

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. :

- - -

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.

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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

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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.