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BEFORE RECEIVED-DOCKETING DIV
THE PUBLIC UTILITIES COMMISSION OF OHIO 2004 AUG 18 PM 3:55

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In the Matter of the Application of)	
Vectren Energy Delivery of Ohio, Inc.)	Case No. 03-1384-GA-ORD
For Authority to Make Monthly)	
Adjustments to the Expected Gas)	
Cost Component of its Gas Cost)	Case No. 04-1225-GA-UNC
Recovery Rate.)	

APPLICATION

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August 18, 2004

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**BEFORE
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In the Matter of the Application of)	
Vectren Energy Delivery of Ohio, Inc.)	
For Authority to Make Monthly)	Case No. 04-1225-GA-UNC
Adjustments to the Expected Gas)	
Cost Component of its Gas Cost)	
Recovery Rate.)	

APPLICATION

Now comes Vectren Energy Delivery of Ohio, Inc. ("VEDO" or "Applicant") and respectfully requests the approval of the Public Utilities Commission of Ohio ("Commission") for authority to make monthly adjustments to the Expected Gas Cost ("EGC") component of its Gas Cost Recovery ("GCR") rate. In support of this request, VEDO states as follows:

1. Applicant is an Ohio corporation engaged in the business of providing natural gas service to customers in southwestern Ohio and, as such, is a public utility as defined by Section 4905.02 and 4905.03, Revised Code.
2. The Commission promulgated new GCR rules in Case No. 03-1384-GA-ORD, one of which was a change to Rule 4901:1-14-04, Ohio Administrative Code, to provide for Commission approval for authority to adjust the EGC component of the GCR at intervals other than quarterly. In an Entry dated August 6, 2004, in Case Nos. 03-1384-GA-ORD and 04-1225-GA-GCR, the

Commission required companies seeking to adjust their EGCs, other than quarterly, to file for approval in the above-styled cases.

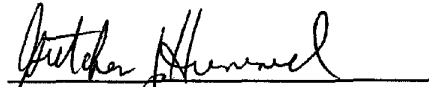
3. VEDO was previously granted Commission authority to make monthly adjustments to its EGC in Entries dated April 29, 2003; July 24, 2003; and October 28, 2003, in Case No. 03-393-GA-UNC.
4. By this Application VEDO requests, pursuant to the newly-promulgated Rule 4901:1-14-04, Ohio Administrative Code, authority to make adjustments to the EGC component of the GCR on a monthly basis.
5. In approving VEDO's original application to make monthly adjustments to the EGC, the Commission stated that, "since these monthly adjustments will be in reaction to changes in the market price of gas, it will help minimize the magnitude of subsequent period adjustments when the market place is changing rapidly." Case No. 03-939-GA-UNC, Entry at 2 (July 24, 2003).
6. On May 28, 2004, in Case No. 03-939-GA-UNC, VEDO filed a report of the effects of its monthly EGC adjustments from November 1, 2003 through April 30, 2004. The data in that report confirms the expectation of the Commission and demonstrates that the use of the monthly EGC produced variances from actual gas costs less than that which would have occurred through the application of the quarterly EGC rate for that period. VEDO believes that

ongoing use of monthly EGC adjustments will continue to produce the same results which reduce bill volatility and minimize the potential for large adjustments to the GCR.

7. Pursuant to Rule 4901:1-14-06, Ohio Administrative Code, VEDO elects to continue its existing practice of applying new GCR rates on a service-rendered basis.

WHEREFORE, VEDO respectfully requests approval, pursuant to Rule 4901:1-14-04, Ohio Administrative Code, of this Application for Commission authority to make monthly adjustments to the EGC component of its GCR.

Respectfully submitted,



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