

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
Application of Piedmont :  
Gas Company, Inc. for an : Case No. 09-1862-GA-AIR  
Increase in Rates and :  
Charges for Natural Gas :  
Service. :

- - -

PROCEEDINGS

before Jeffrey Jones, Hearing Examiner, at the Public  
Utilities Commission of Ohio, 180 East Broad Street,  
Room 11-D, Columbus, Ohio, called at 10:00 a.m. on  
Monday, October 4, 2010.

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- - -

1 APPEARANCES:

2 Vorys, Sater, Seymour & Pease, LLP  
3 By Mr. Stephen M. Howard  
4 52 East Gay Street  
5 Columbus, Ohio 43216-1008

6 On behalf of the Company.

7 Richard Cordray  
8 Ohio Attorney General  
9 By Mr. William L. Wright  
10 Section Chief  
11 180 East Broad Street, Floor 6  
12 Columbus, Ohio 43215

13 On behalf of the Staff.

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WITNESSES

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COMPANY EXHIBITS

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2 - Proofs of Publication  
3 - Proofs of Publication at  
Local Hearing

5 15  
6 15  
6 15

- - -

STAFF EXHIBITS

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1 - Staff Report

8 15

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ID'D REC'D

1 - Stipulation and Recommendation

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Monday Morning Session,

October 4, 2010.

- - -

ATTORNEY EXAMINER: Let's go on the record. The Public Utilities Commission of Ohio has called for hearing at this time and place Case No. 09-1862-GA-AIR, that being in the Matter of the Application of Piedmont Gas Company, Inc. for an Increase in Rates and Changes for Natural Gas Service.

My name is Jeffrey R. Jones, I'm the Attorney Examiner who's been assigned to this hearing today.

Let's take appearances on behalf of the parties. On behalf of the applicant Piedmont Gas Company.

MR. HOWARD: Thank you, your Honor. Would you please have the record reflect the appearance of the law firm of Vorys, Sater, Seymour and Pease, 52 East Gay Street, Columbus, Ohio 43215 by Stephen M. Howard on behalf of the applicant Piedmont Gas Company, thank you.

ATTORNEY EXAMINER: Thank you, Mr. Howard.

On behalf of the staff?

1 MR. WRIGHT: Thank you, your Honor, good  
2 morning. On behalf of the Ohio Attorney General  
3 Richard Cordray and the Public Utilities Commission  
4 Sections, my name is Bill Wright, 180 East Broad  
5 Street, Columbus, Ohio 43215.

6 ATTORNEY EXAMINER: Thank you, Mr.  
7 Wright.

8 At this time do we have any preliminary  
9 matters it take up?

10 MR. HOWARD: Yes, your Honor. Piedmont  
11 Gas Company wishes to express its appreciation and  
12 gratefulness to the staff for their work on this case  
13 and we have reached a stipulation in this case.

14 If it would be appropriate I'd like to  
15 ask the Bench to mark a few exhibits and introduce  
16 them at this time.

17 ATTORNEY EXAMINER: Let's go ahead and  
18 mark those, Mr. Howard.

19 MR. HOWARD: Thank you, your Honor. We  
20 would ask that Piedmont Exhibit No. 1, which is the  
21 Small Utility Application for an Increase in Rates  
22 and Charges, consisting of about 118 pages, be marked  
23 as Piedmont Exhibit No. 1.

24 ATTORNEY EXAMINER: Shall be so marked.

25 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 MR. HOWARD: We would ask that a  
2 document -- multi-page document being the Proof of  
3 Publication of the application which was published  
4 once a week for three consecutive weeks in The Times  
5 Reporter be marked as Piedmont Exhibit No. 2.

6 ATTORNEY EXAMINER: Is shall be so  
7 marked.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 MR. HOWARD: We would also ask that a  
10 multi-page document entitled Stipulation and  
11 Recommendation which would include addendums A, B, C,  
12 and D, be marked as Joint Exhibit No. 1. That was  
13 filed on Friday, October 1 in this matter.

14 ATTORNEY EXAMINER: That document shall  
15 be so marked.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 MR. HOWARD: In addition, Piedmont  
18 respectfully requests leave to file as a late-filed  
19 exhibit Piedmont Exhibit No. 3 which would be the  
20 Proof of Publication indicating that notice of the  
21 hearing which was held on September 29 be marked as  
22 Piedmont Exhibit 3, and we would ask leave to file  
23 that as a late-filed exhibit.

24 ATTORNEY EXAMINER: Thank you, that  
25 document will be marked Piedmont Exhibit 3.

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 MR. HOWARD: Two other items on Joint  
3 Exhibit No. 1 that we just marked and identified,  
4 there is a typographical error in that and I wanted  
5 to call that to the Bench's attention.

6 On page 4, item 1, the second line,  
7 there's a reference to a statutory section and it  
8 reads Section 4905.03(A)(6). In the Revised Code  
9 that refers to (6) should be (5).

10 And Mr. Wright I believe concurs with  
11 that and we would ask that that be noted for the  
12 record.

13 ATTORNEY EXAMINER: Thank you, it will  
14 be, Mr. Howard.

15 MR. HOWARD: And finally, in the Staff  
16 Report of investigation there is a recommendation of  
17 the staff that the applicant file an updated rate  
18 case expense.

19 While not asking that to be marked as an  
20 exhibit I would like the record to reflect that a  
21 copy has been provided to Mr. Wright and to the Bench  
22 indicating an updated rate case expense.

23 The Staff Report has an amount of  
24 \$15,000 as rate case expense. We would expect to  
25 exceed that but we -- but Piedmont is willing to

1 accept the rate case expense allowance of \$15,000 for  
2 purposes of this case.

3 Thank you.

4 ATTORNEY EXAMINER: Thank you,  
5 Mr. Howard.

6 Let's go ahead and mark any other  
7 documents. Mr. Wright, do you have any at this time?

8 MR. WRIGHT: Yes, your Honor, I have one.  
9 And I would like to have it marked as Staff Exhibit  
10 No. 1, the Staff Report that was prepared and filed  
11 by the staff in this case back on August 12, 2010.  
12 Copies have been provided to the Bench and to the  
13 reporter.

14 ATTORNEY EXAMINER: That shall be marked  
15 Staff Exhibit No. 1 thank you.

16 (EXHIBIT MARKED FOR IDENTIFICATION.)

17 MR. WRIGHT: Thank you.

18 ATTORNEY EXAMINER: Are there any other  
19 exhibits that needs to be marked at this time?

20 MR. WRIGHT: No, your Honor -- the answer  
21 is no. We do have a witness Mr. Goins we would like  
22 to put on. Should just take a minute or two to  
23 explain one difference between what appears in Joint  
24 Exhibit 1 and the stipulation and what appears in the  
25 Staff Report.



1                   ATTORNEY EXAMINER: I will take admission  
2 of documents after Mr. Goins' testimony.

3                   MR. WRIGHT: I would move, by the way,  
4 for admission of Staff Exhibit 1 subject to Mr. Goins  
5 taking the stand.

6                   ATTORNEY EXAMINER: Mr. Goins, you want  
7 to take the stand now?

8                   (Witness sworn.)

9                   ATTORNEY EXAMINER: Please be seated.  
10 You may proceed, Mr. Wright.

11                  MR. WRIGHT: Thank you, your Honor.

12   - - -

13   CHUCK GOINS  
14 being first duly sworn, as prescribed by law, was  
15 examined and testified as follows:

16   DIRECT EXAMINATION

17 By Mr. Wright:

18                   Q. Good morning, Mr. Goins.

19                   A. Good morning.

20                   Q. Please state your name for the record.

21                   A. Yes, my name is Chuck Goins.

22                   Q. And you're employed by the Public  
23 Utilities Commission of Ohio?

24                   A. Yes, I am.

25                   Q. And what is your position?

1           A.    I'm a utility specialist in the Rates and  
2           Tariffs Division of the Commission's Utilities  
3           Department.

4           Q.    And as part of your job functions in that  
5           position I assume you're responsible for development  
6           of rates in a case such as this?

7           A.    That's correct.

8           Q.    Now, do you have in your possession the  
9           stipulation, Mr. Goins?

10          A.    Yes, I do.

11          Q.    Could you please turn to Addendum B at  
12          the back?

13          A.    I have it.

14          Q.    Could you please identify Addendum B?  
15          Just generally.

16          A.    Addendum B are the typical bills that  
17          were generated from the revenues that was located in  
18          this case.

19          Q.    And you understand you're being sponsored  
20          today to explain the differences between Addendum B  
21          in the stipulation and what would have appeared as  
22          pages 66, 67, and 68 in the Staff Report; is that  
23          right?

24          A.    Yes.

25          Q.    Now, to the extent there are differences

1 could you briefly explain why, differences between  
2 the stipulation and the Staff Report?

3 A. The reason there were differences in the  
4 Staff Report in comparison to the stipulation is that  
5 during the investigatory process, us in the Rates and  
6 Tariffs Division, what we will do is as the  
7 Accounting and Electricity Division makes adjustments  
8 to the revenue that they're recommending, what we  
9 will do is we will take that revenue and we will  
10 develop rates on that to get a typical bill  
11 comparison to see what the rate impact is going to be  
12 on the average customer's bill.

13 During that process, and that changes,  
14 just depends on how many adjustments are made by  
15 Accounting and Electricity that changes numerous  
16 times throughout the investigatory proceeding.

17 And this for instance what happened was  
18 the last adjustments that were made by the Accounting  
19 and Electricity Division, they were not included in  
20 the rates that were generated and put into the Staff  
21 Report.

22 So even though the revenue was correct,  
23 the rates that were included that reflected that  
24 revenue were erroneous. So basically there was an  
25 inadvertent oversight.

1 A. Yes, there was an error.

2 Q. To include the most recent.

3 A. That's correct.

4 Q. Now, the Addendum B to the stipulation is  
5 not a wholesale change of the Staff Report, correct?

6 A. Correct.

7 Q. And I believe you just indicated all that  
8 really changed were the rates.

9 A. That's correct.

10 Q. Could you please go to the third page of  
11 the three-page addendum?

12 A. I have it.

13 Q. And more specifically could you explain  
14 what did change? The changes appear to this page; is  
15 that correct?

16 A. Yes.

17 Q. Could you please explain for the record  
18 what did change?

19 A. What's changed is staff's proposed rates.  
20 That's what changed when you look at this page.

21 The currently rates then, the proposed  
22 rates which were proposed by the company, staff's  
23 proposed rates are what changed. Once we get the  
24 revenue from the Accounting/Electricity Division we  
25 generate rates based upon that revenue.

1           We did that you but the rates that were  
2 included were the wrong rates. They were from a  
3 prior adjustment, not from the very last adjustment.  
4 So it's that last column the staff proposed rates,  
5 those are the numbers that are going to change or  
6 that have changed

7           Q.    When you say "last column," you're  
8 referring to the column on the farther right?

9           A.    Yes, that say "Staff's Proposed Rates."

10          Q.    Very good.

11               MR. WRIGHT: Your Honor, that's all the  
12 questions we have. Thank you.

13                               - - -

14                               EXAMINATION

15 By Attorney Examiner:

16           Q.    Mr. Goins, I think just one other  
17 clarification type question for my own purposes.

18           A.    Okay.

19           Q.    Referring to the same page that  
20 Mr. Wright just referred you to, were there also  
21 changes in columns above where you just referenced  
22 "Staff Proposed Rates," that would be under  
23 "Transportation Staff Proposed" column, "Dollar  
24 Increase" column, and "Percent Increase" column, were  
25 those also changed in the Staff Report if you know?

1           A.    Yes.  And that's because these typical  
2   bills are reflecting the proper rates.  So yes, I  
3   should have -- I'm sorry, I should have said that  
4   changed also.  Because if we're going to be  
5   developing rates based on that revenue, that's always  
6   going to change.  It's going to be reflective.  So I  
7   should have said that also.

8           Q.    Okay.  But it is just the "Staff Proposed  
9   Rates" and the "Dollar Increase" associated with the  
10  staff proposal that changed on those documents,  
11  right?

12          A.    That's correct.

13                ATTORNEY EXAMINER:  I don't have anything  
14  further.

15                Did you have any questions Mr. Howard?

16                MR. HOWARD:  No questions.  Thank you,  
17  your Honor.

18                Thanks, Mr. Goins.

19                THE WITNESS:  You're very welcome.

20                ATTORNEY EXAMINER:  You may step down.

21                Are there any further witnesses we need  
22  to hear from today?

23                MR. WRIGHT:  No, your Honor.

24                ATTORNEY EXAMINER:  If not, I believe we  
25  have marked and moved Piedmont Exhibit 1 which is the

1 application, Piedmont Exhibit 2, the proof of  
2 publication of the application, a late-filed exhibit  
3 Piedmont Exhibit 3 which is proof of publication in a  
4 local public hearing, Joint Exhibit 1, which is the  
5 stipulation and recommendation docketed on October 1,  
6 2010, and the Staff Exhibit 1, which is the Staff  
7 Report docketed on August 12, 2010.

8 Is that all the exhibits, am I correct?

9 MR. WRIGHT: You are correct.

10 MR. HOWARD: That's correct, your Honor,  
11 thank you.

12 ATTORNEY EXAMINER: Any objection to the  
13 admission mix of those documents that I just  
14 outlined?

15 MR. HOWARD: No objection.

16 MR. WRIGHT: No, your Honor.

17 ATTORNEY EXAMINER: If not, all those  
18 documents shall be admitted.

19 (EXHIBITS ADMITTED INTO EVIDENCE.)

20 ATTORNEY EXAMINER: Anything further that  
21 needs to come before us today?

22 MR. WRIGHT: No, your Honor.

23 MR. HOWARD: No, your Honor.

24 ATTORNEY EXAMINER: At this time the  
25 hearing will be recessed and the Commission will take

1       it up based on this record. Thank you.

2                   MR. WRIGHT: Thank you very much.

3                   MR. HOWARD: Thank you.

4                   (Hearing adjourned at 10:27 a.m.)

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, October 10, 2010, and carefully compared with my original stenographic notes.

---

Julieanna Hennebert, Registered Professional Reporter and RMR and Notary Public in and for the State of Ohio.

My commission expires February 19, 2013.

(JUL-1622)

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

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Summary: Transcript Transcript of Piedmont Gas Company hearing held on 10/04/10.  
electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Hennebert,  
Julieanna Mrs.