

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 : Case No. 17-0217-GA-GCR  
Schedules of the Waterville :  
Gas & Oil Company and :  
Related Matters. :

- - -

In the Matter of the :  
Uncollectible Expense Rider : Case No. 17-0317-GA-UEX  
of the Waterville Gas & Oil :  
Company and Related Matters.:

- - -

PROCEEDINGS

before Ms. Greta M. See and Ms. Patricia A. Schabo,  
Attorney Examiners, 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  
16, 2017.

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1 APPEARANCES:

2 Mike DeWine, Ohio Attorney General  
3 William L. Wright, Section Chief  
4 Public Utilities Section  
5 By Mr. Werner L. Margard III  
6 30 East Broad Street, 16th Floor  
7 Columbus, Ohio 43215-3793

8 On behalf of the Staff of the Public  
9 Utilities Commission.

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1 Tuesday Morning Session,  
2 May 16, 2017.

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4 EXAMINER SEE: Scheduled for hearing  
5 today at this time is Case No. 17-217-GA-GCR, being  
6 entitled In the Matter of the Regulation of the  
7 Purchased Gas Adjustment Clauses Contained within the  
8 Rate Schedules of the Waterville Gas & Oil Company  
9 and Related Matters.

10 And Case No. 17-317-GA-UEX, In the Matter  
11 of the Uncollectible Expense Rider of the Waterville  
12 Gas & Oil Company and Related Matters.

13 My name is Greta See. On the Bench with  
14 me today is Trish Schabo. We are the attorney  
15 examiners assigned to these proceedings by the  
16 Commission.

17 At this time I'd like to take statements  
18 from the public. Are there any members of the public  
19 present who wish to make a statement?

20 Let the record reflect there are no  
21 members of the public present.

22 And now I'd like to take appearances. On  
23 behalf of the staff of the Public Utilities  
24 Commission.

25 MR. MARGARD: Thank you, your Honor. On

1 behalf of the staff of the Public Utilities  
2 Commission, Mike DeWine, Ohio Attorney General,  
3 William Wright, section chief, Public Utilities  
4 Section, by Assistant Attorney General Werner L.  
5 Margard, 30 East Broad street, 16th Floor, Columbus,  
6 Ohio.

7 EXAMINER SEE: And it is my understanding  
8 that you will also be representing Waterville.

9 MR. MARGARD: Your Honor, the parties  
10 have reached an accord. We have a Stipulation to  
11 propose today, and in light of that, Waterville will  
12 not be appearing today.

13 EXAMINER SEE: Okay. Thank you.

14 Go ahead, Mr. Margard.

15 MR. MARGARD: Thank you, your Honor. As  
16 a preliminary matter, I have a number of exhibits to  
17 mark that we will be offering today.

18 EXAMINER SEE: Okay.

19 MR. MARGARD: The first exhibit, marked  
20 Staff Exhibit No. 1, is the Financial Audit of the  
21 Gas Cost Recovery Mechanisms for the Waterville Gas &  
22 Oil Company for the period August 1, 2014, through  
23 July 31, 2016, filed with the Commission on March 17,  
24 2017.

25 EXAMINER SEE: Okay.

1 MR. MARGARD: The second, marked Staff  
2 Exhibit No. 2, is the Audit of the Uncollectible  
3 Expense Mechanisms of the Waterville Gas & Oil  
4 Company for the periods January 2015 through  
5 December 2016, filed with the Commission on March 17,  
6 2017.

7 On behalf of Waterville Gas & Oil  
8 Company, your Honor, I have marked as Waterville  
9 Exhibit No. 1, the Certificate of Publication of the  
10 Legal Notice in this matter.

11 And on behalf of both the staff and  
12 Waterville Gas & Oil Company, Joint Exhibit No. 1 is  
13 the Stipulation and Recommendation that has been  
14 filed in this matter.

15 EXAMINER SEE: For the clarity of the  
16 record, Mr. Margard, Waterville Exhibit 1 is attached  
17 to the Stipulation?

18 MR. MARGARD: It was attached to the  
19 Stipulation, yes, your Honor, as filed with  
20 docketing. I am submitting it today as a separate  
21 exhibit just for the clarity of the record.

22 EXAMINER SEE: Okay.

23 MR. MARGARD: And, your Honor, in support  
24 of the that Stipulation and the exhibits, I would  
25 like to call Mr. Roger Sarver to the stand.

1 EXAMINER SEE: Thank you, have a seat.

2 - - -

3 ROGER L. SARVER

4 being first duly affirmed, as prescribed by law, was  
5 examined and testified as follows:

6 DIRECT EXAMINATION

7 By Mr. Margard:

8 Q. If you will please, sir, state your name  
9 and by whom you are employed and your business  
10 address.

11 A. My name is Roger L. Sarver. I'm employed  
12 by the Public Utilities Commission of Ohio as an  
13 energy specialist, and my business address is 180  
14 East Broad Street, Columbus, Ohio, 43215.

15 Q. And, Mr. Sarver, are you familiar with  
16 the proceedings today?

17 A. Yes, sir.

18 Q. And were you, in fact, the staff member  
19 who was responsible for conducting the audits that  
20 are marked as Staff Exhibits 1 and 2?

21 A. Yes, sir.

22 Q. And have you had an opportunity to review  
23 those audits prior to your testimony today?

24 A. Yes, sir.

25 Q. Do you have any changes, corrections, or

1 modifications to those documents as offered?

2 A. No, sir.

3 Q. Mr. Sarver, do you also have before you  
4 what has been marked as Joint Exhibit No. 1, the  
5 Stipulation and Recommendation?

6 A. Yes, sir.

7 Q. And were you a participant in the  
8 negotiations that resulted in this Stipulation?

9 A. Yes, sir.

10 Q. Do you have any changes, modifications,  
11 corrections, clarifications of any kind to the  
12 Stipulation as offered?

13 A. No, sir.

14 Q. Mr. Sarver, in your opinion, was this  
15 agreement reached between knowledgeable and capable  
16 parties?

17 A. Yes, sir.

18 Q. Are there public benefits to this  
19 agreement?

20 A. Yes. The point of both of these audits  
21 is to verify the accuracy of the company's either the  
22 GCR mechanism or the uncollectible rider. Both of  
23 those are costs that the utility incurs to provide  
24 service to the utility customers, and the audits are  
25 to ensure the accuracy of the company's calculations,



1 the costs they incur, and the recovery of those costs  
2 through their ratepayers.

3 Q. Mr. Sarver, are you familiar with any  
4 regulatory principle that was violated by this  
5 agreement?

6 A. No, sir.

7 Q. And in your opinion and based on your  
8 long experience in handling GCR matters, do you  
9 believe that this agreement, this understanding  
10 between the parties, satisfies the Commission's  
11 traditional three-part test for such agreements?

12 A. Yes, sir.

13 MR. MARGARD: Your Honor, I have no  
14 further questions for the witness.

15 EXAMINER SEE: Thank you.

16 Mr. Sarver, in regards to the first  
17 component of the Commission's three-part test used to  
18 evaluate stipulations, on what basis do you conclude  
19 that the parties that negotiated this agreement are  
20 knowledgeable of the Commission's process and the  
21 issues addressed and are capable parties?

22 THE WITNESS: On behalf of Rob Black, I  
23 think Rob has been in the business and been filing  
24 these GCRs since 1981, 1982, so he's got a good 35  
25 years of filing these.

I've been doing this for almost 30 years myself, so combined we're pushing in excess of 60 years' experience in these matters.

EXAMINER SEE: Thank you, Mr. Sarver.

THE WITNESS: Yes, ma'am.

MR. MARGARD: Your Honor, I have no further witnesses and would move for admission of Staff Exhibits 1, 2, Joint Exhibit No. 1, and on behalf of Waterville Gas and Oil Company, also move for the admission of Waterville Exhibit 1.

EXAMINER SEE: And as there are no objections, Staff Exhibits 1 and 2 are admitted into the record, as well as Waterville Exhibit 1 and Joint Exhibit 1.

(EXHIBITS ADMITTED INTO EVIDENCE.)

EXAMINER SEE: If there is nothing further.

MR. MARGARD: I have nothing further, your Honor. Thank you.

EXAMINER SEE: The hearing is adjourned. Thank you very much.

(The hearing adjourned 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 16, 2017, and carefully compared with my original stenographic notes.

\_\_\_\_\_  
Rosemary Foster Anderson,  
Professional Reporter and Notary  
Public in and for the State of  
Ohio.

My commission expires April 5, 2019.

(rfa-83963)

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**Case No(s). 17-0217-GA-GCR, 17-0317-GA-UEX**

Summary: Transcript 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 In the Matter of the Uncollectible Expense Rider of the Waterville Gas &  
Oil Company and Related Matters, hearing held on May 16, 2017. electronically filed by Mr.  
Ken Spencer on behalf of Armstrong & Okey, Inc. and Anderson, Rosemary Foster Mrs.