

FILED
February 7, 2024
**INDIANA UTILITY
REGULATORY COMMISSION**

JOINT PETITIONERS' EXHIBIT NO. 1

**OHIO VALLEY GAS CORPORATION AND
OHIO VALLEY GAS, INC.**

INDIANA UTILITY REGULATORY COMMISSION

DIRECT TESTIMONY

OF

SCOTT A. WILLIAMS

SPONSORING ATTACHMENT SAW-1

Ohio Valley Gas Corporation and Ohio Valley Gas, Inc.

Direct Testimony of Scott A. Williams

I. WITNESS BACKGROUND

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

2 A. My name is Scott A. Williams, and my business address is 111 Energy Park Drive
3 Winchester, IN 47394.

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

5 A. I am employed by Ohio Valley Gas Corporation (“OVGC”) as the Executive Vice
6 President and Chief Executive Officer. I began this position in April 2020. Prior to that
7 position, I served as the Executive Vice President and General Manager starting in April
8 2013.

9 **Q. Please summarize your educational background and work experience.**

10 A. I graduated from Rose Hulman Institute of Technology in 1984 with a Bachelor of Science
11 degree in Mechanical Engineering. I was continuously employed from 1984 to 2013 by
12 Delphi Electronics Corporation, an automotive electronics manufacturer headquartered in
13 Auburn Hills, Michigan in a variety of engineering and management positions. I have 11
14 years of experience working in the gas utility sector for OVGC.

15 **Q. What are your current employment responsibilities?**

16 A. I am responsible for determining and formulating policies and providing overall direction
17 to OVGC and Ohio Valley Gas, Inc. (“OVGI”), (collectively, “Joint Petitioners” or “OVG”).

1 I am responsible for planning, directing, or coordinating operational activities at the highest
2 level of management with the help of subordinate executives and staff managers.

3 **Q. Have you testified before the Indiana Utility Regulatory Commission (“IURC”, or
4 “Commission”) or any other regulatory agencies with respect to regulatory matters?**

5 A. Yes. I previously testified before the Commission in Cause Nos. 44659 and 44891.

6 **II. INTRODUCTION AND PURPOSE OF TESTIMONY**

7 **Q. Please summarize OVG’s operations.**

8 A. OVGI is a wholly owned subsidiary of OVGC. The Commission’s Order in Cause No.
9 44147 (IURC 12/5/2012) authorized OVGC and OVGI to combine their previously
10 separate costs of service and tariffs and to make other changes reflecting their common
11 operations, including included use of a single tariff and General Rules and Regulations
12 Applicable to Gas Service. OVG provides natural gas service to approximately 28,576
13 customers in 16 counties in east central and southern Indiana and 623 customers in portions
14 of Darke county in west central Ohio.

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to summarize and support Joint Petitioners’ request for the
17 Commission to approve a change to their current rates, charges, and tariffs based on a test
18 year ending September 30, 2025 (the “Test Year”). I will provide an overview of the
19 request including an introduction of the other witnesses.

20 **Q. Are you sponsoring any attachments?**

21 A. Yes. I am sponsoring the following attachment:

1 Attachment SAW-1 OVG’s Petition in this proceeding.

2 **Q. Are the matters set forth in Attachment SAW-1 true to the best of your knowledge,**
3 **information and belief?**

4 A. Yes.

5 **Q. Please introduce and summarize the other witnesses offering testimony in Joint**
6 **Petitioners’ direct case?**

7 A. In addition to my testimony, Joint Petitioners are presenting direct testimony from the
8 following witnesses:

- 9 • Gregory A. Bailey, Vice President and Chief Engineer of OVG. He testifies about:
10 (1) the importance of pipeline safety with a review of federal and state regulations,
11 (2) the capital improvements OVG has undertaken since its last rate case that are
12 not included in its transmission, distribution and storage system improvement
13 charge (“TDSIC”) plan filed under Cause No. 45400, and (3) the Test Year
14 forecasted capital improvement expenditures.
- 15 • Gregory P. Roach, Chief Financial and Regulatory Officer of OVG. He presents
16 the relief requested and also discusses general financial, income statement, balance
17 sheet, rate base, capitalization and weighted average cost of capital (“WACC”),
18 sales normalization, and general cost escalation (non-medical) calculations.
- 19 • Scott Ingram, Director of Human Resources at OVG. He presents testimony
20 regarding medical expenses, head count, and labor costs.
- 21 • Emily Harlow, Senior Manager of Finance and Regulatory Services at OVG. She
22 offers testimony in support of the test year forecast.

- 1
- Gary VerDouw, Owner/CEO of VerDouw Regulatory Services LLC. He presents the Cost of Service Study he prepared for OVG and presents the resulting rate design. As part of the proposed rate design, he recommends the inclusion of a revenue decoupling mechanism.
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- 3
- 4
- Ann Bulkley, Principal at the Brattle Group (“Brattle”). She provides testimony regarding Cost of Equity Capital and makes recommendations regarding an appropriate return on equity for OVG.
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III. REQUESTED RELIEF

9 **Q. When was OVG’s last base rate proceeding?**

10 A. Joint Petitioners’ base rates were established in Cause No. 44891. That proceeding began
11 on December 15, 2016, and concluded with an Order issued by the Commission on October
12 17, 2017. That case used an accounting test year of the twelve months ended June 30, 2016.
13 The cut-off date for utility plant was September 30, 2016.

14 **Q. What authorizations are Joint Petitioners seeking in this proceeding?**

15 A. As further discussed by Mr. Gregory Roach, Joint Petitioners seek an overall revenue
16 increase of \$12,062,051, or approximately 35.37% over current rates and charges. In
17 addition, Joint Petitioners seek authority to implement the decoupling mechanism
18 described by Mr. VerDouw.

19 **Q. Why is OVG seeking a rate increase at this time?**

20 A. The requested increase in revenue is necessary for several reasons. First, operating and
21 maintenance expenses have increased. Mr. Scott Ingram will discuss in more detail in his
22 testimony how medical cost increases since our last rate case are a major driver in this

1 cause. Additionally, OVG is experiencing increased costs to keep and retain employees.
2 Further, with attrition there have been increased costs to train new employees to be
3 compliant with gas pipeline safety regulations and proficient in matters related to the
4 pipelines. In addition, OVG has made significant investment in rate base since its last rate
5 case and is not earning an adequate return on those necessary capital investments. Mr.
6 Gregory A. Bailey will further discuss OVG's non-TDSIC investment since the last rate
7 case and the planned capital investment through the test year. Finally, OVG is not currently
8 earning the allowed return from its last rate case. For the reasons explained in mine and the
9 other witnesses' direct testimony, the requested rate increase is reasonable and necessary
10 to provide OVG a reasonable opportunity to earn a reasonable return on the investments
11 made to provide natural gas service to our customers.

12 **Q. Did OVG consider the customer impact of the proposed rate increase?**

13 A. Yes. OVG understands that rate increases always have an impact on customers, albeit by
14 varying degrees. As detailed above and in other OVG witness testimony OVG is
15 experiencing growing expenses and the need for continued capital investment, both of
16 which are necessary to ensure ongoing and reliable service. This makes rate increases
17 unavoidable. OVG has taken care to propose reasonable rates for customers so that OVG
18 may provide safe and reliable natural gas service while also allowing for a reasonable return
19 on investment.

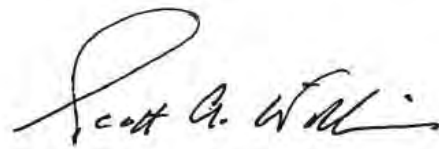
20 **Q. Does this conclude your prepared direct testimony?**

21 A. Yes.

VERIFICATION

I, Scott A. Williams, Executive Vice president and Chief Executive Officer of Petitioner Ohio Valley Gas Corporation affirm under penalties for perjury that the foregoing is true to the best of my knowledge, information, and belief.

Dated this 5th day of February, 2024.

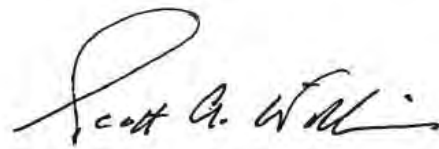
A handwritten signature in black ink that reads "Scott A. Williams". The signature is written in a cursive style with a large, looping initial "S".

Scott Williams
Executive Vice President and
Chief Executive Officer
Ohio Valley Gas Corporation

VERIFICATION

I, Scott A. Williams, Executive Vice president and Chief Executive Officer of Petitioner Ohio Valley Gas Corporation affirm under penalties for perjury that the foregoing is true to the best of my knowledge, information, and belief.

Dated this 5th day of February, 2024.

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Scott Williams
Executive Vice President and
Chief Executive Officer
Ohio Valley Gas Corporation

Joint Petitioners' Exhibit No. 1
Attachment SAW-1
(Copy of Petition – Not Duplicated)