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Columbia Exhibit No. 12

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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**PREPARED SUPPLEMENTAL DIRECT TESTIMONY
OF STEPHANIE D. NOEL
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

COLUMBIA GAS OF OHIO, INC.

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April 14, 2010

Attorneys for
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**PREPARED SUPPLEMENTAL DIRECT TESTIMONY
OF STEPHANIE D. NOEL**

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

2 A: My name is Stephanie D. Noel and my business address is 200 Civic Center Drive, Colum-
3 bus, Ohio 43215.

4

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

6 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia") as Director, Regulatory Policy.

7

8 **Q. Are you the same Stephanie D. Noel who has previously filed testimony in this pro-**
9 **ceeding?**

10 A. Yes.

11

12 **Q. What is the purpose of your Supplemental Direct Testimony in this proceeding?**

13 A. I am supporting the Stipulation and Recommendation ("Stipulation") filed in this case on
14 April 14, 2010. I believe the Stipulation represents a fair and reasonable compromise of the
15 issues in these proceedings and that it should be adopted and approved by the Public Utili-
16 ties Commission of Ohio ("Commission").

17

18 **THE STIPULATION**

19 **Q. Please describe the Stipulation.**

20 A. The Stipulation is a comprehensive settlement of all issues in this case. The major provi-
21 sions of the Stipulation include:

- (1) a recommended Rider IRP revenue increase of \$29.9 million, which reflects a \$1.8 million reduction to Columbia's application filed February 26, 2010;
- (2) a recommended Rider DSM revenue increase of \$1.6 million;
- (3) a recommended methodology for calculating the O&M savings attributable to Columbia's AMRP;
- (4) Columbia's future Rider IRP applications will provide evidence to show that Rider IRP was not used to recover the costs of projects that otherwise would have been included in its capital replacement program;
- (5) Columbia's future Rider IRP applications will document the means by which it determined the priority pipe it replaced;
- (6) a number of DSM program clarifications were defined.

Q. Does the Stipulation satisfy the Commission's criteria for evaluating the reasonableness of a stipulation?

A. Yes. The Stipulation satisfies each of the Commission's criteria for evaluating the reasonableness of a stipulation: the Stipulation is the result of serious bargaining among capable, knowledgeable parties; the Stipulation benefits ratepayers and the public interest; and, the Stipulation does not violate any important regulatory principle or practice.

THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES

Q. Do you believe the Stipulation filed in this case is the product of serious bargaining among knowledgeable parties?

1 A. Yes. The Stipulation is the product of an open process in which all parties were repre-
2 sented by able counsel and technical experts. There were extensive negotiations. The
3 Stipulation represents a comprehensive compromise of the issues raised by parties with
4 diverse interests. The signatory parties have adopted it as a reasonable resolution of all of
5 the issues. The Stipulation recommended by the parties for adoption and approval by the
6 Commission is a fair, balanced and reasonable resolution of this proceeding.

7 Each party to the Stipulation regularly participates in rate proceedings and other
8 regulatory matters before the Commission, and each party was represented by similarly ex-
9 perience and competent counsel.

10 A broad range of interests is represented by the parties including Columbia, the Staff
11 of the Public Utilities Commission of Ohio ("Staff"), the Ohio Consumers' Counsel
12 ("OCC") and Ohio Partners for Affordable Energy ("OPAE"). The negotiations were con-
13 ducted based on thorough analyses of Columbia's applications by the Staff, the OCC and
14 OPAE.

15 As a result of these negotiations, the Stipulation provides that Columbia should be
16 authorized to implement a revenue increase that is \$1.8 million lower than that requested in
17 Columbia's application.

18
19 **Q. What were the major issues in this proceeding?**

20 A. Columbia, the Staff and the OCC had different positions concerning issues regarding the
21 costs related to the replacement of plastic pipe, the inclusion of AFUDC on certain plant ad-
22 ditions, exclusion of certain labor and transportation costs included in the AMRD program,
23 the amount of O&M savings attributable to the AMRP, and the overall amount of expendi-

1 tures included in the AMRP. Staff, the OCC and OPAE also had concerns over several ad-
2 ministrative aspects of the Rider DSM.

3
4 **Q. Does the Stipulation resolve these issues?**

5 A. Yes.

6
7 **Q. Were all parties to this case included in the negotiations that resulted in the Stipula-**
8 **tion?**

9 A. Yes.

10
11 **Q. Which parties have signed the Stipulation?**

12 A. In addition to Columbia, the Staff, the OCC and OPAE signed the Stipulation.

13
14 **Q. Are there parties who are not part of the Stipulation?**

15 A. No.

16
17 **THE SETTLEMENT BENEFITS RATEPAYERS AND THE PUBLIC INTEREST**

18 **Q. Does the Stipulation, as a package, benefit ratepayers and the public interest?**

19 A. Yes.

20
21 **Q. Will the Stipulation promote safety and reliability?**

22 A. Yes. Columbia invested more than \$71 million in its natural gas distribution system since
23 2007 to replace its aging distribution system. This will eventually result in fewer leaks,

1 fewer outages and reduce the need to excavate in roads and streets to make repairs. In ad-
2 dition, Columbia has invested \$111 million since 2007 to begin resolving the safety is-
3 sues associated with prone-to-failure risers and hazardous customer service lines through
4 its systematic replacement program.

5
6 **Q. Will the Stipulation enhance customer service?**

7 A. Yes. First, the installation of AMRDs will eventually enable Columbia to read meters on
8 a monthly basis, instead of the bi-monthly schedule currently utilized. Full deployment of
9 AMRDs in Columbia's Findlay operating area during 2009 resulted in the transition from
10 bi-monthly to monthly meter reading beginning March of 2010. This change will result in
11 the elimination of scheduled calculated bills. Additional customer benefits include: the
12 reduction of meter access issues, increased meter reading performance, reduction in me-
13 ter reading and certain call center costs, and the elimination of the \$35 customer installa-
14 tion fee.

15
16 **Q. Will the Stipulation promote energy saving measures?**

17 A. Yes. Columbia's DSM programs will provide residential and small commercial custom-
18 ers easy access to energy saving measures, which will directly reduce natural gas usage,
19 improving the affordability of natural gas service.

20
21 **Q. What is the Stipulation's financial impact on customers?**

22 A. The Stipulation provides for a revenue increase of \$31.5 million, which is \$1.8 million
23 less than what Columbia had requested in its application.

1
2 **Q. Are there additional financial benefits to Riders IRP and DSM not specifically**
3 **quantified in Columbia's application?**

4 A. Yes. Columbia has invested approximately \$193 million in infrastructure over the past
5 two years, resulting in a corresponding increase in property tax base for local communi-
6 ties across the State of Ohio. Over two years, this has generated an incremental \$5.5 mil-
7 lion in property taxes for these same communities. In addition, these programs have pro-
8 moted economic development through hiring of contractors, outside firms, and employ-
9 ees to perform DSM services and improve infrastructure.

10
11 **THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT REGULATORY**
12 **PRINCIPLE OR PRACTICE**
13

14 **Q. Does the Stipulation violate any important regulatory principle or practice?**

15 A. No. The Stipulation does not violate any important regulatory principle or practice.

16 Additionally, the Stipulation is based in large part on the findings and recommenda-
17 tions of the Staff Report of Investigation, which analyzed Columbia's applications and made
18 recommendations for the purpose of ensuring that the resulting rates, terms and conditions
19 of service comply with sound regulatory principles and practices. The Stipulation also re-
20 flects the concerns expressed by the OCC and OPAE in their Comments.

21
22 **Q. Is the Stipulation consistent with recent Commission decisions involving similar appli-**
23 **cations of other Ohio gas utilities?**

24 A. Yes. The Stipulation is consistent with Commission precedent and specifically with the
25 Commission's April 29, 2009, Opinion and Order in the Duke Energy Ohio Adjustment to

1 Rider AMRP Case, PUCO Case Nos. 08-1250-GA-UNC, et al. and the Commission's May
2 6, 2009 Opinion and Order in the Dominion East Ohio Adjustment to its Automated Meter
3 reading Cost recovery Charge Case, PUCO Case No. 09-038-GA-UNC.

4
5 **CONCLUSION**

6 **Q. Are you recommending that the Commission approve the Stipulation?**

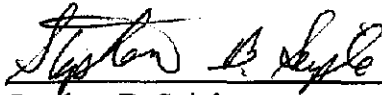
7 A. Yes. I believe the Stipulation represents a fair, balanced and reasonable compromise of
8 diverse interests and provides a fair result for customers. I believe that the Stipulation
9 meets all of the Commission's criteria for adoption of settlements and that the Commis-
10 sion should promptly issue an order approving the settlement.

11
12 **Q. Does this conclude your Prepared Supplemental Direct Testimony?**

13 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Prepared Supplemental Direct Testimony of Stephanie D. Noel was served upon all parties of record by email or hand-delivery this 14th day of April 2010.



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