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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. 10-2353-GA-RDR

PREPARED DIRECT TESTIMONY OF BRAD BOHRER ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

COLUMBIA GAS OF OHIO, INC.

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PREPARED DIRECT TESTIMONY
OF BRAD BOHRER

Q. Please state your name and business address.

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

Q. By who are you employed?

A. I am employed by NiSource Corporate Services Company. My current title is Manager, AMR/AMI Programs.

Q. Will you please state briefly your educational background and experience?

A. I graduated from Bethany College in Bethany, WV with a B.A. in Business Administration and Economics. I began my career with NiSource in 1979 as a Local Auditor for the Columbia Energy Group and in that role I performed audits of various departments within field operations, including office operations, plant and service operations, and warehouse operations. In 1984 I accepted a position with Columbia Gas of Ohio ("Columbia") as a Customer Accounting Supervisor. In that role I supervised all customer service activities including customer inquiries, cash handling, billing, billing exceptions, credit and collections and meter reading. From 1991 to 1996 I was a District Administration Manager for Columbia and I directed the preparation and consolidation of budgets and analyzed cost reports relating to these budgets. I also administered all aspects of office operations involving customer service, cash handling, billing, resolution of billing exceptions, credit and collections and meter reading within my district. Between 1996 and 2000 I was the Director, Administrative Support for Columbia's Southern

Region in which I directed and administered the delivery of services to gas utility field operations including budgets and business analysis, meter reading, revenue recovery and field collections, fleet management, warehousing, and dispatching. Between 2000 and 2002 I was the Director of Revenue Recovery for NiSource's energy distribution companies, and I directed the revenue recovery process for operations in NiSource's nine jurisdictions. From 2002 to 2010 in my role of Manager, Revenue Transactions I was responsible for developing the strategic direction of revenue transactions processes including the study, design and implementation of identified opportunities. In 2010, I assumed my current position as Manager, AMR/AMI Programs.

Q. What are your job responsibilities as Manager, AMR/AMI?

A. As Manager, AMR/AMI Programs, I develop and manage the strategic direction of the AMR/AMI (Automated Meter Reading/Advanced Metering Infrastructure) programs, including the study, design, development, implementation and integration of identified opportunities. I prepare and present project proposals and formal business cases for operations and technology investments that support implementation of meter reading and other best practices. I provide expertise on regulatory and tariff regulations related to meter reading for six of the jurisdictions in which NiSource operates. I also assist in defining and articulating business requirements and benefits as related to technology and process enhancing applications and change initiatives that enhance NiSource efficiency and customer service. These responsibilities include the preparation of testimony in support of the Automatic Meter Reading Devices ("AMRD") portion of Columbia's

Infrastructure Replacement Program ("IRP") and the associated Rider IRP adjustment proposed by Columbia in this case.

Q. Have you previously testified before this Commission?

A. Yes. I previously testified in Case No. 08-0072-GA-AIR and in Case No. 09-1036-GA-RDR.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide an overall description of Columbia's AMRD program and to explain and support the 2010 AMRD program costs included in the proposed adjustment to Rider IRP filed by Columbia in this proceeding.

Q. Are you familiar with the stipulation and recommendation filed with the Commission on October 24, 2008, and approved by the Commission in its Opinion and Order dated December 3, 2008 in Case No. 08-0072-GA-AIR?

A. Yes.

Q. Please describe the scope of Columbia's AMRD Program.

A. In Columbia's original direct testimony in the rate case (filed in March 2008) Columbia proposed to install AMRDs for those customers with inside meters or hard to access meters, including replacement of mechanical remote indexes. However, after performing the studies recommended in the Staff Report in that case, Columbia concluded that

customers would be better served if AMRDs were installed on all residential and commercial meters. The Stipulation approved by the Commission in Case No. 08-0072-GA-AIR provided for Columbia's installation of AMRDs on all residential and commercial meters served by Columbia over a period of approximately five years. The total AMRD project is estimated to cost $82 million over the five years.

Q. Please describe the customer benefits of Columbia's AMRD program.

A. Columbia's customers benefit from a full deployment type program in several ways. First, installation of AMRD devices on all meters enables Columbia to read meters on a monthly basis, instead of the bi-monthly schedule. For instance, the completion of full deployment of AMRDs in Columbia's Findlay and Fremont operating areas resulted in the transition from bi-monthly to monthly meter reading for the customers in those areas in 2010. Furthermore, the completion of full deployment of AMRDs in Columbia's Toledo, Norwalk and Lorain operating areas during 2010 resulted in the transition from bi-monthly to monthly meter reading for those customers in the first quarter of 2011. The move to monthly meter reading eliminates scheduled calculated bills. In addition, Columbia's original rate case proposal contemplated partial AMRD deployment, which would have resulted in meter readers having to continue to walk a large percentage of meter reading routes. By contrast, with full AMRD deployment, as approved by the Commission, the meter readers drive the routes in a vehicle equipped with a Mobile Data Collection unit to collect the AMRD readings. The result is additional reductions in the

cost of meter reading as well as further reductions in manual meter reading errors and billing exceptions. Other benefits include the following:

- Increased customer convenience by reducing access issues (AMRD units were installed on approximately 87,000 inside meters or hard to access meters during 2010);
- Reduction in consecutive months calculated billings (mailings to customers with 11 and 13 consecutive months of calculated bills due to meter access issues has been reduced from 45,591 during the test year to 28,266 during 2010);
- Increased meter reading performance and increased compliance with the Ohio Minimum Gas Service Standards;
- Reduction in meter reading and other O&M costs over the past two years totaling more than $1 million.;
- Elimination of the $35 fee to customers for the installation of an AMRD device;
- Improve quality of billing data due to elimination of manual meter reading errors;
- Enhanced customer service due to fewer billing exceptions;
- Improve employee safety; and,
- Identify energy theft and revenue loss due to meter tampering.

Q. What level of AMRD program costs is included in this filing?

A. The 2010 AMRD plant additions included in this filing are $22,442,610.

Q. Please describe the AMRD program savings.

A. In the rate case Stipulation, Columbia agreed to include O&M savings attributable to the AMRD program as a direct offset to the revenue requirement included in the Rider IRP. The actual savings are determined through a comparison of the actual expenses to a baseline which was established and mutually agreed to by Columbia, the Commission Staff and the OCC. Three areas of costs savings were identified: (1) FERC 902 Meter Reading cost savings; (2) Customer contact center savings resulting from the AMRD program; and, (3) Cost savings resulting from decreased Ohio Minimum Gas Service Standard (MGSS) mailings. For 2010, the savings are as follows: (1) FERC 902 Meter Reading = $716,659; (2) Customer contact center = $102,330; and, (3) MGSS mailings = $8,393.

Q. Are there any other categories of O&M Savings included Columbia's filing?

A. Yes. There is one additional category of AMRD savings. Subsequent to the Order in Case No. 09-1036-GA-RDR, Columbia and Staff discussed Staff's concern that Columbia was including the cost of certain AMRD installations in Rider IRP that were already embedded in base rates. As a result, Columbia agreed to include $249,543 of additional O&M savings in future filings and included the cost of all MGSS installations in the Rider.

Q. Please describe the AMRD deployment strategy executed by Columbia in 2010.

A. AMRD units were installed as part of several deployment opportunities during 2010. The strategy was to take advantage of the most cost effective, efficient and customer service oriented opportunities to install the AMRD units.

Columbia's installation contractor (Tru-Check, Inc.) focused on geographic mass deployment of the AMRD units and completed 85% of the AMRD installations in 2010. Tru-Check continued installations in the Toledo service territory, which were started in 2009. In addition, Tru-Check started installations in the following operating territories in 2010: the Fremont operating area in January 2010, the Lorain operating area in March 2010, the Norwalk operating area in June 2010, and the Middleburg Heights operating area in September 2010. By the end of 2010, AMRD installations were completed on over 96% of the meters in the Toledo, Fremont, Lorain and Norwalk operating areas and over 54% of the Middleburg Heights meters.

Columbia personnel completed the remaining 15% of the AMRD installations in 2010 using four deployment strategies:

(1) AMRD units were installed by company labor in support of the mass deployment projects in Toledo, Fremont, Lorain, Norwalk and Middleburg Heights.

(2) AMRD units were installed by company labor in response to customer requests due to meter access issues and long-term calculated bill situations (calculated billings in excess of nine consecutive months). This installation of AMRD devices in response to customer requests because of long-term calculated bills is in conjunction with the customer communication plan documented in Columbia's Staff-approved meter access plan developed in order to comply with the Ohio Minimum Gas Service Standards. The customer communication plan requires Columbia to issue bi-monthly bill messages or letters requesting access to the meter. Starting at nine consecutive calculated months the

messages/letters include options available to prevent this situation from occurring in the future, one of which is the installation of an AMRD unit.

(3) AMRD units were pre-installed on new or refurbished meters and thus, were installed during the course of setting new or replacement meters. The meter replacements occur as a result of scheduled appointments in conjunction with the AMRD project, or while on-site for another reason. Under circumstances where a meter replacement occurs while on-site for another reason the labor cost is not included for recovery in the AMRD program.

(4) AMRD units were retrofitted on AMRD compatible meters by company labor while on-site for another reason. (Note: in this case only a small portion of the total labor for the job attributed to AMRD installation ($14.80) was included for recovery.)

Q. How many AMRD units were installed during 2010?

A. Columbia utilized its own employees and a contractor's employees to complete the installation of over 380,000 AMRD units in 2010. The contractor completed 325,100 AMRD installations in the Toledo, Fremont, Lorain, Norwalk and Middleburg Heights operating areas as part of the mass geographic deployment, and the Columbia employees completed 54,900 AMRD installations that were targeted for the hard to access meters and other opportunistic AMRD installations across Columbia's entire service territory.

Q. Explain Columbia's strategy to implement a geographic deployment of the AMRD program?

A. The geographic deployment is the most cost effective means for installing the AMRD units. Columbia utilizes a contractor who is dedicated to the AMRD deployment project and utilizes current meter reading routes to schedule and assign the AMRD installations. As the geographic AMRD deployments saturate an operating area, Columbia transitions from bi-monthly to monthly meter reading.

Q. Has Columbia included in this filing the labor costs to replace AMRD incompatible meters?

A. In certain cases, Columbia has included the labor cost to replace a non-compatible meter as part of the AMRD program. The non-compatible meter is replaced with a meter that has an AMRD unit pre-installed on it. Columbia has defined two circumstances under which the labor cost to replace a non-compatible meter is included in the recovery mechanism. The first and most common circumstance is scheduled replacement of non-compatible meters as part of the mass deployment of AMRDs. Since all meters in the mass deployment area must be equipped with an AMRD device for maximum meter reading efficiency, and because Columbia does not utilize contractor resources to handle accounts with non-compatible meters, company personnel are dispatched to locations with non-compatible meters to change out the meter. The labor cost associated with these meter changes is charged to the AMRD program. The second circumstance is when a customer requests an AMRD device be installed because the customer's account has been identified as a "long-term calc" (calculated billings in excess of nine consecutive months). In this situation, Columbia personnel are dispatched to the location to install an

AMRD, and charge their labor to the AMRD program, including the cost of changing out a non-compatible meter if one happens to be installed at the premise.

Under any other circumstances where a compatible or non-compatible meter is exchanged for an AMRD equipped meter, the labor cost for the meter change is not included for recovery in the AMRD program. As a result, the labor associated with the majority of the meter replacements completed in 2010 was not charged to the AMRD program even though the new meters were equipped with AMRDs.

Q. Has Columbia included in this filing costs for other work not directly related to AMRD deployment?

A. No. Columbia has developed procedures designed to specifically identify installation job orders that are directly related to AMRD deployment. In the case where other work is performed at the same time, Columbia only includes charges equal to approximately 15 minutes of labor ($14.80) to Rider IRP for the installation of the AMRD device. The cost for other work performed at the time is charged as appropriate.

Q. How many jobs were created as a result of the AMRD program?

A. The AMRD installation contractor's (Tru-Check, Inc.) staffing peaked at 76 employees utilized to complete the AMRD installations in the Toledo, Fremont, Lorain, Norwalk and Middleburg Heights operating areas. All but four of the 76 employees were hired from the local job market.

Q. Please describe Columbia's process for determining the AMRD vendor and installation contractor to be used in conjunction with the AMRD project.

A. In December 2008, Columbia released a Request for Proposal ("RFP") regarding the AMRD system to three potential AMRD vendors and a RFP for the AMRD installations to thirteen potential contractors. The selection process for both the AMRD vendor was primarily driven by price, experience with gas utilities, AMRD compatibility with Columbia's current meter population, and hardware and software compatibility with Columbia's current manual and automated meter reading solutions. The selection process for the installation contractor was primarily driven by price and AMRD project management experience. The selection processes resulted in the selection of Itron, Inc. as the AMRD vendor and Tru-Check, Inc. as the AMRD installation contractor.

Q. What is Columbia's AMRD deployment strategy for 2011?

A. Columbia's AMRD deployment strategy for 2011 will mirror the 2009 and 2010 strategies. The numbers of AMRD units planned for installation in 2011 is similar to the 2010 levels. The plan is to focus geographic deployment on the completion of the Middleburg Heights operating area as well as completion of geographic deployment in the Springfield operating area. In addition, geographic deployment by the contractor in the Columbus operating area is scheduled to begin in January 2011 with completion by August 2012. The AMRD deployment targets for 2011 are approximately 343,000 AMRD installations by the contractor(s) in the geographic mass deployment areas and

approximately 52,000 targeted statewide AMRD installations by company labor. The 2011 AMRD program costs are estimated to be $20 million.

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 Brad Bohrer was served upon all parties of record by regular U.S. Mail this 28th day of February 2011.

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