

OFFICIAL  
EXHIBIT'S

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA )  
GAS AND ELECTRIC COMPANY D/B/A VECTREN )  
ENERGY DELIVERY OF INDIANA, INC. )  
("VECTREN SOUTH") FOR (1) AUTHORITY TO )  
MODIFY ITS RATES AND CHARGES FOR GAS )  
UTILITY SERVICE THROUGH A PHASE-IN OF )  
RATES, (2) APPROVAL OF NEW SCHEDULES OF )  
RATES AND CHARGES, AND NEW AND REVISED )  
RIDERS, (3) APPROVAL OF A NEW TAX )  
SAVINGS CREDIT RIDER, (4) APPROVAL OF )  
VECTREN SOUTH'S ENERGY EFFICIENCY )  
PORTFOLIO OF PROGRAMS AND AUTHORITY )  
TO EXTEND PETITIONER'S ENERGY EFFICIENCY )  
RIDER ("EER"), INCLUDING THE DECOUPLING )  
MECHANISM EFFECTUATED THROUGH THE )  
EER, (5) APPROVAL OF REVISED )  
DEPRECIATION RATES APPLICABLE TO GAS )  
AND COMMON PLANT IN SERVICE, (6) )  
APPROVAL OF NECESSARY AND APPROPRIATE )  
ACCOUNTING RELIEF, AND (7) APPROVAL OF )  
AN ALTERNATIVE REGULATORY PLAN )  
PURSUANT TO WHICH VECTREN SOUTH )  
WOULD CONTINUE ITS CUSTOMER BILL )  
ASSISTANCE PROGRAMS. )

IURC  
INTERVENOR'S - *Direct Energy*  
EXHIBIT NO. 1  
*6-24-21* AT  
DATE REPORTER

CAUSE NO. 45447

**JUNE 24, 2021 SETTLEMENT HEARING**  
**DIRECT ENERGY EXHIBIT 1**

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**DIRECT TESTIMONY OF JOHN MEHLING ON BEHALF OF**  
**DIRECT ENERGY BUSINESS MARKETING, LLC**

**DIRECT TESTIMONY OF JOHN MEHLING**

1   **Q:   Please state your name, occupation, business address, and on whose behalf you are**  
2       **testifying.**

3   **A:**   My name is John Mehling. I am a Senior Regional Operations Manager at Direct Energy  
4       Business Marketing, LLC (“Direct Energy”). My business address is 300 N. Meridian  
5       St., Suite 1220, Indianapolis, IN 46204. I am testifying on behalf of Direct Energy.

6   **Q:   Please explain the job responsibilities and duties in your current position.**

7   **A:**   I am responsible for managing Direct Energy’s Midcontinent regional pricing and  
8       scheduling team. I am responsible for ensuring that all scheduling functions (i.e.,  
9       forecasting, nominating, volume balancing, pool reconciliation, transportation invoice  
10      approval, etc.) take place in an accurate and timely manner. I manage a scheduling team  
11      that provides around-the-clock support, as required, to monitor Direct Energy’s positions  
12      with utilities and customers. I am also responsible for developing and maintaining a  
13      competitive pricing structure for all of Direct Energy’s Midcontinent markets, including  
14      the Chicago markets. I manage a pricing team that produces timely competitive pricing  
15      while taking into account all supply costs and balancing costs. As Senior Regional  
16      Operations Manager, my functions also include strategic growth planning in conjunction  
17      with our Sales & Trading teams. I also work closely with the utilities in the region I  
18      cover, maintaining relationships with 23 local distributions companies, including Nicor  
19      Gas.

**Q: Please describe your educational background and relevant work experience through your current role at Direct Energy.**

**A:** I have 23 years of experience in the energy industry. In 1997, I began my career with LG&E Energy Marketing as an Energy Coordinator scheduling pipelines and local distribution companies, as well as some power scheduling. Due to LG&E Energy Marketing's decision to exit the unregulated natural gas marketing business, I joined Sigcorp Energy Services, LLC as a Gas Trader/Scheduler in 1999. My responsibilities included trading and scheduling various Midwest pipelines and markets. In 2002, Sigcorp Energy Services, LLC and ProLiance Energy LLC were merged by their parent companies. While at ProLiance Energy, I held the positions of Gas Trader, Director of Commercial & Industrial ("C&I"), Retail Services and ultimately, Director of Gas Operations. In my role as the Director of Gas Operations at ProLiance Energy, LLC, I was responsible for the Pipeline Scheduling group, the C&I Services group, and the Utility Services group. In this position, I oversaw the scheduling, balancing, reconciling, billing, and regulatory and tariff review of all wholesale and retail natural gas activity. I was also actively involved in a collaborative team that handled the structuring of asset management transactions and the procurement of capacity to manage the C&I portfolio. In 2012, I left ProLiance Energy to join Hess Energy Marketing as the Senior Regional Operations Manager of the Midcontinent region. Hess Energy Marketing was acquired by Direct Energy in November 2014, and I maintained the same role at Direct Energy. As the Senior Regional Operations Manager, I am responsible for all retail operations related to this office. My primary oversight is related to the scheduling, balancing, and

pricing of all activity related to industrial, commercial & residential load portfolios. I have 23 years' experience related to industrial and commercial gas operations and over 10 years' experience related to the management of small commercial and residential gas operations. I hold a Bachelor of Arts Degree in Business Administration from Bellarmine University in Louisville, Kentucky, and a Masters Degree in Business Administration from the University of Louisville.

**Q: Have you ever testified before a regulatory agency?**

**A:** Yes. I have testified in the following cases:

- Kentucky PSC case 2012-00222, involving Louisville Gas & Electric's rate case.
- Michigan PSC case U-18424, involving Consumers Energy (on behalf of RESA)
- Michigan PSC case U-18999, involving DTE Energy (on behalf of RESA)
- Illinois Commerce Commission case Docket No. 20-0606, involving Nicor Gas (on behalf of ICEA/RESA)

**Q: What is the purpose of your testimony?**

**A:** The purpose of my testimony is to explain Direct Energy's proposed changes to Southern Indiana Gas and Electric Company D/B/A Vectren Energy Delivery Company of Indiana, Inc.'s ("Vectren South") tariff.

**Q: Are there any attachments to your testimony?**

**A:** Yes. Direct Energy Ex. 1.1 includes the data request responses I reference in my testimony.

**Q: What are your recommendations in this docket?**

63 A: Direct Energy recommends that Vectren South lower the volumetric threshold to qualify  
64 for Vectren South's Rate 145 and therefore opens the market more for end users to have  
65 the opportunity to have a choice of suppliers. Today, their only option is to buy from  
66 Vectren South. Direct Energy likewise recommends that Vectren South eliminate its  
67 nomination error charge. The charge is unnecessary and serves little purpose other than  
68 penalizing minor and unintentional errors, resulting in increased costs that are ultimately  
69 passed on to end users.

70 **Q: What is the basis for your recommendation regarding Vectren South's volumetric**  
71 **thresholds?**

72 A: The volumetric thresholds to qualify for Rate 145 arbitrarily limit supply options for end  
73 users. The goal of a deregulated natural gas market like Indiana's is to foster an open and  
74 competitive supplier marketplace. However, the volumetric thresholds in Vectren  
75 South's tariff act as a barrier to competition. Currently, Vectren South's tariff requires  
76 that customers use 5000 dekatherms annually to qualify for Rate 145. Lowering this  
77 annual threshold to 2500 dekatherms annually would make an additional 123 accounts  
78 eligible for Rate 145. *See* Ex. 1-1, at 1. Lowering the volumetric threshold from 5000  
79 dekatherms annually to 2500 dekatherms annually would create more opportunities for  
80 end use customers to lower their costs.

81 **Q: Are there any alternatives to lowering the threshold that achieve the same result?**

82 A: An alternative method by which to achieve the same goal would be to allow end use  
83 customers with multiple locations under common ownership (i.e. big box stores) to  
84 aggregate the usage on all accounts to meet the current volumetric threshold for Rate 145.

85 Currently, 1,386 Vectren South commercial and industrial customers have more than one  
86 account. *See* Ex. 1-1; at 2. Of these accounts, 48 commercial and industrial customers  
87 would surpass the 5000 dekatherm threshold when aggregated under the common  
88 account owner. *See* Ex. 1-1; at 3. Such a change is less advantageous for Vectren South  
89 and for end users, as the administrative burdens associated with establishing Rate 145  
90 eligibility would be greater and fewer end use customers would benefit. The more  
91 effective and less burdensome change is to simply lower the annual volumetric thresholds  
92 for Rate 145 eligibility in Vectren South's tariff from 5000 dekatherms to 2500  
93 dekatherms.

94 **Q: Why should the volumetric thresholds be changed?**

95 A: As noted above, the purpose of a deregulated market is to provide end use customers with  
96 options in obtaining service. Such options foster greater competition among suppliers,  
97 thereby lowering costs for end use customers and ensuring the provision of safe and  
98 reliable service at just and reasonable rates. Vectren South's arbitrary volumetric  
99 thresholds are unreasonable and lead to unnecessary increases in cost. Vectren already  
100 allows schools and governmental entities, regardless of size, to transport under Rate 125.  
101 Several similarly located local distribution companies ("LDCs"), such as Citizens Gas,  
102 Northern Indiana Public Service Company, and Ameren Illinois, do not have the same  
103 minimum thresholds as Vectren South. Several Direct Energy customers inquire about  
104 Rate 145 only to be informed they do not qualify due to the volumetric thresholds in  
105 Vectren South's tariff. Therefore, Vectren South's volumetric thresholds for Rate 145  
106 eligibility should be lowered from 5000 dekatherms to 2500 dekatherms. Alternatively,

customers with multiple accounts should be allowed to aggregate their usage in order to meet current eligibility standards.

**Q: What is the basis for your recommendations regarding Vectren South's nomination error charge?**

A: The nomination error charge is often assessed for unintentional human error and is unnecessarily punitive. Suppliers such as Direct Energy already have the incentive to ensure that its nominations are entered correctly, because Vectren South has daily cashouts for penalties when a supplier is outside of Vectren South's tolerances. As with Vectren South's volumetric thresholds, no other similarly-situated LDCs in the Midwest impose a similar charge. In 2019, Vectren South collected \$16,803 in nomination error charges. *See* Ex. 1-1; at 4. In 2020, Vectren South collected \$4,634 in nomination error charges. *See* Ex. 1-1; at 4. These charges are unnecessarily punitive, and much like the volumetric thresholds for Rate 145, increase costs for Direct Energy. These increased costs diminish Direct Energy's ability to compete in the natural gas market, and ultimately drive up costs for end users.

**Q: Does this conclude your testimony?**

A: Yes, it does.



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**AFFIDAVIT OF JOHN MEHLING**

I, John Mehling, certify that the direct testimony, related exhibits, and responses to information requests, on behalf of Direct Energy Business Marketing, LLC, filed in the above-captioned docket which bear my name, were prepared by me or under my supervision and are true and accurate to the best of my knowledge and belief.

Signed under the pains and penalties of perjury this 19th day of February, 2021.

/s/John Mehling

John Mehling, Senior Regional Operations Manager  
Direct Energy Business Marketing, LLC

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**Southern Indiana Gas and Electric Company D/B/A Vectren Energy Delivery Company of  
Indiana, Inc.  
Indiana Utility Regulatory Commission  
Cause No. 45447  
Direct Energy First Set of Data Requests**

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1-1. Please provide the number of commercial/industrial accounts that use between 2500-5000 McFs annually.

**Response:**

Based on the 2019 base period in this proceeding, Vectren South had 123 commercial/industrial accounts that use between 2500-5000 MCF annually. Please note the Vectren South Gas Tariff Rate 145 applicability is in therms, not MCF.

**Southern Indiana Gas and Electric Company D/B/A Vectren Energy Delivery Company of  
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- 1-2. Please provide the number of commercial/industrial customers that have more than one account.

**Response:**

Based on the 2019 base period, there were 1,386 Vectren South commercial/industrial customers that had more than one account.

**Southern Indiana Gas and Electric Company D/B/A Vectren Energy Delivery Company of  
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- 1-3. When the usage of those commercial/industrial customers with more than one account is aggregated under the common account owner, how many surpass the 5000 McF threshold to transport?

**Response:**

During the 2019 base period, for those commercial/industrial customers that have more than one account, there are 48 Vectren South customers that surpass the 5000 McF threshold when aggregated under the common account owner. Please note the Vectren South Gas Tariff Rate 145 applicability is in therms, not MCF.

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1-4. How much is collected annually under the nomination error charge?

**Response:**

In 2019, there was \$16,803 collected in the nomination error charges for Vectren South.  
In 2020, there was \$4,634 collected in the nomination error charges for Vectren South.