

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :  
 Regulation of the Purchased :  
 Gas Adjustment Clause : Case No.  
 Contained Within the Rate : 12-0216-GA-GCR  
 Schedules of Suburban Natural :  
 Gas Company, and Related :  
 Matters. :

In the Matter of the :  
 Uncollectible Expense Rider : Case No.  
 of Suburban Natural Gas : 12-0316-GA-UEX  
 Company, and Related Matters. :

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PROCEEDINGS

before Bryce A. McKenney, Attorney Examiner, at the  
 Public Utilities Commission of Ohio, 180 East Broad  
 Street, Room 11-C, Columbus, Ohio, called at 10:05  
 a.m. on Tuesday, October 30, 2012.

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- - -

APPEARANCES:

Michael DeWine, Ohio Attorney General  
By Werner L. Margard, III, Esq.  
and Ryan P. O'Rourke, Esq.  
Assistant Attorneys General  
180 East Broad Street, Sixth Floor  
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

Suburban Natural Gas Company  
By William J. Michael, Esq.  
2626 Lewis Center Road  
Lewis Center, Ohio 43035-9206

On behalf of the Company.

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COMMISSION-ORDERED EXHIBITS	ID'D	REC'D
1 - Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods March 1, 2010, through February 29, 2012	5	12
2 - Audit of the Uncollectible Expense Mechanisms for the Period January 2009 through December 2011	5	12

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JOINT EXHIBITS

1 - Joint Stipulation and Recommendation	5	12
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COMPANY EXHIBITS

1 - Proofs of Publication	5	12
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1 Tuesday Morning Session,  
2 October 30, 2012.

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4 ATTORNEY EXAMINER McKENNEY: Let's go  
5 ahead and go on the record. The Public Utilities  
6 Commission of Ohio has scheduled for this time and  
7 place a hearing in Case No. 12-216-GA-GCR, being in  
8 the Matter of the Regulation of the Purchased Gas  
9 Adjustment Clause Contained Within the Rate Schedules  
10 of Suburban Natural Gas Company, and Related Matters.  
11 This hearing is also being held in Case No.  
12 12-316-GA-UEX, being in the Matter of the  
13 Uncollectible Expense Rider of Suburban Natural Gas  
14 Company, and Related Matters.

15 My name is Bryce McKenney. I'm an  
16 Attorney Examiner, and I've been assigned to preside  
17 over this hearing.

18 At this time, I'd like to take  
19 appearances on behalf of the parties, beginning with  
20 Staff.

21 MR. MARGARD: Thank you, your Honor. On  
22 behalf of the Staff of the Public Utilities  
23 Commission of Ohio, Mike DeWine, Ohio Attorney  
24 General, William Wright, Section Chief, Public  
25 Utilities Section, by Assistant Attorneys General

1 Werner Margard and Ryan O'Rourke, 180 East Broad  
2 Street, Sixth Floor, Columbus, Ohio.

3 ATTORNEY EXAMINER McKENNEY: Thank you.  
4 On behalf of the Company.

5 MR. MICHAEL: Your Honor, Bill Michael,  
6 General Counsel, Suburban Natural Gas Company, 2626  
7 Lewis Center Road.

8 ATTORNEY EXAMINER McKENNEY: Thank you.  
9 I would also like the record to reflect  
10 that there's nobody from the general public in  
11 attendance today.

12 I understand there's a Stipulation.  
13 Before we begin with the witnesses, would you please  
14 present the exhibits for identification?

15 MR. MARGARD: Yes, your Honor. I intend  
16 to offer three exhibits this morning,  
17 Commission-Ordered Exhibit No. 1, which is the  
18 Financial Audit of Suburban Natural Gas,  
19 Commission-Ordered Exhibit No. 2, which is the Audit  
20 of the Uncollectible Expense Mechanism for Suburban  
21 Natural Gas, and Joint Exhibit No. 1, the Joint  
22 Stipulation and Recommendation between the parties.

23 ATTORNEY EXAMINER McKENNEY: Thank you.

24 MR. MICHAEL: Your Honor, we have but  
25 one exhibit, Company Exhibit No. 1, which is the

1 Proofs of Publication.

2 ATTORNEY EXAMINER MCKENNEY: All right.  
3 They will be all marked for identification at this  
4 time.

5 At this time, is Staff prepared to  
6 present its first witness?

7 MR. MARGARD: It is, your Honor, and I  
8 would call Mr. Roger Sarver to the stand.

9 ATTORNEY EXAMINER MCKENNEY: Sir, please  
10 raise your right hand.

11 ROGER L. SARVER,  
12 being first duly sworn, as prescribed by law, was  
13 examined and testified as follows:

14 ATTORNEY EXAMINER MCKENNEY: Thank you.  
15 You may be seated.

16 DIRECT EXAMINATION

17 BY MR. MARGARD:

18 Q. Please state your name.

19 A. Roger L. Sarver.

20 Q. Mr. Sarver, by whom are you employed?

21 A. I am employed by the Public Utilities  
22 Commission of Ohio as an Energy Specialist.

23 Q. And how long have you been performing  
24 that job?

25 A. Well, the job currently that I do I've

1     been doing for about 24 years.

2             Q.     What are your duties and  
3     responsibilities in that role?

4             A.     I am responsible for all GCR, UEX, and  
5     PIP audits performed by the Commission for the  
6     natural gas industry.

7             Q.     And what responsibility did you have for  
8     the audits that were performed in this case?

9             A.     I scheduled the audits and participated  
10    in the UEX and GCR audits.

11            Q.     Mr. Sarver, do you have before you  
12    what's been marked for purposes of identification as  
13    Commission-Ordered Exhibit No. 1?

14            A.     Yes, sir.

15            Q.     Can you please describe what that  
16    document is?

17            A.     That is Suburban Natural Gas' Gas Cost  
18    Recovery Audit for the period of March 2010 through  
19    February 29th, 2012.

20            Q.     And were you responsible for this  
21    document?

22            A.     Yes, sir.

23            Q.     And do you have before you what's been  
24    marked for purposes of identification as  
25    Commission-Ordered Exhibit No. 2?

1 A. Yes, sir.

2 Q. Would you please describe that document?

3 A. That is Suburban Natural Gas'  
4 Uncollectible Expense Rider Audit for the period of  
5 January 2009 through December 2011.

6 Q. And were you also responsible for the  
7 preparation of this document?

8 A. Yes, sir.

9 Q. Finally, Mr. Sarver, do you have before  
10 you what's been marked as Joint Exhibit No. 1?

11 A. Yes, sir.

12 Q. And what is that document, please?

13 A. That is the Joint Stipulation and  
14 Recommendation between the Commission and Suburban.

15 Q. Were you involved at all in the  
16 negotiation of this agreement?

17 A. Yes, sir.

18 Q. Mr. Sarver, if I asked you to turn to  
19 the second unnumbered page of Joint Exhibit No. 1,  
20 Paragraph A3, it describes a Financial Audit  
21 performed. Is this the document you have previously  
22 identified as Commission-Ordered Exhibit 1?

23 A. Yes, sir.

24 Q. If I ask you to turn to unnumbered Page  
25 6 of Joint Exhibit No. 1, Paragraph B1, it describes



1     there an audit of the Uncollectible Expense  
2     Mechanism. Is that the document you previously  
3     identified as Commission-Ordered Exhibit No. 2?

4             A.     Yes, sir.

5             Q.     Mr. Sarver, in your opinion, was this  
6     Joint Stipulation and Recommendation entered into  
7     between knowledgeable and capable parties?

8             A.     Yes, sir.

9             Q.     In your opinion, does this agreement  
10    promote the public interest?

11            A.     Yes. This Stipulation adopts the  
12    findings of both the Gas Cost Recovery Audit in  
13    Exhibit 1 and the UEX Audit in Exhibit 2. The  
14    recommendations that were made by Staff are being  
15    adopted in the Stipulation.

16            Q.     And how does that promote the public  
17    interest, sir?

18            A.     Because what it does is these audits are  
19    intended to safeguard customers along with provide  
20    the utility the opportunity to recover the costs  
21    that's incurred on a dollar-for-dollar basis. If  
22    there are any errors or mistakes made, what the Staff  
23    is attempting to do is to identify those errors and  
24    correct those, so that the Company, along with  
25    customers, are compensated for -- the Company is

1 compensated for the costs it incurred. The customers  
2 pay only the costs that they're responsible to pay.

3 Q. And there were, in fact, some  
4 adjustments recommended; is that correct, sir?

5 A. Yes. The other point of these audits is  
6 to go back and ensure that any prior  
7 Commission-ordered recommendation has been adopted by  
8 the Company and put into effect.

9 Q. And that review was also performed?

10 A. Yes, sir.

11 Q. And recommendations in that regard were  
12 also made and adopted; is that correct?

13 A. Yes, sir.

14 Q. Finally, Mr. Sarver, in your opinion,  
15 does this agreement violate any regulatory practice  
16 or principle with which you are familiar?

17 A. No, sir.

18 MR. MARGARD: Your Honor, with that, I  
19 conclude my examination of Mr. Sarver and offer him  
20 for cross-examination.

21 ATTORNEY EXAMINER McKENNEY: Does the  
22 Company have cross-examination of the witness?

23 MR. MICHAEL: We have no questions, your  
24 Honor. Thank you.

25 ATTORNEY EXAMINER McKENNEY: Thank you.

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EXAMINATION

BY ATTORNEY EXAMINER McKENNEY:

Q. Mr. Sarver, real quick, who did you work with at the Company?

A. In connecting these audits, my primary contact was Elaine Mercer and Jeff Fox.

Q. Would you regard these people as knowledgeable in these type of matters?

A. Yes. I think Elaine has been doing this actually longer than I've been doing this, so she's 20 plus years, maybe close to 30 years' experience in the accumulation or the adding of the invoices associated with the Purchased Gas Cost, which is the Gas Cost Recovery Mechanism.

Q. Thank you. I have no further questions for you. You can step down from the stand.

(Witness excused.)

MR. MARGARD: With that, your Honor, I would request the admission of Commission-Ordered Exhibits 1 and 2, and I would also request the admission of Joint Exhibit No. 1.

ATTORNEY EXAMINER McKENNEY:  
Commission-Ordered Exhibits 1 and 2 will be admitted into evidence. The Joint Exhibit will also be admitted into evidence.

1 MR. MICHAEL: No objection, your Honor.

2 (EXHIBITS ADMITTED INTO EVIDENCE.)

3 ATTORNEY EXAMINER McKENNEY: Is there  
4 any request to admit anything further for the  
5 Company?

6 MR. MICHAEL: Yes. We would request,  
7 your Honor, that Company Exhibit No. 1 be admitted  
8 into evidence.

9 ATTORNEY EXAMINER McKENNEY: Any  
10 objection from Staff?

11 MR. MARGARD: No objection, your Honor.

12 ATTORNEY EXAMINER McKENNEY: It will be  
13 so admitted.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 ATTORNEY EXAMINER McKENNEY: Is there  
16 anything further from counsel?

17 MR. MARGARD: Nothing further. Thank  
18 you.

19 MR. MICHAEL: Nothing, your Honor.  
20 Thank you.

21 ATTORNEY EXAMINER McKENNEY: All right.  
22 Then we are adjourned. Thank you all.

23 (Thereupon, the hearing was concluded at  
24 10:15 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 Tuesday, October 30,  
2012, and carefully compared with my original  
stenographic notes.

Valerie J. Sloas, Registered  
Professional Reporter and  
Notary Public in and for  
the State of Ohio.

My commission expires June 8, 2016.  
(VJS-1208)

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

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 12-0216-GA-GCR, 12-0316-GA-UEX**

Summary: Transcript of Suburban Natural Gas Company hearing held on 10/30/12 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Sloas, Valerie J. Mrs.