

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. 13-210-GA-GCR  
the Rate Schedules of :  
Glenwood Energy of Oxford, :  
Inc. :

In the Matter of the :  
Regulation of the :  
Uncollectible Expense : Case No. 13-310-GA-UEX  
Rider of Glenwood Energy :  
of Oxford, Inc. :

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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, August 6, 2013.

- - -

ARMSTRONG & OKEY, INC.  
222 East Town Street, 2nd Floor  
Columbus, Ohio 43215  
(614) 224-9481 - (800) 223-9481  
Fax - (614) 224-5724

- - -

1 APPEARANCES:

2 Vorys, Sater, Seymour & Pease, LLP  
3 By Mr. Stephen M. Howard  
4 and Mr. M. Howard Petricoff  
5 52 East Gay Street  
6 Columbus, Ohio 43216-1008

7 On behalf of Glenwood Energy of Oxford,  
8 Inc.

9 Mike DeWine, Ohio Attorney General  
10 Mr. William L. Wright, Section Chief  
11 By Mr. Steven L. Beeler  
12 Assistant Attorney General  
13 Public Utilities Section  
14 180 East Broad Street  
15 Columbus, Ohio 43215

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

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Tuesday Morning Session,  
August 6, 2013.

- - -

EXAMINER SEE: Scheduled for hearing  
today at this time is Case No. 13-210-GA-GCR being  
entitled In the Matter of the Regulation of the  
Purchased Gas Adjustment Clauses Contained Within the  
Rate Schedules of Glenwood Energy of Oxford,  
Incorporated, and Case No. 13-310-GA-UEX being  
entitled In the Matter of the Regulation of the  
Uncollectible Expense Rider of Glenwood Energy of  
Oxford, Incorporated.

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

MR. HOWARD: Thank you, your Honor. If  
it please the Commission, would you please have the  
record reflect the appearance on behalf of Glenwood  
Energy of Oxford, Inc. the law firm of Vorys, Sater,  
Seymour & Pease, 52 East Gay Street, Columbus, Ohio,  
43215, by M. Howard Petricoff and Stephen M. Howard.  
Thank you.

EXAMINER SEE: And on behalf of the  
staff.

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

6 EXAMINER SEE: Okay. At this time I'd  
7 like to take testimony from the public. Are there  
8 any members of the public present who wish to make a  
9 statement?

10 (No response.)

11 EXAMINER SEE: Let the record reflect  
12 that there are no members of the public present.

13 With that, let's continue with the  
14 hearing. Who wants to start today?

15 MR. HOWARD: Your Honor, I have placed  
16 before the Bench and given a copy to the court  
17 reporter a two-page document, it's dated August  
18 2nd, 2013, and this is an affidavit of publication  
19 indicating that notice of the hearing in Case No.  
20 13-210-GA-GCR was published on July 12 in The Oxford  
21 Press, a newspaper of general circulation in the city  
22 of Oxford.

23 We would ask that this document be marked  
24 as Glenwood Exhibit No. 1 for identification  
25 purposes. Thank you.

1 EXAMINER SEE: The exhibit is so marked.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 EXAMINER SEE: Mr. Beeler.

4 MR. BEELEER: Thank you, your Honor. At  
5 this time the staff would call Roger Sarver to the  
6 stand.

7 EXAMINER SEE: Mr. Sarver, if you would  
8 raise your right hand.

9 (Witness sworn.)

10 EXAMINER SEE: Thank you. Please have a  
11 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. Beeler:

18 Q. Please state your name and business  
19 address for the record.

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

23 Q. By whom are you employed and in what  
24 capacity?

25 A. I'm employed by the Public Utility

1 Commission of Ohio as a energy specialist.

2 Q. Just briefly describe your educational  
3 background and experience.

4 A. I have a bachelor's of science in  
5 accounting, an MBA, and my work experience is I've  
6 been working with the gas cost recovery mechanism  
7 since 1990.

8 Q. Have you previously testified before the  
9 Commission?

10 A. Yes, I've testified before the Commission  
11 in prior GCR cases.

12 Q. What is the purpose of your testimony in  
13 this proceeding?

14 A. I'm supporting the stipulation and  
15 recommendation filed in this proceeding on July  
16 30th -- or, July 31st, 2013. In my opinion the  
17 stipulation represents a fair and reasonable  
18 compromise of the issues in these proceedings, it is  
19 my recommendation it should be adopted and approved  
20 by the Commission.

21 MR. BEELER: May I approach, your Honor?

22 EXAMINER SEE: Yes.

23 MR. BEELER: I would also at this time  
24 like to have marked as Joint Exhibit 1 the  
25 stipulation and recommendation filed on July 31st,

1 2013.

2 EXAMINER SEE: The exhibit is so marked.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 Q. Do you recognize this document,  
5 Mr. Sarver?

6 A. Yes, sir. This is the filed stipulation.

7 Q. Are there any -- do you have any  
8 corrections to the stipulation?

9 A. Yes. There is a correction on page 4,  
10 paragraph 1 -- or, paragraph I, paragraph 1-E, in  
11 that I need to replace the word "bill insert" on line  
12 2 with "The Oxford Press on July 12th, 2013." And  
13 in that same paragraph beginning on line 4 and  
14 continuing onto line 5 strike the words "of the bill  
15 inserts."

16 Q. Okay. So now the paragraph should read,  
17 paragraph 1-E on page 4, "In satisfaction of the  
18 requirements of Revised Code 4905.302(C) and Ohio  
19 Administrative Code 4901:1-14, Glenwood caused notice  
20 to be published in The Oxford Press on July 12, 2013,  
21 throughout Glenwood's . . . territory for this  
22 proceeding. Glenwood shall file the affidavits of  
23 publication which shall be identified as Glenwood  
24 Exhibit 1 and admitted into evidence in the record in  
25 this proceeding." Did I read that correct as



1 corrected?

2 A. I'm just going through myself here.

3 Yes, sir.

4 EXAMINER SEE: Just for clarity sake,  
5 Mr. Beeler, are you just striking "included in  
6 customer bills" on the third line of paragraph E?

7 MR. BEELER: Correct, your Honor. I  
8 think we failed to mention that.

9 Q. Could you please just describe the  
10 stipulation briefly.

11 A. The stipulation is a settlement of all  
12 the issues in Case No. 13-210-GA-GCR and  
13 13-310-GA-UEX. In the stipulation Glenwood and staff  
14 agree that all of the issues raised in the proceeding  
15 have been addressed and resolved.

16 Glenwood's GCR rates were accurately  
17 calculated during the audit period in accordance with  
18 the provisions of the Ohio Revised Code 4901:1-14  
19 except for the following: Staff found differences in  
20 the actual adjustment calculations that are not  
21 self-correcting. The adjustment would be for the  
22 actual -- the actual adjustment for this audit period  
23 would be 11,272 in the company's favor.

24 There's a second adjustment that staff  
25 also found that was an adjustment associated with the

balance adjustment, that correction is not self-adjust or self-correcting. The adjustment for the balance adjustment would be 37,921 in the customers' favor.

Along with the GCR there was the UEX audit; within this audit the recommendations being adopted is Glenwood should remove the transfer process. Once a customer's account has been inactivated and the customer has been disconnected, Glenwood would move the entire balance directly to the bad debt on a monthly basis. This will eliminate the lag in the collection, enable a more efficient processing of the tracking of the individual customer accounts as they are being written off.

The next item that the staff found and recommended that's being adopted is Glenwood should strictly adhere to its collection policies and procedures. If a customer does not make a payment for 120 days, Glenwood should apply the deposit, disconnect the line, transfer the customer to bad debt.

While Glenwood is focused on individual customer service, the company should avoid making nonpayment exceptions for individual customers. If a delinquent customer makes a late payment, then any

1 partial payment amount should flow through the  
2 recovery-other section of the UEX rider. Customers  
3 who receive assistance funding should be clearly  
4 designated within the billing system to avoid  
5 potential erroneous bills.

6 Glenwood should also monitor and assess  
7 the value of on-line collection agencies. Staff  
8 found during the course of the audit that there was a  
9 small benefit to having the collection agencies in  
10 place; that may change over time depending on the  
11 collections that the collection agencies are able to  
12 obtain.

13 And then for the ending balance as of  
14 2012, staff recommends the amount to be \$11,765.05,  
15 this will be filed on Attachment 2 of Staff Exhibit 2  
16 in its audit report. Staff recommends that the  
17 \$11,765.05 be the beginning balance as of January 1,  
18 2013.

19 Q. Based on your experience with  
20 settlements in proceedings before the Commission  
21 does this stipulation satisfy the Commission's  
22 criteria for evaluating the reasonableness of a  
23 stipulation?

24 A. Yes, I believe the stipulation satisfies  
25 each of the Commission criteria for evaluating the

1       reasonableness of the stipulation. The stipulation  
2       is a result of serious bargaining among capable,  
3       knowledgeable parties. The stipulation benefits the  
4       ratepayers and the public interests. And the  
5       stipulation does not violate any important regulatory  
6       principle or practice.

7               Q.    How do you believe that the stipulation  
8       filed in this case was the product of serious  
9       bargaining among knowledgeable parties?

10              A.    The stipulation is the product of an open  
11       process where all the parties discussed the matters.  
12       A lot of the technical discussions took place during  
13       the audit process and the drafting of the audit  
14       report, so by the time we got to a finished product,  
15       most of the staff along with company's comments were  
16       incorporated into the final report itself.

17                    There were negotiations at the -- once  
18       the audit report was filed, there were negotiations  
19       among the parties. The stipulation represents a  
20       comprehensive compromise of the issues raised by the  
21       parties.

22              Q.    Were all parties to this case included in  
23       negotiation that resulted in the stipulation?

24              A.    Yes, sir.

25              Q.    Which parties signed the stip?

1           A.    Glenwood and staff.

2           Q.    Okay.  In your opinion, does this  
3 stipulation benefit ratepayers and the public  
4 interest?

5           A.    Yes.  The issues raised in the case were  
6 relatively minor and technical in nature and did not  
7 involve large sums of money.  Settlement of the  
8 issues avoided a hearing, enabled Glenwood to begin  
9 to recover -- begin recovery of its 2012 GCR rates;  
10 that was a benefit to the utility.

11                   The customers benefited from the GCR and  
12 UEX audits which resulted in adjustments to the rates  
13 charged by Glenwood.  These adjustments resulted in  
14 slight rate reductions.

15           Q.    Does the stipulation violate any  
16 important regulatory principle or practice?

17           A.    No, sir.

18           Q.    Are you recommending that the Commission  
19 approve the stipulation?

20           A.    Yes.

21                   MR. BEELEER:  May I approach again, your  
22 Honor?

23                   EXAMINER SEE:  Yes, you may.

24                   MR. BEELEER:  I'll have marked as Staff  
25 Exhibit 1, this is the report of the staff of the

1 Public Utilities Commission of Ohio in Glenwood of  
2 Oxford GCR case labeled 13-210-GA-GCR.

3 THE WITNESS: I guess a quick  
4 clarification. Would these be staff exhibits or are  
5 they Commission-ordered exhibits?

6 EXAMINER SEE: We'll mark this as Staff  
7 Exhibit 1.

8 MR. BEELEER: Staff Exhibit 1.

9 THE WITNESS: Okay.

10 (EXHIBIT MARKED FOR IDENTIFICATION.)

11 Q. (By Mr. Beeler) Do you recognize this  
12 document?

13 A. Yes, sir.

14 Q. What is it?

15 A. This is the financial audit of the gas  
16 cost recovery mechanism for the period of July 1,  
17 2011, through June 30, 2013.

18 Q. When was it docketed?

19 A. This was docketed on June 7th, 2013.

20 Q. Was this document prepared by you or  
21 under your direction?

22 A. Yes, sir.

23 Q. Do you have any changes to this document?

24 A. No, sir.

25 MR. BEELEER: May I approach again, your

1 Honor?

2 EXAMINER SEE: Yes, you may.

3 MR. BEELER: Thank you. I've marked as  
4 Staff Exhibit 2 a report by the Staff of the Public  
5 Utilities Commission for Glenwood Energy of Ohio,  
6 Inc.'s UEX case labeled as 13-310-GA-UEX.

7 EXAMINER SEE: The exhibit is so marked.

8 MR. BEELER: Thank you.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 Q. (By Mr. Beeler) Mr. Sarver, do you  
11 recognize this document?

12 A. Yes, sir.

13 Q. What is it?

14 A. This is Glenwood's -- or, the staff  
15 performed an audit of Glenwood's uncollectible  
16 expense mechanism for the period of January 2011  
17 through December 2012 in Case No. 13-310-GA-UEX.

18 Q. And what day was it docketed?

19 A. This was docketed on June 7th, 2013.

20 Q. Was this prepared by you or under your  
21 direction?

22 A. Yes, sir.

23 Q. Do you have any changes to this document?

24 A. No, sir.

25 Q. Thank you.

1                   Is there anything else that you would  
2 find important to note for the Commission in this  
3 case?

4           A.    No, sir.

5           MR. BEELER:  No further questions for  
6 this witness, your Honor.

7           EXAMINER SEE:  Do you have any  
8 cross-examination for this witness, Mr. Howard?

9           MR. HOWARD:  No, your Honor.  Thank you.

10          EXAMINER SEE:  Okay.

11                               - - -

12                               EXAMINATION

13   By Examiner See:

14          Q.    Mr. Sarver, I have one question for you.

15          A.    Yes.

16          Q.    I note that the gas cost recovery audit  
17 period extends from July 1st, 2011, through June  
18 30th, 2013, correct?

19          A.    Yes.

20          Q.    And the audit report was filed on June  
21 7th, 2013 --

22          A.    Correct.

23          Q.    -- correct?

24          A.    That is correct.

25          Q.    On that basis the report was filed before



1 the last month of the audit period covered by this  
2 audit report, correct?

3 A. That is correct.

4 Q. How will that anomaly be addressed by the  
5 next auditor, if at all?

6 A. It will be addressed by staff in the  
7 course of the 2015 audit. What staff will do in the  
8 course of that audit will verify through customer  
9 billing that for June of 2013 that the rates filed by  
10 the company for the effective period of June 2013  
11 were properly applied to customers' bills. But the  
12 costs that were in question for this audit period  
13 went through December of 2012, so those costs were  
14 all verified and accounted for in the course of this  
15 audit.

16 The one piece that was not verified was  
17 the customer billing associated with June of 2013.  
18 What we found was that the company has a history of  
19 accurately applying the GCR rates to its customers'  
20 bills. There were no errors found in the 2011 audits  
21 associated with the customer billing and there were  
22 no errors found associated with customer billing for  
23 the 2013 audit. Staff is confident that when we look  
24 at these rates for June of 2013 in the 2015 audit,  
25 that the rates will be properly applied.

1 EXAMINER SEE: Okay. Thank you. You can  
2 step down, Mr. Sarver.

3 (Witness excused.)

4 EXAMINER SEE: Mr. Howard, Mr. Sarver  
5 made a correction to the stipulation regarding  
6 publication. Do you agree with that correction?

7 MR. HOWARD: Yes, your Honor, I agree  
8 with the correction that was made to Joint Exhibit 1  
9 today, that is that notice was given via a newspaper  
10 publication as opposed to a bill insert. Thank you.

11 EXAMINER SEE: Okay. Thank you.

12 MR. BEELER: Thank you, your Honor. At  
13 this time I'd move for the admission of Joint Exhibit  
14 1 and Staff Exhibit 1 and Staff Exhibit 2.

15 EXAMINER SEE: And if there are no  
16 objections to the admission of Joint Exhibit 1 and  
17 Staff Exhibit 1 and 2 --

18 MR. HOWARD: No objection, your Honor.

19 EXAMINER SEE: Okay. Those exhibits  
20 should be admitted into the record as indicated in  
21 the stipulation.

22 (EXHIBITS ADMITTED INTO EVIDENCE.)

23 MR. HOWARD: May we also move the  
24 admission into evidence of Glenwood Exhibit 1, that  
25 being the affidavit of publication?

1                   EXAMINER SEE: If there are no objections  
2 to the admission of Glenwood Exhibit 1, it shall be  
3 admitted into the record.

4                   MR. HOWARD: Thank you, your Honor.

5                   (EXHIBIT ADMITTED INTO EVIDENCE.)

6                   EXAMINER SEE: Thank you.

7                   If there is nothing further, the hearing  
8 is adjourned.

9                   (The hearing concluded at 10:19 a.m.)

10                   - - -

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, August 6, 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.

(73052-MDJ)

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

**Commission of Ohio Docketing Information System on**

**8/20/2013 4:29:22 PM**

**in**

**Case No(s). 13-0210-GA-GCR, 13-0310-GA-UEX**

Summary: Transcript in the matter of Glenwood Energy of Oxford, Inc. hearing held on 08/06/13 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs.