STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF WESTFIELD GAS, LLC, D/B/A CITIZENS GAS OF WESTFIELD FOR (1) AUTHORITY TO INCREASE RATES AND CHARGES FOR GAS UTILITY SERVICE AND APPROVAL OF A NEW SCHEDULE OF RATES AND CHARGES; (2) APPROVAL OF CERTAIN REVISIONS TO ITS TERMS AND CONDITIONS APPLICABLE TO GAS UTILITY SERVICE; AND (3) APPROVAL PURSUANT TO INDIANA CODE SECTION 8-1-2.5-6 OF AN ALTERNATIVE REGULATORY PLAN UNDER WHICH IT WOULD CONTINUE ITS ENERGY EFFICIENCY PROGRAM PORTFOLIO AND ENERGY EFFICIENCY RIDER	)	**CAUSE NO. 44731**

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 6

TESTIMONY OF BRIEN R. KRIEGER

SEPTEMBER 28, 2016

Respectfully submitted,

Daniel M. Le Vay
Attorney No. 22184-49
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS BRIEN R. KRIEGER
CAUSE NO. 44731
WESTFIELD GAS, LLC, D/B/A CITIZENS GAS OF WESTFIELD

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Brien R. Krieger, and my business address is 115 W. Washington Street, Suite 1500 South, Indianapolis, Indiana 46204.

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

A: I have been retained by the Indiana Office of Utility Consumer Counselor ("OUCC") as a utility analyst. For a summary of my educational and professional experience and general preparation for this case, please see Appendix BRK-1.

Q: What is the purpose of your testimony?

A: Westfield Gas, LLC, d/b/a Citizens Gas of Westfield ("Westfield Gas" or "Petitioner") requested an across the board rate increase, where every customer class would receive the same percentage increase. Westfield Gas's rates are based on a cost of service study ("COSS") performed nearly thirty years ago and presented in Cause No. 38778-u. I performed an analysis that indicates Petitioner's across the board rate design does not represent the appropriate cost of service for each rate class. My testimony recommends Petitioner be required to perform and present a COSS in its next rate case. Also, for each class, I present a percentage of marginal revenues per class, which shows the disparity between the cost to serve customer classes based on the 1988 COSS versus the cost to serve customer classes based on updated allocators using current data.

Q: Do you have any concerns with the across the board approach taken by Westfield Gas for its rate request?

A: Yes. An across the board rate increase for this Cause is problematic because the Petitioner has not provided any analysis to establish the across the board increases appropriately allocates the costs of providing service to the customer classes. The same percentage rate increase to all customer classes has been implemented in all three base rate cases since Cause No. 40793, September 15, 1997. Petitioner's present rates and proposed rates are both dependent on class cost allocation from 1988 data. No longer should it be assumed the rates represent the cost to serve a customer class.

Q: Does Petitioner propose changes to monthly customer service charges?

A: Yes. Westfield Gas proposes increases to its monthly customer service charges. Residential customer service charges would increase from $5.79 to $12.00. Industrial customer service charges would increase from $87.00 to $122.53. Commercial customer service charges would increase from $5.79 to $37.00. Large Volume Interruptible customer service charges would increase from $165.51 to $1,282.32. Petitioner's proposed customer service charges are comparable to monthly customer charges of similar sized Indiana natural gas utilities. The OUCC does not propose any change to these charges as proposed.

II. BACKGROUND

Q: Please summarize the history of across the board rate increases for this utility.

A: Petitioner's predecessor, Westfield Gas Corporation presented the last COSS for this utility in Cause No. 38778-u, with a test year ending *September 30, 1988*. The next rate increase was approved by the Indiana Utility Regulatory Commission ("Commission") in its Final Order in Cause No. 40793, approved on September 27, 1997, authorizing a 2.14% across

the board increase. (In 2002 under Cause No. 42095-u, the Commission approved Petitioner's request to set a new revenue requirement but with no rate increase.) In 2004, Citizens Energy Service Corporation ("CESCO" or "Citizens Energy") acquired Westfield Gas Corporation through a stock purchase. After Citizens Energy acquired Westfield Gas, its first base rate increase was approved on March 10, 2010 in Cause No. 43624, granting a 10.3% across the board increase.

Q: How has Westfield Gas changed since its last cost of service study was completed in 1988?

A: In Cause No. 38778-u, rate base was only $471,534. At that time the utility had 630 residential customers, 90 commercial customers, and a single industrial customer. Some of those customers were served off of farm taps. In 1988 Westfield Gas employed eleven people and did not share corporate and field services with a parent company. Westfield Gas had 17 total miles of distribution mains.

Currently, Petitioner's original cost rate base is approximately $7,600,000 as of April 30, 2016 as presented in OUCC's exhibit MHG-1, Schedule 1, which is 16 times larger than its 1988 rate base. On page 5, lines 14 -16 of his testimony, Mr. Johnson stated that Westfield Gas has invested over $2.9 million in plant in the last several years. Presently there are approximately 3,500 residential, 410 commercial, 9 industrial and 2 large volume interruptible customers. Petitioner's workpaper WG620-1. Petitioner also shares corporate and field services with many affiliates. While Westfield Gas had 17 miles of distribution mains in 1988, it now has approximately 113 miles of distribution mains. Petitioner's Response to OUCC DR8.5.

Q: With the growth and changes experienced by Westfield Gas, are new allocators needed to properly spread its costs across customer classes?

A: Yes. Given the many changes, new allocators are needed to represent each customer class' share of Westfield Gas's costs.

Q: In addition to the many changes over the past thirty years, are there other reasons a COSS would be appropriate?

A: Yes. In Cause No. 38778-u, the Commission recognized the existence of some interclass subsidies and eliminated some but not all of those interclass subsidies when it set rates. Order, Cause No. 38778-u, p. 5, August 16, 1989. There is no evidence the remaining interclass subsidies have been eliminated over the years.

III. ANALYSIS OF THE 1988 COSS

Q: What is the purpose of a COSS?

A: The goal of a COSS is to spread the cost a utility incurs in providing service to those specific customer classes that benefit from the costs incurred. The method is to determine each rate class' characteristics as it compares to all rate classes. These characteristics include annual consumption, peak consumption, and number of customers. These trackable characteristics, called allocators, are used to calculate a customer class' percentage of the total class characteristic. The total allocator (100%) is divided into each rate class's share (%) so that when each class's portion is multiplied against an assigned cost, it results in that customer class's share of the cost. More specifically, the allocator is assigned to its related cost category, a FERC account, to determine that rate class's fair share of that cost. After all of the utility costs are allocated, the costs are totaled to arrive at the rate class's actual cost of their utility service.

Q: Did you analyze the 1988 COSS to determine whether it should be applied today?

A: Yes. To determine if the 1988 COSS allocator percentages could be applied in the case, I needed to update the allocators with current data to see if today's percentages are the same as the 1988 percentages. I allocated Petitioner's plant in service, original cost, minus accumulated depreciation as of April 30, 2016 as presented in Petitioner's WP 470-S1. For each customer class I applied the OUCC's rate of return to the depreciated plant allocated to each class, then I added the OUCC's allocated expenses to produce each class's margin cost. I then compared this result to Petitioner's across the board margin customer class rate increases. The difference shows the deviation in plant and customer characteristics that have occurred since 1988 but not accounted for in the ongoing use of across the board rate design.

Q: What process did you follow to update the 1988 COSS for purposes of this comparison?

A: Westfield Gas's COSS in Cause No. 38778-u was performed by Mr. Patrick Callahan. To build on the 1988 COSS, I analyzed Mr. Callahan's assignment allocators to plant and expense costs. I used Petitioner's cost data found in its work papers, WP 470-S1 and WP 105 in this Cause. I assembled Petitioner's costs and the associated FERC account numbers into Mr. Callahan's COSS format. Mr. Callahan's COSS used accounts similar to those used in the FERC's system of accounts but without using the FERC account numbers. In this Cause, Petitioner grouped its accounts using FERC's account numbers. Mr. Callahan designated his allocators with arabic numerals. For instance, Mr. Callahan refers to billing instances (number of bills issued) as Allocation Factor No. 6. I refer to my allocators as updated in 2016 for billing instances as Allocator No. 66. Similarly, Mr. Callahan's Allocation Factor No. 1 became Allocator No. 11 as updated for my analysis.

Q: Were you always able to use the same allocators used in the 1988 COSS?

A: No. In some cases I was not able to use the same allocators. For instance, Allocation Factor No. 4 (house/regulators) and Allocation Factor No. 5 (services) were used in the old COSS. Petitioner did not provide updated data for Allocation Factor No. 4 and Allocation Factor No. 5. In the absence of current data, I chose to replace house/regulators (Allocation Factor No. 4) and number of services (Allocation Factor No. 5) with *pro forma* billing instances. Also, when possible I directly allocated costs (e.g. industrial measuring and regulating equipment).

Q: Were you able to update previously used allocators?

A: Yes, for some but not all of the previously used allocators. I updated some allocators with data available in Petitioner's testimony, but not all needed data was included in Petitioner's testimony. When data was not included in its case, I asked Petitioner for the new data. However, the desired data was not provided by Petitioner. See Attachment BRK-6, pages 1 and 2. Therefore, I had to choose a different allocation method for some accounts. I updated the allocators with Petitioner's data creating current allocators for customer billing instances, peak month therms, and annual therms. The allocators for peak month demand (Allocation Factor No. 1), *pro forma* therm sales (Allocation Factor No. 3), and billing instances (Allocation Factor No. 6) were recreated with Petitioner's data available in workpapers WG650-3 and WG650-6-12. Attachment BRK-1, page 1 and Attachment BRK-1, page 2 sets forth allocators used in 1988 and my updated allocators.

Q: What do differences in the 1988 and the updated allocators indicate?

A: I used the 1988 allocation method applied to plant and expenses, as much as possible, to be consistent with the derivation of Petitioner's present rates and proposed rates. Any

substantial differences indicate Petitioner's rate design does not appropriately allocate costs to serve each customer class.

Q: How did you use the updated allocators to distribute net utility plant to rate classes?

A: I used the updated allocators (Allocator Nos. 11 and 66) in the same manner Mr. Callahan used Allocation Factor Nos. 2 and 7 in the 1988 COSS[1]. More specifically, I allocated fifty percent (50%) of Distribution plant by peak month demand and I allocated the remaining fifty percent by *pro forma* number of bills (i.e. billing instances). This 50/50 split allows for customers to share equally in plant based on its maximum consumption month and how many customers are participating in a customer class.

Q: What allocators did you use for FERC accounts 380, 381, 382 and 383?

A: These accounts refer to Services (380), Meters (381), Meter Installations (382) and House Regulators/Installations (383). I used billing instances (Allocator No. 66). In the 1988 COSS, the utility allocated the cost of the services category with number of services (Allocation Factor No. 5). Meter/house regulator costs were allocated by meter/house regulator count (Allocation Factor No. 4). But Petitioner did not provide updated counts for these two allocators in its testimony and did not provide updated counts in response to my efforts to procure them through discovery. See Attachment BRK-6. Therefore, I chose to use billing instances (Allocator No. 66) for most of these accounts.

Q: Why did you choose Allocator No. 66 for FERC accounts 380, 381, 382 and 383?

A: FERC accounts 380-383 represent rate base that serves all customer classes, so absent

[1] Allocation Factor No. 2 is similar to Allocation Factor No. 1, and Allocation Factor No. 7 is very similar to Allocation Factor No. 6. In this case, Allocator No. 66 would be identical to Allocator No. 77. I updated Allocation Factor No. 1 instead of Allocation Factor No. 2 because Allocation Factor No. 1 was more appropriate as there were no interruptions during the test year.

specific actual counts per rate class of services, meters, meter installations, and meters/house regulators this plant was allocated to all users; therefore, I used updated billing instances.

Q: What allocator did you use for FERC Account 385?

A: I was able to directly assign FERC account 385, Industrial Measuring and Regulating Equipment, only to industrial customers.

Q: What allocator did you use for FERC Accounts 378 and 379?

A: I allocated accounts 378-379 (Measuring and Regulating Equipment) on the average of peak demand month (Allocator No. 11) and billing instances (Allocator No. 66) because these accounts represent a portion of the distribution plant serving customers.

Q: Were some utility plant accounts allocated like distribution plant?

A: Yes. I used the 50/50 split of demand and billing instances for Measuring and Regulating Equipment, Material & Supplies Inventory, and Allocated Shared Field Services costs.

Q: How did you allocate Corporate Support Services?

A: I used billing instances, Allocator No. 66, since all customers may be considered to benefit from these support services. The Corporate Support Services contains such things as software, billing systems, and structures and improvements.

Q: What expenses are allocated with the same percentages as in Cause No. 38778-u?

A: I allocated Distribution Expenses (O&M) and Administrative and General (O&M) with the same percentages used in Cause No. 38778-u. I chose to continue the baseline allocation because I have no updated data and these expenses are typically tracked and assigned to rate classes internal to Petitioner. Purchased Gas expense is a direct cost and allocated on pro forma therm consumption per rate class.

Q: What allocator did you use for Customer Accounts Expense and Customer Service Expense?

A: I chose to allocate Customer Accounts and Customer Service expenses on billing instances (Allocator No. 66). These two accounts include costs such as meter reading, supervision, customer records and customer information. In Cause No. 38778-u, these costs had not been separated from Distribution Expenses and Administrative and General, but these accounts are assignable as a direct function of number of billing instances per rate class.

Q: How did you allocate Depreciation and Amortization expenses?

A: These expenses are tied to rate base, and therefore, I allocated these expenses based on each rate class' percentage of total rate base. See Attachment BRK-3.

Q: How did you allocate taxes?

A: Petitioner pays three types of taxes: Utility Receipts tax, Payroll tax, and Property tax. I allocated all of these taxes using a composite allocator that is based on the average of *pro forma* revenue, billing instances, and net rate base.

Q: What does your analysis indicate the margin revenue requirements should be?

A: Attachment BRK-4 shows the OUCC's proposed rate of return (8.732%) applied to depreciated plant (net original cost) listed on BRK-2. The OUCC's allocated expenses are carried over from BRK-3 without any commodity gas cost. These two cost categories are added together to get the OUCC's marginal cost per rate class with a total of $2,224,061, which is $395,184 less than Petitioner's request. On BRK-5, the Transport rates are combined into their associated class, commercial or industrial. These two transport customer classes pay the same delivery rate as their associated class but these transport customers purchase their commodity gas supply from a third party.

Q: What are the results of your cost of service analysis?

A: My results indicate Petitioner's "across the board" rate design does not represent the true cost to serve each rate class. My analysis indicates the marginal cost for the Residential Class would be increased by 20%, which, if you include the cost of gas consumption, would equate to a 2.5% total increase in a total customer's bill. The industrial class would experience a 35% decrease in margin resulting in a 27% total bill decrease. Similarly, the commercial class would experience a 16% total bill decrease. The interruptible transport class would experience a 55% decrease in margin cost.

Q: What causes the Residential Class to have an increase in marginal cost while the other classes have a decrease?

A: Most customer growth has been by the Residential Class. Thus, the Residential class has an increase in marginal cost because they represent a larger percentage of billing instances than in 1988.

Q: Were gas commodity costs included in any of your allocated costs?

A: No. I did not include gas commodity costs in any of my cost allocations. See BRK-5, which compares present and proposed margin costs. Therefore, applying these results (a margin increase) would have a relatively small effect on residential customers' bills.

IV. SUMMARY

Q: Please summarize your findings concerning Petitioner's requested "across the board" rate increase.

A: Since its last cost of service was performed nearly 30 years ago, Westfield Gas has experienced substantial growth. Petitioner's request for an across the board rate increase may not be appropriate. Customer count, annual consumption, and peak month demand have all increased five-fold. My review indicates continued across the board rate increases

would exacerbate cost allocation inequities among rate classes. In fact, basing rates on Petitioner's proposed rate base and rate of return would further exacerbate these cost inequities.

Q: What do you recommend?

A: I recommend the Commission order Petitioner to perform and present a COSS in its next rate case. (If Petitioner has not filed a rate case before January 1, 2020, I recommend Petitioner perform a COSS by June 30, 2020 and provide a copy of the COSS to the OUCC.) Meanwhile, the OUCC's recommended rate decrease should be applied on an across the board basis.

Q: Does this conclude your testimony?

A: Yes.

AFFIRMATION

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

Brien R. Krieger

Brien R. Krieger
Utility Analyst II
Indiana Office of Utility Consumer Counsel
Cause No. 44731
Westfield Gas, LLC

Sept. 28, 2016

Date

APPENDIX BRK-1 TO THE TESTIMONY OF
OUCC WITNESS BRIEN R. KRIEGER

Q: Please describe your educational background and experience.

A: I graduated from Purdue University in West Lafayette, Indiana with a Bachelor of Science Degree in Mechanical Engineering in May 1986 and a Master of Science Degree in Mechanical Engineering in August 2001 from Purdue University at the IUPUI campus. From 1986 through mid-1997, I worked for PSI Energy and Cinergy progressing to a Senior Engineer. After the initial four years as a field engineer and industrial representative in Terre Haute, Indiana I accepted a transfer to corporate offices in Plainfield, Indiana where my focus changed to energy efficiency implementation and power quality. Early Demand Side Management ("DSM") projects included ice storage for Indiana State University, Time of Use rates for industrials, and DSM Verification and Validation reporting to the IURC. I was an Electric Power Research Institute committee member on forums concerning electric vehicle batteries/charging, municipal water/wastewater, and adjustable speed drives. I left Cinergy and worked approximately two years for the energy consultant, ESG, and then worked for the OUCC from mid-1999 to mid-2001.

I completed my Masters in Engineering in 2001, with a focus on power generation including aerospace turbines and left the OUCC to gain experience and practice in turbines. I was employed by Rolls-Royce (2001-2008) in Indianapolis working in an engineering capacity on military engines. This work included: fuel-flight regime performance, component failure mode analysis, and military program control account management.

From 2008 to 2016 my employment included substitute teaching in the Plainfield, Indiana school district, grades 3 through 12. I passed the math Praxis exam requirement for teaching secondary school. During this period, I also performed contract engineering work for Duke Energy and Air Analysis.

Over my career I have attended various continuing education workshops at the University of Wisconsin and written technical papers. While previously employed at the OUCC, I completed NARUC's Utility Rate School hosted by the Institute of Public Utilities at Michigan State University. In 2016, I have attended two cost of service/rate making courses: Rate Making Workshop (ISBA Utility Law Section) and Financial Management: Cost of Service Rate-Making (AWWA).

My current responsibilities include reviewing and analyzing Cost of Service Studies ("COSS") relating to cases filed with the Commission by natural gas, electric and water utilities.

Q: Have you previously filed testimony with the Commission?

A: Yes. This year I provided written testimony concerning the cost of service study in Community Natural Gas Corp's base rate case, Cause No. 44768. While previously employed by the OUCC, I wrote testimony concerning the Commission's investigation into merchant power plants, power quality, Midwest Independent System Operator and other procedures. Additionally, I prepared testimony and position papers supporting the OUCC's position on various electric and water rate cases during those same years.

Q: Please describe the general review you conducted to prepare this testimony.

A: I reviewed previous Indiana base rate petitions for natural gas utilities. I reviewed the testimony and the respective Commission Orders with a focus on associated cost of

service studies. I reviewed and analyzed Petitioner's prefiled direct testimony, exhibits, and data request responses for this Cause. I focused primarily on the testimony, exhibits, and work papers of Petitioner's witness LaTona Prentice.

OUCC's CURRENT ALLOCATORS versus 1988 COSS ALLOCATORS FROM CAUSE NO. 38778-U												
			Residential		Commercial			Industrial			Interruptible	
Allocator #		**Allocator Name**	R-Total	D20	C, P, & G -Total	D40	D40P (transport)	Industrial	D30	D30T (transport)	Interuptible	D50D
38778-u	OUCC		38778-u	44731	38778-u	44731	44731	38778-u	44731	44731	38778-u	44731
1	11	Peak Month Demand	57.46%	50.26%	32.99%	29.87%	11.30%	2.67%	1.49%	0.07%	7.38%	7.00%
2		Peak Month Demand (less farm taps/50% of interruptible)	64.13%		32.24%			0.00%			4.13%	
3	33	Pro Forma Therms	56.29%	48.99%	31.49%	27.96%	10.73%	5.88%	1.30%	0.04%	6.33%	10.98%
4		Meter/House Regs	43.54%	N/A	45.59%	N/A	N/A	4.08%	N/A	N/A	6.79%	N/A
5		Services	75.12%	N/A	16.55%	N/A	N/A	2.50%	N/A	N/A	5.84%	N/A
6	66	Number of Bills (instances)	87.40%	89.63%	12.33%	9.20%	0.91%	0.13%	0.18%	0.02%	0.13%	0.05%
7		Number of Bills (instances less farm taps)	88.56%		11.31%			0.00%			0.14%	
8		O&M and Working Capital (calculated from 38778-u)	80.69%		15.48%			1.11%			2.72%	
	99	Average of 11 & 66		69.95%		19.54%	6.11%		0.84%	0.05%		3.53%

Note

Allocators 2, 4, 5, and 7 were used for utility plant in Cause No. 38778-u COSS.
Allocator 8 was calculated from Cause No. 38778 O&M Expense and also used for Working Capital.
Allocator 66 is Pro Forma Billing Instances and is equal proxy to number of customers.
N/A means data not available from Petitioner, see DR 16.1 and DR 16.2

Allocator #		CAUSE NO. 38778-U ALLOCATORS VS. CAUSE NO. 44731 ALLOCATORS WITH UPDATED DATA														
			Residential			Commercial					Industrial			Interruptible	
		TOTAL	R-domestic	R-heating	D20	Commercial	Public Authority	Grain	D40	D40P	Industrial	D30	D30T	Interruptible	D50D
	Peak Month Demand														
	Amount	**213274**	296	122247		66761	2536	10			0			7868	
1	Percentage	**100.00%**	0.14%	57.32%		31.30%	1.19%	0.50%			2.67%			7.38%	
	Amount	**1159536**			582801				346406	131084		17228	812		81205
11	Percentage	**100%**			50.3%				29.9%	11.3%		1.5%	0.1%		7.0%
	Peak Month Demand (less Farm Taps/50% of interruptible)														
	Amount	**190703**	296	121997		57996	2536	10			0			7868	
2	Percentage	**100.00%**	0.16%	63.97%		30.41%	1.33%	0.50%			0.00%			4.13%	
														0.00	
	Pro Forma Therm Sales														
	Amount	**1160144**	2161	650869		350764	10587	4025			68266			73472	
3	Percentage	**100.00%**	0.19%	56.10%		30.23%	0.91%	0.35%			5.88%			6.33%	
	Amount	**5,864,628**			2,873,256				1,639,873	629,131		76,274	2,401		643,693
33	Percentage	**100%**			49.0%				28.0%	10.7%		1.3%	0.0%		11.0%
	Meter/House Regulators														
4	Percentage	**100.00%**	0.87%	42.68%		40.82%	0.39%	4.39%			4.08%			6.79%	
44	Percentage	N/A			N/A				N/A	N/A		N/A	N/A		N/A
	Services														
5	Percentage	**100.00%**	1.53%	73.58%		10.02%	0.46%	6.07%			2.50%			5.84%	
55	Percentage	N/A			N/A				N/A	N/A		N/A	N/A		N/A
	Pro Forma Number of Bills Issued														
	Amount	**8971**	160	7681		1046	48	12			12			12	
6	Percentage	**100.00%**	1.78%	85.62%		11.66%	0.54%	0.13%			0.13%			0.13%	
	Amount	**48796**			43737				4490	443		90	12	0.00	24
66	Percentage	**100%**			89.6%				9.2%	0.9%		0.2%	0.0%		0.05%
	Pro Forma Number of Bills Issued (less farm taps)														
	Amount	**8843**	160	7671		940	48	12			0			12	
7	Percentage	**100.00%**	1.81%	86.75%		10.63%	0.54%	0.14%			0.00%			0.14%	

NOTE

The single digit allocators are from Westfield Gas Corporation, Summary of Allocators, Page 70 of COS design Cause No. 38778-u
The double digit allocator numbers are OUCC produced allocators using present Westfied Gas, LLC data
Westfield Gas, LLC Test Year Data used when supplied in Case-in-Chief

D20, D30, D30T, D40, D40P, D50D are Petitioner's rate classes in 44731

				ORIGINAL COST RATE BASE AT APRIL 30, 2016					
	Test Year Original Plant Depreciated			Residential	Industrial		Commercial		Interruptible
Account		Allocator No.	**TOTAL**	D20	D30	D30T (Transport)	D40	D40P (Transport)	D50D (transport)
	Net Utility Plant In Service and Materials & Supplies								
304-364.8	**Production Plant**								
	Land & Land Rights		$ -						
311	LP gas equipment		$ -						
			$ -						
	Transmission Plant		$ -						
	Land & Land Rights		$ -						
367	Mains		$ -						
	Customer Related **subtotal**		$ -						
			$ -						
	Land & Land Rights		$ -						
367	Mains		$ -						
	Demand Related **subtotal**		$ -						
			$ -						
	Distribution Plant (50% of total - bill instances)	**50%**	$ -						
374	Land & Land Rights		$ 23,043						
375	Structures & Improvements		$ 13,699						
376	Mains		$ 2,609,912						
	Customer Related (50%) **subtotal**	66	$ 2,646,654	$ 2,372,258	$ 4,882	$ 651	$ 243,534	$ 24,028	$ 1,302
	Distribution Plant (50% of total - demand)	**50%**							
374	Land & Land Rights		$ 23,043						
375	Structures & Improvements		$ 13,699						
376	Mains		$ 2,609,912						
	Demand Related (50%) **subtotal**	11	$ 2,646,654	$ 1,330,250	$ 39,323	$ 1,853	$ 790,675	$ 299,201	$ 185,351
378-379	Measuring and Regulating Equipment	avg 11 & 66	$ 86,583	$ 60,562	$ 723	$ 41	$ 16,917	$ 5,287	$ 3,053
380	Services	66	$ 1,007,993	$ 903,488	$ 1,859	$ 248	$ 92,751	$ 9,151	$ 496
381	Meters	66	$ 327,811	$ 293,825	$ 605	$ 81	$ 30,164	$ 2,976	$ 161
382	Meter Installations	66	$ 5,422	$ 4,860	$ 10	$ 1	$ 499	$ 49	$ 3
383	House Regulators/Installations	66	$ 39,340	$ 35,261	$ 73	$ 10	$ 3,620	$ 357	$ 19
385	Industrial Measuring and Regulating Equipment	Direct to D30, D40P, D50D	$ 5,986		$ 4,250	$ 599			$ 1,137
	subtotal		$ 1,473,135	$ 1,297,995.88	$ 7,519	$ 979	$ 143,950	$ 17,821	$ 4,869
			$ -						
	General Plant (in Distribution Plant)		$ -						
389	Land & Land Rights		$ -						
390	Structures & Improvements		$ -						
			$ -						
	Materials & Supplies (13 month inventory)	avg 11 & 66	$ 375,533	$ 336,599	$ 693	$ 92	$ 34,555	$ 3,409	$ 185
			$ -						
301-303	**Intangible Plant (in Distribution Plant)**		$ -						
			$ -						
	Allocated Corporate Support Sevices	66	$ 458,533	$ 410,994	$ 846	$ 113	$ 42,192	$ 4,163	$ 226
			$ -						
	Allocated Shared Field Services	avg 11 & 66	$ 9,763	$ 8,751	$ 18	$ 2	$ 898	$ 89	$ 5
			$ -						
	TOTAL RATE BASE		**$ 7,610,271**	**$ 5,756,847**	**$ 53,280**	**$ 3,691**	**$ 1,255,805**	**$ 348,710**	**$ 191,938**

				ALLOCATED EXPENSES FOR MARGIN REVENUE REQUIRMENT					
				Residential	Industrial		Commercial		Interruptible
Account		Allocator Name	**TOTAL**	D20	D30	D30T (Transport)	D40	D40P (Transport)	D50D
	Purchased Gas								
804-813	Natural Gas Purchased Total	33	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Production Expense								
	total		$ -						
856	**Transmission Expense**								
	total		$ -						
870-894	**Distribution Expense (O&M)**	38778-u O&M							
	Operation Supervision & Engineering								
	Mains and Services								
	Meters and House Regulators								
	Other								
	subtotal		**$ 185,198**	$ 149,444.33	$ 1,031.79	$ 1,031.79	$ 14,330.58	$ 14,330.58	$ 5,028.93
901-905	**Customer Accounts Expense**	66							
	Supervision								
	Meter Reading								
	Customer Records and Collection								
	Uncollectible Accounts								
	subtotal		**$ 67,774**	$ 60,747.43	$ 125.00	$ 16.67	$ 6,236.27	$ 615.29	$ 33.33
907-910	**Customer Service & Information Expense**								
	total	66	$ 12,235	$ 10,966.52	$ 22.57	$ 3.01	$ 1,125.81	$ 111.08	$ 6.02
920-932	**A & G (O&M)**								
	total	38778-u O&M	$ 721,932	$ 582,558.38	$ 4,022.07	$ 4,022.07	$ 55,862.94	$ 55,862.94	$ 19,603.60
408-409	**Taxes**								
	total	composite p-rev, b-inst, & net plant	$ 150,890	$ 115,421.35	$ 1,091.49	$ 56.76	$ 24,270.33	$ 5,943.38	$ 4,106.69
403-406	**Depreciation & Amortization Expense**								
	total	% from Rate Base Tot	$ 421,503	$ 318,849.12	$ 2,950.99	$ 204.42	$ 69,554.12	$ 19,313.68	$ 10,630.67
	TOTAL EXPENSE		$ 1,559,532	$ 1,237,987	$ 9,244	$ 5,335	$ 171,380	$ 96,177	$ 39,409

			MARGIN REVENUE REQUIREMENT					
			Residential	Industrial		Commercial		Interruptible
		TOTAL	D20	D30	D30T (Transport)	D40	D40P (Transport)	D50D (transport)
Allocated Rate Base		$ 7,610,271	$ 5,756,847	$ 53,280	$ 3,691	$ 1,255,805	$ 348,710	$ 191,938
Rate of Return	8.732%							
Return on Rate Base		$ 664,529	$ 502,688	$ 4,652	$ 322	$ 109,657	$ 30,449	$ 16,760
Allocated Expenses		$ 1,559,532	$ 1,237,987	$ 9,244	$ 5,335	$ 171,380	$ 96,177	$ 39,409
Revenue Requirement		$ 2,224,061	$ 1,740,675	$ 13,896	$ 5,657	$ 281,037	$ 126,626	$ 56,169

		MARGIN REVENUE REQUIREMENT			
		Residential	Industrial	Commercial	Interruptible
	TOTAL	D20	D30 & D30T (transport)	D40 + D40P (transport)	D50D (transport)
Present Rates	$ 2,258,174	$ 1,450,787	$ 29,875	$ 651,431	$ 126,081
Petitioner's Proposed Rev. Req.	$ 2,619,245	$ 1,681,634	$ 34,713	$ 756,386	$ 146,512
OUCC Rev. Req.	$ 2,224,061	$ 1,740,675	$ 19,553	$ 407,663	$ 56,169
	$ (395,184)	$ 59,041	$ (15,160)	$ (348,723)	$ (90,343)
OUCC % Change from Present Rates		20.0%	-34.5%	-37.4%	-55.4%

Note

The Industrial and Commercial Transport (D30T & D40P) are contained within the Industrial and Commercial rates.
Transport Rate costs are allocated with their respective rate class because they pay the same delivery charge.
Petitioner's pro forma revenue requirement from LSP-2, page 6 of 6, column J. including miscellaneous revenue.

DATA REQUESTS

DATA REQUEST NO. 1:

What was the total number of meter/house regulators per rate class at the end of the test year?

RESPONSE:

Petitioner objects to the foregoing Data Request to the extent it requests that Petitioner prepare a study or conduct an analysis that does not exist, as opposed to seeking tangible documents that are in Petitioner's possession. Petitioner further objects to the foregoing Data Request on the grounds that it is vague and ambiguous. Petitioner did not conduct a cost of service study in this pending proceeding which would have caused Petitioner to gather meter and house regulator information. Subject to and without waiving the foregoing objection, if the Data Request is referring to meters as the number of billing instances by rate class, please see Petitioner's Attachment LSP -1, Page 3 of 16, column J filed on June 17, 2016.

WITNESS:

N/A

DATA REQUEST NO. 2:

What was the total number of services per rate class at the end of the test year?

RESPONSE:

Petitioner objects to the foregoing Data Request on the grounds that it is vague and ambiguous. Subject to and without waiving the foregoing objection, if the Data Request is referring to services per rate class as the number of billing instances by rate class, please see Petitioner's Attachment LSP-1, Page 3 of 16, column D filed on June 17, 2016.

WITNESS:

N/A

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing ***Indiana Office of Utility Consumer Counselor Public's Exhibit No. 6 Testimony of Brien R. Krieger*** has been served upon the following counsel of record in the captioned proceeding by electronic service on September 26, 2016.

Michael E. Allen
Lauren Toppen
LaTona S. Prentice
CITIZENS ENERGY GROUP
2020 N. Meridian Street
Indianapolis, IN 46202
mallen@citizensenergygroup.com
ltoppen@citizensenergygroup.com
lprentice@citizensenergygroup.com

Michael B. Cracraft
Steven W. Krohne
ICE MILLER LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Michael.cracraft@icemiller.com
Steven.krohne@icemiller.com

Daniel M. Le Vay
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
infomgt@oucc.in.gov
317/232-2494 – Phone
317/232-5923 – Facsimile