

**INDIANA GAS COMPANY, INC.
D/B/A VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN NORTH)
A CENTERPOINT ENERGY COMPANY**

FILED
December 18, 2020
INDIANA UTILITY
REGULATORY COMMISSION

IURC CAUSE NO. 45468

**DIRECT TESTIMONY
OF
TERESA JOY CULLUM
SUPERVISOR, CREDIT AND COLLECTIONS**

ON

VECTREN NORTH'S UNIVERSAL SERVICE PROGRAM

**SPONSORING PETITIONER'S EXHIBIT NO. 15,
ATTACHMENTS TJC-1 THROUGH TJC-2**

Glossary of Acronyms

CAP	Community Action Program
CenterPoint	CenterPoint Energy, Inc.
Citizens Energy	Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis
Company	Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc.
IHCDA	Indiana Housing and Community Development Authority
IURC or Commission	Indiana Utility Regulatory Commission
LIHEAP	Low Income Home Energy Assistance Program
NIPSCO	Northern Indiana Public Service Company
Petitioner	Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc.
Program	Universal Service Program
SMI	State Median Income
USF	Universal Service Fund
USP	Universal Service Program
Vectren	Vectren Corporation
Vectren North	Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South	Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren Ohio	Vectren Energy Delivery of Ohio, Inc.

TABLE OF CONTENTS

I. INTRODUCTION 4

II. BACKGROUND 6

III. PROGRAM STRUCTURE..... 7

IV. USP EXTENSION REASONABLENESS..... 11

V. VECTREN'S PROPOSAL FOR USP EXTENSION 14

VI. STATUTORY AUTHORITY..... 16

VII. CONCLUSION 18

DIRECT TESTIMONY OF TERESA JOY CULLUM

1 **I. INTRODUCTION**

2

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

4 A. My name is Teresa Joy Cullum. My business address is 211 NW Riverside Drive,
5 Evansville, Indiana, 47708.

6

7 **Q. By whom are you employed?**

8 A. I am employed by Vectren Corporation ("Vectren"), a wholly-owned subsidiary of
9 CenterPoint Energy, Inc. ("CenterPoint").

10

11 **Q. On whose behalf are you testifying in this proceeding?**

12 A. I am testifying on behalf of Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery
13 of Indiana, Inc. ("Petitioner", "Vectren North" or "the Company"), which is a subsidiary
14 of Vectren.

15

16 **Q. What is your role with respect to Petitioner Vectren North?**

17 A. I am Supervisor of Credit & Collections for Vectren, which is the parent company of
18 the Petitioner. I have the same role with two other utility subsidiaries of Vectren –
19 Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana,
20 Inc. ("Vectren South") and Vectren Energy Delivery of Ohio, Inc. ("Vectren Ohio").

21

22 **Q. Please describe your educational background.**

23 A. I earned a Bachelor of Arts degree in Management with an emphasis in Business
24 Administration from the University of Northern Iowa, a public university located in

1 Cedar Falls, Iowa in 1994.

2

3 **Q. Please describe your professional experience.**

4 A. In 2001, I began my career with Vectren in the Remittance Department as a Team
5 Lead. Remittance and Credit & Collections areas were later combined to form the
6 Receivables Management Department, which included customer payment channel
7 management and reporting, returned customer payments, customer payment
8 exceptions, customer deposit management, customer credit refunds, and residential
9 collection management. During my tenure in Receivables Management, I was
10 promoted to Supervisor in 2015. In February 2019, I assumed the role of Supervisor
11 of Credit & Collections, which includes oversight of Indiana Low Income Programs.

12

13 **Q. What are your present duties and responsibilities as Supervisor of Credit &
14 Collections?**

15 A. I have responsibility for low income programs management as well as credit approval
16 and collection activities for residential and commercial customers, to include outside
17 collection agency management.

18

19 **Q. Have you ever testified before any state regulatory commission?**

20 A. Yes. I have provided direct testimony on behalf of Vectren South in its general gas
21 rate case proceeding under Cause No. 45447. I also provided direct testimony on
22 behalf of the Company in Cause No. 45405 to support its request to continue the
23 Universal Service Program ("USP" or "Program") beyond September 30, 2020, until
24 such Program can be reviewed in a base rate case.

25

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. Similar to the Vectren South request in its pending rate case, Cause No. 45447, I will
3 support the Company's request to continue the USP with certain modifications as
4 described later in this testimony. The current USP was most recently approved in the
5 Commission's Order in Cause No. 45405 dated September 23, 2020 which authorized
6 the USP as approved on September 10, 2014 in Cause No. 44455 to continue without
7 modification, except to its expiration date, until the Commission approves a final order
8 in the Company's next gas rate case (which is this proceeding).

9

10 **Q. Are you sponsoring any attachments in this proceeding?**

11 A. Yes. I am sponsoring the following attachments in this proceeding:

- 12 • Petitioner's Exhibit No. 15, Attachment TJC-1: A listing of community action
13 program ("CAP") agencies serving Vectren North's service territories.
- 14 • Petitioner's Exhibit No. 15, Attachment TJC-2: A table showing historical
15 distributions to Vectren North's customers.

16

17 **Q. Were these attachments prepared by you or under your supervision?**

18 A. Yes, they were.

19

20

21 **II. BACKGROUND**

22

23 **Q. Briefly describe the history of the USP.**

24 A. In 2004, the Commission approved the USP as a pilot program in an Order in Cause
25 No. 42590. Since that time, various Orders have extended the USP program and it
26 remains in existence today to assist low income residential customers throughout

1 Indiana who qualify for the Indiana Low Income Home Energy Assistance Program
2 (“LIHEAP”) during the heating season.

3

4 **Q. What is LIHEAP?**

5 A. LIHEAP is a federally funded program that helps low-income households with their
6 home energy bills. Indiana customers struggling to pay utility bills apply for LIHEAP
7 assistance by contacting their local Community Action Program (“CAP”) agency. The
8 Indiana Housing and Community Development Authority (“IHCDA”) administers and
9 oversees LIHEAP funds that are allocated to Indiana CAP agencies. CAP agencies
10 determine customer eligibility for LIHEAP funding during the intake process.

11

12 **Q. What household income guidelines are currently used for Indiana LIHEAP?**

13 A. Prior to the 2018/2019 heating season, the household income guideline used for
14 Indiana LIHEAP was at or below 150% of the Federal Poverty Level. In 2018, the
15 household income guideline was modified to at or below 60% State Median Income.

Family of Four (4)

	100%	60%	70%
2020 Indiana State Median Income (SMI) ¹	\$ 79,598	\$ 47,759	\$ 55,719

Family of Four (4)

	100%	150%	200%
2020 Federal Poverty Level (FPL)	\$ 26,200	\$ 39,300	\$ 52,400

16

17

18 **III. PROGRAM STRUCTURE**

19

20 **Q. What is the design or structure of USP?**

¹ Indiana Low Income Home Energy Assistance Program Intake and Operations Program Manual
2019-2020 – page 55

1 A. The USP has two elements – bill discounts and crisis hardship fund.

2

3 **Q. What are the USP bill discounts?**

4 A. USP bill discounts are tiered discounts received by customers who qualify for LIHEAP
5 funding. The USP bill discounts provide a monthly credit for qualifying customers
6 beginning December 1st (or upon receipt of a transmittal from the CAP agency
7 indicating the customer qualifies) and continues through May 31 of the following year.
8 These discounts are designed to make heating bills more manageable for low-income
9 customers. The net bill for residential gas service provided to Vectren North's low-
10 income customers participating in USP is 15%, 26% or 32% lower than it otherwise
11 would be, depending on the applicant's eligibility for the state's benefit matrix used to
12 determine LIHEAP eligibility.

13

14 **Q. How are eligible customers enrolled in Vectren North's USP bill discounts?**

15 A. Vectren North works closely with CAP agencies within the Company's service
16 territories. The CAP agencies distribute LIHEAP funding and qualify customers for
17 USP discounts. The amount of the bill discount (15%, 26%, or 32%) is determined
18 within the qualification process. Each day a file is electronically transferred from the
19 CAP agencies to Vectren North that identifies the amount of the LIHEAP assistance
20 the customer should have applied to their account and activates the appropriate USP
21 discount tier within Vectren North's billing system.

22

23 **Q. Which CAP agencies provide service in Vectren North's service territories?**

24 A. Please reference Petitioner's Exhibit No. 15, Attachment TJC-1. The attachment is a
25 list of the CAP agencies that serve low-income customers in Vectren North's service
26 territories.

1

2 **Q. What is the crisis hardship fund?**

3 A. Currently, the crisis hardship fund is intended to assist customers at or below 200% of
4 the poverty guideline, providing assistance of up to \$200 to establish or retain natural
5 gas service where a customer is facing a life event crisis, such as job loss or
6 catastrophic illness. The crisis hardship fund also provides up to \$200 to establish or
7 retain gas service for customers previously identified as a monthly USP bill discount
8 recipient through the state's LIHEAP qualification process and entered into a payment
9 arrangement for the portion of the remaining bill not covered by LIHEAP benefit and
10 monthly discount.

11

12 **Q. How does a customer receive crisis hardship funding?**

13 A. Vectren North's customers are advised of this program when they contact Customer
14 Service and express hardship. Vectren North's Customer Service Department
15 qualifies customers directly and the customer self-declares the income eligibility.

16

17 **Q. How is the USP program funded?**

18 A. Currently, Vectren North contributes 30% of total program costs to fund the USP,
19 which includes bill discounts and crisis hardship assistance. The other 70% is funded
20 by customer contributions through the Universal Service Fund ("USF") Rider currently
21 in place.

22

23 **Q. How do customer contributions fund the USP?**

24 A. A low-cost contribution is applied to all customer bills. For example, the currently
25 effective Vectren North USF Rider as of October 1, 2020 is \$0.0025 per therm. Based
26 on an average use per residential customer of 811 therms per year, Vectren North

1 customers are each contributing \$2.03 per year towards the USP. Petitioner's Witness
2 Katie J. Tieken will elaborate on the structure of the USF Rider and customer bill
3 impacts.

4

5 **Q. How many of Vectren North's residential customers have participated in the**
6 **USP?**

7 A. During the 2018/2019 heating season, Vectren North had 14,165 customers enrolled
8 in USP. These customers received monthly discounts of \$1,507,417 during the
9 2018/2019 heating season. The program has also provided crisis hardship assistance
10 to 1,684 Vectren North residential customers during the 2018/2019 heating season.
11 During the 2019/2020 heating season, 13,613 Vectren North residential customers
12 received monthly discounts of \$1,384,376. Crisis hardship assistance was provided
13 to 1,702 Vectren North residential customers during the 2019/2020 heating season.
14 Additional information from prior heating seasons through 2019/2020 is provided in
15 Petitioner's Exhibit No. 15, Attachment TJC-2.

	North					
	USP			Crisis/Hardship		
Season	# HH	\$ BENEFIT	\$ AVG	#HH	\$ BENEFIT	\$ AVG
2018/2019	14,165	\$1,507,417	\$106	1,684	\$ 298,029	\$177
2019/2020	13,613	\$1,384,487	\$102	1,702	\$ 288,554	\$170

16

17 **Q. What are the benefits of the Universal Service Program?**

18 A. Vectren North's USP provided significant monthly bill discounts totaling \$7,399,965 to
19 participating low-income customers since heating season 2014/2015 through
20 2019/2020. An additional \$2,142,840 in crisis hardship assistance was provided
21 during the 2014/2015 heating seasons through 2019/2020. To see a breakdown by
22 season for bill discounts and crisis hardship assistance see Petitioner's Exhibit No. 15,
23 Attachment TJC-2.

1

2

3 **IV. USP EXTENSION REASONABLENESS**

4

5 **Q. Why should the Commission extend Vectren North's USP?**

6 A. Vectren's USPs have been in place since 2004 and should be extended as these long-
7 standing programs will continue to provide assistance to Indiana low-income
8 customers. One measure of effectiveness of the USP is to review bad debt associated
9 with low-income customers. The average write-off rate for Vectren's Indiana low-
10 income customers pre-USP (2003/2004) was 24%. The average over the period of
11 2005 through 2018 ranged from 10% to 15% compared to the average write off for
12 Indiana low income customers during the 2018-2019 heating season at 6%. The
13 average write-off for Vectren North non low-income customers during the 2018-2019
14 heating season was 3.9%. USP is a contributing factor in reducing the write-off rate
15 for low-income customers. Discontinuation of this program would result in elimination
16 of the significant bill discounts and crisis hardship assistance benefits to low-income
17 and vulnerable customers that need it most in Vectren North's service territories.
18 Petitioner's Exhibit No. 15, Attachment TJC-2 shows the number of customers who
19 have benefitted from Vectren North's USP in the past. Without these programs, these
20 customers would not receive the benefit of a bill discount and crisis hardship
21 assistance.

22

23 **Q. How will Vectren North's low-income customers be impacted if the USP is**
24 **allowed to expire or is discontinued?**

25 A. Vectren North's low-income customers who participate or who are eligible to
26 participate in the USP and interested in doing so would be adversely impacted if the

1 bill discounts and crisis hardship funds provided through the USP expire or are
2 discontinued. The result of terminating this assistance would be an increase in
3 customers in threat of disconnection and the potential subsequent adverse actions.
4

5 **Q. Is there an impact to non-participating customers if the USP is allowed to expire**
6 **or is discontinued?**

7 A. Excluding any remaining over/under recovery charges or credits from the previous
8 heating season reconciliation, all Vectren North customers would cease to pay
9 Universal Service Fund ("USF") Rider charges on their bill, which would result in a
10 decrease of approximately \$2.03 per residential customer per year for Vectren North.
11 However, all Vectren North customers could pay higher costs through the bad debt
12 component of the Gas Cost Adjustment mechanism and through base rates in future
13 general rate proceedings, which will offset, at least in part, the decrease in USF
14 charges.
15

16 **Q. What impact will COVID-19 have on the need for the USP and Indiana**
17 **customers?**

18 A. The impact COVID-19 has had on Hoosier households continues to unfold. The long-
19 term need for bill discounts and crisis hardship funding is expected to grow as a result
20 of the new health and economic crisis resulting from COVID-19. As of November 22,
21 2020, nearly 301,000 Hoosiers have tested positive for the coronavirus, with over
22 5,000 fatalities.²
23

24 In October 2019, the Indiana unemployment rate was 3.2% as compared to 5% in

² Source: Indiana Covid-19 Dashboard <https://www.coronavirus.in.gov/> accessed on November 23, 2020.

1 helping customers with payment of utilities during this pandemic.

2

3

4 **V. VECTREN'S PROPOSAL FOR USP EXTENSION**

5

6 **Q. What is Vectren North's proposal to modify the USP?**

7 A. Vectren North is proposing three (3) modifications regarding USP as described
8 below.

9

10 **Q. Please explain the first proposed modification.**

11 A. Vectren North is proposing continuation of the USP program until a request is made
12 by the Company to terminate. Continuation until a request to terminate would align
13 Vectren North's USP with the other two largest⁸ natural gas utility USPs. For
14 example, Citizens Energy's USP remains in place until a request is made to the
15 Commission to terminate; and NIPSCO's USP does not have a defined expiration
16 date.

17

18 **Q. What is the second proposed modification to the USP?**

19 A. Vectren North also proposes the bill discount tiers of 15%, 26% and 32% remain the
20 same with the ability to adjust in future heating seasons depending on changes
21 made to LIHEAP customer eligibility requirements. For example, when the State
22 changed income eligibility from 150% of FPL to 60% state median income in the
23 2018-2019 heating season, this resulted in a shift of customers receiving the highest
24 bill discount of 32%. As shown in Petitioner's Exhibit No. 15, Attachment TJC-2, in

⁸ Other than Vectren North's affiliate Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South").

1 2017-2018 there were 5% of customers in Tier 3 vs. 64% in Tier 3 for 2018-2019
2 heating season. Our proposed modification would help the Company mitigate such
3 large swings from tier to tier in the future.
4

5 **Q. What is the third proposed change?**

6 A. Vectren North is also proposing to modify the self-declared household income
7 eligibility requirement for crisis hardship fund from the current at or below 200%
8 Federal Poverty Level to at or below 70% of the State Median Income. This will assist
9 those that meet LIHEAP household income guidelines and those that express
10 hardship whose income is low but falls outside the household income guidelines and
11 are unable to receive LIHEAP benefits. Citizens Energy adjusted the self-declared
12 household income eligibility for their crisis hardship fund from the 200% Federal
13 Poverty Level to 70% of the State Median Income when the state adopted 60% of the
14 State Median Income for LIHEAP household income qualification. Citizens Energy
15 found the 200% Federal Poverty Level was too close to the 60% State Median Income.
16 NIPSCO is currently using 150-200% Federal Poverty Level as household income
17 eligibility basis for their crisis program. The State Median Income ("SMI") in Indiana for
18 Federal Fiscal Year 2020 for a family of (4) is \$79,598. Sixty percent (60%) of Indiana
19 SMI is \$47,759 and seventy percent (70%) of Indiana SMI is \$55,719.

20
21 One hundred fifty percent (150%) of the Federal Poverty Level for 2020⁹ for a family
22 of four is \$39,300 and 200% of the Federal Poverty Level for 2020 for a family of four
23 is \$52,400.

⁹ Source: <https://aspe.hhs.gov/poverty-guidelines> and <https://www.payingforseniorcare.com/federal-poverty-level>

1

Family of Four (4)			
	100%	60%	70%
2020 Indiana State Median Income (SMI) ¹⁰	\$ 79,598	\$ 47,759	\$ 55,719

Family of Four (4)			
	100%	150%	200%
2020 Federal Poverty Level (FPL)	\$ 26,200	\$ 39,300	\$ 52,400

2

3 This change will align Vectren North with Citizens Energy's self-declared income
4 eligibility for the crisis hardship funding and allow more Hoosiers the opportunity to
5 be eligible for the crisis hardship funding.

6

7

8 **VI. STATUTORY AUTHORITY**

9

10 **Q. Under what authority is the USP authorized?**

11 A. Vectren North and the other gas utilities offering the USP have done so under
12 alternative regulatory plans authorized by IC 8-1-2.5. IC 8-1-2.5-6 provides:

13 (a) Notwithstanding any other law or rule adopted by the commission, except
14 those cited, or rules adopted that pertain to those cited, in section 11 of this
15 chapter, in approving retail energy services or establishing just and
16 reasonable rates and charges, or both for an energy utility electing to
17 become subject to this section, the commission may do the following:

18 (1) Adopt alternative regulatory practices, procedures, and
19 mechanisms, and establish rates and charges that:

¹⁰ Indiana Low Income Home Energy Assistance Program Intake and Operations Program Manual
2019-2020 – page 55

- 1 (A) are in the public interest as determined by consideration of
2 the factors described in section 5 of this chapter; and
3 (B) enhance or maintain the value of the energy utility's retail
4 energy services or property; including practices, procedures,
5 and mechanisms focusing on the price, quality, reliability,
6 and efficiency of the service provided by the energy utility.

7

8 The "factors in section 5" are set forth in IC 8-1-2.5-5:

9 (b) In determining whether the public interest will be served, the commission
10 shall consider the following:

11 (1) Whether technological or operating conditions, competitive forces,
12 or the extent of regulation by other state or federal regulatory bodies
13 render the exercise, in whole or in part, of jurisdiction by the
14 commission unnecessary or wasteful.

15 (2) Whether the commission's declining to exercise, in whole or in part,
16 its jurisdiction will be beneficial for the energy utility, the energy
17 utility's customers, or the state.

18 (3) Whether the commission's declining to exercise, in whole or in part,
19 its jurisdiction will promote energy utility efficiency.

20 (4) Whether the exercise of commission jurisdiction inhibits an energy
21 utility from competing with other providers of functionally similar
22 energy services or equipment

23

24 **Q. Should Vectren North's request to continue the USP program with the**
25 **modifications you have described be approved?**

1 A. Yes. Vectren North continues to elect to be subject to IC 8-1-2.5-6 for purposes of the
2 USP. The Commission has previously found that the USP promotes energy utility
3 efficiency because it makes heating bills more manageable during winter heating
4 months, and it reduces service terminations and costs related to collections and
5 arrearages. The USP with the proposed modifications will continue to accomplish
6 these objectives. Further, the USP as modified will continue to encourage participants
7 to manage their utility bills and to conserve. As such, the USP with the modifications I
8 have described is in the public interest and should be approved.

9

10

11 **VII. CONCLUSION**

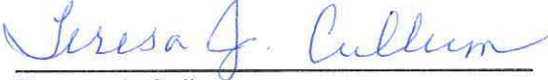
12

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

14 A. Yes, it does.

VERIFICATION

I, Teresa J. Cullum, affirm under the penalties of perjury that the forgoing representations of fact in my Direct Testimony are true to the best of my knowledge, information and belief.


Teresa J. Cullum

Dated: December 18, 2020

Cause No. 45468

COMMUNITY ACTION AGENCIES SERVING VECTREN NORTH SERVICE TERRITORY

	Agency Name	Counties Served
HUEDC	Hoosier Uplands Economic Development Corp.	Lawrence, Martin, Orange
PACE	PACE Community Action, Inc.	Greene
Area IV	Area IV Agency on Aging & Community Action Program Inc.	Clinton, Tippecanoe, White, Hamilton, Boone, Hendricks
Area V	Area V Agency on Aging and Community Services Inc.	Miami, Tipton, Wabash
CASI	Community Action of Southern Indiana	Clark, Floyd
COWI	Community Action Program of Western Indiana	Parke, Vermillion, Warren, Fountain, Montgomery
CFS	Community & Family Services	Adams, Blackford, Huntington, Jay, Randolph, Wells
H.S.I.	Human Services, Inc.	Bartholomew, Decatur, Jackson, Johnson, Shelby
ICAP	Interlocal Community Action Program, Inc.	Delaware, Hancock, Henry, Rush, Fayette, Wayne, Grant, Madison
MCC	Marion County Consortium	Marion
OVO	Ohio Valley Opportunities, Inc.	Jefferson
SCCAP	South Central Community Action Program, Inc.	Monroe, Morgan, Owen
WICAA	Western Indiana Community Action Agency, Inc.	Clay, Putnam, Vigo

Season	North								
	EAP			USP			Crisis/Hardship		
	# HH	\$ BENEFIT	\$ AVG	# HH	\$ BENEFIT	\$ AVG	#HH	\$ BENEFIT	\$ AVG
2014/2015	17,000	\$ 4,548,705	\$268	16,511	\$ 1,553,375	\$94	2,661	\$ 494,337	\$186
2015/2016	15,100	\$ 6,050,408	\$401	14,741	\$ 1,024,947	\$70	2,130	\$ 370,694	\$174
2016/2017	14,905	\$ 4,546,862	\$305	13,629	\$ 1,004,594	\$74	1,690	\$ 293,115	\$173
2017/2018	15,474	\$ 4,768,368	\$308	12,892	\$ 925,256	\$72	2,153	\$ 390,302	\$181
2018/2019	15,065	\$ 5,837,299	\$387	14,165	\$ 1,507,417	\$106	1,684	\$ 298,029	\$177
2019/2020	15,415	\$ 5,620,026	\$365	13,613	\$ 1,384,487	\$102	1,702	\$ 288,554	\$170

North							
<u>Level</u>	<u>Discount Amount</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
Tier 1	15%	27%	27%	28%	33%	6%	7%
Tier 2	26%	66%	66%	64%	61%	29%	24%
Tier 3	32%	7%	7%	8%	5%	64%	69%