

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 :
the Rate Schedules of the : Case No. 13-217-GA-GCR
Waterville Gas & Oil :
Company and Related :
Matters. :

:

In the Matter of the :
Uncollectible Expense :
Rider of Waterville Gas & : Case No. 13-317-GA-UEX
Oil Company and Related :
Matters. :

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PROCEEDINGS

before Ms. Greta See, Hearing Examiner, at the Public
Utilities Commission of Ohio, 180 East Broad Street,
Room 11-C, Columbus, Ohio, called at 10:00 a.m. on
Tuesday, May 14, 2013.

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1 APPEARANCES:

2 By Mr. Werner L. Margard III:
3 Waterville Gas & Oil Company
4 Mr. Robert S. Black
5 Waterville, Ohio 43566

6 On behalf of Waterville Gas & Oil
7 Company.

8 Mike DeWine, Ohio Attorney General
9 Mr. William L. Wright, Section Chief
10 By Werner L. Margard III
11 Assistant Attorneys General
12 Public Utilities Section
13 180 East Broad Street, 6th Floor
14 Columbus, Ohio 43215

15 On behalf of the staff of the Public
16 Utilities Commission of Ohio.

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WITNESS

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JOINT EXHIBIT

ID'D REC'D

1 - Stipulation and Recommendation

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WATERVILLE EXHIBIT

ID'D REC'D

1 - Proof of publication

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STAFF EXHIBITS

ID'D REC'D

1 - Staff Report, Case 13-217-GA-GCR

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2 - Staff Report, Case 13-317-GA-UEX

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Tuesday Morning Session,
May 14, 2013.

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EXAMINER SEE: Scheduled for hearing
today at this time is Case No. 13-217-GA-GCR,
entitled In the Matter of the Regulation of the
Purchased Gas Adjustment Clauses Contained Within the
Rate Schedules of the Waterville Gas & Oil Company
and Related Matters, and also Case No. 13-317-GA-UEX,
entitled In the Matter of the Uncollectible Expense
Rider of the Waterville Gas & Oil Company and Related
Matters.

My name is Greta See. I am the attorney
examiner assigned to this case by the Commission. At
this time I'd like to take appearance of the parties.

MR. MARGARD: Thank your Honor. On
behalf of the staff of the Public Utilities
Commission of Ohio, Mike DeWine, Ohio Attorney
General, William Wright, Section Chief, Public
Utilities Section, by Assistant Attorney General
Werner Margard, 180 East Broad Street, 6th floor,
Columbus, Ohio.

Your Honor, I am also authorized this
morning to enter the appearance of Mr. Robert S.
Black, president of the Waterville Gas Company, 700

Farnsworth Road, Waterville, Ohio. Because all of the issues in this case have been completely resolved, Mr. Black will not be actually in attendance this morning.

EXAMINER SEE: Thank you.

Mr. Margard, since you indicated that all the matters in the case have been resolved, is there a stipulation?

MR. MARGARD: There is, your Honor. If I may, I'd like to mark a number of exhibits before I offer my first witness. I would request be marked as Staff Exhibit No. 1 the report of the staff of the Public Utilities Commission of Ohio in Case No. 13-217-GA-GCR, Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods February 1, 2011, through January 31, 2013.

I'd like to mark as Staff Exhibit No. 2 a report of the staff of the Public Utilities Commission of Ohio in Case No. 13-317-GA-UEX, the Audit of the Uncollectible Expense Mechanisms for the Period January 2011 through December 2012.

I'd also like to ask to be marked as Waterville Exhibit No. 1 the proof of publication for the hearing in this matter, and as Joint Exhibit No. 1 the stipulation and recommendation filed in

1 these cases yesterday, May 13th, 2013.

2 EXAMINER SEE: Okay. The exhibits are so
3 marked.

4 (EXHIBITS MARKED FOR IDENTIFICATION.)

5 MR. MARGARD: Your Honor, in support of
6 these documents I'd like to call Mr. Roger Sarver to
7 testify, please.

8 EXAMINER SEE: Okay. Mr. Sarver, please
9 step forward. Please raise your right hand.

10 (Witness sworn.)

11 EXAMINER SEE: Thank you. Have a seat.

12 - - -

13 ROGER L. SARVER

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

16 DIRECT EXAMINATION

17 By Mr. Margard:

18 Q. State your name and your business
19 address, please.

20 A. My name is Roger L. Sarver. My business
21 address is 180 East Broad Street, Columbus, Ohio,
22 43215.

23 Q. And by whom are you employed and in what
24 capacity, please?

25 A. I'm employed by the Public Utility

1 Commission of Ohio as an engineer specialist.

2 Q. And in that capacity did you have any
3 responsibility for the cases currently before the
4 Bench today?

5 A. Yes. I supervised both of these audits.

6 Q. Do you have before you what's been marked
7 as Staff Exhibits 1 and 2?

8 A. Yes, sir.

9 Q. Were these the documents that were
10 prepared by you or at your direction as a part of
11 that audit process?

12 A. Yes, sir.

13 Q. And do you have any changes to make or
14 corrections to make to either of these documents
15 today?

16 A. No, sir.

17 Q. Mr. Sarver, do you also have before you
18 what's been marked as Joint Exhibit No. 1, the
19 stipulation and recommendation in this case?

20 A. Yes, sir.

21 Q. Were you involved in discussions that
22 resulted in this stipulation and recommendation?

23 A. Yes, sir.

24 Q. In your opinion, does this reflect the
25 bargaining of knowledgeable and capable parties?

1 A. Yes, sir. This was a stipulation put
2 together largely by myself and Mr. Black to resolve
3 all the issues found by staff in the performance of
4 its GCR and UEX audits.

5 Q. And does this agreement serve the public
6 interest?

7 A. Yes, sir, it does.

8 Q. And can you give us some examples of why
9 you believe that to be the case.

10 A. The purpose of the stipulation is to
11 resolve the issues that were found during the course
12 of the audit. The point of both of these audits were
13 to ensure the customers were not being overbilled for
14 costs incurred by Waterville Gas & Oil Company
15 through its gas cost recovery mechanism and UEX.

16 Staff verified the costs that were
17 reflected in Waterville's gas cost recovery
18 mechanisms and UEX riders were representative of the
19 costs that they incurred and the audit found that no
20 errors were being -- no errors were made.

21 Q. The audits do make some recommendations;
22 is that correct?

23 A. Correct. The staff is looking for
24 Waterville to continue to refine its calculation of
25 its expected gas cost. Staff believes that that

1 mechanism is being overstated at this time and the
2 company should continue to work to refine that
3 calculation to better match its revenue collection
4 with its costs incurred.

5 Q. Am I correct in understanding the Joint
6 Exhibit No. 1 reflects that the company has accepted
7 all of the recommendations advanced by staff in Staff
8 Exhibits 1 and 2?

9 A. Yes, sir.

10 Q. Do you believe that Joint Exhibit No. 1
11 violates any regulatory rule or principle?

12 A. No, sir.

13 Q. And do you believe it to be fair and
14 reasonable in its terms?

15 A. Yes, sir.

16 Q. And is it your recommendation that it be
17 adopted by the Commission in these matters?

18 A. Yes, sir.

19 MR. MARGARD: Your Honor, I have no
20 further questions for Mr. Sarver.

21 EXAMINER SEE: Okay. Thank you.

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23 EXAMINATION

24 By Examiner See:

25 Q. Mr. Sarver, you've worked for the Public

1 Utilities Commission for a number of years; how many?

2 A. Twenty-five.

3 Q. Okay. And is this your first time
4 working with Mr. Black with Waterville?

5 A. I think the first time I worked with
6 Mr. Black was in 1990.

7 Q. So you've worked with Mr. Black on
8 similar cases for --

9 A. Twenty-three years.

10 Q. Okay. So he is knowledgeable and
11 understands the GCR audit and uncollectible expense
12 audit process?

13 A. Yes. He's actually been in this business
14 longer than I have been. Since the 1970s.

15 EXAMINER SEE: Okay. Thank you.

16 (Witness excused.)

17 EXAMINER SEE: Mr. Margard.

18 MR. MARGARD: Your Honor, I have no
19 further questions, and I also have no further
20 witnesses, and I would respectfully move for the
21 admission of Staff Exhibits 1 and 2, Waterville
22 Exhibit 1, and Joint Exhibit 1.

23 EXAMINER SEE: All four exhibits are
24 admitted into the record.

25 (EXHIBITS ADMITTED INTO EVIDENCE.)

1 EXAMINER SEE: Thank you, Mr. Sarver.

2 THE WITNESS: Thank you.

3 EXAMINER SEE: At this time I'd like to
4 ask are there any members of the public present that
5 would like to offer testimony today?

6 (No response.)

7 EXAMINER SEE: Let the record reflect
8 there are no members of the public present who wish
9 to offer testimony.

10 With that, this hearing is adjourned.
11 Thank you very much.

12 (The hearing concluded at 10:10 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, May 14, 2013, and carefully compared with my original stenographic notes.

Maria DiPaolo Jones, Registered
Diplomate Reporter and CRR and
Notary Public in and for the
State of Ohio.

My commission expires June 19, 2016.

(72380-MDJ)

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/22/2013 10:29:21 AM

in

Case No(s). 13-0217-GA-GCR, 13-0317-GA-UEX

Summary: Transcript in the matter of the Waterville Gas & Oil Company hearing held on 05/14/13 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs.