

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Regulation of the :
Purchased Gas Adjustment :
Clause Contained Within : Case No. 20-213-GA-GCR
the Rate Schedules of :
Piedmont Gas Company, Inc.:
and Related Matters. :

In the Matter of the :
Uncollectible Expense :
Rider of Piedmont Gas : Case No. 20-313-GA-UEX
Company and Related :
Matters. :

- - -

WEBEX PROCEEDINGS

before Mr. James Lynn, Attorney Examiner, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, called at 10:00 a.m. on Thursday, August 13,
2020.

- - -

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

- - -

1 APPEARANCES:

2 Dave Yost, Ohio Attorney General
3 By Mr. Werner L. Margard, III
4 30 East Broad Street, 16th Floor
5 Columbus, Ohio 43215

6 On behalf of the Staff of the PUCO.

7 - - -
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX

- - -

WITNESS

PAGE

Tornain Matthews

Direct Examination by Mr. Margard

8

- - -

COMPANY EXHIBIT

IDENTIFIED ADMITTED

1 Affidavit and Proof of
Publication

7

14

- - -

COMMISSION-ORDERED EXHIBIT

IDENTIFIED ADMITTED

1 Financial Audit of the Gas
Cost Recovery for Piedmont
Gas Company for the Period
December 1, 2017, through
November 30, 2019, Filed
on April 23, 2020

6

14

2 Audit of the Uncollectible
Expense Mechanisms for
Piedmont Gas Company for the
Period January 1, 2018, to
December 31, 2019, Filed on
April 23, 2020

7

14

- - -

JOINT EXHIBIT

IDENTIFIED ADMITTED

1 Stipulation and Recommendation

7

14

- - -

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Thursday Morning Session,
August 13, 2020.

- - -

EXAMINER LYNN: Let's go on the record.

The Public Utilities Commission of Ohio has assigned for hearing at this time and place two cases, Case No. 20-213-GA-GCR and 20-313-GA-UEX. The GCR case concerns regulation of purchased gas adjustment clauses contained within the rate schedules of Piedmont Gas Company. And the UEX case concerns uncollectible expense rider of Piedmont Gas Company.

I'm Jim Lynn, the Attorney Examiner assigned to hear this case. And before we get to the appearances of the party, or parties, we have some special comments here because of the COVID pandemic and this is how it goes: Because of the COVID-19 emergency that remains in effect under Executive Order 2020-01D issued by the Governor of the State of Ohio and consistent with Amended Substitute House Bill 197, this hearing is being held through Webex. Webex enables the parties to participate by videoconference affording the public access to the hearing by telephone or video on the internet.

Pursuant to entry dated July 8, 2020,

1 interested parties of the public that wished to
2 provide testimony were directed to register with the
3 Commission before noon on August 12, 2020, by phone
4 or internet. We did not have any members of the
5 public register to testify for this hearing.

6 If counsel or witnesses experience
7 technical difficulties during the hearing, let me
8 know by telephone or e-mail immediately, or you can
9 contact Mary Fischer, our event host, by phone or
10 e-mail.

11 Another option for reaching myself or
12 Ms. Fischer is to use either the chat or raise hand
13 feature in Webex if you need technical assistance.
14 Please be aware that any chats are recorded and
15 should not be considered private. Chats are also not
16 part of the official record of this case.

17 So having said that, we'll move on to the
18 appearances of the parties, or Mr. Margard and his
19 witness in particular. Mr. Margard.

20 MR. MARGARD: Thank you, your Honor. On
21 behalf of the Staff of the Public Utilities
22 Commission of Ohio, Dave Yost, Ohio Attorney General,
23 and John Jones, Section Chief, Public Utilities
24 Section, by Werner L. Margard, Assistant Attorney
25 General, 30 East Broad Street, 16th Floor, Columbus,

1 Ohio.

2 EXAMINER LYNN: Okay. Thank you. And I
3 will note that we have in attendance basically as an
4 observer John Mako of Piedmont Gas. Mr. Mako,
5 welcome. We are glad you could join us.

6 Having said all that, we'll go ahead with
7 your witness, Mr. Margard. Please proceed.

8 MR. MARGARD: Thank you, your Honor. If
9 I may as a preliminary, I would like to mark
10 exhibits.

11 EXAMINER LYNN: Okay.

12 MR. MARGARD: I would request that the
13 Financial Audit of the Gas Cost Recovery for Piedmont
14 Gas Company for the Period December 1, 2017, through
15 November 30, 2019, Filed in Docket No. 20-213-GA-GCR
16 on April 23, 2020, as Commission-Ordered Exhibit No.
17 1.

18 EXAMINER LYNN: All right.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 MR. MARGARD: I would request that the
21 Audit of the Uncollectible Expense Mechanisms for
22 Piedmont Gas Company for the Period January 1, 2018,
23 to December 31, 2019, Filed in Docket
24 No. 20-313-GA-UEX on April 23, 2020, be marked for
25 purposes of identification as Commission-Ordered

1 Exhibit 2.

2 EXAMINER LYNN: Okay.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 EXAMINER LYNN: And there were any other
5 exhibits at this time?

6 MR. MARGARD: Yes, two others, thank you,
7 your Honor. The Stipulation and Recommendation filed
8 in both dockets on August 7, 2020, as Joint
9 Exhibit 1.

10 EXAMINER LYNN: Okay.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 MR. MARGARD: Finally, the affidavit and
13 proof of publication of this hearing filed in Docket
14 No. 20-213-GA-GCR on July 30, 2020, by the Company as
15 Company Exhibit 1.

16 EXAMINER LYNN: All right. Thank you.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 EXAMINER LYNN: Well, I appreciate you
19 designating all of those and please proceed with your
20 questions for your witness.

21 MR. MARGARD: Thank you, your Honor. I
22 would call Mr. Tony Matthews as the Staff witness,
23 please.

24 (Witness sworn.)

25 MR. MARGARD: You will need to unmute,

1 sir.

2 THE WITNESS: Sorry. I do.

3 EXAMINER LYNN: Thank you, Mr. Matthews.
4 I did see you raise your hand. Anyway, please
5 proceed.

6 MR. MARGARD: Thank you, your Honor.

7 - - -

8 TORNAIN MATTHEWS

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

11 DIRECT EXAMINATION

12 By Mr. Margard:

13 Q. Please state your name, sir.

14 A. Yes. My name is Tornain, and I'll spell
15 the first name, T-O-R-N-A-I-N, and the last name is
16 Matthews.

17 Q. And what is your businesses address,
18 please?

19 A. It's 180 East Broad Street, Columbus,
20 Ohio 43230.

21 Q. And by whom are you employed and in what
22 capacity?

23 A. The Public Utilities Commission of Ohio
24 as a Utility Specialist.

25 Q. And can you briefly describe your duties

1 and responsibilities in that position?

2 A. Yes. My duties include conducting
3 financial audits of the gas cost recovery mechanism
4 as well as UEX expense rider and other types of
5 financial audits of regulated utility companies.

6 Q. And were you involved in the financial
7 gas cost recovery, or GCR, audit and the
8 uncollectible expense audit for the Piedmont Gas
9 Company in these cases?

10 A. Yes, I was.

11 Q. And do you have before you what's been
12 identified as Commission-Ordered Exhibit No. 1?
13 That's the GCR audit.

14 A. Yes, I do.

15 Q. And can you identify that for me, please?

16 A. Yes. This -- the Staff Report for Case
17 20-213-GA-GCR is the Financial Audit of the Gas Cost
18 Recovery Mechanism for the Period of December 1,
19 2017, through November 30, 2019.

20 Q. And was this document prepared by you or
21 under your supervision?

22 A. Yes, it was.

23 Q. And have you reviewed it prior to taking
24 the stand today?

25 A. I have, yes.

1 Q. And based on that review, do you have any
2 corrections or changes or any modifications of any
3 kind to Commission-Ordered Exhibit No. 1?

4 A. No changes or adjust -- or corrections.

5 Q. And are you sure -- in your opinion is
6 the information contained in that document true and
7 accurate to the best of your knowledge?

8 A. Yes.

9 Q. Thank you, sir. Do you have before you
10 what's been identified as Commission-Ordered Exhibit
11 No. 2?

12 A. I do.

13 Q. And will you please identify that.

14 A. I'm sorry. I thought I had it. I lost
15 it. Oh, okay. Yes. This is the Staff Report for
16 the Case 20-313-GA-UEX for the Audit of the
17 Uncollectible Expense Mechanism for the Period of
18 January 2018 through December 2019.

19 Q. And was this document prepared by you or
20 under your supervision?

21 A. Yes, it was.

22 Q. And have you reviewed it prior to taking
23 the stand today?

24 A. I have, yes.

25 Q. And based on that review, do you have any

1 corrections, changes, or modifications of any kind to
2 the Commission-Ordered Exhibit No. 2?

3 A. No, sir.

4 Q. And in your opinion is the information
5 contained in that document true and accurate to the
6 best of your knowledge?

7 A. Yes, sir.

8 Q. Thank you. Now, do you have before you
9 what's been marked as Joint Exhibit No. 1?

10 A. Yes, sir, I do.

11 Q. And can you identify that for me, please.

12 A. Yes. This is a Stipulation and
13 Recommendation between Staff and Piedmont for Case
14 20-213-GA-GCR and 20-313-GA-UEX.

15 Q. And were you involved in the negotiations
16 that resulted in this Stipulation and Recommendation?

17 A. Yes, sir.

18 Q. And you're familiar with the parties who
19 were part of that negotiation?

20 A. Yes, sir, I am.

21 Q. And is this settlement the product of
22 serious bargaining among what you consider to be
23 capable and knowledgeable parties?

24 A. Yes, sir, I do.

25 Q. And does the settlement as a package

1 benefit both ratepayers and the public interest?

2 A. Yes, sir, it does.

3 Q. And why do you believe that that's so?

4 A. Well, the -- the purpose of these audits
5 are to verify that the costs incurred by the utility
6 company to provide natural gas service to their
7 customers and also to verify that those costs are
8 properly included in the rates billed to its
9 customers, during the course of our audit, we did
10 find some differences between our calculations and
11 those of Piedmont. And Staff did make
12 recommendations regarding adjustments to kind of
13 correct those differences. The Stipulation actually
14 contains or details all of those recommendations made
15 by Staff and that were agreed to between Staff and
16 Piedmont.

17 Q. And with those adjustments in the
18 Stipulation, that satisfies the Staff's
19 recommendations contained in the audit reports?

20 A. Yes, sir.

21 Q. Are you familiar with the regulatory
22 principles and the practices that apply to these --
23 these types of cases?

24 A. Yes, sir, I am.

25 Q. And in your opinion, does this settlement

1 package violate any important regulatory principles
2 or practices?

3 A. No, no, sir, not that I'm aware of.

4 Q. And does the Commission Staff recommend
5 that the Commission adopt the Stipulation as drafted?

6 A. Yes.

7 Q. Is there any other information with
8 respect to this audit or with respect to Staff's
9 findings that you believe the Commission needs to
10 know that is not contained either in your testimony
11 today or in the audit reports?

12 A. No, sir, none that I can think of.

13 MR. MARGARD: Thank you.

14 Your Honor, I have no further questions
15 for the witness.

16 EXAMINER LYNN: Thank you, Mr. Margard,
17 Mr. Matthews. I also have no questions as well.
18 Thanks for your preparation for today.

19 THE WITNESS: Thanks.

20 MR. MARGARD: Your Honor, I would
21 respectfully move for the admission of
22 Commission-Ordered Exhibits 1 and 2 and the Joint
23 Exhibit No. 1.

24 EXAMINER LYNN: Entered into evidence and
25 we will admit those into evidence.

1 (EXHIBITS ADMITTED INTO EVIDENCE.)

2 MR. MARGARD: Thank you, your Honor. The
3 Stipulation provides the proofs of publication
4 provided by the Company as Company Exhibit 1 should
5 also be admitted. And so on behalf of the Company, I
6 would respectfully move for the admission of Company
7 Exhibit 1 as well.

8 EXAMINER LYNN: And those will be
9 admitted into evidence also. Thank you.

10 (EXHIBIT ADMITTED INTO EVIDENCE.)

11 MR. MARGARD: Thank you. I have nothing
12 further, your Honor.

13 EXAMINER LYNN: Okay. I believe there --
14 that should wrap up matters for today. I just want
15 to thank everyone for attending on time and Sarah and
16 Mary Fischer also for helping with the technical
17 details too. That will wrap up our proceedings.
18 Thank you all for joining us and stay safe and stay
19 well.

20 MR. MARGARD: Thank you, your Honor.

21 EXAMINER LYNN: All right. Have a good
22 morning.

23 (Thereupon, at 10:12 a.m., the hearing
24 was adjourned.)

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, August 13,
2020, and carefully compared with my original
stenographic notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6945)

- - -

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

8/20/2020 10:17:00 AM

in

Case No(s). 20-0213-GA-GCR, 20-0313-GA-UEX

Summary: Transcript In the Matter of Piedmont Gas Company. Hearing held on Aug 13th 2020. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.