

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. 12-218-GA-GCR
the Rate Schedules of Duke:
Energy Ohio, Inc., and :
Related Matters. :
:

In the Matter of the Audit:
of the Uncollectible :
Expense Rider of Duke : Case No. 12-318-GA-UEX
Energy Ohio, Inc., and :
Related Matters. :

- - -

PROCEEDINGS

before Mr. Kerry K. Sheets, Attorney Examiner, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, Room 11-C, Columbus, Ohio, called at 10 a.m.
on Tuesday, January 15, 2013.

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- - -

APPEARANCES:

Duke Energy Ohio, Inc.
By Ms. Elizabeth H. Watts
and Ms. Amy B. Spiller
139 East Fourth Street
Cincinnati, Ohio 45202

On behalf of the Applicant.

Mike DeWine, Ohio Attorney General
By Mr. William L. Wright,
Section Chief
Public Utilities Section
Mr. Thomas G. Lindgren,
Assistant Attorney General
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

Bruce E. Weston,
Ohio Consumers' Counsel
By Ms. Kyle Kern
and Mr. Joseph P. Serio,
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential Consumers of
Duke Energy Ohio, Inc.

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Joint Exhibit	Identified	Admitted
1 Joint Stipulation and Recommendation	6	10

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Commission-Ordered Exhibit	Identified	Admitted
3 Independent Accountants Report	5	10

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Duke Exhibit	Identified	Admitted
1 Proof of Publication	9	10

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1 Tuesday Morning Session,
2 January 15, 2013.

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4 EXAMINER SHEETS: Okay. I'll go ahead
5 and call the case. The Public Utilities Commission
6 of Ohio has set for hearing at this time and place
7 two cases, 12-218-GA-GCR and 12-318-GA-UEx, Duke
8 Energy Ohio's GCR case and their uncollectible
9 expense rider case.

10 My name is Kerry Sheets. I'm an Attorney
11 Examiner for the Commission. I have been assigned to
12 hear these cases. May I now have the appearance of
13 the parties, please.

14 MS. WATTS: Thank you, your Honor. On
15 behalf of Duke Energy Ohio, Amy B. Spiller and
16 Elizabeth H. Watts, 139 East Fourth Street,
17 Cincinnati, Ohio.

18 EXAMINER SHEETS: Very good.
19 Staff.

20 MR. LINDGREN: On behalf of the
21 Commission staff, the Office of Ohio Attorney General
22 Mike DeWine by Thomas G. Lindgren, Assistant Attorney
23 General. The address is 180 East Broad Street, 6th
24 Floor, Columbus, Ohio 43215.

25 EXAMINER SHEETS: Yes.

1 MS. KERN: Thank you, your Honor. On
2 behalf of the Ohio Consumers' Counsel Bruce J.
3 Weston, address 10 West Broad Street, Suite 1800,
4 Columbus, Ohio 43215 by Joseph P. Serio and Kyle
5 Kern.

6 EXAMINER SHEETS: Thank you. Do we have
7 any preliminary matters to bring up this morning?
8 None?

9 Do you want to go ahead?

10 MS. WATTS: Okay. Your Honor, we
11 docketed a stipulation on Friday, and today we have
12 an amended stipulation to offer into the record. And
13 the only change between the two documents we have
14 deleted the Office of the Ohio Consumers' Counsel as
15 a signatory party.

16 EXAMINER SHEETS: Very good. Do you have
17 a witness to call?

18 MR. LINDGREN: Yes, your Honor, but first
19 I would like to move into evidence as a
20 Commission-Ordered Exhibit No. 3 the Independent
21 Accountants Report applying agreed upon procedures
22 filed on November 14, 2012, in Case No.
23 12-318-GA-UEX.

24 I would also like to note for the record
25 the stipulation that we have signed says that the two

1 audit reports filed in the GCR case 12-218 shall be
2 admitted into the evidence.

3 EXAMINER SHEETS: Very good. The
4 stipulation is a Joint Exhibit 1?

5 MS. WATTS: Yes, your Honor.

6 MR. LINDGREN: The staff would now like
7 to call Roger Sarver to the stand.

8 - - -

9 ROGER L. SARVER

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

12 DIRECT EXAMINATION

13 By Mr. Lindgren:

14 Q. Good morning, Mr. Sarver. Could you
15 please state your full name for the record.

16 A. Excuse me. Roger L. Sarver.

17 Q. And how do you spell Sarver?

18 A. S-A-R-V-E-R.

19 Q. Thank you. And, Mr. Sarver, what is your
20 business address?

21 A. My business address is 180 East Broad
22 Street, Columbus, Ohio 43215.

23 Q. Thank you. Where are you employed?

24 A. I'm employed by the Public Utilities
25 Commission of Ohio as an energy specialist.

1 Q. And what are your duties as an energy
2 specialist?

3 A. My duties as an energy specialist are to
4 supervise all gas cost recovery and uncollectible
5 expense rider audits.

6 Q. Thank you. How long have you been in
7 that position?

8 A. 23 years, 24 years.

9 Q. Thank you. Mr. Sarver, were you involved
10 in the negotiations that led to the signing of the
11 stipulation or the amended stipulation filed in this
12 case?

13 A. Yes, sir.

14 Q. Thank you. And was the settlement a
15 product of serious bargaining among capable,
16 knowledgeable parties?

17 A. Yes.

18 Q. And can you explain how that was so?

19 A. Staff worked with Duke's technical
20 experts and legal counsel to craft a stipulation that
21 resolved in the recommendations and issues raised in
22 the three audit reports.

23 Q. Thank you. In your professional opinion
24 does the settlement as a package benefit ratepayers
25 and the public interest?

1 A. Yes, sir.

2 Q. Thank you. And can you explain those
3 benefits?

4 A. The benefits for Duke's ratepayers will
5 be to increase accuracy and efficiency of the
6 company's accounting systems along with forecasting
7 methodology changes that will determine how much
8 pipeline capacity Duke will contract for in the
9 future. These pipeline capacity contracts are
10 recovered through the company's gas cost recovery
11 mechanism.

12 Q. Thank you. And are you familiar with the
13 regulatory principles and practices that apply to
14 proceeds such as this?

15 A. Yes, sir.

16 Q. And based on this knowledge, does the
17 settlement violate any important principle or
18 practice?

19 A. No, sir.

20 MR. LINDGREN: Thank you. I have no
21 further questions for this witness.

22 MS. WATTS: Your Honor, if I may?

23 EXAMINER SHEETS: Do you have anything
24 else?

25 MS. WATTS: I have just a couple

1 questions for Mr. Sarver.

2 - - -

3 CROSS-EXAMINATION

4 By Ms. Watts:

5 Q. Mr. Sarver, do you have before you a
6 document that's entitled amended stipulation and
7 recommendation?

8 A. Yes.

9 Q. And is that the stipulation to which you
10 referred when you were responding to questions from
11 Mr. Lindgren?

12 A. This is the first opportunity that I have
13 had to see this stipulation, ma'am.

14 Q. Would you like to take a moment to review
15 to make sure it's consistent with your testimony.

16 A. It looks at least from what I looking at
17 which are the recommendations section to be
18 consistent with what was filed in the stipulation.

19 MS. WATTS: Thank you.

20 Your Honor, could we have that document
21 marked as Joint Exhibit 1?

22 EXAMINER SHEETS: Very good. I have
23 nothing else. You're excused.

24 Anything else to mark? How about a proof
25 of publication? Can we mark that as Duke Energy

1 Exhibit 1?

2 MS. WATTS: We can, your Honor. I don't
3 have a copy of that with me today but.

4 EXAMINER SHEETS: Okay. We'll consider
5 that marked then.

6 Okay. I'll admit all exhibits into
7 evidence at this time. And I thank you all for
8 coming.

9 (EXHIBITS ADMITTED INTO EVIDENCE.)

10 MS. WATTS: Thank you.

11 (Thereupon, the hearing was concluded at
12 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 Tuesday, January 15,
2013, and carefully compared with my original
stenographic notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-5642)

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

1/29/2013 3:13:22 PM

in

Case No(s). 12-0218-GA-GCR, 12-0318-GA-UEX

Summary: Transcript of Duke Energy Ohio, Inc. hearing held on 01/15/13 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.