

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
A CENTERPOINT ENERGY COMPANY
(VECTREN SOUTH)

IURC CAUSE NO. 45477

DIRECT TESTIMONY
OF
RICHARD C. LEGER
VICE PRESIDENT, IN/OH REGION

ON

PETITIONER'S OPERATIONS, POLICIES, AND STRUCTURE

SPONSORING PETITIONER'S EXHIBIT NO. 1,
ATTACHMENTS RCL-1 THROUGH RCL-5

Glossary of Acronyms

API	American Petroleum Institute
BSCI	Bare Steel and Cast-Iron
CAGR	Compound Annual Growth Rate
CenterPoint	CenterPoint Energy, Inc.
CSIA	Compliance and System Improvement Adjustment
DIMP	Distribution Integrity Management Program
IURC or Commission	Indiana Utility Regulatory Commission
O&M	Operations and Maintenance
Petitioner or Vectren South or the Company	Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc.
PHMSA	Pipeline and Hazardous Materials Safety Administration
RP 1173	Recommended Practice 1173
Service Company	CenterPoint Energy Service Company, LLC
SIMP	Storage Integrity Management Program
SMS	Safety Management Systems
TDSIC	Transmission, Distribution, Storage Improvement Charge
TIMP	Transmission Integrity Management Program
Vectren	Vectren Corporation
Vectren North	Vectren Energy Delivery of Indiana, Inc.
Vectren Ohio	Vectren Energy Delivery of Ohio, Inc.
VUHI	Vectren Utility Holdings Inc.

TABLE OF CONTENTS

I. INTRODUCTION 4

II. COMPANY DESCRIPTION 8

III. OVERVIEW OF THE RATE REQUESTS AND RATE FILING 10

IV. SAFETY 18

V. COVID-19 21

VI. SYSTEM INTEGRATION 25

VII. CONCLUSION 25

DIRECT TESTIMONY OF RICHARD C LEGER

1 **I. INTRODUCTION**

2

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

4 A. My name is Richard C Leger. 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 CenterPoint Energy Service Company, LLC ("Service Company"),
9 a wholly-owned subsidiary of CenterPoint Energy, Inc. ("CenterPoint"). The Service
10 Company provides centralized support services to CenterPoint's operating units,
11 which includes Vectren Corporation ("Vectren"), a wholly-owned subsidiary of
12 CenterPoint.

13

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

15 A. I am testifying on behalf of Southern Indiana Gas and Electric Company d/b/a Vectren
16 Energy Delivery of Indiana, Inc. ("Petitioner", "Vectren South" or "the Company"),
17 which is a subsidiary of Vectren.

18

19 **Q. What is your role with respect to Petitioner Vectren South?**

20 A. I am Regional Vice President of Operations for the Indiana and Ohio natural gas for
21 CenterPoint, the ultimate parent company of Vectren South. I have the same role with
22 two other utility subsidiaries of Vectren – Indiana Gas Company, Inc. d/b/a Vectren
23 Energy Delivery of Indiana, Inc. ("Vectren North") and Vectren Energy Delivery of Ohio,

1 Inc. ("Vectren Ohio").

2

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

4 A. I graduated in December of 2000 from McNeese State University with a Bachelor of
5 Science degree in Marketing and a Bachelor of Science degree in Accounting.

6

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

8 A. I began my career with CenterPoint in January, 2001 as a Marketing Consultant in
9 New Iberia, LA. Over the years I have worked in six of our eight natural gas service
10 territories in a variety of progressing roles including Marketing & Sales and
11 Conservation Improvement Program Manager for Louisiana, Mississippi, Arkansas
12 and Oklahoma; Director of Regulatory Affairs for Louisiana and Mississippi; and
13 District Director for Central Arkansas operations. I was appointed to my current
14 position of Vice President of Operations for the Indiana and Ohio natural gas region in
15 February of 2019.

16

17 **Q. What are your present duties and responsibilities as Region Vice President?**

18 A. I am responsible for all aspects of the company's natural gas distribution operations in
19 Indiana and Ohio. Direct responsibilities include execution and oversight of operations
20 and maintenance ("O&M") and capital budgets, compliance, leak repair, service,
21 natural gas distribution construction, industrial sales, commercial sales, residential
22 sales, and energy efficiency.

23

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

25 A. Yes, I have filed testimony in Cause No. 45401 before the Indiana Utility Regulatory

1 Commission ("IURC" or "Commission") on behalf of Vectren South and Vectren North.
2 Further, I have provided written and/or oral testimony on behalf of CenterPoint before
3 the Arkansas Public Service Commission, Louisiana Public Service Commission,
4 Mississippi Public Service Commission, and the Oklahoma Corporation Commission.
5

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

7 A. My testimony provides an overview of the Company and its operations within the
8 southern Indiana region, including a description of the Company's organizational and
9 management structure. I briefly summarize the Company's Case-In-Chief and explain
10 the reasons for this filing.
11

12 **Q. What is the requested rate increase for Vectren South in this case?**

13 A. Vectren South is requesting a base rate increase of \$29.6 million which represents an
14 overall increase of 27.84%.¹ Due to the Company's approach to expense
15 management, energy efficiency resulting in lower usage, and lower gas prices, the
16 total bill for residential customers after the proposed rate adjustment will still be lower
17 than the average bill at the time of the prior rate case in 2007. This is an important
18 point that puts our request in context: even after the rate increase that we are seeking,
19 residential customers will still be paying less for gas utility service than they were over
20 13 years ago in 2007.
21

22 **Q. What is the status of natural gas supplies, demand and pricing?**

23 A. The natural gas industry continues to operate in a period of abundant supplies,

¹ See Petitioner's Exhibit No. 18, Schedule A-1.

1 relatively flat demand, and historically low prices. Based on current information, we
2 expect these conditions to continue in the near future.

3
4 **Q. Do these conditions benefit consumers?**

5 A. Yes, the cost of gas continues to represent a significant share of a residential
6 customer's bill, with the cost of distributing gas making up the remainder. However,
7 the Company's wholesale costs of natural gas are passed directly to consumers;
8 therefore, continued low wholesale costs of gas benefit our customers. To further
9 illustrate that point our customers have greatly benefitted from our significant
10 investment in our system to improve safety and reliability yet, as I mentioned earlier in
11 my testimony, an average residential customer's average bill after the proposed rate
12 increase will still be lower than their average bill in 2007.

13
14 **Q. Are you sponsoring any attachments in this proceeding?**

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

- 16 • Petitioner's Exhibit No. 1, **Attachment RCL-1**: Vectren South Service Territory
- 17 • Petitioner's Exhibit No. 1, **Attachment RCL-2**: COVID-19 Premise Entry Safety
18 Protocol
- 19 • Petitioner's Exhibit No. 1, **Attachment RCL-3**: Impacted Premise Entry Safety
20 Protocol
- 21 • Petitioner's Exhibit No. 1, **Attachment RCL-4**: Proofs of Legal Notice Publication
22 (Late Filed Attachment)
- 23 • Petitioner's Exhibit No. 1, **Attachment RCL-5**: Customer Notice (Late Filed
24 Attachment)

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

2 A. Yes, they were.

3

4

5 **II. COMPANY DESCRIPTION**

6

7 **Q. Please describe CenterPoint's corporate structure as it relates to Vectren South.**

8 A. Vectren South is a subsidiary and an operating division of Vectren Utility Holdings Inc.

9 ("VUHI"), which is a wholly-owned subsidiary of Vectren. CenterPoint is a company

10 with more than 6 million metered gas and electric customers and a long history of utility

11 service. CenterPoint's natural gas distribution business, which is headquartered in

12 Evansville, Indiana, engages in natural gas sales to approximately 4.5 million

13 residential, commercial, and industrial customers in the states of Arkansas, Indiana,

14 Louisiana, Minnesota, Mississippi, Ohio, Oklahoma, and Texas. Additional

15 information concerning CenterPoint and its affiliates is available in CenterPoint's 2019

16 Annual Report and SEC Form 10-K filing, each of which can be found at

17 CenterPointEnergy.com.

18

19 **Q. Where is the Company's principal office located, and where are its records kept?**

20 A. Vectren South's principal office in Indiana is located at 211 NW Riverside Drive,

21 Evansville, Indiana, and its books, accounts, and records are kept at that same

22 location.

1 **Q. How is the gas operations service territory for CenterPoint's Indiana/Ohio**
2 **Region organized?**

3 A. Upon the close of the merger, CenterPoint structured the natural gas operations of
4 Vectren North, Vectren South, and Vectren Ohio to align with the CenterPoint regional
5 service model. Under this model, the Indiana/Ohio Region is structured into two
6 separate operating districts and serves approximately 1.05 million residential,
7 commercial, and industrial customers. These operating districts consist of two
8 jurisdictions in Indiana, North and South, as well as a third jurisdiction located in Ohio.

9

10 **Q. How are the Indiana districts managed on a day-to-day basis?**

11 A. Reporting to me, at the state level, are: a Regional Operations Director; District
12 Directors for Field Operations; and a Director of Energy Efficiency, Economic
13 Development, and Industrial Sales. The Regional Operations Director and his staff
14 are responsible for operations compliance and contract services. The District
15 Directors are responsible for the operations within each district and are assisted by a
16 District Operations Manager. Area Managers report to the District Directors and are
17 responsible for smaller geographic areas within each district. Area Managers are
18 located at the district office or in communities where the Company has a significant
19 concentration of customers.

20

21 **Q. How many gas customers are served by Vectren South?**

22 A. The Company serves approximately 113,000 residential, commercial and industrial
23 customers across nine counties in the southwestern area of Indiana. A map of the
24 service territory can be found in Petitioner's Exhibit No.1, Attachment RCL-1.

1 **Q. What guiding principle informs the Company's provision of natural gas service?**

2 A. We are committed to ensuring safe, reliable, efficient, and affordable energy delivery
3 and providing exceptional service to our customers, communities, and employees.
4 CenterPoint has a long track record of excellent customer service as recognized by
5 numerous organizations.

6

7

8 **III. OVERVIEW OF THE RATE REQUESTS AND RATE FILING**

9

10 **Q. Is Vectren South publishing a legal notice in accordance with Ind. Code 8-1-2-61**
11 **and 8-1-2.5-6(d) and providing notice to customers in accordance with 170 IAC**
12 **5-1-18?**

13 A. Yes, Vectren South has caused to be published a legal notice in a newspaper of
14 general circulation in any county in which the utility renders service. Proofs of
15 publication of the legal notice will be submitted as a late filed exhibit once received as
16 Petitioner's Exhibit No. 1, Attachment RCL-4. Vectren South also has caused to be
17 mailed to customers a bill insert, which will be provided as a late filed exhibit as
18 Petitioner's Exhibit No. 1, Attachment RCL-5.

19

20 **Q. What is the total cost Vectren South incurs to provide gas service to its**
21 **customers?**

22 A. As described and supported in the Company's Case-In-Chief, Vectren South's total
23 cost of service based on a future test year ending December 31, 2021, as adjusted, is
24 approximately \$136.1 million. This includes a proposed return on equity (" ROE") of
25 10.15% and a proposed overall weighted average cost of capital of 6.18% on a rate

1 base of approximately \$469.4 million. As demonstrated by Petitioner's Witness Angie
2 M. Bell's direct testimony, the Company has prepared the filing using a forecasted test
3 year with reasonable adjustments, and using traditional and widely accepted
4 ratemaking principles.

5

6 **Q. Please briefly summarize the testimony of the Petitioner's other witnesses.**

7 A. In addition to my testimony, the Company offers the testimony of the following
8 Petitioner's Witnesses:

9

10 Ms. Angie M. Bell, Director, Regulatory & Rates, supports our revenue increase and
11 test year, and will sponsor the details around our phased in approach to implementing
12 rates consistent with other cases decided by the Commission under Indiana Code §
13 8-1-2-42.7 and IURC General Administrative Order 2013-5.

14

15 Mr. Ryan D. Moore, Manager of Finance, discusses and supports the 2021 unadjusted
16 test year, income statement, and balance sheet. Additionally, he will provide an
17 overview of the company's O&M budgeting and forecasting process. He also
18 describes the allocation process by which common costs of Vectren and VUHI are
19 allocated to the Indiana and Ohio jurisdictional utilities, with specific focus on the
20 allocations of operating expenses to Vectren South.

21

22 Mr. Steven A. Hoover, Director of Indiana/Ohio Gas Engineering, discusses the
23 Company's estimates for gas projects as well as the overall approach to our capital
24 plan.

1 Ms. Sarah J. Vyvoda, Manager, Engineering Gas Transmission and Storage Integrity,
2 will discuss and support the Company's enhanced pipeline safety compliance
3 programs, including the transmission integrity management program ("TIMP"), storage
4 integrity management program ("SIMP"), facility damages program, operator
5 qualification and training program, and safety management systems ("SMS").
6 Petitioner's Witness Vyvoda also describes the evolving pipeline safety regulations
7 that mandate these compliance programs, and the Company's resulting capital and
8 O&M expense investment required to support compliance with these programs.

9

10 Ms. Kate D. Porter, Director, Safety Management Systems and Quality, who was
11 previously Manager, Engineering Gas Distribution Integrity, will support the
12 Company's Distribution Integrity Management Program ("DIMP"). She will outline
13 Pipeline and Hazardous Materials Safety Administration's ("PHMSA") DIMP
14 requirements and how the Company has implemented its DIMP plan in response to
15 the requirements. She will also detail various specific programs and projects
16 developed to address risk identified through the implementation of the DIMP plan,
17 along with the underlying risk drivers. This will serve to demonstrate the
18 reasonableness of the activities that contribute to the capital expenditures and
19 expenses resulting from that work and included in this rate case.

20

21 Mr. Jeff S. Myerson, Director of Integration Management Office, addresses the
22 Company's Information Technology plan including replacement of end of life
23 technology and integration with the Company's core technology systems.

1 Ms. Michelle M. Townsend, Manager of Business Services Planning and Performance
2 Management, explains and supports the Service Company and other CenterPoint
3 entity allocations to Vectren Corporation, including description of services provided by
4 the Service Company and other CenterPoint entities, the allocation methodology for
5 assigning affiliate costs, and adjustments to requested affiliate expenses.

6 Ms. Bertha R. Villatoro, Director of Compensation, discusses and supports the level of
7 the Company's payroll and pension/benefits expense. Ms. Villatoro also provides an
8 overview of the Company's compensation and benefits philosophy.

9
10 Mr. John J. Spanos, Senior Vice President with Gannett Fleming Valuation and Rate
11 Consultants, LLC, will support the updated depreciation study and the Company's
12 proposed new depreciation accrual rates.

13
14 Ms. Brenda L. Musser, Director, Tax, explains the Company's methodology in the
15 computation of income tax expense and testifies on various income tax issues.

16
17 Ms. Ann E. Bulkley, Senior Vice President with Concentric Energy Advisors, supports
18 the Company's requested cost of equity, appropriateness of the capital structure, and
19 resulting rate of return.

20
21 Mr. Robert B. McRae, Vice President and Treasurer, presents the components of the
22 Company's capital structure and the reasonableness of their projected balances and
23 weighting. In addition, he will support the Company's proposed cost of debt.

1 Ms. Rina H. Harris, Director, Energy Efficiency will present testimony in support of the
2 extension of the Company's energy efficiency programs. She will discuss the role and
3 results of Vectren's 2022-2025 Market Potential Study and Action Plan; briefly discuss
4 Vectren's current and proposed natural gas energy efficiency initiatives; and discuss
5 the reasons why continuation of natural gas energy efficiency programs is in the public
6 interest.

7

8 Ms. Teresa J. Cullum, Supervisor, Credit and Collections will provide testimony in
9 support of our continuation of the Universal Service Program.

10

11 Mr. Russell A. Feingold, Vice President with Black & Veatch Management Consulting,
12 LLC will present the results of the Cost of Service study, rate design, and discuss its
13 effect on rates.

14

15 Ms. Katie J. Tieken, Manager, Regulatory and Rates, will sponsor the proposed rates
16 within the Tariff; implementation of Phase 1 and Phase 2 rates; the Company's request
17 to continue decoupling and Universal Service Program; and proposals associated with
18 new and existing adjustment mechanisms.

19

20 **Q. Will the rate of return established in this proceeding have an impact on the**
21 **Company's operations and its ability to attract capital for infrastructure**
22 **investments?**

23 A. Yes. The Company continues to invest substantially in growth, maintenance, and
24 replacement of its gas distribution system to continue to provide safe and reliable
25 service. A strong rate of return will allow Vectren South to attract on reasonable terms

1 the level of capital investment needed. As Petitioner's Witness Bulkley explains in her
2 direct testimony, if the ROE allowed for the Company is not comparable to other
3 investments of similar risk, investors will allocate their capital to alternative
4 investments. This case offers the opportunity for the Commission to affirm its support
5 for continued investment in the state of Indiana.

6

7 **Q. What has been Vectren South's earned return on equity performance since its**
8 **last gas rate case?**

9 A. To begin, the Company has not filed a general rate case in approximately 14 years,
10 and therefore, the existing base rates and charges were established based on a level
11 of operating expenses that is more than a decade old. Further, while the Company
12 has taken steps to control O&M expense since its last rate case, the amount of O&M
13 expenses and capital expenditures have continued to grow beyond the level of
14 investment as outlined in the previous rate case. In August 2007, the Commission's
15 final order in Cause No. 43112 approved an allowed return on equity for the
16 Company's gas utility of 10.15%. Since its 2006 rate case, the Company has
17 presented the calculation of actual ROE for the relevant twelve-month period in Cause
18 No. 37366 as ordered in Cause Nos. 42943/43046. Those calculations show that
19 Vectren South has earned well below its approved return on equity since 2009.

20

21 **Q. What is the test year in this proceeding?**

22 A. Vectren South is filing a forward-looking test year using the Company's 2021 budget
23 year as the basis for building its base rate case. The Company believes the 2021
24 budget provides an accurate representation of the cost of service for Vectren South
25 during the period requested rates will be in effect.

1 **Q. Are there are any merger related costs included in the Company's costs of**
2 **service?**

3 A. No. As per rebuttal testimony of CenterPoint Witness Scott Doyle filed on
4 September 12, 2018 in Cause No. 45109, the Company has agreed not to seek
5 recovery of costs related to consummating the purchase of Vectren by CenterPoint
6 including those incurred prior to, and during, the transaction's consummation and
7 associated goodwill. The Company has not included these costs in the rate case
8 and such costs instead would be classified as a shareholder expense.

9

10 **Q. What are the primary drivers necessitating the Company to file a base rate case**
11 **at this time?**

12 A. The Company has grown rate base for its gas operations from \$121.7 million
13 authorized in the last rate case to \$469.4 million and grown O&M expense at
14 approximately 2% CAGR (compound annual growth rate) over 15 years which is in
15 line with inflation. Also, in accordance with Ind. Code § 8-1-39 Transmission,
16 Distribution, Storage Improvement Charge (the "TDSIC" statute), the Company is
17 statutorily required to file a base rate case at the end of the Company's filed TDSIC
18 plan. Further, as discussed by the Petitioner's Witness Vyvoda, PHMSA has issued
19 many new regulations, advisories and alerts over the past several years, which have
20 greatly increased our integrity management spending. Many of these new regulations
21 and advisories have also been discussed in the Company's Compliance and System
22 Improvement Adjustment ("CSIA") filings.

23

24 **Q. What are the main reasons for this level of capital expenditures?**

25 A. As Petitioner's Witnesses Porter and Vyvoda discuss in detail, the Company will

1 continue investing significant amounts of capital in its safety and integrity management
2 efforts. In addition, we expect the relatively higher level of relocations and
3 replacements related to public improvement projects to continue.
4

5 **Q. Are there positive impacts from the increased level of the Company's safety and**
6 **integrity management expenditures?**

7 A. Yes. Our customers and the public will continue to realize the benefits of a safe and
8 reliable distribution system, and we will achieve environmental benefits as well.
9 Additionally, the Company is in a better position to proactively assess and manage
10 operating risks going forward.
11

12 **Q. Is continued regulatory support of these efforts needed?**

13 A. Absolutely. The Company and our customers benefit when we operate in a supportive
14 regulatory environment – both with our safety regulators and financial regulators. As
15 discussed by Petitioner's Witness Bulkley, maintaining a strong regulatory
16 environment contributes to our ability to access the capital markets at reasonable
17 rates, controlling costs for our customers. Continued support from our regulators and
18 other stakeholders is critical to our ability to continue to provide safe, reliable service
19 and to meet the new challenges ahead.
20

21 **Q. What other capital investments has the Company made in Vectren South's gas**
22 **service territory?**

23 A. In addition to the investments related to our pipeline integrity efforts, we continually
24 invest in our system to meet our customers' needs. This includes investments in
25 distribution facilities to serve new customers; replacing or relocating distribution

1 facilities in coordination with local and state government public improvement projects
2 such as road reconstructions; and investing in communications and computer
3 systems, vehicles, buildings, and other general equipment. While most Compliance
4 Projects (Transmission Modernization, Distribution Modernization, Bare Steel and
5 Cast Iron ("BSCI") replacement, Storage Modernization) were included with the
6 TDSIC, similar projects were completed prior to the start of the 7-Year TDSIC Plan in
7 2014. In addition, only certain previously identified and approved new business,
8 system improvement, and public improvement projects were included in the TDSIC.

9
10
11 **IV. SAFETY**

12
13 **Q. Please discuss Vectren South's integrity management work and focus on safety**
14 **and reliability of service.**

15 A. The Company places top priority on providing safe and reliable service. We are
16 dedicated to designing, constructing, operating and maintaining our system to ensure
17 the safety of our customers, the general public, and our employees. This priority is
18 critical and supersedes everything else we do. In addition, we design and operate our
19 system in a manner to maximize reliability and minimize service interruptions. When
20 customers need natural gas for cooking, water heating, heating or any other end use,
21 we need to be able to provide that service safely and on demand. Our emphasis on
22 safe, reliable service enables us to meet those needs. The Company is committed to
23 sustaining a culture of safety excellence.

1 **Q. What steps has the Company taken to assure the safety expectations of its**
2 **customers are met?**

3 A. Safety remains our top priority and is at the forefront of everything we do. Therefore
4 we engage our front-line employees regularly to help inform our safety programs to
5 not only keep safety top of mind but also inform us how to best protect our employees,
6 our community, and our system. Additionally, since our last rate case, Vectren has
7 launched an extensive BSCI replacement program. As detailed in numerous
8 TDSIC/CSIA filings and in Petitioner's Witness Hoover's direct testimony, Vectren
9 South has invested significant capital in the last 7 years to ensure system safety and
10 reliability.

11

12 **Q. How does the Company decide what safety-driven investments to make?**

13 A. The Company's investments are primarily informed by its TIMP, DIMP, and SIMP
14 programs. These programs and models inform investment decisions by providing us
15 with important risk rankings so that we can deploy our capital in the most efficient way
16 possible to address our riskiest assets and serve as inputs into SMS. The details of
17 these programs are explicitly discussed in the testimony of Petitioner's Witnesses
18 Vyvoda and Porter.

19

20 **Q. What are some of the technologies the Company has used to drive customer**
21 **safety?**

22 A. Beyond what I mentioned above on SMS and our integrity planning models, in 2014
23 Vectren developed and implemented an emergency response application and
24 deployed smart phones assigned to each field employee. This application allows the
25 employee to get the most relevant information necessary (name, address, and

1 emergency details) to quickly respond to a customer's emergency. Additionally, the
2 application geofences the employee's location which eliminates the need for the
3 employee to spend critical time logging into the computer in their truck. This one piece
4 of technology has shaved off critical minutes and reduced Indiana's overall emergency
5 response time by 15%. A more significant impact has been the speed at which we
6 can get the order to the field technician which has improved 52%.

7

8 **Q. Does the Company have any plans to invest in new technologies that will**
9 **improve the safety of the system and customers?**

10 A. Yes, the Company has tested a new meter that was developed by Itron called the
11 Intelis meter. Our initial lab tests and advanced deployment of the meters in the field
12 have been positive. These meters are smaller in footprint and improve the safety of
13 our customers by incorporating automatic shutoffs for high flow and excess
14 temperature. If the meter reads a flow rate greater than 480 cubic foot per hour for 15
15 seconds or senses a temperature greater than 85 degrees Celsius (185 degrees
16 Fahrenheit) a safety shutoff is tripped that will stop the flow of gas. Additionally, there
17 are internal alarms (magnetic tamper, valve override status, battery counter, etc.) that
18 can be picked up with the mobile meter reading unit.

19

20 In 2021, the Company has included in the forecast investment the first Picarro Leak
21 Surveyor for the Indiana region. The Picarro Leak Surveyor is significantly more
22 sensitive than prior technologies and is able to detect methane in parts per *billion*
23 rather than the parts per *million*. When methane is detected over a naturally-occurring
24 baseline value, it indicates a possible natural gas leak in the system. The general
25 location of the detected methane is determined by sophisticated algorithms which

1 evaluate wind speed, atmospheric characteristics and sample concentration levels.
2 The location is recorded in the GPS-based location tracking system. Once the leak
3 indication is identified, then a set of leak detection pin pointers are dispatched to the
4 area that has been surveyed to pinpoint the exact location and grade the leak.

5 This technology was first piloted in CenterPoint's Minnesota and Texas regions in 2014
6 and today we have 16 units successfully deployed across our 8-state footprint. As you
7 can imagine, this technology has shown to initially increase our leak find rate by 3 to
8 5 times the normal rate. That said, over time we expect the leak find rate to decline
9 due to a tighter system with fewer methane emissions, resulting in increased safety.

10
11 **Q. Will the implementation of Picarro greatly increase the backlog of leaks in**
12 **Vectren South?**

13 That's not a question that I could answer with a definitive yes or no. While I certainly
14 do expect the find rate of known leaks in Vectren South to increase, that would allow
15 us to identify and repair leaks sooner than without Picarro. In addition to the safety
16 benefits inherent with addressing more known leaks, it is anticipated to also
17 contribute to reduced methane emissions.

18
19
20 **V. COVID-19**

21
22 **Q. How has COVID-19 affected the operations of Vectren South?**

23 **A.** Throughout the duration of the health emergency, the Company has remained

1 committed to safety, having activated its Pandemic Preparedness Plan in March 2020.
2 Since then, we have continued to monitor updates and impact of COVID-19 while
3 implementing and following comprehensive emergency action plans and enhanced
4 safety protocols ("Enhanced Safety Protocols"), based upon guidelines issued by
5 Centers for Disease Control and Prevention and local government entities. The
6 Company's policies and protocols relative to COVID-19 are designed to reduce the
7 risk of exposure while protecting the health and safety of the Company's employees,
8 customers, and communities.

9
10 In an effort to prevent the spread of COVID-19, as well as protect the health and safety
11 of our employees and customers, we significantly modified our operations beginning
12 in March 2020. While the vast majority of our office personnel are currently, and have
13 been since March 2020, working remotely, CenterPoint implemented Enhanced
14 Safety Protocols for essential office personnel. For example, Petitioner created
15 alternate reporting locations and schedules for key personnel such as gas control to
16 maintain its essential services while safeguarding against, and preventing,
17 interruptions of critical services due to the spread of COVID 19. Field personnel have
18 most likely seen the greatest level of impact. To protect the health and well-being of
19 our employees and customers, we significantly altered reporting procedures for field
20 employees. For instance, we have all field employees reporting to alternate sites
21 across the footprint and where employees traditionally work in crews, we have asked
22 such employees to drive separately to job sites to allow for increased social distancing.

23
24 In addition, from March 2020 through August 2020, we only performed essential
25 services to reduce the spread of the virus.

1 **Q. Have you altered your PPE requirements as well?**

2 A. Yes, in addition to the aforementioned protocols, CenterPoint has developed PPE
3 protocols for the health and safety of its employees, customers, and communities as
4 shown in Petitioner's Exhibit No. 1, Attachment RCL-3. These Enhanced Safety
5 Protocols include wearing a cloth face covering, or equivalent, when mandated by
6 local orders, when social distancing cannot be maintained, or when entering
7 customers' homes and businesses; disinfecting solutions for our employees tools;
8 pump sprayers that can be used as mobile hand washing stations in the field; and an
9 entire additional set of PPE for safe entry into customer premises should an employee
10 need to enter a premise where the customer has been experiencing symptoms
11 consistent with, or exposed to, COVID-19.

12

13 **Q. Have you had sufficient PPE to protect your employees?**

14 A. As of right now we are outfitted appropriately with all PPE needed in order to complete
15 our work in a safe manner. In the beginning, it was extremely difficult to source
16 appropriate face coverings and hand sanitizer. Our sourcing group has done an
17 outstanding job in unprecedented times in order for our employees to have the safety
18 equipment needed to provide our essential services to our customers and reduce the
19 risk of spread of the virus. I would like to add that over this time I have witnessed
20 some of the most caring and heartwarming stories of our employees, and in some
21 instances, their families working to help protect our customers.

22

23 **Q. Have you experienced any issues with labor associated relative to COVID-19?**

24 A. Since the pandemic began, our employees have worked diligently to provide an
25 essential service to our customers, and the Company has made some changes to

1 ensure safe operations. As a result, the Company has incurred some additional costs
2 related to the way that employees work. These costs were spent to maintain a healthy
3 workforce that continues to provide vital services.

4 **Q. Have there been any revenue impacts associated with COVID-19?**

5 A. Yes, the Company has experienced reduced revenues in all customer classes
6 associated with reduction of usage, waived application and collection of deposits, late
7 fees, and convenience fees, and experienced an increase in bad debt expense
8 associated with the inability to disconnect customers for non-payment of their utility
9 bills.

10

11 **Q. How has the Company addressed COVID-19 in its request?**

12 A. As explained by Witness Moore, our budgets that are being used to forecast the test
13 year in this case were finalized in 2019, and we have not adjusted those pre-pandemic
14 budgets to account for the continued impacts of COVID-19. Because of the
15 uncertainty caused by the COVID-19 pandemic and the resulting public health
16 emergency, the Company has proposed a phased approach to implementation of
17 rates in this case that updates not only rate base and capital structure as of the time
18 rates take effect, but also captures actual results of operations. This is explained by
19 Witness Bell.

1 **VI. SYSTEM INTEGRATION**

2
3 **Q. Please describe any requirements for Petitioner to replace legacy customer**
4 **systems.**

5 A. The Company has legacy customer systems that were due to be replaced. However,
6 as Petitioner's Witness Myerson describes in his direct testimony, as part of the
7 transaction between Vectren and CenterPoint, the entities agreed that Petitioner would
8 not move forward with system replacements to give the merged entities time to
9 evaluate the best approach to proceed with common systems for the combined
10 company. Upon evaluation and completion of the fit gap analysis completed in 2019,
11 it was decided to leverage the customer and accounting systems that have been
12 established at CenterPoint for many years. Doing so offered many advantages
13 including but not limited to the ability to take advantage of volume discounts by
14 leveraging the size of the combined organization, gain efficiencies by maintaining a
15 common set of systems and functionality, and being laser focused on one system as
16 we protect our systems against security vulnerabilities.

17
18
19 **VII. CONCLUSION**

20
21 **Q. Is there anything else you would like to add?**

22 A. Yes, CenterPoint is committed to be a leader and valued partner in the communities
23 we serve. Supporting our community either through a robust volunteer program or via
24 financial contributions to local non-profits has and will continue to be a large part of
25 our corporate responsibility. During 2019 alone, Vectren South colleagues engaged

1 in communities through various initiatives ranging from construction projects, walks,
2 and board and committee service, representing a total investment of more than 26,000
3 hours of community service. Additionally, Petitioner's Foundation has partnered with
4 organizations across the state of Indiana with the goal of making our communities
5 stronger and more sustainable by investing our resources in initiatives that lead to
6 better education and community vitality outcomes while promoting diversity and
7 inclusion. Since our last rate case in 2007, the Vectren foundation has made monetary
8 donations totaling over \$28 million dollars into Indiana communities.

9

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

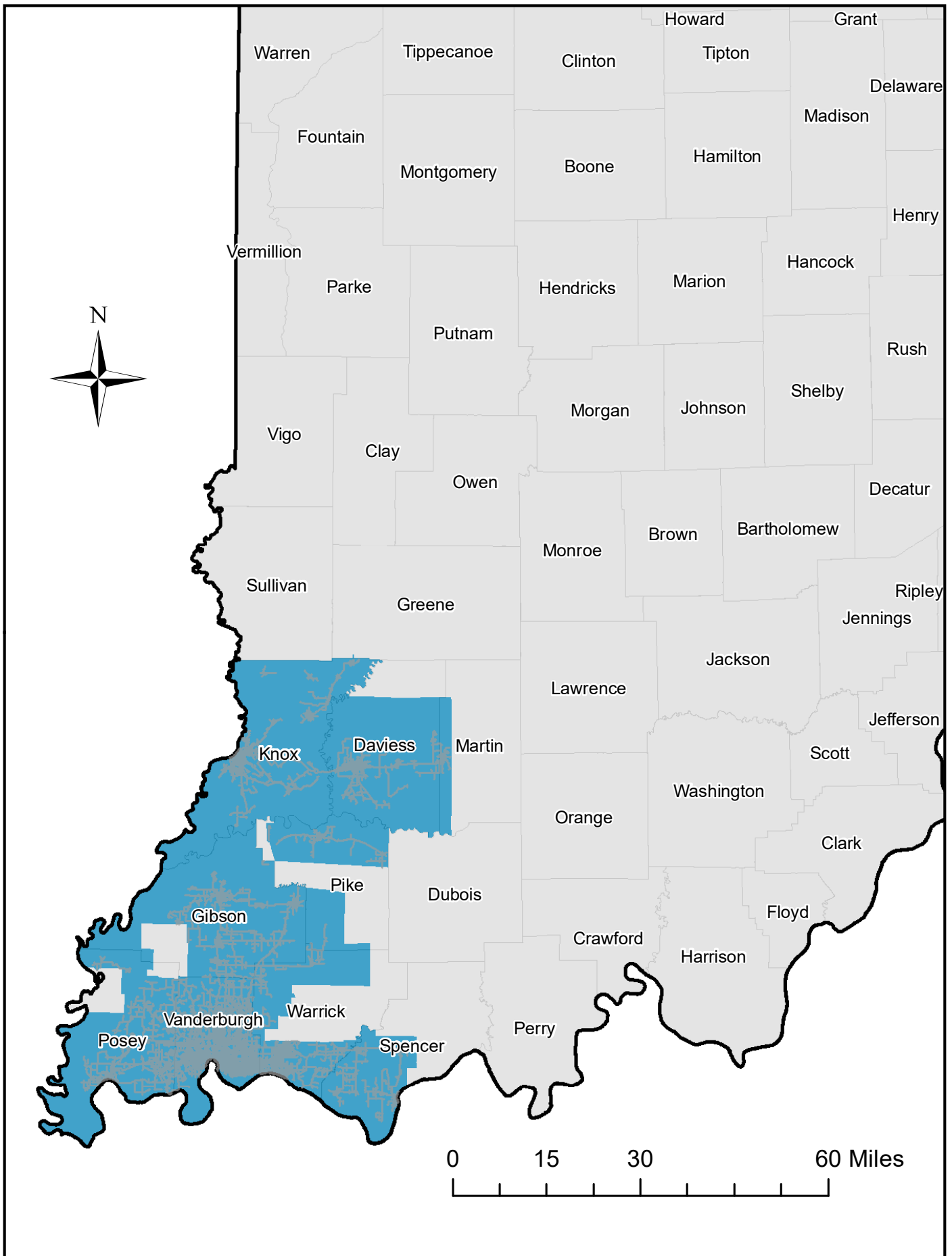
11 **A.** Yes, it does.

VERIFICATION

I, Richard C. Leger, 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.


Richard C. Leger

Dated: October 30, 2020



CenterPoint Energy Covid-19 Premise Entry Safety Protocol

Employees should always exercise good hygiene practices including frequent hand washing in accordance with Centers for Disease Control (CDC) guidance. This protocol is created to provide standard guidance to help prevent exposure to Covid-19, also known as the Coronavirus while performing work within customer premises. Contact your supervisor should you have a question about this subject that is not covered in this document.

The call center will be taking extra precautions by adjusting their customer contact scripts in order to identify any COVID-19 health risks. This precaution is to avoid dispatching non-emergency orders to the field where a known/suspected Covid-19 risk may exist.

Non-Emergency Orders

Non-emergency orders may be worked as normal at this time.

Follow the guidance below when speaking with the customer. It is strongly recommended that conversations with customers should take place in a well-ventilated area preferably outside of the premise with employees maintaining a 6-foot distance from the customer.

- Hello, I am ___ from CenterPoint Energy and I am here to perform [describe the work]
- The safety of our customers and workers is our top priority
- Given the situation with coronavirus, we are taking some extra safety precautions:
- For example, we should not shake hands, and we should keep at least six feet of distance between us and anyone else in the home out of an abundance of caution.
- May I ask if there is anyone in the home who is feeling ill today, and if so, could they please stay in a separate room so I can safely complete my work?
- May I ask if there is anyone in the home who has been diagnosed with coronavirus or who is being quarantined or monitored (self or otherwise) or who has recently traveled from an area heavily impacted by coronavirus?
- Are there any pets that may be a hazard to me as I perform my work?
- Finally, is there anything else I should know that may impact my safety before I enter?
- Are you comfortable with me proceeding with the work per these procedures?

If the following situation occurs, employees should politely inform the customer they will not be able to complete the work at this time, leave the premises and contact their supervisor. The employee should refer the order to pending with notes explaining the situation and contact the Call Center Tech-Line to move the customer appointment to a later date.

- A resident is wearing a face mask; this should be taken into consideration along with the observed physical condition of the occupants and other factors in this list
- A resident at the premise tells an employee that someone at the premises has tested positive for coronavirus or is being quarantined or monitored (self or otherwise) for coronavirus

- An employee witnesses a resident exhibiting symptoms of coronavirus (e.g., coughing, shortness of breath, fever, etc.) and they do not feel they can complete the work safely, or is otherwise concerned they cannot perform the work safely for all involved
- Techs should communicate to the customer that the work to be performed [describe the work to be performed] has been rescheduled to a later date and they will be contacted about the next service date.

Enhanced Personal Protective Equipment and Hygiene Guidance

These guidelines are being provided to allow employees to add a layer of protection. During this virus outbreak, CenterPoint Energy employees should follow these PPE guidelines while entering premises where there is no known exposure.

- Based on CDC guidance and requirements from local government entities, a cloth face-covering or equivalent should be worn when physical distancing cannot be maintained.
 - Employees must wear a face-covering at all times when in public spaces where state or local government officials have put such orders in place.
 - Techs should wear a face covering at all times within a customer's premise unless the face covering presents a hazard such as during re-lighting of appliances. If it must be removed for any task, it should be immediately donned after that task is complete.
- Wash hands or use sanitizer both before entering and after leaving a home. Hand soap and water may be carried on your vehicle.
- Put on disposable latex/nitrile gloves and shoe covers, if available, before entering the home
- *In the absence of latex gloves and shoe covers due to availability:* employees should wash hands before entering and after exiting premises. Shoes should be sprayed with Lysol disinfectant spray or equivalent.
- Work gloves may be worn on top of the latex gloves; but should be done sparingly as it is being recommended that these leather gloves be discarded after use if thought to be contaminated.
- Safety glasses should also be worn.
- Disinfect or wipe down any tools prior to loading them back in vehicles.
 - Bleach solutions for disinfecting must contain 5 tablespoons (1/3rd cup) bleach per gallon water, or 4 teaspoons bleach per quart of water
 - The cleaning of sensitive instruments and electrical/electronic equipment should be done in accordance with manufacturer's instruction.
- Employees should remove and dispose of the latex gloves and shoe covers after leaving the customer's home. Gloves and shoe covers may be disposed of in regular trash receptacles.
- Avoid touching your eyes, nose, and mouth.
- Wash hands or use sanitizer prior to getting into the company vehicle.
- Disinfect or wipe down any objects that are touched often in vehicles, such as door handles, arm rests, steering wheel, and seatbelts as appropriate.
- Surgical masks or N95 respirators are not being required as the Centers for Disease Control has communicated, they are not recommended in the prevention of coronavirus.
- At the end of the workday, launder any work clothing separately from other articles of clothing and store work shoes away from common-use areas.

Emergency Orders involving an Impacted Premise

If a location is known to have an occupant with coronavirus, employees will work with management on additional precautions that will be taken prior to entering the premise. Entry will only be made for emergency orders after consultation with your management team.

All efforts will be taken to resolve the emergency without entering the building. We will continue to follow our protocol of asking occupants to leave the building if there is a gas leak.

Customer Service Order Creation and Call Handling Protocol

Customer Service met with Legal, Operations, Safety and Dispatch to address both the Gas and Electric order creation and call handling process if a customer declares that they have coronavirus as well as, how do we proactively ask a customer if they have been exposed or have the virus.

There are two scripts that were approved by Legal, the first script below is the question that we will ask customers on every call that requires a service order for either Gas or Electric. The second question will be used for additional probing if needed:

- 1) "As a precautionary measure, we want to ensure safe access to the property. Can you please confirm no one at the location is currently ill?"
 - a. "May I ask if there is anyone in the home who has been diagnosed with coronavirus or who has recently traveled to one of the areas impacted with coronavirus?"

If a customer informs a contact center representative that the premise is not safe, the following steps below will be taken:

- 1) The Contact center agent will notate the customer's account using the following:
 - a. Category 1/Class – **Customer Service Order** and Category 2/Action - **Hazardous Conditions**.
- 2) A flag will be placed on the account with notes stating no orders should be issued for 14 days for the affected premise
- 3) The contact center will advise the customer that order will be fulfilled at least 14 days from the order origination date (unless we are advised differently by Safety and Operations)

If the Field arrives at a premise to fulfill an order and is made aware of hazardous conditions or becomes concerned, they are at risk:

- They will contact our tech line and inform the customer service representative.
 - Contact Center agents will note the account (with documented process previously outlined)

- Contact Center will contact customer to establish a new appointment date/time for work to be complete.
- Field personnel will complete order with appropriate notes including reference that tech line is rescheduling call for future date.

Contact with a Presumptive Positive or Positive Person

If an employee comes into contact with an individual that is known to have a presumptive positive or positive test result for coronavirus, they should immediately:

- Remove themselves from close proximity of the individual by going to their company vehicle
- Notify any coworkers onsite of the exposure and ask them to follow the 6-foot distancing protocol
- Remove any protective items including latex gloves (remove inside out), shoe covers and safety glasses, and dispose of them
- Wash hands and any other unprotected skin surface that might have been exposed with soap and water for at least 20 seconds before rinsing and drying
- Alcohol, hand sanitizer or antiseptic towelettes should be used when soap and water are unavailable.
- Remove any clothing that has been contaminated with bodily fluids as soon as practical. Any contacted skin area should then be cleaned by washing with soap and warm water. Contaminated clothing should be bagged carefully and laundered in the normal fashion with HOT water but separated from family clothes.
- Any tools or equipment that may have been contaminated should be disinfected. Protective disposable latex or nitrile gloves should be worn during all phases of disinfection and disposed of after use. The cleaning of sensitive instruments and electrical/electronic equipment should be done in accordance with manufacturer's instruction.
- Contact their supervisor for further instructions
- Exposures will be evaluated on a case by case basis, but the exposed employee should not return to a company facility until they are instructed to by their supervisor or HR Business Partner

CenterPoint Energy Covid-19 Impacted Premise Entry Safety Protocol

This protocol details actions to take in the event work must be performed in a premise where a presumptive positive or confirmed case of coronavirus exists. Employees should always exercise good hygiene practices including frequent hand washing in accordance with Centers for Disease Control (CDC) guidance. This protocol is created to provide standard guidance to help prevent exposure to Covid-19, also known as the Coronavirus while performing work within customer premises. Contact your supervisor should you have a question about this subject that is not covered in this document.

Emergency Orders involving an Impacted Premise

If a location is known to have an occupant with coronavirus, employees will work with management on additional precautions that will be taken prior to entering the premise. Entry will only be made for emergency orders after consultation with your management team.

All efforts will be taken to resolve the emergency without entering the building. We will continue to follow our protocol of asking occupants to leave the building if there is a gas leak.

Some standard precautions include, but are not limited to:

- Based on CDC guidance and requirements from local government entities, a cloth face-covering or equivalent should be worn when physical distancing cannot be maintained.
 - Employees must wear a face-covering at all times when in public spaces where state or local government officials have put such orders in place.
 - Techs should wear a face-covering at all times within a customer's premise unless the face covering presents a hazard such as during re-lighting of appliances. If it must be removed for any task, it should be immediately donned after that task is complete.
 - Use of a N95 respirator during work inside the premise would meet the face-covering requirement.
- Contacting the customer and arranging for ill individuals to be located to a room away from the work area.
- Prior to entering, ask the customer if the area has been cleared and there are no additional hazards such as animals.
- Company employees will follow all the Level 2 PPE requirements (detailed below).
- Employees should wash hands or use an alcohol-based sanitizer that contains 60 to 95% alcohol prior to putting on PPE.
- Inspect all PPE for damage, defects, or other conditions which could lessen its effectiveness.
- Enter the premise once all PPE has been put on.
- Maintain a 6-foot distance from anyone in the home.
- Avoid touching any items that don't need to be disturbed to complete the work.
- Once the work is complete, inform the customer that you are finished and exit the premise.
- Disinfect or wipe down any tools prior to loading them back in vehicles.
 - Bleach solutions for disinfecting must contain 5 tablespoons (1/3rd cup) bleach per gallon water, or 4 teaspoons bleach per quart of water



- The cleaning of sensitive instruments and electrical/electronic equipment should be done in accordance with manufacturer's instruction.
- Employees should remove and dispose of the latex/nitrile gloves, disposable coveralls, disposable face shields and shoe covers after leaving the customer's building, but prior to getting into a company vehicle. All items may be disposed of in regular trash receptacles.
- In the absence of latex or nitrile gloves and shoe covers due to availability: employees should wash hands after exiting premises. Shoes should be sprayed with Lysol disinfectant spray or equivalent.
- If a non-disposable face shield is used, it must be disinfected with an approved disinfectant before being stored for next use.
- Avoid touching your eyes, nose and mouth.
- Protective disposable latex or nitrile gloves should be worn during all phases of disinfection and disposed of after use.
- Employees should wash hands or use an alcohol-based sanitizer that contains 60 to 95% alcohol after removing PPE.
- At the end of the workday, launder any work clothing separately from other articles of clothing and store work shoes away from common-use areas.

Level 2 PPE

Level 2 PPE includes the following items:

- Latex or nitrile gloves, if available
- Safety glasses (wrap-around or with side shields)
- Disposal coveralls
- Shoe/boot covers
- Face shield (disposable, if available), only required where infected person(s) cannot be moved to another room
- An N95 respirator or equivalent or higher-level respirator may be worn. Special care should be taken to ensure that respirators are reserved for situations where respiratory protection is most important, such as in the presence of confirmed COVID-19 cases.

Contact with a Presumptive Positive or Positive Person

If an employee comes into physical contact with an individual who is known to have a presumptive positive or positive test result for coronavirus, they should immediately:

- Remove themselves from close proximity of the individual by going to their company vehicle
- Notify any coworkers onsite of the exposure and ask them to follow the 6-foot distancing protocol
- Remove any protective items including latex gloves (remove inside out), shoe covers and safety glasses, and dispose of them
- Wash hands and any other unprotected skin surface that might have been exposed with soap and water for at least 20 seconds before rinsing and drying



- Alcohol-based, hand sanitizer or antiseptic towelettes should be used when soap and water are unavailable.
- Remove any clothing that has been contaminated with bodily fluids as soon as practical. Any contacted skin area should then be cleaned by washing with soap and warm water. Contaminated clothing should be bagged carefully and laundered in the normal fashion with HOT water but separated from family clothes.
- Any tools or equipment that may have been contaminated should be disinfected. Protective disposable latex or nitrile gloves should be worn during all phases of disinfection and disposed of after use. The cleaning of sensitive instruments and electrical/electronic equipment should be done in accordance with manufacturer's instruction.
- Contact their supervisor for further instructions
- Exposures will be evaluated on a case by case basis, but the exposed employee should not return to a company facility until they are instructed to by their supervisor or HR Business Partner

ATTACHMENT WILL BE LATE FILED

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