

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Self-Complaint
of Suburban Natural Gas Company
Concerning its Existing Tariff
Provisions

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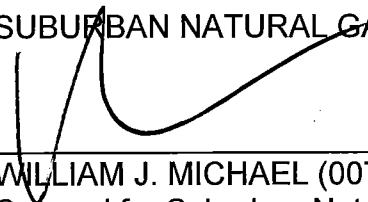
Case No. 11-5846-GA-SLF

**NOTICE OF FILING OF
DIRECT TESTIMONY OF DAVID L. PEMBERTON, JR.**

Now Comes Suburban Natural Gas Company ("Suburban") and files its Direct
Testimony of David L. Pemberton, Jr. in support of the above-referenced self-complaint
filed on December 1, 2011.

Respectfully Submitted,

SUBURBAN NATURAL GAS COMPANY



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BEFORE
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In the Matter of the Self-Complaint)	
of Suburban Natural Gas Company)	Case No. 11-5846-GA-SLF
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DIRECT TESTIMONY OF DAVID L. PEMBERTON, JR.

ON BEHALF OF
THE SUBURBAN NATUAL GAS COMPANY

May 30, 2012

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

2 A. David L. Pemberton, Jr., 2626 Lewis Center Road, Lewis Center, Ohio 43035.

3 **Q. By whom are you employed and in what capacity?**

4 A. Suburban Natural Gas Company, President, Chief Operating Officer, and
5 Treasurer.

6 **Q. How long have you been associated with Suburban?**

7 A. Over 20 years.

8 **Q. On whose behalf are you offering testimony in this proceeding?**

9 A. Suburban Natural Gas Company.

10 **Q. Please outline your educational background and business experience.**

11 A. I graduated from Dennison University in 1983. Before joining Suburban, I was a
12 Vice President-General Manager with Litel in the telecommunication industry. I
13 have been with Suburban for over 20 years, the last twelve as President. As
14 President, I am responsible for the day-to-day operations of the company.

15 **Q. Do you have any experience testifying at the Commission?**

16 A. Yes.

17 **Q. What is the purpose of your testimony in this proceeding?**

18 A. The purpose of my testimony is to support Suburban's self-complaint. I will
19 describe why Suburban should have the ability to offer demand-side
20 management services and why its current inability to provide such services is
21 patently unjust, unreasonable, and inequitable to Suburban and its customers
22 and potential customers.

23 **Q. Why is Suburban seeking authority to provide demand-side management
24 services?**

25 A. A much larger competitor of Suburban – Columbia – has in its tariff, as reviewed
26 and approved by the PUCO, a demand-side management rider under which,
27 stated generally, it is able to recover costs it incurs in providing services to
28 builders related to energy-efficient measures. At least two other natural gas
29 companies are also able to provide demand-side management services and
30 recoup the costs through riders based on PUCO-reviewed and approved tariffs.
31 Suburban anticipates being approached about providing similar services, but it
32 would be unable to provide them because it does not have a demand-side
33 management rider in its tariff.

34 It is important that Suburban's ability to provide demand-side management

35 services be reflected in its tariff. Natural gas customers – particularly more
36 sophisticated ones such as many homebuilders, and particularly customers that
37 have competitive options for their natural gas service – look initially to tariffs to
38 evaluate potential providers. After all, a tariff defines the terms on which a
39 regulated local distribution company such as Suburban can provide natural gas
40 service. If one provider's tariff confirms that the provider offers, for example,
41 demand-side management services and another provider's tariff confirms that
42 that provider does not, the one that does not likely will not even get an initial
43 inquiry regarding providing natural gas service. This is precisely the situation
44 Suburban is now in as compared to its much larger competitor, Columbia, as it
45 relates to demand-side management services.

46 **Q. What effect, if any, does that have on Suburban and its customers?**

47 A. Suburban's customers, actual and potential, are unjustly deprived of a
48 competitive option for a provider of demand-side management programs
49 because Suburban does not currently have such a program. The market is
50 deprived of another program that facilitates energy-efficient measures being
51 taken in construction projects. Further, the addition of new load can increase
52 economies of scale and moderate the need for future increases in base rates,
53 especially for smaller utilities such as Suburban. Since Suburban does not
54 currently have a demand-side management program, it is unable to provide
55 services that encourage the use of energy-efficient measures in buildings and
56 is, therefore, at a material competitive disadvantage in competing for new load –
57 there is currently an "uneven playing field."

58 Although Suburban cannot verify that any one individual customer chose a
59 competitor over Suburban due to Suburban not being able to provide demand-
60 side management services, that is not surprising. As mentioned earlier,
61 Suburban's (and all other regulated natural gas companies') initial offering, as it
62 were, regarding the terms on which it is able to do business is reflected in its
63 tariff. Likewise, Columbia's "initial offering" is reflected in its tariff. Even the
64 most basic review of Suburban's and Columbia's tariffs reveal that Columbia
65 offers demand-side management services and Suburban does not. Thus,
66 customers for whom demand-side management services are important will not
67 contact Suburban.

68 **Q. Can the situation be rectified?**

69 A. Yes. There is no rational basis for a much larger competitor to be allowed to
70 offer demand-side management services and recoup the costs thereof, but not
71 allow Suburban to do the same thing. Accordingly, Suburban proposes that it
72 be able to offer assistance to homebuilders to encourage homebuilders to build
73 homes that are more efficient than what is necessary to receive federal tax
74 credits offered for building energy-efficient homes, but only where such builders
75 have available to them an offer from another natural gas company to provide
76 such assistance at the same location or proposed location.

77 **Q. How will Suburban know what a competitor is offering?**

78 A. We will ask the homebuilder to provide a copy of the competitor's DSM offer.

79 **Q. How will Suburban determine what conservation measures it will fund and**
80 **the maximum amount it will fund?**

81 A. Suburban will determine what conservation measures it will fund consistent with
82 its proposed tariff page and based on its business judgment. Suburban would
83 only meet, not exceed, any assistance offered by a competitor. As far as the
84 maximum amount Suburban would fund, Suburban would fund up to an amount
85 to meet what the competitor is funding, not more. Needless to say, under the
86 proposed rider, Suburban would recover only the expenses incurred in
87 providing demand-side management services.

88 **Q. Under what circumstances would Suburban seek to fund conservation**
89 **measures?**

90 A. As is clear from the proposed tariff page, only where a customer or potential
91 customer already has an opportunity to utilize a competitor's demand-side
92 management program, and then only regarding residential construction. Under
93 the circumstances, a demand-side management rider is just and reasonable.


94 **Q. Does this conclude your testimony?**

95 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Notice of Filing of Direct Testimony of David L. Pemberton, Jr. was served upon the following as a courtesy, via U.S. Mail, postage prepaid, on this 25 day of May 2012.

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



William J. Michael

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5/25/2012 4:10:30 PM

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Case No(s). 11-5846-GA-SLF

Summary: Testimony of David L. Pemberton, Jr. electronically filed by Ms. Brandi L. Kayser on behalf of Suburban Natural Gas Company