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Monday Morning Session,

December 3, 2007.

- - -

ATTORNEY EXAMINER KINGERY: Good morning.

This is the continuation of Case No. 07-478-GA-UNC.

We're here this morning for rebuttal and surrebuttal testimony followed by testimony in support of and in opposition to the stipulation.

Would you like to begin, Mr. Creekmur.

MR. CREEKMUR: Thank you. On behalf of Columbia Gas of Ohio, Stephen Seiple and myself Dan Creekmur, reside at business address 200 Civic Center Drive, that's Columbus, Ohio 43215.

ATTORNEY EXAMINER KINGERY: Okay.

MR. PETRICOFF: Thank you, your Honor. On behalf of Utility Service Partners, M. Howard Petricoff, Stephen Howard, and Mike Settineri from the law firm of Vorys, Sater, Seymour and Pease.

MR. AVENI: Good morning, your Honor. On behalf of ABC Gas Repair, Incorporated, Carl A. Aveni, II, of the law firm Carlisle, Patchen & Murphy, 366 East Broad Street, Columbus. Thank you.

ATTORNEY EXAMINER KINGERY: Yes.

MR. SERIO: On behalf of the Residential

1 Utility Customers of Columbia Gas of Ohio, Janine
2 Migden-Ostrander, Consumers' Counsel, by Joseph P.
3 Serio and Michael E. Idzkowski.

4 MS. HAMMERSTEIN: Thank you, your Honor.
5 On behalf of the staff of the Public Utilities
6 Commission of Ohio, Marc Dann, Attorney General, by
7 Anne L. Hammerstein and Stephen A. Reilly, Assistant
8 Attorneys General, 180 East Broad Street, Columbus,
9 Ohio 43215.

10 ATTORNEY EXAMINER KINGERY: Thank you.

11 Mr. Creekmur, would you like to call your
12 first witness, please.

13 MR. CREEKMUR: Yes, your Honor. Columbia
14 calls Michael Ramsey to the stand, please.

15 ATTORNEY EXAMINER KINGERY: Okay. You
16 are reminded you are still under oath.

17 - - -

18 MICHAEL RAMSEY
19 called as a witness on rebuttal, being previously
20 duly sworn, testified further as follows:

21 DIRECT EXAMINATION

22 By Mr. Creekmur:

23 Q. Mr. Ramsey, would you please state your
24 name and spell it for the record.

1 A. Michael Ramsey, R-A-M-S-E-Y.

2 Q. Mr. Ramsey, do you have a copy of your
3 prepared rebuttal testimony with you today?

4 A. Yes, I do.

5 Q. And if I were to ask you those questions
6 contained therein, would your answers be the same
7 today?

8 A. Yes, they would.

9 Q. Do you have any corrections for your
10 prefiled testimony?

11 A. No, I do not.

12 MR. CREEKMUR: Your Honor, I would like
13 to mark for identification Mr. Ramsey's testimony as
14 Columbia Exhibit No. 5 and would make the witness
15 available for cross-examination and also move the
16 admission.

17 ATTORNEY EXAMINER KINGERY: That is so
18 marked and that is rebuttal testimony at this point.

19 (EXHIBIT HEREBY MARKED FOR
20 IDENTIFICATION PURPOSES.)

21 ATTORNEY EXAMINER KINGERY: Go ahead,
22 Mr. Settineri.

23 - - -

24

CROSS-EXAMINATION

By Mr. Settineri:

Q. Good morning, Mr. Ramsey.

A. Good morning.

Q. Mr. Ramsey, at page 1, lines 14-15, of your rebuttal testimony, you state that "Columbia's record keeping systems are set up to accommodate information on customer service lines where complete responsibility for customer service lines has been granted to Columbia." Isn't it true though you have previously testified that it's possible that Columbia can keep any records that Columbia desires to keep?

A. That is correct.

Q. At page 1, lines 20 to 21, you state "under the IRP Columbia will grade all leakage in accordance with Ohio Administrative Code Section 4901:1-16-04 and Columbia's Policies and Procedures." Under the IRP can a property owner repair or replace a customer service line that has a grade 1 leak as defined under Ohio Administrative Code Section 4901:1-16-04?

A. No, they cannot.

Q. And under the IRP can a property owner repair or replace a customer service line that has a

1 grade 2 leak as defined under Ohio Administrative
2 Code Section 4901:1-16-04?

3 A. No, they cannot.

4 Q. And under the IRP can a property owner
5 repair or replace a customer service line that has a
6 grade 3 leak as defined under Ohio Administrative
7 Code Section 4901:1-16-04?

8 A. No, they cannot.

9 Q. So am I correct then that under the IRP a
10 property owner cannot repair or replace a leaking
11 customer service line regardless of whether the leak
12 is hazardous or nonhazardous?

13 A. That's correct.

14 Q. At page 2 of your rebuttal testimony,
15 lines 1 to 2, you state that "Columbia will monitor
16 grade 3 leaks until they are repaired or there is no
17 longer any indication of leakage." So under the IRP
18 am I correct Columbia will not immediately repair all
19 the customer service lines with grade 3 leaks?

20 A. That is correct.

21 Q. And under the IRP if Columbia decides to
22 monitor a grade 3 leak on a customer service line
23 instead of repairing the leak immediately, can the
24 property owner repair the customer service line

1 immediately if he or she wants the leaking line
2 repaired?

3 A. That's not my understanding, no.

4 Q. That would be a no?

5 A. That is a no.

6 Q. Thank you. On page 2, line 5, of your
7 rebuttal testimony, you state that "bare steel
8 customer service lines can present a significant
9 safety hazard." Is it your opinion that all
10 non-leaking bare steel customer service lines present
11 a significant safety hazard?

12 A. No, I do not consider non-leaking
13 customer service lines to present a safety hazard.

14 Q. At page 2, line 16 to 17, of your
15 rebuttal testimony, you state that "it is not an
16 industry standard to have an independent third party
17 inspection of all work performed by company
18 employees." Is it your belief that independent third
19 party inspections are prohibited by gas industry
20 standards?

21 A. No, that is not my understanding.

22 Q. At page 2, line 21, of your rebuttal
23 testimony, you state that "Columbia has a formal
24 audit program for work performed by its employees."

1 Is that the same audit program you discussed
2 previously in this hearing?

3 A. Yes, it is.

4 Q. And isn't it true that that audit program
5 will not result in an independent inspection of all
6 repairs or replacement of customer service lines
7 under the IRP?

8 A. That is true.

9 Q. At page 4 of your rebuttal testimony,
10 line 14, you state that "the limitation on
11 reimbursement was also intended to prevent potential
12 abuse by market participants." Would you please name
13 for us today those market participants who might be
14 potential abusers.

15 A. Our intent with this statement was to
16 indicate that some in the plumbing industry, OQ
17 plumbers, could potentially abuse the IRP or the
18 intent of replacing these service lines.

19 Q. At page 5 of your rebuttal testimony,
20 lines 8 and 9, you testified that "Columbia's central
21 management of customer service line repairs or
22 replacements will"... "render the need for specific
23 knowledge of ownership of customer service lines
24 unnecessary." Are you stating there that it is not

1 appropriate for customers to be knowledgeable about
2 customer service lines?

3 A. No, I am not.

4 Q. And are you also stating in that
5 statement that it is appropriate that taxing
6 authorities not have specific knowledge about
7 ownership of customer service lines?

8 A. My statement makes no reference to taxing
9 authorities.

10 Q. Mr. Ramsey, isn't it true that under the
11 IRP, Columbia does not believe that the service lines
12 it installs or repairs will differ in design,
13 material, or method of installation from what is
14 commonly used in industry today?

15 THE WITNESS: Can you -- can they read
16 that back to me.

17 MR. SETTINERI: If you could repeat the
18 question, please.

19 (Question read.)

20 A. That's correct, we do not believe it will
21 differ.

22 Q. Mr. Ramsey, is it your belief that a
23 system where a plumber repairs or inspects his or her
24 own work is inherently safer than the system where

1 all repairs are subject to inspection by a qualified
2 inspector that did not do the work?

3 A. We are talking specifically about
4 plumbers?

5 Q. The operator qualified plumbers, DOT
6 operator plumbers.

7 A. No. Columbia today inspects all operator
8 qualified plumbers' work because we believe it's
9 necessary.

10 Q. Mr. Ramsey, how many man hours will
11 Columbia save by using self-inspections rather than
12 sending out qualified inspectors to review all
13 repairs and installations of customer service lines?

14 A. First, we have not calculated any man
15 hour savings. Second is that we will be inspecting
16 customer service lines. They will be inspected to a
17 frequency that is required to ensure quality of work
18 and that the work is done properly.

19 Q. Mr. Ramsey, isn't it true Columbia will
20 not inspect all gas service line repairs performed by
21 non-Columbia employees under the IRP?

22 A. It is true that Columbia will only
23 inspect to the degree and the frequency necessary to
24 assure the quality of the work.

1 Q. Would that be a no to my question,
2 Mr. Ramsey?

3 A. That would be a no.

4 MR. SETTINERI: Thank you. Thank you.
5 No further questions.

6 ATTORNEY EXAMINER KINGERY: Thank you.
7 Mr. Aveni?

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Aveni:

11 Q. Good morning, Mr. Ramsey. How are you?

12 A. I am fine. How are you today?

13 Q. I am well. I just have a few questions
14 for you. Mr. Settineri asked you a couple of
15 questions a few moments ago regarding page 1, lines
16 12 through 17, of your testimony and the records that
17 Columbia has historically maintained or not
18 maintained regarding customer service levels. And
19 Mr. Settineri asked you specifically whether Columbia
20 could -- could maintain whatever records they want.
21 And I believe your testimony was that they could. Do
22 you recall that line of questioning?

23 A. Yes.

24 Q. Okay. Thank you, sir. To put a finer

1 point on it isn't it certainly true that Columbia
2 could specifically maintain records of customer
3 service line repairs and installations?

4 A. Yes.

5 Q. Okay. And they have just chosen not to
6 do that?

7 A. I am not really aware of how that
8 decision was made.

9 Q. Okay. Were you part of the decision
10 making process at all by which Columbia determined
11 that it did not need to or would not maintain records
12 of customer service lines for repairs and
13 installations?

14 A. No, I was not.

15 Q. Okay. Are you familiar with the
16 mechanisms by which Columbia could maintain records
17 of the customer service lines for repair and
18 installations?

19 A. I am aware it's in one of our online --
20 on one of our online systems. I am not aware of the
21 specific details in that system.

22 Q. Okay. When you say it's in one of the
23 online systems, do you mean specifically that
24 Columbia today has the ability right now from a

1 technological perspective to maintain records about
2 customer service lines and repairs?

3 A. Yes, I believe that's correct.

4 Q. And that's part of the inspection process
5 that occurs today before the IRP; is that right? I'm
6 sorry. I don't mean to be tricky.

7 A. My apologies. I didn't follow that.

8 Q. Let me back up a bit. In the original
9 testimony that we had at the end of October there was
10 some testimony regarding a data management terminal,
11 DMT, that is a handheld device that Columbia
12 inspectors bring with them to the jobsites. Do you
13 recall that testimony?

14 A. Yes, I do.

15 Q. Okay. And is it that DMT device that
16 Columbia's inspectors could use today to -- in the
17 course of their inspection of repair and maintenance
18 as it occurs right now on Columbia -- excuse me, on
19 the customer service lines, they could record that
20 information on the DMT?

21 A. Yes, that's correct.

22 Q. Have you ever suggested to anyone at
23 Columbia that they perhaps should keep track of this
24 information?

1 A. Not that I recall, no.

2 Q. Has anyone ever given an explanation to
3 you of any sort as to why it would be a good or bad
4 idea for Columbia to keep track of that information
5 today?

6 A. Not to my recollection, no.

7 Q. As we sit here right now, do you recall
8 that it would make sense and be a good idea for
9 Columbia to track that information even -- even now?

10 A. I believe that once -- if -- not once, if
11 either the IRP or the stipulation are approved, that
12 it will make -- make sense for Columbia to track that
13 information in its systems.

14 Q. Do you believe it would be a prudent
15 course of action for Columbia to record that
16 information today?

17 MR. SEIPLE: Objection. It calls for a
18 legal conclusion.

19 MR. AVENI: I don't believe it does, your
20 Honor.

21 ATTORNEY EXAMINER KINGERY: I will allow
22 the question with the understanding it is not a legal
23 conclusion.

24 THE WITNESS: Can we have the question

1 read back?

2 Q. Yes, I'm sorry, sir. Do you believe it
3 would be a prudent course of action for Columbia to
4 record and store that information regarding repairs
5 and installations of customer service lines today?

6 A. No, I do not.

7 Q. Why not?

8 A. Columbia is not doing the work. In
9 today's system Columbia does not do the work, is not
10 responsible for the work.

11 Q. Columbia is inspecting the work, isn't
12 it?

13 A. That's correct.

14 Q. And it would be prudent for Columbia to
15 keep records of the inspections it performs?

16 A. Well -- I'm sorry.

17 MR. CREEKMUR: Objection, your Honor. It
18 was asked and answered.

19 ATTORNEY EXAMINER KINGERY: It was asked
20 and answered.

21 MR. AVENI: Thank you, your Honor.

22 Q. Turning your attention to page 2 of your
23 rebuttal testimony, sir, lines 9 through 11, you are
24 testifying regarding some assumptions you make about

1 the percentage of bare steel service lines that may
2 or may not have hazardous leaks in any given year.
3 Do you see that testimony, sir?

4 A. Yes, I do.

5 Q. Okay. Am I correct in understanding then
6 that you believe that in any given year 9 percent of
7 the overall customer service lines that actually have
8 leaks will have hazardous leaks?

9 A. No. My -- my belief here is, and 2006 is
10 used as an example, is that customer and company
11 service lines were put in in approximately the same
12 time. They are subject to the same conditions and as
13 stated in previous testimony, they do corrode in a
14 similar manner. The testimony here is focused in
15 that on company service lines we do see hazardous
16 leaks, and we believe the same thing happens with
17 customer service lines.

18 Q. And is it -- is it your expectation or
19 belief that there were approximately -- of the
20 overall leaks in customer service lines in 2006, it
21 would be reasonable to assume that approximately 9
22 percent were hazardous leaks?

23 A. In 2006, yes.

24 Q. Yes, sir. And would you expect the 2007

1 numbers to be radically different from the 2006
2 numbers, sir?

3 A. I don't know.

4 Q. Is there anything that's happened in the
5 course of the past year that would expedite the
6 gradual decaying of customer service lines in the
7 manner that's been testified to previously?

8 A. The difference in 2007 from 2006 is that
9 we did a riser survey.

10 Q. Yes, sir.

11 A. And surveyed every customer service line
12 and company service line in our system and that could
13 result in higher leakage in 2007.

14 Q. That could?

15 A. Result in higher leakage numbers for
16 2007.

17 Q. Meaning that you discovered more.

18 A. That is correct.

19 Q. Not that there were more leaks but rather
20 leaks that were existing were discovered.

21 A. That's my understanding, yes.

22 Q. Not with specific reference to the
23 overall number of leaks but rather to the percentage
24 of leaks that are hazardous as opposed to

1 nonhazardous, do you have any reason to believe the 9
2 percent figure would be different for the year 2007?

3 A. I don't know.

4 Q. Is it reasonable to assume it would be
5 roughly the same?

6 A. I haven't looked at the numbers. I
7 really don't know.

8 Q. Okay. But in 2006, it was 9 percent were
9 hazardous. Does that mean 91 percent of the leaks
10 that you are aware of in customer service lines in
11 2006 were nonhazardous?

12 A. Well, the 9 percent refers specifically
13 to company service lines.

14 Q. Yes, I understand that, sir. But as I
15 understand the last line of this portion of your
16 testimony, lines 10 through 11, it is reasonable to
17 assume that customer bare steel service lines would
18 have experienced a similar number of hazardous leaks.
19 Do you see that testimony, sir?

20 A. Yes.

21 Q. Is that specifically -- are you trying to
22 say there that you are making an assumption that the
23 customer bare steel service lines would experience
24 91 percent overall nonhazardous leaks and the

1 remaining 9 percent of the leaks that year being
2 hazardous?

3 I'm sorry, sir. That came through very
4 garbled. Let me try again. I apologize to you.
5 Based on this testimony, particularly that sentence I
6 read to you moments ago, is it your assumption then
7 that in 2006 9 percent of the leaks in customer bare
8 steel service lines were hazardous with the balance
9 91 percent being nonhazardous?

10 A. Yes. I thought that was a reasonable
11 assumption.

12 Q. Okay. If the IRP had been in place in
13 2006, customers would not be able to repair,
14 maintain, or replace their own bare steel customer
15 service lines, true?

16 A. That is my understanding, yes.

17 Q. Does it follow then, sir, that if the IRP
18 had been in place in 19 -- excuse me, in 2006,
19 91 percent of the overall leaks in bare steel
20 customer service lines would have gone unrepaired by
21 anyone?

22 A. No, I don't believe so.

23 Q. Well, you told me -- excuse me. You told
24 Mr. Settineri a little while ago, sir, that Columbia

1 will not under the IRP repair or replace customer
2 service lines that have nonhazardous leaks, true?

3 A. I don't understand the term "hazardous"
4 as you are using it today.

5 Q. I am using it the way you used it in your
6 testimony, sir.

7 A. That's not -- my apologies. That's not
8 my understanding of how I used the term "hazardous"
9 in my testimony.

10 Q. Okay. Under the IRP there is going to be
11 a different gradation of leaks, true? In other
12 words, there was formerly hazardous and nonhazardous,
13 and under the IRP it would be grades 1 through 4 type
14 leaks, true?

15 A. Yes. We will grade all leaks, that is
16 true, yes.

17 Q. Okay. Grades 3 and 4 are nonhazardous
18 leaks?

19 A. There is -- grade 3 are nonhazardous.

20 Q. When you have a grade 3 leak which is
21 nonhazardous, Columbia will not repair that leak,
22 rather they will simply monitor it, right?

23 A. We will monitor it to assure conditions
24 do not change, it does not require repair.

1 Q. If the IRP had been in place in 2006, is
2 it fair to say then that 91 percent of the leaks in
3 customer service lines would have gone unrepaired by
4 Columbia?

5 A. No, it is not.

6 Q. Okay. Why is that?

7 A. The terms "hazardous" and "nonhazardous"
8 as they applied to customer service lines do not flow
9 directly into the terms of "hazardous" and
10 "nonhazardous" as they applied to grading of leaks
11 under the IRP.

12 Q. Looking at the 1,652 leaks on Columbia
13 bare steel service lines in 2006, is there any way
14 you can quantify for me what raw number or what
15 percentage of those leaks would be grade 3 leaks
16 under the IRP gradation system?

17 A. My apologies for this not being clear.
18 These 1,652 are all grade 1 leaks. They are all
19 hazardous leaks.

20 Q. Okay. So 9 percent -- the 9 percent that
21 were -- excuse me. The 91 percent that were
22 nonhazardous leaks would still be classified as grade
23 1 leaks?

24 A. In this case in those numbers, yes. This

1 is not written very clearly. My apologies.

2 Q. Okay.

3 ATTORNEY EXAMINER KINGERY: Would you
4 explain for us what you did mean by the term
5 "hazardous" in that testimony.

6 THE WITNESS: Yes. The report we ran --
7 I ran a report that pulled out all the hazardous
8 leaks. In this case a hazardous leak is a leak due
9 to its location or its severity that presents a
10 danger to the public both persons and property and
11 requires immediate action to address and continuous
12 action until the action is either eliminated or
13 repaired.

14 ATTORNEY EXAMINER KINGERY: Thank you.

15 Q. I'm sorry, sir. It is -- maybe it is
16 simply early in the morning, but I have to admit I am
17 still a little confused. Could you explain to me
18 roughly the gradation system that will be in place
19 after the IRP if the IRP is enacted.

20 A. Under the IRP we will use the grading
21 system that is both in the Commission rules and
22 regulations and in our policy and procedure.
23 Specifically under the IRP we will grade leaks and
24 there are four classifications of leaks. There is a

1 grade 1 leak which is a hazardous leak, and as I just
2 briefly explained because due to its location or its
3 severity, it is an immediate danger to the immediate
4 public safety, hazard to either people or property,
5 and requires immediate and continuous action until it
6 is either reduced to a different grade or eliminated.

7 A grade 2 plus leak under Columbia's
8 procedure is a leak that by location and severity is
9 required to be repaired within 21 days of discovery.

10 A grade 2 leak is a leak by location and
11 severity that needs to be scheduled for repair.

12 A grade 3 leak is a leak both by its
13 location and its severity is required to be monitored
14 until it needs to be repaired or there is no longer
15 any indication of leakage.

16 Q. Thank you, sir. Turning your attention
17 back to this section of your testimony then that's
18 confused me so much, then lines 9 through 11, the
19 1,652 leaks on the bare steel service lines that
20 Columbia observed in 2006, is it your testimony that
21 all of those were grade 1 leaks?

22 A. That is correct.

23 Q. Explain to me then, if you could, the
24 differentiation you make with reference to the 9

1 percent of all of those grade 1 leaks that are
2 hazardous leaks.

3 A. Yes, sir. That's -- that's where I
4 apologize for the way it's written. The 149 leaks
5 are corrosion leaks on bare steel service lines, and
6 the point I am trying to make here and through this
7 section is the customer and company bare steel
8 service lines corrode at the same rate, so the 149
9 are corrosion leaks on grade 1 hazardous leaks.

10 Q. What are the 1,652 leaks on bare steel
11 service lines if not corrosion leaks, sir?

12 A. There is a combination of things,
13 everything from dig-ins to material failures. I am
14 not really -- I can't tell you what all is in that
15 category exactly.

16 Q. Is it your testimony then that 91 percent
17 of all of the leaks on the bare steel service lines
18 of Columbia were leaks unrelated to corrosion?

19 A. No, it is not.

20 Q. Okay. Well, I guess I am still confused
21 then because your testimony a moment ago was that the
22 149 leaks were corrosion leaks, right?

23 A. Yes, sir.

24 Q. And that differentiates them from the

1 other 91 percent that were not corrosion leaks, true?

2 A. It differentiates them -- and I am sorry
3 this is so confusing.

4 Q. Yes, sir.

5 A. -- from the other 91 percent that were
6 grade 1 leaks. What is not addressed in these
7 numbers are your grade 2 plus leaks and your grade 2
8 leaks. The 1,652 does not represent the whole
9 population of leaking service lines.

10 Q. I appreciate that, sir. I understand
11 your testimony to be that the 1,652 leaks were all
12 grade 1 leaks of which 9 percent or 149 were
13 corrosion leaks; am I correct?

14 A. Yes.

15 Q. Okay. So the balance of those leaks, the
16 91 percent or roughly 1,500 leaks, were unrelated to
17 corrosion?

18 A. I believe that's correct.

19 MR. AVENI: Okay. If I could just have a
20 moment.

21 ATTORNEY EXAMINER KINGERY: Yes.

22 Q. Sir, is there any way of differentiating
23 in your 2006 data between the hazardous and
24 nonhazardous leaks that Columbia experienced using

1 those terms as they exist today pertaining to
2 customer service lines?

3 A. No, there is not.

4 Q. Okay. So would you agree with me then
5 this testimony here really does not illuminate or
6 illustrate the hazardous/nonhazardous that exist with
7 customer service lines, in particular in 2006?

8 A. No, I don't.

9 Q. Well, you just told me you don't know and
10 there is no way for you to estimate what percentage
11 of Columbia's 1 -- Columbia's leaks in 2006 were
12 nonhazardous, didn't you?

13 A. On customer service lines, yes, I did.

14 Q. You just don't know one way or the other?

15 A. I'm sorry. Which?

16 Q. That's all right, sir. I think we have
17 gone about as far down this road we possibly could.
18 I think we are all as equally confused. I would like
19 to turn your attention to the next section of your
20 testimony, lines 15 through 17. You state that "it
21 is not an industry standard to have an independent
22 third party inspection of all work performed by
23 company employees." Do you see that?

24 A. Yes, I do.

1 Q. In terms of industry standards excluding
2 those regulations that are, of course, imposed by
3 various governmental authorities, who is it that sets
4 the industry standards in your industry? It's the
5 LDCs, isn't it?

6 A. It is generally done at the AGA level of
7 the gas companies, that is correct.

8 Q. Okay. So the industry standard to have
9 an independent third party inspection of all work,
10 that's an industry standard that's either set or not
11 set by Columbia itself, right?

12 A. Columbia's internal policy is set by
13 Columbia. Columbia does not set the industry
14 standard.

15 Q. Well, Columbia and the other LDCs set the
16 industry standards, right?

17 A. I believe that's correct.

18 Q. Okay. Are you familiar with how the
19 other LDCs in Ohio perform inspections?

20 A. Not all of them, no.

21 Q. Okay. Can you speak to how the other
22 LDCs in Ohio perform inspections in terms of
23 statistically what percentage do perform third party
24 inspections, what percentage don't?

1 A. No. We only checked in Ohio with Duke
2 and Cinergy and Vectren, and none of them had an
3 independent third party inspection of their
4 employees' work.

5 Q. Of their employees' work. What about
6 repairs of customer service lines, do those LDCs
7 perform independent third party inspections of the
8 work done today on customer service lines?

9 A. I don't know.

10 Q. Okay. So is it fair to say then that you
11 are not familiar with what industry standard exists
12 today with reference to independent third party
13 inspections of customer service lines in particular?

14 A. Yes.

15 Q. Okay. But you know that today Columbia
16 does inspect as a third party the work performed by
17 OQ certified plumbers when repairing customer service
18 lines?

19 A. Yes. We believe that's prudent.

20 Q. And you know that's not going to
21 happen -- that that sort of third party inspection is
22 not going to happen in every case after the IRP?

23 A. Different -- it will be a different
24 situation after the IRP.

1 Q. Yes, it will. Thank you, sir. Turning
2 your attention to page 3, if I could, looking at
3 lines 4 through 9, you testify a bit about Columbia's
4 intention to have service technicians perform
5 periodic quality assurance checks on contractors'
6 work. Do you see that? Specifically with reference
7 to lines 5 and 6 and 7.

8 A. Yes, I do.

9 Q. Thank you, sir. Is that written down
10 anywhere other than in this testimony, that intention
11 of Columbia?

12 A. Yes, it is.

13 Q. Where is that written out?

14 A. It's in one of our policies and
15 procedures.

16 Q. One of your policies and procedures for
17 after the IRP is that you are going to have service
18 technicians periodically performing quality assurance
19 checks on their contractors and that's written down
20 somewhere in one of your policies and procedures
21 manuals today?

22 A. My apologies. I misunderstood your
23 question. I thought you were asking about our
24 standards, not specifically about that program.

1 Q. Okay. Well, I'm sorry. It's early in
2 the morning, and Lord knows I am being inartful by my
3 question. Is it written down anywhere in a policy or
4 a program or a plan or a proposal of any sort today
5 that Columbia will "have service technicians assigned
6 to the riser replacement program that will, among
7 other duties, perform periodic quality assurance
8 checks on contractors' work" after the IRP?

9 A. I don't believe it's written down. Those
10 jobs, however, have been posted.

11 Q. Okay. As I understood your testimony in
12 the original hearing last month, Columbia has not yet
13 come up with a specific proposal or plan as to how it
14 will implement its customer service line
15 responsibilities in the event the IRP is passed; is
16 that true?

17 A. I don't believe it is.

18 Q. Okay. I recall there being some
19 testimony. Maybe I am confused.

20 A. I believe that was the testimony.

21 Q. That Columbia has a specific plan or
22 program for the repairing of customer service lines
23 after the IRP?

24 A. No, it does not at this point.

1 Q. Okay. Columbia doesn't know how many
2 contractors it's going to hire to implement the
3 customer service line part of the program should the
4 IRP pass, true?

5 A. No, we do not know how many, if any.

6 Q. You don't know how many employees
7 in-house, Columbia employees, you are going to task
8 to this responsibility.

9 A. Columbia has determined a specific number
10 of employees that we will be hiring to specifically
11 address the repair and replacement of customer-owned
12 service lines.

13 Q. When was that decision made?

14 A. Since the last hearing, since we were
15 here sometime late last month.

16 Q. Okay. So since the last hearing Columbia
17 has now come up with a program or plan as to how many
18 employees it will hire to repair and replace customer
19 service lines?

20 A. That is correct.

21 Q. Why has there been no amendment to the
22 testimony in this case to reflect that?

23 A. That's not a question I can answer.

24 Q. Okay. Are you personally familiar with

1 the plan or program by which Columbia will be hiring
2 in-house additional service technicians to repair,
3 replace, or maintain customer service lines in the
4 event the IRP is passed?

5 A. No, I am not familiar with the details.

6 Q. Are you familiar with any detail of it?

7 A. Not other than previously stated.

8 Q. How many employees will Columbia be
9 hiring?

10 A. I do not know.

11 Q. Will they be full- or part-time
12 employees?

13 A. I do not know.

14 Q. How many hours a week will they work
15 specifically on customer service lines?

16 A. I do not have that number.

17 Q. Okay. So you know there is some -- there
18 is somebody somewhere in Columbia that has come up
19 with a plan since the last hearing about how many
20 service -- service technicians to hire in the event
21 that IRP is passed to effectuate this, but you simply
22 don't know how many or any of the details whatsoever?

23 A. No.

24 Q. Do you believe there is any written

1 memoranda or policy, memos, or programs that have
2 been documented in writing that would cover that
3 information?

4 A. I don't know.

5 Q. Do you know how many of these unknown
6 number of employees, I guess, as a percentage will be
7 periodically performing quality assurance checks on
8 contractors' work specifically as pertaining to
9 customer service lines?

10 A. If you are referring specifically to the
11 service technicians, no, I don't know how many.

12 Q. Will there be other employees -- strike
13 that.

14 Has there been a decision made already at
15 Columbia as to other types of employees besides
16 service technicians that it will hire to effectuate
17 the IRP customer service line responsibilities in the
18 event the IRP is passed?

19 A. I believe the number of supervisors
20 assigned to the program has been decided, but I am
21 not sure what that number is.

22 Q. Okay. Turning your attention to that
23 specific testimony again at lines 5 through 9,
24 "Columbia will have service technicians assigned to

1 the riser replacement program," et cetera, et cetera,
2 through the remainder of that portion of your
3 testimony, sir, is it fair to say you don't have any
4 specific information available to you today to
5 describe how Columbia intends to implement whatever
6 periodic quality assurance checks on contractors'
7 work it may eventually decide to do if the IRP is
8 passed?

9 A. That's correct, I have no specifics.

10 Q. Okay. One a month? One a year? You
11 don't know?

12 A. I don't have any specifics.

13 Q. Okay. Turning your attention, if you
14 would, please, to page 5 of your testimony at lines 1
15 through 3. You state that "the IRP will eliminate
16 the current situation where Columbia and property
17 owners divide the responsibilities for the customer
18 service lines." Do you see that?

19 A. Yes, I do.

20 Q. And the way that the IRP will eliminate
21 that current situation is by eliminating the
22 customers' rights to repair, maintain, or replace the
23 customer service lines that they own and are on their
24 property, right?

1 A. Yes. Columbia will have full operation
2 and maintenance responsibility for repairs and
3 replacements.

4 Q. Okay. And the property owner will have
5 none of those responsibilities or rights for repair,
6 maintenance, or -- or replacement of the customer
7 service lines that today they own, right?

8 A. That is correct.

9 Q. And the IRP will also eliminate the
10 current situation with property owners having some
11 discretion in the manner or mechanisms by which
12 repair, maintenance, and replacement of customer
13 service lines on their property is implemented, won't
14 it?

15 A. Can you have --

16 MR. AVENI: I'm sorry. Could you read
17 that back? I got a little ahead of myself.

18 (Question read.)

19 A. Not totally, I believe customers will
20 have -- still have some input with Columbia or
21 Columbia-designated employees on how the work is
22 done.

23 Q. Were you here when Mr. Brown testified on
24 cross-examination several weeks ago?

1 A. Yes, I was.

2 Q. Were you here when Mr. Brown testified
3 that after the IRP if Columbia decides it wants to
4 use a backhoe on a customer's property to repair,
5 replace, or maintain a customer service line, that
6 the property owner will have no discretion to stop
7 them from doing it?

8 A. Yes, I was.

9 Q. Okay. Is there anywhere memorialized in
10 writing what rights property owners will have or what
11 as I just said input property owners will have in
12 effecting the specifics of repair, replacement, and
13 maintenance of customer service lines on their
14 property after the IRP is passed in the event it is
15 passed?

16 A. Not to my knowledge, I don't believe I
17 know of any.

18 Q. Okay. Turning your attention, if you
19 would, sir, to lines 8 and 9 of that same section,
20 you testify regarding how the IRP would "render the
21 need for specific knowledge of ownership of customer
22 service lines unnecessary," right? Do you see that?

23 A. Yes, I do.

24 Q. Okay. In fact, customers will still need

1 to know what portions of the -- of their service
2 lines they own, won't they?

3 A. Not in my opinion, no.

4 Q. For tax reasons, for example?

5 A. My opinion is limited to the operations
6 and repair and maintenance of customer service lines.

7 Q. Okay. So when you are testifying at
8 lines 8 and 9 about how the IRP would "render the
9 need for specific knowledge of ownership of customer
10 service lines unnecessary," you are speaking solely
11 and exclusively to the need for knowledge of
12 ownership as it pertains to repair and replacement of
13 those lines?

14 A. Yes.

15 Q. In terms of the mechanical aspects of it?

16 A. I am not sure how you define it.

17 Q. Okay. That's okay. Strike that. And
18 won't the customer still need to have specific
19 knowledge of the ownership of customer service lines
20 after the IRP if for no other reason than to
21 understand why Columbia is bringing a backhoe onto
22 their property against their will?

23 A. It is my opinion that the customers will
24 not need to know about ownership of customer service

1 lines.

2 Q. Won't the customers need to have some
3 understanding as to why they don't have the right to
4 keep people off their property?

5 A. Under the IRP Columbia is going to or
6 Columbia contractors are going to make all the
7 repairs or replacements. I don't believe that
8 ownership is a factor in that -- those decisions for
9 those repairs and replacements.

10 Q. Well, your testimony a few moments ago
11 customers would have input into the manner in
12 which -- I think you used specifically the word
13 "input" as to how Columbia would be repairing,
14 maintaining, or replacing customer service lines
15 after IRP, right?

16 A. Yes'.

17 Q. Wouldn't some function of customers
18 having informed input involve them knowing who owns
19 what on their land?

20 A. As it deals with company and customer
21 service lines, no, I don't believe so.

22 Q. Okay. So that input is going to --
23 Columbia is expecting to have that input or give the
24 customer the opportunity to provide that input but

1 doesn't expect customers to need to know anything
2 about who owns what on the customer's own property?

3 MR. CREEKMUR: Objection. Asked and
4 answered, your Honor.

5 MR. AVENI: I can withdraw it.

6 ATTORNEY EXAMINER KINGERY: Thank you.

7 Q. Sir, do you believe that there are any
8 less intrusive means for eliminating confusion
9 regarding responsibility for leaking customer service
10 lines other than simply appropriating the rights of
11 property owners to repair and maintain and replace
12 their own customer service lines?

13 A. My apologies.

14 Q. I will try it again. Your testimony was
15 that "central management of customer service line
16 repairs or replacements will eliminate all confusion
17 regarding responsibility for leaks on customer
18 service lines." Do you see that?

19 A. Yes, I do.

20 Q. As we sit here today, do you believe that
21 there are any less intrusive means that Columbia
22 could come up with eliminating confusion other than
23 simply taking the rights of the property -- the
24 property owners?

1 A. I don't know.

2 Q. Have you looked into that at all?

3 A. Not to my knowledge, no.

4 Q. Has anyone else at Columbia looked into
5 that?

6 A. Not to my knowledge.

7 MR. AVENI: I don't have any further
8 questions for you. Thank you, sir.

9 ATTORNEY EXAMINER KINGERY: Thank you
10 very much.

11 Mr. Serio?

12 MR. SERIO: Thank you, your Honor.

13 - - -

14 CROSS-EXAMINATION

15 By Mr. Serio:

16 Q. Good morning, Mr. Ramsey.

17 A. Good morning.

18 Q. I wanted to clarify a couple of points
19 first. You referenced AGA a little earlier this
20 morning. Could you explain what AGA is?

21 A. Yes, sir. The AGA is the American Gas
22 Association, and it's made up of -- the member
23 companies are for the most part local distribution
24 companies.

1 Q. And Columbia is a member of AGA?

2 A. That is correct.

3 Q. And then you also referenced that
4 Columbia tries to keep up with what other LDCs in
5 Ohio were doing, and you referenced Duke, Cinergy,
6 and Vectren. Did you mean to say Duke, Dominion, and
7 Vectren?

8 A. Yes, I did.

9 Q. And that's because that's the other three
10 large local distribution companies in Ohio, right?

11 A. Yes, sir.

12 Q. You also indicated that since the first
13 part of this hearing Columbia had made -- had made
14 some decision on hiring crews to do work on service
15 lines. Does that also apply to risers?

16 A. No. The risers -- the request for
17 proposal for risers has been sent out. That is out
18 in the hands of potential bidders. I am not sure
19 what the status of that coming back is.

20 Q. Since the first part of the hearing has
21 the company made any decision regarding any of the
22 work that needs to be done on risers that when we had
23 the first part of the hearing, the company had
24 indicated hadn't been done yet?

1 A. I don't believe there are any changes
2 from the original testimony, that we still anticipate
3 90 percent of that riser work will be outsourced.

4 Q. But as far as any -- any finalization of
5 that, that hasn't been done yet, correct?

6 A. Not to my knowledge.

7 Q. If you could turn to page 3 of your
8 testimony, the question at the bottom of the page
9 talks about the Perfection Servi-Sert. Do you see
10 that?

11 A. Yes, I do.

12 Q. On line 16 you talk about it being a new
13 application of an existing technology. Can you
14 define for me what you mean by a new application?

15 A. The Servi -- to my knowledge the -- a
16 replacement head -- I know of no other replacement
17 head for risers. To my knowledge, that is a new
18 fitting from Perfection.

19 Q. And what's the existing technology that
20 you talked about?

21 A. It is the technology for making the
22 joint, how the joint is made.

23 Q. Would that include the staff fitting
24 itself?

1 A. That is the staff fitting itself.

2 Q. Now, on line 17 you talk about to the
3 best of the company's knowledge, it's only been used
4 by one gas company for a short time. And that is
5 Duke Energy of Ohio, correct?

6 A. To our knowledge, yes.

7 Q. Was the company aware of that prior to
8 OCC raising that issue as part of this proceeding?

9 A. Yes, it was.

10 Q. When did you first learn that Duke was
11 using the Servi-Sert partial replacement?

12 A. I really don't recall.

13 Q. Is there anyone else testifying in this
14 proceeding that might know that to the best of your
15 knowledge? Would Mr. Brown or Mr. Martin?

16 A. I don't know.

17 Q. On line 21 you talk about benefits that
18 the -- your initial review did not identify benefits.
19 Can you define what you mean by benefits there?

20 A. Cost -- I believe what is meant there is
21 cost savings for the installation.

22 Q. And did those cost savings include
23 everything associated with the replacement including
24 going out and fixing any property damage that's done

1 as a result of the replacement of the riser, or is it
2 just limited to the cost of the riser?

3 A. Pretty much what I recall it is limited
4 to the installation of the Servi-Sert.

5 Q. So did your -- so then your initial
6 review did not include any of the other cost benefits
7 that could be achieved such as not having to fix
8 landscaping or damaged property because you didn't
9 have to dig a hole in the ground?

10 A. Not to my detail, no, they did not.

11 Q. And then you talk about a long-term
12 performance record. Can you define what you mean by
13 a long-term?

14 A. In this case our thinking was greater
15 than five years.

16 Q. Today when Columbia puts a piece of
17 equipment on its approved materials list, is it
18 company policy to have a five-year history on how
19 that piece of equipment works before you put it on
20 your materials list?

21 A. No, it is not.

22 Q. Do you have any kind of minimum
23 performance record before you put something on your
24 approved materials list?

1 A. We do require that testing be
2 accomplished and that it had been used in the field
3 prior to putting it on the list, yes.

4 Q. Now, on line 22, you talk about Columbia
5 is conducting an analysis of the Perfection
6 Servi-Sert. Do you see that?

7 A. Yes.

8 Q. What criteria is the company including in
9 that analysis?

10 A. We are going to -- and that analysis is
11 going to involve going to a meeting with Duke to
12 learn the details of their installation program.
13 That analysis will involve getting their test results
14 both from Perfection and Duke on how the test
15 results -- on how that fitting was tested. It will
16 include the performance data from Duke on that
17 fitting, an analysis of the conditions under which
18 that -- that fitting can and should be used.

19 Q. Is that those four criteria?

20 A. To my knowledge, to the best of my
21 recollection.

22 Q. And the company hasn't done any of those
23 four steps yet, have they?

24 A. We have -- we have contacted the

1 manufacturer. We have started for the analysis of
2 the testing data but, no, we have not gone and
3 proceeded with the rest of the steps.

4 Q. Do you have any idea how long it's going
5 to take the company to do this criteria, to meet
6 these four steps?

7 A. No, I don't.

8 Q. Is it correct to assume that the company
9 plans to complete this analysis prior to beginning
10 work on replacing the prone-to-leak risers?

11 A. Yes, it is.

12 Q. And the company's current plan is to
13 begin replacing prone-to-leak risers in March of '08,
14 correct?

15 A. Yes, it is.

16 Q. So it's safe to assume that between now
17 and March of '08, the company plans to complete that
18 analysis, correct?

19 A. That's correct. In fact, a bid unit for
20 the Servi-Sert was included in the IRP in the
21 eventuality we decided to use the fitting.

22 Q. On page 4 of your testimony, you
23 reference the \$500 cost for replacement of a riser.
24 Do you see that?

1 A. Yes, I do.

2 Q. Does that \$500 estimate include
3 remediation costs or is that just for cost of the
4 riser itself?

5 A. I believe that includes the remediation
6 cost.

7 Q. On line 15, you indicate there would be
8 "potential abuse by market participants who could
9 otherwise have inflated the charges." And you think
10 it would be potential abuse because the cost would be
11 above the \$500 level or because they might do work
12 that wasn't necessary? Can you explain to me what
13 you mean by that?

14 A. We believe that it could -- the price
15 could go above the \$500 level for replacement of
16 prone-to-fail risers.

17 Q. So is it in general in circumstances if
18 the cost went above 500 the company sees that as the
19 threshold for potential abuse?

20 A. The \$500 is set on what we anticipate and
21 estimate our actual costs to do the work, so I am not
22 sure I have an answer for your question.

23 Q. The \$500 level -- it's your testimony the
24 \$500 level was intended to prevent potential abuse

1 because you believe if it's over 500, that might be
2 higher than what the company believes the cost should
3 be, right?

4 A. We believe that the 500 is a reasonable
5 cost. That above that could -- could be abusive,
6 yes.

7 Q. Is that also the case if the company's
8 costs are over \$500?

9 A. On average?

10 Q. Well, I don't see where you say on
11 average here in your answer, so I am asking the same
12 terms as your answer here on page 4.

13 A. Can you reread the question then?

14 MR. SERIO: Please repeat it.

15 (Question read.)

16 A. Yes, we believe that 500 is a reasonable
17 amount.

18 Q. So then is it also true that if the
19 company spends over 500, that indicates there is
20 potential abuse?

21 A. We -- no, we do not believe that.

22 Q. On page 5 of your testimony, you indicate
23 at that time IRP will benefit customers. Are you
24 aware of any benefits to the company from the IRP?

1 A. Not that I can think of.

2 Q. To the extent that the company had put
3 type A field-assembled risers on its approved
4 materials list, wouldn't the IRP eliminate any
5 company responsibility for having put a defective
6 riser on its approved materials list?

7 MR. CREEKMUR: Objection, your Honor.
8 That calls for a legal conclusion.

9 ATTORNEY EXAMINER KINGERY: Sustained.

10 MR. SERIO: Save that for Mr. Brown then.

11 ATTORNEY EXAMINER KINGERY: That's fine.

12 MR. SERIO: That's all I have. Thank
13 you, your Honor.

14 ATTORNEY EXAMINER KINGERY: Thank you.

15 Ms. Hammerstein?

16 - - -

17 CROSS-EXAMINATION

18 By Ms. Hammerstein:

19 Q. Good morning, Mr. Ramsey.

20 A. Good morning.

21 Q. You discussed the self-inspection concept
22 with Mr. Aveni. Do you recall that?

23 A. Yes.

24 Q. When the company makes main line repairs,

1 does it do those itself, or does it sometimes
2 contract those out?

3 A. We do both. We do in-house and contract
4 main line repairs.

5 Q. And what type of inspection is done of
6 those repairs?

7 A. For the in-house repairs the company
8 employees complete the work and they inspect that
9 work and complete that work themselves. Where we
10 contract work we have contract coordinators that are
11 out on-site with the contractors. They may not be at
12 the specific site the entire time, but they are
13 on-site on a regular basis inspecting the work and
14 assuring that it is done properly. As previously
15 stated, those inspectors are instructed to be on-site
16 at a frequency that will guarantee the work is done
17 properly.

18 Q. Under the Federal Pipeline Safety
19 Standards is it your understanding that Columbia has
20 the responsibility to maintain customer service
21 lines?

22 A. Yes, it is.

23 MS. HAMMERSTEIN: Thank you, Mr. Ramsey.

24 ATTORNEY EXAMINER KINGERY: Thank you.

1 Mr. Creekmur, any redirect?

2 MR. CREEKMUR: Your Honor, if we may take
3 a short break?

4 ATTORNEY EXAMINER KINGERY: We can do
5 that, 5 minutes or 10. Go ahead and take 10.

6 (Recess taken.)

7 ATTORNEY EXAMINER KINGERY: Let's go back
8 on the record.

9 Mr. Creekmur, do you have any redirect?

10 MR. CREEKMUR: Yes, I do, your Honor.

11 - - -

12 REDIRECT EXAMINATION

13 By Mr. Creekmur:

14 Q. Mr. Ramsey, can you please explain for me
15 why Columbia does not believe it to be necessary to
16 inspect every repair or replacement of service lines
17 under the IRP as compared to the current situation
18 today.

19 A. Under the current situation for customer
20 service lines Columbia does not have true managerial
21 control over the employees that are doing the work.
22 Columbia has no contractor relationship with them.
23 Columbia, in fact, cannot always assure that the
24 person that did the work is the same person that

1 signed the card. With those facts and being
2 completely responsible for pipeline safety, Columbia
3 believes it has to inspect each and every job that's
4 done by DOT qualified plumbers. In fact, Columbia
5 under the IRP will move customer service lines into
6 the same processes it uses for its work every day.
7 Today we have company crews out replacing mains,
8 making repairs, and doing service lines that are not
9 and each and every job is not inspected by an
10 independent third party -- third party. What we have
11 with those -- our own employees and our contractors'
12 employees, we have managerial control over those
13 folks. We have other avenues for correcting
14 problems. You know, we have direct control over
15 those employees and the work that they do.

16 Q. Is it correct then that the process
17 Columbia uses today to repair or replace its own
18 service lines including inspections will not differ
19 from the process it would implement under the IRP?

20 A. That is correct.

21 Q. And, Mr. Ramsey, to clarify the AGA
22 proposes and implements the gas industry standard,
23 correct, for these repairs, replacements?

24 A. The AGA works with all of the member

1 companies to produce consensus standards for the gas
2 industry, and they are set at a consensus level by
3 the AGA.

4 Q. And does Columbia follow the industry
5 standards as set by the AGA?

6 A. Yes, we do.

7 Q. Mr. Ramsey, can you think of benefits
8 that Columbia might obtain if the IRP is approved?

9 A. We'll have better and more direct control
10 over the work that's being done on DOT jurisdictional
11 facilities.

12 ATTORNEY EXAMINER KINGERY: Can we pause
13 for just a minute, please? Let's wait just a minute
14 so I can get us some mikes.

15 (Discussion off the record.)

16 ATTORNEY EXAMINER KINGERY: Let's go back
17 on the record. I apologize for the break.

18 Q. Mr. Ramsey, going back to your answer
19 regarding the company service lines, are there any
20 distinguishing characteristics between repairs and
21 replacements for company service lines versus repairs
22 and replacement for customer service lines? And by
23 that I mean would there be a situation where it might
24 be more dangerous for a company service line repair

1 or replacement?

2 A. In the case of service line repairs for a
3 company service line, the gas service -- the gas is
4 usually -- usually not terminated to make the repair.
5 In the case of a customer service line the company
6 turns the gas off for those repairs to be made. So
7 the company employees would sometimes be working in
8 live gas conditions.

9 Q. And is it correct that would be a more
10 dangerous situation than in a customer service line
11 repair where the gas would be terminated?

12 A. It is potentially more hazardous, yes.

13 MR. CREEKMUR: Thank you, Mr. Ramsey.

14 No further questions, your Honor.

15 ATTORNEY EXAMINER KINGERY: Thank you.

16 Mr. Settineri?

17 - - -

18 RECROSS-EXAMINATION

19 By Mr. Settineri:

20 Q. Mr. Ramsey, which system would more
21 likely occur a mistake in any and all gas service
22 line replacements, a system where all lines are
23 inspected after repair or replacement or a system
24 where there is self-inspection and periodic

1 inspections?

2 A. I don't know. I don't know the answer to
3 that.

4 Q. You don't have an opinion?

5 A. No.

6 Q. Thank you. Mr. Ramsey, which is closer
7 to a residence, a customer-owned service line or a
8 distribution line?

9 A. Can you define distribution line?

10 Q. Let's say under today's system a company
11 service line versus a customer-owned service line,
12 which is closer to a residence?

13 A. Generally speaking the customer-owned
14 service line is closer to the residence.

15 MR. SETTINERI: Thank you. No further
16 questions.

17 ATTORNEY EXAMINER KINGERY: Thank you.

18 Mr. Aveni?

19 MR. AVENI: Yes, your Honor. Thank you.

20 - - -

21 RECROSS-EXAMINATION

22 By Mr. Aveni:

23 Q. Mr. Ramsey, as I understand -- I
24 recognize that there have not been specific plans and

1 Columbia has not made a decision about -- about how
2 many, if any, contractors it may retain for purposes
3 of customer service line repair and replacement.
4 Would you agree with me nonetheless, however, that
5 there is a high order of probability that at least
6 some of the DOT OQ certified plumbers that are
7 repairing, replacing, and maintaining customer
8 service lines today will be hired by Columbia as a
9 contractor to repair, replace, and maintain customer
10 service lines under the IRP?

11 A. I don't know.

12 Q. Okay. In the event that there are DOT OQ
13 certified plumbers that are hired or contracted with
14 Columbia after the IRP to do that work, is it fair to
15 say that those individuals are subject to inspection
16 by Columbia for the work that they are doing today
17 and may not be subject to inspection by Columbia
18 after the IRP in any individual circumstance?

19 A. I don't really have knowledge of who we
20 will be hiring for the IRP.

21 MR. AVENI: I don't have any further
22 questions for you. Thank you, sir.

23 ATTORNEY EXAMINER KINGERY: Thank you.

24 Mr. Serio?

1 MR. SERIO: Thank you, your Honor.

2 - - -

3 RECROSS-EXAMINATION

4 By Mr. Serio:

5 Q. Mr. Ramsey, when Mr. Creekmur asked you
6 about the benefits in the IRP, did your response
7 include any type of financial benefits to the company
8 at all?

9 A. No, it did not.

10 MR. SERIO: I just wanted to clarify.
11 That's all.

12 Thank you, your Honor.

13 ATTORNEY EXAMINER KINGERY: Thank you.

14 Ms. Hammerstein?

15 - - -

16 RECROSS-EXAMINATION

17 By Ms. Hammerstein:

18 Q. If -- assuming the IRP program is
19 approved by the Commision and further assuming that
20 Columbia hires outside contractors, DOT OQ qualified
21 plumbers, to do some of the work, would those
22 individuals be able to charge more than the \$500 or
23 the \$1,000 that Columbia has estimated will be the
24 cost of repairing or replacing lines or risers?

1 A. I don't know.

2 Q. Won't Columbia be setting the cost limit?

3 A. If we hire contractors for that work, it
4 would be competitively bid, and I don't know what
5 those contracts will be.

6 MS. HAMMERSTEIN: That's all I have.
7 Thank you, your Honor.

8 ATTORNEY EXAMINER KINGERY: Thank you.
9 You may step down. Thank you very much.

10 Mr. Creekmur, you may call your next
11 witness.

12 MR. CREEKMUR: Your Honor, Columbia would
13 also like to move for the admission of Columbia
14 Exhibit No. 5, Mr. Ramsey's rebuttal testimony,
15 please.

16 ATTORNEY EXAMINER KINGERY: Any
17 objections?

18 Hearing none Columbia Exhibit 5 will be
19 admitted.

20 (EXHIBIT ADMITTED INTO EVIDENCE.)

21 MR. CREEKMUR: Your Honor, Columbia Gas
22 of Ohio would like to call Larry Martin to the stand.

23 ATTORNEY EXAMINER KINGERY: I would
24 remind you you remain under oath.

1 MR. MARTIN: Yes, ma'am.

2 ATTORNEY EXAMINER KINGERY: You may be
3 seated. Thank you.

4 MR. MARTIN: Thank you.

5 MR. CREEKMUR: Your Honor, I would like
6 to have the prepared rebuttal testimony of Larry W.
7 Martin filed November 19, 2007, marked for
8 identification as Columbia Exhibit No. 6, please.

9 ATTORNEY EXAMINER KINGERY: It will be so
10 marked.

11 (EXHIBIT HEREBY MARKED FOR
12 IDENTIFICATION PURPOSES.)

13 - - -

14 LARRY W. MARTIN

15 called as a witness on rebuttal, being previously
16 duly sworn, testified further as follows:

17 DIRECT EXAMINATION

18 By Mr. Creekmur:

19 Q. Mr. Martin, will you please state your
20 name and spell it for the record.

21 A. Larry, L-A-R-R-Y, W. Martin, M-A-R-T-I-N.

22 Q. Mr. Martin, do you have a copy of your
23 prepared rebuttal testimony with you today?

24 A. Yes, I do.

1 Q. And if I were to ask you those questions,
2 would your answers be the same today?

3 A. Yes, they would.

4 Q. And do you have any corrections to that
5 prefiled testimony?

6 A. I do not.

7 MR. CREEKMUR: Your Honor, I would like
8 to make the witness available for cross-examination
9 and move for the admission of Columbia Exhibit No. 6
10 subject to cross-examination.

11 ATTORNEY EXAMINER KINGERY: Mr. Settineri?

12 - - -

13 CROSS-EXAMINATION

14 By Mr. Settineri:

15 Q. Good morning, Mr. Martin.

16 A. Good morning.

17 Q. At page 2, lines 5 to 6, of your rebuttal
18 testimony, you state that "Columbia performed studies
19 designed to quantify the impact of Columbia's
20 assumption of financial responsibility for the repair
21 or replacement of customer-owned service lines." Did
22 those studies address whether Columbia can repair a
23 customer service line at an incurred cost less than
24 the cost incurred by a customer service line warranty

1 provider such as Utility Service Partners?

2 A. No.

3 MR. SETTINERI: No further questions,
4 your Honor.

5 ATTORNEY EXAMINER KINGERY: Thank you.

6 Mr. Aveni?

7 MR. AVENI: Yes, your Honor.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Aveni:

11 Q. Good morning, Mr. Martin.

12 A. Good morning.

13 Q. Turning your attention to the bottom of
14 page 1 and the top of page 2 of your testimony,
15 there's -- there's a statement that you disagree with
16 that Columbia's plans to assume financial
17 responsibility for the maintenance, repair, and
18 replacement of customer-owned service lines will not
19 generate cost efficiency -- excuse me, will generate
20 cost efficiencies. I apologize for that. Do you see
21 that?

22 A. Yes.

23 Q. Cost efficiencies for whom, Mr. Martin?

24 A. For all the Columbia's customers.

1 Q. Okay. You were here in the hearing that
2 occurred several weeks ago for all three days; is
3 that right?

4 A. That's correct.

5 Q. Okay. Did you listen to the testimony as
6 it came through?

7 A. Yes.

8 Q. Okay. Did you hear testimony regarding
9 the gradual decay of bare steel customer service
10 lines and how it can take as many as 90 years to
11 corrode?

12 A. I don't remember that specific testimony,
13 no.

14 Q. Well, that's fair enough, sir. Does that
15 comport with your general understanding of the issues
16 pertaining to the decay of steel service lines, that
17 it happens over decades?

18 A. I am not an expert in that area and as a
19 result do not want to answer that question.

20 Q. Yes, sir. I appreciate that. I am truly
21 not trying to be tricky. The testimony will
22 obviously -- the transcript will reflect whatever the
23 testimony was. Would you agree with me that in any
24 given period of time, say 10 years, there will be

1 some properties that require the replacements of the
2 bare steel customer service lines that service their
3 property and then there will be other properties that
4 don't require in that same 10-year period the repair,
5 replacement, or maintenance of the bare steel service
6 line.

7 A. Yes.

8 Q. Okay. So in any given 10-year period you
9 are going to have some households that don't require
10 the repair, the replacement, or maintenance on their
11 customer service lines at all, right?

12 A. That's correct.

13 Q. Okay. And indeed for newer homes with
14 plastic polyethylene service lines the expectation
15 that in any given 10-year period their service line
16 is going to be replaced or repaired or maintained is
17 even lower, isn't it?

18 A. The expectation, yes, as far as it
19 happens to be speculation on my part.

20 Q. I understand, sir. But I guess what I am
21 getting at there is going to be -- if the IRP was
22 adopted, in the course of the first 10 years of the
23 IRP you would have a number of households and perhaps
24 a substantial number of households that would not

1 require any repair, replacement, or maintenance of
2 their particular customer service lines servicing
3 their particular properties; would you agree with
4 that?

5 A. Yes.

6 Q. Okay. And yet those property owners are
7 going to be subsidizing the repair, replacement, and
8 maintenance of customer service lines on other
9 people's properties under the IRP, won't they?

10 A. Yes. While at the same time though they
11 are going to enjoy the benefits resulting from
12 Columbia's IRP program through the fact they will
13 know that they will not be financially responsible
14 for the repair or replacement of a customer service
15 line.

16 Q. The answer to my question, sir, was yes?

17 A. That's correct, sir.

18 Q. Okay. Thank you, sir. And so for those
19 homeowners that in that 10-year period that we are
20 looking at have no need for repair, replacement, or
21 maintenance of customer-owned service lines of their
22 own, isn't it true that the IRP is, in fact, cost
23 inefficient for those individuals because they are
24 paying for everybody else but not -- but having no

1 particular need for repair or replacement or
2 maintenance of their own?

3 A. I can't agree with that.

4 Q. Okay. Well, without the IRP in that
5 10-year period they don't have to pay anything,
6 right? No repair, replacement, or maintenance costs
7 for those individuals. And after the IRP or if the
8 IRP, they have to pay something, don't they? Right?

9 A. That's correct.

10 Q. And so for those individuals it costs
11 more for the IRP than not to have the IRP, right?
12 That's a yes or no question, sir. Doesn't it cost
13 them more?

14 A. Yes.

15 Q. And isn't that a cost inefficiency for
16 those individuals in those households?

17 MR. CREEKMUR: Objection. Asked and
18 answered, your Honor.

19 ATTORNEY EXAMINER KINGERY: I will allow
20 the question.

21 MR. AVENI: Thank you, your Honor.

22 A. Would you repeat the question, please.

23 MR. AVENI: Could you read it back,
24 please.

1 (Question read.)

2 A. Certainly not if these customers were
3 paying a warranty -- for a warranty service which
4 would cost them more than they would under the IRP
5 program.

6 Q. Now, how do you know that?

7 A. I've heard testimony in this proceeding
8 and I have seen offerings from various warranty
9 companies.

10 Q. Do you have any idea how many -- how many
11 consumers across the state of Ohio have purchased
12 warranties for their customer service lines?

13 A. No.

14 MR. AVENTI: Okay. I don't have any
15 further questions for you. Thank you, sir.

16 THE WITNESS: Thank you.

17 ATTORNEY EXAMINER KINGERY: Mr. Serio?

18 MR. SERIO: Thank you, your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Serio:

22 Q. Good morning, Mr. Martin.

23 A. Good morning.

24 Q. Would you turn to page 2 of your

1 testimony, please.

2 A. Yes, sir.

3 Q. On line 5, you cite some studies. Are
4 those the studies that are attached to your
5 testimony?

6 A. Yes.

7 Q. Is there any other studies that you did
8 that are not attached to your testimony?

9 A. Yes.

10 Q. Cost efficiency studies?

11 A. Yes.

12 Q. And why weren't those attached to your
13 testimony?

14 A. I felt that these were most
15 representative of what the projected costs for
16 providing the service was going to be.

17 Q. Now, you indicate here that during the
18 first year the estimated impact was about 5 cents per
19 month; is that correct?

20 A. I'm sorry, that's correct.

21 Q. And then you give an estimate for the
22 fifth year. Why did you use the fifth year?

23 A. Simply to demonstrate that even over a
24 five-year period it was going to be done at a very

1 minimal cost, 25 cents per month per customer.

2 Q. How long is the IRP going to be in place
3 as proposed?

4 A. There is no sunset provision on the IRP.
5 It will go on indefinitely.

6 Q. Didn't I recall you indicating earlier it
7 was going to be at least 30 years; is that correct?

8 A. No. I don't think so.

9 Q. How long will it take Columbia to recover
10 the costs associated with replacing approximately the
11 300,000 prone-to-leak risers in the Columbia service
12 territory?

13 A. The asset life is about 30 years. That's
14 what we were talking about. That doesn't mean it's
15 the same as the program life. It just simply means
16 that's the asset life. That's different.

17 Q. So how long does the company project
18 under your study that it will take to recover the
19 costs associated with replacing all the risers that
20 are leaking and prone to leak?

21 A. It takes approximately 30 years from the
22 date of investment.

23 Q. Okay. At the -- at any point during
24 those 30 years do you estimate the cost to be more

1 than 25 cents a month?

2 A. Yes.

3 Q. Do you know how much a customer will pay
4 over the entire 30-year period --

5 A. No.

6 Q. -- to replace risers?

7 A. No.

8 Q. Can I determine that from your study?

9 A. Looking at the study it appears that it
10 will increase at a rate of approximately 5 cents per
11 year. You could extrapolate that and come to the
12 conclusion it would be approximately a dollar and a
13 half after 30 years per customer per month.

14 Q. So if I wanted to get a total cost, I
15 would start with 5 cents per month in the first year
16 so that would be 5 times 12 which is 60 cents,
17 correct, for year one?

18 A. That's correct.

19 Q. And then for each ensuing year I would
20 increase from -- I would increase a penny each month
21 so in the second year it would be 6 cents a month or
22 is it 10 cents a month in the second year?

23 A. 10 cents a month.

24 Q. 10 cents so I would get -- so in year two

1 it would be 10 cents times 12 or a dollar 20,
2 correct?

3 A. That's correct.

4 Q. And if I did that for the 30 years so
5 that we don't bog down the transcript, that's how I
6 could get an estimate of how much each individual
7 customer would pay, correct?

8 A. That's correct.

9 MR. SERIO: That's all I have. Thank
10 you, your Honor.

11 ATTORNEY EXAMINER KINGERY: Thank you.

12 Ms. Hammerstein?

13 MS. HAMMERSTEIN: Could I have just one
14 second, your Honor, please?

15 ATTORNEY EXAMINER KINGERY: Yes, you may.

16 - - -

17 CROSS-EXAMINATION

18 By Ms. Hammerstein:

19 Q. Would any reduction in depreciation
20 expense over time be reflected in that 5 cent
21 increase that you were talking about with Mr. Serio?

22 A. I am not sure I understand the question.
23 Could you --

24 Q. You stated that if you were to

1 extrapolate over the 30-year period, you would
2 eventually reach about a dollar 50 a month.

3 A. That's correct.

4 Q. You said that would be reached by a 5
5 cents -- I think 5 cents a month over that 30-year
6 period increase; is that correct?

7 A. That's correct.

8 Q. Did you figure in there any reduction in
9 depreciation expense into that?

10 A. I did not figure any reduction in
11 depreciation rate --

12 Q. Rate, excuse me.

13 A. -- into that calculation, no. If -- I
14 did base the calculation on Columbia's net investment
15 in the plan which is net of depreciation of the plan.

16 MS. HAMMERSTEIN: Okay. I don't have
17 anything further. Thank you, your Honor.

18 ATTORNEY EXAMINER KINGERY: Thank you.

19 Mr. Creekmur, redirect?

20 MR. CREEKMUR: No further questions, your
21 Honor, and I would like to move for the admission of
22 Columbia Exhibit No. 6.

23 ATTORNEY EXAMINER KINGERY: Any
24 objections?

1 Hearing none Columbia Exhibit 6 will be
2 admitted.

3 (EXHIBIT ADMITTED INTO EVIDENCE.)

4 ATTORNEY EXAMINER KINGERY: You may step
5 down. Thank you very much.

6 Mr. Creekmur, you may call your next
7 witness.

8 MR. CREEKMUR: Your Honor, Columbia would
9 like to call Thomas Brown to the stand, please.

10 ATTORNEY EXAMINER KINGERY: Good morning.
11 You are still under oath. You may be seated.

12 MR. CREEKMUR: Your Honor, I would also
13 request that the prepared rebuttal testimony of
14 Thomas Brown as filed on November 19, 2007, be marked
15 for identification as Columbia Exhibit No. 7, please.

16 ATTORNEY EXAMINER KINGERY: It will be so
17 marked.

18 (EXHIBIT HEREBY MARKED FOR
19 IDENTIFICATION PURPOSES.)

20 - - -

21

22

23

24

1 THOMAS J. BROWN, JR.

2 called as a witness on rebuttal, being previously
3 duly sworn, testified further as follows:

4 DIRECT EXAMINATION

5 By Mr. Creekmur:

6 Q. Mr. Brown, would you please state your
7 name and spell it for the record.

8 A. Thomas Brown, T-H-O-M-A-S B-R-O-W-N.

9 Q. And, Mr. Brown, do you have with you a
10 copy of your prepared rebuttal testimony with you
11 today?

12 A. Yes, I do.

13 Q. If I were to ask you those questions,
14 would your answers be the same?

15 A. Yes.

16 Q. Do you have any corrections to that
17 prefiled testimony?

18 A. No, I do not.

19 MR. CREEKMUR: Your Honor, I would like
20 to make Mr. Brown available for cross-examination and
21 move for admission of Columbia Exhibit No. 7 subject
22 to cross.

23 ATTORNEY EXAMINER KINGERY: Mr. Settineri?

24 MR. SETTINERI: Yes.

CROSS-EXAMINATION

By Mr. Settineri:

Q. Good morning, Mr. Brown.

A. Good morning.

Q. Mr. Brown, would you agree with me that Mr. Ramsey as operational compliance manager of Columbia Gas is more familiar with safety issues related to gas pipelines than you?

A. Yes.

MR. SETTINERI: No further questions, your Honor.

ATTORNEY EXAMINER KINGERY: Thank you.

Mr. Aveni?

MR. AVENI: Yes, thank you, your Honor.

- - -

CROSS-EXAMINATION

By Mr. Aveni:

Q. Good morning, Mr. Brown.

A. Good morning.

Q. Turning your attention to page 2 of your testimony -- excuse me, the bottom of page 1, let's start beginning with the answer. Bottom of page 1, line 21 through top of page 2, line 3, you are talking there about a -- about some testimony that

1 had occurred in the hearing, and you described the
2 current system before the IRP. You talk about a
3 "current anomalous system of bifurcated
4 company/customer responsibility for repair or
5 replacement of jurisdictional natural gas
6 distribution facilities." Do you see that?

7 A. Yes.

8 Q. What do you mean by jurisdictional
9 natural gas distribution facilities?

10 A. Facilities that are -- are covered by the
11 pipeline safety regulations.

12 Q. Okay. And what is it that you meant by
13 anomalous? What's anomalous about the current
14 system?

15 A. My understanding is that Ohio unlike
16 nearly every other jurisdiction the local
17 distribution companies do not currently have the
18 ownership and financial responsibility for repair and
19 replacement of customer service lines.

20 Q. And what do you base that on, sir?

21 A. General knowledge of the industry.

22 Q. Okay. So it's your understanding that
23 other states treat customer service lines and service
24 lines that lead up to the residences differently than

1 Ohio does?

2 A. Yes.

3 Q. And that's the anomaly you are referring
4 to?

5 A. Yes.

6 Q. Okay. Are you familiar with historical
7 property rights in states other than the state of
8 Ohio, sir?

9 A. Not specifically.

10 Q. Okay. You are an attorney; is that
11 correct?

12 A. Yes, I am.

13 Q. Okay. You are aware that today
14 individual property owners own the customer service
15 lines on their property; is that right?

16 A. Yes.

17 Q. Do you have any idea -- and that's been
18 true for I think the last 100 years or so at a
19 minimum from the testimony we received earlier from
20 this case, right?

21 A. I am not sure we were able to trace it
22 back 100 years but certainly a significant time
23 period.

24 Q. Okay. Are you familiar with the property

1 ownership rights of any other state other than Ohio
2 for our comparable significant period as to who owns
3 the customer service lines?

4 A. No.

5 Q. Okay. Are you familiar with private
6 property rights as to other states in terms of their
7 ability historically to preclude LDCs from entering
8 onto their property if they don't want it to happen?

9 A. No.

10 MR. AVENI: I don't have any further
11 questions for you. Thank you, sir.

12 ATTORNEY EXAMINER KINGERY: Mr. Serio?

13 MR. SERIO: Thank you, your Honor.

14 - - -

15 CROSS-EXAMINATION

16 By Mr. Serio:

17 Q. Good morning, Mr. Brown.

18 A. Good morning.

19 Q. If you would turn to page 1 of your
20 testimony, at line 21 you use the term "self-serving
21 assertions." Can you define what you mean by that?

22 A. I guess what I meant there was
23 testimonies or statements that I did not believe had
24 any demonstrated basis in fact.

1 Q. Do you believe that the IRP as proposed
2 by Columbia and as captured by the stipulation with
3 the staff provides benefits to Columbia Gas of Ohio?

4 A. I think there are benefits certainly in
5 the context of a better way of monitoring and
6 managing the safety of our system.

7 Q. Are there any financial benefits for
8 Columbia that you are aware of?

9 A. I think there would be a financial aspect
10 of a quicker way to recover through rates the costs
11 of replacing the risers prone to leakage compared to
12 having to file multiple rate cases.

13 Q. To the extent that the IRP would permit
14 Columbia to recover the cost of replacing risers
15 without addressing the question as to whether
16 Columbia had any liability from putting the type A
17 field-assembled risers on its approved materials
18 list, would that constitute a financial benefit for
19 Columbia?

20 THE WITNESS: Could I have that question
21 read back, please.

22 (Question read.)

23 MR. CREEKMUR: Your Honor, I am going to
24 object to that question on the basis that I don't

1 believe the Commission has the authority to determine
2 a product's liability issue.

3 ATTORNEY EXAMINER KINGERY: Mr. Serio.

4 MR. SERIO: Well, your Honor, I think USP
5 and ABC have argued the Commission doesn't have the
6 authority to take private property, so if it's not a
7 pertinent question, everything that USP and ABC has
8 done is impertinent and we would have to go back and
9 eliminate about 90 percent of the record so whether
10 the Commission ultimately has jurisdiction or not
11 seems to me to be secondary. And my question simply
12 is the question of does Columbia get a financial
13 benefit from it. Whether there is any product's
14 liability responsibility and who has jurisdiction
15 over it are questions that haven't been raised at
16 this time.

17 MR. CREEKMUR: Your Honor, my point was
18 simply if the Commission approves the IRP, that
19 certainly does not negate the opportunity for
20 interested parties to file a product's liability
21 lawsuit in the appropriate venue, therefore, render
22 Mr. Serio's question irrelevant.

23 ATTORNEY EXAMINER KINGERY: I am going to
24 allow the question.

1 A. I don't think the IRP has any impact one
2 way or the other on that issue.

3 Q. So you don't believe the IRP would
4 preclude any products liability action in another
5 form; is that correct?

6 A. I don't believe so.

7 MR. SERIO: That's all I have, your
8 Honor.

9 Thank you, Mr. Brown.

10 ATTORNEY EXAMINER KINGERY: Thank you.

11 Ms. Hammerstein?

12 - - -

13 CROSS-EXAMINATION

14 By Ms. Hammerstein:

15 Q. Good morning, Mr. Brown.

16 A. Good morning.

17 Q. Do you have any knowledge, say, based on
18 Columbia's previous provision of warranty services to
19 its customers through a subsidiary of approximately
20 how many Columbia customers subscribe to that
21 service?

22 MR. AVENI: Your Honor, I am going to
23 object. This is friendly cross.

24 ATTORNEY EXAMINER KINGERY: I am going to

1 allow the question but let's not go too far from it.

2 MS. HAMMERSTEIN: That's all I wanted to
3 know.

4 ATTORNEY EXAMINER KINGERY: That's fine.

5 A. No.

6 MS. HAMMERSTEIN: Excuse me just one
7 second, your Honor.

8 ATTORNEY EXAMINER KINGERY: Yes.

9 Q. Do you -- pardon me. Do you know --

10 ATTORNEY EXAMINER KINGERY: Excuse me
11 just a minute. Can we go off the record?

12 (Discussion off the record.)

13 ATTORNEY EXAMINER KINGERY: Let's go back
14 on the record. I apologize for the interruption.
15 You were talking.

16 MS. HAMMERSTEIN: Thank you. Yes, your
17 Honor.

18 Q. Mr. Brown, what knowledge, if any, do you
19 have regarding what customers know about ownership of
20 customer service lines?

21 A. I guess the answer to that would be my
22 general understanding from being involved in with
23 Columbia for more than 30 years some experience or
24 involvement with consumer complaints, you know --

1 MR. AVENI: Your Honor, if I may, I would
2 like to render an objection and move to strike. None
3 of this pertains to any testimony that -- that is in
4 the record on rebuttal.

5 ATTORNEY EXAMINER KINGERY: Ms.
6 Hammerstein, can you link it to some rebuttal
7 testimony?

8 MR. AVENI: The testimony in rebuttal
9 pertains specifically and exclusively to matters of
10 customer service line safety and cost efficiencies.

11 MS. HAMMERSTEIN: Well, your Honor, I
12 think it's relevant in terms of safety issues on what
13 a customer's knowledge is about ownership or lack
14 thereof of their -- of customer service lines. And
15 with regard to the portion of Mr. Brown's testimony
16 where he talks about self-serving statements, you
17 know, it goes to, you know, whether or not customers
18 even realize they need to purchase warranty services
19 to cover those service lines.

20 MR. PETRICOFF: Your Honor, I would like
21 to join in the objection and note that this is
22 also -- the staff has the same position as the
23 company on this issue, so it's almost friendly by its
24 operation, its nature.

1 MR. SERIO: Your Honor, if I could be
2 heard. I don't know if I am joining the objection,
3 but Mr. Brown indicated his term -- use of the term
4 self-serving indicating he didn't think there was any
5 material supporting what Mr. Riley was saying. To
6 the extent what he used as self-serving has expanded
7 beyond that, I guess I would like the opportunity to
8 explore just how far that goes because I didn't ask
9 any more questions because he specifically said all
10 he was saying was that it wasn't -- he didn't see any
11 material fact to it and not that it could be expanded
12 to cover any other topics.

13 ATTORNEY EXAMINER KINGERY: I am going to
14 sustain the objection.

15 MR. AVENI: Thank you, your Honor.

16 MS. HAMMERSTEIN: That's all. Thank you,
17 your Honor.

18 ATTORNEY EXAMINER KINGERY: Thank you.
19 Redirect?

20 MR. CREEKMUR: No questions, your Honor,
21 and Columbia at this time would move to admit
22 Columbia's Exhibit No. 7, please.

23 ATTORNEY EXAMINER KINGERY: Any
24 objections?

1 Columbia Exhibit No. 7 will be admitted.

2 (EXHIBIT ADMITTED INTO EVIDENCE.)

3 ATTORNEY EXAMINER KINGERY: And you may
4 step down. Thank you.

5 Let's go off the record.

6 (Discussion off the record.)

7 ATTORNEY EXAMINER KINGERY: Mr.
8 Petricoff, you may call your witness.

9 MR. PETRICOFF: Thank you, your Honor.
10 At this time I would like to call Carter T. Funk to
11 the stand. And, your Honor, while Mr. Funk is making
12 his way to the stand I would like to have a document
13 that is entitled surrebuttal testimony of Carter T.
14 Funk marked as Utility Service Partners Exhibit
15 No. 5.

16 ATTORNEY EXAMINER KINGERY: It will be so
17 marked.

18 (EXHIBIT HEREBY MARKED FOR
19 IDENTIFICATION PURPOSES.)

20 ATTORNEY EXAMINER KINGERY: Mr. Funk, I
21 would remind you you are still under oath.

22 MR. FUNK: I understand, your Honor.

23 ATTORNEY EXAMINER KINGERY: You may
24 proceed.

1 CARTER T. FUNK

2 called as a witness on surrebuttal, being previously
3 duly sworn, testified further as follows:

4 DIRECT EXAMINATION

5 By Mr. Petricoff:

6 Q. Mr. Funk, could you please state your
7 name and your business address for the record.

8 A. My name is Carter T. Funk, and I reside
9 at 503 Turnberry Lane, St. Augustine, Florida.

10 Q. You have with you a copy of the document
11 that has now been marked as Utility Service Partners
12 Exhibit No. 5?

13 A. I do.

14 Q. Is that your direct prepared surrebuttal
15 testimony?

16 A. It is.

17 Q. Are there any corrections or amendments
18 you would like to make to that document?

19 A. No, there are not.

20 Q. If I would ask you the same questions as
21 are listed on this document, would your answers be
22 the same?

23 A. Yes, they would.

24 MR. PETRICOFF: Thank you.

1 Your Honor, the witness is available for
2 cross-examination.

3 ATTORNEY EXAMINER KINGERY: Thank you.

4 Mr. Creekmur?

5 MR. CREEKMUR: Thank you, your Honor.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Creekmur:

9 Q. Mr. Funk, are you able to hear me okay?

10 A. Yes. I can hear you fine.

11 Q. Okay. Mr. Funk, do you agree that bare
12 steel service lines never present a safety hazard?

13 A. Do I agree that bare steel service lines
14 never present one? When they are leaking, they could
15 be a safety hazard.

16 MS. HAMMERSTEIN: Your Honor, could I
17 have that read, please, the response.

18 (Answer read.)

19 Q. And, Mr. Funk, it would be inaccurate to
20 say corrosion and bare steel service lines never
21 cause a safety hazard?

22 A. It sounds like a double negative. It
23 would be inaccurate they never cause.

24 Q. In other words -- I will rephrase the

1 question for you. Corrosion and bare steel service
2 lines can present a safety hazard?

3 A. Yes, it can.

4 Q. Mr. Funk, are you familiar with the
5 policies and procedures Columbia will implement under
6 its IRP if it is approved?

7 A. Only what I have heard in testimony and
8 read in testimony.

9 Q. So it's fair to assume you are not
10 qualified to testify as to how that IRP will operate;
11 is that correct?

12 A. I don't believe it's been fully developed
13 how it's going to operate so, yeah, I don't know that
14 anyone could testify to that, that's correct.

15 Q. To the extent it is developed, you would
16 not be qualified to testify to its operational -- to
17 its operation?

18 A. I think if there is things that are laid
19 out, which some have been, that I would be qualified
20 to say whether those make sense or whether they do
21 not. The things that are not yet developed obviously
22 I can't comment on.

23 Q. Mr. Funk, on page 3 of your surrebuttal
24 testimony, line 3, you state shortcuts -- and I will

1 paraphrase, shortcuts could include not using
2 approved material. Mr. Funk, are you aware that
3 under the IRP Columbia will provide employees and
4 contractors with the necessary materials?

5 A. No, I was not.

6 MR. CREEKMUR: No further questions, your
7 Honor.

8 ATTORNEY EXAMINER KINGERY: Thank you.

9 Ms. Hammerstein?

10 MS. HAMMERSTEIN: I have no questions,
11 thank you, your Honor.

12 ATTORNEY EXAMINER KINGERY: Mr. Serio?

13 - - -

14 CROSS-EXAMINATION

15 By Mr. Serio:

16 Q. Mr. Funk, from your review of the
17 application and all the testimony is there anywhere
18 that you are aware of that indicated that Columbia
19 would provide the materials to contractors under the
20 IRP?

21 A. I do not recall seeing that, no.

22 MR. SERIO: That's all I have. Thank
23 you, your Honor.

24 ATTORNEY EXAMINER KINGERY: Thank you.

1 Mr. Aveni, I assume you have nothing?

2 MR. AVENI: I have nothing, thank you,
3 your Honor.

4 ATTORNEY EXAMINER KINGERY: Mr.
5 Petricoff, any redirect?

6 MR. PETRICOFF: Yes, your Honor. Thank
7 you.

8 - - -

9 REDIRECT EXAMINATION

10 By Mr. Petricoff:

11 Q. Mr. Funk, can you list for me -- can you
12 tell me whether or not you have read all of the
13 testimony that Columbia has filed in this case?

14 A. All the testimony, I have read most of
15 it, but I don't think I have read it all.

16 Q. How about the application, did you read
17 the application?

18 A. Yes.

19 MR. PETRICOFF: No further questions.
20 Thank you, your Honor.

21 ATTORNEY EXAMINER KINGERY: Thank you.
22 Mr. Creekmur?

23 MR. CREEKMUR: Thank you, your Honor.

24 - - -

1 RECROSS-EXAMINATION

2 By Mr. Creekmur:

3 Q. Mr. Funk, your statement, to clarify,
4 that shortcuts could include not using approved
5 materials would be an assumption; is that correct?

6 A. My experience in the past that has
7 occurred, so it would be assumption that it could
8 occur again, yes.

9 Q. None of the IRP is, your assumption, that
10 unapproved materials could be used, correct?

11 A. Yes.

12 MR. CREEKMUR: No further questions, your
13 Honor. No further questions, your Honor. Excuse me.

14 ATTORNEY EXAMINER KINGERY: Ms.
15 Hammerstein?

16 MS. HAMMERSTEIN: No questions, thank
17 you.

18 ATTORNEY EXAMINER KINGERY: Mr. Serio?
19 Mr. Aveni?

20 MR. AVENI: None, thank you, your Honor.

21 ATTORNEY EXAMINER KINGERY: You may step
22 down. Thank you very much.

23 Mr. Petricoff, you may call your next
24 witness.

1 MR. PETRICOFF: At this time I would like
2 to call Mr. Phipps to the stand.

3 ATTORNEY EXAMINER KINGERY: Good morning,
4 Mr. Phipps. I would remind you you are under oath.
5 You may be seated.

6 MR. PETRICOFF: Your Honor, at this time
7 I would like to have marked as Exhibit -- I'm sorry,
8 Utility Service Partners Exhibit No. 6 the
9 surrebuttal testimony of Timothy W. Phipps.

10 ATTORNEY EXAMINER KINGERY: It will be so
11 marked.

12 (EXHIBIT HEREBY MARKED FOR
13 IDENTIFICATION PURPOSES.)

14 - - -

15 TIMOTHY W. PHIPPS
16 called as a witness on surrebuttal, being previously
17 duly sworn, testified further as follows:

18 DIRECT EXAMINATION

19 By Mr. Petricoff:

20 Q. Good morning, Mr. Phipps. Do you have
21 with you a copy of the document that's just been
22 marked Utility Service Partners Exhibit No. 6?

23 A. Yes, I do.

24 Q. Is that your direct -- I'm sorry. Is

1 that your surrebuttal testimony?

2 A. Yes, it is.

3 Q. Do you have any changes or amendments to
4 make to it?

5 A. No.

6 Q. If I were to ask you the same questions
7 that are listed there, would your answers be the
8 same?

9 A. Yes.

10 MR. PETRICOFF: Your Honor, the witness
11 is available for cross-examination.

12 ATTORNEY EXAMINER KINGERY: Thank you.

13 Mr. Creekmur?

14 MR. CREEKMUR: Thank you, your Honor.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Creekmur:

18 Q. Good morning, Mr. Phipps.

19 A. Good morning.

20 Q. Mr. Phipps, as the owner-operator and
21 president of Utility Solutions of Ohio, Incorporated,
22 does USO contract with plumbers to repair or replace
23 customer service lines?

24 A. Contract with?

1 Q. Plumbers.

2 A. With plumbers, no. We do that ourselves.

3 Q. So USO only uses in-house employees to
4 repair or replace customer service lines?

5 A. That is correct.

6 Q. And do those employees in your opinion
7 generally do a quality job?

8 A. Yes.

9 Q. And if you learn that a specific employee
10 failed to do a quality job, would you have the
11 authority to fire that individual?

12 A. Yes.

13 Q. Does that ability of yours, or whoever is
14 responsible that might be within USO, that ability to
15 manage serve as a deterrent to your employees or
16 contractors to continually strive for quality work?

17 A. Yes, it does.

18 Q. Mr. Phipps, are you aware of instances
19 today where an inspection occurs after Columbia sets,
20 adjusts, and tests a pressure regulator?

21 A. Could you repeat that, please.

22 MR. CREEKMUR: Could you read that back,
23 please.

24 (Question read.)

1 A. Yeah. They check and adjust, I guess, to
2 make sure that the regulator is operating properly
3 when they return -- before they turn the gas on to a
4 new meter set.

5 Q. And, Mr. Phipps, my question specifically
6 was is there an inspection that occurs after that
7 that you are aware of?

8 A. After Columbia test checks, it turns it
9 on. No.

10 Q. Yes, sir.

11 A. No.

12 Q. Thank you. Mr. Phipps, are you familiar
13 with Columbia's training for employees and
14 contractors?

15 A. Yes.

16 Q. And the basis for your knowledge?

17 A. I worked for Columbia Gas for 20 years,
18 and I have been in the plumbing business and gas
19 business for about 25 now so.

20 Q. And, Mr. Phipps, in your surrebuttal
21 testimony on page 3, lines 3 and 4, you state that
22 you are "not aware of any specialized training
23 offered under the OQ certification process for
24 inspecting and testing a meter set." Mr. Phipps, are

1 you aware whether Columbia's employees or contractors
2 are trained for the inspecting and testing of a meter
3 set?

4 A. Of the meter set specifically or for a
5 regulated meter setting?

6 Q. A meter set.

7 A. A meter set, yes, it is covered under OQ.

8 MR. CREEKMUR: No further questions, your
9 Honor.

10 ATTORNEY EXAMINER KINGERY: Thank you.

11 Ms. Hammerstein?

12 MS. HAMMERSTEIN: I think Mr. Reilly.

13 ATTORNEY EXAMINER KINGERY: Mr. Reilly.

14 MR. REILLY: Thank you, your Honor.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Reilly:

18 Q. Good morning, Mr. Phipps.

19 A. Good morning.

20 Q. I am Steve Reilly. I am here on behalf
21 of the staff of the Public Utilities Commission. I
22 just have a few questions for you. I would like you
23 to direct your attention to page 1, question 4,
24 question and answer 4 to your testimony. Do you see

1 that? Actually it's part of the answer to question
2 4, lines -- lines 11 to 15 on page 1 and then 1 to 12
3 on page 2. Would you take a look at those.

4 Have you had a chance to review that?

5 A. Uh-huh.

6 Q. Is it safe to say, Mr. Phipps, that you'd
7 view Columbia as the linchpin of the current system
8 in making it work?

9 A. Yes.

10 Q. So you have a fairly high regard for
11 their ability to make the safety system work in this
12 state, correct?

13 A. Yes.

14 Q. Okay. And I would like to now direct
15 your attention, if I can, to the question -- answer
16 to number -- to your answer 4 to your question 4,
17 lines 4 -- on page 2, lines 4 to the end of the page.
18 And as I -- as I understand your testimony, one of
19 the big benefits that Columbia provides are
20 inspections; is that correct?

21 A. That is correct.

22 Q. Okay. And as I also understand your
23 testimony, one of the -- one of the reasons the
24 inspections are so important is because the sub --

1 the contractors who actually go out and perform the
2 work can't be trusted; is that correct?

3 MR. AVENI: Objection to the form, your
4 Honor. Pardon me. I will withdraw the objection.

5 MR. PETRICOFF: But I will object,
6 mischaracterization of testimony.

7 ATTORNEY EXAMINER KINGERY: Can you
8 rephrase, please?

9 Q. Mr. Phipps, could I direct your attention
10 to page 2 of your testimony, lines 3 to 6. The --
11 the -- could you take a look at that.

12 A. Uh-huh.

13 Q. You say there that "without Columbia's
14 independent inspection, there is the potential that a
15 contractor may take shortcuts."

16 A. That's true.

17 Q. Okay. Why does that potential exist?

18 A. Well, because I believe without the
19 oversight or somebody coming back in my experience
20 with Columbia working out in the field to test
21 service lines, this is the sort of thing you see that
22 contractors do that they can be taking shortcuts.

23 Q. Okay. Would you say it is a fair
24 characterization then to say that people cannot trust

1 the contractors currently?

2 A. No, I am not saying you can't trust them.
3 You are putting all contractors together. I mean,
4 there are probably some bad eggs out there but who
5 knows where they are at. I couldn't say --

6 Q. Have you ever taken shortcuts?

7 A. No.

8 Q. Have you ever known anybody to take
9 shortcuts?

10 A. Yes.

11 Q. Okay. Many?

12 A. A few. I couldn't really put a number on
13 it, but I do know of a few.

14 Q. So okay. What percentage would you put
15 on it?

16 A. That would be kind of difficult to say, I
17 mean.

18 Q. You can't put a percentage on it?

19 A. I would say probably 20, 30 percent. Out
20 of every 10 you may have 2.

21 Q. So a third?

22 A. Yeah, possibly.

23 Q. A third of the contractors cannot be
24 trusted; is that what you are saying? Is that your

1 testimony?

2 MR. PETRICOFF: Objection,
3 mischaracterization of the answer.

4 MR. REILLY: I think I am following his
5 testimony.

6 MR. PETRICOFF: He testified a third take
7 shortcuts.

8 ATTORNEY EXAMINER KINGERY: If he
9 disagrees with the question --

10 A. Yeah. Let me -- the way I feel you are
11 putting the word trust in there. I didn't say they
12 couldn't be trusted. I said that they could take
13 shortcuts. There is a difference.

14 Q. So if somebody takes a shortcut as you
15 use the term in your testimony, you do not mean they
16 are doing a shoddy job.

17 A. No. I believe they are doing a shoddy
18 job.

19 Q. Okay. If somebody takes a shortcut as
20 you use the term in your testimony, are they
21 performing -- are they performing the way they are
22 supposed to perform?

23 A. No.

24 Q. Okay. I guess I am a little confused,

1 Mr. Phipps. You would trust someone who does not
2 perform the way they are supposed to perform?

3 A. I am only saying that if somebody comes
4 out there and they take a shortcut, Columbia Gas
5 pulls up and they test and check everything very
6 thoroughly is what they do and so it's immaterial
7 whether they took a shortcut or not because the gas
8 company checks everything that they do. I have been
9 on both ends of that, and they are very thorough
10 about their checks. Their people are trained.

11 Q. Okay. So you would give -- strike that.

12 Do you have -- so Columbia is very
13 thorough in the way it implements its
14 responsibilities under the current system in your
15 opinion, correct?

16 A. Yes.

17 Q. Do you have any reason to believe they
18 would not be thorough in implementing the IRP?

19 A. I don't know all of the details of the
20 IRP, so I really couldn't comment on that.

21 Q. In your experience with Columbia,
22 Columbia has been thorough in completing their
23 responsibilities; that's your testimony, correct?

24 A. As far as testing to turn gas back on,

1 yes.

2 Q. Okay. So you don't have any reason to
3 believe that Columbia would not be thorough in
4 performing its duties under the IRP, correct?

5 A. That's correct.

6 Q. Now, let me ask you, Mr. Phipps, plumbers
7 charge for the duties they perform currently,
8 correct?

9 A. Yes.

10 Q. Okay. Do you have any reason to believe
11 those charges would change under the IRP if the IRP
12 is approved?

13 A. I really couldn't comment on that because
14 that's speculation. I don't --

15 Q. Do you have any plans to change your
16 charges?

17 A. No.

18 Q. Mr. Phipps, I probably pointed this out
19 in prior testimony, about how long have you been
20 involved performing work on gas lines?

21 A. Oh, I was a meter reader for two years.

22 Q. Excuse me?

23 A. I said I was a meter reader for Columbia
24 Gas for two years, so I didn't work on any gas lines

1 during that period so probably 23 years total.

2 Q. And the reason the leaks are repaired --
3 strike that.

4 And your action with gas lines is to
5 repair gas leaks on gas lines?

6 A. That's correct.

7 Q. And you have done that for 23 years.

8 A. Yeah, in some form or another.

9 Q. Sure. And one of the reasons for
10 repairing gas leaks on gas lines is to -- is safety;
11 is that not correct?

12 A. That's correct.

13 Q. As far as you know?

14 A. Yes.

15 Q. Have you ever seen a fire from --
16 involved with a gas line?

17 A. Yes.

18 Q. Does it create -- and have you ever seen
19 a fire at a house from a gas line?

20 A. Yes.

21 Q. In your opinion -- have you seen more
22 than one?

23 A. I have seen the aftermath of more than
24 one.

1 Q. Okay. Does a fire at a house create a
2 danger to other residences in the immediate vicinity?

3 A. Yes.

4 MR. REILLY: Nothing further, your Honor.
5 Thank you.

6 ATTORNEY EXAMINER KINGERY: Thank you.

7 Mr. Serio?

8 MR. SERIO: Thank you, your Honor.

9 - - -

10 CROSS-EXAMINATION

11 By Mr. Serio:

12 Q. Good morning, Mr. Phipps.

13 A. Good morning.

14 Q. A couple of questions, you indicated that
15 Columbia does a very thorough review of the work that
16 contractors such as yourself do; is that correct?

17 A. Yes.

18 Q. And you presume that if a contractor
19 takes a shortcut, Columbia is going to uncover any
20 problems that might arise from that shortcut, right?

21 A. That is correct. That's why they do the
22 check. That's why they do the test.

23 Q. That's as a result of both the inspection
24 and the pressure test, correct?

1 A. Correct.

2 Q. At the top of your testimony, page 2, you
3 indicate that Columbia performs the pressure test to
4 the service line and the risers. What's your
5 understanding of why Columbia performs the pressure
6 test?

7 A. Well, first and foremost would be to make
8 sure that there was no leakage and, secondly, would
9 be to assure that the piping that was used didn't
10 have a malfunction or, you know, a problem in the
11 product itself.

12 Q. And when you worked for Columbia, did you
13 ever do a pressure test?

14 A. Yes.

15 Q. And was your understanding of why
16 Columbia did a pressure test when you worked for them
17 the same as what you just indicated in your previous
18 answer?

19 A. Yes.

20 Q. And then the next paragraph you talk
21 about the inspection of the meter set. You are
22 talking about a visual inspection there, correct?

23 A. Yes.

24 MR. SERIO: Thank you. That's all I

1 have.

2 ATTORNEY EXAMINER KINGERY: Thank you.

3 Mr. Aveni?

4 MR. AVENI: None, your Honor, thank you.

5 ATTORNEY EXAMINER KINGERY: Mr.

6 Petricoff?

7 MR. PETRICOFF: A couple of questions,
8 thank you, your Honor.

9 - - -

10 REDIRECT EXAMINATION

11 By Mr. Petricoff:

12 Q. Mr. Phipps, in your experience do well
13 trained, trustable plumbers ever make mistakes?

14 A. Ever make mistakes?

15 Q. In terms of installation or repairing of
16 a gas service line.

17 A. It's possible they could make a mistake,
18 but it's not -- I would say it wouldn't be a high
19 percentage of times.

20 Q. Would such mistakes be observed and
21 corrected if there was an independent inspection?

22 A. Yes.

23 Q. Does the fact that there is going to be
24 an independent inspection serve to deter people

1 taking -- I'm sorry, qualified plumbers taking
2 shortcuts?

3 A. Absolutely, yes.

4 Q. Can you take a shortcut if you are using
5 approved material?

6 A. If you were actually using approved
7 material, no.

8 Q. Like can you still do a shortcut?

9 A. Could you -- not if you were use -- well,
10 yeah, I guess you could because you could do an
11 improper testing procedure, use the right test but
12 test at the wrong pressure at the wrong time, you
13 know, the other things that go along with it.

14 Q. Would that be a shortcut that you would
15 do to save time, not perform all of the testing
16 that's necessary?

17 A. Exactly, yes.

18 Q. It's deer season right now. Is there
19 more of a tendency to see that in deer season or at
20 other times of the year among qualified plumbers?

21 A. I couldn't speculate on that, but it's a
22 possibility.

23 Q. One last question, are you aware of any
24 specialized training offered under the OQ

1 certification process for inspecting and testing a
2 regulated meter set?

3 A. No.

4 MR. PETRICOFF: No further questions,
5 thank you, your Honor.

6 ATTORNEY EXAMINER KINGERY: Thank you.

7 Mr. Creekmur?

8 MR. CREEKMUR: Just one moment, please,
9 your Honor.

10 ATTORNEY EXAMINER KINGERY: Yes.

11 - - -

12 RECROSS-EXAMINATION

13 By Mr. Creekmur:

14 Q. Mr. Phipps, are you aware of whether
15 Columbia puts its employees or contractors through a
16 training for inspecting and testing a regulated meter
17 set?

18 A. Employees, yes, I am aware of that.

19 Q. You are aware of that?

20 A. Uh-huh.

21 Q. So Columbia does put its employees
22 through training for inspecting and testing a
23 regulated meter set; is that correct?

24 A. Yes.

1 Q. And, Mr. Phipps, the shortcuts that
2 Mr. Petricoff momeen -- shortly ago referenced, are
3 those material in your opinion?

4 A. If I -- it could be both. It could be
5 either testing or materials. I guess to extrapolate
6 on that I guess the way it happens, actually could
7 happen and does happen in the field, would be that,
8 okay, you are complying with approved materials, but
9 the point I was making is that, okay, somebody didn't
10 pick up the proper fitting that they were supposed to
11 use, but they had one that another gas company
12 accepts on their truck, they know that it's for gas
13 or it will work, they grab it and put it in there, if
14 there is no checking, if there is no checks and
15 balances there, then, you know, there would be
16 nothing to prevent somebody from doing that, I guess.

17 Q. So am I correct that it might be an
18 immaterial shortcut in your opinion?

19 A. No, because you are supposed to use
20 approved material, something from the approved
21 material list that Columbia Gas supplies to, you
22 know, contractors.

23 Q. Are there immaterial shortcuts ever, or
24 are they all material?

1 A. Well, I think that there's -- any
2 shortcut is not good so you are asking me in the
3 physical material part, are you saying it's
4 immaterial if somebody makes a shortcut?

5 Q. Is it important or could shortcuts be
6 deemed insignificant, unimportant?

7 A. No.

8 Q. So the shortcuts would always be
9 significant?

10 A. Yes. Could be potentially.

11 Q. Well, Mr. Phipps, I am confused. If they
12 could be significant, then are you saying they could
13 be insignificant?

14 A. No.

15 Q. So they are always significant, the
16 shortcuts?

17 A. Yeah. I mean, if it was your house, you
18 probably wouldn't want somebody to come and put the
19 wrong material or align improperly, so I think that's
20 significant no matter, you know -- no matter what you
21 are doing. I guess the visual part of it is, you
22 know -- and my experience at Columbia Gas is that
23 Columbia comes out, they look at that, and I have
24 personally done it, find somebody using the wrong

1 material not purposefully but they had it on their
2 truck, it was for gas, it was approved by the AGA but
3 not in the approved materials list, so if somebody
4 from Columbia is not looking at that, my concern is
5 that it would go, you know, unknown, for instance,
6 your main line crews now have an inspector on every
7 job from Columbia Gas to oversee that all the
8 material and everything is done to their specs. You
9 lose that checks and balances if somebody is not
10 following up the work. I would feel comfortable
11 reestablishing service, but I think that that checks
12 and balances is good for even the best plumber.

13 Q. Mr. Phipps, let's go back to your example
14 you mentioned a few moments ago, a plumber and his
15 truck might have a cap, you said.

16 A. A fitting of any part, a pressure
17 fitting, or you know.

18 Q. That might not be on the approved list.

19 A. Yes.

20 Q. But it may be on some other company's
21 approved list, so they go ahead to use it to save
22 time and trouble.

23 A. Correct.

24 Q. Would that indicate to you some plumbers

1 lack motivation to do a quality or thorough job?

2 A. Yes.

3 Q. And did you think that motivation would
4 exist in plumbers if Columbia had the ability to fire
5 that plumber?

6 A. If they knew that they did it but there's
7 not going to be anybody looking at it to know that
8 they used the wrong part.

9 Q. Mr. Phipps, I just ask you to answer the
10 question, please. Assuming that Columbia knows an
11 unapproved material was used or a shortcut was taken,
12 would that render these plumbers to do a quality job?

13 A. Sure, if they knew that it was there,
14 yeah.

15 MR. CREEKMUR: No further questions, your
16 Honor.

17 ATTORNEY EXAMINER KINGERY: Thank you.

18 Mr. Reilly?

19 MR. REILLY: Thank you, your Honor.

20 - - -

21 RECROSS-EXAMINATION

22 By Mr. Reilly:

23 Q. Mr. Phipps, in response to
24 Mr. Petricoff's questions you were talking -- you

1 were talking with him about times of the year when
2 shortcuts are more likely. Do you recall that
3 question?

4 A. Yes.

5 Q. In responding to that question have you
6 performed any investigations of times of the year
7 when shortcuts are more likely among plumbers in
8 repairing gas lines?

9 A. Only my experience with Columbia, I was a
10 field operations leader, so all the guys that was out
11 there doing the work, you know, you would hear, you
12 know, different -- that's not just deer --
13 specifically deer season. I mean, I -- it could be
14 any different time that somebody would take a
15 shortcut.

16 Q. So your response to Mr. Petricoff's
17 questions were based upon anecdotal -- anecdotal
18 comments you have heard over the years, correct?

19 A. To that specific question, yes.

20 MR. REILLY: Nothing further. Thank you,
21 Mr. Phipps.

22 ATTORNEY EXAMINER KINGERY: Mr. Serio?

23 MR. SERIO: No, thank you, your Honor.

24 ATTORNEY EXAMINER KINGERY: Mr. Aveni?

1 MR. AVENI: None, thank you, your Honor.

2 ATTORNEY EXAMINER KINGERY: And that
3 means we are through. You may step down.

4 THE WITNESS: Thank you.

5 MR. PETRICOFF: Your Honor, at this time
6 I would move to admit both Exhibit 5 and Exhibit 6.

7 ATTORNEY EXAMINER KINGERY: Any
8 objections?

9 Hearing none both USP Exhibit 5 and USP
10 Exhibit 6 will be admitted.

11 (EXHIBITS ADMITTED INTO EVIDENCE.)

12 ATTORNEY EXAMINER KINGERY: And you may
13 call your next witness.

14 MR. PETRICOFF: Thank you, your Honor.
15 At this time I would like to call to the stand Philip
16 Riley.

17 ATTORNEY EXAMINER KINGERY: I would
18 remind you that you remain under oath.

19 MR. RILEY: Yes, your Honor.

20 ATTORNEY EXAMINER KINGERY: You may be
21 seated.

22 MR. PETRICOFF: And, your Honor, I would
23 like to have Mr. Riley's surrebuttal testimony marked
24 as USP Exhibit No. 7.

1 ATTORNEY EXAMINER KINGERY: It will be so
2 marked.

3 (EXHIBIT HEREBY MARKED FOR
4 IDENTIFICATION PURPOSES.)

5 - - -

6 PHILIP E. RILEY, JR.
7 called as a witness on surrebuttal, being previously
8 duly sworn, testified further as follows:

9 DIRECT EXAMINATION

10 By Mr. Petricoff:

11 Q. Could you please state your name and
12 business address for the record.

13 A. Philip E. Riley, Jr., Utility Service
14 Partners, 480 Johnson Avenue, Suite 100, Washington,
15 Pennsylvania 15301.

16 Q. And, Mr. Riley, you have in front of you
17 a copy of what has been marked as Utility Service
18 Partners Exhibit No. 7?

19 A. I do.

20 Q. Are there any amendments or changes that
21 you would like to make to that testimony?

22 A. There are, yes. On page 6, lines 20 and
23 21 through 22, I would like to change the testimony
24 to read "the Design-A riser is typically connected

1 just below ground, with the customer service line
2 running up to the connection making the demarcation
3 as to ownership of a riser is relatively easy to
4 ascertain."

5 Q. Are there any other changes to your
6 testimony?

7 A. There are not.

8 Q. With the exception of that amendment if I
9 were to ask you the same questions today as are
10 listed in the document, would your answers be the
11 same?

12 A. They would.

13 MR. PETRICOFF: Thank you.

14 Your Honor, the witness is available for
15 cross.

16 MR. SERIO: Your Honor, could we get that
17 new sentence read again maybe just a little slower,
18 the corrected sentence?

19 THE WITNESS: Sure. If it would make it
20 simple for you, if you go to line 20 the -- as it
21 reads "the Design-A riser is typically" -- "typically
22 connected" strike the word "above" and insert the
23 words "just below." And then if you go to line 22
24 where it says "ownership of a riser is" and strike

1 the words "very clear" and insert the words
2 "relatively easy to ascertain."

3 MR. SERIO: Thank you.

4 ATTORNEY EXAMINER KINGERY: Thank you.

5 Mr. Creekmur?

6 MR. CREEKMUR: Thank you, your Honor.

7 - - -

8 CROSS-EXAMINATION

9 By Mr. Creekmur:

10 Q. Good morning, Mr. Riley.

11 A. Good morning.

12 Q. Mr. Riley, it's true, isn't it, that USP
13 has approximately 100,000 warranty contracts in
14 Columbia's service territory?

15 A. It is.

16 Q. And you feel that you are able to speak
17 on behalf of your customers in that -- in this case;
18 is that correct?

19 A. I don't know. I have never really
20 thought of it in that term.

21 Q. So you are unable to speak on behalf of
22 your customers?

23 A. I can speak on behalf of Utility Service
24 Partners, what our thoughts and ideas and concerns

1 are. I don't believe that the customers have given
2 me any authority to speak on their behalf.

3 Q. Mr. Riley, do you know the average cost
4 for a service line replacement or repair for other
5 companies serving Columbia's service territory?

6 A. Only Columbia's estimate of \$1,000.

7 Q. Mr. Riley, do you know how many customers
8 Columbia has in Ohio?

9 A. Precisely, no. I know approximately.

10 Q. If I told you it was approximately 1.4
11 million, would you agree with that?

12 A. Yes, I would.

13 Q. Mr. Riley, if Columbia has approximately
14 1.4 million customers and USP has 100,000 warranty
15 contracts, then can you assume that the percentage of
16 your customers in our service territory is less than
17 10 percent?

18 A. Yes.

19 Q. Sir, have you conducted a study of your
20 customers in Columbia's service territory?

21 A. What kind of study?

22 Q. A study to understand or better
23 understand their desires or concerns.

24 A. We have done a lot of analysis about the

1 type of customer that acquires our product, but in
2 terms of studies about concerns of our customers, no,
3 we have not.

4 Q. And, Mr. Riley, as you understand it
5 today, the line of demarcation for customer service
6 line ownership is at the property line; is that
7 correct?

8 A. That's my understanding, that is correct.

9 Q. And if the IRP is approved, that line of
10 demarcation becomes the meter; is that correct?

11 A. Well, it's a little confusing actually
12 because the ownership remains with the customer until
13 Columbia takes some action on the service line.

14 Q. Well, Mr. Riley, I am not sure if you
15 answered my question which is if the IRP is approved,
16 the line of demarcation becomes the meter; is that
17 correct?

18 A. The line of demarcation for what?

19 Q. For ownership of a customer service line.

20 A. I don't know how to answer that question
21 because if Columbia makes a replacement line, they
22 take over ownership, but my understanding of the IRP
23 Columbia will not own the service line until they
24 actually make a repair or replacement of that service

1 line, so I don't know how to answer the question.

2 Q. Fair enough, Mr. Riley. Mr. Riley, if --
3 assume the IRP is approved and Columbia makes a
4 repair in your customer service line which is 8
5 inches, the repair is 8 inches. However, your
6 customer service line may be 50 feet. Is it your
7 understanding that as a customer of Columbia, you
8 would no longer have the financial responsibility for
9 any portion of that service line?

10 A. Yes, that's my understanding.

11 MR. CREEKMUR: No further questions, your
12 Honor.

13 ATTORNEY EXAMINER KINGERY: Thank you.

14 Ms. Hammerstein?

15 MS. HAMMERSTEIN: Could I please have the
16 last question and response read.

17 (Question and answer read.)

18 - - -

19 CROSS-EXAMINATION

20 By Ms. Hammerstein:

21 Q. Mr. Riley, USP's warranty services are
22 billed on a monthly basis to its customers, correct?

23 A. Not in all circumstances, no.

24 Q. What other types of billing is done for

1 the service?

2 A. We have customers that pay semi-annually,
3 and we have customers that pay annually.

4 Q. The amount that the customers pay on any
5 of those bases -- well, let me start over.

6 You were present in the hearing room for
7 the testimony back in October, correct?

8 A. Yes, I was.

9 Q. All of it?

10 A. No, not for all of it. In fact, I left
11 early on Wednesday.

12 Q. Do you recall -- well, strike that.

13 The monthly charge whether it's billed on
14 a semi-annual or annual basis for your service is
15 approximately three and a half dollars, correct?

16 A. Approximately that is correct.

17 Q. Okay. And I believe you heard testimony
18 by Mr. Martin today regarding the charge to
19 Columbia's customers; is that correct, under the IRP
20 program?

21 A. Actually, no. I stepped out of the room.

22 Q. Okay. Do you recall -- did you review
23 his testimony?

24 A. Yes.

1 Q. Okay. Do you recall that that charge was
2 somewhere -- estimated to be somewhere in the
3 neighborhood of 5 cents?

4 A. I do, yes.

5 Q. Okay. And your monthly charge to USP
6 customers, that charge covers any potential repairs
7 or replacements of customer service lines; is that
8 correct?

9 A. Yes, except for damage that's caused by a
10 third party.

11 Q. Okay. And in order to pay for any
12 individual customer's repairs or replacements that
13 are required, you basically aggregate all those fees
14 that you collect; is that correct? In other words,
15 the individual customer's 3 dollars and approximately
16 50 cents fee doesn't pay -- doesn't cover the cost of
17 any repair individually.

18 A. The repair cost would be greater than the
19 \$3.50, yes, that's correct.

20 Q. So the fees that you collect from all
21 your customers help pay for the individual repairs
22 that are required at any point in time.

23 A. Yes, that's correct.

24 Q. In your testimony you refer to the

1 Commission's website and Columbia's website.

2 A. Yes.

3 Q. Okay. Does everyone in Columbia's
4 service territory have access to or have a computer?

5 A. I really wouldn't know the answer to that
6 question.

7 Q. And would you agree with me that not
8 everyone knows how to use a computer?

9 A. I think that's probably a fair statement.

10 MS. HAMMERSTEIN: That's all. Thank you,
11 Mr. Riley.

12 ATTORNEY EXAMINER KINGERY: Thank you.
13 Mr. Serio?

14 MR. SERIO: Thank you.

15 - - -

16 CROSS-EXAMINATION

17 By Mr. Serio:

18 Q. Good morning, Mr. Riley.

19 A. Good morning.

20 Q. A couple of questions. Turn to page 5 of
21 your testimony. On line 22, you use the word
22 "responsibility." Can you define what you mean by
23 "responsibility" there?

24 A. It's the responsibility associated with

1 the utility's obligation to keep the service line
2 safe.

3 Q. Are you talking about a financial
4 responsibility, legal responsibility?

5 A. Oh, no, no. I'm thinking about a
6 regulatory responsibility under DOT regulation.

7 Q. And on line 23, you talk about a "duty."
8 Again, can you define what you mean there?

9 A. Again, it's the -- it's the same type of
10 thing. It's the utility's obligation for the safety
11 of the pipeline network under DOT regulations.

12 Q. And then on page 6 of your testimony,
13 line 9, your use of the word "responsibility," would
14 that be consistent with your definition relating to
15 line 22 on page 5?

16 A. Well, I am actually thinking about that a
17 little bit differently in that because Columbia had
18 used the -- provided the -- these specific type of
19 risers under its approved materials list, that they
20 have a great deal of responsibility if there is a
21 problem with them because they approved them and had
22 them on the materials list.

23 Q. So your use of the word "responsibility"
24 in this paragraph is different than in other places

1 of your testimony.

2 A. In those examples, yes, they are
3 different, uh-huh.

4 Q. And specifically on page 6, lines 9 to
5 17, your use of the word "responsibility" carries a
6 greater burden on Columbia; is that correct?

7 A. You know, I don't know that I would
8 characterize it as a greater burden. I don't think
9 that I would want to minimize the burden that
10 Columbia has for safety as associated with the first
11 type of responsibility that I used. I think that the
12 difference is the responsibility associated for
13 safety under DOT regulations is one that has --
14 Columbia has to be in compliance and follow the DOT's
15 rules, and so they have a responsibility under those
16 rules to provide safety. The responsibility for the
17 Design-A risers is one in which Columbia made a
18 decision of its own volition to have that particular
19 product on its approved materials list.

20 Q. And then on line 11 where you say "we now
21 know that Columbia's approval was a mistake" you are
22 basing that on the fact that the type A risers have
23 been deemed to be more likely to leak even if they
24 are not actually leaking; is that correct?

1 A. That is correct, yes.

2 MR. SERIO: That's all I have, your
3 Honor. Thank you.

4 Thank you, Mr. Riley.

5 ATTORNEY EXAMINER KINGERY: Thank you.

6 Mr. Aveni?

7 MR. AVENI: None, your Honor.

8 ATTORNEY EXAMINER KINGERY: Mr. Petricoff?

9 MR. PETRICOFF: Yes, your Honor.

10 - - -

11 REDIRECT EXAMINATION

12 By Mr. Petricoff:

13 Q. Mr. Riley, the \$3.50 per month fee that
14 you -- which was your response to Ms. Hammerstein,
15 does that include the house line as well as the
16 service line?

17 A. It does, yes.

18 Q. So in that regard it's a greater service
19 than what's being offered in the IRP?

20 A. It is, yes.

21 MR. PETRICOFF: No further questions.

22 ATTORNEY EXAMINER KINGERY: Thank you.

23 Mr. Creekmur?

24 - - -

RECROSS-EXAMINATION

By Mr. Creekmur:

Q. Mr. Riley, when you say greater service, that troubles me a little because is it true that USP does not provide coverage for dig-ins?

A. Yes, that's true.

Q. And USP does not provide coverage for acts of God?

A. Yes, that's true.

Q. And USP does not provide coverage for third party -- third party causes of leaks?

A. That's correct.

Q. Yet you still maintain that your coverage is greater?

A. We cover -- we cover a broader array of gas line coverage.

MR. CREEKMUR: No further questions, your Honor.

ATTORNEY EXAMINER KINGERY: Thank you.

Ms. Hammerstein?

MS. HAMMERSTEIN: Nothing further, thank you.

ATTORNEY EXAMINER KINGERY: Mr. Serio?

MR. SERIO: Nothing, your Honor, thank

1 you.

2 MR. AVENI: Nothing, your Honor, thank
3 you.

4 ATTORNEY EXAMINER KINGERY: Thank you.

5 You may step down. Thank you very much.

6 MR. PETRICOFF: Your Honor, at this time
7 we would move to admit into evidence Utility Service
8 Partners Exhibit No. 7.

9 ATTORNEY EXAMINER KINGERY: Objections?

10 Hearing none it will be admitted.

11 (EXHIBIT ADMITTED INTO EVIDENCE.)

12 MR. PETRICOFF: That completes our
13 witnesses as to surrebuttal.

14 ATTORNEY EXAMINER KINGERY: I believe
15 there are no other surrebuttal witnesses, correct?

16 Okay. Let's take a 10-minute break and
17 we will come back and start on the testimony in
18 support of the stipulation.

19 (Recess taken.)

20 ATTORNEY EXAMINER KINGERY: Let's go on
21 the record.

22 Mr. Creekmur, would you like to call your
23 first witness.

24 MR. CREEKMUR: Yes, thank you, your

1 Honor. Columbia Gas of Ohio would like to call
2 Michael Ramsey.

3 ATTORNEY EXAMINER KINGERY: Mr. Ramsey,
4 once again, I remind you you are under oath.

5 MR. RAMSEY: Yes, your Honor.

6 MR. CREEKMUR: And, your Honor, I would
7 like to have the prepared direct testimony in support
8 of the stipulation of Michael Ramsey marked for
9 identification as Columbia Exhibit No. 8.

10 ATTORNEY EXAMINER KINGERY: It will be so
11 marked.

12 (EXHIBIT HEREBY MARKED FOR
13 IDENTIFICATION PURPOSES.)

14 MR. CREEKMUR: Thank you.

15 - - -

16 MICHAEL RAMSEY
17 called as a witness in support of the stipulation,
18 being previously duly sworn, testified as follows:

19 DIRECT EXAMINATION

20 By Mr. Creekmur:

21 Q. Mr. Ramsey, would you please state your
22 name and spell it for the record.

23 A. Michael, M-I-C-H-A-E-L, Ramsey,
24 R-A-M-S-E-Y.

1 Q. And, Mr. Ramsey, do you have with you
2 today a copy of your direct testimony in support of
3 the stipulation?

4 A. Yes, I do.

5 Q. And if I were to ask you those questions,
6 would your answers be the same today?

7 A. Yes, they would.

8 Q. And do you have any corrections to that
9 prefiled testimony?

10 A. No, I do not.

11 MR. CREEKMUR: Your Honor, I would like
12 to make the witness available for cross-examination
13 and move the admission of Columbia Exhibit No. 8
14 subject to cross.

15 ATTORNEY EXAMINER KINGERY: Thank you
16 very much.

17 Mr. Howard?

18 MR. HOWARD: Thank you, your Honor.

19 - - -

20 CROSS-EXAMINATION

21 By Mr. Howard:

22 Q. Good morning, Mr. Ramsey.

23 A. Good morning.

24 Q. Would you turn to page 5 of Columbia

1 Exhibit No. 8, please. And I would direct your
2 attention to the question on line 1 and the answer on
3 lines 2 through 9. In that question and answer
4 your -- you were asked about the impact the changes
5 to the stipulation have on your previous testimony,
6 do you not?

7 A. Yes.

8 Q. If we were to set aside the difference
9 between the stipulation on the one hand and the
10 application on the other as you have described it on
11 lines 2 to 9, if I were to ask you the same questions
12 today from our October 29 hearing when I -- when I
13 asked you some questions about the IRP, would your
14 answers be the same setting aside this one area where
15 you have described there is a difference?

16 A. I have not reviewed that testimony, but
17 to the best of my recollection, they would be the
18 same.

19 Q. Thank you. On page 5 of your testimony,
20 line 18, you talk about a definition of hazardous
21 customer service lines eliminating "customer
22 confusion regarding ownership of customer service
23 lines." Isn't it true that today the customer has
24 ownership of everything that is on his property

1 except for the meter setting?

2 A. It is true that the customer has
3 responsibility for everything except the regulator
4 and the meter.

5 Q. And isn't it true that today any
6 hazardous condition found upstream of the customer's
7 property line is Columbia's responsibility?

8 A. Today?

9 Q. Today.

10 A. No. Hazardous conditions today found
11 upstream of the property line are not Columbia's
12 responsibility.

13 MR. HOWARD: Could I have that response
14 reread, please?

15 ATTORNEY EXAMINER KINGERY: Yes.

16 (Answer read.)

17 Q. Okay. Mr. Ramsey, let me ask a
18 clarifying question. Is Columbia's company service
19 line the line that runs from the company's
20 distribution main to the customer's property line?

21 A. Yes, it is.

22 Q. Okay. And when I say upstream of the
23 customer's property line, I am going to talk about
24 the company's service line and the distribution line.

1 Do you understand that?

2 A. Yes, I previously misunderstood your
3 question.

4 Q. Fair enough. So would it be -- would it
5 be correct to state that any hazardous condition
6 found upstream of the customer's property line is
7 Columbia's responsibility?

8 A. Yes, it is.

9 Q. Now, I want you to turn to I guess look
10 at line 14 on page 5 of your testimony and there you
11 talk about a limitation. Isn't it true that the
12 limitation that you describe in your answer on
13 page 5, line 14, does not change the fact that
14 warranty service providers will no longer be
15 responsible for hazardous customer service line
16 repairs and replacements as of March 1, 2008, under
17 the stipulation and recommendation?

18 A. I believe that's true.

19 Q. On page 5, lines 20 to 23, you state that
20 "there is no operational need for Columbia or the
21 customer to keep track of which lines Columbia has
22 previously worked on, because Columbia's
23 responsibility extends to all customers equally on
24 the basis of whether or not a hazardous condition

1 exists." Now, is that statement that I just read, is
2 that true today?

3 A. That statement is directed towards the
4 stipulation if approved.

5 Q. All right. So would it be correct if the
6 stipulation were to be approved?

7 A. I believe so, yes.

8 Q. Now, I want you to now turn to page 2 of
9 your testimony, Columbia Exhibit 8, and on lines 1 to
10 2 you state "stipulation provides for Columbia's
11 assumption of financial responsibility for only the
12 repair or replacement of customer service lines where
13 a leak or condition in or on the customer service
14 line is determined by Columbia to be a 'Hazardous
15 Customer Service Line Leak' as defined in Columbia's
16 proposed tariff sheet No. 6a attached to the
17 stipulation." Do you see that sentence that I just
18 read?

19 A. Yes, I do.

20 Q. Now, doesn't that sentence that I just
21 read, isn't that contrary to the statement that we
22 just talked about on page 5, lines 20 to 23? And I
23 am focusing on the word "all customers."

24 A. In my opinion I don't see the conflict.

1 Q. Mr. Ramsey, on line 22 you state that
2 "Columbia's responsibility extends to all customers
3 equally on the basis of whether or not a hazardous
4 condition exists." Is that true?

5 A. Yes, that's what that says.

6 Q. But isn't it true that under the
7 stipulation Columbia is -- is only going to repair or
8 replace customer service lines that are considered
9 hazardous or under the gradation system grades 1 and
10 2 and 2A?

11 A. Under the stipulation as on page 2, line
12 3, Columbia will replace all of those -- replace or
13 repair service lines that are found to have
14 "Hazardous Customer Service Line Leak" as defined --
15 redefined in the tariff and that is a different
16 definition than the definition that I provided
17 earlier of the hazardous leak.

18 Q. Okay. Now, let's go back to page 5 then.
19 You say there in line 20 "there is no operational
20 need for Columbia or the customer to keep track of
21 which lines Columbia has previously worked on,
22 because Columbia's responsibility extends to all
23 customers equally on the basis of whether or not a
24 hazardous condition exists." I guess I am going to

1 ask you do you -- do you see any conflict between the
2 statement on page 5 and the statement on page 2?

3 A. No, I don't.

4 Q. Mr. Ramsey, I want you to assume that a
5 property owner has a customer service line that has
6 never been repaired or replaced. Under the
7 stipulation and recommendation isn't it true that the
8 property owner may repair the customer service line
9 if he has a nonhazardous leak but he -- but he may do
10 so at his own expense?

11 A. How are you defining nonhazardous?

12 Q. Grade 3.

13 A. That statement is correct then.

14 Q. Mr. Ramsey, I am going to ask you if -- I
15 am going to read you a statement, and I want you to
16 tell me if you believe it's true or not. Columbia
17 does not believe that the customer service lines it
18 installs under the stipulation and recommendation
19 will differ in design, material, or installation from
20 what is commonly used in the industry today.

21 A. I believe that's true.

22 Q. Mr. Ramsey, I am going to ask you if you
23 agree with the following statement, Columbia will not
24 inspect all gas service line repairs performed by

1 non-Columbia employees under the stipulation and
2 recommendation.

3 A. Can you have that read back to me?

4 Q. Sure.

5 (Question read.)

6 A. That is true.

7 MR. HOWARD: If I could have just a
8 moment.

9 ATTORNEY EXAMINER KINGERY: Yes.

10 MR. HOWARD: Thank you, your Honor.

11 Thank you, Mr. Ramsey. I have no further
12 questions.

13 ATTORNEY EXAMINER KINGERY: Thank you.

14 Mr. Aveni?

15 MR. AVENI: Yes, thank you, your Honor.

16 - - -

17 CROSS-EXAMINATION

18 By Mr. Aveni:

19 Q. Hello again, Mr. Ramsey. Turn your
20 attention, if you would, to the bottom of page 1 and
21 the top of page 2 of your testimony in support of the
22 stipulation. Bottom of page 1, top of page 2 of that
23 testimony, you say, "however, the Stipulation
24 provides for Columbia's assumption of financial

1 responsibility for only the repair or replacement of
2 customer service lines where a leak or a condition in
3 or on the customer service line is determined by
4 Columbia to be a 'Hazardous Customer Service Line
5 Leak.'" Do you see that testimony?

6 A. Yes, I do.

7 Q. In fact, isn't it fair to say, sir, that
8 stipulation provides for Columbia's assumption of any
9 sort of responsibility, financial or maintenance or
10 safety or for that matter anything else other than
11 what already exists in the current regulatory
12 framework, only in the instance of hazardous leaks?

13 A. Can you have that read back?

14 Q. Yeah. That's what happens when I try and
15 throw too much in there. Let me break it down into a
16 couple of pieces, if I could.

17 I am getting hung up a little bit on
18 perhaps an artificial distinction in your testimony
19 at the top of page 2 where you say that the
20 "stipulation provides for Columbia's assumption of
21 financial responsibility" and as I understand the
22 stipulation, Columbia assumes no responsibility of
23 any sort in terms of repair or replacement of
24 customer service lines under the stipulation except

1 in the instance of a hazardous leak; am I correct in
2 that understanding?

3 A. It depends upon how you are defining
4 hazardous leak.

5 Q. I will adopt your definition of a
6 hazardous leak for purposes of this testimony. You
7 used these terms. We will talk about what you meant
8 by it in a minute. I have a question pending, sir,
9 I'm sorry.

10 A. Okay.

11 Q. Okay. As I said, I am getting hung up on
12 this -- on this use of the phrase "financial
13 responsibility" under the stipulation. Isn't it true
14 that under the stipulation Columbia's only assuming
15 responsibility of any sort, financial or otherwise,
16 in the context of hazardous leaks of customer service
17 lines?

18 A. Columbia is assuming responsibility for
19 hazardous customer service line leaks as redefined in
20 our tariff.

21 Q. And that responsibility is financial but
22 it's also maintenance, replacement, and repair
23 responsibilities.

24 A. Yes, sir.

1 Q. So as I understand the stipulation, you
2 have essentially got a bifurcated set of
3 responsibility. If there is a hazardous leak in the
4 customer service line, Columbia assumes total
5 responsibility for repair, replacement, maintenance
6 from that point forward, and financial
7 responsibility, right, under the stipulation?

8 A. Under the terms of the stipulation.

9 Q. Yes, sir. And under the terms of the
10 stipulation if it turns out to be a nonhazardous
11 leak, Columbia assumes no responsibility, be it
12 financial, repair, replacement, or maintenance, true?

13 A. Columbia will be responsible for
14 monitoring that nonhazardous grade 3 leak. We do
15 have responsibility to continually monitor that leak
16 until it either needs repair or it is no longer
17 there.

18 Q. Okay. In the event of a nonhazardous
19 leak under this stipulation, would the property owner
20 retain any responsibilities in terms of maintenance,
21 repair, or replacement for customer-owned service
22 lines?

23 A. Under the stipulation the property owner
24 would have the option of having a grade 3 leak

1 repaired.

2 Q. Okay. When you use the term "hazardous"
3 throughout this portion of your testimony, what you
4 are really talking about is a grade 3 leak?

5 A. No, no, sir.

6 Q. Okay. Well, in this testimony -- I'm
7 sorry. I inverted the question. That's the source
8 of the confusion. Thank you.

9 When you use the term "nonhazardous" --
10 strike that.

11 When you use the term "hazardous," you
12 are referring to grade 1, grade 2, or grade 2A?

13 A. That is correct.

14 Q. Okay. Thank you, sir. So assuming that
15 the stipulation is put into effect and a customer
16 calls Columbia and says I am smelling gas on my front
17 lawn, will Columbia at that moment know who is going
18 to be responsible for the repair, replacement, or
19 financial responsibilities associated with that leak?

20 A. I don't believe so.

21 Q. Okay. Will the customer property owner
22 know at that moment of the call?

23 A. I don't believe so.

24 Q. Okay. When the -- when the Columbia

1 service technician comes out to the property -- when
2 the service technician comes out to the Columbia
3 property to effect -- to inspect the leak, is that
4 the moment -- the first moment where anyone will know
5 under the stipulation who is going to be responsible
6 for the repair, replacement, and financial
7 responsibilities of that leak?

8 A. When the Columbia technician arrives,
9 they will evaluate the condition and make a
10 determination of the condition. At that point they
11 will know what actions need to be taken and will at
12 that point inform the customer as they do on what
13 they need to do to effectuate a repair.

14 Q. Okay. So do you believe that that
15 situation will cause greater or less customer
16 confusion than exists today?

17 A. I don't think it will cause customer
18 confusion.

19 Q. Why is that?

20 A. Because as of today -- as it works today,
21 the gas company employee on site advises the customer
22 what they need to do to effectuate the repairs. The
23 difference in the stipulation is what Columbia will
24 be doing versus what someone else will be doing.

1 Q. Okay. But in either situation the
2 customer knows exactly what's going to happen upon
3 being informed by the service tech? The customer is
4 informed one way or the other today -- or under the
5 stipulation what portion, if any, they are
6 responsible for?

7 A. I believe that's correct.

8 Q. Okay. And so there will be no customer
9 confusion under the stipulation as to what the
10 customer is responsible for, right?

11 A. I don't believe so.

12 Q. And there is no customer confusion today
13 for those same reasons, right?

14 A. Not to what they are -- what actions they
15 have -- not to the instructions that the company
16 gives them on the actions they need to take.

17 Q. And thank you, sir. Sir, would Columbia
18 maintain records of customer repairs of a grade 3
19 leak under the stipulation?

20 A. We maintain records of a grade 3 leak,
21 yes, we will.

22 Q. So if under the stipulation a customer
23 makes the decision that they are not comfortable with
24 having a leak, grade 3 or otherwise, on their

1 property and they go out into the marketplace and
2 retain an OQ certified plumber to affect a repair,
3 will Columbia maintain records of that repair?

4 A. I don't know.

5 Q. Okay. Has that just simply not been
6 decided yet?

7 A. I have not participated in any
8 discussions about that issue.

9 Q. Okay. Do you know of anyone that is
10 available to testify today that would have more
11 knowledge of that subject than you?

12 A. No, I don't.

13 Q. Okay. Turn your attention, if you would,
14 to your testimony on page 3, lines 8 through 11. In
15 the section we see a definition of hazardous customer
16 service line leak, and you testify "which, as
17 determined by Columbia presents either: An existing
18 or probable hazard to persons or property; or
19 requires scheduled repair or replacement based upon
20 severity or location." Do you see that testimony?

21 A. Yes, I do.

22 Q. Okay. Today under the existing
23 regulatory and market framework for maintaining,
24 repairing, and replacing customer service lines, at

1 the moment that Columbia is called by a customer, by
2 a property owner, and that property owner says, hey,
3 I have got a gas leak, and Columbia comes out and
4 examines the gas leak, first thing they are going to
5 do if they determine that it's a hazardous leak is
6 shut off the gas, right?

7 A. That is one of the things they can do,
8 yes.

9 Q. It's one of the very first things they
10 are going to do, and they are going to do it in every
11 instance.

12 A. It is one of the things, yes.

13 Q. Okay. And that will be the first thing
14 that they do should the stipulation be passed as
15 well, true?

16 A. Yes.

17 Q. Okay. So that part hasn't changed at
18 all?

19 A. No.

20 Q. Okay. And then under the stipulation --
21 or today the service tech will inform the customer as
22 to the findings or results of their inspection and
23 tell the customer what their options are, right?

24 A. That's my understanding, yes.

1 Q. Okay. Turn your attention, if you would,
2 to page 4 at the top lines 1 through 4. There's some
3 testimony there regarding financial responsibility
4 for the repair or replacement of hazardous
5 customer-owned service lines between November 24,
6 2006, and March 1, 2008. Do you see that?

7 A. Yes, I do.

8 Q. Okay. Let's assume that this stipulation
9 is endorsed by the Commission. In that instance if a
10 customer had repair work done on their customer
11 service line today, December 3, 2006, who is
12 responsible for bearing the financial cost of that
13 repair work?

14 A. The customer will pay for that repair
15 work.

16 Q. And what will the customer need to do to
17 secure a reimbursement under the stipulation if the
18 stipulation passes?

19 A. It would have to provide evidence that
20 the work was performed by a DOT quality -- qualified
21 plumber.

22 Q. And need to demonstrate that the leak was
23 a hazardous leak too, right?

24 A. Under the definition of the stipulation,

1 yes.

2 Q. Okay. At the moment that the customer
3 discovers that they have a leak on, say, December 2,
4 2006, and they sent a service -- Columbia sent a
5 service tech out to inspect, was the service tech
6 specifically making a determination as to whether
7 there is a grade 3 versus grade 2A leak on that
8 customer service line?

9 A. Not today, no, they do not.

10 Q. I'm sorry. Say again.

11 A. Not today, no, they do not.

12 Q. Okay. So the customer that had repair
13 work done yesterday, December 2, 2007, I think I said
14 2006 before, I apologize for that, someone that had
15 work done on their property yesterday, they had no
16 idea whether that work is ultimately going to be
17 compensated or reimbursed by Columbia or not if the
18 stipulation is to pass, true?

19 MR. CREEKMUR: Objection, your Honor. My
20 client can't assume what customers do and do not
21 know.

22 ATTORNEY EXAMINER KINGERY: Overruled.

23 MR. AVENI: Thank you, your Honor.

24 A. Customers have been advised to keep their

1 receipts for possible reimbursement.

2 Q. How were they advised to keep their
3 receipts for possible reimbursement?

4 A. It is what is told to them by the service
5 techs, and I believe it is in -- I believe it's in
6 the door tags also that we are leaving. I have to
7 check with that to verify that.

8 Q. Okay. Those door tags pertaining
9 specifically to riser replacements, correct?

10 A. No, sir, I don't believe that they do.
11 The ones we are leaving today, I do not believe that
12 they do.

13 Q. Are you leaving door tags on customers'
14 doors today specifically pertaining to the repair or
15 replacement of bare steel customer service lines?

16 A. We are leaving door tags when there is
17 leakage on a customer service line, and my belief is,
18 and I would have to verify it, that that door tag
19 does advise them to save their receipts.

20 Q. Okay. As we sit here right now, you
21 don't know one way or the other?

22 A. No, sir.

23 Q. And as we sit here right now, no customer
24 could know one way or the other whether the expense

1 that they have on their customer service line
2 yesterday is ultimately going to be reimbursed or
3 not?

4 A. That is correct.

5 Q. And the repair tomorrow, they don't know
6 that either, right?

7 A. That is correct.

8 Q. Okay. In fact, the service tech doesn't
9 know either, do they?

10 A. No, they don't.

11 Q. And they are not even using correct
12 gradation scale for purposes of the stipulation, are
13 they? They are simply making a determination
14 hazardous and not hazardous, right?

15 A. That is correct.

16 Q. So how is Columbia planning on going back
17 on those replacement, repair, and maintenance
18 expenses incurred during this period from
19 November 24, 2007, through March 1, 2008, in
20 determining whether it's a grade 3 or grade 2A?

21 A. That is a process that's being set up
22 today. I do not know the answer to that question.

23 Q. And to your knowledge does anyone in
24 Columbia know the answer to that question in this

1 moment?

2 A. I don't know.

3 MR. AVENI: I don't have any further
4 questions. Thank you, sir.

5 ATTORNEY EXAMINER KINGERY: Mr. Serio?

6 MR. SERIO: Thank you, your Honor.

7 - - -

8 CROSS-EXAMINATION

9 By Mr. Serio:

10 Q. I have a couple of questions, Mr. Ramsey.
11 Today if there is a leak on a service line and it's
12 hazardous, the company shuts off the gas and
13 instructs the customer that they have to do the
14 repair, correct?

15 A. The company will make the situation safe
16 which is if we need to vent, we will vent; if we need
17 to just turn off the gas, that's it. We will make it
18 safe and advise the customer, yes.

19 Q. And if it's a nonhazardous leak, you
20 notify the customer but because it's nonhazardous
21 it's up to the customer's discretion whether they
22 effectuate a repair or not, correct?

23 A. In today's system a nonhazardous leak gas
24 service is also terminated in most cases, and the

1 customer is told to get a DOT qualified plumber and
2 make the repair.

3 Q. Are there instances today where there
4 could be a leak but the company does not shut off the
5 service?

6 A. Yes, there are.

7 Q. And that would be the lowest grade leak,
8 correct?

9 A. That would be a condition that was deemed
10 to not be hazardous and that there was no known human
11 need either for heat or medical reason, that it would
12 provide temporary service and allow it to be on for a
13 short period of time.

14 Q. Under the IRP if there is a nonhazardous
15 leak, will the company effectuate the repair?

16 A. No. The company will monitor -- under
17 the IRP a nonhazardous leak will be a grade 3 as
18 defined in my previous testimony. It is a
19 nonhazardous leak that needs no follow-up action
20 other than to be monitored.

21 Q. So if there is a grade 3 leak today, how
22 does the company handle that situation?

23 A. On the customer service line?

24 Q. Yes.

1 A. In most cases the gas service is
2 terminated and that customer is told to fix the
3 situation.

4 Q. Under the IRP doesn't that create an
5 incentive where there would be a greater unaccounted
6 for gas volume?

7 Let me back up. If there is a leak in
8 the service line, the gas has not been recorded in
9 the customer meter yet, correct?

10 A. That is correct.

11 Q. So any gas that's lost there would be
12 unaccounted for gas when the company keeps track of
13 it, right?

14 A. Yes, sir.

15 Q. So wouldn't this create the potential
16 situation where there would be an incentive to have a
17 larger unaccounted for gas?

18 A. No, I don't believe so. Columbia will --
19 has rules and regulations for repair and replacement
20 of leaks. The leaks on customer service lines will
21 be brought right into those guidelines. They are the
22 same guidelines we use today for repair and
23 replacement of leakage and so -- clearing leakage.

24 Q. But isn't it possible as a result of the

1 way it's handled under the IRP, the percentage of
2 unaccounted for gas can increase?

3 A. Yes, sir.

4 Q. And in turn who pays for the unaccounted
5 for gas?

6 A. I don't know.

7 MR. SERIO: You don't know. That's all I
8 have, your Honor. Thank you.

9 ATTORNEY EXAMINER KINGERY: Thank you.
10 Redirect?

11 MR. CREEKMUR: Thank you, your Honor. No
12 further questions, your Honor. Thank you.

13 ATTORNEY EXAMINER KINGERY: Thank you
14 very much. You may step down.

15 I would also note in this phase of the
16 hearing since the lines are more clear I am not going
17 to friendly parties for cross. That will be the case
18 in opposition of the stipulation as well.

19 MR. AVENI: Thank you, your Honor.

20 MR. CREEKMUR: Your Honor, I would just
21 like to move for the admission of Columbia Exhibit
22 No. 8, please.

23 ATTORNEY EXAMINER KINGERY: Any
24 objections?

1 MR. SERIO: No objections to the
2 testimony but I have a clarification question. To
3 the extent that OCC hasn't signed the stipulation,
4 our reasons for not signing it don't necessarily
5 coincide with ABC or USP. Are you considering any
6 cross by OCC of their witness to be friendly cross
7 then?

8 ATTORNEY EXAMINER KINGERY: Okay. First,
9 let me go ahead and admit the exhibit, Columbia
10 Exhibit 8.

11 (EXHIBIT ADMITTED INTO EVIDENCE.)

12 ATTORNEY EXAMINER KINGERY: I suppose I
13 would allow you to cross, and then we will see what
14 the nature is of the questions.

15 MR. SERIO: Okay.

16 ATTORNEY EXAMINER KINGERY: If it's
17 deemed to be friendly, I won't allow it.

18 MR. SERIO: Thank you, your Honor.
19 That's all I would ask for.

20 ATTORNEY EXAMINER KINGERY: Okay. All
21 right. Your next witness.

22 MR. CREEKMUR: Yes, your Honor. Columbia
23 Gas of Ohio would like to call Larry Martin to the
24 stand.

1 ATTORNEY EXAMINER KINGERY: Hello again,
2 Mr. Martin.

3 MR. MARTIN: Hello again.

4 ATTORNEY EXAMINER KINGERY: I remind you
5 again you remain under oath.

6 MR. MARTIN: Yes.

7 ATTORNEY EXAMINER KINGERY: You may be
8 seated.

9 MR. MARTIN: Thank you.

10 MR. CREEKMUR: And, your Honor, I would
11 request that the prepared direct testimony in support
12 of stipulation of Larry Martin be marked for
13 identification as Columbia Exhibit No. 9, please.

14 ATTORNEY EXAMINER KINGERY: It will be so
15 marked.

16 (EXHIBIT HEREBY MARKED FOR
17 IDENTIFICATION PURPOSES.)

18 MR. CREEKMUR: Thank you.

19 - - -

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24

1 LARRY W. MARTIN

2 called as a witness in support of stipulation, being
3 previously duly sworn, testified as follows:

4 DIRECT EXAMINATION

5 By Mr. Creekmur:

6 Q. Good morning, Mr. Martin.

7 A. Good morning.

8 Q. Would you please state your name and
9 spell it for the record.

10 A. Larry W. Martin, L-A-R-R-Y M-A-R-T-I-N.

11 Q. And, Mr. Martin, do you have a copy with
12 you today of your direct testimony in support of the
13 stipulation?

14 A. Yes, I do.

15 Q. And if I were to ask you the questions
16 contained therein, would your answers be the same
17 today?

18 A. Yes, they would.

19 Q. And do you have any corrections to your
20 prefiled testimony?

21 A. No.

22 MR. CREEKMUR: Your Honor, I would like
23 to make the witness available for cross-examination
24 and move for the the admission of Columbia Exhibit 9

1 subject to cross.

2 ATTORNEY EXAMINER KINGERY: Thank you.

3 Mr. Howard?

4 MR. HOWARD: Thank you, your Honor.

5 - - -

6 CROSS-EXAMINATION

7 By Mr. Howard:

8 Q. Good morning, Mr. Martin.

9 A. Good morning, Mr. Howard.

10 Q. I would like you to turn to page 4 of
11 your testimony.

12 A. Yes, sir.

13 Q. And beginning on line 15 you describe a
14 commitment by Columbia to work with the staff in the
15 development of a plan for a general -- I'm sorry, for
16 general customer notification. Do you see that?

17 A. Yes, sir.

18 Q. Will Columbia incur any costs associated
19 with that commitment?

20 A. Just in the development of the general
21 plan.

22 Q. Yes.

23 A. No incremental costs, no incremental
24 costs.

1 MR. HOWARD: Okay. Thank you, your
2 Honor, no more questions.

3 ATTORNEY EXAMINER KINGERY: Thank you.
4 Mr. Aveni?

5 MR. AVENI: Yes.

6 - - -

7 CROSS-EXAMINATION

8 By Mr. Aveni:

9 Q. Hello again, Mr. Martin.

10 A. Hello again.

11 Q. Turning your attention back to page 4,
12 potentially the same line of questioning in your
13 testimony, lines 14 through 23. Looking at that
14 commitment by Columbia to work with the staff in the
15 development of a plan for general customer
16 notification and education, why is Columbia inclined
17 to do that?

18 A. It's important that Columbia notify its
19 customers of this change. This is a significant
20 change in responsibility. As a result, we felt we
21 needed to communicate these changes to our customers.

22 Q. And would you agree with me it's
23 important for customers to understand the effect of
24 that change?

1 A. Yes.

2 Q. Columbia could embark today on a similar
3 program of customer education to explain the current
4 standards of ownership of customer service lines,
5 couldn't they?

6 A. Yes.

7 Q. Has Columbia decided to do that?

8 A. No.

9 Q. Okay. Why not?

10 A. Again, I think that the -- that the
11 reason why not is the fact that this is a change from
12 through which Columbia will -- wants to make clear to
13 its customers that today through IRP it is going to
14 assume responsibility for the repair or replacement
15 of customer service lines, that it wants to
16 communicate this message to its customers.

17 Q. If Columbia believes that its customers
18 were confused by some portion of a rate tariff, would
19 Columbia educate its customers about that?

20 A. I don't know. I would assume they would,
21 yes.

22 Q. If Columbia had a concern that its
23 customers were confused about some aspect of what to
24 do when you smell a leak, would Columbia educate its

1 customers about that?

2 A. Yes.

3 Q. If Columbia had some concern that its
4 customers were confused about how to pay your bill,
5 be it on line or telephonically, would Columbia
6 educate its customers about that?

7 A. Yes.

8 Q. Would you agree with me that Columbia
9 embarks on a variety of different types of customer
10 education programs to eliminate customer confusion
11 where it deems they exist?

12 A. Yes.

13 MR. AVENTI: Okay. I have no further
14 questions. Thank you, sir.

15 ATTORNEY EXAMINER KINGERY: Thank you.
16 Mr. Serio?

17 MR. SERIO: Thank you, your Honor.

18 - - -

19 CROSS-EXAMINATION

20 By Mr. Serio:

21 Q. Good morning, Mr. Martin.

22 A. Good morning.

23 Q. You've been involved in the regulatory
24 arena for a number of years, correct?

1 A. That's correct, sir.

2 Q. And you have also been involved in a
3 number of stipulations with Columbia?

4 A. Yes.

5 Q. Are you generally familiar with the three
6 criteria the Commission uses to evaluate
7 stipulations?

8 A. Generally, yes.

9 Q. Does your testimony address any one or
10 more of those criteria specifically?

11 A. No. Those criteria are addressed by
12 Mr. Brown.

13 Q. Okay. I just wanted to make sure. Now,
14 on page 1 of your testimony, lines 15 and 16, you
15 indicate that your testimony's purpose is to describe
16 some of the differences between the stipulation and
17 the original application are. Are there other
18 differences that are not described by your testimony?

19 A. Not that I am aware of, sir, no.

20 Q. So then it would be correct for us to say
21 that the intent of your testimony is to describe all
22 of the differences between the stipulation and the
23 original application?

24 A. That's the intent of my testimony, yes,

1 sir.

2 Q. Now, on page 2 of your testimony on line
3 3, you indicate "this exclusion is appropriate
4 because the activities are ongoing activities
5 presumably included." Do you know whether they are
6 included or not?

7 A. The -- I don't know if that specific
8 level that we are incurring today is provided for in
9 our base rates with respect to leak testing. I do
10 know that there are leak testing costs provided --
11 recoveries provided for in our current base rates.

12 Q. Is it safe to say that the exclusion in
13 the stipulation is intended to ensure that there is
14 no double recovery?

15 A. That's correct, sir.

16 Q. The stipulation specifically says
17 one-third of the costs would be excluded. If in the
18 course of the evaluation that occurs once Columbia
19 has all the survey costs finalized, if it's
20 determined that more than a third of the costs could
21 be double recovery, would the disallowance be more
22 than a third or is the one-third a firm number to
23 your understanding?

24 A. The intent here is to remove any

1 duplicate recovery of cost. Certainly if it was seen
2 as one-third, we would want to remove more than
3 one-third of the cost.

4 Q. So the one-third is just a proforma
5 number?

6 A. The one-third recognizes the fact that on
7 a normal year basis we survey one-third of our
8 customers' accounts and that's what we would expect
9 to be provided -- that's what's provided for in our
10 base rates.

11 Q. But if it's greater, the stipulation
12 would permit more than a third to be disallowed?

13 A. Stipulation says there is no duplicate of
14 costs provided for in our base rates for which
15 recovery is provided for in our base rates, that's
16 correct.

17 Q. So is the answer to my question yes?

18 A. Yes, sir.

19 Q. Okay. Now, on page 2 of your testimony,
20 you indicate that the stipulation does not explicitly
21 set forth the depreciation rate. Can you explain to
22 me why it doesn't set forth a specific depreciation
23 rate?

24 A. Could you give -- read back the question,

1 please. I'm sorry. I lost my focus.

2 (Question read.)

3 A. May I check the stipulation, please?

4 ATTORNEY EXAMINER KINGERY: Sure.

5 Q. And just so we are clear, Mr. Martin, we
6 are talking about this document that was filed with
7 the Commission on October 26, 2007, correct?

8 A. That's correct.

9 Q. And that's a -- I believe a 17-page
10 document with extensive attachments?

11 MR. CREEKMUR: Your Honor, I do have a
12 copy of that stipulation. I could easily provide
13 that to Mr. Martin.

14 ATTORNEY EXAMINER KINGERY: Do you need a
15 copy?

16 THE WITNESS: I don't seem to have my
17 copy with me. That's why I am sifting through here.

18 ATTORNEY EXAMINER KINGERY: I believe
19 your counsel is going to give you a copy.

20 MR. CREEKMUR: May I approach the
21 witness, your Honor?

22 A. Well, it says it does designate
23 indirectly. It says the applicable
24 Commission-approved rate itself.

1 Q. Okay. Let's take one step back. It's a
2 17-page stipulation with a number of attachments,
3 correct?

4 A. That's correct.

5 Q. And the attachments are all the tariffs?

6 A. That's correct, but on page 13 of the
7 stipulation, paragraph 10.

8 Q. Yes. So paragraph 10 says the "deferred
9 depreciation expense shall be calculated on all
10 eligible assets at the Commission-approved rates."
11 And what is the current applicable
12 Commission-approved rate?

13 A. 3 percent.

14 Q. And if the company was to file a
15 proceeding where the depreciation -- depreciation
16 rate was changed, would the depreciation rate
17 applicable to the IRP then change? Is that the
18 intent of paragraph 10?

19 A. That's the intent of paragraph 10. That
20 was the reason the language was written as it was.

21 Q. It doesn't indicate a number because it's
22 intended to be whatever is current at that point in
23 time?

24 A. That's correct.

1 Q. Now, at the bottom of page 2 you indicate
2 that "the stipulation includes language that
3 clarifies the fact that Columbia is not permitted to
4 defer on its books carrying costs on deferred
5 depreciation and deferred property taxes." Do you
6 see that?

7 A. Yes, sir.

8 Q. And can you explain to me why the
9 stipulation precludes that?

10 A. The staff felt it was inappropriate to
11 compute carrying costs on deferred depreciation and
12 deferred property taxes, and after giving it some
13 consideration, we agreed.

14 Q. That's at this point in time, correct?

15 A. I'm not sure I understand the question.

16 Q. Today as the stipulation stands, the
17 company is precluded from doing that, correct?

18 A. That's correct.

19 Q. But in -- if the company were to file a
20 rate case, the company is permitted to ask for those
21 and the staff would have the opportunity to argue
22 different amortization periods, correct, under the
23 stipulation?

24 A. I am not sure I understand that question.

1 Q. You indicate on line 21 and 22 that the
2 stipulation "does not prohibit Columbia's request for
3 inclusion of these deferrals as part of its rate base
4 in a subsequent rate case."

5 A. That's part of its rate base. That isn't
6 for calculation of carrying charges. That's for
7 earning return on and return of its investment.

8 Q. So to the extent that the stipulation
9 does not permit deferral of carrying costs and
10 depreciation -- deferred depreciation, the company
11 would never be permitted to recover that; is that
12 correct?

13 THE WITNESS: Could you read that back,
14 please? I'm sorry.

15 (Question read.)

16 A. Recover what? I am not quite sure what
17 you are getting at.

18 Q. Okay. Line 19 and 20 says under the
19 stipulation Columbia is not permitted to defer on its
20 books carrying costs on deferred depreciation and
21 deferred property taxes in account 182, right?

22 A. It would not be permitted to recover post
23 in-service carrying costs on deferred depreciation or
24 deferred property taxes through an IRP recovery

1 mechanism.

2 Q. Would the company be able to ask for
3 recovery of those costs in a subsequent rate case?

4 A. Not post in-service carrying charges, no.

5 Q. So those are precluded forever?

6 A. That's correct.

7 Q. Okay. That's all I was trying to
8 establish.

9 A. Fine, sir.

10 Q. Now, on page 3 of your testimony, you
11 indicate that there's other requirements that the
12 stipulation calls for that were not part of the
13 application and that refers to providing staff with
14 copies of the IRP filing; is that correct? I'm
15 sorry, audited records.

16 A. That's correct, sir. That's my
17 confusion.

18 Q. So under the application the company
19 never contemplated any kind of auditing procedure and
20 sharing those records with anybody; is that correct?

21 A. The company's records are audited by an
22 external auditor today. This one takes it one step
23 further. The stipulation takes it one step further.
24 It provides that we are required to provide -- to

1 have our IRP-related expenses audited by an external
2 auditor, either one that we select or one selected by
3 the staff.

4 Q. Okay. Did the application itself
5 contemplate cost verification for costs that the
6 company expends?

7 A. It certainly assumed cost verification by
8 the Commission staff or other external party.

9 Q. The application did.

10 A. Yes, yes.

11 Q. So the only difference between the
12 application and the stipulation there is that -- is
13 what?

14 A. Verification can be performed by someone
15 other than an external auditor. It could have been
16 performed by the staff itself.

17 Q. That's under the application?

18 A. That's under the application. The
19 stipulation requires that these costs be reviewed
20 either by an external auditor selected by the company
21 or by the Commission itself.

22 MR. SERIO: Okay. Thank you. Thank you,
23 Mr. Martin. That's all I have.

24 THE WITNESS: Thank you, sir.