

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Suburban)
Natural Gas Company for Approval of an) Case No. 18-977-GA-RDR
Adjustment to the Infrastructure Replacement)
Program Rider.)

**APPLICATION OF SUBURBAN NATURAL GAS COMPANY FOR APPROVAL OF AN
ADJUSTMENT TO THE INFRASTRUCTURE REPLACEMENT PROGRAM RIDER**

Pursuant to the September 15, 2009 Finding and Order issued in Case No. 09-573-GA-UNC,¹ Suburban Natural Gas Company (Suburban) respectfully requests that the Public Utilities Commission of Ohio (Commission) approve an adjustment to Suburban's Infrastructure Replacement Program (IRP) Rider reflecting costs associated with capital investments already made by Suburban relating to prone-to-fail risers, and repair and replacement of leaking customer service lines through June 30, 2015.

In support of the Application, Suburban states the following:

1. Suburban is a public utility and natural gas company within the definitions of Sections 4905.02 and 4905.03(E), Revised Code, and as such, is subject to the jurisdiction of this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.

¹ *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Infrastructure Replacement Plan and Related Matters*, Case No. 09-573-GA-UNC, Finding and Order at 5 (Sept. 15, 2009) (2009 IRP Order).

2. Suburban currently provides natural gas service in Ohio to approximately 17,381 residential and commercial customers in Henry, Wood, Delaware, and Marion Counties. Suburban also serves a few transportation customers under a Transportation Service tariff or special arrangements approved by the Commission.

3. On June 1, 2009, pursuant to the March 19, 2008 Opinion and Order in Case No. 07-689-GA-AIR, Suburban filed an amended plan for the timely replacement of prone-to-fail risers and a plan for the assumption of responsibilities associated with the installation, repair, replacement, and maintenance of customer services lines (i.e., IRP program).

4. On September 15, 2009, the Commission approved Suburban's IRP and the recovery of the costs associated with the IRP in Case No. 09-573-GA-UNC.²

5. At the time of the Commission's approval in that case, Suburban estimated that the IRP charge to customers would be \$0.29, \$0.58, \$0.84, \$1.10, \$0.92, \$0.75 and \$0.60 per month, per customer in years one through seven, respectively.

6. The approved IRP requires that Suburban annually file an application to update its IRP Rider by August 31 of each year. Accordingly, by this Application, Suburban requests that the Commission approve an increase in Suburban's IRP Rider from \$0.11 per month, per customer to \$0.18 per month, per customer.

² 2009 IRP Order at 5.

7. The 2009 IRP Order also required Suburban to submit, upon completion of its riser replacement program, an application regarding the reasonableness of accelerated replacement of unprotected mains (AMRP).³ The riser replacement program has now been completed.

8. In Case No. 15-1048-GA-RDR, the Commission issued an Opinion and Order on October 28, 2015 that concluded that the AMRP was no longer necessary.⁴ The Order further stated that Suburban's IRP Rider will reflect costs associated with capital investments already made by Suburban relating to prone-to-fail risers, and repair and replacement of leaking customer service lines through June 30, 2015.⁵ Finally, the 2015 IRP Order stated that the IRP Rider will be in effect through October 31, 2020.⁶

9. The direct testimony of Nichole M. Clement, CPA, is provided on behalf of Suburban to support the cost-calculation exhibits for the proposed IRP Rider adjustment.

³ 2009 IRP Order at 5 ("We also conclude that the reasonableness of accelerating the replacement of unprotected mains should be reconsidered at the conclusion of the riser replacement portion of the plan. Therefore, at that time, Suburban is directed to file an application relating to this issue.").

⁴ *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Adjustment to the Infrastructure Replacement Program Rider*, Case No. 15-1048-GA-RDR, Opinion and Order at 6 (October 28, 2015) (2015 IRP Order).

⁵ 2015 IRP Order at 5.

⁶ 2015 IRP Order at 6: "Suburban will continue to use the IRP rider through October 31, 2020. The IRP rider will be employed in two ways. First, it will be used to collect the remaining balance of the 50 percent portion of the capital investment by the Company associated with previously completed riser replacement and replacement of leaky customer service lines, which was excluded from plant accounts and subject to accelerated recovery, including cost of debt, and will be amortized over four years. Second, Suburban will use the IRP rider to collect revenues associated with the expense incurred for the 50 percent portion of the capital investment, including return at the rate approved in the *2007 Rate Case*, associated with previously completed replacement of prone-to-fail risers and leaking customer service lines, which was included in the appropriate plant accounts and not eligible for accelerated recovery."

10. In addition to the direct testimony of Ms. Clement, Suburban hereby submits the following schedules and exhibits supporting its request to adjust its IRP Rider:

- a. Schedules A-1, A-2, and A-3 supporting Suburban's IRP Rider rate calculation; and
- b. Schedules B-1 and B-2, demonstrating the proposed changes to Suburban's IRP Rider tariff sheet, and Suburban's proposed IRP Rider tariff sheet with the changes accepted.

Respectfully Submitted,

/s/ Kimberly W. Bojko

Kimberly W. Bojko (0069402) (Counsel of Record)

Brian W. Dressel (0097163)

Carpenter Lipps & Leland LLP

280 North High Street, Suite 1300

Columbus, Ohio 43215

Telephone: (614) 365-4100

Bojko@carpenterlipps.com

Dressel@carpenterlipps.com

(willing to accept service by email)

Counsel for Suburban Natural Gas Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Application of Suburban Natural Gas Company for Approval of an Adjustment to the Infrastructure Replacement Program Rider* was served upon the following via electronic mail on August 30, 2018.

/s/ Kimberly W. Bojko
Kimberly W. Bojko

Thomas McNamee
Thomas Lindgren
Attorney General
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793
thomas.mcnamee@ohioattorneygeneral.gov
thomas.lindgren@ohioattorneygeneral.gov

Suburban Natural Gas Company Exhibit No. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Suburban Natural Gas Company for an)	Case No. 18-0977-GA-RDR
Adjustment to the Infrastructure)	
Replacement Program Rider)	

**DIRECT TESTIMONY
OF
NICHOLE M. CLEMENT**

On Behalf of

THE SUBURBAN NATURAL GAS COMPANY

August 30, 2018

1 **I. INTRODUCTION**

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

3 A. Nichole M. Clement, 551 Lake Cascades Parkway, Findlay, Ohio 45840.

4 **Q. By whom are you employed and in what capacity?**

5 A. Gilmore Jasion Mahler, Ltd. (“GJM”), Certified Public Accountant.

6 **Q. How long have you been associated with GJM?**

7 A. Approximately five years. Prior to GJM, I was associated with Pry Professional Group (“Pry”)
8 for over 18 years. GJM acquired Pry.

9 **Q. On whose behalf are you offering testimony in this proceeding?**

10 A. I have been authorized to appear and testify on behalf of Suburban Natural Gas Company, the
11 applicant in this case.

12 **Q. Please outline your educational background and business experience.**

13 A. I graduated from Bowling Green State University in 1994 with a degree in Business
14 Administration with a specialization in accounting. I received my Certified Public Accountant
15 designation in 1998. I have worked with public utility companies at Pry and GJM for the past
16 23 years.

17 **Q. Do you have any experience testifying at the Commission?**

18 A. Yes. On August 17, 2007, I submitted testimony at the Commission on behalf of Suburban in
19 Case No. 07-689-GA-AIR, on September 14, 2010 in Case No. 10-763-GA-RDR, on August
20 30, 2011 in Case No. 11- 3234-GA-RDR, on August 30, 2012 in Case No. 12-1698-GA-RDR,
21 on August 30, 2013 in Case No. 13-1231-GA-RDR, on August 28, 2014 in Case No. 14-1006-
22 GA-RDR, on August 28, 2015 in Case No. 15-1048-GA-RDR, on August 31, 2016 in Case

No. 16-1212-GA-RDR, on April 25, 2017 in Case No. 17-594-GA-ALT, and on August 24, 2017 in Case No. 17-1371-GA-RDR. Also, I am generally familiar with the ratemaking process and the accounting practices of public utilities.

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

A. The purpose of my testimony is to support Suburban's Infrastructure Replacement Plan ("IRP") Rider. I will describe how Suburban calculated the cost of such efforts as set forth in Schedules A-1, A-2, and A-3.

Q. Are you sponsoring any part of the Application?

A. Yes. I am sponsoring Schedules A-1, A-2, and A-3.

II. SUBURBAN'S INFRASTRUCTURE REPLACEMENT PLAN

Q. What are the costs Suburban is recovering through Rider IRP?

A. In Case No. 09-573-GA-UNC, the Commission approved Suburban's plan for timely replacement of prone-to-fail risers and a plan for the assumption of the responsibilities associated with installation, repair, replacement, and maintenance of customer service lines through the IRP program. In that case, the Commission also approved the recovery of costs associated with the IRP through the IRP Rider. When the IRP was approved, Suburban estimated that the incremental costs of the IRP would be approximately \$252,000 per year.

Q. Has Suburban completed implementing the IRP?

A. Yes, in October 2009, Suburban began replacing aging service lines at various locations throughout its service territory and replacing prone-to-fail customer risers. As noted in the Commission's October 28, 2015, Opinion and Order in Case No. 15-1048-GA-RDR, Suburban completed the program for replacement of prone-to-fail risers and no additional costs

1 associated with the program remain to be added to Suburban's IRP Rider. Moving forward,
2 the IRP Rider will reflect costs associated with capital investments already made by Suburban
3 relating to prone-to-fail risers, and repair and replacement of leaking customer service lines
4 through June 30, 2015. The Order further stated that the IRP Rider will be in effect through
5 October 31, 2020.

6 **Q. What is the current rate that customers are being charged under the IRP Rider?**

7 A. Customers are now charged \$0.11 per customer per month for IRP Rider.

8 **Q. What is the new rate you are proposing for IRP Rider?**

9 A. \$0.18 per customer per month.

10 **Q. How was the \$0.18 customer charge calculated for the tenth year of the IRP Rider?**

11 A. The calculation was based on actual data for July 1, 2017 through June 30, 2018 and estimated
12 data for July 1, 2018 through June 30, 2019. The basis of the calculation is that approved in
13 Case No. 09-573-GA-UNC.

14 **Q. In your opinion is a \$0.18 customer charge reasonable?**

15 A. Yes. As you can see from Schedules A-1, A-2, and A-3 of the Application, \$0.18 is a
16 reasonable charge for year ten of the IRP Rider and thus should be approved by the
17 Commission.

18 **Does this conclude your testimony?**

19 A. Yes, it does.

[illegible]

[illegible]

Schedule A-1
Page 3 of 3

[illegible]

Suburban Natural Gas Company
Infrastructure Replacement Program and Rider
Cost of Debt Calculation
For the period July 2017 to June 2018 (12 months actual)

	Actual July 2018 Month 94	Actual Aug 2017 Month 95	Actual Sept 2017 Month 96	Actual Oct 2017 Month 97	Actual Nov 2017 Month 98	Actual Dec 2017 Month 99	Actual Jan 2018 Month 100	Actual Feb 2018 Month 101	Actual Mar 2018 Month 102	Actual April 2018 Month 103	Actual May 2018 Month 104	Actual June 2018 Month 105
Beginning Balance	\$ 2,529.29	\$ 2,319.19	\$ 2,118.86	\$ 1,918.54	\$ 1,723.42	\$ 1,529.03	\$ 1,366.17	\$ 1,213.73	\$ 1,061.29	\$ 908.85	\$ 766.82	\$ 624.80
Amount Borrowed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amount Repaid (collected through rider - 1 mo. lag)	\$ 210.10	\$ 200.32	\$ 200.32	\$ 195.12	\$ 194.40	\$ 162.86	\$ 152.44	\$ 152.44	\$ 152.44	\$ 142.02	\$ 142.02	\$ 135.59
Ending Balance	\$ 2,319.19	\$ 2,118.86	\$ 1,918.54	\$ 1,723.42	\$ 1,529.03	\$ 1,366.17	\$ 1,213.73	\$ 1,061.29	\$ 908.85	\$ 766.82	\$ 624.80	\$ 489.21
Cost of Debt Per LOC	3.37722%	3.38167%	3.38722%	3.38500%	3.39214%	3.51100%	3.71775%	3.72470%	3.81418%	3.96794%	3.96794%	4.17770%
Interest to be Recovered	\$ 6.53	\$ 5.97	\$ 5.42	\$ 4.86	\$ 4.32	\$ 4.00	\$ 3.76	\$ 3.29	\$ 2.89	\$ 2.54	\$ 2.07	\$ 1.70

Suburban Natural Gas Company
Infrastructure Replacement Program and Rider
Rate of Return
For the period July 2017 to June 2018 (12 months actual)

	Actual July 2018 Month 94	Actual Aug 2017 Month 95	Actual Sept 2017 Month 96	Actual Oct 2017 Month 97	Actual Nov 2017 Month 98	Actual Dec 2017 Month 99	Actual Jan 2018 Month 100	Actual Feb 2018 Month 101	Actual Mar 2018 Month 102	Actual April 2018 Month 103	Actual May 2018 Month 104	Actual June 2018 Month 105
Beginning Balance	\$ 295,327.50	\$ 294,700.37	\$ 294,073.23	\$ 293,446.09	\$ 292,818.95	\$ 292,191.81	\$ 291,564.67	\$ 290,937.53	\$ 290,310.40	\$ 289,683.26	\$ 289,056.12	\$ 288,428.98
Amount Expended	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amount Repaid (collected through rider - 1 yr. lag)	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14	\$ 627.14
Ending Balance	\$ 294,700.37	\$ 294,073.23	\$ 293,446.09	\$ 292,818.95	\$ 292,191.81	\$ 291,564.67	\$ 290,937.53	\$ 290,310.40	\$ 289,683.26	\$ 289,056.12	\$ 288,428.98	\$ 287,801.84
Allowable Rate of Return	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%	8.970%
Return on Equity	\$ 2,202.89	\$ 2,198.20	\$ 2,193.51	\$ 2,188.82	\$ 2,184.13	\$ 2,179.45	\$ 2,174.76	\$ 2,170.07	\$ 2,165.38	\$ 2,160.69	\$ 2,156.01	\$ 2,151.32

Suburban Natural Gas Company
Cygnet, Ohio

SECTION V
~~Ninth-Tenth~~ Revised Sheet No. 2B
Cancels and Supersedes
~~Eighth-Ninth~~ Revised Sheet No. 2B

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

APPLICABILITY:

Applicable to all customers.

DESCRIPTION:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with Suburban's customer notification and education and the repair or replacement of service lines as specified in the Company's IRP Plan filed with the Public Utilities Commission of Ohio. This Rider shall be calculated annually pursuant to a Notice filed no later than May 31 of each year based on nine months of actual data and three months of estimated data for the reporting year. The filing shall be updated by no later than August 31 of the same year to reflect the use of actual reporting year data. Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

RATE:

\$0.~~11~~18 per Month

ISSUED: ~~November 1, 2017~~2018

EFFECTIVE: ~~November 1, 2017~~2018

Filed pursuant to the Finding and Order of the Public Utilities
Commission of Ohio in Case No. ~~17-1371~~18-977-GA-RDR dated ~~November 1, 2017~~2018

ISSUED BY ANDREW J. SONDERMAN, PRESIDENT

Suburban Natural Gas Company
Cygnet, Ohio

SECTION V
Tenth Revised Sheet No. 2B
Cancels and Supersedes
Ninth Revised Sheet No. 2B

INFRASTRUCTURE REPLACEMENT PROGRAM RIDER

APPLICABILITY:

Applicable to all customers.

DESCRIPTION:

An additional charge per month per account, regardless of gas consumed, to recover costs associated with Suburban's customer notification and education and the repair or replacement of service lines as specified in the Company's IRP Plan filed with the Public Utilities Commission of Ohio. This Rider shall be calculated annually pursuant to a Notice filed no later than May 31 of each year based on nine months of actual data and three months of estimated data for the reporting year. The filing shall be updated by no later than August 31 of the same year to reflect the use of actual reporting year data. Such adjustments to the Rider will become effective with bills rendered on November 1 of each year.

RATE:

\$0.18 per Month

ISSUED: _____, 2018

EFFECTIVE: _____, 2018

Filed pursuant to the Finding and Order of the Public Utilities
Commission of Ohio in Case No. 18-977-GA-RDR dated, _____, 2018

ISSUED BY ANDREW J. SONDERMAN, PRESIDENT

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

8/30/2018 5:15:58 PM

in

Case No(s). 18-0977-GA-RDR

Summary: Application of Suburban Natural Gas Company for Approval of an Adjustment to the Infrastructure Replacement Program Rider electronically filed by Mr. Brian W Dressel on behalf of Suburban Natural Gas Company