

OFFICIAL  
EXHIBITS

IURC  
PETITIONER'S  
EXHIBIT NO. 1-13-21 AT  
DATE REPORTER

**DIRECT TESTIMONY OF JOHN T. STENGER**  
**ON BEHALF OF SYCAMORE GAS COMPANY**

**IURC CAUSE NO. 45131 FMCA-4**

**EXHIBIT 1**

**Q1. Please state your name, address and occupation.**

A1. My name is John T. Stenger. My business address is 370 Industrial Drive, Suite 200, Lawrenceburg, Indiana, 47025. I am President and General Manager of Sycamore Gas Company, the petitioner in this proceeding ("Petitioner" or "Sycamore").

**Q2. Please state your educational background.**

A2. I received Bachelor of Science Degrees in Civil Engineering and Land Surveying from Purdue University in 1984. In 2000, I received a Master of Business Administration degree from Xavier University. I have attended numerous industry programs and courses, including Natural Gas Distribution Engineering, Corrosion and Rectifier courses, and Regulator and Station Design courses. I am a Professional Engineer registered in both Indiana and Ohio.

**Q3. Please summarize your work experience and responsibilities.**

A3. From 1984 to 1986, I worked for the Indiana & Michigan Electric Company as a Right-of-Way Agent, Transmission Engineer and Supervising Engineer. From 1986 to 1988, I was employed by the National Engineering & Contracting Company in the heavy highway industry. I have worked in the natural gas utility industry since 1988. From 1988 to 2001, I was employed by Cinergy and the Cincinnati Gas & Electric Company, holding engineering and managerial positions

1 in its Gas Operations department. I left Cinergy in September, 2001 to become  
2 part-owner and President of the Oxford Natural Gas Company in Oxford, Ohio,  
3 where my responsibilities included overall system management, gas procurement  
4 and calculation of the Gas Cost Recovery mechanisms for Oxford Natural Gas and  
5 Verona Natural Gas. I served as the Vice President, Operations for Sycamore,  
6 beginning when it was purchased by INOH Gas from Cinergy on August 30, 2004  
7 until September 30, 2007. I was President of Premier Energy Services, LLC  
8 (“Premier”) and Superior Utility Operations, LLC (“Superior”), both natural gas  
9 construction and maintenance contractors from October 2002 until December 1,  
10 2019. Effective October 1, 2007, Superior entered into a contract with Sycamore  
11 for my services to act as a consultant on a variety of utility-related engineering and  
12 operational matters, including Gas Cost Adjustment and Base Rate Case  
13 proceedings and continuing with the development of this Federally Mandated  
14 Compliance Plan. Effective December 2, 2019, I became President and General  
15 Manager of Sycamore Gas Company and am responsible for all business and  
16 operational aspects of the Petitioner. I continue to represent Sycamore as a member  
17 of the Board of Directors of the Indiana Energy Association (“IEA”), where I serve  
18 as the Chairman of the IEA Gas Executive Committee and also serve on that  
19 association’s Gas Pipeline Safety and Gas Rates and Regulatory Committees.

20 **Q4. Have you previously testified before the Indiana Utility Regulatory**  
21 **Commission?**

1 A4. Yes, on several occasions. I have provided testimony in many Gas Cost Adjustment  
2 proceedings, both previous Sycamore base rate cases, and in each of Sycamore's  
3 FMCA proceedings.

4 **Q5. What is the purpose of your testimony in this proceeding?**

5 A5. The purpose of my testimony is to support the Pipeline Safety Compliance Plan  
6 ("Compliance Plan") approved by the Indiana Utility Regulatory Commission  
7 ("IURC" or "Commission") in Cause No. 45131 on April 24, 2019. Sycamore  
8 received approval in that Cause for thirty-three (33) projects under its Compliance  
9 Plan for an estimated total cost of \$10,270,284. On September 4, 2019, in Cause  
10 No. 45131 FMCA-1, the Commission approved Project No. 34 and granted it  
11 Certificate of Public Convenience and Necessity ("CPCN") status. As a result,  
12 Sycamore's Compliance Plan now consists of 34 projects. On February 19, 2020,  
13 in Cause No. 45131 FMCA-2, the Commission authorized Sycamore to implement  
14 new rates to recover approved federally mandated costs associated with nine  
15 projects that had work completed through September 30, 2019. On July 29, 2020,  
16 in Cause No. 45131 FMCA-3, the Commission then authorized Sycamore to  
17 implement new rates to recover approved federally mandated costs associated with  
18 thirteen projects that had work completed through March 31, 2020. In this Cause  
19 No. 45131 FMCA-4 Sycamore will be including Compliance Plan expenditures for  
20 Projects Nos. 2, 7, 11, 16, 17, 19, 21, 23, 29 and 30. Expenditures related to Projects  
21 Nos. 16, 23 and 29 are newly initiated projects included in FMCA-4 as these  
22 projects were initiated after March 31, 2020, which was the end of the period used

to establish FMCA-3. Also, Sycamore will be including additional expenditures related to Project Nos. 2, 7, 11, 17, 19, 21 and 30, first included in previous FMCA tracker filings and continuing through September 30, 2020, the end of the FMCA-4 period. Finally, Project Nos. 9, 10, 12, 15, 22 and 34 were fully completed prior to March 31, 2020 so only the net depreciated value will be included in FMCA-4. Each of these projects will be described in further detail later in this testimony. As of September 30, 2020, Sycamore has incurred \$3,239,109 in Capital Costs for sixteen of the thirty-four projects, as well as \$13,168 in expense costs for Project 30. Sycamore is requesting inclusion of \$3,144,444 in FMCA Tracker filings, of which \$765,370 is being requested for inclusion in FMCA-4. Please refer to Exhibit 1, Attachment JTS-1 for a tabular depiction of the projects and costs. This exhibit will continue to be updated and included in subsequent FMCA tracker filings to reflect an ongoing summary of amounts spent for each Compliance Plan project.

Projects included in FMCA-4 are:

Project Number	Project Name	Cost at Sept. 30, 2020
2	Catalpa Avenue Main Replacement	\$ 2,820
7	Bode Drive Main Replacement	\$ 883
11	Ridge Drive off SR 48 Main Replacement	\$ 394
16	F/L IG01 Repl. 2,380' of 1950 Steel and Scenic Drive Station	\$ 63,550
17	F/L IG04 Oberting to Billups Residence - 13,000' of 8" Steel – Greendale	\$ 384,728
19	Randy Avenue Main Replacement	\$ 115,725
21	Replacement of Inaccessible Steel Service Line & Inside Meter Move Out Program	\$ 32,193
23	Rising Sun Tap Station Odorizer Replacement	\$ 145,659

29	Prone to Failure Riser Replacement Program (Steel, Normac, etc.)	\$ 8,234
30	Completion of missing data for main and service line information	\$ 11,184

Sycamore witness Ream has utilized those amounts in Exhibit 2, Attachment A included with his direct testimony in this Cause. I have also reviewed the expenditures reflected on these invoices and the in-service dates and have provided them to Sycamore witness Ream for use in this Cause. He has also used the amounts shown above along with the in-service dates for Sycamore assets to establish depreciation expense and accumulated depreciation also included in Exhibit 2, Attachment A. Also, Exhibit 1, Attachment JTS-1 includes a column showing the amount of actual Compliance Plan cost incurred at the time of filing. Finally, I will describe the status of the ten Compliance Plan projects listed in the table above.

**Q6. Please provide an explanation of Sycamore's Project No. 2 and provide an update on the project's completion status.**

A6. Project No. 2, Catalpa Avenue Main Replacement consists of the replacement of 1970's vintage plastic pipe subject to premature brittle-like cracking. In early July, it was brought to our attention a part of the existing 2" main was in conflict with a sewer facility on the Ridge Avenue end of Catalpa. As a result, we installed 107' of new 2" plastic, and abandoned 176' of the Aldyl-A plastic main. We also renewed two of the service lines connected to that section of the main. The remaining part of the project will be completed in a future undetermined year.

1 being recovered through the FMCA-3 tracker in this filing. Sycamore is not recovering  
2 overhead / indirect capital cost in FMCA-4 but reserves the right to include such costs in  
3 subsequent FMCA tracker filings. In regard to overhead / indirect cost, Sycamore hopes  
4 to develop a policy in 2021 and would review the information with the OUCC before  
5 seeking to include such costs in the FMCA tracker.

6 Also, Sycamore is including \$27,180 for recovery in FMCA-4 for professional fees related  
7 to the FMCA process as agreed to in the Settlement with the OUCC approved in the FMCA  
8 Order incurred through September 30, 2020. These costs are supported by itemized  
9 invoices including information as to the dates and hours of the service performed, the fee  
10 per hour of the service, the name of the person(s) performing the service, and a description  
11 of the service(s).

12 Sycamore anticipates reconciling in FMCA-6 any variances between estimated costs  
13 recovered in FMCA-4, and the actual FMCA costs incurred.

14 **Q9. Please describe Sycamore's plans to recover 80% of its Compliance Plan costs**  
15 **through the FMCA-4 tracker pursuant to the FMCA Order.**

16 A9. As shown on Exhibit 2, Attachment A and explained further later in this testimony,  
17 Sycamore is limiting its recovery of all Compliance Plan costs to 80% of its actual and  
18 forecasted expenditures. This is in accordance with Indiana Code Chapter 8-1-8.4 and the  
19 FMCA Order. The remainder will be deferred in a Regulatory Asset account on  
20 Sycamore's balance sheet to be recovered in Sycamore's next general rate case along with  
21 accrued carrying costs.

1 **Q10. Please describe Sycamore's plan to record 20% of its Compliance Plan cost in a**  
2 **Regulatory Asset account to be recoverable in Sycamore's next general rate case.**

3 A10. As shown on Exhibit 2, Attachment A and explained further later in this testimony,  
4 Sycamore has removed 20% of its Compliance Plan costs from the FMCA-4 tracker  
5 calculation. This is in accordance with Indiana Code section 8-1-8.4-7 and the FMCA  
6 Order. The 20% of such costs calculated in Attachment A will be deferred into a Regulatory  
7 Asset account on Sycamore's balance sheet and recovered in Sycamore's next general rate  
8 case. In addition, Sycamore will calculate and accrue monthly on its non-GAAP books the  
9 accumulated carrying costs of amounts in the Regulatory Asset account pending recovery  
10 in Sycamore's subsequent general rate case. In arriving at the carrying costs amount,  
11 shown on Schedule 9 of Attachment A, Sycamore aggregated 20% of each compliance  
12 plan expenditure, including: return on compliance plan capital expenditures net of  
13 depreciation, PISCC, return on compliance plan expenditures net of depreciation that were  
14 in excess of 125% of any Compliance Plan project estimate approved in the FMCA Order,  
15 and depreciation expense. Sycamore used its Weighted Average Cost of Capital  
16 ("WACC") at September 30, 2020 to determine the carrying charges through January 31,  
17 2021.

18 **Q11. Describe the professional fees that Sycamore will recover up to \$30,000 in the FMCA-**  
19 **4 tracker calculation?**

20 A11. Sycamore has used regulatory, legal and accounting professional services in gaining  
21 approval from the Commission to establish an FMCA tracking mechanism and preparing  
22 and supporting its FMCA-3 tracker filing. The cost of those services was \$27,180 and

1   **Q12. Please provide an explanation of Project No. 21 and provide an update on the**  
2       **project's completion status.**

3   A12. Sycamore had approximately 800 inside meters in its service territory. The service  
4       line for an inside meter enters the building underground without first terminating  
5       above ground outside. Many, if not all, of these service lines are isolated metallic  
6       segments and are inaccessible or extremely difficult to access. Several of these  
7       service lines have system pressure gas entering the building with the regulator  
8       cutting the pressure to inches of water column delivery pressure occurring inside  
9       the building. These regulators are vented to the outside, however; they pose the  
10      risk of a high-pressure gas leak occurring within the building. Approximately  
11      twenty of these services were identified as an issue and replaced from April 1 to  
12      September 30, 2020.

13   **Q13. Please provide an explanation of Sycamore Project No. 23 and provide an**  
14       **update on the project's completion status.**

15   A13. Project No. 23, Rising Sun Tap Station Odorizer Replacement consists of replacing  
16       an older design bypass odorizer that was nearing the end of its useful life with a  
17       new injection odorizer pump system. The new equipment will permit Sycamore to  
18       better match the odorization volume to the flow of gas into our system. The  
19       concrete pad for the new building has been installed and an invoice for the building  
20       and odorizer has been received. Work on this project is projected to be completed  
21       in the fourth quarter of 2020.

1   **Q14. Please provide an explanation of Sycamore Project No. 29 and provide an**  
2       **update on the project's completion status.**

3   A14. Project 29 consists of replacing service risers containing mechanical couplings, as  
4       well as bare steel and copper risers in its system. Sycamore has experienced issues  
5       with leaks and failures in these types of joints, and this has been identified as a  
6       significant risk in Sycamore's Distribution Integrity Management Plan (DIMP).  
7       Sycamore needed to replace several of these service risers prior to September 30,  
8       2020. Additional work on this project is scheduled for 2021.

9   **Q15. Please provide an explanation of Sycamore Project No. 30 and provide an**  
10       **update on the project's completion status.**

11   A15. Project No. 30, completion of missing data for main and service line information,  
12       is a project designed to eliminate gaps in Sycamore's main and service line records.  
13       Through September 30, 2020, the Sycamore resource who performs work on the  
14       Company's geographic information system, has been reviewing records and  
15       gathering data to improve Sycamore's records. This work will continue in 2020,  
16       and Sycamore hopes to complete the project sometime in 2021. Another update  
17       will be provided in the next FMCA filing.

18   **Q16. Do project estimates change over time, and if so, what are the possible reasons**  
19       **for changes?**

20   A16. Estimates can change over time due to design changes, labor and material cost  
21       changes, and project scope changes. Finally, there may be field conditions that,

1 upon further review, causes the Company to adjust the original design and  
2 subsequently, the original estimates.

3 **Q17. Does your filing include a request for approval of updated estimates for any**  
4 **projects?**

5 A17. Yes, for one project.

6 **Q18. Please provide which project estimate is being updated and provide an**  
7 **explanation for why the estimate has changed.**

8 A18. An updated estimate for Project No. 17 is being provided as part of Sycamore's  
9 FMCA-4 filing. Sycamore is requesting approval of this updated estimate in  
10 FMCA-4. To illustrate the reasons for the updated estimate, included with my  
11 testimony is Attachment JTS-3, which summarizes the changes made to  
12 Attachment JTS-2. Attachment JTS-3 shows a table containing that project, with  
13 the approved estimate from the original plan; the requested updated estimate; the  
14 dollar increase requested; the percentage increase requested; and the reasons for the  
15 increased estimate. The increase requested is the result of a scope change required  
16 to complete the project. Sycamore believes the additional costs are appropriate and  
17 necessary to complete the project safely.

18 **Q19. Please provide details on the scope change necessary in Project No. 17.**

19 A19. During a cathodic protection review of the remaining 8" main between the Guilford  
20 Station and the Green Road rectifier, a section of gas main was discovered that was  
21 installed in 1964. Sycamore has found this vintage of pipe to be more difficult to  
22 protect. It is similar to the pipe replaced in Project No. 34. Sycamore has

1       determined that it should be replaced so that all pipe from the Texas Gas  
2       interconnection at Guilford Station to the segment scheduled for replacement in  
3       2021 beginning at Billups, to the segments replaced in 2019 and 2020 will then be  
4       able to be properly protected and in good shape for many years. This will allow  
5       Sycamore to properly isolate the remaining portion of pipe from Oberting Road to  
6       the Burlage property near SR 1, that will continue to be protected by the rectifier at  
7       Green Road until it can all be replaced as originally scheduled in Project No. 17.  
8       Respectfully, Sycamore requests approval of the updated estimate for inclusion in  
9       its Compliance Plan.

10    **Q20. Does this conclude your direct testimony?**

11    A20. Yes.

**VERIFICATION**

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

OCTOBER 29, 2020  
Date

John T. Stenger  
John T. Stenger

**Sycamore Gas Company**  
**Federally-Mandated Compliance Plan**  
**Project List**  
**[Public Version]**

#	Project Name	Location	Approved Estimate from Original Plan	FMCA-1		FMCA-2		FMCA-3		FMCA-4		FMCA Total
				Updated Estimate	Actual Costs Incurred in Period	Updated Estimate	Actual Costs Incurred in Period	Updated Estimate	Actual Costs Incurred in Period	Updated Estimate	Actual Costs Incurred in Period	Actual Costs Incurred to Date
1	Breezy & Highland Main Replacement	Rising Sun			\$ -		\$ -		\$ -		\$ -	\$ -
2	Catalpa Avenue Main Replacement	Greendale			\$ -		\$ 40,820		\$ -		\$ 2,820	\$ 43,640
3	Ester Road & Sheldon Road Main Replacement	West Harrison			\$ -		\$ -		\$ -		\$ -	\$ -
4	N. Front Street Main Replacement	Rising Sun			\$ -		\$ -		\$ -		\$ -	\$ -
5	Ritzmann Drive Main Replacement	Greendale			\$ -		\$ -		\$ -		\$ -	\$ -
6	Sixth Street Main Replacement	Rising Sun			\$ -		\$ -		\$ -		\$ -	\$ -
7	Bode Drive Main Replacement	Lawrenceburg			\$ -		\$ -		\$ 10,561		\$ 883	\$ 11,444
8	Cook Avenue & Ludlow Main Replacement	Greendale			\$ -		\$ -		\$ -		\$ -	\$ -
9	Parkside Avenue Main Replacement	Greendale			\$ -		\$ 22,416		\$ -		\$ -	\$ 22,416
10	Ridge Avenue between Catalpa & Parkside Main Replacement	Greendale			\$ -		\$ 43,806		\$ -		\$ -	\$ 43,806
11	Ridge Drive off SR 48 Main Replacement	Lawrenceburg			\$ -		\$ -		\$ 29,801		\$ 394	\$ 30,194
12	Sheldon St. & Broadway Main Replacement	Greendale			\$ 82,207		\$ -		\$ -		\$ -	\$ 82,207
13	Tiger Boulevard Main Replacement and St. Clair Station Replacement	Lawrenceburg			\$ -		\$ -		\$ -		\$ -	\$ -
14	Tower Road and Overlook Drive Main Replacement	Lawrenceburg			\$ -		\$ -		\$ -		\$ -	\$ -
15	F/L IG01 Repl. 3,620' of 1950 Steel and Hillcrest Station (Job 18-1011)	Lawrenceburg			\$ 680,194		\$ 252,923		\$ -		\$ -	\$ 933,117
16	F/L IG01 Repl. 2,380' of 1950 Steel and Scenic Drive Station	Lawrenceburg			\$ -		\$ -		\$ -		\$ 63,550	\$ 63,550
17	F/L IG04 Oberting to Billups Residence - 13,000' of 8" Steel	Greendale			\$ -		\$ 26,049		\$ 309,323		\$ 384,728	\$ 720,101
18	F/L IG07 - Industrial Dr. to Park Station	Greendale			\$ -		\$ -		\$ -		\$ -	\$ -
19	Randy Avenue Main Replacement	Lawrenceburg			\$ -		\$ -		\$ 4,929		\$ 115,725	\$ 120,653
20	Replace F/L Service to MGPI	Lawrenceburg			\$ -		\$ -		\$ -		\$ -	\$ -
21	Replacement of Inaccessible Steel Service Line & Inside Meter Move Out Program	Various Areas			\$ 184,691		\$ 327,443		\$ -		\$ 32,193	\$ 544,326
22	Guilford Station Odorizer Replacement	Guilford			\$ -		\$ 10,097		\$ 154,142		\$ -	\$ 164,239
23	Rising Sun Tap Station Odorizer Replacement	West Aurora			\$ -		\$ -		\$ -		\$ 145,659	\$ 145,659
24	Brookville Station Odorizer Replacement	New Trenton			\$ -		\$ -		\$ -		\$ -	\$ -
25	Denridge Station Replacement	Aurora			\$ -		\$ -		\$ -		\$ -	\$ -
26	Rising Sun Steel Tubing Service Line Replacement Program	Rising Sun			\$ -		\$ -		\$ -		\$ -	\$ -
27	Rising Sun Town Border Station Replacement & Catalytic Heater addition	Rising Sun			\$ -		\$ -		\$ -		\$ -	\$ -
28	West Harrison Station 287 Replacement	West Harrison			\$ -		\$ -		\$ -		\$ -	\$ -
29	Prone to Failure Riser Replacement Program (Steel, Normac, etc.)	Various Areas			\$ -		\$ -		\$ -		\$ 8,234	\$ 8,234

Cause No. 45131 - FMCA-4

Exhibit 1

Attachment JTS-1 [PUBLIC]

**Sycamore Gas Company**  
**Federally-Mandated Compliance Plan**  
**Project List**  
**[Public Version]**

#	Project Name	Location	Approved Estimate from Original Plan	FMCA-1		FMCA-2		FMCA-3		FMCA-4		FMCA Total
				Updated Estimate	Actual Costs Incurred in Period	Updated Estimate	Actual Costs Incurred in Period	Updated Estimate	Actual Costs Incurred in Period	Updated Estimate	Actual Costs Incurred in Period	Actual Costs Incurred to Date
30	Completion of missing data for main and service line information (O&M)	Various Areas			\$ -		\$ -		\$ 1,984		\$ 11,184	\$ 13,168
31	Front & 1st Street Regulator # 8	Lawrenceburg			\$ -		\$ -		\$ -		\$ -	\$ -
32	Ridge & Cook Regulator # 14	Greendale			\$ -		\$ -		\$ -		\$ -	\$ -
33	Bellaire Station 318	Lawrenceburg			\$ -		\$ -		\$ -		\$ -	\$ -
34	F/L IG04 Repl. 1,172' of 8" SPCW 1965 and RR Casing at Guilford Station and Pribble Road	Lawrenceburg	Not included in original case		\$ -		\$ 266,780		\$ 38,743		\$ -	\$ 305,523
	<b>Total</b>		\$ 10,270,284	\$ 10,494,743	\$ 947,092	\$ 10,494,743	\$ 990,333	\$ 10,713,307	\$ 549,482	\$ 10,813,490	\$ 765,370	\$ 3,252,277
	<b>Total Capital</b>				\$ 947,092		\$ 990,333		\$ 547,498		\$ 754,186	\$ 3,239,109
	<b>Projects Exceeding 125% of Estimate</b>											
15	F/L IG01 Repl. 3,620' of 1950 Steel and Hillcrest Station (Job 18-1011) - Amount > 125%						\$ 82,884					\$ 82,884
34	F/L IG04 Repl. 1,172' of 8" SPCW 1965 and RR Casing at Guilford Station and Pribble Road								\$ 24,949			\$ 24,949
	<b>Total Included in FMCA Request</b>		\$ 10,270,284	\$ 10,494,743	947,092	\$ 10,494,743	\$ 907,449	\$ 10,713,307	\$ 524,533		\$ 765,370	3,144,444
	<b>Total Included in FMCA Request - Capital Expenditures</b>				947,092		\$ 907,449		\$ 522,549		\$ 754,186	3,131,276

**Sycamore Gas Company**  
**Federally-Mandated Compliance Plan**  
**Detailed Work Order Estimate for Project 17**  
**[Public Version]**

**[This Exhibit contains the CONFIDENTIAL detailed work order estimate for the  
project listed above and identified in Sycamore Gas Company's  
Federally-Mandated Compliance Plan.]**

**Sycamore Gas Company**  
**Federally-Mandated Compliance Plan**  
**Project List - Revised Estimates - Summary of Changes to Attachment JTS-2**  
**[Public Version]**

#	Project Name	Approved Estimate from Original Plan	FMCA-4 Updated Estimate	Increase Requested (\$)	% Increase Requested	Reasons for increased estimates
17	F/L IG04 Oberting to Billups Residence - 13,000' of 8" Steel					• Additional segment consisting of 521' of 8" steel installed in 1964 was found that needs to be replaced to enable proper cathodic protection of the remaining segments of pipe.
For 1 Updated Project, Totals are:						Total Increase Requested
Summary of Plan Estimates - Cause 45131						
Original Plan Estimate		\$ 10,270,284				
Addition of Project 34 in FMCA-1		\$ 224,459				
Approved Plan Estimate through FMCA-1		\$ 10,494,743				
Requested Increase in FMCA-3		\$ 218,564				
Approved Plan Estimate through FMCA-3		\$ 10,713,307				
Requested Increase in FMCA-4						
Total of Project Estimates						