isolate the PIPP
19 customers. We did it consistent with how we
20 approached it in the '07 rate case which is our
21 aggregated customer base and the income associated
22 with those customers regardless of whether they are
23 PIPP or non-PIPP.

24 Q. Did the last rate case when it -- when
25 the Commission -- in the last rate case, were PIPP

1 customers used as a surrogate for low-income
2 customers as far as usage goes?

3 A. No. We did --

4 Q. Do you remember that?

5 A. We did this exact same study in the last
6 rate case and again used our total customer basis as
7 a not segregated PIPP.

8 Q. Have you read the Commission's Opinion
9 and Order in the last base rate case?

10 A. I have.

11 Q. And did it refer to PIPP customers as
12 low-income customers?

13 A. It did. But it was not based off of the
14 study. The study that was performed looked at all
15 low-income customers -- or all customers and broke
16 out their income classifications. And, again, the
17 study in that '07 case was prepared in response to
18 arguments made by the other parties that -- just
19 looking at PIPP customers was not appropriate. And
20 so much like what we have in this case we've prepared
21 the same study using updated information and again
22 ignoring anything associated with PIPP or non-PIPP.

23 Q. And is there a reference to that study
24 from the -- from the last base rate case in the
25 Commission's Opinion and Order?

1 A. I can go off of Dr. Overcast's rebuttal
2 testimony within that 2007 rate case which sponsored
3 the study that was prepared and the results
4 associated with that and the conclusions that were
5 made.

6 Q. But I asked you about the Commission's
7 decision in the last base rate case.

8 EXAMINER PRICE: The Commission's
9 decision speaks for itself.

10 MS. MOONEY: Okay. Thank you. That's
11 all the questions I have.

12 EXAMINER PRICE: Thank you.

13 Redirect?

14 MR. KENNEDY: Can we have a moment with
15 the witness, your Honor?

16 EXAMINER PRICE: You may.

17 (Discussion off the record.)

18 EXAMINER PRICE: Let's go back on the
19 record.

20 Redirect?

21 MR. KENNEDY: The Company has no
22 redirect, your Honor.

23 EXAMINER PRICE: I just have a couple of
24 questions for the witness.

25 - - -

EXAMINATION

By Examiner Price:

Q. There were some questions asked about permanence of taxes and also about the 65 percent number and your 25 percent number in your testimony regarding the split commodity and distribution charges. Do you recall those questions?

A. I do.

Q. If gas prices go up, as is possible, then that split will change; is that correct?

A. That's correct.

Q. Do you have any reason to believe that these low gas prices we are seeing today are permanent?

A. If --

MR. MICHAEL: Objection, beyond the scope of his testimony. He's an accountant. He can't forecast that.

EXAMINER PRICE: Overruled.

MR. MICHAEL: I --

EXAMINER PRICE: He was about to say the same thing.

A. I don't have a crystal ball.

Q. You don't have a crystal ball.

A. But I think that's -- it's unlikely that

1 prices are going to stay the same. That's all I can
2 say.

3 Q. Gas prices are historically volatile?

4 A. Yes. That's why we have mechanisms in
5 other states to be able to track those.

6 Q. We received a lot of questions today
7 about the infamous customers with zero annual usage.
8 How many customers in your system do you have that
9 have zero annual usage?

10 A. I don't know if I have that number off
11 the top of my head. That would just be data that we
12 would -- we would have captured as part of our June
13 2018 study, and I can't recall how many made up that.

14 Q. Do you have a number greater than zero
15 but less than?

16 A. I don't even know if I could put a cap on
17 it unfortunately. I can't figure out -- logically I
18 would think it would have to be less than, you know,
19 a magnitude of maybe 1,000 or 5,000 or something in
20 that area just because those customers, if they have
21 consistent annual usage of zero, aren't going to stay
22 on the system for very long.

23 EXAMINER PRICE: Okay. Thank you. You
24 are excused.

25 THE WITNESS: Thank you.

1 EXAMINER PRICE: Mr. Kennedy, care to
2 renew your motion for your exhibit?

3 MR. KENNEDY: Yes, thank you, your Honor.
4 The Company would like to now move for the admission
5 of Mr. Swiz's rebuttal testimony marked VEDO Exhibit
6 11.3.

7 EXAMINER PRICE: Any objections to the
8 admission of VEDO Exhibit 11.3?

9 Seeing none, it will be admitted.

10 (EXHIBIT ADMITTED INTO EVIDENCE.)

11 MS. FLEISHER: Your Honor, I would like
12 to move the admission of ELPC Exhibits 7 and 8.

13 EXAMINER PRICE: Any objection to the
14 admission of ELPC Exhibit 7?

15 MR. KENNEDY: Is that the report of
16 disconnects?

17 EXAMINER PRICE: That's workpapers.

18 MR. KENNEDY: Workpapers, no objections.

19 EXAMINER PRICE: It will be admitted.

20 (EXHIBIT ADMITTED INTO EVIDENCE.)

21 EXAMINER PRICE: ELPC Exhibit 8,
22 objections?

23 MR. KENNEDY: Which one was ELPC --

24 MS. FLEISHER: That's disconnects.

25 EXAMINER PRICE: That's the disconnects.

1 MR. KENNEDY: You took administrative
2 notice of it?

3 EXAMINER PRICE: I did not.

4 MR. KENNEDY: I guess my objection was
5 there wasn't a foundation laid that the witness
6 had -- be able to ask questions about the document,
7 so without a foundation I don't know if it's proper
8 to admit it into evidence.

9 EXAMINER PRICE: I just have questions
10 about the relevancy. You didn't ask the witness very
11 many questions, and I'm not sure how the document
12 ties into his testimony.

13 MS. FLEISHER: Certainly, your Honor. I
14 believe he mentioned even before I was asking him
15 questions that some of the customers excluded from
16 his analysis were customers who had disconnections
17 during the year he was looking at. And so it's my
18 position that it's relevant to know, you know, as one
19 data point how many disconnected customers Vectren
20 has in a year so you can get a sense of how many
21 folks he excluded were folks who were customers, you
22 know, several months out of the year and have to be
23 disconnected a few months out of the year because
24 they are -- he's admitting that he didn't consider
25 those customers in the analysis.

1 MR. KENNEDY: The one thing I would say
2 in response this report is specific for nonpayment
3 disconnections. Mr. Swiz's analysis to the extent he
4 talked about disconnections was not limited to
5 disconnections for nonpayment.

6 MS. FLEISHER: So the number is actually
7 bigger but this is a starting point.

8 EXAMINER PRICE: I don't see the
9 probative value of this point.

10 MS. MOONEY: Well, I see the value of it;
11 and, first off, it's Vectren's submission.

12 EXAMINER PRICE: I am not saying it's not
13 truthful. I am just saying I don't see how it ties
14 into the evidence.

15 MS. FLEISHER: Your Honor, if I can just
16 take one more shot at it, the fact these are
17 disconnections for nonpayment suggests that these are
18 likely low-income customers, and Mr. Swiz is saying
19 that he didn't consider an entire subset of
20 low-income customers who may have lower than average
21 usage.

22 EXAMINER PRICE: And all of that -- all
23 of that is in the record. He fully acknowledged that
24 there was a portion, 23 percent of the customers,
25 that were not included in his analysis and explained

1 why he felt the analysis was still proper.

2 MR. KENNEDY: And I don't think it's an
3 appropriate assumption to make the disconnection for
4 nonpayment equates to the low-income customer.

5 MR. MICHAEL: You can argue that on brief
6 though.

7 MR. KENNEDY: There is no facts in the
8 record.

9 EXAMINER PRICE: You could have brought
10 in a witness to make --

11 MR. MICHAEL: Just to chime in, he
12 couldn't talk about the income levels of the people
13 that he excluded. He admitted that on my
14 cross-examination. And I think ELPC's point, which
15 we would agree with, is the extent they are shut off
16 due to nonpayment, that's indicative of the people he
17 excluded were low-income people. So it explains that
18 23 percent.

19 EXAMINER PRICE: That's the point, you
20 can't make that leap. They could have been low
21 income. They could have been middle income. You
22 cannot make that leap. That's the problem.

23 MR. MICHAEL: I would like to try.

24 MS. MOONEY: You yourself asked the
25 question, your question was how many people have zero

1 usage and those people were excluded and you wondered
2 how many people those were.

3 EXAMINER PRICE: I didn't say those
4 people were excluded. I asked who those hypothetical
5 people are. I keep hearing about zero percent or
6 zero usage customers. I was wondering if they
7 actually existed.

8 MS. MOONEY: Yeah, you wanted to know.
9 This gives some --

10 EXAMINER PRICE: The document is not
11 coming in.

12 MR. MICHAEL: Thank you for entertaining
13 us, your Honor.

14 MS. MOONEY: We can still cite to it.

15 EXAMINER PRICE: Pardon me?

16 MS. MOONEY: Well, we can still cite to
17 it. I cite to the disconnection reports all the time
18 in my briefs.

19 EXAMINER PRICE: You can cite to it all
20 you want, and the Commission will disregard that
21 citation, Ms. Mooney, because the document is not in
22 the record.

23 Briefs.

24 MS. MOONEY: Well, it's in the docket.

25 EXAMINER PRICE: Let's go off the record

1 and talk about briefs.

2 (Discussion off the record.)

3 EXAMINER PRICE: Let's go back on the
4 record.

5 Having discussed the issue off the
6 record, initial post-hearing briefs will be due
7 April 2, 2019, and reply briefs will be due April 23,
8 2019. At that point the case will be submitted on
9 the record to the Commission.

10 We are adjourned. Thank you.

11 (Thereupon, at 3:47 p.m., the hearing was
12 concluded.)

13 - - -
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

I do hereby certify that the foregoing is
a true and correct transcript of the proceedings
taken by me in this matter on Tuesday, March 12,
2019, and carefully compared with my original
stenographic notes.

Karen Sue Gibson
Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6710)

- - -



This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/15/2019 10:29:59 AM

in

Case No(s). 18-0049-GA-ALT, 18-0298-GA-AIR, 18-0299-GA-ALT

Summary: Transcript Volume VI - In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan; In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Increase in Gas Rates and In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan, hearing held on March 12th, 2019. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.