

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SYCAMORE GAS )  
COMPANY FOR (1) AN ADJUSTMENT TO ITS GAS )  
SERVICE RATES THROUGH A FEDERALLY )  
MANDATED COST ADJUSTMENT FACTOR, (2) )  
AUTHORITY TO DEFER 20% OF ITS FEDERALLY )  
MANDATED COMPLIANCE PLAN COSTS, (3) )  
APPROVAL OF MODIFICATIONS TO ITS )  
FEDERALLY MANDATED COMPLIANCE PLAN, ) CAUSE NO. 45131 FMCA-4  
AND (4) APPROVAL OF ITS FOURTH PROGRESS )  
REPORT RELATED TO ITS FEDERALLY )  
MANDATED COMPLIANCE PLAN, ALL PURSUANT )  
TO IND. CODE CH. 8-1-8.4 AND THIS )  
COMMISSION'S ORDER IN CAUSE NO. 45131 )


INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S

PUBLIC'S EXHIBIT NO. 1 –TESTIMONY OF OUCC WITNESS  
YI GAO

With the current requirement that all staff work from home, signatures for affirmations are not available at this time.

December 18, 2020

Respectfully submitted,

  
\_\_\_\_\_  
T. Jason Haas  
Attorney No. 34983-29  
Deputy Consumer Counselor

**TESTIMONY OF OUCC WITNESS YI GAO**  
**CAUSE NO. 45131 FMCA-4**  
**SYCAMORE GAS COMPANY**

**I. INTRODUCTION**

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

2   A:   My name is Yi Gao, and my business address is 115 W. Washington Street, Suite  
3       1500 South, Indianapolis, Indiana 46204.

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

5   A:   I am employed by the Indiana Office of Utility Consumer Counselor (“OUCC”)  
6       as a Utility Analyst. For a summary of my educational and professional  
7       experience and my preparation for this case, please see Appendix YG-1 attached  
8       to my testimony.

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

10   A:   I discuss Sycamore Gas Company’s (“Sycamore” or “Petitioner”) request for (1)  
11       an adjustment to its gas service rates through its Federally Mandated Cost  
12       Adjustment factor (“FMCA”), and (2) authority to defer 20% of the federally  
13       mandated costs for recovery in Petitioner’s next general rate case. I also discuss  
14       Petitioner’s schedules, calculations, and Petitioner’s calculation of the weighted  
15       average cost of capital (“WACC”) used in Petitioner’s annual capital revenue  
16       requirement. In addition to my testimony, OUCC witness Brien R. Krieger  
17       discusses Sycamore’s modification of its Pipeline Safety Compliance Plan,  
18       including actual and estimated capital expenditures.

1   **Q:    Please provide a summary of your recommendations.**

2    A:    I recommend approval of Petitioner's FMCA schedules, as filed on October 30,  
3           2020. Petitioner's schedules and calculations included as attachments in this  
4           Cause comply with the Commission's Order in Cause No. 45131, issued on April  
5           24, 2019.

6   **Q:    Do the recommendations of OUCC witness Krieger affect the rate factor**  
7       **calculations in Petitioner's attachments and schedules?**

8    A:    No. Mr. Krieger has not recommended any changes that affect Petitioner's  
9           calculations, schedules, or cost recovery in this FMCA.

## **II.   SCHEDULES AND CALCULATIONS**

10   **Q:    Please describe your review of Petitioner's specific requests in this Cause.**

11   A:    I analyzed Petitioner's FMCA cost recovery and revenue calculations set forth in  
12           Petitioner's Schedules. Petitioner's Attachment A, Schedules 1 through 9, and  
13           Attachment B, Schedules 1 through 4 contain the necessary elements for  
14           calculating the FMCA rates. I will address these Attachments and Schedules as  
15           they relate to Petitioner's specific requests for authority and approval in this  
16           Cause.

### **FMCA Rate Schedules**

17   **Q:    Describe your analysis of Petitioner's FMCA rate schedules.**

18   A:    I performed a comprehensive analysis of the calculations and data flow contained  
19           in Petitioner's FMCA rate schedules. I tied specific data to source documentation  
20           provided by Petitioner, verified calculations, and compared the schedules to those

1 schedules approved in Sycamore's prior FMCA-1, FMCA-2, and FCMA-3  
2 filings. I will discuss specific schedules in more detail later in my testimony.

**Weighted Average Cost of Capital**

3 **Q: Do you agree with Petitioner's weighted average cost of capital calculation**  
4 **shown on Attachment B, Schedule 1?**

5 A: Yes. Capital expenditures in this Cause occurred as of the period ending  
6 September 30, 2020. Therefore, using the cut-off date of September 30, 2020 is  
7 appropriate for calculating Petitioner's weighted average cost of capital used in  
8 determining Petitioner's FMCA rate factors. I traced all data inputs in this  
9 schedule to the source documentation and verified the calculations in this FMCA  
10 filing.

**FMCA Rate Factors**

11 **Q: Have you reviewed the entirety of Sycamore's FMCA rate factor calculations**  
12 **in this Cause?**

13 A: Yes. Petitioner's Attachment A, Schedule 8 presents the Calculation of Total Rate  
14 Adjustment Factors. I have reviewed the calculations and flow of inputs from  
15 other schedules in this attachment, and Attachment A, Schedule 8 accurately  
16 reflects the calculations and flow of data inputs from Schedules 1 through 7.

17 **Q: Is recovery of approved revenue requirements reconciled with actual**  
18 **revenue collected?**

19 A: Yes. The reconciliation of revenue recovery and forecasted expenses approved in  
20 FMCA-2 are reconciled with actual revenue recovery and actual expenses in  
21 Attachment A, Schedule 6, Page 1. I reviewed data provided by Petitioner in this  
22 attachment and verified the inputs and calculations of revenue requirements  
23 approved in FMCA-2 with actual revenue collected.

1 **Q: Have you reviewed Sycamore's applicable tariff revisions to Appendix E,**  
2 **shown on Petitioner's Attachment C?**

3 A: Yes. Petitioner's Attachment C includes the new proposed FMCA Rider, and the  
4 Appendix E FMCA Factors. The Rate Factors on Appendix E accurately reflect  
5 the rate factors calculated on Attachment A, Schedule 8.

**20% Deferral**

6 **Q: Please discuss Sycamore's proposed treatment of a 20% deferral of FMCA**  
7 **capital expenditures and costs.**

8 A: Ind. Code § 8-1-8.4-7(c)(2) provides that twenty percent (20%) of the approved  
9 federally mandated costs, including depreciation, allowance for funds used during  
10 construction, and post in service carrying costs, based on the overall cost of  
11 capital most recently approved by the Commission, shall be deferred and  
12 recovered as part of the next general rate case that the utility files with the  
13 Commission. Petitioner's Attachment A, Schedules 2 through 4 calculate the  
14 deferred revenue requirement for the capital portion, carrying charges, and  
15 expense portion. Petitioner's Attachment A, Schedule 9 reflects cumulative total  
16 deferred revenue requirements, showing the 20% deferred amounts for the  
17 FMCA-1, FMCA-2, FMCA-3 and FMCA-4 filings, and the amount in excess of  
18 125% from Project Nos. 15 and 34, broken out by return on capital, return of  
19 expense, and carrying charges. I traced all data inputs in this schedule to the  
20 source schedules and verified the calculations.

### **III. RECOMMENDATIONS**

1   **Q:   What are your recommendations regarding Sycamore's requested FMCA**  
2   **rate factors?**

3   A:   Petitioner's FMCA calculation schedules, Attachment A, Schedules 1-9, and  
4       Attachment B, Schedules 1-4 filed on October 30, 2020, accurately calculate and  
5       track FMCA costs based on Sycamore's proposal. I recommend approval of  
6       Sycamore's FMCA-4 rate factors reflected on Petitioner's Attachment C,  
7       Appendix E filed on October 30, 2020.

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

9   A:   Yes.

**APPENDIX TO TESTIMONY OF**  
**OUCC WITNESS YI GAO**

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

2   A:   I graduated from the Kelley School of Business at Indiana University, Indianapolis,  
3       Indiana with a Master of Science Degree in Accounting in December 2019. While  
4       in school, I worked as a part-time tutor in Cost Accounting and Introduction to  
5       Managerial Accounting to help undergraduate students answer their course related  
6       questions and review course materials. Meanwhile, I participated in a few  
7       internships in the fields of accounting and taxation to gain practical experience.

8               In February 2020, I began my employment with the OUCC as a Utility  
9       Analyst. My current responsibilities include reviewing and analyzing Gas Cost  
10      Adjustment (“GCA”) petitions, Energy Efficiency rider filings, Federally  
11      Mandated Cost Adjustment (“FMCA”) cases, and Transmission, Distribution, and  
12      Storage System Improvement Charge (“TDSIC”) cases filed by Indiana natural gas  
13      utilities with the Commission. While employed at the OUCC, I completed  
14      NARUC’s Utility Rate School hosted by the Institute of Public Utilities at Michigan  
15      State University via live streaming.

16   **Q:   Have you previously testified before the Indiana Utility Regulatory**  
17   **Commission?**

18   A:   Yes, I have testified in GCA, FMCA, and TDSIC cases.

19   **Q:   Please describe the review and analysis you conducted in order to prepare**  
20   **your testimony.**


21   A:   I reviewed Petitioner’s pre-filed testimony, corrected testimony, exhibits and  
22       supporting documentation. I also reviewed the Final Orders in Cause Nos. 45131  
23       FMCA-1, FMCA-2, and FMCA-3.

## **CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing ***OUCC'S TESTIMONY OF YI GAO*** has been served upon the following parties of record in the captioned proceeding by electronic service on December 18, 2020.

Mark R. Alson  
**Ice Miller LLP**  
Email: mark.alson@icemiller.com

John Stenger  
**Sycamore Gas**  
Email: jstenger@sycamoregas.com

  
\_\_\_\_\_  
T. Jason Haas  
Attorney No. 34983-29  
Deputy Consumer Counselor

### **INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

115 West Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
**infomgt@oucc.in.gov**  
317/232-2494 – Telephone  
317/232-5923 – Facsimile