FILE

Columbia Exhibit No. _____

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to Rider IRP and Rider DSM Rates	)))	Case No. 09-1036-GA-UNC

PREPARED DIRECT TESTIMONY OF DAVID A. ROY ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

COLUMBIA GAS OF OHIO, INC.

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PREPARED DIRECT TESTIMONY
OF DAVID A. ROY

Q. Please state your name and business address.

A. My name is David A. Roy and my business address is 200 Civic Center Drive, Columbus, Ohio 43215.

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

A. I am employed by NiSource Inc. My current title is Director, Engineering.

Q. What are your responsibilities as Director, Engineering?

A. As Director, Engineering, my principal responsibilities include leading and setting strategic direction for the engineering and project management departments in all five Columbia gas distribution companies and Bay State Gas. I am also responsible for the development and execution of NiSource Gas Distribution's infrastructure capital budget. This includes Columbia Gas of Ohio, Inc. ("Columbia").

Q. What is your educational background?

A. I have a Bachelor of Science degree in Electrical Engineering from Purdue University, West Lafayette, Indiana and a Master's degree in Business Administration from DePaul University, Chicago, Illinois.

Q. Please briefly describe your professional experience?

A. I was originally employed by NiSource as an Associate Trainee in 1999 where I rotated through various operating, engineering, and business departments to gain a broad

understanding of the company. In 2000, I accepted a position with Northern Indiana Public Service Company ("NIPSCO") Engineering department as a Distribution Project Engineer. I was responsible for planning and designing natural gas and electric distribution systems. I joined the NIPSCO Operations department in 2003 as a Construction & Maintenance Supervisor and was later promoted to Service Commitment Supervisor in 2004. While in these positions I had responsibilities including, but not limited to, overseeing electric line and gas service crews, managing local new business work, overseeing annual gas and electric compliance work, and developing the local capital budget. In 2006, I was promoted to Manager, Field Engineering for Columbia Gas of Ohio and Columbia Gas of Kentucky. My principle responsibilities were to oversee the identification, planning, and design of virtually all capital work in those two states. I was also responsible for the development and monitoring of the capital budget for the two states. In 2009, I was promoted to my current position of Director, Engineering for NiSource Inc.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss the management, engineering, and construction practices of Columbia as they relate to the certain components of Rider IRP, included in this filing, for the 2009 calendar year. I will also be discussing Columbia's performance with respect to its accelerated main replacement program and riser replacement program.

Q. Please summarize Rider IRP and its components included in this filing.

A. Rider IRP is an infrastructure tracker which captures cumulative plant investment over a specified period of time and provides for a return on and the return of all program costs. The

program components that make up Columbia's IRP are: (1) the Accelerated Main Replacement Program ("AMRP"); (2) the riser replacement program and the replacement of hazardous service lines; and, (3) the AMRD program. I will be supporting components 1 and 2, while Columbia witness Bohrer will be supporting the AMRD program.

Q. Please describe the AMRP, riser replacement and replacement of hazardous service line programs.

A. Columbia's AMRP targets certain types of main for replacement over the course of 25 years. The types of gas main included in the AMRP are unprotected bare steel, protected bare steel, unprotected coated steel, wrought iron, and cast iron. These types of main ("Priority Pipe" or "Priority Main") typically have a greater probability to leak due to their material type, protection, age, and other characteristics. Also included in the AMRP is the replacement of all metallic service lines and associated appurtenances.

Columbia's riser replacement program was implemented to replace all of its Design-A risers that are prone to failure if not properly installed. Columbia has identified approximately 320,000 that need to be replaced. The program was established to replace orderly and systematically these risers over the period of approximately three years. Along with the risers, Columbia has also been authorized to assume the responsibility for all future maintenance, repair, and replacement of customer-owned service lines that have been determined by Columbia to present an existing or probable hazard to persons or property.

Q. Please summarize the AMRP and riser/hazardous service line performance portions of Rider IRP for 2009.

A. For the 2009 AMRP, Columbia completed 339 projects associated with the retirement of Priority Pipe for a total cost of approximately $34 million. The total footage replaced for each type of main is as follows:

Steel – 516,262 feet
Iron – 12,289 feet
Plastic – 53,695 feet

Also, in 2009, Columbia replaced 87,328 risers throughout the state for a total cost of approximately $43 million. Finally, during 2009, Columbia replaced 9,955 hazardous customer service lines for a total cost of approximately $23 million.

Q. Why did Columbia retire plastic main in conjunction with this replacement program?

A. In the past, as Priority Pipe developed unrepairable leaks, Columbia would replace small sections with plastic to eliminate the hazard. These, typically, short sections of plastic main are scattered throughout systems consisting primarily of Priority Pipe. As Columbia designs an infrastructure replacement project and reviews the plastic sections of pipe located within the project boundaries, an evaluation is made to determine whether to tie into the existing plastic main or bypass it and install all new main. Sometimes Columbia has no choice in abandoning the plastic main due to the new main being relocated to a different location.

Q. Has Columbia included the costs to replace the pieces of plastic main in this filing?

A. Yes. Columbia has included the 2009 costs of retiring any plastic main in conjunction with its infrastructure replacement projects in this filing.

Q. How did Columbia determine which mains were to be replaced as part of its AMRP in 2009?

A. In 2009, Columbia utilized Optimain DS™ to help evaluate and rank pipe segments system-wide against a range of environmental conditions, risks, and economic factors. This evaluation and risk ranking of pipe segments was then reviewed by local engineering and operations departments to determine whether the data was consistent with what has been observed in the field. In addition, Columbia worked collaboratively with local and state governments to identify locations where public improvement work was to occur. Columbia reviewed the plans and worked with the governments to identify areas of Priority Pipe that were soon to be improved. Columbia used both sets of information listed above to help determine which sections of main were the best candidates to select for replacement.

Q. What are Columbia's construction plans for 2010?

A. Columbia expects to spend approximately $115 million on the various components of Rider IRP in 2010. Columbia estimates it will spend approximately $75 million on risers/hazardous service lines, $20 million on AMRD, and $20 million on its AMRP. A current listing of Columbia's largest planned infrastructure projects is shown below.

Location (Street and City)	Expected Construction Start Date	Expected In-Service Date	Total Estimated Cost
Southard Dr., Columbus	1/19/2010	7/15/2010	$1,150,000
Water Works Rd, Newark	2/12/2010	3/18/2010	$444,711
Secor Rd., Toledo	1/4/2010	3/18/2010	$730,756
South Ave., Toledo	6/1/2010	9/30/2010	$419,000
Patterson Ave., Columbus	6/14/2010	8/1/2010	$138,200
SR 681, Springfield	5/3/2010	5/21/2010	$52,000
Mosgrove St., Springfield	5/15/2010	11/15/2010	$702,725
Florence Ave., Jackson	4/5/2010	4/30/2010	$88,400
Limestone Blvd., Chillicothe	5/24/2010	8/21/2010	$331,900
W. Alexis Rd., Toledo	4/1/2010	7/1/2010	$433,700
Monroe St., Toledo	5/1/2010	8/1/2010	$368,550
Hope Ave., Mansfield	7/1/2010	7/31/2010	$208,000
N. 2nd St., Ironton	4/19/2010	6/1/2010	$206,000
Elyria Beltway, Elyria	6/30/2010	9/15/2010	$215,000
Crock Rd., Zanesville	5/31/2010	7/31/2010	$178,545
Big Creek Blvd., Parma Hts.	6/1/2010	9/30/2010	$497,000
Banfield Ave., Toronto	5/3/2010	7/2/2010	$166,125
Blosser Rd., Dalton	5/31/2010	7/10/2010	$450,000

Additional Priority Pipe projects will be constructed throughout the year. However, many of these projects have either not yet been identified or involve third party coordination of which the schedules cannot be relied upon at this time. These projects will address existing hazards and/or eliminate risky pipe in conjunction with public works projects.

Q. Please describe Columbia's process for determining the resources to be used in conjunction with the AMRP projects.

A. The majority of Columbia's capital work is performed by contractors. However, local Columbia employees perform work on some smaller projects when they are available. Columbia evaluates each project on a variety of criteria to determine who will perform the work. Generally, any project with a total estimated contractor cost greater than $500,000 is likely to be placed out for bid. The majority of all work with expected contractor cost less

than $500,000 is given to our local "blanket" contractor to be worked. "Blanket" construction contracts are bid as well. The duration of the blanket contracts are for three years.

Q. What percentage of contractors working on AMRP projects in 2009 consisted of Ohio labor?

A. As part of the Stipulation in Case No. 08-72-GA-AIR, et al., approved by the Commission on December 3, 2008, Columbia agreed to encourage its AMRP contractors to use their best efforts to retain Ohio labor to perform AMRP related services. In the Joint Stipulation and Recommendation in Case No. 09-0006-GA-UNC, filed on June 2, 2009, and approved by the Commission on June 24, 2009, Columbia agreed to continue to encourage its AMRP contractors to use Ohio labor, and to report on Ohio labor participation in the AMRP program. Columbia has added language to its bid packages stating a preference that Ohio labor be used whenever possible as long as the price and quality of work is not negatively impacted. For 2009, 52% of the specific bid/negotiated contract labor workforce for AMRP projects was from Ohio, while 71% of the local blanket contract labor workforce was from Ohio.

Q. Please describe Columbia's process for determining the resources to be used for the replacement of risers.

A. Columbia primarily contracts out the riser replacement work. This work was originally placed out for bid to over 2,150 contractors and plumbers via electronic notices and direct mail. Columbia received approximately 300 responses and evaluated them based upon

number of employees, capacity to perform the required volume of work, prior experience, etc. Eleven pipeline contractors and nine plumbing contractors were invited to participate in the bidding process. Ultimately four contractors were awarded bids for work in various areas of the state.

Q. Do contractors typically replace Columbia's hazardous customer service lines?

A. Contractors do replace some hazardous service lines in a few locations, but the majority of hazardous service lines are replaced by local Columbia employees.

Q. Were there any O&M savings in 2009 associated with the replacement of priority pipe?

A. No, there was not any net O&M savings in 2009. In 2009, Columbia placed a great deal of focus and resources on its prone to fail risers and hazardous service lines, accounting for a combined spend of approximately $66 million. Columbia also addressed many high-risk and poor performing sections of Priority Pipe. However, the amount of leaks Columbia repaired and the total number of open leaks yet to be repaired continue to climb. In fact, Columbia repaired 4,134 main leaks in 2009 compared to 3,724 and 3,419 in 2008 and 2007, respectively. Also, as of the end of 2009, Columbia had 9,717 open leaks yet to be repaired or replaced compared to 7,029 at the end of 2008 and 6,145 at the end of 2007. These numbers show that we continue to have increasing leakage on our priority pipe. This is expected to continue until we attain a replacement rate capable of eliminating enough Priority Pipe to get out ahead of our overall corrosion rate. Columbia will increase its AMRP budget as the Riser Replacement program and AMR programs are completed. Due

to the duration of those programs, Columbia does not believe it will begin to see a reduction in annual net O&M expense for at least another few years.

Q. Did the various components included in this filing produce any other significant benefits for customers in 2009?

A. Although there may not be an immediate net savings associated with O&M work attributed to it, customer safety and reliability was enhanced. With the elimination of over 525,000 feet of Priority Pipe and nearly 10,000 hazardous customer service lines, Columbia was able to eliminate a sizeable amount of gas loss which otherwise would have been included in Columbia's GCR rate. Columbia was also able to elevate pressure on over a dozen systems, which allows for additional economic development in those communities, as well as, virtually eliminating the chance of water entering the lines and freezing meters off in the winter. Also, customer safety has been improved significantly due to 87,328 prone to fail risers and more than 9,955 hazardous service lines being replaced.

Q. Does this complete your Prepared Direct Testimony?

A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Direct Testimony of David A. Roy was served upon all parties of record by regular U.S. Mail this 26th day of February, 2010.

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