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MATTHEW S. WHITE Direct Dial 614.334.6172 mwhite@cwsiaw.com



September 14, 2010

Ms. Renee Jenkins Chief of Docketing The Public Utilities Commission of Ohio 180 East Broad Street Columbus, Ohio 43215

Re: In the Matter of the Application of Suburban Natural Gas Company for an Adjustment to the Infrastructure Replacement Program Rider Case No. 10-0763-GA-RDR

Dear Ms. Jenkins:

Please find attached for filing thirteen (13) copies of Suburban Natural Gas Company's ("Suburban) Application for an Adjustment to the Infrastructure Replacement Program Rider ("IRP Application"). On June 14, 2010 Suburban was granted a two week extension to file the Pre-filing Notification of the IRP Application. To the extent an additional extension is needed for Suburban to file its IRP Application, this letter also serves as a motion to extend the time to file Suburban's IRP Application for two weeks from August 31 to September 14, 2010. No parties have intervened in this proceeding and, accordingly, no parties have objected to an extension to file the IRP Application.

Very truly yours,

Matthew S. White Counsel for Suburban Natural Gas Company

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO 2010 SEP 14 PM 3: 41

In the Matter of the Application of Suburban Natural Gas Company for an Adjustment to the Infrastructure Replacement Program Rider

Case No. 10-0763-GA-RDRUCO

APPLICATION FOR APPROVAL OF AN ADJUSTMENT TO THE INFRASTRUCTURE REPLACEMENT RIDER OF SUBURBAN NATURAL GAS COMPANY

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Pursuant to the Commission's Finding and Order on September 15, 2009 in Case No. 09-0573-GA-UNC, The Suburban Natural Gas Company ("Suburban") respectfully requests that the Commission approve an adjustment to Suburban's Infrastructure Replacement Rider ("Rider IRP") reflecting costs associated with capital investments made by Suburban during the period October 1, 2009 through June 30, 2010. In support of its Application, Suburban states:

1. Suburban, a privately owned Ohio corporation, is a public utility and natural gas company within the definitions of Sections 4905.02 and 4905.03(A)(6) Ohio Revised Code ("R.C."), and, as such, is subject to the jurisdiction of this Commission pursuant to R.C. 4905.04, 4905.05, and 4905.06.

2. Suburban currently provides natural gas service in Ohio to over 15,000 residential, commercial and industrial customers in Wood, Henry, Hancock, Lucas, Delaware and Marion Counties.

3. On June 1, 2009 pursuant to the Finding and Order in Case No. 07-689-GA-AIR, Suburban filed a plan for the timely replacement of prone-to-fail risers and a plan for the assumption of responsibilities associated with the installation, repair, replacement and maintenance of customer service lines ("IRP"). 4. On September 15, 2009, in an Opinion and Order in Case No. 09-0573-GA-UNC, the Commission approved Suburban's IRP and the recovery of the cost associated with the IRP.

5. At the time of the Commission's approval, Suburban estimated that the IRP charge to customers would be \$0.29, \$0.58, \$0.84, \$1.10, and \$0.92, per month, per customer, in years one through five, respectively.

6. The approved IRP also requires that Suburban annually file an Application to update its Rider IRP. Accordingly, by this Application, Suburban requests that the Commission approve an increase in Suburban's Rider IRP, from \$0.29 per month per customer, to \$0.39 per month, per customer.

7. Suburban hereby submits the following schedules and exhibits supporting its request to adjust Rider IRP:

- a. Schedules A-1, A-2 and A-3 supporting Suburban's IRP rate calculation;
- b. Schedules B-1, B-2 and B-3 representing Suburban's proposed IRP tariff sheet, the proposed changes to Suburban's IRP tariff sheet and Suburban's current tariff sheet, respectively;
- c. Exhibit 1: Direct Testimony of Nichole M. Clement.

Respectfully submitted,

John W. Bentine, Esq. (0016388) E-Mail: jbentine@cwslaw.com Direct Dial: (614) 334-6121 Matthew S. White, Esq. (0082859) E-Mail: mwhite@cwslaw.com

Direct Dial: (614) 334-6172 Chester, Willcox & Saxbe, LLP 65 East State Street, Suite 1000 Columbus, Ohio 43215 (614) 221-4000 (Main Number) (614) 221-4012 (Facsimile) Attorneys for Suburban Natural Gas Company

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application for Approval of an Adjustment to the Infrastructure Replacement Rider was served upon the following parties of record or as a courtesy, via U.S. Mail postage prepaid, on September 14, 2010.

Thomas Lindgren Werner Margard Attorney General Public Utilities Commission of Ohio 180 East Broad Street Columbus, Ohio 43215 Doris McCarter, Division Chief Capital Recovery and Financial Analysis Utilities Department Public Utilities Commission of Ohio 180 East Broad Street, 3rd Street Columbus, Ohio 43215

Matthew S. White

4818-9843-2775, v. 1

Suburban Natural Gas Company

	Actual Dec 2009
	Actual Actual Actual Actual Oct 2009 Nov 2009 Dec 2009
	Actual Oct 2009
suburban wavan Gas Company Infrastructure Replacement Program and Rider Replacement of Service Lines and Risers - Combined Effect For the period July 2009 to June 2010 (12 mo actual)	

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38070 IRP Risers	\$ 2;	2,300	69	750	6 \$	9,100	\$	400	\$ 1,800	\$ 0	371	1	35,565	••	29,607	ମ ଜ	33,070	
Total	\$ \$	3,800		750	6 \$	9,600	\$7	400	\$ 2,300	÷# Q	871	↔ -	36,065	\$	29,607	بي م	35,570	
2001, And Tank and Marked Marked Marked Marked	Actual Oct 2009 Month 1		Actual Nov 2009 Month 2	1 2 1 2 1 2 1 2	Actual Dec 2009 Month 3	ام با 3 209	Actual Jan 2010 Month 4		Actual Feb 2010 Month 5		Actual Mar 2010 Month 6		Actual Apr 2010 Month 7	Actual May 201 Month 8	Actual May 2010 Month 8	Actual June 2010 Month 9	ual 2010 fth 9	
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50% recovered over 45 years (cost * 50% / 45 years) (not ta First Month Expenditure Second Month Expenditure Third Month Expenditure Fourth Month Expenditure Sixth Month Expenditure Seventh Month Expenditure Seventh Month Expenditure Ninth Month Expenditure Ninth Month Expenditure	¢	of rate 3.52	base) \$	0.69	ର ସ କ	9.52 8.88 8.88	**	\$ 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.5 5.	2.00 2.80 2.37 2.37 2.13 2.13 2.13 2.13 2.13 2.13 2.13 2.13	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	3.52 0.69 0.37 2.13 0.31 0.31	**********	3.52 8.88 0.37 2.13 33.38 33.38	***	3.52 0.69 0.37 0.37 2.13 33.39 33.39 27.41	***	3.52 8.89 0.37 2.13 33.38 0.81 2.13 2.14 13 2.94	
Return on Equity (based upon approved 8.97% from rate case)	63	14.20		16.98	2 2	52.83	ٽ ھ	54.22 \$	62.72	* 2	85.86	8 0	200.53	9 10	310.81	⇔ 4	443.18	
Total Amount to Be Recovered through Rider	\$ 8	63.52	r~ \$†	75.90	\$ 33	236.18	\$ 24	242.29	\$ 280.14	4	294.01	\$ •	896.12	\$ 1,34	1,388.82	\$ 1,9	1,979.97	
Total Amount that Was Billed through Rider to Customers			\$ 4,53	4,537.63	\$ 4,56	4,560.83	\$ 4,577.65		\$ 4,577.65		\$ 4,597.95	\$	4,591.57	\$ 4,586.64		\$ 4,586.64	86.64 \$	38,818.58
Net Over/Under recovered at 6/30/10	8 8	63.52	\$ (4,461.73)		\$ (4,324.65)		\$ (4,335.35)		\$ (4,297.51)		\$ (4,303.94)	÷	\$ (3.695.45)		\$ (3,197.82)	\$ (2,6	\$ (2,606.67) \$	\$ (31,159.62)
Year 2 Total Amount to Be Recovered through Rider																	49	\$ 106,388.00
Revised Amount to Be Recovered through Rider																	97	\$ 75,228,38
Estimated Number of Customers																	₩	16,000.00

\$ 0.39

Projected Revised Rate

	Actual Oct 2009 Month 1	Actual Nov 2009 Month 2	Actual Dec 2009 Month 3	Actual Jan 2010 Month 4	Actual Feb 2010 Month 5	Actual Mar 2010 Month 6	Actual Apr 2010 Month 7	Actual May 2010 Month 8	Actual June 2010 Month 9
Beginning Balance	۔ ج	\$ 1,900.00	,900.00 \$ 2,235.42		\$ 7,040.63	\$ 8,039.06	\$6,988.02 \$7,040.63 \$8,039.06 \$ 8,299.04	\$ 26,146.95	\$40,390.18
Amount Borrowed	\$ 1,900.00	↔	\$4,800.00	\$ 200.00	\$ 1,150.00	\$ 435.50	\$ 18,032.50	375.00 \$4,800.00 \$ 200.00 \$1,150.00 \$ 435.50 \$18,032.50 \$14,803.50 \$17,785.00	\$ 17,785.00
Amount Repaid (collected through rider - 1 mo. lag)	، ج	\$ 39.58	\$ 47.40	\$ 147.40	\$ 151.56	\$ 175.52	\$ 18 <u>4.59</u>	39.58 \$ 47.40 \$ 147.40 \$ 151.56 \$ 175.52 \$ 184.59 \$ 560.27 \$	\$ 868.68
Ending Balance	\$ 1,900.00	\$ 2,235.42	\$6,988.02	\$ 7,040.63	\$ 8,039.06	\$ 8,299.04	\$ 26,146.95	\$1,900.00 \$2,235.42 \$6,988.02 \$7,040.63 \$8,039.06 \$8,299.04 \$26,146.95 \$40,390.18 \$57,306.50	\$ 57,306.50
Cost of Debt Per LOC	3.925%	3.925%	6 3.925%	3.925%	3.925%	3.925%	3.925%	3.925%	3.925%
Interest to be Recovered	\$ 6.21 \$	1	7.31 \$ 22.86 \$ 23.03 \$ 26.29 \$ 27.14 \$	\$ 23.03	\$ 26.29	\$ 27.14		85.52 \$ 132.11 \$ 187.44	\$ 187.44

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	Actual Oct 2009 Month 1	Actual Nov 2009 Month 2	Actual Dec 2009 Month 3	Actual Jan 2010 Month 4	Actual Feb 2010 Month 5	Actual Mar 2010 Month 6	Actual Apr 2010 Month 7	Actual May 2010 Month 8	Actual June 2010 Month 9
Beginning Balance	۰ ج	\$ 1,900.00	1,900.00 \$2,271.48 \$7,067.27	\$ 7,067.27	\$7,254.17		\$8,390.69 \$ 8,810.59	\$ 26,826.68	\$ 41,580.38
Amount Expended	\$ 1,900.00	\$	\$4,800.00	\$ 200.00	\$ 1,150.00	\$ 435.50	\$ 18,032.50	375.00 \$4,800.00 \$ 200.00 \$1,150.00 \$ 435.50 \$18,032.50 \$14,803.50 \$17,785.00	\$ 17,785.00
Amount Repaid (coilected through rider - 1 yr. lag)	ا ب	\$ 3.52 \$	\$ 4.21	\$ 13.10	4.21 \$ 13.10 \$ 13.47 \$ 15.60 \$	\$ 15.60	\$ 16.41 \$	\$ 49.80 \$	\$ 77.22
Ending Balance	\$1,900.00 \$		\$7,067.27	\$7,254.17	\$ 8,390.69	\$ 8,810.59	\$ 26,826.68	2,271.48 \$7,067.27 \$7,254.17 \$8,390.69 \$8,810.59 \$26,826.68 \$41,580.38 \$59,288.17	\$ 59,288.17
Allowable Rate of Return	8.970%	8.970%	8.970%	8.970%	6 8.970%	8.970%	8.970%	8,970%	8.970%
Return on Equity	\$ 14.20 \$	ľ	\$ 52.83	\$ 54.22	\$ 62.72	\$ 65.86	\$ 200.53	16.98 \$ 52.83 \$ 54.22 \$ 62.72 \$ 65.86 \$ 200.53 \$ 310.81 \$ 443.18	\$ 443.18

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PROPOSED TARIFF SHEET

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Case No 10-0763-GA-RDR: Pre-filing Notice

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Suburban Natural Gas Company Cygnet, Ohio SECTION V Second Revised Sheet No. 2B

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

APPLICABILITY:

Applicable to all customers.

DESCRIPTION:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with Suburban's riser inventory and identification process; customer notification and education; the replacement of customer-owned Natural Gas Risers identified in the November 24, 2006 Report by the Staff of the Public Utilities Commission of Ohio in Case No. 05-463-GA-COI as prone to failure and repair or replacement of service lines as specified in the Company's IRP Plan filed with the Public Utilities Commission of Ohio. This Rider shall be calculated annually pursuant to a Notice filed no later than May 31 of each year based on nine months of actual data and three months of estimated data for the reporting year. The filing shall be updated by no later than August 31 of the same year to reflect the use of actual reporting year data. Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

RATE:

\$0.39 per Month

ISSUED: _____, 2010

EFFECTIVE: November 1, 2010

Filed pursuant to the Opinion and Order of the Public Utilities Commission of Ohio in Case No. 10-0763-GA-RDR dated _____, 2010

ISSUED BY DAVID L. PEMBERTON, JR., PRESIDENT

Schedule B-2

Sept 11 Apr

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CHANGES TO CURRENT TARIFF SHEET

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Case No 10-0763-GA-RDR: Pre-filing Notice

Suburban Natural Gas Company Cygnet, Ohio SECTION V Second Revised Sheet No. 2B

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

APPLICABILITY:

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DESCRIPTION:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with Suburban's riser inventory and identification process; customer notification and education; the replacement of customer-owned Natural Gas Risers identified in the November 24, 2006 Report by the Staff of the Public Utilities Commission of Ohio in Case No. 05-463-GA-COI as prone to failure and repair or replacement of service lines as specified in the Company's IRP Plan filed with the Public Utilities Commission of Ohio. This Rider shall be calculated annually pursuant to a Notice filed no later than May 31 of each year based on nine months of actual data and three months of estimated data for the reporting year. The filing shall be updated by no later than August 31 of the same year to reflect the use of actual reporting year data. Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

RATE:

\$0,<u>39</u> per Month

ISSUED,

EFFECTIVE:

Filed pursuant to the Opinion and Order of the Public Utilities Commission of Ohio in Case No. dated,

ISSUED BY DAVID L. PEMBERTON, JR., PRESIDENT

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Deleted: September 24,

2009 Deleted: September 24, 2009

Deleted: D7-689-GA-AIR Deleted: March 19, 2008

Schedule B-3

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CURRENT TARIFF SHEET

Case No 10-0763-GA-RDR: Pre-filing Notice

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Suburban Natural Gas Company Cygnet, Ohio

SECTION V First Revised Sheet No. 2B

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

APPLICABILITY:

Applicable to all customers.

DESCRIPTION:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with Suburban's riser inventory and identification process; customer notification and education; the replacement of customer-owned Natural Gas Risers identified in the November 24, 2006 Report by the Staff of the Public Utilities Commission of Ohio in Case No. 05-463-GA-COI as prone to failure and repair or replacement of service lines as specified in the Company's IRP Plan filed with the Public Utilities Commission of Ohio. This Rider shall be calculated annually pursuant to a Notice filed no later than May 31 of each year based on nine months of actual data and three months of estimated data for the reporting year. The filing shall be updated by no later than August 31 of the same year to reflect the use of actual reporting year data. Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

RATE:

\$0.29 per Month

ISSUED: September 24, 2009

EFFECTIVE: September 24, 2009

Filed pursuant to the Opinion and Order of the Public Utilities Commission of Ohio in Case No. 07-689-GA-AIR dated March 19, 2008

ISSUED BY DAVID L. PEMBERTON, JR., PRESIDENT

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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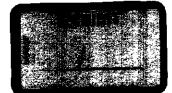
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In the Matter of the Application of Suburban Natural Gas Company for an Adjustment to the Infrastructure Replacement Program Rider

Case No. 10-0763-GA-RDR

DIRECT TESTIMONY OF NICHOLE M. CLEMENT

ON BEHALF OF THE SUBURBAN NATURAL GAS COMPANY



September 14, 2010

I. INTRODUCTION

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1	Q.	Please state your name and business address.
2	Α.	Nichole M. Clement, 551 Lake Cascades Parkway, Findlay, Ohio 45840
3	Q.	By whom are you employed and in what capacity?
4	Α.	Pry Professional Group, Certified Public Accountant.
5	Q.	How long have you been associated with Pry Professional Group?
6	Α.	I have been associated with Pry Professional Group for 15 years.
7	Q.	On whose behalf are you offering testimony in this proceeding?
8	Α.	I have been authorized to appear and testify on behalf of Suburban
9		Natural Gas Company, the applicant in this case.
10	Q.	Please outline your educational background and business
11		experience.
12	Α.	l graduated from Bowling Green State University in 1994 with a degree in
13		Business Administration with a specialization in accounting. I received my
14		Certified Public Accountants designation in 1998. I have worked with
15		public utility companies at Pry Professional Group for the past 15 years.
16	Q.	Do you have any experience testifying at the Commission?
17	Α.	Yes. On August 17, 2007 I submitted testimony at the Commission on
1 8		behalf of Suburban in Case No. 07-689-GA-AIR. Also, I am generally
19		familiar with the ratemaking process and the accounting practices of public
20		utilities.
21	Q.	What is the purpose of your testimony in this proceeding?

1	Α.	The purpose of my testimony is to support the adjustment to Suburban's
2		Infrastructure Replacement Plan Rider ("Rider IRP"). I will describe the
3		infrastructure replacement efforts that Suburban has made. Also, I will
4		describe how Suburban calculated the cost of such efforts as set forth in
5		Schedules A-1, A-2 and A-3 of the Application.
6	Q.	Are you sponsoring any parts of the Application?
7	Α.	Yes, I am sponsoring Schedules A-1, A-2 and A-3.
8		
9	Ħ.	Suburban's Infrastructure Replacement Plan
10	Q.	What are the costs Suburban is recovering through Rider IRP?
11	Α.	In Case No. 09-573-GA-UNC the Commission approved Suburban's plan
12		for timely replacement of prone to fail risers and a plan for the assumption
13		of the responsibilities associated with installation, repair, replacement and
14		maintenance of customer service lines ("IRP"). In that case the
15		Commission also approved the recovery of costs associated with the IRP.
16		When the IRP was approved Suburban estimated that the incremental
17		costs of the IRP would be approximately \$252,000 per year.
18	Q.	Has Suburban begun implementing the IRP?
19	Α.	Yes, in October 2009 Suburban began replacing aging service lines at
20		various locations throughout its service territory and replacing prone to fail
21		customer risers.
22		

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1	Q.	Are the costs of implementing the IRP in line with Suburban's
2		original estimates?
3	A.	The costs are lower for year one in comparison with Suburban's original
4		estimate in part due to the fact that year one contained only nine months
5		of activity. Additionally, three of the high construction season months
б		(July, August, and September) were not included in year one. For the nine
7		month period beginning October 1, 2009 and ending June 30, 2010 the
8		cost of the IRP is \$118,963.
9	Q.	What is the current rate that customers are being charged under
10		Rider IRP?
11	Α.	Customers are now charged \$.29 per customer, per month for Rider IRP.
12	Q.	What is the new rate you are proposing for Rider IRP?
13	А.	\$.39 per customer, per month.
14	Q.	Why is Suburban proposing to increase the Rider IRP Charge?
15	А.	Suburban is proposing to increase Rider IRP to reflect the increase in
1 6		costs Suburban expects to incur as a result of implementing the IRP in
17		year two beginning July 1, 2010 and ending June 30, 2011.
18	Q.	Is the \$.39 customer charge in line with Suburban's estimates for the
19		second year of the IRP?
20	Α.	When the Commission approved the IRP the charge to customers was
21		estimated to be \$0.29, \$0.58, \$0.84, \$1.10, and \$0.92, per month, per
22		customer, in years one through five, respectively. A \$.39 charge is less
23		than the initial estimates for year two of the IRP.

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1	Q.	How was the \$.39 customer charge calculated for the second year of
2		the IRP?
3	Α.	The calculation was based on actual data for October 1, 2009 through
4		June 30, 2010 and estimated data for July 1, 2010 through June 30, 2011.
5		The amount that was over-collected in year one is reducing the proposed
6		recovery for year two. The basis of the calculation is that approved in
7		Case No. 09-573-GA-UNC.
8	Q.	In your opinion is a \$.39 customer charge reasonable?
9	Α.	Yes. As you can see from Schedules A-1, A-2 and A-3 of the Application
10		\$.39 is a reasonable charge for year two of the IRP and thus should be
11		approved by the Commission.
12	Q.	Does this conclude your testimony?

13 A. Yes it does.

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