

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

JOINT PETITION OF THE TOWN OF GRANDVIEW)
INDIANA AND OHIO VALLEY GAS CORP. FOR)
APPROVAL OF THE ACQUISITION BY OHIO)
VALLEY GAS OF GRANDVIEW'S GAS UTILITY)
AND RELATED APPROVALS PURSUANT TO IND.)
CODE SECTION 8-1.5-2-6.1.)

CAUSE NO. 45473

IURC
PETITIONER'S

EXHIBIT NO. 3
4-27-21 AT
DATE REPORTER

VERIFIED DIRECT TESTIMONY & EXHIBITS
OF DOUGLAS W. RISSE

**VERIFIED DIRECT TESTIMONY OF
DOUGLAS W. RISSE
IURC CAUSE NO. 45473**

Q1. Please state your name and business address.

A1. My name is Douglas W. Risse. My business address is 316 Main St., P.O. Box 638, Grandview, Indiana 47615.

Q2. In what capacity are you testifying in this cause?

A2. I am testifying in my capacity as the President of the Grandview, Indiana (“Grandview”) Town Council (“Council”). The voters of Grandview first elected me to the Council in 2019 and I have served as Council President since January 1, 2020.

Q3. Please describe your education and work experience.

A3. I attended South Spencer High School in Rockport, Indiana and have been employed by the Indiana Department of Transportation for more than 40 years as a heavy equipment operator.

Q4. What is the purpose of your testimony?

A4. I am testifying in support of the petition jointly filed by Grandview and Ohio Valley Gas Corporation (“OVG”) for this Commission to approve the sale of Grandview’s gas utility assets to OVG. I participated in the Council’s deliberations about whether to sell our municipal gas utility, and then once the decision was made to do so, I was involved in the various steps which led us to determine the value of those assets and the selection of OVG as the winning bidder to

acquire those assets. I was also directly involved in the negotiations consummating in Grandview entering into an Asset Purchase Agreement (“Agreement”) with OVG signed on December 21, 2020, a copy of which is attached as Exhibit A to my testimony.

Q5. Why did Grandview decide to sell its municipal gas utility?

A5. Grandview’s gas utility has slightly more than 200 active customers. Operating such a small gas utility has become increasingly burdensome and inefficient, especially if we want to be able to continue providing safe, reliable gas service to our residential customers and their families as well as to our dozen or so non-residential customers. The Council held a public hearing on October 22, 2019 to begin consideration of whether to pursue the sale of its gas utility. We concluded that it is in the best interest of our residents to transfer the utility to a larger professionally staffed and managed gas utility. As noted in our Ordinance #2020-09-28-01, discussed in my Answer #7, below, we determined that Grandview “is incapable of operating its gas utility in compliance with state and federal regulations required by the federal Energy Regulatory Commission and the Pipeline safety Division of the Indiana Utility Regulatory Commission, and has been experiencing financial hardships.” After reviewing competing bids to purchase the Town’s gas utility, we ultimately selected OVG to take over ownership and operation of our small gas utility. Not only do OVG’s size and track record give us confidence that Grandview’s customers will experience better service than we have been able to provide on our own, but OVG’s financial strength and borrowing capacity allow it greater access to the capital necessary for investments the gas system serving our residents.

Q6. How did Grandview determine the value of its municipal gas utility?

A6. The Town engaged three appraisers -- two licensed real estate appraisers and a licensed professional engineer -- to evaluate all of our gas utility assets and develop a formal appraisal of the utility's value. Their written appraisal is attached as Exhibit B to my testimony.

Q7. Did the Council hold any public meetings about selling Grandview's gas utility before reaching the Agreement with OVG?

A7. Yes, the question of whether and to whom the Town's gas utility should be sold was the subject of an initial public hearing on July 28, 2020. At that hearing the Council addressed questions from the public about the appraisals and more generally about the need to transfer the gas utility into more capable hands. The Council also held a meeting on September 28, 2020 to publicly review the two bids we received, from OVG and another utility. At that meeting, which was among the most well-attended public meetings we've held this year, the Council selected OVG as the winning bidder and we adopted Ordinance #2020-09-28-01, a copy of which is attached to my testimony as Exhibit C. No one submitted any petition in opposition to that ordinance within thirty (30) days after its adoption, nor after that 30-day window had closed, as of the date this testimony is filed.

Q8. How has the Town communicated to its customers about the proposed sale of the gas utility?

A8. Grandview is a small town, with just over 700 residents. Local news spreads quickly. Many gas customers learned that the Town was considering selling the gas utility when, if not before, the Town Council published notice of its initial meeting on the subject back in October of 2019. Subsequent meetings in the summer and fall of 2020 were also publicly noticed in the local newspaper, the *Spencer County Leader*, which also ran an article on August 4, 2020

describing the Town Council's July 28, 2020 public hearing ("To sell or not to sell, that is the question"). A copy of this article is attached to my testimony as Exhibit D. Finally, now that this Joint Petition has been filed, Grandview will be including the following language on our next monthly bills to all customers: "*The Town of Grandview has entered into a Purchase Agreement to sell its gas utility to Ohio Valley Gas Corporation. The parties have filed a joint petition with the Indiana Utility Regulatory Commission, Cause No. 45473, seeking approval of the sale. For more information, go to www.IN.gov/iurc/.*"

Q9. Were the Town's negotiations to sell its gas utility to OVG conducted at arm's length?

A9. Yes. Although we maintained good lines of communications and had a cooperative relationship leading to a mutually acceptable Agreement, the Council was at all times looking out for what was in the best interests of our residents generally and of our gas customers specifically. We were pleased to receive interest from two different unaffiliated gas utilities and feel very good about having come to an agreement with OVG to take over our gas system.

Q10. What does the Agreement say about the rates OVG will charge customers in Grandview?

A10. Grandview negotiated for one of the terms of the Agreement to be that OVG implement a rate freeze for at least two years after the sale has closed. As explained in more detail in the direct testimony of OVG witness Ronald Salkie, OVG customers who are former customers of Grandview's municipal gas utility will be in their own rate category for those two + years, with a Grandview-specific tariff sheet(s) added to OVG's tariffs. OVG will then return to the Commission seeking authority to migrate customers formerly served by Grandview to OVG's

systemwide rates and charges for gas service, with such rate integration not occurring before 24 months after it closes on the acquisition of the Grandview system.

Q11. In your opinion, is the sale of Grandview's municipal gas utility to OVG in the public interest?

A11. Yes, very much so.

Q12. Does this conclude your direct testimony?

A12. Yes.

VERIFICATION

I, Douglas W. Risse, affirm under penalties for perjury that the foregoing representations in my prefiled direct testimony in this cause are true to the best of my knowledge, information and belief.

Signed: _____

Doug Risse

Douglas W. Risse

Date: December 21, 2020

Risse Testimony

IURC Cause No. 45473

**The following two exhibits each exceed 50 printed pages
and are filed separately:**

Exhibits A – Asset Purchase Agreement

and

Exhibit B – Appraisal of Grandview Gas Utility

ORDINANCE 2020-09-28-01

AN ORDINANCE FOR THE TOWN OF GRANDVIEW PROVIDING FOR THE
SALE OF THE TOWN'S GAS UTILITY

WHEREAS, the Town of Grandview ("Town") owns and operates a gas utility pursuant to Indiana Code Ch. 36-9-23; and

WHEREAS, the Town is incapable of operating its gas utility in compliance with state and federal regulations required by the Federal Energy Regulatory Commission and the Pipeline Safety Division of the Indiana Utility Regulatory Commission, and has been experiencing financial hardships; and

WHEREAS, on August 19, 2019, the Town agreed to follow marketing of and selling of the gas utility according to Indiana Code 8-1.5-2-4 and Indiana Utility regulatory Commission regulations to provide an appraisal of the just and true value of the gas system; and

WHEREAS, the three appraisers selected were Josh Selig of Banning Engineering (licensed professional engineer), William Schreiner of Schreiner Valuations Resources LLC (licensed real estate appraiser), and Lloyd Stoner of Stoner Enterprises Inc (licensed real estate appraiser); and

WHEREAS, Banning Engineering returned a just and true appraisal of the gas utility on May 5, 2020 at \$612,433; and

WHEREAS, Schreiner Valuations Resources LLC and Stoner Enterprises Inc presented real estate appraisals of \$620,000; and

WHEREAS, this council held a public hearing on July 28, 2020 to explain the appraisal and receive public comment on the same; and

WHEREAS, a copy of the agenda of the public hearing is Attached as Exhibit A; and

WHEREAS, DURING THE PUBLIC HEARING, THE Council heard presentations regarding the sale of the gas utility; and

WHEREAS, THIS Council has determined that it is the best interest for the Town, its citizens, and the customers of the Town's gas utility for the Town to sell its gas utility;

WHEREAS, on September 28, 2020, this Council voted to sell the gas utility to *Ohio Valley Gas Corporation* for a price of \$620,000;

WHEREAS, a copy of the minutes of the August 19, 2019 meeting minutes are attached hereto as Exhibit B; and

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Grandview that:

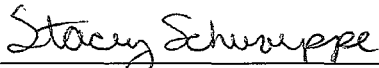
This Council has determined to sell its gas utility to *Ohio Valley Gas Corporation* for a price of \$620,000.

- 1) The sale shall be pursuant to the Purchase Agreement that will be developed and become Exhibit C.
- 2) This Ordinance shall be effective on and after its adoption.

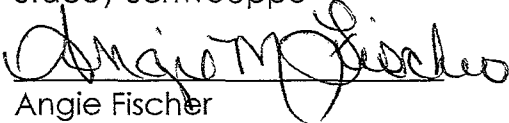
Duly passed by the Town Council of the Town of Grandview, Indiana
this 28th day of September, 2020.



Doug Risse, President



Stacey Schwoeppe



Angie Fischer



Jordan Sheets, VP



Dakota Risse



ATTEST:

Donna Burrows, Clerk-Treasurer

Government

Grandview Public hearing:

To sell or not to sell, that is the question

by Kathy Tretter

"We're here tonight to conduct a public hearing to hear comments," stated Grandview Town Attorney John Wetherill last Tuesday, July 28. The comments are in reference to the town selling the gas utility. He went on to explain the gas system is aging and will soon come with extra costs to customers.

That is, of course, unless the gas utility is sold and taken over by an established gas company.

Representatives from two such companies were on hand to share information and answer questions. The meeting was held at the Grandview Civic Center to allow for social distancing in case a large crowd attended.

The crowd was not large, possibly in light of the increasing spread of COVID-19 in Spencer County and the Grandview area.

The two companies who both might bid to purchase the utility are Ohio Valley Gas and Community Natural

Gas. Both companies are well established and headquartered locally, or at least with primary offices nearby, the former in Tell City and the latter from Dale.

Rob Gladish, District Manager with Ohio Valley, said, "My purpose here tonight is to guide you guys to a decision."

He explained the town's natural gas system has been installed in the 1950s or 60s, but it is still in "pretty good condition."

His next words brought a pause. "A time of reckoning is coming." The system will need work and "when you start having to do repairs the rates would have to go up."

Gladish noted that either company can absorb the cost of repairs and maintain the existing rate structure as Ohio Valley's gas billing in the last 12 months was slightly lower by a negligible amount than that of the Town's.

Ohio Valley serves 29,000 customers, which Gladish said makes them the biggest

of the small utilities. However, the cost of improvements would be spread out over the company's entire customer base.

"We could offer you the same type of small town customer service you're used to. If you have a problem you can chew on me—if you call you're going to talk to a live person and customer service is a big part of what we do."

Dean Kieffer with Community Natural Gas also addressed the audience. He explained a bit about the process for approval and said his company serves Dale and Santa Claus, among other communities, with a customer base of around 8,400 households. His company would be very similar in its approach to Ohio Valley.

"It's obvious the town council is working diligently to make the best decision possible," Wetherill opined.

Resident Jim Haaff said his main concern is control, especially concerning price.

Kieffer said both companies are regulated utilities and would have to go through a process with both the IURC (Indiana Utility Regulatory Commission) and OUC (Office of Utility Consumer Counselor) per Indiana code.

"Is there a chance you would turn around and sell it?" Haaff asked.

The answer was no from both companies.

Kieffer thought the entire process would take around six months and Clerk Treasurer Donna Burrows noted she was told by the IURC it could take up to 210 days.

Councilman Jordan Sheets told those gathered, "I feel like we, the town council, have done a really good job with transparency. We want to make the best decision for the town."

Wetherill said the next step to be taken at the August 17 Town Council meeting would be to entertain accepted sealed bids for the gas utility. The bids would be open in September. The decision is basically out of the

town's hands and the choice would be determined by the most responsive bidder offering the highest price. The regulatory agencies make the final decision.

Kieffer said both companies have excellent reputations and Gladish agreed. "We respect each other's companies, there's not a bad choice."

Councilwoman Amy Fischer explained, "The board will not take this decision lightly but if Grandview does not sell, your rates will go up."

Councilman Dakota Risse asked about response time in an emergency and both thought they could make it in well under an hour. Gladish said the person who would answer the phone is trained for such an eventuality and will gather as much info as possible so the right equipment will be on hand.

The selling will come directly from the gas company. Residents whose payment history is in good standing

will not be required to pay a deposit to the new company.

This will be determined by a letter for each customer from Clerk Treasurer Donna Burrows to the chosen utility.

She explained the Grandview Gas Utility is treated the same and must follow identical mandates as the gas utility that serves Indianapolis. With less than 200 customers, it is hard. Regulations have become more stringent. The town's gas department had to borrow \$120,000 from the water department to pay for new sonar and meters, about half of which has been paid back and the debt will be entirely repaid as part of the sale.

When the questions ended, so did the public hearing (but not before Happy Birthday wassung to Grandview Town Manager Keith Nix).

Wetherill thanked everyone for coming and, with no objections, expect the council to approve putting the gas department out for bids at their August 17 meeting.

Risse Testimony
Exhibit D
IURC Cause No. 45473