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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

PUCO

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 Establishment of an)
Infrastructure Replacement Program and for)
Approval of Certain Accounting Treatment)

Case No. 07-478-GA-UNC

**PREPARED REBUTTAL TESTIMONY OF
MICHAEL RAMSEY
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

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PREPARED REBUTTAL TESTIMONY OF MICHAEL RAMSEY

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

2 A. My name is Michael Ramsey and my business address is 200 Civic Center Drive,
3 Columbus, Ohio 43215.

4
5 **Q. Are you the same Michael Ramsey who previously presented testimony in this**
6 **proceeding?**

7 A. Yes.

8
9 **Q. What is the purpose of your testimony in this proceeding?**

10 A. This testimony will rebut certain statements made by other witnesses in this proceeding.
11

12 **Q. Why has Columbia historically not maintained records of customer service lines for**
13 **repairs and installations?**

14 A. Historically, Columbia has not maintained comprehensive records of customer service
15 lines because these facilities are owned by the customer. Columbia's record keeping
16 systems are set up to accommodate information on customer service lines where
17 complete responsibility for customer service lines has been granted to Columbia.
18

19 **Q. How will Columbia handle Grade 3 Leaks under the IRP?**

20 A. Under the IRP Columbia will grade all leakage in accordance with O.A.C. § 4901:1-16-
21 04 and Columbia's Policies and Procedures. Grade 3 leaks are defined as leaks that are
22 non-hazardous at the time of detection and that can be reasonably expected to remain

1 non-hazardous. Columbia will monitor Grade 3 leaks until they are repaired or there is no
2 longer any indication of leakage.

3
4 **Q. Can leaks in bare steel service lines present significant safety hazards?**

5 A. Yes, bare steel customer service lines can present a significant safety hazard. Columbia's
6 bare steel service lines can reasonably be assumed to have been installed at
7 approximately the same time as bare steel customer service lines and that they
8 decay/corrode in a similar manner as bare steel customer service lines. In 2006, Columbia
9 had 1,652 leaks on its bare steel service lines, of which 149 or approximately 9% were
10 hazardous leaks. It is reasonable to assume that customer bare steel service lines would
11 have experienced a similar number of hazardous leaks.

12
13 **Q. What is the gas distribution industry standard for inspection of work preformed by**
14 **gas company employees?**

15 A. The standard for the gas distribution industry is to have a quality assurance program for
16 work performed by gas company employees. It is not an industry standard to have an
17 independent third party inspection of all work performed by company employees.

18
19 **Q. What quality control measures will Columbia use for riser replacements and service**
20 **line repairs and replacements?**

21 A. Columbia has a formal audit program for work performed by its employees. The audit
22 program covers approximately one third of the operating locations in Ohio on an annual
23 basis and includes in-field inspection of employees' work. In addition to the audit

1 process, field supervisors make weekly field visits to company employees. These field
2 visitations include observations and inspections of employees' work.

3 For the riser replacement program, Columbia will provide quality control through
4 supervisors assigned to the program who will monitor contractor work on a daily basis. In
5 addition, Columbia will have service technicians assigned to the riser replacement
6 program that will, among other duties, perform periodic quality assurance checks on
7 contractor's work. For service line repair and replacement, if the work is outsourced,
8 Columbia will have construction coordinators who will monitor contractors' work on a
9 daily basis.

10
11 **Q. Why did Columbia elect not to use the Perfection Servi-Sert for partial riser**
12 **replacements?**

13 **A.** The primary reason that Columbia did not initially choose to use the Perfection Servi-Sert
14 for a partial replacement is because Columbia only permits the installation of factory
15 assembled risers and the Perfections fitting is considered a field assembled riser. The
16 Perfection Servi-Sert is a new application of an existing technology that, to the best of
17 Columbia's knowledge, has only been used by one gas company for a short time and has
18 no long term performance record. For comparison, Normac risers were used for
19 approximately sixteen years before a significant safety hazard manifested itself.
20 Columbia's initial review of the Perfection Servi-Sert installation process did not identify
21 benefits that offset the absence of a long term performance record for this fitting.
22 Columbia is, however, conducting an analysis of the Perfection Servi-Sert to determine
23 whether it is a proper solution to riser replacements.

1
2 **Q. How did Columbia determine that the reimbursement to customers should be \$500**
3 **for a riser replacement and \$1,000 for a customer service line replacement?**

4 A. Columbia proposed in its Application that customers should be reimbursed if they
5 replaced their riser or replaced or repaired their customer service lines between the date
6 of the Report by the Staff of the Public Utilities Commission of Ohio in Case No. 05-
7 463-GA-COI and when Columbia became responsible for replacement or repair under the
8 Application. Columbia requested this reimbursement so that customers would not have a
9 significant financial disincentive to immediately replacing their prone to failure riser
10 upon receiving notification as a result of the riser survey.

11 Columbia determined that, on average, a riser would cost \$500 for replacement,
12 and a customer service line would cost up to \$1,000. Columbia set the \$500 and \$1,000
13 reimbursement limitations at a level to allow customers to recover most or all of their
14 incurred expense. However, the limitation on reimbursement was also intended to prevent
15 potential abuse by market participants who could otherwise have inflated their charges if
16 no limitation were present.

17
18 **Q. Under Columbia's IRP, how will customers know what portion of their service line**
19 **they own and what portion they are responsible for?**

20 A. Under the IRP, Columbia will be responsible for all future maintenance, replacement and
21 repair of customer service lines (i.e. all DOT jurisdictional facilities from the connection
22 at the main to the outlet of the meter or the connection to the customers piping,
23 whichever is further down stream). Piping down stream of the meter and all utilization

1 equipment will remain the responsibility of the property owner. The IRP will eliminate
2 the current situation where Columbia and property owners divide the responsibilities for
3 the customer service lines. Customers will call Columbia for all problems with customer
4 service lines including customer service lines that may have been previously repaired or
5 replaced by Columbia, even if it was a partial repair or replacement. Columbia will
6 respond and manage all future required repairs or replacements. Therefore, Columbia's
7 central management of customer service line repairs or replacements will eliminate all
8 confusion regarding responsibility for leaks on customer service lines and render the need
9 for specific knowledge of ownership of customer service lines unnecessary.

10
11 **Q. How will the IRP benefit customers?**

12 A. Under the IRP, Columbia will assume the responsibility for all future repairs and
13 maintenance of customer service lines and the orderly and systematic replacement of all
14 risers identified as prone to leakage. The centralization of the control of repairs and
15 replacements of customer service lines will provide all property owners with a single
16 point of contact for problems with customer service lines. Columbia will also provide
17 cost efficiencies through the central management of the repair and replacements of
18 customer service lines and the replacement of risers identified as prone to failure across
19 all of Columbia's operating territory. Columbia will oversee all repairs and replacements
20 of customer service lines and the replacement of risers to ensure customer satisfaction

21
22 **Q. Why hasn't Columbia chosen a riser for the riser replacement program?**

1 A. Notwithstanding the outcome of Columbia's analysis of the Perfection Servi-Sert partial
2 replacement device, Columbia will use a riser that is currently on its approved material
3 list for the riser replacement program. Columbia is in the process of bidding the contract
4 for risers for the replacement program. The bidding process will assure an effective, low
5 cost solution and allow for production planning for the riser replacement program.

6
7 **Q. Will leakage survey costs be included in future years' expenses for the IRP?**

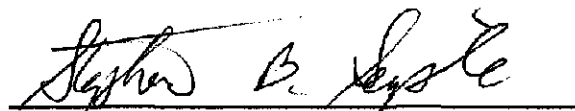
8 A. The leakage survey costs for customer service lines that are included in the IRP are a one
9 time expense associated with the survey to identify all of the risers in Columbia's
10 systems. The majority of the leakage survey cost associated with riser identification will
11 only be included in 2007 expenses with some carry over into 2008 expenses.

12
13 **Q. Does this complete your Prepared Rebuttal Testimony?**

14 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Rebuttal Testimony of Michael Ramsey was served upon all parties of record by electronic mail and regular U. S. mail this 19th day of November 2007.



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