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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia :
Gas of Ohio, Inc. for Approval of Tariffs to :
Recover Through an Automatic Adjustment : Case No. 07-478-GA-UNC
Clause Costs Associated with the Establish- :
ment of an Infrastructure Replacement :
Program and for Approval of Certain :
Accounting Treatment. :

In the Matter of the Application of Columbia :
Gas of Ohio, Inc. for Authority to Modify its : Case No. 07-237-GA-AAM
Accounting Procedures to Provide for :
Deferral of Expenses Related to the :
Commission's Investigation of the :
Installation, Use, and Performance of Natural :
Gas Service Riders. :

**PREPARED DIRECT TESTIMONY
OF
EDWARD M. STEELE
PIPELINE SAFETY DIVISION
SERVICE MONITORING AND ENFORCEMENT DEPARTMENT
ON BEHALF OF THE PUBLIC UTILITIES COMMISSION OF
OHIO
IN SUPPORT OF THE STIPULATION**

November 19, 2007

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Technician TM Date Processed 11/19/2007

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

2 A. My name is Edward M. Steele. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.

4

5 2. Q. What is your current position?

6 A. I am employed by the Public Utilities Commission of Ohio as Chief of the
7 Gas Pipeline Safety Section, Facility and Operations Field Division,
8 Service Monitoring and Enforcement Department.

9

10 3. Q. Please summarize your education and professional qualifications?

11 A. I am a graduate of the University of Pittsburgh, where I obtained a Bachelor
12 of Science degree in Geology. I also have completed 9 week long classes
13 on Pipeline Safety at the Transportation Safety Institute in Oklahoma City,
14 OK. I also completed the three Appalachian Underground Corrosion Short
15 Courses offered at West Virginia University in Morgantown, WV. From
16 June 2003 to September 2004, I was chairman of the National Association
17 of Pipeline Safety Representatives (NAPSR). I am also a member of the
18 National Association of Regulatory Utility Commissioners (NARUC), of
19 which I am currently the chairman of the Pipeline Safety Subcommittee.

20

1 4. Q. Please summarize your business experience.

2 A. I began working for the Public Utilities Commission in 1986 as a
3 compliance investigator in the Gas Pipeline Safety Section. My
4 responsibilities included inspection of gas company facilities, records and
5 procedures for compliance with state and federal regulations. I prepared
6 reports on these inspections, and, when applicable, prepared probable
7 violation reports. In 1989, I was promoted to field supervisor of the Gas
8 Pipeline Safety Section. In this position, I was responsible for training the
9 compliance investigators as well as reviewing reports and probable
10 noncompliance records for accuracy and content. I created a GPS computer
11 database used for tracking inspections, follow ups and incidents and also
12 entered data into this database. In 1991, I was promoted to my current
13 position of Chief of the Gas Pipeline Safety Section. I am responsible for
14 the supervision of ten full time Gas Pipeline field staff as well as the review
15 of their reports, probable noncompliance reports, follow up investigations,
16 incidents, complaints, scheduling of their workload, and filing federal
17 documents as part of the PUCO's certification program with the Pipeline
18 and Hazardous Materials Safety Administration.

19
20 5. Q. What is the purpose of your testimony in this proceeding?

21 A. The purpose of my testimony is to support the stipulation between
22 Columbia Gas of Ohio and the staff of the Public Utilities Commission.

1 6. Q. Did you previously file testimony in this case?

2 A. Yes I did. I filed testimony on October 24, 2007.

3

4 7. Q. Do you have any additional testimony to add in this case?

5 A. Yes I do. I believe that my previous testimony is consistent with the
6 stipulation that was filed in this case. On April 13, 2005, the Commission
7 issued an Entry in Case No. 05-463-GA-COI initiating a Commission-
8 ordered investigation into the type of gas service risers being installed in
9 Ohio, as well as the conditions of installation, and their overall
10 performance. The Commission's Staff made a series of recommendations
11 in the case. The Commission currently has these recommendations under
12 consideration. The Staff report in this case cited the conclusion reached by
13 the University of Akron in its report¹, namely Design-A risers (risers
14 assembled in the field) when subjected to severe in-service conditions are
15 prone to leakage. Unfortunately, it is not possible to predetermine whether
16 a Design-A riser will perform adequately. Staff made several
17 recommendations to the Commission in its report, including recommending
18 that the local distribution companies, (LDCs) make an inventory of risers in
19 their service territories, and require operators to continue to track and
20 monitor riser leak failures. The Staff believes it is in the public interest for

¹ Final discussion and Analysis by Erol Sancaktar and Celal Batur, University of Akron, For Results Reported by ARDL in June 14, 2006 Test Report, Report on Testing of Natural Gas Service Risers.

1 Columbia to systematically replace, as quickly as practical, all risers
2 identified as prone to failure, and take responsibility for the future
3 maintenance, repair, and replacement of customer service lines the
4 company has deemed to be hazardous.

5
6 8. Q. How does the stipulation address these concerns?

7 A. The stipulation signed in this case is a response to the Commission's riser
8 investigation and conclusions articulated in the Staff's report. The
9 stipulation addresses concerns raised in the Staff report by setting up a three
10 year schedule for replacement of Design A risers prone to leakage as noted
11 in the consultant's report. In addition the stipulation also allows Columbia
12 to assume responsibility for future maintenance, repair, and replacement of
13 hazardous customer owned service lines. The Stipulation gives Columbia
14 complete responsibility for all pipelines regulated by the federal pipeline
15 safety regulations and allows Columbia to uniformly correct all safety
16 issues as required by the pipeline safety regulations.

17
18 9. Q. Does the Staff Report address the value of LDCs taking responsibility for
19 future maintenance, repair, and replacement of hazardous customer service
20 lines?

21 A. Not specifically. The focus of the Staff's report was on plastic risers
22 because they were the basis of four incidents that occurred between 2000

1 and 2003. However in its conclusions and recommendations the Staff
2 focused the majority of its recommendations on the LDCs taking greater
3 responsibility for the safety of their distribution systems including the
4 customer service lines. My initial testimony supported Columbia's IRP
5 application and I support this stipulation because in my opinion it provides
6 better LDC oversight and clear lines of responsibility for pipeline safety
7 compliance.

8 10. Q. Haven't the LDCs always been responsible for pipeline safety even if it
9 were owned by the customer?

10 A. Yes, but through this stipulated agreement, repair and replacement work on
11 risers and service lines will be enhanced as a result a uniform approach to
12 repair and replacement, with clear lines of responsibility for the work
13 performed.

14
15 11. Q. Will this change in responsibility violate any regulatory principle or
16 practice?

17 A. No. In my opinion, as a result of this stipulated agreement adherence to gas
18 pipeline safety rules and regulations will be advanced.

19
20 12. Q. When under this stipulation will Columbia begin to repair or replace a
21 hazardous customer service line?

1 A. Under the stipulation effective March 1, 2008, only Columbia or its
2 representative may repair or replace a hazardous customer service line leak.
3 Before that date customers may utilize DOT Operator Qualified plumbers
4 to repair or replace customer service lines classified and documented by
5 Columbia as hazardous. Customers that utilize this option would be
6 reimbursed for the reasonable cost of repair and replacement, up to \$500 for
7 a replaced riser and \$1,000 for a replaced service line.

8
9 13. Q. If the stipulation is approved by the Commission, how will customers be
10 aware of this option?

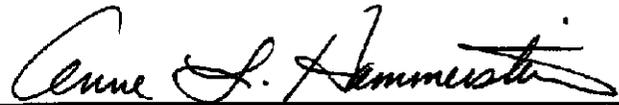
11 A. The agreement requires Columbia to work with Staff on a plan for general
12 customer notification and education around changes in curb-to-meter
13 responsibility; complaint handling and reimbursement of customers.

14
15 14. Q. Does this conclude your testimony?

16 A. Yes.

Proof of Service

I hereby certify that a true copy of the foregoing **Prepared Testimony of Edward M. Steele** submitted on behalf of the Staff of the Public Utilities Commission of Ohio was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic message to the following parties of record, this 19th day of November, 2007.



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