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In the Matter of the Regulation of the)
Purchased Gas Adjustment Clauses) Case No. 12-209-GA-GCR
Contained Within the Rate Schedules of)
Northeast Natural Gas Company.)

In the Matter of the Regulation of the)
Purchased Gas Adjustment Clauses)
Contained Within the Rate Schedules of) Case No. 12-212-GA-GCR
the Orwell Natural Gas Company and)
Related Matters.)

On Behalf of Orwell Natural Gas Company and Northeast Natural Gas Company.

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Technician Date Processed JUN 21 2013

1 **DIRECT TESTIMONY OF MARTY K. WHELAN**

2 **Introduction**

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

4 A. Martin K. Whelan, 5640 Lancaster Newark Road, Pleasantville,
5 Ohio 43148.

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

7 A. I am Vice President of Northeast Ohio Natural Gas Company
8 ("Northeast").

9 **Q. On whose behalf are you testifying in this proceeding?**

10 A. My testimony is being sponsored by Orwell Natural Gas Company
11 ("Orwell") and Northeast.

12 **Q. Please describe your professional experience and qualifications.**

13 A. I have 15 years of experience in Heavy Highway Construction, with
14 an emphasis on the installation of underground utilities including sanitary
15 sewers, storm sewers, electric, water lines and gas line. For the last 11
16 years I have been involved with the Operations of both Northeast and
17 Orwell and have attended various industry seminars and classes related
18 to the distribution of natural gas.

19 I began working for Orwell in September of 2002 as a Project
20 Manager in charge of pipeline construction. I was also involved with
21 operations and earned the title of Operations Manager prior to being
22 transferred to Northeast in January 2004, with the title Vice President,
23 Chief Operating Officer.

1 **Q. Describe the duties of your current position?**

2 A. I am currently Vice President of Operations at Northeast Ohio
3 responsible for all aspects of the day to day operations of the company
4 including pipeline construction, pipeline maintenance, pipeline safety, and
5 metering. I am very familiar with both Orwell's and Northeast's pipeline
6 systems and have been involved with the construction, maintenance and
7 operation of both systems.

8 **Q. Have you reviewed the Staff Report in this case?**

9 A. Yes.

10 **Q. Do you agree with the Staff's conclusions and recommendations**
11 **with respect to the RFP?**

12 A. No.

13 **Q. Please provide a background of the RFP process.**

14 A. In Northeast's and Orwell's last Gas Cost Recovery Audit Case,
15 PUCO Case Nos. 10-209-GA-GCR and 10-212-GA-GCR, the Companies,
16 the Ohio Consumers' Counsel and the Staff agreed to a Stipulation and
17 Recommendation that set forth the agreed terms under which the
18 Companies would purchase gas in the current gas cost recovery audit
19 period. As a result of the Stipulation and Recommendation, which was
20 approved by the Commission, the Companies and their affiliated natural
21 gas company Brainard Gas Corporation ("Brainard") terminated their
22 contracts for purchases of local production and the arrangement of
23 purchases of natural gas in the interstate market. A list of those contracts

1 is attached hereto as Exhibit A. This was recommendation of Staff in
2 their prior Audit Report.

3 As a result of the Stipulation and Recommendation, Gas Natural
4 Service Company ("GNSC") continued to act as gas procurement
5 manager and asset manager for the Companies and Brainard and was
6 responsible for setting up the competitive bidding process for gas
7 purchases by means of a request for proposal ("RFP"). Pursuant to the
8 terms of the Stipulation, GNSC coordinated with Staff and the OCC in
9 designing and implementing the RFP and the selection criteria that
10 identified in detail the services to be provided to the Companies by the
11 successful bidder. The parties to the Stipulation agreed that it would be
12 the intention of the parties that the competitive bidding process be
13 completed by November 1, 2011.

14 **Q. Could marketers affiliated with the Companies participate in the**
15 **competitive bid process?**

16 A. Yes, pursuant to the Stipulation and Recommendation, affiliated
17 companies could participate on the identical terms and access the same
18 information as non-affiliated marketers.

19 **Q. When was the invitation to bid released?**

20 A. October 1, 2012.

21 **Q. How many marketers were sent the request to bid?**

22 A. Fifteen.

1 **Q. How many marketers submitted bid prequalification agreements?**

2 A Five.

3 **Q. Did those five potential bidders have the opportunity to review the**
4 **RFP and the Companies' prior contracts and usage information?**

5 A. Yes, GNSC's independent bid program administrator, James E.
6 Sprague, a certified public accountant with Waltshall, Drake and Wallace,
7 LPA, provided the potential bidders with a confidential bid number and
8 instructions to access the supply and capacity contracts and other
9 information contained in a secure online data room.

10 **Q. Who hosted the data room?**

11 A. GNSC hired an independent data room manager, RJ Donnelly and
12 Sons Company.

13 **Q. Why was RJ Donnelly and Sons Company hired?**

14 A. GNSC hired RJ Donnelly and Sons Company to ensure that the
15 RFP process remained absolutely anonymous from start to finish and to
16 protect the confidential information hosted online.

17 **Q. Did the PUCO Staff and the OCC have access to the data room?**

18 A. Yes.

19 **Q. Could the bidders ask questions to GNSC based on information in**
20 **the data room?**

21 A. Yes, all bidders could ask questions anonymously in the data room
22 and the answers were published in the data room for all bidders to review.

23

1 **Q. The Staff Report suggests that the RFP was ambiguous and that**
2 **bidders could not understand the RFP. Could bidders ask questions**
3 **in the data room to clarify any ambiguities they may have found in**
4 **the RFP.**

5 A Yes, the Companies responded to every question submitted in the
6 data room.

7 **Q. Did any of the Companies representatives have access to the data**
8 **room?**

9 A. No, the questions were forwarded to the Company by Mr. Sprague
10 who also submitted the answers into the data room.

11 **Q. How long did the bidders have to submit their bids?**

12 A. Bids were initially due on October 23, 2012; however the bidders
13 asked for more time to evaluate the RFP. Accordingly, GNSC extended
14 the bid date to November 9, 2012.

15 **Q. Who opened and evaluated the bids?**

16 A. On November 12, 2012, Mr. Sprague opened the bids and sent
17 them to me, on behalf of Northeast, and Darryl Knight, on behalf of
18 Orwell.

19 **Q. How many bids did the Companies receive?**

20 A. The Companies received one bid.

21 **Q. When you reviewed the bid, did you know identity of the bidder?**

22 A. No. The bids were submitted anonymously. I could only see the
23 bidder identification number, which did not identify the bidder.

1 **Q. How did you evaluate the bid?**

2 A. I reviewed the bid to ensure that it conformed to the requirements
3 of the RFP and to ensure that it was a competitive bid. If there were more
4 than one bidder, I would have selected the lowest and best bid that
5 conformed to the requirements of the RFP.

6 **Q. Could you have rejected the single bid?**

7 A. Yes, the RFP states that the Companies could have accepted the
8 lowest and best bid or rejected all of the bidders; however, Mr. Knight and
9 I believed the single bid was a competitive and responsive bid, and
10 therefore, we accepted the bid.

11 **Q. When you accepted the bid, did you know the identity of the bidder?**

12 A. No.

13 **Q. Do you believe the RFP process was fair and competitive?**

14 A. Yes, I do. We sent the invitation to bid to fifteen marketers who had
15 the opportunity to review the RFP. Each marketer could ask as many
16 questions as needed to determine whether to submit a bid. The entire
17 process was anonymous. Although the process resulted in only one bid,
18 each potential bidder had complete access to the Companies' information
19 in the data room. We accepted the single bid, which was submitted by
20 JDOG, and the Companies believe that the price we paid for gas under
21 JDOG as a result of the RFP was fair and prudent, which is the subject of
22 Mr. Overcasts' testimony.

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

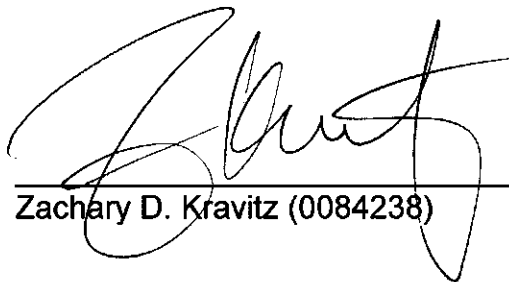
2 **A.** Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served this 2nd day of June, 2013 by electronic mail upon the following:

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Zachary D. Kravitz (0084238)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION

Case No. 10-209-GA-GCR

Case No. 10-212-GA-GCR

Contracts To Be Terminated Per Stipulation

Asset Management Agreement ORWELL2010-GTS-TCO #1.1	Executed 1/03/10 (Naming JDOG asset manager; never posted)
Asset Management Agreement ORWELL2011-GTS-TCO #1.2 Exh. OCC-3	Executed 2/24/11 (with reversion clause)
Storage Service Agreement JOHND2008-FSS-TCO #1	Executed 5/09/08
Storage Service Transportation Agreement JOHND2008-SST-TCO #2	
Asset Management Agreement JOHND2011-SSTFSS-TCO #2.1 Exh. OCC-4	Executed 2/24/11
Intrastate Natural Gas Sales Contract JOHND2011-INTRASTATESales-Service Company #2.1 Exh. OCC-5	Executed 2/23/11
Brokerage Contract for Interstate Natural Gas Sales JOHND2011-InterstateSales-Service Company #3.1 Exh. OCC-7	Executed 2/23/11
Interstate Gas Sales Contract ServiceCompany2011-InterstateSales-LDCs #4.1 Exh. OCC-9	Executed 2/23/11
Intrastate Natural Gas Sales Contract ServiceCompany2011- INTRASTATESales-LDCs #5.1 Exh. OCC-11	Executed 2/23/11
Intrastate Gas Sales Contract JOHND2008-INTRASTATESales-LDCs #1.1, OCC Exh. 1, Att. 2;	Effective 7/01/08
Appointment of Natural Gas Agent JOHND2008-InterstateSales-LDCs #1 OCC Exh. 1, Att. 3	Executed January 3, 2010 Superseded by JOHND2008- InterstateSales-LDCs #1.1 (with reversion clause)
JohnD2008-InterstateSales-LDCs #1.1	Executed 2/24/11 (with reversion clause)
Intrastate Gas Sales Contract JohnD2008-INTRASTATESales-LDCs #1.1.1	Executed 2/24/11 (with reversion clause)
Asset Management Agreement NEO2010-GTS-TCO #1.1.1	Executed 1/03/10 (naming JDOG asset manager; never posted)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION

Case No. 10-209-GA-GCR

Case No. 10-212-GA-GCR

Contracts To Be Terminated Per Stipulation

Asset Management Agreement NEO2011-GTS-TCO#1.2	Executed 2/24/11 (naming GNI Service Co. as JDOG asset manager)
Intrastate Gas Sale Contract GreatPlains 2011-INTRASTATESales- Service Company #1.1	Executed April 1, 2011 (amended GreatPlains2011- INTRASTATESales-Service Company # 1)