

FILED

APRIL 20, 2017

INDIANA UTILITY

REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF OHIO VALLEY GAS)
CORPORATION AND OHIO VALLEY GAS, INC. FOR)
(1) AUTHORITY TO INCREASE THEIR RATES AND)
CHARGES FOR GAS UTILITY SERVICE; (2))
APPROVAL OF NEW SCHEDULES OF RATES AND)
CHARGES; AND (3) APPROVAL OF CHANGES TO)
THEIR GENERAL RULES AND REGULATIONS)
APPLICABLE TO GAS UTILITY SERVICE)

CAUSE NO. 44891

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

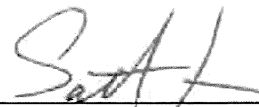
PUBLIC'S EXHIBIT NO. 2

TESTIMONY OF DEBRA K. WILCOX

APRIL 20, 2017

OFFICIAL
EXHIBITS

Respectfully submitted,



Scott Franson

Attorney No. 27839-49

Deputy Consumer Counselor

IURC
PUBLIC'S
EXHIBIT NO. 2
DATE 7-7-17 REPORTER JK

TESTIMONY OF OUCC WITNESS DEBRA K. WILCOX
CAUSE NO. 44891
OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.

I. INTRODUCTION

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

2 A: My name is Debra K. Wilcox, and my business address is 115 West Washington Street,
3 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 a Utility
6 Analyst II. For a summary of my educational and professional experience, as well as my
7 preparation for presenting testimony in this case, please see Appendix DKW-1 attached to
8 my testimony.

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

10 A: I will address elements of Ohio Valley Gas Corporation's and Ohio Valley Gas, Inc.'s
11 ("Joint Petitioners" or "OVG") *pro forma* operating revenues for large customer changes
12 for gas sales revenue, and *pro forma* operating expenses for transportation equipment
13 depreciation. I also address OVG's rate base and capital structure.

I. OPERATING REVENUES

14 **Q: What revenue adjustment did OVG propose to reflect large customer changes for gas**
15 **sales revenue?**

16 A: OVG's witness, S. Mark Kerney, noted that OVG's Schedule 6 summarized "the net [*pro*
17 *forma*] impact on revenue margin due to normalizing various rate and consumption
18 changes for large commercial and industrial sales and transportation customers occurring

1 during the test year and changes known to occur subsequent to test year end.” (Direct
2 Testimony of S. Mark Kerney, p. 6, lines 11-14.) On Schedule 6, OVG proposed decrease
3 adjustments of \$6,340 for gas sales revenues and \$61,991 for gas transportation revenues.

4 **Q: How did OVG calculate its adjustment to gas sales revenue to reflect large customer**
5 **changes?**

6 A: OVG calculated the total revenue margin by evaluating the facility and volumetric charges
7 for each customer change in each rate class. OVG's calculation to decrease gas sales
8 revenue to reflect large customer changes considers both facility charge revenues and
9 volumetric charge revenues. OVG calculated the facility charge revenue for each rate class
10 by totaling the change in facility charge bills for each rate class and multiplying the total
11 by the rate class' facility charge rates. The facility charge revenue calculation resulted in
12 a total decrease adjustment of \$3,285. OVG calculated the volumetric charge revenue for
13 each rate class by totaling the change in monthly therms for each rate class and multiplying
14 the totals by the rate class' volumetric charge rates. The volumetric charge revenue
15 calculation resulted in a total decrease adjustment of \$3,055. The facility charge revenue
16 total and volumetric charge revenue total were then combined to arrive at OVG's *pro forma*
17 decrease in gas sales revenue of \$6,340 to reflect large customer changes.

18 **Q: Do you agree with OVG's adjustments to decrease large customer sales for gas sales**
19 **revenue?**

20 A: No. I do not agree with OVG's decrease adjustment to gas sales revenue of \$6,340. While
21 I agree with OVG's method of calculation, I do not agree with all of the inputs OVG used
22 to make the calculation, which are shown in OVG's Exhibit SMK-3, Schedule 6. First,
23 OVG did not correctly calculate the therms to be removed due to the loss of the Ming Hua
24 Dong's China Buffet ("China Buffet"). (See OVG's Exhibit SMK-3, Schedule 6, line 1.)

1 Second, ATTC Manufacturing Inc.'s gas sales moved from Rate 42 to Rate 46. However,
2 OVG incorrectly reported the move from Rate 41 to Rate 46. (See line 10 of OVG's
3 Exhibit SMK-3, Schedule 6.)

4 **Q: Please explain your adjustment to large customer changes for gas sales revenue.**

5 A: On Exhibit SMK-3, Schedule 6, line 1, OVG indicated 5,000 therms should be removed
6 due to the loss of the China Buffet. However, in its response to OUCC DR 6.2, OVG
7 indicated the actual usage for the China Buffet for July 2015 through June 2016 was only
8 4,405 therms. (Attachment DKW-1, p. 2.) Therefore, I removed the difference of 595
9 therms and multiplied the 4,405 therms by the volumetric rate of \$0.3645 resulting in a
10 smaller decrease in Rate 11 sales due to the loss of the China Buffet. (Attachment DKW-
11 1, p. 1.) The net effect of this change is a \$217 increase to OVG's *pro forma* revenues.

12 On line 10 of OVG's Exhibit SMK-3, Schedule 6, OVG reported ATTC
13 Manufacturing Inc.'s move to Rate 46 as a decrease in Rate 41 sales revenue. In response
14 to OUCC DR 6.4(b), OVG stated "Exhibit SMK-3, Schedule 6 should show a decrease in
15 Rate 42 instead of Rate 41." (Attachment DKW-1, p. 3.) Therefore, I removed from the
16 Rate 41 sales revenue ATTC Manufacturing Inc.'s facility charge revenue adjustment of
17 (\$15) as well as the volumetric charge revenue adjustment of (\$8,784). To the Rate 42
18 sales revenue, I added a facility charge revenue adjustment of (\$550) and a volumetric
19 charge revenue adjustment of (\$3,177). (Attachment DKW-1, p. 1.) Together, these
20 changes resulted in a net increase in Rate 41 sales revenue of \$8,799 and a net decrease in
21 Rate 42 sales revenue of \$3,727.

22 These corrections increased large customer gas sales revenue by \$5,289 resulting
23 in an adjustment to test year revenues of (\$1,052).

II. OPERATING EXPENSES

1 **Q: What adjustment did OVG propose to transportation equipment depreciation?**

2 A: OVG's witness Mr. Kerney indicated the transportation equipment depreciation for
3 vehicles purchased during the test year was annualized and offset by an adjustment for the
4 fully depreciated older vehicles becoming fully depreciated during the test year. Mr.
5 Kerney added the depreciation expense is then allocated to "multiple operating expense
6 accounts and construction (utility plant) projects via Petitioner's transportation clearing
7 accounts based on employees' use of the vehicles." (Direct Testimony of S. Mark Kerney,
8 p. 12, lines 1-6.) OVG proposes increasing transportation equipment depreciation by \$393
9 for transmission expense, \$27,366 for distribution expense, \$3,347 for customer
10 accounting expense, \$4,368 for administrative and general expense, and \$14,336 for
11 construction/other non-operation and maintenance costs.

12 **Q: How did OVG calculate its adjustment to transportation equipment depreciation?**

13 A: OVG reduced the annualized book depreciation on new vehicles purchased during the test
14 year of \$119,219 by the test year depreciation recorded for the new vehicles of \$21,294
15 and for the fully depreciated vehicles of \$48,115. This resulted in a net adjustment to
16 transportation equipment depreciation of \$49,810. (\$119,219 less \$21,294 less \$48,115 =
17 \$49,810.) OVG then allocated \$49,810 to the transportation clearing accounts for
18 transmission, administrative and general, distribution, customer accounting, and
19 construction/other non-operation and maintenance costs. (Exhibit SMK-3, Schedule 15,
20 lines 1-12.)

1 **Q: Do you agree with OVG's expense adjustment to transportation equipment**
2 **depreciation of \$49,810?**

3 A: No. I agree with OVG's annualized book depreciation on new vehicles purchased during
4 the test year of \$119,219, and I agree with the test year depreciation of \$21,294 for the new
5 vehicles. However, I do not agree with OVG's depreciation of \$48,115 for fully
6 depreciated vehicles.

7 **Q: Please explain why you do not agree with OVG's depreciation for fully depreciated**
8 **vehicles.**

9 A: During the on-site review OVG provided detailed property records for transportation
10 equipment. I recalculated the depreciation for the fully depreciated vehicles and discovered
11 OVG omitted the May 2016 depreciation for two vehicles totaling \$1,108 as acknowledged
12 in OVG's responses to OUCC DR 7.4 and 7.5. (Attachment DKW-2, pp. 3-4.)

13 OVG's witness Mr. Kerney indicated September 30, 2016 was OVG's proposed
14 cut-off date in determining the original cost and fair value of OVG's utility properties.
15 (Direct Testimony of S. Mark Kerney, p. 4, lines 5-6.) During the OUCC's review of
16 OVG's detailed property records for transportation equipment, we discovered three
17 additional vehicles that would fully depreciate before September 30, 2016. Since the
18 vehicles would depreciate fully prior to the September 30, 2016 cutoff I removed
19 depreciation for the three vehicles in the amount of \$19,587. (Attachment DKW-2, p. 2.)

20 **Q: What is your adjustment to transportation equipment depreciation?**

21 A: I calculated OVG's fully depreciated vehicles by adding OVG's fully depreciated vehicles
22 of \$48,115, the omitted May 2016 depreciation on 2 vehicles of \$1,108 and the fully
23 depreciated vehicles between June and September of \$19,587. This results in my
24 adjustment to transportation equipment depreciation of \$66,810 and a net adjustment to

1 vehicle depreciation charged to the transportation clearing account of \$29,115.

2 (Attachment DKW-2, p. 1.)

3 **Q: Please explain your allocation of the transportation equipment depreciation.**

4 A: I agreed with and made no changes to OVG's allocation percentages. I recalculated the

5 expense allocations by multiplying my vehicle depreciation to be charged to the

6 transportation clearing account of \$29,115 by OVG's allocation percentages for

7 transmission, distribution, customer accounting, administrative and general, and

8 construction/other non-operation and maintenance expenses. (Attachment DKW-2, p. 1.)

9 My final adjustments for transportation equipment depreciation include the following

10 increase adjustments to test year expenses:

11 (1) Transmission expense of \$230,

12 (2) Distribution expense of \$15,996,

13 (3) Customer accounting expense of \$1,957,

14 (4) Administrative and general expense of \$2,553, and

15 (5) Construction/other non-operation and maintenance costs of \$8,379.

III. RATE BASE

A. Net Plant

16 **Q: Did you make any adjustments to OVG's net plant included in rate base?**

17 A: No. OVG's witness Mr. Kerney provided workpapers relating to net plant which I tested

18 by tracing the items listed to the general ledger and found no discrepancies. Therefore, I

1 did not make any adjustments to OVG's utility plant in service, accumulated provision for
2 depreciation, or non-refundable customer advances for construction included in rate base.

B. Materials and Supplies Inventory

3 **Q: Did you make any adjustments to OVG's 13-month average of materials and supplies**
4 **inventory included in rate base?**

5 A: Yes. OVG calculated the 13-month average of materials and supplies inventory by
6 combining three general ledger accounts: fuel stock, stores expense, and plant materials
7 and operating supplies. Therefore, I compared the monthly totals reported on OVG's
8 Exhibit SMK-3, Schedule 36, page 5, with the totals of OVG's three general ledger
9 accounts. The general ledger accounts did not agree with the months of March and
10 September 2016 as reported on Exhibit SMK-3, Schedule 36, page 5.

11 In its response to OUCC DR 9.1, OVG stated the correct amount for the Ohio
12 Valley Gas, Corp.'s March 2016 plant materials and operating supplies account should be
13 \$1,630,940 instead of \$1,590,940 as shown on the workpaper, resulting in a \$40,000
14 variance. (Attachment DKW-3, p. 2.) Therefore, I increased the March 2016 materials and
15 supplies by \$40,000, from \$2,292,590 to \$2,332,590.

16 In its response to OUCC DR 9.2, OVG stated the correct amount for Ohio Valley
17 Gas, Inc.'s September 2016 fuel stock account should be (\$5) instead of \$756 as shown on
18 the workpaper, resulting in a (\$761) variance. (Attachment DKW-3, p. 3.) Therefore, I
19 decreased the September 2016 materials and supplies by \$761, from \$2,772,880 to
20 \$2,772,119.

1 With the March 2016 increase of \$40,000 and the September 2016 decrease of
2 \$761, the materials and supplies inventories from September 2015 to September 2016
3 totaled \$33,295,108. Dividing the total of \$33,295,108 by 13 results in a 13-month average
4 of materials and supplies inventory of \$2,561,162. (Attachment DKW-3, p. 1.) This
5 amount has been included in the OUCC's rate base calculation shown on Public's Exhibit
6 No. 1, Attachment MHG-1, Schedule 4.

C. Stored Natural Gas Inventory

7 **Q: Did you make any adjustments to OVG's stored natural gas inventory included in**
8 **rate base?**

9 A: No. OVG calculated the stored natural gas inventory by combining the general ledger
10 accounts for storage gas groups 1 and 2. Therefore, I compared the monthly totals reported
11 on OVG's Exhibit SMK-3, Schedule 36, page 5, with the totals in OVG's general ledger
12 accounts and found no discrepancies. Therefore, I did not make any adjustment to OVG's
13 stored natural gas inventory included in rate base.

D. Working Capital

14 **Q: Did you make any adjustments to OVG's working capital included in rate base?**

15 A: Yes. The working capital amount included in Public's Exhibit No. 1, Attachment MHG-
16 1, Schedule 4 is the result of all changes to the OUCC's revenue requirement schedules.

IV. CAPITAL STRUCTURE

17 **Q: Did you make any adjustments to OVG's capital structure proposed in this case?**

18 A: No, I did not make any adjustments to OVG's capital structure. OUCC witness Brad
19 Lorton sponsors the OUCC's cost of common equity, included in Public Exhibit No. 1,

1 Attachment MHG-1, Schedule 8. I verified OVG's customer deposits, accrued interest on
2 customer deposits and deferred income tax reserve amounts reported on Exhibit SMK-3,
3 Schedule 33, by tracing the amounts directly to OVG's general ledger and found no
4 discrepancies. I verified the 6.000% rate for customer deposits agrees with Title 170
5 Indiana Administrative Code 5-1-15(f)(1). I recalculated OVG's Exhibit SMK-3, Schedule
6 33 and found no mathematical errors. Therefore, I believe OVG's calculation of customer
7 deposits, accrued interest on customer deposits and deferred income tax reserve are correct
8 and properly calculated.

V. OUCC RECOMMENDATIONS

9 **Q: Please summarize your recommendations related to operating revenues.**

10 A: I recommend an adjustment to the test year gas sales revenue be made for large customer
11 changes of (\$1,052).

12 **Q: Please summarize your recommendations related to operating expenses.**

13 A: I recommend the following adjustments to test year operating expenses be made for
14 transportation equipment depreciation:

15 (1) Transmission expense increase of \$230;

16 (2) Distribution expense increase of \$15,996;

17 (3) Customer accounting expense increase of \$1,957;

18 (4) Administrative and general expense increase of \$2,553; and,

19 (5) Construction/other non-operation and maintenance costs of \$8,379.

1 **Q: Please summarize your recommendations related to rate base.**

2 A: I recommend a change to the 13-month average of materials and supplies inventory to
3 arrive at \$2,561,162 to be included in rate base. I also recommend approval of the working
4 capital amount included in Public's Exhibit No. 1, Attachment MHG-1, Schedule 4 which
5 is the result of all changes to the OUCC's revenue requirement schedules.

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

7 A: Yes.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

Debra K. Wilcox
Debra K. Wilcox
Utility Analyst II
Indiana Office of Utility Consumer Counselor
Cause No. 44891
Ohio Valley Gas Corporation and
Ohio Valley Gas, Inc.

April 20, 2017
Date

APPENDIX DKW-1 TO THE TESTIMONY OF
OUCC WITNESS DEBRA K. WILCOX

1 **Q: Please describe your educational background and experience.**

2 **A:** I graduated from the Kelley School of Business at Indiana University in Indianapolis,
3 Indiana with a Bachelor of Science Degree in Accounting in December 2012 and a Master
4 of Science Degree in Accounting in December 2014. From June 2013 to April 2014, I
5 worked for Simon Property Group, a public Real Estate Investment Trust ("REIT") in
6 Indianapolis, IN, as an internal audit intern. I prepared and reviewed internal audit tests of
7 controls including, but not limited to, Sarbanes-Oxley ("SOX") testing. During this
8 internship I was an independent contractor for Ernst & Young performing Individual Mall
9 Property Audits, Annual Financial Mall Audits, Test of Controls as well as SOX testing of
10 the Simon Property Group mall properties. From June 2014 to August 2015 I worked for
11 Myers & Stauffer, LC., a certified public accounting firm and contractor for the Indiana
12 Office of Medicaid Policy and Planning, as a staff accountant. I executed Desk Reviews,
13 Enhanced Reviews and on-site Compliance Review Audits of Long Term Care Group
14 Homes, Home Health Agencies and Nursing Facilities. I performed planning, research,
15 risk assessment, and fieldwork; and reported findings to verify compliance with relevant
16 Medicaid regulations. From August 2015 through February 2016, I worked for Ultra Steak
17 Inc. as a Staff Accountant. I managed the General Ledger financial accounting for thirteen
18 franchised restaurants. I also prepared weekly, monthly and annual financial reports in
19 compliance with GAAP; and year-end accounting processes, including preparation and
20 review of adjusting entries as well as Year End Miscellaneous Income (1099) Federal
21 reporting for ten entities.

1 In February 2016, I began my employment as a member of the OUCC's Natural
2 Gas Division as a Utility Analyst II. My current responsibilities include reviewing and
3 analyzing natural gas utilities' petitions for gas cost adjustments ("GCA"), gas demand
4 side management ("GDSM"), flex filings, certificates of public convenience and necessity
5 ("CPCN"), pipeline safety adjustments ("PSA"), financing and base rate cases filed by
6 Indiana natural gas utilities with the Indiana Utility Regulatory Commission. I am also a
7 member of the Indiana CPA Society.

8 **Q: Have you previously testified before the Indiana Utility Regulatory Commission?**

9 A: Yes, I have testified in GCA, CPCN, GDSM and rate cases.

10 **Q: Please describe the review and analysis you conducted in order to prepare your**
11 **testimony.**

12 A: I reviewed OVG's joint petition, the direct testimony of OVG's witness S. Mark Kerney,
13 exhibits, and supporting documentation, including workpapers. I reviewed OVG's
14 responses to OUCC discovery requests. I participated in an on-site review with OVG's
15 representatives to gain further insight into the relief requested by OVG. I also participated
16 in Case Team meetings with other OUCC staff to identify and address the issues in this
17 Cause.

OHIO VALLEY GAS CORPORATION
OHIO VALLEY GAS, INC.
Cause No. 44891

Summary of Adjustments to Revenues To Reflect Customer Changes

Ln No	(1)	(2) Facility Charges <u>(Bills)</u>	(3) <u>Therms</u>	(4) Unit Margin Rate	(5) Total Revenue Margin
Changes to Sales Customer Revenue Margin					
Rate 11					
1	Loss of Winchester Ming Hua Dong DBA China Buffet	(12)	(4,405)		
2	Addition of Winchester Cooper Farms, Inc. Hill Top Turkey Farm	12	11,000		
3	Increased usage Portland St. Henry Tile BDA Berne Ready Mix		24,000		
4	Increased Portland usage FCC (Indiana) MFG LLC		11,840		
5		0		14.50	0
6			42,435	0.3645	15,468
Rate 12					
7	St. Vincent Randolph Hospital moved to R16 January 2016	(6)	(62,157)		
8		(6)		550.00	(\$3,300)
9			(62,157)	0.1532	(\$9,522)
Rate 41					
10	Perry County Memorial Hospital moved from R46 September 2015	2	0		
11		2		14.50	29
12			0	0.4401	0
Rate 42					
13	ATTC Manufacturing Inc moved to R46 August 2015	(1)	(19,959)		
14		(1)		550.00	(550)
			(19,959)	0.1592	(3,177)
14	Total Net Change to Sales Customer Revenue Margin	(5)	(39,681)		(\$1,052)

Q 6.2: Referring to Exhibit SMK-3, Schedule 6, line 1, please provide the actual usage for the period of July 1, 2015 to June 30, 2016 for Ming Hua Dong DBA China Buffet. Please provide supporting documentation, such as a billing summary, for the test year therms used.

Ming Hua Dong
DBA China Buffet
939 Progress Blvd.
Winchester, In 47394

<u>Date:</u>	<u>Therms:</u>	<u>Cumul:</u>	<u>Money:</u>	<u>Cumul:</u>
JUL 16	0	0	0	0
JUN 16	192	562	\$ 168.09	\$ 520.57
MAY 16	341	903	\$ 263.23	\$ 783.80
APR 16	395	1,298	\$ 324.22	\$ 1,108.02
MAR 16	532	1,830	\$ 425.87	\$ 1,533.89
FEB 16	544	2,374	\$ 426.06	\$ 1,959.95
JAN 16	535	2,909	\$ 472.33	\$ 2,432.28
DEC 15	389	3,298	\$ 345.87	\$ 2,778.15
NOV 15	322	3,620	\$ 298.98	\$ 3,077.13
OCT 15	283	3,903	\$ 315.35	\$ 3,392.48
SEP 15	273	4,176	\$ 340.92	\$ 3,733.40
AUG 15	318	4,494	\$ 385.21	\$ 4,118.61
JUL 15	281	4,775	\$ 354.43	\$ 4,473.04

Q 6.4: Referring to the Exhibit SMK-3, Schedule 6 workpapers, ATTC Mfg. Inc. moved from Rate 42 to Rate 46 on August 1, 2015. Exhibit SMK-3, Schedule 6, line 25 shows an addition to Rate 46 for ATTC Mfg. Inc. in the amount of \$19,959. However, the corresponding decrease for ATTC Mfg. Inc. on Exhibit SMK-3, Schedule 6 line 10 is in Rate 41.

- a. Please indicate whether ATTC Mfg. Inc. was a customer in Rate 41 or Rate 42 in July 2015.
- b. If ATTC Mfg. Inc. was a customer in Rate 42 in July 2015, please confirm Petitioner's Exhibit SMK-3, Schedule 6 should show a decrease in Rate 42 instead of Rate 41.

A 6.4: a. ATTC was a customer in Rate 45 in July 2015.

- c. **Exhibit SMK-3, Schedule 6 should show a decrease in Rate 42 instead of Rate 41.**

OHIO VALLEY GAS CORP. AND OHIO VALLEY GAS, INC.

Cause No. 44891

Summary of Adjustments to Revenues To Reflect Transportation Equipment Depreciation

Annualized TY book depreciation on vehicles purchased July 1, 2015 - Sept 30, 2016	\$119,219
Less: Depreciation on these vehicles recorded during test year	<u>(21,294)</u>
Additional depreciation on transportation equipment	\$97,925
Less: Depreciation recorded on vehicles becoming fully depreciated during test year	<u>(68,810)</u>
Net Adjustment	<u><u>\$29,115</u></u>

Allocation of transportation equipment depreciation adjustment per transportation clearing account allocations for test year:

Transmission Expense	0.79%	\$230
Distribution Expense	54.94%	15,996
Customer Accounting Expense	6.72%	1,957
Administrative & General Expense	8.77%	2,553
Construction (Utility Plant) & Other non-O&M Costs	<u>28.78%</u>	<u>8,379</u>
Total	<u>100.00%</u>	<u><u>\$29,115</u></u>

Ohio Valley Gas Corp & Ohio Valley Gas Inc
Cause No. 44891
Depreciation on Vehicles Becoming Fully Depreciated During Test Year

	1/2T	3/4T	1/2T	3/4T	3/4T	2T	3/4T	SUV	2T	6 Cycl.	1/2 Ton	6 Cycl.	Total
Rating	124	216	229	416	430	440	522	609	650	408	429	615	
Vehicle #	05/0811	5/3/2011	5/3/2011	10/14/2010	5/3/2011	10/30/2008	11/1/2008	4/25/2011	3/5/2009	6/30/2011	5/3/2011	9/21/2011	
In - Service Date	21,125.51	38,273.69	22,342.13	32,503.59	32,861.33	76,017.59	35,047.64	30,992.63	35,800.69	33,774.93	21,622.41	33,805.13	
Cost	5	5	5	5	5	7	5	5	7	5	5	5	
Deprec. Life	20%	20%	20%	20%	20%	14.29%	20%	20%	14.29%	20%	20%	20%	
Deprec. Rate													
July 2015	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
August 2015	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
September 2015	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
October 2015	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
November 2015	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
December 2015	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
January 2016	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
February 2016	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89	331.12	562.92	339.79	563.42	
March 2016	353.02	661.32	372.37	541.73	547.69	900.51	584.13	523.89		562.92	339.79	563.42	
April 2016	353.02	661.30	372.37	75.14	547.69	900.51	584.13	523.89		562.92	339.79	563.42	
May 2016	0.12		40.53		547.69	0.08	584.13 A	523.89 A		562.92	339.79	563.42	
June 2016					194.12		303.35	0.22		562.92	339.79	563.42	
July 2016										401.13	339.79	563.42	
August 2016											125.92	563.35	
September 2016													
Depreciation recorded during test year	3,530.32	6,613.18	3,764.23	4,950.71	6,218.71	9,005.18	6,728.78	5,763.01	2,648.96	7,156.17 B	4,543.19 B	7,887.81 B	\$68,810.25

When the vehicle is fully depreciated (accum depreciation = Cost), depreciation ceases because OVG utilizes specific identification for vehicle depreciation.
For those vehicles that become fully depreciated during the test year, no depreciation is included in test year as "recurring" expenses (see Sch 15)

Additional fully depreciated vehicles
Σ A = \$1,108.02
Σ B = 19,587.17
\$20,695.19

Q 7.4: Referring to Petitioner's "Depreciation on Vehicles Becoming Fully Depreciated During Test Year" workpaper, please confirm vehicle #522 had depreciation expense of \$584.13 in May 2016 and \$303.35 in June 2016, instead of \$303.35 in May 2016 and \$0 in June 2016 as indicated on Petitioner's workpaper.

A 7.4: Confirmed. Vehicle #522 had depreciation expense of \$584.13 in May 2016 and \$303.35 in June 2016.

Q 7.5: Referring to Petitioner's "Depreciation on Vehicles Becoming Fully Depreciated During Test Year" workpaper, please confirm vehicle #609 had depreciation expense of \$523.89 in May 2016 and \$0.22 in June 2016, instead of \$0.22 in May 2016 and \$0 in June 2016 as indicated on Petitioner's workpaper.

A 7.5: Confirmed. Vehicle #609 had depreciation expense of \$523.89 in May 2016 and \$0.22 in June 2016.

OHIO VALLEY GAS CORP. AND OHIO VALLEY GAS, INC.**Cause No. 44891****Average Inventory For Thirteen Months Ended September 30, 2016**

Ln		
No	Materials & Operating Supplies Inventory	
1	September 2015	\$2,418,651
2	October	2,378,826
3	November	2,320,323
4	December	2,272,683
5	January 2016	2,257,959
6	February	2,284,113
7	March	2,332,590
8	April	2,648,930
9	May	2,797,049
10	June	2,937,109
11	July	2,951,506
12	August	2,923,250
13	September 2016	<u>2,772,119</u>
14	Total	<u><u>33,295,108</u></u>
15	Average (13 Months) Materials & Supplies Inventory	\$2,561,162

Q 9.1: As support for Exhibit SMK-3, Schedule 36, Page 5 of 6, Petitioner provided a workpaper titled "OVG Corp Analysis of Inventories for the Year Ended 09-30-16." Please respond to the following relating to this workpaper:

- a. Please confirm the balance in Account #154 for March 2016 should be \$1,630,939.71 instead of \$1,590,939.71 as indicated on the workpaper.
- b. If Petitioner believes the balance in Account #154 for March 2016 is correct on the workpaper, please provide a general ledger printout for activity in Account #154 for March 2016, including beginning and ending balances, and explain why this general ledger contains different information than the general ledger provided to the OUCC in response to OUCC DR 1.5.

A 9.1: a. The correct balance in Account #154 for March 2016 should be \$1,630,939.71 instead of \$1,590,939.71 as indicated on the workpaper.

Q 9.2: As support for Exhibit SMK-3, Schedule 36, Page 5 of 6, Petitioner provided a workpaper titled "OVG Inc. Analysis of Inventories for the Year Ended 09-30-16." Please respond to the following relating to this workpaper:

- a. Please confirm the balance in Account #151 for September 2016 should be negative \$4.72 instead of positive \$756.03 as indicated on the workpaper.
- b. If Petitioner believes the balance in Account #151 for September 2016 is correct on the workpaper, please provide a general ledger printout for activity in Account #151 for September 2016, including beginning and ending balances, and explain why this general ledger contains different information than the general ledger provided to the OUCC at its on-site review in January 2016.

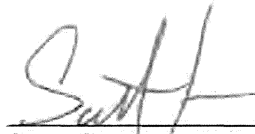
A 9.2: a. The balance in Account #151 for September 2016 should be negative \$4.72 instead of positive \$756.03 as indicated on the workpaper.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 2 Testimony of Debra K. Wilcox* has been served upon the following counsel of record in the captioned proceeding by electronic service on April 20, 2017.

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