

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Regulation of the :  
Purchased Gas Adjustment :  
Clauses Contained Within :  
the Rates Schedules of: : Case Nos. 17-0207-GA-GCR  
Eastern National Gas : 17-0214-GA-GCR  
Company, Pike Natural Gas :  
Company, and Related :  
Matters. :

In the Matter of the :  
Uncollectible Expense :  
Riders of: Eastern : Case No. 17-0307-GA-UEX  
National Gas Company, Pike: 17-0314-GA-UEX  
Natural Gas Company, and :  
Related Matters. :

In the Matter of the :  
Percentage of Income :  
Payment Plan Riders of: : Case No. 17-0407-GA-PIP  
Eastern National Gas : 17-0414-GA-PIP  
Company, Pike Natural Gas :  
Company, and Related :  
Matters. :

- - -

PROCEEDINGS

before Mr. L. Douglas Jennings, Attorney Examiner, at  
the Public Utilities Commission of Ohio, 180 East  
Broad Street, Room 11-C, Columbus, Ohio, called at  
1:30 p.m. on Thursday, March 29, 2018.

- - -

ARMSTRONG & OKEY, INC.  
222 East Town Street, Second Floor  
Columbus, Ohio 43215-5201  
(614) 224-9481 - (800) 223-9481

- - -

APPEARANCES:

Vorys, Sater, Seymour & Pease, LLP  
By Mr. Michael Settineri  
52 East Gay Street  
Columbus, Ohio 43215

On behalf of the Applicant.

Mike DeWine, Ohio Attorney General  
By Mr. William Wright, Section Chief  
Mr. Werner L. Margard, III,  
Assistant Attorney General  
30 East Broad Street, 16th Floor  
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

- - -

1	INDEX		
2	- - -		
3	Witness		Page
4	Roger Sarver		
5	Direct Examination by Mr. Margard		7
6	- - -		
7	Joint Exhibit	Identified	Admitted
8	1 Joint Stipulation and		
9	Recommendation	5	7
10	- - -		
11	Commission-Ordered Exhibit	Identified	Admitted
12	1 Financial Audit of the Gas Cost		
13	Recovery Mechanisms for the		
14	Effective GCR Periods 1-1-2015		
15	through 12-31-2016		
16	Case Nos. 17-207-GA-GCR and		
17	17-214-GA-GCR	6	7
18	2 Audit of the Uncollectible		
19	Expense Mechanisms for the		
20	Periods 1-2015 through 12-2016		
21	Case No. 17-307-GA-UEX	6	7
22	3 Audit of the Uncollectible		
23	Expense Mechanisms for the		
24	Periods 1-2015 through 12-2016		
25	Case No. 17-314-GA-UEX	6	7
26	4 Audit of the Percentage of		
27	Income Payment Plan for the		
28	Period 1-2015 through 12-2016		
29	Case Nos. 17-407-GA-PIP and		
30	17-414-GA-PIP	6	7
31	- - -		
32	Eastern Exhibit	Identified	Admitted
33	1 Bill Notice	6	7
34	- - -		
35	Pike Exhibit	Identified	Admitted
36	2 Bill Notice	6	7

1 Thursday Morning Session,  
2 March 29, 2018.

3 - - -

4 EXAMINER JENNINGS: The Public Utilities  
5 Commission of Ohio has scheduled for this time and  
6 place a hearing in the Matter of the Regulation of  
7 the Purchased Gas Adjustment Clauses Contained Within  
8 the Rate Schedules of Eastern Natural Gas Company and  
9 Pike Natural Gas Company, and the case numbers are  
10 respectively 17-207-GA-GCR and 17-214-GA-GCR.

11 My name is Doug Jennings. I'm an  
12 Attorney Examiner, and I have been assigned to  
13 preside over the hearing.

14 At this point I would request that the  
15 parties enter an appearance on the record.

16 MR. SETTINERI: Thank you, your Honor.  
17 On behalf of Eastern Natural Gas Company and Pike  
18 Natural Gas Company, Mike Settineri with the law firm  
19 of Vorys, Sater, Seymour and Pease, 52 East Gay  
20 Street, Columbus, Ohio 43215.

21 EXAMINER JENNINGS: Thank you.

22 May we have an appearance on behalf of  
23 the State.

24 MR. MARGARD: Thank you, your Honor. On  
25 behalf of the staff of the Public Utilities

Commission of Ohio, Mike DeWine, Ohio Attorney General, William Wright, Section Chief of the Public Utilities Section by Assistant Attorney General Warner L. Margard, 30 East Broad Street, 16th Floor, Columbus, Ohio.

EXAMINER JENNINGS: Okay. Let the record reflect that there is no one from the public here to testify or participate in this proceeding.

Okay. It's my understanding that the parties have entered into a stipulation.

MR. MARGARD: We have, your Honor. Thank you. And we have a number of documents referenced in the stipulation we would like to mark at this time. I would like to begin, if I may, your Honor, by marking as Joint Exhibit No. 1 the Joint Stipulation and Recommendation filed not only in the GCR cases but also in the Uncollectible Expense Rider cases of Eastern Natural Gas and Pike Natural Gas, those being Case Nos. 17-307-GA-UEx and 17-314-GA-UEx; and in addition also the Percentage of Income Payment Plan riders for both Eastern Natural Gas Company and Pike Natural Gas Company, those being Case Nos. 17-407-GA-PIP and 17-414-GA-PIP.

And so we also have the audits that correspond with those various cases. Your Honor, we

1 have marked as Commission-Ordered Exhibit No. 1 the  
 2 joint financial audit report in the GCR cases, both  
 3 Eastern and Pike, as Commission-Ordered Exhibit No.  
 4 2, the uncollectible expense audit report for Eastern  
 5 Natural Gas, as Commission-Ordered Exhibit No. 3 the  
 6 uncollectible expense audit for Pike Natural Gas, and  
 7 as Commission-Ordered Exhibit No. 4 the joint audit  
 8 of Eastern and Pike with respect to the Percentage of  
 9 Income Payment Plans.

10 (EXHIBITS MARKED FOR IDENTIFICATION.)

11 MR. SETTINERI: And, your Honor, if we  
 12 may also, at this time we would identify what has  
 13 been marked as Eastern Exhibit 1. It is referenced  
 14 in the stipulation. It is a bill notice. And we  
 15 would also like to mark Pike Exhibit 1 which is  
 16 another bill notice that is also referenced in the  
 17 stipulation.

18 EXAMINER JENNINGS: Okay. Thank you.

19 (EXHIBITS MARKED FOR IDENTIFICATION.)

20 MR. MARGARD: And, your Honor, the  
 21 parties have stipulated to the admission of the  
 22 exhibits.

23 EXAMINER JENNINGS: Okay. All exhibits  
 24 will be marked as identified and admitted into the  
 25 record.

1 (EXHIBITS ADMITTED INTO EVIDENCE.)

2 MR. MARGARD: Thank you, your Honor. In  
3 support of the exhibits and the stipulation, the  
4 staff would like to call Mr. Roger Sarver, please.

5 EXAMINER JENNINGS: Thank you.

6 (Witness sworn.)

7 EXAMINER JENNINGS: Thank you.

8 - - -

9 ROGER SARVER

10 being first duly sworn, as prescribed by law, was  
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 By Mr. Margard:

14 Q. Please state your name.

15 A. My name is Roger Sarver.

16 Q. And by whom are you employed and in what  
17 capacity?

18 A. I'm employed by the Public Utilities  
19 Commission of Ohio as an Energy Specialist.

20 Q. And, Mr. Sarver, your capacity as an  
21 Energy Specialist, have you had occasion to concern  
22 yourself with the cases before the Bench today?

23 A. Yes, sir.

24 Q. And do you have before you the exhibits  
25 that have been marked Joint Exhibit No. 1 and

1 Commission-Ordered Exhibits 1 through 4?

2 A. Yes, sir.

3 Q. I would direct your attention first to  
4 the Commission-ordered exhibits and ask you what role  
5 you had in the preparation of these audit reports.

6 A. As the supervisor but as the Energy  
7 Specialist, I oversee all these audits, so I worked  
8 with the individual staff members to go over their  
9 findings and their audit reports.

10 Q. And to the best of your knowledge, is the  
11 information contained in these reports accurate?

12 A. At the time of the filing, yes. We've  
13 made some adjustments to some of the numbers as a  
14 result of some information that we've been provided  
15 by the company.

16 Q. And are those adjustments reflected in  
17 the joint stipulation?

18 A. Yes. Those are primarily associated with  
19 the uncollectibles for Pike and Eastern.

20 Q. Let me ask you if you would please turn  
21 to Joint Exhibit 1 which is the stipulation.

22 A. Okay.

23 Q. I am going to ask you, if you would,  
24 please, turn to page 9.

25 A. Okay.



1           Q.    And at the top -- do you have that page,  
2   sir?

3           A.    Yes, sir, I do.

4           Q.    And at the top of that page, paragraph b,  
5   there is reference to adjusting an ending -- December  
6   2016 ending balance. Do you see that reference?

7           A.    Yes, sir.

8           Q.    And is that one of the numbers that's  
9   been adjusted from the audit report?

10          A.    Yes. As filed in the audit report on  
11   December 15 of 2017, staff had found that the ending  
12   balance as of December 2016 was \$282,886. That's a  
13   negative, an overcollection. And in the stipulation  
14   that number has been revised to negative 242,572.

15          Q.    Let me ask you a question, if I can,  
16   briefly respecting the first number that you gave us,  
17   the 282,000 --

18          A.    Yes, sir.

19          Q.    -- number. Do you have before you  
20   Commission-Ordered Exhibit No. 2?

21          A.    Yes, sir.

22          Q.    And that's the audit report for the  
23   uncollectible expense, right --

24          A.    Yes.

25          Q.    -- for Eastern? Let me ask you to turn

1 to the fourth -- it's -- they are unnumbered but  
2 fourth page of that document. Are you there?

3 A. I think I'm there, that starts with  
4 "Through this audit"?

5 Q. That's correct. Toward the bottom of the  
6 page there is a section titled "Staff's  
7 Recommendation."

8 A. Yes.

9 Q. And in the second paragraph of that  
10 recommendation contains the 282,000 number that you  
11 referenced; is that correct?

12 A. It does but it should be reflected as a  
13 negative. It should have parentheses around it.  
14 It's an overcollection by the company and should be  
15 reflected as a negative number.

16 Q. And if you were to turn two pages back to  
17 Attachment B of the same exhibit, we would find that  
18 number as a negative in the last column in the third  
19 line up; is that correct?

20 A. Correct. It's in the lower right-hand  
21 corner of that Exhibit B.

22 Q. So this is a typographical error, if you  
23 will, in the text?

24 A. Correct. It should be -- I'm sorry. The  
25 text should match the same as the table itself.

1           Q.    Very good.  Thank you.  So there is a  
2           difference between the audit report and the  
3           stipulation of roughly \$40,000.  What's the reason  
4           for that adjustment?

5           A.    That had to do primarily with some  
6           revisions to the aging of the account balances that  
7           staff found in conjunction with the company and then  
8           some PIPP account balances that were written off and  
9           inactive -- I won't say written off, but they were  
10          inactive PIPP accounts, so they weren't showing up in  
11          the company's aging reports.

12                       And what the company has since done is  
13          gone back in and included those aged PIPP accounts  
14          that are inactive to reflect their balances and then  
15          to remove those balances from the aging report  
16          because the PIPP itself, the PIPP balances have been  
17          recovered through the PIPP rider themselves, so to  
18          leave them inclusive in basically the total aged  
19          account balances would be to include their balances  
20          twice.

21           Q.    And so, in your opinion, the number  
22           that's contained in the stipulation, 242,000 number,  
23           is the correct number; is that correct?

24           A.    Yes, that's reflective of the removal of  
25           those PIPP accounts.

1 Q. And there's a similar adjustment with  
2 respect to the pipe UEX; is that correct?

3 A. Correct. And the number is even a larger  
4 swing in the pipe report. The text and table match  
5 but the same issue that staff found in conjunction  
6 with the company was the aging of the account  
7 balances and the recognition of PIPP account balances  
8 contained within those aged accounts.

9 Q. And staff is satisfied with the number  
10 that appears on the stipulation is the correct  
11 number; is that correct?

12 A. The stipulation number is 170,735  
13 negative, overcollection, yes.

14 Q. Okay. Thank you, sir. Now, have you  
15 been involved in the negotiation of the stipulation  
16 that's contained in Joint Exhibit 1?

17 A. In conjunction with other staff members,  
18 yes.

19 Q. Thank you. And in your opinion is the  
20 settlement that's reflected there a product of  
21 serious bargaining among capable, knowledgable  
22 parties?

23 A. Yes.

24 Q. Your experience with the company and its  
25 representatives is one of longstanding; is that

1 correct?

2 A. One that we've had for probably a decade  
3 or longer.

4 Q. Thank you.

5 MR. SETTINERI: Mr. Margard, for clarity  
6 of the record, when you refer to the company, you are  
7 referring to both.

8 MR. MARGARD: I am referring to both.  
9 Thank you.

10 Q. Did you understand I was referring to  
11 both?

12 A. Yes.

13 MR. MARGARD: Thank you, Mr. Settineri.  
14 Appreciate that.

15 Q. Secondly, Mr. Sarver, in your opinion  
16 does the settlement as a package benefit ratepayers  
17 and the public interest?

18 A. Yes. The point of these financial audits  
19 is to verify the revenue collected by the company  
20 through the GCR, the UEX, and the PIPP riders and  
21 then to match those with the expenses that the  
22 utility has incurred in providing those services.

23 Q. And at least through this process, we are  
24 able to make some adjustments to more accurately  
25 reflect those balances?

1           A.    Yes, the adjustments to reflect any  
2 difference the staff found.

3           Q.    And in your opinion, Mr. Sarver, does the  
4 settlement package violate any important regulatory  
5 principles or practices?

6           A.    Not that I am aware of.

7           Q.    And is the Joint Stipulation and  
8 Recommendation reasonable in your mind and should it  
9 be adopted by the Commission?

10          A.    Yes, it should.

11          MR. MARGARD: Thank you, your Honor. I  
12 have no further questions for the witness.

13          EXAMINER JENNINGS: This is just more of  
14 a housekeeping matter, looking at Commission-Ordered  
15 Exhibits 2, 3, and 4.

16          THE WITNESS: Yes, sir.

17          EXAMINER JENNINGS: I notice that there  
18 is no pagination. If you don't mind, I will consider  
19 the page that begins with Certificate of  
20 Accountability as page 1.

21          THE WITNESS: Okay.

22          EXAMINER JENNINGS: And paginate them  
23 accordingly from that point on.

24          THE WITNESS: Okay.

25          EXAMINER JENNINGS: I have no questions.

1 THE WITNESS: Okay.

2 MR. MARGARD: Very good, your Honor. The  
3 exhibits having previously being admitted. We have  
4 nothing further.

5 EXAMINER JENNINGS: Okay. With respect  
6 to publications, has that been cured?

7 MR. SETTINERI: Yeah. Those were the two  
8 exhibits we put into the record.

9 EXAMINER JENNINGS: Okay.

10 MR. SETTINERI: We can certainly put on a  
11 short testimony if you would like. Otherwise -- can  
12 we go off the record?

13 EXAMINER JENNINGS: Go off the record.

14 (Discussion off the record.)

15 EXAMINER JENNINGS: Back on the record.

16 The issue of publication being cleared  
17 up, we are adjourned.

18 (Thereupon, at 1:43 p.m., the hearing was  
19 adjourned.)

20 - - -

21

22

23

24

25

CERTIFICATE

I do hereby certify that the foregoing is  
a true and correct transcript of the proceedings  
taken by me in this matter on Thursday, March 29,  
2018, and carefully compared with my original  
stenographic notes.

Karen Sue Gibson  
Karen Sue Gibson, Registered  
Merit Reporter.

(KSG-6523)

- - -





**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**4/9/2018 10:13:28 AM**

**in**

**Case No(s). 17-0207-GA-GCR, 17-0307-GA-UEX, 17-0314-GA-UEX, 17-0407-GA-PIP, 17-0414-GA-PIP**

Summary: Transcript In the Matter of the Regulation of the Purchased Gas Adjustment  
Clauses Contained Within the Rates Schedules of: Eastern National Gas Company, and  
Related Matters; In the Matter of the Uncollectible Expense Riders of: Eastern National Gas  
Company, Pike Natural Gas Company, and Related Matters and In the Matter of the  
Percentage of Income Payment Plan Riders of: Eastern National Gas Company, Pike Natural  
Gas Company, and Related Matters, hearing held on March 29th, 2018. electronically filed by  
Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.