

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
 Application of Columbia :  
 Gas of Ohio, Inc. for :  
 Approval of a General :  
 Exemption of Certain : Case No. 08-1344-GA-EXM  
 Natural Gas Commodity Sales, :  
 Services, or Ancillary :  
 Services from Chapters 4095, :  
 4909, and 4535 Except :  
 Sections 4905.10, 4935.01, :  
 and 4535.03 and from :  
 Specified Sections of :  
 Chapter 4933 of the Revised :  
 Code. :

- - -

PROCEEDINGS

before Ms. Christine M. Pirik and Ms. Katie Stenman,  
 Attorney Examiners, at the Public Utilities  
 Commission of Ohio, 180 East Broad Street, Room 11-F,  
 Columbus, Ohio, called at 10 a.m. on Wednesday,  
 October 7, 2009.

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VOLUME II

- - -

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## 1 APPEARANCES:

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6 On behalf of the Company.

7 Janine Migden-Ostrander,  
8 Office of Consumers' Counsel  
9 By Mr. Larry S. Sauer,  
10 Assistant Consumers' Counsel  
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12 Columbus, Ohio 43215

13 On behalf of the Residential Consumers  
14 of Columbia Gas of Ohio, Inc.

15 Bell & Royer Co., LPA  
16 By Mr. Barth E. Royer  
17 33 South Grant Avenue  
18 Columbus, Ohio 43215

19 On behalf of Dominion Retail.

20 Vorys, Sater, Seymour & Pease, LLP  
21 By Mr. M. Howard Petricoff  
22 52 East Gay Street  
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24 On behalf of Ohio Gas Marketers Group and  
25 Sempra Energy Trading, LLC.

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By Ms. Colleen L. Mooney  
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On behalf of the Ohio Partners for  
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On behalf of Ohio Schools Council.

1 APPEARANCES: (Continued)

2 Vorys, Sater, Seymour & Pease, LLP  
3 By Mr. W. Jonathan Airey  
4 52 East Gay Street  
5 Columbus, Ohio 43216-1008

6 On behalf of Honda of America.

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1 Wednesday Morning Session,  
2 October 7, 2009.

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4 EXAMINER PIRIK: We'll go back on the  
5 record. We are reconvening Case No. 08-1344-GA-EXM  
6 being in the Matter of the Application of Columbia  
7 Gas of Ohio for Approval of a General Exemption of  
8 Certain Natural Gas Commodities Sales, Services, or  
9 Ancillary Services. My name is Christine Pirik and  
10 with me is Katie Stenman, and we are presiding over  
11 this case.

12 We had recessed on September 29 and are  
13 reconvening today for the purpose of hearing from the  
14 parties with regard to the pendency of a stipulation  
15 proposal.

16 Mr. Conway.

17 MR. CONWAY: Thank you, your Honor. At  
18 the last hearing day we marked and submitted to you a  
19 number of exhibits. One that we did not have at the  
20 time was the Joint Stipulation and Recommendation  
21 which we were close to completing but had not quite  
22 completed and I am happy to report to you today that  
23 we have completed the Joint Stipulation and  
24 Recommendation and I believe that we had previously  
25 marked it as or reserved a marking for it of Joint

1 Exhibit No. 1 and so today we would like to formally  
2 mark it -- the document itself as Joint Exhibit No. 1  
3 and offer it into evidence along with the other  
4 exhibits that we had marked at the prior hearing  
5 date.

6 EXAMINER PIRIK: I don't have on my  
7 tabulation that we had marked it, so at this time I  
8 will have it marked as Joint Exhibit No. 1.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 MR. CONWAY: Thank you, your Honor.

11 EXAMINER PIRIK: While you are passing  
12 those out I need to see whether or not there are  
13 other appearances that we need to have on the record.

14 Mr. Petricoff.

15 MR. PETRICOFF: Yes, your Honor. At this  
16 time I would like to enter the appearance of Sempra  
17 Energy Trading. Sempra Energy did not sign the  
18 stipulation, but I am authorized to say on their  
19 behalf that they do not oppose the stipulation.

20 EXAMINER PIRIK: Thank you.

21 Mr. Conway.

22 MR. CONWAY: Thank you, your Honor. In  
23 the same vein I am authorized to inform you that NGR  
24 Energy Services Company who is represented by  
25 Mr. Dortch will also take a position and they will

1 docket a letter reflecting the position of  
2 non-opposition to the stipulation.

3 And the only other party that I think is  
4 then outstanding is J.P. Morgan Ventures Energy Corp.  
5 I talked to counsel for J.P. Morgan Ventures Energy  
6 Corp. Mr. Pearlman yesterday, and he said that he  
7 would confirm that they also are taking a position of  
8 non-opposition. He also explained to me that their  
9 role or their participation level in this case is one  
10 of observing and keeping track of what's going on  
11 rather than active participation in any event.

12 EXAMINER PIRIK: And he will be filing  
13 something also?

14 MR. CONWAY: He said he would send me an  
15 e-mail confirming their position, their  
16 non-opposition which I could turnaround and submit,  
17 or I could call him back and tell him that it's your  
18 preference to have a letter docketed indicating their  
19 position of non-opposition.

20 EXAMINER PIRIK: Yes. They would need to  
21 indicate that in some fashion by a docketed letter.  
22 That would be preferable.

23 MR. CONWAY: Okay. Thank you, your  
24 Honor.

25 EXAMINER PIRIK: Now, if we could just

1 take a minute, if I could go through the signatures  
2 to make sure the list I have corresponds with the  
3 list we just discussed.

4 MR. CONWAY: Are we off the record at  
5 this point?

6 EXAMINER PIRIK: Yes.

7 (Discussion off the record.)

8 EXAMINER PIRIK: Mr. Conway, did you have  
9 anything further?

10 MR. CONWAY: One other point, your Honor.  
11 We had mentioned in our first hearing day that we  
12 also intended to submit as an exhibit the revised  
13 program outline which was -- the program outline is  
14 one of the documents that was submitted with the  
15 original application, and we had indicated at the --  
16 I believe we had indicated at the hearing last week  
17 that our intention was to complete the revised  
18 program outline and submit it as an exhibit also.

19 I can't recall whether we indicated it  
20 would be late-filed or not, but we are still working  
21 on that document, and we would intend that it be --  
22 we being the company and I anticipate all the other  
23 parties would agree that it would be submitted as  
24 another joint exhibit, Joint Exhibit No. 2, as soon  
25 as possible. Our goal for that is within the next



1 week.

2 But with that and also another point is  
3 that we also are then working in parallel on the  
4 modified tariffs that would need to be submitted for  
5 Commission approval ultimately also. So with that  
6 provided along with the testimony that we marked in  
7 the last -- at the last hearing day, the proofs of  
8 newspaper publication, and the application itself  
9 which had been earlier filed in two pieces and which  
10 were marked as two separate exhibits, that would  
11 comprise the record, the exhibits we marked last week  
12 along with Mr. Puican's testimony which is upcoming,  
13 those exhibits, the joint exhibit that was filed  
14 today and submitted to you, the second joint exhibit  
15 that we anticipate filing, the revised program  
16 outline shortly.

17 And so our plan is -- or our agenda is to  
18 then take testimony from Mr. Puican regarding the  
19 manner in which the stipulation meets the  
20 Commission's criteria for settlements and then  
21 together with all the other documents that we have  
22 marked offer them into evidence, get them admitted,  
23 and then we would have a complete record to submit  
24 for the Commission's decision.

25 EXAMINER PIRIK: Mr. Conway, what's the

1 time frame with regard to the revised program  
2 outline? I just don't -- I see that the tariffs will  
3 be filed for review within 30 days of today. I  
4 didn't know if you had a time frame for that.

5 MR. CONWAY: Our tentative -- our  
6 anticipated time frame is that we -- we would be  
7 completing that process by next week, by the end of  
8 next week. That's our target and we have gotten  
9 comments on the revised program outline from all the  
10 parties and we are in the process of integrating all  
11 the comments and completing the revised program  
12 outline not as we speak but it will be the next thing  
13 we turn our attention to after we get out -- when we  
14 complete the hearing.

15 And we are meeting on this Friday. The  
16 drafting committee is meeting this Friday to go over  
17 all the comments that have been submitted by all the  
18 parties to the revised program outline, and then our  
19 hope is that we would then recirculate the revised  
20 program outline among all the parties and get their  
21 consensus it is in final form and ready to submit as  
22 a late-filed exhibit. We would hope to do that --  
23 expect to do that next week.

24 EXAMINER PIRIK: Now, not having had the  
25 opportunity to read the stipulation I note that

1 there's a number of modifications. Now, are -- is  
2 this just a brief summary of what's anticipated to be  
3 part of the revised program outline or -- I mean,  
4 will all of these items be incorporated in what you  
5 will be filing as late-filed Exhibit No. 2?

6 MR. CONWAY: Yes. They would be  
7 reflected in the revised program outline and they  
8 are -- they are driving the modifications to the  
9 revised program outline which does provide a greater  
10 level of detail on the implementation of the -- of  
11 the program, but it is based upon, driven by, and  
12 adheres to the changes that were -- or the provisions  
13 that were included in the Joint Stipulation and  
14 Recommendation.

15 EXAMINER PIRIK: Okay. With that I will  
16 authorize you to file a late-filed Joint Exhibit 2  
17 and we will anticipate it within the next couple of  
18 weeks to have the document filed. I'm not holding  
19 you to that date because it sounds like we are still  
20 waiting for the tariffs to be filed also so.

21 MR. CONWAY: The tariffs will come in  
22 after the -- after the Joint Exhibit No. 2, the  
23 revised program outline.

24 EXAMINER PIRIK: Okay. And, I mean, I'm  
25 thinking since those are not attached to the

1 application and everything that we are doing is part  
2 of the record and part of the consideration will the  
3 tariffs that are going to be filed, those will  
4 likewise be -- I guess they are part of the  
5 stipulation so to speak, but I'm thinking we need to  
6 mark those as a late-filed exhibit also once -- and  
7 then those will be filed.

8 MR. CONWAY: That would be fine.

9 ATTORNEY EXAMINER: Okay. So will those  
10 be -- those are tariffs. I am not sure those are  
11 joint exhibits. Those are company -- I think that  
12 would be a company exhibit.

13 MR. CONWAY: We would be happy to mark  
14 that as a Company Exhibit No. 10.

15 EXAMINER PIRIK: I believe we are at 10,  
16 yes. That document will be marked as late-filed  
17 Company Exhibit No. 10, and those will be the tariffs  
18 that will be filed.

19 Is there anything further before we --

20 MR. CONWAY: No, your Honor, but at some  
21 point I would like to move again for the admission of  
22 all the company exhibits as well as the joint  
23 exhibits that have been submitted or have been  
24 proposed for late filing.

25 EXAMINER PIRIK: I believe -- we'll do

1 that. I believe we have a witness to support the  
2 stipulation, and we will wait for the motions and the  
3 rulings until after that witness has taken the stand.

4 Ms. Hammerstein.

5 MS. HAMMERSTEIN: Thank you, your Honor.  
6 The staff of the Commission would call Stephen E.  
7 Puican to the stand.

8 - - -

9 STEPHEN E. PUICAN

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

12 DIRECT EXAMINATION

13 By Ms. Hammerstein:

14 Q. Good morning, Mr. Puican. Would you  
15 please state and spell your name for the record.

16 A. Stephen Puican, S-T-E-P-H-E-N, last name  
17 P-U-I-C-A-N.

18 Q. And what is your business address?

19 A. 180 East Broad Street, Columbus, Ohio.

20 Q. And by whom are you employed?

21 A. By the Public Utilities Commission of  
22 Ohio.

23 Q. And what position are you in at the  
24 Commission?

25 A. I am currently co-chief of the Rates and

1 Tariffs Energy and Water Division.

2 Q. And could you please give us a brief  
3 description of your experience and education.

4 A. I have a Bachelor's degree in economics  
5 from Kent State University in 1980, a Master's degree  
6 from Ohio State University in 1983 in economics with  
7 a specialty in econometrics. I have been employed  
8 with the state of Ohio since 1983, originally as part  
9 of the Ohio Department of Development, Division of  
10 Energy. That division was incorporated into the PUCO  
11 in 1985 and I have been with the Commission in  
12 various positions since.

13 In my current position I am responsible  
14 for most issues relating to the economic regulation  
15 of natural gas utilities including rate setting, GCR,  
16 SSO, SCO, evaluations and audits, various tariff  
17 issues, the contract issues, and various other  
18 aspects of customer choice programs and those related  
19 issues.

20 Q. Okay. Thank you. And are you familiar  
21 with the Stipulation and Recommendation that have  
22 been marked as Joint Exhibit 1 in this proceeding?

23 A. Yes, I am.

24 Q. And how did you gain that familiarity?

25 A. I was involved in most if not all of the

1 negotiating sessions that led up to the ultimate  
2 signing of the stipulation.

3 Q. And are you aware of and familiar with  
4 the three-part test or criteria that the Commission  
5 uses to examine settlements?

6 A. Yes, I am.

7 Q. Okay. And in terms of Joint Exhibit 1,  
8 do you believe that the stipulation is the product of  
9 serious bargaining among capable, knowledgeable  
10 parties?

11 A. Yes. The parties represent an extremely  
12 diverse group of interests, the attorneys  
13 representing the various parties have many, many  
14 years of experience in matters such as are addressed  
15 in this stipulation, and I think the fact that we  
16 have a unanimous stipulation or at least no one  
17 opposing the stipulation clearly indicates that it  
18 was a product of serious bargaining.

19 Q. And in your -- based on your experience  
20 do you believe that the stipulation as a whole  
21 benefits ratepayers in the public interest?

22 A. Yes, it does. It provides for the  
23 replacement of the current GCR mechanism with a  
24 standard service offer mechanism followed by a  
25 standard choice offer mechanism. Both of those

1 mechanisms will result from market-based auctions  
2 which will determine an adder that will be added to  
3 the NYMEX. We've seen this approach be successful in  
4 two of the other companies where such auctions have  
5 been used, and we believe that ultimately it is  
6 preferable to the current gas cost mechanism because  
7 it applies a more immediate market-based price and  
8 eliminates the need for GCR-based true-ups and lag  
9 adjustments that are typical of the GCR.

10 Q. And do you believe that the stipulation  
11 violates any important regulatory principle?

12 A. It does not. The stipulation provides  
13 benefits to customers as I just described without  
14 harming the interest of any of the other parties, and  
15 it does so without the need for additional  
16 litigation. It establishes a regulatory framework  
17 for the period April, 2010, through March, 2013, that  
18 all parties were able to agree to.

19 It also complies with the requirements of  
20 4929.04 of the Revised Code which governs exemption  
21 applications as well as Commission decisions in  
22 previous cases.

23 Q. And is it your recommendation that based  
24 on your experience and experience in this case that  
25 the Commission adopt this stipulation?



1           A.     Yes, it is.

2           MS. HAMMERSTEIN:   Your Honor, the witness  
3 is available for cross-examination.

4           EXAMINER PIRIK:   Are there any questions  
5 from any of the parties?

6           I have none.   Thank you, Mr. Puican.

7           THE WITNESS:   Thank you.

8           EXAMINER PIRIK:   Does that complete --  
9 that completes our witnesses?

10          MS. HAMMERSTEIN:   Yes, your Honor.

11          MR. CONWAY:   Yes, your Honor.

12          EXAMINER PIRIK:   Mr. Conway.

13          MR. CONWAY:   Your Honor, at this time I  
14 would move for the admission of Company Exhibits 1  
15 through 9 and also reiterate that Company Exhibit 10,  
16 the tariffs, will be a late-filed exhibit and would  
17 request their admission when they are late-filed.

18                 And I also would move for the admission  
19 of Joint Exhibit No. 1, the Joint Stipulation and  
20 Recommendation, and also ask that Joint Exhibit No.  
21 2, the revised program outline which is also going to  
22 be late-filed, also be admitted when it is finally  
23 filed.   Thank you.

24          EXAMINER PIRIK:   Are there any  
25 objections?

1                   Hearing none Company Exhibits 1 through  
2 10 shall be admitted onto the record.

3                   (EXHIBIT ADMITTED INTO EVIDENCE.)

4                   EXAMINER PIRIK: As well as Joint  
5 Exhibits 1 and 2 shall be admitted.

6                   (EXHIBITS ADMITTED INTO EVIDENCE.)

7                   EXAMINER PIRIK: Is there anything  
8 further we need to discuss today? Hearing none this  
9 concludes the hearing and this case will be submitted  
10 to the Commission for consideration. We are  
11 adjourned.

12                   (Thereupon, the hearing was concluded at  
13 10:38 a.m.)

14                   - - -

## 1 CERTIFICATE

2 I do hereby certify that the foregoing is  
3 a true and correct transcript of the proceedings  
4 taken by me in this matter on Wednesday, October 7,  
5 2009, and carefully compared with my original  
6 stenographic notes.

7  
8 \_s/Karen Sue Gibson\_\_\_\_\_  
9 Karen Sue Gibson, Registered  
Merit Reporter.

10 (KSG-5106)

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