

Large Filing Separator Sheet

Case Number : 09-006-GA-UNC

File Date : 6/16/2009

Section : 2 of 2

Number of Pages : 52

Description of Document : Transcript

Columbia Gas of Ohio, Inc.
Case No. 09-0806-GA-UNC
Alternate Computation of Projected Impact per Customer
For Rates Effective July 2009

Schedule AMRP-10B

1	TOTAL REVENUE REQUIREMENT	Sch. AMRP-1	\$5,898,398
2	Allocated Plant in Service per Case No. 08-0072-GA-AIR		
3	SGS Class		\$613,479
4	GS Class		\$187,259
5	LGS Class		\$47,039
6	TOTAL		<u>\$847,777</u>
7	Percent by Class		
8	SGS Class	Line 2/Line 6	72.38%
9	GS Class	Line 3/Line 6	22.08%
10	LGS Class	Line 4/Line 6	6.55%
11	TOTAL		<u>100.00%</u>
12	Revenue Requirement Allocated to Each Class		
13	SGS Class	Line 8 * Line 1	\$4,286,824
14	GS Class	Line 9 * Line 1	\$1,302,410
15	LGS Class	Line 10 * Line 1	\$327,162
16	TOTAL Revenue Requirement		<u>\$5,896,396</u>
17	Number of Actual Bills 10 months 2008		
18	SGS Class		13,853,867
19	GS Class		416,814
20	LGS Class		3,579
21	TOTAL number Actual Annual Bills		<u>14,274,060</u>
22	PROJECTED IMPACT PER MONTH - SGS CLASS		\$0.31
23	PROJECTED IMPACT PER MONTH - GS CLASS		\$3.12
24	PROJECTED IMPACT PER MONTH - LGS CLASS		\$91.41

(1) Source Schedule E-3.2-1 per Case No. 08-0072-GA-AIR, Allocated Plant in Service for Distribution Plant Account 376, Mains

Riser Schedules

Columbia Gas of Ohio, Inc.
Infrastructure Tracking Mechanism - Riser Program
Case No. 08-0008-GA-UNIC
Revenue Requirement Calculation

Schedule R-1

Date: 12 months actual

Line No.	Actual Thru December 31, 2007	Activity Thru December 31, 2008	Total As Of December 31, 2008	Reference
1				
2				
3	-	44,781,144	44,781,144	Schedule 2
4	-	-	-	Schedule 4
5	-	44,781,144	44,781,144	Line 3 + Line 4
6				
7	-	376,388	376,388	Schedule 6A
8	-	-	-	Schedule 3
9	-	-	-	Schedule 4
10	-	376,388	376,388	Lines 7 + 8 + 9
11	-	376,388	376,388	Schedule 6A
12	-	2,874	2,874	Schedule 5B
13	-	601,421	601,421	Schedule 6
14	-	-	-	Schedule 7
15	-	(682,630)	(682,630)	Schedule 8
16	-	44,732,808	44,732,808	Line 5 - Line 10 + Lines 11, 12, 13, 14, 15
17	10.95%	10.95%	10.95%	Joint Stipulation & Recommendation Case No. 08-0072-GA-AJR
18	-	4,888,242	4,888,242	Line 16 * Line 17
19				
20	-	1,433,317	1,433,317	Schedule 5A
21	-	12,045	12,045	Schedule 5A
22	-	92	92	Schedule 5B
23	-	18,246	18,246	Schedule 5B
24	-	967,889	967,889	Schedule 7
25	-	-	-	Schedule 7
26	-	1,559,997	1,559,997	Schedule 9
27	-	8,908,877	8,908,877	Line 18 + Lines 20 through 26
28	-	481,859	481,859	Schedule 9
29	0	9,390,735	9,390,735	Lines 28 + 29

29 TOTAL Amount to be collected beginning May 2009

Date: 12 months actual**Date: 12 months actual**

1	380.12 Rents	\$0	\$35,132,630	\$0	\$0	\$35,132,630	\$35,132,630
2	380.13 Services	\$0	\$9,658,514	\$0	\$0	\$9,658,514	\$9,658,514
3	TOTAL Balance	\$0	\$44,791,144	\$0	\$0	\$44,791,144	
4	2008 380.12 Rents	\$0	\$0	\$0	\$133,639	\$2,370,838	\$3,385,365
5	2008 380.13 Service Lines	\$0	\$0	\$0	\$572,065	\$982,768	\$1,571,008
6	TOTAL Additions	\$0	\$0	\$0	\$781,639	\$3,353,704	\$5,116,373
7	Rents Cumulative Balance	\$0	\$0	\$0	\$133,639	\$2,370,838	\$2,504,477
8	Service Lines Cumulative Balance	\$0	\$0	\$0	\$572,065	\$982,768	\$1,571,008
9	Total Cumulative Plant Additions	\$0	\$0	\$0	\$781,639	\$3,353,704	\$5,116,373

Bethesda R-3

Data: 12 months actual

1	380.12 Risers	\$0	\$0	\$0	\$0	\$0	\$0
2	380.13 Services	\$0	\$0	\$0	\$0	\$0	\$0
3	TOTAL Balance	\$0	\$0	\$0	\$0	\$0	\$0
4	2006 380.12 Risers	\$0	\$0	\$0	\$0	\$0	\$0
5	2008 380.13 Services	\$0	\$0	\$0	\$0	\$0	\$0
6	2008 TOTAL Cost of Removal	\$0	\$0	\$0	\$0	\$0	\$0
7	Risers Cumulative Cost of Removal	\$0	\$0	\$0	\$0	\$0	\$0
8	Service Lines Cumulative Cost of Removal	\$0	\$0	\$0	\$0	\$0	\$0
9	TOTAL Cumulative Cost of Removal	\$0	\$0	\$0	\$0	\$0	\$0

Schedule M-BA

[illegible]

10 DEERBERD PLANT DEPRECIATION:									
11	Revers-Deferred Depreciation								
12	Service Lease-Deferred Depreciation								
13	Amortization								
14	Accumulative Balance								

ANNUALIZED DEFERRED PLANT DEPRECIATION AMORTIZATION

Quantitative Deferred Depreciation-Fltlers	\$250,243	
Quantitative Deferred Depreciation-Services	\$85,550	
TOTAL Quantitative Deferred Plant Depreciation	\$335,793	
Depreciation Rate		3.20%
Annualized Deferred Plant Depreciation Amount		\$10,445

Безопасность

[illegible][illegible]

ANNUALIZED DEFERRED PRICE DEPRECIATION AMORTIZATION:

16	Cumulative PISC Additions-Risks	\$483,258
17	Cumulative PISC Additions-Risks	\$134,181
18	TOTAL Cumulative PISC Additions	\$617,421
19	Depreciation Rate	3.20%
20	Annualized Depreciation	\$19,265

Cumulative Deferred Depreciation-Fluors	\$2,403
Cumulative Deferred Depreciation-Service	\$771
TOTAL Cumulative Deferred Depreciation	\$3,174
Depreciation Rate	3.20%
Annualized Deferred Escrow/Amortization	\$92

Schedulable R-0

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
0	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

7	Risers Cumulative PISCC
8	Service Lines Cumulative PISCC
9	TOTAL Accumulated PISCC

10 CAPITALIZED PISC:

[illegible]

10	<u>SALES TAX DEFERRED</u>
11	Rights-Deferred PISCC
12	Service Lines-Deferred PISCC
13	Amortization-Deferred PISCC
14	Cumulative Balance PISCC

[illegible]

**Columbia Gas of Ohio, Inc.
Infrastructure Tracking Mechanism - Riser Program
Case No. 09-0008-GA-UNC
Annualized Property Tax Expense Calculation**

Data: 12 months actual

1	Annual Investment as of December 31 of prior year ⁽¹⁾	\$45,392,565	\$0	\$0	\$0	\$0
2	Percent Good ⁽²⁾	98.30%	98.30%	98.30%	98.30%	98.30%
3	Taxable Value	\$44,620,891	\$0	\$0	\$0	\$0
4	Valuation Percentage	25.00%	25.00%	25.00%	25.00%	25.00%
5	Total Taxable Value	\$11,155,223	\$0	\$0	\$0	\$0
6	Average Property Tax Rate per \$1,000 of Valuation	\$66.77	\$87.78	\$88.74	\$88.72	\$90.70
7	Property Tax	\$987,939	\$0	\$0	\$0	\$0

⁽¹⁾ Annual Investment = Plant Additions + PISOC Additions - Original Cost Retired

(2) Columbia's Annual Report, Schedule C - 30 Year Class Life Distribution Plant

[illegible]

Columbia Gas of Ohio, Inc.
Infrastructure Tracking Mechanism - Riser Program
Case No. 09-0008-GA-UNC
Deferred Tax - Liberalized Depreciation

Data: 12 months actual

Schedule R-8

1 Plant Additions	44,791,144	-	-	-	-	-
2 PISCC Additions	601,421	-	-	-	-	-
3 TOTAL Additions	45,392,565	-	-	-	-	-

4 Depreciation Expense-Plant	\$378,399	\$0	\$0	\$0	\$0	\$0
5 Amortization Expense - PISCC	\$0					
6 TOTAL Book Depn/Amort	\$378,399	\$0	\$0	\$0	\$0	\$0

7 MACRS Depn/Amort (Calculated Below) \$2,269,628

8 Difference between Book Depn & Tax Depn (\$1,893,229)

9 Federal Income Tax Rate 35% 35% 35% 35% 35% 35%

10 Deferred Taxes (\$662,530) \$0 \$0 \$0 \$0 \$0

11	2006	\$2,269,628	\$2,269,628
12	2009	\$4,312,294	\$4,312,294
13	2010	\$3,681,064	\$3,681,064
14	2011	\$3,495,227	\$3,495,227
15	2012	\$3,145,706	\$3,145,706
16	2013	\$2,827,957	\$2,827,957
17	2014	\$2,678,161	\$2,678,161
18	2015	\$2,678,161	\$2,678,161
19	2016	\$2,682,701	\$2,682,701
20	2017	\$2,678,161	\$2,678,161
21	2018	\$2,682,701	\$2,682,701
22	2019	\$2,678,161	\$2,678,161
23	2020	\$2,682,701	\$2,682,701
24	2021	\$2,678,161	\$2,678,161
25	2022	\$2,682,701	\$2,682,701
26	2023	\$1,339,081	\$1,339,081
27	2024	\$0	\$0
28	2025	\$0	\$0
	TOTAL	\$45,392,565	\$45,392,565

Columbia Gas of Ohio, Inc.
Infrastructure Tracking Mechanism - Riser Program
Case No. 89-0882-GA-JHC
O&M Expenses

Schedule M-9

Date: 12 months actual

1 O&M Expenses
2 Recovery
3 Ending Balance

\$5,164,926	\$1,569,987	\$0	\$0	\$0	\$6,734,923
\$0	(\$2,970,859)	(\$1,732,108)			(\$4,702,967)
\$5,164,926	(\$1,400,882)	(\$1,732,108)	\$0	\$0	\$2,031,955

\$0 owed

2008 Expenses:
4 Riser Identification Costs
5 Riser Education Costs
6 Misc. Riser Deferrals
7 TOTAL

\$216,706	\$264,308	\$80,808	\$150,402	\$207,707	\$70,446	\$20,287	\$27,567	\$7,240	\$13,317	\$3,983	\$7,500	\$1,008,768
\$0	\$0	\$142	\$1,827	\$47,500	\$189,387	\$183,883	\$18,848	\$0	\$440	\$0	\$0	\$391,817
\$0	\$0	\$0	\$0	\$0	\$0	\$59,028	\$5,957	\$0,737	\$0	\$4,933	\$0	\$79,414
\$246,706	\$264,308	\$80,750	\$162,229	\$255,207	\$238,813	\$253,208	\$31,862	\$17,037	\$13,767	\$8,916	\$7,500	\$1,569,987

2008:
8 Beginning Balance
9 Recovery
10 Unrecovered prior year balance

\$5,164,926	\$5,164,926	\$5,164,926	\$5,164,926	\$5,164,926	\$5,164,926	\$4,326,308	\$4,326,308	\$3,904,708	\$3,485,006	\$3,060,536	\$2,628,643
\$0	\$0	\$0	\$0	\$0	\$0	(\$838,618)	(\$421,892)	(\$419,700)	(\$494,471)	(\$431,992)	(\$494,678)
\$5,164,926	\$5,164,926	\$5,164,926	\$5,164,926	\$5,164,926	\$5,164,926	\$4,326,308	\$4,326,308	\$3,904,708	\$3,485,006	\$3,060,536	\$2,628,643

2009 Estimated Recoveries:
11 Beginning Balance
12 Recovery
13 Unrecovered prior year balance

\$2,184,987	\$1,781,423	\$1,327,812	\$894,390
(\$452,644)	(\$433,612)	(\$433,432)	(\$432,421)
\$1,731,423	\$1,327,812	\$894,390	\$461,969

Estimated Recoveries:
14 January 2009
15 February
16 March
17 April

Customers	Recovery	Actual
1,448,373	\$0.30	\$432,644
1,444,772	\$0.30	\$433,432
1,441,404	\$0.30	\$432,421

Columbia Gas of Ohio, Inc.
Case No. 08-0006-GA-UNC
Computation of Projected Impact per Customer
For Rates Effective May 2009

Schedule R-10A



1	TOTAL REVENUE REQUIREMENT	Sch R-1	\$9,362,835
2	Allocated Plant in Service per Case No. 08-0072-GA-AIR ⁽¹⁾		
3	SGS Class		\$473,882
4	GS Class		\$15,515
5	TOTAL		<u>\$489,397</u>
6	Percent by Class		
7	SGS Class	Line 3/Line 5	96.83%
8	GS Class	Line 4/Line 5	3.17%
9	TOTAL		<u>100.00%</u>
10	Revenue Requirement Allocated to Each Class		
11	SGS Class	Line 7 - Line 1	\$9,066,012
12	GS Class	Line 8 - Line 1	\$296,823
13	TOTAL Revenue Requirement		<u>\$9,362,835</u>
14	Number of Actual 2008 Bills		
15	SGS Class		16,611,315
16	GS Class		520,101
17	TOTAL number Actual Annual Bills		<u>17,131,416</u>
18	PROJECTED IMPACT PER MONTH - SGS CLASS		\$0.55
19	PROJECTED IMPACT PER MONTH - GS CLASS		\$0.57

⁽¹⁾ Source Schedule E-3.2-1 per Case No. 08-0072-GA-AIR, Allocated Plant in Service for Distribution Plant Account 380, Services

**Columbia Gas of Ohio, Inc.
Case No. 08-0006-GA-UNC
Alternate Computation of Projected Impact per Customer
For Rates Effective July 2009**

Schedule R-10B

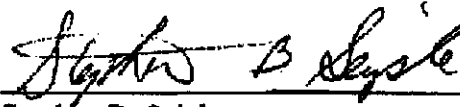


1	TOTAL REVENUE REQUIREMENT	Sch R-1	\$9,362,835
2	Allocated Plant in Service per Case No. 08-0072-GA-AIR ⁽¹⁾		
3	SGS Class		\$473,862
4	GS Class		\$15,515
5	TOTAL		\$489,397
6	Percent by Class		
7	SGS Class	Line 3/Line 5	96.83%
8	GS Class	Line 4/Line 5	3.17%
9	TOTAL		100.00%
10	Revenue Requirement Allocated to Each Class		
11	SGS Class	Line 7 * Line 1	\$9,068,012
12	GS Class	Line 8 * Line 1	\$296,823
13	TOTAL Revenue Requirement		\$9,362,835
14	Number of Actual Bills 10 months 2008		
15	SGS Class		13,853,667
16	GS Class		416,814
17	TOTAL number Actual Annual Bills		14,270,481
18	PROJECTED IMPACT PER MONTH - SGS CLASS		\$0.65
19	PROJECTED IMPACT PER MONTH - GS CLASS		\$0.71

⁽¹⁾ Source Schedule E-3.2-1 per Case No. 08-0072-GA-AIR, Allocated Plant in Service for Distribution Plant Account 380, Services

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Application of Columbia Gas of Ohio, Inc. was served upon all parties of record by regular U. S. mail this 27th day of February 2009.



Stephen B. Seiple

Attorney for

COLUMBIA GAS OF OHIO, INC.

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FILE

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**BEFORE
THE PUBLIC UTILITIES COMMISSION**

In the Matter of the Annual Application of)
Columbia Gas of Ohio, Inc. for an Adjustment to)
Rider IRP and Rider DSM Rates)

PUCO
Case No. 09-0006-GA-UNC

**STATEMENT OF COLUMBIA GAS OF OHIO, INC.
RELATING TO STAFF AND INTERVENOR COMMENTS**

By Entry dated April 6, 2009, the Public Utilities Commission of Ohio ("Commission") directed Columbia Gas of Ohio, Inc. ("Columbia") to file a statement, informing the Commission whether the issues raised in the comments of Staff and intervenors have been resolved. In this Statement Columbia addresses this Commission directive.

The Commission Staff ("Staff") and the Office of the Ohio Consumers' Counsel ("OCC") filed comments on May 15, 2009. Both the Staff and the OCC Comments identified several concerns about portions of Columbia's Application in this docket.

The parties have engaged in discussions of the issues raised in the Comments, and have reached an agreement in principle that would resolve all of said issues. The parties are currently engaged in drafting a stipulation and agreement to finalize their agreement and reduce it to writing.


Columbia requests that the June 2, 2009 hearing go forward as scheduled so that the parties can introduce exhibits and provide the Attorney Examiner with an update on the drafting of a stipulation and agreement (if it has not been filed before the hearing).

Columbia shared a draft of this Statement with the parties prior to its filing, and to the best of Columbia's knowledge, no party disagrees with the substance of this Statement.

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Respectfully submitted,

COLUMBIA GAS OF OHIO, INC.


By: 
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Stephen B. Seiple, Assistant General Counsel
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Attorneys for
COLUMBIA GAS OF OHIO, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Statement of Columbia Gas of Ohio, Inc. was served upon all parties of record by email this 22nd day of May 2009.



Stephen B. Seiple
Attorney for
COLUMBIA GAS OF OHIO, INC.

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PUCO

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors
Columbia Gas of Ohio, Inc.
Columbus, Ohio 43215

Case No. 09-0006-GA-UNC

We have performed the procedures enumeration below, which were agreed to by Columbia Gas of Ohio, Inc. (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO") solely to assist you in evaluating the Company's compliance with the terms outlined by the PUCO in accounting for the Accelerated Mains Replacement Program (the "AMRP") costs from January 1, 2008 through December 31, 2008 in conjunction with the Public Utilities Commission of Ohio's Case No. 08-0072-GA-AIR. The Company's management is responsible for compliance with accounting for the AMRP costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Accounting for the AMRP Costs

1. Proved the mathematical accuracy of Schedules AMRP-1 through AMRP-10 included in the Company's February 27, 2009 filing made in accordance the terms of the Amended Joint Stipulation and Recommendation filed in Case No. 08-0072-GA-AIR on October 24, 2008 that summarizes AMRP activity by month, for the term of the period covered by filing.
2. Performed the following on the specific balances included in Schedule AMRP-2:
 - a. Compared the Total Cumulative Mains and Service Lines Plant Additions as of December 31, 2008 to supporting detail provided by the Company's accounting personnel.
 - b. Randomly selected 8 monthly charges from the supporting detail schedule obtained in 2.a. From each monthly charge, sub-selected one individual charge and compared the charge selected to approved job orders, approved time sheets and third party invoices.
 - c. Compared the Total Cumulative Meter Move Out Plant Additions as of December 31, 2008 to supporting detail provided by the Company's accounting personnel. Meter

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Member of
Deloitte Touche Tohmatsu

Move Out additions were calculated using 2008 actual Meter Move Out additions less the three-year average Meter Move Out additions from 2005 through 2007.

- i. Recalculated the three-year average Meter Move Out additions provided by Company's accounting personnel.
 1. Agreed the 2005 through 2007 additions included in the three-year average to supporting detail.
 - ii. From detail of 2008 charges obtained in 2.c., randomly requested 2 charges and compared the charge selected to approved job orders, approved time sheets and third party invoices.
3. Performed the following on the specific balances included in Schedule AMRP-3:
 - a. Compared the Total Cost of Removal as of December 31, 2008 to supporting detail provided by the Company's accounting personnel.
 - b. Randomly selected 5 monthly charges from the supporting detail schedule obtained in 3.a. From each monthly charge, sub-selected one individual charge and compared the charge selected to approved job orders, approved time sheets and third party invoices.
4. Performed the following on the specific balances included in Schedule AMRP-4:
 - a. Compared the Total Plant Retirements as of December 31, 2008 to supporting detail provided by the Company's accounting personnel.
 - b. Randomly selected 5 monthly charges from the supporting detail schedule obtained in 4.a. From each monthly charge, sub-selected one individual charge and obtained the date of retirement for the associated asset(s) along with the date of closure for the associated retirement work order.
5. Performed the following on the specific balances included in Schedule AMRP-5:
 - a. Compared the Depreciation Rate to the latest approved Company depreciation study approved in the most recent Company rate case.
6. Performed the following on the specific balances included in Schedule AMRP-6:
 - a. Compared the rate used to calculate monthly Post In-Service Carrying Charges (PISCC) for May through December 2008 to the calculation of Weighted Average Cost of Debt provided by the Company's Financial Planning personnel. Proved the mathematical accuracy of the calculation of the Weighted Average Cost of Debt.
7. Performed the following on the specific balances included in Schedule AMRP-7:
 - a. Compared the "Percent Good" used to calculate Taxable Value to a schedule provided by NiSource income tax accounting personnel.
 - b. Compared the Valuation Percentage used to calculate Total Taxable Value to a schedule provided by NiSource income tax accounting personnel.

- c. Compared the "Average Property Tax Rate per \$1,000 of Valuation" to a schedule provided by NiSource income tax accounting personnel.
8. Performed the following on the specific balances included in Schedule AMRP-8:
- a. Compared the amount of depreciation calculated under the Modified Accelerated Cost Recovery System (MACRS) to detail provided by NiSource income tax accounting personnel.
9. Performed the following on the specific balances included in Schedule AMRP-9:
- a. Compared the Total 2008 Expenses to supporting detail provided by Company accounting personnel.
 - b. From the detail provided by the Company's accounting personnel in 9.a., selected 3 individual charges included in the schedule and compared to approved job orders, approved time sheets and third party invoices.
 - c. Obtained detail of O&M Savings calculation from Company's accounting personnel.
 - i. Recalculated O&M Savings. O&M savings is calculated as 2008 actual expense compared to test year expense.
 - ii. Agreed 2008 actual expense to the general ledger.
 - iii. Agreed test year expense to detail provided by Company's accounting personnel.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Company, the PUCO, and is not intended to be, and should not be, used by anyone other than these specified parties.

DeBitt; Touche LLP

March 31, 2009

FILE

Columbia Exhibit No. 3

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of)	
Columbia Gas of Ohio, Inc. for an Adjustment)	Case No. 09-0006-GA-UNC
to Rider IRP and Rider DSM Rates)	

**PREPARED DIRECT TESTIMONY
OF STEPHANIE D. NOEL
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

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February 27, 2009

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**PREPARED DIRECT TESTIMONY
OF STEPHANIE D. NOEL**

1 Q. Please state your name and business address.

2 A. Stephanie D. Noel, 200 Civic Center Drive, Columbus, Ohio 43215.

3
4 Q. By who are you employed?

5 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia").

6
7 Q. Will you please state briefly your educational background and experience?

8 A. I graduated from The Ohio State University in 1994 with a Bachelor of Science in
9 Business Administration degree. I joined the accounting firm Arthur Andersen as an
10 auditor in 1994, and became a licensed CPA in 1995. I began my career with Columbia in
11 1996 as a Senior Accounting Analyst and have held positions with NiSource Corporate
12 Services Company and Columbia of increasing responsibility within the General
13 Accounting, Finance, Regulatory Accounting departments and most recently Regulatory
14 Affairs. In July 2007, I assumed my current position, Director, Regulatory Affairs.

15
16 Q. What are your job responsibilities as Director, Regulatory Affairs?

17 A. As director of Regulatory Affairs, my primary responsibilities include the planning,
18 supervision, preparation and support of all Columbia's regulatory filings before the
19 Public Utilities Commission of Ohio ("Commission"). These responsibilities include the
20 preparation of exhibits, proposed tariff changes and testimony filed by Columbia in
21 support of the Infrastructure Replacement Program "IRP" rider proposed by Columbia in
22 this case.

1 Q. Have you previously testified before this Commission?

2 A. Yes. I previously testified in Case No. 08-0072-GA-AIR, et al.

3

4 Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to explain the schedules filed by Columbia in this
6 proceeding on February 27, 2009 and support the reasonableness of Columbia's request for
7 an adjustment of Columbia's Rider IRP rates.

8

9 EXPLANATION OF SCHEDULES:

10 Q. Are you familiar with the Stipulation and Recommendation ("Stipulation") filed with the
11 Commission on October 24, 2008, and approved by the Commission in its Opinion and
12 Order ("Order") dated December 3, 2008, in Case Nos. 08-0072-GA-AIR et al.?

13 A. Yes.

14

15 Q. Please describe Rider IRP.

16 A. Rider IRP consists of three components. The first component will recover the costs
17 associated with the replacement of natural gas risers that are prone to failure, along with the
18 costs associated with the installation, maintenance, repair and replacement of customer
19 service lines that have been determined to present an existing or probable hazard to persons
20 and property.

21 The second component will recover the costs associated with Columbia's
22 Accelerated Mains Replacement Program ("AMRP"). Under the AMRP, Columbia plans to

1 replace approximately 4,000 miles of priority pipe and an estimated 350,000 to 360,000
2 metallic service lines over a period of approximately 25 years.

3 The third component will recover the costs associated with Columbia's installation
4 of Automatic Meter Reading Devices ("AMRD") on all residential and commercial meters
5 served by Columbia over approximately five years, beginning in 2009.
6

7 Q. What costs are included in the annualized IRP revenue requirement calculations?

8 A. The Order provides for the recovery of return on and return of Columbia's capitalized
9 AMRP, Riser and AMRD investments in addition to the related costs such as program
10 operating expenses and deferred expenses.
11

12 Q. What types of IRP related costs are capitalized and included in rate base?

13 A. Contract labor and associated expenses, materials and supplies, internal labor and associated
14 overheads, and AFUDC are included in rate base as the associated projects are placed in
15 service. Post-in-service carrying costs ("PISCC") are also capitalized and are calculated
16 based on IRP gas plant in service using the annual 2008 weighted cost of debt rate of
17 5.76%. The cumulative capitalized additions made during 2008 were included in rate base.
18

19 Q. What types of IRP related deferred expenses are included in rate base?

20 A. Depreciation expense on the IRP capitalized investments is deferred beginning with the
21 month the plant goes in service until Columbia begins earning a return on its investment
22 through rates. Depreciation expense on the IRP capitalized PISCC is deferred beginning

1 with the month the PISCC is capitalized until Columbia begins earning a return on its
2 investment through rates. Beginning with January 2009, property tax expense was incurred
3 on the IRP capitalized investments made during the calendar year 2008. As a result,
4 property tax was deferred beginning in January 2009 and will continue until Columbia
5 begins recovering these expenses through rates. The cumulative deferred expenses recorded
6 during calendar year 2008 have been included as part of rate base in this filing. Those
7 deferred expenses recorded during calendar year 2009 will not be included in rate base until
8 the next annual IRP proceeding.

9
10 Q. Are there any other components included in rate base?

11 A. Yes. The accumulated reserve for depreciation is subtracted from cumulative gross plant
12 additions and the net deferred income tax on liberalized depreciation is also included in rate
13 base.

14
15 Q. What types of IRP-related operating expenses are included in the revenue requirement
16 calculation?

17 A. Annualized depreciation, annualized PISCC depreciation, and annualized property taxes are
18 based on the cumulative capitalized additions for the calendar year ended December 2008.
19 Annualized deferred depreciation amortization, annualized deferred depreciation on PISCC
20 amortization, and deferred property tax amortization, based on the December 2008 balance
21 in each of the respective deferred expense accounts, are also included. Finally, operation

1 and maintenance ("O&M") expenses and O&M savings related to the IRP programs are
2 included.

3
4 Q. What types of O&M expenses are included in the IRP revenue requirement calculations?

5 A. Expenses incurred to educate customers on the various IRP programs and riser survey and
6 investigation expenses are included in the IRP revenue requirement calculations. For
7 purposes of this filing, customer educational materials were primarily developed and in
8 some cases distributed by outside vendors. Riser survey and investigation audits completed
9 by contract labor were included as O&M expense, as well as the temporary labor used to
10 process the survey results. Postage charges attributable to customer education mailings were
11 also included as deferred O&M expense.

12
13 Q. What is the basis for including all of the items described in the paragraphs above in the
14 development of the revenue requirement?

15 A. Each item included in the revenue requirement is a prudent, necessary, business related
16 expense directly resulting from the implementation of the IRP.

17
18 Q. What schedules did Columbia file in support of its proposed Rider IRP rate?

19 A. As part of its Application filed at the same time as this testimony, Columbia filed the
20 following schedules:

Schedule/Exhibit	Description
Attachment A-1	Summary of Rates by Class - Effective May 2009
Attachment A-2	Alternate Summary of Rates by Class - Effective July 2009

Attachment B	Proposed Rate Schedules
Attachment C	Audit Report on Riser Costs
Attachment D	Proposed Newspaper Notice
Attachment E-1	Typical Bill Comparison – Effective May 2009
Attachment E-2	Typical Bill Comparison – Effective July 2009
Schedule AMRP-1	AMRP Calculation of Revenue Requirement
Schedule AMRP-2	AMRP Plant Additions by Month
Schedule AMRP-3	AMRP Cost of Removal by Month
Schedule AMRP-4	AMRP Original Cost Retired by Month
Schedule AMRP-5A	AMRP Provision for Depreciation
Schedule AMRP-5B	AMRP Provision for PISCC Depreciation
Schedule AMRP-6	AMRP Post in Service Carrying Cost
Schedule AMRP-7	AMRP Annualized Property Tax Expense Calculation
Schedule AMRP-8	AMRP Deferred Tax-Liberalized Depreciation
Schedule AMRP-9A	AMRP O&M Expenses
Schedule AMRP-9B	AMRP O&M Savings
Schedule AMRP-10A	AMRP Computation of Projected Impact Per Customer
Schedule AMRP-10B	AMRP Alternate Computation of Projected Impact Per Customer
Schedule R-1	RISER Calculation of Revenue Requirement
Schedule R-2	RISER Plant Additions by Month
Schedule R-3	RISER Cost of Removal by Month
Schedule R-4	RISER Original Cost Retired by Month
Schedule R-5A	RISER Provision for Depreciation
Schedule R-5B	RISER Provision for PISCC Depreciation
Schedule R-6	RISER Post in Service Carrying Cost
Schedule R-7	RISER Annualized Property Tax Expense Calculation
Schedule R-8	RISER Deferred Tax-Liberalized Depreciation
Schedule R-9	RISER O&M Expenses
Schedule R-10A	RISER Computation of Projected Impact Per Customer
Schedule R-10B	RISER Alternate Computation of Projected Impact Per Customer

1

2 Q. According to the Order, what information should be included in the annual pre-filing
3 notice?

4 A. The Order states that each year's pre-filing notice will contain estimated schedules for the
5 Rider IRP to become effective the following May 1.

6

1 Q. How are the schedules included in Columbia's January 2, 2009 pre-filing notice of intent
2 ("Notice of Intent") different from the updated schedules filed in this proceeding on
3 February 27, 2009?

4 A. The schedules included in Columbia's Notice of Intent contained a combination of
5 estimated and actual calendar year 2008 data. The AMRP schedules were primarily based
6 on estimated data and the Riser schedules contained eleven months of actual data and one
7 month of estimated data. The schedules filed February 27, 2009 contain twelve months of
8 actual 2008 data.

9
10 Q. Does your testimony support the estimated data?

11 A. No. My testimony supports the actual data filed in this proceeding on February 27, 2009
12 because the actual data is what supports the Rider IRP rate calculated on Attachments A-1
13 and A-2 that will ultimately be billed to customers.

14
15 Q. What is the source for the actual data shown on these schedules?

16 A. Generally, the information came from either the General Ledger or the supporting sub-
17 ledgers of Columbia. When data came from another source, it was indicated on the
18 appropriate schedule or elsewhere in this testimony.

19
20 Q. Would you please provide a brief explanation of each of the schedules?

1 A. Attachment A-1 computes the proposed combined IRP rate by customer class derived over
2 a twelve month recovery period. The combined rate includes the AMRP rate calculated on
3 Schedule AMRP-10A and the riser rate calculated on Schedule R-10A.
4 Attachment A-2 computes the proposed combined IRP rate by customer class derived over
5 a shortened ten-month recovery period. The combined rate includes the AMRP rate
6 calculated on Schedule AMRP-10B and the riser rate calculated on Schedule R-10B. I
7 explain the reason for this shortened recovery period later in my testimony.
8 Attachment B details the rate schedules that Rider IRP applies to.
9 Attachment C is a copy of the audit report on riser costs.
10 Attachment D is Columbia's proposed newspaper notice.
11 Attachment E-1 compares typical bills for each rate schedule between current rates and the
12 proposed Rider IRP rates that would be implemented May 2009.
13 Attachment E-2 compares typical bills for each rate schedule between current rates and the
14 proposed Rider IRP rates under an alternate approach that would be implemented July
15 2009.
16 AMRP-1 summarizes the underlying data, which is detailed on supporting schedules
17 AMRP-2 through AMRP-9B, and details the calculation of the annualized revenue
18 requirement for the AMRP program. Each of the rate base components is based on the
19 cumulative AMRP investment made by Columbia during the calendar year ended
20 December 31, 2008. The Order authorizes the pre-tax rate return on rate base of 10.95%,
21 which is shown on Line 17.

1 AMRP-2 details the monthly AMRP plant additions for each month of 2008. The AMRP
2 plant additions are capitalized at Columbia's actual cost of replacement where the work is
3 performed by Columbia or its contractor

4 AMRP-3 details the monthly cost of removal for each month of 2008.

5 AMRP-4 details the original cost retired by each month during 2008. Although the
6 retirements do not have an impact on the net rate base because the impact of retirements is
7 reflected in determination of both cumulative plant in service and cumulative reserve for
8 depreciation, these retirements will result in a reduction in depreciation expense and
9 property taxes as recognized on Schedules AMRP -5A and AMRP-7.

10 AMRP-5A calculates the 2008 monthly and cumulative provision for depreciation and
11 deferred depreciation. It also calculates the annualized provision for depreciation expense
12 and the annualized deferred depreciation amortization based on the cumulative AMRP plant
13 in service balance and the cumulative deferred depreciation balance as of December 31,
14 2008. The depreciation rates used were those most recently approved by the Commission.

15 AMRP-5B calculates the 2008 monthly and cumulative provision for depreciation on
16 PISCC. This schedule also calculates the annualized deferred PISCC amortization and
17 annualized PISCC depreciation expense based on the cumulative balances of deferred
18 PISCC depreciation and capitalized PISCC additions as of December 31, 2008.

19 AMRP-6 details the capitalized PISCC associated with AMRP additions for each month of
20 2008. The PISCC rate, 5.76%, that was used on Schedule AMRP-6 was calculated using
21 Columbia's actual weighted cost of debt for 2008.

1 AMRP-7 details the annualized property tax expense based on the December 31, 2008 plant
2 in service additions, PISCC additions, cost of removal and retirements to plant in service.
3 This calculation follows the process used in Columbia's Annual Report to the Ohio
4 Department of Taxation to determine the Net Property Valuation and uses the latest
5 estimated average property tax rate per \$1,000 of valuation. It reflects the ongoing property
6 tax that Columbia will incur during the twelve months that the IRP rate is in effect.

7 AMRP-8 provides the calculation of deferred taxes on liberalized depreciation for vintage
8 year 2008.

9 AMRP-9A details AMRP customer education O&M expenses by month.

10 AMRP-9B details savings attributable to the AMRP. The Stipulation states that Columbia's
11 annual rider IRP filing shall contain a comparison of that year's FERC Account 874 –
12 Mains & Services Expense; FERC Account 887 – Mains Expense; and FERC Account 892
13 – Services Expense against those same expenses for the test year (the twelve months ended
14 September 30, 2008). If that year's expense is lower than the test year amount, the
15 calculated savings should appear as a reduction to the revenue requirement. The actual
16 calendar year 2008 expenses for FERC accounts 874, 887 and 892 were greater than the test
17 year expense level for the same FERC accounts. As a result, no savings were included in
18 this proceeding.

19 AMRP-10A calculates the proposed monthly AMRP charge by first allocating the
20 annualized revenue requirement calculated on Schedule AMRP-1 by rate class based on the
21 gross plant in service for distribution plant account 376, Mains, as reported in the Class
22 Cost of Service Study filed as Schedule E-3.2-1 in Case No. 08-0072-GA-AIR. Next, the

1 cost per customer per month was developed by dividing the allocated revenue requirement
2 by the class specific total actual number of bills for the calendar year 2008.

3 AMRP-10B uses the same annualized revenue requirement and rate class allocation as used
4 in AMRP-10A. Alternatively, AMRP-10B computes the cost per customer per month using
5 ten months of total, actual 2008 bills rather than a full calendar year of customer bills.

6 R-1 summarizes the underlying data, which is detailed on the supporting schedules R-2
7 through R-9, and details the calculation of the annualized revenue requirement for the Riser
8 program. Each of the rate base components is based on the cumulative riser investment
9 made by Columbia during the calendar year ended December 31, 2008. The Stipulation
10 authorizes the pre-tax rate return on rate base of 10.95% shown on Line 17.

11 R-2 details the monthly riser plant additions for each month of 2008. The riser plant
12 additions are capitalized at Columbia's actual cost of replacement or repair where the work
13 is performed by Columbia or its contractor.

14 R-3 details the monthly cost of removal for each month of 2008.

15 R-4 details the original cost retired by each month during 2008. Although the retirements do
16 not have an impact on the net rate base because the impact of retirements is reflected in
17 determination of both cumulative plant in service and cumulative reserve for depreciation,
18 these retirements will result in a reduction in depreciation expense and property taxes as
19 recognized on Schedules R -5A and R-7.

20 R-5A calculates the 2008 monthly and cumulative provision for depreciation and deferred
21 depreciation. It also calculates the annualized provision for depreciation expense and the
22 annualized deferred depreciation amortization based on the cumulative riser plant in service

1 balance and the cumulative deferred depreciation balance as of December 31, 2008. The
2 depreciation rates used were those most recently approved by the Commission.

3 R-5B calculates the 2008 monthly and cumulative provision for depreciation on PISCC.
4 This schedule also calculates the annualized deferred PISCC amortization and annualized
5 PISCC depreciation expense based on the cumulative balances of deferred PISCC
6 depreciation and capitalized PISCC additions as of December 31, 2008.

7 R-6 details the capitalized PISCC associated with riser additions for each month of 2008.
8 The PISCC rate, 5.76%, that was used in Schedule R-6 was calculated using Columbia's
9 actual weighted cost of debt for 2008.

10 R-7 details the annualized property tax expense based on the December 31, 2008 plant in
11 service additions, capitalized PISCC additions, cost of removal, and retirements to plant in
12 service. This calculation follows the process used in Columbia's Annual Report to the Ohio
13 Department of Taxation to determine the Net Property Valuation and uses the latest
14 estimated average property tax rate per \$1,000 of valuation. It reflects the ongoing property
15 tax that Columbia will incur during the twelve months that the IRP rate is in effect.

16 R-8 provides the calculation of deferred taxes on liberalized depreciation for vintage year
17 2008.

18 R-9 details riser customer education and survey and investigation O&M expenses by month.

19 R-10A calculates the proposed monthly Riser charge by first allocating the annualized
20 revenue requirement calculated on Schedule R-1 by rate class based on gross plant in
21 service for distribution plant account 380, Services, as reported in the Class Cost of Service
22 Study filed as Schedule E-3.2-1 in Case No. 08-0072-GA-AIR. Next, the cost per customer

1 per month was developed by dividing the allocated revenue requirement by the class
2 specific total, actual number of bills for the calendar year ended 2008.

3 R-10B uses the same annualized revenue requirement and rate class allocation as used in R-
4 10A. Alternatively, R-10B computes the cost per customer per month using ten months of
5 total actual 2008 bills rather than a full calendar year of customer bills.

6
7 Q. How are the AMRP investment and associated costs categorized on each of the applicable
8 schedules?

9 A. The AMRP investment and associated costs are separately identified using the following
10 gas distribution plant sub-account numbers as classified in Columbia's plant accounting
11 system: 376.25 Mains, 380.25 Service Lines, and 382.25 Meter Move Out and
12 Appurtenances.

13
14 Q. How are the Riser investment and associated costs categorized on each of the applicable
15 schedules?

16 A. The Riser investment and associated costs are separately identified using the following gas
17 distribution plant sub-account numbers as classified in Columbia's plant accounting system:
18 380.12 Risers 380.13 Hazardous Service Lines.

19
20 Q. The amended Stipulation in Case 07-478-GA-UNC required Columbia to perform a true-up
21 of revenues collected with revenue estimated at the completion of each twelve-month
22 recovery period with any variances between actual and estimated to be recognized in a

1 subsequent rider IRP filing. Where did Columbia include a true-up of rider revenues
2 collected between July 2008 and April 2009 with estimated revenues?

3 A. This true-up was summarized on Schedule R-1, Line 28 as calculated on Schedule R-9,
4 Lines 8-13.

5
6 Q. Why are there no schedules supporting Columbia's investment in AMRDs?

7 A. The AMRD portion of the IRP program will not begin until 2009. Thus, there were no
8 AMRD expenses in 2008.

9
10 Q. The Order provided for meter reading savings to be passed back to customers through the
11 AMRD portion of Rider IRP. It states that each annual IRP filing shall contain a
12 comparison of that year's Meter Reading Expense (FERC Account 902) against the meter
13 reading expense for the test year in this case (the twelve months ended September 30,
14 2008). If that year's meter reading expense is lower than the test year amount, the savings
15 thus calculated should appear as a reduction to the revenue requirement. Have AMRD
16 savings been included in Columbia's Application in this proceeding?

17
18 A. No. 2008 AMRD savings have not been calculated or included in this proceeding because
19 Columbia will not begin its AMRD program until 2009, nor is Columbia seeking to
20 recover a revenue requirement related to AMRDs in this proceeding.

21 Q. Why did Columbia's include an alternate, accelerated recovery period as shown on
22 Attachment A-2?

1 A. The Order contemplates that the normal recovery period will be twelve months. However,
2 as mentioned in the Examiner's Entry in this proceeding issued on February 13, 2009,
3 Schedules AMRP-1 through AMRP-10 filed on January 2, 2009 contained primarily
4 estimated data. Columbia was unable to provide a large amount of actual AMRP data due to
5 the massive manual effort required to identify and segregate the costs associated with 2008
6 AMRP capital projects. As a result, the Examiner indicated that the procedure set forth in
7 the Stipulation should be modified, in order to allow Staff and the stipulating parties'
8 reasonable time to analyze and evaluate the data to be supplied by Columbia. The February
9 13 Entry indicates that Columbia's adjustment to its Rider IRP rate may not become
10 effective May 1, 2009, and Columbia wanted to illustrate the rate impact of shortening the
11 recovery period to ten months and provide an alternate recovery approach.

12
13 Q. Why were the costs of these AMRP projects not separately identifiable at the time of the
14 pre-filing?

15 A. The Stipulation provided that the first IRP pre-filing notice was to be made within 30 days
16 of the Commission's Order. The Order was not issued until December 3, 2008 and, as a
17 result, Columbia was unable to complete necessary IT programming changes quickly
18 enough to populate its first IRP pre-filing with any amount of actual 2008 data.

19
20 Q. Why are you recommending as an alternative a ten-month recovery period as opposed to
21 another alternate recovery period?

1 A. Due to the timing of the Commission's Order, Columbia filed its first IRP pre-filing notice
2 on January 2, 2009, which is later than the on-going annual procedure defined in the Order.
3 Furthermore, Columbia was unable to provide Staff actual AMRP data prior to February 27,
4 2009 for the reasons identified above. Based on these first year implementation issues,
5 adding two months to the Staff and stipulating parties' review time seems reasonable.
6

7 Q. Did Columbia incorporate actual data in the pre-filing made January 2, 2009?

8 A. Yes. As mentioned earlier in my testimony, Riser Schedules R-1 through R-10 filed January
9 2, 2009 contained eleven months actual data and one month projected data. In addition,
10 eleven months of actual data was available and provided on Schedule AMRP-9B.
11

12 Q. Why should the shortened ten-month recovery period be considered?

13 A. Shortening the recovery period over ten months beginning July 2009 and ending April 2010
14 will allow the procedural schedule defined in the Stipulation and approved by the Order to
15 be adhered to in future IRP proceedings, while still allowing Columbia to recover by May
16 2010 its authorized annual revenue requirement from this proceeding.
17

18 Q. What has Columbia done to ensure timely reporting of AMRP information in future
19 proceedings?

20 A. Significant IT and other process improvements are well underway and currently being
21 tested, which will allow Columbia to mechanically gather the data that will be included in
22 future IRP proceedings.

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Q. In future pre-filing notices, what type of data will be included?

A. Columbia will provide nine months actual data and three months forecasted data in future Notices of Intent. This allows Columbia time to compile the most recently available actual data per the General Ledger and supporting sub-ledgers and submit an accurate Notice of Intent, annually, each November.

Q. Does this adhere to the procedural schedule defined in the Order?

A. Yes.

Q. Does the combined revenue requirement detailed on Schedules R-1 and AMRP-1 exceed what was presented in Columbia's pre-filing?

A. No. Columbia is proposing a combined annualized revenue requirement of \$15,259,231 in the updated schedules supported by my testimony. This is actually less than the combined annualized revenue requirement of \$16,703,730 estimated on January 2, 2009.

Q. Attachment C is a copy of the Riser audit report. Has an audit been completed on the AMRP?

A. For the same reasons discussed above, the AMRP audit will not be completed until March 31, 2009. Columbia will file a copy of the audit report upon its completion. In future years, the AMRP audit report will be filed no later than February 28.

1 REASONABLENESS OF REQUESTED INCREASE

2 Q. Did Columbia agree to a Rider IRP rate cap for the Small General Service (SGS) class of
3 customers?

4 A. Yes. The cap mechanism defined in the Stipulation limits the IRP rate that becomes
5 effective May 1, 2009 to \$1.10 per SGS customer per month.
6

7 Q. Are Columbia's proposed rates within the permitted caps?

8 A. Yes. Columbia's proposed SGS class rate is \$0.81 per customer per month if recovery
9 begins in May 2009. Using the accelerated ten-month recovery period would result in a
10 proposed SGS class rate of \$0.96 per customer per month, which still is less than the SGS
11 agreed upon SGS class cap of \$1.10 per customer per month.
12

13 Q. Do you have an opinion regarding whether Columbia's request for Rider IRP is reasonable?

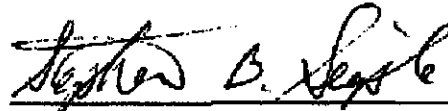
14 A. Yes, I believe Columbia's request to adjust its Rider IRP rate is fair and reasonable. I
15 believe that the costs of service are properly allocated to the appropriate customer classes
16 and the rate design was properly computed in accordance with the terms and conditions of
17 the Stipulation. Furthermore, the proposed rider IRP rates are within the rate cap established
18 in the Order.
19

20 Q. Does this complete your Prepared Direct Testimony?

21 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Direct Testimony of Stephanie D. Noel was served upon all parties of record by regular U.S. Mail this 27th day of February 2009.



Stephen B. Seiple
Attorney for
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FILE

Columbia Exhibit No. 4

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of)
Columbia Gas of Ohio, Inc. for an Adjustment)
to Rider IRP and Rider DSM Rates)

Case No. 09-0006-GA-UNC

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**PREPARED DIRECT TESTIMONY
OF DAVID A. ROY
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

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February 27, 2009

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**PREPARED DIRECT TESTIMONY
OF DAVID A. ROY**

1 Q. Please state your name and business address.

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

4

5 Q. By who are you employed and in what capacity?

6 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia"). My current title is Manager,
7 Field Engineering.

8

9 Q. What are your responsibilities as Manager, Field Engineering?

10 A. As Manager, Field Engineering, my principal responsibilities include overseeing the
11 identification, planning, and design of virtually all capital work for Columbia's gas
12 distribution system. I am also responsible for the development and monitoring of
13 Columbia's capital budget.

14

15 Q. What is your educational background?

16 A. I have a Bachelor of Science degree in Electrical Engineering from Purdue University, West
17 Lafayette, Indiana and a Master's degree in Business Administration from DePaul
18 University, Chicago, Illinois.

19

20 Q. Please briefly describe your professional experience?

21 A. I was originally employed by NiSource as an Associate Trainee in 1999 where I rotated
22 through various operating, engineering, and business departments to gain a broad

1 understanding of the company. In 2000 I accepted a position Northern Indiana Public
2 Service Company ("NIPSCO") Engineering department as a Distribution Project Engineer. I
3 was responsible for planning and designing natural gas and electric distribution systems. I
4 joined the NIPSCO Operations department in 2003 as a Construction & Maintenance
5 Supervisor and was later promoted to Service Commitment Supervisor in 2004. While in
6 these positions I had responsibilities including, but not limited to, overseeing electric line
7 and gas service crews, managing local new business work, overseeing annual gas and
8 electric compliance work, and developing the local capital budget. In 2006, I was promoted
9 to my current position of Manager, Field Engineering for Columbia.

10
11 Q. What is the purpose of your testimony?

12 A. The purpose of my testimony is to explain the management, engineering, and construction
13 practices of Columbia as they relate to the various components of Rider IRP, included in
14 this filing, for the 2008 calendar year.

15
16 Q. Please summarize Rider IRP and its components included in this filing.

17 A. Rider IRP is an infrastructure tracker which captures cumulative plant investment over a
18 specified period of time and provides for a return on and the return of all program costs. The
19 program components that make up Columbia's IRP are: (1) the Accelerated Main
20 Replacement Program ("AMRP"); (2) the riser replacement program and the replacement of
21 hazardous service lines; and, (3) the Automated Meter Reading Device ("AMRD")

1 program. Only components 1 and 2 are included in this filing; AMRD costs will be
2 addressed in the application to be filed in February 2010.

3
4 Q. Please describe the components of Rider IRP that are included in this filing.

5 A. Columbia's AMRP targets certain types of main for replacement over the course of 25
6 years. The types of gas main included in the AMRP are unprotected bare steel, cathodically
7 protected bare steel, unprotected coated steel, wrought iron, and cast iron. These types of
8 main ("Priority Pipe" or "Priority Main") typically have a greater probability to leak due to
9 their material type, protection, age, and other characteristics. Also included in the AMRP is
10 the replacement of all metallic service lines and associated appurtenances.

11 Columbia's riser replacement program was implemented to replace all of its Design-
12 A risers that are prone to failure if not properly installed. Columbia has identified
13 approximately 320,000 that need to be replaced. The program was established to orderly
14 and systematically replace these risers over the period of approximately three years. Along
15 with the risers, Columbia has also been required to take over the responsibility of all future
16 maintenance, repair, and replacement of customer-owned service lines that have been
17 determined by Columbia to present an existing or probable hazard to persons or property.

18
19 Q. Please summarize the performance of Columbia's 2008 Rider IRP.

20 A. For the 2008 AMRP, Columbia completed 289 projects associated with the retirement of
21 Priority Pipe for a total cost of approximately \$39.3 million. The total footage replaced for
22 each type of main is as follows:

1 Steel – 428,073'
2 Iron – 54,762'
3 Plastic – 37,690'

4 Also, in 2008, Columbia replaced 76,705 risers throughout the state for a total cost
5 of approximately \$35.1 million. Lastly, during 2008, Columbia replaced 8,047 hazardous
6 service lines for a total cost of approximately \$9.6 million.

7
8 Q. Why did Columbia retire plastic main in conjunction with this replacement program?

9 A. In the past, as Priority Pipe has failed or leaked, Columbia has replaced small sections with
10 plastic to eliminate the hazard. These, typically short sections of plastic main are scattered
11 throughout systems consisting primarily of Priority Pipe. As Columbia designs an
12 infrastructure replacement project and reviews the plastic sections of pipe located within the
13 project boundaries, Columbia evaluates whether it makes financial sense to either tie into
14 the existing plastic main or bypass and install all new main. Sometimes Columbia has no
15 choice in abandoning the plastic main due to the new main being relocated to a different
16 location.

17
18 Q. Has Columbia included the costs to replace the pieces of plastic main in this filing?

19 A. Yes. Columbia has included the costs of retiring any plastic main in conjunction with its
20 infrastructure replacement projects in this tracker.

21
22 Q. How did Columbia determine the mains to be replaced as part of the AMRP program in
23 2008?

1 A. For 2008, Columbia utilized three primary methods to select the mains to be replaced as
2 part of the AMRP program. The first method involved reviewing leak history to select areas
3 that have had a high degree of leakage in conjunction with pipe having a high risk factor
4 (i.e. population density, size and pressure of pipe). These are typically larger projects where
5 Columbia can capitalize on economies of scale to achieve a better price. The second method
6 involved identifying Priority Pipe with open leaks to retire sections of pipe posing current
7 risk. These projects were typically smaller and addressed pipe with known leaks. The third
8 method involved working with local and state governments to identify locations where
9 public improvement work was to occur. Columbia reviewed the plans and worked with the
10 governments to address risky pipe in areas soon to be improved. By collaborating together,
11 Columbia was able to retire risky pipe while at the same time reducing the chance of having
12 to disturb a newly paved road.

13
14 Q. Are the methods Columbia used to select mains to be replaced in 2008 going to be the same
15 going forward?

16 A. Going forward, Columbia will utilize methods similar to those used in 2008. However,
17 Columbia will also utilize an additional tool to help support the selection process. Columbia
18 has purchased and began utilizing Optimain DST™ to help evaluate and rank pipe segments
19 system-wide against a range of environmental conditions, risks, and economic factors.
20 Optimain DST™ is the industry's leading comprehensive decision support solution for
21 predictive failure analysis and risk assessment. Optimain DST™ is currently being used to
22 assist in developing and prioritizing future replacement projects.

Q. What are Columbia's construction plans for 2009?

A. Columbia expects to spend approximately \$103 million on the various components of Rider IRP in 2009. Columbia currently estimates it will spend approximately \$54.5 million on risers/hazardous service lines, \$8.3 million on AMRD, and \$41 million on replacing infrastructure. A current listing of Columbia's largest planned infrastructure projects is shown below.

Work Order Number	Location (Street and City)	Start date for construction	Expected In Service Date	Main Cost	Service/Meter Move-Out Cost	Estimated Total Costs
08-0113977-00	Heatherdowns Blvd., Toledo	2/23/2009	4/1/2009	\$ 214,153	\$ 32,870	\$ 247,023
08-0114059-00	Douglas/Ledyard, Toledo	2/16/2009	7/1/2009	\$ 735,181	\$ 1,484,819	\$ 2,200,000
08-0178372-01	Frost Alley, Mt. Vernon	2/20/2009	7/1/2009	\$ 448,641	\$ 14,000	\$ 462,641
09-0176435-00	Morningside Drive, Shelby	3/1/2009	11/1/2009	\$ 1,390,000	\$ 910,000	\$ 2,300,000
08-0072227-00	Lovers Lane, Steubenville	1/13/2009	9/1/2009	\$ 1,885,380	\$ 987,800	\$ 2,653,880
08-0129136-00	State/Standish/Dellwood, Parma	3/1/2009	10/1/2009	\$ 225,000	\$ 575,000	\$ 800,000
YTD	Ridgewood/Martin/Parkway, Zanesville	4/1/2009	10/1/2009	\$ 102,000	\$ 450,000	\$ 552,000
08-0086080-00	Linden Park, Columbus	1/19/2009	12/30/2009	\$ 1,900,000	\$ 2,800,000	\$ 4,700,000

Additional projects will be constructed throughout the year that involve Priority Pipe replacement. Many of these projects have either not yet been identified or involve third party coordination of which the schedules cannot be relied upon at this time. These projects will address existing hazards and/or eliminate risky pipe in conjunction with public works projects.

Q. Are there any other technologies that Columbia has invested in which improve efficiencies or reduce costs?

1 A. Yes, Columbia is in the final stages of implementing a new geographic information system
2 ("GIS") for all of Ohio. This tool in conjunction with our gas distribution models will assist
3 employees in evaluating the performance of a system.

4 Columbia has also contracted with a company named Envista to implement its map-
5 driven technology for 2009 and beyond. Envista's technology enables Columbia to manage
6 AMRP projects internally, but also introduces a new way to share maintenance and
7 construction projects and schedules with municipalities and other utilities working
8 concurrently in the "right of way." This capability translates into less digging in
9 neighborhoods and streets, and less disruptions for Ohio residents and commuters.

10
11 Q. Please describe Columbia's process for determining the resources to be used in conjunction
12 with the AMRP projects.

13 A. The majority of all Columbia's capital work is performed by contractors. However, local
14 Columbia employees do work on some smaller projects when they are available. Columbia
15 evaluates each project on a variety of criteria to determine who will perform the work.
16 Generally, any project with a total cost greater than \$500,000 is likely to be placed up for
17 bid. The majority of all work less than \$500,000 is given to our local "blanket" contractor to
18 be worked.

19
20 Q. Do the contractors working for Columbia use Ohio labor to perform the work?

21 A. Yes, many of the contractors use Ohio labor to perform the work. The majority of contractor
22 labor working on blanket projects lives within the state. A lesser percentage of those

1 working on projects that are bid would be from Ohio. This is expected in the early years of
2 the program as contracting companies bring in experienced employees to meet project goals
3 and to train new employees. Over time the dependency on non-Ohio labor should decrease
4 as the supply and demand for labor stabilizes.

5 As part of the Stipulation in Case No. 08-72-GA-AIR, et al., approved by the
6 Commission on December 3, 2008, Columbia agreed to encourage its AMRP contractors to
7 use their best efforts to retain Ohio labor to perform AMRP related services. Because the
8 AMRP program was not approved until December 2008, the vast majority of Columbia's
9 2008 AMRP projects were already complete. Columbia had also already bid those 2009
10 planned projects mentioned earlier. However, Columbia is working with contractors to
11 encourage them to use Ohio labor when possible, and will also report available labor
12 participation data in future filings.

13
14 Q. Please describe Columbia's process for determining the resources to be used for the
15 replacement of risers.

16 A. Columbia primarily contracts out the riser replacement work. This work was originally
17 placed out for bid to over 2,150 contractors and plumbers via electronic notices and direct
18 mail. Columbia received approximately 300 responses and evaluated them based upon
19 number of employees, capacity to perform the required volume of work, prior experience,
20 etc. Eleven pipeline contractors and nine plumbing contractors were invited to participate in
21 the bidding process. Ultimately four contractors were awarded bids for work in various
22 areas of the state.

1

2 Q. Do contractors typically replace Columbia's hazardous customer service lines?

3 A. Contractors do replace some hazardous service lines in a few locations, but the majority of
4 hazardous service lines are replaced by local Columbia employees.

5

6 Q. Did the various components included in this filing produce any significant benefits for
7 customers in 2008?

8 A. 2008 was considered a ramp up year for Columbia's AMRP. Although there may not be an
9 immediate net savings associated with O&M work attributed to it, Columbia was able to
10 retire distribution mains where it has habitually had to go in and dig up to repair the mains.
11 Large parts of more than twenty systems had their pressures elevated to medium pressure
12 which virtually eliminates the chance of water entering the lines and freezing meters off in
13 the winter. Also, customer safety has been improved significantly due to 76,705 prone to
14 fail risers and more than 8,047 hazardous service lines being replaced.

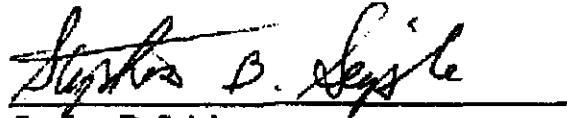
15

16 Q. Does this complete your Prepared Direct Testimony?

17 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Direct Testimony of David A. Roy was served upon all parties of record either by regular U.S. Mail this 27th day of February 2009.



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