

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Co-)
lumbia Gas of Ohio, Inc. for Approval to) Case No. 14-1615-GA-AAM
Change Accounting Methods.)

**ANNUAL REPORT OF
COLUMBIA GAS OF OHIO, INC.**

Columbia Gas of Ohio, Inc. ("Columbia"), pursuant to the Commission's December 14, 2014 Finding and Order adopting the Pipeline Safety Program ("PSP") and the Commission's August 26, 2016 Opinion and Order amending the PSP, respectfully submits its annual report detailing Columbia's PSP-related expenses deferred in calendar year 2017. In support of its annual report, Columbia states as follows:

1. Columbia is a natural gas company and a public utility within the meaning of R.C. §§ 4905.02 and 4905.03, and is therefore subject to the jurisdiction of the Commission.

2. On December 17, 2014, pursuant to R.C. § 4905.13, the Commission approved Columbia's application to establish a regulatory asset to defer to up to \$15 million annually to increase customer safety through the PSP. The Commission required Columbia to file an annual report for its PSP by June 1 each year. The Commission further required Columbia's annual report to include an audit report prepared by Columbia's external auditor summarizing its findings with respect to the accuracy of Columbia's accounting for PSP-related expenditures.

3. The Commission also established that, with the filing of the annual report, Staff conducts an annual review of reported program expenditures and should file a Staff Report no later than 90 days subsequent to the annual report. Once the Staff Report is filed, Columbia is granted 30 days to accept Staff's recommendations or to object thereto.

4. On August 26, 2016, the Commission authorized Columbia to defer up to \$25 million annually beginning in calendar year 2016. This incremental \$10

million of deferral authority would have a fixed 3% interest rate per annum for carrying costs and would fund solely Columbia's Damage Prevention Technology Initiative through December 31, 2023. Thereafter, Columbia's authority to defer would revert back to \$15 million annually.

5. In support of this annual report, Columbia includes the following appendices:

Attachment A – Financial Schedules detailing the PSP-related expenses deferred in calendar year 2017.

Attachment B – Audit Report prepared by Columbia's independent auditor, Deloitte & Touché, LLP

Attachment C – PSP Programmatic Review for the four initiatives supported by the PSP

6. Columbia notes that the incorrect weighted average cost of long-term debt rate was used to calculate carrying costs in 2017. This resulted in an understatement of carrying costs for the calendar year 2017 of \$6,062.38, of which \$1,238.00 was corrected in February 2018 to reflect the current weighted average cost of long-term debt rate resulting from Columbia's latest long-term debt issuance in 2017. Columbia however did not adjust for the remaining difference as it was considered immaterial and would have resulted in an increase in carrying costs.

WHEREFORE, Columbia respectfully submits this annual report for Commission Staff's review, and requests a recommendation that all 2017 PSP-related expenses be deferred.

Respectfully submitted by,

COLUMBIA GAS OF OHIO, INC.

/s/ Joseph M. Clark

Joseph M. Clark, Counsel of Record

Stephen B. Seiple, Asst. General Counsel
(0003809)

Joseph M. Clark, Sr. Counsel (0080711)

P.O. Box 117

290 W. Nationwide Blvd.

Columbus, Ohio 43216-0117

Telephone: (614) 460-6988

E-mail: sseiple@nisource.com

josephclark@nisource.com

(Willing to accept service by e-mail)

Attorneys for

COLUMBIA GAS OF OHIO, INC.

ATTACHMENT A

**Columbia Gas of Ohio
Pipeline Safety Program
2017 Annual Report**

Initiative	2015	2016	2017	Total
Enhanced Public Awareness Initiative (EPAI)	\$ 1,394,861.19	\$ 1,625,261.56	\$ 1,416,023.36	\$ 4,436,146.11
Cross Bore Safety Initiative (CBSI)	\$ 978,703.31	\$ 2,123,511.10	\$ 2,048,728.04	\$ 5,150,942.45
Advanced Workforce Training Initiative (AWTI)	\$ 3,731,850.27	\$ 5,691,231.82	\$ 6,332,873.22	\$ 15,755,955.31
Damage Prevention Technology Initiative (DPTI)	\$ 5,340,996.75	\$ 9,938,760.58	\$ 14,594,278.79	\$ 29,874,036.12
Carrying Costs	\$ 142,884.01	\$ 1,098,422.57	\$ 1,914,431.63	\$ 3,155,738.21
Total	\$ 11,589,295.53	\$ 20,477,187.63	\$ 26,306,335.04	\$ 58,372,818.20

2017 Initiative	January	February	March	April	May	June	July	August	September	October	November	December	Total
Enhanced Public Awareness Initiative (EPAI)	-	36,598.70	(36,598.70)	-	162,073.38	237,451.85	82,683.88	87,854.74	125,769.12	200,046.39	115,370.45	404,773.55	\$ 1,416,023.36
Cross Bore Safety Initiative (CBSI)	118,079.12	250,174.81	179,785.58	114,880.66	148,816.23	118,938.09	130,237.61	175,573.86	193,242.29	200,815.41	172,592.12	245,592.26	\$ 2,048,728.04
Advanced Workforce Training Initiative (AWTI)	532,203.09	352,951.41	409,844.34	393,898.45	444,971.40	618,685.76	366,147.25	361,843.27	336,381.41	1,092,761.97	642,754.18	780,430.69	\$ 6,332,873.22
Damage Prevention Technology Initiative (DPTI)	1,106,513.00	1,096,833.96	1,093,201.80	766,308.78	1,271,995.04	735,813.90	810,325.54	943,718.96	1,035,384.89	1,406,795.10	3,079,050.24	1,248,337.58	\$ 14,594,278.79
Carrying Costs	131,727.40	124,142.31	142,922.91	142,922.11	140,579.36	154,394.06	165,014.51	169,963.68	169,747.36	183,657.36	181,965.61	207,394.96	\$ 1,914,431.63
Total	\$ 1,888,522.61	\$ 1,860,701.19	\$ 1,789,155.93	\$ 1,418,010.00	\$ 2,168,435.41	\$ 1,865,283.66	\$ 1,554,408.79	\$ 1,738,954.51	\$ 1,860,525.07	\$ 3,084,076.23	\$ 4,191,732.60	\$ 2,886,529.04	\$ 26,306,335.04

ATTACHMENT B

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Columbia Gas of Ohio, Inc.
Columbus, OH 43215

We have performed the procedures enumerated below, which were agreed to by Columbia Gas of Ohio, Inc. (the "Company") and the Public Utilities Commission of Ohio (the "PUCO") on the Company's assertion regarding compliance with PUCO Case No. 14-1615-GA-AAM and No. 16-0552-GA-AAM with regard to the balance of accumulated cost deferrals for the Pipeline Safety Program ("PSP") for the period January 1, 2017 through December 31, 2017. The Company is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

AGREED-UPON PROCEDURES

1. We obtained from Company management the detail of the PSP cost deferrals by month for the period from January 1, 2017 to December 31, 2017 and agreed it to the Company's annual report to be filed with the Public Utilities Commission of Ohio (PUCO), and identified no differences. We also performed the following procedures:
 - a. We removed the prior year PSP activity included in the detail of PSP cost deferrals by month obtained in Step 1 above by filtering the detail to exclude the rows with the Journal Description 'Journals from closing'. We agreed the total remaining activity to the change in accounts 18236600, 18236601 and 18236602 from January 1, 2017 to December 31, 2017 in the Company's general ledger and identified no differences.
 - b. We randomly selected 3 months included in the schedule obtained in Step 1 above. For each month selected, we randomly selected five individual cost line items from the schedule (15 total selections) and agreed the cost included in the detail to supporting documentation (e.g., invoice or payroll records); see below for results.
 - i. We selected 2 labor charges, and recalculated the total charges by multiplying the total hours charged by the employee to a PSP work order by the employee labor rate with no exception. We agreed the total hours charged to a PSP work order by the employee for each selection to a screenshot from the EASI system and the employee's labor rate to a screenshot from the LaborDS Database and identified no differences.

- ii. We selected 4 employee expense charges, and agreed the total cost to the Employee History Report from the MySpend system and identified no differences.
 - iii. We selected 3 third party charges, and agreed each selection to a third-party invoice and identified no differences.
 - iv. We selected 1 charge related to the allocation of a third party invoice for curriculum development, and recalculated the amount by multiplying the amount per the third-party invoice by the COH allocation rate without exception. We agreed the COH allocation rate to the curriculum development allocation spreadsheet provided by the NiSource Corporate Services Accounting Manager and identified no differences.
 - v. We selected 4 allocations of employee Federal Insurance Contributions Act (FICA) tax and recalculated the allocated amount by multiplying the employee's hours by the employee labor rate and the allocation rate with no exception. We agreed the hours charged by the employee to a PSP work order to a screenshot from the EASI system, the employee's labor rate to a screenshot from the LaborDS Database, and the allocation rate to a screenshot from the PeopleSoft system and identified no differences.
 - vi. We selected 1 truck expense charge, and recalculated the amount by multiplying the hours, truck rate, and amount with no exception. We agreed the hours to a screenshot from the EASI system, and agreed the allocation rate to a screenshot from the PeopleSoft system and identified no differences.
- 2. We obtained from Company management the monthly detail of the carrying charges included in the PSP deferrals for the period from January 1, 2017 to December 31, 2017 and performed the following procedures:
 - a. We agreed the total activity per the monthly detail of the carrying charges to the total carrying charges included in the schedule obtained in Step 1 above by filtering the detail to include the cost element '9257' and identified the following difference:
 - i. The total carrying costs per the monthly detail obtained in Step 2 was \$1,920,494.01 compared to the total carrying charges per the schedule obtained in Step 1 above of \$1,914,431.63, a difference of \$6,062.38.
 - b. We randomly selected 3 months in the period from January 1, 2017 to December 31, 2017, and recalculated the monthly carrying charges for each selected month by multiplying the Company's weighted average long-term debt interest rate of 5.31% for January 1, 2017 to October 31, 2017 and 5.16% from November 1, 2017 to December 31, 2017, or 3.0% for Damage Prevention Technology Initiative (DPTI) charges, by the average of the monthly beginning and ending balance of accounts 18236600, 18236601 and 18236602 with no exception.

- i. We agreed the beginning monthly balance of accounts 18236600, 18236601 and 18236602 to the sum of the 2017 activity from the detail of the PSP cost deferrals by month obtained in Step 1 through the previous month excluding carrying costs plus the 2015 through 2016 activity excluding carrying costs per the respective annual schedules, and identified no differences.
- ii. We agreed the ending monthly balance of accounts 18236600, 18236601 and 18236602 to the sum of the 2017 activity from the detail of the PSP cost deferrals by month obtained in Step 1 through the selected month excluding carrying costs plus the 2015 through 2016 activity excluding carrying costs per the respective annual schedules and identified no differences.

For the purposes of reporting exceptions, differences due to rounding were not reported.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with PUCO Case No. 14-1615-GA-AAM and No. 16-0552-GA-AAM in conjunction with the balance of accumulated cost deferrals for the PSP for the period January 1, 2017 through December 31, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the PUCO and is not intended to be, and should not be, used by anyone other than the specified parties.

Deloitte + Touche LLP

June 1, 2018

ATTACHMENT C

ADVANCED WORKFORCE TRAINING INITIATIVE

TRAINING BY THE STATISTICS

Service Technicians

- 130 Trainees attend 6,312 hours of instructor-led training
- 24 employees graduated from the Service On-the-Job Training ("OJT") program in 2017

Plant Technicians

- 207 Trainees attend 12,904 hours of instructor-led training
- 58 employees graduated from the Plant On-the-Job Training ("OJT") program in 2017

Community and Company Outreach

- Trained 124 external emergency responders on Gas Basics, Fire School, and emergency response activities
- 1,835 people (internal and external) utilized and/or toured the facility

Training Facility – Year in Review – On March 20, 2017, the Training Facility held its first classes and delivered 169 courses to 1,610 attendees

TRAINING CURRICULUM: BUILDING NEW MODULES

Plant, Construction, and Engineering

- Columbia further developed curriculum for advancing the knowledge of our Plant, Construction, and Engineering employees through Advanced Plant Classes, including: Sequencing Tie-In Operations, Advanced Purging, Advanced Main Line Plastics, and Complex Pressure Testing and Uprates
- Columbia developed curriculum for Construction Coordinators with a class on Site Planning and Preparation

Front Line Leader

- Columbia developed additional curriculum for Front Line Leaders, including: Service Overview, Leakage

Control, M&R Overview, Plant Overview, Compliance Overview, and Emergency Response.

Pipeline Integrity, Safety, and Customer Service

- Columbia developed new curriculum for Leak Investigators and Locators, while working to enhance the already extensive Measurement and Regulation curriculum.
- Columbia further developed curriculum to enhance Emergency Response capabilities with a new Make Safe class.
- Columbia developed new curriculum for Pilot Relight Training, enhancing capabilities to restore service.

OTHER MEASURES OF EFFECTIVENESS

PROGRESS TOWARDS REDUCING RISKS TO COLUMBIA'S SYSTEM

- With a more comprehensive training, new hires are able to better maintain Columbia's system
- Columbia will also be able to reduce incidents and other safety hazards due to operator error

MIDTERM ADJUSTMENTS TO ADVANCED WORKFORCE TRAINING INITIATIVE

- Columbia incorporated lessons learned from past safety incidents into its Emergency Response curriculum and training facility

RESULTS OF ONGOING AND FUTURE INVESTIGATIONS

- Investigations into best practices of curriculum build and training facility design have shaped the Advanced Workforce Training Initiative

IDENTIFYING INEFFICIENCIES AND IMPLEMENTING COST SAVINGS MEASURES

- Columbia is sharing the cost of shared services for the training initiative with its affiliates

CROSS BORE SAFETY AND REMEDIATION INITIATIVE

CROSS BORES IDENTIFIED AND REMEDIATED AND TARGETED FACILITIES EXAMINED

Targeted Camera Program

- In 2017, Columbia inspected over 5,419 sewer laterals and over 149.5 miles of sewer laterals, sewer mains and storm sewer facilities
- In 2017, Columbia's legacy program identified 58 gas cross bores, with an additional 54 that were non-gas

Cross Bores Identified in the Field

- In 2017, Columbia identified 94 gas cross bores in the field
- Cross bores identified in the field during AMRP projects, construction, or by municipalities, plumbers and other stakeholders

CROSS BORE RISK RANKING MODEL

- The cross bore risk model identified central Ohio, Springfield and the Sandusky communities to guide Columbia's inspection work
- Columbia's tool has been updated on a continual basis to assess performance and improve the metrics driving locations to find legacy cross bores

REDUCING CROSS BORE RISK

- In the long term, cross bore risk on Columbia's DIMP should decrease as cross bores are remediated
- As Columbia anticipated, the cross bore risk increased on Columbia's DIMP plan in 2017 as a result of the targeted legacy program and increased internal and external public awareness

CROSS BORE WEBSITE, PLUMBER BROCHURE, AND PUBLIC EDUCATION

- Columbia continues to update its sewer safety website: www.columbiagasohio.com/stay-safe/sewer-line-safety
- Columbia enhanced its digital cross bore education campaign by creating a video now viewable on the website
- Columbia launched its public awareness messaging on Facebook and Twitter. The posts received 60,009 video starts and reached 88,620 people. Columbia also sent an e-newsletter to 63,421 customers that contained video link about cross bore education. This email resulted in 41,935 video views.
- Columbia continues visiting plumbing associations and working directly with its sewer infrastructure partners such as municipalities, home owners associations and schools

OTHER MEASURES OF EFFECTIVENESS

PROGRESS TOWARDS REDUCING RISKS TO COLUMBIA'S SYSTEM

- By identifying and remediating cross bores, the initiative will, in the long term, decrease cross bore risk identified on Columbia's DIMP

MIDTERM ADJUSTMENTS TO CROSS BORE INITIATIVE

- Columbia continues to update its cross bore risk model, which provides targeted guidance

IDENTIFYING INEFFICIENCIES AND IMPLEMENTING COST SAVINGS MEASURES

RESULTS OF ONGOING AND FUTURE INVESTIGATIONS

- Columbia anticipates, with the new model, more success finding legacy cross bores in its system
- With additional education to municipalities and plumbers, Columbia anticipates receiving more referrals and notifications of cross bores

- Columbia continuously verifies and inspects contractor invoices in this program
- Columbia continuously monitors the contractor costs per foot to monitor changes in expenses

DAMAGE PREVENTION TECHNOLOGY INITIATIVE

2017 DISTRIBUTION FACILITIES LOCATED

Columbia Gas of Ohio – 2017 Year-End Statistics

Total Distribution Facility Footage	14,290,677
Main Lines	8,021,954
Service Lines	6,874,150
Vendor Points	2,692,277
Field Collectors (average)	104

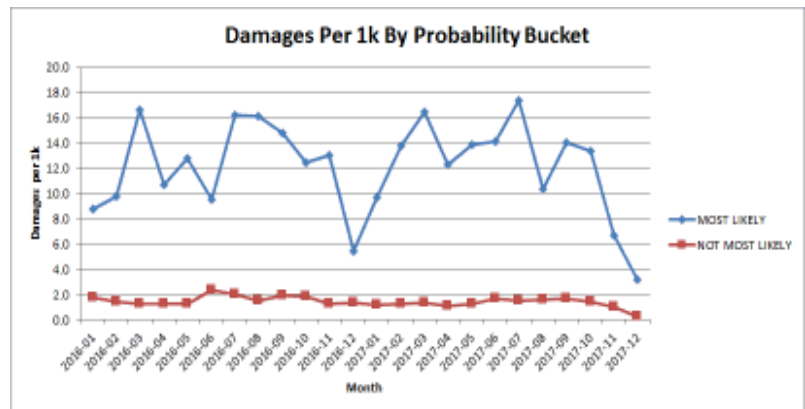
TOTAL FACILITIES LOCATED (2015 – 2017)

Columbia Gas of Ohio – Program Statistics

Total Distribution Facility Footage	26,175,433
Main Lines	15,509,971
Service Lines	10,665,462
Vendor Points	4,824,209
Field Collectors (average)	61

DAMAGE PREVENTION RISK MODEL (DPRM)

- DPRM accurately predicts the riskiest one-call tickets and guides Damage Prevention Coordinators (DPCs) to contact with excavators in the field
- Columbia continues to see increased accuracy with the DPRM software
- Columbia is currently working on ways to better utilize and tie DPRM to the DPC field form software.



DAMAGES FROM RECORD ERRORS

- Anticipated outgrowth of implementing a more robust system of maps and records is a decrease in damages due to a lack of updated records in Columbia's system
- To set a baseline for this metric, in 2014, out of the 1933 damages, 494 were due to record errors (25.5%). In 2015, out of 1802 damages, 367 were due to record error (20.4%), in 2016, out of 1,251 damages, 265 were due to record error (21.1%), and in 2017 out of 1,625 damages, 287 were due to record error (17.6%). Columbia anticipates a decrease in damages from record error over the life of the program

OTHER MEASURES OF EFFECTIVENESS

PROGRESS TOWARDS REDUCING RISKS TO COLUMBIA'S SYSTEM

- Once it meets a critical mass, damages due to records errors should decrease
- DPRM guides DPCs to meet in the field with excavators working on high risk tickets

MIDTERM ADJUSTMENTS TO DAMAGE PREVENTION TECHNOLOGY INITIATIVE

- Columbia adjusted its DPRM program based on feedback from DPCs and program users
- Columbia also shifted bidding locate and GPS contracts to unit pricing versus time & equipment

RESULTS OF ONGOING AND FUTURE INVESTIGATIONS

- Columbia management of DPCs will continue to drive full utilization of DPRM, with particular focus on highest risk tickets

IDENTIFYING INEFFICIENCIES AND IMPLEMENTING COST SAVINGS MEASURES

- Columbia continues moving geographically throughout its service territory to obtain GPS data

ENHANCED PUBLIC AWARENESS INITIATIVE

INCREASING NATURAL GAS AWARENESS AND GAS INFRASTRUCTURE SAFETY

Baseline Survey (July/August 2015), Annual Survey (May 2016), Annual Survey (May 2017), and Annual Survey (May 2018)

		Affected Public				Excavators				Emergency Responders				Public Officials			
		2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Natural Gas in close proximity.	Yes	90%	90%	66%	72%					84%	91%	86%	*	84%	76%	78%	80%
In the past year, do you recall seeing, hearing or reading any information regarding natural gas safety?	Yes	44%	41%	39%	51%	40%	53%	75%	54%	45%	55%	63%	77%	46%	56%	48%	60%
Do you know what natural gas smells like?	Yes	88%	88%	87%	94%	95%	92%	100%	84%	97%	98%	97%	77%	93%	96%	95%	75%
Aware of locator service?	Yes	83%	79%	90%	75%	97%	99%	100%	99%	98%	92%	97%	*	98%	100%	99%	99%
Do you know what number to call before digging?	811	18%	32%	39%	22%	56%	64%	70%	88%	44%	69%	65%	*	50%	58%	62%	*
Heard of '811' or another free 'One Call' number?	Yes	45%	51%	57%	75%	90%	92%	92%	83%	82%	91%	93%	*	88%	90%	82%	*
Is calling before you dig required by law?	Yes	22%	29%	26%	63%	62%	75%	82%	*	80%	82%	76%	*	64%	60%	56%	76%
Ohio has significant penalties for digging without calling to have utilities located.	Agree	47%	42%	27%	94%	65%	71%	38%	*	48%	47%	44%	*	47%	46%	40%	*

*For calendar year 2018, Columbia utilized the Ohio Gas Association survey for its PSP Public Awareness survey. The OGA survey does not include several comparable questions to previous surveys conducted by Columbia. For calendar year 2019, Columbia will resume using its previous survey questions.

STATISTICS AND SUCCESSES

1. Radio, Digital and Social Campaigns

- 811 Campaign (April – Oct 2017)
Audio Impressions: 16M for radio; 7M for Pandora
Digital: 12K clicks across Pandora, paid search and Facebook
- Smell & Tell Campaign (March 2017 & Oct-Nov 2017)
Audio Impressions: 9M for radio; 7M for Pandora
Digital: 4K clicks; 66 direct calls via paid search

2. Custom Nursery Partnerships

- Partnered with local garden centers to tag more than 5,000 pieces of nursery stock with the 811 message to connect with customers right before they planned to dig

3. Safety Towns & Fire Safety Days

- Attended more than 140 individual safety town presentations and fire safety events, reaching nearly 22,000 children, to provide education on key safety information across the service territory

5. Video Engagement

- Developed five educational videos addressing 811, Smell and Tell, Gas Line Responsibility, CO Safety and the Dangers of DIY, which secured more than 42,000 views

6. Decreased Damages Per 1,000 Locates

- Between 2012 and 2017, Columbia experienced a 32% decrease in damages per 1,000 locates

OTHER MEASURES OF EFFECTIVENESS

PROGRESS TOWARDS REDUCING RISKS TO COLUMBIA'S SYSTEM

- The largest risk to Columbia's system is excavator risk, which, as is shown in the damages per 1,000 locates, is decreasing

RESULTS OF ONGOING AND FUTURE INVESTIGATIONS

- Columbia's baseline survey and follow up survey shows that customers have heard about 811 (45% in 2015 to 75% in 2018), knowing that calling before digging is required by law (22% in 2015 and 63% in 2018), and being aware that Ohio has significant penalties if a person fails to call (47% in 2015 to 94% in 2018)

MIDTERM ADJUSTMENTS TO PUBLIC AWARENESS INITIATIVE

- Columbia is expanding its initiative to educate customers about gas infrastructure safety through additional safety messaging including don't do it yourself and customer responsibility messages
- Columbia is also increasing its outreach through the use of original videos, article placements and earned media

IDENTIFYING INEFFICIENCIES AND IMPLEMENTING COST SAVINGS MEASURES

- Columbia identified Facebook as an efficient social media ad partner, allowing it to reallocate dollars from other social media platforms to small market radio, reaching rural areas of the service territory more effectively.
- Traditional news/weather/traffic radio spots, as well as Pandora online radio spots, utilized station talent to eliminate all production costs typically associated with this type of advertising.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/1/2018 10:05:11 AM

in

Case No(s). 14-1615-GA-AAM

Summary: Annual Report for Calendar Year 2017 electronically filed by Cheryl A MacDonald
on behalf of Columbia Gas of Ohio, Inc.