

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Columbia Gas :
of Ohio, Inc. for Authority to Amend Filed Tariffs : Case No. 08-72-GA-AIR
to Increase the Rates and Charges for Gas :
Distribution Service. :

In the Matter of the Application of Columbia Gas :
of Ohio, Inc. for Approval of an Alternative Form : Case No. 08-73-GA-ALT
of Regulation and for a Change in its Rates and :
Charges. :

In the Matter of the Application of Columbia Gas :
of Ohio, Inc. for Approval to Change Accounting : Case No. 08-74-GA-AAM
Methods. :

In the Matter of the Application of Columbia Gas :
of Ohio, Inc. for Authority to Revise its : Case No. 08-75-GA-AAM
Depreciation Accrual Rates.. :

**TESTIMONY
OF
EDWARD M. STEELE**

**PUBLIC UTILITIES COMMISSION OF OHIO
FACILITY AND OPERATIONS FIELD DIVISION OF
THE SERVICE MONITORING AND ENFORCEMENT DEPARTMENT**

Staff Exhibit _____

October 9, 2008

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

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

5 2. Q. What is your current position?

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

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

11 A. I am a graduate of the University of Pittsburgh, where I obtained a Bachelor
12 of Science degree in Geology. I also have completed 9 week long classes
13 on Pipeline Safety at the Transportation Safety Institute in Oklahoma City,
14 OK. I also completed the three Appalachian Underground Corrosion Short
15 Courses offered at West Virginia University in Morgantown, WV. From
16 June 2003 to September 2004, I was chairman of the National Association
17 of Pipeline Safety Representatives (NAPSR). I am also a member of the
18 National Association of Regulatory Utility Commissioners (NARUC).
19

20 4. Q. Please summarize your business experience.

21 A. I began working for the Public Utilities Commission in 1986 as a compli-
22 ance investigator in the Gas Pipeline Safety Section. My responsibilities

1 included inspection of gas company facilities, records and procedures for
2 compliance with state and federal regulations. I prepared reports on these
3 inspections, and, when applicable, prepared probable violation reports. In
4 1989, I was promoted to field supervisor of the Gas Pipeline Safety Section.
5 In this position, I was responsible for training the compliance investigators
6 as well as reviewing reports and probable noncompliance records for accu-
7 racy and content. I created a GPS computer database used for tracking
8 inspections, follow ups and incidents and also entered data into this data-
9 base. In 1991, I was promoted to my current position of Chief of the Gas
10 Pipeline Safety Section. I am responsible for the supervision often full time
11 Gas Pipeline field Staff as well as the review of their reports, probable non-
12 compliance reports, follow up investigations, incidents, complaints, sched-
13 uling of their workload, and filing federal documents as part of the PUCO's
14 certification program with the Pipeline and Hazardous Materials Safety
15 Administration.

16
17 5. Q. What is the purpose of your testimony?

18 A. I am addressing the concerns that the Ohio Consumers' Counsel (OCC) had
19 with several issues in the Staff Report filed in this case. I will be address-
20 ing OCC objections F(2)a and F(2)b.

21
22 6. Q. Specifically what is OCC objection F(2)(a)?

1 A. OCC actually has three objections within F(2)(a). First, OCC objects to
2 Staff's recommendation in support of Columbia Gas of Ohio's Columbia)
3 Accelerated Main Replacement Program (AMRP) proposal to replace all
4 trouble prone mainlines for the safety and reliability of Columbia's pipeline
5 system. Next, OCC objects to Staff's reference to the approximately \$8.5
6 million in O&M savings achieved by another LDC's (*i.e.*, Duke Energy
7 Ohio) Accelerated Main Replacement Program and does not mention the
8 total investment of \$255 million made by Duke on the AMRP up to now.
9 Finally, OCC objects to Staff's support of Columbia's AMRP in general.
10 OCC claims there is no evidence in the record to support the Company's 25
11 year plan with annual replacement of 160 miles of mains as reasonable and
12 cost-effective.

13
14 7. Q. What is your response to these objections?

15 A. In response to OCC's objection that replacing all trouble prone mains
16 through the AMPR will not enhance the safety and reliability of the system,
17 Staff believes the AMRP will result in enhanced safety on Columbia's dis-
18 tribution system. More than half of Columbia's bare steel and cast or
19 wrought iron mains were installed before 1940. This period was before
20 metallic lines had to be cathodically protected to slow the rate of corrosion.
21 Without the AMRP, it will take approximately 72 years to replace all of
22 these unprotected lines. As a result of the AMRP, all unprotected mains

1 will be replaced in 25 years and Columbia will have fewer leaks and fewer
2 leaks to be repaired. This will also allow the Company to go to a longer
3 leak survey interval as specified by the pipeline safety regulations. For
4 example, bare steel and cast iron mains must be leak surveyed every 3
5 years, but plastic pipe and cathodically protected steel lines can be leak sur-
6 veyed on a 5 year cycle. These requirements are the same for all companies
7 in Ohio, not just Columbia. The AMRP proposal replaces metallic pipeline
8 with plastic pipeline, thereby eliminating corrosion, which in turn reduces
9 leakage on the pipelines, and also eliminates the cost of monitoring and
10 maintaining the cathodic protection on the pipelines.

11
12 8. Q. What is your response to the objection that Staff's reference to the approxi-
13 mately \$8.5 million in O&M savings achieved by another LDC failed to
14 mention the total investment made to date on the AMRP by that LDC?

15 A. In referencing the \$8.5 million in savings for Duke Energy Ohio, Staff was
16 not implying that Columbia would achieve similar savings, but merely
17 demonstrating that based upon another LDC's experience, the AMRP will
18 result in O&M savings by reducing leak survey frequency, corrosion
19 monitoring, and leakage repair.

20
21 9. Q. How do you respond to OCC's over arching objection to Staff's support of
22 Columbia's AMRP in general, and OCC's claim that there is no evidence in

1 the record to support the Company's 25 year plan for main replacement as
2 reasonable and cost-effective?

3 A. In my opinion, the AMRP is vital to maintain the integrity and safety of the
4 Columbia pipeline system. Unprotected bare steel pipe does have a limited
5 useful lifespan. Depending on the soil resistivity, these lines can already
6 have corrosion leaks that have been repaired, corrosion leaks that are occur-
7 ring as we speak, and corrosion leaks in the immediate future. Any of these
8 leaks can allow gas to migrate and accumulate in a confined area and cause
9 an explosion. These pipelines are not cathodically protected, and unpro-
10 tected steel lines corrode in the soil, returning to their natural state. These
11 lines need to be replaced with a prioritized schedule as determined by
12 Columbia based on its knowledge of its pipeline system.

13
14 10. Q. What is your position regarding OCC's objection F(2)b that Staff is in sup-
15 port of the AMRP despite Columbia's failure to demonstrate the AMRP is
16 necessary for the provision of safe, reliable service?

17 A. Columbia's AMRP deals specifically with the replacement of bare steel
18 and cast iron mains. These pipelines were installed in Columbia's system
19 prior to the 1960's. These pipelines have been operating and corroding
20 since their installation. Wall thickness varies among pipelines. As pipe-
21 lines corrode, they lose wall thickness. As the pipe wall becomes thinner,
22 the line becomes more susceptible to leakage. While the line may not be

1 leaking today, there may only be a few thousandths of an inch of wall
2 thickness left. In 2006, Columbia had 1,673 corrosion leaks on services,
3 ranking it as having the twelfth highest number of corrosion leaks on ser-
4 vices among all of the companies in the nation reporting this information to
5 the Department of Transportation.¹ With nearly 4,000 miles of bare steel,
6 cast and wrought iron mains, it is not possible to predict leakage, only to
7 identify the pipelines that are prone to leak. These lines need to be replaced
8 in a timely manner prior to leakage on these lines becoming an issue.

9
10 11. Q. Does this conclude your testimony?

11 A. Yes, it does.
12
13
14

¹ Direct Testimony of Steven Vitale on Behalf of Columbia Gas of Ohio, Inc., Attachment SV-1 Black and Veatch Comparative Analysis of the Bare and Coated Steel Distribution Piping of Columbia Gas of Ohio, Inc. at 34.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Edward M. Steele, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 9th day of October, 2008.



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