

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of: :  
: Case No. 11-2401-GA-ALT  
The Application of East :  
Ohio Gas Company, d/b/a :  
Dominion East Ohio, for :  
Approval to Modify and :  
Further Accelerate its :  
Pipeline Infrastructure :  
Replacement Program and to:  
Recover the Associated :  
Costs. :

- - -

PROCEEDINGS

before Mr. Scott Farkas and Ms. Katie Stenman,  
Attorney Examiners, at the Public Utilities  
Commission of Ohio, 180 East Broad Street, Room 11-D,  
Columbus, Ohio, called at 9:00 a.m. on Friday, July  
22, 2011.

- - -

ARMSTRONG & OKEY, INC.  
222 East Town Street, Second Floor  
Columbus, Ohio 43215-5201  
(614) 224-9481 - (800) 223-9481  
Fax - (614) 224-5724

- - -

1 APPEARANCES:

2 Carpenter, Lipps & Leland, LLP  
3 By Mr. Mark A. Whitt  
4 280 Plaza, Suite 1300  
5 280 North High Street  
6 Columbus, Ohio 43215

7 On behalf of the Company.

8 McNees, Wallace & Nurick  
9 By Mr. Joseph Olikier  
10 Fifth Third Center, Suite 1700  
11 21 East State Street  
12 Columbus, Ohio 43215

13 On behalf of the Industrial Energy  
14 Users of Ohio.

15 Ms. Colleen Mooney  
16 231 East Lima Street  
17 P.O. Box 1793  
18 Findlay, OH 45839-1793

19 On behalf of Ohio Partners for  
20 Affordable Energy.

21 Janine L. Migden-Ostrander  
22 Ohio Consumers' Counsel  
23 By Mr. Joseph P. Serio  
24 and Mr. Larry S. Sauer  
25 10 West Broad Street, Suite 1800  
Columbus, Ohio 43215-3485

On behalf of the Residential  
Consumers of Dominion East Ohio.

Richard Cordray, Ohio Attorney General  
William L. Wright, Section Chief  
Public Utilities Section  
By Mr. Stephen A. Reilly  
and Mr. Devin D. Parram  
180 East Broad Street, 6th Floor  
Columbus, Ohio 43215-3793

On behalf of the Staff of the Public  
Utilities Commission.

- - -

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
Jeffrey A. Murphy	
Direct Examination by Mr. Whitt	8
Cross-Examination by Mr. Olikier	12

- - -

EXHIBITS

- - -

COMPANY EXHIBITS	IDFD	ADMTD
1 - Proof of Publication	15	16

JOINT EXHIBITS	IDFD	ADMTD
1 - Stipulation	6	13

- - -

1 Friday Morning Session,  
2 July 22, 2011.

3 - - -

4 EXAMINER STENMAN: The Public Utilities  
5 Commission of Ohio has called for hearing at this  
6 time and place Case No. 11-2401-GA-ALT, being In the  
7 Matter of the Application of East Ohio Gas Company,  
8 d/b/a Dominion East Ohio, for Approval to Modify and  
9 Further Accelerate its Pipeline Infrastructure  
10 Replacement Program and to Recover the Associated  
11 Costs.

12 My name is Katie Stenman, and with me is  
13 Scott Farkas. We are the attorney examiners assigned  
14 by the Commission to hear this case.

15 Let's start by taking the appearances of  
16 the parties, starting with the company.

17 MR. WHITT: On behalf of Dominion East  
18 Ohio, Mark Whitt from Carpenter, Lipps & Leland, 280  
19 North High Street, Columbus, Ohio, 43215.

20 MR. REILLY: Thank you. Your Honors, on  
21 behalf of the staff of the Public Utilities  
22 Commission of Ohio, Mike Dewine, Ohio Attorney  
23 General, Bill Wright, section chief, Devin Parram and  
24 Stephen A. Reilly, assistant attorneys general, 180  
25 East Broad Street, Columbus, Ohio.

1 MR. SAUER: Thank you. On behalf of the  
2 consumers of Dominion East Ohio, Janine  
3 Migden-Ostrander, Office of Ohio Consumers Counsel,  
4 by Joseph P. Serio and Larry S. Sauer, assistant  
5 consumers' counsel, 10 West Broad Street, Suite 1800,  
6 Columbus, Ohio 43215.

7 MR. WHITT: On behalf of the Industrial  
8 Energy Users of Ohio, Joseph Olikier, from the law  
9 firm of McNees Wallace & Nurick, 21 East State  
10 Street, Columbus, Ohio 43215.

11 MS. MOONEY: On behalf of the Ohio  
12 Partners for Affordable Energy, Colleen Mooney, 231  
13 East Lima Street, Findlay, Ohio.

14 EXAMINER STENMAN: Thank you. And I  
15 understand that the parties have reached a  
16 stipulation.

17 MR. REILLY: That is correct, your Honor,  
18 and it was filed last Friday. I provided a copy to  
19 the court reporter just for convenience. I have  
20 extra copies if anybody needs them, a few extra.

21 Actually, we would, I think, move that  
22 the Bench take administrative notice of the  
23 stipulation that was filed July 8. That's seems to  
24 be the simple way to do it. It's already in the  
25 record.

1 EXAMINER STENMAN: The Stipulation was  
2 actually filed on July 15.

3 MR. REILLY: July 15, I'm sorry.

4 EXAMINER STENMAN: I think we still need  
5 to move for admission of the Stipulation.

6 MR. REILLY: Okay. We would move for the  
7 admission --

8 EXAMINER STENMAN: Do you want to mark it  
9 first?

10 MR. REILLY: We would ask that the  
11 Stipulation filed July 15, signed by a number of  
12 parties, be marked as Joint No. 1.

13 EXAMINER STENMAN: It will be so marked.

14 MR. REILLY: A copy has been provided to  
15 the court reporter.

16 EXAMINER STENMAN: Does anyone have a  
17 witness?

18 MR. WHITT: Your Honor, we do, Mr. Murphy  
19 from Dominion East Ohio who would testify in support  
20 of the stipulation.

21 EXAMINER STENMAN: Okay, Mr. Murphy.

22 MR. REILLY: Before Mr. Murphy testifies,  
23 we would be curious if anybody is opposing the  
24 Stipulation.

25 EXAMINER STENMAN: Is anyone planning to

1 oppose the Stipulation today?

2 MR. SAUER: Your Honor, the OCC did not  
3 sign, but we do not oppose the Stipulation.

4 EXAMINER STENMAN: And I believe you did  
5 not sign?

6 MR. OLIKER: We did not sign, but we do  
7 not oppose the Stipulation. We take no position.

8 EXAMINER STENMAN: Is anyone here from  
9 the Neighborhood Environmental Coalition or the  
10 Empowerment Center of Greater Cleveland?

11 (No response.)

12 EXAMINER STENMAN: It's my understanding  
13 they also did not sign the Stipulation.

14 MR. REILLY: They did not, your Honor.

15 EXAMINER STENMAN: Will they be filing  
16 something in the docket indicating they do not oppose  
17 the Stipulation.

18 MR. WHITT: Doubt it.

19 EXAMINER STENMAN: It would be the  
20 Bench's preference to have them do so if they can,  
21 just a short letter that they don't oppose the  
22 Stipulation.

23 MR. WHITT: I don't know that they don't  
24 oppose. They certainly haven't filed anything  
25 indicating opposition. They're not here today to

1 register any opposition. If they were to submit a  
2 letter, they would probably oppose the Stipulation,  
3 but I don't believe that's an appropriate manner in  
4 which to do so.

5 EXAMINER STENMAN: Okay. If anyone can  
6 get ahold of them, that would be my preference, to  
7 hear from them, since they have been granted  
8 intervention in the proceeding.

9 MR. WHITT: Very well.

10 - - -

11 JEFFREY A. MURPHY,  
12 being first duly sworn, as prescribed by law, was  
13 examined and testified as follows:

14 DIRECT EXAMINATION

15 By Mr. Whitt:

16 Q. Mr. Murphy, can you please state your  
17 full name and introduce yourself.

18 A. My name is Jeffrey A. Murphy. I'm a  
19 managing director of commercial operations for  
20 Dominion East Ohio.

21 Q. Mr. Murphy, what was the nature of your  
22 involvement in this proceeding?

23 A. I worked with our operations personnel,  
24 as well as our pipeline safety department, in the  
25 Regulatory Affairs Department to draft the motion



1 filed in the proceeding.

2 Q. And, Mr. Murphy, are you familiar with  
3 the Commission's three-part standard for review of  
4 stipulations?

5 A. Yes, I am.

6 Q. With respect to the first factor, what  
7 facts do you believe support the requirement that the  
8 stipulation be a product of serious bargaining among  
9 capable and knowledgeable parties?

10 A. The parties in this case have  
11 participated in Commission proceedings before on  
12 numerous occasions. The parties themselves are  
13 familiar with the company's pipeline replacement  
14 program and the prior proceedings in which the  
15 pipeline replacement recovery charge was established.

16 In addition, the negotiation over which  
17 we discussed the settlement took place over a number  
18 of months. Each of the parties made concessions as  
19 we went through the process of coming to an  
20 agreement, and the nonsignatory parties were given  
21 the opportunity to participate, and many of them did  
22 so, as well.

23 Q. Mr. Murphy, in your opinion does the  
24 settlement as a package benefit ratepayers and the  
25 public interest?

1           A.    Yes, it does. But most important is the  
2    impact that the settlement will have on pipeline  
3    safety. The settlement supports a significant  
4    increase in spending by Dominion East Ohio in the  
5    Pipeline Replacement Program. That increase in  
6    spending will support the company's replacement of  
7    ineffectively coated pipe, as well as the bare steel  
8    pipe that was the subject of the initial application  
9    in the pipeline infrastructure replacement case.

10           In addition, the settlement provides for  
11   a minimum level of O&M savings that will reduce the  
12   impact on customers' bills, and the settlement also  
13   clarifies various aspects of the program.

14           Q.    Are there any other factors which you  
15   believe support the timing of this stipulation?

16           A.    Yes, I believe there are. Currently, we  
17   have available to us bonus depreciation, which will  
18   serve to minimize the cost to ratepayers.

19           In addition, the charges as they go up  
20   over time will take place in the period of very low  
21   gas prices, a period which we expect will span quite  
22   sometime.

23           And last, but not least, the program  
24   itself, by virtue of the increase in spending will  
25   support the creation of a significant number of jobs

1 and improve economic activity within the company's  
2 service territory and the state of Ohio.

3 Q. Does the Stipulation violate any  
4 important regulatory principle or practice?

5 A. No, it does not. The stipulation does  
6 not provide for preapproval of spending levels. It  
7 provides for a review of all spending within the  
8 program. It promotes gradualism as well because  
9 there are caps in terms of the amount of increase in  
10 the pipeline infrastructure replacement charge that I  
11 mentioned earlier. And, in addition, the cost  
12 recovery mechanism itself is consistent with the  
13 previous structure approved by the Commission.

14 Q. Mr. Murphy, what is your recommendation  
15 to the Commission?

16 A. My recommendation to the Commission is  
17 that it approve this Stipulation and Recommendation  
18 provided by the parties on July 15.

19 MR. WHITT: Thank you, nothing further.

20 EXAMINER STENMAN: Thank you.

21 Any questions for the witness?

22 MR. REILLY: We know none, your Honor.

23 MR. SAUER: No questions, your Honor.

24 MR. OLIKER: Hopefully only one, your  
25 Honor.

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

- - -

CROSS-EXAMINATION

By Mr. Oliker:

Q. Good morning, Mr. Murphy.

A. Good morning.

Q. I have one question about your understanding of the terms of the Stipulation. Is it your understanding of the terms that the \$1,000 monthly cap on daily transportation service will remain in effect?

A. Yes, it is.

MR. OLIKER: That's all I have, your Honor. Thank you.

EXAMINER STENMAN: Anything?

MS. MOONEY: No questions.

EXAMINER FARKAS: I had one question. Initially when you filed testimony in case, there was some discussion about modifying or changing the way that Dominion calculates the post-in-service carrying charge. Is that no longer the testimony that you had filed in case? Is that no longer the position of the company in terms of the Stipulation as filed here?

THE WITNESS: That is correct. The stipulation filed continues the existing calculation of the post-in-service cost-carrying mechanism.

1           The company does receive some additional  
2   benefit by virtue of the O&M cost savings sharing  
3   mechanism that was put in place. That mechanism will  
4   provide incentive for the company to maximize savings  
5   so as to not only reduce customer charges for the  
6   program, but also provide some benefit to the company  
7   as well as it increases its spending level.

8           EXAMINER FARKAS: Okay, thank you.

9           EXAMINER STENMAN: Thank you, Mr. Murphy.

10          THE WITNESS: Thank you.

11          EXAMINER STENMAN: With respect to  
12   exhibits?

13          MR. REILLY: We would move for the  
14   introduction of Joint Exhibit No. 1.

15          EXAMINER STENMAN: Any objections?

16          MR. WHITT: No objection.

17          MS. MOONEY: No objection.

18          MR. SAUER: No objection.

19          EXAMINER STENMAN: Exhibit 1 will be  
20   admitted.

21          (EXHIBIT ADMITTED INTO EVIDENCE.)

22          MS. MOONEY: Is the application and  
23   everything already in the record?

24          EXAMINER STENMAN: It's usually our  
25   preference to mark the comments and the application,

1 so if parties want to do so.

2 MR. WHITT: I don't have extra copies of  
3 the application. I would ask that the Commission  
4 take administrative notice of the application, and I  
5 believe if I'm not mistaken, I think that the  
6 Stipulation may actually stipulate for the admission  
7 of the -- it's actually a motion, not an application.  
8 We didn't file an application. We filed a motion.

9 MR. REILLY: Right.

10 MS. MOONEY: Oh, okay.

11 MR. WHITT: So I don't know that --

12 MS. MOONEY: Did you file any testimony?

13 MR. WHITT: We filed testimony. We  
14 haven't presented it. The only testimony is the  
15 testimony supporting the Stipulation.

16 EXAMINER STENMAN: Yes, Mr. Reilly.

17 MR. REILLY: This proceeds a little  
18 differently. I mean, the company did make a motion,  
19 which was -- to which a case number assigned. The  
20 motion, as Mr. Whitt indicates, is what it is. It's  
21 a motion. It's a request. It's in the record.

22 EXAMINER STENMAN: Right. At this point  
23 the Bench will simply take administrative notice of  
24 the motion and the comments that have been filed in  
25 the record.

1           What about the proof of publication, are  
2 we going to mark that as an exhibit?

3           MR. WHITT: We would ask that the  
4 Commission take administrative notice of it.

5           EXAMINER STENMAN: We need to mark the  
6 proof of publication as an exhibit. It was filed on  
7 June 20. You don't have to provide a copy. We just  
8 need to have it marked.

9           MR. WHITT: Okay. I can do that this  
10 afternoon.

11           EXAMINER STENMAN: It's filed in the  
12 docket. We don't need a copy here at the hearing.

13           MR. WHITT: We can call that DEO  
14 Exhibit 1.

15           EXAMINER STENMAN: Let's go off the  
16 record.

17           (Discussion off record.)

18           EXAMINER STENMAN: Back on the record.  
19 The proof of publication filed on  
20 June 20, 2011 will be marked as Company Exhibit 1.

21           MR. WHITT: Yes.

22           EXAMINER STENMAN: Do you want to move  
23 for admission?

24           MR. WHITT: The company would move for  
25 the admission of DEO Exhibit No. 1.

1 EXAMINER STENMAN: Any objections?

2 MS. MOONEY: No.

3 EXAMINER STENMAN: All right, it will  
4 admitted.

5 (EXHIBIT ADMITTED INTO EVIDENCE.)

6 EXAMINER STENMAN: Anything else to come  
7 before us?

8 MR. WHITT: Just a point of  
9 clarification. When you said that the comments would  
10 be deemed -- or the Commission would take  
11 administrative notice of the comments, I'm not sure  
12 what that means.

13 EXAMINER STENMAN: That's usually just  
14 standard procedure in these cases. We usually have  
15 the comments admitted as an exhibit or --

16 MR. WHITT: Well. The issue is, though,  
17 we have a Stipulation that the parties have signed on  
18 to that have positions that aren't necessarily  
19 consistent with the comments they filed, and the  
20 Stipulation resolves the case.

21 I guess it would be the company's  
22 preference the comments in fact not be deemed  
23 admitted. They're certainly in the docket. They  
24 exist, but in terms of the record that the Commission  
25 makes its decision on, I don't believe that the



1       comments would be part of the record.

2               EXAMINER STENMAN:   It's typically our  
3       preference to treat the comments as part of the  
4       record, although that will not affect our  
5       consideration of the Stipulation.

6               MR. WHITT:   And is what is included in  
7       the record limited to the comments and not the  
8       testimony?

9               EXAMINER STENMAN:   Let's go off the  
10      record.

11              (Discussion off record.)

12              EXAMINER STENMAN:   Back on the record.  
13              We will be taking administrative notice  
14      of the comments.

15              Is there anything to come before us?

16              Hearing nothing else, we are adjourned.  
17      The decision of the Commission will be forthcoming.

18              Thank you.

19              (The hearing adjourned at 9:22 a.m.)

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 Friday, July 22, 2011, 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-8650)

- - -

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

**Commission of Ohio Docketing Information System on**

**8/9/2011 10:07:32 AM**

**in**

**Case No(s). 11-2401-GA-ALT**

Summary: Transcript Hearing held 7/22/11 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Anderson, Rosemary Foster Mrs.