

**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 Clause Costs Associated with the Establishment of an Infrastructure Replacement Program and for Approval of Certain Accounting Treatment.

Case No. 07-478-GA-UNC

In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Modify its 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.

Case No. 07-237-GA-AAM

**POST-HEARING BRIEF
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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INTRODUCTION

Columbia Gas of Ohio, Inc. filed its application to address the replacement of prone-to-leak natural gas risers and customer service lines in response to the Staff's report in the Commission's statewide investigation into the types of natural gas risers used; the conditions of installation; riser performance and the cause of riser failures. While recognizing that most risers and service lines in Ohio are identified in local distribution company (LDC) tariffs as "customer-owned", Staff's report advised among other things that LDC's, such as Columbia Gas, should be put on notice that Design-A risers (assembled in the field) are more prone to failure and proper installation is critical. The Staff recognized the LDC's responsibility as a distribution operator under both federal and state law to safely maintain and operate both gas service lines and risers regardless of the ownership issue. The four riser failure incidents that led to the statewide

investigation and the Staff's report identified a potential risk posed by both prone-to-leak risers and service lines because they are located near, or in some cases within customer's premises and are not currently repaired or replaced by the distribution operator. In other words, the entity with the responsibility for maintenance and repair of the riser and service line and the greatest knowledge of the subject has to rely on its customer (someone not likely to possess knowledge about the matter) to maintain and/or replace the riser or service line as necessary.

Staff examined Columbia's application and discussed it with the Company, the Office of the Consumers' Counsel (OCC), and the other intervening parties. After considerable discussion with the Company and the parties Staff entered into the Amended Stipulation filed with the Commission along with the Company, Ohio Partners for Affordable Energy (OPAE) and OCC. The Amended Stipulation and Recommendation recognizes the importance of the public safety nature of the prone-to-leak riser situation and the costs both to the customer and the LDC. As a result of the Amended Stipulation, modifications were made to the application to better serve both the public's interest and the Company's. While all impacts were carefully considered, public safety is paramount and lies at the heart of Staff's recommendation to adopt the Amended Stipulation.

HISTORY OF THE CASE

On April 1, 2000, a natural gas explosion occurred at 1278 McGuffey Lane, Willowville, Ohio (McGuffey Lane incident).¹ As a result of the McGuffey Lane incident, the Commission began investigating natural gas service riser failures in the Cincinnati area, in *In the Matter of the Investigation of The Cincinnati Gas & Electric Company Relative to Its Compliance with the Natural Gas Pipeline Safety Standards and Related Matters, Case No. 00-681-GA-GPS*. Other gas service riser failures also have occurred in Ohio, with varying impacts, but with a frequency that led the Commission, on Staff's recommendation, to open an investigation into gas service risers. Through this investigation, the Commission sought to evaluate the type of gas service risers being utilized, the conditions of riser installation, and the overall performance and failures of gas service risers in order to determine whether issues related to gas service risers required the Commission's direction.²

As part of that investigation, the Commission ordered the four largest natural gas distribution companies in Ohio, including Columbia Gas of Ohio, to perform two general

¹ "Incident" means an event that involves a release of gas from an intrastate gas pipeline facility and results in any of the following: (1) a death, (2) personal injury requiring inpatient hospitalization, (3) estimated property damage of fifty thousand dollars or more, which is the sum of: (a) the estimated cost of repairing and/or replacing the physical damage to the pipeline facility, (b) the cost of material, labor and equipment to repair the leak, and light up, (c) the cost of gas lost by an operator or person or both. Cost of gas lost shall not include the cost of gas in a planned operational release of gas by an operator, which is performed in compliance with the pipeline safety code, (d) the estimated cost of repairing and/or replacing other damaged property of the operator or others, or both. Ohio Admin. Code § 4901:1-16-01(I) (2007).

² *In the Matter of the Investigation of the Installation, Use and Performance of Natural Gas Service Risers Throughout the State of Ohio and Related Matters*, No. 05-463-GA-COI (Entry at 1-2) (April 13, 2005).

tasks. The Commission ordered Columbia, as well as the other three companies, to inventory the risers in their service territory, and to determine the manufacturer of each gas service riser.³ The Commission also ordered Columbia and the others to identify a sample number of installed risers and to remove a portion of those risers for submission to a testing laboratory. The results of this testing, ultimately, led the Commission's Staff to find that certain risers are more prone to failure than others.⁴ Staff submitted this finding to the Commission with several recommendations. The Commission, currently, has these matters under consideration.⁵ The Commission's Chairman sent a letter to Columbia, and the other three large distribution companies, asking them to among other things address the questions as to whether they should assume responsibility for customer-owned service lines.

The Commission initiated an investigation of gas risers due to public safety concerns and directed Columbia, and the other three large distribution companies, to bear the costs associated with the investigation.⁶ The Commission indicated that it would consider applications for accounting deferrals for the cost of this investigation.⁷

On April 25, 2007, Columbia filed an application in the present docket for (a) approval, under Section 4929.11, Revised Code, of tariffs designed to recover, through an automatic adjustment mechanism, costs associated with the inventory of risers that was

³ *In re Investigation of Gas Service Risers*, No. 05-463-GA-COI (Entry at 2) (April 13, 2005).

⁴ *In re Columbia Gas of Ohio, Inc.*, No. 07-478-GA-UNC (Entry at 1) (July 11, 2007).

⁵ *In re Columbia Gas of Ohio, Inc.*, No. 07-478-GA-UNC (Entry at 1) (October 4, 2007).

⁶ *In re Investigation of Gas Service Risers*, No. 05-463-GA-COI (Entry at 2-3) (August 3, 2005).

⁷ *Id.*

ordered in the COI case, the replacement of customer-owned risers that are identified as prone to failure, and the replacement of customer-owned service lines that are constructed or installed by Columbia as risers or service lines are replaced and (b) accounting authority to permit capitalization of Columbia's investment in customer-owned service lines and risers through assumption of financial responsibility for these facilities and to permit deferral of related costs for subsequent recovery through the automatic adjustment mechanism.⁸ That initiated the current proceeding.

A hearing was held on Columbia's Application. The hearing was continued to December 3, 2007 to address the filing of a Stipulation and Recommendation by the Company and Staff, which was later joined by Ohio Partners for Affordable Energy (OPAE). Subsequently, an Amended Stipulation was filed by the Company, the Staff, OCC and OPAE on December 28, 2007. The Amended Stipulation contains the almost the same terms as the earlier Stipulation, except for some minor changes, the addition of the provisions regarding the Riser Material Plan, and the ending date for the accounting provisions within the Amended Stipulation. The Staff's testimony and other evidence in the record supports the terms of the Amended Stipulation just as it supported the earlier Stipulation. The Amended Stipulation has the support of the local distribution company with the expertise to install and oversee pipeline installation, the regulatory experts on the Commission's Staff, and the representatives of the residential ratepayers.

⁸ *In re Columbia Gas of Ohio, Inc.*, No. 07-478-GA-UNC (Entry at 1-3) (July 11, 2007).

ARGUMENT

I. The Amended Stipulation Meets The Commission's Three-Pronged Test

Rule 4901-1-30, O.A.C., authorizes parties to Commission proceedings to enter into stipulations. Although not binding on the Commission, the terms of such agreements are accorded substantial weight.⁹ The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings.¹⁰ The ultimate issue for the Commission's consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria:

(1) Is the settlement a product of serious bargaining among capable, knowledgeable parties?

(2) Does the settlement, as a package, benefit ratepayers and the public interest?

(3) Does the settlement package violate any important regulatory principle or practice?

The Ohio Supreme Court has endorsed the Commission's analysis using these criteria to resolve issues in a manner economical to ratepayers and public utilities. The court stated

⁹ See *Consumers Counsel v. Pub. Util. Comm.* (1992), 64 Ohio St.3d 123, 125, citing *Akron v. Pub. Util. Comm.* (1978), 55 Ohio St.2d 155.

¹⁰ See, e.g., *Ohio-American Water Co.*, Case No. 99-1038-WW-AIR (June 29, 2000); *The Cincinnati Gas & Electric Co.*, Case No. 91-410-EL-AIR (April 14, 1994); *Ohio Edison Co.*, Case No. 91-698-EL-FOR et al. (December 30, 1993); *The Cleveland Electric Illuminating Co.*, Case No. 88-170-EL-AIR (January 30, 1989); *Restatement of Accounts and Records (Zimmer Plant)*, Case No. 84-1187-EL-UNC (November 26, 1985).

in that case that the Commission may place substantial weight on the terms of a stipulation, even though the stipulation does not bind the Commission.¹¹ The Amended Stipulation in this case meets the Commission's three-pronged test.

A. The Amended Stipulation is the Product of Serious Bargaining Among Capable, Knowledgeable Parties.

The parties in this case are capable and knowledgeable and that is beyond question. Almost all the parties may be viewed as regular participants in Commission proceedings. That participation has included cases involving the natural gas industry and Columbia, in particular. ABC Gas Repair, Inc. (ABC) and Utility Service Partners, Inc. (USP) may not be *regular participants* in Commission proceedings. Nevertheless, ABC and Utility Service Partners, certainly, are knowledgeable about gas service lines as they are in the business of providing warranties for those lines and that is the portion of the case ABC and Utility Service Partners are concerned about according to their intervention motions. Utility Service Partners' counsel and most of the other counsel involved in this case regularly appear before the Commission, representing clients in complex utility matters of all sorts. These counsel are known to the Commission for representing clients in natural gas matters involving Columbia as well as other natural gas companies. Certainly, the parties to this case are knowledgeable and capable parties.

The Amended Stipulation is the result of serious bargaining; the interests of the signatories evidence that. The signatories include Columbia, Staff, OCC and Ohio Partners for Affordable Energy. They represent the interests of the natural gas utility that

¹¹ *Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.* (1994), 68 Ohio St.3d 559.

will provide service, residential consumers who will receive the service and pay for it, and the state that will oversee the activities. In other words, these signatories represent the principal interests in this case. This suggests that the Amended Stipulation is the result of serious bargaining.

The only attempt to contradict the seriousness of the bargaining among capable and knowledgeable parties is based on the claim “the landowners and the warranty providers/OQ plumbers who provide the repair/replacement service on customer service lines – are not signatories to the Stipulation and Recommendation.”¹² Of course, the Office of the Ohio Consumer’s Counsel and Ohio Partners for Affordable Energy represent residential interests and they both are signatories. That means ABC and United Service Partners object because only they did not sign the Amended Stipulation. Utility Service Partners and ABC do not claim the parties are not knowledgeable or that they are not represented by counsel experienced in and knowledgeable of the issues in this case. ABC and Utility Service Partners do not claim that they did not have an opportunity to present their views. They merely object because they did not agree either to the Stipulation or the Amended Stipulation.

As the Commission and the Examiner are well aware, Utility Service Partners and ABC’s participation in the Amended Stipulation is not required. That all parties did not sign the Amended Stipulation does not affect the Commission’s analysis. No party has a veto. Moreover, the principal interest groups are represented by the signatories as discussed above.

¹² Utility Service Partners Ex. 7 at 5.

For these reasons, Staff suggests the Commission should find the Amended Stipulation is the result of serious bargaining among capable and knowledgeable parties.

B. The Settlement Benefits Ratepayers and the Public interest by Protecting the Public Safety and Providing a Reasonable Means for All Customers to Afford Repair and Replacement of Natural Gas Risers and Hazardous Customer Service Lines.

1. Public Safety

The public benefit of the Amended Stipulation is that it gives Columbia complete responsibility for all pipelines covered by the federal pipeline safety regulations¹³ and allows Columbia to uniformly correct all safety issues as required by those regulations.¹⁴ The Amended Stipulation permits Columbia to systematically replace, as quickly as practical, all prone-to-fail risers, and to take responsibility for the future maintenance, repair, and replacement of hazardous customer service lines.¹⁵ The terms of the Amended Stipulation address the public safety considerations raised by the Commission's statewide investigation into the types of natural gas risers used; the conditions of installation; riser performance and the cause of riser failures and the series of recommendations Staff made in that case.¹⁶

The independent consultants and laboratory employed by the Commission to assist in investigating the circumstances of natural gas riser installation and performance

¹³ 49 C.F.R. § 192.

¹⁴ Testimony of Jill A. Henry (adopting Testimony of Edward M. Steele), Staff Ex. 4A at 4 (November 19, 2007).

¹⁵ *Id.*

¹⁶ *In re Investigation of Gas Service Risers*, Case No. 05-463-GA-COI (Entry at 1-5)(April 13, 2005); Staff Report at 14 - 15, *In re: Investigation of Risers*, Case No. 05-563-GA-COI (November 24, 2006).

determined that Design-A risers (risers assembled in the field) when subjected to severe in-service conditions are prone to leakage.¹⁷ While this testing provided valuable evidence and insight into “why” and “how” gas risers fail, it was unable to determine how to predict whether or not a gas riser will perform adequately.¹⁸ Because there is no way to predict whether or not a particular Design-A riser might fail, Staff submits that it is in the public’s interest to have Columbia replace this type of riser within the approximately three year timeframe specified in the Amended Stipulation.

All parties agree that a serious situation has been identified as a result of the Commission-ordered investigation. No one disputes that riser failures could impact the public’s safety. Columbia states its agreement in its application by recognizing that:

[The] risers prone to leakage situation is one clearly involving public safety and the costs to remediate the concern are likely to be substantial. Columbia believes this public safety concern can best be addressed through the replacement of all risers identified as prone to leakage through a structured program designed and administered by Columbia.¹⁹

ABC Gas Repair Inc., through the testimony of Mr. Timothy Morbitzer stated that he does not “oppose that portion of the IRP [Infrastructure Replacement Program] by which Columbia seeks authority to replace plastic, field-assembled Type-A Risers.”²⁰ Intervening party Utility Service Partners also relates through the testimony of Mr. Philip Riley that it does not object to Columbia’s proposal to replace and own Design-A risers.²¹

¹⁷ Staff Report at 9-10.

¹⁸ Staff Report at 14; Staff Ex. 4A at 3.

¹⁹ Application at 4 – 5.

²⁰ Testimony of Timothy J. Morbitzer, ABC Gas Repair, Inc. Ex. 3 at 2;

²¹ Testimony of Philip E. Riley, Jr., USP Ex. 2 at 4.

Finally, the Office of the Ohio Consumers' Counsel through its witness, Mr. Bruce Hayes, disputes the application because of a disagreement with what he terms a failure to "present complete and detailed plans and analysis that would result in a safe and cost efficient riser replacement program within a reasonable time period."²² Mr. Hayes does not disagree with the premise of the application, that there is a need to replace prone-to-leak risers. In fact subsequent to the hearing, OCC joined in the Amended Stipulation filed with the Commission on December 28, 2007.

The other public safety aspect of the Amended Stipulation is the recommendation that Columbia assume the responsibility for repairing or replacing all customer service lines found to be hazardous.²³ In the gas riser investigation, Staff recommended that "distribution operators [be put] on notice that their failure investigation procedures should cover customer owned service line failures."²⁴ Further, in this proceeding Staff witness Edward M. Steele testified that allowing Columbia to assume responsibility for future maintenance and repair of hazardous customer owned service lines provides the following benefits:

- Columbia will have better control over the quality of the work being performed on riser and service line installation.
- Insures proper installation of risers which is critical to proper performance.
- Provides better documentation of what is being installed will allow for better record keeping and availability of the service line for testing after failures.

²² Testimony of Bruce M. Hayes, OCC Ex. 13 at 4.

²³ Stipulation and Recommendation at 9.

²⁴ Staff Report at 14 – 15.

- Provides more efficient repair and replacement of hazardous customer service lines and risers.
- Facilitates the company not having to make an additional trip to the site for follow-up leak testing since they (or their contractor) would already be there making the repairs.
- Provides verification of materials and replacement of risers and service lines by Columbia personnel.
- Eliminates the need for a customer to take action or make a decision about which riser type, and who to hire to install, both areas with which the customer may be unfamiliar.
- Allows for a clear uniform line of demarcation between Columbia's responsibility for operations and maintenance (outlet of the meter, after the sale of the gas) and the customer's obligations regarding gas service to the home.
- Gives Columbia complete responsibility (repair and replacement) for all pipelines regulated by the federal pipeline safety regulations and allows them to uniformly correct all safety issues as required by the pipeline safety regulations.²⁵

Columbia, like all distribution operators, is responsible for qualifying individuals, such as plumbers, to perform repair or replacement of all facets of its distribution system.²⁶ The qualification regulations were instituted to ensure a qualified workforce to perform operations and maintenance tasks on pipeline facilities and to reduce the probability of and consequence of incidents caused by unqualified operators.²⁷

In fact, USP witness Funk testified under cross-examination that corrosion in bare steel service lines can present a safety hazard.²⁸ Further, USP witness Phipps stated that as many as one-third of contractors hired to perform work on service lines or risers may

²⁵ Staff Ex. 2 at 8-9.

²⁶ 49 C.F.R. § 192.801

²⁷ Staff Report at 13.

²⁸ Tr. Vol. IV at 93.

take shortcuts that could lead to leaks.²⁹ Mr. Phipps also acknowledged that he has seen the results of gas line fires at residences and that these fires pose a risk to other residences in the immediate vicinity.³⁰

The Amended Stipulation reasonably proposes to guard against the risks posed by the current method of dealing with service line repair and replacements. The solution is to have Columbia assume responsibility for repairing and replacing hazardous customer service lines. As Staff witness Jill Henry testified, “through this stipulated agreement, repair and replacement work on risers and service lines will be enhanced as a result [of] [sic] a uniform approach to repair and replacement, with clear lines of responsibility for the work performed.”³¹

The record demonstrates that the Amended Stipulation is a reasonable solution to the risks presented by both prone-to-leak gas risers and the current method of dealing with repair or replacement of customer service lines. Staff submits that the Commission should adopt the Amended Stipulation to address these public safety issues.

2. Cost Recovery Mechanism

The Amended Stipulation provides a practicable and reasonable process for Columbia to recover the costs associated with the Company’s Infrastructure Replacement Program. Staff witness David Hodgden testified that “[t]he Stipulation contains appropriate regulatory accounting and economic safeguards to protect the public interest

²⁹ See USP Ex. 6 at 1-2 and Tr. Vol. IV at 103-106.

³⁰ Tr. Vol. IV at 108-109.

³¹ Staff Ex. 4A at 5.

while providing a mechanism for Columbia to recover its incremental IRP costs.”³² At this time the Amended Stipulation provides for a cost recovery mechanism. The Amended Stipulation does not request approval of any costs. That request will be made annually by the Company in its IRP cost filing, and as described below will be subject to the Commission’s full scrutiny and approval.

The safeguards found in the Amended Stipulation were not contained in the Company’s application. Among those safeguards is the Company’s agreement to work with stakeholders to identify appropriate, safe and cost-effective riser replacement techniques that will facilitate the replacement of risers prone to failure in a timely manner.³³ As Mr. Hodgden testified, “[t]he intent of this provision is to encourage the most economical method(s) to replace prone to failure risers, meet all applicable safety requirements, and closely adhere to projected timelines.”³⁴

The Amended Stipulation also provides for exclusion of costs associated with work required by gas pipeline safety regulations that the Company would have performed absent the riser survey.³⁵ The Company also agreed to language to protect against double recovery of costs.³⁶ Under the Amended Stipulation Staff retains the right to propose that IRP costs to be recovered through the rider be amortized for recovery over a period

³² Staff Ex. 3 at 2-3.

³³ Staff Ex. 3 at 3; See Stipulation and Recommendation at 10.

³⁴ Staff Ex. 3 at 3.

³⁵ Staff Ex. 3 at 3.

³⁶ *Id.* at 4.

longer than one year. This provision gives Staff the opportunity to moderate the impact of IRP costs on customer rates.³⁷

Additional safeguards in the Amended Stipulation are the “accounting and reporting provisions that will ensure the validity of reported costs and enhance Staff’s ability to evaluate and verify costs included in the rider filings.”³⁸ Further, the terms of the Amended Stipulation provide that all costs to be recovered will be subject to an independent audit.³⁹ The Amended Stipulation also prohibits the accrual of carrying charges on certain deferred costs, thus reducing recoverable costs; provides for timely resolution of disputes to annual IRP filings; and, permits Columbia to accrue post-in-service-carrying-charges (PISCC) on its capital investment using a simple interest rate based on Columbia’s average cost of debt.⁴⁰

The provisions of the Amended Stipulation benefit the public interest and are in accord with the regulatory principles and practices of this Commission.⁴¹ The provisions of the Amended Stipulation are designed to permit Columbia to recover only costs actually incurred.

C. The Amended Stipulation Does Not Violate Any Important Regulatory Principle or Practice.

The Amended Stipulation does not violate any important regulatory principle or practice. It promotes the public interest by promoting safety, among other advantages, as

³⁷

Id.

³⁸

Id.

³⁹

Id.

⁴⁰

Staff Ex. 3 at 4-5.

⁴¹

Id. at 7.

discussed elsewhere in this brief. Its provisions are consistent with Staff's recommendations in the earliest part of the hearing in this case.⁴² Nevertheless, United Service Partners complains about the Stipulation. To do so, it recasts its fundamental complaint that the Stipulation will be bad for its business interests by limiting the demand for its products and dresses-up its arguments as "regulatory principles." None of that verbiage changes the fact that the Amended Stipulation is in the public interest and that it does not violate any significant regulatory principle.

All of the "regulatory principles" United Service Partners advances appear to protect the interests of residential landowners rather than any interest of United Service Partners even though United Service Partners does not represent residential landowners.⁴³ This is significant because residential landowners do not contest the Amended Stipulation. No residential landowner has appeared to contest Columbia's Application, this Stipulation, or the Amended Stipulation. Moreover, the parties to this case protecting and representing interests that include residential landowners⁴⁴ are signatories to the Amended Stipulation and advocate its adoption by the Commission. That means the representatives of residential landowners disagree with United Service Partners' claims. That, alone, shows the Amended Stipulation does not violate any significant regulatory principle.

⁴² See, Staff Ex. 1 at 7-11 (E. Steele Dir. Test.).

⁴³ See, United Service Partners Ex. 8 at 6 (P. Riley Test. In Opposition To The Stipulation and Recommendation).

⁴⁴ These parties include: Staff, the Ohio Consumers' Counsel and Ohio Partners for Affordable Energy.

Moreover, the violations of regulatory principles claimed by United Service Partners are contradicted by the facts of this case. As noted above, they represent the arguments of United Service Partners repeated under another guise and Staff will not refute each here for the sake of brevity. Instead, Staff highlights two examples.

As the first example, United Service Partners claims that, under the Stipulation, "the cost causer (the landowner with the customer service line that has a hazardous leak) does not have to pay for the cost imposed."⁴⁵ This claim assumes that the landowner with the customer service line is the only one benefited by the elimination of the risk created by a hazardous leak. That is not true. The testimony of Mr. Phipps, a witness called by United Service Partners, showed that many people in addition to the landowner with the customer service line benefit from the remedy to a hazardous leak even if they do not have an interest in the property containing the leaking service line. Mr. Phipps testified that fire beginning with a single leaking gas service line endangers many residences.⁴⁶ Fire does not respect property boundaries or property interests and it threatens everyone in the vicinity. Accordingly, everyone benefits from a program reliably providing for the remediation of such leaks. For that reason, it is reasonable to charge every one to remedy the leaks, even under the position advanced by United Service Partners.

The second example is the claim that: "Purported convenience is emphasized over safety." That claim also is contradicted by the evidence. Staff recommended oversight

⁴⁵ See, United Service Partners Ex. 8 at 6 (P. Riley Test. In Opposition To The Stipulation and Recommendation).

⁴⁶ Tr. IV at 109.

and control of gas service lines by Columbia for safety reasons *only*.⁴⁷ As Mr. Steele noted, “Ohio is one of only a few states in the nation that has customer owned service lines.”⁴⁸ Allowing Columbia greater oversight and control of risers and service lines results in greater distribution system *safety*.⁴⁹ Mr. Steele explained, “Allowing Columbia to assume all operation, maintenance and replacement responsibility for their distribution system, which includes the service lines and risers, would allow Columbia the ability to keep better control of who is doing the work on their system.”⁵⁰ That is not the only reason Staff recommends the Amended Stipulation but it is a significant one because of the potential for contractors in the current system doing “shoddy work.” United Service Partners witness Phipps believes that one-third of the contractors currently working on gas service lines do “shoddy work” and take “short cuts.”⁵¹ That is a significant number; particularly, considering the potential consequences are fire and explosion. Staff does not recommend the Amended Stipulation to advance convenience at the sake of safety as United Service Partners claims. Staff recommends the Amended Stipulation to advance safety by reducing some of the dangers, such as “shoddy work,” in the current system.⁵²

In summary, United Service Partners seeks the continuation of the status quo. While the Amended Stipulation alters the status quo, the continuation of the status quo is not a regulatory principle. In fact, the conditions encompassing the “status quo” led to

⁴⁷ Staff Ex. 1 at 9-12 (E. Steele Dir. Test.).

⁴⁸ *Id.* at 9.

⁴⁹ *Id.* at 10.

⁵⁰ *Id.* at 10.

⁵¹ Tr. IV at 104-105.

⁵² Staff Ex. 1 at 9-12 (E. Steele Dir. Test.).

the Commission's decision to investigate risers and the natural gas pipeline delivery system. Those conditions ultimately led to this case. The status quo that United Service Partners seeks to maintain is the reason for this case and the Amended Stipulation. Regulatory principles do not protect the status quo.

CONCLUSION

Staff submits that the Amended Stipulation and Recommendation is supported by substantial evidence of record and by knowledgeable parties. It is both in the public interest and in accord with the regulatory practices and principles of this Commission. The Amended Stipulation was carefully conceived to balance the competing demands of the public interest, that is, safety, and that of the cost burdens on both the ratepayers and the Company. Staff recommends that the Commission adopt the Amended Stipulation.

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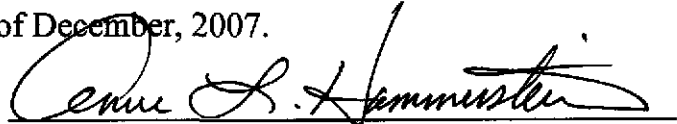


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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Post-Hearing Brief** 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 31st day of December, 2007.



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