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. 12-2923-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 whom 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 the 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, in Case No. 09-1036-GA-RDR, in Case No. 10-2353-GA-RDR and in Case No. 11-5803-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 2012 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. During 2012 the completion of full deployment of AMRDs in Columbia's Columbus, Mansfield, Marion, Mt. Vernon, Wintersville, Bellaire and East Liverpool operating areas resulted in the transition from bi-monthly to monthly meter reading for customers in those areas. In total, 1,285,000 customers have transitioned to monthly meter reading since the program began. 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 have been installed on approximately 275,000 inside meters or hard to access meters since the program began);
- Reduction in consecutive months calculated billings (mailings to customers with 11 and 13 consecutive months of calculated bills due to meter access issues has reduced from 45,591 during the test year to 7,243 during 2012);
- Increased meter reading performance and increased compliance with the Ohio Minimum Gas Service Standards ("MGSS");

- Reduction in meter reading and other O&M costs over the past three years totaling more than $5.692 million (meter reading only);
- Eliminated the $35 fee to customers for the installation of an AMRD device;
- Improved quality of billing data by eliminating 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 are included in this filing?

A. The 2012 AMRD plant additions included in this filing are $22,746,196.

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 MGSS mailings. For 2012, the savings are as follows: (1) FERC 902 Meter Reading = $3,049,785; (2) Customer contact center = $183,614; and, (3) MGSS mailings = $19,146.

Q. **Are there any other categories of AMRD O&M savings included in 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 AMRD installations associated with the MGSS process in Rider IRP that were already imbedded in base rates. Columbia was able to quantify the amount already embedded in base rates and as a result, agreed to pass back $249,543 of additional O&M savings in 2012 while continuing to include all costs of AMRD installations associated with the MGSS process.

Q. Please describe the AMRD deployment strategy executed by Columbia in 2012.

A. AMRD units were installed as part of several deployment opportunities during 2012. 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 93% of the AMRD installations in 2012. Tru-Check continued installations in the Columbus and Mansfield service territories, which were started in 2011. In addition, Tru-Check started installations in the following operating territories in 2012: the Mt Vernon operating area in February 2012, the Wintersville operating area in March 2012, the Bellaire Operating area in April 2012, the Marion operating area in May 2012, the East Liverpool, Zanesville and Alliance/Salem operating areas in June 2012, the Chillicothe and Coshocton operating areas in July 2012, the Portsmouth and New Lexington operating areas in August 2012, the Newark and Athens operating areas in September 2012, the Jackson and Ironton operating areas in October 2012, and the Cambridge operating area in November 2012. By the end of 2012, AMRD installations were completed on over 99% of Columbia's meters.

Columbia personnel completed the remaining 7% of the AMRD installations in 2012 using four deployment strategies:

(1) AMRD units were installed by company labor in support of the mass deployment projects across the state.

(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 MGSS. 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 2012?

A. Columbia utilized its own employees and a contractor's employees to complete the installation of over 435,000 AMRD units in 2012. The contractor completed 407,390 AMRD installations in the Columbus, Mansfield, Mt. Vernon, Marion, Wintersville, Bellaire, East Liverpool, Alliance/Salem, Zanesville, Coshocton, Cambridge, Lew Lexington, Newark, Chillicothe, Athens, Jackson, Portsmouth and Ironton operating areas as part of the mass geographic deployment, and the Columbia employees completed 28,496 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 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 their 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 2012 was not charged to the AMRD program even though the new meters were equipped with AMRDs.

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

A. No. Columbia has developed procedures designed to specifically identify job orders that are directly related to AMRD deployment. In the case where other work is performed at the same time, Columbia only includes changes equal to approximately 15 minutes of labor ($14.80) to Rider IRP for the installation of the AMRD device. The cost of 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 114 employees utilized to complete the AMRD installations in the Columbus, Mansfield, Mt. Vernon, Marion, Wintersville, Bellaire, East Liverpool, Alliance/Salem, Zanesville, Coshocton, Cambridge, New Lexington, Newark, Chillicothe, Athens, Jackson, Portsmouth and Ironton operating areas. All but eight of the 114 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 2013?

A. The geographic mass deployment of AMRDs by the contractor was largely complete at the end of 2012. In 2013, Columbia employees will continue their efforts in support of mass deployment, in response to customer requests, and through day-to-day operations and meter installations. Columbia has budgeted $3.0 million for the AMRD program during 2013.

In December 2012 Columbia submitted for review by Staff and other parties a plan in PUCO Case No. 11-5515-GA-ALT that outlines the steps Columbia will initiate on or before April 15, 2013 to complete the installation of AMRDs on those inside meters that do not yet have an AMRD.

Columbia will continue to utilize a mix of passive and active processes to affect installations of AMRDs on inside meters:

1) Columbia has instructed all company and contractor personnel performing meter reading, meter inspection, and other routine service or construction work that AMRD's are to be installed whenever they gain access to an inside meter that does not yet have an AMRD on it. These instructions will be re-communicated and re-emphasized throughout the year utilizing a variety of employee communication methods.

2) Columbia will continue its campaign of sending letters and making outbound calls to customers with inside meters as a means of gaining

access to those meters through customer appointments. Furthermore, this campaign will be expanded to include additional internal and contractor resources, and where possible, will specifically target groups of customers most likely to make appointments with letters stressing the urgency of the need to grant access to meters.

3) Columbia will modify its current Failure-to-Gain- Access ("FGA") process (as outlined in Columbia's Meter Reading Plan) to emphasize the importance of allowing access to the meter for purposes of installing, repairing, or replacing AMRDs and will begin terminating service to those customers where access to the meter has not been granted for a period of 13 consecutive months.

4) Columbia will "piggyback" on the newly created Inaccessible Meter (inside meter inspection) process to gain access to and install AMRDs on inside meters on premises where the meter has not been inspected for a period of 36 months. Similar to the FGA process, the Inaccessible Meter process utilizes a series of increasingly urgent bill messages and letters that ultimately result in termination of service if access is not granted.

Columbia fully expects that these processes will result in the successful installation of AMRDs on the majority of active inside meters to be completed during 2013. Experience with other Columbia companies has shown, however, that there will be situations where Columbia will be unable to gain access, or will be refused access to some inside meters that do not fall within the two processes above. Columbia will evaluate each of these situations on a case-by-case basis to determine if termination of service is a viable and appropriate option, and will take action as necessary.

Q. Does this complete your Prepared Direct Testimony?

A. Yes, it does.

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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 electronic mail this 28th day of February 2013.

/s/ Stephen B. Seiple
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Summary: Testimony of Brad Bohrer electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.