

## BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
Regulation of Purchased Gas :  
Adjustment Clause Contained : Case No. 09-207-GA-GCR  
Within the Rate Schedules of:  
Eastern Natural Gas Company :  
and Related Matters. :

In the Matter of the :  
Regulation of Purchased Gas :  
Adjustment Clause Contained : Case No. 09-214-GA-GCR  
Within the Rate Schedules of:  
Pike Natural Gas Company :  
and Related Matters. :

In the Matter of the :  
Regulation of Purchased Gas :  
Adjustment Clause Contained : Case No. 09-214-GA-GCR  
Within the Rate Schedules of:  
Southeastern Natural Gas :  
Company and Related Matters.:

In the Matter of the :  
Application of Eastern :  
Natural Gas Company for Its : Case No. 09-367-GA-UEX  
Approval of an Adjustment to:  
its Uncollectible Expense :  
Rider Rate. :

In the Matter of the :  
Application of Eastern :  
Natural Gas Company for Its : Case No. 09-367-GA-UEX  
Approval of an Adjustment to:  
its Uncollectible Expense :  
Rider Rate. :

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Proceedings, Tuesday, December 15, 2009.

ARMSTRONG & OKEY, INC.  
Columbus, Ohio 43215-5201  
(614) 224-9481 - (800) 223-9481

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PROCEEDINGS

before Mr. Henry H. Phillips-Gary, Attorney Examiner,  
at the Public Utilities Commission of Ohio, 180 East  
Broad Street, Room C, Columbus, Ohio, called at 10:00  
a.m. Tuesday, December 15, 2009.

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APPEARANCES:

Richard Cordray, Ohio Attorney General  
Duane W. Luckey, Senior Deputy  
Attorney General  
Public Utilities Section  
By Mr. Thomas Lindgren  
and Ms. Sarah Parrot  
180 East Broad Street, 9th Floor  
Columbus, Ohio 43215-3793

On behalf of the Staff of the Public  
Utilities Commission.

Vorys, Sater, Seymour & Pease, LLP  
By Mr. M. Howard Petricoff and  
Mr. Stephen M. Howard  
52 East Gay Street  
Columbus, Ohio 43216-1008

On behalf of the Company.

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2 - Staff Report, Audit of  
Uncollectible Expense Mechanisms

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- -

1 Tuesday Morning Session,

2 December 15, 2009.

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4  
5 THE ATTORNEY EXAMINER: The Public  
6 Utilities Commission of Ohio has called for hearing  
7 at this time and place case Nos. 09-207-GA-GCR,  
8 09-214-GA-GCR, 09-215-GA-GCR, being In the Matter of  
9 the Regulation of the Purchased Gas Adjustment  
10 Clauses Contained Within the Rate Schedules of  
11 Eastern Natural Gas, Pike Natural Gas, and  
12 Southeastern Natural Gas.

13 My name is Henry Philips-Gary. I am the  
14 attorney-examiner assigned by the Commission for this  
15 hearing in this matter. As an initial matter, I  
16 would also like to note for the record the hearing  
17 will also consider Commission Staff's Audit of the  
18 Uncollectible Rider Mechanism for the Effective Cost  
19 recovery period from January 2007 through  
20 December 2008, for Eastern Natural Gas Company, Case  
21 No. 09-367-GA-UEX and for Pike Natural Gas Company,  
22 Case No. 09-368-GA-UEX.

23 Let's start with the appearance of the  
24 parties.

25 MR. HOWARD: Thank you. May it please

1 the Commission, would the record reflect the  
2 appearance on behalf of the Eastern Natural Gas, Pike  
3 Natural Gas, and Southeastern Natural Gas the law  
4 firm of Vorys, Sater, Seymour and Pease, LLP, 52 East  
5 Gay Street, Columbus, Ohio 43215 by M. Howard  
6 Petricoff and Stephen M. Howard. Thank you.

7 THE ATTORNEY EXAMINER: For staff.

8 MR. LINDGREN: On behalf of the  
9 Commission Staff, Ohio Attorney General Richard  
10 Cordray, and Dwayne Luckey, section chief of the  
11 Public Utilities Section, Thomas Lindgren and Sarah  
12 Parrot, assistant attorneys general, 180 East Broad  
13 Street, Columbus, Ohio 43215.

14 THE ATTORNEY EXAMINER: Thank you very  
15 much.

16 Are there any members of the public  
17 present today?

18 (No response.)

19 THE ATTORNEY EXAMINER: Let the record  
20 reflect there are no members of the public present  
21 today at this hearing.

22 I understand the parties are ready to  
23 make a statement and that the Stipulation has been  
24 docketed in this case.

25 MR. HOWARD: Yes, your Honor. The staff

1 and Eastern Natural Gas, Pike Natural Gas, and  
2 Southeastern Natural Gas have agreed to the  
3 Stipulation filed on December 11, 2009. We would ask  
4 that that document be marked as Joint Exhibit  
5 No. 1 for identification purposes.

6 THE ATTORNEY EXAMINER: So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MR. HOWARD: If it please the Commission,  
9 if would like, we would offer Mr. Ken Rosselet to  
10 testify in support of the Stipulation.

11 THE ATTORNEY EXAMINER: All right. Is  
12 staff going to have other exhibits?

13 MR. LINDGREN: Yes, Your Honor, I would  
14 like to offer as Staff Exhibit 1, a Report of the  
15 Staff of the Public Utilities Commission entitled  
16 Financial Audit of the Gas Cost Recovery Mechanisms  
17 for the effective GCR periods of time July 1, 2007  
18 through June 30, 2009 for Eastern, Pike, and  
19 Southeastern Natural Gas Companies. This was filed  
20 with the docketing division on October 15, 2009.

21 I would also like to offer as Staff  
22 Exhibit 2 a second Report by the Staff of the  
23 Commission entitled Audit of the Uncollectible  
24 Expense Mechanisms for the effective GCR periods  
25 January 2007 through December 2008 for Eastern

1 Natural Gas Company and Pike Natural Gas Company.

2 This was also filed on October 15, 2009.

3 THE ATTORNEY EXAMINER: Those exhibits  
4 will be so marked.

5 (EXHIBITS MARKED FOR IDENTIFICATION.)

6 THE ATTORNEY EXAMINER: If you want to  
7 call your witness.

8 MR. HOWARD: Yes, your Honor. Before I  
9 do, let me just ask for leave from the Bench for  
10 permission to file the proofs of publication in this  
11 case on behalf of Eastern, Pike, and Southeastern, we  
12 would mark them as Applicant late-filed Exhibits 1,  
13 2 and 3 respectively.

14 THE ATTORNEY EXAMINER: I will grant your  
15 motion for leave to file those late.

16 MR. HOWARD: Thank you. At this time we  
17 would like to call Mr. Kenneth Rosselet to the stand.

18 - - -

19 KENNETH ROSSELET  
20 being first duly sworn, as prescribed by law, was  
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Howard:

24 Q. Good morning, Mr. Rosselet.

25 A. Good morning.

1           Q.    Do you have in front of you a document  
2 which has been marked as Joint Exhibit No. 1?

3           A.    Yes, I do.

4           Q.    And do you know what that document is?

5           A.    That is the financial audit of the gas  
6 cost recovery -- I'm sorry, the Stipulation.

7           Q.    I think that is entitled Stipulation and  
8 Recommendation.

9           A.    Yes. It is the Stipulation between the  
10 staff and the company concerning the GCR and the  
11 unaccounted for expense.

12          Q.    Thank you. Was the Stipulation, or Joint  
13 Exhibit No. 1, a product of serious negotiation  
14 between knowledgeable, capable parties?

15          A.    Yes, it was.

16          Q.    Did Eastern, Pike, and Southeastern  
17 essentially stipulate to what was in the Staff  
18 Report?

19          A.    Yes, we did.

20          Q.    Do you know who took the first step in  
21 drafting this Stipulation?

22          A.    The company.

23          Q.    Did the staff have any suggested edits?

24          A.    Yes, they had a few.

25          Q.    Was the agreed-upon document, which was



1 filed on December 11, filed after these changes were  
2 made?

3 A. Yes, it was.

4 Q. How will the Stipulation, that is, Joint  
5 Exhibit 1, benefit the public and ratepayers?

6 A. The efficiency of having a Stipulation  
7 over a hearing is obvious. There's the lower cost to  
8 negotiation of a Stipulation for the company and for  
9 the state of Ohio, which is eventually passed on to  
10 the customer. Also the ability to enter into  
11 negotiation and the Stipulation helps clarify the  
12 facts of the case and for the parties to reach a  
13 consensus.

14 Q. Thank you. How long have you been  
15 working in the field of public utility regulation?

16 A. Going on 40 years now.

17 Q. Do you believe that you possess the  
18 experience to recognize what is a significant  
19 regulatory practice or principle?

20 A. Yes, I do.

21 Q. Does Joint Exhibit No. 1, that is, the  
22 Stipulation and Recommendation in this case, violate  
23 any significant regulatory principles or practices?

24 A. No, it does not.

25 MR. HOWARD: Your Honor, I have no

1 further questions. I would offer Mr. Rosselet's oral  
2 testimony and tender him for any cross-examination.

3 THE ATTORNEY EXAMINER: All right. Any  
4 cross-examination?

5 MR. LINDGREN: None, your Honor.

6 THE ATTORNEY EXAMINER: All right.

7 I have just one question. I just want to  
8 get this on the record. These haven't been filed yet  
9 as exhibits, but in terms of public notice, can you  
10 explain what the company did in terms of informing  
11 the public about this hearing?

12 THE WITNESS: Yes. We did a public  
13 notice through newspaper publication stating when the  
14 hearing was going to be held and what the case was.  
15 However -- and we have requested a waiver which has  
16 been approved by the Commission -- through  
17 miscommunication rather than being published in the  
18 general part of the paper, it was published in the  
19 legal notice section of the newspapers. We have  
20 taken steps to assure that this issue will not occur  
21 again.

22 THE ATTORNEY EXAMINER: Okay. And the  
23 negotiation in this case, all parties involved in the  
24 case were involved in this negotiation?

25 THE WITNESS: Yes, they were.

1 THE ATTORNEY EXAMINER: All right. Were  
2 there any intervenors in this case?

3 THE WITNESS: No, there were not of.

4 THE ATTORNEY EXAMINER: All right. I  
5 have no further questions.

6 MR. HOWARD: Nothing further. Thank you,  
7 your Honor. We would offer Joint Exhibit 1 into  
8 evidence at this time.

9 THE ATTORNEY EXAMINER: Okay. Any  
10 objection?

11 MR. LINDGREN: None, your Honor.

12 THE ATTORNEY EXAMINER: It shall be  
13 admitted.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 THE ATTORNEY EXAMINER: You may be  
16 excused.

17 THE WITNESS: Thank you.

18 THE ATTORNEY EXAMINER: Staff?

19 MR. LINDGREN: Your Honor, Mr. Roger  
20 Sarver is available to testify should the Bench have  
21 any questions.

22 THE ATTORNEY EXAMINER: I do not have any  
23 questions for Mr. Sarver. If the companies have any  
24 questions.

25 MR. HOWARD: No, your Honor, we do not.

1           MR. LINDGREN: That being the case, your  
2 Honor, the staff has nothing further. I would like  
3 to move the admission of Staff Exhibit 1 and 2.

4           THE ATTORNEY EXAMINER: Okay. Any  
5 objection?

6           MR. HOWARD: No objections, your Honor.

7           THE ATTORNEY EXAMINER: Staff Exhibits 1  
8 and 2 will be admitted.

9           (EXHIBITS ADMITTED INTO EVIDENCE.)

10          THE ATTORNEY EXAMINER: Is there anything  
11 else to come before us today?

12          MR. HOWARD: No, your Honor.

13          MR. LINDGREN: None, your Honor.

14          THE ATTORNEY EXAMINER: This case is  
15 submitted on the record with the exception of the  
16 leave to file late filed Exhibits 1, 2 and 3 on  
17 behalf of the companies. We are adjourned.

18          MR. HOWARD: Thank you, your Honor.

19          MR. LINDGREN: Thank you.

20          (The hearing adjourned at 10:10 a.m.)

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 Tuesday, December 15, 2009, and carefully compared with my original stenographic notes.

---

Rosemary Foster Anderson,  
Professional Reporter and  
Notary Public in and for  
the State of Ohio.

My commission expires April 5, 2014.

(RFA-8375)

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

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**Case No(s). 09-0207-GA-GCR**

Summary: Transcript Transcript for hearing held on 12/15/09. electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Anderson, Rosemary Foster Mrs.