

FILE

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Columbia Exhibit No. 7

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Application of)
Columbia Gas of Ohio, Inc. for an Adjust-) Case No. 10-2353-GA-RDR
ment to Rider IRP and Rider DSM Rates)

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

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April 7, 2011

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

INTRODUCTION

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

2 A: My name is Stephanie D. Noel and my business address is 200 Civic Center
3 Drive, Columbus, Ohio 43215.

4
5 **Q.** By whom are you employed and in what capacity?

6 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia") as Director,
7 Regulatory Policy.

8
9 **Q.** Are you the same Stephanie D. Noel who has previously filed testimony
10 in this proceeding?

11 A. Yes.

12
13 **Q.** What is the purpose of your Supplemental Direct Testimony in this pro-
14 ceeding?

15 A. I am supporting the Stipulation and Recommendation ("Stipulation") filed
16 in this case on April 7, 2011. I believe the Stipulation represents a fair and
17 reasonable compromise of the issues in these proceedings and that it should
18 be adopted and approved by the Public Utilities Commission of Ohio
19 ("Commission").

20
21 **THE STIPULATION**

22
23 **Q.** Please describe the Stipulation.

24 A. The Stipulation is a comprehensive settlement of all issues in this case. The
25 major provisions of the Stipulation include:

26 (1) a recommended Rider IRP revenue requirement of \$48.7 mil-
27 lion, which reflects a \$.3 million reduction to Columbia's application filed
28 February 28, 2011; and,

29 (2) a recommended Rider DSM revenue requirement of \$6.8 mil-
30 lion;

31
32 **Q.** Does the Stipulation satisfy the Commission's criteria for evaluating the
33 reasonableness of a stipulation?

34 A. Yes. The Stipulation satisfies each of the Commission's criteria for evaluating
35 the reasonableness of a stipulation: the Stipulation is the result of serious
36 bargaining among capable, knowledgeable parties; the Stipulation benefits

1 ratepayers and the public interest; and, the Stipulation does not violate any
2 important regulatory principle or practice.

3
4
5 **THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING AMONG CAPA-**
6 **BLE, KNOWLEDGEABLE PARTIES**

7
8 **Q. Do you believe the Stipulation filed in this case is the product of seri-**
9 **ous bargaining among knowledgeable parties?**

10 **A.** Yes. The Stipulation is the product of an open process in which all parties
11 were represented by able counsel and technical experts. There were exten-
12 sive negotiations. The Stipulation represents a comprehensive compro-
13 mise of the issues raised by parties with diverse interests. The signatory
14 parties have adopted it as a reasonable resolution of all of the issues. The
15 Stipulation recommended by the parties for adoption and approval by the
16 Commission is a fair, balanced and reasonable resolution of this proceed-
17 ing.

18 Each party to the Stipulation regularly participates in rate proceed-
19 ings and other regulatory matters before the Commission, and each party
20 was represented by similarly experienced and competent counsel.

21 A broad range of interests is represented by the parties including Co-
22 lumbia, the Staff of the Public Utilities Commission of Ohio ("Staff"), the Of-
23 fice of the Ohio Consumers' Counsel ("OCC") and Ohio Partners for Afford-
24 able Energy ("OPAE"). The negotiations were conducted based on thorough
25 analyses of Columbia's applications by the Staff, the OCC and OPAE.

26 As a result of these negotiations, the Stipulation provides that Co-
27 lumbia should be authorized to implement a revenue increase that is \$0.3
28 million lower than that requested in Columbia's application.

29
30 **Q. What were the major issues in this proceeding?**

31 **A.** Columbia, the Staff and the OCC had different positions concerning issues
32 regarding the costs related to the replacement of plastic pipe and the level of
33 AMRD inventory.

34
35 **Q. Does the Stipulation resolve these issues?**

36 **A.** Yes.

37
38 **Q. Were all parties to this case included in the negotiations that resulted in**
39 **the Stipulation?**

40 **A.** Yes.

1
2 **Q. Which parties have signed the Stipulation?**

3 A. In addition to Columbia, the Staff, the OCC and OPAE signed the Stipula-
4 tion.

5
6 **Q. Are there parties who are not part of the Stipulation?**

7 A. No.
8

9 **THE SETTLEMENT BENEFITS RATEPAYERS AND THE PUBLIC INTEREST**

10 **Q. Does the Stipulation, as a package, benefit ratepayers and the public in-**
11 **terest?**

12 A. Yes.
13

14 **Q. Will the Stipulation promote safety and reliability?**

15 A. Yes. Columbia invested approximately \$103 million in its natural gas dis-
16 tribution system since 2007 to replace its aging distribution system. This
17 will eventually result in fewer leaks, fewer outages and reduce the need to
18 excavate in roads and streets to make repairs. In addition, Columbia has
19 invested more than \$186 million since 2007 to begin resolving the safety
20 issues associated with prone-to-failure risers and hazardous customer ser-
21 vice lines through its systematic replacement program.
22

23 **Q. Will the Stipulation enhance customer service?**

24 A. Yes. First, the installation of AMRDs will eventually enable Columbia to
25 read meters on a monthly basis, instead of the bi-monthly schedule cur-
26 rently utilized. Full deployment of AMRDs in Columbia's Findlay and
27 Fremont operating areas resulted in the transition from bi-monthly to
28 monthly meter reading during 2010. Furthermore, the completion of full
29 deployment of AMRDs in Columbia's Toledo, Norwalk, and Lorain oper-
30 ating areas during 2010 resulted in the transition from bi-monthly to
31 monthly meter reading for those customers in the first quarter of 2011. The
32 move to monthly meter reading eliminates scheduled calculated bills. Ad-
33 ditional customer benefits include: the reduction of meter access issues,
34 increased meter reading performance, reduction in meter reading and cer-
35 tain call center costs, and the elimination of the \$35 customer installation
36 fee.
37

38 **Q. Will the Stipulation promote energy saving measures?**

39 A. Yes. Columbia's DSM programs will provide residential and small com-
40 mercial customers easy access to energy saving measures, which will di-

rectly reduce natural gas usage, improving the affordability of natural gas service.

Q. What is the Stipulation's financial impact on customers?

A. The Stipulation provides for a revenue increase of approximately \$24 million or 2%, which is \$0.3 million less than what Columbia had requested in its application.

Q. Are there additional financial benefits to Riders IRP and DSM not specifically quantified in Columbia's application?

A. Yes. These programs promote economic development through job creation, generation of state and local tax revenues, and increased revenues related to the associated sales of equipment and materials. Over the past three years, Columbia has invested approximately \$323 million in the IRP. This investment has generated an incremental \$11 million in property taxes for local communities. Over 300 jobs have been created and numerous additional jobs are supported by the IRP.

THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT REGULATORY PRINCIPLE OR PRACTICE

Q. Does the Stipulation violate any important regulatory principle or practice?

A. No. The Stipulation does not violate any important regulatory principle or practice. Additionally, the Stipulation is based in large part on the findings and recommendations of the Staff Report of Investigation, which analyzed Columbia's application and made recommendations for the purpose of ensuring that the resulting rates, terms and conditions of service comply with sound regulatory principles and practices. The Stipulation also reflects the concerns expressed by the OCC in its Comments.

Q. Is the Stipulation consistent with recent Commission decisions involving similar applications of other Ohio gas utilities?

A. Yes. The Stipulation is consistent with Commission precedent and specifically with the Commission's November 3, 2010 Opinion and Order in the Dominion East Ohio Adjustment to its Pipeline Infrastructure Replacement Program Cost Recovery Charge, PUCO Case No. 10-0733-GA-RDR; the Commission's September 22, 2010 Opinion and Order in Vectren's Distribution Replacement Rider Charge, PUCO Case No. 10-595-GA-RDR; the

1 Commission's April 28, 2010 Opinion and Order in the Duke Adjustment to
2 Rider AMRP Rates, PUCO Case No. 09-1849-GA-RDR; and the Commis-
3 sion's May 6, 2009 Opinion and Order in the Dominion East Ohio Adjust-
4 ment to it Automated Meter Reading Cost Recovery Charge Case, PUCO
5 Case No. 09-0038-GA-UNC.

6
7 **CONCLUSION**
8

9 **Q. Are you recommending that the Commission approve the Stipulation?**

10 **A.** Yes. I believe the Stipulation represents a fair, balanced and reasonable
11 compromise of diverse interests and provides a fair result for customers. I
12 believe that the Stipulation meets all of the Commission's criteria for adop-
13 tion of settlements and that the Commission should promptly issue an or-
14 der approving the settlement.
15

16 **Q. Does this conclude your Prepared Supplemental Direct Testimony?**

17 **A.** Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Prepared Supplemental Direct Testimony of Stephanie D. Noel was served upon all parties of record by email or hand-delivery this 7th day of April 2011.

Stephen B. Seiple / per email authorization

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