

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. FOR (1))
APPROVAL OF AN ADJUSTMENT TO ITS GAS)
SERVICE RATES THROUGH ITS CSIA RATE)
SCHEDULE, (2) AUTHORITY TO DEFER 20% OF)
THE APPROVED EXPENDITURES FOR)
RECOVERY IN PETITIONER'S NEXT GENERAL) CAUSE NO. 44429 TDSIC-13
RATE CASE AND (3) APPROVAL OF)
PETITIONER'S UPDATED 7-YEAR PLAN,)
INCLUDING ACTUAL AND PROPOSED)
ESTIMATED CAPITAL EXPENDITURES AND)
CSIA COSTS, ALL PURSUANT TO IND. CODE)
CHPT. 8-1-8.4 AND 8-1-39 AND THE)
COMMISSION'S ORDER IN CAUSE NO. 44429)

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 1 – TESTIMONY OF OUCC WITNESS
HEATHER R. POOLE

With the current requirement that all staff work from home, signatures for affirmations are not available at this time.

November 24, 2020

Respectfully submitted,



Jeffrey M. Reed
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Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS HEATHER R. POOLE
CAUSE NO. 44429 TDSIC-13
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A VECTREN
ENERGY DELIVERY OF INDIANA, INC.

I. INTRODUCTION

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

2 A: My name is Heather R. Poole, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, IN 46204.

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

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as
6 the Assistant Director of the Natural Gas Division. I have worked as a member of
7 the OUCC's Natural Gas Division since December of 2010. For a summary of my
8 educational and professional experience, as well as my preparation for this case,
9 please see the Appendix attached to my testimony.

10 **Q: What are your recommendations?**

11 A: I recommend approval of Southern Indiana Gas and Electric Company d/b/a
12 Vectren Energy Delivery of Indiana, Inc.'s ("Vectren South" or "Petitioner")
13 request to recover 80% of its Compliance and System Improvement Adjustment
14 ("CSIA") charges being requested in this tracker proceeding. I also recommend
15 approval of Vectren South's request to defer 20% of the calculated revenue
16 requirement on recoverable Compliance Project and TDSIC Project investments
17 and an adjustment to Vectren South's authorized net operating income to reflect any
18 approved earnings for purposes of Ind. Code § 8-1-2-42(g)(3).

1 In addition to my testimony, OUCC witness Brien R. Krieger discusses
2 Vectren South's request for approval of its updated 7-year plan for both TDSIC and
3 Compliance projects, including actual and proposed estimated capital expenditures.

II. COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT CHARGES

4 **Q: Describe your review regarding Petitioner's specific request to recover CSIA**
5 **charges.**

6 A: As previously approved by prior order dated August 27, 2014 in Cause No. 44429,
7 Petitioner's CSIA charges have both a Compliance Component and a Transmission,
8 Distribution, and Storage System Improvement Charge ("TDSIC") Component. I
9 analyzed Petitioner's CSIA cost recovery and revenue calculations set forth in
10 Petitioner's Exhibits attached to the testimony of Petitioner's witness J. Cas Swiz. I
11 will address my review of these Exhibits and Schedules in my testimony below.

A. Compliance Component

12 **Q: Describe your analysis of Petitioner's Compliance Component.**

13 A: I performed a comprehensive analysis of the calculations and data flow contained
14 in Petitioner's Compliance Component schedules, which are contained in
15 Petitioner's Exhibit No. 3, Attachment JCS-2, Schedules 1 through 9. I traced
16 specific data to source documentation provided by Petitioner; recalculated
17 Petitioner's property tax expense, annualized depreciation expense, deferred
18 depreciation expense and deferred Post In-Service Carrying Costs ("PISCC"); and
19 verified the pre-tax rate of return.

1 **Q: Do the recommendations of OUCC witness Krieger impact Petitioner's**
2 **Compliance Component schedules?**

3 A: No. Mr. Krieger does not make any recommended adjustments to the Compliance
4 Plan actual costs requested for recovery in this Cause.

5 **Q: Have you determined a need for any additional adjustments to Petitioner's**
6 **Compliance Component schedules?**

7 A: Yes. On Petitioner's Exhibit No. 3, Attachment JCS-3, Schedule 8, the total retail
8 revenues reported on line 4 did not match supporting documentation provided by
9 Vectren South. I discussed this discrepancy informally with Vectren South, and
10 Vectren South stated it would file a revised Attachment JCS-3, Schedule 8. This
11 error had no impact on any other schedules.

12 **Q: Has Petitioner included Pipeline Safety Operation and Maintenance ("O&M")**
13 **expenses within the Compliance Component?**

14 A: Yes. By prior order in Cause No. 44429, Vectren South was authorized to merge its
15 existing Pipeline Safety Adjustment ("PSA") with the Compliance Component of
16 the CSIA and eventually discontinue the PSA filings. All mandated O&M expenses
17 incurred on and after January 1, 2014 are to be deferred and included in the CSIA.
18 (*Vectren South, Cause No. 44429, Order of August 27, 2014, pages 25-26.*) As part
19 of the Compliance Component, Petitioner has included a total of \$3,995,712 in
20 O&M expenses, which consists of the following: \$871,083 for transmission
21 integrity management; \$500,388 for distribution integrity management; \$139,359
22 for facility damage reduction; \$100,961 for operator qualification; \$4,246 for safety
23 systems management; and \$2,379,675 related to storage field safety. As requested
24 by the OUCC in Cause No. 44429, Petitioner submitted supporting documentation
25 for the transmission and distribution integrity management pipeline safety expenses

1 to the OUCC. I reviewed this supporting documentation and found no errors.

B. TDSIC Component

2 **Q: Describe your analysis of Petitioner's TDSIC Component.**

3 A: I performed a comprehensive analysis of the calculations and data flow contained
4 in Petitioner's TDSIC Component schedules, which are contained in Petitioner's
5 Exhibit No. 3, Attachment JCS-3, Schedules 1 through 9. I traced specific data to
6 source documentation provided by Petitioner; recalculated Petitioner's property tax
7 expense, annualized depreciation expense, deferred depreciation expense and
8 deferred PISCC; and verified the pre-tax rate of return.

9 **Q: Is Petitioner proposing any recovery of new rural extension costs within this**
10 **TDSIC filing?**

11 A: No. Petitioner's workpapers provided to the OUCC show no new rural extension
12 costs being included for recovery in this filing.

13 **Q: Do the recommendations of OUCC witness Krieger impact Petitioner's TDSIC**
14 **Component schedules?**

15 A: No. Mr. Krieger does not make any recommended adjustments to the TDSIC Plan
16 actual costs requested for recovery in this Cause.

17 **Q: Have you determined a need for any adjustments to Petitioner's TDSIC**
18 **Component schedules?**

19 A: No. My review did not find any errors or discrepancies in Petitioner's TDSIC
20 Component schedules.

C. Effect of Tax Cuts and Jobs Act of 2017 ("TCJA")

21 **Q: What adjustments were made in this filing as a result of the TCJA?**

22 A: There is one adjustment made in this filing as a result of the TCJA. The excess

1 accumulated deferred income ("EADIT") tax liability amortization for 2021 will be
2 refunded to customers evenly over the 2021 calendar year. The total 2021 amount
3 from Vectren South's final 2017 tax return of \$742,965 was grossed up for taxes to
4 arrive at \$1,051,917. This grossed up amount was provided in Vectren South's
5 workpapers in TDSIC-13 and was verified by the OUCC. This amount is shown as
6 a refund to customers on Petitioner's Exhibit No. 3, Attachment JCS-4, Schedule 1.

7 **Q: Did you review all calculations relating to the TCJA?**

8 A: Yes. I reviewed the calculations of all EADIT liability amortization amounts
9 included in this filing. I found no errors in Vectren South's calculations.

D. Total Annual Revenue Requirement and Allocation to Customers

10 **Q: Describe your analysis of Petitioner's total revenue requirement and allocation**
11 **to customers.**

12 A: I performed a comprehensive analysis of the total revenue requirement calculation,
13 as shown on Petitioner's Exhibit No. 3, Attachment JCS-1, Schedules 1 - 4. I also
14 performed an analysis of Petitioner's revenue requirement allocation and rate
15 derivation, as shown on Petitioner's Exhibit No. 3, Attachment JCS-4, Schedules 1-
16 3.

17 **Q: Did Petitioner include any variances in this TDSIC-13 filing?**

18 A: Yes. The TDSIC-13 filing includes actual Compliance and TDSIC costs from
19 January 1, 2020 to June 30, 2020 for recovery. Petitioner's CSIA rates, approved in
20 TDSIC-10, were in effect from July 30, 2019 through January 29, 2020.
21 Petitioner's CSIA rates, approved in TDSIC-11, were in effect from January 30,
22 2020 through July 22, 2020. Therefore, CSIA rates were in place during the

1 reconciliation period of this filing. Petitioner's Exhibit No. 3, Attachment JCS-1,
2 Schedule 2 shows the total variance between actual recoveries during January
3 through June 2020 and approved recoveries from TDSIC-10 and TDSIC-11.

4 **Q: Do you agree with Petitioner's methodology and calculation of the variance**
5 **included for recovery in this Cause?**

6 A: Yes. As shown on Petitioner's Exhibit No. 3, Attachment JCS-1, Schedule 2, a total
7 under-recovery variance of \$577,627 is included in this Cause. I have reviewed
8 Petitioner's calculation and found no errors.

9 **Q: What are your recommended CSIA factors?**

10 A: I recommend approval of Petitioner's calculated CSIA factors, as found on
11 Petitioner's Exhibit No. 3, Attachment JCS-4, Schedule 1.

III. 20% DEFERRAL OF CALCULATED REVENUE REQUIREMENT

12 **Q: Have you reviewed Petitioner's 20% deferral of calculated revenue**
13 **requirement?**

14 A: Yes. I have reviewed Petitioner's calculation, as found on Petitioner's Exhibit No.
15 3, Attachment JCS-2, Schedule 1 and Attachment JCS-3, Schedule 1. Petitioner's
16 Exhibit No. 3, Attachment JCS-4, Schedule 3 allocates the 20% deferral to each
17 month of the annual period.

18 **Q: Do you agree with Petitioner's methodology of calculating the 20% deferral**
19 **amounts?**

20 A: Yes. I recalculated the 20% deferral and allocation to each month of the annual
21 period and found no errors with Petitioner's methodology of doing so.

22 **Q: What is your recommended deferral amount?**

23 A: I recommend approval of Petitioner's deferral amounts of \$5,941,975 for the
24 Compliance Component and \$568,745 for the TDSIC Component.

IV. ADJUSTMENT TO AUTHORIZED NET OPERATING INCOME

1 **Q: Did Petitioner request an adjustment to authorized net operating income for**
2 **the Gas Cost Adjustment ("GCA")?**

3 A: Yes. Petitioner's witness Swiz states on page 18, lines 25-29 of his testimony:

4 In accordance with the Order, Vectren South will adjust its statutory
5 NOI earnings test by increasing its authorized NOI by incremental
6 earnings from approved CSIA filings. This calculates the after-tax
7 return on investment that will be added to the authorized NOI by
8 multiplying the net new capital investment from line 6 of
9 Attachments JCS-2 and JCS-3, Schedule 1 by the after-tax WACC
10 on line 5 of Schedule 4, Page 1.

11 **Q: Do you agree with Petitioner's methodology of the adjustment to authorized**
12 **net operating income for the GCA?**

13 A: Yes. I found no errors in Petitioner's methodology of the adjustment to authorized
14 net operating income for the GCA.

15 **Q: What is your recommended adjustment to authorized net operating income**
16 **for the GCA?**

17 A: I recommend approval of Petitioner's calculation of its adjustment to authorized net
18 operating income of \$11,954,372 for the Compliance Component and \$1,611,999
19 for the TDSIC Component, as shown on Petitioner's Exhibit No. 3, Attachment
20 JCS-2, Schedule 9 and Attachment JCS-3, Schedule 9.

V. RECOMMENDATIONS

21 **Q: What are your recommendations regarding Vectren South's requested CSIA**
22 **Factors in the current TDSIC-13 filing?**

23 A: I recommend approval of Petitioner's calculation of its CSIA Factors, as shown on
24 Petitioner's Exhibit No. 3, Attachment JCS-4, Schedule 1. I recommend deferral of
25 \$5,941,975 in the Compliance Component and \$568,745 in the TDSIC Component.
26 I also recommend an adjustment to authorized net operating income for the GCA of

1 \$11,954,372 for the Compliance Component and \$1,611,999 for the TDSIC
2 Component.

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

4 A: Yes.

APPENDIX TO TESTIMONY OF
OUCC WITNESS HEATHER R. POOLE

1 **Q: Describe your educational background and experience.**

2 A: I graduated from the School of Business at Ball State University in Muncie,
3 Indiana with a Bachelor of Science Degree in Accounting in May 2001, and a
4 Master of Science Degree in Accounting in May 2002. From September 2002
5 through September 2010, I worked for London Witte Group, LLC, a CPA firm in
6 Indianapolis, Indiana, as a Senior Staff Accountant. I prepared and reviewed
7 individual, corporate, not-for-profit, property and payroll tax returns; prepared
8 compilations, reviews and audit reports in compliance with GAAP for a variety of
9 utility companies and not-for-profit organizations; prepared depreciation
10 schedules; and guided clients through year-end accounting processes, including
11 preparation and review of adjusting entries. I prepared and reviewed Gas Cost
12 Adjustment (“GCA”) petitions, as well as annual reports filed with the Indiana
13 Utility Regulatory Commission (“Commission”) for natural gas companies within
14 the State of Indiana. I also prepared rate case exhibits and schedules filed with the
15 Commission on behalf of various gas utility clients.

16 In December 2010, I began my employment with the OUCC as a Utility
17 Analyst II. In October 2012, I was promoted to Senior Utility Analyst. In
18 February 2017, I was promoted to Assistant Director of the Natural Gas Division.
19 My current responsibilities include reviewing and analyzing rate cases filed by
20 Indiana natural gas, electric and water utilities with the Commission. I also review
21 GCAs, special contracts, tariff, financing, certificate of public necessity, pipeline

1 safety adjustment, gas demand side management, alternative regulatory plan, 7-
2 Year Plan, Federal Mandated Cost Adjustment Tracker, and TDSIC Tracker cases
3 for natural gas utilities.

4 In May 2016, I passed the Certified Public Accountant (“CPA”) Exam and
5 obtained my CPA license in June 2016. While employed at the OUCC, I
6 completed NARUC’s Utility Rate School hosted by the Institute of Public
7 Utilities at Michigan State University and the Institute of Public Utilities
8 Advanced Regulatory Studies Program at Michigan State University. I am also a
9 member of the Indiana CPA Society.

10 **Q: Have you previously testified before the Commission?**

11 A: Yes. I have testified in GCAs, rate cases, TDSIC tracker cases, 7-Year Plan cases,
12 tariff, gas demand side management, decoupling, and special contract cases
13 involving gas and water utilities. I also provided extensive testimony in the
14 Commission’s investigation into the existing GCA procedures and schedules.

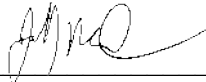
15 **Q: What review and analysis have you conducted to prepare your testimony?**

16 A: I reviewed the petition, testimony, exhibits, and supporting documentation
17 submitted in this Cause. I participated in a pre-filing meeting with Petitioner’s
18 representatives to discuss this case. I reviewed the Commission’s Orders in Cause
19 No. 44429, and Cause Nos. 44429 TDSIC-1 through TDSIC-12.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing ***OUCC'S TESTIMONY OF HEATHER R. POOLE*** has been served upon the following counsel of record in the captioned proceeding by electronic service on November 24, 2020.

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