

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
 Regulation of the :
 Purchased Gas Adjustment :
 Clauses Contained Within : Case No. 11-210-GA-GCR
 the Rate Schedules of :
 Glenwood Energy of Oxford, :
 Inc. :

In the Matter of the :
 Regulation of the :
 Uncollectable Expense : Case No. 11-310-GA-UEX
 Rider of Glenwood Energy :
 of Oxford, Inc. :

- - -

PROCEEDINGS

before Ms. Mandy Wiley, Attorney Examiner, at the
 Public Utilities Commission of Ohio, 180 East Broad
 Street, Room 11-C, Columbus, Ohio, called at 10 a.m.
 on Thursday, September 1, 2011.

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- - -

APPEARANCES:

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

On behalf of the Applicant.

Ohio Attorney General's Office
By Mr. William Wright,
Section Chief
Public Utilities Section
Mr. Steven L. Beeler,
Assistant Attorney General
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

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Joint Exhibit	Identified	Admitted
1 Stipulation and Recommendation	8	13

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Glenwood Exhibit	Identified	Admitted
1 Legal Notice in bill insert	5	6

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Staff Exhibit	Identified	Admitted
1 Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods July 1, 2009 through June 30, 2011	8	13
2 Unaccounted for Expense Rider Audit, June 30, 2011	8	13

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1 Thursday Morning Session,
2 September 1, 2011.

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4 THE EXAMINER: Let's go ahead and go on
5 the record. The Public Utilities Commission of Ohio
6 has called for hearing at this time and this place
7 Case No. 11-210-GA-GCR, being in the Matter of the
8 Regulation of the Purchased Gas Adjustment Clauses
9 Contained Within the Rate Schedules of Glenwood
10 Energy of Oxford, Inc., and Case No. 11-310-GA-UEX,
11 being in the Matter of the Regulation of the
12 Uncollectable Expense Rider of Glenwood Energy of
13 Oxford, Inc.

14 My name is Mandy Wiley, and I am the
15 Attorney Examiner assigned to hear this case. I
16 would like to begin by taking appearances of the
17 parties.

18 On behalf of Glenwood.

19 MR. HOWARD: Thank you, your Honor. On
20 behalf of Glenwood Energy of Oxford, Inc., would you
21 please have the record reflect the appearance of the
22 law firm of Vorys, Sater, Seymour & Pease, 52 East
23 Gay Street, Columbus, Ohio 43215 by M. Howard
24 Petricoff and Stephen M. Howard. Thank you.

25 THE EXAMINER: Thank you.

1 On behalf of staff.

2 MR. BEELER: Thank you, your Honor. On
3 behalf of the staff of the Public Utilities
4 Commission of Ohio, Ohio Attorney General Michael
5 DeWine, William Wright, Section Chief, Public
6 Utilities Section, Steven Beeler, Assistant Attorney
7 General, 180 East Broad Street, Columbus, Ohio 43215.

8 THE EXAMINER: Thank you. I would also
9 like the record to reflect there are no members of
10 the public to testify.

11 Mr. Howard, I understand the parties have
12 agreed to a stipulation?

13 MR. HOWARD: That is correct, your Honor.
14 We, I think, would like to tender some exhibits for
15 the Commission's consideration, and if I may, I
16 presented to you and to the court reporter a
17 three-page document entitled Glenwood Exhibit No. 1.
18 This indicates that notice of the hearing was sent to
19 all customers by a bill insert on or about August 2,
20 2011. And we would ask that that be marked and
21 admitted into evidence as Glenwood Exhibit No. 1.

22 THE EXAMINER: It will be so marked.

23 (EXHIBIT MARKED FOR IDENTIFICATION.)

24 THE EXAMINER: Do you have any objection?

25 MR. BEELER: No, your Honor.

1 THE EXAMINER: It will also be admitted.

2 (EXHIBIT ADMITTED INTO EVIDENCE.)

3 MR. BEELER: And on behalf of staff to
4 support the stipulation the staff would call Roger
5 Sarver.

6 THE EXAMINER: You may proceed.

7 (Witness sworn.)

8 MR. BEELER: Thank you, your Honor.

9 - - -

10 ROGER L. SARVER

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

13 DIRECT EXAMINATION

14 By Mr. Beeler:

15 Q. Would you please state your name and
16 business address for the record.

17 A. My name is Roger L. Sarver. My business
18 address is 180 East Broad Street, Columbus, Ohio
19 43215.

20 Q. By whom are you employed and in what
21 capacity?

22 A. I am employed by the Public Utilities
23 Commission of Ohio, and I am an energy specialist.

24 Q. Briefly describe your educational
25 background and work experience.

1 A. I have a Bachelor's degree in accounting
2 and a Master's in business administration.

3 Q. And some of your work experience, please.

4 A. I have been with the Public Utilities
5 since 1988, working in the GCR section since about
6 1990 so about 21 years of experience as it relates to
7 the gas cost recovery mechanism.

8 Q. Thanks. You have previously testified
9 before the Commission?

10 A. Yes, numerous times.

11 Q. Okay. What's the purpose of your
12 testimony in this proceeding?

13 A. The purpose of my testimony in this
14 proceeding is to support the Stipulation and
15 Recommendation filed in this proceeding on August 22,
16 2011. In my opinion this stipulation represents a
17 fair and reasonable compromise of the issues in this
18 proceeding. It is my recommendation that it should
19 be adopted and approved by the Commission.

20 Q. Okay. You have in front of you and I
21 think all the parties and the Examiner have in front
22 of them some documents.

23 A. Yes, sir.

24 MR. BEELER: And I guess for the record I
25 would like to have marked Joint Exhibit 1, the

1 Stipulation and Recommendation filed on August 22;
2 the Staff Exhibit 1 which is the GCR report filed on
3 June 29; and Staff Exhibit 2 which is the UEX report
4 filed on June 30. I would like to have those marked
5 for the record.

6 THE EXAMINER: They will be so marked.

7 (EXHIBITS MARKED FOR IDENTIFICATION.)

8 Q. Mr. Sarver, please describe the three
9 exhibits I just mentioned.

10 A. The three documents. The Joint Exhibit 1
11 is the Stipulation and Recommendation that was filed
12 here on August 22. Staff Exhibit 1 is the gas cost
13 recovery audit. Staff Exhibit 2 is the unaccounted
14 for expense rider audit.

15 Q. Okay. Are the reports, the GCR and the
16 UEX, Staff Exhibits 1 and 2, are those the reports
17 that are referred to in Joint Exhibit 1?

18 A. Yes.

19 Q. Just turning your attention to Joint
20 Exhibit 1, the Stipulation and Recommendation, can
21 you just please briefly describe the stipulation.

22 A. Okay. The stipulation is a comprehensive
23 settlement of the issues in Case No. 11-210-GA-GCR
24 and Case No. 11-310-GA-UEX and the stipulation --
25 Glenwood Energy of Oxford and staff agree that the

1 stipulation represents an overall compromise and
 2 resolution of the issues raised in the proceedings.
 3 In the GCR proceeding Glenwood accurately calculated
 4 their GCR for the audit period in accordance with the
 5 provisions of the Ohio Administrative Code 4901:1-14.
 6 Glenwood billed transportation -- and this is a
 7 recommendation here that came out of the audit
 8 report, that Glenwood bill the transportation
 9 customer who is currently without a supplier the GCR
 10 rate until which time the transporter finds a new
 11 supplier.

12 The second recommendation coming out of
 13 the GCR audit report was that the auditor in
 14 Glenwood's 2013 GCR audit verified that the proceeds
 15 of any transportation customers cash out were
 16 properly credited to the company's GCR.

17 And the final recommendation coming out
 18 of the GCR audit report the difference between the
 19 company and staff calculations of the actual
 20 adjustments are not self-correcting through the GCR
 21 mechanism and, therefore, a reconciliation adjustment
 22 of \$37,634 in the customer favor has been
 23 recommended.

24 The final item is the recommendations
 25 coming out of the UEX audit report. The first

1 recommendation is Glenwood adjust its 2010 ending bad
2 debt write-off balance to \$102,911.75.

3 The second recommendation is that the
4 ending balance of 102,911 be the starting point for
5 calendar year 2011 and incorporate this amount in
6 calculating future UEX rider cost.

7 And the third recommendation Glenwood
8 receive Commission approval prior to any changes of
9 UEX rates.

10 Q. Thank you. Based on your experience with
11 other settlements reached in proceedings before this
12 Commission, does this stipulation satisfy the
13 Commission's criteria for evaluating the
14 reasonableness of the stipulation?

15 A. Yes. I believe the stipulation satisfies
16 each of the Commission's criteria for evaluating the
17 reasonableness of the stipulation. The stipulation
18 was a result of serious bargaining among capable,
19 knowledgeable parties. The stipulation benefits
20 ratepayers and the public interest. And the
21 stipulation does not violate any important regulatory
22 principles or practices.

23 Q. Okay. As far as that three-part test,
24 let's walk through it here. Do you believe that the
25 stipulation filed in this case is a product of

1 bargaining among knowledgeable parties and how?

2 A. Yes. The stipulation is a product of a
3 process in which all the parties were represented by
4 experienced counsel, technical experts that have
5 participated in numerous regulatory proceedings
6 before the Commission. There were negotiations among
7 the parties and the stipulation represents a
8 comprehensible compromise of the issues raised by the
9 parties with diverse interests.

10 Q. Were all the parties -- were the two
11 parties in this case included in the negotiations
12 that resulted in the stipulation?

13 A. Yes.

14 Q. Who were the parties?

15 A. The parties to the stipulation were
16 Glenwood and staff.

17 Q. Okay. And in your opinion does the
18 stipulation benefit ratepayers and the public
19 interest now?

20 A. Yes. The issues raised in this case
21 were -- or these cases were relatively minor and
22 technical in nature and hadn't had moderate sums of
23 money associated with them. Settlement of the issues
24 avoided a hearing and enabled Glenwood to begin
25 refunding the overcollection of customers to --

1 overcollection to the customers. The benefit to the
2 customers was to ensure that they paid the
3 appropriate level of costs, therefore, the refunding
4 of over -- refunding of over \$37,000.

5 Q. Okay. In your opinion does the
6 stipulation violate any reg -- any important
7 regulatory principles or practices?

8 A. No, sir.

9 Q. Are you recommending that the Commission
10 approve this stipulation?

11 A. Yes. I believe the stipulation
12 represents a fair and balanced and reasonable
13 compromise of diverse interests, provides a fair
14 result to customers. We believe the stipulation
15 meets all the Commission criteria for adoption of the
16 settlement, and the Commission should issue an order
17 approving this settlement.

18 Q. Is there anything else that you find
19 important to note for this case?

20 A. No, sir.

21 MR. BEELER: That is all, subject to
22 cross-examination.

23 THE EXAMINER: Mr. Howard, any questions?

24 MR. HOWARD: No questions, your Honor.

25 Thank you.

1 THE EXAMINER: I have no questions so you
2 are excused. Thank you.

3 MR. BEELEER: At this time, your Honor,
4 staff would like to move for admittance of Joint
5 Exhibit 1, Stipulation and Recommendation; Staff
6 Exhibit 1, the GCR report; and Staff Exhibit 2, the
7 UEX report.

8 THE EXAMINER: Mr. Howard, any objection?

9 MR. HOWARD: No objection, your Honor.

10 THE EXAMINER: Joint Exhibit 1, Staff
11 Exhibit 1, and Staff Exhibit 2 will be admitted.

12 (EXHIBITS ADMITTED INTO EVIDENCE.)

13 THE EXAMINER: Is there anything else to
14 come before us today?

15 MR. HOWARD: No, your Honor.

16 THE EXAMINER: Hearing none, we are
17 adjourned. Thank you.

18 (Thereupon, the hearing was concluded at
19 10:12 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 Thursday, September 1,
2011, and carefully compared with my original
stenographic notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-5405)

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This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 11-0210-GA-GCR, 11-0310-GA-UEX

Summary: Transcript Transcript of Glenwood Energy of Oxford, Inc. hearing held on 09/01/11 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.