

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	:	
Suburban Natural Gas Company for an	:	Case No. 18-1205-GA-AIR
Increase in Gas Distribution Rates.	:	
	:	
In the Matter of the Application of	:	
Suburban Natural Gas Company for	:	Case No. 18-1206-GA-ATA
Tariff Approval.	:	
	:	
In the Matter of the Application of	:	
Suburban Natural Gas Company for	:	Case No. 18-1207-GA-AAM
Approval of Certain Accounting	:	
Authority.	:	

PREFILED TESTIMONY  
IN RESPONSE TO OBJECTIONS TO THE STAFF REPORT  
OF  
**MATTHEW SNIDER**  
RESEARCH & POLICY DIVISION  
RATES AND ANALYSIS DEPARTMENT  
PUBLIC UTILITIES COMMISSION OF OHIO

**Staff Exhibit**\_\_\_

**June 7, 2019**

1 1. Q. Please state your name and your business address.

2 A. My name is Matthew Snider. My business address is 180 East Broad Street,  
3 Columbus, Ohio, 43215.

4

5 2. Q. By whom are you employed?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO or  
7 Commission).

8

9 3. Q. What is your current position with the PUCO and what are your duties?

10 A. I am a Utility Specialist III in the Research & Policy Division within the  
11 Rates and Analysis Department. My duties include analyzing and auditing  
12 the financial statements of public utility companies, for the purpose of  
13 ratemaking, that fall under the jurisdiction of the PUCO.

14

15 4. Q. Would you briefly state your educational background, experience and  
16 qualifications?

17 A. I earned a Bachelor of Science degree in Business from Miami University  
18 with majors in both Finance and Accounting in May of 2009. I have also  
19 completed various classes and workshops on the ratemaking process and  
20 provided workpapers, research, and testimony for previous cases before the  
21 Commission.

22

1 5. Q. Please outline your work experience.

2 A. Following my graduation from Miami University in 2009, I worked for  
3 Winfree, Ruff & Associates, Ltd, CPAs as a tax accountant. I joined the  
4 PUCO in February 2011 as a Utility Auditor 1. Since joining the PUCO, I  
5 have been promoted several times until reaching my current position of  
6 Utility Specialist III.

7

8 6. Q. What is the purpose of your testimony?

9 A. The purpose of my testimony is to address objections which involve rate  
10 design and miscellaneous charges. My testimony will address Objections 4,  
11 5, 16 and 17 by the Ohio Consumers' Counsel (OCC) and Objections 1 and  
12 2 by the Ohio Partners for Affordable Energy (OPAE).

13

14 7. Q. Please describe OCC's Objection 4.

15 A. OCC contends that the Staff Report unreasonably recommended that Small  
16 General Service (SGS) customers pay a higher percentage of distribution  
17 costs, even though no cost of service study was performed to support this  
18 increased allocation of costs to residential customers.

19

20 8. Q. Does Staff agree with the objection?

21 A. Staff agrees with OCC that the Company did not perform a cost of service  
22 study in the current case, but disagrees with the notion that there was no

1 basis for increasing SGS customers' share of distribution costs. In Case No.  
2 17-594-GA-ALT, Suburban filed an application proposing straight fixed  
3 variable rate design (SFV). The Commission's Finding and Order in that  
4 case <sup>1</sup> references Staff Attachment 1 from the Staff Report which allocates  
5 a higher percentage of distribution costs to the SGS class, but did not adjust  
6 the overall base revenue the Company was granted in its last distribution  
7 rate case.<sup>2</sup>

8  
9 9. Q. Does the Stipulation address the cost allocation?

10 A. Yes, the Stipulation states that the recommended revenue class allocation  
11 shall be based upon actual data as of the date certain.

12  
13 10. Q. How does the Stipulation impact OCC's objection?

14 A. The class allocation at date certain, as agreed upon in the Stipulation,  
15 recommends SGS customers be allocated approximately 77% of the total  
16 revenue requirement excluding gas costs, which is less than the  
17 approximately 79% in the Company's application.

18  
19  

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<sup>1</sup> *In the Matter of the Application of Suburban Natural Gas Company for Approval of an Alternative Form of Regulation to Initiate a Revenue Decoupling Mechanism*, Case No. 17-594-GA-ALT, Finding and Order (Nov. 1, 2017).

<sup>2</sup> *In the Matter of the Application of Suburban Natural Gas Company for Authority to Increase its Rates and Charges in Certain Areas of its Service Territory*, Case No. 07-0689-GA-AIR, Opinion and Order (March 19, 2008).

1 11. Q. Please describe OCC's Objection 5 and OPAE's Objection 1.

2 A. OCC and OPAE object to the Staff Report including the proposed rate  
3 increase in the customers' fixed customer charge. OCC and OPAE believe  
4 that any rate increase should be done on a volumetric basis.

5

6 12. Q. Does Staff agree with the objections?

7 A. No, Suburban transitioned to an SFV rate design in Case No. 17-594-GA-  
8 ALT. Suburban's SFV rate design includes all the fixed distribution costs  
9 being recovered in the customer charge for SGS customers. Staff believes  
10 that its approach of placing the entire increase in the fixed charge is  
11 consistent with the rate design as approved in Case No. 17-594-GA-ALT.

12

13 13. Q. Please describe OCC's Objection 16.

14 A. OCC objects that the Staff Report unreasonably failed to adequately reduce  
15 the expenses associated with miscellaneous general expenses. OCC states  
16 that Staff reviewed two months of invoices and made adjustments to only  
17 what was found in those two-month periods, rather than carrying their  
18 adjustments out for the entire year. OCC believes that 90% of the business  
19 subaccount should be excluded from the test year, and that the entire  
20 executive car account should be excluded and the director fee subaccount  
21 should have at most, been paid quarterly and not monthly.

22

1 14. Q. Does Staff agree with the objection?

2 A. Staff agrees with OCC's objection in part. Staff believes it should have  
3 excluded additional business meals in account 912-02. Staff's review  
4 consisted of sampling two of the actual test year months. Based on Staff's  
5 adjustments to the months sampled, Staff should have annualized the  
6 remaining 10 months of the test year resulting in an adjustment of \$17,710.

7  
8 15. Q. Does the Stipulation reflect this adjustment?

9 A. Yes, the Stipulation states that account 912-02 shall be adjusted by  
10 \$17,710, which shall be excluded from test year expenses.

11

12 16. Q. Does Staff agree with OCC's objection and recommendation for the  
13 exclusion of executive cars and director fees?

14 A. No. Staff does not agree with OCC that it should have excluded the  
15 executive car expenses in account 875 and the director fees in account 930-  
16 03. Staff believes these expenses are part of the Company's overall  
17 compensation package for its management.

18

19 17. Q. Please describe OCC's Objection 17.

20 A. OCC objects that the Staff Report should have made flow-through  
21 adjustments to Federal Income Tax (Schedules C-3.13), Tax  
22 Synchronization (Schedule C-3.14), and Allowance for Working Capital

1 (Schedule B-5) as a result of the adjustments to miscellaneous general  
2 expenses.

3  
4 18. Q. Does Staff agree with the objection?

5 A. Yes. Staff agrees with the objection to the extent that the adjustments to  
6 miscellaneous general expenses are adopted. The Stipulation addresses  
7 business meals and the associated flow-through adjustments to the revenue  
8 requirement.

9  
10 19. Q. Please describe OP&E's Objection 2.

11 A. OP&E objects that the Staff Report did not recommend additional  
12 assistance for low-income residential customers given that the result of the  
13 Staff Report is a recommendation of an even higher fixed customer charge.

14  
15 20. Q. Does Staff agree with the objection?

16 A. No, Staff does not believe that this issue should be addressed in the current  
17 distribution rate case. Rather, Staff believes OP&E should pursue this issue  
18 within Suburban's Energy Efficiency Program (EEP) and Rider EEP.

1 21. Q. Does this conclude your testimony?

2 A. Yes, it does. However, I reserve the right to submit supplemental testimony  
3 as new information subsequently becomes available or in response to  
4 positions taken by other parties



## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Pre-filed Testimony Responding to Objections to the Staff Report of Matthew Snider has been served upon the below-named counsel via electronic mail, this 7<sup>Th</sup> day of June, 2019.

*/s/Robert A. Eubanks*

**Robert A. Eubanks**

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Summary: Testimony of Matthew Snider electronically filed by Ms. Tonnetta Scott on behalf of PUC