

FILED
May 15, 2024
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**JOINT PETITION OF OHIO VALLEY GAS)
CORPORATION AND OHIO VALLEY GAS, INC.)
FOR (1) AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR GAS UTILITY SERVICE, (2))
APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES, (3) APPROVAL OF DECOUPLING)
THROUGH A NEW SALES RECONCILIATION)
COMPONENT RIDER, AND (4) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF AND OTHER REQUESTS.)**

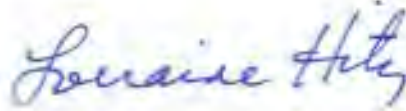
CAUSE NO. 46011

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

**PUBLIC'S EXHIBIT NO. 1 – TESTIMONY OF OUCC WITNESS
ZACHARY D. LEINHEISER**

May 15, 2024

Respectfully submitted,



Lorraine Hitz
Attorney No. 18006-29
Deputy Consumer Counselor

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NO. 46011
TESTIMONY OF OUCC WITNESS ZACHARY D. LEINHEISER**

I. INTRODUCTION

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

2 A: My name is Zachary D. Leinheiser, and my business address is 115 West
3 Washington Street, Suite 1500 South, Indianapolis, Indiana 46204.

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

5 A: I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”) as
6 a Utility Analyst. I have worked as a member of the OUCC’s Natural Gas Division
7 since February 2023. For a summary of my educational and professional
8 experience, as well as my preparation for this case, please see Appendix ZDL-1
9 attached to my testimony.

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

11 A: I recommend the rate increase requested by Ohio Valley Gas Corporation and Ohio
12 Valley Gas, Inc. (collectively “Joint Petitioners” or “OVG”) be reduced by
13 approximately \$1.94 million. I further recommend the Commission approve only
14 the requests OVG makes that are necessary and reasonable for OVG to provide
15 quality gas service at reasonable rates. My testimony will discuss the importance
16 of affordability, consistent with the statutory policy the Indiana General Assembly
17 has enacted.

18 I address OVG’s request for a phase-in of rates using a forward-looking test
19 year and discuss OVG’s revenue requirements, public utility fee, state and federal
20 income taxes, and credits from Excess Deferred Federal Income Taxes.

1 I also sponsor accounting schedules that support the OUCC's recommended
2 pro forma adjustments. These schedules incorporate the pro forma adjustments
3 other OUCC witnesses recommend and implement the OUCC's recommended cost
4 of equity and capital structure. My accounting schedules incorporate all the
5 adjustments used to justify and calculate the OUCC's total pro forma revenue
6 requirements and the resulting recommended rate increase. The OUCC's Index of
7 Issues is attached to my testimony as Appendix ZDL-2.

8 **Q: What significant factors contribute towards OVG's proposed rate increase?**

9 A: The two primary drivers of OVG's proposed rate increase are major increases in
10 medical costs and investments in rate base. OVG has experienced skyrocketing
11 medical expenses for its employees since its last rate case. OVG's medical expenses
12 as of June 30, 2016, included total costs of \$1,353,330. (Cause No. 44891, Direct
13 Testimony of S. Mark Kerney, Exhibit SMK-3, Schedule 20, lines 19 and 20.)¹ In
14 the current Cause, OVG has actual medical costs of \$5,090,287 during the base
15 period, a 12-month period ended September 30, 2023. OVG forecasts medical
16 expenses of \$6,750,307 during the test year, the 12-month period ended September
17 30, 2025 - a \$1,660,020 increase over the base period. This is a 399% increase in
18 medical expenses since Cause No. 44891. As discussed in Joint Petitioners' Exhibit

¹ Cause No. 44891, Direct Testimony of S. Mark Kerney, Exhibit SMK-3, Schedule 20, line 19, displays the test year expense amount for group insurance costs of \$741,854 and a pro forma adjustment to group insurance expenses of \$611,476 on line 20. The total group insurance cost is the sum of the two, resulting in \$1,353,330. The pro forma adjustment of \$611,476, as shown on line 20, was approved via settlement, as shown in the Settlement Testimony of Heather R. Poole, page 6, lines 3-4, and the Settlement Testimony of S. Mark Kerney, Attachment SMK-SA-1, Schedule 1, page 2. The Commission approved the Stipulation and Settlement Agreement in Cause No. 44891 in the final order approved October 17, 2017.

1 No. 4 (Direct Testimony of Scott L. Ingram), the source of the rising costs is
2 primarily individuals with higher expenses OVG is responsible for, and medical
3 expenses that are not covered under OVG's plan.

4 OVG has had and forecasts a significant increase in net utility plant in
5 service ("UPIS") since the current rate base approved in OVG's last rate case.
6 OVG's rate base as of June 30, 2016, included a net UPIS balance of \$46,761,542.
7 (Cause No. 44891, Settlement Testimony of Heather R. Poole, Attachment HRP-1,
8 Schedule 4, page 1.)² In the current Cause, OVG forecasts a net UPIS balance of
9 \$60,684,046 as of September 30, 2025, a \$13,922,504 increase. This is a 29.8%
10 increase in net UPIS since OVG's previous rate case.

11 **Q: To the extent you do not address a specific issue, item, or adjustment in this**
12 **Cause, should that be construed to mean you agree with Joint Petitioners'**
13 **proposal?**

14 A: No. Not addressing a specific issue, item, or adjustment OVG proposes does not
15 indicate my agreement or approval. Rather, the scope of my testimony is limited to
16 the specific items I address.

II. OUCC WITNESS INTRODUCTION

17 **Q: Please introduce the additional OUCC witnesses who are testifying in this case.**

18 A: The following OUCC witnesses reviewed and analyzed OVG's case-in-chief and
19 are testifying on the following elements of this rate case:

20 **Dr. David Dismukes** recommends denial of OVG's proposed decoupling and sales

² Regarding Cause No. 44891, the net utility plant in service of \$46,761,542 is additionally displayed in the Settlement Testimony of S. Mark Kerney, Attachment SMK-SA-1, Schedule 4, page 1. The Commission approved the Stipulation and Settlement Agreement in Cause No. 44891 in the final order approved October 17, 2017.

1 reconciliation component ("SRC") rider. **(Public's Exhibit No. 2.)**

2 **Mr. Mohab Nouredin** recommends changes to OVG's credit card fee revenue,
3 forfeited discounts, and miscellaneous service revenues. **(Public's Exhibit No. 3.)**

4 **Mr. Jason Kohlmann** recommends changes to distribution expense,
5 administrative and general expense, and rate case expense. He also recommends
6 changes to the accounting treatment of OVG's Transmission, Distribution, and
7 Storage System Improvement ("TDSIC") Regulatory Asset. **(Public's Exhibit No.**
8 **4.)**

9 **Ms. LaCresha Vaultx** recommends changes to new services included in rate base,
10 accumulated depreciation included in rate base, and depreciation expense. She also
11 recommends OVG reconcile the differences between the general ledger and
12 customer deposit report. **(Public's Exhibit No. 5.)**

13 **Mr. Leja Courter** analyzes OVG's proposed 11.0% cost of equity and
14 recommends the Commission adopt the OUCC's proposed cost of equity of 9.0%
15 based on his Discounted Cash Flow ("DCF") and Capital Asset Pricing Model
16 ("CAPM") analyses, to be used in the weighted cost of capital calculation.
17 **(Public's Exhibit No. 6.)**

18 **Mr. Brien Krieger** analyzes OVG's cost of service study ("COSS") and
19 recommends OVG rerun the COSS model after removing the number of customers
20 as an allocator for allocating transmission mains, use a Design Day Demand
21 allocator representing peak demand for Rate "9T" Pipeline Direct Buy, use annual
22 throughput for half of the transmission main allocation, and use a different Zero-
23 Intercept study that eliminates transmission mains but keeps distribution mains.
24 **(Public's Exhibit No. 7.)**

25 **Mr. Jared Hoff** analyzes OVG's movement to a single tariff pricing structure,
26 including tariff additions and changes to language, reconnection, and facilities
27 charges. He recommends OVG's proposed facilities charge for all tariff rates except
28 9T be denied. He recommends approval of the single tariff pricing structure with
29 the exception of Grandview, movement from eight to three rate blocks for
30 Grandview, creation of tariff rate class 9T with conditions, and prorating the
31 facilities charge for 4S customers. He also recommends the Commission order
32 OVG to develop an evaluation plan for yard lines, criteria to determine when a
33 change in the Budget Plan review period is needed, and to annually record activity
34 surrounding disconnections and reconnections. **(Public's Exhibit No. 8.)**

35 In addition, the OUCC has received 10 written customer comments in this
36 proceeding, submitted as **Public's Exhibit No. 9.**

III. REVENUE REQUIREMENT SCHEDULES

1 **Q: Does the OUCC agree with OVG's proposed pro forma increase in revenue**
2 **from existing rates?**

3 A: No. As calculated using the figures presented in OVG's Pro Forma Net Operating
4 Income Statement (Joint Petitioners' Exhibit No. 8, Exhibit REVREQ7.2, page 2
5 of 2), OVG requests a rate increase of 51.82% over total revenues net of gas costs,
6 to increase its annual revenue by \$12,062,051. This equates to an increase in gross
7 revenues, including gas costs, of 29.24%. However, OVG incorrectly states in Joint
8 Petitioners' Exhibit No. 1, page 4, line 16, the relief requested represents a 35.37%
9 increase over current rates and charges. (Direct Testimony of Scott A. Williams.)
10 Exhibit REVREQ8.18, page 18 of 22, contained within Joint Petitioners' Exhibit
11 No. 8 (Revised) displays the correct requested rate increase as stated by the OUCC
12 above. The OUCC's analysis shows Joint Petitioners have justified an \$10,124,289
13 increase in their pro forma revenue requirement, which results in an increase in
14 gross revenues of 43.21%. This equates to an increase in gross revenues, including
15 gas costs, of 24.45%.

16 **Q: What attachments and schedules do you sponsor showing the calculations**
17 **related to your testimony?**

18 A: I sponsor the following attachment and schedules:

19 Attachment ZDL-1: OUCC Revenue Requirement Schedules

- 20 • Schedule 1: Comparison of Joint Petitioners' and the OUCC's Revenue
21 Requirements, Gross Revenue Conversion Factor, and the Statement of
22 Operating Income Adjustments.
- 23 • Schedule 2: OVG's Consolidated Balance Sheet.
- 24 • Schedule 3: OVG's Income Statement.

- 1 • Schedule 4: OUCC's Pro Forma Net Operating Income Statement.
- 2 • Schedule 5: OUCC's Pro Forma Revenue Adjustments.
- 3 • Schedule 6: OUCC's Pro Forma Expense Adjustments.
- 4 • Schedule 7: OUCC's Calculation of Pro Forma Rate Base on September 30,
5 2025.
- 6 • Schedule 8: OUCC's Pro Forma Capital Structure on September 30, 2025.
- 7 • Schedule 9: Current and Proposed Monthly Facilities Charges.

8 **Q: Do your revenue requirement schedules reflect OVG's use of a forward-**
9 **looking test year?**

10 A: Yes. OVG's forward-looking test year begins October 1, 2024, and ends
11 September 30, 2025. OVG used actual amounts for rate base and capital structure
12 items for the base period ending September 30, 2023, and applied adjustments for
13 the 2024 ("Link Year") and 2025 ("Test Year") forecast periods. For revenues and
14 expenses, OVG also used the twelve months ending September 30, 2023, as the
15 base period adjusted for forecasted years ending September 30, 2024, and 2025.
16 The actual revenue and expenses for the base period are reflected as the "Base
17 Period Ended 9/30/2023" in the first numerical column of my Attachment ZDL-1,
18 Schedule 4, Pro Forma Net Operating Income Statement. Pro forma 2023
19 normalization adjustments, 2024 forecast adjustments, and 2025 forecast
20 adjustments are applied to the "Base Period Ended 9/30/2023" income statement to
21 derive pro forma operating revenue, expenses, and net income at present rates for
22 the period ending September 30, 2025.

1 **Q: Please describe the schedules in Attachment ZDL-1.**

2 A: The purpose of each schedule in Attachment ZDL-1 is described below:

- 3 • Schedule 1, page 1 summarizes the main components of the revenue
4 requirements, incorporating the OUCC's adjustments to OVG's proposed
5 revenue requirements, resulting in the OUCC's recommended revenue
6 requirement. Pages 2 through 3 compare each party's revenue conversion
7 factor calculation and OVG's and the OUCC's proposed operating income
8 adjustments at present rates. Page 2 of Schedule 1 also includes a calculation
9 to gross up bad debt, Indiana Utility Regulatory Commission ("IURC")
10 fees, and taxes based on the OUCC's proposed revenue increase.
- 11 • Schedule 2 is OVG's consolidated balance sheet for the base period ending
12 September 30, 2023.
- 13 • Schedule 3 is OVG's income statement for the base period ending
14 September 30, 2023.
- 15 • Schedule 4 is the Pro Forma Net Operating Income Statement reflecting a
16 summary of all pro forma revenue and expense adjustments the OUCC
17 proposes. The OUCC's proposed adjustments yield revised pro forma
18 revenue, operating expenses, and net operating income, resulting in a
19 revised proposed rate adjustment.
- 20 • Schedule 5 shows the OUCC's adjustments to OVG's proposed revenues.
- 21 • Schedule 6 shows the OUCC's adjustments to OVG's proposed expenses,
22 including pro forma present rate taxes other than income taxes and pro
23 forma present rate federal and state income taxes.
- 24 • Schedule 7 shows the OUCC's calculation of OVG's budgeted original cost
25 rate base on September 30, 2025.
- 26 • Schedule 8 reflects the OUCC's calculation of OVG's budgeted capital
27 structure on September 30, 2025, including a revised cost of equity. Joint
28 Petitioners round the weighted cost of capital percent to four decimal points.
29 Similarly, the OUCC's calculation of weighted cost of capital on Schedule
30 8 results in the percent rounded to four decimal points. For display purposes
31 only, the weighted cost of capital is shown on Schedule 1 with only two
32 decimal points.
- 33 • Schedule 9 compares Joint Petitioners' current and proposed monthly
34 facilities charges and the OUCC's proposed monthly facilities charges.

IV. AFFORDABILITY

1 **Q: Should affordability be taken into account as the Commission considers**
2 **OVG's proposal?**

3 A: Yes. Through Indiana Code § 8-1-2-0.5, the Indiana General Assembly declared it
4 to be the State's policy to recognize the importance of utility service affordability
5 for present and future generations.³ This statute states affordability should be
6 protected as utilities invest in infrastructure necessary for system operation and
7 maintenance.

8 Increased utility costs and investments continue to place upward pressure
9 on customers' bills. It is imperative the Commission carefully scrutinize utility
10 requests to approve only what is justified as reasonably necessary, at prudent costs,
11 and at a level of service quality that provides a reasonable value to customers.
12 Additionally, it is critical to factor customer affordability into the accounting
13 treatment a utility seeks when prioritizing projects and expenses, and in the timing
14 of rate increases and project requests.

15 **Q: How do OVG's rate recovery mechanisms impact this case?**

16 A: OVG may continue to increase rates, separate from this docket, as frequently as
17 every six months through its existing TDSIC cost-tracking mechanism. Indiana
18 natural gas and electric utilities with IURC-approved TDSIC infrastructure plans

³ I.C. § 8-1-2-0.5 Operation and maintenance; affordability of utility services (Indiana State policy to promote utility investment in infrastructure while protecting affordability of utility service).

Sec. 0.5. The general assembly declares that it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens. *As added by P.L.104-2016, SEC.1.*

1 may recover 80% of the revenue requirement on investments through the TDSIC
2 tracker, including associated incremental expenses. The remaining 20% of the
3 revenue requirement on the TDSIC infrastructure investments and expenses, not
4 collected monthly through the TDSIC mechanism, is deferred for recovery in a
5 utility's next base rate case. The utility is allowed carrying costs on the deferred
6 20%, compensating the utility for the time value of these TDSIC investments. The
7 TDSIC cost recovery mechanism encourages investment and reduces regulatory
8 lag. When used properly, this ongoing cost recovery mechanism should alleviate
9 the need to file frequent base rate cases, reducing expenses to be recovered in rates.

10 **Q: How should affordability be considered?**

11 A: In light of the Indiana General Assembly's stated policy and directives,
12 affordability should be a constant consideration for all Indiana jurisdictional
13 utilities, as well as the Commission as it deliberates and makes decisions. I.C. § 8-
14 1-2-0.5. The OUCC understands the State's critical need to have financially sound
15 utilities that provide safe, reliable, and resilient service through well-maintained
16 transmission and distribution systems. However, at the same time customers are
17 faced with increasing utility costs, they must also contend with rising costs for
18 housing and other necessities. The OUCC's testimony in this Cause outlines ways
19 for OVG's request to be tempered without compromising the safety, reliability, and
20 resilience of OVG's transmission and distribution infrastructure.

21 The requested relief will reduce risks for Joint Petitioners and its
22 shareholders. However, there is no corresponding acknowledgement of this
23 reduced risk that inures to the benefit of OVG's customers, such as a recognition

1 of reduced risk in a lower return on equity.⁴

V. PROPOSED ADJUSTMENTS TO REVENUE REQUIREMENTS

2 **Q: Are you sponsoring all adjustments shown on Schedule 4 of Attachment ZDL-**
3 **1?**

4 A: No. Schedule 4 reflects all the OUCC's operating income and expense adjustments.

5 I am sponsoring the taxes other than income and the state income tax and federal

6 income tax adjustments. Details of my proposed adjustments are shown on

7 Schedule 6. Other operating income and expense adjustments on Schedule 4 reflect

8 the net result of adjustments sponsored by OUCC witnesses Mohab Noreldin,

9 Jason Kohlmann, and LaCresha Vaulx. Mr. Noreldin's adjustments are detailed in

10 Public's Exhibit No. 3, Attachments MMN-1-3. Mr. Kohlmann's adjustments are

11 specified in Public's Exhibit No. 4, Attachments JDK-1-3. Ms. Vaulx's adjustments

12 are listed in Public's Exhibit No. 5, Attachments LNV-1-2.

13 **Q: Do OVG's proposed revenue requirements include adjustments the OUCC**
14 **does not dispute?**

15 A: Yes. Based on its due diligence of Joint Petitioners' testimony and exhibits, the

16 OUCC is not disputing many of OVG's proposed adjustments to revenue and

17 expenses. In the schedule reference column of Attachment ZDL-1, Schedule 4, a

18 designation of "Pet." indicates the OUCC does not dispute the adjustments Joint

⁴ See *PSI Energy, Inc.*, 2004 Ind. PUC LEXIS 150 at *145. See also *In re S. Ind. Gas & Elec. Co.*, Cause No. 43839, 289 P.U.R.4th 9 (Ind. Util. Regul. Comm'n Apr. 27, 2011), where the Commission denied Vectren's proposed increased ROE. "We do consider the effect tracking mechanisms have in reducing risk in order to ensure that these reduced risks are properly reflected in Vectren South's cost of equity."

1 Petitioners proposed. Adjustments sponsored by OUCC witnesses show a schedule
2 reference of Schedule 5 or Schedule 6, contained within Attachment ZDL-1,
3 Schedule 4.

4 **Q: Please discuss your adjustment to the public utility fee and the Indiana utility**
5 **receipts tax.**

6 A: I do not dispute OVG's methodology in calculating the public utility fee; however,
7 OVG's public utility fee is calculated using an operating revenue figure that does
8 not reconcile with the revenues shown in the pro forma net operating income
9 statement. The revenues OVG used in calculating the public utility fee can be found
10 by taking the sum of Lines 8 and 12 as shown in Exhibit REVREQ6.3, page 3 of
11 14, contained within Joint Petitioners' Exhibit No. 8. The operating revenue that
12 should have been used can be found on Line 6 of Column G within Exhibit
13 REVREQ7.2, page 2 of 2, contained within Joint Petitioners' Exhibit No. 8. Other
14 changes to OVG's public utility fee calculation reflected in my schedules are a
15 result of changes in pro forma revenues sponsored by OUCC witness Nouredin.

16 Joint Petitioners' pro forma 2023 normalization adjustment for taxes other
17 than income taxes removed the utility receipts tax from base year 2023 expenses,
18 setting utility receipts tax expense to zero. This properly reflects the repeal of the
19 utility receipts tax as of July 1, 2022.

20 **Q: Please discuss your adjustment to state and federal income taxes.**

21 A: I do not dispute OVG's methodology in calculating the pro forma federal and state
22 income tax adjustments based on pro forma present rates. Changes to OVG's
23 federal and state income tax calculations are a result of changes made by the OUCC
24 to other pro forma proposed revenue requirements.

1 **Q: How does OVG provide a credit to pass back Excess Deferred Federal Income**
2 **Taxes (“EDIT”) to its customers?**

3 A: In Cause No. 45032 S-12, OVG agreed in settlement that the amount of the annual
4 payment will vary each year and be implemented through a separate adjustment to
5 OVG’s volumetric rates for utility service over a period of 34.25 years.

6 **Q: Does OVG propose any changes to how it passes back the EDIT credit in this**
7 **case?**

8 A: Yes. OVG proposes to create a new Appendix G to provide a credit to customers
9 each year instead of adjusting OVG’s volumetric rates for utility service. The
10 proposed EDIT Rider is outlined in Joint Petitioners’ Exhibit No. 6, Attachment
11 GMV-6, Appendix G.

12 **Q: Do you recommend approval of the new EDIT Appendix?**

13 A: Yes. Calculating the credit and having a separate rate applied to customer’s bills
14 will be simpler than adjusting volumetric rates each year. I recommend approval of
15 the new EDIT Appendix.

VI. OUCC RECOMMENDATIONS

16 **Q: Please summarize the revenue requirements and resulting revenue increase**
17 **justified in this Cause.**

18 A: As shown on Schedule 1 of Attachment ZDL-1, the OUCC’s adjustments to OVG’s
19 revenue, operating expenses, and taxes justify a revenue percentage increase of
20 43.21% on gross margin, for a total revenue increase of \$10,124,289. The OUCC’s
21 proposed revenue increase represents a decrease of \$1,937,762 from OVG’s
22 requested increase. The resulting pro forma proposed revenue should be allocated
23 to the customer rate classes based on the cost-of-service recommendations of
24 OUCC witness Krieger.

1 **Q: Please summarize your recommendations regarding a return on rate base.**

2 A: The OUCC's revenue requirements are based on an original cost rate base of
3 \$67,827,751. However, the rate base will ultimately be updated to reflect actual rate
4 base on September 30, 2025, subject to a cap not to exceed the forecasted rate base
5 amount approved in the Commission's Order, as recommended by OUCC witness
6 Vaulx. The OUCC recommends the Commission grant the OUCC (and any
7 intervenors) at least 60 days to review Joint Petitioners' updated rate base and
8 capital structure in a compliance filing containing all pertinent documentation
9 supporting OVG's updated rate base and capital structure. OUCC witness Courter
10 recommends a return on common equity of 9.00%. The resulting return on original
11 cost rate base is \$5,279,780.

12 **Q: What are your other recommendations in this Cause?**

13 A: I recommend the Commission consider the state policy of promoting utility
14 investment in infrastructure while also protecting the affordability of utility service,
15 and only approve necessary and reasonable requests for OVG's provision of gas
16 service at reasonable prices, with steps taken to moderate rate increases over time.

17 I also recommend approval of OVG's proposed Appendix G.

18 **Q: Please briefly summarize the recommendations from other OUCC witnesses**
19 **in this Cause.**

20 A: The following OUCC witnesses provide recommendations for revenue and expense
21 adjustments supporting the revenue requirements and resulting revenue increase
22 described above, while addressing other issues as well. A summary of these
23 recommendations is as follows:

- 1 • Dr. Dismukes recommends denial of OVG's proposed decoupling and SRC
2 rider.
- 3 • Mr. Noureldin recommends changes to OVG's credit card fee revenue,
4 forfeited discounts, and miscellaneous service revenues.
- 5 • Mr. Kohlmann recommends changes to OVG's distribution expense,
6 administrative and general expense, and rate case expense. He also
7 recommends changes to the accounting treatment of OVG's TDSIC
8 Regulatory Asset.
- 9 • Ms. Vaulx recommends changes to OVG's new services included in rate
10 base, accumulated depreciation included in rate base, and depreciation
11 expense. She also recommends OVG reconcile the differences between the
12 general ledger and customer deposit report.
- 13 • Mr. Courter recommends a 9.00% authorized cost of equity.
- 14 • Mr. Krieger recommends OVG rerun the COSS model after removing the
15 number of customers as an allocator for allocating transmission mains, use
16 a Design Day Demand allocator representing peak demand for Rate "9T"
17 Pipeline Direct Buy, use annual throughput for half of the transmission main
18 allocation, and use a different Zero-Intercept study that eliminates
19 transmission mains but keeps distribution mains.
- 20 • Mr. Hoff recommends denial of OVG's proposed facilities charge for all
21 tariff rates except 9T. He recommends approval of the single tariff pricing
22 structure with the exception of Grandview, movement from eight to three
23 rate blocks for Grandview, creation of tariff rate class "9T" with conditions,
24 and proration of the facilities charge for "4S" customers. He also
25 recommends the Commission order OVG to develop an evaluation plan for
26 yard lines and criteria to determine when a change in the Budget Plan review
27 period is needed, and annually record activity surrounding disconnections
28 and reconnections.

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

30 A: Yes.

APPENDIX ZDL-1 TO TESTIMONY OF
OUCC WITNESS ZACHARY D. LEINHEISER

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

2 A: I graduated from the Kelley School of Business at Indiana University in
3 Bloomington, Indiana, with a Bachelor of Science Degree in Business, with majors
4 in accounting and finance, in May 2020. From August 2020 through December
5 2022, I worked for Baker Tilly, a CPA firm in Indianapolis, Indiana, as a consultant.
6 I provided a variety of services almost exclusively for municipally owned electric,
7 sewer, and water utilities. I prepared user fee analyses, cost of service studies,
8 quarterly and annual financial reports, financial forecasts, debt offering documents,
9 and attestation reports. Additionally, I drafted annual reports filed with the Indiana
10 Utility Regulatory Commission ("Commission") for water utilities within the State
11 of Indiana.

12 In February 2023, I began my employment with the OUCC as a Utility
13 Analyst. My current responsibilities include reviewing and analyzing rate cases
14 filed by Indiana natural gas utilities with the Commission. I also review Gas Cost
15 Adjustments ("GCA"), certificates of public convenience and necessity, gas
16 demand side management, Federal Mandated Cost Adjustment trackers, and
17 Transmission, Distribution, and Storage System Improvement Charge ("TDSIC")
18 trackers for natural gas utilities.

19 Additionally, since becoming employed at the OUCC, I completed an
20 Accounting and Ratemaking course hosted by the Institute of Public Utilities at
21 Michigan State University in April 2023.

1 **Q: Have you previously testified before the Commission?**

2 A: Yes, I have testified in base rate, TDSIC, and multiple GCA cases.

3 **Q: Please describe the review and analysis you conducted to prepare your**
4 **testimony.**

5 A: I analyzed Joint Petitioners' testimony and exhibits, revised exhibits, workpapers,
6 and other supporting documentation. I also reviewed and analyzed Joint
7 Petitioners' responses to the OUCC's discovery requests, and I attended meetings
8 with OUCC staff and OVG representatives to identify and address issues in this
9 Cause.

**Indiana Office of Utility Consumer Counselor
Cause No. 46011
Index of Issues, Requests, and Supporting Witnesses¹**

Subject	GENERAL	Supporting Witness
Test Year	Twelve Months Ended September 30, 2025	Public's Exhibit No. 1: Zachary Leinheiser
Historical Base Period	Twelve Months Ended September 30, 2023	Public's Exhibit No. 1: Zachary Leinheiser

REVENUE REQUIREMENT			
Subject	OUCC Request	Supporting Witness	Workpaper or Exhibit Reference
Overall Revenue Increase/(Decrease)	<ul style="list-style-type: none"> • Total annual increase in revenue of approximately \$10,124,289 or 43.21% net of gas costs, to be phased in over 2 steps 	<ul style="list-style-type: none"> • Zachary Leinheiser 	<ul style="list-style-type: none"> • Public's Exhibit No. 1, Attachment ZDL-1
Financial Forecast	<ul style="list-style-type: none"> • Set rates based on the OUCC's adjustments to Joint Petitioners' Test Year financial forecast. • Reflect forecasted revenues, O&M, and capital investments in rates 	<ul style="list-style-type: none"> • Mohab Nouredin (Forecasted Revenue) • Jason Kohlmann (Forecasted O&M) • LaCresha Vaulx (Forecasted Depreciation Expense, Rate Base) 	<ul style="list-style-type: none"> • Public's Exhibit No. 3, Attachment MMN-1 to MNN-3 • Public's Exhibit No. 4, Attachments JDK-1 to JDK-3 • Public's Exhibit No. 5, Attachments LNV-1 to LNV-2
Return on Equity (ROE)	<ul style="list-style-type: none"> • Authorize 9.00% ROE 	<ul style="list-style-type: none"> • Zachary Leinheiser • Leja Courter 	<ul style="list-style-type: none"> • Public's Exhibit No. 1, Attachment ZDL-1 • Public's Exhibit No. 6
Weighted Average Cost of Capital (WACC)	<ul style="list-style-type: none"> • Authorize WACC of 7.78% applied to forecasted rate base 	<ul style="list-style-type: none"> • Zachary Leinheiser • Leja Courter 	<ul style="list-style-type: none"> • Public's Exhibit No. 1, Attachment ZDL-1 • Public's Exhibit No. 6

¹ This Index of the OUCC's case-in-chief is intended to highlight issues and is *not an exhaustive list* of the OUCC's requests in this proceeding. A complete account of the OUCC's requested relief can be found in the OUCC's case-in-chief, including but not limited to, its testimony and attachments.

REVENUE REQUIREMENT			
Subject	OUCR Request	Supporting Witness	Workpaper or Exhibit Reference
Regulatory Asset	<ul style="list-style-type: none"> • Revisions to Joint Petitioners' amortization of regulatory assets and rate case expense 	<ul style="list-style-type: none"> • Jason Kohlmann (Regulatory Asset Amortization, Rate Case Expense) 	<ul style="list-style-type: none"> • Public's Exhibit No. 4, Attachment JDK-3
Taxes	<ul style="list-style-type: none"> • Reflect forecasted test year tax expense in base rates • Apply gross revenue conversion factor (GRCF) 	<ul style="list-style-type: none"> • Zachary Leinheiser 	<ul style="list-style-type: none"> • Public's Exhibit No. 1, Attachment ZDL-1
Forecasted Rate Base	<ul style="list-style-type: none"> • Reflect forecasted capital projects in rate base • Reflect forecasted accumulated depreciation 	<ul style="list-style-type: none"> • LaCresha Vaulx (Forecasted Rate Base, Forecasted Accumulated Depreciation) 	<ul style="list-style-type: none"> • Public's Exhibit No. 5
Decoupling – SRC	<ul style="list-style-type: none"> • Decoupling - SRC Mechanism 	<ul style="list-style-type: none"> • David Dismukes (Decoupling-SRC Mechanism) 	<ul style="list-style-type: none"> • Public's Exhibit No. 2

COST OF SERVICE AND RATE DESIGN			
Subject	OUCR Proposal	Supporting Witness	Workpaper or Exhibit Reference
Cost of Service Study (COSS)	<ul style="list-style-type: none"> • Joint Petitioners' proposed cost of service study and allocation methodologies 	<ul style="list-style-type: none"> • Brien Krieger 	<ul style="list-style-type: none"> • Public's Exhibit No. 7
Terms and Conditions of Service and Tariffs	<ul style="list-style-type: none"> • Single tariff pricing structure with exceptions • Changes to Joint Petitioners' proposed monthly facilities charge • Joint Petitioners' proposed changes to its tariff, including new tariff rate class 	<ul style="list-style-type: none"> • Jared Hoff 	<ul style="list-style-type: none"> • Public's Exhibit No. 8

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

**COMPARISON OF JOINT PETITIONERS' AND OUCC'S
REVENUE REQUIREMENTS**

	<u>Per Joint Petitioners</u>	<u>Per OUCC</u>	<u>Sch. Ref.</u>	<u>OUCC More (Less)</u>
Original Cost Rate Base	\$68,108,569	\$67,827,751	7	(\$280,818)
Times: Weighted Cost of Capital	<u>9.44%</u>	<u>7.78%</u>	8	<u>-1.66%</u>
Net Operating Income Required for Return on Original Cost Rate Base	6,429,245	5,279,780		(1,149,465)
Less: Adjusted Net Operating Income	<u>(2,590,783)</u>	<u>(2,291,186)</u>	4	<u>299,597</u>
Net Revenue Increase Required	9,020,028	7,570,966		(1,449,062)
Gross Revenue Conversion Factor	<u>133.73%</u>	<u>133.73%</u>	1	<u>0.00%</u>
Recommended Revenue Increase	<u>\$12,062,051</u>	<u>\$10,124,289</u>		<u>(\$1,937,762)</u>
Percentage Increase (Net of Gas Cost Revenue)	<u>51.82%</u>	<u>43.21%</u>		<u>-8.62%</u>
Percentage Increase (Including Gas Cost Revenue)	<u>29.24%</u>	<u>24.45%</u>		<u>-4.79%</u>

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

GROSS REVENUE CONVERSION FACTOR

<u>Line No.</u>		<u>Per Joint Petitioners</u>	<u>Per OUCC</u>	<u>Gross Revenue Conversion</u>
1	Gross Revenue Change	100.0000%	100.0000%	\$10,124,289
2	Less: Bad Debt Rate	0.3175%	0.3175%	32,146
3	Sub-total	99.6825%	99.6825%	10,092,143
4	Less: IURC Fee	0.1468%	0.1468%	14,858
5	Income Before State Income Taxes	99.5357%	99.5357%	10,077,285
6	Less: State Income Tax (4.9% of Line 5)	4.8773%	4.8773%	493,787
7	Utility Receipts Tax (0.00% of Line 3)	0.0000%	0.0000%	-
8	Income Before Federal Income Taxes	94.6585%	94.6585%	9,583,498
9	Less: Federal Income Tax (21% of Line 8)	19.8783%	19.8783%	2,012,535
10	Change in Operating Income	74.7802%	74.7802%	\$7,570,966
11	Gross Revenue Conversion Factor	133.7252%	133.7252%	

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

COMPARISON OF NET OPERATING INCOME STATEMENT ADJUSTMENTS
PRO FORMA PRESENT RATES

	Joint Petitioners' Pro Forma Adjustments	OUCC's Pro Forma Adjustments	Difference Increase/ (Decrease)
OPERATING REVENUES			
Sales of Gas			
2025 Forecast Adjustments - Sales of Gas	(\$16,213,888)	(\$16,213,888)	\$0
Other Operating Revenues			
2023 Normalization Adjustments - Other Operating Revenues	(2,671)	(2,671)	-
2025 Forecast Adjustments - Other Operating Revenues	19,614	176,078	156,464
Total Operating Revenues	<u>(16,196,945)</u>	<u>(16,040,481)</u>	<u>(156,464)</u>
OPERATING EXPENSES			
Purchased Gas Costs			
2025 Forecast Adjustments - Purchased Gas Costs	(\$17,975,512)	(\$17,975,512)	\$0
Transmission Expense			
2025 Forecast Adjustments - Transmission Expense	2,323	2,323	-
Distribution Expense			
2023 Normalization Adjustments - Distribution Expense	(334,775)	(334,775)	-
2025 Forecast Adjustments - Distribution Expense	425,180	357,990	(67,190)
Customer Expense			
2025 Forecast Adjustments - Customer Expense	105,057	105,057	-
Sales Expense			
2025 Forecast Adjustments - Sales Expense	10,492	10,492	-
Administrative and General Expense			
2025 Forecast Adjustments - Administrative and General Expense	2,929,151	2,770,372	(158,779)
Depreciation Expense			
2025 Forecast Adjustments - Depreciation Expense	1,279,211	1,271,546	(7,665)
Other Regulatory Credits			
2023 Normalization Adjustments - Other Regulatory Credits	357,653	357,653	-
General Taxes Other than Income Tax			
2025 Forecast Adjustments - General Taxes Other than Income Tax	44,137	34,421	(9,716)
State and Federal Income Tax			
2025 Forecast Adjustments - State and Federal Income Tax	(600,460)	(500,243)	100,217
Deferred Income Tax			
2025 Forecast Adjustments - Deferred Income Tax	262,676	262,676	-
Total Operating Expenses	<u>(13,494,864)</u>	<u>(13,637,998)</u>	<u>143,133</u>
Net Operating Income	<u><u>(\$2,702,081)</u></u>	<u><u>(\$2,402,483)</u></u>	<u><u>(\$299,597)</u></u>

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2023

ASSETS AND OTHER DEBITS

Utility Plant:

Utility Plant in Service	\$127,418,205
Accumulated Provision for Depreciation, Amortization, & Depletion	<u>(69,369,858)</u>

Net Utility Plant in Service	58,048,347
------------------------------	------------

Construction Work in Progress	<u>2,323,634</u>
-------------------------------	------------------

Total Utility Plant	<u>60,371,981</u>
---------------------	-------------------

Other Property and Investments:

Investment in Associated Companies	<u>16,918,267</u>
------------------------------------	-------------------

Total Other Property and Investments	<u>16,918,267</u>
--------------------------------------	-------------------

Current and Accrued Assets:

Cash	2,847,227
Working Funds	59,545
Accounts Receivable Gas	936,756
Other Accounts Receivable	2,350,649
Accumulated Provision for Uncollectible Accounts - Credit	(230,972)
Receivables from Associated Companies	73,490
Materials and Supplies	2,909,111
Stores Expense	640,602
Gas Stored Underground - Current	1,470,748
Prepayments	344,368
Accrued Utility Revenues	<u>249,605</u>

Total Current and Accrued Assets	<u>11,651,128</u>
----------------------------------	-------------------

Deferred Debits:

Other Regulatory Assets	469,738
Miscellaneous Deferred Debits	<u>(1,239)</u>

Total Deferred Debits	<u>468,499</u>
-----------------------	----------------

Total Assets and Other Debits	<u><u>\$89,409,875</u></u>
-------------------------------	----------------------------

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2023

LIABILITIES AND OTHER CREDITS

Proprietary Capital:	
Common Stock	\$28,606,924
Treasury Stock	(20,164)
Other Paid-in Capital	24,438
Unappropriated Retained Earnings	<u>38,173,706</u>
Total Proprietary Capital	<u>66,784,904</u>
Long-Term Debt:	
Other Long-Term Debt	<u>4,824,511</u>
Total Long-Term Debt	<u>4,824,511</u>
Current and Accrued Liabilities:	
Accounts Payable	1,287,343
Customer Deposits	785,987
Taxes Accrued	(373,266)
Tax Collections Payable	70,216
Miscellaneous Current and Accrued Liabilities	<u>2,930,314</u>
Total Current and Accrued Liabilities	<u>4,700,594</u>
Deferred Credits:	
Customer Advances for Construction	22,966
Refundable Gas Cost	1,869,005
Deferred Regulatory Liability	<u>3,888,040</u>
Total Deferred Credits	<u>5,780,012</u>
Accumulated Deferred Income Taxes:	
Accumulated Deferred Income Taxes - Liberal Depreciation	<u>7,319,855</u>
Total Accumulated Deferred Incomes Taxes	<u>7,319,855</u>
Total Liabilities and Other Credits	<u><u>\$89,409,875</u></u>

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

INCOME STATEMENT
AS OF SEPTEMBER 30, 2023

Operating Revenues:	
Sales of Gas	\$35,826,416
Other Operating Revenues	<u>3,646,730</u>
Total Operating Revenues	<u>39,473,145</u>
Operating Expenses:	
Purchased Gas Costs	17,975,512
Transmission Expense	34,703
Distribution Expense	5,506,656
Customer Expense	1,759,319
Sales Expense	(11,411)
Administrative and General Expense	10,566,632
Depreciation Expense	3,092,814
Other Regulatory Credits	(357,653)
General Taxes Other Than Income Tax	1,091,309
State and Federal Income Taxes	(251,232)
Deferred Income Taxes	<u>(44,802)</u>
Total Operating Expenses	<u>39,361,848</u>
Net Operating Income (Loss)	<u>111,297</u>
Other Income:	
Interest and Dividend Income	(71,452)
Miscellaneous Non-Operating Income	<u>(7,996)</u>
Total Other Income	<u>(79,448)</u>
Other Income Deductions:	
Allowance for Funds Used During Construction	(39,836)
Miscellaneous Income Deductions	50,978
Interest on Long-Term Debt	167,716
Other Interest Expense	<u>42,405</u>
Total Other Income Deductions	<u>221,262</u>
Net Income (Loss)	<u><u>(\$30,517)</u></u>

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

PRO FORMA NET OPERATING INCOME STATEMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 2023, THROUGH PRO FORMA TWELVE MONTHS ENDING SEPTEMBER 30, 2025

	Base Period Ended 9/30/2023	Pro Forma Adjustments	Sch. Ref.	Pro Forma at Present Rates	Increase / (Decrease)	Sch. Ref.	Pro Forma at Proposed Rates
OPERATING REVENUES							
Sales of Gas	\$35,826,416			\$19,612,527	\$8,636,019		\$28,248,546
2025 Forecast Adjustments - Sales of Gas		(\$16,213,888)	Pet.				
Other Operating Revenues	3,646,730			3,820,137	1,488,270		5,308,407
2023 Normalization Adjustments - Other Operating Revenues		(2,671)	Pet.				
2025 Forecast Adjustments - Other Operating Revenues		19,614	Pet.				
2025 OUCC Forecast Adjustments - Credit Card Fees		139,246	5-1				
2025 OUCC Forecast Adjustments - Forfeited Discounts		5,138	5-2				
2025 OUCC Forecast Adjustments - Miscellaneous Services		12,080	5-3				
Total Operating Revenues	<u>39,473,145</u>	<u>(16,040,481)</u>		<u>23,432,665</u>	<u>10,124,289</u>	1	<u>33,556,954</u>
OPERATING EXPENSES							
Purchased Gas Costs	17,975,512			-	-		-
2025 Forecast Adjustments - Purchased Gas Costs		(17,975,512)	Pet.				
Transmission Expense	34,703			37,026	-		37,026
2025 Forecast Adjustments - Transmission Expense		2,323	Pet.				
Distribution Expense	5,506,656			5,529,872	-		5,529,872
2023 Normalization Adjustments - Distribution Expense		(334,775)	Pet.				
2025 Forecast Adjustments - Distribution Expense		425,180	Pet.				
2025 OUCC Forecast Adjustments - Distribution Expense		(67,190)	6-1a				
Customer Expense	1,759,319			1,864,376	-		1,864,376
2025 Forecast Adjustments - Customer Expense		105,057	Pet.				
Sales Expense	(11,411)			(918)	-		(918)
2025 Forecast Adjustments - Sales Expense		10,492	Pet.				
Administrative and General Expense	10,566,632			13,337,004	32,146	1	13,369,150
2025 Forecast Adjustments - Administrative and General Expense		2,929,151	Pet.				
2025 OUCC Forecast Adjustments - Administrative and General Expense		(256,489)	6-1b				
2025 OUCC Forecast Adjustments - Regulatory Expense		97,710	6-1c				
Sub-total of Operating Expenses	<u>\$35,831,412</u>	<u>(\$15,064,052)</u>		<u>\$20,767,360</u>	<u>\$32,146</u>	1	<u>\$20,799,506</u>

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

**PRO FORMA NET OPERATING INCOME STATEMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 2023, THROUGH PRO FORMA TWELVE MONTHS ENDING SEPTEMBER 30, 2025**

	Base Period Ended 9/30/2023	Pro Forma Adjustments	Sch. Ref.	Pro Forma at Present Rates	Increase / (Decrease)	Sch. Ref.	Pro Forma at Proposed Rates
OPERATING EXPENSES							
Sub-total Carried Forward	\$35,831,412	(\$15,064,052)		\$20,767,360	\$32,146		\$20,799,506
Depreciation Expense	3,092,814			4,364,360	-		4,364,360
2025 Forecast Adjustments - Depreciation Expense		1,279,211	Pet.				
2025 OUCC Forecast Adjustments - New Services Reduction		(7,665)	6-2				
Other Regulatory Credits	(357,653)			-	-		-
2023 Normalization Adjustments - Other Regulatory Credits		357,653	Pet.				
General Taxes Other than Income Tax	1,091,309			1,125,731	14,858	1	1,140,589
2025 Forecast Adjustments - General Taxes Other than Income Tax		44,137	Pet.				
2025 OUCC Forecast Adjustments - Public Utility Fee		(9,716)	6-3				
State and Federal Income Tax	(251,232)			(751,474)	2,506,322	1	1,754,848
2025 Forecast Adjustments - State and Federal Income Tax		(600,460)	Pet.				
2025 OUCC Forecast Adjustments - State and Federal Income Tax		100,217	6-4				
Deferred Income Tax	(44,802)			217,874	-		217,874
2025 Forecast Adjustments - Deferred Income Tax		262,676	Pet.				
Total Operating Expenses	<u>39,361,848</u>	<u>(13,637,998)</u>		<u>25,723,851</u>	<u>2,553,326</u>		<u>28,277,177</u>
Net Operating Income	<u>\$111,297</u>	<u>(\$2,402,483)</u>		<u>(\$2,291,186)</u>	<u>\$7,570,963</u>		<u>\$5,279,777</u>

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

OUCR REVENUE ADJUSTMENTS

(1)

Credit Card Fee Revenue

Adjustment to Forecasted 2025 Other Operating Revenue for Credit Card Fees (Public's Exhibit No. 3, Attachment MMN-1, Page 1)

Adjustment Increase (Decrease) \$139,246

(2)

Forfeited Discounts

Adjustment to Forecasted 2025 Forfeited Discounts (Public's Exhibit No. 3, Attachment MMN-2, Page 1)

Adjustment Increase (Decrease) \$5,138

(3)

Miscellaneous Service Revenues

Adjustment to Forecasted 2025 Miscellaneous Service Revenues (Public's Exhibit No. 3, Attachment MMN-3, Page 1)

Adjustment Increase (Decrease) \$12,080

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

OUCC EXPENSE ADJUSTMENTS

(1)
O&M Expenses

(a) Distribution Expense

Adjustment to Forecasted 2025 Distribution Expenses (Public's Exhibit No. 4, Attachment JDK-1, Page 1)

Operation Supervision and Engineering Expense - <i>Lobbying Fees</i>	(\$1,140)	
Customer Installation Expense - <i>Rebates</i>	(63,000)	
Distribution Expense - <i>Inflation</i>	(3,050)	
	<hr/>	
Adjustment Increase (Decrease)		<u><u>(\$67,190)</u></u>

(b) Administrative and General Expense

Adjustment to Forecasted 2025 Administrative and General Expenses (Public's Exhibit No. 4, Attachment JDK-2, Page 1)

Administrative and General Expense - <i>Lobbying Fees</i>	(\$668)	
Executive Other Expense - <i>Columbia Club Membership</i>	(2,277)	
Advertising Expense - <i>Non-Recoverable Ads</i>	(12,247)	
Meals Expense - <i>Non-Recoverable Meals</i>	(32,860)	
Travel Expense - <i>Non-Recoverable Employee Travel</i>	(5,088)	
Miscellaneous Expense - <i>Non-Recoverable Expenses</i>	(23,036)	
Non-recurring Expense - <i>Non-Recurring Expenses</i>	(33,721)	
Outside Service Expense - <i>Non-Recoverable Expenses</i>	(134,950)	
Administrative and General Expense - <i>Inflation</i>	(11,642)	
	<hr/>	
Adjustment Increase (Decrease)		<u><u>(\$256,489)</u></u>

(c) Regulatory Expense

Adjustment to Forecasted 2025 Regulatory Expense (Public's Exhibit No. 4, Attachment JDK-3, Page 1)

Adjustment Increase (Decrease)	<u><u>\$97,710</u></u>
--------------------------------	------------------------

(2)
Depreciation Expense

Adjustment to Forecasted 2025 Depreciation Expense for reduction of New Services from Gas Utility Plant
(Public's Exhibit No. 5, Attachment LNV-1, Page 7)

Adjustment Increase/(Decrease)	<u><u>(\$7,665)</u></u>
--------------------------------	-------------------------

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

OUCG EXPENSE ADJUSTMENTS

**(3)
IURC Fee**

Adjustment to Forecasted 2025 General Taxes Other than Income Tax to reflect IURC fee associated with pro forma present rate operating revenues

Adjusted Present Rate Operating Revenue	\$23,432,665	
Less: Forfeited Discounts	149,227	
Misc. Service Revenue	145,951	
Other Operating Revenues	139,246	
Uncollectible Accounts Expense	99,521	
	<hr/>	
Pro Forma Revenues Subject to IURC Fee	22,898,720	
Times: 2022-2023 IURC Fee	0.1467603%	
	<hr/>	
Pro Forma IURC Fee	33,606	
Less: OVG Pro Forma 2025 Forecast	50,969	
	<hr/>	
OUCG Pro Forma IURC Fee Adjustment	(17,363)	
Less: OVG Pro Forma IURC Fee Adjustment	(7,647)	
	<hr/>	
		Adjustment Increase (Decrease) <u><u>(\$9,716)</u></u>

**(4)
Income Tax Expense**

Adjustment to Forecasted 2025 State and Federal Income Taxes to reflect taxes associated with pro forma present rate operating revenues

	<u>Federal</u>	<u>State</u>
Operating Revenue	\$23,432,665	\$23,432,665
Less: O&M Expenses	20,767,360	20,767,360
Depreciation Expense	4,364,360	4,364,360
Taxes Other Than Income Taxes	1,125,731	1,125,731
State Income Tax	(148,053)	-
	<hr/>	<hr/>
Subtotal	(2,676,733)	(2,824,786)
Less: Synchronized interest	196,700	196,700
	<hr/>	<hr/>
State Taxable Income		(3,021,486)
Federal Taxable Income	(2,873,433)	
Taxes Rate	21.0%	4.9%
	<hr/>	<hr/>
Tax at Present Rate	(603,421)	(148,053)
Less: Test Period Expense	(180,030)	(71,202)
	<hr/>	<hr/>
OUCG Income Tax Adjustments	(423,391)	(76,851)
Less: OVG Income Tax Adjustments	(503,864)	(96,595)
	<hr/>	<hr/>
	Adjustment Increase (Decrease) <u><u>\$80,473</u></u>	<u><u>\$19,744</u></u>

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

**CALCULATION OF PRO FORMA ORIGINAL COST RATE BASE
AS OF SEPTEMBER 30, 2025**

	<u>Per Joint Petitioners</u>	<u>Per OUCC</u>	<u>OUCC More (Less)</u>
Utility Plant in Service	\$138,780,212	\$138,517,712	(\$262,500)
Less: Accumulated Depreciation	<u>(78,096,166)</u>	<u>(78,086,238)</u>	<u>9,928</u>
Net Plant in Service	60,684,046	60,431,474	(252,572)
Add: Gas Stored Underground	1,848,472	1,848,472	-
Working Capital (O&M Expenses / 8)	2,624,166	2,595,920	(28,246)
Material and Supplies (13 Month Average)	<u>2,951,885</u>	<u>2,951,885</u>	<u>-</u>
Total Original Cost Rate Base	<u><u>\$68,108,569</u></u>	<u><u>\$67,827,751</u></u>	<u><u>(\$280,818)</u></u>

**OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011**

**PRO FORMA CAPITAL STRUCTURE
AS OF SEPTEMBER 30, 2025**

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
Common Equity	\$60,293,779	83.18%	9.00%	7.49%
Long Term Debt	3,617,331	4.99%	4.50%	0.22%
Customer Deposits	886,848	1.22%	6.00%	0.07%
Deferred Income Taxes	7,688,749	10.61%	0.00%	0.00%
Total Capital	<u>\$72,486,707</u>	<u>100.00%</u>		<u>7.78%</u>

SYNCHRONIZED INTEREST CALCULATION

	<u>Percent of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long Term Debt	4.99%	4.50%	0.22%
Customer Deposits	1.22%	6.00%	0.07%
Total			0.29%
Total Original Cost Rate Base			<u>\$67,827,751</u>
Synchronized Interest Expense			<u>\$196,700</u>

OHIO VALLEY GAS CORPORATION AND OHIO VALLEY GAS, INC.
CAUSE NUMBER 46011

CURRENT AND PROPOSED MONTHLY FACILITIES CHARGES

	<u>Current</u>	<u>Joint Petitioners Proposed</u>	<u>OUCC Proposed</u>	<u>OUCC More (Less)</u>
Firm Small Volume Sales Service				
Rates S11, S41, S91	\$14.54	\$22.43	\$14.54	(\$7.89)
Rate S81	9.38	14.47	9.38	(5.09)
Firm Medium Volume Sales Service				
Rates S12, S42, S92	\$591.60	\$898.17	\$591.60	(\$306.57)
Firm Grain Drying Sales Service				
Rates S14, S44, S94 (Meter Size of 1,400 SCFH or Less)	\$517.65	\$736.96	\$517.65	(\$219.31)
Rates S14, S44, S94 (Meter Size Greater Than 1,400 SCFH)	902.19	1,284.41	902.19	(382.22)
Large Volume Transportation Service				
Rates T15, T45, T95	\$1,380.40	\$1,602.90	\$1,380.40	(\$222.50)
Medium Volume Transportation Service				
Rates T16, T46, T96	\$591.60	\$898.17	\$591.60	(\$306.57)
Public Schools Transportation Service				
Rates T18, T48, T98 (Meter Size of 675 SCFH or Less)	\$35.50	\$52.68	\$35.50	(\$17.18)
Rates T18, T48, T98 (Meter Size Greater Than 675 SCFH)	55.22	81.94	55.22	(26.72)
Pipeline Direct Buy Service				
Rates T19, T49, T99	\$0.00	\$1,199.83	\$1,199.83	\$0.00

AFFIRMATION

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

Zachary D. Leinheiser

Zachary D. Leinheiser
Utility Analyst
Indiana Office of
Utility Consumer Counselor
Cause No. 46011
Ohio Valley Gas Corp., INC.

05-15-2024

Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following parties of record in the captioned proceeding by electronic service on May 15, 2024.

Nicholas K. Kile
Hillary J. Close
Lauren M. Box
Lauren Aguilar
Barnes & Thornburg LLP
Email: Nicholas.kile@btlaw.com
hillary.close@btlaw.com
lauren.box@btlaw.com
lauren.aguilar@btlaw.com

Clayton C. Miller,
CLAYTON MILLER LAW, P.C.
Email: clay@claytonmillerlaw.com



Lorraine Hitz
Attorney No. 18006-29
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 – Telephone
317/232-5923 – Facsimile