**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

|  |  |  |
| --- | --- | --- |
| In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Defer Environmental Investigation and Remediation Costs | ) |  |
| ) | Case No. 08-0606-GA-AAM |
| )  ) |  |

**ANNUAL DEFERRAL REPORT OF**

**COLUMBIA GAS OF OHIO, INC.**

On May 19, 2008, Columbia filed its Application in this docket, requesting authority to defer on its books environmental investigation and remediation costs. By Entry dated September 24, 2008, the Commission approved the Application. Paragraph 11 of said Entry provides:

Prior to their deferral on its books, we require Columbia to make an annual filing in this docket detailing the costs incurred in the prior 12-month period covered by the deferrals and the total amount deferred to date.

Pursuant to Paragraph 11 of the September 24, 2008 Entry, Columbia provides the following information. The costs Columbia incurred for the period December 2010 through November 2011, and which Columbia proposes to defer, were $3,137,961.68. These costs are comprised of expenses incurred in the continued remediation of sites in Marion and Bellevue, and remediation of sites in Toledo, Freemont and Fostoria. The projects and costs are described in the following attachments:

Attachment 1 – Marion project description

Attachment 2 – Marion cost detail

Attachment 3 – Bellevue project description

Attachment 4 – Bellevue cost detail

Attachment 5 – Toledo (structure) project description

Attachment 6 – Toledo (structure) cost detail

Attachment 7 – Toledo (Swan Creek) project description

Attachment 8 – Toledo (Swan Creek) cost detail

Attachment 9 – Fremont project description

Attachment 10 – Fremont cost detail

Attachment 11 – Fostoria project description

Attachment 12 – Fostoria cost detail

In addition, Columbia has included in this report, as Attachment 13, a schedule showing the amounts previously deferred for all projects, and the amounts deferred during the last 12 calendar months.

Respectfully Submitted,

/s/ Stephen B. Seiple

Stephen B. Seiple (Counsel of Record)

Stephen B. Seiple, Asst. General Counsel

Brooke Leslie, 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

Attorneys for

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

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Annual Report of Columbia Gas of Ohio, Inc. was served upon parties of record by regular U.S. Mail this 6th day of December 2011.

/s/ Stephen B. Seiple

By: Stephen B. Seiple

Attorney for Columbia Gas of Ohio, Inc.

**SERVICE LIST**

Larry S. Sauer

Assistant Consumers’ Counsel

Office of the Ohio Consumers’ Counsel

10 West Broad Street, Suite 1800

Columbus, OH 43215-3485

**ATTACHMENT 1**

**Remediation – Marion, Ohio**

Description: This was a former MGP site located at the southwest corner of West Street and Canal Street, which have since been named Prospect Street and Columbia Street respectively, in Marion, Marion County, Ohio. This MGP site, formerly owned by Marion Gas-Light Company, was operated from 1862 until 1902. Review of historical information, including Sanborn Fire Insurance Maps, deeds and other records, indicates the facility contained a number of structures including retorts, a coal shed, a meter house, tar well and gas holders. This former MGP plant was demolished between 1908 and 1914, with the property being redeveloped as housing with approximately 18 houses being constructed in the footprint of the MGP. Columbia has reviewed its corporate history and has determined it is a successor to entities that owned and operated the MGP.

Phase I Assessment: This assessment started in 2005, with the establishment of a Community Relations Plan. Meetings were held with the Mayor of Marion and his staff, the Ohio Department of Health and OEPA. By March 2006 access to the 18 properties for a Phase I Property Assessment, following OEPA, Voluntary Action Program (“VAP”) rules was completed. Phase I findings indicated that a sampling and analysis program was required to better understand the environmental condition of the site. This investigation, which provided for the collection and analysis of soil, soil vapor and groundwater samples, was completed in March 2006. These analyses resulted in a finding that soil vapor posed no undue risk to human health of the occupants. Groundwater analyses indicated the presence of MGP related compounds at concentrations above OEPA standards. However because groundwater at the site is not used for potable purposes these detections posed no current unacceptable risks to occupants. In addition, concentrations of several MGP-related compounds, including benzene, naphthalene, and polyaromatic hydrocarbons were detected in soils above OEPA VAP residential standards.

Remediation: Based on the above findings and an engineering study a recommendation was made to purchase 18 homes. An engineering review of these homes resulted in the conclusion these homes would not likely withstand the deep excavation of soils required to complete the remediation process. By the end of December 2006, all 18 homes had been purchased by Columbia Remainder Corp. The entire area was then secured; asbestos abatement completed; with the 18 homes being demolished by mid-January 2007.

Phase II Assessment: This process provided for the completion of two additional investigation efforts designed to obtain additional information required by OEPA VAP. Results of these activities have indicated that, in general, significant soil and groundwater impacts are limited to the former MGP footprint. These investigations were further supplemented by an additional investigation completed early in 2008 to fill remaining data gaps with a focused feasibility study having been conducted and received.

During the calendar year 2009 the City of Marion, assisted by Columbia, applied for and received a Clean Ohio Revitalization Grant that will result in a partial funding of the work performed at this site. Work completed during the twelve month period ended November, 2010 included quarterly groundwater sampling and reporting; waste disposal; and preparation of the remedial design.

During the most recent twelve-month period a significant amount of work was completed at the former Marion MGP. Nine bids for planned remediation work at the site were received, evaluated and tabulated from qualified remediation contractors. A short list of three bidders was selected and then interviewed. EMS, the low bidder, was ultimately selected as the remediation contactor. Mobilization began in February, and remediation was substantially completed by June. Construction monitoring, real-time perimeter air monitoring and VAP Certified Professional oversight were also provided. More than 18,000 tons of contaminated soil and 100,000 gallons of water were removed and properly disposed off-site. Post excavation confirmation samples were collected and analyzed, indicating that remediation was complete. Site restoration activities, including sidewalk replacement, fence removal, grading and seeding, were then completed by early fall. Additional activities required under Ohio’s Voluntary Action Program (“VAP”) were also completed, including data evaluation, groundwater classification, multiple chemical adjustments on site data, etc. A meeting with the Ohio EPA, under the VAP’s technical assistance program was completed in November. Responses from the EPA on questions raised by Columbia during this meeting are pending.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period January 2008 through November 2011, exclusive of the $25,000 to be funded by Columbia, were $739,243.49. This amount is comprised of $300,455.16 previously deferred and $438,788.33 for work performed during the period December 2010 through November 2011. Attachment 2 sets forth a detailed breakdown of these expenses incurred during the period December 2010 through November 2011.

**ATTACHMENT 2**

**ATTACHMENT 3**

**Bellevue, Ohio Manufactured Gas Plant**

Description: This former MGP site is located on Howard Street, southwest of the intersection of Howard Street and Hamilton Street in Bellevue, Sandusky County, Ohio. The site is currently zoned as, and used for, residential purposes. A multi-unit residential structure and at least one private residence are located within the apparent footprint of the former MGP. The site is bounded to the south by active railroad tracks beyond which lie a manufacturing facility and a residential area. The site is bounded to the north and west by residential areas. The site is bounded to the east by several residences beyond which lies an apparent railcar maintenance facility.

Based on a review of readily available historical information, including the Sanborn Fire Insurance maps, the MGP was constructed prior to 1899 and consisted of a gas plant building and a gas holder. A rail siding was also located adjacent the plant, likely used for coal delivery. The 1901 Brown’s Directory of American Gas Companies (“Brown’s Directory”) indicates that the facility was in operation in 1901 and that both coal carbonization and water gas processes were used to produce gas. A comparison of the 1899 and 1906 Sanborn Fire Insurance Maps indicate that the MGP building was expanded during this time period. The 1904 Brown’s Directory states that manufactured gas operations had ceased and transitioned to natural gas prior to 1904. Columbia has reviewed its corporate history and has determined it is a successor to entities that owned and operated the MGP.

Phase II Site Investigation: Between May and August 2011, a Phase II Site Investigation was completed which involved test pitting, soil borings, installation of groundwater monitoring wells and soil vapor sampling. The results of this investigation are presented in a Final VAP Phase II Report, and indicate relatively minor impacts. In the fourth quarter of 2011, a site specific Human Health Risk Assessment (“HHRA”) will be completed to determine if further actions are necessary. Should further actions be needed, in early 2012, a Corrective Action Plan will be completed and submitted, along with the Phase II SI and HHRA, to the Ohio EPA’s VAP Technical Assistance group for review. Any future remedial efforts would likely take place in 2012.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period July 2009 through November 2011, exclusive of the $25,000 to be funded by Columbia, were $193,610.75. This amount is comprised of $18,971.29 previously deferred for the period November 2008 through November 2010 and $174,639.46 for work performed during the period December 2010 through November 2011. Attachment 4 sets forth a detailed description of these expenses during the period December 2010 through November 2011.

**ATTACHMENT 4**

**ATTACHMENT 5**

**Toledo Land and Structure - Manufactured Gas Plant**

Description: The former Toledo Gas Light and Coke Company site located at 333 South Erie Street, Toledo, was owned and operated by Columbia as a Service Center until it sold the property and building in March 2011. This sale resulted in the reclassification of all environmental remediation costs incurred on and after January 1, 2008, from capital to operation and maintenance expenses. The site is in the process of being remediated in accordance with Ohio EPA’s Voluntary Action Program (“VAP”) regulations by the new Property Owner, River Road Redevelopment II, LLC (“R3II”). While the site was originally entered into the VAP with Columbia as the remedial applicant, after purchasing the property, R3II is now the remedial applicant.

Columbia intended to remediate the land portion of the MGP under the VAP; therefore, Columbia conducted many site investigations prior to sale of the property. Columbia relocated all its employees at the property to new offices mid-2010 in order to complete the environmental investigations. Columbia subsequently partnered with R3II and the City of Toledo to pursue a Clean Ohio Revitalization Fund (“CORF”) grant. The CORF application was submitted to Ohio EPA and Ohio Department of Development on July 23, 2010. Notice of a CORF grant award of $3,000,000 was announced in November 2010. Columbia sold the property in March 2011 to R3II under an agreement that involves the remediation of the site and construction of a new commercial office building. Remedial work is being implemented by R3II in 2011 and 2012. The terms of the agreement hold R3II responsible for remedy implementation and R3II indemnifies Columbia for any future work necessary on the land portion of the site.

Total Project Costs to Date: Total incremental costs incurred by Columbia through November 2011, exclusive of the $25,000 to be funded by Columbia, were $2,455,167.65. This amount is comprised of $718,780.97 previously incurred during prior periods and $1,736,386.68 for work performed during the period December 2010 through November 2011. Attachment 6 sets forth a detailed breakdown of these expenses incurred during the period December, 2010 through November 2011.

**ATTACHMENT 6**

**ATTACHMENT 7**

**Swan Creek - Manufactured Gas Plant**

Description: The former Toledo Gas Light and Coke Company site located at 333 South Erie Street, Toledo, was owned and operated by Columbia as a Service Center until it sold the property and building in March 2011. The site is in the process of being remediated in accordance with Ohio EPA’s Voluntary Action Program (“VAP”) regulations by the new property owner, River Road Redevelopment II, LLC (“R3II”). While the site was originally entered into the VAP with Columbia as the remedial applicant, after purchasing the property, R3II is now the remedial applicant.

The former MGP property, located at 333 South Erie Street, Toledo, is adjacent to Swan Creek. The indemnification with R3ll does not cover remediation of Swan Creek. Columbia will manage any sediment investigation and remediation under a future regulatory scenario. Sediments have been subject to a preliminary ecological assessment and limited sampling with indicated some areas of MGP related impacts. The state and federal regulatory agencies have expressed interest in the status of Swan Creek as a tributary to the Maumee River which is an identified Area of Concern under the Federal Great Lakes Legacy Act. There is a documented history of multiple parties’ discharging to the creek. Additional sediment investigation will be necessary since the extent of impacts and responsibility for those impacts have yet to be determined. In 2011 Columbia authorized an evaluation of: 1) sediment remedial approaches; 2) potential participation in Great Lakes Legacy Act Funding; and, 3) the potential impacts from other sources in 2011. As a result, Columbia will be investigating and remediating the sediments in Swan Creek for the foreseeable future.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period December 2010 through November 2011, exclusive of the $25,000 to be funded by Columbia, were $3,000.00. Attachment 8 sets forth a detailed breakdown of these expenses incurred during the period December 2010 through November 2011.

**ATTACHMENT 8**

**ATTACHMENT 9**

**Fremont Manufactured Gas Plant, Fremont, Ohio**

Description: Columbia Gas of Ohio, Inc.’s predecessor companies are in the chain of title for a former MGP located on two parcels at Justice Street and Knapp StreetCloses, Fremont, Sandusky County, Ohio. Columbia has reviewed it corporate history and has determined it is a successor to entities that owned and operated this former MGP. This finding resulted in Columbia’s retention of a consultant to conduct a Phase I Property Assessment (“PA”) in conformance with Ohio EPA’s Voluntary Action Program regulations . Community outreach and the Phase I PA were initiated in July 2011. The Phase I PA identified several areas of suspect environmental conditions related to the former MGP. Therefore, additional investigation is warranted. As a result, Columbia will be investigating this property for the foreseeable future.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period December 2010 through November 2011, exclusive of the $25,000 to be funded by Columbia, were $18,223.18. Attachment 10 sets forth a detailed breakdown of these expenses incurred during the period December 2010 through November 2011.

**ATTACHMENT 10**

**ATTACHMENT 11**

**Former Manufactured Gas Plant Sites, Fostoria, OH**

Description: In 2011 Columbia authorized a history consulting firm to research corporate successors to the late nineteenth century and early twentieth century entities known to have been associated with two former MGPs located in Fostoria, Ohio. Columbia has reviewed its corporate history and has determined it is a successor to entities that owned at least one of the former MGPs. Therefore, in 2011 Columbia authorized a consultant to conduct a Phase I Property Assessment at that MGP property in conformance with Ohio EPA’s Voluntary Action Program regulations . Since MGPs are a recognized environmental condition, Columbia will be conducting additional investigations at this MGP property for the foreseeable future.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period December 2010 through November, 2011, exclusive of the $25,000 to be funded by Columbia, were $48,143.06. Attachment 12 sets forth a detailed breakdown of these expenses incurred during the period December 2010 through November 2011.

**ATTACHMENT 12**

**ATTACHMENT 13**