

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Regulation of the)	
Purchased Gas Adjustment Clauses)	Case No. 12-209-GA-GCR
Contained Within the Rate Schedules of)	
Northeast Natural Gas Company.)	

In the Matter of the Regulation of the)	
Purchased Gas Adjustment Clauses)	Case No. 12-212-GA-GCR
Contained Within the Rate Schedules of)	
the Orwell Natural Gas Company and)	
Related Matters.)	

REBUTTAL TESTIMONY OF THOMAS J. SMITH

On Behalf of Orwell Natural Gas Company and Northeast Natural Gas Company

July 17, 2013

DIRECT TESTIMONY OF THOMAS J. SMITH

1 Introduction

2 **Q. Please state your name and business address.**

3 A. My name is Tom Smith and my business address is 8500 Station Street,
4 Ste. 300, Mentor, OH 44060.

5 **Q. How were you employed by Northeast Ohio Natural Gas Corporation**
6 **and in what capacity did you serve that company during the years**
7 **2005 to 2013?**

8 A. I was the President of Northeast Ohio Natural Gas Corporation
9 ("Northeast") from 2005 to 2013.

10 **Q. On whose behalf are you testifying in this proceeding?**

11 A. I am testifying on behalf of Northeast.

12 **Q. Are you familiar with Ms. Cindy Bates?**

13 A. Yes.

14 **Q. How do you know Ms. Bates?**

15 A. She was an accountant for Northeast.

16 **Q. Did you ever have occasion to work with Ms. Bates during the course**
17 **of her employment with Northeast?**

18 A. Yes, she would perform an initial calculation of Northeast's GCR monthly
19 estimate and provide it to me for my review prior to filing the estimate with
20 the Public Utilities Commission of Ohio ("PUCO").

21 **Q. Were you present at the Gas Cost Recovery hearing in the above**
22 **captioned case?**

1 A. No, I was not.

2 Q. Have you been made aware of certain portions of Ms. Cindy Bates'
3 testimony?

4 A. Yes.

5 Q. Are there statements she made during her testimony that you
6 disagree with and wish to rebut?

7 A. Yes.

8 Q. Please identify which statements you would like to rebut.

9 A. I have only been told one portion of Ms. Bates' testimony which involved
10 an incident with me that I believe is untrue.

11 Q. What incident was that?

12 A. It is my understanding that Ms. Bates' stated that, at some point at the
13 beginning of 2012, I told her to decrease the natural gas sales numbers
14 for the GCR, so the GCR rate would be higher.

15 Q. Did you ever make this statement?

16 A. No. When I would review Ms. Bates' GCR estimates each month, I would
17 check the accuracy of her estimates with respect to the accounting and
18 the gas purchase forecasting. To my knowledge, Ms. Bates had no prior
19 experience in the natural gas industry. I would revise her GCR estimates
20 based on my extensive experience in the natural gas industry and my
21 experience working at local distribution companies. From time to time, I
22 would have her make adjustments to her initial calculations of the GCR to
23 reflect my estimates.

1 **Q. Did you have the authority to make adjustments to Ms. Bates' GCR**
2 **estimates?**

3 A. Yes, as the President of Northeast, I had the authority to make
4 adjustments to the GCR estimates before they were submitted to the
5 PUCO.

6 **Q. Are GCR estimates always one hundred percent accurate?**

7 A. No, they are estimates of our gas costs for future months. While we strive
8 to be as accurate as possible, one hundred percent accuracy would be an
9 impossible standard.

10 **Q. Does the PUCO provide an opportunity to true-up your GCR**
11 **estimates?**

12 A. Yes, after the end of each quarter, Northeast makes an adjustment to the
13 GCR that reflects the actual costs of the gas from the prior quarter. This
14 mechanism assures that our customers only pay for the gas that
15 Northeast actually purchased rather than the gas that Northeast projected
16 that it would purchase.

17 **Q. Have you ever attempted to provide false information to the PUCO?**

18 A. No.

19 **Q. Did you ever attempt to have Ms. Bates falsify information submitted**
20 **to the PUCO?**

21 A. No.

22 **Q. Does this conclude your testimony?**

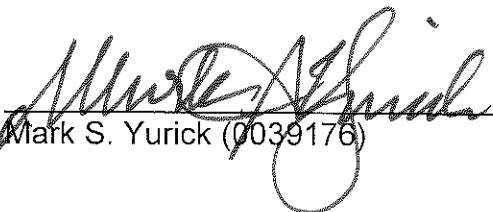
23 A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served this 17th day of July, 2013 by electronic mail upon the following:

William A. Wright
Werner L. Margard
Assistant Attorneys General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
Email: bill.wright@puc.state.oh.us
Email: werner.margard@puc.state.oh.us

Joseph P. Serio
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215
Email: serio@occ.state.oh.us


Mark S. Yurick (0039176)

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Summary: Testimony Rebuttal Testimony of Thomas J. Smith electronically filed by Mark Yurick on behalf of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company