

Columbia Exhibit No.

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for ) Case No. 11-5515-GA-ALT  
Approval of an Alternative Form of )  
Regulation )

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PREPARED DIRECT TESTIMONY OF  
DANIEL A. CREEKMUR  
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

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May 8, 2012

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**PREPARED DIRECT TESTIMONY OF DANIEL A. CREEKMUR**

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

2   A: Daniel A. Creekmur, 200 Civic Center Drive, Columbus, Ohio 43215.

3  
4   **Q. By whom are you employed and in what capacity?**

5   A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia"). My title is Vice  
6   President of Regulatory Affairs.

7  
8   **Q. What is your educational background?**

9   A. I attended Miami University located in Oxford, Ohio, where I majored in  
10   Management Information Systems and received a Bachelor's Degree of  
11   Science in Business. I later attended Capital University Law School, where I  
12   graduated with a Juris Doctor Degree.

13  
14   **Q. Please briefly describe your professional experience.**

15   A. Columbia employed me in May of 2007 as an Attorney in the Legal  
16   Department. Within this position I was responsible for the legal  
17   representation of Columbia Gas of Ohio, Inc. and Columbia Gas of  
18   Kentucky, Inc. I frequently represented Columbia before the Public Utilities  
19   Commission of Ohio ("Commission") and I represented Columbia Gas of  
20   Kentucky before the Public Service Commission of Kentucky in a wide  
21   assortment of regulatory matters. In June of 2009, I was promoted to the  
22   position of Director of Strategic Affairs in the Regulatory Department. My  
23   primary responsibility in this capacity was to plan and execute Columbia's  
24   regulatory strategy. In November of 2011, I was promoted to Vice President  
25   of Regulatory Affairs. I am responsible for the overall management of  
26   Columbia's regulatory team, objectives and development of regulatory  
27   policies. I remain responsible for the planning and execution of Columbia's  
28   regulatory strategy, including but not limited to, leading negotiations and  
29   maintaining stakeholder relationships. I also continue to be responsible for  
30   the oversight of Columbia's Economic Development, Local Governmental  
31   Affairs, Demand Side Management, Strategic Initiatives and Energy  
32   Assistance groups.

33  
34   **Q. What is the purpose of your testimony in this proceeding?**

35   A. The purpose of my testimony is to provide a summary of the instant  
36   Application, as well as a review of Columbia's experience under the  
37   existing IRP. I will also address various requirements in the Ohio Revised

1 Code and Ohio Administrative Code that specifically relate to alternative  
2 regulation filings.

3  
4 **Q: What is the source of the information contained in the schedules you are**  
5 **sponsoring?**

6 A: The source of the information generally is the books and operating  
7 budgets of Columbia. When data comes from another source, I will note  
8 that in my testimony if not made clear in the referenced schedules of the  
9 Application.

10  
11 **Q: Has Columbia implemented an Infrastructure Replacement Program**  
12 **("IRP")?**

13 A: Yes, Columbia's existing IRP was authorized in Case No. 08-72-GA-AIR, et  
14 al., by Opinion and Order dated December 3, 2008. Pursuant to that Order  
15 the Commission authorized Columbia to implement an IRP for five years,  
16 beginning 2008 through 2012. Columbia's existing IRP, among other things,  
17 provided for the accelerated replacement of bare steel, unprotected coated  
18 steel, wrought iron, and cast iron pipe ("Priority Pipe" or "Priority  
19 Main").

20  
21 **Q: Why is Columbia filing an Alternative Regulation Application**  
22 **("Application") to extend its current Infrastructure Replacement**  
23 **Program ("IRP")?**

24 A: The Stipulation and Order in Case No. 08-72-GA-AIR approved  
25 Columbia's IRP for a five-year period, and provides that if Columbia  
26 wishes to continue the IRP it must request reauthorization as part of an  
27 application for an increase in rates pursuant to Section 4909.18, Revised  
28 Code, or a filing for an alternative method of regulation pursuant to  
29 Section 4929.05, Revised Code. As addressed in detail in Columbia  
30 witness Belle's testimony, continuation of the IRP is necessary to  
31 accomplish a systematic generational re-build of Columbia's  
32 infrastructure to ensure the safety and reliability of natural gas service  
33 throughout Columbia's service territory. Columbia proposes to extend its  
34 programs, and cost recovery mechanisms associated with these programs,  
35 for another five year period beginning 2013 through 2017.

36  
37 **Q: Please explain the components of Columbia's current IRP.**

38 A: Columbia's current IRP provides for the ability to track and recover, on an  
39 annual basis, costs associated with its replacement of prone to failure  
40 risers, replacement of hazardous customer service lines, the Accelerated

1 Mains Replacement Program ("AMRP"), and the installation of Automatic  
2 Meter Reading Devices ("AMRD").

3  
4 **Q: Please explain Columbia's experience associated with its existing IRP.**

5 A: In Case No. 08-72-GA-AIR, Columbia was authorized to make capital  
6 investments consistent with the \$5.20 aggregate five year cap per  
7 residential customer within its IRP through the initial five-year period.  
8 Columbia estimates that it will make \$655 million in capital investments  
9 through 2012.

10  
11 Columbia successfully completed the replacement of prone to failure  
12 risers prior to the third quarter of 2011, which consisted of the  
13 replacement of approximately 320,000 prone-to-fail risers. Replacement  
14 costs through 2011 totaled \$144 million, which is \$16 million under the  
15 original estimated budget of \$160 million.

16  
17 Columbia estimates that it will repair or replace over 69,000 hazardous  
18 customer service lines under the IRP by the end of 2012. While this  
19 number exceeds the original estimate of annual service lines in need of  
20 repair or replacement, Columbia did not have access to historical  
21 replacement or repair trends prior to assuming maintenance  
22 responsibility. Based on trends between 2008 and 2010, Columbia expects  
23 to repair or replace approximately 14,000 service lines annually, which  
24 represents an ongoing annual capital investment of approximately \$21  
25 million.

26  
27 Columbia has also made significant progress within its AMRD program  
28 and is ahead of its approved deployment schedule and on budget.  
29 Columbia anticipates installing nearly all 1.4 million AMRD's by the end  
30 of 2012. The remaining AMRD's, approximately 20,000, will be installed  
31 during 2013. Total costs for this program will approximate \$82 million –  
32 the original cost estimate of the program.

33  
34 Within this same five year period, Columbia originally estimated that it  
35 would replace approximately 730 miles of pipe within the AMRP.  
36 Columbia currently estimates that it will replace approximately 700 miles  
37 of pipe within the AMRP. Total costs associated with the replacement of  
38 said pipe are estimated at \$332 million. Columbia further estimates that it  
39 has at least 3,350 miles of remaining Priority Pipe to replace under the  
40 AMRP.

1  
2 **Q: Do you believe Columbia has satisfied its initial five-year commitment**  
3 **for the IRP?**

4 A: Yes, I do. Columbia was able to complete the initial five-year period  
5 expenditures in-line with projections for total expenditures. While  
6 Columbia's IRP investment lagged in the first couple of years due to the  
7 constraints of the capital markets, Columbia's ability to rollover unused  
8 portions of its cap from one year to the next, enabled the company to  
9 invest at a greater rate in the fourth and fifth year of this program to help  
10 meet its commitment. Further, Columbia successfully completed a  
11 significant safety program – the replacement of prone to failure risers –  
12 under budget by approximately \$16 million, which offsets the overall  
13 capital commitment. Columbia was also able to accelerate and nearly  
14 complete the AMRD program, bringing increased O&M savings to  
15 customers earlier in the life of the IRP program.  
16

17 Columbia estimates that it will invest approximately \$332 million of  
18 capital within the AMRP from 2008 through 2012. Its original estimate was  
19 approximately \$329 million. Accordingly, Columbia has invested over  
20 100% of the capital it originally estimated and replaced approximately  
21 96% (700 miles of pipe versus 730 miles) of the number of miles of pipe  
22 originally estimated. The slight difference in percentage of capital spent  
23 and percentage of Priority Pipe replaced has been attributed in part to the  
24 fact that some of the worst segments of Priority Pipe that Columbia has  
25 replaced were located in densely populated areas where a higher number  
26 of services per mile of pipe were encountered. Increases in labor, material,  
27 and paving restoration costs were also contributing factors that impacted  
28 the amount of Priority Pipe that Columbia was able to retire with the  
29 capital dedicated towards its AMRP. Columbia also focused some of its  
30 AMRP capital towards replacing both smaller segments of Priority Pipe  
31 and large diameter segments that posed a risk to system reliability and  
32 public safety. Projects that were small in scope or that involved large  
33 diameter pipe often resulted in higher overall project costs per foot of  
34 Priority Pipe retired. Collectively, these factors resulted in Columbia  
35 experiencing a slightly higher overall cost per mile of Priority Pipe  
36 replaced than the average on which our original estimates were based.  
37

38 **Q: Please explain the components of Columbia's Application in this case.**

39 A: Columbia's IRP consists of four components. First, Columbia has  
40 requested to continue cost recovery of its riser replacement program.

1 While Columbia completed the systematic replacement of prone-to-failure  
2 risers in June of 2011, the recovery of costs associated with this program  
3 will continue to be sought through the IRP until the point in time in which  
4 Columbia files a base rate case. This is explained further in the testimony  
5 of Columbia witness Martin. Second, Columbia seeks to continue the  
6 maintenance, repair and replacement of customer service lines that have  
7 been determined by Columbia to present an existing or probable hazard to  
8 persons or property. Third, Columbia seeks to continue the replacement of  
9 all Columbia's Priority Pipe and associated metallic customer or  
10 company-owned service lines over a 25-year period through the AMRP.  
11 Fourth, Columbia seeks to continue the systematic installation of AMRD  
12 on all residential and commercial meters during 2013. The costs of these  
13 programs are to be recovered through Rider IRP.  
14

15 **Q: Has Columbia proposed to clarify the scope of its IRP?**

16 **A:** Yes, Columbia has proposed clarifications to the scope of its IRP.  
17 Columbia proposes to expressly include within the AMRP the  
18 replacement of interspersed sections of non-Priority Pipe contained within  
19 the bounds of Priority Pipe replacement projects when it is more  
20 economical to replace such pipe rather than to attempt to tie into these  
21 existing sections of pipe. This clarification is an imperative assumption in  
22 replacing Priority Pipe in the most economical and efficient manner.  
23 While Columbia believes that the recovery of such interspersed non-  
24 Priority Pipe was implicit in the original description of the AMRP, this  
25 matter was not explicitly addressed in the Application, Stipulation and  
26 Order authorizing Columbia's existing IRP. As a result, intervenors used  
27 this discrepancy as a means to disallow costs associated with prudent and  
28 efficient engineering practices. Such practices subsequently encourage  
29 perverse incentives to operate in an inefficient manner. Thus, Columbia  
30 seeks to clarify the scope accordingly. This matter is addressed further in  
31 the testimony of Columbia witness Belle.  
32

33 Similarly, Columbia also proposes to include within the scope of AMRP  
34 the ability to replace sections of first-generation plastic and ineffectively  
35 coated steel pipe when such pipe is associated with Priority Pipe  
36 replacement projects. This matter also was not explicitly addressed in the  
37 Stipulation and Order authorizing Columbia's existing IRP. As a result,  
38 intervenors also used this discrepancy as a means to disallow costs  
39 associated with prudent and efficient engineering practices. Such practices  
40 subsequently encourage perverse incentives to operate in an inefficient

1 manner. Thus, Columbia seeks to clarify the scope accordingly. As  
2 addressed in Columbia witness Belle's testimony, replacement of said  
3 pipe within the context of an AMRP project represents the most efficient  
4 and economical method of ensuring a safe and reliable delivery system.  
5

6 **Q: What other clarifications are contained in this Application?**

7 A: Due to a misinterpretation of numbers contained with Columbia's annual  
8 DOT report at the time that the IRP was established, the amount of  
9 unprotected coated steel pipe in Columbia's system was reported to be 52  
10 miles. Columbia has since revised that number slightly upwards to  
11 approximately 155 miles, a difference of 103 miles. Columbia also  
12 proposes to clarify the scope of the AMRP by including this revised  
13 mileage estimate. This matter is further addressed in the testimony of  
14 Columbia witness Belle.  
15

16 The emphasis of Columbia's IRP program has always been on  
17 maintaining safety and reliability. Unfortunately, Staff and OCC instead  
18 have focused on O&M savings associated with AMRP. This misplaced  
19 emphasis misconstrues the intent, and benefit of the program, and has  
20 resulted in considerable confusion and controversy surrounding the O&M  
21 savings component of Columbia's AMRP, resulting in changes to the  
22 O&M savings calculation methodology as originally approved in the 2008  
23 Commission order. In order to eliminate that confusion and controversy,  
24 Columbia is proposing to continue to use the O&M savings calculation as  
25 modified through discussions with Staff and OCC. This matter is further  
26 addressed in the testimony of Columbia witness Frantz.  
27

28 Columbia's current calculation of the AMRD O&M savings also reflects  
29 the addition of an informal agreement between PUCO Staff and Columbia  
30 personnel to pass back \$249,543 in meter change costs embedded in base  
31 rates that were being capitalized as part of the AMRD Program. This  
32 additional pass back was not included in the savings calculation  
33 methodology as it was approved in the 2008 Commission order. Because  
34 Columbia will no longer be capitalizing those costs when the installation  
35 program ends in 2013, Columbia is proposing to eliminate that credit to  
36 the revenue requirement after 2013 while maintaining the integrity of the  
37 savings calculation as originally approved. This matter is further  
38 addressed in the testimony of Columbia witness Frantz.  
39

1 Finally, Columbia proposes the elimination of the baseline provision that  
2 was included in the 2008 Commission Order approving the IRP.  
3

4 **Q. Please elaborate on the baseline provision proposal.**

5 A. In the 2008 Commission Order that approved a Stipulation which  
6 established Columbia's current IRP program, the following language was  
7 included, "Columbia shall provide evidence in its annual Rider IRP  
8 applications to show that the rider was not used to recover the costs of  
9 projects that otherwise would have been included in its capital  
10 replacement program."<sup>1</sup> Subsequent to the issuance of the Order, the  
11 parties have generally referred to this as the "baseline provision."  
12

13 The baseline provision has created confusion in all of Columbia's annual  
14 IRP adjustment proceedings to date. The baseline provision was not  
15 included in the Stipulation in Case Nos. 08-72-GA-AIR, et al, nor is any  
16 other company with an infrastructure replacement program subject to  
17 such a requirement. No party has been able to specifically define the  
18 PUCO's intent of the baseline provision and there is no consensus on how  
19 it should be interpreted or applied. Due to a lack of consistency,  
20 inapplicability and ambiguity, this baseline provision requirement should  
21 not be part of Columbia's extended IRP program.  
22  
23

24 **Q: Has Columbia given consideration to customer impacts related to the**  
25 **continuation of these programs?**

26 A: Yes, Columbia has given significant consideration to customer impacts.  
27 Columbia realizes these programs represent a sizeable investment that is  
28 ultimately borne by its customers. Columbia has carefully designed the  
29 programs contained in this Application to remain consistent with monthly  
30 and annual caps initially agreed to in Case No. 08-72-GA-AIR. Columbia  
31 proposes to recover these costs over the useful life of the assets to help  
32 minimize the immediate impact on customers. In Case No. 08-72-GA-AIR,  
33 et al., the Stipulation and Order provided that Columbia's Rider IRP could  
34 increase no more than \$1.00 per month for residential customers during  
35 each annual IRP adjustment. Columbia proposes to continue the same  
36 annual \$1.00 monthly cap for residential customers for Rider IRP.  
37

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<sup>1</sup> Case Nos. 08-72-GA-AIR et al., Opinion and Order (December 3, 2008) at 14.



1 **Q: Does Columbia anticipate making capital investments equal to the**  
2 **annual \$1.00 monthly cap?**

3 A: No, not initially. Columbia anticipates making annual investments that  
4 would equate to approximately \$0.77 per month per customer in years  
5 2013 - 2017, respectively. However, Columbia has proposed to continue  
6 the same dollar cap with the ability to rollover unused dollars from year  
7 to year as approved in PUCO Case No. 08-72-GA-AIR to provide the  
8 company with flexibility in maintaining its capital commitment. As  
9 evidenced in the initial five-year period of the IRP, unanticipated events  
10 such as weather, recessions, access to capital markets and contractor  
11 resources make it necessary to have flexibility over the entire five-year  
12 period. Moreover, Columbia will likely have opportunities to invest  
13 incremental capital in the State of Ohio as capital is distributed by its  
14 parent company, NiSource. Such flexibility is paramount in attracting that  
15 incremental capital investment, while still retaining a modest and  
16 manageable impact on customer bills.

17  
18 **Q Are there additional ancillary benefits resulting from the IRP?**

19 A Yes. These programs promote economic development through job  
20 creation, generation of state and local tax revenues, and increased  
21 revenues related to the associated sale of equipment and materials. Over  
22 the past four years, Columbia has invested approximately \$488 million in  
23 labor and materials related to the IRP. This investment has generated an  
24 incremental \$20.3 million in property taxes for local communities. Over  
25 300 jobs have been created and numerous additional jobs are supported  
26 by the IRP. Columbia emphasizes the hiring of Ohio labor and makes it a  
27 priority with all contractors. In 2011 alone, the AMRP supported 1,102  
28 contract construction employees, of which 83% were Ohio residents.

29  
30 **Q. Does Columbia's Alternative Regulation Plan proposal deviate from**  
31 **traditional rate of return regulation?**

32 A. No, Columbia's proposals do not seek a deviation from traditional rate of  
33 return regulation and do not seek to sever costs from rates. The IRP filings  
34 will follow traditional ratemaking procedures and match the costs of  
35 natural gas service to the services that cause those costs to be incurred.

36  
37 Rider IRP is a rate adjustment mechanism, permitted pursuant to R.C.  
38 Chapter 4929.11. Columbia will continue to make annual Rider IRP filings  
39 based on its infrastructure investment, the associated revenue  
40 requirements, and derivation of proposed rates. As part of those annual

1 filings Columbia will continue to submit to the Commission its  
2 construction plan for the upcoming year.

3  
4 Columbia will continue to bear the burden of demonstrating the  
5 reasonableness of the costs included in the IRP, and the IRP will remain  
6 subject to Commission review and subject to scrutiny by interested  
7 parties. The IRP benefits customers by enhancing the safety and reliability  
8 of Columbia's distribution system, while passing through to customers  
9 maintenance and operations cost savings attributable to the IRP.

10  
11 These cost recovery mechanisms avoid the regulatory lag associated with  
12 the traditional ratemaking process as well as the cost, time and effort  
13 associated with more frequent rate case filings.

14  
15 **Q. Does Columbia's proposed alternative regulation plan constitute a**  
16 **severing of costs and rates?**

17 A. No. Columbia's proposed alternative regulation plan does not constitute a  
18 severing of costs and rates. Implementation of the Rider IRP will result in  
19 rates that are comparable to those that would be established under  
20 traditional rate of return regulation without the attendant rate case  
21 expense that would ultimately be borne by ratepayers. Rather than sever  
22 costs and rates, Columbia's proposal provides a more precise alignment of  
23 costs and rates by maintaining rates that are consistent with the costs of  
24 service based on traditional rate regulation. In the absence of the Rider  
25 IRP, Columbia would be required to file rate cases more frequently.

26  
27 **Q. Has Columbia been authorized to exempt any service under R.C.**  
28 **Chapter 4929.04?**

29 A: Yes. In Case No. 08-1344-GA-EXM, the Commission authorized an  
30 exemption for Columbia to implement its gas supply auctions, described  
31 later in my testimony.

32  
33 **Q. What rate schedules will be subject to the provisions of Columbia's**  
34 **proposed alternative rate plan?**

35 A. The matrix of rate schedules affected by the alternative rate plan is set  
36 forth in Alt. Reg. Exhibit E of Columbia's alternative regulation plan  
37 application.

38  
39 **Q. Will the adoption of Columbia's alternative regulation plan result in**  
40 **any cross subsidization of services?**

1 A. No. Each of the revenue requirements is allocated by customer rate class  
2 based on the cost incurrence reported in the Class Cost of Service Study  
3 and approved by the Commission in Case No. 08-0072-GA-AIR. The use  
4 of these same factors better ensures the mitigation of potential cross-  
5 subsidization through assignment of the individual revenue requirement  
6 to customers on those bases previously determined appropriate by the  
7 Commission.

8  
9 **Q: As required by Ohio Revised Code Section 4929.05(A)(1), please explain**  
10 **whether Columbia is in compliance with Ohio Revised Code Section**  
11 **4905.35.**

12 A: Columbia is compliant with Ohio Revised Code Section 4905.35, which  
13 prohibits a public utility from making or giving any undue or  
14 unreasonable preference or advantage to any party or subjecting a party to  
15 undue or unreasonable prejudice or disadvantages; requires a utility to  
16 offer regulated services or goods to all similarly situated consumers,  
17 including those with which it is affiliated or which it controls, under  
18 comparable terms and conditions; mandates unbundling of services that  
19 include both regulated and unregulated services of goods; and prohibits a  
20 utility from conditioning or limiting the availability or condition of  
21 services of goods on the basis of identity of the supplier of the other  
22 services or goods or on the purchase of unregulated services or goods.

23  
24 Columbia's public utility services are available on a comparable and non-  
25 discriminatory basis. Columbia does not presently have any bundled  
26 service offerings that include a regulated and unregulated service.  
27 Columbia does not condition or limit the availability of any regulated  
28 services or goods, or condition the availability of a discounted rate or  
29 improved quality, price, term or condition for any regulated services or  
30 goods, on the basis of the identity of the supplier of any other services or  
31 goods or on the purchase of any unregulated services or goods from  
32 Columbia. Columbia offers its regulated services or goods to all similarly-  
33 situated customers, including any persons with which it is affiliated or  
34 which it controls, under comparable terms and conditions.

35  
36 Columbia's approved Standards of Conduct (existing Tariff Sheet No. 22,  
37 Section VII), is based on the requirements of R.C. Chapter 4905.35 and  
38 requires Columbia to comply with those requirements as noted in the  
39 following provisions:

- 40 • Columbia shall apply tariffs in a nondiscriminatory manner.

- Columbia shall enforce the tariffs in a nondiscriminatory manner.
- Columbia shall not give any supplier, including any marketing affiliate, or customers of any supplier, including any marketing affiliate, preference over any other suppliers or customers. For purposes of Columbia's CHOICE Program, any ancillary service provided by Columbia that is not tariffed shall be priced uniformly for affiliated and nonaffiliated companies and available to all equally.
- Columbia shall process all similar requests for transportation in the same manner and within the same approximate period of time.
- Columbia shall not condition or tie its agreements to gas supply or for the release of interstate pipeline capacity to any agreement by a supplier, customer, or third party in which its marketing affiliate is involved.
- Neither Columbia nor any marketing affiliate shall communicate the idea that any advantage might accrue in the use of Columbia's service as a result of dealing with any supplier, including any marketing affiliate.

Columbia also requires all employees dealing with customers or suppliers in the areas covered by the code of conduct to receive annual training regarding its purpose and application.

**Q: As required by Ohio Revised Code Section 4929.05(A)(1) and Ohio Administrative Code Section 4901:1-19-05(C)(2)(g), please explain whether Columbia is in compliance with Ohio Revised Code Section 4929.02 and whether Columbia expects to remain in substantial compliance with Ohio Revised Code Section 4929.02 after implementation of its Alternative Regulation Plan.**

**A:** Columbia is currently in compliance with the provisions of Ohio Revised Code Section 4929.02 and will continue to be in compliance with those provisions after the alternative rate plan is implemented. Ohio Revised Code Section 4929.02 sets forth the state policy regarding natural gas services and goods. That policy promotes the availability of adequate, reliable and reasonably priced services and goods as well as the unbundling and comparability of those services and goods. It also supports effective choices for supplies and suppliers and encourages market access to supply-and demand-side services and goods. Other

1 provisions address the importance of effective competition and the  
2 regulatory treatment needed to support that competition.

3  
4 Columbia is in substantial compliance with the policies set forth in Ohio  
5 Revised Code Section 4929.02. Columbia's Gas Transportation Service  
6 Program and CHOICE Program both offer the availability of unbundled  
7 and comparable natural gas services and goods alternatives that allow  
8 customers to choose their supplier, price, terms, and other conditions to  
9 meet their respective needs. Those programs promote diversity of natural  
10 gas supplies and suppliers, by giving consumers effective choices over the  
11 selection of those supplies and suppliers.

12  
13 Approval of Columbia's Application will advance Ohio's policies to an  
14 even greater extent. By ensuring that Columbia is given the opportunity to  
15 timely recover its investments in replacing and repairing aging  
16 infrastructure, as well as invest in communities, the plan will enhance  
17 Columbia's ability to continue to offer adequate, reliable, and reasonably  
18 priced natural gas services and goods. The prices paid by customers will  
19 continue to be reviewed and approved by the Commission, and thus will  
20 remain reasonable.

21  
22 Columbia has worked proactively with stakeholders in Ohio to implement  
23 unbundled and ancillary service offerings that provide customers with  
24 effective and convenient choices to meet their natural gas supply needs.  
25 Columbia maintains a large Stakeholder Group that addresses and  
26 resolves issues related to the changes in the provision and delivery of  
27 natural gas service. Columbia implemented, through the recommendation  
28 of the Stakeholder Group and approval of the Commission, a wholesale  
29 auction (Standard Service Offer) process to replace the traditional Gas  
30 Cost Recovery mechanism effective April 1, 2010. Subsequently on April  
31 1, 2011, Columbia implemented the second wholesale auction. More  
32 recently, the Commission approved the establishment of a retail auction  
33 (Standard Choice Offer) process effective April 1, 2012. Implementation of  
34 these processes, combined with Columbia's existing service programs,  
35 ensure continued and enhanced compliance with the policies contained in  
36 Ohio Revised Code Sections 4905.35 and 4929.02.

37  
38 **Q: Pursuant to Ohio Administrative Code Section 4901:1-19-05(C)(3), what**  
39 **commitments to customers will Columbia make through its alternative**

1       **rate plan to promote the state's policy goals set forth in Ohio Revised**  
2       **Code Section 4929.02?**

3       A:     Columbia's Application does not seek relief from the rate formula set out  
4       in Ohio Revised Code Section 4909.15. Rider IRP is a rate adjustment  
5       mechanism, permitted pursuant to R.C. Chapter 4929.11. There are,  
6       however, commitments to customers implicit in Columbia's proposals.

7  
8       Columbia's Infrastructure Replacement Program will continue to improve  
9       the safety and reliability of service, customer satisfaction and convenience  
10      through AMRD deployment, and eventually result in O&M savings  
11      attributable to reduced leakage maintenance costs. Those savings have  
12      and will continue to be passed-on to customers through the Rider IRP  
13      mechanism.

14  
15      Columbia intends to continue its Stakeholder Groups which involve  
16      stakeholders in the development of ongoing proposals for improvements  
17      to its services and rates. Columbia believes that the continued  
18      involvement of stakeholders in these discussions helps to produce results  
19      more likely to be operationally feasible and to produce the intended  
20      benefits to customers and participants.

21  
22      **Q:     Please introduce the other Columbia witnesses in this proceeding and**  
23      **explain the subject matter of their testimony.**

24      A:     Columbia will present the following witnesses in support of its  
25      application in Case No. 11-5515-GA-ALT:

26  
27             **Eric Belle** will provide testimony regarding Columbia's  
28             Accelerated Main Replacement Program and Infrastructure  
29             Replacement Program.

30  
31             **Brad Bohrer** will provide testimony regarding the progress made  
32             on the installation of automatic meter reading devices made under  
33             Columbia's existing IRP and explain and support the 2013 AMRD  
34             program costs.

35  
36             **Ed Frantz** will provide testimony regarding the O&M savings  
37             mechanism contained within Columbia's IRP.  
38

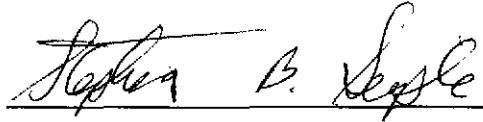
1                   **Larry Martin** will provide testimony on financial exhibits filed in  
2                   support of Columbia's Application and explain the related  
3                   accounting associated with the continuation of its IRP.  
4

5   **Q:   Does this complete your Prepared Direct Testimony?**

6   **A:   Yes, it does.**

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Direct Testimony of Daniel A. Creekmur was served upon all parties of record by regular mail this 8<sup>th</sup> day of May, 2012.



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