

COPY

FILED

STATE OF INDIANA

MAY 28 2004

INDIANA UTILITY REGULATORY COMMISSION
INDIANA UTILITY
REGULATORY COMMISSION

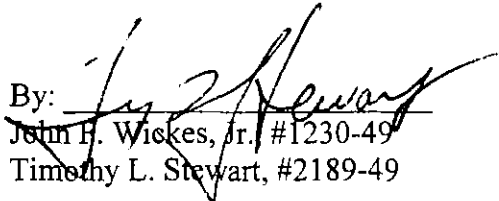
VERIFIED JOINT PETITION OF INDIANA GAS)
COMPANY, INC., SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY AND THE BOARD)
OF DIRECTORS FOR UTILITIES OF THE)
DEPARTMENT OF PUBLIC UTILITIES OF THE)
CITY OF INDIANAPOLIS, AS SUCCESSOR) CAUSE NO. 42590
TRUSTEE OF A PUBLIC CHARITABLE TRUST,)
d/b/a CITIZENS GAS & COKE UTILITY,)
PURSUANT TO IND. CODE § 8-1-2-2.5 et. seq.)
FOR APPROVAL OF AN ALTERNATIVE)
REGULATORY PLAN WHICH WOULD)
ESTABLISH A PILOT UNIVERSAL SERVICE)
PROGRAM)

**SUBMISSION OF THE MANUFACTURING
AND HEALTH PROVIDING CUSTOMERS' CASE-IN-CHIEF**

The Manufacturing and Health Providing Customers, by counsel, pursuant to the
Prehearing Conference Order in this Cause, hereby respectfully submits its prefiled case-
in-chief, consisting of the prefiled testimony of Nicholas Phillips, Jr.

Respectfully submitted,

LEWIS & KAPPES, P.C.

By: 
John H. Wickes, Jr., #1230-49
Timothy L. Stewart, #2189-49

LEWIS & KAPPES, P.C.
1700 One American Square
Box 82053
Indianapolis, Indiana 46282
(317) 639-1210
(317) 639-4882 (fax)

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copies of the foregoing document have been served upon the following individuals by first class, United States mail, postage prepaid, and by email delivery this 28th day of May, 2004:

Anne E. Becker Randall Helman Office of the Utility Consumer Counselor 100 North Senate Avenue, Room N501 Indianapolis, Indiana 46204	Robert E. Heidorn Vice President and General Counsel Vectren Corporation 20 N.W. Fourth Street P.O. Box 209 Evansville, IN 47702-0209
Michael B. Cracraft Steven W. Krohne Hackman Hulett & Cracraft, LLP One Indiana Square, Suite 2400 Indianapolis, IN 46204-2030	Jerome Polk Michael Mullett Mullett Polk & Associates, LLC 309 West Washington St., Ste. 233 Indianapolis, Indiana 46204

LEWIS & KAPPES, P.C.

By: 
Timothy L. Stewart

LEWIS & KAPPES, P.C.
1700 One American Square
Box 82053
Indianapolis, Indiana 46282-0003
317/639-1210

STATE OF INDIANA
BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF INDIANA GAS)
COMPANY, INC., SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY AND THE BOARD)
OF DIRECTORS FOR UTILITIES OF THE)
DEPARTMENT OF PUBLIC UTILITIES OF THE)
CITY OF INDIANAPOLIS, AS SUCCESSOR)
TRUSTEE OF A PUBLIC CHARITABLE TRUST,)
d/b/a CITIZENS GAS & COKE UTILITY,)
PURSUANT TO IND. CODE § 8-1-2.5 et. seq.)
FOR APPROVAL OF AN ALTERNATIVE)
REGULATORY PLAN WHICH WOULD)
ESTABLISH A UNIVERSAL SERVICE PROGRAM)

CAUSE NO. 42590

Direct Testimony of

Nicholas Phillips, Jr.

On Behalf of

Manufacturing and Health Providing Customers

Project 8235
June 2004



BRUBAKER & ASSOCIATES, INC.
ST. LOUIS, MO 63141-2000

STATE OF INDIANA
BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF INDIANA GAS)
COMPANY, INC., SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY AND THE BOARD)
OF DIRECTORS FOR UTILITIES OF THE)
DEPARTMENT OF PUBLIC UTILITIES OF THE)
CITY OF INDIANAPOLIS, AS SUCCESSOR)
TRUSTEE OF A PUBLIC CHARITABLE TRUST,)
d/b/a CITIZENS GAS & COKE UTILITY,)
PURSUANT TO IND. CODE § 8-1-2.5 et seq.)
FOR APPROVAL OF AN ALTERNATIVE)
REGULATORY PLAN WHICH WOULD)
ESTABLISH A UNIVERSAL SERVICE PROGRAM)

CAUSE NO. 42590

Direct Testimony of Nicholas Phillips, Jr.

1 **Q PLEASE STATE OUR NAME AND BUSINESS ADDRESS.**

2 A Nicholas Phillips, Jr.; 1215 Fern Ridge Parkway, Suite 208; St. Louis, MO 63141-
3 2000.

4 **Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5 A I am a consultant in the field of public utility regulation and a principal with the firm of
6 Brubaker & Associates, Inc., energy, economic and regulatory consultants. Our firm
7 and its predecessor firms have been in this field since 1937 and have participated in
8 more than 1,000 proceedings in 40 states and in various provinces in Canada. We
9 have experience with more than 350 utilities, including many local distribution
10 companies (LDCs), gas pipelines, and electric utilities. I have testified in many
11 electric and gas rate proceedings on virtually all aspects of ratemaking. More details
12 are provided in Appendix A of this testimony.

1 **Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

2 A I am testifying on behalf of a group of intervenors designated as the Manufacturing
3 and Health Providing Customers.

4 **Q WHAT IS THE SUBJECT MATTER OF YOUR DIRECT TESTIMONY?**

5 A My testimony is directed toward the Verified Joint Petition filed in this Cause by
6 Citizens Gas, Indiana Gas and SIGECO (collectively, "Joint Petitioners") seeking
7 approval of an alternative regulatory plan ("ARP"), by which each of the identified
8 Petitioners would implement a Universal Service Program.

9 **Q HAVE YOU BEEN INVOLVED WITH PRIOR PROCEEDINGS BEFORE THE**
10 **INDIANA UTILITY REGULATORY COMMISSION (IURC OR COMMISSION)?**

11 A Yes. I have been involved in prior proceedings before this Commission and have
12 presented testimony in many of those proceedings.

13 **Q HAVE YOU REVIEWED THE TESTIMONY AND EXHIBITS FILED BY JOINT**
14 **PETITIONERS' IN THIS PROCEEDING?**

15 A I have reviewed the testimony and exhibits filed by Joint Petitioners in this
16 proceeding. I have also reviewed the depositions of those witnesses and certain
17 discovery responses. I have attached the depositions of Mr. Pettitt and Mr. Sawyers,
18 respectively, as Exhibits A and B.¹

19 **Q IN YOUR OPINION, DOES THE JOINT PETITIONERS' FILING ADEQUATELY**
20 **JUSTIFY THE NEED, FAIRNESS AND APPROPRIATE RATEMAKING POLICY**

¹ In the interest of reducing the volume of paper filed, I have removed Exhibit 1 from both depositions which consisted of the direct testimony of each.

**ASSOCIATED WITH THE REQUESTED ALTERNATIVE REGULATORY PLAN
WHICH WOULD ESTABLISH A UNIVERSAL SERVICE PROGRAM?**

A No. In my opinion, the Joint Petitioners' filing fails to adequately justify the need, fairness and appropriate ratemaking policy associated with the requested authority to establish an alternative regulatory plan and a universal service program.

Summary of Conclusions and Recommendations

**Q WOULD YOU BRIEFLY SUMMARIZE YOUR CONCLUSIONS AND
RECOMMENDATIONS IN THIS PROCEEDING?**

A My conclusion and recommendations in this proceeding are:

1. The high gas costs is not a problem that can be solved by increases in rates by surcharges (or decreases in credits). If the Joint Petitioners' sincerely want to solve the problem of high gas costs, they should seek ways to lower gas costs and gas rates.
2. To the contrary, Vectren has recently filed to increase delivery charges for SIGECO and IGC. The increase sought by IGC is \$46.9 million annually or approximately 22% and contains very aggressive and excessive rate increase request proposals including:
 - a. Fair value ratemaking adjustment (\$8.5 million higher than an original cost rate of return that produces a 12.25% return on equity); and
 - b. Increase in bad debt expense to \$6.75 million which is about \$4.3 higher than the amount allowed in current rates.
3. The transportation customers of Joint Petitioners are currently paying rates significantly in excess of cost and rate reductions are warranted (--not rate increases--) (or decreases in credits --referring to Citizens' proposal) to make rates reflective of cost and provide appropriate price signals.
4. The IURC has consistently ordered rates based on cost of service and reduction in subsidies. The proposal by Joint Petitioners is in direct contradiction to past-commission actions to make rates fair and reasonable by reflecting cost of service.
5. Transportation customers are not involved with the problem of high utility gas commodity costs charged by the utilities and should not be forced to pay so that some utility customers can receive a discount to the high gas costs charged by the utility.

- 1 6. Joint Petitioners show no benefit to gas transportation customers associated
2 with this program.
- 3 7. The Commission should not allow the Joint Petitioners to become a virtual
4 taxing authority which taxes certain customers to provide assistance to other
5 customers. Utility rates should not become income transfer vehicles.
- 6 8. Other than the targeted recipients of gas discounts, the main beneficiaries of
7 the Joint Petitioners' proposal are the gas utilities. Utilities can increase rates
8 and force certain customers to pay for others that may not be able to pay for
9 service under this program.
- 10 9. The utilities apparently worked on this program for a year, but did not include
11 transportation customers in the process. Now the procedure is on the "fast
12 track" with limited time (certainly much less than the year for developing the
13 program) for the customers forced to pay to respond.
- 14 10. The problem of high gas rates should be solved by utility cost cutting or by
15 utilities accepting a lower return. There is no evidence of that happening by
16 Joint Petitioners.
- 17 11. The social issue of inadequate income to afford certain items is a welfare
18 problem best handled by third parties (government) not selling products or
19 conflicted with an obligation to increase sales, provide profits, growth, etc. The
20 problem of inadequate income concerns food, shelter, other forms of energy,
21 and many items besides gas. Grocery stores certainly would not surcharge one
22 set of customers so that targeted customers can afford more or better food
23 (which increases sales and profits to stores at the expense of customers).
- 24 12. While the idea of assisting low-income customers is laudable, the distortion of
25 gas rates is not the solution. Overcharging certain customers is not the answer.
26 The overcharged customers may reduce voluntary contributions as a response
27 to forced utility overcharges.
- 28 13. The tax implications to the utility and to its customers should also be
29 considered. A customer making a voluntary contribution may receive a tax
30 deduction for the voluntary contribution, but not for a rate surcharge (or
31 reduction in credit).
- 32 14. If Joint Petitioners sincerely want to assist low-income customers, Joint
33 Petitioners should provide assistance to those low-income customers without
34 increasing rates or forcing mandatory contributions by any utility customers. In
35 that manner, Joint Petitioners can voluntarily provide assistance to low-income
36 customers and ratepayers can contribute to the charity of their choice.
- 37 15. Joint Petitioners' statements of helping low-income customers are misleading if
38 the help is actually provided by other utility customers and not the Joint
39 Petitioners.

- 1 16. Voluntary contribution by Joint Petitioners and their customers is the fair and
2 equitable method to fund the program, which does not distort sound ratemaking
3 policy in Indiana. In addition, it gives Joint Petitioners an opportunity to "put
4 their money where their mouth is."
- 5
- 6 17. Ratepayers are the only ones making any appreciable contribution to this
7 program. The commitment on the part of the Joint Petitioners is to get the
8 ratepayers to pay more.
- 9
- 10 18. The meager benefits identified cannot justify the huge expenditure of ratepayer
11 dollars to fund the program.
- 12
- 13 19. Even Vectren's witness agrees that you should not be compelled to support the
14 charity selected by another. This is exactly what the Joint Petitioners seek to
15 compel their ratepayers to do.
- 16
- 17 20. Vectren made it clear that its proposed program would only be undertaken if
18 paid for by its ratepayers and not by Vectren or its shareholders. Vectren's
19 claim that paying for its proposed program would hurt Vectren's ability to raise
20 capital and remain viable is equally applicable to its transport customers --
21 however Vectren's concern is with its shareholders, not those of its customers.
- 22
- 23 21. The Joint Petitioners' "collaborative process" over a year to create the program
24 did not involve those being asked to pay for the program.
- 25
- 26 22. The Joint Petitioners' made it clear that the proposed programs were merely a
27 first step, although they could not identify the remaining steps or the costs
28 thereof.
- 29
- 30 23. The involvement of electric companies in the "collaborative process" serves as
31 a notice that we can expect similar program proposals if the Joint Petitioners'
32 flawed proposals are accepted.
- 33
- 34 24. When given the opportunity to voluntarily fund similar programs, the Joint
35 Petitioners ratepayers responded with very little money. The Joint Petitioners
36 have come up with programs that will compel those same ratepayers to
37 contribute millions of dollars to the programs.
- 38
- 39 25. The millions proposed to be taken from ratepayers to reduce by a few hundred
40 thousand dollars the bad debt of the assisted customers, according to the Joint
41 Petitioners, will permit the utilities to either (a) disconnect service more quickly
42 to or (b) direct their collection people to seek recovery from -- the customers
43 with payment problems who are not being assisted.
- 44
- 45 26. The Joint Petitioners have no information on who the 65% of LIHEAP eligible
46 customers who are not assisted are, what their arrearages are, whether they
47 are being disconnected, or any of the other critical information to the
48 establishment of a need for the development of a program.
- 49
- 50 27. It would be far less expensive to simply compel the ratepayers to pay the
51 arrearages of the assisted customers than to compel them to fund the proposed

1 program. Neither form of compelled donations to the Joint Petitioners is
2 justified.

3 **Q WHAT IS THE INHERENT PROBLEM THAT JOINT PETITIONERS ARE**
4 **PURPORTEDLY TRYING TO SOLVE IN THIS PROCEEDING?**

5 A The main problem is that gas costs are too high to be affordable by certain targeted
6 customers of the Joint Petitioners. The Joint Petitioners are in a position to attempt to
7 lower high gas costs (including commodity and delivery costs). Gas utilities are not
8 equipped to solve income problems nor is it the function of a utility to solve an income
9 problem. Of course, Joint Petitioners and customers can contribute to charities of
10 their choice.

11 **Q HAVE YOU REVIEWED ANY EVIDENCE THAT JOINT PETITIONERS ARE**
12 **REDUCING GAS RATES?**

13 A No. To the contrary, Vectren has recently filed to increase delivery charges for both
14 SIGECO and IGC. The increase sought by IGC is \$46.9 million annually, or
15 approximately 22%. Increases in gas costs are in addition to that increase and are
16 contained in quarterly GCA filings. The recent increase of \$46.9 million annually
17 requested by IGC is very aggressive and, in my opinion, extremely excessive. For
18 example, the increase sought by IGC contains an \$8.5 million fair value ratemaking
19 adjustment which is above and beyond an original cost rate of return that produces a
20 12.25% return on equity for IGC. In addition, IGC proposes to increase bad debt
21 expense to \$6.75 million, which is about \$4.3 million higher than the amount allowed
22 by the IURC in current rates.

23 Based on my review of the large rate increase sought by IGC, it is difficult to
24 find evidence that Vectren is attempting to reduce the high cost of gas that may be

1 unaffordable for certain customers. It appears that Vectren is acting in the best
2 interest of its shareholders by recommending rates that will produce a rate of return
3 on equity that is well above 13% (including the fair value adjustment). I note that this
4 Commission just found the appropriate return on equity for PSI to be 10.5%

5 **Q IN YOUR REVIEW OF THE IGC FILING AND YOUR KNOWLEDGE REGARDING**
6 **THE JOINT PETITIONERS, IN YOUR OPINION ARE TRANSPORTATION**
7 **CUSTOMERS CURRENTLY PAYING RATES IN EXCESS OF COST OF SERVICE?**

8 **A**For illustration, the cost of service study presented by IGC in its current filing shows
9 that transportation customers are currently paying rates about \$7 million in excess of
10 IGC's calculated cost of service and that transportation customers would continue to
11 pay rates about \$7 million above cost of service under the rates proposed by IGC.
12 IGC's filed cost of service study shows that residential customers are currently
13 receiving a \$16 million subsidy and would continue to receive a \$16 million subsidy
14 under the rates proposed by IGC. Therefore, transportation customers are already
15 providing a significant subsidy to the residential service class. It is also important to
16 acknowledge that the delivery rates for all classes are being increased by
17 approximately 22% under the IGC proposal.

18 Therefore, the transportation customers of Joint Petitioners are currently
19 paying rates significantly in excess of cost and rate reductions are warranted, not rate
20 increases (or decreases in credits), to make rates fair, reflective of cost of service and
21 provide appropriate price signals.

22 **Q BASED ON YOUR KNOWLEDGE, HAS THE IURC CONSISTENTLY ORDERED**
23 **RATES BASED ON COST OF SERVICE AND REDUCTIONS IN SUBSIDIES PAID**
24 **BY CUSTOMER CLASSES AND RECEIVED BY CUSTOMER CLASSES?**

1 A Yes. The IURC has consistently attempted to move rates closer to cost of service
2 and reduce subsidy/excess levels to make rates more reflective of cost of service and
3 provide appropriate price signals to customers. The proposal by Joint Petitioners is in
4 direct contradiction to past-commission actions to provide fair and reasonable rates to
5 all customers by reflecting cost of service in the design of rates for all customers.

6 **Q TO YOUR KNOWLEDGE, ARE TRANSPORTATION CUSTOMERS INVOLVED IN**
7 **ANY MANNER WITH THE PROBLEM OF HIGH UTILITY GAS COSTS OR THE**
8 **PROBLEM THAT JOINT PETITIONERS ARE PURPORTEDLY ATTEMPTING TO**
9 **SOLVE?**

10 A Transportation customers are not involved with the problem of high utility gas costs
11 and should not be forced to pay to make the product of the Joint Petitioners more
12 affordable. Transportation customers do not rely on Joint Petitioners for gas as a
13 commodity. Transportation customers pay for delivery service by Joint Petitioners
14 and, to my knowledge, consistently pay rates above cost of service. It is neither fair
15 nor reasonable or a sound ratemaking policy to allow Joint Petitioners to increase
16 rates (or decrease credits) to transportation customers in order to solve the problem
17 of high gas costs or of inadequate income. Many transportation customers are
18 manufacturing customers that compete in a global marketplace. These customers
19 are under extreme cost pressures and intense competition to remain in business and
20 employ people of the State of Indiana. Of course, transportation customers are not
21 immune to fluctuating gas costs. The Commission should not allow joint Petitioners
22 to come up with a scheme to overcharge those customers for a problem involving
23 high gas costs or low income.

1 **Q HAVE JOINT PETITIONERS PROVIDED ANY EVIDENCE INVOLVING A BENEFIT**
2 **TO GAS TRANSPORTATION CUSTOMERS ASSOCIATED WITH THIS**
3 **PROGRAM?**

4 **A Not to my knowledge.**

5 **Q IN YOUR OPINION, OTHER THAN THE TARGETED RECIPIENTS OF GAS**
6 **DISCOUNTS, WHO ARE THE MAIN BENEFICIARIES OF THE JOINT**
7 **PETITIONERS' PLAN?**

8 **A The Joint Petitioners are the main beneficiaries of the plan signed by the Joint**
9 **Petitioners. Under the Joint Petitioners' plan, utilities can increase gas rates and**
10 **force certain customers to pay for other customers that presumably can't afford the**
11 **product. Joint Petitioners can appear to be pillars of the community while, in**
12 **actuality, Joint Petitioners are forcing certain customers to pay for high gas costs of**
13 **other customers. Joint Petitioners can maintain sales and receive payments from**
14 **targeted customers (at the expense of other customers) that might be unable to make**
15 **payments on time or unable to make payments whatsoever. Meanwhile, Vectren**
16 **requests high returns on equity for shareholders at the expense of their customers.**

17 **Q SHOULD THE COMMISSION ALLOW JOINT PETITIONERS TO BASICALLY**
18 **TRANSFER INCOME FROM ONE SET OF CUSTOMERS TO ANOTHER?**

19 **A No. The Commission should not allow Joint Petitioners to become a virtual taxing**
20 **authority, which, in essence, taxes certain customers to provide assistance for other**
21 **customers. Utility rates should not become a vehicle for income transfer among utility**
22 **customers. The utilities should focus their efforts on reducing costs rather than**
23 **becoming an agency of income transfer.**

1 **Q BASED ON YOUR KNOWLEDGE, IS THE PROCEDURE INVOLVED WITH THIS**
2 **PROGRAM BY JOINT PETITIONERS FAIR?**

3 A In my opinion, no. The utilities apparently worked on this program for approximately
4 one year, but did not include transportation customers in the process. It is always
5 easy to derive an apparent solution to a problem when those not invited in the
6 development of the program are those that are now forced to pay. Apparently, those
7 involved in developing the program have not yet acknowledged that they are the
8 solution to high gas costs. Another problem with the procedure is that while the
9 development of the program basically among utility companies was done over a time
10 period of approximately one year, the procedural schedule does not allow a year to
11 develop a response by those who are faced with higher rates to fund the program.
12 This procedure is obviously not fair or reasonable and is poor regulatory policy.

13 **Q SHOULD UTILITIES BE INVOLVED WITH THE SOLUTION TO AN INCOME**
14 **PROBLEM?**

15 A No. Utilities should be involved with the most efficient and economic provision of gas
16 service and delivery service. Utilities should not become welfare agencies which is
17 better handled by third parties (government) not selling products or conflicted with an
18 obligation to increase sales, provide profits, growth, etc. The problem of inadequate
19 income concerns the purchase of food, shelter, medical care, other forms of energy
20 and many other items besides natural gas. It would be unthinkable, for example, for
21 grocery stores or gas stations to impose a surcharge on one set of customers so that
22 other targeted customers can better afford to purchase food or gas. Just as this
23 practice does not incur in grocery stores, it should not occur at gas utilities.

1 **Q ARE THERE OTHER POTENTIAL PROBLEMS WITH OVERCHARGING CERTAIN**
2 **GAS CUSTOMERS AS PROPOSED BY JOINT PETITIONERS?**

3 A While the idea of assisting low-income customers is laudable, the distortion and
4 overpricing of gas rates is not the solution. Overcharging certain customers may also
5 have consequences. The overcharged customers may reduce voluntary
6 contributions that they are currently making as a response to the unwanted forced
7 overcharge imposed by the utility. For example, if certain customers now voluntarily
8 make contributions to programs, their response could easily be to stop making those
9 contributions when they become aware of the mandatory contribution imposed by the
10 utility through gas rates.

11 **Q ARE THERE OTHER POTENTIAL PROBLEMS?**

12 A Yes. The tax implication and consequences to the utility and to its customers should
13 be studied and considered. For example, a customer making a voluntary contribution
14 may receive a tax deduction for the currently voluntary contribution. If a mandatory
15 contribution is forced through the Joint Petitioners' proposal different tax implications
16 may result, particularly if the customer stops making the voluntary contribution in
17 response to the utility's forced contribution. There may also be tax implications on
18 the utilities concerning the revenue received under these surcharges or the reduction
19 in credits under the proposal.

20 **Q UNDER THE ASSUMPTION THAT THE JOINT PETITIONERS SINCERELY WANT**
21 **TO ASSIST LOW-INCOME CUSTOMERS, WHAT ACTIONS SHOULD JOINT**
22 **PETITIONERS TAKE?**

23 A If Joint Petitioners sincerely want to assist low-income customers, Joint Petitioners
24 should provide assistance to those low-income customers without increasing rates or

1 forcing mandatory contributions by any utility customers. In that manner, Joint
2 Petitioners can voluntarily provide assistance to low-income customers and
3 ratepayers can voluntarily contribute to assist low-income customers through the
4 charity of their choice. Voluntary contributions by Joint Petitioners and their
5 customers is the most fair and equitable way to help low-income customers without
6 distorting sound ratemaking policy in Indiana. In addition, it gives Joint Petitioners an
7 opportunity "to put their money where their mouth is." Statements by Joint Petitioners
8 regarding helping low-income customers should only be concerned with actual
9 contributions by Joint Petitioners and not with income transfers by charging one set of
10 customers to assist others.

11
12 **Q ARE THERE OTHER SPECIFIC CONCERNS YOU HAVE ABOUT THE JOINT**
13 **PETITIONERS' PROPOSALS?**

14 **A** Yes. There are many specific issues that I would like to address. They range from
15 the failure of Petitioners' to determine the information needed to develop a
16 reasonable program to the unwillingness of the Petitioners to fund the program.

17
18 **Q WHAT DO YOU MEAN BY THE UNWILLINGNESS OF PETITIONERS TO FUND**
19 **THE PROGRAM?**

20 **A** As I stated earlier, the proper method from a policy perspective to fund the program is
21 through voluntary payments by the Joint Petitioners and ratepayers. There are two
22 ways this is not being done. First, ratepayer contributions under the program are not
23 voluntary. Second, Vectren is not putting any new money into the program and
24 Citizens new contribution, if any, is not appreciable. Vectren would not agree to
25 implement the program if they were required to pay for it.

26

1 **Q CAN YOU EXPLAIN WHAT YOU MEAN ABOUT THE PETITIONERS NOT**
2 **FUNDING THE PROGRAM WITH NEW MONEY AND NOT BEING WILLING TO**
3 **IMPLEMENT THE PROGRAM IF THEY HAVE TO PAY FOR IT?**

4 **A Yes. Consider the two Vectren petitioners, IGC and SIGECO. In his deposition on**
5 **behalf of these petitioners, Mr. Petitt admitted that, to his knowledge, Vectren was not**
6 **infusing any money into the program that it was not otherwise required to do pursuant**
7 **to earlier settlements.** (Petitt deposition, page 35, line 17-24.) Mr. Petitt stated that
8 "it is my assertion that this program should be funded by rate payer dollars, because
9 it is for a public good and the rate payers will benefit." (Petitt deposition, page 37,
10 line 21.)

11

12 **Q SO VECTREN IS NOT CONTRIBUTING ANY NEW MONEY, BUT WHAT MAKES**
13 **YOU SAY THEY WON'T IMPLEMENT THE PROGRAM IF IT IS NOT FUNDED BY**
14 **RATEPAYERS?**

15 **A Well, Mr. Petitt said so at his deposition.**

16 Q. Is Vectren prepared to implement that program without approval of the
17 customers being compelled to give money?

18 A. No, it is not.

19 (Petitt deposition, page 38, line 11.) So, unless this Commission permits Vectren to
20 force ratepayers – not Vectren – to fund the program, the total cost of which exceeds
21 \$9 million dollars, Vectren will not implement the program.

22

23 **Q IS VECTREN'S POSITION, AS STATED BY MR. PETITT, FAIR AND**
24 **REASONABLE?**

25 **A No, it is neither. For the reasons discussed earlier, only voluntary funding of this**
26 **program by the Petitioners and others is fair and reasonable. Vectren's position that**

1 others pay is made even more of a win for the utilities because they want the
2 ratepayers to reimburse them for developing the program to the extent benefits are
3 received. (Petitt deposition, page 40, line 9.)
4

5 **Q WHAT DO YOU UNDERSTAND VECTREN TO MEAN ABOUT BENEFITS BEING**
6 **RECEIVED?**

7 A Vectren estimates that the "benefits," essentially a reduction of write-offs, will be
8 \$372,968 for the pilot program. (Petitt deposition, page 31, line 5.) And even that
9 meager customer benefit is reduced. Vectren takes 50% of it for its shareholders.
10

11 **Q DO YOU HAVE THOUGHTS ON WHETHER THE PROGRAM BENEFITS JUSTIFY**
12 **THE COSTS?**

13 A The benefits do not justify the costs. Vectren proposes a program that anticipates the
14 least amount possible per decatherm will be taken from transportation customers.
15 Using rosy scenarios, Vectren's full year (2005) projection is that ratepayers will pay
16 almost \$4 million and the hoped for benefits will be less than 1/10 that amount
17 (\$373,000). Under any rational test, the benefits do not justify the costs of the
18 program. Of course Indiana Gas will keep ½ of these savings.
19

20 **Q IS SPENDING \$9.8 MILLION ON A PROGRAM THAT REDUCES BAD DEBT BY**
21 **\$373,000 AT LEAST MAKING A SUBSTANTIAL DENT IN VECTREN'S TOTAL**
22 **BAD DEBT?**

23 A No. Mr. Petitt's testimony and discovery state that the bad debt for the roughly
24 21,000 assisted LIHEAP customers in 2003 was \$745,936. This is only 9.6% of
25 Vectren's bad debt. In other words, spending \$9.8 million will reduce the bad debt
26 expense of Vectren by less than 5%. Stated another way, 95% of Vectren's bad debt

1 is unaffected by the expenditure of \$9.8 on the proposed program. Although Vectren
2 and Citizens suggest ratepayers benefit indirectly by the reduction of bad debt
3 expense, it would be far more economical for the ratepayers to simply pay the bad
4 debt – as they already do as part of the ratemaking process – than to fund a program
5 at a cost many times the projected savings. And that is exactly what Indiana Gas
6 wants customers to do when it proposes a substantial bad debt expense in its rate
7 case. The impact on Citizens bad debt from its even more costly program is equally
8 negligible.

9

10 **Q DO YOU HAVE ANY THOUGHTS ON THE WEATEHRIZATION COMPONENT OF**
11 **THE PROGRAM PROPOSED BY THE JOINT PETITITONERS?**

12 **A** Yes. *Petitioners offer no evidence that supports the expenditures sought. Petitioners*
13 *are unable to identify any benefits to the transportation customers from the*
14 *weatherization program. Mr. Petitt admits that Indiana Gas is not providing any new*
15 *money for weatherization. (Petitt deposition, page 50, line 10.) Instead, Vectren*
16 *solely identifies dollars it is compelled to spend pursuant to the settlement agreement*
17 *pursuant to GCA 50. In its current rate case, Indiana Gas' witness, Mr. Benkert,*
18 *testifies at page 22 that declining usage in the residential class (from 1145 therms a*
19 *year to 973 therm a year) causes increased rates. By that reasoning, non-*
20 *weatherized residential customers can expect to pay more dollars associated with*
21 *any decline in throughput from weatherization.*

22

23 **Q DO YOU THINK RATEPAYERS SHOULD BE COMPELLED TO SUPPORT THE**
24 **CHARITY SELECTED BY PETITIONERS?**

25 **A** No. And apparently Vectren would agree in principle even though that is exactly what
26 the Petitioners want the Commission to approve – mandatory charitable contributions

1 by ratepayers of the charity selected by the Petitioners. The charity chosen by the
2 Petitioners of course is one that helps insure that the bills sent by the Petitioners are
3 paid.

4
5 **Q WHY DO YOU SAY THAT VECTREN APPARENTLY AGREES IN PRINCIPLE**
6 **THAT RATEPAYERS SHOULD NOT BE COMPELLED TO FUND CHARITIES**
7 **SELECTED BY OTHERS?**

8 **A** Again, I look to what Mr. Petitt stated at his deposition.

9 Q. Now, as a matter of public policy, do you think that you should be
10 compelled to support the charity at my choice?

11 **A.** No.

12 (Petitt deposition, page 41, line 8.) Yet, while Mr. Petitt and Vectren may not think
13 they should be compelled to fund a charity someone else selects, that is what the
14 Petitioners want the Commission to order their ratepayers to do.

15
16 **Q DO YOU HAVE ANY OTHER THOUGHT ABOUT VECTREN'S UNWILLINGNESS**
17 **TO FUND THE PROPOSED PROGRAM?**

18 **A** Yes. Vectren's basis for not being willing to fund the program applies equally well to
19 forcing its customers to fund the program. Consider Mr. Petitt's reasoning:

20 Q. And let's assume for a moment that all we have before is a proposal
21 with the design that you have recommended, where these people are going to
22 get aid and it is Vectren that is funding it, how strong is your belief that the
23 poor ought to get helped?

24 **A.** My belief that the poor ought to be helped is strong. To the extent that it
25 was funded by a company, that company wouldn't be able to do it very long,
26 because they wouldn't be able to attract capital in the marketplace to remain
27 viable and also provide the safe and reliable service, be it electric or gas or
28 whatever it is.

29
30 (Petitt deposition, page 37, line 4.) Of course, what Mr. Petitt does not realize is that
31 transportation customers face the same pressures that Vectren worries about. They

1 must raise capital, they must remain viable and provide safe, reliable and
2 competitively priced services and products. There is no reason to believe that
3 transportation customers will not face the same risks and harms from being
4 compelled to pay for Petitioners' programs that Petitioners claim to face. Vectren has
5 essentially decided that it will protect its shareholders from being required to fund the
6 low income relief program. Vectren accomplishes this protection for its shareholders
7 by requiring the shareholders of transportation customers (or the service recipients of
8 non-profit transporters) to bear the cost of Petitioner's programs.

9
10 **Q DID THE PETITIONERS INCLUDE THE TRANSPORTATION CUSTOMERS THEY**
11 **WANT TO HELP FUND THE PROGRAM IN PLANNING THE PROGRAM?**

12 **A** No. Mr. Petitt acknowledged he could not identify any manufacturers or health
13 providers that were consulted during the year long process Vectren engaged in when
14 developing the proposed program. (Petitt deposition, page 9, line 2.)

15
16 **Q WHO WAS INVOLVED IN THE YEAR LONG PLANNING OF THE PROGRAM?**

17 According to Mr. Petitt, the year long "collaborative process" that lead to the proposed
18 program involved Vectren, Citizens, the Indiana Gas Association and other industry
19 participants – including keeping electric companies in the loop. (Petitt deposition,
20 page 11, line 7.) In fact, other than naming Mr. Wickes, Jr. with whom the
21 collaborating Petitioners only spoke with after filing the Petition and the Settlement
22 Agreement in this case, Mr. Petitt was unable to identify any manufacturing or health
23 providing transporter with whom Vectren spoke with respect to its proposal.

24
25 **Q DO YOU HAVE ANY COMMENTS ABOUT THAT "COLLABORATIVE PROCESS?"**

26 **A** Yes, several.

- 1 • First, it is fundamentally unfair to develop a program where you intend to fund
2 a multi-million dollar program by taking money from ratepayers and to not
3 involve those ratepayers in the development of the plan. The failure to involve
4 those who are to be called upon to pay is understandable when considering
5 the interests of the Petitioners. Mr. Pettitt's deposition revealed the following:

6 Q. You are not just interested in getting approved your low-income
7 plan, are you? You are interested also in getting how you can take the
8 money out of the rate payers' pockets to pay for it too; right?

9 A. It is part and parcel.

10 (Pettitt deposition, page 73, line 9.) While Petitioners might be inclined to
11 exclude in the development of the proposed program those they intended to
12 saddle with the program's costs, doing so is not fair or reasonable. And the
13 one-sidedness of the agreement reflects that. Transportation customers pay a
14 lot and get no benefit.

- 15 • Second, both Mr. Pettitt and Mr. Sawyers acknowledged that the proposed
16 program was only a first step – although neither could outline what the next
17 steps would be or how much they would cost. (Pettitt deposition, page 72, line
18 7; Sawyers deposition, page 76, line 15.) It is certainly cause for substantial
19 concern that Petitioners apparently contemplate potentially even bigger and
20 more costly programs in the future that, given their sworn statements in this
21 case, it is reasonable to expect that they will want the ratepayers to fund.
- 22 • Third, the fact that the electric industry was involved in the “collaborative
23 process” offers the specter that if this Commission authorizes the Petitioners
24 to force ratepayers to fund the utilities' chosen charity – the payment of the
25 utilities' bills and a reduction of bad debt expense – then it is reasonable to

1 expect that we will see similar proposals from the electric company
2 collaborators.

3

4 **Q IS THERE ANY BASIS TO SUPPORT THE CONCLUSION THAT RATEPAYERS, IF**
5 **GIVEN THE CHOICE, WOULD NOT AGREE TO FUND THE PROPOSED MULTI-**
6 **MILLION DOLLAR PROGRAM?**

7 **A** Yes. The ratepayers of Vectren and Citizens, when regularly given the opportunity to
8 voluntarily fund bill relief for low-income customers, have chosen not to do so.
9 According to discovery provided by Vectren, for the 2002-2003 heating season, the
10 Share the Warmth Funds to LIHEAP eligible customers from "public and Vectren
11 matching funds" was only \$14,916. Mr. Sawyers testified that for Citizens the
12 contributions range from \$30,000 to \$60,000, usually closer to the \$30,000 range.
13 (Sawyers deposition, page 9, line 5.) These voluntary contributions stand in stark
14 contrast to the \$9.8 million dollar program Vectren proposes and the \$13.9 million
15 dollar program Citizens proposes. The amount customers voluntarily gave was
16 measured in a few thousand dollars. The amount the Petitioners want to take from
17 customers is measured in many millions of dollars.

18

19 **Q WHAT IS THE COST VECTREN ESTIMATES TRANSPORTATION CUSTOMERS**
20 **WOULD PAY TO FUND ITS PROGRAM?**

21 **A** At his deposition, Mr. Pettitt stated that the transportation customers share was
22 estimated to be \$160,200 for August through December 2004, and \$381,444 in each
23 of 2005 and 2006. These total \$923,088.

24

25 **Q IS THERE ANY CERTAINTY THAT THE TRANSPORTERS WOULD ONLY PAY**
26 **ABOUT \$1 MILLION TO HELP FUND THIS PROGRAM?**

1 A No. In fact, that seems unlikely. Mr. Petitt explained that the estimate for
2 transportation customers was based on the assumption that they would only pay ½
3 cent per decatherm rather than the 2 cents per decatherm permitted under the
4 proposal. Thus, the exposure transportation customers face is actually about \$4
5 million dollars. (Petitt deposition, page 23, line 2.) Mr. Petitt acknowledged that the
6 cost of the program would depend on many variables including the cost of gas,
7 number of eligible customers, and weather. Id. at 24, line 5.
8

9 **Q ARE THE PETITIONERS' PROPOSALS INTENDED TO ASSIST ALL LIHEAP**
10 **CUSTOMERS?**

11 A No. For Citizens, of an estimated 35,000 eligible LIHEAP customers, 14,900 to
12 16,000 would be assisted. For Vectren, of an estimated 69,000 eligible LIHEAP
13 customers, 21,000 would be assisted. Collectively, about 35% of eligible customers
14 are expected to receive assistance.
15

16 **Q IS THE SUBSTANTIAL INCREASE IN FUNDING INTENDED TO SEE THAT A**
17 **GREATER PERCENTAGE OF THE LIHEAP ELIGIBLE CUSTOMERS ARE**
18 **ASSISTED?**

19 A. No. the number that were served before the proposed program and the number to be
20 served under the proposed program are the same. The amount of assistance the
21 35% who are helped will receive will be increased.
22

23 **Q DO YOU HAVE ANY THOUGHTS ABOUT THE FACT THAT ABOUT 65% OF**
24 **LIHEAP ELIGIBLE CUSTOMERS ARE NOT BEING ASSISTED?**

25 A Yes. First, if this program were expanded to cover all such customers, the cost could
26 be expected to triple. Second, some of the benefits cited by the Petitioners to

1 increasing the assistance to the 35% can reasonably be argued to represent
2 detriments to the other 65% of LIHEAP customers.

3
4 **Q CAN YOU EXPLAIN WHAT YOU MEAN?**

5 A Yes. Citizens describes one of the savings from the proposed program as Non-EAP
6 Write Off Savings. Citizens describes this as follows: "We can turn off non-EAP
7 customers earlier reducing the # of days they are consuming gas that will ultimately
8 end up in write off." Mr. Sawyers explained that:

9 A. If we are not having to disconnect an EAP customer, that would provide us
10 the opportunity to go out and disconnect a non-EAP customer sooner.

11 Q. So you can turn off the service to a non-EAP customer earlier because
12 you don't have to turn it off to an EAP customer and therefore they won't be
13 consuming gas that they ultimately wouldn't pay for, and that's a savings to
14 you?

15 A. Correct. A savings to our customers in terms of writeoffs.

16 (Sawyers deposition, page 17, line 24.) Of course, only about 15,000 of 35,000
17 LIHEAP eligible customers will be EAP customers. This means that Citizens will be
18 able to turn off service to more of the other 20,000 LIHEAP eligible customers more
19 quickly because Citizens has a \$13.9 million dollar program to help the other 15,000
20 LIHEAP eligible customers.

21
22 **Q DOES VECTREN ENVISION A SIMILAR "BENEFIT?"**

23 A Yes. Presenting a similar analysis, Mr. Pettitt explained that Vectren's collections
24 people will be better able to seek payment from the 50,000 LIHEAP eligible
25 customers who will not be assisted because the collections people will need to spend
26 less time on the 21,000 who are being helped.

1 Q. So you got 50,000 people in your service territory. Now, again, large
2 public policy issue, why should customers pay more so that they can liberate
3 your credit and collection people to collect more money from people who are
4 just as poor as your LIHEAP recipients?

5
6 A. Well, it is my sense and my opinion that the greater effort exerted to stay
7 current and help customers stay current on their bill is, in fact, doing them a
8 favor. When customers get so far behind that it becomes an insurmountable
9 hill to climb is when we find bad debt is incurred. So to the extent that the
10 earlier premise is correct, and I am not going to tell you that it is absolutely,
11 because I don't know that for a fact, but to the extent that efforts are made to
12 keep people more current through the collection process, then I firmly believe
13 that we are doing them a favor.
14

15 (Petitt deposition, page 58, line 16.)
16

17 **Q YOU STATED EARLIER THAT THE PETITIONERS HAD FAILED TO DETERMINE**
18 **THE INFORMATION NEEDED TO DEVELOP A REASONABLE PROGRAM. CAN**
19 **YOU ELABORATE ON THAT POINT?**

20 A Yes. It is fair to say that the proposed program is more identifiable by the information
21 that the Petitioners don't have as much as the information they do have. For
22 example, in Citizens territory they estimate that there are 35,000 LIHEAP eligible
23 customers of which about 15,000 are assisted customers. Similarly, for Vectren there
24 are estimated to be 69,000 LIHEAP eligible customers of which about 21,000 are
25 assisted customers. The following is a partial list of the information neither Citizens
26 nor Vectren were able to provide regarding the 35,000 and 69,000 LIHEAP eligible
27 customers, respectively:

- 28 • The number of these customer accounts in arrears.
- 29 • The level of arrears for those accounts in arrears.
- 30 • The number of disconnect notices issued to these accounts.
- 31 • The number of accounts written-off.
- 32 • The dollar amount written-off for these accounts.
- 33 • The number of these accounts disconnected for nonpayment.

- The amount of late fees paid by these accounts that were in arrears.
- The amount of reconnection fees paid by these accounts that were disconnected for nonpayment.

The utilities have no information about the roughly 2/3 of LIHEAP eligible customers that will not be assisted under Petitioner's proposal. Given the statements by Citizens and Vectren about the "cycle of disconnection and reconnection" of low-income customers, it is hard to understand how they can have absolutely no information to support its statements for 2/3 of the LIHEAP eligible customers.

Q IS THERE OTHER INFORMATION CITIZENS AND VECTREN DID NOT PROVIDE THAT SURPRISED YOU?

A Yes. Both Citizens and Vectren were asked the number of residential disconnections for non-payment (not LIHEAP eligible, but all residential accounts). Neither was even able to tell the number of residential disconnections. Although Citizens and Vectren spent a year putting together a program that does not appear to be justified on any basis, they clearly did not take advantage of that lengthy period to obtain the types of information that would have been valuable in (1) identifying what, if any, problem exists that the utility should be addressing, (2) what type of program might cost effectively address the problem, and (3) locating funds for the program other than through a confiscation of ratepayers' money.

Q DO YOU HAVE ANY THOUGHTS ABOUT THE INFORMATION CITIZENS AND VECTREN WERE ABLE TO PROVIDE?

A Yes. Citizens and Vectren were generally familiar with the crucial information listed above for the 1/3 of LIHEAP eligible customers actually assisted. That information shows that at March 1, 2003 of the roughly 15,000 assisted customers who were

1 assisted only 4,224 or 28% were in arrears. The total arrearage of those customers
2 was \$1,126,132. Citizens proposed in this program to take directly from the
3 customers share of the Customer Benefit Distribution in both 2005 and 2006
4 \$2,370,000 or double the total arrearage of the assisted customers.

5

6 **Q WHAT DO YOU CONCLUDE?**

7 **A The proposed programs:**

- 8 • Were structured to benefit the utilities at the cost of the ratepayers;
- 9 • Are not based on any study that adequately identifies the problem to
10 be addressed;
- 11 • Offer a solution that is very costly to ratepayers, but free to Citizens
12 and Vectren;
- 13 • Are not justified on a cost-benefit basis;
- 14 • Are fundamentally flawed for all of the reasons identified in my
15 testimony; and
- 16 • Should be rejected by this Commission.

17

18 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

19 **A Yes, it does.**

Qualifications of Nicholas Phillips, Jr.

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Nicholas Phillips, Jr. My business mailing address is P. O. Box 412000, 1215 Fern
3 Ridge Parkway, Suite 208, St. Louis, Missouri 63141-2000.

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 A I am a consultant in the field of public utility regulation and am a principal in the firm of
6 Brubaker & Associates, Inc., energy, economic and regulatory consultants.

7 **Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL
8 EMPLOYMENT EXPERIENCE.**

9 A I graduated from Lawrence Institute of Technology in 1968 with a Bachelor of Science
10 Degree in Electrical Engineering. I received a Master's of Business Administration
11 Degree from Wayne State University in 1972. Since that time I have taken many
12 Masters and Ph.D. level courses in the field of Economics at Wayne State University
13 and the University of Missouri.

14 I was employed by The Detroit Edison Company in June of 1968 in its
15 Professional Development Program. My initial assignments were in the engineering
16 and operations divisions where my responsibilities included the overhead and
17 underground design, construction, operation and specifications for transmission and
18 distribution equipment; budgeting and cost control for operations and capital
19 expenditures; equipment performance under field and laboratory conditions; and
20 emergency service restoration. I also worked in various districts, planning system
21 expansion and construction based on increased and changing loads.

1 Since 1973, I have been engaged in the preparation of studies involving
2 revenue requirements based on the cost to serve electric, steam, water and other
3 portions of utility operations.

4 Other responsibilities have included power plant studies; profitability of various
5 segments of utility operations; administration and recovery of fuel and purchased
6 power costs; sale of utility plant; rate investigations; depreciation accrual rates;
7 economic investigations; the determination of rate base, operating income, rate of
8 return; contract analysis; rate design and revenue requirements in general.

9 I have held various positions including Supervisor of Cost of Service,
10 Supervisor of Economic studies and Depreciation, Assistant Director of Load
11 Research, and was designated as Manager of various rate cases before the Michigan
12 Public Service Commission and the Federal Energy Regulatory Commission. I was
13 acting as Director of Revenue Requirements when I left Detroit Edison to accept a
14 position at Drazen-Brubaker & Associates, Inc., in May of 1979.

15 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and
16 has assumed the utility rate and economic consulting activities of Drazen Associates,
17 Inc., active since 1937. In April 1995 the firm of Brubaker & Associates, was formed.
18 It includes most of the former DBA principals and staff.

19 Our firm has prepared many studies involving original cost and annual
20 depreciation accrual rates relating to electric, steam, gas and water properties, as
21 well as cost of service studies in connection with rate cases and negotiation of
22 contracts for substantial quantities of gas and electricity for industrial use. In these
23 cases, it was necessary to analyze property records, depreciation accrual rates and
24 reserves, rate base determinations, operating revenues, operating expenses, cost of
25 capital and all other elements relating to cost of service.

1 In general, we are engaged in valuation and depreciation studies, rate work,
2 feasibility, economic and cost of service studies and the design of rates for utility
3 services. In addition to our main office in St. Louis, the firm also has branch offices in
4 Denver, Colorado; Chicago, Illinois; Corpus Christi, Texas; and Plano, Texas.

5 **Q WHAT ADDITIONAL EDUCATIONAL, PROFESSIONAL EXPERIENCE AND**
6 **AFFILIATIONS HAVE YOU HAD?**

7 A I have completed various courses and attended many seminars concerned with rate
8 design, load research, capital recovery, depreciation, and financial evaluation. I have
9 served as an instructor of mathematics of finance at the Detroit College of Business
10 located in Dearborn, Michigan. I have also lectured on rate and revenue requirement
11 topics.

12 **Q HAVE YOU PREVIOUSLY APPEARED BEFORE A REGULATORY COMMISSION?**

13 A Yes. I have appeared before the New Jersey Board of Public Utilities, the Public
14 Service Commissions of Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky,
15 Maryland, Michigan, Missouri, Montana, New York, North Carolina, Ohio,
16 Pennsylvania, South Carolina, South Dakota, Virginia, West Virginia, and Wisconsin,
17 the Lansing Board of Water and Light, and the Council of the City of New Orleans in
18 numerous proceedings concerning cost of service, rate base, unit costs, pro forma
19 operating income, appropriate class rates of return, adjustments to the income
20 statement, revenue requirements, rate design, integrated resource planning, power
21 plant operations, fuel cost recovery, regulatory issues, rate-making issues,
22 environmental compliance, avoided costs, cogeneration, cost recovery, economic

- 1 dispatch, rate of return, demand-side management, regulatory accounting and
- 2 various other items.

\\Snp4100\Docs\TSK\J235\Testimony\46584.doc

**Deposition of:
L. Douglas Petitt**

**Case: Indiana Untility Regulatory
Commission**

Date Taken: May 19, 2004

**Connor & Associates, Inc.
1860 One American Square
Box 82020
Indianapolis, IN 46282
(800) 554-3376
(317) 236-6022
connorreporting.com**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF INDIANA GAS)
COMPANY, INC., SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY AND THE BOARD)
OF DIRECTORS FOR UTILITIES OF THE)
DEPARTMENT OF PUBLIC UTILITIES OF THE)
CITY OF INDIANAPOLIS, AS SUCCESSOR) CAUSE NO.
TRUSTEE OF A PUBLIC CHARITABLE TRUST,) 42590
d/b/a CITIZENS GAS & COKE UTILITY,)
PURSUANT TO IND. CODE 8-1-2-2-.5 et. seq.)
FOR APPROVAL OF AN ALTERNATIVE)
REGULATORY PLAN WHICH WOULD ESTABLISH)
A PILOT UNIVERSAL SERVICE PROGRAM)

DEPOSITION OF L. DOUGLAS PETITT

The deposition upon oral examination of L. DOUGLAS
PETITT, a witness produced and sworn before me, Diane
Zeyen, RPR and Notary Public in and for the County of
Marion, State of Indiana, taken on behalf of the
Manufacturing and Health Providing Customers at the offices
of John E. Connor & Associates, 1860 One American Square,
Indianapolis, Marion County, Indiana, on the 19th day of
May, 2004, pursuant to the Indiana Rules of Trial Procedure
with written notice as to the time and place thereof.

JOHN E. CONNOR & ASSOCIATES, INC.
1860 ONE AMERICAN SQUARE
INDIANAPOLIS, IN 46282
(317) 236-6022

L. Douglas Pettitt
May 19, 2004

<div>Page 2</div> <div>1 APPEARANCES</div> <div>2 FOR THE MANUFACTURING Mr. John F. Wickes, Jr.</div> <div>3 and HEALTH PROVIDING LEWIS & KAPPE</div> <div>4 CUSTOMERS 1700 One American Square</div> <div>5 Box 82053</div> <div>6 Indianapolis, IN 46282-0003</div> <div>7 FOR THE PETITIONER Mr. Michael B. Cracraft</div> <div>8 CITIZENS GAS & HACKMAN HULETT & CRACRAFT</div> <div>9 COKE UTILITY: One Indiana Square</div> <div>10 Suite 2400</div> <div>11 Indianapolis, IN 46204-2030</div> <div>12 FOR THE INDIANA OFFICE Ms. Anne E. Becker</div> <div>13 OF UTILITY CONSUMER Mr. Matthew Parsell</div> <div>14 COUNSELOR: INDIANA OFFICE OF UTILITY CONSUMER</div> <div>15 COUNSELOR</div> <div>16 100 North Senate Avenue</div> <div>17 Room N501</div> <div>18 Indianapolis, IN 46204-2215</div> <div>19 INDEX OF EXAMINATION</div> <div>20 Page</div> <div>21 DIRECT EXAMINATION..... 3</div> <div>22 Questions by Mr. John F. Wickes, Jr.</div> <div>23 INDEX OF EXHIBITS</div> <div>24 Page</div> <div>25 Deposition Exhibit No.: 1 - Direct Testimony of L. Douglas Pettitt..... 3</div> <div>2 - Page No. 8 of Direct Testimony of L. Douglas Pettitt..... 4</div> <div>3 - Page No. 16 of Direct Testimony of L. Douglas Pettitt..... 4</div> <div>4 - Vectren to Give Low-Income People Break Document..... 42</div>	<div>Page 4</div> <div>1 A. I would have two minor changes.</div> <div>2 Q. And you have before you what has been identified as</div> <div>3 Deposition Exhibits 2 and 3?</div> <div>4 A. That is correct.</div> <div>5 Q. Can you identify those?</div> <div>6 A. Yes. Deposition 2, Exhibit 2, rather, is a page where</div> <div>7 I deleted two sentences, I believe.</div> <div>8 Q. And that's original page number?</div> <div>9 A. Original page number eight. And it's from the middle</div> <div>10 of line 11 through line 15. I believe it is three</div> <div>11 sentences, pardon me.</div> <div>12 Q. Any other changes or corrections to the prefilled</div> <div>13 testimony Deposition Exhibit Number 1?</div> <div>14 A. The other change would be on page number 16, Deposition</div> <div>15 Exhibit Number 3, and line 15, actually line 16 I</div> <div>16 addended on to the end of the sentence, without the</div> <div>17 program, period. And then I added another sentence</div> <div>18 which stated we anticipate a 50 percent annual savings</div> <div>19 with the program, period. And that would conclude the</div> <div>20 changes to my testimony.</div> <div>21 Q. Other than the changes set forth on Deposition Exhibits</div> <div>22 2 and 3, are there any other corrections, changes,</div> <div>23 deletions, or additions?</div> <div>24 A. I know of none other.</div> <div>25 Q. So if you were to today be testifying under oath at the</div>
<div>Page 3</div> <div>1 (Deposition Exhibits 1 - 3 were marked for</div> <div>2 identification.)</div> <div>3 ---</div> <div>4 L. DOUGLAS PETTITT,</div> <div>5 having been first duly sworn to tell the truth, the whole</div> <div>6 truth and nothing but the truth relating to said matter,</div> <div>7 was examined and testified as follows:</div> <div>8</div> <div>9 DIRECT EXAMINATION,</div> <div>10 QUESTIONS BY MR. JOHN F. WICKES, JR.:</div> <div>11 Q. Good morning, Mr. Pettitt.</div> <div>12 A. Good morning, sir.</div> <div>13 Q. Now, is it Pettitt?</div> <div>14 A. Pettitt.</div> <div>15 Q. It is not Pettitt?</div> <div>16 A. Pettitt is correct.</div> <div>17 Q. All right. Good. You have before you for purposes of</div> <div>18 identification what's been marked as Deposition Exhibit</div> <div>19 Number 1. Can you identify that?</div> <div>20 A. Yes, I can. It is my testimony.</div> <div>21 Q. And was that testimony prefilled in Cause No. 42590?</div> <div>22 A. It was.</div> <div>23 Q. If you were going to offer this testimony in hearing</div> <div>24 this morning, would you have any changes or corrections</div> <div>25 to the testimony?</div>	<div>Page 5</div> <div>1 Commission, that your testimony, your prefilled</div> <div>2 testimony would be adopted as your testimony, would be</div> <div>3 Deposition Exhibit Number 1 as amended by Deposition</div> <div>4 Exhibits 2 and 3?</div> <div>5 A. To the best of my knowledge, yes, sir.</div> <div>6 Q. Okay. Mr. Pettitt, did you write your testimony?</div> <div>7 A. I wrote the vast majority of it.</div> <div>8 Q. Its similarity to Mr. Sawyers' is purely by academic</div> <div>9 accident?</div> <div>10 A. We certainly shared some language that both of us would</div> <div>11 have shared back and forth. But where it relates to</div> <div>12 substantial Vectren changes versus SIGECO I wrote the</div> <div>13 language.</div> <div>14 Q. Would you turn to page three of Deposition Exhibit</div> <div>15 Number 1, specifically lines five and six. You have</div> <div>16 the phrase, "To assist eligible and qualifying</div> <div>17 low-income customers with their gas bills." Do you see</div> <div>18 that?</div> <div>19 A. Yes, sir.</div> <div>20 Q. Would a more accurate statement be to reduce certain</div> <div>21 eligible and qualifying low-income customers' gas</div> <div>22 bills?</div> <div>23 A. I don't know if it is more accurate, but the statement</div> <div>24 would be accurate.</div> <div>25 Q. Okay. Now, let's talk a little bit about terminology.</div>

2 (Pages 2 to 5)

Connor & Associates
(317) 236-6022

<p style="text-align: right;">Page 6</p> <p>1 LIHEAP, you understand what LIHEAP is; right?</p> <p>2 A. Yes, sir.</p> <p>3 Q. All right. LIHEAP eligible, what would you understand</p> <p>4 that to be?</p> <p>5 A. I would understand that to be in the state of Indiana</p> <p>6 anyone who meets 125 percent of the federal poverty</p> <p>7 level or less</p> <p>8 Q. Okay. And under your proposed plan that you testified</p> <p>9 to, LIHEAP eligible customers would be eligible for a</p> <p>10 participation in your proposal; is that correct?</p> <p>11 A. That is correct.</p> <p>12 Q. Okay. Now, what would be the best way to refer to your</p> <p>13 proposal so there is no mistaking, you know, terms and</p> <p>14 thoughts? I mean can we call it the plan, the</p> <p>15 proposal, the ARP? What makes sense for you, the</p> <p>16 program?</p> <p>17 A. Program would be fine.</p> <p>18 Q. All right. So the program then referred to as the</p> <p>19 universal service fund program that you purport to</p> <p>20 support with Deposition Exhibit Number 1 as amended;</p> <p>21 right?</p> <p>22 A. Yes, sir.</p> <p>23 Q. Now, whose idea at Vectren was it to have a program?</p> <p>24 A. It actually came from the top, Niel Ellerbrook, our</p> <p>25 chairman and CEO.</p>	<p style="text-align: right;">Page 8</p> <p>1 Q. Did Mr. Ellerbrook at any time give you written</p> <p>2 directions as to consideration, development, or any</p> <p>3 other thoughts or ideas associated with the program?</p> <p>4 A. Not to my memory.</p> <p>5 Q. So although the idea came from the top, is it your</p> <p>6 testimony that there is nothing in writing from</p> <p>7 Mr. Ellerbrook relating to the program and its</p> <p>8 development?</p> <p>9 A. Yes, that is my testimony.</p> <p>10 Q. Now, is there anything in writing at Vectren relating</p> <p>11 to the program that is from a superior officer,</p> <p>12 superior manager to one of your bosses to you about the</p> <p>13 program?</p> <p>14 A. If there is, I don't remember it or recall it and would</p> <p>15 be pretty certain to say there isn't.</p> <p>16 Q. As you began the development -- or strike that.</p> <p>17 I take it then that Mr. Ellerbrook directed you to</p> <p>18 undertake to develop a program?</p> <p>19 A. That is correct.</p> <p>20 Q. What time frame did he identify as the time frame</p> <p>21 within which he wanted it done?</p> <p>22 A. As soon as possible.</p> <p>23 Q. So during the period of time from last spring to the</p> <p>24 beginning of March, 2004, you were busy working on the</p> <p>25 development of the program?</p>
<p style="text-align: right;">Page 7</p> <p>1 Q. When did he have this idea?</p> <p>2 A. He shared the idea with me, to the best of my</p> <p>3 recollection, about a year ago.</p> <p>4 Q. That would be approximately spring '03; right?</p> <p>5 A. That would be very close.</p> <p>6 Q. Okay. And how long had he been considering an idea of</p> <p>7 a program prior to sharing it with you?</p> <p>8 A. I couldn't attempt to answer the question. I</p> <p>9 apologize.</p> <p>10 Q. Do you know if he had consulted with anybody prior to</p> <p>11 his sharing with you the idea there ought to be a</p> <p>12 program?</p> <p>13 A. I do not know.</p> <p>14 Q. When he spoke with you about a potential program, did</p> <p>15 he give you some directions?</p> <p>16 A. His direction was let's see, let's explore the</p> <p>17 possibility of creating a low-income program. The</p> <p>18 reasons are many. But with the high cost of natural</p> <p>19 gas, coupled with cold winters we have seen, our</p> <p>20 customers' ability to pay, especially our low-income</p> <p>21 customers' ability to pay, sacrificed essentially. I</p> <p>22 would also tell you that we have a utility in Ohio,</p> <p>23 that in Ohio, and the state does have a program, and so</p> <p>24 my sense is that framework would have provided some</p> <p>25 thought for him.</p>	<p style="text-align: right;">Page 9</p> <p>1 A. That is a fair statement.</p> <p>2 Q. During that period of time in which you were developing</p> <p>3 the program, could you identify any manufacturers or</p> <p>4 health care providers with whom you spoke as to the</p> <p>5 program, its idea, and what it ought to look like?</p> <p>6 A. No.</p> <p>7 Q. Were there any?</p> <p>8 A. (Indicating.)</p> <p>9 Q. You can't identify, and my question is were there any?</p> <p>10 A. To my knowledge, no.</p> <p>11 Q. So is it correct that prior to the filing of the</p> <p>12 settlement accord with the Office of Utility Consumer</p> <p>13 Counselor in this cause that Vectren had had no</p> <p>14 discussions with any of its manufacturing or health</p> <p>15 care customers about the program?</p> <p>16 A. Specifically with the customers, no. My cause for</p> <p>17 hesitation is I am trying to recall the meeting that we</p> <p>18 had with you. And I don't recall whether that was pre-</p> <p>19 or post-filing.</p> <p>20 Q. So the only instance that you may have represented some</p> <p>21 type of communication with manufacturers and health</p> <p>22 care providers would have been the meeting in which I</p> <p>23 participated?</p> <p>24 A. That's the only -- the only information that at the</p> <p>25 time that I shared information. I can tell you that</p>

Page 10	Page 12
<p>1 one of my cohorts did have a conversation with Mr. 2 Stewart at some point prior to that, just letting him 3 know that the -- it was a courtesy conversation, but I 4 was not party to it, and I only recall that from Mr. 5 Heidorn. 6 Q. Is it correct that with respect to the development of 7 the program, which has resulted in the entry of a 8 settlement agreement here in 42590, that no 9 consultation or involvement with manufacturers or 10 health care providers occurred? 11 A. To the extent that we have already addressed that 12 through the last couple of questions, that is correct. 13 Q. With respect -- oh, and the directions that Mr. 14 Ellerbrook gave you for the development of the program, 15 did he tell you and whatever you do don't talk to 16 manufacturing and health care customers about the 17 development of this program? 18 A. He did not. 19 Q. Did he say, well, make sure you take money from them, 20 the manufacturers and the health care, but whatever you 21 do, don't involve them in the development of the 22 program? 23 A. He did not. 24 Q. So it was your idea then to exclude from the 25 development of the program manufacturers of health care</p>	<p>1 a consultant? 2 A. We engaged Ms. Melanie Popovich for the purposes of 3 providing some background material and a draft program. 4 Q. Is Ms. Popovich an expert with respect to the delivery 5 of social services? 6 A. It would be my assessment that she is. 7 Q. And that's given her background as, what, a utility 8 executive in Pennsylvania? 9 A. As a utility executive in Pennsylvania, as I understand 10 it, as well as an independent consultant. 11 Q. How long has she been an independent consultant? 12 A. I don't know. 13 Q. Well, with what other companies has she provided 14 consulting services associated with the development of 15 EAP? 16 A. I don't remember, but I know there were others. 17 Q. You don't know how many, do you know what others? 18 A. I do not remember. She has told me, but I cannot tell 19 you right now. 20 Q. Well, is it correct that her sole experience prior to 21 the time she became an independent consultant was 22 solely associated with her chores and duty at one 23 utility? 24 A. I don't know. 25 Q. Well, whose idea was it to hire Ms. Popovich?</p>
Page 11	Page 13
<p>1 while at the same time proposing to take money from 2 them? 3 A. Our process was a collaborative one with other parties 4 in the industry. And it was by virtue of the fact that 5 we did not collaborate, I am not sure that I would say 6 it was a specific decision made, but it did not occur. 7 Q. Well, who was involved in this collaborative process? 8 A. Citizens Gas, the Indiana Gas Association at the time, 9 and then on the periphery other industry parties 10 just -- but on the outside. 11 Q. And when we talk to other industry parties, does that 12 include participants from electric companies? 13 A. Only from a keeping them up to date and up to speed 14 perspective. 15 Q. So what was your understanding of the goals and 16 objectives of the program as outlined to you by upper 17 management in the spring of 2003? 18 A. Very simply, the goals were to try to arrive at a 19 program whereby low-income customers would be assisted 20 with their gas bills. 21 Q. All right. During the course of the development of 22 this program, did you rely upon or engage the services 23 of any consultants? 24 A. Yes, we did. 25 Q. Would you identify whom you relied upon would have been</p>	<p>1 A. It came from an associate from NIPSCO. 2 Q. Mr. Martin? 3 A. Mr. Martin, correct. 4 Q. Is it because of the relationship Ms. Popovich had with 5 Columbia Gas? 6 A. I can only assume that. 7 Q. So what services did Ms. Popovich provide? 8 A. Ms. Popovich did some research, worked with for lack of 9 a better term analysts at both of our companies to 10 create some background and then put together a program, 11 first, assess whether there was a legitimate reason for 12 creating a program. After assessing that, then helping 13 to draw a straw man of a program. 14 Q. Is there a written analysis by Ms. Popovich as to the 15 analysis as the need for the program? 16 A. There is. And if I can refer to one of our -- 17 Q. Response to discovery Q-11? 18 A. It may be Q-11, but I can -- if you would like, I can 19 point that out. 20 THE WITNESS: Do you have it? 21 MR. CRACRAFT: Uh-huh. 22 Q. Near the tall end. 23 A. It is attachment Q-11. 24 Q. How much did Ms. Popovich charge for the provision 25 services?</p>

<p style="text-align: right;">Page 14</p> <p>1 A. To the best of my recollection, \$60,000.</p> <p>2 Q. Is that an expense that Vectren is hoping to</p> <p>3 incorporate for purposes of subsequent recovery in this</p> <p>4 proceeding?</p> <p>5 A. No, sir. That is an expense that the Indiana Gas</p> <p>6 Association spent and will not recover.</p> <p>7 Q. With respect to the program, okay, would you describe</p> <p>8 for me -- well, strike that.</p> <p>9 Let's turn in your testimony, if you would, to</p> <p>10 page five. Now, is there a difference between LIHEAP</p> <p>11 eligible customers versus those who receive LIHEAP</p> <p>12 assistance?</p> <p>13 A. LIHEAP eligible customers in my assessment are</p> <p>14 customers who would naturally fall within the</p> <p>15 guidelines, that is the income guidelines assisted</p> <p>16 customers would be those that actually participate and</p> <p>17 take advantage of the benefit.</p> <p>18 Q. So is it correct that there are customers eligible for</p> <p>19 LIHEAP who for some reason or another are not receiving</p> <p>20 LIHEAP assistance?</p> <p>21 A. That is a fair statement.</p> <p>22 Q. Does the program that you have designed and are</p> <p>23 proposing in this proceeding attempt to help those</p> <p>24 individuals who are not receiving LIHEAP assistance?</p> <p>25 A. It certainly attempts to help everyone it can. But it</p>	<p style="text-align: right;">Page 16</p> <p>1 that are already in the system. And therefore, we did</p> <p>2 not incur the additional administrative costs of trying</p> <p>3 to create a program that would create a different</p> <p>4 gatekeeper approach</p> <p>5 Q. What's your definition of a pilot program?</p> <p>6 A. In this case, it's an alternative regulatory plan that</p> <p>7 would have a date certain end, at which time we will do</p> <p>8 an evaluation and see if the benefits are being</p> <p>9 received.</p> <p>10 Q. Okay. Quite apart from utilities, I mean what would be</p> <p>11 your understanding of a pilot program with respect to</p> <p>12 consideration of the design and delivery of social</p> <p>13 services?</p> <p>14 A. Not sure I understand the question, Mr. Wickes.</p> <p>15 Q. Well, how much experience do you have in designing</p> <p>16 social service programs?</p> <p>17 A. Very little, if any.</p> <p>18 Q. How much -- well, strike that.</p> <p>19 Could you identify for me any article, analysis,</p> <p>20 or otherwise that you would point to as demonstrating</p> <p>21 that a pilot program along the lines you have designed</p> <p>22 it here set forth in 42590 makes sense?</p> <p>23 A. Yes. It is my understanding that the attachment Q-7,</p> <p>24 which as I understand it, is a comparable program, not</p> <p>25 exactly, but comparable, does outline benefits</p>
<p style="text-align: right;">Page 15</p> <p>1 is constrained by the number of customers who actually</p> <p>2 receive LIHEAP eligible -- or LIHEAP benefits, pardon</p> <p>3 me.</p> <p>4 Q. So is it correct that the design of your plan is to</p> <p>5 give those who are getting assistance more assistance?</p> <p>6 A. That is correct.</p> <p>7 Q. And it is the design of the program to exclude those</p> <p>8 customers who are eligible but are not getting LIHEAP</p> <p>9 assistance?</p> <p>10 A. It's not the design, but it is a function of the</p> <p>11 design.</p> <p>12 Q. So whose idea was it to give those who are getting more</p> <p>13 while ignoring those who are eligible who aren't</p> <p>14 getting anything?</p> <p>15 A. I would certainly place some of the responsibility on</p> <p>16 myself with the thought being that the -- actually, I'm</p> <p>17 sorry, would you repeat the question?</p> <p>18 Q. I will ask her to read it back.</p> <p>19 A. I lost my train of thought.</p> <p>20 (The question was read back by the court</p> <p>21 reporter.)</p> <p>22 THE WITNESS: Thank you.</p> <p>23 A. Again, I was a participant in that process, and the</p> <p>24 idea was it's a pilot program, let's see if we can make</p> <p>25 a difference in providing a greater benefit to those</p>	<p style="text-align: right;">Page 17</p> <p>1 associated with such a program.</p> <p>2 Q. And Q-7 is?</p> <p>3 A. I apologize. It is the report on 2001 universal</p> <p>4 service programs in collection performance of the</p> <p>5 Pennsylvania Electric distribution companies.</p> <p>6 Q. Other than then Q-7, which you have identified the</p> <p>7 Pennsylvania, can you identify outside the realm of</p> <p>8 utility regulation any articles, scholarly</p> <p>9 dissertations, analyses that would cause you to believe</p> <p>10 that the design set forth in your program makes sense?</p> <p>11 A. Other than the previously --</p> <p>12 Q. That's correct.</p> <p>13 A. -- directed -- I cannot put my fingers on a specific</p> <p>14 article.</p> <p>15 Q. Now, you would agree that America has lots of</p> <p>16 experience with social programs, wouldn't you?</p> <p>17 A. Absolutely.</p> <p>18 Q. Now, wouldn't you think that since the new deal, 70</p> <p>19 years of trying to fight poverty, that there would be</p> <p>20 studies out there about how you design programs in</p> <p>21 order to accomplish social goals?</p> <p>22 A. I would think so.</p> <p>23 Q. And you are telling me that you can't identify a single</p> <p>24 one that would support the design you are proposing in</p> <p>25 this cause; is that correct?</p>

L. Douglas Petitt
May 19, 2004

Page 18

1 A. No, I'm not telling you that. I did show a single one.
2 Q. Other than Q-7?
3 A. I believe that with time I could point to a number of
4 them, but I don't have them with me.
5 Q. Oh, well, then could you tell me what analyses,
6 studies, dissertations and others were relied upon for
7 development of your program other than Q-7?
8 A. I would refer to Q-10, which were internal analyses.
9 And I would also refer to Q-11, attachment Q-11 as well
10 that had some analyses.
11 Q. Are either of those dissertations by experts in social
12 service delivery?
13 A. It would be my assessment that Q-11 was.
14 Q. Which is the?
15 A. Melanie Popovich's report.
16 Q. That she prepared for \$60,000?
17 A. That is correct.
18 Q. Now, is it correct that in the Indiana Gas service
19 territory that Vectren doesn't even know the number of
20 customers eligible for LIHEAP assistance?
21 A. It is correct that we do not know the exact number of
22 customers eligible for LIHEAP assistance.
23 Q. Is it correct that -- well, strike that.
24 Prior to coming up with your design in 42590, what
25 analysis was made to identify the numbers of customers

Page 19

1 in the Indiana Gas service territory who were eligible
2 accounts?
3 A. We requested information of the Indiana State's FSSA
4 Department who did provide us with census information
5 that gave the proper estimates.
6 Q. And that's approximately the number of 69,000 --
7 A. It is.
8 Q. -- to 70,000?
9 A. 69,000 is my memory, and that is correct.
10 Q. So your understanding based on -- strike that.
11 It is your understanding based on the estimates
12 provided by FSSA that there are approximately 69,000
13 customers eligible for LIHEAP assistance in 2003 in the
14 Indiana Gas service territory?
15 A. That is correct.
16 Q. Now, how many of those customers received LIHEAP
17 assistance in 2003?
18 A. May I refer to my --
19 Q. Sure.
20 A. -- testimony?
21 If you will refer to page number 6, line 19, the
22 end of line 18 and beginning of line 19, the number was
23 over 21,000.
24 Q. That's approximately 30 percent?
25 A. Okay.

Page 20

1 Q. So -- okay. Strike that.
2 Now, we agree eligible accounts are those
3 individuals eligible for LIHEAP in your territory;
4 right? We understand that as a term?
5 A. Correct.
6 Q. Well, it's correct that you don't know the number of
7 eligible accounts in arrears in 2003; is that correct?
8 A. I am not sure, but I would like to take a look at the
9 information in front of me before I answer that.
10 Q. Sure.
11 THE WITNESS: Could please reread the
12 question?
13 (The question was read back by the court
14 reporter.)
15 A. For eligible customers, that is correct.
16 Q. And it would also be correct for eligible accounts in
17 arrears; right?
18 A. I would consider eligible accounts and customers to be
19 the same thing.
20 Q. Okay. Well, what analysis was made in the design and
21 the preparation of this program by Vectren as to the
22 needs of LIHEAP eligible non-LIHEAP receiving
23 customers?
24 A. Repeat the question again, please. I am sorry.
25 Q. Well, as you design this program, okay, what analyses,

Page 21

1 studies, research was conducted in or with respect to
2 the needs of LIHEAP eligible accounts who were not
3 receiving LIHEAP assistance?
4 A. I believe the information that we relied upon was
5 strictly academic in terms of what we've seen in
6 billing issues and customers who have had issues in
7 staying current on their bills, a broad class.
8 Q. So is it Vectren's conclusion that its most significant
9 bad debt problem is associated with LIHEAP recipients?
10 A. No. It is approximately 10 percent.
11 Q. Well, that means that 90 percent of its bad debt
12 experience is associated with somebody else, right,
13 other than LIHEAP recipients?
14 A. That's a fair assessment.
15 Q. Of the 90 percent, what percentage are LIHEAP eligible
16 but non-LIHEAP receiving?
17 A. I don't know that number.
18 Q. Okay. Well, who made the decision to ignore those
19 people at 125 percent of poverty limit and below who
20 haven't gotten assistance in the design of your plan?
21 A. Again, I would refer back to previous comments where we
22 have a program, a pilot program that we want to start
23 with to see if we can make meaningful impact and have
24 meaningful impact on customers' accounts.
25 Those that are most needy are those that meet the

<p style="text-align: right;">Page 22</p> <p>1 federal LIHEAP criteria. And again, the kind of the</p> <p>2 gatekeeper approach that's already existing is folks</p> <p>3 who apply and receive it are the folks that will</p> <p>4 receive the additional benefit.</p> <p>5 Q. Mr. Pettitt, does SIGECO have any interest in retaining</p> <p>6 manufacturing customers on its system?</p> <p>7 A. A great interest.</p> <p>8 Q. Does it have any concerns about manufacturing large</p> <p>9 volume users bypassing its system?</p> <p>10 A. Always a concern.</p> <p>11 Q. Well, with respect to SIGECO, how much dollars at two</p> <p>12 cents a decatherm are you proposing to charge</p> <p>13 transportation customers in the first year of the</p> <p>14 proposed program?</p> <p>15 A. If I may refer to attachment Q-10, the second page, I</p> <p>16 cannot give you a number for strictly SIGECO.</p> <p>17 Q. Just a moment. Let me get to Q-10.</p> <p>18 A. Okay.</p> <p>19 Q. Okay. I have it.</p> <p>20 A. Okay.</p> <p>21 Q. All right. I have it. Q-10; right?</p> <p>22 A. That's correct. I do not have the two individual</p> <p>23 utilities broken out on this.</p> <p>24 Q. Well, how much at two cents a decatherm are you</p> <p>25 proposing to collect from transportation customers from</p>	<p style="text-align: right;">Page 24</p> <p>1 decatherm?</p> <p>2 A. It does not. And I will refer back to the stipulation.</p> <p>3 But it is our intent to charge and start with half a</p> <p>4 cent.</p> <p>5 Q. But the amount you are going to collect from customers</p> <p>6 is dependent upon gas prices?</p> <p>7 A. Certainly a big variable.</p> <p>8 Q. Eligible customers?</p> <p>9 A. Correct.</p> <p>10 Q. How cold the winter is?</p> <p>11 A. That is correct.</p> <p>12 Q. So in any type of analysis on exposure, is it Vectren's</p> <p>13 theory you always go to the minimum exposure and rely</p> <p>14 on that?</p> <p>15 A. It's my sense that we didn't go to the minimum exposure</p> <p>16 in the variables that we have dealt with, i.e., the</p> <p>17 average bills which comprise the starting point.</p> <p>18 Q. Okay. So, Mr. Pettitt, tell me how this program will</p> <p>19 work from an individual customer standpoint. If I am</p> <p>20 LIHEAP eligible and also I'm receiving a LIHEAP</p> <p>21 assistance, will I get a bill from Vectren that</p> <p>22 reflects the true cost of service or the true tariff</p> <p>23 rate?</p> <p>24 A. Yes. If you are a LIHEAP customer being assisted</p> <p>25 today, your bill will reflect the full use and reflect</p>
<p style="text-align: right;">Page 23</p> <p>1 in the Vectren system?</p> <p>2 A. Well, I am not proposing, nor do I show and reflect on</p> <p>3 attachment Q-10 that we would be charging two cents.</p> <p>4 We have put our analysis together at half a cent. And</p> <p>5 that number for the remainder of 2004, which is just</p> <p>6 making an assumption of August through December, would</p> <p>7 be approximately \$160,000 from the industrial class of</p> <p>8 customers.</p> <p>9 Q. How about for 2005?</p> <p>10 A. For 2005 and '6 both we would anticipate approximately</p> <p>11 \$381,000.</p> <p>12 Q. Each year?</p> <p>13 A. Each year.</p> <p>14 Q. Now, is it correct to get the 2 percent you would</p> <p>15 multiply that times four?</p> <p>16 A. That is correct.</p> <p>17 Q. So that gets you about 3.2 million dollars you are</p> <p>18 proposing to collect from your transportation, 3.2 to 4</p> <p>19 million dollars in the next two and a half years for</p> <p>20 this pilot program; is that correct?</p> <p>21 A. We are proposing to collect the 160, the 381, 381</p> <p>22 respectively with the 3.2 million, and I am going to</p> <p>23 assume your number is correct, as being the ceiling.</p> <p>24 Q. Well, is it your testimony this program caps the</p> <p>25 exposure to transportation customers at half a cent</p>	<p style="text-align: right;">Page 25</p> <p>1 the discount.</p> <p>2 Q. How will that bill reflect the discount?</p> <p>3 A. The wording has not been -- has not been specifically</p> <p>4 detailed.</p> <p>5 Q. And so what the customer will receive, and let's take</p> <p>6 the customer who in a given month owes \$150, right, and</p> <p>7 let's assume for a moment that it's a 50 percent</p> <p>8 customer.</p> <p>9 A. Uh-huh.</p> <p>10 Q. Okay. The customer would receive a bill reflecting</p> <p>11 that the cost providing the service was 150, less the</p> <p>12 deduction of 75, you owe 75 bucks; is that correct?</p> <p>13 A. That is correct.</p> <p>14 Q. Okay. Will the fund then pay the customer the \$75</p> <p>15 deduction for that customer then to pay the gas</p> <p>16 company?</p> <p>17 A. The fund will directly credit the customer's account as</p> <p>18 opposed to going to the customer and back.</p> <p>19 Q. Will it directly credit that customer's payment the day</p> <p>20 the bill was issued?</p> <p>21 A. I am not sure that we have worked out the details.</p> <p>22 Q. Well, what calculation has Vectren made as to the</p> <p>23 effect -- strike that.</p> <p>24 Has Vectren made any calculation as to what the</p> <p>25 value of being able to collect half a bill more rapidly</p>

L. Douglas Petitt
May 19, 2004

Page 26	Page 28
<p>1 Is worth?</p> <p>2 A. We have not.</p> <p>3 Q. You would agree there is a time value of money; right?</p> <p>4 A. Always a time value of money.</p> <p>5 Q. How long does a customer generally take to pay the</p> <p>6 bill, your residential customer?</p> <p>7 A. I don't know that for a fact. I can provide a guess or</p> <p>8 an estimate of approximately 20 or 21 days, but that is</p> <p>9 a guess.</p> <p>10 Q. Is it the design of this program that at least half the</p> <p>11 bill or however much percentage this individual</p> <p>12 customer is worthy then would be paid in fewer than 20</p> <p>13 days?</p> <p>14 A. To my knowledge, we haven't even discussed that aspect</p> <p>15 of it.</p> <p>16 Q. Well, in your calculations as to who pays what, was any</p> <p>17 credit given the fund for that time value of money</p> <p>18 benefit to Vectren?</p> <p>19 A. Because we haven't discussed, nor determined that we</p> <p>20 would be pulling or crediting the accounts earlier than</p> <p>21 when the bill would naturally be received, we have not</p> <p>22 calculated that number.</p> <p>23 Q. Now will the customer ever see that half that's being</p> <p>24 donated by the fund?</p> <p>25 A. The customer will see and receive the benefits of that</p>	<p>1 of assistance a customer has, the greater their ability</p> <p>2 to maintain their service to make the proper payments</p> <p>3 and maintain their service and the greater likelihood</p> <p>4 that their service will not be disconnected and they</p> <p>5 will stay out of that cycle where a number of folks</p> <p>6 might find themselves disconnected for nonpayment and</p> <p>7 then they somehow find the money at some point in time</p> <p>8 to come back on the system, but will incur other</p> <p>9 expenses, you know, deposits, for instance, and late</p> <p>10 fees and those reconnect fees, those kind of things.</p> <p>11 So our intent here is to keep them out of that cycle</p> <p>12 which will obviously allow more of their income to go</p> <p>13 directly for the use, usage of the energy.</p> <p>14 Q. Is the cycle disconnection and reconnection more acute</p> <p>15 for LIHEAP recipients than it is for LIHEAP eligible</p> <p>16 non-recipients?</p> <p>17 A. Don't know the answer to that.</p> <p>18 Q. What happens to customer arrearages under your program?</p> <p>19 A. I am presuming you are asking for assisted customers'</p> <p>20 arrearages?</p> <p>21 Q. Yeah. Let's take an example, you know, we take the</p> <p>22 person who's, you know, first month they're LIHEAP</p> <p>23 eligible and receiving assistance, but they owe you,</p> <p>24 they owe the company 300 bucks, all right, are they</p> <p>25 eligible then for LIHEAP recipient if they owe the gas</p>
Page 27	Page 29
<p>1 half being received by the fund.</p> <p>2 Q. Now I am talking about the money. I mean will the fund</p> <p>3 give to the customers and here's the half, go pay the</p> <p>4 utility?</p> <p>5 A. No.</p> <p>6 Q. Okay. Why did you choose not to follow the food stamp</p> <p>7 model?</p> <p>8 A. My own personal opinion is that that would be a most</p> <p>9 inefficient approach. We design the program to provide</p> <p>10 assistance and direct assistance for customers on their</p> <p>11 energy bill and their gas bill specifically. And this</p> <p>12 was the easiest and most effective way to manage that.</p> <p>13 Q. Is to skip the middleman, the customer?</p> <p>14 A. I would say, generally speaking, the fewer steps is</p> <p>15 always more efficient.</p> <p>16 Q. Well, Mr. Petitt, was an analysis made of the food</p> <p>17 stamp model for purposes of reaching a conclusion as</p> <p>18 to -- from a policy standpoint the best way to design</p> <p>19 your program?</p> <p>20 A. No, sir.</p> <p>21 Q. Well, let's go to page six. Would you explain to me</p> <p>22 how excluding customers from the payment of the full</p> <p>23 bill breaks the cycle of disconnection and</p> <p>24 reconnection?</p> <p>25 A. Yes, sir. The idea is simple. The greater the amount</p>	<p>1 company money?</p> <p>2 A. I believe they are, yes.</p> <p>3 Q. Well, is the gas company going to forgive those</p> <p>4 arrearages?</p> <p>5 A. No, sir.</p> <p>6 Q. So they're going to keep that debt. Okay. Are they</p> <p>7 going to send out bill collectors for those arrearages?</p> <p>8 A. They will be in the same collection cycle on their</p> <p>9 account as they would be at any other point in time.</p> <p>10 Q. Well, how does your program reduce the customer</p> <p>11 arrearages owed by customers prior to becoming eligible</p> <p>12 for participation in the program?</p> <p>13 A. I believe it to be intuitive, that if a customer has</p> <p>14 less of the ongoing current and forward bills to pay</p> <p>15 that they will have a greater opportunity to pay down</p> <p>16 the previously used balances.</p> <p>17 Q. Well, wouldn't it be simpler just to keep that money</p> <p>18 and just take it out of the fund, again, skip the</p> <p>19 middleman, not even allow the customer the opportunity</p> <p>20 to make a determination as to whether or not he wanted</p> <p>21 to pay down the arrearages?</p> <p>22 A. Is your question -- pardon me? Is your question that</p> <p>23 why would we not take arrearages at the time someone</p> <p>24 comes onto the system and put it into or pay it by the</p> <p>25 universal service fund?</p>

8 (Pages 26 to 29)

Connor & Associates
(317) 236-6022

<p style="text-align: right;">Page 30</p> <p>1 Q. Earlier you spoke about the need for efficiency, so you 2 were going to skip even giving the money to the 3 customer. And my question is here is why not just pay 4 the arrearages out of the fund and skip the customers 5 making any determination as to whether they want to pay 6 it?</p> <p>7 A. Well, I don't see the correlation between this question 8 and the previous question. But my answer would be 9 quite simply we felt that would make this program, and 10 this is my opinion, but that would make this program 11 very expensive.</p> <p>12 Q. Well, have you provided anywhere in your testimony an 13 analysis on the cost of the program versus the 14 projected benefits, an actual dollar analysis?</p> <p>15 A. In part we have. I would refer to attachment Q-10, the 16 third page, where we show savings attributed to the 17 universal service fund program reduction and writeoffs.</p> <p>18 Q. Okay. Whose savings are those?</p> <p>19 A. Those are savings that would be split.</p> <p>20 Q. One moment here. Let me see if I can find Q-10.</p> <p>21 A. It looks like that.</p> <p>22 Q. Yeah. So what your testimony is is that the Q-10 23 partially reflects the savings with SIGECO having the 24 savings, the \$66,976?</p> <p>25 A. Pardon me? Where is your -- oh, okay. Correct. For</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. Well, tell me this, in what analysis, what dissertation 2 can you point me to on the delivery of social services 3 which would suggest that a 9 million dollar, 9.7 4 million dollar cost to achieve a \$375,000 savings makes 5 sense?</p> <p>6 A. On the face I would not point to any documentation. 7 What I would say and refer you to is a litany of 8 information that is out there on social programs and 9 the benefits that we did not attempt to capture, nor 10 did we feel we were qualified to attempt to capture 11 that speak to a number of social issues that will be 12 helped and we would anticipate being helped by this 13 program.</p> <p>14 Q. Any other -- strike that.</p> <p>15 In terms of the 372 hoped for, thousand hoped 16 for -- strike that.</p> <p>17 In terms of the \$372,000 hoped for savings during 18 the conduct of the pilot program, where are the list of 19 assumptions made in calculating that figure?</p> <p>20 A. They reside mostly on this page to a great extent. 21 Would you like me to walk you through those or --</p> <p>22 Q. Well, my question would be is when you take the number 23 of LIHEAP customers associated with bad debt, right, 24 and you then back out, but where is the assumption that 25 on a scenario where gas costs rises rapidly?</p>
<p style="text-align: right;">Page 31</p> <p>1 SIGECO, that is correct.</p> <p>2 Q. Now, is it correct that you estimate that for the time 3 of the pilot program the savings are going to be 4 approximately \$372,968?</p> <p>5 A. That is correct.</p> <p>6 Q. In the Vectren system?</p> <p>7 A. In the Vectren system that we anticipate that to be a 8 conservative expectation.</p> <p>9 Q. Okay. Where is the cost side of this analysis?</p> <p>10 A. I would refer you to attachment Q-10, page two. And 11 the total costs associated with the program are 9.8 12 million dollars, approximately.</p> <p>13 Q. So this program you are proposing has a payback of 30 14 years?</p> <p>15 A. I didn't do the math. But if you are looking at that 16 one aspect that we're reflecting on it, certainly a 17 long payback.</p> <p>18 Q. Well, currently at Vectren what's the payback for 19 capital projects that is required before the investment 20 is made?</p> <p>21 A. I am not sure what the current one is quite frankly.</p> <p>22 Q. Is it 30 years?</p> <p>23 A. Probably not.</p> <p>24 Q. Closer to four years, three years?</p> <p>25 A. I am not sure.</p>	<p style="text-align: right;">Page 33</p> <p>1 A. We did not run different scenarios here.</p> <p>2 Q. In the words of Mike Mullet, how robust is this 3 analysis on a statistical basis?</p> <p>4 A. I am not sure I am qualified to make that assessment.</p> <p>5 Q. Well, did you run any scenarios with the assumption 6 that gas prices dropped considerably?</p> <p>7 A. My sense is, and I did direct this analysis to be done 8 by analysts at the company, my sense is they ran 9 various analyses, but this one seemed to be the one 10 that was most probable, given the information we had.</p> <p>11 Q. So certainly you would have no objection to providing 12 us with copies of all those analyses, would you? 13 Although I think we asked for them, but we can ask for 14 them again.</p> <p>15 A. I am not sure that they exist. But my sense is they 16 could be recreated with pretty simple --</p> <p>17 Q. Let me see if I understand. You ran runs in support of 18 this program for filing with the Commission and then 19 destroyed the runs before filing?</p> <p>20 A. No. We did not destroy, to my knowledge, we didn't 21 intentionally destroy anything. But it's an iterative 22 process, and so I will tell you we would not keep, keep 23 every iteration of work that we go through.</p> <p>24 Q. Turning to the first page of Q-10, attachment Q-10 25 which we have before you, and attachment Q-10 I guess</p>

L. Douglas Petitt
May 19, 2004

Page 34

1 was attached to the discovery request response. Do you
2 keep an overrecovery chart for interest payments there
3 at the utility?
4 A. Not to my knowledge.
5 Q. Do you --
6 A. Nor would it be appropriate at this time.
7 Q. Oh. Well, I mean if you picked out one expense and run
8 a chart, I thought maybe you might take another expense
9 and run a chart?
10 A. No.
11 Q. Well, what's your understanding in the state of Indiana
12 of what consumers pay utilities for?
13 A. My understanding what consumers pay utilities for is
14 for the, commodity for the product that's being served,
15 whether it is gas, electric, water, telephone, and the
16 service associated with providing that.
17 Q. Well, is it your thought that during these years that
18 SIGECO and Indiana Gas failed to be paid sufficiently
19 by its customers for the service those companies
20 provided to its customers?
21 A. As the rate design is structured, absolutely.
22 Q. Well, did either of them come in and ask for more money
23 under Indiana law?
24 A. In fact, concurrently we are.
25 Q. But certainly for the time this Q-10 chart shows,

Page 35

1 neither utility showed up at the Commission's door
2 saying we need more money to provide service to our
3 customers?
4 A. That is correct.
5 Q. They could have, couldn't they?
6 A. And we would bear that as a badge of honor.
7 Q. But wouldn't you agree that doing costs by costs with
8 underrecovery isn't a particularly effective means of
9 seeing what the cost of service is?
10 A. For purposes of analysis, and I directed one of our
11 analysts to put this together for me, that was -- for
12 which that was designed, that answered a specific
13 question that we were looking for.
14 Q. All right. Mr. Petitt, turning to page number eight of
15 your testimony, how many -- and I am looking at Vectren
16 uses at least half a million in Share the Warmth fund.
17 How many dollars does Vectren infuse that is not
18 otherwise required by a settlement agreement or order
19 of the Commission?
20 A. I am not -- I do not know of any, but that doesn't mean
21 that there isn't any.
22 Q. So this 500,000, it's required to do so in terms of the
23 settlement agreement; right?
24 A. That's my understanding.
25 Q. Right.

Page 36

1 A. But again, that's not my area of expertise.
2 Q. Well, how many dollars in SIGECO's service
3 territory were donated by customers to the Share the
4 Warmth fund? Is it down there?
5 A. That is correct.
6 Q. In 2003.
7 A. I don't know the number, but it is not substantial.
8 Q. I recall something like \$14,000?
9 A. I can only give you my best guess, and that's probably
10 not far off.
11 Q. And again, just from a public policy basis, Vectren and
12 SIGECO service territory has asked people to contribute
13 and they contribute very little, and it responds by
14 coming to the Commission in order that the Commission
15 can compel those people to give. What are your
16 thoughts as to whether that is good public policy?
17 A. Our thoughts are fairly simple. It is if we can make
18 the natural gas service more affordable for those most
19 in need, then we absolutely believe that that has a
20 social ripple, a benefit ripple, not just for the bad
21 debt expense that would be not experienced and that
22 would ultimately be spread across the remainder of the
23 customer base, but we believe it will assist folks in a
24 number of ways, albeit from keeping it healthy homes,
25 keeping service on and the health associated with that,

Page 37

1 the mobile worker. There is just a lot of public
2 policies issues we believe are impacted beneficially by
3 this program.
4 Q. Well, let's split this proposal in two, and let's move
5 to the side that part of the proposal which suggests
6 taking money out of customers' pockets. Okay. And
7 let's assume for a moment that all we have before is a
8 proposal with the design that you have recommended,
9 where these people are going to get aid and it is
10 Vectren that is funding it, how strong is your belief
11 that the poor ought to get helped?
12 A. My belief that the poor ought to be helped is strong.
13 To the extent that it was funded by a company, that
14 company wouldn't be able to do it very long, because
15 they wouldn't be able to attract the capital in the
16 marketplace to remain viable and also provide the safe
17 and reliable service, be it electric or gas or whatever
18 it is.
19 Q. So is it your thought that this program should only be
20 implemented if it's funded with rate payer dollars?
21 A. It is my assertion that this program should be funded
22 by rate payer dollars, because it is for a public good
23 and the rate payers will benefit.
24 Q. All right. Is it your position that this program
25 should only be implemented only if supported by rate

<p style="text-align: right;">Page 38</p> <p>1 payer dollars?</p> <p>2 A. Substantially so.</p> <p>3 Q. Well, what piece? So you're saying -- well, strike</p> <p>4 that.</p> <p>5 Well, explain what you mean by substantially so.</p> <p>6 A. Only would omit every other source of funding other</p> <p>7 than rate payers.</p> <p>8 Q. Well, let's step back. Let's excise that, a portion of</p> <p>9 the program that involves taking money out of your rate</p> <p>10 payers' pockets. Let's move that aside and all you</p> <p>11 have is the program left. Is Vectren prepared to</p> <p>12 implement that program without approval of the</p> <p>13 customers being compelled to give money?</p> <p>14 A. No, it is not.</p> <p>15 Q. Now, in the program that has been proposed, how many</p> <p>16 dollars is Vectren kicking in other than those dollars</p> <p>17 it is compelled to kick in by settlement agreement or</p> <p>18 Commission order?</p> <p>19 A. It is -- I would refer you to attachment Q-10, page</p> <p>20 three.</p> <p>21 Q. Right.</p> <p>22 A. And it would be one-half of this \$372,000,</p> <p>23 approximately.</p> <p>24 Q. And would you point me to that?</p> <p>25 A. I would. (Indicating.)</p>	<p style="text-align: right;">Page 40</p> <p>1 Q. Well, what's your notion to charity, Mr. Pettitt? Well,</p> <p>2 strike that.</p> <p>3 Tell me, do you think it's a notion of charity</p> <p>4 that I think the poor ought to be helped so long as</p> <p>5 somebody else foots the bill?</p> <p>6 A. I believe, I believe charity is trying to bring the</p> <p>7 best resources available and in the most directed way</p> <p>8 to assist those in need.</p> <p>9 Q. Is it correct that you want rate payers to even</p> <p>10 reimburse you for developing this program?</p> <p>11 A. Only to the extent that benefits are received.</p> <p>12 Q. Oh, you are not looking to have as a regulatory asset</p> <p>13 or otherwise retain the development costs, attorney</p> <p>14 fees that are incurred in the development and</p> <p>15 presentation of this program?</p> <p>16 A. I would refer you to this stipulation. I believe it is</p> <p>17 paragraph J, but I may be wrong, paragraph J.</p> <p>18 Q. And what line?</p> <p>19 A. I would start with the -- I don't have a line, but it's</p> <p>20 the first sentence under administrative costs,</p> <p>21 paragraph J.</p> <p>22 Q. Mr. Pettitt, how many dollars did Vectren contribute to</p> <p>23 charity last year?</p> <p>24 A. At a minimum Vectren contributed approximately 1.6</p> <p>25 million dollars.</p>
<p style="text-align: right;">Page 39</p> <p>1 Q. Oh, that's the reductions in writeoffs?</p> <p>2 A. That is correct.</p> <p>3 Q. So Vectren only starts giving when it starts getting,</p> <p>4 is that correct, under the program design?</p> <p>5 A. Vectren has not been getting or has been losing money</p> <p>6 with regard to bad debt expense for the last five years</p> <p>7 now, and I would again refer you to Q-10, so I wouldn't</p> <p>8 be able to answer your question in the affirmative.</p> <p>9 Q. Well, the first penny of Vectren contribution to this</p> <p>10 worthwhile effort doesn't occur until Vectren gets a</p> <p>11 savings; is that correct?</p> <p>12 A. That is not correct. We have funded through the</p> <p>13 Indiana Gas Association the expenses associated with</p> <p>14 the consultant. We have experienced a great amount of</p> <p>15 labor and effort that we have not captured and I --</p> <p>16 period.</p> <p>17 Q. Well, don't your current rates cover efforts by people</p> <p>18 who work for you?</p> <p>19 A. But for this -- but for this program, we have</p> <p>20 opportunity costs where we could have been working on</p> <p>21 other things.</p> <p>22 Q. Well, do you think as a matter of policy that utilities</p> <p>23 should be paid for the opportunity costs of the</p> <p>24 employees they're paying for already?</p> <p>25 A. As a matter of public policy, probably not.</p>	<p style="text-align: right;">Page 41</p> <p>1 Q. Now how does that compare -- did you do any analysis of</p> <p>2 how that compares to the manufacturers in your service</p> <p>3 territory?</p> <p>4 A. I did not and do not know.</p> <p>5 Q. Now, as a matter of public policy, do you think that</p> <p>6 you should be compelled to support the charity at my</p> <p>7 choice?</p> <p>8 A. No.</p> <p>9 Q. Now, is it correct you are going to collect money here</p> <p>10 and you are not going to hand out any money to help the</p> <p>11 mentally disabled?</p> <p>12 A. I am helping -- I am attempting to assist those folks</p> <p>13 that have a need with their natural gas bill, period.</p> <p>14 That's the targeted audience.</p> <p>15 Q. Mr. Pettitt, how much publicity did Vectren -- strike</p> <p>16 that.</p> <p>17 Did Vectren issue a press release when it filed at</p> <p>18 the Commission?</p> <p>19 A. As I recollect, Vectren, I believe along with the</p> <p>20 Office of the Utility Consumer Counselor filed a joint</p> <p>21 press release.</p> <p>22 Q. I mean --</p> <p>23 A. It is my memory.</p> <p>24 Q. Does Vectren regularly -- well, strike that.</p> <p>25 I mean is it Vectren's policy to issue press</p>

L. Douglas Petitt
May 19, 2004

<p style="text-align: right;">Page 42</p> <p>1 releases whenever it perceives itself doing something 2 charitable? 3 A. Not necessarily. 4 Q. Well, let me hand you -- 5 MR. WICKES: Would you please mark that. 6 (Deposition Exhibit 4 was marked for 7 identification.) 8 Q. You have before you what's been marked for purposes of 9 identification what's been marked as Deposition Exhibit 10 Number 4, can you identify it? 11 A. It is an article written presumably after the release, 12 press release was submitted for the low-income program. 13 Q. Set this aside for a moment. In your program design, 14 did you give consideration to simply crediting the 15 bills of those individuals who are LIHEAP eligible and 16 recipient a certain percentage, just as an approach, 17 take those who are LIHEAP eligible receiving money and 18 cut their bill by a third? 19 A. I think that's essentially what we are doing. 20 Q. Well, so you don't see any difference between that 21 approach and the approach you are proposing here? 22 A. Irrespective of the percentage that you cited at a 23 third, what we are proposing is take customers who are 24 qualified and become eligible due to their application 25 through the Community Action Agencies, they are LIHEAP,</p>	<p style="text-align: right;">Page 44</p> <p>1 A. Currently LIHEAP funds are credited directly to 2 customers' accounts. 3 Q. Under your proposed program will that continue to be 4 the case? 5 A. During phase two, after phase one, the LIHEAP funds 6 will go directly into the universal service fund and 7 not applied directly to the individual customer's 8 account. 9 Q. And what was the purpose of making that change? 10 A. The purpose was that the customers were getting a 11 significant, a significant discount, which we felt was 12 at least in our opinion was satisfactory in terms of 13 making the service affordable, the commodity and the 14 service affordable, and therefore, what we would do and 15 on average we would create a discount for customers, 16 and so on average we would take the LIHEAP funds and 17 directly throw them to the universal service fund. 18 Q. Mr. Petitt, do you know what percentage of revenues are 19 paid by your transportation customers in the Indiana 20 Gas system to overall revenues? 21 A. No, I do not. 22 Q. Well, under your proposal what percentage of 23 contributions will be made by transporters to the 24 overall contributions that are being compelled of your 25 rate payers?</p>
<p style="text-align: right;">Page 43</p> <p>1 they become LIHEAP recipients, and those folks then by 2 virtue of that fact will receive the discount, the 3 appropriate discount. 4 Q. Correct. And my question to you is, instead of dealing 5 with funds and money and trusts and all these things, 6 why doesn't Indiana Gas propose a residential rate that 7 has an X percent discount for certain individuals? 8 A. Well, proposing a rate would, the insinuation is that 9 we would obviously have to change base rates, and there 10 would be some -- the end result would still be some 11 cross subsidization from the other rate classes in 12 order to arrive at that rate. 13 Q. Well, you are proposing changes in your base rates now; 14 right? 15 A. Irrespective of this proceeding. 16 Q. Right. So again, I will go back. Again, this is just 17 as a matter of theory, as a matter of program design, 18 do you see any difference in an approach that you have 19 proposed versus an approach where you simply have a 20 residential rate that provides certain reductions or 21 credits for certain LIHEAP eligible receiving 22 individuals? 23 A. Well, I apologize, but I don't see a distinction in the 24 end result. 25 Q. Currently are LIHEAP funds paid to customers?</p>	<p style="text-align: right;">Page 45</p> <p>1 A. I can determine that, but I will need to do some 2 arithmetic. 3 Q. Why don't we take a break here -- 4 A. Okay. 5 Q. -- and you can work on that. 6 (A recess was taken.) 7 MR. WICKES: What was the question pending at 8 the break? 9 (The question was read back by the court 10 reporter.) 11 A. If I did my math correctly, the industrial/transport 12 component customers would represent about 12.8, 12.87 13 percent of the contributions to the program. 14 Q. What percentage of the company's bad debt is associated 15 with these transport customers? 16 A. If you will allow me to reference my notes, and I think 17 I -- actually I think that was answered in the 18 interrogatories there. I would refer you to page seven 19 of my response to your questions, 19BI, response, 20 bottom of the page, in 2000 the industrial class was 21 3.3 percent. 22 Q. Do you have any industrials who buy commodity from you? 23 A. I would not think so, but I can't tell you that 24 absolutely for certain. 25 Q. For purposes of answering this question, in the Indiana</p>

12 (Pages 42 to 45)

1 Gas service territory, what tariffs did you include as
 2 part of the industrial class or the -- I mean you just
 3 gave the 3.3 industrial class?
 4 A. Correct. And I cannot tell you exactly what the rates
 5 are.
 6 Q. Is the concern that Vectren has related to the
 7 volatility in the commodity market?
 8 A. I am sorry, repeat.
 9 Q. Is a concern that Vectren has related to the volatility
 10 in the commodity market?
 11 A. I am not so sure that that's the issue as opposed to
 12 the general increase, the increased slope of the cost
 13 of the commodity. The volatility can be managed
 14 through bill payment plans, customer budget plans.
 15 Q. Well, certainly Indiana Gas and SIGECO aren't too
 16 interested in their costs associated with gas delivery
 17 inasmuch as both are in seeking rate increases, is
 18 that a fair inference?
 19 A. I'm not sure I understand the question. I apologize.
 20 Q. Well, when you talk about we need to help customers
 21 because the cost of gas service has gone up, really you
 22 are wanting to help customers because the cost of gas,
 23 the gas commodity is going up?
 24 A. I think it is safe to say all costs associated with
 25 doing business are going up.

1 Q. If Indiana Gas is so doggone worried about this low
 2 income -- and hey, that's okay, I think low-income
 3 people, people ought to worry about them, why is it
 4 then seeking to make these people pay more for the
 5 services Indiana Gas provides?
 6 A. I think it is the same answer that I gave on a previous
 7 question that, as you well know, it is difficult in the
 8 capital market to attract the capital you need to
 9 maintain a business no matter what that business is.
 10 And in a business like ours, where we are providing
 11 vital services, we need to be able to attract that
 12 capital in order to continue to build, maintain in a
 13 safe and reliable fashion, as well as provide the
 14 economic development infrastructure to make the stake
 15 in the areas we serve to improve.
 16 Q. Well, would you turn in your testimony to page --
 17 sorry, I want to talk a little bit about
 18 weatherization, page 13.
 19 A. Okay.
 20 Q. Could you point me where in your testimony, any
 21 testimony about petitioners, there is a cost benefit
 22 analysis of weatherization?
 23 A. We did not introduce specific testimony relating to the
 24 benefit associated with weatherization, although I
 25 would tell you that there is a massive amount of

1 information out there with regard to weatherization and
 2 the benefits associated to customers.
 3 Q. You're familiar with DSM programs?
 4 A. Generally.
 5 Q. Is it your understanding that weatherization, the
 6 components of DSM programs have been proposed before
 7 this Commission?
 8 A. It is my understanding that's the case.
 9 Q. Well, when those proposals were made, do you have an
 10 understanding as to what type of analysis accompanied
 11 those proposals for the purposes of demonstrating
 12 whether to what extent those proposals might be cost
 13 beneficial?
 14 A. I personally have no knowledge of what has been
 15 submitted.
 16 Q. Well, who made the decision that no cost benefit
 17 analysis of the weatherization would be included as
 18 part of this case?
 19 A. I think quite simply the program exists today under the
 20 auspice of the state government, and the idea was it's
 21 certainly fair to assume that if the program is
 22 existing that there is some documentation and some
 23 historical perspective that it is worth maintaining,
 24 and so our idea was simply to help assist that program
 25 alone. We're not suggesting to create another program

1 that would then require such analysis.
 2 Q. Was a study conducted by you or anybody in your employ
 3 to secure the underlying historic information that went
 4 to or otherwise examined or evaluated the cost benefit
 5 analysis associated with weatherization programs?
 6 A. We did not do specific analysis.
 7 Q. Is IGC willing to conduct these weatherization programs
 8 regardless of whether it gets any money collected from
 9 rate payers for it?
 10 A. Not to a greater extent than what is already existing.
 11 And I will qualify that by saying not to my knowledge.
 12 Q. Now, I am looking at line 12, would you -- specifically
 13 there on page 13, Deposition Exhibit Number 1, is IGC
 14 required as part of the settlement agreement or
 15 otherwise to contribute any dollars towards DSM
 16 programs?
 17 A. I can't tell you for sure, but my belief is that a
 18 portion of the GCA \$50 does go towards the
 19 weatherization program.
 20 Q. Well, how much of this 200,000 is, quote, new money,
 21 end quote?
 22 A. All of the 200,000 is new money, additional monies to
 23 the program.
 24 Q. No. No. No. By new money I mean money in excess of
 25 whatever dollars might otherwise be required under the

<p style="text-align: right;">Page 50</p> <p>1 GCA 50 settlement.</p> <p>2 A. It is all over and above the GCA 50 settlement or any</p> <p>3 other number of monies that I am aware of or not aware</p> <p>4 of</p> <p>5 Q. So your understanding is that in addition to whatever</p> <p>6 dollars are required under GCA 50 that IGC is also</p> <p>7 going to take out of its pocket 200,000?</p> <p>8 A. No. The \$200,000 is paid for through the universal</p> <p>9 service fund or the program.</p> <p>10 Q. Oh, I see. Well, how much is IGC taking out of its</p> <p>11 pocket to pay for weatherization programs?</p> <p>12 A. No more than what it already is today.</p> <p>13 Q. Well, isn't IGC concerned that in the absence of</p> <p>14 weatherization programs we won't get the benefits hoped</p> <p>15 for by this program?</p> <p>16 A. IGC believes, and as does Vectren and myself personally</p> <p>17 believe, that weatherization is a significant component</p> <p>18 of helping people reduce their energy bills.</p> <p>19 Q. What analysis has been done in the IGC service</p> <p>20 territory that would tend to prove that individual</p> <p>21 homes that are weatherized reduce their energy bills?</p> <p>22 A. I have no specific data on IGC or Vectren customers,</p> <p>23 but I believe it to be extremely intuitive that a</p> <p>24 weatherized home is one that has the capability of</p> <p>25 incurring fewer energy costs.</p>	<p style="text-align: right;">Page 52</p> <p>1 Q. Well, have you reviewed Mr. Bankert's testimony in the</p> <p>2 pending Indiana Gas rate case?</p> <p>3 A. I have not.</p> <p>4 Q. Well, this is roughly, but Mr. Bankert laments that</p> <p>5 there is declining customer usage in the residential</p> <p>6 class where it's from 1145 therms a year down to 973</p> <p>7 therms a year, I mean you are familiar with that</p> <p>8 lament?</p> <p>9 A. I am not familiar with that specific comment. I</p> <p>10 certainly am familiar with the average declining use</p> <p>11 per customer phenomenon.</p> <p>12 Q. Well, do you have knowledge as to whether in that gas</p> <p>13 case Indiana Gas purports a measure of the increase</p> <p>14 that it must impose on people as associated with</p> <p>15 declining gas usage in the residential sector?</p> <p>16 A. I don't have the number on the top of my head.</p> <p>17 Q. Well, let's assume for a moment I mean that</p> <p>18 weatherization reduces gas usage.</p> <p>19 A. Sure.</p> <p>20 Q. This is just a broad picture. You are not in a home</p> <p>21 that gets weatherized. All right?</p> <p>22 A. Okay.</p> <p>23 Q. How, I mean broad picture, how does a nonweatherized</p> <p>24 home benefit if after the weatherization Indiana Gas</p> <p>25 raises rates to account for the gas that isn't being</p>
<p style="text-align: right;">Page 51</p> <p>1 Q. Well, what is IG- -- strike that.</p> <p>2 I mean from an overall rate making standpoint,</p> <p>3 let's assume we weatherize everybody in your service</p> <p>4 territory, would IGC take the position now that gas</p> <p>5 usage is down so we need to raise rates to cover the</p> <p>6 expenses we have that otherwise would have been covered</p> <p>7 from the reduction associated with the weatherization?</p> <p>8 A. While I'm not a rate or regulatory expert, as you well</p> <p>9 know, the very simplified approach to rates is taking a</p> <p>10 projected throughput and cost and then spread them out,</p> <p>11 and so the fewer the throughput, then the higher the</p> <p>12 cost per unit would be or cost per revolution.</p> <p>13 Q. So tell me how a residential customer whose home isn't</p> <p>14 weatherized benefits from having other homes</p> <p>15 weatherized in your service territory.</p> <p>16 A. At the end of the day the customer's whose home is</p> <p>17 weatherized incurs a lower cost and, therefore, has a</p> <p>18 greater propensity and probability of being able to pay</p> <p>19 that bill, and therefore, other customers will not be</p> <p>20 saddled with the bad debt expense associated with that.</p> <p>21 Q. But I thought your testimony, the bad debt expense is</p> <p>22 minimal associated with LIHEAP recipients?</p> <p>23 A. As a percentage of total, it is 10 percent, 9.6 or 9.4</p> <p>24 percent, whatever, but that's still a significant</p> <p>25 number just on its face.</p>	<p style="text-align: right;">Page 53</p> <p>1 consumed anymore?</p> <p>2 A. In its simplest analysis, if you have let's just say</p> <p>3 per unit, per MCF or therm, the decatherm that goes</p> <p>4 through the meter, if it is \$10 let's say just by way</p> <p>5 of an example to your house, and I am able to or you</p> <p>6 are able to save one unit, you will save, you will save</p> <p>7 the full \$10. Now, if you assume that there is an</p> <p>8 increase in the rates associated with or for that</p> <p>9 decrease in the number of units, then what the</p> <p>10 companies, and I use that as a general term, the</p> <p>11 companies would be looking for would be the base rate</p> <p>12 portion to be made up. So it would be my assertion</p> <p>13 that you would -- and let's say that base rate portion</p> <p>14 is a fourth of the total cost of the unit, and it would</p> <p>15 be my assumption that \$7.50 would still be saved and</p> <p>16 flow through to the customers.</p> <p>17 Q. To those customers whose homes have been weatherized?</p> <p>18 A. For any customer who has less usage for whatever</p> <p>19 reason. And weatherization being one probability.</p> <p>20 Q. Now this program is only directed towards weatherizing</p> <p>21 residential homes?</p> <p>22 A. That is correct.</p> <p>23 Q. Is it correct that no transportation account or</p> <p>24 customer on your system will be eligible for LIHEAP</p> <p>25 assistance?</p>

Page 54

1 A. The companies themselves will not be eligible, that is
2 correct.
3 Q. So is it also correct that not \$1 under the proposed
4 program will be directed towards benefiting a single
5 transportation customer?
6 A. It would be my assertion that there would be employees
7 of those companies that would receive benefits, and it
8 would be further my assertion that there is a high
9 probability that employees who are less mobile who do
10 not have the health risks associated with being
11 disconnected in cold weather could certainly benefit an
12 employer.
13 Q. Do you have any analysis that you study that you have
14 prepared in preparation for this proceeding that would
15 assist in supporting your notion about the benefits
16 potentially to employees?
17 A. If I may, there was a discovery that was submitted by
18 the Office of Utility Consumer Counselor that was
19 titled, if you will bear with me a second, I think I
20 have it here somewhere, titled The Cold Facts, which
21 highlights a number of the social issues that are
22 affected by customers who face that disconnection
23 cycle.
24 Q. And what's that got to do with an analysis as to
25 transporters' employees?

Page 55

1 A. I don't see that there is distinction made with -- I
2 don't think that there is a distinction between whose
3 employees they are. I think it is a societal issue,
4 but I also believe that there is a direct correlation
5 that if they, an employer's employee is positively
6 benefited, then I believe that does either indirectly
7 or directly affect and benefit that employer.
8 Q. And my question to you is, that's an interesting
9 thought and that's very good, can you point me to a
10 single study that suggests that if you spend the amount
11 of money you are proposing to spend under this program
12 that it will have any effect whatsoever on the
13 manufacturers or the transporters in your service
14 territory?
15 A. I don't have a specific analysis that I can report
16 other than what we have already.
17 Q. The article The Cold Facts?
18 A. That's correct.
19 Q. Does Indiana Gas have a Share the Warmth type program?
20 A. I believe so. I believe both utilities under Vectren.
21 Q. Well, how many dollars last year were contributed by
22 customers in the Indiana Gas service territory to the
23 Share the Warmth, Indiana Gas's Share the Warmth fund?
24 A. I am sorry, I don't know the answer to that.
25 Q. Do you have an estimate?

Page 56

1 A. My sense is it would not be a significant number, but I
2 sincerely do not know.
3 Q. Do you think that, again, just as a matter of theory,
4 do you think that means that your customers don't share
5 your notion of how their dollars ought to get expended?
6 A. I'm not sure that I would extrapolate a lack of concern
7 from that.
8 Q. Well, if they're given a choice to send money and they
9 choose not to, okay, why do you believe it's the gas
10 company's prerogative to suggest that they be compelled
11 to do what they have chosen not to do?
12 A. Well, again, I still believe that there is a benefit
13 that they will ultimately receive.
14 Q. And apparently it would be your thought that when they
15 chose not to give they're unaware of that benefit?
16 A. I wouldn't presume to understand what they were
17 thinking or not thinking.
18 Q. Mr. Petitt, do you know what an adjustment to an
19 expense to reflect credit and collection expense would
20 be in the context of a rate case?
21 A. Please repeat it.
22 Q. Well, I am advised that in the current rate case that
23 Indiana Gas has they show a credit or an adjustment to
24 expenses to reflect credit and collection expense of
25 \$833,000. And I am trying to find out from you what

Page 57

1 that might be.
2 A. I do not know.
3 Q. Well, I mean does Indiana Gas expend dollars associated
4 with credit and collection expense?
5 A. Absolutely.
6 Q. Will that expense be reduced as a result of this
7 program being adopted?
8 A. I cannot say.
9 Q. Why can't you say?
10 A. I am not -- well, first, I'm not sure what the
11 presumption is in the case. But if you're asking me to
12 speculate, my sense is we would, and again, this is my
13 own opinion, we would be spending and exerting efforts
14 to collect receivables all the time. And my sense is
15 if we do not have the LIHEAP eligible and assisted
16 customers that are required to be -- that effort is
17 exerted to recover receivables from them, then my sense
18 is we would be able to turn those efforts towards other
19 classes. But again, that's a speculation on my part.
20 Q. I mean I could deduce what you're saying is that the
21 passage of this program as proposed will liberate your
22 credit and collection people to pursue more
23 aggressively the non-LIHEAP recipients and the amount
24 they owe?
25 A. That's a distinct possibility.

Page 58	Page 60
<p>1 Q. Well, from a public policy standpoint, again, this is 2 broad, why does it make sense to pay some people some 3 money in order to liberate the utility's ability to 4 collect more money from people just as poor? 5 A. Well, by definition of the criteria they're not just as 6 poor as a class. 7 Q. The LIHEAP, LIHEAP eligible non-recipients? 8 A. I apologize, I misunderstood the reference. I am 9 sorry, could you then repeat the question? 10 Q. Well, let's go back. You said there is about 69- to 11 70,000 LIHEAP eligible. 12 A. Okay. 13 Q. There is around 20,000 who are LIHEAP recipients; 14 right? 15 A. Okay. 16 Q. So you got 50,000 people in your service territory. 17 Now, again, large public policy issue, why should 18 customers pay more so that they can liberate your 19 credit and collection people to collect more money from 20 people who are just as poor as your LIHEAP recipients? 21 A. Well, it is my sense and my opinion that the greater 22 effort exerted to stay current and help customers stay 23 current on their bill is, in fact, doing them a favor. 24 When customers get so far behind that it becomes 25 an insurmountable hill to climb is when we find bad</p>	<p>1 extent that savings is incurred, we did not calculate 2 other than the actual bad debt expense. 3 Q. Well, in the USF plan, could you show me anywhere where 4 the amount to be collected by utilities from rate 5 payers is reduced by the savings that will accrue to 6 the utility? 7 A. I am going to refer to attachment Q-14, or excuse me, 8 Q-10, third page, and as I think through your question, 9 it would be my assertion that we have captured the 10 costs associated with the collection of those 11 receivables, the bad debt expense that has been 12 received through the gross recoveries that are line 19, 13 reflected on line 19. It would be my presumption that 14 the gross recoveries, what that is designating on line 15 8, just to help walk you through this, on line 8 are 16 the writeoffs. 17 Q. You are looking at this? Is that what you are looking 18 at? 19 A. Yes, sir, that is what I am looking at. 20 Q. I lost you on line 19. 21 A. Okay. Line 9. 22 Q. Oh, okay. 23 A. Let's start on line 8. 24 Q. And I guess this is Q-10? 25 A. Q-10. And it was my page three, but they are not</p>
Page 59	Page 61
<p>1 debt is incurred. So to the extent that the earlier 2 premise is correct, and I am not going to tell you that 3 it is absolutely, because I don't know that for a fact, 4 but to the extent that efforts are made to keep people 5 more current through the collection process, then I 6 firmly believe that we are doing them a favor. 7 Q. Does Indiana Gas use an independent outside firm to 8 process and collect bills? 9 A. We use an outside firm to help assist in the recovery 10 process. 11 Q. What do you mean by that? 12 A. And again, I'm not an expert on this, but we do use, we 13 do use collection agencies to assist, especially after 14 customers' accounts have been written off. 15 Q. Well, do you have any belief that the adoption of this 16 program would cause there to be a savings associated 17 with Indiana Gas's use of an outside firm as to collect 18 bills? 19 A. It would be an extremely logical conclusion. 20 Q. What adjustment has been made anywhere in your filing 21 to reflect that savings? 22 A. And I apologize, in the filing of the USF or in the 23 filing on the rate case that you are referring to? 24 Q. Well, either. 25 A. Well, I am not aware of the rate case. But to the</p>	<p>1 designated. 2 Q. Okay. That's Exhibit Q-10 to the discovery response. 3 Okay. 4 A. That is correct. That is correct. And on line 8 we 5 reflect 2003 gross writeoffs that were related to these 6 customers, these LIHEAP customers of \$977,000, 7 approximately. Then we reflect gross recoveries. So 8 in other words, some customers were written off, and 9 then presumably through some use of outside agencies we 10 were able to recover some funds. And it would be my 11 assumption, although I cannot tell you for certain, 12 that that recovery number is netted against the expense 13 associated with collecting that number. 14 Q. For purposes of this calculation, is it assumed that in 15 the absence of the adoption of this program you would 16 have collected zero? 17 A. No. It is assumed that we would collect the \$230,736. 18 Q. No. Let's step back. The gross recoveries related to 19 LIHEAP customers is associated with the adoption of the 20 program; correct? 21 A. No, it is not. It is actual experience for '03. 22 Q. So of the 976, and when you say recover, would that 23 have been recovered in the first year? 24 A. I can't tell you exactly the time frame. But it 25 would -- I can't tell you the time frame. It could</p>

<p style="text-align: right;">Page 62</p> <p>1 have been from the past month back to -- well, it would 2 not have been the past month, but over time. 3 Q. And how do you get on 13 the 372,968? 4 A. What we attempted to do in lines 1 through 12 was 5 reflect the actual experience in '03. And then the 6 assumption was that, and it is an assumption, that we 7 would save approximately 50 percent of the actual 8 experience going forward because of the adoption of the 9 program. 10 Q. Okay. 11 A. And so half of that is the \$373,000, roughly. 12 Q. And on what did you base the assumption of 50 percent? 13 I mean what were the underlying factors? 14 A. The assumption was roughly that these customers would 15 be experiencing approximately a doubling of the benefit 16 that they receive, give or take. And so the idea was 17 if you improve their ability to pay by 50 percent, then 18 we would receive a 50 percent less reduction in those 19 customers who do not have -- who reflect an ability not 20 to pay or ability or an actual experience of not paying 21 their bill. 22 Q. And is over here, the 372,968, is that the net for the 23 total conduct of the pilot program? 24 A. Yes, sir. 25 Q. And that's all three years, both SIGECO and IGC?</p>	<p style="text-align: right;">Page 64</p> <p>1 otherwise be seeking aid? 2 A. It would expand the number of customers that might 3 otherwise be seeking aid only with respect to the 4 federal LIHEAP block grant being increased. 5 Q. Well, have you reached any conclusion as to whether the 6 increase in need in your service territory is linear 7 with respect to increases in the cost of gas or 8 geometric? 9 A. I have done no analysis to arrive at it. If I had to 10 make an estimate or provide my opinion, it would be 11 somewhat linear. 12 Q. Would you explain to me your theory as to why 13 allowing -- or strike that. 14 Would you explain your theory as to why crediting 15 a customer with half the amount he otherwise would be 16 expected to pay for a period of time has the effect of 17 making it likely that he will pay the whole bill when 18 he no longer gets assistance? 19 A. I will explain. I believe it to be again fairly 20 intuitive, that the better I am -- the better ability 21 that I have to pay my bill, the higher the probability 22 that I will pay my bill. And I believe it is that 23 simple. 24 Q. Well, all right. Now you have customer X, customer X 25 has benefitted for two years by paying half of what he</p>
<p style="text-align: right;">Page 63</p> <p>1 A. That is -- pardon me one moment. Let me verify that. 2 That is my understanding. 3 Q. What other major assumptions were utilized for the 4 purpose of putting this Q-10 exhibit together? 5 A. I would point you to the top of the page where the 6 other major assumption here was that the average bill 7 that these customers incur is roughly \$80 per month and 8 the average number of bills that are written off when a 9 customer's account is written off is approximately 2.3, 10 for a total average writeoff of approximately \$184 and 11 then the rest flows through there. 12 Q. For purposes of putting together various estimates as 13 to the cost of this program, was an assumption made as 14 to the projected costs of gas? 15 A. The assumption is that the cost of gas is roughly what 16 it is today. 17 Q. Were there any analyses done to explore how likely that 18 assumption would occur? 19 A. They were not. 20 Q. Now if gas rates go up, what's the effect on the number 21 of dollars that would be needed by the program? 22 A. If gas costs go up, it would be easily inferred that 23 the costs of the program goes up, as well as the 24 savings go up. 25 Q. Does it also expand the number of customers who might</p>	<p style="text-align: right;">Page 65</p> <p>1 otherwise would have been required to pay. This year, 2 you know, he got a raise at work and he is at 135 3 percent poverty level. Okay. Could you point me to 4 any studies or analyses which would support your notion 5 that customer X, because he got that aid for two years, 6 is now much more likely to pay the full boat? 7 A. I would -- no, the answer is I cannot point you to 8 analyses. I would provide my opinion that the fact 9 that the customer has remained current, first hopefully 10 a habit has been formed, but beyond that, without 11 inferring anything else, certainly they would not 12 presumably have any amount due going into and coming 13 out of their eligibility phase, so at least they don't 14 have an albatross around their neck. 15 Q. But we're still talking about the ability of an 16 individual customer to cope with a monthly bill, and 17 you are being driven by the argument that that monthly 18 bill for gas is too high and you need to help them; 19 right? And I am asking you in terms of your program 20 design, what accounting did you undertake to deal with 21 the situation of transition, how these people who are 22 used to only paying half somehow are, when they're 23 going to have to pay the full boat, are now going to 24 reach down in their pocket and pay. 25 A. From a policy perspective, it was our objective to</p>

L. Douglas Pettitt
May 19, 2004

Page 66	Page 68
<p>1 provide a program whereby we made the service</p> <p>2 affordable. After that it's up to the customer. We</p> <p>3 gave them the ability to pay. Now they have the</p> <p>4 responsibility to pay</p> <p>5 Q. Is it your thought that a customer at 135 percent of</p> <p>6 poverty level is now in a position to pay 100 percent</p> <p>7 whereas if somebody at 125 isn't?</p> <p>8 A. I would have to think that individual occurrences would</p> <p>9 have to be looked at.</p> <p>10 Q. I don't understand what you mean by have to be looked</p> <p>11 at. I mean as a matter of theory, as a matter of</p> <p>12 design in planning this program, you have got a cliff,</p> <p>13 you hit that cliff, and if you don't qualify, you don't</p> <p>14 get any money and either you get a discount or you</p> <p>15 don't; right?</p> <p>16 A. That's correct.</p> <p>17 Q. There is really no stairstepping out of the program or</p> <p>18 into the program; is that correct?</p> <p>19 A. Other than the striation of the three levels.</p> <p>20 Q. 45, 50, 55?</p> <p>21 A. Correct.</p> <p>22 Q. I mean you wouldn't regard those as real signal</p> <p>23 stairsteps, would you?</p> <p>24 A. No. But what I would say is that I am not sure of any</p> <p>25 significant program. You name the program that doesn't</p>	<p>1 A. I believe that's an absolute correct statement.</p> <p>2 Q. And it's your theory that you get that best possible</p> <p>3 opportunity of success by collaborative process amongst</p> <p>4 utilities?</p> <p>5 A. It is my theory that that was the best path to follow</p> <p>6 at this point in time to initiate a program as quickly</p> <p>7 as possible.</p> <p>8 Q. Well --</p> <p>9 A. And is positively as possible.</p> <p>10 Q. Sorry. Well, what analysis did you make as to the</p> <p>11 advisability of having a pilot program simply for let's</p> <p>12 say Daviess County, let's try it for Daviess and see</p> <p>13 how it works?</p> <p>14 A. Well, we looked at various and sundry segmentations.</p> <p>15 At the end of the day we do have a sort of</p> <p>16 segmentation, because we are looking at only a couple</p> <p>17 of utility systems in the state. So instead of just</p> <p>18 Daviess County, we probably are serving 69 or 70</p> <p>19 counties.</p> <p>20 Q. But can you identify in any social program and its</p> <p>21 adoption where the definition of a pilot program was</p> <p>22 providing services everywhere to every eligible</p> <p>23 customer?</p> <p>24 A. I couldn't point specifically, but I'm not sure that</p> <p>25 that means that it is not there.</p>
Page 67	Page 69
<p>1 have some sort of cliff.</p> <p>2 Q. Well, let's take the veterans pension program. That</p> <p>3 was designed so it eases out. It is not a cliff. Did</p> <p>4 you take a look at that program?</p> <p>5 A. We did not.</p> <p>6 Q. What programs did you review of a social nature that</p> <p>7 would have assisted you in designing this program? You</p> <p>8 didn't look at food stamps.</p> <p>9 A. In every program, at least that I would be aware of,</p> <p>10 and I don't believe I need to do an in-depth analysis</p> <p>11 of it, there is a cliff of some criteria that has to be</p> <p>12 met, and you can always say that and why is the legal</p> <p>13 age of drinking 21. Well, there are people that are</p> <p>14 age 20 364 days that are being discriminated against.</p> <p>15 I mean we can go on and on, but there is always a</p> <p>16 cliff, so I am not understanding the cliff argument.</p> <p>17 Q. And your familiarity with these programs in terms of</p> <p>18 the analysis is a couple of other utility programs;</p> <p>19 correct?</p> <p>20 A. That's correct.</p> <p>21 Q. Well, how about this for a reason, because you are</p> <p>22 asking, you are telling, you are compelling your</p> <p>23 customers to kick in money, don't you think that your</p> <p>24 program design ought to have the best possible chances</p> <p>25 of success?</p>	<p>1 Q. Well, doesn't it make sense to do these in tiny steps,</p> <p>2 I mean let's see if your design works by just trying it</p> <p>3 in Daviess or Vanderburgh County? Did anybody as part</p> <p>4 of your collaborative suggest that?</p> <p>5 A. I want to say that we did look at various -- I'm not</p> <p>6 sure if specifically counties, but we looked at various</p> <p>7 again segmentations, and it was our opinion, and I will</p> <p>8 state what was stated in one of the attachments here,</p> <p>9 our objective was to create a program without creating</p> <p>10 any administrative hassles or recreating the wheel, so</p> <p>11 to speak, and our intent was to make it as easily</p> <p>12 accessible and as easily manageable as possible. And</p> <p>13 to that end, it was easier and made more sense to have</p> <p>14 an entire on system be part of the pilot program.</p> <p>15 Q. You would agree that your program design, it's</p> <p>16 theoretical to the extent that there is no design</p> <p>17 anywhere in the country quite like it?</p> <p>18 A. I am not sure I can make that statement.</p> <p>19 Q. What program would you point to that said there's the</p> <p>20 example, that's what we emulated?</p> <p>21 A. It is my understanding that the Pennsylvania program</p> <p>22 may be as close as any.</p> <p>23 Q. I'm not saying close. This isn't horseshoes. I am</p> <p>24 saying that's the program we emulate. That's the one</p> <p>25 we copied. That's what we're implementing.</p>

18 (Pages 66 to 69)

<p style="text-align: right;">Page 70</p> <p>1 A. I would say components of the Pennsylvania program, but 2 there is not one that we just took off the shelf and 3 assumed that it would be right for Hoosiers. 4 Q. Well, again, from a public policy concept and let's -- 5 strike that. Step back. 6 So you would agree that you cannot point to any 7 single program anywhere in the United States that is on 8 all fours, that it is just about exactly like the 9 program you proposed to implement? 10 A. I would agree that I cannot point to one. But I would 11 not tell you that I know that one does not exist that 12 is very, very comparable. 13 Q. Why does it make sense in your mind for rate payers to 14 put ten million, nine and ten million bucks on the 15 table to pursue a theory? 16 A. Again, I would point to the fact that it is a pilot 17 program. There are projections involved as there are 18 in the initiation of most programs, and it is our best, 19 best projection that this is the program that will 20 provide the most benefit, at least as we sit here today 21 and believe it to be. 22 Q. But would you explain to me how you believe 23 transportation customers benefit from the 24 implementation of the program? 25 A. I believe, I believe that was asked earlier, but I will</p>	<p style="text-align: right;">Page 72</p> <p>1 MR. CRACRAFT: Cold Facts. 2 A. -- Facts. 3 THE WITNESS: Thank you. 4 A. Which does a nice job of summarizing them. 5 Q. One moment, please. 6 A. Sure. 7 Q. I take it this is the first step and it's to be taken; 8 is that correct? 9 A. By definition it is the first step and -- it is the 10 first step, sorry. 11 Q. And what's the second? 12 A. I am not sure. 13 Q. Well, who does know? 14 A. I believe by virtue of the fact it is a pilot program, 15 by virtue of the fact that it has a date certain, it 16 would be our intent, as I believe the signers to the 17 petition, that we would let the program run its course 18 and then do the analyses to make sure that the benefits 19 were worth the costs. 20 Q. As the same type of collaborative you had in terms of 21 putting the program together? 22 A. It hasn't been thought through to that extent. 23 Q. Well, was it just an oversight that you wouldn't 24 involve people in the formation of your program who 25 actually were going to be asked to take money out of</p>
<p style="text-align: right;">Page 71</p> <p>1 be glad to. 2 Q. It was asked in part, but it wasn't all pulled 3 together, so this is kind of -- 4 A. All right. Just so I understand the distinction, could 5 you repeat the question? 6 Q. All right. I am asking you could you identify the 7 different means by which you believe transportation 8 customers benefit if this program as designed and 9 proposed by you is implemented? 10 A. Well, again, I believe the employers in this case, your 11 transportation customers, presumably employees, will 12 benefit -- first, the general bad debt expense will be 13 lessened, number one, but to the extent that they have 14 employees and to the extent that they have employees 15 who are eligible for this program, again, I will point 16 back to the -- you know, keeping them healthy, keeping 17 them at work, the less mobile work force, a lot of 18 those social benefits that I would point to that would 19 either directly or indirectly benefit them. 20 Q. Any other benefits to transportation customers that you 21 believe will occur as a result of the implementation of 22 this program? 23 A. None others that I would report right now other than 24 the litany of social benefits that were pointed out in 25 the OUCC's Cold --</p>	<p style="text-align: right;">Page 73</p> <p>1 their pocket and put it on the table? 2 A. It was something that as the program and the processes 3 went through we tried to get the experts to the table. 4 Q. The experts in what, taking money out of manufacturers' 5 pockets? 6 A. The experts in low-income programs. 7 Q. Well, isn't funding one of the steps to -- I mean 8 strike that. 9 You are not just interested in getting approved 10 your low-income plan, are you? You are interested also 11 in getting how you take the money out of rate payers' 12 pockets to pay for it too; right? 13 A. It is part and parcel. 14 Q. Yeah. If you will give me about three minutes, I can 15 see if we can wrap this up in the next ten. 16 A. Sure. 17 (A recess was taken.) 18 Q. Mr. Petitt, what analysis prior to filing did Vectren 19 do associated with various payment, or strike that, 20 various rate approaches to funding this proposal? 21 A. I wouldn't say we did an analysis. We discussed 22 various options and certainly wound up deciding on the 23 volumetric approach. 24 Q. What options did you consider? 25 A. There were some per meter charge option. Actually I</p>

Page 74	Page 76
<p>1 suppose that's the other one, the other option that we 2 looked at.</p> <p>3 Q. Okay. Do you have any paperwork underpinning the 4 review of either of those approaches that were prepared 5 in making a determination as to which approach to take?</p> <p>6 A. I do not, although you do have in front of you the 7 reference to it from our consultant's work paper, but I 8 do not have any reference or analyses as to why we made 9 the ultimate decision that we did.</p> <p>10 Q. Who made the decision as to include transportation 11 customers who wouldn't be eligible for participation in 12 the program ought to pay?</p> <p>13 A. It was a joint decision by the assigned parties.</p> <p>14 Q. Niel Ellerbrook, he's not an assigned party, was that 15 his decision at the company?</p> <p>16 A. A representative of Vectren, Indiana Gas, and the 17 Office of Utility Consumer Counselor.</p> <p>18 Q. Who was the person at Vectren who decided that 19 manufacturers or transportation customers who wouldn't 20 be eligible for the program ought to be paying for it?</p> <p>21 A. I will take responsibility for that.</p> <p>22 Q. Okay. Now, let's turn to Q-10, is it, the last page. 23 What analysis did Vectren perform prior to proposing 24 this proposal as to its bad debt expense in comparison 25 with other unregulated businesses?</p>	<p>1 A. I certainly --</p> <p>2 Q. What other?</p> <p>3 A. I certainly would refer back to the escalating cost of 4 gas and certainly the assumption that that would 5 continue to increase the bad debt experience.</p> <p>6 Q. But -- strike that.</p> <p>7 Can you identify whether there was any study 8 conducted to compare Indiana Gas, for example, and its 9 experience with other gas companies?</p> <p>10 A. There has been. I can't point you to the analyses, but 11 there has been.</p> <p>12 Q. Right.</p> <p>13 A. I can point directly to our experience in our Ohio 14 utility, for instance.</p> <p>15 Q. So was that analysis used by you for purposes of 16 preparation of this program?</p> <p>17 A. I think it certainly was background material that was 18 part of the decision-making process.</p> <p>19 Q. So would it be fair to say that in designing this 20 program that Vectren did not undertake an analysis of 21 how its bad debt experience compared to other 22 businesses and the experience those other businesses 23 were having with respect to bad debts?</p> <p>24 A. I would not say it is a fair statement. I would tell 25 you I am not aware of specifically what was done. But</p>
Page 75	Page 77
<p>1 A. I apologize, could you repeat the question just so I 2 understand?</p> <p>3 Q. Did Vectren do a study or an analysis as to how its bad 4 debt experience compared to the bad debt experience of 5 unregulated companies?</p> <p>6 A. Not to my knowledge.</p> <p>7 Q. Well, did Vectren do any comparison to ascertain 8 whether the experiences it was having in collecting is 9 any different from that being incurred by companies in 10 the unregulated sector?</p> <p>11 A. Specifically I don't know the answer to that. I can 12 tell you that we have professional folks that work in 13 our credit and collection department and billings 14 department who understand what best practices are out 15 there, but I specifically can't speak to it.</p> <p>16 Q. Well, my question to you is, is that what information 17 was reviewed by Vectren for the purpose of determining 18 that this bad debt expense was such that we needed to 19 develop a new program?</p> <p>20 A. I believe historical experience was probably a good 21 enough answer.</p> <p>22 Q. Just its own experience?</p> <p>23 A. I think -- no, not just. I believe that's certainly 24 one variable.</p> <p>25 Q. All right.</p>	<p>1 again, I would tell you that we did rely upon the 2 experience of our professionals who understand and who 3 do have some sort of feeling as to how we benchmark 4 specifically against other gas utility companies and 5 other companies, but I cannot tell you specifically 6 what that background information was.</p> <p>7 Q. What percentage of LIHEAP eligible -- strike that. 8 What percentage of your Indiana Gas residential 9 customers are LIHEAP eligible?</p> <p>10 A. I don't believe I have that broken out by Indiana Gas 11 and SIGECO.</p> <p>12 Q. Okay.</p> <p>13 A. I can provide a Vectren number.</p> <p>14 Q. Well, provide the Vectren and perhaps you can provide 15 me later the individual.</p> <p>16 A. I would refer to I believe in my testimony, if you will 17 give me a moment, page 6.</p> <p>18 Q. Of your Deposition Exhibit Number 1?</p> <p>19 A. That is correct. And would refer to the question that 20 starts on page 12, "How many of IGC and SIGECO's 21 residential customers would be considered low income or 22 payment troubled," and I go further through the answer 23 in line -- starting on line 15, "That in aggregate IGC 24 and SIGECO serve approximately 626,000 residential 25 customers. Of those 69,000 are estimated to be</p>

Page 78	Page 80
<p>1 eligible for LIHEAP."</p> <p>2 Q. So roughly 11 or 12 percent of your residential</p> <p>3 customers are LIHEAP eligible?</p> <p>4 A. Roughly.</p> <p>5 Q. And then approximately of residential customers in your</p> <p>6 service territory of Vectren 3 to 4 percent are LIHEAP</p> <p>7 recipients?</p> <p>8 A. Roughly.</p> <p>9 Q. Okay. So that would leave 96 to 97 percent of your</p> <p>10 residential customers who won't be eligible for</p> <p>11 assistance under your plan?</p> <p>12 A. Under this program, that's correct.</p> <p>13 Q. What is the debt -- strike that.</p> <p>14 What is the experience that Vectren is having with</p> <p>15 its residential customers who are not LIHEAP eligible</p> <p>16 with respect to arrears?</p> <p>17 In other words, how many of the 626,000</p> <p>18 residential customers who are not LIHEAP eligible are</p> <p>19 in arrears?</p> <p>20 A. I can't answer that because we only have an estimate of</p> <p>21 the number of folks that are LIHEAP eligible. We have</p> <p>22 no, unless they are LIHEAP assisted, we have no</p> <p>23 knowledge of who they are.</p> <p>24 Q. Well, with respect to any basic information associated</p> <p>25 with disconnect notices, assisted accounts writeoff,</p>	<p>1 A. I specifically didn't, but I'm not sure if it was</p> <p>2 looked at by the group.</p> <p>3 Q. Well, I mean there's an example of a state that</p> <p>4 requires the collection of raw information I think for</p> <p>5 the purpose of being able to define programs that might</p> <p>6 scratch the itch of need. I mean so I take it there</p> <p>7 was no review of the Iowa approach to information</p> <p>8 gathering?</p> <p>9 A. Well, I would refer you to the immediacy of the need</p> <p>10 that we have referenced, and I would also refer you to</p> <p>11 the quagmire that many of us find ourselves in that's</p> <p>12 referred to as paralysis by analysis. And so we felt</p> <p>13 like we had the best opportunity of putting a program</p> <p>14 forth that was going to be beneficial as quickly as</p> <p>15 possible and as positively as possible with the process</p> <p>16 that we followed.</p> <p>17 Q. Thank you very much, Mr. Pettitt. No further questions.</p> <p>18 A. Thank you, sir.</p> <p>19 MR. CRACRAFT: No questions.</p> <p>20 MS. BECKER: No questions.</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
Page 79	Page 81
<p>1 dollar amounts written off for assisted accounts,</p> <p>2 assisted accounts disconnected for nonpayment, the</p> <p>3 amount of late fees paid, and the amount of</p> <p>4 reconnection fees, for each of those classifications it</p> <p>5 would be correct that you do not have the information</p> <p>6 associated with those residential customers who are not</p> <p>7 LIHEAP eligible; is that correct?</p> <p>8 A. That is correct.</p> <p>9 Q. Now, is there a reason why you thought this wasn't</p> <p>10 important information to have in terms of designing a</p> <p>11 program to provide certain assistance to certain</p> <p>12 people?</p> <p>13 A. It was my understanding it was a matter of difficulty</p> <p>14 in obtaining that information because we didn't know</p> <p>15 who those customers were.</p> <p>16 Q. Was there any thought of creating a pilot program</p> <p>17 design to collect basic raw information that would</p> <p>18 assist in figuring out what the problem might be in</p> <p>19 your service territory before embarking on a ten</p> <p>20 million dollar program?</p> <p>21 A. It's my assertion that we, and by virtue of the fact</p> <p>22 that we have proposed this program, that we are taking</p> <p>23 the steps that have and provide the most potential for</p> <p>24 success.</p> <p>25 Q. Did you take a look at Iowa?</p>	<p>1 AND FURTHER DEPONENT SAITH NOT.</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

**L. Douglas Petitt
May 19, 2004**

Page 82

STATE OF INDIANA)

) SS:

COUNTY OF MARION)

I, Diane Zeyen, a Registered Professional Reporter and Notary Public in and for the County of Marion, State of Indiana at large, do hereby certify that L. DOUGLAS PETITT, the deponent herein, was by me first duly sworn to tell the truth, the whole truth, and nothing but the truth in the aforementioned matter;

That the foregoing deposition was taken on behalf of the Manufacturing and Health Providing Customers at the offices of John E. Connor & Associates, 1860 One American Square, Indianapolis, Marion County, Indiana, on the 19th day of May, 2004, commencing at the hour of 10:10 a.m. pursuant to the Indiana Rules of Trial Procedure;

That said deposition was taken down in stenograph notes and afterwards reduced to typewriting under my direction, and that the typewritten transcript is a true record of the testimony given by the said deponent; and thereafter presented to said deponent for his signature;

That the parties were represented by their counsel as aforementioned.

I do further certify that I am a disinterested person in this cause of action; that I am not a relative or attorney of either party, or otherwise interested in the

Page 83

event of this action, and am not in the employ of the attorneys for either party.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this ____ day of May, 2004.

NOTARY PUBLIC

My Commission Expires:

September 2, 2008

County of Residence:

Marion County

L. Douglas Petitt
May 19, 2004

A			
ability 7:20,21 28:1 58:3 62:17,19,20 64:20 65:15 66:3	62:8 68:21 advantage 14:17 advisability 68:11 advised 56:22 affect 55:7 affected 54:22 affirmative 39:8 affixed 83:4 affordable 36:18 44:13 44:14 66:2 aforementioned 82:9,22 after 13:12 42:11 44:5 52:24 59:13 66:2 afterwards 82:17 again 15:23 20:24 21:21 22:1 29:18 33:14 36:1 36:11 39:7 43:16,16 56:3,12 57:12,19 58:1 58:17 59:12 64:19 69:7 70:4,16 71:10,15 77:1 against 61:12 67:14 77:4 age 67:13,14 agencies 42:25 59:13 61:9 aggregate 77:23 aggressively 57:23 ago 7:3 agree 17:15 20:2 26:3 35:7 69:15 70:6,10 agreement 10:8 35:18,23 38:17 49:14 aid 37:9 64:1,3 65:5 albatross 65:14 albeit 36:24 allow 28:12 29:19 45:16 allowing 64:13 alone 48:25 along 16:21 41:19 already 10:11 16:1 22:2 39:24 49:10 50:12 55:16 alternative 1:7 16:6 although 8:5 33:13 47:24 61:11 74:6 always 22:10 24:13 26:4 27:15 67:12,15 amended 5:3 6:20 America 17:15 American 1:15,23 2:3 82:12 amongst 68:3 amount 24:5 27:25 39:14 47:25 55:10 57:23 60:4 64:15 65:12 79:3,3 amounts 79:1 analyses 17:9 18:5,8,10	20:25 33:9,12 63:17 65:4,8 72:18 74:8 76:10 analysis 13:14,15 16:19 18:25 20:20 23:4 24:12 27:16 30:13,14 31:9 32:1 33:3,7 35:10 41:1 47:22 48:10,17 49:1,5 49:6 50:19 53:2 54:13 54:24 55:15 64:9 67:10 67:18 68:10 73:18,21 74:23 75:3 76:15,20 80:12 analysts 13:9 33:8 35:11 Anne 2:8 annual 4:18 another 4:17 14:19 34:8 48:25 answer 7:8 20:9 28:17 30:8 39:8 47:6 55:24 65:7 75:11,21 77:22 78:20 answered 35:12 45:17 answering 45:25 anticipate 4:18 23:10 31:7 32:12 anybody 7:10 49:2 69:3 anymore 53:1 anyone 6:6 anything 8:10 15:14 33:21 65:11 anywhere 30:12 59:20 60:3 69:17 70:7 apart 16:10 apologize 7:9 17:3 43:23 46:19 58:8 59:22 75:1 apparently 56:14 application 42:24 applied 44:7 apply 22:3 approach 16:4 22:2 27:9 42:16,21,21 43:18,19 51:9 73:23 74:5 80:7 approaches 73:20 74:4 appropriate 34:6 43:3 approval 1:7 38:12 approved 73:9 approximately 7:4 19:6 19:12,24 21:10 23:7,10 26:8 31:4,12 38:23 40:24 61:7 62:7,15 63:9,10 77:24 78:5 area 36:1 areas 47:15 argument 65:17 67:16 arithmetic 45:2	around 58:13 65:14 ARP 6:15 arrearages 28:18,20 29:4 29:7,11,21,23 30:4 arrears 20:7,17 78:16,19 arrive 11:18 43:12 64:9 article 16:19 17:14 42:11 55:17 articles 17:8 ascertain 75:7 aside 38:10 42:13 asked 33:13 36:12 70:25 71:2 72:25 asking 28:19 57:11 65:19 67:22 71:6 aspect 26:14 31:16 assertion 37:21 53:12 54:6,8 60:9 79:21 assess 13:11 assessing 13:12 assessment 12:6 14:13 18:13 21:14 33:4 asset 40:12 assigned 74:13,14 assist 5:16 36:23 40:8 41:12 48:24 54:15 59:9 59:13 79:18 assistance 14:12,20,24 15:5,5,9 18:20,22 19:13,17 21:3,20 24:21 27:10,10 28:1,23 53:25 64:18 78:11 79:11 assisted 11:19 14:15 24:24 28:19 57:15 67:7 78:22,25 79:1,2 associate 13:1 associated 8:3 12:14,22 17:1 21:9,12 31:11 32:23 34:16 36:25 39:13 45:14 46:16,24 47:24 48:2 49:5 51:7 51:20,22 52:14 53:8 54:10 57:3 59:16 60:10 61:13,19 73:19 78:24 79:6 Associates 1:15,22 82:12 Association 11:8 14:6 39:13 assume 13:6 23:23 25:7 37:7 48:21 51:3 52:17 53:7 assumed 61:14,17 70:3 assumption 23:6 32:24 33:5 53:15 61:11 62:6 62:6,12,14 63:6,13,15 63:18 76:4

**L. Douglas Petitt
May 19, 2004**

assumptions 32:19 63:3

attached 34:1

attachment 13:23 16:23

18:9 22:15 23:3 30:15

31:10 33:24,25 38:19

60:7

attachments 69:8

attempt 7:8 14:23 32:9

32:10

attempted 62:4

attempting 41:12

attempts 14:25

attorney 40:13 82:25

attorneys 83:2

attract 37:15 47:8,11

attributed 30:16

audience 41:14

August 23:6

auspice 48:20

available 40:7

Avenue 2:10

average 24:17 44:15,16

52:10 63:6,8,10

aware 50:3,3 59:25 67:9

76:25

a.m 82:14

B

B 2:5,17 83:10

back 5:11 15:18,20 20:13

21:21 24:2 25:18 28:8

32:24 38:8 43:16 45:9

58:10 61:18 62:1 70:5

71:16 76:3

background 12:3,7 13:10

76:17 77:6

bad 21:9,11 32:23 36:20

39:6 45:14 51:20,21

58:25 60:2,11 71:12

74:24 75:3,4,18 76:5

76:21,23

badge 35:6

balances 29:16

Bankert 52:4

Bankert's 52:1

base 36:23 43:9,13 53:11

53:13 62:12

based 19:10,11

basic 78:24 79:17

basis 33:3 36:11

bear 35:6 54:19

became 12:21

Becker 2:8 80:20

become 42:24 43:1

becomes 58:24

becoming 29:11

before 1:13 3:17 4:2 20:9

31:19 33:19,25 37:7

42:8 48:6 79:19

began 8:16

beginning 8:24 19:22

behalf 1:14 82:10

behind 58:24

being 15:16 16:8 23:23

24:24 25:25 26:23 27:1

32:12 34:14 38:13

44:24 51:18 52:25

53:19 54:10 57:7 64:4

65:17 67:14 75:9 80:5

belief 37:10,12 49:17

59:15

believe 4:7,10 17:9 18:3

21:4 29:2,13 36:19,23

37:2 40:6,6,16 41:19

50:17,23 55:4,6,20,20

56:9,12 59:6 64:19,22

67:10 68:1 70:21,22,25

70:25 71:7,10,21 72:14

72:16 75:20,23 77:10

77:16

believes 50:16

below 21:19

benchmark 77:3

beneficial 48:13 80:14

beneficially 37:2

benefit 14:17 15:25 22:4

26:18 36:20 37:23

47:21,24 48:16 49:4

52:24 54:11 55:7 56:12

56:15 62:15 70:20,23

71:8,12,19

benefitted 55:6

benefiting 54:4

benefits 15:2 16:8,25

26:25 30:14 32:9 40:11

48:2 50:14 51:14 54:7

54:15 71:18,20,24

72:18

benefitted 64:25

best 5:5 6:12 7:2 14:1

27:18 36:9 40:7 67:24

68:2,5 70:18,19 75:14

80:13

better 13:9 64:20,20

between 14:10 30:7

42:20 55:2

beyond 65:10

big 24:7

bill 24:21,25 25:2,10,20

25:25 26:6,11,21 27:11

27:11,23 29:7 40:5

41:13 42:18 46:14

51:19 58:23 62:21 63:6

64:17,21,22 65:16,18

billing 21:6

billings 75:13

bills 5:17,22 11:20 21:7

24:17 29:14 42:15

50:18,21 59:8,18 63:8

bit 5:25 47:17

block 64:4

BOARD 1:4

boat 65:6,23

bosses 8:12

both 5:10 13:9 23:10

46:17 55:20 62:25

bottom 45:20

Box 2:4

break 2:21 45:3,8

breaks 27:23

bring 40:6

broad 21:7 52:20,23 58:2

broken 22:23 77:10

bucks 25:12 28:24 70:14

budget 46:14

build 47:12

business 46:25 47:9,9,10

businesses 74:25 76:22

76:22

busy 8:24

buy 45:22

bypassing 22:9

C

C 2:1 83:10

calculate 60:1

calculated 26:22

calculating 32:19

calculation 25:22,24

61:14

calculations 26:16

call 6:14

came 6:24 8:5 13:1

capability 50:24

capital 31:19 37:15 47:8

47:8,12

caps 23:24

capture 32:9,10

captured 39:15 60:9

care 9:4,15,22 10:10,16

10:20,25

case 16:6 44:4 48:8,18

52:2,13 56:20,22 57:11

59:23,25 71:10

cause 1:5 3:21 9:13,16

17:9,25 59:16 82:24

ceiling 23:23

census 19:4

cent 23:4,25 24:4

cents 22:12,24 23:3

CEO 6:25

certain 5:20 8:15 16:7

42:16 43:7,20,21 45:24

61:11 72:15 79:11,11

certainly 5:10 14:25

15:15 24:7 31:16 33:11

34:25 46:15 48:21

52:10 54:11 65:11

73:22 75:23 76:1,3,4

76:17

certify 82:6,23

chairman 6:25

chances 67:24

change 4:14 43:9 44:9

changes 3:24 4:1,12,20

4:21,22 5:12 43:13

charge 13:24 22:12 24:3

73:25

charging 23:3

charitable 1:6 42:2

charity 40:1,3,6,23 41:6

chart 34:2,8,9,25

choice 41:7 56:8

choose 27:6 56:9

chores 12:22

chose 56:15

chosen 56:11

cited 42:22

Citizens 1:6 2:6 11:8

CITY 1:5

class 21:7 23:7 45:20

46:2,3 52:6 58:6

classes 43:11 57:19

classifications 79:4

cliff 66:12,13 67:1,3,11

67:16,16

climb 58:25

close 7:5 69:22,23

Closer 31:24

CODE 1:7

cohorts 10:1

COKE 1:6 2:6

cold 7:19 24:10 54:11,20

55:17 71:25 72:1

collaborate 11:5

collaborative 11:3,7 68:3

69:4 72:20

collect 22:25 23:18,21

24:5 25:25 41:9 57:14

58:4,19 59:8,17 61:17

79:17

collected 49:8 60:4 61:16

collecting 61:13 75:8

collection 17:4 29:8

**L. Douglas Pettitt
May 19, 2004**

56:19,24 57:4,22 58:19 59:5,13 60:10 75:13 80:4 collectors 29:7 Columbia 13:5 come 28:8 34:22 comes 29:24 coming 18:24 36:14 65:12 commencing 82:14 comment 52:9 comments 21:21 Commission 1:2 5:1 33:18 35:19 36:14,14 38:18 41:18 48:7 83:12 Commission's 35:1 commodity 34:14 44:13 45:22 46:7,10,13,23 communication 9:21 Community 42:25 companies 11:12 12:13 13:9 17:5 34:19 53:10 53:11 54:1,7 75:5,9 76:9 77:4,5 company 1:3,4 25:16 28:24 29:1,3 33:8 37:13,14 74:15 company's 45:14 56:10 comparable 16:24,25 70:12 compare 41:1 76:8 compared 75:4 76:21 compares 41:2 comparison 74:24 75:7 compel 36:15 compelled 38:13,17 41:6 44:24 56:10 compelling 67:22 component 45:12 50:17 components 48:6 70:1 comprise 24:17 concept 70:4 concern 22:10 46:6,9 56:6 concerned 50:13 concerns 22:8 conclude 4:19 conclusion 21:8 27:17 59:19 64:5 concurrently 34:24 conduct 32:18 49:7 62:23 conducted 21:1 49:2 76:8 Connor 1:15,22 82:12 conservative 31:8 consider 20:18 73:24 considerably 33:6	consideration 8:2 16:12 42:14 considered 77:21 considering 7:6 constrained 15:1 consultant 12:1,10,11,21 39:14 consultants 11:23 consultant's 74:7 consultation 10:9 consulted 7:10 consulting 12:14 consumed 53:1 Consumer 2:9,9 9:12 41:20 54:18 74:17 consumers 34:12,13 context 56:20 continue 44:3 47:12 76:5 contribute 36:12,13 40:22 49:15 contributed 40:24 55:21 contribution 39:9 contributions 44:23,24 45:13 conversation 10:1,3 cope 65:16 copied 69:25 copies 33:12 correct 3:16 4:4 6:10,11 8:19 9:11 10:6,12 12:20 13:3 14:18 15:4 15:6 17:12,25 18:17,18 18:21,23 19:9,15 20:5 20:6,7,15,16 22:22 23:14,16,20,23 24:9,11 25:12,13 30:25 31:1,2 31:5 35:4 36:5 39:2,4 39:11,12 40:9 41:9 43:4 46:4 53:22,23 54:2,3 55:18 59:2 61:4 61:4,20 66:16,18,21 67:19,20 68:1 72:8 77:19 78:12 79:5,7,8 corrections 3:24 4:12,22 correctly 45:11 correlation 30:7 55:4 cost 7:18 24:22 25:11 30:13 31:9 32:4 35:9 46:12,21,22 47:21 48:12,16 49:4 51:10,12 51:12,17 53:14 63:13 63:15 64:7 76:3 costs 16:2 31:11 32:25 35:7,7 39:20,23 40:13 40:20 46:16,24 50:25 60:10 63:14,22,23	72:19 counsel 82:21 Counselor 2:9,10 9:13 41:20 54:18 74:17 counties 68:19 69:6 country 69:17 County 1:13,15 68:12,18 69:3 82:2,5,13 83:14 83:15 couple 10:12 67:18 68:16 coupled 7:19 course 11:21 72:17 court 15:20 20:13 45:9 courtesy 10:3 cover 39:17 51:5 covered 51:6 Cracraft 2:5,6 13:21 72:1 80:19 create 13:10 16:3,3 44:15 48:25 69:9 creating 7:17 13:12 69:9 79:16 credit 25:17,19 26:17 56:19,23,24 57:4,22 58:19 75:13 credited 44:1 crediting 26:20 42:14 64:14 credits 43:21 criteria 22:1 58:5 67:11 cross 43:11 current 21:7 29:14 31:21 39:17 56:22 58:22,23 59:5 65:9 currently 31:18 43:25 44:1 customer 24:19,24 25:5,6 25:8,10,14,15,18 26:5 26:6,12,23,25 27:13 28:1,18 29:10,13,19 30:3 36:23 46:14 51:13 52:5,11 53:18,24 54:5 64:15,24,24 65:5,9,16 66:2,5 68:23 customers 1:14 2:3 5:17 5:21 6:9 7:20,21 9:15 9:16 10:16 11:19 14:11 14:13,14,16,18 15:1,8 18:20,22,25 19:13,16 20:15,18,23 21:6,24 22:6,13,25 23:8,25 24:5,8 27:3,10,22 28:19 29:11 30:4 32:23 34:19,20 35:3 36:3 37:6 38:13 42:23 43:25 44:2,10,15,19 45:12,15	46:20,22 48:2 50:22 51:19 53:16,17 54:22 55:22 56:4 57:16 58:18 58:22,24 59:14 61:6,6 61:8,19 62:14,19 63:7 63:25 64:2 67:23 70:23 71:8,11,20 74:11,19 77:9,21,25 78:3,5,10 78:15,18 79:6,15 82:11 customer's 25:17,19 44:7 51:16 63:9 cut 42:18 cycle 27:23 28:5,11,14 29:8 54:23 D D 2:13,17 data 50:22 date 11:13 16:7 72:15 Davless 68:12,12,18 69:3 day 1:15 25:19 51:16 68:15 82:14 83:4 days 26:8,13 67:14 deal 17:18 65:20 dealing 43:4 dealt 24:16 debt 21:9,11 29:6 32:23 36:21 39:6 45:14 51:20 51:21 59:1 60:2,11 71:12 74:24 75:4,4,18 76:5,21 78:13 debts 76:23 decatherm 22:12,24 24:1 53:3 December 23:6 decided 74:18 deciding 73:22 decision 11:6 21:18 48:16 74:9,10,13,15 decision-making 76:18 declining 52:5,10,15 decrease 53:9 deduce 57:20 deduction 25:12,15 define 80:5 definition 16:5 58:5 68:21 72:9 deleted 4:7 deletions 4:23 delivery 12:4 16:12 18:12 32:2 46:16 demonstrating 16:20 48:11 department 1:5 19:4 75:13,14 dependent 24:6
--	--	---	---

L. Douglas Petitt
May 19, 2004

<p>deponent 81:1 82:7,19,20 deposition 1:11,12 2:18 3:1,18 4:3,6,13,14,21 5:3,3,14 6:20 42:6,9 49:13 77:18 82:10,16 deposits 28:9 describe 14:7 design 15:4,7,10,11 16:12 17:10,20,24 18:24 20:20,25 21:20 26:10 27:9,18 34:21 37:8 39:4 42:13 43:17 65:20 66:12 67:24 69:2 69:15,16 79:17 designated 61:1 designating 60:14 designed 14:22 16:21 35:12 67:3 71:8 designing 16:15 67:7 76:19 79:10 destroy 33:20,21 destroyed 33:19 detailed 25:4 details 25:21 determination 29:20 30:5 74:5 determine 45:1 determined 26:19 determining 75:17 develop 8:18 75:19 developing 9:2 40:10 development 8:2,8,16,25 10:6,14,17,21,25 11:21 12:14 18:7 40:13,14 47:14 Diane 1:13 82:4 difference 14:10 15:25 42:20 43:18 different 16:3 33:1 71:7 75:9 difficult 47:7 difficulty 79:13 direct 2:14,18,19,20 3:9 27:10 33:7 55:4 directed 8:17 17:13 35:10 40:7 53:20 54:4 direction 7:16 82:18 directions 7:15 8:2 10:13 directly 25:17,19 28:13 44:1,6,7,17 55:7 71:19 76:13 DIRECTORS 1:4 disabled 41:11 disconnect 78:25 disconnected 28:4,6 54:11 79:2</p>	<p>disconnection 27:23 28:14 54:22 discount 25:1,2 43:2,3,7 44:11,15 66:14 discovery 13:17 34:1 54:17 61:2 discriminated 67:14 discussed 26:14,19 73:21 discussions 9:14 disinterested 82:23 dissertation 32:1 dissertations 17:9 18:6 18:11 distinct 57:25 distinction 43:23 55:1,2 71:4 distribution 17:5 Document 2:21 documentation 32:6 48:22 doggone 47:1 doing 35:7 42:1,19 46:25 58:23 59:6 dollar 30:14 32:3,4 79:1 79:20 dollars 22:11 23:17,19 31:12 35:17 36:2 37:20 37:22 38:1,16,16 40:22 40:25 49:15,25 50:6 55:21 56:5 57:3 63:21 donated 26:24 36:3 done 8:21 33:7 50:19 63:17 64:9 76:25 door 35:1 doubling 62:15 Douglas 1:11,12 2:18,19 2:20 3:4 81:5 82:6 down 29:15,21 36:4 51:5 52:6 65:24 82:16 draft 12:3 draw 13:13 drinking 67:13 driven 65:17 dropped 33:6 DSM 48:3,6 49:15 due 42:24 65:12 duly 3:5 82:7 during 8:23 9:2 11:21 32:17 34:17 44:5 duty 12:22 d/b/a 1:6</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>E 1:15,22 2:1,1,8,13,13 2:17,17 82:12 each 23:12,13 79:4</p>	<p>EAP 12:15 earlier 26:20 30:1 59:1 70:25 eases 67:3 easier 69:13 easiest 27:12 easily 63:22 69:11,12 economic 47:14 effect 25:23 55:12 63:20 64:16 effective 27:12 35:8 efficiency 30:1 efficient 27:15 effort 39:10,15 57:16 58:22 efforts 39:17 57:13,18 59:4 eight 4:9 35:14 either 18:11 34:22 55:6 59:24 66:14 71:19 74:4 82:25 83:2 electric 1:4 11:12 17:5 34:15 37:17 eligibility 65:13 eligible 5:16,21 6:3,9,9 14:11,13,18 15:2,8,13 18:20,22 19:1,13 20:2 20:3,7,15,16,18,22 21:2,15 24:8,20 28:15 28:23,25 29:11 42:15 42:17,24 43:21 53:24 54:1 57:15 58:7,11 68:22 71:15 74:11,20 77:7,9 78:1,3,10,15,18 78:21 79:7 Ellerbrook 6:24 8:1,7,17 10:14 74:14 embarking 79:19 employ 49:2 83:1 employee 55:5 employees 39:24 54:6,9 54:16,25 55:3 71:11,14 71:14 employer 54:12 55:7 employers 71:10 employer's 55:5 emulate 69:24 emulated 69:20 end 4:16 13:22 16:7 19:22 43:10,24 49:21 51:16 68:15 69:13 energy 27:11 28:13 50:18 50:21,25 engage 11:22 engaged 12:2 enough 75:21</p>	<p>entire 69:14 entry 10:7 escalating 76:3 especially 7:20 59:13 essentially 7:21 42:19 ESTABLISH 1:8 estimate 26:8 31:2 55:25 64:10 78:20 estimated 77:25 estimates 19:5,11 63:12 et 1:7 evaluated 49:4 evaluation 16:8 even 18:19 26:14 29:19 30:2 40:9 event 83:1 ever 26:23 every 33:23 38:6 67:9 68:22 everybody 51:3 everyone 14:25 everywhere 68:22 exact 18:21 exactly 16:25 46:4 61:24 70:8 examination 1:12 2:14 3:9 examined 3:7 49:4 example 28:21 53:5 69:20 76:8 80:3 excess 49:24 excise 38:8 exclude 10:24 15:7 excluding 27:22 excuse 60:7 executive 12:8,9 exerted 57:17 58:22 exerting 57:13 exhibit 2:18 3:18 4:6,13 4:15 5:3,14 6:20 42:6,9 49:13 61:2 63:4 77:18 Exhibits 3:1 4:3,21 5:4 exist 33:15 70:11 existing 22:2 48:22 49:10 exists 48:19 expand 63:25 64:2 expectation 31:8 expected 64:16 expend 57:3 expended 56:5 expense 14:2,5 34:7,8 36:21 39:6 51:20,21 56:19,19,24 57:4,6 60:2,11 61:12 71:12 74:24 75:18 expenses 28:9 39:13 51:6</p>
--	---	---	--

L. Douglas Petitt
May 19, 2004

56:24
expensive 30:11
experience 12:20 16:15
17:16 21:12 61:21 62:5
62:8,20 75:4,4,20,22
76:5,9,13,21,22 77:2
78:14
experienced 36:21 39:14
experiences 75:8
experiencing 62:15
expert 12:4 51:8 59:12
expertise 36:1
experts 18:11 73:3,4,6
Expires 83:12
explain 27:21 38:5 64:12
64:14,19 70:22
explore 7:16 63:17
exposure 23:25 24:12,13
24:15
extent 10:11 32:20 37:13
40:11 48:12 49:10 59:1
59:4 60:1 69:16 71:13
71:14 72:22
extrapolate 56:6
extremely 50:23 59:19

F
F 2:2,13,15,17 3:10
face 32:6 51:25 54:22
fact 11:4 26:7 34:24 43:2
58:23 59:3 65:8 70:16
72:14,15 79:21
factors 62:13
Facts 54:20 55:17 72:1,2
failed 34:18
fair 9:1 14:21 21:14
46:18 48:21 76:19,24
fairly 36:17 64:19
fall 14:14
familiar 48:3 52:7,9,10
familiarity 67:17
far 36:10 58:24
fashion 47:13
favor 58:23 59:6
federal 6:6 22:1 64:4
feel 32:10
feeling 77:3
fees 28:10,10 40:14 79:3
79:4
felt 30:9 44:11 80:12
fewer 26:12 27:14 50:25
51:11
fight 17:19
figure 32:19
figuring 79:18
filed 41:17,20

filing 9:11 33:18,19
59:20,22,23 73:18
find 28:6,7 30:20 56:25
58:25 80:11
fine 6:17
fingers 17:13
firm 59:7,9,17
firmly 59:6
first 3:5 13:11 22:13
28:22 33:24 39:9 40:20
57:10 61:23 65:9 71:12
72:7,9,10 82:7
five 5:15 14:10 39:6
flow 53:16
flows 63:11
folks 22:2,3 28:5 36:23
41:12 43:1 75:12 78:21
follow 27:6 68:5
followed 80:16
follows 3:7
food 27:6,16 67:8
foots 40:5
force 71:17
foregoing 82:10
forgive 29:3
formation 72:24
formed 65:10
forth 4:21 5:11 16:22
17:10 80:14
forward 29:14 62:8
four 23:15 31:24
fours 70:8
fourth 53:14
frame 8:20,20 61:24,25
framework 7:24
frankly 31:21
from 4:9 6:24 8:5,6,11,23
10:4,19,24 11:1,12,13
13:1,1 16:10 22:25,25
23:7,18 24:5,19,21
27:18,22 36:11,24
43:11 45:22 49:8 51:2
51:7,14 52:6 56:7,25
57:17 58:1,4,19 60:4
62:1 65:25 70:4,23
74:7 75:9
front 20:9 74:6
FSSA 19:3,12
full 24:25 27:22 53:7
65:6,23
function 15:10
fund 6:19 25:14,17 26:17
26:24 27:1,2 29:18,25
30:4,17 35:16 36:4
44:6,17 50:9 55:23
funded 37:13,20,21

G
gas 1:3,3,6 2:6 5:17,21
7:19 11:8,8,20 13:5
14:5 18:18 19:1,14
24:6 25:15 27:11 28:25
29:3 32:25 33:6 34:15
34:18 36:18 37:17
39:13 41:13 43:6 44:20
46:1,15,16,21,22,23
47:1,5 51:4 52:2,12,13
52:15,18,24,25 55:19
55:22 56:9,23 57:3
59:7 63:14,15,20,22
64:7 65:18 74:16 76:4
76:8,9 77:4,8,10
Gas's 55:23 59:17
gatekeeper 16:4 22:2
gathering 80:8
gave 10:14 19:5 46:3
47:6 66:3
GCA 49:18 50:1,2,6
general 46:12 53:10
71:12
generally 26:5 27:14
48:4
geometric 64:8
gets 23:17 39:10 49:8
52:21 64:18
getting 15:5,8,12,14 39:3
39:5 44:10 73:9,11
give 2:21 7:15 8:1 15:5
15:12 22:16 27:3 36:9
36:15 38:13 42:14
56:15 62:16 73:14
77:17
given 12:7 25:6 26:17
33:10 56:8 82:19
giving 30:2 39:3
glad 71:1
go 24:13,15 27:3,21
28:12 33:23 43:16 44:6
49:18 58:10 63:20,22
63:24 67:15 77:22
goals 11:15,18 17:21
goes 53:3 63:23
going 3:23 23:22 24:5
25:18 29:3,6,7 30:2
31:3 37:9 41:9,10

46:23,25 50:7 59:2
60:7 62:8 65:12,23,23
72:25 80:14
gone 46:21
good 3:11,12,17 36:16
37:22 55:9 75:20
gotten 21:20
government 48:20
grant 64:4
great 22:7 32:20 39:14
greater 15:25 27:25 28:1
28:3 29:15 49:10 51:18
58:21
gross 60:12,14 61:5,7,18
group 80:2
guess 26:7,9 33:25 36:9
60:24
guidelines 14:15,15

H
H 2:17
habit 65:10
HACKMAN 2:6
half 23:4,19,25 24:3
25:25 26:10,23 27:1,3
35:16 62:11 64:15,25
65:22
hand 41:10 42:4 83:3
happens 28:18
hassles 69:10
having 3:5 30:23 51:14
68:11 75:8 76:23 78:14
head 52:16
health 1:14 2:3 9:4,14,21
10:10,16,20,25 36:25
54:10 82:11
healthy 36:24 71:16
hearing 3:23
Heidorn 10:5
help 14:23,25 41:10
46:20,22 48:24 58:22
59:9 60:15 65:18
helped 32:12,12 37:11,12
40:4
helping 13:12 41:12
50:18
her 12:7,20,22 15:18
hereunto 83:3
hesitation 9:17
hey 47:2
high 7:18 54:8 65:18
higher 51:11 64:21
highlights 54:21
hill 58:25
him 7:25 10:2
hire 12:25

L. Douglas Petitt
May 19, 2004

<p>historic 49:3 historical 48:23 75:20 hit 66:13 home 50:24 51:13,16 52:20,24 homes 36:24 50:21 51:14 53:17,21 honor 35:6 Hoosiers 70:3 hoped 32:15,15,17 50:14 hopefully 65:9 hoping 14:2 horseshoes 69:23 hour 82:14 house 53:5 HULETT 2:6</p> <hr/> <p style="text-align: center;">I</p> <p>idea 6:23 7:1,2,6,11 8:5 9:5 10:24 12:25 15:12 15:24 27:25 48:20,24 62:16 ideas 8:3 identification 3:2,18 42:7 42:9 identified 4:2 17:6 identify 3:19 4:5 8:20 9:3 9:9 11:25 16:19 17:7 17:23 18:25 42:10 68:20 71:6 76:7 IG 51:1 IGC 49:7,13 50:6,10,13 50:16,19,22 51:4 62:25 77:20,23 ignore 21:18 ignoring 15:13 immediacy 80:9 impact 21:23,24 impacted 37:2 implement 38:12 70:9 implementation 70:24 71:21 implemented 37:20,25 71:9 implementing 69:25 important 79:10 impose 52:14 improve 47:15 62:17 inasmuch 46:17 INC 1:3,22 include 11:12 46:1 74:10 included 48:17 income 14:15 28:12 47:2 77:21 incorporate 14:3 increase 46:12 52:13</p>	<p>53:8 64:6 76:5 increased 46:12 64:4 increases 46:17 64:7 incur 16:2 28:8 63:7 incurred 40:14 59:1 60:1 75:9 incurring 50:25 incurs 51:17 IND 1:7 independent 12:10,11,21 59:7 Indiana 1:1,2,3,3,14,15 1:16 2:6,8,9 6:5 11:8 14:5 18:18 19:1,3,14 34:11,18,23 39:13 43:6 44:19 45:25 46:15 47:1 47:5 52:2,13,24 55:19 55:22,23 56:23 57:3 59:7,17 74:16 76:8 77:8,10 82:1,6,13,15 Indianapolis 1:5,15,23 2:4,7,11 82:13 indicating 9:8 38:25 indirectly 55:6 71:19 individual 22:22 24:19 26:11 44:7 50:20 65:16 66:8 77:15 individuals 14:24 20:3 42:15 43:7,22 industrial 23:7 45:20 46:2,3 industrials 45:22 industrial/transport 45:11 industry 11:4,9,11 inefficient 27:9 inference 46:18 inferred 63:22 inferring 65:11 information 9:24,25 19:3 19:4 20:9 21:4 32:8 33:10 48:1 49:3 75:16 77:6 78:24 79:5,10,14 79:17 80:4,7 infrastructure 47:14 infuse 35:17 initiate 68:6 initiation 70:18 insinuation 43:8 instance 9:20 28:9 76:14 instead 43:4 68:17 insurmountable 58:25 intent 24:3 28:11 69:11 72:16 intentionally 33:21 interest 22:5,7 34:2</p>	<p>interested 46:16 73:9,10 82:25 interesting 55:8 internal 18:8 interrogatories 45:18 introduce 47:23 intuitive 29:13 50:23 64:20 investment 31:19 involve 10:21 72:24 involved 11:7 70:17 involvement 10:9 involves 38:9 in-depth 67:10 Iowa 79:25 80:7 Irrespective 42:22 43:15 issue 41:17,25 46:11 55:3 58:17 issued 25:20 issues 21:6,6 32:11 37:2 54:21 itch 80:6 iteration 33:23 iterative 33:21 Le 24:16</p> <hr/> <p style="text-align: center;">J</p> <p>J 40:17,17,21 job 72:4 John 1:15,22 2:2,15 3:10 82:12 joint 1:3 41:20 74:13 Jr 2:2,15 3:10 just 10:2 11:10 22:17 23:5 29:17,18 30:3 36:11,20 37:1 42:16 43:16 46:2 51:25 52:20 53:2,4 56:3 58:4,5,20 60:15 68:17 69:2 70:2 70:8 71:4 72:23 73:9 75:1,22,23</p> <hr/> <p style="text-align: center;">K</p> <p>KAPPES 2:3 keep 28:11 29:6,17 33:22 33:22 34:2 59:4 keeping 11:13 36:24,25 71:16,16 kick 38:17 67:23 kicking 38:16 kind 22:1 28:10 71:3 know 4:24 5:23 6:13 7:10 7:13 10:3 12:12,16,17 12:17,24 18:19,21 20:6 21:17 26:7 28:9,17,21 28:22 35:20 36:7 41:4</p>	<p>44:18 47:7 51:9 55:24 56:2,18 57:2 59:3 65:2 70:11 71:16 72:13 75:11 79:14 knowledge 5:5 9:10 26:14 33:20 34:4 48:14 49:11 52:12 75:6 78:23</p> <hr/> <p style="text-align: center;">L</p> <p>L 1:11,12 2:18,19,20 3:4 81:5 82:6 83:10 labor 39:15 lack 13:8 56:6 lament 52:8 laments 52:4 language 5:10,13 large 22:8 58:17 82:6 last 8:23 10:12 39:6 40:23 55:21 74:22 late 28:9 79:3 later 77:15 law 34:23 least 26:10 35:16 44:12 65:13 67:9 70:20 leave 78:9 left 38:11 legal 67:12 legitimate 13:11 less 6:7 25:11 29:14 53:18 54:9 62:18 71:17 lessened 71:13 let 22:17 30:20 33:17 42:4 63:1 72:17 letting 10:2 let's 5:25 7:16,16 14:9 15:24 25:5,7 27:21 28:21 37:4,4,7 38:8,8 38:10 51:3 52:17 53:2 53:4,13 58:10 60:23 61:18 67:2 68:11,12 69:2 70:4 74:22 level 6:7 65:3 66:6 levels 66:19 LEWIS 2:3 liberate 57:21 58:3,18 LIHEAP 6:1,1,3,9 14:10 14:11,13,19,20,24 15:2 15:2,8 18:20,22 19:13 19:16 20:3,22 21:2,3,9 21:13,15 22:1 24:20,20 24:24 28:15,15,22,25 32:23 42:15,17,25 43:1 43:21,25 44:1,5,16 51:22 53:24 57:15 58:7 58:7,11,13,20 61:6,19 64:4 77:7,9 78:1,3,6,15</p>
--	--	---	--

May 19, 2004

78:18,21,22 79:7 like 9:5 13:18 20:8 30:21 32:21 36:8 47:10 69:17 70:8 80:13 likelihood 28:3 likely 63:17 64:17 65:6 limit 21:19 line 4:10,10,15,15 19:21 19:22,22 40:18,19 49:12 60:12,13,14,15 60:20,21,23 61:4 77:23 77:23 linear 64:6,11 lines 5:15 16:21 62:4 list 32:18 litany 32:7 71:24 little 5:25 16:17 36:13 47:17 logical 59:19 long 7:6 12:11 26:5 31:17 37:14 40:4 longer 64:18 look 9:5 20:8 67:4,8 69:5 79:25 looked 66:9,10 68:14 69:6 74:2 80:2 looking 31:15 35:13,15 40:12 49:12 53:11 60:17,17,19 68:16 looks 30:21 losing 39:5 lost 15:19 60:20 lot 37:1 71:17 lots 17:15 low 47:1 77:21 lower 51:17 low-income 2:21 5:17,21 7:17,20 11:19 42:12 47:2 73:6,10	69:11,18 70:13 72:18 makes 6:15 16:22 17:10 32:4 making 23:6 30:5 44:9 44:13 51:2 64:17 74:5 man 13:13 manage 27:12 manageable 69:12 managed 46:13 management 11:17 manager 8:12 manufacturers 9:3,21 10:9,20,25 41:2 55:13 73:4 74:19 manufacturing 1:14 2:2 9:14 10:16 22:6,8 82:11 many 7:18 12:17 19:16 35:15,17 36:2 38:15 40:22 55:21 77:20 78:17 80:11 March 8:24 Marion 1:14,15 82:2,5 82:13 83:15 mark 42:5 marked 3:1,18 42:6,8,9 market 46:7,10 47:8 marketplace 37:16 Martin 13:2,3 massive 47:25 material 12:3 76:17 math 31:15 45:11 matter 3:6 39:22,25 41:5 43:17,17 47:9 56:3 66:11,11 79:13 82:9 Matthew 2:9 may 1:16 9:20 13:18 19:18 22:15 40:17 54:17 69:22 82:14 83:4 maybe 34:8 MCF 53:3 mean 6:14 16:10 27:2 34:7 35:20 38:5 41:22 41:25 46:2 49:24 51:2 52:7,17,23 57:3,20 59:11 62:13 66:10,11 66:22 67:15 69:2 73:7 80:3,6 meaningful 21:23,24 means 21:11 35:8 56:4 68:25 71:7 measure 52:13 meet 21:25 meeting 9:17,22 meets 6:6 Melanie 12:2 18:15	memory 8:4 19:9 41:23 mentally 41:11 met 67:12 meter 53:4 73:25 Michael 2:5 middle 4:9 middleman 27:13 29:19 might 28:6 34:8 48:12 49:25 57:1 63:25 64:2 79:18 80:5 Mike 33:2 million 23:17,19,22 31:12 32:3,4 35:16 40:25 70:14,14 79:20 mind 70:13 minimal 51:22 minimum 24:13,15 40:24 minor 4:1 minutes 73:14 mistaking 6:13 misunderstood 58:8 mobile 37:1 54:9 71:17 model 27:7,17 moment 22:17 25:7 30:20 37:7 42:13 52:17 63:1 72:5 77:17 money 10:19 11:1 26:3,4 26:17 27:2 28:7 29:1 29:17 30:2 34:22 35:2 37:6 38:9,13 39:5 41:9 41:10 42:17 43:5 49:8 49:20,22,24,24 55:11 56:8 58:3,4,19 66:14 67:23 72:25 73:4,11 monies 49:22 50:3 month 25:6 28:22 62:1,2 63:7 monthly 65:16,17 more 5:20,23 15:5,12 25:25 27:15 28:12,14 34:22 35:2 36:18 47:4 50:12 57:22 58:4,18,19 59:5 65:6 69:13 morning 3:11,12,24 most 21:8,25 27:8,12 33:10 36:18 40:7 70:18 70:20 79:23 mostly 32:20 move 37:4 38:10 much 13:24 16:15,18 22:11,24 26:11 41:15 49:20 50:10 65:6 80:17 Mullet 33:2 multiply 23:15 must 52:14 myself 15:16 50:16	N N 2:1,13,13,13,17 83:10 name 66:25 natural 7:18 36:18 41:13 naturally 14:14 26:21 nature 67:6 Near 13:22 necessarily 42:3 neck 65:14 need 13:15 30:1 35:2 36:19 40:8 41:13 45:1 46:20 47:8,11 51:5 64:6 65:18 67:10 80:6 80:9 needed 63:21 75:18 needs 20:22 21:2 needy 21:25 neither 35:1 net 62:22 netted 61:12 new 17:18 49:20,22,24 75:19 next 23:19 73:15 nice 72:4 Niel 6:24 74:14 nine 70:14 NIPSCO 13:1 none 4:24 71:23 nonpayment 28:6 79:2 nonweatherized 52:23 non-LIHEAP 20:22 21:16 57:23 non-recipients 28:16 58:7 North 2:10 notarial 83:4 Notary 1:13 82:5 notes 45:16 82:17 nothing 3:6 8:6 82:8 notice 1:16 notices 78:25 notion 40:1,3 54:15 56:5 65:4 number 3:19 4:8,9,13,14 4:15 5:3,15 6:20 15:1 18:3,19,21 19:6,21,22 20:6 21:17 22:16 23:5 23:23 26:22 28:5 32:11 32:22 35:14 36:7,24 42:10 49:13 50:3 51:25 52:16 53:9 54:21 56:1 61:12,13 63:8,20,25 64:2 71:13 77:13,18 78:21 numbers 18:25
---	---	--	---

L. Douglas Petitt
May 19, 2004

N501 2:11	opposed 25:18 46:11	45:18,20 47:16,18	36:15 37:9 39:17 47:3
option 73:25 74:1	order 17:21 35:18 36:14	49:13 60:8,25 63:5	47:3,4 50:18 52:14
options 73:22,24	original 4:8,9	74:22 77:17,20	57:22 58:2,4,16,19,20
O 2:13,13,17 83:10	other 4:12,14,21,22,24	paid 26:12 34:18 39:23	59:4 65:21 67:13 72:24
oath 4:25	8:3 11:3,9,11 12:13	43:25 44:19 50:8 79:3	79:12
objection 33:11	17:6,11 18:2,7 21:13	paper 74:7	per 51:12,12 52:11 53:3
objective 65:25 69:9	28:8 29:9 32:14 38:6,6	paperwork 74:3	53:3 63:7 73:25
objectives 11:16	38:16 39:21 43:11 50:3	paragraph 40:17,17,21	perceives 42:1
obtaining 79:14	51:14,19 55:16 57:18	paralysis 80:12	percent 4:18 6:6 19:24
obviously 28:12 43:9	60:2 61:8 63:3,6 66:19	parcel 73:13	21:10,11,15,19 23:14
occur 11:6 39:10 63:18	67:18 71:20,23 74:1,1	pardon 4:11 15:2 29:22	25:7 43:7 45:13,21
71:21	74:25 76:2,9,21,22	30:25 63:1	51:23,24 62:7,12,17,18
occurred 10:10	77:4,5 78:17	Parsell 2:9	65:3 66:5,6 78:2,6,9
occurrences 66:8	others 12:16,17 18:6	part 30:15 37:5 46:2	percentage 21:15 26:11
off 36:10 59:14 61:8 63:8	71:23	48:18 49:14 57:19 69:3	42:16,22 44:18,22
63:9 70:2 79:1	otherwise 16:20 35:18	69:14 71:2 73:13 76:18	45:14 51:23 77:7,8
offer 3:23	40:13 49:4,15,25 51:6	partially 30:23	perform 74:23
Office 2:8,9 9:12 41:20	64:1,3,15 65:1 82:25	participant 15:23	performance 17:4
54:18 74:17	OUCC's 71:25	participants 11:12	perhaps 77:14
officer 8:11	ought 7:11 9:5 37:11,12	participate 14:16	period 4:17,19 8:23 9:2
offices 1:14 82:12	40:4 47:3 56:5 67:24	participated 9:23	39:16 41:13 64:16
oh 10:13 18:5 30:25 34:7	74:12,20	participation 6:10 29:12	periphery 11:9
39:1 40:12 50:10 60:22	ourselves 80:11	74:11	person 28:22 74:18 82:23
Ohio 7:22,23 76:13	out 13:19 17:20 22:23	particularly 35:8	personal 27:8
okay 5:6,25 6:8,12 7:6	25:21 28:5,11 29:7,18	parties 11:3,9,11 74:13	personally 48:14 50:16
14:7 16:10 19:25 20:1	30:4 32:8,24 34:7 37:6	82:21	perspective 11:14 48:23
20:20,25 21:18 22:18	38:9 41:10 48:1 50:7	party 10:4 74:14 82:25	65:25
22:19,20 24:18 25:10	50:10 51:10 56:25	83:2	petition 1:3 72:17
25:14 27:6 29:6 30:18	65:13 66:17 67:3 71:24	passage 57:21	PETITIONER 2:5
30:25 31:9 37:6 45:4	72:25 73:4,11 75:14	past 62:1,2	petitioners 47:21
47:2,19 52:22 56:9	77:10 79:18	path 68:5	Petitt 1:11,13 2:18,19,20
58:12,15 60:21,22 61:2	outline 16:25	pay 7:20,21 25:14,15	3:4,11,13,14,15,16 5:6
61:3 62:10 65:3 74:3	outlined 11:16	26:5 27:3 29:14,15,21	22:5 24:18 27:16 35:14
74:22 77:12 78:9	outside 11:10 17:7 59:7,9	29:24 30:3,5 34:12,13	40:1,22 41:15 44:18
omit 38:6	59:17 61:9	47:4 50:11 51:18 58:2	56:18 73:18 80:17 81:5
one 1:15,23 2:3,6 8:12	over 19:23 50:2 62:2,22	58:18 62:17,20 64:16	82:6
10:1 11:3 12:22 13:16	overall 44:20,24 51:2	64:17,21,22 65:1,6,23	phase 44:5,5 65:13
17:24 18:1 30:20 31:16	overrecovery 34:2	65:24 66:3,4,6 73:12	phenomenon 52:11
31:21 33:9,9 34:7	oversight 72:23	74:12	phrase 5:16
35:10 44:5 50:24 53:6	owe 25:12 28:23,24,25	payback 31:13,17,18	picked 34:7
53:19 63:1 69:8,24	57:24	payer 37:20,22 38:1	picture 52:20,23
70:2,10,11 71:13 72:5	owed 29:11	payers 37:23 38:7,10	piece 38:3
73:7 74:1 75:24 82:12	owes 25:6	40:9 44:25 49:9 60:5	pilot 1:8 15:24 16:5,11
one-half 38:22	own 27:8 57:13 75:22	70:13 73:11	16:21 21:22 23:20 31:3
ongoing 29:14		paying 39:24 62:20 64:25	32:18 62:23 68:11,21
only 9:20,24,24 10:4		65:22 74:20	69:14 70:16 72:14
11:13 13:6 36:9 37:19		payment 25:19 27:22	79:16
37:25,25 38:6 39:3		46:14 73:19 77:22	place 1:16 15:15
40:11 53:20 64:3 65:22		payments 28:2 34:2	plan 1:8 6:8,14 15:4 16:6
68:16 78:20		pays 26:16	21:20 60:3 73:10 78:11
onto 29:24		pending 45:7 52:2	planning 66:12
opinion 27:8 30:10 44:12		Pennsylvania 12:8,9 17:5	plans 46:14,14
57:13 58:21 64:10 65:8		17:7 69:21 70:1	please 20:11,24 42:5
69:7		penny 39:9	56:21 72:5
opportunity 29:15,19		pension 67:2	pocket 50:7,11 65:24
39:20,23 68:3 80:13		people 2:21 21:19 36:12	73:1

pockets 37:6 38:10 73:5 73:12	54:9 64:21	projects 31:19	qualify 49:11 66:13
point 10:2 13:19 16:20 18:3 24:17 28:7 29:9 32:2,6 38:24 47:20 55:9 63:5 65:3,7 68:6 68:24 69:19 70:6,10,16 71:15,18 76:10,13	probable 33:10	propensity 51:18	qualifying 5:16,21
pointed 71:24	probably 31:23 36:9 39:25 68:18 75:20	proper 19:5 28:2	question 7:8 9:9 15:17,20 16:14 20:12,13,24 29:22,22 30:3,7,8 32:22 35:13 39:8 43:4 45:7,9,25 46:19 47:7 55:8 58:9 60:8 71:5 75:1,16 77:19
policies 37:2	problem 21:9 79:18	proposal 6:10,13,15 37:4 37:5,8 44:22 73:20 74:24	questions 2:15 3:10 10:12 45:19 80:17,19 80:20
policy 27:18 36:11,16 39:22,25 41:5,25 58:1 58:17 65:25 70:4	Procedure 1:16 82:15	proposals 48:9,11,12	quickly 68:6 80:14
poor 37:11,12 40:4 58:4 58:6,20	proceeding 14:4,23 43:15 54:14	propose 43:6	quite 16:10 30:9 31:21 48:19 69:17
Popovich 12:2,4,25 13:4 13:7,8,14,24	process 11:3,7 15:23 33:22 59:5,8,10 68:3 76:18 80:15	proposed 6:8 22:14 38:15 43:19 44:3 48:6 54:3 57:21 70:9 71:9 79:22	quote 49:20,21
Popovich's 18:15	processes 73:2	proposing 11:1 14:23 17:24 22:12,25 23:2,18 23:21 31:13 42:21,23 43:8,13 55:11 74:23	Q-10 18:8 22:15,17,21 23:3 30:15,20,22 31:10 33:24,24,25 34:25 38:19 39:7 60:8,24,25 61:2 63:4 74:22
portion 38:8 49:18 53:12 53:13	produced 1:13	prove 50:20	Q-11 13:17,18,23 18:9,9 18:13
position 37:24 51:4 66:6	product 34:14	provide 13:7 19:4 26:7 27:9 35:2 37:16 47:13 64:10 65:8 66:1 70:20 77:13,14,14 79:11,23	Q-14 60:7
positively 55:5 68:9 80:15	professional 75:12 82:4	provided 7:24 12:13 19:12 30:12 34:20	Q-7 16:23 17:2,6 18:2,7
possibility 7:17 57:25	professionals 77:2	providers 9:4,22 10:10	
possible 8:22 67:24 68:2 68:7,9 69:12 80:15,15	program 1:8 4:17,19 6:16,17,18,19,23 7:7 7:12,14,17,23 8:3,7,11 8:13,18,25 9:3,5,15 10:7,14,17,22,25 11:16 11:19,22 12:3 13:10,12 13:13,15 14:7,22 15:7 15:24 16:3,5,11,21,24 17:1,10 18:7 20:21,25 21:22,22 22:14 23:20 23:24 24:18 26:10 27:9 27:19 28:18 29:10,12 30:9,10,13,17 31:3,11 31:13 32:13,18 33:18 37:3,19,21,24 38:9,11 38:12,15 39:4,19 40:10 40:15 42:12,13 43:17 44:3 45:13 48:19,21,24 48:25 49:19,23 50:9,15 53:20 54:4 55:11,19 57:7,21 59:16 61:15,20 62:9,23 63:13,21,23 65:19 66:1,12,17,18,25 66:25 67:2,4,7,9,24 68:6,11,20,21 69:9,14 69:15,19,21,24 70:1,7 70:9,17,19,24 71:8,15 71:22 72:14,17,21,24 73:2 74:12,20 75:19 76:16,20 78:12 79:11 79:16,20,22 80:13	provides 43:20 47:5	
post-filing 9:19	projected 30:14 51:10 63:14	providing 1:14 2:3 12:3 15:25 25:11 33:11 34:16 47:10 68:22 82:11	R
potential 7:14 79:23	programs 16:16 17:4,16 17:20 32:8 48:3,6 49:5 49:7,16 50:11,14 67:6 67:17,18 70:18 73:6 80:5	provision 13:24	R 2:1 83:10
potentially 54:16	projection 70:19	public 1:5,6,13 36:11,16 37:1,22 39:25 41:5 58:1,17 70:4 82:5	raise 51:5 65:2
poverty 6:6 17:19 21:19 65:3 66:6	projections 70:17	publicity 41:15	raises 52:25
practices 75:14		pulled 71:2	ran 33:8,17
pre 9:18		pulling 26:20	rapidly 25:25 32:25
prefiled 3:21 4:12 5:1		purely 5:8	rate 24:23 34:21 37:20 37:22,23,25 38:7,9 40:9 43:6,8,11,12,20 44:25 46:17 49:9 51:2 51:8 52:2 53:11,13 56:20,22 59:23,25 60:4 70:13 73:11,20
premise 59:2		purport 6:19	rates 39:17 43:9,13 46:4 51:5,9 52:25 53:8 63:20
preparation 20:21 54:14 76:16		purports 52:13	rather 4:6
prepared 18:16 38:11 54:14 74:4		purpose 44:9,10 63:4 75:17 80:5	raw 79:17 80:4
prerogative 56:10		purposes 3:17 12:2 14:3 27:17 35:10 42:8 45:25 48:11 61:14 63:12 76:15	reach 65:24
presentation 40:15		pursuant 1:7,16 82:15	reached 64:5
presented 82:20		pursue 57:22 70:15	reaching 27:17
press 41:17,21,25 42:12		put 13:10 17:13 23:4 29:24 35:11 70:14 73:1	read 15:18,20 20:13 45:9
presumably 42:11 61:9 65:12 71:11		putting 63:4,12 72:21 80:13	real 66:22
presume 56:16			really 46:21 66:17
presuming 28:19			realm 17:7
presumption 57:11 60:13			reason 13:11 14:19 53:19 67:21 79:9
pretty 8:15 33:16			reasons 7:18
previous 21:21 30:8 47:6			recall 8:14 9:17,18 10:4 36:8
previously 17:11 29:16			
prices 24:6 33:6			
prior 7:7,10 9:11 10:2 12:20 18:24 29:11 73:18 74:23			
probability 51:18 53:19			

L. Douglas Petitt
May 19, 2004

receivables 57:14,17 60:11 receive 14:11 15:2 22:3,4 25:5,10 26:25 43:2 54:7 56:13 62:16,18 received 16:9 19:16 26:21 27:1 40:11 60:12 receiving 14:19,24 20:22 21:3,16 24:20 28:23 42:17 43:21 recess 45:6 73:17 recipient 28:25 42:16 recipients 21:9,13 28:15 43:1 51:22 57:23 58:13 58:20 78:7 recollect 41:19 recollection 7:3 14:1 recommended 37:8 reconnect 28:10 reconnection 27:24 28:14 79:4 record 82:19 recover 14:6 57:17 61:10 61:22 recovered 61:23 recoveries 60:12,14 61:7 61:18 recovery 14:3 59:9 61:12 recreated 33:16 recreating 69:10 reduce 5:20 29:10 50:18 50:21 reduced 57:6 60:5 82:17 reduces 52:18 reduction 30:17 51:7 62:18 reductions 39:1 43:20 refer 6:12 13:16 18:8,9 19:18,21 21:21 22:15 24:2 30:15 31:10 32:7 38:19 39:7 40:16 45:18 60:7 76:3 77:16,19 80:9,10 reference 45:16 58:8 74:7,8 referenced 80:10 referred 6:18 80:12 referring 59:23 reflect 23:2 24:25,25 25:2 56:19,24 59:21 61:5,7 62:5,19 reflected 60:13 reflecting 25:10 31:16 reflects 24:22 30:23 regard 39:6 48:1 66:22 regardless 49:8	Registered 82:4 regularly 41:24 regulation 17:8 regulatory 1:2,8 16:6 40:12 51:8 reimburse 40:10 related 46:6,9 61:5,18 relates 5:11 relating 3:6 8:7,10 47:23 relationship 13:4 relative 82:24 release 41:17,21 42:11 42:12 releases 42:1 reliable 37:17 47:13 relied 11:25 18:6 21:4 rely 11:22 24:13 77:1 remain 37:16 remainder 23:5 36:22 remained 65:9 remember 8:14 12:16,18 repeat 15:17 20:24 46:8 56:21 58:9 71:5 75:1 report 17:3 18:15 55:15 71:23 reporter 15:21 20:14 45:10 82:4 represent 45:12 representative 74:16 represented 9:20 82:21 request 34:1 requested 19:3 require 49:1 required 31:19 35:18,22 49:14,25 50:6 57:16 65:1 requires 80:4 reread 20:11 research 13:8 21:1 reside 32:20 Residence 83:14 residential 26:6 43:6,20 51:13 52:5,15 53:21 77:8,21,24 78:2,5,10 78:15,18 79:6 resources 40:7 respect 10:6,13 12:4 14:7 16:11 21:1 22:11 64:3 64:7 76:23 78:16,24 respectively 23:22 responds 36:13 response 13:17 34:1 45:19,19 61:2 responsibility 15:15 66:4 74:21 rest 63:11	result 43:10,24 57:6 71:21 resulted 10:7 retain 40:13 retaining 22:5 revenues 44:18,20 review 67:6 74:4 80:7 reviewed 52:1 75:17 revolution 51:12 right 3:17 6:1,3,18,21 7:4 11:21 12:19 20:4,17 21:12 22:21,21 25:6 26:3 28:24 32:23 35:14 35:23,25 37:24 38:21 43:14,16 52:21 58:14 64:24 65:19 66:15 70:3 71:4,6,23 73:12 75:25 76:12 ripple 36:20,20 rises 32:25 risks 54:10 robust 33:2 Room 2:11 roughly 52:4 62:11,14 63:7,15 78:2,4,8 RPR 1:13 Rules 1:16 82:15 run 33:1,5 34:7,9 72:17 runs 33:17,19	see 5:17 7:16 15:24 16:8 21:23 26:23,25 30:7,20 33:17 42:20 43:18,23 50:10 55:1 68:12 69:2 73:15 seeing 35:9 seeking 46:17 47:4 64:1,3 seemed 33:9 seen 7:19 21:5 segmentation 68:16 segmentations 68:14 69:7 Senate 2:10 send 29:7 56:8 sense 6:15 7:24 16:22 17:10 24:15 32:5 33:7 33:8,15 56:1 57:12,14 57:17 58:2,21 69:1,13 70:13 sentence 4:16,17 40:20 sentences 4:7,11 September 83:13 seq 1:7 serve 47:15 77:24 served 34:14 service 1:8 6:19 16:16 17:4 18:12,18 19:1,14 24:22 25:11 28:2,3,4 29:25 30:17 34:16,19 35:2,9 36:2,12,18,25 37:17 41:2 44:6,13,14 44:17 46:1,21 50:9,19 51:3,15 55:13,22 58:16 64:6 66:1 78:6 79:19 services 11:22 12:5,14 13:7,25 16:13 32:2 47:5,11 68:22 serving 68:18 set 4:21 16:22 17:10 42:13 83:3 settlement 9:12 10:8 35:18,23 38:17 49:14 50:1,2 seven 45:18 share 35:16 36:3 55:19 55:23,23 56:4 shared 5:10,11 7:2 9:25 sharing 7:7,11 shelf 70:2 show 18:1 23:2 30:16 56:23 60:3 showed 35:1 shows 34:25 side 31:9 37:5 SIGECO 5:12 22:5,11,16 30:23 31:1 34:18 36:12
---	--	--	--

L. Douglas Petitt
May 19, 2004

46:15 62:25 77:11,24 SIGECO's 36:2 77:20 signal 66:22 signature 82:20 signers 72:16 significant 21:8 44:11,11 50:17 51:24 56:1 66:25 similarity 5:8 simple 27:25 33:16 36:17 64:23 simpler 29:17 simplest 53:2 simplified 51:9 simply 11:18 30:9 42:14 43:19 48:19,24 68:11 since 17:18 sincerely 56:2 single 17:23 18:1 54:4 55:10 70:7 sir 3:12 5:5,19 6:2,22 14:5 27:20,25 29:5 60:19 62:24 80:18 sit 70:20 situation 65:21 six 5:15 27:21 skip 27:13 29:18 30:2,4 slope 46:12 social 12:5 16:12,16 17:16,21 18:11 32:2,8 32:11 36:20 54:21 67:6 68:20 71:18,24 societal 55:3 sole 12:20 solely 12:22 some 5:10 7:15,24 9:20 10:2 12:3 13:8,10 14:19 15:15 18:10 28:7 43:10,10 45:1 48:22,22 58:2,2 61:8,9,10 67:1 67:11 73:25 77:3 somebody 21:12 40:5 66:7 somehow 28:7 65:22 someone 29:23 something 36:8 42:1 73:2 somewhat 64:11 somewhere 54:20 soon 8:22 sorry 15:17 20:24 46:8 47:17 55:24 58:9 68:10 72:10 sort 67:1 68:15 77:3 source 38:6 SOUTHERN 1:3 speak 32:11 69:11 75:15 speaking 27:14	specific 11:6 17:13 35:12 47:23 49:6 50:22 52:9 55:15 specifically 5:15 9:16 25:3 27:11 49:12 68:24 69:6 75:11,15 76:25 77:4,5 80:1 speculate 57:12 speculation 57:19 speed 11:13 spend 55:10,11 spending 57:13 spent 14:6 split 30:19 37:4 spoke 7:14 9:4 30:1 spread 36:22 51:10 spring 7:4 8:23 11:17 Square 1:15,23 2:3,6 82:13 SS 82:1 stairstepping 66:17 stairs 66:23 stake 47:14 stamp 27:6,17 stamps 67:8 standpoint 24:19 27:18 51:2 58:1 start 21:22 24:3 40:19 60:23 starting 24:17 77:23 starts 39:3,3 77:20 state 1:1,14 6:5 7:23 34:11 48:20 68:17 69:8 80:3 82:1,5 stated 4:18 69:8 statement 5:20,23 9:1 14:21 68:1 69:18 76:24 States 70:7 State's 19:3 statistical 33:3 stay 28:5 58:22,22 staying 21:7 stenograph 82:16 step 38:8 61:18 70:5 72:7 72:9,10 steps 27:14 69:1 73:7 79:23 Stewart 10:2 still 43:10 51:24 53:15 56:12 65:15 stipulation 24:2 40:16 straw 13:13 striation 66:19 strictly 21:5 22:16 strike 8:16 14:8 16:18 18:23 19:10 20:1 25:23	32:14,16 38:3 40:2 41:15,24 51:1 64:13 70:5 73:8,19 76:6 77:7 78:13 strong 37:10,12 structured 34:21 studies 17:20 18:6 21:1 65:4 study 49:2 54:13 55:10 75:3 76:7 submitted 42:12 48:15 54:17 subsequent 14:3 subsidization 43:11 substantial 5:12 36:7 substantially 38:2,5 success 67:25 68:3 79:24 SUCCESSOR 1:5 sufficiently 34:18 suggest 32:3 56:10 69:4 suggesting 48:25 suggests 37:5 55:10 Suite 2:7 summarizing 72:4 sundry 68:14 superior 8:11,12 support 6:20 17:24 33:17 41:6 65:4 supported 37:25 supporting 54:15 suppose 74:1 sure 10:19 11:5 16:14 19:19 20:8,10 25:21 31:21,25 33:4,15 46:11 46:19 49:17 52:19 56:6 57:10 66:24 68:24 69:6 69:18 72:6,12,18 73:16 80:1 sworn 1:13 3:5 82:7 system 16:1 22:6,9 23:1 28:8 29:24 31:6,7 44:20 53:24 69:14 systems 68:17	taken 1:14 45:6 72:7 73:17 82:10,16 taking 37:6 38:9 50:10 51:9 73:4 79:22 talk 5:25 10:15 11:11 46:20 47:17 talking 27:2 65:15 targeted 41:14 tariff 24:22 tariffs 46:1 telephone 34:15 tell 3:5 7:22 9:25 10:15 12:18 18:5 24:18 32:1 33:22 40:3 45:23 46:4 47:25 49:17 51:13 59:2 61:11,24,25 70:11 75:12 76:24 77:1,5 82:7 telling 17:23 18:1 67:22 ten 70:14,14 73:15 79:19 tend 50:20 term 13:9 20:4 53:10 terminology 5:25 terms 6:13 21:5 32:15,17 35:22 44:12 65:19 67:17 72:20 79:10 territory 18:19 19:1,14 20:3 36:3,12 41:3 46:1 50:20 51:4,15 55:14,22 58:16 64:6 78:6 79:19 testified 3:7 6:8 testifying 4:25 testimony 2:18,19,20 3:20,21,23,25 4:13,20 5:1,2,2,6 8:6,9 14:9 19:20 23:24 30:12,22 35:15 47:16,20,21,23 51:21 52:1 77:16 82:19 Thank 15:22 72:3 80:17 80:18 their 5:17 11:20 21:7 27:10,11 28:1,2,3,4,12 29:8 41:13 42:18,24 46:16 50:18,21 56:5 58:23 62:17,21 65:13 65:14,24 73:1 82:21 themselves 28:6 54:1 theoretical 69:16 theory 24:13 43:17 56:3 64:12,14 66:11 68:2,5 70:15 thereof 1:16 therm 53:3 therms 52:6,7 thing 20:19 things 28:10 39:21 43:5
--	--	---	--

L. Douglas Petitt
May 19, 2004

<p>think 17:18,22 33:13 39:22 40:3,4 41:5 42:19 45:16,17,23 46:24 47:2,6 48:19 54:19 55:2,3 56:3,4 60:8 66:8 67:23 75:23 76:17 80:4 thinking 56:17,17 third 30:16 42:18,23 60:8 thought 7:25 15:16,19 34:8,17 37:19 51:21 55:9 56:14 66:5 72:22 79:9,16 thoughts 6:14 8:3 36:16 36:17 thousand 32:15 three 4:10 5:14 31:24 38:20 60:25 62:25 66:19 73:14 through 4:10 10:12 23:6 32:21 33:23 39:12 42:25 46:14 50:8 53:4 53:16 59:5 60:8,12,15 61:9 62:4 63:11 72:22 73:3 77:22 throughput 51:10,11 throw 44:17 time 1:16 8:1,20,20,23 9:2,25 11:1,8 12:21 16:7 18:3 26:3,4,17 28:7 29:9,23 31:2 34:6 34:25 57:14 61:24,25 62:2 64:16 68:6 times 23:15 tiny 69:1 titled 54:19,20 today 4:25 24:25 48:19 50:12 63:16 70:20 together 13:10 23:4 35:11 63:4,12 71:3 72:21 told 12:18 top 6:24 8:5 52:16 63:5 total 31:11 51:23 53:14 62:23 63:10 towards 49:15,18 53:20 54:4 57:18 train 15:19 transcript 82:18 transition 65:21 transport 45:15 transportation 22:13,25 23:18,25 44:19 53:23 54:5 70:23 71:7,11,20 74:10,19</p>	<p>transporters 44:23 54:25 55:13 Trial 1:16 82:15 tried 73:3 troubled 77:22 true 24:22,22 82:18 TRUST 1:6 TRUSTEE 1:6 trusts 43:5 truth 3:5,6,6 82:8,8,8 try 11:18 68:12 trying 9:17 16:2 17:19 40:6 56:25 69:2 turn 5:14 14:9 47:16 57:18 74:22 turning 33:24 35:14 two 4:1,7 22:11,22,24 23:3,19 31:10 37:4 44:5 64:25 65:5 type 9:21 24:12 48:10 55:19 72:20 typewriting 82:17 typewritten 82:18</p> <hr/> <p style="text-align: center;">U</p> <hr/> <p>U 83:10 Uh-huh 13:21 25:9 ultimate 74:9 ultimately 36:22 56:13 unaware 56:15 under 4:25 6:8 28:18 34:23 39:4 40:20 44:3 44:22 48:19 49:25 50:6 54:3 55:11,20 78:11,12 82:17 underlying 49:3 62:13 underpinning 74:3 underrecovery 35:8 understand 6:1,3,5 12:9 16:14,24 20:4 33:17 46:19 56:16 66:10 71:4 75:2,14 77:2 understanding 11:15 16:11,23 19:10,11 34:11,13 35:24 48:5,8 48:10 50:5 63:2 67:16 69:21 79:13 undertake 8:18 65:20 76:20 unit 51:12 53:3,6,14 United 70:7 units 53:9 universal 1:8 6:19 17:3 29:25 30:17 44:6,17 50:8 unless 78:22</p>	<p>unregulated 74:25 75:5 75:10 until 39:10 upper 11:16 usage 28:13 51:5 52:5,15 52:18 53:18 use 24:25 28:13 52:10 53:10 59:7,9,12,13,17 61:9 used 29:16 65:22 76:15 users 22:9 uses 35:16 USF 59:22 60:3 utilities 1:4,5 16:10 22:23 34:12,13 39:22 55:20 60:4 68:4 utility 1:2,6 2:6,9,9 7:22 9:12 12:7,9,23 17:8 27:4 34:3 35:1 41:20 54:18 60:6 67:18 68:17 74:17 76:14 77:4 utility's 58:3 utilized 63:3</p> <hr/> <p style="text-align: center;">V</p> <hr/> <p>value 25:25 26:3,4,17 Vanderburgh 69:3 variable 24:7 75:24 variables 24:16 various 33:9 63:12 68:14 69:5,6 73:19,20,22 vast 5:7 Vectren 2:21 5:12 6:23 8:10 9:13 14:2 18:19 20:21 23:1 24:21 25:22 25:24 26:18 31:6,7,18 35:15,17 36:11 37:10 38:11,16 39:3,5,9,10 40:22,24 41:15,17,19 41:24 46:6,9 50:16,22 55:20 73:18 74:16,18 74:23 75:3,7,17 76:20 77:13,14 78:6,14 Vectren's 21:8 24:12 41:25 VERIFIED 1:3 verify 63:1 versus 5:12 14:11 30:13 43:19 very 7:5 11:18 16:17 30:11 36:13 37:14 51:9 55:9 70:12,12 80:17 veterans 67:2 viable 37:16 virtue 11:4 43:2 72:14,15 79:21</p>	<p>vital 47:11 volatility 46:7,9,13 volume 22:9 volumetric 73:23</p> <hr/> <p style="text-align: center;">W</p> <hr/> <p>walk 32:21 60:15 want 21:22 30:5 40:9 47:17 69:5 wanted 8:21 29:20 wanting 46:22 Warmth 35:16 36:4 55:19,23,23 wasn't 71:2 79:9 water 34:15 way 6:12 27:12,18 40:7 53:4 ways 36:24 weather 54:11 weatherization 47:18,22 47:24 48:1,5,17 49:5,7 49:19 50:11,14,17 51:7 52:18,24 53:19 weatherize 51:3 weatherized 50:21,24 51:14,15,17 52:21 53:17 weatherizing 53:20 well 10:19 11:7 12:10,13 12:20,25 14:8 16:15,18 18:5,9,23 20:6,20,25 21:11,18 22:11,24 23:2 23:24 25:22 26:16 27:16,21 29:3,10,17 30:7,12 31:18 32:1,22 33:5 34:7,11,17,22 36:2 37:4 38:3,3,5,8 39:9,17,22 40:1,1 41:24 42:4,20 43:8,13 43:23 44:22 46:15,20 47:7,13,16 48:9,16 49:20 50:10,13 51:1,8 52:1,4,12,17 55:21 56:8,12,22 57:3,10 58:1,5,10,21 59:15,24 59:25 60:3 62:1 63:23 64:5,24 67:2,13,21 68:8,10,14 69:1 70:4 71:10 72:13,23 73:7 75:7,16 77:14 78:24 80:3,9 went 49:3 73:3 were 3:1,23 4:25 8:24 9:2 9:7,9 11:18 12:16 18:6 18:8 19:1 21:2 30:2 32:10 35:13 36:3 44:10</p>
---	---	---	---

May 19, 2004

Connor & Associates
(317) 236-6022

1 Q. PLEASE COMPARE THE ASSISTANCE PROVIDED IN PHASE II OF THE
2 PROGRAM TO THE CURRENT LEVEL OF EAP SUCH CUSTOMERS
3 RECEIVE.

4 A. It is estimated that Phase II bill discounts essentially will double the relief provided.
5 Vectren estimates that there are approximately 21,200 low-income customers who
6 will participate in the Program. Under the current assistance program, these
7 customers would receive on average \$250 per winter from federal LIHEAP funds. In
8 addition, Vectren infuses at least \$500,000 in Share the Warmth funds, which results
9 in \$26 on average, for a total of \$276 in average assistance. This is compared to an
10 average bill of \$838 in 2004, if it were a full year. For the year 2005, these same
11 customers would receive \$432 on average. ~~Not only will these customers receive a~~
12 ~~greater benefit, but realistically, more customers could be expected to receive~~
13 ~~benefits. The existing funds are finite and once they are gone no more customers can~~
14 ~~be assisted. The Universal Service Fund approach has the ability to assist greater~~
15 ~~numbers of low-income customers in times of need.~~

16 Q. PLEASE DESCRIBE WHY YOU BELIEVE THERE IS A NEED FOR A TWO-
17 STEP IMPLEMENTATION PROCESS AND THE DIFFERENT
18 PERCENTAGE REDUCTION AMOUNTS DURING PHASE I AND PHASE II.

19 A. In order to address the immediacy of the need for additional assistance to low-income
20 customers and to avoid the cycle of disconnection/reconnection, we propose to start
21 the Program as soon as possible following Commission approval by creating a period
22 of transition from the State's existing EAP program into next heating season's pilot
23 Program. During Phase I, or the Stop Gap Period, customers already will have

1 eligible customers directly attributed to this program is \$2,327,299. This assumes a
2 discount of 25% for the months of August through October, with November and
3 December bills being discounted 50% on average. Note that some customers will
4 receive a 45% discount, while others will receive either 50% or 55%. For the full
5 year of 2005, the full discount will be in effect, with eligible customers' bill being
6 discounted by \$9.76 million. The effective savings for 2006 through October would
7 be \$8.38 million. These savings do not include the benefits from the weatherization
8 funding.

9 Q. WILL THE PROGRAM HAVE AN IMPACT ON THE NUMBER OF
10 DEFAULTS AND BAD DEBT EXPENSE CAUSED BY THOSE DEFAULTS?

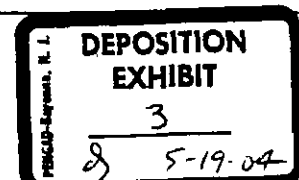
11 A. Yes, I believe it will.

12 Q. HAVE PETITIONERS ESTIMATED THE IMPACT OF THE PROGRAM ON
13 THE NUMBER OF DEFAULTS AND LEVEL OF BAD DEBT EXPENSE
14 CAUSED BY THEIR LOW-INCOME CUSTOMERS?

15 A. Yes, number of defaults is estimated at 4,054 customers with an associated expense
16 of \$745,936 *without the Program. We anticipate a 50% annual savings with the Program.*

17 Q. IS \$745,936 A SIGNIFICANT PORTION OF IGC AND SIGECO'S ANNUAL
18 BAD DEBT EXPENSE?

19 A. No. This amount represents 9.6% of the projected annual bad debt expense.



Classifieds Homes Jobs Wheels Apartments Coupons Marketplace

Digital Coupon

Courier & Press The Gleaner News Sports Business Lifestyle Entertainment Opinion Weather

BUSINESS

Local

National

Money Matters

Computers & Tech

Business Review

Columnists

Previous Local

Sunday, Mar 28

Saturday, Mar 27

Friday, Mar 26

Thursday, Mar 25

Wednesday, Mar 24

Tuesday, Mar 23

STOCKS

Search by ticker symbol, abbreviation or company name

☐ Ticker

☐ Abrv.

☐ Company

Quick Quote



Additional enhanced stock data

EMPLOYMENT

Looking for a job?

- Jobs Online
- Career News
- View Top Jobs

CLASSIFIEDS

Search through classified ads from The Courier & Press and The Gleaner.

- Search Classifieds
- Place an ad Online

HOMES

If you are in the market to buy a home or rent an apartment, we have the

PRINT THIS STORY | E-MAIL THIS STORY

Vectren to give low-income people break

By CAROL WERSICH Courier & Press staff writer 464-7452 or cwersich@evansville.net
March 6, 2004

Low-income customers of Vectren may soon start receiving a 25-percent reduction in their monthly natural gas heating bills.

The reduction could increase to 50 percent, starting in December and running through November 2006.

Advertisement

Vectren officials made the announcement Friday after filing a proposal for the two-year pilot program with the Indiana Utility Regulatory Commission.

If approved, eligible low-income customers would be automatically enrolled in the reduced-rate program, known as the Universal Service Fund.

The plan would be earmarked for low-income customers who already have applied for the Indiana Low-Income Home Energy Assistance Program a federal program administered through local Community Action agencies, said Vectren officials.

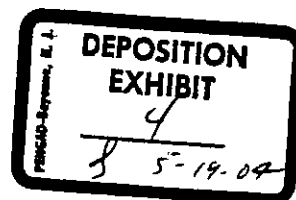
The program is being proposed in cooperation with the Indiana Office of Utility Consumer Counselor.

Search Site

Search Help



Shane
Three Month Membership



perfect tools to help you find your new home.

- **Search Real Estate**
- **Apartments Online**
- **Area Guide**
- **Homes Online**
- **Mortgage Rates**

SITE TOOLS

- **Advertise with us**
- **FAQ**
- **Subscribe**
- **Courier contacts**
- **Gleaner contacts**
- **Courier archives**
- **Site map**

Funding for the reduced rates would first be recovered from the existing stream of state and federal LIHEAP funds and Vectren's Share the Warmth energy assistance program, according to Vectren officials.

Any additional money needed would come from what officials called a small monthly per-unit charge to all Vectren customers in Indiana.

The average Vectren space-heating customer could pay about \$.07 per dekatherm, or less than \$7 a year for the program, officials said.

Mike Roeder, director of Vectren corporate relations, said "The maximum amount more likely would be \$5 a year."

Vectren has 650,000 customers in Indiana, including many low-income customers who have struggled more each year, the past three to four years, to meet the expense of record gas costs, Roeder said.

"The proposed program, modeled after similar plans enacted in Ohio and Pennsylvania, is our creative way to help address this," Roeder said.

Doug Karl, Vectren vice president of marketing and customer service, said he believes the program would bring a much-needed supplement to state and federal energy assistance funds that are often depleted in early winter.

"The USF will provide many low-income customers with an affordable option to pay their gas bill and, hopefully, help them avoid service disconnection and the hardships associated with service restoration," he said.

Anne E. Becker, an Indiana utility consumer counselor, said the objective also is to help low-income consumers better manage their bills.

"I think it will do well to help the customers that way," added Mary Reed, a CAPE energy assistance coordinator who works one-on-one with individuals and families in need.

The key to the proposed program's success, however, will be the low-income customer's ability to keep his bills caught up, she said.

Related Advertising Links

Free Government Grants

Discover how to get free grants for any purpose, new guide, only \$9
www.bizmove.com

Prevent Foreclosure

Keep your home with Venta's payment reinstatement services.
www.ventaprevention.com

Deposition of:
Gregory A. Sawyers

**Case: Indiana Utility Regulatory
Commission**

Date Taken: May 18, 2004

Connor & Associates, Inc.
1860 One American Square
Box 82020
Indianapolis, IN 46282
(800) 554-3376
(317) 236-6022
connorreporting.com

1 STATE OF INDIANA
2 INDIANA UTILITY REGULATORY COMMISSION
3 VERIFIED JOINT PETITION OF INDIANA GAS)
4 COMPANY, INC., SOUTHERN INDIANA GAS)
5 AND ELECTRIC COMPANY AND THE BOARD)
6 OF DIRECTORS FOR UTILITIES OF THE)
7 DEPARTMENT OF PUBLIC UTILITIES OF THE)
8 CITY OF INDIANAPOLIS, AS SUCCESSOR) CAUSE NO.
9 TRUSTEE OF A PUBLIC CHARITABLE TRUST,) 42590
10 d/b/a CITIZENS GAS & COKE UTILITY,)
11 PURSUANT TO IND. CODE 8-1-2-2-.5 et. seq.)
12 FOR APPROVAL OF AN ALTERNATIVE)
13 REGULATORY PLAN WHICH WOULD ESTABLISH)
14 A PILOT UNIVERSAL SERVICE PROGRAM)

9

10

11 DEPOSITION OF GREGORY A. SAWYERS

12

13 The deposition upon oral examination of GREGORY A.
14 SAWYERS, a witness produced and sworn before me, Diane
15 Zeyen; RPR and Notary Public in and for the County of
16 Marion, State of Indiana, taken on behalf of the
17 Manufacturing and Health Providing Customers at the offices
18 of John E. Connor & Associates, 1860 One American Square,
19 Indianapolis, Marion County, Indiana, on the 18th day of
20 May, 2004, pursuant to the Indiana Rules of Trial Procedure
21 with written notice as to the time and place thereof.

17

18

19

20

21

22

23 -----
24 JOHN E. CONNOR & ASSOCIATES, INC.
25 1860 ONE AMERICAN SQUARE
INDIANAPOLIS, IN 46282
(317) 236-6022

25

Gregory A. Sawyers
May 18, 2004

<div>Page 2</div> <div>1 APPEARANCES</div> <div>2 FOR THE MANUFACTURING Mr. Timothy L. Stewart</div> <div>3 and HEALTH PROVIDING LEWIS & KAPPES</div> <div>4 CUSTOMERS: 1700 One American Square</div> <div>5 Box 82053</div> <div>6 Indianapolis, IN 46282-0003</div> <div>7 FOR THE PETITIONER Mr. Michael B. Cracraft</div> <div>8 CITIZENS GAS & HACKMAN HULETT & CRACRAFT</div> <div>9 COKE UTILITY: One Indiana Square</div> <div>10 Suite 2400</div> <div>11 Indianapolis, IN 46204-2030</div> <div>12 FOR THE INDIANA OFFICE Mr. Leja Courter</div> <div>13 OF UTILITY CONSUMER Mr. Matthew Parsell</div> <div>14 COUNSELOR INDIANA OFFICE OF UTILITY CONSUMER</div> <div>15 COUNSELOR</div> <div>16 100 North Senate Avenue</div> <div>17 Room N501</div> <div>18 Indianapolis, IN 46204-2215</div> <div>19 ALSO PRESENT: Mr. Joshua B. Lee</div> <div>20 Mr. L. Douglas Pettit</div> <div>21 INDEX OF EXAMINATION</div> <div>22 Page</div> <div>23 DIRECT EXAMINATION..... 4</div> <div>24 Questions by Mr. Timothy L. Stewart</div> <div>25</div>	<div>Page 4</div> <div>1 GREGORY A. SAWYERS,</div> <div>2 having been first duly sworn to tell the truth, the whole</div> <div>3 truth and nothing but the truth relating to said matter,</div> <div>4 was examined and testified as follows:</div> <div>5</div> <div>6 DIRECT EXAMINATION,</div> <div>7 QUESTIONS BY MR. TIMOTHY L. STEWART:</div> <div>8 Q. Good afternoon.</div> <div>9 A. Afternoon.</div> <div>10 Q. Would you state your name for the record.</div> <div>11 A. It's Gregory A. Sawyers.</div> <div>12 Q. And who are you employed by?</div> <div>13 A. Citizens Gas & Coke Utility.</div> <div>14 Q. Mr. Sawyers, did you file testimony in Cause No. 42590?</div> <div>15 A. I did.</div> <div>16 (Deposition Exhibit Number 1 was marked for</div> <div>17 identification.)</div> <div>18 Q. I am going to hand you what's marked as Deposition</div> <div>19 Exhibit Number 1 and see if you can identify that as</div> <div>20 your testimony and the exhibits that were attached to</div> <div>21 it.</div> <div>22 A. Yes, this is my testimony.</div> <div>23 Q. Okay. Do you know how many customers qualified for</div> <div>24 LIHEAP in the Citizens Gas territory last year, in</div> <div>25 2003?</div>
<div>Page 3</div> <div>1 INDEX OF EXHIBITS</div> <div>2 Page</div> <div>3 Deposition Exhibit No.:</div> <div>4 1 - Direct Testimony of Gregory A. Sawyers... 4</div> <div>5 2 - Citizens' Response to First Set of</div> <div>6 Data Requests of Manufacturing and</div> <div>7 Health Providing Customers..... 23</div> <div>8 3 - 3-25-03 Memo to Customer Services and</div> <div>9 Marketing Sales Assistants from</div> <div>10 Greg Sawyers..... 19</div> <div>11 4 - KTHO Results FY03..... 24</div> <div>12 5 - Universal Service Plan..... 6</div> <div>13 6 - List of Names..... 82</div> <div>14 7 - Summary For Community Action of</div> <div>15 Greater Indianapolis Houses Weatherized</div> <div>16 Citizens Gas Project 2001-2002..... 48</div> <div>17 8 - FY Write Off Comparison..... 83</div> <div>18 9 - Citizens Gas Administrative Costs for</div> <div>19 Low Income Rate Program..... 77</div> <div>20</div> <div>21</div> <div>22</div> <div>23</div> <div>24</div> <div>25</div>	<div>Page 5</div> <div>1 A. Approximately 14,900.</div> <div>2 Q. Now, on page five of your testimony at line 18 and 19,</div> <div>3 you state that the average benefit will increase</div> <div>4 between 140 and \$150, or excuse me, \$150, yeah, for</div> <div>5 each household participating in the program. Do you</div> <div>6 see that?</div> <div>7 A. Yes.</div> <div>8 Q. What's the basis for that estimate?</div> <div>9 A. It takes into account the average LIHEAP benefit and</div> <div>10 then the average estimated benefit under the universal</div> <div>11 service program, and that represents approximately the</div> <div>12 net difference.</div> <div>13 Q. Who calculated that?</div> <div>14 A. I do not recall.</div> <div>15 Q. Is that something that Citizens would have calculated?</div> <div>16 A. Citizens or - yes, yeah, Citizens.</div> <div>17 Q. Somebody at Citizens, but you are not sure who?</div> <div>18 A. Correct.</div> <div>19 Q. On page 6 at line 9 you state that the utility</div> <div>20 contributions were amended. Generally speaking, what</div> <div>21 do you mean by the utility contributions?</div> <div>22 A. The amount that utility was going to provide to the</div> <div>23 program.</div> <div>24 Q. What do you mean when you say the amount the utility is</div> <div>25 going to provide to the program?</div>

2 (Pages 2 to 5)

Connor & Associates
(317) 236-6022

Page 6	Page 8
<p>1 A. Well, it will be through one of the three sources that 2 we stated, which were from funds that we use today to 3 aid this customer segment, our customer benefit 4 distribution, and -- yeah, those two areas. 5 Q. Customer benefit distribution, and then what was the 6 other one? 7 A. Monies from a variety of programs that we utilize to 8 support these customers today. 9 (Deposition Exhibit 5 was marked for 10 identification.) 11 Q. Okay. I am going to hand you what's been marked as 12 Deposition Exhibit 5. 13 A. Uh-huh. 14 Q. Which was also attachment Q-11 to the discovery 15 responses you provided. Do you recognize that? 16 A. I do. 17 Q. This might help us figure some of this out, I think. 18 Let's look at the stopgap area. Okay? 19 A. Uh-huh. 20 Q. Can you describe what Warm Heart Warm Home means? 21 A. Warm Heart Warm Home is a reference to the Warm Heart 22 Warm Home foundation that is supported by the utility. 23 Q. Where do the funds come from for that? 24 A. It comes from our distribution from the utility that's 25 primarily provided from the Citizens byproducts and</p>	<p>1 A. No. 2 Q. Did Lilly not make a substantial contribution to these 3 types of programs in the last couple years to Citizens? 4 A. They made a contribution to Goodwill for a program 5 called Help 2001, but it did not flow through the Warm 6 Heart Warm Home foundation. And it did not provide 7 benefits to the customers that are being covered under 8 this program. 9 Q. What customers would it have helped? 10 A. It specifically helped customers who were exempt from 11 LIHEAP, but just above the LIHEAP qualifications in the 12 2001 and 2002 heating seasons. In the 2001 heating 13 season it was customers at 175 percent of poverty and 14 200 percent of poverty. In the 2002 heating season it 15 covered customers from 150 percent of poverty to 200 16 percent of poverty. 17 Q. In the what heating season? 18 A. In the 2002 heating season. 19 Q. Okay. 20 A. They extended it over that. 21 Q. How much money is in the Warm Heart Warm Home 22 foundation trust account? 23 A. Somewhere in the 5- to \$7,000 range. No, I take that 24 back. \$250,000 is in there today, plus another 5 or 25 \$7,000. The \$250,000 has been set aside as a funding</p>
Page 7	Page 9
<p>1 from customer contributions, although the funds that I 2 am specifically speaking of here are the funds that are 3 provided from Citizens byproducts. 4 The 250,000, for example, under the stopgap, those 5 would be funds that are provided by byproducts to our 6 community investment program. 7 Q. When you say from your customers, are you talking about 8 donations from customers? 9 A. I am speaking of the Warm Heart Warm Home foundation as 10 a whole, yes, customers can contribute to that fund. 11 Q. Is that the type of filer that you get with your bills 12 sometimes? 13 A. Yes. 14 Q. How much was contributed by customers in 2003 to that 15 program? 16 A. I don't recall. 17 Q. Do you have an estimate of how much it was? 18 A. It would have been somewhere between 30- and \$60,000. 19 Q. Now, what customers contributed to that? 20 A. Excuse me? 21 Q. What type of customers contributed to that? 22 A. Just any -- they can be customers or noncustomers. We 23 get contributions from, primarily from customers, but 24 we also get trusts and other groups that contribute. 25 Q. Lilly?</p>	<p>1 mechanism for this. 2 Q. Is the 30- to \$60,000 from outside contributions a 3 typical annual amount that you've received over the 4 past few years? 5 A. Yes. It is usually closer to the \$30,000 range, but in 6 some years it will get up to \$60,000. 7 Q. The next item here, under the stopgap, the '04 customer 8 benefit distribution? 9 A. Yes. 10 Q. Can you just describe what you mean by that? 11 A. That would be the distribution that would be made back 12 to customers based on the '04 fiscal year results. 13 Q. But that's money that otherwise would have gone back to 14 customers but instead would be put into this program? 15 A. Yes. And that was the number that was revised in 16 stipulation and the change in the stipulation with the 17 OUCC. 18 Q. The next line in year one of the pilot program -- 19 A. Actually, excuse me, the \$250,000 is also revised in 20 the stipulation as well and was omitted. And the only 21 monies that were provided for outside of this document 22 were the \$576,000 out of the -- what will be the '04 23 distribution and '05. 24 Q. So for the proposed stopgap program the only funding 25 now would be from the customer benefit distribution?</p>

Gregory A. Sawyers
May 18, 2004

<p style="text-align: right;">Page 10</p> <p>1 A. Yes. And it has been amended to \$576,000.</p> <p>2 Q. No contribution from the --</p> <p>3 A. Warm Heart Warm Home Foundation.</p> <p>4 Q. Then the next, before we enter year one, the pilot</p> <p>5 program --</p> <p>6 A. Uh-huh.</p> <p>7 Q. -- LIHEAP, how do we arrive at that dollar amount?</p> <p>8 A. That's an estimate of where we calculated taking 16,000</p> <p>9 customers, which was the top end we estimated for the</p> <p>10 program, times the average benefit, which is</p> <p>11 approximately \$210,000 of regular LIHEAP distribution.</p> <p>12 Q. \$210?</p> <p>13 A. \$210, yeah, I am sorry. \$210 times the 16,000</p> <p>14 customers.</p> <p>15 Q. And that's based on federal funding availability?</p> <p>16 A. Yeah. It is just an estimate.</p> <p>17 Q. Okay.</p> <p>18 A. Based on past allotments. If the fund were to go up or</p> <p>19 down, it would be adjusted.</p> <p>20 Q. And then we got another 250,000 from the Warm Heart</p> <p>21 Warm Home?</p> <p>22 A. Yes. From a portion that Citizens byproducts</p> <p>23 contributes to the community investment initiative of</p> <p>24 Citizens.</p> <p>25 Q. What would be the remainder of the funds that are</p>	<p style="text-align: right;">Page 12</p> <p>1 monitoring of the accounts and upfront agreements,</p> <p>2 getting those assigned and getting people to attend</p> <p>3 energy education classes.</p> <p>4 Q. Where does that 150,000 come from?</p> <p>5 A. The Citizens byproducts. It is a contribution to our</p> <p>6 community investment program.</p> <p>7 Q. Then the GCA 50 funds, what's that refer to?</p> <p>8 A. That's funds that have been set aside as a result of</p> <p>9 our GCA 50 settlement to be allocated to provide</p> <p>10 assistance in a variety of ways to what ultimately</p> <p>11 would be these low-income customers.</p> <p>12 Q. Is that the total amount for that year?</p> <p>13 A. No. The total amount for the year is \$780,000 of which</p> <p>14 15 percent is allocated to the Indiana Rate Payer Trust</p> <p>15 Fund and the OUCC for audit purposes, leaving a balance</p> <p>16 of about \$663,000.</p> <p>17 Q. So where does the rest other than the -- where does the</p> <p>18 rest of the 663 other than the 550 go?</p> <p>19 A. We work with the OUCC, the Family and Social Services</p> <p>20 Administration to determine how to allocate those funds</p> <p>21 to support customers. This year it's awarded to senior</p> <p>22 citizens who are low income.</p> <p>23 Q. And then the last two are more customer benefit</p> <p>24 distribution funds?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">Page 11</p> <p>1 contributed by others in that program go to?</p> <p>2 A. To Warm Heart Warm Home?</p> <p>3 Q. Uh-huh.</p> <p>4 A. It would go to help customers who are in financial</p> <p>5 crisis.</p> <p>6 Q. Help bill payment?</p> <p>7 A. Yeah.</p> <p>8 Q. Okay.</p> <p>9 A. Both customers that may qualify for this program as</p> <p>10 well as customers who don't qualify for this program.</p> <p>11 Q. What about the utility weatherization fund, what's</p> <p>12 that?</p> <p>13 A. Those were monies provided by Citizens byproducts</p> <p>14 through our community investment program to support</p> <p>15 LIHEAP assisted customers.</p> <p>16 Q. Who administers that?</p> <p>17 A. We administer that with the State of Indiana, Family</p> <p>18 and Social Services Administration and the Community</p> <p>19 Action of Greater Indianapolis.</p> <p>20 Q. So do you just contribute the funds to somebody else or</p> <p>21 what role does Citizens play there?</p> <p>22 A. We have a person who monitors the activity and signs</p> <p>23 agreements and coordinates the efforts of the program</p> <p>24 along with Community Action of Greater Indianapolis.</p> <p>25 And they provide the work force and we provide the</p>	<p style="text-align: right;">Page 13</p> <p>1 Q. Okay. How many of these that we have gone through here</p> <p>2 in the pilot program, year one, are payments that are</p> <p>3 required either by an IURC order or by settlement that</p> <p>4 was approved by the IURC?</p> <p>5 A. Can you state that again?</p> <p>6 Q. Yeah. Which of these contributions by Citizens relate</p> <p>7 to obligations that the company has pursuant to an</p> <p>8 order of the IURC?</p> <p>9 A. The GCA 50 and a portion of the customer benefit</p> <p>10 distribution.</p> <p>11 Q. Do you know what percentage of the customer benefit</p> <p>12 distribution goes to transport customers?</p> <p>13 A. No, I do not.</p> <p>14 Q. How is it allocated?</p> <p>15 A. On a usage basis.</p> <p>16 Q. On throughput?</p> <p>17 A. Yeah.</p> <p>18 Q. Do you know what percent of the company's throughput is</p> <p>19 associated with transport customers?</p> <p>20 A. No, I do not.</p> <p>21 Q. Are those two lines, the '04 and '05 customer benefit</p> <p>22 distribution are funds that would have been refunded to</p> <p>23 customers based on usage if they weren't being put into</p> <p>24 this program?</p> <p>25 A. Correct. A portion of them.</p>

4 (Pages 10 to 13)

<p style="text-align: right;">Page 14</p> <p>1 Q. Well, what portion wouldn't be?</p> <p>2 A. Well, there is no set amount that the utility is</p> <p>3 required to put through its customer benefit</p> <p>4 distribution other than that already determined by, you</p> <p>5 know, this other -- or more monies there than what are</p> <p>6 required by them.</p> <p>7 Q. Well, there is still money going back to the customers</p> <p>8 through the CBD even with these contributions, aren't</p> <p>9 there?</p> <p>10 A. Not necessarily.</p> <p>11 Q. Okay. Well, we will look at some documentation that</p> <p>12 addresses that directly in a little bit.</p> <p>13 If you turn to the last page of this exhibit.</p> <p>14 A. Uh-huh.</p> <p>15 Q. See if you can walk me through exactly what this is</p> <p>16 showing us.</p> <p>17 A. Uh-huh.</p> <p>18 Q. It is entitled, "Universal Service Fund Write Off</p> <p>19 Savings"?</p> <p>20 A. Correct.</p> <p>21 Q. Okay. Could you sort of explain to us what the columns</p> <p>22 and the lines mean?</p> <p>23 A. The columns are representing different percentages of</p> <p>24 potential savings, 35, 45, and 55. The first item on</p> <p>25 the column is the reduced writeoff accounts. And</p>	<p style="text-align: right;">Page 16</p> <p>1 Q. Is that computer workings you mean?</p> <p>2 A. Correct.</p> <p>3 Q. Okay.</p> <p>4 A. The total amount, the next one is the total amount</p> <p>5 subject to the percentage sharing of customers. That</p> <p>6 would be the net difference between the savings minus</p> <p>7 the administration costs. And then the proposed 50</p> <p>8 percent sharing by the OUCC is the 133,557. And then</p> <p>9 the net writeoff savings to the utility would be the</p> <p>10 remaining 50 percent, which is the 133,557.</p> <p>11 Q. Stop there for a second. So that means that the</p> <p>12 133,557 net writeoff savings to the utility would be</p> <p>13 money that would be kept by the utility?</p> <p>14 A. Correct.</p> <p>15 Q. And then the line above that, the 50 percent share by</p> <p>16 OUCC, same number?</p> <p>17 A. Yeah. It is not money that will be kept by the</p> <p>18 utility. It's money -- excuse me, the net writeoff</p> <p>19 savings to the utility would be money saved by the</p> <p>20 utility. In other words, it is not -- that would be</p> <p>21 money that we would have otherwise expended.</p> <p>22 The 50 percent shares, the proposed, is in the --</p> <p>23 would go back to the universal service fund to reduce</p> <p>24 the cost to customers.</p> <p>25 Q. And then that money comes back to the company?</p>
<p style="text-align: right;">Page 15</p> <p>1 that's 35 percent, for example, of the 1,951, which is</p> <p>2 stated at the top, would equal 683, and so on across</p> <p>3 the -- we're going from right to left.</p> <p>4 The next one is the estimated administrative</p> <p>5 expense for the universal service fund.</p> <p>6 Q. What is that?</p> <p>7 A. Oh, excuse me, the next number is the reduced writeoff</p> <p>8 dollars that would be associated with the 683 customers</p> <p>9 and so on across the board. And that's derived from</p> <p>10 dividing the 1951 into the 821,710. The next line</p> <p>11 after that is the estimated administrative expense for</p> <p>12 the universal service fund.</p> <p>13 Q. What does that mean?</p> <p>14 A. Those would be costs that would be incurred to</p> <p>15 administer the program by the utility in a given year.</p> <p>16 Q. Can you tell me what those are?</p> <p>17 A. They would be training dollars that would be required</p> <p>18 for our associates in the social service agency that</p> <p>19 provides the assistance. They could be costs for</p> <p>20 materials to advertise the program and any system</p> <p>21 changes that would be required to implement the</p> <p>22 program, amortized over the life of the program.</p> <p>23 Q. What's assistance change?</p> <p>24 A. Enhancements we would have to make to our system to</p> <p>25 allow the program to be billed directly to customers.</p>	<p style="text-align: right;">Page 17</p> <p>1 A. From the universal service fund?</p> <p>2 Q. Uh-huh.</p> <p>3 A. Yes.</p> <p>4 Q. Okay.</p> <p>5 A. It goes to pay balances the customers owe us or are</p> <p>6 offset by the program.</p> <p>7 Q. And then what is this last thing about savings not</p> <p>8 subject to sharing?</p> <p>9 A. Those are estimated savings that would be incurred for</p> <p>10 other things other than writeoff.</p> <p>11 Q. Okay.</p> <p>12 A. Such as facility charge revenue, non-EAP writeoff</p> <p>13 savings, reduced number of outreach visits.</p> <p>14 Q. Okay.</p> <p>15 A. So on.</p> <p>16 Q. Can you tell me what facility charge revenue means?</p> <p>17 A. A customer -- yes, it is the cost associated with the</p> <p>18 facility's charges for these customers who are not</p> <p>19 disconnected.</p> <p>20 Q. So not having to go out and actually disconnect them?</p> <p>21 A. Right.</p> <p>22 Q. Now, on non-EAP writeoff savings, what do you mean by</p> <p>23 that?</p> <p>24 A. If we are not having to disconnect an EAP customer,</p> <p>25 that would provide us the opportunity to go out and</p>

Gregory A. Sawyers
May 18, 2004

Page 18

1 disconnect a non-EAP customer sooner.
2 Q. So you can turn off the service to a non-EAP customer
3 earlier because you don't have to turn it off to an EAP
4 customer and therefore they won't be consuming gas that
5 they ultimately wouldn't pay for, and that's a savings
6 to you?
7 A. Correct. A savings to our customers in terms of
8 writeoffs.
9 Q. When you say on line 16 at page 6 of your testimony
10 the growing needs of your low-income customers, what
11 support did you have for the statement that the needs
12 are growing?
13 A. It would be the increase in the cost of their natural
14 gas bill.
15 Q. So I suppose that would be true with just about
16 everything in their life, growing needs, the customers
17 with respect to their food, the gas they pay at the gas
18 station, their electricity, everything goes up; is that
19 right?
20 A. Well, what I'm specifically stating here is the cost of
21 their natural gas bill.
22 Q. Now the bottom of that same page you talk about some or
23 many low-income customers become troubled, payment
24 troubled with one or more missed payments resulting in
25 unpaid balances and potential discontinuance of

Page 19

1 service; is that right?
2 A. Uh-huh. Discontinuance of their gas service, yes.
3 (Deposition Exhibit 3 was marked for
4 identification.)
5 Q. I am going to hand you Deposition Exhibit 3, which was
6 provided to us in discovery also. Do you recognize
7 that?
8 A. I do.
9 Q. Let's look about halfway down it. Go through some of
10 these with me. Assistance since March 1st, and I
11 assume this was in 2003?
12 A. Correct.
13 Q. And it is dated March 25th, if I am reading it right.
14 Can you explain these various things to me, 186,950?
15 A. The 186,950, and this would have been through March
16 22nd, between March 1st and March 22nd, we distributed
17 \$186,950 from our Warm Heart Warm Home foundation in
18 one of our programs to assist the EAP customers to
19 1,593 households.
20 Q. What about the next line?
21 A. The 18,400 again was distributed between March 1st and
22 March 22nd in a Warm Heart Warm Home HELP grant to 126
23 households. A HELP grant would not have gone to LIHEAP
24 eligible customers. It would have been the customers
25 above the income guidelines for LIHEAP.

Page 20

1 The \$420,000 in Keep the Heat On funds to 1,769
2 households, what the notes at the end is CAGI, which is
3 for Community Action of Greater Indianapolis. They
4 distributed that to those LIHEAP eligible customers.
5 And then the 316,000 in regular EAP to 1,388
6 households, again, distributed by Community Action of
7 Greater Indianapolis, which is denoted with CAGI, those
8 would have been LIHEAP funds.
9 The 710,000 in direct benefit to 4,300 households
10 is denoted with State supplemental payment. Those were
11 LIHEAP funds that were redistributed to existing energy
12 assistance customers based on their level of poverty.
13 Q. What's the Keep the Heat On program?
14 A. Keep the Heat On program was an umbrella program that
15 the utility put together with funds from GCA 50, which
16 it provided to Community Action of Greater
17 Indianapolis, as well as our arrangement patterns for
18 that year and our Warm Heart Warm Home foundation
19 through our EAP, the EAP funds, funding grants.
20 Q. Through your EAP funds?
21 A. The Warm Heart Warm Home foundation we establish an EAP
22 grant that we provided to customers in the Keep the
23 Heat On program. It was designed to avoid
24 disconnecting EAP customers.
25 Q. If I take the numbers in this column here and based on

Page 21

1 what we saw on the previous exhibit --
2 A. Uh-huh.
3 Q. -- Deposition Exhibit 5, is the contribution, are the
4 contributions from the Warm Heart Warm Home program
5 including those that flow into the Keep the Heat On in
6 the \$250,000 range?
7 A. Yes.
8 Q. Is it correct that back in March of last year the --
9 this indicates that disconnections for EAP customers
10 were down, average EAP receivable balances were down
11 and arrangements for payments were up for EAP
12 customers?
13 A. Yes.
14 Q. That sounds like a problem that's not growing but
15 getting better based on the existing level?
16 A. To the extent these funds would continue on.
17 Q. Is there any reason to assume that the LIHEAP funds
18 aren't going to be available?
19 A. An example of the 710,000 in direct benefit to the
20 4,300 households in State supplemental payment did not
21 continue on this year. And the \$420,000 in Keep the
22 Heat On funds would only be available through the end
23 of the 2005 heating season.
24 Q. The byproducts is going to stop funding that program?
25 A. Byproducts, those funds were derived from the GCA 50

Page 22

1 funds.

2 Q. Does that order from the Commission end then?

3 A. Yes. And the 316,000 in regular EAP benefits in '04

4 were not available after March 1st. The EAP funds were

5 exhausted for March 1st.

6 Q. What basis do you have for the sentence at the top of

7 page seven that the program will assist in breaking the

8 cycle of disconnection and reconnection by reducing

9 bills to more a manageable level for low-income

10 customers through providing them with a lower rate for

11 gas service and by weatherization of a number of their

12 homes?

13 A. The Keep the Heat On program is the basis for that.

14 Q. Can you give me more detail?

15 A. In the Deposition Exhibit 3 we highlighted the fact

16 that by providing additional assistance to these

17 customers we, therefore, lower their bill and in

18 essence we greatly reduce the number of customers that

19 we disconnected and made their payments more affordable

20 going forward.

21 Q. Were there a lot of efforts that were involved in that

22 process beyond just lowering the bill?

23 A. I'm not sure I understand.

24 Q. Weren't there concerted efforts to contact those

25 customers beyond what had been the norm in the past?

Page 23

1 Doesn't that detail all of the efforts, including a

2 letter and a second letter and then a phone call

3 contact?

4 A. No. We didn't -- we didn't call those customers. They

5 contacted us. The letters are the same letters that we

6 sent to those customers in the past. The difference

7 between letters that we had sent to them in the past

8 and the letters that we sent to them in the '03 heating

9 season is that the letter in the '03 heating season

10 encouraged their customers to contact us because we had

11 money available to provide them with some additional

12 assistance to lower their bill and monthly payments

13 more affordable going forward, which is why we are

14 seeing a greater response from those customers. And

15 they made the contact to us. It shows an increase in

16 payments from customers.

17 (Deposition Exhibit Number 2 was marked for

18 identification.)

19 Q. Let me hand you Deposition Exhibit 2 which were the

20 discovery answers that had been previously provided, if

21 you can turn to answer number seven.

22 A. Uh-huh. Yes.

23 Q. Can you explain those numbers in that little box in

24 that answer?

25 A. Yes. The numbers in the box indicate that in '03 we

Page 24

1 had 571 customers that were disconnected, 571 assisted

2 customers with LIHEAP that were disconnected between

3 March the 17th and April the 4th of '03 compared to

4 1,155 customers, the same customers as with the LIHEAP

5 assisted customers in '04.

6 The customers in 5-2-03, there are 1,202 customers

7 that had been disconnected, 1,202 LIHEAP assisted

8 customers that had been disconnected in '03 compared to

9 in 4-30-04 2,071 LIHEAP assisted customers. And at the

10 end of the first period there was a 102 percent

11 increase compared to a 72 percent increase in the next

12 period. In 2000 -- oh, I'm sorry.

13 Q. That's okay. Go ahead.

14 A. Go ahead. That's all right.

15 Q. I didn't mean to cut you off.

16 A. That's okay.

17 (Deposition Exhibit Number 4 was marked for

18 identification.)

19 Q. Deposition Exhibit 4 --

20 A. Okay.

21 Q. -- which is referenced in this answer. I see the

22 numbers for the first numbers in here. I don't find

23 any of those second numbers. Do you know why I can't

24 find those in here? Could you help me find them?

25 A. And you say you find the first set of numbers?

Page 25

1 Q. Well, like the 571 customers.

2 A. Yes.

3 Q. On page two of this exhibit --

4 A. Yes.

5 Q. -- it shows 500 EAP collection seal customers.

6 A. Yes. These are the '03 documents. The second page

7 shows the 571 and the second page shows the 1,202.

8 Q. Where are the '04 numbers in here?

9 A. The '04 numbers are unattached, because this was an

10 explanation of the Keep the Heat On program from fiscal

11 year '03. The '04 numbers were shown to show that

12 without the Keep the Heat On program we had an increase

13 in payment trouble customers who were disconnected as a

14 result of the additional assistance in the lower end of

15 the bill going away.

16 Q. On the first page of this I notice one of the bullet

17 points states that lobbied the State for additional 165

18 in EAP crisis provided to existing 4300 EAP customers

19 for 710,000.

20 A. Correct.

21 Q. What does that mean?

22 A. We went to the State's Family and Social Services

23 Administration, and we asked them to take the -- they

24 gotten a late allotment of energy assistance dollars in

25 '03, and there was not enough time to get those monies

Gregory A. Sawyers
May 18, 2004

<p style="text-align: right;">Page 26</p> <p>1 distributed to more customers because of the late 2 nature of when the money was allocated. And we asked 3 the State to replicate what they had done in the 2000 4 heating season and to provide additional assistance to 5 customers who had already received assistance. And we 6 were successful in getting them to reallocate monies 7 back to existing customers. So if I had applied for 8 assistance and received the average \$210 in benefit, 9 4300 of them received an additional \$165 in benefit as 10 a result of the additional assistance that was 11 allocated late in the heating season. And that was 12 tied to the funding source for LIHEAP.</p> <p>13 Q. How many homes are weatherized in -- were weatherized 14 in 2003 through your company's programs?</p> <p>15 A. Approximately 80.</p> <p>16 Q. Eight?</p> <p>17 A. 80.</p> <p>18 Q. 80?</p> <p>19 A. 80, Eight zero.</p> <p>20 Q. Has that weatherization program been presented to the 21 Commission as a DSM type of program?</p> <p>22 A. No, it has not. It has been highlighted to the 23 Commission, but --</p> <p>24 Q. Has it been exposed to the type of cost benefit 25 analysis that are associated with DSM programs before</p>	<p style="text-align: right;">Page 28</p> <p>1 Q. Before that is the number 3/1/03, what does that mean?</p> <p>2 A. That's the date. March 1st, '03. And that represented 3 the 4,224 customers who received a delinquency letter, 4 which meant they were behind by \$75 or greater with 5 their gas bill and had made -- or had not made any 6 payments at all.</p> <p>7 Q. Why did you give me a number of March 1, 2003, when I 8 asked for information for the calendar year '03?</p> <p>9 A. We track --</p> <p>10 MR. CRACRAFT: Well, I will object to that 11 question on the grounds the question doesn't say the 12 calendar year. If the witness can answer, he may do 13 so.</p> <p>14 A. We track our information with LIHEAP customers in 15 reference to the heating season and how it's tied to 16 energy assistance. And I had information that was made 17 available to me.</p> <p>18 In reference to your question, based on LIHEAP 19 customers, we have points in time where we, for 20 reporting purposes and to send letters and 21 notifications to them, it tends to trigger off the 22 March 1st date. The moratorium ends on March the 16th, 23 and that's a key date with us in terms of how many 24 customers are going through the winter without making a 25 payment or are behind.</p>
<p style="text-align: right;">Page 27</p> <p>1 the Commission?</p> <p>2 A. No, not before the Commission. We coordinated the 3 program with the State's Family and Social Services 4 Administration and Community Action of Greater 5 Indianapolis and we've run prism analysis on those 6 programs to utilize with the Family and Social Services 7 Administration to determine benefits.</p> <p>8 Q. Did you tell me roughly how many customers received EAP 9 assistance in 2003?</p> <p>10 A. Yes, I did.</p> <p>11 Q. What was that number again?</p> <p>12 A. Roughly 14,900. I think you wrote it on the front page 13 there.</p> <p>14 Q. And is it correct that of those 4,400 you state on page 15 7 at line 20, 4,400 failed to meet one or more payment 16 obligations for gas service that year?</p> <p>17 A. At a given point in time, yes.</p> <p>18 Q. And that could mean even late for one payment?</p> <p>19 A. Correct.</p> <p>20 Q. Turn to your response number four in the discovery 21 request, Deposition Exhibit Number 2, isn't it?</p> <p>22 A. Uh-huh.</p> <p>23 Q. First looking at A in question four, number of assisted 24 accounts in arrears, you got the number 4,224?</p> <p>25 A. Uh-huh.</p>	<p style="text-align: right;">Page 29</p> <p>1 Q. What is fiscal year 2003?</p> <p>2 A. Fiscal year 2003, for us that would end September 30th, 3 '03.</p> <p>4 Q. So if I read this right, you had more disconnects than 5 you had accounts in arrears from the numbers that you 6 provided me?</p> <p>7 A. No, that's not true.</p> <p>8 Q. Well, I am looking at F, number of assisted accounts 9 disconnected for nonpayment and you have got at the end 10 of November 4,357. And the number of accounts in 11 arrears that you gave me in A is 4,224.</p> <p>12 A. That's correct. That would be correct.</p> <p>13 Q. So you had more accounts that were disconnected than 14 you had accounts that were in arrears?</p> <p>15 A. At the time of March the 1st, '03, we had 4,224 16 accounts in arrears. By the next day we could have had 17 more accounts in arrears. And more than likely by the 18 end of the -- for every month that -- subsequent month 19 we had more accounts that had fallen into arrears.</p> <p>20 MR. CRACRAFT: Greg, can you speak up a 21 little bit? I'm having trouble hearing because of the 22 chatter in the next room.</p> <p>23 THE WITNESS: Yes, I will do that.</p> <p>24 Q. Do you know how many customers that were disconnected 25 were eligible for LIHEAP?</p>

Gregory A. Sawyers
May 18, 2004

Page 30	Page 32
<p>1 A. No, I do not.</p> <p>2 Q. This shows a level of arrears of 1,126,000; is that</p> <p>3 right?</p> <p>4 A. Yeah. And that's for the 4,224 customers who had</p> <p>5 missed one or more payment obligations by March the</p> <p>6 1st.</p> <p>7 Q. And for the fiscal year, which would be a 12-month</p> <p>8 period?</p> <p>9 A. Yes.</p> <p>10 Q. According to E, the dollar amount written off for</p> <p>11 assisted accounts was \$821,710?</p> <p>12 A. That's correct.</p> <p>13 Q. Why would you not know how many disconnect notices were</p> <p>14 issued to assisted accounts in 2003?</p> <p>15 A. We do not track that information.</p> <p>16 Q. How many customers were disconnected in 2000, in fiscal</p> <p>17 year -- strike that.</p> <p>18 How many accounts were written off in fiscal year</p> <p>19 2003?</p> <p>20 A. I don't have that information in front of me today.</p> <p>21 Q. What's the total dollar amount of accounts written off</p> <p>22 in 2003?</p> <p>23 A. Can I refer to --</p> <p>24 Q. Absolutely.</p> <p>25 A. -- the exhibits that you have? Let me see. It would</p>	<p>1 accounts?</p> <p>2 A. Yeah. The total assisted accounts are written off as a</p> <p>3 percent of the total writeoffs were 13.46, I believe,</p> <p>4 13.45.</p> <p>5 Q. Is that for calendar year?</p> <p>6 A. Fiscal year.</p> <p>7 Q. Okay. Fiscal year. Were there 18,492 accounts written</p> <p>8 off?</p> <p>9 A. I am not sure. No.</p> <p>10 Q. Do you know the number of points that the customer is</p> <p>11 going to need to get 35, 40, or 45 percent of their</p> <p>12 bill written off?</p> <p>13 A. I do not.</p> <p>14 Q. Has that been determined?</p> <p>15 A. No, it has not.</p> <p>16 Q. On page eight of your testimony at the bottom, "In</p> <p>17 order to address the immediacy of the need," can you</p> <p>18 define for me what you mean by immediacy?</p> <p>19 A. Yes. Immediacy means as soon as we can possibly get</p> <p>20 money, as soon as we can start to offset these assisted</p> <p>21 customers' ongoing heating bills prior to the next</p> <p>22 heating season.</p> <p>23 Q. And then when you say the cycle of disconnection,</p> <p>24 reconnection, can you describe what you mean by that</p> <p>25 for me?</p>
Page 31	Page 33
<p>1 be a graph. I will just --</p> <p>2 THE WITNESS: May I refer to your exhibits?</p> <p>3 I saw those. I couldn't read it.</p> <p>4 A. Number of accounts written off, net writeoffs for</p> <p>5 fiscal 2003 was approximately 3.3 million dollars.</p> <p>6 Total writeoffs for fiscal year '03 were just under</p> <p>7 five million dollars.</p> <p>8 THE WITNESS: Thank you, Mike.</p> <p>9 Q. Do you know how much revenue you got from reconnecting</p> <p>10 customers that were disconnected?</p> <p>11 A. No, I do not.</p> <p>12 MR. STEWART: Now you got me listening.</p> <p>13 Thanks a lot.</p> <p>14 MR. CRACRAFT: For the record, somebody is</p> <p>15 really resenting.</p> <p>16 A. Don't put any words in my mouth. Sorry.</p> <p>17 Q. Is it correct that the number of writeoffs for assisted</p> <p>18 accounts was approximately 10 percent of the total</p> <p>19 writeoffs for the company in 2003?</p> <p>20 A. The amount for writeoffs in 2003 was 13.46 percent of</p> <p>21 the total writeoffs for LIHEAP assisted accounts -- I</p> <p>22 am sorry, say that question again. I think I</p> <p>23 misunderstood you.</p> <p>24 Q. I wanted to know if approximately 10 percent of total</p> <p>25 writeoffs were assisted accounts versus nonassisted</p>	<p>1 A. That's the cycle where we disconnect the customer for</p> <p>2 nonpayment and then they return in the fall to</p> <p>3 reconnect as a result of being disconnected.</p> <p>4 Q. How do they get reconnected? Do they pay their --</p> <p>5 A. They pay their unpaid balance and a reconnect charge in</p> <p>6 some cases.</p> <p>7 Q. How do they pay their balance?</p> <p>8 A. Well, it would depend on each individual customer</p> <p>9 situation. It is wherever they get the funding to pay</p> <p>10 the unpaid balance they have.</p> <p>11 Q. So they come up with the money to pay it?</p> <p>12 A. Yeah; or we assist them.</p> <p>13 Q. How would you assist them?</p> <p>14 A. Oh, we have a list of agencies that provide assistance</p> <p>15 to customers and monies that are available and if they</p> <p>16 contact them, we can work with them to arrange to get</p> <p>17 the balance paid, if there are monies available to do</p> <p>18 so. And we also have a Warm Heart Warm Home</p> <p>19 foundation. And there is a variety of ways we can work</p> <p>20 with them to get their balance paid off once they</p> <p>21 contact us.</p> <p>22 Q. Does the Warm Home Warm Heart foundation money that</p> <p>23 goes to assist these people the amount that comes from</p> <p>24 other contributors? Is that where that money would</p> <p>25 come from?</p>

9 (Pages 30 to 33)

Gregory A. Sawyers
May 18, 2004

<p style="text-align: right;">Page 34</p> <p>1 A. Once the monies go -- yes and no. Some of the monies 2 are monies that byproducts contribute. Some monies are 3 the monies that customers contribute. 4 Q. How many of the LIHEAP eligible customers in 2003 were 5 in the cycle of disconnection, reconnection? 6 A. Well, the cycle of disconnection would relate to the 7 response to question four. There would be a list of 8 the assisted customers that are in the cycle of 9 disconnection, but I don't have the reconnected numbers 10 in front of me. 11 Q. But that's just for the assisted. How about for all 12 LIHEAP eligible customers? 13 A. I don't know about LIHEAP eligible customers. I only 14 know what it is for assisted. 15 Q. And how many LIHEAP eligible was the estimate, 16 estimated LIHEAP eligible? 17 A. About 35,000 gas customers. 18 Q. And do you anticipate that the number of customers who 19 are assisted through the proposed program of 16,000, 20 how does that compare to the number that were assisted 21 last year under the existing program? 22 A. Well, that would be, last year's approximate number of 23 customers who were assisted was 14,900, so that would 24 be approximately 1100 more, which again, that is just 25 an estimate.</p>	<p style="text-align: right;">Page 36</p> <p>1 MR. STEWART: Thank you, Mike 2 MR. CRACRAFT: Yeah. I just wanted to make 3 sure. 4 A. It is the benefit matrix. Now what was your question 5 again? 6 Q. Well, if you look at a household size family of four, 7 the most they can earn is \$23,000? 8 A. To be at 125 percent of poverty, that's correct. 9 Q. And anybody above 125 percent of poverty would not be 10 eligible for the LIHEAP program, would they? 11 A. No, I didn't say that. 12 Q. Well -- 13 A. No, that's not true. 14 Q. Okay. Well, you will have to describe to me why that's 15 not true then. 16 A. Because right now the matrix goes to 150 percent of 17 poverty. And customers who make above 125 percent of 18 poverty can work with their local cap directors 19 association and they can qualify for LIHEAP. It is to 20 the discretion of the cap director whether or not the 21 customer is eligible or not. I don't make that 22 determination. But on the strictest guidelines, 125 23 percent is the breakpoint. But the cap agency has the 24 ability to fluctuate up to median income or 150 percent 25 of poverty in the state of Indiana.</p>
<p style="text-align: right;">Page 35</p> <p>1 Q. Are other customers in the cycle of disconnection, 2 reconnection who are not LIHEAP eligible? 3 A. Yes. 4 Q. What would this program do to assist them? 5 A. Nothing. 6 Q. As you understand it, if a family of four makes 7 \$23,000, would it be true that they would be eligible 8 for at least a 35 percent writeoff? 9 A. A 35 percent? 10 Q. 35 percent credit on their bill. And I can -- 11 A. Yes. 12 Q. -- turn your attention to the State of Indiana -- 13 A. Yes. 14 Q. Okay. 15 A. A family of four with \$23,000 would qualify for LIHEAP. 16 Q. Is it correct that a family of four that makes \$23,005 17 would not be eligible for any assistance under this 18 program? 19 A. And where is the document you are referring to, 20 State's -- 21 Q. Yeah. If you look at the letter you attached to the 22 State, it shows the income amount. 23 MR. CRACRAFT: Is that GAS-5? 24 THE WITNESS: Yes. 25 A. It is this one right here.</p>	<p style="text-align: right;">Page 37</p> <p>1 Q. Okay. What does it mean under 150 percent then for 2 points not available or not applicable? 3 A. This would not get any points for that indicator. But 4 again, the cap agency has the ability to go just above 5 125 percent of poverty. So someone who makes in your 6 example \$23,005, the cap director can ask for a credit 7 to give someone that's over \$5 of the program a 8 benefit. 9 Q. Okay. 10 A. If the customer made \$27,600, the likelihood of them 11 getting assistance would be minimum. A customer who 12 made \$23,005, the ability for them to get assistance 13 would be greatly increased. 14 Q. Well, let's take your number then. Let's do it that 15 way and go to 150 percent. Under your explanation, a 16 family of four that makes \$27,600 is eligible in the 17 discretion of the cap agency for assistance; is that 18 right? 19 A. With a special stipulation from the energy assistance 20 program director. And in all likelihood would not be 21 eligible to get assistance given the limited funding. 22 Q. But a family with \$27,601 would not be eligible under 23 any circumstances? 24 A. That's correct. Again, this is for LIHEAP funding. 25 Q. And when you talk about the cycle of reconnection and</p>

10 (Pages 34 to 37)

Page 38	Page 40
<p>1 disconnection and the customers that you have that are 2 within that, you don't have any knowledge of how many 3 of those would be LIHEAP eligible?</p> <p>4 A. That's correct.</p> <p>5 Q. Has the company done any studies of customers who were 6 in the disconnection, reconnection cycle to identify 7 who they are by name?</p> <p>8 A. No.</p> <p>9 Q. On page nine you say that the goal is to help them 10 avoid being in that cycle year after year. How do you 11 know they're in it year after year if you don't know 12 who they are?</p> <p>13 A. I have not conducted any studies, but we do have 14 customers that we see year after year after year in our 15 lobby with our case specialist that we do case 16 management on.</p> <p>17 Q. Has the existing EAP reduced that cycle?</p> <p>18 A. I am sorry?</p> <p>19 Q. Has the existing energy assistance program reduced the 20 cycle?</p> <p>21 A. No, it hasn't.</p> <p>22 Q. Well, turn your attention back again for a moment to 23 Deposition Exhibit 3. Didn't we go through this and 24 isn't the point of page one of this memo from you that 25 there had been significant benefits and reductions from</p>	<p>1 A. What we did is compared the '03 program that we ran 2 where customers received additional benefit, and we -- 3 and/or Keep the Heat On programs and compared that to 4 the '04 expense and we saw a significant reduction in 5 '03 in terms of customers who were disconnected coming 6 out of the heating season.</p> <p>7 Q. Compared to '04?</p> <p>8 A. Compared to '04.</p> <p>9 Q. Because the amount of money that the company provided 10 in '04 was less?</p> <p>11 A. Correct. As well as the \$710,000 in State supplemental 12 payment and the \$316,000 in EAP benefit that was 13 available in '03 that wasn't available in '04, which 14 was a significant portion of the money that was made 15 available to those customers.</p> <p>16 Q. You state down here on page 9, line 16, that you are 17 going to be providing notice to the residential 18 commercial and industrial customers twice a year.</p> <p>19 A. Uh-huh.</p> <p>20 Q. What's that notice going to say?</p> <p>21 A. We have not derived what the notice will say. We are 22 going to work in conjunction with the OUCC and come up 23 with a notice.</p> <p>24 Q. What's the point of the notice? What are you notifying 25 them of?</p>
Page 39	Page 41
<p>1 the existing program?</p> <p>2 A. From the Keep the Heat On program there was significant 3 benefits.</p> <p>4 Q. This isn't just Keep the Heat On program, this includes 5 EAP.</p> <p>6 A. I will restate, the Keep the Heat On program and the 7 additional supplemental benefit from the State, which 8 provided additional assistance to customers who are to 9 receive the assistance, help significantly reduce the 10 cycle of disconnection of these payment troubled 11 customers.</p> <p>12 Q. But the benefits that they gotten from the energy 13 assistance program haven't?</p> <p>14 A. The supplemental payment they received had. The 15 regular benefit for those who did not get disconnected 16 obviously they helped. But what the point of this 17 memorandum was that the customers who received 18 additional assistance that further reduced their energy 19 burden benefitted from the Keep the Heat On program the 20 supplemental amount of money that was provided to the 21 State that added benefits over and above the average 22 \$210 regular benefit these customers received.</p> <p>23 Q. You haven't done any analysis to determine what 24 reduction in the cycle might have existed because of 25 the \$210 normal benefit?</p>	<p>1 A. Notifying them of the program and that there is monies 2 that are being provided to these customers. To some 3 extent, again, we haven't decided exactly how we're 4 going to notify them and what the content of the note 5 is going to be for.</p> <p>6 Q. Are commercial and industrial customers eligible for 7 assistance under this program?</p> <p>8 A. No. Not as a commercial industrial customer. To the 9 extent they qualify for assistance as a residential 10 customer they would be eligible.</p> <p>11 Q. Now, at the bottom of 10 and the top of page 11 you 12 talk about that the program as proposed would roughly 13 double the benefit received by the customers; is that 14 right?</p> <p>15 A. In the stopgap period, I believe. Okay. Yes.</p> <p>16 Q. Okay. And the benefit that the customer receives are 17 funds that ultimately inure to the company; is that 18 right?</p> <p>19 A. Would you repeat that, please?</p> <p>20 Q. Yes. The customer under your proposed program doesn't 21 get this money, does it?</p> <p>22 A. I am sorry, I don't understand your question.</p> <p>23 Q. Where did the universal funds go? The funds from this 24 program, where did they go?</p> <p>25 A. The funds, the dollars that are going to the universal</p>

Gregory A. Sawyers
May 18, 2004

Page 42	Page 44
<p>1 service fund?</p> <p>2 Q. Uh-huh.</p> <p>3 A. They go to offset the amount of money that was</p> <p>4 discounted on the regular customer's bill.</p> <p>5 Q. They go into a fund held and administered by the</p> <p>6 company?</p> <p>7 A. Yes.</p> <p>8 Q. They aren't paid directly to the customer?</p> <p>9 A. That's correct.</p> <p>10 Q. And as the customer has a bill, go to them if they're</p> <p>11 eligible for reduction, the company takes 35, 45, or 55</p> <p>12 percent of the bill out of that fund into the company;</p> <p>13 is that right?</p> <p>14 A. No. The company will provide a discount to the</p> <p>15 customer who is eligible and qualified for the program,</p> <p>16 and it will be 35, 40, or 45 percent. And that</p> <p>17 discounted amount will go into the universal service</p> <p>18 fund. And then funds from these various sources will</p> <p>19 flow into that fund to offset that amount.</p> <p>20 I think the way you described it, the monies would</p> <p>21 already be in the fund, and that's not true. In most</p> <p>22 cases we will be in a catch-up period from a timing</p> <p>23 perspective.</p> <p>24 Q. And when you say they go into the fund, is the fund</p> <p>25 actually an account that the company has that it is</p>	<p>1 Q. Okay. LIHEAP, the -- what's the universal</p> <p>2 distribution?</p> <p>3 A. Customer benefit distribution?</p> <p>4 Q. Customer benefit distribution funds --</p> <p>5 A. Uh-huh.</p> <p>6 Q. -- and the other few sources that we talked about and</p> <p>7 we have gone through, and we're going to go through a</p> <p>8 little more, those funds go into the universal fund?</p> <p>9 A. As they're made available, correct.</p> <p>10 Q. And you're saying that, perhaps, the money is not there</p> <p>11 to cover my \$60 this month, but it will flow in next</p> <p>12 month?</p> <p>13 A. No. There is the \$60.</p> <p>14 Q. Oh, you are right.</p> <p>15 A. The \$40 that we offset will go into the fund and then</p> <p>16 we will account for those dollars. And as the other</p> <p>17 monies are made available, whether that's prior to when</p> <p>18 we offset your \$40 or after, they will be applied, it</p> <p>19 will be a netting effect. To the extent that there is</p> <p>20 enough money in the fund to cover that \$40, and</p> <p>21 assuming that for the \$40 that you put in there, we put</p> <p>22 in there to offset your bill, and we put \$40 in there</p> <p>23 and there is a netting, then those dollars will be</p> <p>24 zero. To the extent that we put \$40 in there and there</p> <p>25 is only \$40 in the fund, then there will be a \$10</p>
Page 43	Page 45
<p>1 just funds for the company to use like any other</p> <p>2 revenue they receive from customers?</p> <p>3 A. No. It will be an established accounting principle</p> <p>4 where it will offset the amount of money that would</p> <p>5 have been charged to that customer with the discount.</p> <p>6 That charge would then flow into the fund. And then as</p> <p>7 funds from the customer benefit distribution and LIHEAP</p> <p>8 funds and the various support programs the utility has,</p> <p>9 as those funds are made available, we'll put those</p> <p>10 funds into the universal service fund to offset any</p> <p>11 balances that are maintained in it.</p> <p>12 Q. I am sorry, you are going to have to have to bear with me.</p> <p>13 A. That's okay.</p> <p>14 Q. I am a LIHEAP customer.</p> <p>15 A. Uh-huh.</p> <p>16 Q. And my bill is \$100, I get a 40 percent discount.</p> <p>17 A. Uh-huh.</p> <p>18 Q. I send my check for \$60.</p> <p>19 A. Uh-huh.</p> <p>20 Q. You take that check and you put it in whatever account</p> <p>21 you put all the money you get from all your customers;</p> <p>22 right?</p> <p>23 A. Uh-huh.</p> <p>24 Q. That's revenue to the company?</p> <p>25 A. Correct.</p>	<p>1 deficit which we'll reconcile at some later date. To</p> <p>2 the extent that we put \$40 in there for the year and</p> <p>3 there is \$50 in the fund, there will be a</p> <p>4 reconciliation. And if there is \$10 left over, those</p> <p>5 funds will either flow back to fund future programs or</p> <p>6 they go back through the customer benefit distribution.</p> <p>7 Q. Well, you keep saying you are putting 40 in there, I'm</p> <p>8 not putting 40 in there, I'm creating not 40 but a</p> <p>9 deficit of 40 --</p> <p>10 A. Correct.</p> <p>11 Q. -- to the company?</p> <p>12 A. Right.</p> <p>13 Q. The company is going to get that \$40 into its revenue?</p> <p>14 A. Correct.</p> <p>15 Q. Tell me how it comes out of that fund and gets into the</p> <p>16 revenue.</p> <p>17 A. Well, we are going to account for the \$100 that we</p> <p>18 billed you as revenue. \$60 of it you're accountable</p> <p>19 for. \$40 will be set up as a receivable. And then to</p> <p>20 the extent that when the funds are made available we</p> <p>21 will offset the receivable.</p> <p>22 Q. Okay. So the money will come out of the universal?</p> <p>23 A. The universal service fund itself. And again, I am</p> <p>24 not -- this is just -- I have not talked to the</p> <p>25 accountant, so I'm not sure how they're establishing</p>

12 (Pages 42 to 45)

Page 46	Page 48
<p>1 the fund, but in the simplest of terms it will be some 2 type of receivable or regulatory asset type of account 3 that will get funds and set aside. 4 Q. And it will flow to the company? 5 A. Yes. 6 Q. So if the customer gets twice the amount of benefit 7 that they would get under the existing program, then 8 twice the amount of funds from people other than the 9 customer will come to you to pay their bill? 10 A. Yeah, approximately. 11 Q. Now, can you explain to me why you say in your 12 testimony on page 12 that you are going to continue to 13 protect customers according to the statute? 14 A. Yeah. The statute is still in existence that provides 15 protection for customers who qualify and receive LIHEAP 16 assistance. 17 Q. You don't have any choice -- 18 A. No. 19 Q. -- but to comply with that? 20 A. Yes, that's correct. 21 Q. Same page there on page 12, line 20, you say you are 22 going to closely monitor the participation of customers 23 in the program to manage necessary funding levels. 24 What does that mean? 25 A. We're going to make sure that if there is a deficit,</p>	<p>1 Q. And so you're sort of matching that on a going forward 2 basis with your percentages? 3 A. Yeah. We're trying to make sure we can manage that, 4 although we have no control over the funds of those. 5 That would be the funds that are provided by the block 6 grant. 7 (Deposition Exhibit 7 was marked for 8 identification.) 9 Q. Take a look at Deposition Exhibit 7. 10 A. Yes. 11 Q. And I am referring to your testimony at page 13, right 12 in the middle, where you talk about weatherization -- 13 A. Uh-huh. 14 Q. -- resulting in lower gas bills. Do you know what work 15 was done on the homes that are listed here? 16 A. Not specifically house by house. Typically we do a 17 blower-door test and try to determine where the best 18 use of funds are to drop consumption on the house. It 19 is usually insulation and duct ceiling and in some 20 cases furnace replacement or repair. 21 Q. Do you know what the cost per home was? 22 A. I don't know, but approximately 4,000 to \$4500. 23 Q. You don't know what the total cost to do these homes 24 would have been done to these homes that are listed on 25 this exhibit?</p>
Page 47	Page 49
<p>1 for example, there is a receivable that's still going 2 unpaid, where we're going to closely monitor what those 3 are so that we can account for those at a later date 4 and make sure that there is funding available to 5 adequately cover. 6 Q. Well, you say monitor the participation of customers. 7 Does that mean that if it looks like they're going to 8 not have enough funds that you will cut back on the 9 number of customers eligible? 10 A. No. 11 Q. I guess I don't understand what has monitored the 12 customers' participation got to do with anything. 13 A. Other than, yeah, we're going to monitor the whole 14 program. In this case, it was a question reference the 15 number of participants in the program. 16 Q. I know we have looked at the budget. But how much 17 LIHEAP money per participant is anticipated? 18 A. \$210, average, across the 16,000 customers. 19 Q. And that depends on the factors that we looked at, some 20 may be eligible for more than others, the more points 21 or is that just the percentages? 22 A. That's using past experience. But you are right, the 23 number of points the customer has, the more points they 24 have, the more assistance they would be eligible for in 25 existing LIHEAP dollars.</p>	<p>1 A. No, I do not. 2 Q. Under the program proposal, is it right that you're 3 talking about \$600,000 for weatherization? 4 A. Yes. 5 Q. And how many homes would you anticipate being done at 6 that? 7 THE WITNESS: Can I borrow that? 8 MR. CRACRAFT: Uh-huh. 9 A. Approximately 240. 10 Q. What did you use per home for that? 11 A. \$2500. 12 Q. Why would the cost be about half under that program 13 than what it was here? 14 A. Because we would match our funds with State funds. 15 Q. You're saying there is 600,000 being contributed by the 16 State also? 17 A. No. But to the extent we could -- I am estimating 18 around 250- to a \$400,000 contribution from the State. 19 Q. Would that come into the pilot program or would that be 20 administered by somebody else? 21 A. That would be administered through a joint effort from 22 Citizens Gas, Family and Social Services 23 Administration, and Community Action of Greater 24 Indianapolis. 25 Q. Typical bill about \$950?</p>

Gregory A. Sawyers
May 18, 2004

	Page 52
<p>1 A. Yes. For the -- typical bill for who?</p> <p>2 Q. Isn't that the number you used in establishing the cost</p> <p>3 of the program?</p> <p>4 A. Yes.</p> <p>5 Q. I guess the typical bill for the people who are</p> <p>6 eligible for the program?</p> <p>7 A. Yes.</p> <p>8 Q. If you look at Deposition Exhibit 5 on page three,</p> <p>9 doesn't it specifically say that all the assumptions</p> <p>10 are based on a typical residential customer bill of</p> <p>11 \$950?</p> <p>12 A. Yes.</p> <p>13 Q. Okay.</p> <p>14 A. But not in terms of the weatherization program.</p> <p>15 Q. Well, and what would it be for the weatherization</p> <p>16 program?</p> <p>17 A. Approximately 135 percent of that or greater. In other</p> <p>18 words, the weatherization program would first target</p> <p>19 homes that have the higher consumption rates than those</p> <p>20 that are typical of the average customer. So to</p> <p>21 minimize the cost of the program and to increase the</p> <p>22 success of the weatherization program we would target</p> <p>23 our highest users first.</p> <p>24 Q. Would that be about \$1235 a year then?</p> <p>25 A. Or greater. We typically find that we have some 3,000</p>	<p>1 for example, it is \$3,985 preconsumption therms. Most</p> <p>2 of these homes are in excess of the \$1,254 bills, so,</p> <p>3 as a representative example.</p> <p>4 Q. Well, White certainly isn't a representative example,</p> <p>5 is it?</p> <p>6 A. No. But all of these homes, if you look down the list,</p> <p>7 use more than 1,254 therms. And on average that's</p> <p>8 going to be the amount of the bill or higher.</p> <p>9 Q. Okay. Most of them appear to me to be, you know, in</p> <p>10 the 1600, but do you have an idea of what the average</p> <p>11 of these would be?</p> <p>12 A. No, I do not.</p> <p>13 Q. Well, I can average those up and ask you later. But</p> <p>14 based on the example we used of 1250, it would take</p> <p>15 about 14 years of savings to cover the cost to do the</p> <p>16 weatherization, does that make sense?</p> <p>17 A. In that example, yes. And the 25 percent is a State's</p> <p>18 weatherization program and indicate that the household</p> <p>19 usage decreases by approximately 25 percent.</p> <p>20 The example I provided you we achieved a 37</p> <p>21 percent decrease on average of 44 homes you have in</p> <p>22 your example. So to the extent that you are using the</p> <p>23 State's, the number stated here in their example, that</p> <p>24 would be a representative indicator of that specific</p> <p>25 instance.</p>
	Page 53
<p>1 households that have been assisted that have greater</p> <p>2 than \$1,254 average bill. And we would target the</p> <p>3 highest years first.</p> <p>4 Q. Well, if I understand it right then, the amount you</p> <p>5 spent on weatherizing houses was 4,000 to 4,500 on</p> <p>6 average?</p> <p>7 A. That's an approximation.</p> <p>8 Q. If you take the 1250 annual bill, and it says in your</p> <p>9 testimony that you have approximately a 25 percent</p> <p>10 decrease post weatherization, that would be about \$310</p> <p>11 a year reduction based on the weatherization?</p> <p>12 A. In that example.</p> <p>13 Q. Well, is that example not one that you find acceptable?</p> <p>14 A. Not on the program I have highlighted, no.</p> <p>15 Q. I asked you what the numbers were on annual</p> <p>16 consumption, and I used those numbers. Are you going</p> <p>17 to change those, do you want to change those numbers</p> <p>18 now?</p> <p>19 A. No. I am just saying of the 3,000 homes we start with</p> <p>20 a pool of 3,000 homes, and that would be 12,500 and up.</p> <p>21 So we would traditionally find homes that would use</p> <p>22 considerably more gas than that, but we would target to</p> <p>23 do first. And I don't have those numbers in front of</p> <p>24 me.</p> <p>25 If you look at the consumption of the White house,</p>	<p>1 Q. What study do you have that indicates that if the</p> <p>2 customer has to pay less than their full bill that will</p> <p>3 incent them to use less gas instead of more gas?</p> <p>4 A. I don't have a study that indicates that.</p> <p>5 Q. Do you think a neighbor of someone who's eligible, the</p> <p>6 neighbor not being eligible because the neighbor falls</p> <p>7 just outside the eligible income and has to pay their</p> <p>8 entire bill is not incented to use their consumption</p> <p>9 because they have to pay their entire bill?</p> <p>10 A. Yeah, they are incented.</p> <p>11 Q. Do you think they would be more incented to use less if</p> <p>12 they had to pay less?</p> <p>13 A. I don't think they would be any more incented, but they</p> <p>14 would be incented.</p> <p>15 Q. Did you tell me that the utility weatherization fund</p> <p>16 comes from the GCA 50 funds?</p> <p>17 A. No, I did not.</p> <p>18 Q. Where does it come from?</p> <p>19 A. It comes from our customer benefit distribution.</p> <p>20 Q. The utility weatherization fund does?</p> <p>21 A. It comes from contributions from our -- excuse me, I'm</p> <p>22 sorry. It comes from contributions from our Citizens</p> <p>23 byproducts into our community investment, the 150,000.</p> <p>24 There were \$50,000 from GCA 50 used for weatherization</p> <p>25 in 2003. But those would be additional weatherization</p>

Page 54

1 funds in 2003 over and above the 150,000 that is stated
2 on that sheet.
3 Q. Well, this is not 2003.
4 A. Yes.
5 Q. This would be year one of the pilot program; right?
6 A. That's correct. That assumes the same level of
7 contribution from Citizens byproducts to the customer
8 benefit or to our Citizens community investment program
9 for utility weatherization.
10 Q. Now these numbers here from the customer benefit
11 distribution don't add up to the 2.2 million that you
12 refer to in your testimony. Did they get changed?
13 A. No, you are correct, they don't add up to the 2.2. We
14 adjusted them to the 2.2 million dollar amount from
15 customer benefit distribution.
16 MR. CRACRAFT: Can we take a break really
17 soon?
18 MR. STEWART: Sure, we can.
19 MR. CRACRAFT: Okay.
20 MR. STEWART: Let's go off the record.
21 (A recess was taken.)
22 MR. STEWART: Let's go back on the record.
23 Q. Looking back at page 14 in your testimony, Mr. Sawyers,
24 at the very bottom, that last sentence, "In the event a
25 funding deficit exists at the end of the pilot

Page 55

1 program," can you explain how that would come about or
2 could come about?
3 A. Yes. I attempted to try to explain it earlier. To the
4 extent, using your example from earlier, if you have a
5 customer that has a \$100 bill and \$40 is then offset by
6 a discount and goes into the fund, then there is only
7 \$30 in the fund. At the end of the program to cover
8 the 40, there is a \$10 balance left over, then that
9 will be a deficit that would exist.
10 Q. Well, do you have an estimate of how much of a deficit
11 is possible?
12 A. No, I do not.
13 Q. Could it be ten million dollars?
14 A. Highly unlikely.
15 Q. What stops the deficit from growing?
16 A. The cost of gas, the extent, the number of participants
17 in the program, the amount of LIHEAP funding. There is
18 many variables that go into it. And customers who
19 enroll in the program, the limit that -- limit to the
20 number of customers that are going to enroll in the
21 program is the amount of LIHEAP money going to go to
22 assist them. So once LIHEAP funds run out, the program
23 stops until additional funds are made available. So
24 that's really the biggest limiting factor.
25 Q. When you say LIHEAP funds run out, the program

Page 56

1 discontinues, what does that mean?
2 A. Well, in terms of accepting more applicants. So when I
3 use the estimate of 16,000 customers, I estimated high.
4 We typically see around 14,900 to 15,000 customers
5 enrolled in the program in a given year based on LIHEAP
6 funding levels. So you have to apply and qualify for
7 LIHEAP and receive assistance. Once you do that, you
8 become eligible for this program.
9 Q. For how long?
10 A. For the rest of the heating season until the beginning
11 of the next heating season.
12 Q. And so that runs from the end of this program; right?
13 A. Yes.
14 Q. So December to November?
15 A. Yes. So if I were to apply in November for the
16 assistance, I would start receiving assistance in
17 December and it would continue receiving the discount
18 on my bill until or through November, and then I would
19 have to reapply sometime before that to continue to
20 receive assistance into the next heating season.
21 Q. And the budget that we're looking at here, again which
22 is Deposition Exhibit 5, estimates an average
23 residential customer bill of \$950; is that right?
24 A. Yes.
25 Q. And if I read down, I'm looking at the third page of

Page 57

1 that exhibit, if I go down and I see ultimately you are
2 reflecting \$6,080,000 available to assist program
3 participants in bill reduction; is that right?
4 A. That's correct.
5 Q. And of that the anticipation is that there would be
6 3,360,000 in LIHEAP funds?
7 A. That's correct.
8 Q. Okay. What estimate of gas cost is used in this
9 projection?
10 A. I don't recall.
11 Q. Who prepared it?
12 A. I prepared it.
13 Q. If you add 16,000 people in the program --
14 A. I can answer a portion of this. I think our average
15 residential gas bill today is around, our average
16 residential gas bill today is around \$875, to give you
17 a place holder in terms of cost.
18 Q. Are the assisted customer bills typically higher than
19 the average?
20 A. No, not for the total population.
21 Q. Not for the total population of assisted?
22 A. Right.
23 Q. So if gas prices went up a third from whatever was used
24 in this projection and you had the anticipated number
25 of participants, that might be a way you could end up

Gregory A. Sawyers
May 18, 2004

Page 58	Page 60
<p>1 with a deficit at the end of the program?</p> <p>2 A. That's correct.</p> <p>3 Q. And if there is a deficit, you are allowed to create a</p> <p>4 regulatory asset for that? Bottom of page 14.</p> <p>5 A. Yes. "In the event that a funding deficit exists at</p> <p>6 the end of the pilot Program, Citizens may create a</p> <p>7 regulatory asset and continue to utilize its CBD, or</p> <p>8 for good cause shown, propose an alternate method to</p> <p>9 recover such deficit, without carrying charges."</p> <p>10 Q. Okay. Turn to what's part of your testimony, the very</p> <p>11 last pages, Petitioners' Exhibit GAS-6, if you would,</p> <p>12 and this is referred to on page 15 of your testimony.</p> <p>13 If you could go through this exhibit with me, I think</p> <p>14 it would be helpful.</p> <p>15 Is it correct that what this shows is that you're</p> <p>16 allowed to use funds that come from your non-regulated</p> <p>17 affiliates for certain things or, in fact, are required</p> <p>18 to for some things, is that sort of what this shows?</p> <p>19 A. I believe so.</p> <p>20 Q. If we look at line two and three --</p> <p>21 A. Uh-huh.</p> <p>22 Q. -- which is cash used for customer benefit policy, line</p> <p>23 two is you're allowed to use some of that money to make</p> <p>24 payments that are required by the GCA 50 settlement, is</p> <p>25 that what that means?</p>	<p>1 Q. And then we take the 2.2 million entirely from that?</p> <p>2 A. That's correct.</p> <p>3 Q. None of it comes from the \$2,068,000 that pays company</p> <p>4 expenses shown at line four?</p> <p>5 A. Are you asking if none of the two million dollars in</p> <p>6 line four goes to fund any portion of this program? Is</p> <p>7 that what you're asking?</p> <p>8 Q. No. I am asking if it goes to fund any of the 2.2</p> <p>9 million dollars.</p> <p>10 A. No, it does not.</p> <p>11 Q. Okay. Well, are you suggesting that part of the lines</p> <p>12 two and three are funding this program?</p> <p>13 A. Yes.</p> <p>14 Q. Explain how.</p> <p>15 A. GCA 50 settlement payment of \$780,000, \$550,000 of those</p> <p>16 funds are going to cover costs of this program.</p> <p>17 Q. And those are funds that you have been ordered to use</p> <p>18 in a certain way by the Commission pursuant to a</p> <p>19 settlement?</p> <p>20 A. Correct.</p> <p>21 Q. Those aren't funds that you would otherwise be able to</p> <p>22 just take and put into the general account of the</p> <p>23 company?</p> <p>24 A. That's correct. There are \$400,000 in funds that</p> <p>25 aren't shown here, though, that do come from our</p>
Page 59	Page 61
<p>1 A. I would assume so.</p> <p>2 Q. And then line three you are allowed to recover certain</p> <p>3 expenses the company has from this fund as well?</p> <p>4 A. Again, I assume so.</p> <p>5 Q. Did you not prepare this exhibit?</p> <p>6 A. No, I did not.</p> <p>7 Q. Is it correct that if you look at lines five and six</p> <p>8 we're talking about money that would typically be</p> <p>9 refunded back to the customers?</p> <p>10 A. Correct.</p> <p>11 Q. Okay. Now, dropping down to lines 10 and 11, is it</p> <p>12 correct that of the customer benefit distribution funds</p> <p>13 the 2.2 million dollars being used to fund this program</p> <p>14 comes entirely from the amount that would have gone</p> <p>15 back to the customers, none of it comes from the amount</p> <p>16 in lines two and three that are used for company</p> <p>17 expenses?</p> <p>18 A. That would not be true.</p> <p>19 Q. Why not?</p> <p>20 A. Could you state your question again, please?</p> <p>21 Q. Does it show that 3,288,000 would be returned to</p> <p>22 customers at line seven?</p> <p>23 A. In this example, yes.</p> <p>24 Q. And line ten, that's the same dollar amount there?</p> <p>25 A. That's correct.</p>	<p>1 non-regulated businesses that do go to fund a portion</p> <p>2 of this program as well, though.</p> <p>3 Q. Is the 1.2 million a cap on customer benefit</p> <p>4 distribution funds that will go into this program?</p> <p>5 A. To the extent there isn't a deficit. And that would be</p> <p>6 determined how we were going to offset the deficit, as</p> <p>7 I stated earlier.</p> <p>8 Q. So if there is a -- you state on page 16, line 5, if I</p> <p>9 understand this testimony correctly, that it is the</p> <p>10 company's position that it's complying with its</p> <p>11 matching obligation by taking the 1.288 million dollars</p> <p>12 that it otherwise would refund to customers and putting</p> <p>13 it in this program; is that right?</p> <p>14 A. I believe so.</p> <p>15 Q. And then it says an additional 912,000 will go into it,</p> <p>16 and that's how we get to the 2.2 million?</p> <p>17 A. That's correct.</p> <p>18 Q. Okay. And then it says if the board of directors</p> <p>19 thinks there is more money available that it would then</p> <p>20 be refunded to the customers; right?</p> <p>21 A. That's correct.</p> <p>22 Q. But you've already explained that if there is a deficit</p> <p>23 in the program, those funds would pay off the deficit</p> <p>24 and not be flowed back to the customer; is that right?</p> <p>25 A. No, that's not correct.</p>

16 (Pages 58 to 61)

Gregory A. Sawyers
May 18, 2004

Page 62	Page 64
<p>1 Q. Why not?</p> <p>2 A. Because we have not determined if -- we have not</p> <p>3 determined the method by which we would offset the</p> <p>4 deficit.</p> <p>5 Q. What other method is there other than taking money from</p> <p>6 the customer benefit distribution?</p> <p>7 A. That's one mechanism that we illustrated. That doesn't</p> <p>8 mean that's all.</p> <p>9 Q. What other one is there?</p> <p>10 A. We could throw it back in terms of the charge on the</p> <p>11 bill. We could do a variety of different things,</p> <p>12 assuming there is a deficit.</p> <p>13 Q. If there is a deficit, throw it back as a charge on the</p> <p>14 bill, you mean you would get Commission approval for</p> <p>15 that?</p> <p>16 A. Yes. We haven't determined the method we would use to,</p> <p>17 assuming there is a deficit, we haven't determined the</p> <p>18 method that we would use to offset that.</p> <p>19 Q. The net effect of the customer, other than that some</p> <p>20 customers might be treated dissimilarly under those two</p> <p>21 possible ways is the same, isn't it? In other words --</p> <p>22 A. As a whole.</p> <p>23 Q. -- you either -- okay. On page 17 at line 10, again,</p> <p>24 it says Citizens will contribute \$76,000 from its CBD.</p> <p>25 Do you see that?</p>	<p>1 Q. \$21,700 for fiscal year '03?</p> <p>2 A. Uh-huh.</p> <p>3 Q. Was that the number you used as your benchmark?</p> <p>4 A. Yes. The percentage is the benchmark, the 13 percent</p> <p>5 plus.</p> <p>6 Q. Okay. Now at the bottom of page 18 and the top of</p> <p>7 line -- excuse me, bottom of page 18 and the top of</p> <p>8 page 19 you talk about a whole bunch of different</p> <p>9 administrative costs. Do you have an estimate of the</p> <p>10 total amount of administrative costs expected that all</p> <p>11 of these will cover?</p> <p>12 A. In your Deposition Exhibit 5 --</p> <p>13 Q. Uh-huh.</p> <p>14 A. -- the last page are estimates of administrative costs</p> <p>15 given deductions and writeoffs.</p> <p>16 Q. Why do the estimated administrative costs change based</p> <p>17 on reductions in writeoffs?</p> <p>18 A. We traditionally see an increase in inquiries from</p> <p>19 customers who are not disconnected as they make payment</p> <p>20 arrangements and payments and continue to be on our</p> <p>21 system.</p> <p>22 Q. Okay. Are any of the costs of the Citizens -- excuse</p> <p>23 me, the Community Action program participants,</p> <p>24 employees funded in any way from this program?</p> <p>25 A. I am sorry, the Community Action Agency?</p>
Page 63	Page 65
<p>1 A. I do.</p> <p>2 Q. Is it another way of saying that Citizens will withhold</p> <p>3 \$576,000 from what it otherwise would be sending back</p> <p>4 to customers and use it to fund this program?</p> <p>5 A. Yes.</p> <p>6 Q. On page 18 you state that at the very top Citizens will</p> <p>7 absorb all costs associated with administering the</p> <p>8 pilot program. But isn't it correct that before you</p> <p>9 calculate the sharing of bad debt savings, if there are</p> <p>10 any, that Citizens gets to retain whatever</p> <p>11 administrative costs it has had in the program?</p> <p>12 A. To the extent there are any savings.</p> <p>13 Q. And it is only after that that there is a sharing?</p> <p>14 A. That's correct.</p> <p>15 Q. And the sharing half of the remaining would stay with</p> <p>16 Citizens and then the other half would go back into the</p> <p>17 universal fund?</p> <p>18 A. Yes.</p> <p>19 Q. And then those funds ultimately come back to Citizens</p> <p>20 again?</p> <p>21 A. To the extent that there is not a surplus.</p> <p>22 Q. At around line eight you talk about the benchmark for</p> <p>23 the most recent fiscal year LIHEAP customer writeoffs</p> <p>24 and writeoffs as a percent. Do you know what that was?</p> <p>25 A. \$21,000 was the amount --</p>	<p>1 Q. Yes.</p> <p>2 A. Are any of their employees funded by this program?</p> <p>3 Q. Or any of their administrative costs or overhead funded</p> <p>4 by this program.</p> <p>5 A. No. Only to the extent that we would provide training</p> <p>6 and educational material that they would pass out about</p> <p>7 the program, and those would be costs that we would</p> <p>8 bear.</p> <p>9 Q. Now you say part of your administrative costs would</p> <p>10 include start-up costs associated with the program,</p> <p>11 including legal fees and consulting fees, are those</p> <p>12 included in that estimate that I saw?</p> <p>13 A. Yes.</p> <p>14 Q. Well, how much of the \$20,486 for 35 percent is legal</p> <p>15 and consulting fees associated with the start-up of the</p> <p>16 program?</p> <p>17 A. Consulting fees is zero, and I am not sure on legal</p> <p>18 fees.</p> <p>19 Q. Was that from when the Commission authorizes you or</p> <p>20 everything up to and including that?</p> <p>21 A. I would assume when the Commission authorizes it.</p> <p>22 Q. I am going to turn to page 20.</p> <p>23 A. Okay.</p> <p>24 Q. Where you talk about bad debt expense at the bottom of</p> <p>25 the page.</p>

17 (Pages 62 to 65)

Gregory A. Sawyers
May 18, 2004

Page 66	Page 68
<p>1 A. Yes.</p> <p>2 Q. Is it correct, I think you have stated that only 13.45</p> <p>3 percent of the company's bad debt is associated with</p> <p>4 assisted accounts?</p> <p>5 A. In 2003, that's correct.</p> <p>6 Q. So a significant portion of bad debt expense is not</p> <p>7 associated with low-income customers?</p> <p>8 A. That would be correct.</p> <p>9 Q. Well, does this program assist them in any way?</p> <p>10 A. Assist who?</p> <p>11 Q. Those non low-income customers who have bad debt</p> <p>12 problems.</p> <p>13 A. No, it does not.</p> <p>14 Q. Are most of the bad debts residential?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. Do you know if eligible but unassisted accounts</p> <p>17 have a higher bad debt expense than eligible assisted</p> <p>18 accounts?</p> <p>19 A. No, I do not, because I do not know the number of</p> <p>20 eligible -- I do not know the number of eligible</p> <p>21 customers who have bad debt.</p> <p>22 Q. How is the, in a Citizens gas rate case, how is the bad</p> <p>23 debt expense allocated?</p> <p>24 A. I do not know. The current bad debt we have built into</p> <p>25 our base rates is 1.8 million, but I am not sure how</p>	<p>1 Q. Uh-huh. At the top.</p> <p>2 A. Yes, that's one reason.</p> <p>3 Q. Does the company have a budget program to address the</p> <p>4 concern over price volatility?</p> <p>5 A. The company has a budget program, but it doesn't cover</p> <p>6 price volatility.</p> <p>7 Q. How is that that it doesn't?</p> <p>8 A. The budget program levels out a person's bill over 12</p> <p>9 months based on an estimated amount of gas usage and</p> <p>10 estimated gas costs. If the price goes up sharply,</p> <p>11 then at the end of that 12-month period, the price</p> <p>12 volatility is then factored into the next 12-month</p> <p>13 period and their budget would then increase, assuming</p> <p>14 that the weather calculations were the same as what</p> <p>15 actually occurred. So it does not protect them from</p> <p>16 price volatility. It just levelizes out their payments</p> <p>17 for a 12-month period and does not require them not to</p> <p>18 pay increased costs related to price volatility.</p> <p>19 Q. How does this program that you proposed benefit</p> <p>20 petitioners' manufacturing customers?</p> <p>21 A. It benefits them as a public good, to the extent that</p> <p>22 workers for the -- did you say industrial?</p> <p>23 Q. I said manufacturing customers.</p> <p>24 A. Manufacturing customers, to the extent their employees</p> <p>25 would receive benefit from this program or potential</p>
Page 67	Page 69
<p>1 that factors into our base rates.</p> <p>2 Q. Come back to that in a minute. Does the answer to</p> <p>3 number four of the discovery requests, Deposition</p> <p>4 Exhibit Number 2, tell me the total amount of bad debt,</p> <p>5 is that for assisted accounts, is that E?</p> <p>6 A. For fiscal what? Fiscal year '03?</p> <p>7 Q. Uh-huh.</p> <p>8 A. The net amount of bad debt associated with assisted</p> <p>9 accounts is that number.</p> <p>10 Q. \$21,710?</p> <p>11 A. Yes.</p> <p>12 Q. How much was subsequently collected from those that</p> <p>13 were written off?</p> <p>14 A. I do not know.</p> <p>15 Q. You indicate in the petition that recognition of price</p> <p>16 volatility was something that triggered the desire to</p> <p>17 create this program. Do you remember that?</p> <p>18 A. Can you draw my attention to that?</p> <p>19 Q. Sure. In the original one it is on page four. I think</p> <p>20 it is the same in the second.</p> <p>21 MR. CRACRAFT: Tim, excuse me, are you</p> <p>22 talking about the stipulations or the petition?</p> <p>23 THE STEWART: The petition.</p> <p>24 MR. CRACRAFT: The petition. Okay.</p> <p>25 A. There is just one petition. On page four?</p>	<p>1 employees would receive benefits from this program.</p> <p>2 Q. How does it benefit the manufacturer if one of its</p> <p>3 employees receives benefits under this program?</p> <p>4 A. A proposed way would be that its employee would be more</p> <p>5 stable. Their gas bill would be less. They would not</p> <p>6 get disconnected, be forced into a mobility issue.</p> <p>7 They would be able to maintain heat, and therefore,</p> <p>8 their health care costs would not go up as a result of</p> <p>9 conditions of living in a non-heat residence. If they</p> <p>10 have children, their children's health care costs would</p> <p>11 not go up. If they're a potential employee, and I</p> <p>12 could go on with other benefits, but those are a few.</p> <p>13 Q. Well, let me ask you to identify one manufacturing</p> <p>14 customer employee who's eligible for this program.</p> <p>15 A. I don't have one that I can give you at this time.</p> <p>16 Q. Identify one health care providing customer whose</p> <p>17 employees receive benefits under this program.</p> <p>18 A. I don't have one at this time.</p> <p>19 Q. I am looking at the settlement now, the second one,</p> <p>20 GAS-4 as attached to your testimony on page six. What</p> <p>21 does it mean in J when it says Citizens will track the</p> <p>22 administrative costs for review and consideration in</p> <p>23 future filings relating to the continuation of the</p> <p>24 program?</p> <p>25 A. Can you tell me where you are in terms of the</p>

18 (Pages 66 to 69)

Gregory A. Sawyers
May 18, 2004

Page 70	Page 72
<p>1 paragraphs?</p> <p>2 Q. Just first paragraph J, second sentence.</p> <p>3 A. Where it says Citizens will continue to track --</p> <p>4 Q. Uh-huh.</p> <p>5 A. -- the administrative costs of the program for review</p> <p>6 and consideration in future filings"? That means we're</p> <p>7 going to track administrative costs for review for</p> <p>8 future filings.</p> <p>9 Q. Well, does that mean -- first, how are you going to</p> <p>10 track administrative costs?</p> <p>11 A. We have not determined that yet.</p> <p>12 Q. Okay. What does it mean review future filings? Does</p> <p>13 that mean you are going to try and recover them?</p> <p>14 A. I would assume that's one possibility.</p> <p>15 Q. Wouldn't you already have recovered them through the</p> <p>16 initial --</p> <p>17 A. Yeah, let me restate that. It is not for those costs,</p> <p>18 it would be for ongoing costs of the program similar to</p> <p>19 this, assuming we were to file something to go on</p> <p>20 beyond the pilot. And I would assume that you make the</p> <p>21 assumption that administrative costs are covered in the</p> <p>22 pilot program. We haven't determined that yet.</p> <p>23 Q. You don't know if the uncollectable costs or writeoffs</p> <p>24 are allocated in your cost of service study by rate or</p> <p>25 by class?</p>	<p>1 A. Jointly with the OUCC</p> <p>2 Q. Do you know if the one from Indiana Gas was joint with</p> <p>3 the OUCC?</p> <p>4 A. I don't know that.</p> <p>5 Q. Okay. Other than that announcement, have there been</p> <p>6 any other public announcements or marketing materials</p> <p>7 created by Citizens?</p> <p>8 A. Just informational materials, no marketing materials.</p> <p>9 Q. Can you provide me with a copy of that press release</p> <p>10 sometime in the next few days?</p> <p>11 A. Yes.</p> <p>12 Q. Thank you. What's the moratorium?</p> <p>13 A. The moratorium is a period from December the 1st to</p> <p>14 March the 15th where energy assistance assisted</p> <p>15 customers are protected from disconnection related to</p> <p>16 nonpayment of their heating bill.</p> <p>17 Q. You indicated in the discovery that you were familiar</p> <p>18 with similar programs. Can you identify those for me?</p> <p>19 A. The program at Pennsylvania, Columbia Gas.</p> <p>20 Q. What, what others?</p> <p>21 A. There are many other universal service programs, but I</p> <p>22 am most familiar with that one in terms of design of</p> <p>23 this program.</p> <p>24 Q. Is that a program that was created by the legislature?</p> <p>25 A. No. That program was created by the utility and then</p>
Page 71	Page 73
<p>1 A. I do not know.</p> <p>2 Q. If they are, would you agree that what you are doing is</p> <p>3 shifting with this program the cost of those</p> <p>4 uncollectables from the residential class to the</p> <p>5 manufacturing customer class and the health provider</p> <p>6 class?</p> <p>7 A. Again, I don't know how they're allocated today, so I</p> <p>8 couldn't answer that question.</p> <p>9 Q. Well, who would know that?</p> <p>10 A. I assume someone from our rates department.</p> <p>11 Q. Are you in a position to talk to them before the -- we</p> <p>12 will just deal with it in discovery.</p> <p>13 Do you know that -- It says here on page eight,</p> <p>14 about four-fifths of the way down, "The OUCC will have</p> <p>15 an opportunity to review and concur with Citizens'</p> <p>16 public announcements and marketing materials." Has</p> <p>17 Citizens had any public announcements and marketing</p> <p>18 materials on this?</p> <p>19 A. Yes, public announcements.</p> <p>20 Q. What do those consist of?</p> <p>21 A. There was a public announcement at the time of the</p> <p>22 filing.</p> <p>23 Q. What's public announcement mean?</p> <p>24 A. We issued a press release.</p> <p>25 Q. Okay.</p>	<p>1 later was, I believe later was brought in by the</p> <p>2 legislature for all Pennsylvania utilities.</p> <p>3 Q. When did it start?</p> <p>4 A. I would have to look back over the documentation, but I</p> <p>5 think 1986 and in various stages. There were other</p> <p>6 things that were added to the program at a later time.</p> <p>7 Q. Do all customers pay in their program?</p> <p>8 A. I believe so.</p> <p>9 Q. In proportion to their throughput or their use?</p> <p>10 A. I believe it is volumetric.</p> <p>11 Q. Of the \$6,680,000 for program year one and program year</p> <p>12 two, how much of that actually would be available for</p> <p>13 the payment of bills?</p> <p>14 A. Excuse me?</p> <p>15 Q. How much of that would be used to subsidize bills?</p> <p>16 A. And what was the number again, 6.68?</p> <p>17 Q. About 6,680,000.</p> <p>18 A. 6,080,000.</p> <p>19 Q. Have you got an estimate of the additional revenue that</p> <p>20 Citizens would get as a result of the program?</p> <p>21 A. That would be the decrease in writeoffs, which we're</p> <p>22 estimating to be 210,000. And in a 35 percent writeoff</p> <p>23 reduction year it would be 133,557 in writeoff savings,</p> <p>24 which would come back in the form of revenue. And also</p> <p>25 an additional \$40,971 in facility charges. And I don't</p>

19 (Pages 70 to 73)

Gregory A. Sawyers
May 18, 2004

Page 74

1 have any other estimates over and above that. For a 55
2 percent reduction in writeoff it would be \$209,875,
3 plus an additional \$64,383 in facility revenue.
4 Q. What deposition exhibit were you looking at there?
5 A. Deposition Exhibit 5, last page.
6 Q. So --
7 A. I have not made any other estimates.
8 Q. If you have got in fiscal year '03 \$821,710 in
9 writeoffs for assisted accounts --
10 A. That's correct.
11 Q. -- and after -- if you achieve a 35 percent reduction
12 after spending \$6,080,000 to assist people to pay their
13 bills, you are going to have a net reduction of
14 \$287,599 in writeoffs?
15 A. We would have, yes, \$287,599 in net writeoffs for 2003.
16 That's what we would have experienced. But I also draw
17 your attention to the fact that in 2003 we had the Keep
18 the Heat On program, and I would anticipate the dollars
19 in 2004 to be considerably higher than what we see in
20 2003.
21 Q. Is this program a priority for the management of
22 Citizens?
23 A. Yes.
24 Q. How much has Prolance agreed to provide to help fund
25 this program?

Page 75

1 A. None, I don't think, to my knowledge.
2 Q. Okay.
3 A. Not as an individual company.
4 Q. How much has management of Citizens agreed to
5 contribute to this program?
6 A. In terms of company dollars?
7 Q. No. Management.
8 A. Personal dollars?
9 Q. Uh-huh.
10 A. I don't have a figure for that. I contribute to the
11 Warm Heart Warm Home foundation.
12 Q. What about Citizens employees, do you know how much
13 they contribute to the Warm Heart Warm Home?
14 A. No, I do not.
15 Q. Will the Warm Heart Warm Home foundation continue to
16 operate and provide assistance outside of this program?
17 A. Yes, it will.
18 Q. Will the revenue that you get as a result of this
19 program that you otherwise wouldn't get, however much
20 that is, be reflected as residential revenues in the
21 cost of service study in the next rate case if it was
22 within the test year?
23 A. I would assume so.
24 Q. Do you know what, I may have asked you, and I apologize
25 if I did, it was right at the start, what percent of

Page 76

1 your revenue comes from transport customers?
2 A. I do not know.
3 Q. Do you know what percent of your throughput is from
4 transport customers?
5 A. You asked, and I didn't know then and I don't know now.
6 Q. Okay. Is it correct that residential use is going
7 down?
8 A. I do not know.
9 Q. Is it your understanding that the universal service
10 program is the first step to ensure that low-income
11 customers at or below 125 percent of the federal
12 poverty levels will receive the assistance necessary to
13 meet their energy needs?
14 A. Can you state that again, please?
15 Q. Yeah. Is it your understanding that the universal
16 service pilot program is the first step to ensure that
17 low-income customers at or below 125 percent of federal
18 poverty levels will receive the assistance necessary to
19 meet their energy needs?
20 A. Yes.
21 Q. Well, what is the estimate of the cost when all the
22 steps have been taken then to provide that assistance
23 to meet their energy needs?
24 A. You would have to explain to me what you mean by other
25 steps.

Page 77

1 Q. Well, I asked if this was the first step in ensuring
2 it. If there is a first step, there must be other
3 steps; right?
4 A. Uh-huh.
5 Q. Okay. When you have gone through all the steps,
6 because I don't know what your steps that you guys have
7 devised are, but when you've gone through all the
8 steps, what will the cost be to ensure that low-income
9 customers at or below 125 percent of the poverty level
10 will receive the assistance necessary to meet their
11 energy needs?
12 A. I don't have an estimate for you for that question.
13 Q. I'm going to ask you a different way in this. I'm
14 going to ask it slightly different now. Who came up
15 with the estimated cost of gas that are associated with
16 the costs provided for in this program?
17 A. I did.
18 Q. Okay.
19 A. Well, excuse me, I came up with the cost of the bill.
20 I did not come up with the cost of the gas.
21 Q. Did somebody help you in that?
22 A. I don't recall.
23 (Deposition Exhibit 9 was marked for
24 identification.)
25 Q. I am going to hand you Deposition Exhibit 9 now. Do

1 you recognize this?
2 A. Yes.
3 Q. Okay. Looking at 2004 where we show the 16,000
4 customers, what does application fees refer to?
5 A. This is an exhibit that is associated with a study that
6 was done as we were trying to determine how best to
7 devise this pilot program. And we were estimating at
8 the time this was prepared that we would pay an
9 administrative fee for the application process. So the
10 application fee, as stated above, is \$34 per customer,
11 so we took \$34 times 16,000 to come up with \$544,000.
12 That is no longer a part of the program.
13 Q. Okay. What's the next line, the 40 percent contact?
14 Do you know what that's referring to?
15 A. Yes. I believe it is two contacts per payment troubled
16 customer, and it's a 40 percent, it would be 40 percent
17 of the customers in the 16,000 would have contact with
18 us.
19 Q. Is that part of the administrative expense that we
20 looked at a minute ago, your estimated administrative
21 expense?
22 A. It could be a part of that. But again, this was done
23 in part of a study that was done by the Indiana Gas
24 Association. And those estimates may have changed.
25 Q. Are you anticipating having to hire additional people

1 to do this?
2 A. No, I am not.
3 Q. Aren't the existing people already covered by your
4 rates and charges that you collect?
5 A. Yes.
6 Q. Why would there be additional costs that you would try
7 and recover then?
8 A. Well, only to the extent that we had additional phone
9 contacts and lobby transactions there would be
10 additional administrative costs, so.
11 Q. But the person sitting there by the phone, why is there
12 additional costs if I call somebody five times?
13 A. That's a good -- yeah. I don't know.
14 Q. Same would be true?
15 A. Only to the extent that the contacts were to go up
16 there would be additional hiring as a result of this
17 program.
18 Q. And what about the phone out there, what's that mean?
19 A. At the time this study was done we anticipated 67
20 percent of these customers would contact us by phone,
21 33 percent of these customers would come to our lobby.
22 And at the time the study was done my assumption is we
23 assumed that there would be additional costs related to
24 administering this program and have to hire additional
25 staff to manage these contacts.

1 Q. But it is not your anticipation now to hire additional
2 staff?
3 A. Only to the extent that our contacts go up with respect
4 to the program.
5 Q. How are you going to know if the contacts are as a
6 result of the program? Are your staff going to
7 maintain records of who called and monitored whether
8 the number of contacts has gone up?
9 A. Yes. We maintain contact records today that will tell
10 us the number of contacts that we receive from
11 customers and we would associate that to their status
12 as being in the program.
13 Q. You have that information, if I sent you a discovery
14 request how many contacts you had from the assisted
15 customers, you could provide me that for 2003?
16 A. Yeah, I am not sure. But that would be what this
17 assumption would be.
18 Q. And you said that was prepared by who?
19 A. This was prepared by a group working with the Indiana
20 Gas Association.
21 Q. How were they involved in this process?
22 A. They were not. The study itself is used as a basis for
23 putting this program together.
24 Q. Why did they prepare the study?
25 A. The Indiana Gas Association with support from Vectren

1 and Citizens and others worked to determine if there
2 was a need for such a program in the state.
3 Q. Okay. Who were the others?
4 A. It would be NIPSCO, Citizens Gas, and Vectren.
5 Q. Do you anticipate that you would see the same -- If
6 this is approved by the Commission, that we would see
7 the same requests come from the other gas companies in
8 the state?
9 A. To the extent that Citizens and Vectren were approved,
10 I couldn't tell you what the other utilities' intention
11 would be.
12 Q. Well, you talked with Mike Martin, haven't you?
13 A. I have.
14 Q. What's his intention?
15 A. At this point his intention is not to file a program.
16 Q. Even if yours is approved?
17 A. Again, I am not sure what Mike's intention would be if
18 the program was approved. At the time we were putting
19 the study together his intention wasn't to file a
20 petition at this time.
21 Q. Why was he participating, if you know, why would he
22 have been involved in the request to the Gas
23 Association if they weren't interested in doing the
24 program?
25 A. Well, at the time they were interested in determining

Gregory A. Sawyers
May 18, 2004

Page 82	Page 84
<p>1 if there was a need and whether or not they wanted to 2 participate or not. Again, this was a year ago. 3 Q. Is it correct that you had discussions with anyone 4 associated with an electric company that would like to 5 see the same type of thing on the electric side as 6 well? 7 A. I do not know. 8 Q. I see Ed Simcox on your contact list. What was your 9 conversation with him? 10 A. He was a party to conversations while we were preparing 11 this as a part of Indiana Gas Association. 12 Q. What does he do? 13 A. At the time he was acting, the acting president of 14 Indiana Gas Association. 15 (Deposition Exhibit Number 6 was marked for 16 identification.) 17 Q. How many of the people - I am looking at Exhibit Q-13 18 to your discovery, but it has been marked as Deposition 19 Exhibit 6, these are the people that you indicated you 20 had communicated with concerning this program; is that 21 right? 22 A. Yes. And I inadvertently left one person off. 23 Q. Who? Who's that? 24 A. Randy Heimen from the OUCC. 25 Q. Well, how many of these people are customers?</p>	<p>1 identification.) 2 Q. And when you talk about your writeoffs, Deposition 3 Exhibit 8, I know there is a colored version of it, but 4 the one we have got is like this for fiscal year '03 - 5 MR. CRACRAFT: I can get you a colored one. 6 A. We can get a colored copy. 7 Q. The writeoffs are four million eight hundred thirty 8 eight thou.; is that right? 9 A. Yes. 10 Q. But then there are recoveries? 11 A. Correct. 12 Q. So the net writeoff is 3,299,000? 13 A. That's correct. 14 Q. Okay. You aren't able to provide a breakdown of 15 writeoff and recoveries for the assisted accounts? 16 A. I do not have a breakdown of that, no. 17 Q. That's all I have. Thank you, Mr. Sawyers. 18 A. Thank you. 19 MR. COURTER: I will waive 20 MR. CRACRAFT: I have no questions. 21 22 23 24 25</p>
Page 83	Page 85
<p>1 A. I do not know. 2 Q. Well, you communicated with them all. I don't want to 3 go through every one to see who they are. 4 A. Yeah. Actually I didn't communicate with all of them. 5 Q. Who else did? 6 A. Jody Underwood. And she did a presentation at our 7 neighborhood meeting, and so -- 8 Q. So anybody who came to the neighborhood meeting would 9 have been in here? 10 A. Yes. 11 Q. Okay. 12 A. And they primarily were representatives from our social 13 service sector. 14 Q. Now, Jack Wickes is listed in here. You didn't talk 15 with Mr. Wickes in order to file your petition, did 16 you? 17 A. I don't recall the date. I don't recall the date. 18 Q. What changes were made to the amended stipulation to 19 address the issues and concerns expressed to you by Mr. 20 Wickes? The answer is none, isn't it? 21 A. I don't recall all of his concerns. 22 Q. Do you recall making any changes to the program based 23 on the concerns that he expected? 24 A. No. I don't recall any changes to the program. 25 (Deposition Exhibit Number 8 was marked for</p>	<p>1 AND FURTHER DEPONENT SAITH NOT. 2 3 4 5 GREGORY A. SAWYERS 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>

22 (Pages 82 to 85)

Gregory A. Sawyers
May 18, 2004

<div style="text-align: right; margin-bottom: 10px;">Page 86</div> <div style="display: flex;"><div style="width: 30px; text-align: right; padding-right: 5px;">1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</div><div style="width: 70%;"><p>STATE OF INDIANA)) SS: COUNTY OF MARION)</p><p> I, Diane Zeyen, a Registered Professional Reporter and Notary Public in and for the County of Marion, State of Indiana at large, do hereby certify that GREGORY A. SAWYERS, the deponent herein, was by me first duly sworn to tell the truth, the whole truth, and nothing but the truth in the aforementioned matter;</p><p> That the foregoing deposition was taken on behalf of the Manufacturing and Health Providing Customers at the offices of John E. Connor & Associates, 1860 One American Square, Indianapolis, Marion County, Indiana, on the 18th day of May, 2004, commencing at the hour of 1:40 p.m. pursuant to the Indiana Rules of Trial Procedure;</p><p> That said deposition was taken down in stenograph notes and afterwards reduced to typewriting under my direction, and that the typewritten transcript is a true record of the testimony given by the said deponent; and thereafter presented to said deponent for his signature;</p><p> That the parties were represented by their counsel as aforementioned.</p><p> I do further certify that I am a disinterested person in this cause of action; that I am not a relative or attorney of either party, or otherwise interested in the</p></div></div>	
<div style="text-align: right; margin-bottom: 10px;">Page 87</div> <div style="display: flex;"><div style="width: 30px; text-align: right; padding-right: 5px;">1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</div><div style="width: 70%;"><p>event of this action, and am not in the employ of the attorneys for either party.</p><p> IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this ____ day of May, 2004.</p><p> _____ NOTARY PUBLIC</p><p>My Commission Expires: September 2, 2008 County of Residence: Marion County</p></div></div>	

Gregory A. Sawyers
May 18, 2004

A	administered 42:5 49:20 49:21	12:12,13 14:2 16:4,4 30:10,21 31:20 33:23 35:22 39:20 40:9 42:3 42:17,19 43:4 46:6,8 51:4 52:8 54:14 55:17 55:21 59:14,15,24 63:25 64:10 67:4,8 68:9	arrive 10:7
ability 36:24 37:4,12	administering 63:7 79:24		aside 8:25 12:8 46:3
able 60:21 69:7 84:14	administers 11:16		asked 25:23 26:2 28:8 51:15 75:24 76:5 77:1
about 7:7 11:11 12:16 17:7 18:15,22 19:9,20 34:11,13,17 37:25 41:12 44:6 48:12 49:3 49:12,25 50:24 51:10 52:15 55:1,2 59:8 63:22 64:8 65:6,24 67:22 71:14 73:17 75:12 79:18 84:2	administration 11:18 12:20 16:7 25:23 27:4 27:7 49:23		asking 60:5,7,8
above 8:11 16:15 19:25 36:9,17 37:4 39:21 54:1 74:1 78:10	administrative 3:9 15:4 15:11 63:11 64:9,10,14 64:16 65:3,9 69:22 70:5,7,10,21 78:9,19 78:20 79:10	analysis 26:25 27:5 39:23	asset 46:2 58:4,7
Absolutely 30:24	advertise 15:20	and/or 40:3	assigned 12:2
absorb 63:7	affiliates 58:17	announcements 71:16,17 71:19 72:6	assist 19:18 22:7 33:12 33:13,23 35:4 55:22 57:2 66:9,10 74:12
acceptable 51:13	affixed 87:4	annual 9:3 51:8,15	assistance 12:10 15:19 15:23 19:10 20:12 22:16 23:12 25:14,24 26:4,5,8,10 27:9 28:16 33:14 35:17 37:11,12 37:17,19,21 38:19 39:8 39:9,13,18 41:7,9 46:16 47:24 56:7,16,16 56:20 72:14 75:16 76:12,18,22 77:10
accepting 56:2	affordable 22:19 23:13	another 8:24 10:20 63:2	Assistants 3:5
according 30:10 46:13	aforementioned 86:9,22	answer 23:21,24 24:21 28:12 57:14 67:2 71:8 83:20	assisted 11:15 24:1,5,7,9 27:23 29:8 30:11,14 31:17,21,25 32:2,20 34:8,11,14,19,20,23 51:1 57:18,21 66:4,17 67:5,8 72:14 74:9 80:14 84:15
account 5:9 8:22 42:25 43:20 44:16 45:17 46:2 47:3 60:22	after 15:11 22:4 38:10,11 38:14,14 44:18 63:13 74:11,12	answers 23:20	associate 80:11
accountable 45:18	afternoon 4:8,9	anticipate 34:18 49:5 74:18 81:5	associated 13:19 15:8 17:17 26:25 63:7 65:10 65:15 66:3,7 67:8 77:15 78:5 82:4
accountant 45:25	afterwards 86:17	anticipated 47:17 57:24 79:19	associates 1:15,22 15:18 86:12
accounting 43:3	again 13:5 19:21 20:6 27:11 31:22 34:24 36:5 37:4,24 38:22 41:3 45:23 56:21 59:4,20 62:23 63:20 71:7 73:16 76:14 78:22 81:17 82:2	anticipating 78:25	association 36:19 78:24 80:20,25 81:23 82:11 82:14
accounts 12:1 14:25 27:24 29:5,8,10,13,14 29:16,17,19 30:11,14 30:18,21 31:4,18,21,25 32:1,2,7 66:4,16,18 67:5,9 74:9 84:15	agencies 33:14	anticipation 57:5 80:1	assume 19:11 21:17 59:1 59:4 65:21 70:14,20 71:10 75:23
achieve 74:11	agency 15:18 36:23 37:4 37:17 64:25	anybody 36:9 83:8	assumed 79:23
achieved 52:20	ago 78:20 82:2	anyone 82:3	assumes 54:6
across 15:2,9 47:18	agree 71:2	anything 47:12	assuming 44:21 62:12,17 68:13 70:19
acting 82:13,13	agreed 74:24 75:4	apologize 75:24	assumption 70:21 79:22 80:17
action 3:7 11:19,24 20:3 20:6,16 27:4 49:23 64:23,25 86:24 87:1	agreements 11:23 12:1	appear 52:9	assumptions 50:9
activity 11:22	ahead 24:13,14	applicable 37:2	attached 4:20 35:21 69:20
actually 9:19 17:20 42:25 68:15 73:12 83:4	aid 6:3	applicants 56:2	attachment 6:14
add 54:11,13 57:13	allocate 12:20	application 78:4,9,10	attempted 55:3
added 39:21 73:6	allocated 12:9,14 13:14 26:2,11 66:23 70:24 71:7	applied 26:7 44:18	attend 12:2
additional 22:16 23:11 25:14,17 26:4,9,10 39:7,8,18 40:2 53:25 55:23 61:15 73:19,25 74:3 78:25 79:6,8,10 79:12,16,23,24 80:1	allotment 25:24	approval 1:7 62:14	attention 35:12 38:22 67:18 74:17
address 32:17 68:3 83:19	allotments 10:18	approved 13:4 81:6,9,16 81:18	attorney 86:25
addresses 14:12	allow 15:25	approximate 34:22	
adequately 47:5	allowed 58:3,16,23 59:2	approximately 5:1,11 10:11 26:15 31:5,18,24 34:24 46:10 48:22 49:9 50:17 51:9 52:19	
adjusted 10:19 54:14	along 11:24	approximation 51:7	
administer 11:17 15:15	already 14:4 26:5 42:21 61:22 70:15 79:3	April 24:3	
	alternate 58:8	area 6:18	
	ALTERNATIVE 1:7	areas 6:4	
	although 7:1 48:4	around 49:18 56:4 57:15 57:16 63:22	
	amended 5:20 10:1 83:18	arrange 33:16	
	American 1:15,23 2:3 86:12	arrangement 20:17	
	amortized 15:22	arrangements 21:11 64:20	
	amount 5:22,24 9:3 10:7	arrears 27:24 29:5,11,14 29:16,17,19 30:2	

Gregory A. Sawyers
May 18, 2004

attorneys 87:2 audit 12:15 authorizes 65:19,21 availability 10:15 available 21:18,22 22:4 23:11 28:17 33:15,17 37:2 40:13,13,15 43:9 44:9,17 45:20 47:4 55:23 57:2 61:19 73:12 Avenue 2:10 average 5:3,9,10 10:10 21:10 26:8 39:21 47:18 50:20 51:2,6 52:7,10 52:13,21 56:22 57:14 57:15,19 avoid 20:23 38:10 awarded 12:21 away 25:15	benchmark 63:22 64:3,4 benefit 5:3,9,10 6:3,5 9:8 9:25 10:10 12:23 13:9 13:11,21 14:3 20:9 21:19 26:8,9,24 36:4 37:8 39:7,15,22,25 40:2,12 41:13,16 43:7 44:3,4 45:6 46:6 53:19 54:8,10,15 58:22 59:12 61:3 62:6 68:19,25 69:2 benefits 8:7 22:3 27:7 38:25 39:3,12,21 68:21 69:1,3,12,17 benefitted 39:19 best 48:17 78:6 better 21:15 between 5:4 7:18 16:6 19:16,21 23:7 24:2 beyond 22:22,25 70:20 biggest 55:24 bill 11:6 18:14,21 22:17 22:22 23:12 25:15 28:5 32:12 35:10 42:4,10,12 43:16 44:22 46:9 49:25 50:1,5,10 51:2,8 52:8 53:2,8,9 55:5 56:18,23 57:3,15,16 62:11,14 68:8 69:5 72:16 77:19 billed 15:25 45:18 bills 7:11 22:9 32:21 48:14 52:2 57:18 73:13 73:15 74:13 bit 14:12 29:21 block 48:5 blower-door 48:17 board 1:4 15:9 61:18 borrow 49:7 Both 11:9 bottom 18:22 32:16 41:11 54:24 58:4 64:6 64:7 65:24 box 2:4 23:23,25 break 54:16 breakdown 84:14,16 breaking 22:7 breakpoint 36:23 brought 73:1 budget 47:16 56:21 68:3 68:5,8,13 built 66:24 bullet 25:16 bunch 64:8 burden 39:19 businesses 61:1 byproducts 6:25 7:3,5	10:22 11:13 12:5 21:24 21:25 34:2 53:23 54:7 C C 2:1 87:10 CAGI 20:2,7 calculate 63:9 calculated 5:13,15 10:8 calculations 68:14 calendar 28:8,12 32:5 call 23:2,4 79:12 called 8:5 80:7 came 77:14,19 83:8 cap 36:18,20,23 37:4,6 37:17 61:3 care 69:8,10,16 carrying 58:9 case 38:15,15 47:14 66:22 75:21 cases 33:6 42:22 48:20 cash 58:22 catch-up 42:22 cause 1:5 4:14 58:8 86:24 CBD 14:8 58:7 62:24 ceiling 48:19 certain 58:17 59:2 60:18 certainly 52:4 certify 86:6,23 change 9:16 15:23 51:17 51:17 64:16 changed 54:12 78:24 changes 15:21 83:18,22 83:24 charge 17:12,16 33:5 43:6 62:10,13 charged 43:5 charges 17:18 58:9 73:25 79:4 CHARITABLE 1:6 chatter 29:22 check 43:18,20 children 69:10 children's 69:10 choice 46:17 circumstances 37:23 citizens 1:6 2:6 3:3,8,9 4:13,24 5:15,16,16,17 6:25 7:3 8:3 10:22,24 11:13,21 12:5,22 13:6 49:22 53:22 54:7,8 58:6 62:24 63:2,6,10 63:16,19 64:22 66:22 69:21 70:3 71:15,17 72:7 73:20 74:22 75:4 75:12 81:1,4,9 CITY 1:5	class 70:25 71:4,5,6 classes 12:3 closely 46:22 47:2 closer 9:5 CODE 1:7 Coke 1:6 2:6 4:13 collect 79:4 collected 67:12 collection 25:5 colored 84:3,5,6 Columbia 72:19 column 14:25 20:25 columns 14:21,23 come 6:23 12:4 33:11,25 40:22 45:22 46:9 49:19 53:18 55:1,2 58:16 60:25 63:19 67:2 73:24 77:20 78:11 79:21 81:7 comes 6:24 16:25 33:23 45:15 53:16,19,21,22 59:14,15 60:3 76:1 coming 40:5 commencing 86:14 commercial 40:18 41:6,8 Commission 1:2 22:2 26:21,23 27:1,2 60:18 62:14 65:19,21 81:6 87:12 communicate 83:4 communicated 82:20 83:2 community 3:7 7:6 10:23 11:14,18,24 12:6 20:3 20:6,16 27:4 49:23 53:23 54:8 64:23,25 companies 81:7 company 1:3,4 13:7 16:25 31:19 38:5 40:9 41:17 42:6,11,12,14,25 43:1,24 45:11,13 46:4 59:3,16 60:3,23 68:3,5 75:3,6 82:4 company's 13:18 26:14 61:10 66:3 compare 34:20 compared 24:3,8,11 40:1 40:3,7,8 Comparison 3:9 comply 46:19 complying 61:10 computer 16:1 concern 68:4 concerning 82:20 concerns 83:19,21,23 concerted 22:24 concur 71:15
---	---	--	--

Gregory A. Sawyers
May 18, 2004

<p> conditions 69:9 conducted 38:13 conjunction 40:22 Connor 1:15,22 86:12 considerably 51:22 74:19 consideration 69:22 70:6 consist 71:20 consulting 65:11,15,17 CONSUMER 2:9,9 consuming 18:4 consumption 48:18 50:19 51:16,25 53:8 contact 22:24 23:3,10,15 33:16,21 78:13,17 79:20 80:9 82:8 contacted 23:5 contacts 78:15 79:9,15 79:25 80:3,5,8,10,14 content 41:4 continuation 69:23 continue 21:16,21 46:12 56:17,19 58:7 64:20 70:3 75:15 contribute 7:10,24 11:20 34:2,3 62:24 75:5,10 75:13 contributed 7:14,19,21 11:1 49:15 contributes 10:23 contribution 8:2,4 10:2 12:5 21:3 49:18 54:7 contributions 5:20,21 7:1,23 9:2 13:6 14:8 21:4 53:21,22 contributors 33:24 control 48:4 conversation 82:9 conversations 82:10 coordinated 27:2 coordinates 11:23 copy 72:9 84:6 correct 5:18 13:25 14:20 16:2,14 18:7 19:12 21:8 25:20 27:14,19 29:12,12 30:12 31:17 35:16 36:8 37:24 38:4 40:11 42:9 43:25 44:9 45:10,14 46:20 54:6,13 57:4,7 58:2,15 59:7,10 59:12,25 60:2,20,24 61:17,21,25 63:8,14 66:2,5,8 74:10 76:6 82:3 84:11,13 correctly 61:9 cost 16:24 17:17 18:13 18:20 26:24 48:21,23 </p>	<p> 49:12 50:2,21 52:15 55:16 57:8,17 70:24 71:3 75:21 76:21 77:8 77:15,19,20 costs 3:9 15:14,19 16:7 60:16 63:7,11 64:9,10 64:14,16,22 65:3,7,9 65:10 68:10,18 69:8,10 69:22 70:5,7,10,17,18 70:21,23 77:16 79:6,10 79:12,23 counsel 86:21 COUNSELOR 2:9,10 County 1:13,15 86:2,5,13 87:14,15 couple 8:3 Courter 2:8 84:19 cover 44:11,20 47:5 52:15 55:7 60:16 64:11 68:5 covered 8:7,15 70:21 79:3 Cracraft 2:5,6 28:10 29:20 31:14 35:23 36:2 49:8 54:16,19 67:21,24 84:5,20 create 58:3,6 67:17 created 72:7,24,25 creating 45:8 credit 35:10 37:6 crisis 11:5 25:18 current 66:24 customer 3:4 6:3,3,5 7:1 9:7,25 12:23 13:9,11 13:21 14:3 17:17,24 18:1,2,4 32:10 33:1,8 36:21 37:10,11 41:8,10 41:16,20 42:8,10,15 43:5,7,14 44:3,4 45:6 46:6,9 47:23 50:10,20 53:2,19 54:7,10,15 55:5 56:23 57:18 58:22 59:12 61:3,24 62:6,19 63:23 69:14,16 71:5 78:10,16 customers 1:14 2:3 3:4 4:23 6:8 7:7,8,10,14,19 7:21,22,23 8:7,9,10,13 8:15 9:12,14 10:9,14 11:4,9,10,15 12:11,21 13:12,19,23 14:7 15:8 15:25 16:5,24 17:5,18 18:7,10,16,23 19:18,24 19:24 20:4,12,22,24 21:9,12 22:10,17,18,25 23:4,6,10,14,16 24:1,2 </p>	<p> 24:4,4,5,6,6,8,9 25:1,5 25:13,18 26:1,5,7 27:8 28:3,14,19,24 29:24 30:4,16 31:10 32:21 33:15 34:3,4,8,12,13 34:17,18,23 35:1 36:17 38:1,5,14 39:8,11,17 39:22 40:2,5,15,18 41:2,6,13 43:2,21 46:13,15,22 47:6,9,12 47:18 55:18,20 56:3,4 59:9,15,22 61:12,20 62:20 63:4 64:19 66:7 66:11,21 68:20,23,24 72:15 73:7 76:1,4,11 76:17 77:9 78:4,17 79:20,21 80:11,15 82:25 86:11 customer's 42:4 cut 24:15 47:8 cycle 22:8 32:23 33:1 34:5,6,8 35:1 37:25 38:6,10,17,20 39:10,24 </p>	<p> 4:16,18 6:9,12 19:3,5 21:3 22:15 23:17,19 24:17,19 27:21 38:23 48:7,9 50:8 56:22 64:12 67:3 74:4,5 77:23,25 82:15,18 83:25 84:2 86:10,16 derived 15:9 21:25 40:21 describe 6:20 9:10 32:24 36:14 described 42:20 design 72:22 designed 20:23 desire 67:16 detail 22:14 23:1 determination 36:22 determine 12:20 27:7 39:23 48:17 78:6 81:1 determined 14:4 32:14 61:6 62:2,3,16,17 70:11,22 determining 81:25 devise 78:7 devised 77:7 Diane 1:13 86:4 difference 5:12 16:6 23:6 different 14:23 62:11 64:8 77:13,14 direct 2:16 3:2 4:6 20:9 21:19 direction 86:18 directly 14:12 15:25 42:8 director 36:20 37:6,20 directors 1:4 36:18 61:18 disconnect 17:20,24 18:1 30:13 33:1 disconnected 17:19 22:19 24:1,2,7,8 25:13 29:9,13,24 30:16 31:10 33:3 39:15 40:5 64:19 69:6 disconnecting 20:24 disconnection 22:8 32:23 34:5,6,9 35:1 38:1,6 39:10 72:15 disconnections 21:9 disconnects 29:4 discontinuance 18:25 19:2 discontinues 56:1 discount 42:14 43:5,16 55:6 56:17 discounted 42:4,17 discovery 6:14 19:6 23:20 27:20 67:3 71:12 72:17 80:13 82:18 </p>
--	--	---	---

Gregory A. Sawyers
May 18, 2004

<p>discretion 36:20 37:17 discussions 82:3 disinterested 86:23 dissimilarly 62:20 distributed 19:16,21 20:4,6 26:1 distribution 6:4,5,24 9:8 9:11,23,25 10:11 12:24 13:10,12,22 14:4 43:7 44:2,3,4 45:6 53:19 54:11,15 59:12 61:4 62:6 dividing 15:10 document 9:21 35:19 documentation 14:11 73:4 documents 25:6 doing 71:2 81:23 dollar 10:7 30:10,21 54:14 59:24 dollars 15:8,17 25:24 31:5,7 41:25 44:16,23 47:25 55:13 59:13 60:5 60:9 61:11 74:18 75:6 75:8 donations 7:8 done 26:3 38:5 39:23 48:15,24 49:5 78:6,22 78:23 79:19,22 double 41:13 Douglas 2:13 down 10:19 19:9 21:10 21:10 40:16 52:6 56:25 57:1 59:11 71:14 76:7 86:16 draw 67:18 74:16 drop 48:18 dropping 59:11 DSM 26:21,25 duct 48:19 duly 4:2 86:7 d/b/a 1:6</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>E 1:15,22 2:1,1,15,15 3:1 3:1 30:10 67:5 86:12 each 5:5 33:8 EAP 17:24 18:3 19:18 20:5,19,19,20,21,24 21:9,10,11 22:3,4 25:5 25:18,18 27:8 38:17 39:5 40:12 earlier 18:3 55:3,4 61:7 earn 36:7 Ed 82:8 education 12:3</p>	<p>educational 65:6 effect 44:19 62:19 effort 49:21 efforts 11:23 22:21,24 23:1 eight 26:16,19 32:16 63:22 71:13 84:7,8 either 13:3 45:5 62:23 86:25 87:2 electric 1:4 82:4,5 electricity 18:18 eligible 19:24 20:4 29:25 34:4,12,13,15,16 35:2 35:7,17 36:10,21 37:16 37:21,22 38:3 41:6,10 42:11,15 47:9,20,24 50:6 53:5,6,7 56:8 66:16,17,20,20 69:14 employ 87:1 employed 4:12 employee 69:4,11,14 employees 64:24 65:2 68:24 69:1,3,17 75:12 encouraged 23:10 end 10:9 20:2 21:22 22:2 24:10 25:14 29:2,9,18 54:25 55:7 56:12 57:25 58:1,6 68:11 ends 28:22 energy 12:3 20:11 25:24 28:16 37:19 38:19 39:12,18 72:14 76:13 76:19,23 77:11 Enhancements 15:24 enough 25:25 44:20 47:8 enroll 55:19,20 enrolled 56:5 ensure 76:10,16 77:8 ensuring 77:1 enter 10:4 entire 53:8,9 entirely 59:14 60:1 entitled 14:18 equal 15:2 essence 22:18 establish 1:8 20:21 established 43:3 establishing 45:25 50:2 estimate 5:8 7:17 10:8,16 34:15,25 55:10 56:3 57:8 64:9 65:12 73:19 76:21 77:12 estimated 5:10 10:9 15:4 15:11 17:9 34:16 56:3 64:16 68:9,10 77:15 78:20</p>	<p>estimates 56:22 64:14 74:1,7 78:24 estimating 49:17 73:22 78:7 et 1:7 even 14:8 27:18 81:16 event 54:24 58:5 87:1 every 29:18 83:3 everything 18:16,18 65:20 exactly 14:15 41:3 examination 1:12 2:16 4:6 examined 4:4 example 7:4 15:1 21:19 37:6 47:1 51:12,13 52:1,3,4,14,17,20,22,23 55:4 59:23 excess 52:2 excuse 5:4 7:20 9:19 15:7 16:18 53:21 64:7,22 67:21 73:14 77:19 exempt 8:10 exhausted 22:5 exhibit 3:2 4:16,19 6:9 6:12 14:13 19:3,5 21:1 21:3 22:15 23:17,19 24:17,19 25:3 27:21 38:23 48:7,9,25 50:8 56:22 57:1 58:11,13 59:5 64:12 67:4 74:4,5 77:23,25 78:5 82:15,17 82:19 83:25 84:3 exhibits 4:20 30:25 31:2 exist 55:9 existed 39:24 existence 46:14 existing 20:11 21:15 25:18 26:7 34:21 38:17 38:19 39:1 46:7 47:25 79:3 exists 54:25 58:5 expected 64:10 83:23 expense 15:5,11 40:4 65:24 66:6,17,23 78:19 78:21 expensed 16:21 expenses 59:3,17 60:4 experience 47:22 experienced 74:16 Expires 87:12 explain 14:21 19:14 23:23 46:11 55:1,3 60:14 76:24 explained 61:22 explanation 25:10 37:15</p>	<p>exposed 26:24 expressed 83:19 extended 8:20 extent 21:16 41:3,9 44:19 44:24 45:2,20 49:17 52:22 55:4,16 61:5 63:12,21 65:5 68:21,24 79:8,15 80:3 81:9</p> <hr/> <p style="text-align: center;">F</p> <hr/> <p>F 2:15 3:1 29:8 facility 17:12,16 73:25 74:3 facility's 17:18 fact 22:15 58:17 74:17 factor 55:24 factored 68:12 factors 47:19 67:1 failed 27:15 fall 33:2 fallen 29:19 falls 53:6 familiar 72:17,22 family 11:17 12:19 25:22 27:3,6 35:6,15,16 36:6 37:16,22 49:22 federal 10:15 76:11,17 fee 78:9,10 fees 65:11,11,15,17,18 78:4 few 9:4 44:6 69:12 72:10 figure 6:17 75:10 file 4:14 70:19 81:15,19 83:15 filling 71:22 filings 69:23 70:6,8,12 financial 11:4 find 24:22,24,24,25 50:25 51:13,21 first 3:3 4:2 14:24 24:10 24:22,25 25:16 27:23 50:18,23 51:3,23 70:2 70:9 76:10,16 77:1,2 86:7 fiscal 9:12 25:10 29:1,2 30:7,16,18 31:5,6 32:6 32:7 63:23 64:1 67:6,6 74:8 84:4 five 5:2 31:7 59:7 79:12 filer 7:11 flow 8:5 21:5 42:19 43:6 44:11 45:5 46:4 flowed 61:24 fluctuate 36:24 follows 4:4 food 18:17</p>
--	--	--	---

Gregory A. Sawyers
May 18, 2004

<p>force 11:25 forced 69:6 foregoing 86:10 form 73:24 forward 22:20 23:13 48:1 foundation 6:22 7:9 8:6 8:22 10:3 19:17 20:18 20:21 33:19,22 75:11 75:15 four 27:20,23 34:7 35:6 35:15,16 36:6 37:16 60:4,6 67:3,19,25 84:7 four-fifths 71:14 from 3:5 6:2,7,23,24,24 6:25 7:1,3,7,8,23,23 8:10,15 9:2,25 10:2,20 10:22 12:4 15:3,9 17:1 19:17 20:15 21:4,25 22:2 23:14,16 25:10 29:5 31:9 33:23,25 37:19 38:24,25 39:2,7 39:12,19 41:23 42:18 42:22 43:2,7,21 46:8 49:18,21 53:16,18,19 53:21,21,22,22,24 54:7 54:10,14 55:4,15 56:12 57:23 58:16 59:3,14,15 60:1,3,25 62:5,24 63:3 64:18,24 65:19 67:12 68:15,25 69:1 71:4,10 72:2,13,15 76:1,3 80:10,14,25 81:7 82:24 83:12 front 27:12 30:20 34:10 51:23 full 53:2 fund 7:10 10:18 11:11 12:15 14:18 15:5,12 16:23 17:1 42:1,5,12 42:18,19,21,24,24 43:6 43:10 44:8,15,20,25 45:3,5,15,23 46:1 53:15,20 55:6,7 59:3 59:13 60:6,8 61:1 63:4 63:17 74:24 funded 64:24 65:2,3 funding 8:25 9:24 10:15 20:19 21:24 26:12 33:9 37:21,24 46:23 47:4 54:25 55:17 56:6 58:5 60:12 funds 6:2,23 7:1,2,5 10:25 11:20 12:7,8,20 12:24 13:22 20:1,8,11 20:15,19,20 21:16,17</p>	<p>21:22,25 22:1,4 41:17 41:23,23,25 42:18 43:1 43:7,8,9,10 44:4,8 45:5 45:20 46:3,8 47:8 48:4 48:5,18 49:14,14 53:16 54:1 55:22,23,25 57:6 58:16 59:12 60:16,17 60:21,24 61:4,23 63:19 furnace 48:20 further 39:18 85:1 86:23 future 45:5 69:23 70:6,8 70:12 FY 3:9 FY03 3:6</p> <hr/> <p style="text-align: center;">G</p> <hr/> <p>gas 1:3,3,6 2:6 3:8,9 4:13 4:24 18:4,14,17,17,21 19:2 22:11 27:16 28:5 34:17 48:14 49:22 51:22 53:3,3 55:16 57:8,15,16,23 66:22 68:9,10 69:5 72:2,19 77:15,20 78:23 80:20 80:25 81:4,7,22 82:11 82:14 GAS-4 69:20 GAS-5 35:23 GAS-6 58:11 gave 29:11 GCA 12:7,9 13:9 20:15 21:25 53:16,24 58:24 60:15 general 60:22 Generally 5:20 gets 45:15 46:6 63:10 getting 12:2,2 21:15 26:6 37:11 give 22:14 28:7 37:7 57:16 69:15 given 15:15 27:17 37:21 56:5 64:15 86:19 go 10:18 11:1,4 12:18 16:23 17:20,25 19:9 24:13,14 34:1 37:4,15 38:23 41:23,24 42:3,5 42:10,17,24 44:7,8,15 45:6 54:20,22 55:18,21 57:1 58:13 61:1,4,15 63:16 69:8,11,12 70:19 79:15 80:3 83:3 goal 38:9 goes 13:12 17:5 18:18 33:23 36:16 55:6 60:6 60:8 68:10 going 4:18 5:22,25 6:11</p>	<p>14:7 15:3 19:5 21:18 21:24 22:20 23:13 25:15 28:24 32:11 40:17,20,22 41:4,5,25 43:12 44:7 45:13,17 46:12,22,25 47:1,2,7 47:13 48:1 51:16 52:8 55:20,21 60:16 61:6 65:22 70:7,9,13 74:13 76:6 77:13,14,25 80:5 80:6 gone 9:13 13:1 19:23 44:7 59:14 77:5,7 80:8 good 4:8 58:8 68:21 79:13 Goodwill 8:4 gotten 25:24 39:12 grant 19:22,23 20:22 48:6 grants 20:19 graph 31:1 greater 3:8 11:19,24 20:3 20:7,16 23:14 27:4 28:4 49:23 50:17,25 51:1 greatly 22:18 37:13 Greg 3:5 29:20 Gregory 1:11,12 3:2 4:1 4:11 85:5 86:6 grounds 28:11 group 80:19 groups 7:24 growing 18:10,12,16 21:14 55:15 guess 47:11 50:5 guidelines 19:25 36:22 guys 77:6</p> <hr/> <p style="text-align: center;">H</p> <hr/> <p>H 3:1 HACKMAN 2:6 half 49:12 63:15,16 halfway 19:9 hand 4:18 6:11 19:5 23:19 77:25 87:3 having 4:2 17:20,24 29:21 78:25 health 1:14 2:3 3:4 69:8 69:10,16 71:5 86:11 hearing 29:21 Heart 6:20,21,21 7:9 8:6 8:21 10:3,20 11:2 19:17,22 20:18,21 21:4 33:18,22 75:11,13,15 heat 20:1,13,14,23 21:5 21:22 22:13 25:10,12</p>	<p>39:2,4,6,19 40:3 69:7 74:18 heating 8:12,12,14,17,18 21:23 23:8,9 26:4,11 28:15 32:21,22 40:6 56:10,11,20 72:16 held 42:5 Helmen 82:24 help 6:17 8:5 11:4,6 19:22,23 24:24 38:9 39:9 74:24 77:21 helped 8:9,10 39:16 helpful 58:14 hereunto 87:3 high 56:3 higher 50:19 52:8 57:18 66:17 74:19 highest 50:23 51:3 highlighted 22:15 26:22 51:14 Highly 55:14 him 82:9 hire 78:25 79:24 80:1 hiring 79:16 holder 57:17 home 6:20,21,22 7:9 8:6 8:21 10:3,21 11:2 19:17,22 20:18,21 21:4 33:18,22 48:21 49:10 75:11,13,15 homes 22:12 26:13 48:15 48:23,24 49:5 50:19 51:19,20,21 52:2,6,21 hour 86:14 house 48:16,16,18 51:25 household 5:5 36:6 52:18 households 19:19,23 20:2,6,9 21:20 51:1 houses 3:8 51:5 HULETT 2:6 hundred 84:7</p> <hr/> <p style="text-align: center;">I</p> <hr/> <p>idea 52:10 identification 4:17 6:10 19:4 23:18 24:18 48:8 77:24 82:16 84:1 identify 4:19 38:6 69:13 69:16 72:18 illustrated 62:7 immediacy 32:17,18,19 implement 15:21 inadvertently 82:22 INC 1:3,22 incent 53:3 incented 53:8,10,11,13</p>
--	---	---	--

Gregory A. Sawyers
May 18, 2004

<p>53:14 include 65:10 included 65:12 includes 39:4 including 21:5 23:1 65:11,20 income 3:10 12:22 19:25 35:22 36:24 53:7 increase 5:3 18:13 23:15 24:11,11 25:12 50:21 64:18 68:13 increased 37:13 68:18 incurred 15:14 17:9 IND 1:7 Indiana 1:1,2,3,3,14,15 1:16 2:6,8,9 11:17 12:14 35:12 36:25 72:2 78:23 80:19,25 82:11 82:14 86:1,6,13,15 Indianapolis 1:5,15,23 2:4,7,11 3:8 11:19,24 20:3,7,17 27:5 49:24 86:13 indicate 23:25 52:18 67:15 indicated 72:17 82:19 indicates 21:9 53:1,4 indicator 37:3 52:24 individual 33:8 75:3 industrial 40:18 41:6,8 68:22 information 28:8,14,16 30:15,20 80:13 informational 72:8 initial 70:16 initiative 10:23 inquiries 64:18 instance 52:25 instead 9:14 53:3 insulation 48:19 intention 81:10,14,15,17 81:19 interested 81:23,25 86:25 inure 41:17 investment 7:6 10:23 11:14 12:6 53:23 54:8 involved 22:21 80:21 81:22 issue 69:6 issued 30:14 71:24 issues 83:19 item 9:7 14:24 IURC 13:3,4,8</p> <hr/> <p style="text-align: center;">J</p>	<p>J 69:21 70:2 Jack 83:14 Jody 83:6 John 1:15,22 86:12 joint 1:3 49:21 72:2 Jointly 72:1 Joshua 2:12 just 7:22 8:11 9:10 10:16 11:20 18:15 22:22 31:1 31:6 34:11,24 36:2 37:4 39:4 43:1 45:24 47:21 51:19 53:7 60:22 67:25 68:16 70:2 71:12 72:8</p> <hr/> <p style="text-align: center;">K</p> <p>KAPPES 2:3 keep 20:1,13,14,22 21:5 21:21 22:13 25:10,12 39:2,4,6,19 40:3 45:7 74:17 kept 16:13,17 key 28:23 know 4:23 13:11,18 14:5 24:23 29:24 30:13 31:9 31:24 32:10 34:13,14 38:11,11 47:16 48:14 48:21,22,23 52:9 63:24 66:16,19,20,24 67:14 70:23 71:1,7,9,13 72:2 72:4 75:12,24 76:2,3,5 76:5,8 77:6 78:14 79:13 80:5 81:21 82:7 83:1 84:3 knowledge 38:2 75:1 KTHO 3:6</p> <hr/> <p style="text-align: center;">L</p> <p>L 2:2,13,16 4:7 87:10 large 86:6 last 4:24 8:3 12:23 14:13 17:7 21:8 34:21,22 54:24 58:11 64:14 74:5 late 25:24 26:1,11 27:18 later 45:1 47:3 52:13 73:1,1,6 least 35:8 leaving 12:15 Lee 2:12 left 15:3 45:4 55:8 82:22 legal 65:11,14,17 legislature 72:24 73:2 Leja 2:8 less 40:10 53:2,3,11,12 69:5 let 23:19 30:25 69:13</p>	<p>70:17 letter 23:2,2,9 28:3 35:21 letters 23:5,5,7,8 28:20 let's 6:18 19:9 37:14,14 54:20,22 level 20:12 21:15 22:9 30:2 54:6 77:9 levelizes 68:16 levels 46:23 56:6 68:8 76:12,18 LEWIS 2:3 life 15:22 18:16 LIHEAP 4:24 5:9 8:11 8:11 10:7,11 11:15 19:23,25 20:4,8,11 21:17 24:2,4,7,9 26:12 28:14,18 29:25 31:21 34:4,12,13,15,16 35:2 35:15 36:10,19 37:24 38:3 43:7,14 44:1 46:15 47:17,25 55:17 55:21,22,25 56:5,7 57:6 63:23 like 21:14 25:1 43:1 47:7 82:4 84:4 likelihood 37:10,20 likely 29:17 Lilly 7:25 8:2 limit 55:19,19 limited 37:21 limiting 55:24 line 5:2,19 9:18 15:10 16:15 18:9 19:20 27:15 40:16 46:21 58:20,22 59:2,22,24 60:4,6 61:8 62:23 63:22 64:7 78:13 lines 13:21 14:22 59:7,11 59:16 60:11 list 3:7 33:14 34:7 52:6 82:8 listed 48:15,24 83:14 listening 31:12 little 14:12 23:23 29:21 44:8 living 69:9 lobbied 25:17 lobby 38:15 79:9,21 local 36:18 long 56:9 longer 78:12 look 6:18 14:11 19:9 35:21 36:6 48:9 50:8 51:25 52:6 58:20 59:7 73:4 looked 47:16,19 78:20 looking 27:23 29:8 54:23</p>	<p>56:21,25 69:19 74:4 78:3 82:17 looks 47:7 lot 22:21 31:13 low 3:10 12:22 lower 22:10,17 23:12 25:14 48:14 lowering 22:22 low-income 12:11 18:10 18:23 22:9 66:7,11 76:10,17 77:8</p> <hr/> <p style="text-align: center;">M</p> <p>M 2:15 made 8:4 9:11 22:19 23:15 28:5,5,16 37:10 37:12 40:14 43:9 44:9 44:17 45:20 55:23 74:7 83:18 maintain 69:7 80:7,9 maintained 43:11 make 8:2 15:24 36:2,17 36:21 46:25 47:4 48:3 52:16 58:23 64:19 70:20 makes 35:6,16 37:5,16 making 28:24 83:22 manage 46:23 48:3 79:25 manageable 22:9 management 38:16 74:21 75:4,7 manufacturer 69:2 manufacturing 1:14 2:2 3:3 68:20,23,24 69:13 71:5 86:11 many 4:23 13:1 18:23 26:13 27:8 28:23 29:24 30:13,16,18 34:4,15 38:2 49:5 55:18 72:21 80:14 82:17,25 March 19:10,13,15,16,16 19:21,22 21:8 22:4,5 24:3 28:2,7,22,22 29:15 30:5 72:14 Marion 1:14,15 86:2,5 86:13 87:15 marked 4:16,18 6:9,11 19:3 23:17 24:17 48:7 77:23 82:15,18 83:25 marketing 3:5 71:16,17 72:6,8 Martin 81:12 match 49:14 matching 48:1 61:11 material 65:6 materials 15:20 71:16,18</p>
---	---	--	--

Gregory A. Sawyers
May 18, 2004

72:6,8,8 matrix 36:4,16 matter 4:3 86:9 Matthew 2:9 may 1:16 11:9 28:12 31:2 47:20 58:6 75:24 78:24 86:14 87:4 mean 5:21,24 9:10 14:22 15:13 16:1 17:22 24:15 25:21 27:18 28:1 32:18 32:24 37:1 46:24 47:7 56:1 62:8,14 69:21 70:9,12,13 71:23 76:24 79:18 means 6:20 16:11 17:16 32:19 58:25 70:6 meant 28:4 mechanism 9:1 62:7 median 36:24 meet 27:15 76:13,19,23 77:10 meeting 83:7,8 memo 3:4 38:24 memorandum 39:17 method 58:8 62:3,5,16 62:18 Michael 2:5 middle 48:12 might 6:17 39:24 57:25 62:20 Mike 31:8 36:1 81:12 Mike's 81:17 million 31:5,7 54:11,14 55:13 59:13 60:1,5,9 61:3,11,16 66:25 84:7 minimize 50:21 minimum 37:11 minus 16:6 minute 67:2 78:20 missed 18:24 30:5 misunderstood 31:23 mobility 69:6 moment 38:22 money 8:21 9:13 14:7 16:13,17,18,19,21,25 23:11 26:2 32:20 33:11 33:22,24 39:20 40:9,14 41:21 42:3 43:4,21 44:10,20 45:22 47:17 55:21 58:23 59:8 61:19 62:5 monies 6:7 9:21 11:13 14:5 25:25 26:6 33:15 33:17 34:1,1,2,2,3 41:1 42:20 44:17 monitor 46:22 47:2,6,13	monitored 47:11 80:7 monitoring 12:1 monitors 11:22 month 29:18,18 44:11,12 monthly 23:12 months 68:9 moratorium 28:22 72:12 72:13 more 12:23 14:5 18:24 22:9,14,19 23:13 26:1 27:15 29:4,13,17,17,19 30:5 34:24 44:8 47:20 47:20,23,24 51:22 52:7 53:3,11,13 56:2 61:19 69:4 most 36:7 42:21 52:1,9 63:23 66:14 72:22 mouth 31:16 much 7:14,17 8:21 31:9 47:16 55:10 65:14 67:12 73:12,15 74:24 75:4,12,19 must 77:2 N N 2:1,15,15,15 3:1 87:10 name 4:10 38:7 Names 3:7 natural 18:13,21 nature 26:2 necessarily 14:10 necessary 46:23 76:12,18 77:10 need 32:11,17 81:2 82:1 needs 18:10,11,16 76:13 76:19,23 77:11 neighbor 53:5,6,6 neighborhood 83:7,8 net 5:12 16:6,9,12,18 31:4 62:19 67:8 74:13 74:15 84:12 netting 44:19,23 next 9:7,18 10:4 15:4,7 15:10 16:4 19:20 24:11 29:16,22 32:21 44:11 56:11,20 68:12 72:10 75:21 78:13 nine 38:9 NIPSCO 81:4 non 66:11 nonassisted 31:25 noncustomers 7:22 none 59:15 60:3,5 75:1 83:20 nonpayment 29:9 33:2 72:16	non-EAP 17:12,22 18:1,2 non-heat 69:9 non-regulated 58:16 61:1 norm 22:25 normal 39:25 North 2:10 notarial 87:4 Notary 1:13 86:5 note 41:4 notes 20:2 86:17 nothing 4:3 35:5 86:8 notice 1:16 25:16 40:17 40:20,21,23,24 notices 30:13 notifications 28:21 notify 41:4 notifying 40:24 41:1 November 29:10 56:14 56:15,18 number 4:16,19 9:15 15:7 16:16 17:13 22:11 22:18 23:17,21 24:17 27:11,20,21,23,24 28:1 28:7 29:8,10 31:4,17 32:10 34:18,20,22 37:14 47:9,15,23 50:2 52:23 55:16,20 57:24 64:3 66:19,20 67:3,4,9 73:16 80:8,10 82:15 83:25 numbers 20:25 23:23,25 24:22,22,23,25 25:8,9 25:11 29:5 34:9 51:15 51:16,17,23 54:10 N501 2:11 O O 2:15,15 3:1 87:10 object 28:10 obligation 61:11 obligations 13:7 27:16 30:5 obviously 39:16 occurred 68:15 off 3:9 14:18 18:2,3 24:15 28:21 30:10,18 30:21 31:4 32:2,8,12 33:20 54:20 61:23 67:13 82:22 OFFICE 2:8,9 offices 1:14 86:12 offset 17:6 32:20 42:3,19 43:4,10 44:15,18,22 45:21 55:5 61:6 62:3 62:18	oh 15:7 24:12 33:14 44:14 okay 4:23 6:11,18 8:19 10:17 11:8 13:1 14:11 14:21 16:3 17:4,11,14 24:13,16,20 32:7 35:14 36:14 37:1,9 41:15,16 43:13 44:1 45:22 50:13 52:9 54:19 57:8 58:10 59:11 60:11 61:18 62:23 64:6,22 65:23 66:16 67:24 70:12 71:25 72:5 75:2 76:6 77:5,18 78:3,13 81:3 83:11 84:14 omitted 9:20 once 33:20 34:1 55:22 56:7 one 1:15,23 2:3,6 6:1,6 9:18 10:4 13:2 15:4 16:4 18:24 19:18 25:16 27:15,18 30:5 35:25 38:24 51:13 54:5 62:7 62:9 67:19,25 68:2 69:2,13,15,16,18,19 70:14 72:2,22 73:11 82:22 83:3 84:4,5 86:12 ongoing 32:21 70:18 only 9:20,24 21:22 34:13 44:25 55:6 63:13 65:5 66:2 79:8,15 80:3 operate 75:16 opportunity 17:25 71:15 oral 1:12 order 13:3,8 22:2 32:17 83:15 ordered 60:17 original 67:19 other 6:6 7:24 12:17,18 14:4,5 16:20 17:10,10 33:24 35:1 43:1 44:6 44:16 46:8 47:13 50:17 62:5,5,9,19,21 63:16 69:12 72:5,6,21 73:5 74:1,7 76:24 77:2 81:7 81:10 others 11:1 47:20 72:20 81:1,3 otherwise 9:13 16:21 60:21 61:12 63:3 75:19 86:25 OUCC 9:17 12:15,19 16:8,16 40:22 71:14 72:1,3 82:24 out 6:17 9:22 17:20,25
--	--	---	--

Gregory A. Sawyers
May 18, 2004

40:6 42:12 45:15,22 55:22,25 65:6 68:8,16 79:18 outreach 17:13 outside 9:2,21 53:7 75:16 over 8:20 9:3 15:22 37:7 39:21 45:4 48:4 54:1 55:8 68:4,8 73:4 74:1 overhead 65:3 owe 17:5 O3 25:6	28:6 58:24 64:20 68:16 pays 60:3 Pennsylvania 72:19 73:2 people 12:2 33:23 46:8 50:5 57:13 74:12 78:25 79:3 82:17,19,25 per 47:17 48:21 49:10 78:10,15 percent 8:13,14,15,16 12:14 13:18 15:1 16:8 16:10,15,22 24:10,11 31:18,20,24 32:3,11 35:8,9,10 36:8,9,16,17 36:23,24 37:1,5,15 42:12,16 43:16 50:17 51:9 52:17,19,21 63:24 64:4 65:14 66:3 73:22 74:2,11 75:25 76:3,11 76:17 77:9 78:13,16,16 79:20,21 percentage 13:11 16:5 64:4 percentages 14:23 47:21 48:2 perhaps 44:10 period 24:10,12 30:8 41:15 42:22 68:11,13 68:17 72:13 person 11:22 79:11 82:22 86:23 Personal 75:8 person's 68:8 perspective 42:23 petition 1:3 67:15,22,23 67:24,25 81:20 83:15 PETITIONER 2:5 petitioners 58:11 68:20 Petitt 2:13 phone 23:2 79:8,11,18,20 pilot 1:8 9:18 10:4 13:2 49:19 54:5,25 58:6 63:8 70:20,22 76:16 78:7 place 1:16 57:17 Plan 1:8 3:6 play 11:21 please 41:19 59:20 76:14 plus 8:24 64:5 74:3 point 27:17 38:24 39:16 40:24 81:15 points 25:17 28:19 32:10 37:2,3 47:20,23,23 policy 58:22 pool 51:20 population 57:20,21 portion 10:22 13:9,25	14:1 40:14 57:14 60:6 61:1 66:6 position 61:10 71:11 possibility 70:14 possible 55:11 62:21 possibly 32:19 post 51:10 potential 14:24 18:25 68:25 69:11 poverty 8:13,14,15,16 20:12 36:8,9,17,18,25 37:5 76:12,18 77:9 preconsumption 52:1 prepare 59:5 80:24 prepared 57:11,12 78:8 80:18,19 preparing 82:10 PRESENT 2:12 presentation 83:6 presented 26:20 86:20 president 82:13 press 71:24 72:9 previous 21:1 previously 23:20 price 67:15 68:4,6,10,11 68:16,18 prices 57:23 primarily 6:25 7:23 83:12 principle 43:3 prior 32:21 44:17 priority 74:21 prism 27:5 problem 21:14 problems 66:12 Procedure 1:16 86:15 process 22:22 78:9 80:21 produced 1:13 Professional 86:4 program 1:8 3:10 5:5,11 5:23,25 7:6,15 8:4,8 9:14,18,24 10:5,10 11:1,9,10,14,23 12:6 13:2,24 15:15,20,22,22 15:25 17:6 20:13,14,14 20:23 21:4,24 22:7,13 25:10,12 26:20,21 27:3 34:19,21 35:4,18 36:10 37:7,20 38:19 39:1,2,4 39:6,13,19 40:1 41:1,7 41:12,20,24 42:15 46:7 46:23 47:14,15 49:2,12 49:19 50:3,6,14,16,18 50:21,22 51:14 52:18 54:5,8 55:1,7,17,19,21 55:22,25 56:5,8,12	57:2,13 58:1,6 59:13 60:6,12,16 61:2,4,13 61:23 63:4,8,11 64:23 64:24 65:2,4,7,10,16 66:9 67:17 68:3,5,8,19 68:25 69:1,3,14,17,24 70:5,18,22 71:3 72:19 72:23,24,25 73:6,7,11 73:11,20 74:18,21,25 75:5,16,19 76:10,16 77:16 78:7,12 79:17,24 80:4,6,12,23 81:2,15 81:18,24 82:20 83:22 83:24 programs 6:7 8:3 19:18 26:14,25 27:6 40:3 43:8 45:5 72:18,21 Project 3:8 projection 57:9,24 Prolance 74:24 proportion 73:9 proposal 49:2 propose 58:8 proposed 9:24 16:7,22 34:19 41:12,20 68:19 69:4 protect 46:13 68:15 protected 72:15 protection 46:15 provide 5:22,25 8:6 11:25,25 12:9 17:25 23:11 26:4 33:14 42:14 65:5 72:9 74:24 75:16 76:22 80:15 84:14 provided 6:15,25 7:3,5 9:21 11:13 19:6 20:16 20:22 23:20 25:18 29:6 39:8,20 40:9 41:2 48:5 52:20 77:16 provider 71:5 provides 15:19 46:14 providing 1:14 2:3 3:4 22:10,16 40:17 69:16 86:11 public 1:5,6,13 68:21 71:16,17,19,21,23 72:6 86:5 purposes 12:15 28:20 pursuant 1:7,16 13:7 60:18 86:15 put 9:14 13:23 14:3 20:15 31:16 43:9,20,21 44:21,21,22,24 45:2 60:22 putting 45:7,8 61:12 80:23 81:18
---	--	--	--

Gregory A. Sawyers
May 18, 2004

p.m 86:14	records 80:7,9	require 68:17	savings 14:19,24 16:6,9
Q	recover 58:9 59:2 70:13	required 13:3 14:3,6	16:12,19 17:7,9,13,22
qualifications 8:11	79:7	15:17,21 58:17,24	18:5,7 52:15 63:9,12
qualified 4:23 42:15	recovered 70:15	resenting 31:15	73:23
qualify 11:9,10 35:15	recoveries 84:10,15	residence 69:9 87:14	saw 21:1 31:3 40:4 65:12
36:19 41:9 46:15 56:6	redistributed 20:11	residential 40:17 41:9	Sawyers 1:11,13 3:2,5
question 27:23 28:11,11	reduce 16:23 22:18 39:9	50:10 56:23 57:15,16	4:1,11,14 54:23 84:17
28:18 31:22 34:7 36:4	reduced 14:25 15:7	66:14 71:4 75:20 76:6	85:5 86:6
41:22 47:14 59:20 71:8	17:13 38:17,19 39:18	respect 18:17 80:3	saying 44:10 45:7 49:15
77:12	86:17	response 3:3 23:14 27:20	51:19 63:2
questions 2:16 4:7 84:20	reducing 22:8	34:7	says 51:8 61:15,18 62:24
Q-11 6:14	reduction 39:24 40:4	responses 6:15	69:21 70:3 71:13
Q-13 82:17	42:11 51:11 57:3 73:23	rest 12:17,18 56:10	seal 25:5 87:4
R	74:2,11,13	restate 39:6 70:17	season 8:13,14,17,18
R 2:1 87:10	reductions 38:25 64:17	result 12:8 25:14 26:10	21:23 23:9,9 26:4,11
ran 40:1	refer 12:7 30:23 31:2	33:3 69:8 73:20 75:18	28:15 32:22 40:6 56:10
Randy 82:24	54:12 78:4	79:16 80:6	56:11,20
range 8:23 9:5 21:6	reference 6:21 28:15,18	resulting 18:24 48:14	seasons 8:12
rate 3:10 12:14 22:10	47:14	results 3:6 9:12	second 16:11 23:2 24:23
66:22 70:24 75:21	referenced 24:21	retain 63:10	25:6,7 67:20 69:19
rates 50:19 66:25 67:1	referred 58:12	return 33:2	70:2
71:10 79:4	referring 35:19 48:11	returned 59:21	sector 83:13
read 29:4 31:3 56:25	78:14	revenue 17:12,16 31:9	see 4:19 5:6 14:15 24:21
reading 19:13	reflected 75:20	43:2,24 45:13,16,18	30:25 38:14 56:4 57:1
reallocate 26:6	reflecting 57:2	73:19,24 74:3 75:18	62:25 64:18 74:19 81:5
really 31:15 54:16 55:24	refund 61:12	76:1	81:6 82:5,8 83:3
reapply 56:19	refunded 13:22 59:9	revenues 75:20	seeing 23:14
reason 21:17 68:2	61:20	review 69:22 70:5,7,12	segment 6:3
recall 5:14 7:16 57:10	Registered 86:4	71:15	Senate 2:10
77:22 83:17,17,21,22	regular 10:11 20:5 22:3	revised 9:15,19	send 28:20 43:18
83:24	39:15,22 42:4	right 15:3 17:21 18:19	sending 63:3
receivable 21:10 45:19	regulatory 1:2,8 46:2	19:1,13 24:14 29:4	senior 12:21
45:21 46:2 47:1	58:4,7	30:3 35:25 36:16 37:18	sense 52:16
receive 39:9 43:2 46:15	relate 13:6 34:6	41:14,18 42:13 43:22	sent 23:6,7,8 80:13
56:7,20 68:25 69:1,17	related 68:18 72:15	44:14 45:12 47:22	sentence 22:6 54:24 70:2
76:12,18 77:10 80:10	79:23	48:11 49:2 51:4 54:5	September 29:2 87:13
received 9:3 26:5,8,9	relating 4:3 69:23	56:12,23 57:3,22 61:13	seq 1:7
27:8 28:3 39:14,17,22	relative 86:24	61:20,24 75:25 77:3	service 1:8 3:6 5:11
40:2 41:13	release 71:24 72:9	82:21 84:8	14:18 15:5,12,18 16:23
receives 41:16 69:3	remainder 10:25	role 11:21	17:1 18:2 19:1,2 22:11
receiving 56:16,17	remaining 16:10 63:15	room 2:11 29:22	27:16 42:1,17 43:10
recent 63:23	remember 67:17	roughly 27:8,12 41:12	45:23 70:24 72:21
recess 54:21	repair 48:20	RPR 1:13	75:21 76:9,16 83:13
recognition 67:15	repeat 41:19	Rules 1:16 86:15	Services 3:4 11:18 12:19
recognize 6:15 19:6 78:1	replacement 48:20	run 27:5 55:22,25	25:22 27:3,6 49:22
reconcile 45:1	replicate 26:3	runs 56:12	set 3:3 8:25 12:8 14:2
reconciliation 45:4	Reporter 86:4	S	24:25 45:19 46:3 87:3
reconnect 33:3,5	reporting 28:20	S 2:1 3:1	settlement 12:9 13:3
reconnected 33:4 34:9	representative 52:3,4,24	SAITH 85:1	58:24 60:15,19 69:19
reconnecting 31:9	representatives 83:12	Sales 3:5	seven 22:7 23:21 59:22
reconnection 22:8 32:24	represented 28:2 86:21	same 16:16 18:22 23:5	share 16:15
34:5 35:2 37:25 38:6	representing 14:23	24:4 46:21 54:6 59:24	shares 16:22
record 4:10 31:14 54:20	represents 5:11	62:21 67:20 68:14	sharing 16:5,8 17:8 63:9
54:22 86:19	request 27:21 80:14	79:14 81:5,7 82:5	63:13,15
	81:22	saved 16:19	sharply 68:10
	requests 3:3 67:3 81:7		sheet 54:2

Gregory A. Sawyers
May 18, 2004

<p>shifting 71:3 show 25:11 59:21 78:3 showing 14:16 shown 25:11 58:8 60:4 60:25 shows 23:15 25:5,7,7 30:2 35:22 58:15,18 side 82:5 signature 86:20 significant 38:25 39:2 40:4,14 66:6 significantly 39:9 signs 11:22 Simcox 82:8 similar 70:18 72:18 simplest 46:1 since 19:10 sitting 79:11 situation 33:9 six 59:7 69:20 size 36:6 slightly 77:14 social 11:18 12:19 15:18 25:22 27:3,6 49:22 83:12 some 6:17 9:6 14:11 18:22 19:9 23:11 33:6 34:1,2 41:2 45:1 46:1 47:19 48:19 50:25 58:18,23 62:19 somebody 5:17 11:20 31:14 49:20 77:21 79:12 someone 37:5,7 53:5 71:10 something 5:15 67:16 70:19 sometime 56:19 72:10 sometimes 7:12 somewhere 7:18 8:23 soon 32:19,20 54:17 sooner 18:1 sorry 10:13 24:12 31:16 31:22 38:18 41:22 43:12 53:22 64:25 sort 14:21 48:1 58:18 sounds 21:14 source 26:12 sources 6:1 42:18 44:6 SOUTHERN 1:3 speak 29:20 speaking 5:20 7:2,9 special 37:19 specialist 38:15 specific 52:24 specifically 7:2 8:10</p>	<p>18:20 48:16 50:9 spending 74:12 spent 51:5 Square 1:15,23 2:3,6 86:13 SS 86:1 stable 69:5 staff 79:25 80:2,6 stages 73:5 start 32:20 51:19 56:16 73:3 75:25 start-up 65:10,15 state 1:1,14 4:10 5:3,19 11:17 13:5 20:10 21:20 25:17 26:3 27:14 35:12 35:22 36:25 39:7,21 40:11,16 49:14,16,18 59:20 61:8 63:6 76:14 81:2,8 86:1,5 stated 6:2 15:2 52:23 54:1 61:7 66:2 78:10 statement 18:11 states 25:17 State's 25:22 27:3 35:20 52:17,23 stating 18:20 station 18:18 status 80:11 statute 46:13,14 stay 63:15 stenograph 86:16 step 76:10,16 77:1,2 steps 76:22,25 77:3,5,6,8 Stewart 2:2,16 4:7 31:12 36:1 54:18,20,22 67:23 still 14:7 46:14 47:1 stipulation 9:16,16,20 37:19 83:18 stipulations 67:22 stop 16:11 21:24 stopgap 6:18 7:4 9:7,24 41:15 stops 55:15,23 strictest 36:22 strike 30:17 studies 38:5,13 study 53:1,4 70:24 75:21 78:5,23 79:19,22 80:22 80:24 81:19 subject 16:5 17:8 subsequent 29:18 subsequently 67:12 subsidize 73:15 substantial 8:2 success 50:22 successful 26:6</p>	<p>SUCCESSOR 1:5 suggesting 60:11 Suite 2:7 Summary 3:7 supplemental 20:10 21:20 39:7,14,20 40:11 support 6:8 11:14 12:21 18:11 43:8 80:25 supported 6:22 suppose 18:15 sure 5:17 22:23 32:9 36:3 45:25 46:25 47:4 48:3 54:18 65:17 66:25 67:19 80:16 81:17 surplus 63:21 sworn 1:13 4:2 86:7 system 15:20,24 64:21</p> <p style="text-align: center;">T</p> <p>T 2:15 3:1 87:10 take 8:23 20:25 25:23 37:14 43:20 48:9 51:8 52:14 54:16 60:1,22 taken 1:14 54:21 76:22 86:10,16 takes 5:9 42:11 taking 10:8 61:11 62:5 talk 18:22 37:25 41:12 48:12 63:22 64:8 65:24 71:11 83:14 84:2 talked 44:6 45:24 81:12 talking 7:7 49:3 59:8 67:22 target 50:18,22 51:2,22 tell 4:2 15:16 17:16 27:8 45:15 53:15 67:4 69:25 80:9 81:10 86:7 ten 55:13 59:24 tends 28:21 terms 18:7 28:23 40:5 46:1 50:14 56:2 57:17 62:10 69:25 72:22 75:6 territory 4:24 test 48:17 75:22 testified 4:4 testimony 3:2 4:14,20,22 5:2 18:9 32:16 46:12 48:11 51:9 54:12,23 58:10,12 61:9 69:20 86:19 Thank 31:8 36:1 72:12 84:17,18 Thanks 31:13 their 18:13,16,17,18,21 19:2 20:12 22:11,17,19 23:10,12 28:5 32:11</p>	<p>33:4,5,7,20 35:10 36:18 39:18 46:9 52:23 53:2,7,8,9 65:2,3 68:13 68:16,24 69:5,8,10 72:16 73:7,9,9 74:12 76:13,19,23 77:10 80:11 86:21 thereof 1:16 therms 52:1,7 thing 17:7 82:5 things 17:10 19:14 58:17 58:18 62:11 73:6 think 6:17 27:12 31:22 42:20 53:5,11,13 57:14 58:13 66:2 67:19 73:5 75:1 thinks 61:19 third 56:25 57:23 thirty 84:7 thou 84:8 though 60:25 61:2 three 6:1 50:8 58:20 59:2 59:16 60:12 through 6:1 8:5 11:14 13:1 14:3,8,15 19:9,15 20:19,20 21:22 22:10 26:14 28:24 34:19 38:23 44:7,7 45:6 49:21 56:18 58:13 70:15 77:5,7 83:3 throughput 13:16,18 73:9 76:3 throw 62:10,13 tied 26:12 28:15 Tim 67:21 time 1:16 25:25 27:17 28:19 29:15 69:15,18 71:21 73:6 78:8 79:19 79:22 81:18,20,25 82:13 times 10:10,13 78:11 79:12 timing 42:22 Timothy 2:2,16 4:7 today 6:2,8 8:24 30:20 57:15,16 71:7 80:9 together 20:15 80:23 81:19 top 10:9 15:2 22:6 41:11 63:6 64:6,7 68:1 total 12:12,13 16:4,4 30:21 31:6,18,21,24 32:2,3 48:23 57:20,21 64:10 67:4 track 28:9,14 30:15 69:21 70:3,7,10</p>
--	---	--	---

Gregory A. Sawyers
May 18, 2004

<p>traditionally 51:21 64:18 training 15:17 65:5 transactions 79:9 transcript 86:18 transport 13:12,19 76:1 76:4 treated 62:20 Trial 1:16 86:15 trigger 28:21 triggered 67:16 trouble 25:13 29:21 troubled 18:23,24 39:10 78:15 true 18:15 29:7 35:7 36:13,15 42:21 59:18 79:14 86:18 trust 1:6 8:22 12:14 TRUSTEE 1:6 trusts 7:24 truth 4:2,3,3 86:8,8,8 try 48:17 55:3 70:13 79:6 trying 48:3 78:6 turn 14:13 18:2,3 23:21 27:20 35:12 38:22 58:10 65:22 twice 40:18 46:6,8 two 6:4 12:23 13:21 25:3 58:20,23 59:16 60:5,12 62:20 73:12 78:15 type 7:11,21 26:21,24 46:2,2 82:5 types 8:3 typewriting 86:17 typewritten 86:18 typical 9:3 49:25 50:1,5 50:10,20 typically 48:16 50:25 56:4 57:18 59:8</p> <hr/> <p align="center">U</p> <p>U 87:10 Uh-huh 6:13,19 10:6 11:3 14:14,17 17:2 19:2 21:2 23:22 27:22 27:25 40:19 42:2 43:15 43:17,19,23 44:5 48:13 49:8 58:21 64:2,13 67:7 68:1 70:4 75:9 77:4 ultimately 12:10 18:5 41:17 57:1 63:19 umbrella 20:14 unassisted 66:16 unattached 25:9 uncollectable 70:23 uncollectables 71:4</p>	<p>under 5:10 7:4 8:7 9:7 31:6 34:21 35:17 37:1 37:15,22 41:7,20 46:7 49:2,12 62:20 69:3,17 86:17 understand 22:23 35:6 41:22 47:11 51:4 61:9 understanding 76:9,15 Underwood 83:6 universal 1:8 3:6 5:10 14:18 15:5,12 16:23 17:1 41:23,25 42:17 43:10 44:1,8 45:22,23 63:17 72:21 76:9,15 unlikely 55:14 unpaid 18:25 33:5,10 47:2 until 55:23 56:10,18 upfront 12:1 usage 13:15,23 52:19 68:9 use 6:2 43:1 48:18 49:10 51:21 52:7 53:3,8,11 56:3 58:16,23 60:17 62:16,18 63:4 73:9 76:6 used 50:2 51:16 52:14 53:24 57:8,23 58:22 59:13,16 64:3 73:15 80:22 users 50:23 using 47:22 52:22 55:4 usually 9:5 48:19 utilities 1:4,5 73:2 81:10 utility 1:2,6 2:6,9,9 4:13 5:19,21,22,24 6:22,24 11:11 14:2 15:15 16:9 16:12,13,18,19,20 20:15 43:8 53:15,20 54:9 72:25 utilize 6:7 27:6 58:7</p> <hr/> <p align="center">V</p> <p>variables 55:18 variety 6:7 12:10 33:19 62:11 various 19:14 42:18 43:8 73:5 Vectren 80:25 81:4,9 VERIFIED 1:3 version 84:3 versus 31:25 very 54:24 58:10 63:6 visits 17:13 volatility 67:16 68:4,6,12 68:16,18</p>	<p>volumetric 73:10</p> <hr/> <p align="center">W</p> <p>waive 84:19 walk 14:15 want 51:17 83:2 wanted 31:24 36:2 82:1 Warm 6:20,20,21,21,21 6:22 7:9,9 8:5,6,21,21 10:3,3,20,21 11:2,2 19:17,17,22,22 20:18 20:18,21,21 21:4,4 33:18,18,22,22 75:11 75:11,13,13,15,15 wasn't 40:13 81:19 way 37:15 42:20 57:25 60:18 63:2 64:24 66:9 69:4 71:14 77:13 ways 12:10 33:19 62:21 weather 68:14 weatherization 11:11 22:11 26:20 48:12 49:3 50:14,15,18,22 51:10 51:11 52:16,18 53:15 53:20,24,25 54:9 weatherized 3:8 26:13,13 weatherizing 51:5 well 6:1 9:20 11:10 14:1 14:2,7,11 18:20 20:17 25:1 28:10 29:8 33:8 34:6,22 36:6,12,14 37:14 38:22 40:11 45:7 45:17 47:6 50:15 51:4 51:13 52:4,13 54:3 55:10 56:2 59:3 60:11 61:2 65:14 66:9 69:13 70:9 71:9 76:21 77:1 77:19 79:8 81:12,25 82:6,25 83:2 went 25:22 57:23 were 4:20 5:20 6:2 8:10 9:21,22 10:18 11:13 20:10,11 21:10,10,11 21:25 22:4,4,21,21 23:19 24:1,2 25:11,13 26:6,13 28:4 29:13,14 29:24,25 30:13,16,18 31:6,10,25 32:3,7 34:4 34:20,23 38:5 40:5 51:15 53:24 56:15 61:6 67:13 68:14 70:19 72:17 73:5,6 74:4 78:6 78:7 79:15 80:21,22 81:3,9,18,25 82:10 83:12,18 86:21 weren't 13:23 22:24</p>	<p>81:23 we'll 43:9 45:1 we're 15:3 41:3 44:7 46:25 47:2,13 48:3 56:21 59:8 70:6 73:21 we've 27:5 WHEREOF 87:3 while 82:10 White 51:25 52:4 whole 4:2 7:10 47:13 62:22 64:8 86:8 Wickes 83:14,15,20 winter 28:24 withhold 63:2 witness 1:13 28:12 29:23 31:2,8 35:24 49:7 87:3 words 16:20 31:16 50:18 62:21 work 11:25 12:19 33:16 33:19 36:18 40:22 48:14 worked 81:1 workers 68:22 working 80:19 workings 16:1 wouldn't 14:1 18:5 70:15 75:19 Write 3:9 14:18 writeoff 14:25 15:7 16:9 16:12,18 17:10,12,22 35:8 73:22,23 74:2 84:12,15 writeoffs 18:8 31:4,6,17 31:19,20,21,25 32:3 63:23,24 64:15,17 70:23 73:21 74:9,14,15 84:2,7 written 1:16 30:10,18,21 31:4 32:2,7,12 67:13 wrote 27:12</p> <hr/> <p align="center">X</p> <p>X 2:15,15 3:1,1</p> <hr/> <p align="center">Y</p> <p>Y 87:10 yeah 5:4,16 6:4 10:13,16 11:7 13:6,17 16:17 30:4 32:2 33:12 35:21 36:2 46:10,14 47:13 48:3 53:10 70:17 76:15 79:13 80:16 83:4 year 4:24 9:12,18 10:4 12:12,13,21 13:2 15:15 20:18 21:8,21 25:11 27:16 28:8,12 29:1,2</p>
--	--	---	--

Gregory A. Sawyers
May 18, 2004

30:7,17,18 31:6 32:5,6 32:7 34:21 38:10,10,11 38:11,14,14,14 40:18 45:2 50:24 51:11 54:5 56:5 63:23 64:1 67:6 73:11,11,23 74:8 75:22 82:2 84:4 years 8:3 9:4,6 51:3 52:15 year's 34:22	\$60 43:18 44:11,13 45:18 \$60,000 7:18 9:2,6 \$600,000 49:3 \$64,383 74:3 \$663,000 12:16 \$7,000 8:23,25 \$710,000 40:11 \$75 28:4 \$780,000 12:13 60:15 \$821,710 30:11 74:8 \$875 57:16 \$950 49:25 50:11 56:23	13.46 31:20 32:3 133,557 16:8,10,12 73:23 135 50:17 14 52:15 54:23 58:4 14,900 5:1 27:12 34:23 56:4 140 5:4 15 12:14 58:12 15th 72:14 15,000 56:4 150 8:15 36:16,24 37:1 37:15 150,000 12:4 53:23 54:1 16 18:9 40:16 61:8 16th 28:22 16,000 10:8,13 34:19 47:18 56:3 57:13 78:3 78:11,17 1600 52:10 165 25:17 17 62:23 17th 24:3 1700 2:3 175 8:13 18 5:2 63:6 64:6,7 18th 1:15 86:13 18,400 19:21 18,492 32:7 186,950 19:14,15 1860 1:15,23 86:12 19 3:5 5:2 64:8 1951 15:10 1986 73:5	22nd 19:16,16,22 23 3:4 236-6022 1:24 24 3:6 240 49:9 2400 2:7 25 51:9 52:17,19 25th 19:13 250 49:18 250,000 7:4 10:20
Z	0	2	3
zero 26:19 44:24 65:17 Zeyen 1:13 86:4	03 23:8,9,25 24:3,8 25:11 25:25 28:2,8 29:3,15 31:6 40:1,5,13 64:1 67:6 74:8 84:4 04 9:7,12,22 13:21 22:3 24:5 25:8,9,11 40:4,7,8 40:10,13 05 9:23 13:21	2 3:3 23:17,19 27:21 67:4 87:13 2,071 24:9 2,2 54:11,13,14 59:13 60:1,8 61:16 20 27:15 46:21 65:22 200 8:14,15 2000 24:12 26:3 30:16 2001 8:5,12,12 2001-2002 3:8 2002 8:12,14,18 2003 4:25 7:14 19:11 26:14 27:9 28:7 29:1,2 30:14,19,22 31:5,19,20 34:4 53:25 54:1,3 66:5 74:15,17,20 80:15 2004 1:16 74:19 78:3 86:14 87:4 2005 21:23 2008 87:13 210,000 73:22	3 3:4 19:3,5 22:15 38:23 3,000 50:25 51:19,20 3,288,000 59:21 3,299,000 84:12 3,360,000 57:6 3-25-03 3:4 3,3 31:5 3/1/03 28:1 30 7:18 9:2 30th 29:2 316,000 20:5 22:3 317 1:24 33 79:21 35 14:24 15:1 32:11 35:8 35:9,10 42:11,16 65:14 73:22 74:11 35,000 34:17 37 52:20
S	1	4	5
\$1,254 51:2 52:2 \$10 44:25 45:4 55:8 \$100 43:16 45:17 55:5 \$1235 50:24 \$150 5:4,4 \$165 26:9 \$186,950 19:17 \$2,068,000 60:3 \$20,486 65:14 \$209,875 74:2 \$210 10:12,13,13 26:8 39:22,25 47:18 \$210,000 10:11 \$23,000 35:7,15 36:7 \$23,005 35:16 37:6,12 \$250,000 8:24,25 9:19 21:6 \$2500 49:11 \$27,600 37:10,16 \$27,601 37:22 \$287,599 74:14,15 \$3,985 52:1 \$30 55:7 \$30,000 9:5 \$310 51:10 \$316,000 40:12 \$34 78:10,11 \$40 44:15,18,20,21,22,24 44:25 45:2,13,19 55:5 \$40,971 73:25 \$400,000 49:18 60:24 \$420,000 20:1 21:21 \$4500 48:22 \$5 37:7 \$50 45:3 \$50,000 53:24 \$544,000 78:11 \$576,000 9:22 10:1 63:3 \$6,080,000 57:2 74:12 \$6,680,000 73:11	1 3:2 4:16,19 28:7 1st 19:10,16,21 22:4,5 28:2,22 29:15 30:6 72:13 1,126,000 30:2 1,155 24:4 1,202 24:6,7 25:7 1,254 52:7 1,388 20:5 1,593 19:19 1,769 20:1 1,951 15:1 1.2 61:3 1.288 61:11 1.8 66:25 1:40 86:14 10 31:18,24 41:11 59:11 62:23 100 2:10 102 24:10 11 41:11 59:11 1100 34:24 12 46:12,21 68:8 12,500 51:20 12-month 30:7 68:11,12 68:17 125 36:8,9,17,22 37:5 76:11,17 77:9 1250 51:8 52:14 126 19:22 13 48:11 64:4 13.45 32:4 66:2	4 2:16 3:2,6 24:17,19 4th 24:3 4,000 48:22 51:5 4,224 27:24 28:3 29:11 29:15 30:4 4,300 20:9 21:20 4,357 29:10 4,400 27:14,15 4,500 51:5 4-30-04 24:9 40 32:11 42:16 43:16 45:7,8,8,9 55:8 78:13 78:16,16 42590 1:6 4:14 4300 25:18 26:9 44 52:21 45 14:24 32:11 42:11,16 46204-2030 2:7 46204-2215 2:11 46282 1:23 46282-0003 2:4 48 3:8	5

5 1:7 3:6 6:9,12 8:23,24
21:3 50:8 56:22 61:8
64:12 74:5
5-2-03 24:6
50 12:7,9 13:9 16:7,10,15
16:22 20:15 21:25
53:16,24 58:24 60:15
500 25:5
55 14:24 42:11 74:1
550 12:18
550,000 60:15
571 24:1,1 25:1,7
576,000 62:24

6

6 3:6,7 5:19 18:9 82:15
82:19
6,080,000 73:18
6,680,000 73:17
6.68 73:16
600,000 49:15
663 12:18
67 79:19
683 15:2,8

7

7 3:7 27:15 48:7,9
710,000 20:9 21:19 25:19
72 24:11
77 3:10

8

8 3:9 83:25 84:3
8-1-2-2 1:7
80 26:15,17,18,19
82 3:7
82053 2:4
821,000 63:25
821,700 64:1
821,710 15:10 67:10
83 3:9

9

9 3:9 5:19 40:16 77:23,25
912,000 61:15

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF INDIANA GAS)	
COMPANY, INC., SOUTHERN INDIANA GAS)	
AND ELECTRIC COMPANY AND THE BOARD)	
OF DIRECTORS FOR UTILITIES OF THE)	
DEPARTMENT OF PUBLIC UTILITIES OF THE)	
CITY OF INDIANAPOLIS, AS SUCCESSOR)	CAUSE NO. 42590
TRUSTEE OF A PUBLIC CHARITABLE TRUST,))	
d/b/a CITIZENS GAS & COKE UTILITY,)	
PURSUANT TO IND. CODE § 8-1-2-2.5 et. seq.)	
FOR APPROVAL OF AN ALTERNATIVE)	
REGULATORY PLAN WHICH WOULD)	
ESTABLISH A PILOT UNIVERSAL SERVICE)	
PROGRAM)	

**CITIZENS' RESPONSE TO FIRST SET
OF DATA REQUESTS OF MANUFACTURING
AND HEALTH PROVIDING CUSTOMERS**

Comes now Joint Petitioner, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as Successor Trustee of a Public Charitable Trust d/b/a Citizens Gas & Coke Utility ("Citizens") and for its answers to "Manufacturing and Health Providing Customer's First Set of Data Requests to Citizens" states as follows:

Request No. 1. In the Amended Stipulation filed on April 30, 2004, eligibility is addressed in Section 1 B. Subsection "b" states that "the customer must enroll in and qualify for assistance from LIHEAP." Please list and describe all factors considered in determining whether a person is eligible for LIHEAP assistance.

RESPONSE: The factors considered in determining whether a person is eligible for LIHEAP assistance were not established by Petitioners, but rather by the Federal Health and Human Services Agency under the LIHEAP legislation of 1981 (42 U.S.C. § 8621-8629). Please refer to Exhibit GAS-5.

Request No. 2. On page 7 of Mr. Sawyers' testimony, he states that there are an estimated 35,000 gas customers in Marion County whose gross income is at or below 125% of the federal poverty guidelines. Does this group constitute those eligible for LIHEAP assistance? Does this group constitute those potentially eligible to participate in the Pilot Program?

RESPONSE: With respect to the first question, "yes." With respect to the second question, "yes," to the extent funding is available and they apply.

Request No. 3. Referring to the same testimony, for those customers eligible for LIHEAP assistance in 2003 ("Eligible Accounts"), provide the following information for 2003:

- a. the number of Eligible Accounts;
- b. the number of Eligible Accounts in arrears;
- c. the level of arrears for those Eligible Accounts in arrears;
- d. the number of disconnect notices issued to Eligible Accounts;
- e. the number of Eligible Accounts written-off;
- f. the dollar amount written-off for the Eligible Accounts;
- g. the number of Eligible Accounts disconnected for nonpayment;
- h. the number of residential disconnections for nonpayment (not Eligible Accounts but all residential accounts);
- i. the amount of late fees paid by Eligible Accounts that were in arrears; and
- j. the amount of reconnection fees paid by Eligible Accounts that were disconnected for nonpayment.

RESPONSE: Citizens objects to the foregoing request, and each of its ten (10) subparagraphs, on the grounds that it seeks income data and household size for its customers which is not in Citizens' possession and would call for Citizens to engage in speculation in order to identify its customers that were eligible for LIHEAP assistance. Subject to and without waiving the foregoing objections, Citizens states that Mr. Sawyers' testimony notes the Indiana FSSA "estimates" that there were 35,000 gas customers located in Citizens' service territory whose gross household income is at or below 125% of the Federal poverty level. Citizens has no way of identifying the individual customers in its service territory that were eligible for LIHEAP assistance – unless and until the customers enroll in and qualify for the State's EAP program and the FSSA identifies those customers to Citizens.

Request No. 4. Referring to the same testimony, for those customers who received assistance in 2003 from the State's EAP ("Assisted Accounts"), provide the following information for 2003:

- a. the number of Assisted Accounts in arrears;
- b. the level of arrears for those Assisted Accounts in arrears;
- c. the number of disconnect notices issued to Assisted Accounts;
- d. the number of Assisted Accounts written-off;
- e. the dollar amount written-off for the Assisted Accounts;
- f. the number of Assisted Accounts disconnected for nonpayment;
- g. the amount of late fees paid by Assisted Accounts that were in arrears; and
- h. the amount of reconnection fees paid by Assisted Accounts that were disconnected for nonpayment.

RESPONSE: Citizens objects to the Data Request No. 4 on the grounds that it is unduly burdensome. Subject to and without waiving the foregoing objection,

- a. 3/1/03 4,224
- b. 3/1/03 \$1,126,132
- c. Citizens does not maintain information in a manner which would enable it to obtain this data.
- d. FY03 1,951
- e. FY03 \$821,710
- f. 5/2/03 1,202
5/30/03 1,839
6/27/03 2,545
11/28/03 4,357
- g. See response to 4.c. above.
- h. Estimated \$89,892

Request No. 5. On page 6 of Mr. Sawyers' testimony, please explain in detail what is meant by the sentence on lines 9-10. Describe what the "utility contributions" were before amendment and what they are after the amendment.

RESPONSE: See Paragraph 1.I. of Petitioners' Exhibits GAS-3 and GAS-4. In the original Stipulation and Settlement Agreement, Citizens' contributions were based on a May

2004 start date. In the Amended Stipulation and Settlement Agreement, Citizens' contributions were based on a June 2004 start date; therefore, fewer months were included in the latter calculation. See also the third page of Attachment Q-11, which sets forth additional information responsive to this Data Request.

Request No. 6. Please provide a copy of all analysis performed and/or reviewed by Mr. Sawyers, prior to the filing of the petition in this Cause, that supports the assertions contained in the sentence beginning on line 21, page 6 of his testimony.

RESPONSE: See response to Data Request No. 4 and Attachment Q-6.

Request No. 7. Please provide a copy of all analysis performed and/or reviewed by Mr. Sawyers, prior to the filing of the petition in this Cause, that supports the belief contained in the sentence beginning on line 1, page 7 of his testimony.

RESPONSE: See the Response to Data Request No. 6 and Attachment Q-7.

4/4/03	571 Customers	4/2/04	1,155 Customers	102% Increase
5/2/03	1,202 Customers	4/30/04	2,071 Customers	72% Increase

In 2003, Citizens had "Keep the Heat On" funds, which paid 25% of customer balances. Citizens did not have those funds in 2004.

Request No. 8. Is Mr. Sawyers familiar with any program in any other state that is substantially similar to the proposed Pilot Program?

RESPONSE: The answer is "yes."

Request No. 9. Referring to page 7 of Mr. Sawyers' testimony, lines 20-21, define what is meant by the phrase "failed to meet one or more payment obligations."

RESPONSE: The customer paid the bill for gas service late or failed to pay.

Request No. 10. Please provide a copy of all analysis performed and/or reviewed by Mr. Sawyers, prior to the filing of the petition in this Cause, that supports the assertions contained in the sentence beginning on line 21, page 8 of his testimony. State how many Eligible Accounts were in the "cycle of disconnection/reconnection" in 2003, and describe how you determined whether an Eligible Account was in said cycle. State how many Assisted Accounts were in the

“cycle of disconnection/reconnection” in 2003, and describe how you determined whether an Assisted Account was in said cycle.

RESPONSE: With respect to Eligible Accounts, Citizens hereby incorporates its objections and response to Data Request No. 3. Citizens has no way of determining which of its customers are eligible for LIHEAP assistance. Subject to and without waiving the foregoing objection, Citizens states, see the Response to Request No. 7.

Request No. 11. Provide a copy of every study, analysis, inter-office memo, or other document prepared or reviewed by, or received by, Citizens that examines in any way the financial implications of the Pilot Program on Citizens.

RESPONSE:

See Attachment Q-11.

Request No. 12. Provide a copy of every study, analysis, inter-office memo, or other document prepared or reviewed by, or received by, Citizens that relates in any way the Pilot Program.

RESPONSE:

See Attachment Q-12.

Request No. 13. Provide a list of all persons who are not an employee or agent of Citizens, with whom any employee or agent of Citizens has discussed the Pilot Program, including state employees.

RESPONSE: Citizens objects to the foregoing data request on the grounds that it seeks information that is not relevant to the subject matter involved in the pending action, and is not reasonably calculated to lead to the discovery of admissible evidence. The persons that employees of Citizens contacted regarding the Pilot Program are not relevant to whether the Pilot

Program is in the public interest. Subject to and without waiving the foregoing objection, see Attachment Q-13.

Request No. 14. Referring to the sentence beginning on page 10, line 23 of Mr. Sawyers' testimony, provide a copy of estimates referred to and all documentation supporting such estimates. Does this sentence mean that Citizens will receive twice the amount of assistance money on each Pilot Program participant's account? If no, please explain why.

RESPONSE: No. See Exhibit GAS, page 17, lines 10-16.

Request No. 15. Referring to the answer at line 13 of page 12 of Mr. Sawyers' testimony, is it the position or understanding of Citizens that if the Pilot Program were approved by the IURC, that Citizens would be exempt from the requirements of IC 8-1-2-121?

RESPONSE: "No."

Request No. 16. Please provide a copy of all analysis performed and/or reviewed by Mr. Sawyers, prior to the filing of the petition in this Cause, that supports the assertions contained in the sentence beginning on line 12, page 13 of his testimony.

RESPONSE: See Attachment Q-16.

Request No. 17. Referring to the testimony beginning at line 4 of page 18 of Mr. Sawyers' testimony:

- a. Please define what is meant by the term "bad debt."
- b. Will Citizens retain 50% of any net savings resulting from reduced write-offs of all Citizens' bad debt or only reduced write-offs of bad debt for Citizens customers participating in the Pilot Program?
- c. Provide a copy of any estimate of how much bad debt will be reduced by the Pilot Program and all analysis and other support for that estimate.

RESPONSE:

- a. A debt that is uncollectible or unlikely to be paid. Specifically within the context of its use on line 5 of page 18, write offs of arrearages of participating customers.
- b. See response to 17.a. above.

c. See Attachment Q-11, last page, which contains information that may be responsive to this question.

Request No. 18. Please provide a copy of all analysis performed and/or reviewed by Mr. Sawyers, prior to the filing of the petition in this Cause, that supports the assertions contained in the sentence beginning on line 6, page 20 of his testimony.

RESPONSE: See Response to Data Request No. 17c.

Request No. 19. Please provide a copy of all analysis performed and/or reviewed by Mr. Sawyers, prior to the filing of the petition in this Cause, that supports the assertions contained in the sentence beginning on line 8, page 20 of his testimony.

RESPONSE: See Response to Data Request No. 18.

Request No. 20. Referring to page 20, line 16, define what is meant by the phrase “low-income customer.” Is it Eligible Accounts, Assisted Accounts or something else?

RESPONSE: Assisted Accounts.

Request No. 21. Provide the basis and documentation supporting the statement on page 21, line 1 of an average annual bad debt of \$4.4 million.

RESPONSE: See Attachment Q-21.

Request No. 22. Referring to page 20 and the sentence on lines 15-17,

- a. What year does the sentence describe?
b. For that same year, what percentage of Citizens’ bad debt expense was associated with:
- (i) each of Citizens’ customer classes (e.g., the residential customer class would be one class),
 - (ii) Eligible Accounts, and
 - (iii) Assisted Accounts?

RESPONSE:

a. Citizens objects to the foregoing data request on the grounds that it is vague and ambiguous. Subject to and without waiving the foregoing objection, Citizens states that if the question seeks the basis for the estimate it is 2003 data.

b. (i) Residential – 87.37%; Commercial/Industrial – 12.69% for FY2003.

(ii) Citizens incorporates by reference and restates its objection to Data Request No.

3. The requested information can not be determined.

(iii) 13.45% for FY2003.

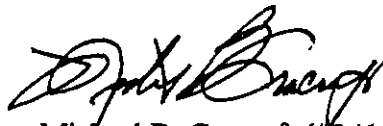
Request No. 23. Are LIHEAP funds used to pay arrears for Citizens' customers receiving state EAP assistance?

RESPONSE: LIHEAP funds are used to make payments to the eligible customer's account. If the customer's account is in arrears, then some or all of the LIHEAP funds would go to arrearages.

Request No. 24. Will the Universal Serviced Fund be used to pay arrearages for customers participating in the Pilot Program?

RESPONSE: No.

Respectfully submitted,



Michael B. Cracraft (#3416-49)
Steven W. Krohne (#20969-49)
Hackman Hulett & Cracraft, LLP
One Indiana Square, Suite 2400
Indianapolis, Indiana 46204-2030

Attorneys for Petitioner
Citizens Gas & Coke Utility

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Citizens Rresponse to First Set of Data Requests of Manufacturing and Health Providing Customers" has been served by hand-delivery or United States mail, postage prepaid, this 10th day of May, 2004 on the following:

John F. Wickes, Jr.
Timothy L. Stewart
Lewis & Kappes, P.C.
1700 One American Square
Box 82053
Indianapolis, IN 46282-0003


An Attorney for Petitioner

Michael B. Cracraft (#3416-49)
Steven W. Krohne (#20969-49)
Hackman Hulett & Cracraft, LLP
One Indiana Square, Suite 2400
Indianapolis, IN 46204-2030
Telephone: (317) 636-5401
Facsimile: (317) 686-3288

Helton, Penny M.

DEPOSITION
EXHIBIT

3

From: Sawyers, Greg
Sent: Tuesday, March 25, 2003 2:11 PM
To: Customer Services; Marketing Sales Assistants
Cc: Proctor, Andrew J.; Braun, Chris; Brown, Jeff S.; Sanders, Deanna L.
Subject: Post Moratorium Efforts

WOW!! During the month of March we have been very busy. Our activity leading up to the end of the moratorium was up significantly:

March 1st - 15th

Calls	36,940	up 17% over last year
Interview	1,731	up 30% over last year
Cashier Payments	22,410	about the same
Check by Phone	1,206	up 118% over last year

Last week, post moratorium, was a mixed bag. We were up on the phones, up on phone payments, down in the lobby and about the same on cashier payments.

March 17th - 22nd

Calls	14,829	up 6% over last year
Interview	817	down 5% over last year
Cashier Payments	8,605	about the same
Check by Phone	1,725	up 108% over last year

Assistance since March 1st:

- \$186,950 in WHWH -EAP funds to 1,593 households
- \$18,400 in WHWH - HELP to 126 households
- \$420,000 in "Keep the Heat On" funds to 1,769 households (CAGI)
- \$316,000 in regular EAP to 1,388 households (CAGI)
- \$710,000 in direct benefit to 4,300 households (State Supplemental Payment)

We collected more than \$210,000 in initial payments from those 1,600 customers who took advantage of our WHWH - EAP offers and wrote "E" arrangements for their outstanding balances. Our letter campaigns generated the kind of activity we were hoping for, an incredible 77% response rate.

Our goal has not changed, **we need to continue to work with our EAP customers to help "Keep Their Heat On!"** The disconnections for EAP customers are down, average EAP receivable balances are down and arrangements are up for EAP customers.

Our job is still not over. We must continue our effort to "Keep the Heat On" and help customers help themselves. Here are tools still available today....

- WHWH - EAP with affordable Arrangements
- CAGI has additional EAP Crisis Funds
- Winter Assistance and FEMA Funds at the CCI centers
- Leon wanted to remind you, "If you see an "E", let it be!"
- If arrangements break, take a payment and make a new one
- For Non-EAP customers we have WHWH HELP

This is all wonderful news to share with you. I continue to be amazed by the response from our customers and your ability to put these resources to work. Keep up your outstanding efforts and everyone wins....

762
Helton, Penny M.

From: Boothe, Eric
Sent: Friday, March 07, 2003 12:22 PM
To: Sawyers, Greg; Broughton, Leon; Helton, Penny M.
Subject: EAP End of Moratorium Letter Campaign

The two attached Excel spreadsheets chronicle the results thus far of the two different EAP letters. The count represent the original number of letters sent and subsequently how many accounts meeting the criteria for each letter still remain (have not made a payment and/or payment arrangements). The balances are moving numbers due to payments reducing figures and new charges increasing the original figures. Still, this should help provide a snapshot in time as to the number of customers and associated dollars they owe us.

Eric



EAPDNL Results
2003.xls



EAPDQL Results
2003.xls

EAP Delinquent Letter (EAPDQL)

<u>Date</u>	<u>Total Count</u>	<u>Total Account Balance</u>	<u>Total Past Due Balance</u>
3-Mar-03	2218*	\$853,562.20	\$543,932.99
4-Mar-03	168**	\$74,680.26	\$53,607.79
	<u>2386***</u>	<u>\$928,242.46</u>	<u>\$597,540.78</u>
7-Mar-03	1,810	\$730,693.07	\$493,247.80

* = All EAP Customers/Delinquent/Made payment during Moratorium

** = Senior Citizens/Delinquent/No customer payment during Moratorium

*** = Total customer receiving Delinquent Letter notice

EAP Disconnect Warning Letter (EAPDNL)

<u>Date</u>	<u>Total Count</u>	<u>Total Account Balance</u>	<u>Total Past Due Balance</u>
28-Feb-03	1838*	\$822,817.75	\$528,591.40
4-Mar-03	1,618	\$743,195.03	\$526,503.29
7-Mar-03	1,501	\$715,810.36	\$518,322.06
11-Mar-03			
14-Mar-03			

*** = Non-Senior Citizens/Delinquent/Made no payment during Moratorium**

REC
Helton, Penny M.

From: Boothe, Eric
Sent: Monday, March 08, 2004 9:53 AM
To: CSV Managers & Supervisors; CSV Team Leaders
Subject: EAP Letters Update 03-08-04

The attached Excel file provides beginning and current totals for each letter campaign. The last column denotes the percent of customers in each category who have taken some action since the letters were mailed.

If you have any questions regarding this update, please let me know.

Eric



EAP Letters Data
03-08-04.xls

EAP Disconnect Warning Letter - Zero Payers (non-Senior Citizens)

Date	Number	Arrears	Account Balance	Action Taken (%)
02/27/04	2,202	\$630,882.71	\$995,143.38	
03/08/04	1,834	\$650,380.33	\$905,158.84	16.7
03/15/04				
03/16/04				

EAP Delinquency Letter - Payers (all EAP customers)

Date	Number	Arrears	Account Balance	Action Taken (%)
03/01/04	2,867	\$1,207,300.06	\$737,888.22	
03/08/04	2,488	\$1,094,909.40	\$720,823.41	13.2
03/15/04				
03/16/04				

EAP Delinquency Letter - Zero Payers (Senior Citizens only)

Date	Number	Arrears	Account Balance	Action Taken (%)
03/02/04	361	\$172,945.43	\$122,326.97	
03/08/04	335	\$163,903.40	\$122,634.99	7.2
03/15/04				
03/16/04				

KTHO Results FY03



- EAP End of Moratorium letters sent to over 4,400 low-income customers in arrears. Response rate (payment and/or payment arrangement) was a remarkable 77%.
- Customers who did not respond were given one last chance by a 24-hour notice being left by the collector instead of their gas being disconnected. On the first day of available disconnection for EAP customers, March 17, 549 24-hour notices were left. The overall success rate (payment and payment arrangement created) of the 24 hour notices left for all EAP customers over a month was 32% compared to 21% overall.
- At the end of May, 985 low-income customers were disconnected for non-payment. This is a reduction of 55% over a warmer winter of last year.
- At the end of May, 3,731 payment arrangements had been written for EAP customers. Of those, 1,755 were completed successfully or remain active for a success rate of 47%.
- Receivable Improvement:

% IMPROVEMENT BASED ON TOTAL ACCOUNTS RECEIVABLE

Date	46 - 90 Days	91 + Days
Mar-03	1.20%	0.30%
Mar-02	3.07%	1.27%

- Phone, payment, and lobby increase in activity for March, April, and May needed.
- Customers received over \$1.6 million in assistance in March alone.
- Lobbied the state for additional \$165 in EAP crisis provided to existing 4,300 EAP customers for \$710,000.
- 3,750 customers helped with \$447,000 of Warm Heat Warm Home Foundation assistance.

CG_BANNER_RPT_189

EAP Collection Seal Customers

Page: 1

04/04/2003 11:17:05

EAP Collection Seal Customers: 571

EAP Collection Seal Customers That Are Inactive: 380

EAP Collection Seal Customers That Are Inactive With Acct Bal < \$100: 5

Account Number	Inactive Acct Balance
381657-313290	\$0.00
424447-340519	\$0.00
534674-370102	\$31.63
593901-213106	\$44.36
652734-265632	\$0.00

K 1c

CG_BANNER_RPT_189
Page: 1
05/02/2003 12:16:16

EAP Collection Seal Customers

EAP Collection Seal Customers: 1202

EAP Collection Seal Customers That Are Inactive: 776

EAP Collection Seal Customers That Are Inactive With Acct Bal < \$100: 29

Account Number	Inactive Acct Balance
101248-100889	\$55.30
105763-104192	\$0.00
196698-171500	\$8.81
206677-180247	\$11.51
206718-179394	\$0.00
304003-253380	\$69.32
313622-261071	\$48.16
317288-254547	-\$125.00
326925-136578	\$0.00
371361-268801	-\$108.33
375808-308725	\$0.00
381657-313290	-\$125.00
424447-340519	\$0.00
464723-376095	-\$10.09
465281-177293	\$23.60

Citizens proposes the following changes to the USF Program:



Customer Discount Percentage

Citizens proposes we reduce the percentage discount in the phase I "stop-gap period" from 25% to 20% and in phase II "two year pilot period" from 50% to 40%.

Program Costs

Based on the revised discount percentages listed above we have estimated the Universal Service program will cost \$15,052,600 as follows (see attachment for detail of cost assumptions):

Stop Gap Discount Value (March through November '04)	\$1,692,600
Pilot Program Year One (December '04 through November '05)	\$6,680,000
Pilot Program Year Two (December '05 through November '06)	\$6,680,000

Funding Considerations

Stop Gap Funding	
Warm Heart Warm Home	\$ 250,000 —
'04 Customer Benefit Distribution	\$1,442,600 —
Pilot Program Year One	
LIHEAP	\$3,360,000
Warm Heart Warm Home	\$ 250,000-
Utility Weatherization Fund ('04/'05)	\$ 150,000-
GCA 50 Funds ('04 allocation)	\$ 550,000-
'04 Customer Benefit Distribution	\$ 750,000
'05 Customer Benefit Distribution	\$1,620,000
Pilot Program Year Two	
LIHEAP	\$3,360,000
Warm Heart Warm Home	\$ 250,000
Utility Weatherization Fund ('05/'06)	\$ 150,000
GCA 50 Funds ('05 allocation)	\$ 550,000
'05 Customer Benefit Distribution	\$ 750,000
'06 Customer Benefit Distribution	\$1,620,000

UNIVERSAL SERVICE PLAN (Confidential Settlement Discussion)

The goals of the plan are to provide affordable gas utility service, maintain essential heating service, and reduce non pay service terminations

Summary of the Universal Service Plan

- An account management, two year pilot, for low income residential customers at or below 125% of poverty
- Program customers are given a 20% discount on their monthly bill during Phase I (March '04-November '04) and a 40% discount during Phase II (December '04 – November '06).
- The difference or shortfall between full rates and the discounted rate is recovered from the Universal Service Fund made up of all other available energy assistance (LIHEAP), and a utility contribution from existing support programs (WHWH Foundation, Utility Weatherization Funds, GCA 50 Settlement Fund and the Utility's Customer Benefit Distribution)
- All customers must be eligible and apply for LIHEAP funds. These grants will be applied to Citizens newly created Universal Service Fund, commencing with Phase II.
- Simple and easy program enrollment through existing Community Action Agencies into Universal Service through the LIHEAP application enrollment process.
- Program provides an increase in weatherization funding as a component critical to long term solution of high energy bills.

Program Benefits

- Greater cash benefit positively impacts customer bill. Approximately 75% of Citizens low income EAP customers are expected to benefit more from Universal Service by \$75-\$218 annually, when compared to 2003 EAP data on customers receiving all available energy assistance.
- Fewer disconnections of LIHEAP customers and related costs.
- More customer payments and greater success rates with Universal Service payment arrangements. Expected increase in on-time customer bill payments averaging 66% and an increase in percentage of bill paid at 80%. More available customer income due to avoided late payment fees, reconnect fees, and security deposits.
- Significantly lower default rates over traditional payment arrangements and improved company receivables

Template for Low Income Program Calculations

Pilot Program (per year) (Confidential Settlement Discussion)

Assumptions

Annual Typical Residential Customer Bill	\$950
Program Discount %	40.00%
Est. # of Res. Customers on the Low Income program	16,000
Est. # of Total Customers	266,000
Typical Res Customer annual usage	1,032
LIHEAP funds per customer	\$210
Weatherization Funding	\$600,000
Utility Contributions	\$3,320,000

Template For Customer Bill

	Debit	Credit
Annual Typical Customer Bill before discount	\$950.00	
Program Discount %	40.00%	\$380.00
Annual Customer Responsibility (Bill)	\$570.00	

Universal Service Fund

	Debit	Credit
Program Discount	\$6,080,000	
LIHEAP funds		\$3,360,000
Weatherization funding	\$600,000	
Utility Contributions		\$3,320,000
Fund Balance	\$0	
Universal Service Fee per Customer	\$0.0000	
Universal Service Fee per Therm (Residential)	\$0.000000	
Average January Usage (February Bill) Res.	\$0.000000	

Template for Low Income Program Calculations

Stop Gap (March 1, through November 30, 2004) (Confidential Settlement Discussion)

Assumptions

Annual Typical Residential Customer Bill	\$546
Program Discount %	20.00%
Est. # of Res. Customers on the Low Income program	15,500
Est. # of Total Customers	266,000
Typical Res Customer annual usage	1,032
LIHEAP funds per customer	\$0
Weatherization Funding	\$0
Utility Contributions	\$1,692,600

Template For Customer Bill

	<u>Debit</u>	<u>Credit</u>
Annual Typical Customer Bill before discount	\$546.00	
Program Discount % 20.00%		\$109.20
Annual Customer Responsibility (Bill)	<u>\$436.80</u>	

Universal Service Fund

	<u>Debit</u>	<u>Credit</u>
Program Discount	\$1,692,600	
LIHEAP funds		\$0
Weatherization funding	\$0	
Utility Contributions		\$1,692,600
Fund Balance	<u>\$0</u>	

Universal Service Fee per Customer	<u>\$0.0000</u>
------------------------------------	-----------------

Universal Service Fee per Therm (Residential)	<u>\$0.000000</u>
---	-------------------

Average January Usage (February Bill) Res.	<u>\$0.000000</u>
--	-------------------

Dth	John Doe Bill:												Total
	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	
Customers	362,222	340,380	379,295	697,442	2,189,207	4,039,080	4,744,816	5,228,966	4,064,772	1,918,879	984,876	640,982	
	235,000	235,000	236,000	237,000	240,000	242,000	244,000	246,000	244,000	240,000	238,000	235,000	
Avg Dth	1.54	1.45	1.61	2.94	9.12	16.89	19.45	21.26	16.86	7.99	4.14	2.73	105.57
Avg Themes	15.41	14.48	16.07	29.43	91.22	166.90	194.46	212.60	168.59	78.86	41.36	27.28	1,055.69
John Doe Bill:													
Facilities Charge													
Delivery	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 120.00
Rider A	\$ 3.08	\$ 2.89	\$ 3.21	\$ 5.87	\$ 16.33	\$ 25.62	\$ 29.37	\$ 31.84	\$ 25.58	\$ 13.79	\$ 8.28	\$ 5.44	\$ 170.29
Rider C	\$ 9.25	\$ 8.69	\$ 9.64	\$ 17.96	\$ 54.73	\$ 100.14	\$ 116.69	\$ 127.56	\$ 98.95	\$ 47.92	\$ 24.83	\$ 16.37	\$ 633.41
	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.06)	\$ (0.18)	\$ (0.33)	\$ (0.38)	\$ (0.43)	\$ (0.33)	\$ (0.16)	\$ (0.06)	\$ (0.06)	\$ (2.11)
Total	\$ 22.29	\$ 21.55	\$ 22.82	\$ 33.47	\$ 79.88	\$ 135.43	\$ 155.88	\$ 168.97	\$ 135.20	\$ 71.54	\$ 43.01	\$ 31.76	\$ 921.59
Discount @ 20%	\$ (4.46)	\$ (4.31)	\$ (4.56)	\$ (6.69)	\$ (15.96)								\$ (36.00)
Discount @ 40%	\$ (6.92)	\$ (6.82)	\$ (9.13)	\$ (13.38)	\$ (31.95)	\$ (54.17)	\$ (82.26)	\$ (57.59)	\$ (54.08)	\$ (28.62)	\$ (17.20)	\$ (12.70)	\$ (368.64)
16,000 Customers @ 20 %	\$ (71,340.74)	\$ (68,999.54)	\$ (73,020.42)	\$ (107,109.50)	\$ (255,612.31)	\$ (868,772.69)	\$ (996,217.60)	\$ (1,081,435.13)	\$ (865,292.40)	\$ (457,881.81)	\$ (275,238.87)	\$ (203,233.29)	\$ (5,896,174.82)
16,000 Customers @ 40 %	\$ (142,681.49)	\$ (137,938.08)	\$ (146,040.84)	\$ (214,219.00)	\$ (511,224.62)	\$ (868,772.69)	\$ (996,217.60)	\$ (1,081,435.13)	\$ (865,292.40)	\$ (457,881.81)	\$ (275,238.87)	\$ (203,233.29)	\$ (5,896,174.82)

(confidential)

Universal Service Fund Write Off Savings

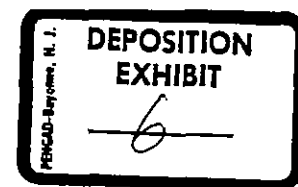
EAP Dollars to Write Off \$821,710
EAP Accounts to Write Off 1951

Reduce EAP Write Off Percentage
Reduce Write Off Accounts
1) Reduce Write Off Dollars
2) Estimated Administrative Expense for USF
Total Amount Subject To % Sharing With Our Customers (1-2)
Proposed 50% Sharing By OUCC (Customer Benefit Funding)
Net Write-off Savings To The Utility

Facility Charge Revenue
Non-EAP Write Off Savings*
Reduce # of Outreach Visits**
Reduce calls from Outreach Visits
Reduce # of Letters (2nd Letter)
Reduce # of Letters (3rd Letter)
Total Savings Not Subject To Sharing
Total Utility Savings

35%	45%	55%
683	878	1073
\$287,599	\$369,770	\$451,941
\$20,486	\$26,339	\$32,192
\$267,113	\$343,431	\$419,749
133,557	171,716	209,875
\$133,557	\$171,716	\$209,875
\$40,971	\$52,677	\$64,383
\$21,032	\$27,041	\$33,050
\$50,531	\$64,968	\$79,406
\$4,780	\$6,146	\$7,511
\$341	\$439	\$537
\$171	\$219	\$268
\$117,826	\$151,490	\$185,155
\$251,382	\$323,206	\$395,029

*We can turn off non-EAP customers earlier reducing the # of days they are consuming gas that will ultimately end up in write off.
of EAP customers still on service x average April bill x 44% (# of c/s accounts to write off)
--We will visit fewer outreach accounts because some EAP customers we have visited in the past will now be active.
We will be able to turn off instead of doing outreach on these accounts.
of EAP customers still on service x average November bill & # of EAP customers on service x collector cost



Brenda Hartsalla
Sue Mennen
Dave Menzer
Margie Leive
Joe Fields
Sharlene Toney
Judy McCullough
Alex Kamensky
Debbie Chenoweth
LaJeana Cass
Vicki Allen-Beeson
Tom Scott
Ton Dzwonar
Joe Everett
Melissa Brewer
Carolyn Tumison
Kesa Turpin
Brent Shike
Marcia Gray
Erin Huff
Bette Bowman
Joanne Alexander
Dawn Gale
Lashon Barlow
Sandy Scott
Charlotte Scott
Cheryl Braunagel
Russ Krikham
Pat Montgomery
Beth Pace
Patti O'Callaghan
Pam Ball
Dennis Harris
Steve Brummel
Ercia Burrin
Diann Bates
Connie Vickery
Ja-Deen Johnson
Jackie Votepek
Beth Herriman
Matt Pierce
Julie Griffith
Pam Cunningham
Darrel Morton
Andrea Brandes
Mike Leppert
Jim Newland
Phil Powlick
Connie Rhodes
Katie Oatman
Connie Vickery
Kathy Humphrey
Kathy Williams
Bill Bisson
Grant Smith
John Shimer

Patty Goff
Jean P. Lustin
Gavin Williams
June Lyle
Robbie Sears
Doug Petitt
Doug Karl
Patti Pope
Mike Martin
Mike Burnot
Melanie Popovich
Bob Heidorn
Virginia Burton
Jim Pea
Mark Kerney
Debbie Owen
Ron Powell
Larry Tramell
Mike Volrich
Ann Becker
Tybolinger
Keith Beall
Becky Brann
Beryl Cohen
Courtne O'Neill
David Evans
John Thomas
Ed Gerardot
Bill Livingstone
Nick St. Angelo
Matt Parsell
Dan Riley
Kay Joslin
George Coling
Walter Nixon
Sue Present
Mark Wolfe
Jerry Webb
Mary Beth Fisher
Shawn Kelly
Laura Haviza
Ed Simcox
Vicki Setzer
Pam Brookshire
Lisa Freeman
Donna Taylor
Ingrid Simmons
Debbie Martin
Mike Hassell
Fred Mitchell
Debra Bunch
Jeanne Robinson
Lori Williams
Dan Pishkur
Deb Myers
Paul Kelley II

Sharon Wood
Phil Ellis
Jerry Polk
Jack Wickes
Chris Williams
Rosemary Murry

**Summary For Community Action of Greater Indianapolis
Houses Weatherized
Citizens Gas Project 2001-2002**

**DEPOSITION
EXHIBIT**
7
PFC-00-00000, N. J.

Building	Pre Consumption	Post Consumption	Savings	% Savings
Dixon	1,301	449	851	65.5 %
Carroll	1,318	555	764	57.9 %
Teague	1,609	721	887	55.2 %
Brown	2,191	1,016	1,174	53.6 %
Poole	1,638	818	820	50.0 %
Hightower	2,046	1,034	1,012	49.5%
McAtee	1,441	713	728	48.7 %
Wilcher	2,227	1,156	1,072	48.1 %
Lacy	1,463	761	705	48.0 %
Flowers	1,664	877	787	47.3 %
Gonzales	1,544	769	775	46.2 %
Kirby	1,349	725	623	46.2 %
Rhinehart	1,533	825	708	46.2 %
Lay	1,691	919	772	45.7 %
Meyers	1,490	841	649	43.6 %
Travis	1,410	824	586	41.6 %
Brolin	1,619	965	654	40.4 %
Trahan	1,613	932	680	39.1 %
Armistead	1,480	905	575	38.8 %
Barthalow	1,503	925	578	38.5 %
Washington	1,456	949	507	34.8 %
McGrath	1,520	913	607	32.7 %
White	3,985	2,690	1,295	32.5 %
Richards	2,735	1,762	973	31.5 %
Turentine	2,086	1,429	657	31.5 %
Mason	1,476	1,017	459	31.1 %
Herrin	1,835	1,265	569	31.0 %
Abernath	1,584	1,079	505	30.4 %
Stewart	3,697	2,575	1,121	30.3 %
Lisenby	1,622	1,135	487	30.0 %
Holloway	1,500	1,065	435	29.0 %
Reid	2,013	1,472	541	26.9 %
Patton	1,917	1,404	513	26.8 %
Johnson	1,980	1,463	517	26.1 %
Ackerman	1,780	1,337	443	24.9 %
Williams	1,471	1,110	361	24.5 %

**Total Homes 44
Average Savings 37%**

Attachment Q-16

Citizens Gas Project 2001-2002

Total Homes 44
Average Savings 37%

Total Homes 44
Average Savings 37%

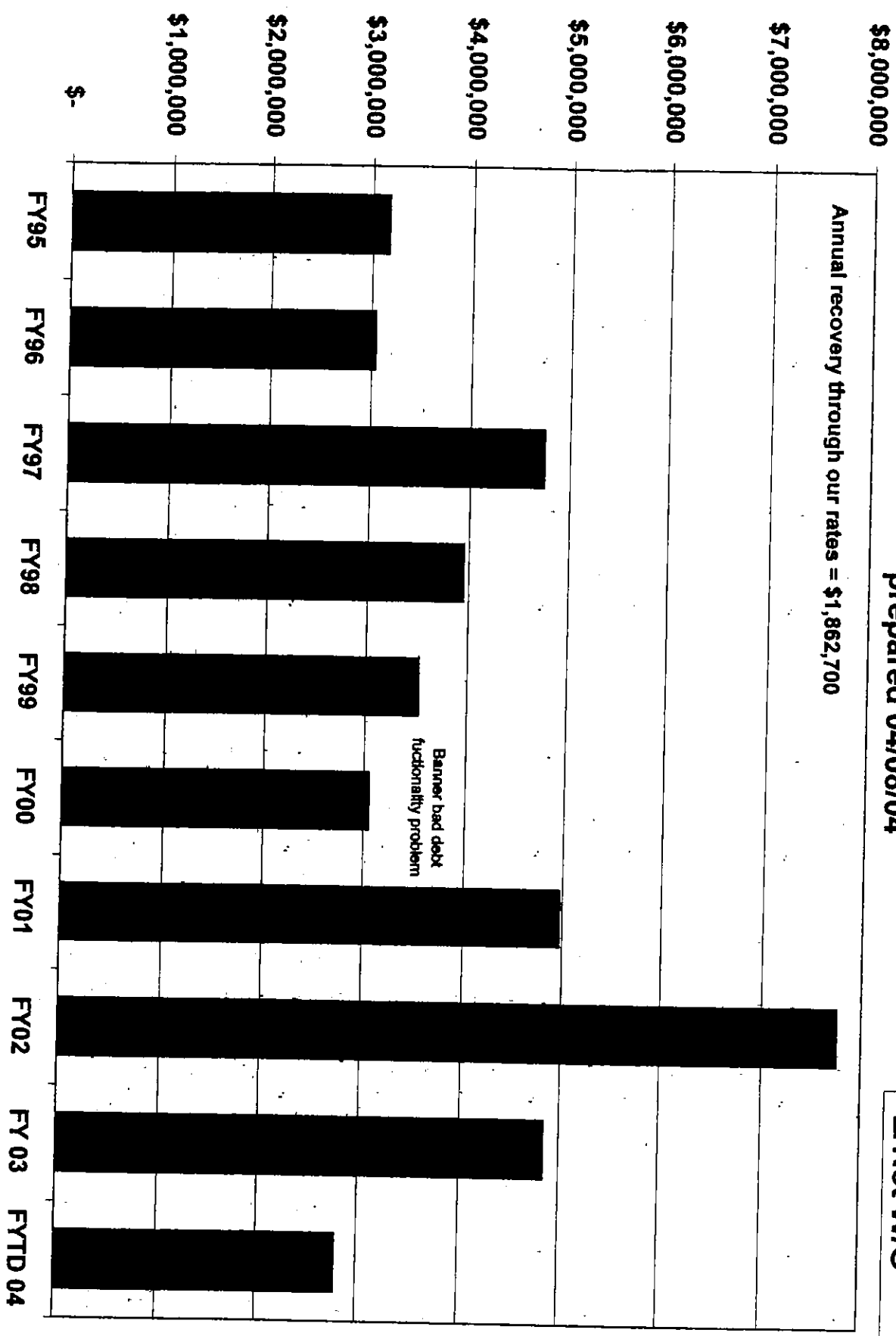
R21a

FY Write Off Comparison

prepared 04/08/04

DEPOSITION
EXHIBIT
2
PENGAD-Bayonne, N. J.

Recoveries
Net W/O



	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY 03	FYTD 04
Gross Write Off	\$ 3,161,616	\$ 3,036,301	\$ 4,735,547	\$ 3,944,255	\$ 3,516,014	\$ 3,046,127	\$ 4,963,097	\$ 7,749,228	\$ 4,838,401	\$ 2,779,890
Recoveries	\$ 1,467,720	\$ 1,169,262	\$ 1,470,259	\$ 1,794,052	\$ 1,727,641	\$ 1,808,907	\$ 973,901	\$ 1,690,331	\$ 1,539,372	\$ 1,369,118
Net Write Off	\$ 1,693,896	\$ 1,867,039	\$ 3,265,288	\$ 2,150,203	\$ 1,788,373	\$ 1,237,220	\$ 3,989,196	\$ 6,058,897	\$ 3,299,029	\$ 1,410,772
Revenue	\$ 175,672,566	\$ 240,930,057	\$ 270,000,000	\$ 238,509,545	\$ 227,314,391	\$ 239,229,606	\$ 388,549,609	\$ 277,197,468	\$ 348,138,363	\$ 270,493,217
Write Off as a Percentage of Revenue	0.96%	0.77%	1.21%	0.90%	0.79%	0.52%	1.03%	2.19%	0.95%	0.52%
Commercial Write Off (Gross)				\$ 260,906	\$ 202,363	\$ 202,629				
Avg Write Off (Res and Commercial)	\$ 230.02	\$ 201.08	\$ 247.91	\$ 222.37	\$ 204.30	\$ 190.36	\$ 281.53	\$ 360.60	\$ 244.87	\$ 262.48
Avg Res Write Off Bill				\$ 214.82	\$ 197.35					
Avg Comm Write Off Bill			\$ 455.33	\$ 462.01						
Avg Days of Service for Avg Write Off									74	112
# Accounts Written Off	13,745	15,100	19,102	18,261	16,673	16,002	17,629	21,490	18,942	10,591

Citizens Gas Administrative Costs for Low Income Rate Program
8/14/03

Costs:

\$34 application fee
2 contacts per troubled customer (67% phone, 33% lobby)
Variable Cost per call: \$2.41
Variable Cost per lobby visit: \$5.88
Churn rate: 30%
Troubled that stay: 10%

2003

# Customers	System Costs	Pre-Prgm Training Costs			Total New Admin Costs	system
15000	\$30,000	12,000	\$0	\$0	\$42,000	

2004

# Customers	Application Fees	40% contact	Training	67% phone	33% lobby	Total New Admin Costs
16000	\$544,000	12,800	\$12,000	\$20,668	\$24,837	\$ 601,505

2005

# Customers	Application Fees	40% contact	Training	67% phone	33% lobby	Total New Admin Costs
18000	\$612,000	14,400	\$12,000	\$23,252	\$27,942	\$ 675,194

2006

# Customers	Application Fees	40% contact	Training	67% phone	33% lobby	Total New Admin Costs
18000	\$612,000	14,400	\$12,000	\$23,252	\$27,942	\$ 675,194

2007

# Customers	Application Fees	40% contact	Training	67% phone	33% lobby	Total New Admin Costs
18000	\$612,000	\$14,400	\$12,000	\$23,252	\$27,942	\$ 675,194

2008

# Customers	Application Fees	40% contact	Training	67% phone	33% lobby	Total New Admin Costs
18000	\$612,000	\$14,400	\$12,000	\$23,252	\$27,942	\$ 675,194