

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Columbia :
Gas of Ohio, Inc. for Approval of Tariffs to :
Recover Through an Automatic Adjustment :
Clause Costs Associated with the Establish- :
ment of an Infrastructure Replacement :
Program and for Approval of Certain :
Accounting Treatment :

Case No. 07-478-GA-UNC

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**PREPARED TESTIMONY
OF
EDWARD M. STEELE
GAS PIPELINE SAFETY SECTION
FACILITY AND OPERATIONS FIELD DIVISION
SERVICE MONITORING AND ENFORCEMENT DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO**

SUBMITTED: OCTOBER 24, 2007

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I. INTRODUCTION AND PURPOSE

1 1. Q. Please state your name and business address.

2 A. My name is Edward M. Steele. My business address is 180 East Broad
3 Street, Columbus, Ohio 43215.
4

5 2. Q. What is your current position?

6 A. I am employed by the Public Utilities Commission of Ohio as Chief of the
7 Gas Pipeline Safety Section, Facility and Operations Field Division,
8 Service Monitoring and Enforcement Department.
9

10 3. Q. Please summarize your education and professional qualifications.

11 A. I am a graduate of the University of Pittsburgh, where I obtained a Bachelor
12 of Science degree in Geology. I also have completed 9 week long classes
13 on Pipeline Safety at the Transportation Safety Institute in Oklahoma City,
14 OK. I also completed the three Appalachian Underground Corrosion Short
15 Courses offered at West Virginia University in Morgantown, WV. From
16 June 2003 to September 2004, I was chairman of the National Association
17 of Pipeline Safety Representatives (NAPSR). I am also a member of the

1 National Association of Regulatory Utility Commissioners (NARUC), of
2 which I am currently the chairman of the Pipeline Safety Subcommittee.
3

4 4. Q. Please summarize your business experience.

5 A. I began working for the Public Utilities Commission in 1986 as a compli-
6 ance investigator in the Gas Pipeline Safety Section. My responsibilities
7 included inspection of gas company facilities, records and procedures for
8 compliance with state and federal regulations. I prepared reports on these
9 inspections, and, when applicable, prepared probable violation reports. In
10 1989, I was promoted to field supervisor of the Gas Pipeline Safety Section.
11 In this position, I was responsible for training the compliance investigators
12 as well as reviewing reports and probable noncompliance records for accu-
13 racy and content. I created a GPS computer database used for tracking
14 inspections, follow ups and incidents and also entered data into this data-
15 base. In 1991, I was promoted to my current position of Chief of the Gas
16 Pipeline Safety Section. I am responsible for the supervision of ten full
17 time Gas Pipeline field staff as well as the review of their reports, probable
18 noncompliance reports, follow up investigations, incidents, complaints,
19 scheduling of their workload, and filing federal documents as part of the
20 PUCO's certification program with the Pipeline and Hazardous Materials
21 Safety Administration.

1 5. Q. What is the purpose of your testimony in this proceeding?

2 A. The purpose of my testimony is to discuss Columbia Gas of Ohio's
3 (Columbia) Infrastructure Replacement Program (IRP) as it relates to the
4 pipeline safety program and to support Columbia's request for assuming
5 responsibility for (1) the future maintenance, repair and replacement of
6 hazardous customer-owned service lines; and, (2) the orderly and system-
7 atic replacement, over a period of approximately three years, of all risers
8 identified as prone to failure.

9

10 6. Q. How did the Commission become aware of the issue with riser failures?

11 A. There were four incidents that occurred between April 2000 and May 2003
12 that involved leaking natural gas risers on Cincinnati Gas and Electric (now
13 Duke Energy) and Columbia's natural gas pipeline systems. An incident
14 under the federal Pipeline Safety Regulations is an event that involves a
15 release of gas that results in a death; personal injury requiring inpatient
16 hospitalization; or estimated damages of \$50,000 or more.

17

18 7. Q. What action, if any, did the commission take once they became aware of
19 problems with leaking natural gas risers?

1 A. In 2000, the Commission opened a gas pipeline safety case against
2 Cincinnati Gas & Electric in response to the first known incident that
3 occurred in its service territory. Between 2000 and 2003, three additional
4 incidents occurred involving riser failures in Columbia's and Duke's ser-
5 vice territories. Staff began to collect riser failure data from Duke and
6 Columbia in 2000 and 2001 respectively. After analyzing this data, staff
7 recommended to the Public Utilities Commission of Ohio (Commission) to
8 open a statewide investigation in 2005. On April 13, 2005, the Commis-
9 sion issued an Entry in Case No. 05-463-GA-COI initiating a Commission-
10 ordered investigation into the type of gas service risers being installed in
11 Ohio, the conditions of installation, and their overall performance. In a
12 subsequent entry issued in that docket, the Commission directed the state's
13 four large Local Distribution Companies (LDCs), including Columbia, to
14 identify through statistically valid sampling the types of risers installed in
15 their service territories, and to remove a prescribed number of risers for
16 testing by a laboratory selected by the Commission¹. In a report filed on
17 November 24, 2006, the Commission's Staff made a series of recommenda-
18 tions in the case. The Commission currently has these recommendations
19 under consideration.

¹ In an Entry in Case No. 05-463-GA-COI (August 31, 2005), the Commission selected the Akron Rubber Development Laboratory to perform riser testing and to work in conjunction with the Commission's riser consultant the University of Akron in the instant investigation.

1 8. Q. What did Columbia do after its first incident involving a riser?

2 A. After the first incident on its system occurred and also after staff began
3 requesting data, Columbia hired Battelle Laboratories to try to determine
4 why the failures were occurring. A lack of detailed customer service line
5 records prevented distribution companies in Ohio from performing an
6 analysis to determine the specific cause for the leaking risers. Columbia
7 removed from their approved materials list the riser type involved with the
8 incidents in their service territory. After receiving two letters sent to the
9 state's LDCs from Chairman Alan Schriber in January 2007, Columbia
10 began a program to identify all risers in their system and also accelerated
11 their inspection program by performing a leak survey and atmospheric
12 corrosion inspection on each riser during the identification process. The
13 normal inspection cycle for leakage survey and atmospheric corrosion on
14 service lines is at least once every three years for each inspection.

15
16 9. Q. What were the Staff's findings in the riser investigation?

17 A. The staff report cited the conclusion reached by the University of Akron in
18 its report², Design-A risers (risers assembled in the field) when subjected to
19 severe in-service conditions are prone to leakage. Unfortunately, it is not

²

Final Discussion and Analysis by Erol Sancaktar and Celal Batur, University of Akron, For
Results Reported by ARDL in June 14, 2006 Test Report, Report on Testing of Natural Gas Service Risers.

1 possible to predetermine whether a Design-A riser will perform adequately.
2 Staff made several recommendations to the Commission in its report,
3 including recommending the LDCs make an inventory of risers in their ser-
4 vice territories, and requiring operators to continue to track and monitor
5 riser leak failures.
6

7 10. Q. Isn't Columbia a pipeline operator covered by the Federal Pipeline Safety
8 Regulations and wouldn't the company have a duty to Investigate Failures?

9 A. The company/operator under the federal regulations must establish pro-
10 cedures for analyzing failures, including the selection of samples on failed
11 facilities or equipment, to determine the cause of the failure. However in
12 Ohio, customers own the riser and customer service line and the company
13 deemed they had no right to remove failed risers for examination.
14 Columbia's procedure was to isolate the leaking service line by shutting off
15 the gas and requiring the homeowner to be responsible for repairs.
16

17 11. Q. Shouldn't the inspection that Columbia performed before Allowing these
18 risers to be put in service have uncovered the problems?

19 A. Columbia is required by Federal and State law to comply with §49 C.F.R.
20 Part 192 which includes inspection and testing of service lines, including

1 the risers. Columbia complies with these regulations by completing a vis-
2 ual inspection and pressure test on all service lines. The pressure test
3 required under Part 192.513 (Test requirements for plastic pipelines) was
4 performed but did not uncover any problems with the riser. Since these
5 risers are designed such that the installer cannot see the internal com-
6 ponents of the riser, it is not possible to verify proper installation. In addi-
7 tion, the staff report filed in this case noted the Design-A risers identified
8 as prone to leakage had other problems such as gasket cracking, and
9 deformed retainer rings that also contributed to failures in risers.

10
11 12. Q. Does Staff believe Columbia should take over customer service lines?

12 A. The Staff believes Columbia should systematically replace, as quickly as
13 practical, all risers identified as prone to failure, and take responsibility for
14 the future maintenance, repair, and replacement of customer service lines
15 the company has deemed to be hazardous.

16
17 13. Q. Why does staff believe Columbia should take over hazardous customer ser-
18 vice lines?

1 A. Allowing Columbia to assume responsibility for future maintenance, repair and
2 replacement of hazardous customer owned service lines provides for the
3 following benefits:

4 - Columbia will have better control over the quality of the work being performed
5 on riser and service line installation.

- 6 • Proper installation of risers is critical to proper performance.
- 7 • Better documentation of what is being installed will allow for better
8 record keeping and availability of the service line for testing after fail-
9 ures.

10 - More efficient repair and replacement of hazardous customer service lines and
11 risers.

- 12 • My understanding of Columbia's dispatching process is that the com-
13 pany would not have to make an additional trip to the site for follow-up
14 leak testing since they (or their contractor) would already be there
15 making the repairs.

16 - Verification of materials and replacement of risers and service lines by
17 Columbia personnel.

- 18 • Eliminates the need for a customer to take action or make a decision
19 about which riser type, and who to hire to install, both areas with which
20 the customer may be unfamiliar.

- Will allow for a clear uniform line of demarcation between Columbia's responsibility for operations and maintenance (outlet of the meter, after the sale of the gas) and the customer's obligations regarding gas service to the home.
- Gives Columbia complete responsibility (repair and replacement) for all pipelines regulated by the federal pipeline safety regulations and allows them to uniformly correct all safety issues as required by the pipeline safety regulations.

14. Q. Is there a problem with the current system where the gas company is responsible for the safety of distribution systems including customer owned service lines and risers, but the customer is responsible for the installation, repair and replacement of those lines and risers?

A. In my opinion yes. Ohio is one of only a few states in the nation that has customer owned service lines. By definition (as found in §49 C.F.R. Part 192), a service line is a distribution line that transports gas from a common source of supply to an individual customer, to two adjacent or adjoining residential or small commercial customers, or to multiple residential or small commercial customers served through a meter header or manifold. A service line ends at the outlet of the customer meter or at the connection to a customer's piping, whichever is further downstream, or at the connection to customer piping if there is no meter. Distribution and service lines fall

1 under the Federal and State Pipeline Safety regulations (§49 C.F.R. Part
2 192) which prescribes the minimum requirements for pipeline facilities and
3 the transportation of gas. This applies to all facilities as defined in §49
4 C.F.R. 192.3 and includes service lines and risers. The regulations require
5 each operator (defined as a person who engages in the transportation of gas)
6 to comply with these regulations. Columbia has the responsibility under
7 the current Federal and State regulations to ensure that everyone who
8 installs replacement lines be Operator Qualified to do so. Columbia does
9 maintain a list of such installers on their website for customers to choose
10 from, but this system does not allow Columbia the oversight, structure, and
11 control they would have if their employees or contractors were doing the
12 work.

13
14 15. Q. Why would allowing Columbia greater oversight, structure and control of
15 risers and service lines result in greater distribution system safety?

16 A. Allowing Columbia to assume all operation, maintenance and replacement
17 responsibility for their distribution system, which includes the service lines
18 and risers, would allow Columbia the ability to keep better control of who
19 is doing the work on their system. Nowhere in the Pipeline Safety regula-
20 tions is ownership defined or discussed. Since these regulations define
21 jurisdictional pipe (i.e., service lines) to the outlet of the meter (regardless

1 of ownership), Columbia is responsible for the operation and maintenance
2 of these lines. Ownership is only addressed in Columbia's tariffs, which do
3 not supersede the minimum pipeline safety regulations. In Ohio, it has
4 been established by tariff that the LDCs own the portion of the service line
5 from the main to the property line. The remainder of the line (from the
6 property line to the outlet of the meter) is owned by the customer, even
7 though the operator (Columbia in this case) is responsible for the safe
8 operation and maintenance of that line.

9
10 16. Q. What responsibilities under the pipeline safety regulations does Columbia
11 have regarding customer service lines and risers?

12 A. Columbia's responsibilities include performance of a leak survey, odoriza-
13 tion of gas, line locating and cathodic protection (if applicable). For
14 example, under the current situation Columbia performs a leak survey on
15 the line and if leakage is found, notifies the customer of the leakage and
16 tells the customer to get the leak repaired. Depending on the severity of the
17 leak, the customer could have 72 hours to repair the leak before service was
18 terminated. If the leak was hazardous, the gas would be terminated
19 immediately. This situation requires the homeowner to contact a plumber
20 or other qualified entity to make repairs. This can take up to several days to
21 occur, depending on the plumber's schedule and allowing for Columbia to

1 come out and test the new line or repair (as required by Federal and State
2 regulations) and reestablish service. This means that a homeowner does not
3 have service during this time.

4
5 17. Q. Does assigning Columbia the responsibility for risers and service lines
6 resolve the problem?

7 A. Assigning Columbia the responsibility for risers and service lines does not
8 resolve the problem completely, but it certainly reduces the threat.

9 Columbia can test the lines when it, or its contractor, makes the repairs.

10 Customers would then have one phone call to make for any concerns about
11 risers and service lines. Customers will not have to make decisions about
12 replacement of risers for which they have little or no knowledge. Any con-
13 fusion among customers about whether they are responsible for a leak
14 depending on what type of riser they have would be eliminated. It will also
15 allow for service to the customer to be restored in a timelier manner than
16 the current process.

17
18 18. Q. Does this conclude your testimony?

19 A. Yes.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Prepared Testimony of Edward M. Steele** submitted on behalf of the Staff of the Public Utilities Commission of Ohio was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic message to the following parties of record, this 24th day of October, 2007.



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