

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 Rates Schedules of: : Case Nos. 17-0207-GA-GCR
 Eastern National Gas : 17-0214-GA-GCR
 Company, Pike Natural Gas :
 Company, and Related :
 Matters. :

In the Matter of the :
 Uncollectible Expense :
 Riders of: Eastern : Case No. 17-0307-GA-UEx
 National Gas Company, Pike: 17-0314-GA-UEx
 Natural Gas Company, and :
 Related Matters. :

In the Matter of the :
 Percentage of Income :
 Payment Plan Riders of: : Case No. 17-0407-GA-PIP
 Eastern National Gas : 17-0414-GA-PIP
 Company, Pike Natural Gas :
 Company, and Related :
 Matters. :

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PROCEEDINGS

before Mr. L. Douglas Jennings, Attorney Examiner, at
 the Public Utilities Commission of Ohio, 180 East
 Broad Street, Room 11-C, Columbus, Ohio, called at
 1:30 p.m. on Thursday, March 29, 2018.

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APPEARANCES:

Vorys, Sater, Seymour & Pease, LLP
By Mr. Michael Settineri
52 East Gay Street
Columbus, Ohio 43215

On behalf of the Applicant.

Mike DeWine, Ohio Attorney General
By Mr. William Wright, Section Chief
Mr. Werner L. Margard, III,
Assistant Attorney General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

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	2 Bill Notice	6	7

1 Thursday Morning Session,
2 March 29, 2018.

3 - - -

4 EXAMINER JENNINGS: The Public Utilities
5 Commission of Ohio has scheduled for this time and
6 place a hearing in the Matter of the Regulation of
7 the Purchased Gas Adjustment Clauses Contained Within
8 the Rate Schedules of Eastern Natural Gas Company and
9 Pike Natural Gas Company, and the case numbers are
10 respectively 17-207-GA-GCR and 17-214-GA-GCR.

11 My name is Doug Jennings. I'm an
12 Attorney Examiner, and I have been assigned to
13 preside over the hearing.

14 At this point I would request that the
15 parties enter an appearance on the record.

16 MR. SETTINERI: Thank you, your Honor.
17 On behalf of Eastern Natural Gas Company and Pike
18 Natural Gas Company, Mike Settineri with the law firm
19 of Vorys, Sater, Seymour and Pease, 52 East Gay
20 Street, Columbus, Ohio 43215.

21 EXAMINER JENNINGS: Thank you.

22 May we have an appearance on behalf of
23 the State.

24 MR. MARGARD: Thank you, your Honor. On
25 behalf of the staff of the Public Utilities

1 Commission of Ohio, Mike DeWine, Ohio Attorney
2 General, William Wright, Section Chief of the Public
3 Utilities Section by Assistant Attorney General
4 Warner L. Margard, 30 East Broad Street, 16th Floor,
5 Columbus, Ohio.

6 EXAMINER JENNINGS: Okay. Let the record
7 reflect that there is no one from the public here to
8 testify or participate in this proceeding.

9 Okay. It's my understanding that the
10 parties have entered into a stipulation.

11 MR. MARGARD: We have, your Honor. Thank
12 you. And we have a number of documents referenced in
13 the stipulation we would like to mark at this time.
14 I would like to begin, if I may, your Honor, by
15 marking as Joint Exhibit No. 1 the Joint Stipulation
16 and Recommendation filed not only in the GCR cases
17 but also in the Uncollectible Expense Rider cases of
18 Eastern Natural Gas and Pike Natural Gas, those being
19 Case Nos. 17-307-GA-UEx and 17-314-GA-UEx; and in
20 addition also the Percentage of Income Payment Plan
21 riders for both Eastern Natural Gas Company and Pike
22 Natural Gas Company, those being Case Nos.
23 17-407-GA-PIP and 17-414-GA-PIP.

24 And so we also have the audits that
25 correspond with those various cases. Your Honor, we

1 have marked as Commission-Ordered Exhibit No. 1 the
2 joint financial audit report in the GCR cases, both
3 Eastern and Pike, as Commission-Ordered Exhibit No.
4 2, the uncollectible expense audit report for Eastern
5 Natural Gas, as Commission-Ordered Exhibit No. 3 the
6 uncollectible expense audit for Pike Natural Gas, and
7 as Commission-Ordered Exhibit No. 4 the joint audit
8 of Eastern and Pike with respect to the Percentage of
9 Income Payment Plans.

10 (EXHIBITS MARKED FOR IDENTIFICATION.)

11 MR. SETTINERI: And, your Honor, if we
12 may also, at this time we would identify what has
13 been marked as Eastern Exhibit 1. It is referenced
14 in the stipulation. It is a bill notice. And we
15 would also like to mark Pike Exhibit 1 which is
16 another bill notice that is also referenced in the
17 stipulation.

18 EXAMINER JENNINGS: Okay. Thank you.

19 (EXHIBITS MARKED FOR IDENTIFICATION.)

20 MR. MARGARD: And, your Honor, the
21 parties have stipulated to the admission of the
22 exhibits.

23 EXAMINER JENNINGS: Okay. All exhibits
24 will be marked as identified and admitted into the
25 record.

1 (EXHIBITS ADMITTED INTO EVIDENCE.)

2 MR. MARGARD: Thank you, your Honor. In
3 support of the exhibits and the stipulation, the
4 staff would like to call Mr. Roger Sarver, please.

5 EXAMINER JENNINGS: Thank you.

6 (Witness sworn.)

7 EXAMINER JENNINGS: Thank you.

8 - - -

9 ROGER SARVER

10 being first duly sworn, as prescribed by law, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 By Mr. Margard:

14 Q. Please state your name.

15 A. My name is Roger Sarver.

16 Q. And by whom are you employed and in what
17 capacity?

18 A. I'm employed by the Public Utilities
19 Commission of Ohio as an Energy Specialist.

20 Q. And, Mr. Sarver, your capacity as an
21 Energy Specialist, have you had occasion to concern
22 yourself with the cases before the Bench today?

23 A. Yes, sir.

24 Q. And do you have before you the exhibits
25 that have been marked Joint Exhibit No. 1 and

1 Commission-Ordered Exhibits 1 through 4?

2 A. Yes, sir.

3 Q. I would direct your attention first to
4 the Commission-ordered exhibits and ask you what role
5 you had in the preparation of these audit reports.

6 A. As the supervisor but as the Energy
7 Specialist, I oversee all these audits, so I worked
8 with the individual staff members to go over their
9 findings and their audit reports.

10 Q. And to the best of your knowledge, is the
11 information contained in these reports accurate?

12 A. At the time of the filing, yes. We've
13 made some adjustments to some of the numbers as a
14 result of some information that we've been provided
15 by the company.

16 Q. And are those adjustments reflected in
17 the joint stipulation?

18 A. Yes. Those are primarily associated with
19 the uncollectibles for Pike and Eastern.

20 Q. Let me ask you if you would please turn
21 to Joint Exhibit 1 which is the stipulation.

22 A. Okay.

23 Q. I am going to ask you, if you would,
24 please, turn to page 9.

25 A. Okay.

1 Q. And at the top -- do you have that page,
2 sir?

3 A. Yes, sir, I do.

4 Q. And at the top of that page, paragraph b,
5 there is reference to adjusting an ending -- December
6 2016 ending balance. Do you see that reference?

7 A. Yes, sir.

8 Q. And is that one of the numbers that's
9 been adjusted from the audit report?

10 A. Yes. As filed in the audit report on
11 December 15 of 2017, staff had found that the ending
12 balance as of December 2016 was \$282,886. That's a
13 negative, an overcollection. And in the stipulation
14 that number has been revised to negative 242,572.

15 Q. Let me ask you a question, if I can,
16 briefly respecting the first number that you gave us,
17 the 282,000 --

18 A. Yes, sir.

19 Q. -- number. Do you have before you
20 Commission-Ordered Exhibit No. 2?

21 A. Yes, sir.

22 Q. And that's the audit report for the
23 uncollectible expense, right --

24 A. Yes.

25 Q. -- for Eastern? Let me ask you to turn

1 to the fourth -- it's -- they are unnumbered but
2 fourth page of that document. Are you there?

3 A. I think I'm there, that starts with
4 "Through this audit"?

5 Q. That's correct. Toward the bottom of the
6 page there is a section titled "Staff's
7 Recommendation."

8 A. Yes.

9 Q. And in the second paragraph of that
10 recommendation contains the 282,000 number that you
11 referenced; is that correct?

12 A. It does but it should be reflected as a
13 negative. It should have parentheses around it.
14 It's an overcollection by the company and should be
15 reflected as a negative number.

16 Q. And if you were to turn two pages back to
17 Attachment B of the same exhibit, we would find that
18 number as a negative in the last column in the third
19 line up; is that correct?

20 A. Correct. It's in the lower right-hand
21 corner of that Exhibit B.

22 Q. So this is a typographical error, if you
23 will, in the text?

24 A. Correct. It should be -- I'm sorry. The
25 text should match the same as the table itself.

1 Q. Very good. Thank you. So there is a
2 difference between the audit report and the
3 stipulation of roughly \$40,000. What's the reason
4 for that adjustment?

5 A. That had to do primarily with some
6 revisions to the aging of the account balances that
7 staff found in conjunction with the company and then
8 some PIPP account balances that were written off and
9 inactive -- I won't say written off, but they were
10 inactive PIPP accounts, so they weren't showing up in
11 the company's aging reports.

12 And what the company has since done is
13 gone back in and included those aged PIPP accounts
14 that are inactive to reflect their balances and then
15 to remove those balances from the aging report
16 because the PIPP itself, the PIPP balances have been
17 recovered through the PIPP rider themselves, so to
18 leave them inclusive in basically the total aged
19 account balances would be to include their balances
20 twice.

21 Q. And so, in your opinion, the number
22 that's contained in the stipulation, 242,000 number,
23 is the correct number; is that correct?

24 A. Yes, that's reflective of the removal of
25 those PIPP accounts.

1 Q. And there's a similar adjustment with
2 respect to the pipe UEX; is that correct?

3 A. Correct. And the number is even a larger
4 swing in the pipe report. The text and table match
5 but the same issue that staff found in conjunction
6 with the company was the aging of the account
7 balances and the recognition of PIPP account balances
8 contained within those aged accounts.

9 Q. And staff is satisfied with the number
10 that appears on the stipulation is the correct
11 number; is that correct?

12 A. The stipulation number is 170,735
13 negative, overcollection, yes.

14 Q. Okay. Thank you, sir. Now, have you
15 been involved in the negotiation of the stipulation
16 that's contained in Joint Exhibit 1?

17 A. In conjunction with other staff members,
18 yes.

19 Q. Thank you. And in your opinion is the
20 settlement that's reflected there a product of
21 serious bargaining among capable, knowledgeable
22 parties?

23 A. Yes.

24 Q. Your experience with the company and its
25 representatives is one of longstanding; is that

1 correct?

2 A. One that we've had for probably a decade
3 or longer.

4 Q. Thank you.

5 MR. SETTINERI: Mr. Margard, for clarity
6 of the record, when you refer to the company, you are
7 referring to both.

8 MR. MARGARD: I am referring to both.
9 Thank you.

10 Q. Did you understand I was referring to
11 both?

12 A. Yes.

13 MR. MARGARD: Thank you, Mr. Settineri.
14 Appreciate that.

15 Q. Secondly, Mr. Sarver, in your opinion
16 does the settlement as a package benefit ratepayers
17 and the public interest?

18 A. Yes. The point of these financial audits
19 is to verify the revenue collected by the company
20 through the GCR, the UEX, and the PIPP riders and
21 then to match those with the expenses that the
22 utility has incurred in providing those services.

23 Q. And at least through this process, we are
24 able to make some adjustments to more accurately
25 reflect those balances?

1 A. Yes, the adjustments to reflect any
2 difference the staff found.

3 Q. And in your opinion, Mr. Sarver, does the
4 settlement package violate any important regulatory
5 principles or practices?

6 A. Not that I am aware of.

7 Q. And is the Joint Stipulation and
8 Recommendation reasonable in your mind and should it
9 be adopted by the Commission?

10 A. Yes, it should.

11 MR. MARGARD: Thank you, your Honor. I
12 have no further questions for the witness.

13 EXAMINER JENNINGS: This is just more of
14 a housekeeping matter, looking at Commission-Ordered
15 Exhibits 2, 3, and 4.

16 THE WITNESS: Yes, sir.

17 EXAMINER JENNINGS: I notice that there
18 is no pagination. If you don't mind, I will consider
19 the page that begins with Certificate of
20 Accountability as page 1.

21 THE WITNESS: Okay.

22 EXAMINER JENNINGS: And paginate them
23 accordingly from that point on.

24 THE WITNESS: Okay.

25 EXAMINER JENNINGS: I have no questions.

1 THE WITNESS: Okay.

2 MR. MARGARD: Very good, your Honor. The
3 exhibits having previously being admitted. We have
4 nothing further.

5 EXAMINER JENNINGS: Okay. With respect
6 to publications, has that been cured?

7 MR. SETTINERI: Yeah. Those were the two
8 exhibits we put into the record.

9 EXAMINER JENNINGS: Okay.

10 MR. SETTINERI: We can certainly put on a
11 short testimony if you would like. Otherwise -- can
12 we go off the record?

13 EXAMINER JENNINGS: Go off the record.

14 (Discussion off the record.)

15 EXAMINER JENNINGS: Back on the record.

16 The issue of publication being cleared
17 up, we are adjourned.

18 (Thereupon, at 1:43 p.m., the hearing was
19 adjourned.)

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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 Thursday, March 29, 2018, and carefully compared with my original stenographic notes.

Karen Sue Gibson
Karen Sue Gibson, Registered Merit Reporter.

(KSG-6523)



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in

Case No(s). 17-0207-GA-GCR, 17-0307-GA-UEX, 17-0314-GA-UEX, 17-0407-GA-PIP, 17-0414-GA-PIP

Summary: Transcript In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rates Schedules of: Eastern National Gas Company, and Related Matters; In the Matter of the Uncollectible Expense Riders of: Eastern National Gas Company, Pike Natural Gas Company, and Related Matters and In the Matter of the Percentage of Income Payment Plan Riders of: Eastern National Gas Company, Pike Natural Gas Company, and Related Matters, hearing held on March 29th, 2018. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.