

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Vectren)	
Energy Delivery of Ohio, Inc. for Approval)	Case No. 18-0298-GA-AIR
of an Increase in Gas Rates)	

**TESTIMONY
OF
PETER A. CHACE
RESEARCH AND POLICY DIVISION
RATES AND ANALYSIS DEPARTMENT**

STAFF EXHIBIT NO. _____

January 22, 2019

24 where I gained a general knowledge of engineering principles. From 1997 to
25 1999 I was employed by the Battelle Memorial Institute in Columbus, OH as a
26 Statistician. From 1999 to 2007, I was employed by the Office of the Ohio
27 State Fire Marshal where I served as the Chief of the Bureau of Underground
28 Storage Tank Regulations (BUSTR), an organization that regulates the
29 operation of underground petroleum storage tanks and the remediation of
30 petroleum releases from regulated tanks into the environment. From 2007 to
31 2009, I was employed as a project manager by two environmental engineering
32 firms, BJAAM Environmental (2007-2008) and August Mack Environmental
33 (2008-2009). In 2009, I joined the PUCO as the Gas Pipeline Safety program
34 manager and have served in that capacity since then.

35
36 5. Q. What is the purpose of your testimony in this case?

37 A. My testimony addresses the fourth objection submitted by the Environmental
38 Law & Policy Center (ELPC) and the sixth objection submitted by the Ohio
39 Consumers' Counsel (OCC).

40
41 6. Q. Please summarize the EPLC's fourth objection.

42 A. The EPLC states "Staff has unjustly and unreasonably failed to recommend
43 that VEDO integrate best practices for leak detection and abatement to
44 enhance safety, including the use of advanced leak detection technology."

47 7. Q. Did the ELPC provide testimony to provide further detail on this objection?
48 A. Yes. Direct testimony by Virginia Palacios was filed on behalf of the ELPC
49 on November 7, 2018, which describes recommended advanced leak detection
50 technology and leak qualification methods.
51

52 8. Q. How does Vectren perform leak detection currently?
53 A. Vectren performs periodic leakage surveys consisting of walking along the
54 pipeline route with an instrument capable of detecting the presence of
55 hydrocarbons in air, typically a flame ionization detector (FID). If an
56 underground gas leak is discovered its source and extent is determined,
57 typically using a combustible gas indicator (CGI) capable of detecting
58 methane concentrations in air.
59

60 9. Q. What are the minimum requirements in the Pipeline Safety Regulations for
61 leak detection?
62 A. The Pipeline Safety Regulations, 49 C.F.R. 192.723 requires operators to
63 perform a leakage survey using leak detection equipment annually at intervals
64 not exceeding 15 months in business districts, every 3 years for cathodically
65 unprotected piping outside business districts, and every 5 years for all other
66 piping. Operators are required to promptly repair all hazardous leaks under 49
67 C.F.R. 192.703(c). The Ohio Administrative Code (OAC) 4901:1-16-04 adds
68 additional requirements regarding how to classify a leak as hazardous or non-

69 hazardous and specifies maximum time intervals for the repair of different
70 types of leaks.

71

72 10. Q. Do Vectren's current leak detection practices meet the minimum requirements
73 of the Pipeline Safety Regulations?

74 A. Yes. The Gas Pipeline Safety section Staff performs periodic inspections of
75 Vectren and other Ohio gas pipeline operators to ensure compliance with the
76 Pipeline Safety Regulations. Based on the results of these inspections,
77 Vectren's current leak detection practices meet the minimum requirements of
78 the pipeline safety regulations.

79

80 11. Q. Do you believe the use of advanced leak detection technology will result in a
81 more efficient use of ratepayer funding for infrastructure improvements?

82 A. Staff's responsibility is to ensure compliance, including compliance with leak
83 detection requirements, and Vectren is compliant. I believe that operators
84 should examine best practices and that additional measure may be beneficial,
85 but it is Vectren's responsibility to make that determination.

86

87 12. Q. Does ELPC's testimony claim that advanced leak detection technology will
88 improve pipeline safety?

89 A. Yes. EPLC argues that the data made available through the advanced leak
90 detection technology will improve Vectren's Distribution Integrity
91 Management Plan (DIMP).

92 13. Q. What is a DIMP?

93 A. The purpose of a DIMP is to allow the operator to evaluate risk to their system

94 and direct their efforts in ways that can most efficiently minimize risk.

95 Requirements for an operators DIMP plan are found in the Pipeline Safety

96 Regulations, 49 C.F.R. 192, Subpart P. A written DIMP must contain

97 procedures for developing and implementing the following elements: system

98 knowledge, identification of threats, evaluating and ranking of risks,

99 identification and implementation of measures to address risks, and

100 measurement of performance and an evaluation of effectiveness.

101

102 14. Q. Does Vectren's current DIMP meet the minimum requirements of the Pipeline

103 Safety Regulations?

104 A. Yes. The Gas Pipeline Safety section Staff performs inspections of Vectren's

105 DIMP at least once every three years. Based on the results of these

106 inspections, Vectren's current DIMP and its implementation of that plan meet

107 the minimum requirements of the pipeline safety regulations.

108

109 15. Q. Do you believe advanced leak detection can improve Vectren's Distribution

110 Accelerated Risk Reduction (DARR)?

111 A. I do not believe this advanced leak detection technology will significantly

112 improve Vectren's DARR program. The purpose of this program is for

113 Vectren to address a backlog of Grade 3 leaks. The Ohio Administrative Code

114 4901:1-16-04 defines a Grade 3 leak as "an indication of leakage recognized

as being nonhazardous at the time of detection and can be reasonably expected to remain nonhazardous”. Operators must re-evaluate these leaks on an annual basis to ensure they continue to meet a Grade 3 classification. These leaks are typically small and involve a low volume of gas released. I do not believe an improved knowledge of leak flow rates would result in improvements in the program significant enough to justify the costs.

16. Q. Do you believe advanced leak detection can improve Vectren’s Pipeline Safety Management System Implementation?

A. The Safety Management System program is a comprehensive system designed to manage safety elements in the workplace. It includes development of policy objectives, plans, procedures, organization, division of responsibilities and other measures. Data from advanced leak detection technology will not affect safety management system implementation, although it could be used to either replace or supplement conventional leak data to manage risk and measure progress towards management objectives.

17. Q. Do you believe advanced leak detection can improve Enhanced Risk Modeling and Threat Analysis?

A. Spatial data from advanced leak detection on leak location and volumes can potentially improve risk modeling and threat analysis, but I believe Vectren is best suited to identify what technologies would improve its compliance with pipeline safety regulations.

138 18. Q. Please summarize your testimony regarding Vectren's existing leak detection
139 procedures and protocols.

140 A. The current practices and technologies used by Vectren to locate, assess and
141 repair leaks meets or exceeds the minimum requirements of the Pipeline
142 Safety Regulations and the Ohio Administrative Code. I believe Vectren is
143 best suited to identify what technologies would improve its compliance with
144 pipeline safety regulations.

145

146 19. Q. What part of the OCC's sixth objection are you addressing?

147 A. The OCC states that "The PUCO should require VEDO to establish specific
148 performance measures including declining leak rates and to annually report on
149 the status of the different DARR activities including leak monitoring and
150 remediation efforts for customers".

151

152 20. Q. Do you agree?

153 A. Staff does not recommend specific performance measures for the DARR but
154 generally believes that tracking progress of the program is reasonable.

155

156 21. Q. Does this conclude your testimony?

157 A. Yes, it does.

CERTIFICATE OF SERVICE

This is to certify that the foregoing **Testimony of Peter Chace** has been served upon all of the parties of record in Case No. 18-0298-GA-AIR by electronic and/or U.S. mail, postage pre-paid mail this 22nd day of January, 2019.

/s/Werner L. Margard III

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Summary: Testimony of Peter Chace electronically filed by Ms. Tonnetta Scott on behalf of PUC