

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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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 : Case No. 18-1206-GA-ATA
Natural Gas Company for :
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. :
:

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PROCEEDINGS

before Ms. Anna Sanyal and Ms. Sarah Parrot, 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 Monday, July 15, 2019.

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VOLUME V

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On behalf of the Applicant.

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On behalf of the Residential Consumers of
Suburban Natural Gas Company.

Ohio Partners for Affordable Energy
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On behalf of the Ohio Partners for
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Dave Yost, Ohio Attorney General
By Mr. Werner L. Margard, III
and Mr. Robert Eubanks,
Assistant Attorneys General
30 East Broad Street, 16th Floor
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On behalf of the Staff of the PUCO.

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23
24
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INDEX

- - -

| WITNESS | PAGE |
|-----------------------------------|------|
| Matthew Snider | |
| Direct Examination by Mr. Eubanks | 760 |
| Cross-Examination by Mr. Healey | 762 |

- - -

| STAFF EXHIBIT | IDENTIFIED | ADMITTED |
|---|------------|----------|
| 1 Staff Report | I-6 | 770 |
| 10 Prefiled Testimony in Response to Objections to the Staff Report of Matthew Snider | 760 | 768 |

- - -

| JOINT EXHIBIT | IDENTIFIED | ADMITTED |
|----------------------------------|------------|----------|
| 1 Stipulation and Recommendation | II-219 | |
| 2 Tariffs | II-219 | 678 |

1 Monday Morning Session,
2 July 15, 2019.

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4 EXAMINER SANYAL: Okay. Let's get on the
5 record.

6 And, Mr. Eubanks, you may proceed.

7 MR. EUBANKS: Yes. At this time I would
8 like to call Matthew Snider to the stand.

9 (Witness sworn.)

10 EXAMINER SANYAL: You may be seated.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 MR. EUBANKS: Your Honors, I have already
13 passed around what's been previously marked Staff's
14 Exhibit 10, Matthew Snider's prefiled testimony.
15 Would you like a copy as well?

16 EXAMINER SANYAL: I have a copy. Thank
17 you.

18 - - -

19 MATTHEW SNIDER

20 being first duly sworn, as prescribed by law, was
21 examined and testified as follows:

22 DIRECT EXAMINATION

23 By Mr. Eubanks:

24 Q. Good morning.

25 A. Good morning.

1 Q. Could you state your name for the record.

2 A. Yeah. Matthew Drake Snider.

3 Q. Do you have before you what has been
4 previously marked as Staff's Exhibit 10?

5 A. I do.

6 Q. And could you I.D. it.

7 A. This is my prefiled testimony in response
8 to objections to the Staff Report.

9 Q. Was it prepared by you or under your
10 direction?

11 A. It was.

12 Q. Is it a true and accurate copy?

13 A. Yes.

14 Q. Are there any corrections you would like
15 to make?

16 A. No.

17 Q. If I were to ask you the questions that
18 are in your prefiled testimony again here today,
19 would you provide the same answers?

20 A. I would.

21 MR. EUBANKS: At this time I have no
22 further questions, and I would like to move to have
23 Staff's Exhibit 10 admitted into evidence, subject to
24 cross, and now tender the witness for
25 cross-examination.

1 EXAMINER SANYAL: Thank you, Mr. Eubanks.
2 Mr. Healey?

3 MR. HEALEY: Yes, your Honor.

4 - - -

5 CROSS-EXAMINATION

6 By Mr. Healey:

7 Q. Mr. Snider, can you turn to page 5 of
8 your testimony, please, and starting on line 7, you
9 reference Case No. 17-594-GA-ALT, correct?

10 A. Yes.

11 Q. And in that case Suburban transitioned to
12 a straight fixed variable rate design; is that
13 correct?

14 A. That's correct.

15 Q. And your understanding was in that case
16 the switch to the new rate design was intended to be
17 revenue neutral, correct?

18 A. Yes, that was the goal.

19 Q. As a result of that change in rate
20 design, however, Suburban, in fact, did collect more
21 revenue than it would have without the rate design;
22 is that your understanding?

23 A. Can you restate the question?

24 MR. HEALEY: Can I have that reread,
25 please.

1 (Record read.)

2 Q. I will reask it, in fact. During the
3 test year the actual revenues only included that full
4 straight fixed variable for a portion of the test
5 year, correct?

6 A. As filed, yes, that would be correct.
7 The -- the alt rate case, we didn't look at how much
8 revenue was being collected at that point in time.
9 It was merely to change the rate design as it was
10 filed, I believe, in an '07 case so that would have
11 kept the same billing determinants as their last rate
12 case. It wasn't updated in that case.

13 Q. Sure. And one provision under the
14 Stipulation is that it's being assumed that the full
15 straight fixed variable rate design was in effect for
16 the whole test year even though in reality wasn't,
17 correct?

18 A. I believe that's the way it was proposed
19 in the application. The Stipulation updated revenue
20 actuals at date certain so there was a difference in
21 the revenues at date certain versus what was proposed
22 in the initial Application.

23 Q. Sure.

24 MR. HEALEY: Can I approach?

25 EXAMINER SANYAL: Yes.

1 Q. (By Mr. Healey) I am going to hand you a
2 copy of the Stipulation just so we can be on the same
3 page.

4 A. Okay.

5 Q. If you could turn to page 7 of the
6 Stipulation, please.

7 A. I'm there.

8 Q. And there is a Subsection B7b near the
9 top of the page. Can you read that for me?

10 A. "Test year revenue will assume that the
11 full Phase 2 of the Straight Fixed Variable rates
12 have been in place for the entire test year."

13 Q. Okay. So that's the section I am
14 referring to. Are you familiar with that section of
15 the Stipulation?

16 A. I read it, yes.

17 Q. Are you familiar with it prior to reading
18 it?

19 A. Yeah. I think that was what was captured
20 in the -- the new rates because they are a fully
21 fixed rate at date certain.

22 Q. Sure. You understand that when looking
23 at test year revenue, you look at the full test year,
24 correct? Not just a single date, correct?

25 A. Yes, correct.

1 Q. And you understand that the full fixed
2 variable rate design that transitioned to about a \$29
3 fixed charge went into effect in November of 2018?

4 A. Correct.

5 Q. So earlier in the test year that straight
6 fixed variable rate design was not in place, correct?

7 A. Correct, yes.

8 Q. But under the Stipulation we're assuming
9 that it was in imputing that, correct?

10 A. There was additional adjustments made
11 but, yes, that would have been one of the adjustments
12 is moving from a -- a variable and -- a fixed
13 customer charge and a variable charge to a fully
14 fixed charge for the...

15 Q. And do you know what the revenue impact
16 is of that provision that I had you read?

17 A. No. I believe Staff Witness Jonathan
18 Borer would have been more familiar with that. He
19 was the one that proposed that adjustment.

20 Q. Okay. As part of Staff's investigation
21 in this case, you looked at the executive car
22 expense, correct?

23 A. Yes, I did.

24 Q. And part of what your role was was to
25 determine whether those expenses were, in fact,

1 prudent?

2 A. Prudence is always a -- something that
3 Staff considers when examining an expense so that
4 would have gone into our determination.

5 Q. And you are aware that the two cars
6 included were a Lincoln Navigator and a Genesis G80,
7 correct?

8 A. Yes, we were made aware of that during
9 our course of investigation.

10 Q. And you considered those expenses to be
11 prudent?

12 A. We did.

13 Q. Now, if it had been a Rolls Royce, would
14 that have been prudent?

15 MR. EUBANKS: Objection. The witness is
16 on the stand to talk about Staff's determination in
17 this case, not to speak on behalf of Staff in regard
18 to a hypothetical.

19 EXAMINER SANYAL: Overruled.

20 A. It may have gone into Staff --

21 MR. EUBANKS: Objection. I have another
22 objection. Calls for speculation.

23 EXAMINER SANYAL: Overruled.

24 A. The type of car, if it was a Rolls Royce,
25 may have triggered something additional, but Staff

1 considered this to be part of the executives' overall
2 compensation, so we are not recommending any sort of
3 prudence adjustment in this case.

4 Q. And when you looked at the executive
5 compensation, you considered whether that was prudent
6 as well, correct?

7 A. I personally did not; but, yes, we did
8 have a labor team that examined those expenses.

9 MR. HEALEY: That's all I have, your
10 Honor. Thank you.

11 EXAMINER SANYAL: Ms. Mooney?

12 MS. MOONEY: No questions, your Honor.

13 EXAMINER SANYAL: Redirect?

14 I don't think Ms. Bojko has questions.
15 Ms. Bojko, you don't have questions?

16 MS. BOJKO: Oh, no. Thank you, your
17 Honor.

18 MR. EUBANKS: I have no redirect, your
19 Honor.

20 EXAMINER SANYAL: Okay. You may step
21 down.

22 MR. EUBANKS: I renew my motion to have
23 the document admitted into evidence.

24 EXAMINER SANYAL: Okay. Any objections
25 to Exhibit -- Staff Exhibit 10 being admitted into

1 the record?

2 MR. HEALEY: No, your Honor.

3 EXAMINER SANYAL: Hearing none, it is
4 admitted.

5 (EXHIBIT ADMITTED INTO EVIDENCE.)

6 EXAMINER SANYAL: Housekeeping with
7 regard to Joint Exhibits 1 and 2. Any objections to
8 having those admitted into the record at this point?

9 Okay. So Joint Exhibits 1 and 2 are
10 admitted.

11 (EXHIBITS ADMITTED INTO EVIDENCE.)

12 EXAMINER SANYAL: I do have in my notes
13 Suburban Exhibit 8 as withheld until
14 cross-examination of Mr. Willis.

15 MS. BOJKO: Your Honor, it probably is
16 useful to admit those because that was discussed
17 during the first hearing at length. We have now
18 updated that with what I would call better maps which
19 were attachments to Mr. Sonderman's testimony, but
20 given -- I don't recall the exact discussion on the
21 first day of hearing, so I don't know if it was
22 heavily relied upon or what the discussion was.

23 EXAMINER SANYAL: So based on
24 conversation with my Co-Attorney Examiner, we will
25 just not admit those because they are attachments to

1 Mr. Sonderman's testimony, correct?

2 MS. BOJKO: No, your Honor. I believe
3 they are different maps. That's why I was suggesting
4 since we discussed them at the first hearing it might
5 for identification purposes --

6 EXAMINER PARROT: There was no foundation
7 established with Mr. Willis so you had said on the
8 record you were possibly going to use the exhibit
9 with additional witnesses. That has not occurred.

10 MS. BOJKO: Okay. So thank you for my
11 recollection refresher.

12 EXAMINER PARROT: Just looked at it in
13 the transcript.

14 MS. BOJKO: Okay. Thank you, your Honor.
15 Then with that we will just rely on the maps that
16 were attached to Mr. Sonderman's testimony and
17 discussed at length in this hearing. Thank you.

18 EXAMINER SANYAL: And just so the record
19 is clear, Suburban Exhibit 8 shall not be admitted
20 into the record.

21 MS. BOJKO: Thank you.

22 EXAMINER SANYAL: Okay. And then I don't
23 believe Staff Report -- Staff Exhibit No. 1, which is
24 the Staff Report, that has not been admitted.

25 MR. EUBANKS: I thought that was admitted

1 the first day.

2 EXAMINER PARROT: It was not.

3 EXAMINER SANYAL: Not according to our
4 copious notes.

5 EXAMINER PARROT: As well as the
6 transcript.

7 MR. EUBANKS: Well, Staff moves to have
8 Staff's -- the Staff Report admitted into evidence,
9 Staff's Exhibit 1.

10 EXAMINER SANYAL: Any objections?

11 Okay. Staff Exhibit 1 is now admitted in
12 the record.

13 (EXHIBIT ADMITTED INTO EVIDENCE.)

14 EXAMINER SANYAL: Okay. Briefing
15 schedule. Let's go off the record for a moment.

16 (Discussion off the record.)

17 EXAMINER SANYAL: We've had some
18 discussion about the briefing schedule while we were
19 off the record. Counsel for Suburban has indicated
20 that there is no need for rebuttal testimony,
21 correct, Ms. Bojko?

22 MS. BOJKO: That is correct. We've
23 decided to waive rebuttal testimony given the record
24 and the time constraints.

25 EXAMINER SANYAL: Thank you, Ms. Bojko.

1 We are estimating that transcript will be available
2 on July 19 or at least by July 22. So based on that,
3 initial briefs will be due August 2, and reply briefs
4 will be due August 16.

5 Are there any other issues we would like
6 to discuss on the record?

7 MR. HEALEY: I would just note OCC
8 doesn't have any rebuttal testimony either for the
9 record.

10 EXAMINER SANYAL: Thank you, Mr. Healey.

11 MR. HEALEY: Thank you.

12 EXAMINER SANYAL: Any other issues or
13 concerns?

14 Well, hearing none, we will await the
15 parties' briefs, and we are off the record. Thank
16 you.

17 (Thereupon, at 10:29 a.m., the hearing
18 was concluded.)

19 - - -

CERTIFICATE

I do hereby certify that the foregoing is
a true and correct transcript of the proceedings
taken by me in this matter on Monday, July 15, 2019,
and carefully compared with my original stenographic
notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6778)

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Case No(s). 18-1205-GA-AIR, 18-1206-GA-ATA, 18-1207-GA-AAM

Summary: Transcript in the matter of the Suburban Natural Gas Company hearing held on 07/15/19 - Volume V electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.