

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
VECTREN ENERGY DELIVERY OF OHIO,  
INC. FOR APPROVAL OF AN ADJUSTMENT  
TO ITS ENERGY EFFICIENCY FUNDING  
RIDER RATE.

CASE NO. 19-779-GA-RDR

## FINDING AND ORDER

Entered in the Journal on June 19, 2019

### I. SUMMARY

{¶ 1} The Commission approves the application of Vectren Energy Delivery of Ohio, Inc., as supplemented, to adjust its energy efficiency funding rider.

### II. DISCUSSION

{¶ 2} Vectren Energy Delivery of Ohio, Inc. (VEDO or Company) is a natural gas company and a public utility as defined in R.C. 4905.03 and R.C. 4905.02, respectively. As such, VEDO is subject to the jurisdiction of this Commission.

{¶ 3} On January 7, 2009, the Commission approved a stipulation and recommendation (Stipulation) that, among other things, provided for the creation of an energy efficiency funding rider (EEFR), originally set at zero, which would be used to fund the Company's energy efficiency programs. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 07-1080-GA-AIR, et al. (2007 Rate Case), Opinion and Order (Jan. 7, 2009). The Stipulation mandated that the Company submit an application to establish an EEFR charge to provide a minimum of \$1 million to be utilized to continue funding for VEDO's low-income weatherization program for customers whose income is between 200 percent and 300 percent of poverty level. The Stipulation also directed that the EEFR charge be calculated based on funding approved by VEDO's Demand Side Management Collaborative to be expended over the subsequent 12-month period, with any variation between actual recoveries and intended recoveries being included in a subsequent EEFR rate. Additionally, the Stipulation specified that any application to establish or adjust the EEFR charge would be considered an application to establish a charge and not an application to increase rates.

{¶ 4} Subsequently, on August 26, 2009, the Commission approved VEDO's initial EEFR rate of \$0.00320 per hundred cubic feet (Ccf) for the 12-month period beginning January 1, 2010. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 09-254-GA-ATA, Finding and Order (Aug. 26, 2009). As contemplated by the 2007 *Rate Case* Stipulation, the EEFR rate has been adjusted annually. On June 6, 2018, the Commission approved the current EEFR rate of \$0.00518 per Ccf. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-444-GA-RDR, Finding and Order (June 6, 2018).

{¶ 5} On March 29, 2019, VEDO filed its most recent application to request an adjustment to its EEFR rate. The Company proposes to increase its EEFR rate from the current rate of \$0.00518 per Ccf to \$0.01809 per Ccf, or an increase of \$0.01291 per Ccf, as shown below:

Current Rate	Proposed Rate	Proposed Increase
\$0.00518 per Ccf	\$0.01809 per Ccf	\$0.01291 per Ccf

According to VEDO, this proposed rate includes recovery of all projected conservation expenses, including the \$4 million in conservation program funding historically collected through base rates, as is contemplated in a stipulation and recommendation filed in the Company's currently pending base rate case. *In re Vectren Energy Delivery of Ohio, Inc.*, Case No. 18-298-GA-AIR, et al. (2018 *Rate Case*), Stipulation and Recommendation (Jan. 4, 2019) (2018 *Rate Case Stipulation*). Further, to reduce the need for additional reconciliations, VEDO asks that the Commission authorize the implementation of the proposed EEFR rate effective with the effective date of new rates resulting from the 2018 *Rate Case*.

{¶ 6} On April 16, 2019, the Ohio Consumers' Counsel (OCC) filed a motion to intervene in this case. No party opposed this motion, and the Commission finds that the motion to intervene is reasonable and should be granted.

{¶ 7} On May 7, 2019, as corrected on May 13, 2019, Staff filed comments regarding VEDO's proposed EEFR adjustment. Staff notes that the proposed increase to the EEFR is based on the Company's actual EEFR recovery through December 2018 and forecasted recoveries through December 2019. Staff reviewed the application and analyzed the incurred costs to evaluate their prudence and appropriateness for recovery and to verify accuracy of the revenue requirement calculations. In its review, Staff noted minor discrepancies between Staff's and the Company's EEFR recoveries and sales volumes; however, Staff concludes that VEDO calculated a correct rider rate in its application. Accordingly, Staff would recommend that the proposed rate of \$0.01809 per Ccf be approved.

{¶ 8} On May 21, 2019, VEDO filed supplemental attachments to its application. VEDO explains that the supplemental attachments reflect a proposed EEFR rate of \$0.00499 per Ccf that results from a \$4 million reduction to the rider's revenue requirement: the same amount currently included in base rates to account for conservation programs. In other words, the EEFR rate of \$0.01809 per Ccf proposed in the March 29, 2019 application presumes two contingencies: (1) the Commission adopts the *2018 Rate Case Stipulation* without modification and, therefore, shifts \$4 million in conservation program funds from base rates to the EEFR and (2) the EEFR rate will go into effect contemporaneously with or after the effective date of new rates resulting from the *2018 Rate Case*. On the other hand, the EEFR rate of \$0.00499 per Ccf set forth in the supplemental attachments does not rely on the outcome of the pending *2018 Rate Case*. Given the supplemental attachments, the Company's proposed EEFR rate would decrease from \$0.00518 per Ccf to \$0.00499 per Ccf, as shown in this table:

Current Rate	Proposed Rate	Proposed Decrease
\$0.00518 per Ccf	\$0.00499 per Ccf	\$0.00019 per Ccf

{¶ 9} On May 23, 2019, Staff again filed comments regarding VEDO's proposed EEFR balance reconciliation statement and rate proposal. Staff reiterates that the Company's supplemental attachments reveal a proposed EEFR rate without the \$4 million of conservation program funds that would be shifted from base rates to the EEFR rate by the *2018 Rate Case Stipulation*. Given its review of the supplemental attachments, Staff again concludes that VEDO calculated a correct EEFR rate and recommends that the proposed rate of \$0.00499 per Ccf be approved.

{¶ 10} The Commission has reviewed the March 29, 2019 application, the May 21, 2019 supplemental attachments, and Staff's related comments. The Commission understands VEDO's desire to seamlessly update both its effective base rates and the EEFR rate, as is exemplified by the EEFR rate proposed in the March 29, 2019 application. To date, however, the fate of the *2018 Rate Case* has yet to be determined. Therefore, the Commission concludes that the more prudent course is to move forward with the EEFR rate represented in the May 21, 2019 supplemental attachments, a \$0.00499 rate that the Commission finds to be reasonable and in the public interest. Accordingly, the Commission finds that VEDO's application, as supplemented, to adjust its EEFR rate to \$0.00499 should be approved, and the Company should file revised tariffs consistent with this Finding and Order.

### III. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That OCC's motion to intervene be granted. It is, further,

{¶ 13} ORDERED, That VEDO's application, as supplemented, to adjust its EEFR to \$0.00499 per Ccf be approved. It is, further,

{¶ 14} ORDERED, That VEDO be authorized to file two complete copies of tariffs in final form consistent with this Finding and Order. VEDO shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 15} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 16} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 17} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:

*Approving:*

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

PAS/hac

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**Case No(s). 19-0779-GA-RDR**

Summary: Finding & Order that the Commission approves the application of Vectren Energy Delivery of Ohio, Inc., as supplemented, to adjust its energy efficiency funding rider.  
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