BEFORE THE PUBLIC UTILITIES COMMISSION OF OPHIODOCKETING DIV

2011 AUG 30 AM 10: 45

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

P U C 0
Case No. 11-3234-GA-RDR

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

Pursuant to the Commission's September 15, 2009 <u>Finding and Order</u> in Case No. 09-573-GA-UNC, 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 July 1, 2010 through June 30, 2011. 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 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 approximately 15,000 residential, commercial, and industrial customers in Wood, Henry, Hancock, Lucas, Delaware, and Marion Counties.

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Technician Date Processed

- 3. On June 1, 2009, pursuant to the <u>Finding and Order</u> 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 a <u>Finding and Order</u> in Case No. 09-573-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 a decrease in Suburban's Rider IRP from \$0.39 per month per customer to \$0.25 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,

WILMAM J. MICHAEL (0070921)

E-mail: bmichael@sngco.com

2626 Lewis Center Road

Lewis Center, OH 43035-9206

Telephone: (740) 548-2450 (Main Number)

(740) 548-2455 (Facsimile)

Attorney for Suburban Natural Gas Company

REPLACEMENT OF SERVICE LINES AND RISERS – COMBINED EFFECT

Suburban Natural Gas Company Infrastructure Replacement Program and Rider Replacement of Service Lines and Risers - Combined Effect For the period July 2010 to June 2011 (12 mo actual)

Account Account Description	Actual July 2010 Month 10	Actuai Aug 2010 Month 11	+	_	Actual Oct 2010 Month 13	Actual Nov 2010 Month 14	Actual Dec 2010 Month 15	Actual Jan 2011 Month 16	Actual Feb 2011 Month 17	_	Actual Mar 2011 Month 18	Actual Apr 2011 Month 19	Actual May 2011 Month 20		Actual June 2011 Month 21	
38060 IRP Service Lines		\$ 3,500	o			\$ 500				₩	200			6/3	3,000	
38070 IRP Risers	\$ 8,501		₩	5,058 \$	16,623	\$ 16,676	\$ 350	350	₩	\$ 66	350	\$ 19,335	\$ 25	851 \$	54,475	
Total	\$ 8,501	\$ 3,500	63	5,058 \$	16,623	\$ 17,176	\$ 350	\$ 350	\$	\$	850	\$ 19,335	\$ 25,851	\$	57,475	_
	Actual July 2010 Month 10	Actual Aug 2010 Month 11	Actual Sept 2010 Month 12		Actual Oct 2010 Month 13	Actual Nov 2010 Month 14	Actual Dec 2010 Month 15	Actual Jan 2011 Month 16	Actual Feb 2011 Month 17		Actual Mar 2011 Month 18	Actual Apr 2011 Month 19	Actual May 2011 Month 20		Actual June 2011 Month 21	
50% of Replacement Cost Financed (taken out of rate base) (recovered over 4 years (cost * 50% / 4 years)																
First Month Expenditure	\$ 39.58	\$ 39.58	63 V	39.58 \$	39.58	\$ 39.58	\$ 39.58	39.58	69 6	39.58 \$	39.58	\$ 39.58	•••	9.58 \$	39.58	
Third Month Expenditure	=	¥	,		100.00	¥	¥ ••	G €	9 69		100.001	\$ 100.00	¥		100.001	
Fourth Month Expenditure	\$ 4.17		69		4.17		υĐ	69	69		4.17				4 17	
Fifth Month Expenditure	\$ 23,96	\$ 23.96	€9 €	23.96 \$	23.96	\$ 23.96		23.96	63 6	23.96 \$	23.96	\$ 23.96	\$ 23.96	90 6	23.96	
Seventh Month Expenditure	'n	es es	9 69		375.68	0,	63 ea e	63 €8 €	9 6 9		375.68	(7)	63 64 6		375.68	
Eighth Month Expenditure		69	67		308,41		₩	€9	49		308,41		₩,		308.41	
Ninth Month Expenditure	.,	(1)	67 ·		370,52	(1)	69 1	t/)	69		370.52	\$ 370.52	69	\$ 25	370,52	
Tenth Month Expenditure	\$ 88.56	\$ 88.56	69 6	88.56	38.56	\$ 98.56		t /) t	69 G		88.56				88.56	
Twelfth Month Expenditure			7 V		52.69		9 69	9 6	9 69	30.40 50.80 ₩	50.40 0.40		9 4		52.60	
Thirteenth Month Expenditure				•	173.16	_	•	***	· • •		173.16	_	. 69		173 16	
Fourteenth Month Expenditure						`	↔	₩	₩		178.92		69	• • •	178,92	
Fifteenth Month Expenditure							3.65	3.65	€9 €	3.65 \$	3.65	3.65		3.65 \$	3,65	
Severteenth Month Expenditure								?	÷ ++>	1.03	1.03				3.63 1.03	
Eighteenth Month Expenditure											8.85	ç	e e		8.85	
Twentieth Month Expenditure Twenty-First Month Expenditure												4.102	\$ 269.28	- 88 - 88	269.28 269.28 598.70	
Total	\$ 1,327.75	\$ 1,364.21	€9	1,416.90 \$	1,590.06	\$ 1,768,98	\$ 1,772.63	1,776.27	\$ 1,777.30	.30 \$	1,786.16	\$ 1,987,57	\$ 2,256.85	49	2,855.55	
Cost of Debt to be Recovered	\$ 197.29	\$ 198.67	₩	202.48 \$	225.03	\$ 153,33	\$ 150,11	\$ 146.88	so.	143.38 \$	140.65	\$ 156.59	\$ 178.72	72 \$	232.29	
50% recovered over 45 years (cost * 50% / 45 years) (not taken out of rate	en out of rate	base)														
First Month Expenditure	\$ 3.52	\$ 3.52		3.52	3.52	\$ 3.52	\$ 3.52		ы	3.52	3.52	\$ 3.52		3.52 \$	3.52	
Second Month Expenditure					0.69		67	· 69	49		0.69				0.69	
Third Month Expenditure		\$ 8.89		8.89	8.83		65	67	69		8.89				8.89	
Fourth Month Expenditure					0.37		69		6 9 (0,37	\$ 0.37			0.37	
Sixth Month Expenditure	\$ 2.13	2.13	es e		2.13 18.0	5 2.13		yn u	us u	2.13	2.13			2.13	2.13	
Seventh Month Expenditure			, 43		33.39		, 49) ()	· 69		33,39) 69		33.39	
Eighth Month Expenditure	\$ 27.41		67		27.41		•?	1/7	69		27.41		₩		27,41	
Ninth Month Expenditure Tenth Month Expenditure	\$ 32,94	32.9	es es	32.94 \$	32.94				69 V		32.94	\$ 32.94 \$ 787	6 > €		32.94	
Eleventh Month Expenditure		3.24	• 69		3.24		· 6/3	63	• 63		3.24		· 63		3.24	
Twelfth Month Expenditure			ь		4.68	4.68	₩	69 6	69 6	4.68 \$	4.68	\$ 4.68	\$ 4.68	₩	4.68	
Fourteenth Month Expenditure				9	2		9 69	9 69	9 69		15.90	5 15.90	9 65		15.09 15.09 15.09	
Fifteenth Month Expenditure							₩	49	•		0.32		69	32 \$	0.32	
Sixteenth Month Expenditure									69		0.32	\$ 0.32		32 \$	0.32	

Suburban Natural Gas Company Infrastructure Replacement Program and Rider Replacement of Service Lines and Risers - Combined Effect For the period July 2010 to June 2011 (12 mo actual)

Account Account Description	Actual July 2010 Month 10	Actual Aug 2010 Month 11	Actual Sept 2010 Month 12	Actual Oct 2010 Month 13	Actual Nov 2010 Month 14	Actual Dec 2010 Month 15	Actual Jan 2011 Month 16	Actual Feb 2011 Month 17	Actual Mar 2011 Month 18	Actual Apr 2011 Month 19	Actual May 2011 Month 20	Actual June 2011 Month 21		
Seventeenth Month Expenditure Eighteenth Month Expenditure				į					60.00 \$	\$ 0.09	\$ 0.09 \$ 0.79	\$ 0.09		
Nineteenth Month Expenditure									•	\$ 17.90	\$ 17,90	· 6/3		
Twentieth Month Expenditure											\$ 23,94	\$ 23.94		
Twenty-First Month Expenditure												\$ 53.22		
Return on Equity (based upon approved 8.97% from rate case) 💲 474,13 \$ 486.33	\$ 474.13	\$ 486.33	\$ 504.33 \$		\$ 628.65	\$ 628.79	\$ 628.92	565,51 \$ 628.65 \$ 628.79 \$ 628.92 \$ 628.11 \$ 630,10 \$ 701.18 \$ 796,48	\$ 630,10	\$ 701.18	\$ 796,48	\$ 1,009.79		
Total Amount to Be Recovered through Rider	\$ 2,117.20 \$ 2,170.48	\$ 2,170.48	\$ 2,249.66	\$ 2,521.95	\$ 2,708.21	\$ 2,709.09	\$ 2,709,96	2,249.66 \$ 2,521.95 \$ 2,708.21 \$ 2,709.09 \$ 2,709.96 \$ 2,706.78 \$ 2,715.68 \$ 3,022.01 \$ 3,432.65 \$ 4,351.46	\$ 2,715,68	\$ 3,022.01	\$ 3,432.65	\$ 4,351.46		
Total Amount that Was Billed through Rider to Customers	\$ 4,573.88 \$ 4,582.00	\$ 4,582.00	\$ 4,584,32	\$ 4,598.82	\$ 4,625.50	\$ 4,652.47	\$ 6,276.28	4,584.32 \$ 4,598.82 \$ 4,625.50 \$ 4,652.47 \$ 6,276.28 \$ 6,280.95 \$ 6,283.68 \$ 6,295.38 \$ 6,287.97 \$ 8,284.85 \$ 65,326.10	\$ 6,283,68	\$ 6,295.38	\$ 6,287,97	\$ 6,284.85	\$ 65,326.10	
Net Over/Under recovered at 6/30/10													\$ (31,145.99)	
Net Over/Under recovered at 6/30/11	\$(2,456.68) \$(2,411.52)		\$ (2,334,66)	\$ (2,076.87)	\$ (1,917.29)	\$ (1,943.38)	\$ (3,566.32)	\$ (3,574.17)	\$ (3,568.00)	\$ (3,273.37)	\$ (2,855,32)	\$ (1,933.39)	\$(2,334.66) \$(2,076.87) \$(1,917.29) \$(1,943.38) \$(3,566.32) \$(3,574.17) \$(3,568.00) \$(3,273.37) \$(2,855.32) \$(1,933.39) \$ (31,910.99)	
Year 3 Total Amount to Be Recovered through Rider													\$ 107,260.00	
Revised Amount to Be Recovered through Rider													\$ 44,203.02	
Estimated Number of Customers													14,600	

14,600

Projected Revised Rate

COST OF DEBT CALCULATION

Suburban Natural Gas Company Infrastructure Replacement Program and Rider Cost of Debt Calculation For the period July 2010 to June 2011 (12 mo actual)

	Actual July 2010 Month 10	Actual Autu 2010 Aug 2010 Sept 2010 Oct 2010 Nov 2010 Dec 2010 Jan 2011 Feb 2011 Mar 2011 Month 19 Month 11 Month 11 Month 15 Month 16 Month 16 Month 16 Month 16 Month 16 Month 16 Month 17 Month 18	Actual Sept 2010 Month 12	Actual Oct 2010 N Month 13 N	Actual Actual Oct 2010 Nov 2010 Month 13 Month 14	Actual Dec 2010 Month 15	Actual Actual Dec 2010 Jan 2011 Month 15 Month 16	Actual Feb 2011 Month 17	Actual Mar 2011 Month 18	Actual Apr 2011 Month 19	Actual Actual Apr 2011 May 2011 Month 19 Month 20	Actual June 2011 Month 21
Beginning Balance	\$ 57,306.50	\$ 60,317.98	\$ 60,740.23	\$ 61,905.12	\$ 68,799.81	\$ 75,797.92	\$ 74,203.94	\$ 72,606.32	\$ 70,879.57	\$ 69,527.27	\$ 77,408.69	\$57,306.50 \$60,317.98 \$60,740.23 \$61,905.12 \$68,799.81 \$75,797.92 \$74,203.94 \$72,606.32 \$70,879.57 \$69,527.27 \$77,408.69 \$ 88,346.67
Amount Barrowed	\$ 4,250.68 \$ 1		\$ 2,529.10	\$ 8,311.60	\$ 8,588.17	\$ 175.00	\$ 175.00	\$ 49.53	\$ 425.00	\$ 9,667.58	.750.00 \$ 2,529.10 \$ 8,311.60 \$ 8,588.17 \$ 175.00 \$ 175.00 \$ 49.53 \$ 425.00 \$ 9,667.58 \$ 12,925.55 \$ 28,737.71	\$ 28,737.71
Amount Repaid (collected through rider - 1 mo. lag)	\$ 1,239,20 \$ 1,	\$ 1,327,75	\$ 1,364.21	\$ 1,416.90	\$ 1,590.06	\$ 1,768.98	\$ 1,772.63	\$ 1,776.27	\$ 1,777,30	\$ 1,786.16	.327.75 \$ 1,364.21 \$ 1,416.90 \$ 1,590.06 \$ 1,768.98 \$ 1,772.63 \$ 1,776.27 \$ 1,777.30 \$ 1,786.16 \$ 1,987.57 \$ 2,256.85	\$ 2,256.85
Ending Balance	\$ 60,317.98 \$ 60	\$ 60,740,23	\$ 61,905.12	\$ 68,799.81	\$ 75,797.92	\$ 74,203.94	\$ 72,606.32	\$ 70,879,57	\$ 69,527.27	\$ 77,408.69	740,23 \$61,905.12 \$68,799.81 \$75,797.92 \$74,203.94 \$72,606.32 \$70,879.57 \$69,527.27 \$77,408.69 \$88,346.67 \$114,827.53	\$ 114,827.53
Cost of Debt Per LOC	3.925%	ļ	3.925%	3,925%	2.428%	2.428%	2.428%	2.428%	2.428%	2.428%	3.925% 3.925% 3.925% 2.428% 2.428% 2.428% 2.428% 2.428% 2.428% 2.428% 2.428%	2.428%
Interest to be Recovered	\$ 197.29 \$		\$ 202.48	\$ 225.03	\$ 153.33	\$ 150.11	\$ 146.88	\$ 143.38	\$ 140.65	\$ 156.59	19867 \$ 202.48 \$ 225.03 \$ 153.33 \$ 150.11 \$ 146.88 \$ 143.38 \$ 140.65 \$ 156.59 \$ 178.72 \$ 232.29	\$ 232.29

RATE OF RETURN

Suburban Natural Gas Company Infrastructure Replacement Program and Rider Rate of Return For the period July 2010 to June 2011 (12 mo actual)

	Actual	Actual	Actual Sont 2010	Actual Oct 2010	Actual Nov 2010	Actual Dec 2010	Actual Jan 2011	Actual Feb 2011	Actual Mar 2011	Actual Aor 2011	Actual	Actual
	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21
Beginning Balance	\$ 59,288.17	\$ 63,428.70	\$ 65,060.67	\$ 67,468.51	\$ 75,654,16	\$ 84,100.99	\$ 84,118.75	\$ 84,136.18	\$ 84,027.82	\$84,294.84	\$ 93,803.65	\$59,288.17 \$63,428.70 \$65,060.67 \$67,468.51 \$75,654.16 \$84,100.99 \$84,118.75 \$84,136.18 \$84,027.82 \$84,294.84 \$ 93,803.65 \$106,552.52
Amount Expended	\$ 4,250.68	1,750.00	\$ 2,529,10	\$ 8,311.60	\$ 8,588,17	\$ 175.00	\$ 175.00	\$ 49.53	\$ 425.00	\$ 9,667.58	\$ 12,925.55	\$ 4,250.68 \$ 1,750.00 \$ 2,529.10 \$ 8,311.60 \$ 8,588.17 \$ 175.00 \$ 175.00 \$ 49.53 \$ 425.00 \$ 9,667.58 \$ 12,925.55 \$ 28,737.71
Amount Repaid (collected through rider - 1 yr. lag)	\$ 110.15	\$ 118.02	\$ 121.26	\$ 125,95	\$ 141,34	\$ 157.24	\$ 157,57	\$ 157.89	\$ 157.98	\$ 158.77	\$ 176.67	\$ 110.15 \$ 118.02 \$ 121.26 \$ 125.95 \$ 141.34 \$ 157.24 \$ 157.57 \$ 157.89 \$ 157.98 \$ 158.77 \$ 176.67 \$ 200.61
Ending Balance	\$ 63,428.70	\$ 65,060.67	\$ 67,468.51	\$ 75,654.16	\$ 84,100.99	\$ 84,118.75	\$ 84,136.18	\$ 84,027.82	\$ 84,294.84	\$ 93,803.65	\$ 106,552,52	\$63,428.70 \$65,060.67 \$67,468.51 \$75,654.16 \$84,100.99 \$84,118.75 \$84,136.18 \$84,027.82 \$84,294.84 \$93,803.65 \$106,552.52 \$135,089.62
Allowable Rate of Return	8.970%		8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970% 8.970% 8.970% 8.970% 8.970% 8.970% 8.970% 8.970% 8.970%	8.970%
Return on Equity	\$ 474.13	\$ 486.33	\$ 504.33	\$ 565.51	\$ 628.65	\$ 628.79	\$ 628.92	\$ 628.11	\$ 630.10	\$ 701.18	\$ 796.48	\$ 474.13 \$ 486.33 \$ 504.33 \$ 565.51 \$ 628.65 \$ 628.79 \$ 628.92 \$ 628.11 \$ 630.10 \$ 701.18 \$ 796.48 \$ 1,009.79

PROPOSED TARIFF SHEET

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:
\$0.25 per Month
ISSUED: , 2011 EFFECTIVE: November 1, 2011
Filed pursuant to the Opinion and Order of the Public Utilities Commission of Ohio in Case No. 11-3234-GA-RDR dated, 2011

CHANGES TO CURRENT TARIFF SHEET

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

INFRASIROCIORE 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 25 per Month
ISSUED: December 9, 2010 EFFECTIVE: January 1, 2011 November 1, 2011
Filed pursuant to the Opinion and Order of the Public Utilities Commission of Ohio in Case No. 10-0763-GA-RDR 11-3234-GA-RDR dated November 22, 2010, 2011

ISSUED BY DAVID L. PEMBERTON, JR., PRESIDENT

CURRENT TARIFF SHEET

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

ΛD	DI.	IC A	RII	.ITY:
$\Delta \Gamma$				

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: December 9, 2010 EFFECTIVE: January 1, 2011

Filed pursuant to the Opinion and Order of the Public Utilities

Commission of Ohio in Case No. 10-0763-GA-RDR dated November 22, 2010

ISSUED BY DAVID L. PEMBERTON, JR., PRESIDENT

TESTIMONY OF NICHOLE M. CLEMENT

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

Case No. 11- 3234-GA-RDR

DIRECT TESTIMONY OF NICHOLE M. CLEMENT ON BEHALF OF SUBURBAN NATURAL GAS COMPANY

I. <u>INTRODUCTION</u>

- Q. Please state your name and business address.
- A. Nichole M. Clement, 551 Lake Cascades Parkway, Findlay, Ohio 45840.
- Q. By whom are you employed and in what capacity?
- A. Pry Professional Group, Certified Public Accountant.
- Q. How long have you been associated with Pry Professional Group?
- A. I have been associated with Pry Professional Group for over 16 years.
- Q. On whose behalf are you offering testimony in this proceeding?
- A. I have been authorized to appear and testify on behalf of Suburban Natural Gas Company, the applicant in this case.
- Q. Please outline your educational background and business experience.
- A. I graduated from Bowling Green State University in 1994 with a degree in Business Administration with a specialization in accounting. I received my Certified Public Accountants designation in 1998. I have worked with public utility companies at Pry Professional Group for the past 16 years.
- Q. Do you have any experience testifying at the Commission?
- A. Yes. On August 17, 2007, I submitted testimony at the Commission on behalf of Suburban in Case No. 07-689-GA-AIR and on September 14, 2010 in Case No. 10-763-GA-RDR. Also, I am generally familiar with the ratemaking process and the accounting practices of public utilities.

- Q. What is the purpose of your testimony in this proceeding?
- A. The purpose of my testimony is to support the adjustment to Suburban's Infrastructure Replacement Plan Rider ("Rider IRP"). I will describe the infrastructure replacement efforts that Suburban has made. Also, I will describe how Suburban calculated the cost of such efforts as set forth in Schedules A-1, A-2, and A-3 of the Application.
- Q. Are you sponsoring any parts of the Application?
- A. Yes, I am sponsoring Schedules A-1, A-2, and A-3.

II. SUBURBAN'S INFRASTRUCTURE REPLACEMENT PLAN

- Q. What are the costs Suburban is recovering through Rider IRP?
- A. In Case No. 09-573-GA-UNC, the Commission approved Suburban's plan for timely replacement of prone-to-fail risers and a plan for the assumption of the responsibilities associated with installation, repair, replacement, and maintenance of customer service lines ("IRP"). In that case, the Commission also approved the recovery of costs associated with the IRP. When the IRP was approved, Suburban estimated that the incremental costs of the IRP would be approximately \$252,000 per year.
- Q. Has Suburban begun implementing the IRP?

- A. Yes, in October 2009, Suburban began replacing aging service lines at various locations throughout its service territory and replacing prone-to-fail customer risers.
- Q. Are the costs of implementing the IRP in line with Suburban's original estimates?
- A. The costs are lower for year two in comparison with Suburban's original estimate, in part due to the fact that fewer risers and service lines were replaced than originally estimated. Additionally, costs for the risers and service lines have been slightly lower than originally projected. As such the estimate for year three incorporates the anticipated lower cost. For the twelve month period beginning July 1, 2010 and ending June 30, 2011 the cost of the IRP is \$155,170.
- Q. What is the current rate that customers are being charged under Rider IRP?
- A. Customers are now charged \$.39 per customer per month for Rider IRP.
- Q. What is the new rate you are proposing for Rider IRP?
- A. \$.25 per customer per month.
- Q. Why is Suburban proposing to decrease the Rider IRP Charge?

- A. Suburban is proposing to decrease Rider IRP to reflect the decrease in costs Suburban expects to incur as a result of implementing the IRP in year three beginning July 1, 2011 and ending June 30, 2012.
- Q. Is the \$.25 customer charge in line with Suburban's estimates for the third year of the IRP?
- A. When the Commission approved the IRP, the charge to customers was estimated to be \$0.29, \$0.58, \$0.84, \$1.10, and \$0.92 per month per customer in years one through five, respectively. A \$.25 charge is less than the initial estimates for year three of the IRP.
- Q. How was the \$.25 customer charge calculated for the third year of the IRP?
- A. The calculation was based on actual data for July 1, 2010 through June 30, 2011 and estimated data for July 1, 2011 through June 30, 2012. The amount that was over-collected in year two is reducing the proposed recovery for year three. The basis of the calculation is that approved in Case No. 09-573-GA-UNC.
- Q. In your opinion is a \$.25 customer charge reasonable?
- A. Yes. As you can see from Schedules A-1, A-2, and A-3 of the Application, \$.25 is a reasonable charge for year three of the IRP and thus should be approved by the Commission.

- Q. Does this conclude your testimony?
- A. Yes, it does.

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 August 30, 2011.

Thomas Lindgren
Werner Margard
Attorney General
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

Doris McCarter, Division Chief Capital Recovery and Financial Analysis Utilities Department Public Utilities Commission of Ohio 180 East Broad Street Columbus, OH 43215

William J. Michae