

FILED
February 7, 2024
**INDIANA UTILITY
REGULATORY COMMISSION**

JOINT PETITIONERS' EXHIBIT NO. 4

**OHIO VALLEY GAS CORPORATION AND
OHIO VALLEY GAS, INC.**

INDIANA UTILITY REGULATORY COMMISSION

DIRECT TESTIMONY

OF

SCOTT L. INGRAM

SPONSORING ATTACHMENTS SI-1 THROUGH SI-3

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.

DIRECT TESTIMONY OF SCOTT L. INGRAM

I. WITNESS BACKGROUND

1 **Q. Please state your name and business address.**

2 A. My name is Scott L. Ingram, and my business address is 111 Energy Park Drive
3 Winchester, IN 47394.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Ohio Valley Gas Corporation (“OVGC”) as the Director of Human
6 Resources. I began this position in December 2018. Prior to that, I served as the Outsourced
7 HR and Benefit Consultant via OVGC’s contract with Tilson for 4 years. I also serve as
8 the General Manager for Greater Heights Services Corporation, an OVGC affiliate. A
9 position I took over in February 2023. OVGC and its operating utility subsidiary, Ohio
10 Valley Gas, Inc. (“OVGI”), are collectively referred to as “OVG” or “Joint Petitioners”
11 herein.

12 **Q. Please summarize your educational background and work experience.**

13 A. I graduated from the University of Notre Dame in 1984 with a Bachelor of Science degree
14 in Preprofessional Studies. I was employed from 1984 to 1999 by a number of different
15 companies in various sales roles. From 1999 to 2004, I was employed by Automatic Data
16 Processing “ADP” where I transitioned into the Payroll and Human Resources field.
17 Following my employment by ADP, I worked for three different Professional Employment
18 Organizations “PEOs” in the Payroll, HR and Benefits realm. In those roles, I obtained a

1 Society Human Resources Management PHR Certification in 2015 and became a licensed
2 insurance professional in the State of Indiana in 2011 for Life, Health, Accident, Property
3 and Casualty insurance. I have 20+ years of experience in HR and Benefits with 9 years
4 working in the gas utility sector for OVG.

5 **Q. What are your current responsibilities as Director of Human Resources?**

6 A. I am responsible for all things Human Resources, Benefit and Insurance related for OVG.
7 It is my responsibility to develop and implement policies, programs and services that
8 contribute to the attainment of corporate and team member goals by properly balancing the
9 needs of the company, IT's customers,, and the needs of the team members. As such, I am
10 responsible for the culture of the organization, managing Change Management, and
11 Employee Engagement.

12 **Q. Have you testified before the Indiana Utility Regulatory Commission ("IURC", or**
13 **"Commission") or any other regulatory agencies with respect to regulatory matters?**

14 A. No.

15 **II. INTRODUCTION AND PURPOSE OF TESTIMONY**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to summarize and support OVG's request for the
18 Commission to approve a change to their current rates, charges, and tariffs based on a test
19 year ending September 30, 2025. I will explain OVG's current and forecasted medical
20 expenses, current and forecasted headcount and other labor-related costs.

21 **Q. Are you sponsoring any attachments?**

1 A. Yes. I am sponsoring the following attachments:

- 2 • Attachment SI-1- [Health Insurance – Fixed Cost Trend]
- 3 • Attachment SI-2- [Health Insurance – Total Cost Trend]
- 4 • Attachment SI-3- [Health Insurance – Laser Liability Trend]

5
6 **Q. Were these attachments prepared or assembled by you or under your direction and**
7 **supervision?**

8 A. Yes.

9 **III. Known Medical Benefit Expense Increase**

10 **Q. Does OVG provide medical insurance benefits to its employees?**

11 A. Yes. OVG offers health, dental, and vision benefits (collectively referred to as medical
12 insurance benefits). Like many employers, OVG provides medical insurance benefits to its
13 employees. This allows OVG to stay competitive with other similar employers.
14 Participation is voluntary. Historically 90+% of employees participated. Our open
15 enrollment period ended December 11, 2023, and 94% of employees are enrolled in
16 benefits for 2024.

17 **Q. Please explain the structure of the medical insurance benefit OVG provides to its**
18 **employees and the associated expense.**

19 A. Employees may elect to cover themselves, themselves plus a spouse, themselves plus
20 dependents, and themselves, spouses, and dependents.

21 **Q. What makes up the cost of providing medical insurance benefits to OVG employees?**

1 A. OVG's medical benefit expense is determined based on the plan design, past participant
2 medical expenses, healthcare trends, and the rates and terms of vendor contracts that are in
3 place. OVG's plan is self-insured with a stop loss carrier. OVG pays administration fees to
4 a Third Party Administrator "TPA", to a Pharmacy Benefit Manager "PBM", and fixed
5 premiums to a stop loss carrier. OVG is responsible for certain claim costs prior to the stop
6 loss insurance being triggered. TPA, PBM, and stop loss carrier rates are market based
7 rates. OVG goes to market annually through a broker in order to find providers.

8 **Q. What do you mean when you say OVG's medical insurance benefit is "self-insured**
9 **with a stop loss carrier"?**

10 A. OVG is responsible for the first \$60,000 of any covered team member or dependents'
11 medical claims. After that threshold is met, there is a separate global special aggregate of
12 \$90,000 that must be met by OVG before the stop loss insurance begins paying claims.
13 The stop loss carrier is then responsible for all new team member claim costs over the
14 \$60,000 level unless the stop loss carrier puts a Laser in place on a particular insured.
15 Lasers can be put in place on individual insureds by the stop loss based on known
16 conditions to remove from the pool of OVG insureds the related anticipated medical costs.
17 OVG currently has \$1.475 million in individual laser liabilities for the 2024 Plan year not
18 covered by the stop loss carrier.

19 **Q. Would using another stop loss carrier bypass any lasers associated with a prior**
20 **policy?**

1 A. Not necessarily. All stop loss carriers analyze the historical and current claims data to
2 determine their quote. Some carriers institute lasers while others don't and instead increase
3 the fixed premium.

4 **Q. Has structuring the medical insurance plan in this way historically kept expenses low?**

5 A. Yes. The utilization of a self funding model as opposed to a fully insured model has
6 typically saved OVG at least 15-18% of additional administrative / carrier costs by
7 eliminating the Insurance Carrier or middleman.

8 **Q. Approximately how long has OVG used the self-funding model?**

9 **Q. For approximately 25 years.**

10 **Q. Has OVG noticed a recent increase in medical insurance costs since its last rate case?**

11 A. Yes. As of the end of 2023, OVG has seen a 742% increase in total medical costs since
12 2017. These increased costs have come in the form of increased medical claims, increased
13 fixed costs and a higher level of individual lasers. There are certain details surrounding
14 why costs have increased, mostly surrounding any lasers associated with OVG's plan, that
15 I am not privy to or at liberty to disclose due to The Health Insurance Portability and
16 Accountability Act of 1996 ("HIPAA").

17 **Q. Did OVG proactively manage the medical plan design to put downward pressure on
18 any medical cost increases while continuing to maximize its value to participants?**

19 A. Yes. In the last five years, the following changes and adjustments have been made to try
20 and mitigate and manage the rising medical costs: Increased Deductibles and Out of Pocket
21 Maximums under the existing High Deductible Health Plan "HDHP", Increased level of
22 Stop Loss and Special Aggregate, changed Agent / Broker, changed the PBM to decrease

1 specialty med claim costs, changed the TPA to Anthem to obtain greater discounts on claim
2 reimbursement, introduced a second HDHP plan with higher deductibles and out of pocket
3 maximums to shift more potential burden to team members, and raised team member
4 premiums via a new income based three tier premium structure.

5 **Q. Did OVG consider moving to a fully insured plan?**

6 A. We had our broker explore fully insured and found it to be even more costly.

7 **Q. Please explain the medical insurance expense amount OVG used in the forecast for**
8 **ratemaking purposes?**

9 A. OVG's fixed price in 2024 based on current enrollment will be \$1,125,763 from the third-
10 party administrator and the stop loss carrier, beyond that OVG anticipates to be responsible
11 for \$4,447,287 based on what OVG expects to pay in individual lasers and claims before
12 the stop loss carrier coverage picks up. The maximum current claims liability based on
13 current enrollment is an additional \$590,349 over the expected.

14 **IV. Head Count and Associated Labor Costs (non-medical)**

15 **Q. What was OVG's headcount during the historic base period?**

16 A. 118 Full Time and 3 Part Time.

17 **Q. What headcount is used in the forecast?**

18 A. 123 Full Time and three Part Time. As of January 31, 2024, we had three open positions
19 in our field operation and these positions were being recruited and interviewed for filling.

20 **Q. Does OVG's forecast include other associated labor costs (non-medical)?**

1 A. Yes. The forecast includes costs associated with 401k benefits, life insurance, short term
2 and long-term disability insurance. Given that OVG forecasts to have headcount that is
3 higher than the historical base period headcount, an incremental increase in non-medical
4 labor costs has been included in the forecast.

5 **Q. Does this conclude your prepared direct testimony?**

6 Yes.

VERIFICATION

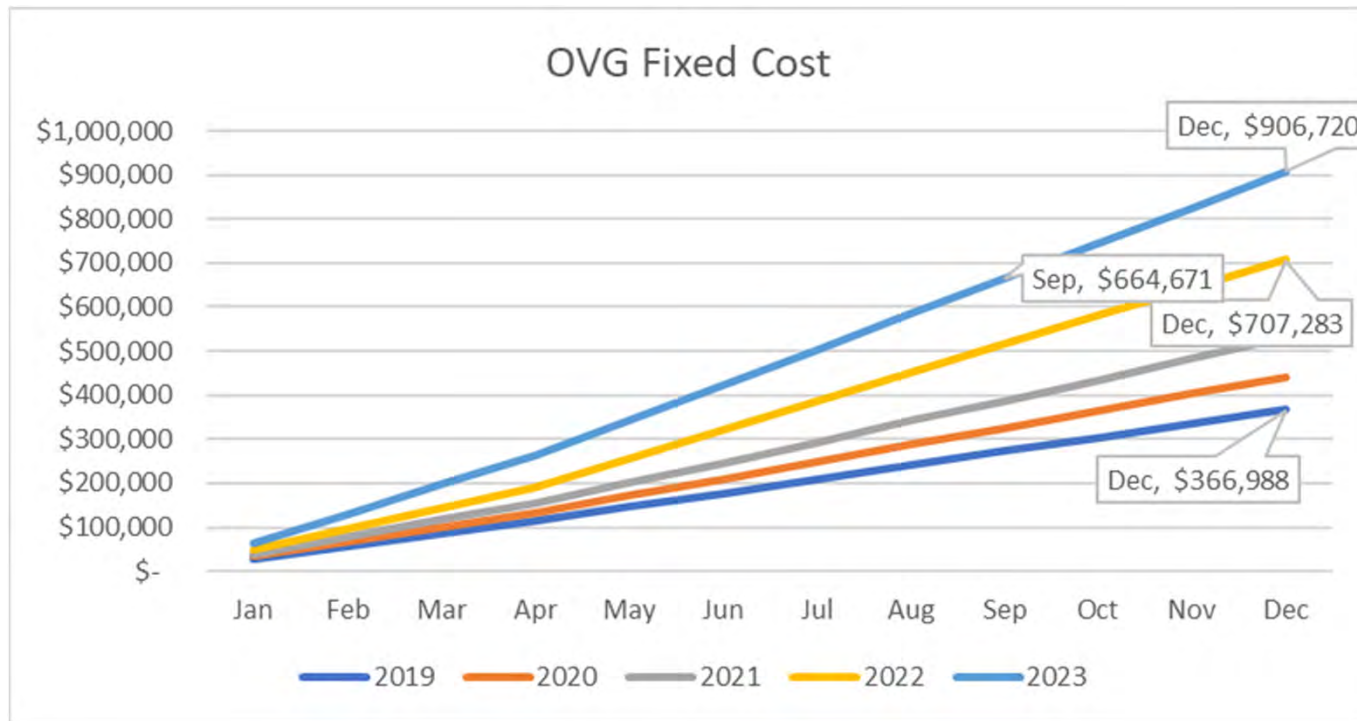
I, Scott L. Ingram, Director of HR and Organizational Excellence of Ohio Valley Gas Corporation affirm under penalties for perjury that the foregoing is true to the best of my knowledge, information, and belief.

Dated this 2nd day of February 2024.

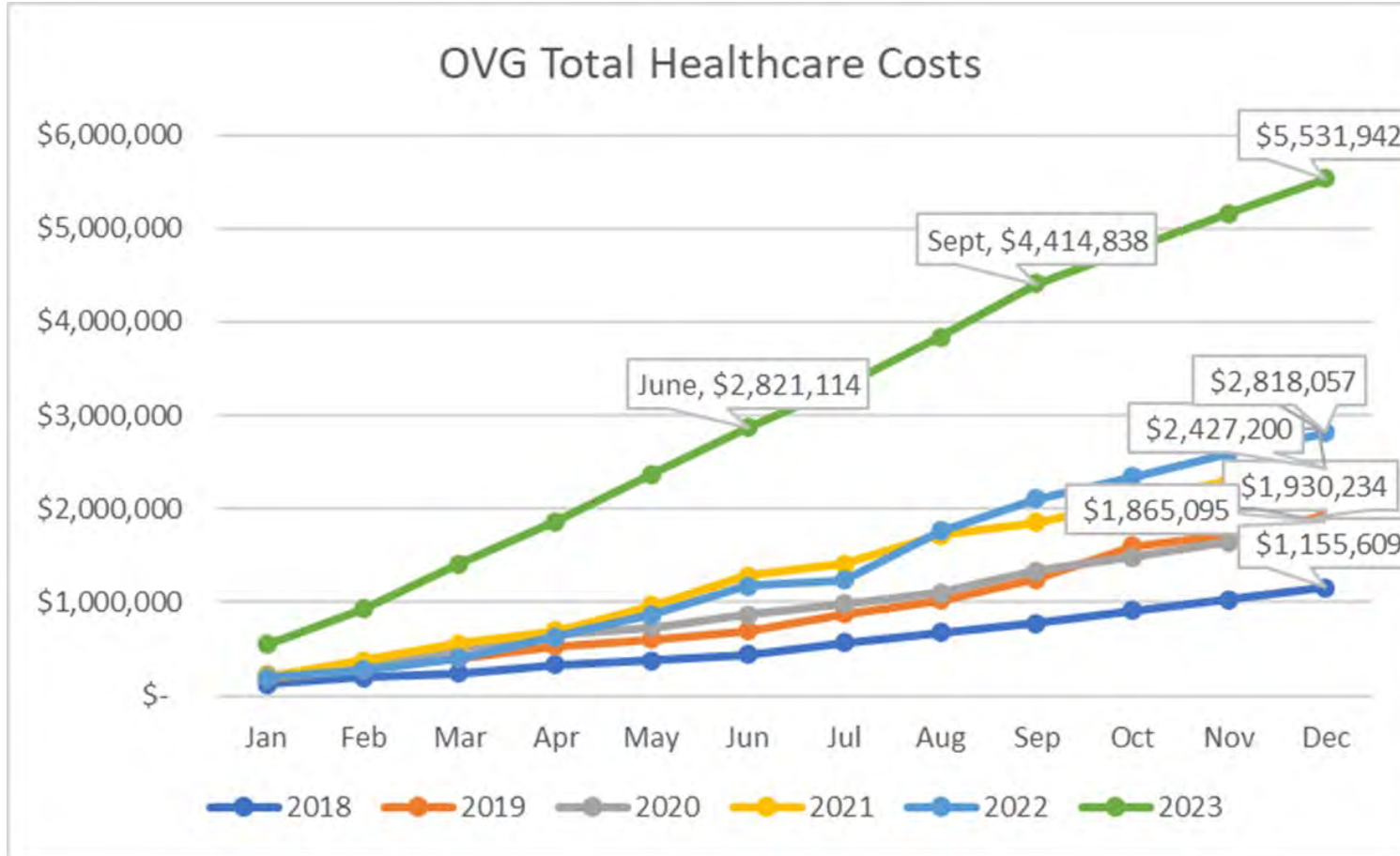
A handwritten signature in black ink, appearing to read 'S. L. Ingram', with a long horizontal line extending to the right.

Scott L. Ingram
Dir of HR & Org. Excellence
Ohio Valley Gas Corporation

Health Insurance Fixed Cost Trend



Health Insurance Total Cost Trend



Health Insurance Laser Liability Trend

