

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application)
of Columbia Gas of Ohio, Inc. for an Ad-) Case No. 12-2923-GA-RDR
justment to Rider IRP and Rider DSM)
Rates)

**PREPARED SUPPLEMENTAL DIRECT TESTIMONY
OF SHAWN ANDERSON
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

COLUMBIA GAS OF OHIO, INC.

Stephen B. Seiple, Asst. General Counsel
(Counsel of Record)
Brooke E. Leslie, Senior Counsel
200 Civic Center Drive
P.O. Box 117
Columbus, Ohio 43216-0117
Telephone: (614) 460-4648
Fax: (614) 460-6986
Email: sseiple@nisource.com
bleslie@nisource.com

April 9, 2013

Attorneys for
COLUMBIA GAS OF OHIO, INC.

PREPARED SUPPLEMENTAL DIRECT TESTIMONY
OF SHAWN ANDERSON

INTRODUCTION

- 1 **Q. Please state your name and business address.**
2 A. Shawn Anderson, 200 Civic Center Drive, Columbus, Ohio 43215.
3
4 **Q. By who are you employed?**
5 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia").
6
7 **Q. Did you previously file Prepared Direct Testimony in this case?**
8 A. Yes, my Prepared Direct Testimony was filed on February 28, 2013.
9
10 **Q. What is the purpose of your Direct Testimony in this proceeding?**
11 A. I am supporting the Stipulation and Recommendation ("Stipulation") filed
12 in this case on April 9, 2013. I believe the Stipulation represents a fair and
13 reasonable compromise of the issues in these proceedings and that it should
14 be adopted and approved by the Public Utilities Commission of Ohio
15 ("Commission").
16

17 THE STIPULATION

- 18
19 **Q. Please describe the Stipulation.**
20 A. The Stipulation is a comprehensive settlement of all issues in this case. The
21 major provisions of the Stipulation include:
22 (1) a recommended Rider IRP revenue requirement of \$95,576,970,
23 which reflects a \$111,190 reduction to Columbia's application filed February
24 28, 2013; and,
25 (2) a recommended Rider DSM revenue requirement of \$15,811,572.
26
27 **Q. Does the Stipulation satisfy the Commission's criteria for evaluating the**
28 **reasonableness of a stipulation?**
29 A. Yes. The Stipulation satisfies each of the Commission's criteria for evaluating
30 the reasonableness of a stipulation: the Stipulation is the result of serious
31 bargaining among capable, knowledgeable parties; the Stipulation benefits
32 ratepayers and the public interest; and, the Stipulation does not violate any
33 important regulatory principle or practice.
34

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

3
4 **Q. Do you believe the Stipulation filed in this case is the product of serious**
5 **bargaining among knowledgeable parties?**

6 A. Yes. The Stipulation is the product of an open process in which all parties
7 were represented by able counsel and technical experts. The Stipulation
8 represents a compromise of the issues raised by parties with diverse inter-
9 ests. Staff raised only two issues, and both of those issues are resolved in
10 the Stipulation. The signatory parties have adopted the Stipulation as a
11 reasonable resolution of all of the issues. The Stipulation recommended by
12 the parties for adoption and approval by the Commission is a fair, bal-
13 anced and reasonable resolution of this proceeding.

14
15 Each party to the Stipulation regularly participates in rate proceedings and
16 other regulatory matters before the Commission, and each party was repre-
17 sented by similarly experienced and competent counsel.

18
19 A broad range of interests is represented by the parties including Columbia,
20 the Staff of the Public Utilities Commission of Ohio (“Staff”), and the Office
21 of the Ohio Consumers’ Counsel (“OCC”). The negotiations were conducted
22 based on thorough analyses of Columbia’s applications by the Staff and the
23 OCC.

24
25 As a result of these negotiations, the Stipulation provides that Columbia
26 should be authorized to implement a revenue increase that is \$0.1 million
27 lower than that requested in Columbia’s application.

28
29 **Q. What were the major issues in this proceeding?**

30 A. The Staff recommended that Columbia utilize the latest known property tax
31 rate for the basis of property tax expenditures included in the revenue re-
32 quirement, as opposed to an estimated rate aligning with the fiscal year in
33 which these expenditures will be recorded.

34
35 The Staff also recommended that Columbia conduct at least one stakeholder
36 group meeting in conjunction with its DSM program during 2013 and all
37 subsequent years.

38
39 **Q. Does the Stipulation resolve these issues?**

1 A. Yes. The settlement reflects revised calculations for each study within the
2 IRP, reflecting the updated calculations for property tax expenditures utiliz-
3 ing the latest known rate and supporting the revenue requirement recom-
4 mended by Staff of \$95,576,970. In addition, Columbia has agreed to conduct
5 at least one stakeholder group meeting related to its DSM program during
6 2013 and all subsequent years.

7

8 **Q. Were all parties to this case included in the negotiations that resulted in**
9 **the Stipulation?**

10 A. Yes.

11

12 **Q. Which parties have signed the Stipulation?**

13 A. Columbia and the Staff have signed the Stipulation.

14

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

16 A. Yes. The OCC has elected to neither sign nor oppose the Stipulation.

17

18 **THE SETTLEMENT BENEFITS RATEPAYERS AND THE PUBLIC INTEREST**

19

20 **Q. Does the Stipulation, as a package, benefit ratepayers and the public in-**
21 **terest?**

22 A. Yes.

23

24 **Q. Will the Stipulation promote safety and reliability?**

25 A. Yes. Columbia invested approximately \$365 million in its natural gas dis-

26 tribution system since 2008 to replace its aging distribution system. This

27 will eventually result in fewer leaks, fewer outages and reduce the need to

28 excavate in roads and streets to make repairs. In addition, Columbia has

29 invested more than \$246 million since 2008 to begin resolving the safety

30 issues associated with prone-to-failure risers and hazardous customer ser-

31 vice lines through its systematic replacement program. In addition, Co-

32 lumbia has invested nearly \$78 million since 2009 in the installation of

33 AMRDs throughout its service territory.

34

35 **Q. Will the Stipulation enhance customer service?**

36 A. Yes. First, the installation of AMRDs has allowed Columbia to begin the

37 migration to read meters on a monthly basis, instead of the bi-monthly

38 schedule it previously utilized in all areas. The expansion of deployment

39 of AMRDs in Columbia's service territory has allowed all major operating

40 areas to transition from bi-monthly to monthly meter reading and full de-

1 ployment is expected to be completed in 2013. The move to monthly meter
2 reading eliminates scheduled calculated bills. Additional customer bene-
3 fits include: the reduction of meter access issues, increased meter reading
4 performance, reduction in meter reading and certain call center costs, and
5 the elimination of the \$35 customer installation fee.

6
7 **Q. Will the Stipulation promote energy saving measures?**

8 A. Yes. Columbia's DSM programs will provide residential and small com-
9 mercial customers easy access to energy saving measures, which will di-
10 rectly reduce natural gas usage, improving the affordability of natural gas
11 service.

12
13 **Q. What is the Stipulation's financial impact on customers?**

14 A. The Stipulation provides for a revenue increase of approximately \$28.8
15 million for all components of IRP and DSM, which equates to an approx-
16 imate increase of 4.0% and is \$0.1 million less than what Columbia had re-
17 quested in its application on February 28, 2013.

18
19 **Q. Are there additional financial benefits to Riders IRP and DSM not spe-
20 cifically quantified in Columbia's application?**

21 A. Yes. Over the past five years, Columbia has invested approximately \$689
22 million in labor, materials, and other associated costs related to the IRP.
23 New jobs have been created, local taxes have been generated, and the output
24 or sales of materials have increased as a direct result of Columbia's infra-
25 structure investments. Although harder to quantify, these investments have
26 also stimulated indirect economic ripple effects throughout the economy.
27 Over 300 jobs have been created by Columbia's investments in these pro-
28 grams. Numerous additional jobs are currently supported by the IRP.
29 Throughout 2013, additional jobs will be required to support Columbia's in-
30 creased infrastructure investment efforts. Revenue generated by state and
31 local government wage taxes has increased because of the new jobs. Addi-
32 tionally, there has been an increase in property tax base for local communi-
33 ties across the State of Ohio. Over five years, Columbia's IRP investment has
34 generated approximately \$35 million of incremental property taxes for local
35 communities.

36

1 **THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT REGULATORY**
2 **PRINCIPLE OR PRACTICE**

3
4 **Q. Does the Stipulation violate any important regulatory principle or prac-**
5 **tice?**

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

8
9 Additionally, the Stipulation is based on the findings and recommendations
10 of the Staff Report of Investigation, which analyzed Columbia's application
11 and made recommendations for the purpose of ensuring that the resulting
12 rates, terms and conditions of service comply with sound regulatory princi-
13 ples and practices.

14
15 **Q. Is the Stipulation consistent with recent Commission decisions involving**
16 **similar applications of other Ohio gas utilities?**

17 A. Yes. I believe the Stipulation is consistent with the Commission orders in-
18 volving similar facility improvement programs for Dominion East Ohio;
19 Vectren Energy Delivery Ohio; and Duke Energy Ohio, Inc.

20
21 **CONCLUSION**

22
23 **Q. Are you recommending that the Commission approve the Stipulation?**

24 A. Yes. I believe the Stipulation represents a fair, balanced and reasonable
25 compromise of diverse interests and provides a fair result for customers. I
26 believe that the Stipulation meets all of the Commission's criteria for
27 adoption of settlements and that the Commission should promptly issue
28 an order approving the settlement.

29
30 **Q. Does this conclude your Prepared Supplemental Direct Testimony?**

31 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Prepared Supplemental Direct Testimony of Shawn Anderson was served upon all parties of record by email-delivery this 9th day of April 2013.

/s/ Stephen B. Seiple_____

Stephen B. Seiple

Attorney for

COLUMBIA GAS OF OHIO, INC.

SERVICE LIST

Stephen Reilly
Assistant Attorneys General
Public Utilities Section
180 East Broad Street
Columbus, OH 43215
Email: steve.reilly@puc.state.oh.us

Joseph P. Serio
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
Email: serio@occ.state.oh.us

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/9/2013 9:03:16 AM

in

Case No(s). 12-2923-GA-RDR

Summary: Testimony Supplemental Testimony of Shawn Anderson electronically filed by Cheryl A MacDonald on behalf of Columbia Gas of Ohio, Inc.