

FILE

Public Utilities Commission of Ohio
180 E. Broad St.
Columbus, Ohio 43215-3793

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PUCO

June 15, 2017

Dear Commissioners,

I'm writing in reference to Case No. 17-1298-GA-CSS as a resident of the German Village Historic District in Columbus, and a customer of Columbia Gas of Ohio. I do not want gas meters removed from basements and placed outside of properties in the German Village Historic District. The grounds up on which I make this request include issues related to Federal Standards violations, safety concerns and inexplicable economic aspects of the AMRP being conducted by Columbia Gas across the state of Ohio.

Re: Federal Standards applicable to properties listed on the National Register of Historic Places

In a district such as German Village we are cognizant of the significant investment made by both home and business owners who have chosen to live here. By purchasing property within the district, owners commit to being a part of preserving a district recognized nationally as significant to the American experience.

Historic districts nationally have proven to sustain property values sometimes as high as 135% greater than similar properties located outside of designated historic districts. The fact that every single owner must obtain permission for any and ALL exterior changes to their building is a critical factor in retaining what we refer to as a positive historic preservation-based economy.

It is precisely because of this strict conformance to nationally established guidelines that property values within the district hold steady, that tourism dollars continue to flow into the district, that visitors and owners experience an authentic interpretation of the historically significant aspects of the district, and that both residents and visitors experience a higher quality of life when interacting with the cultural asset that is German Village.

The guidelines set for design control in German Village are the result of years of work by professionals in the field both locally and nationally.

Public utility companies such as Columbia Gas of Ohio are the only entities that get a pass when it comes to obtaining permission to make a change to the exterior of a building within the district.

Further, when Columbia Gas places a gas meter and associated equipment on the exterior of a building, it creates what is referred to as an 'adverse effect' by the Historic Preservation Advisory Council (ACHP) an independent federal agency established via the National Historic Preservation Act in 1966. The ACHP is 'the only entity with the legal responsibility to encourage federal agencies to factor historic preservation into federal project requirements. As directed by the National Historic Preservation Act, the ACHP serves as the primary federal policy advisor to the President and Congress; recommends administrative and legislative improvements for protecting our nation's heritage; advocates full consideration of historic values in federal

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decision making; and reviews federal programs and policies to promote effectiveness coordination, and consistency with national preservation policies.'

The guidelines referenced by the Advisory Council when considering the treatment of historic properties are called the Secretary of the Interiors Standards for Rehabilitation.

This type of action on behalf of Columbia Gas of Ohio is a serious violation of the Secretary of the Interiors Standards for Rehabilitation. These Standards are set by the National Park Service as the operating guidelines to be used when determining the preservation and maintenance of properties listed on the National Register of Historic Places. The German Village Historic District has been listed since 1974.

So serious is such a violation that when federal funds are involved in a project that results in an adverse effect on a property eligible or listed on the National Register of Historic Places, the State Historic Preservation Office has the legal authority to stop the project in its tracks. THAT is how serious such an action is!

What constitutes an adverse effect? According to the Advisory Council on Historic Preservation, an 'adverse effect' is found "when an undertaking may alter, directly or indirectly, any of the characteristics of a historic property for inclusion in the National Register in a manner that would diminish the integrity of the property's location, design, setting, materials, workmanship, feeling, or association."



“Consideration shall be given to all qualifying characteristics of a historic property, including those that may have been identified subsequent to the original evaluation of the property’s eligibility for the National Register. Adverse effects may include reasonably foreseeable effects caused by the undertaking that may occur later in time, be farther removed in distance or be cumulative. Examples of ‘adverse effect’ are ‘Introduction of visual, atmospheric or audible elements that diminish the integrity of the property’s significant historic features; Physical destruction of or damage to all or part of the property.”

However, only the presence of federal funding can trigger the authority of a State Historic Preservation Office to intervene on behalf of the district. Columbia Gas of Ohio’s Accelerated Main Replacement Program does not involve federal funding so we cannot rely upon intervention by the State Historic Preservation Office to stop the adverse effect being created by Columbia Gas’s activity in the district. If they DID have such authority, a process would then be undertaken to mitigate the negative effect of the project on the district.

This mitigation, in the case of the relocation of gas meters would no doubt require the retention of meters WHERE COLUMBIA GAS HAS ALREADY CHOSEN TO PLACE THEM, and where they have remained safely for decades, on building interiors. In cases where it is impossible to site them indoors due to lack of basement, etc. they should be placed on a façade not visible from a public thoroughway. This essentially means that only the rear façade is available for service equipment.

It is important to understand that what is at stake is not only the adverse effect on each individual structure but the *cumulative effect of exterior meters throughout the entire district*. Columbia Gas has stated that over time, the entire district is to be upgraded, requiring the relocation of meters to the exterior of every single building in the district.

Being as Columbia Gas has the ability to retain meters indoors throughout the district and not violate ANY local, state or federal safety regulations, they should voluntarily act to protect the very attributes of the district that have rendered the German Village Historic District a nationally significant cultural asset worthy of preservation and protection in perpetuity.

Re: Safety

When I received notification from a concerned resident that did not want meters relocated to the front of his home in German Village, I began extensive research into the issue. One primary question I had was a simple one: Are gas meters safer on the inside or the outside of a home? I called a safety specialist at the Public Utilities Commission of Ohio and engaged in a long conversation. I was informed that the Federal Regulation addressing meter location was 49 CFR 192.353. The specialist also explained the risk factors with exterior meter sets: vehicular damage, vandalism, snow pack, temperature extremes, and ice fall. The specialist explained how data was collected and the definition of ‘reportable incidents’. I was directed to contact the Pipeline and Hazardous Materials Safety Administration for additional information. Prior to ending the call, I was told “in an urban environment, best keep them [meters] indoors.”

I called the Pipeline and Hazardous Materials Safety Administration and posed the same question: Are meters safer on the interior or exterior of buildings? I was told to file a Freedom of Information Act Request to obtain such information. I did and received the results in the form of two sets of data: 1) 678 pages of reportable incident forms for the years 2010 to February 2017;

2) A copy of the Allegro Report, a private consultant analysis of reportable incident data prior to 2010. After reviewing the data 2010 to 2017 thoroughly and analyzing every reportable incident involving a gas meter, I concluded that approximately 90% of reportable incidents involving gas meters involved gas meters located ON THE OUTSIDE OF BUILDINGS. While the total number of incidents nationwide may seem relatively small, it is assuredly relevant to family members of the victims involved in these incidents, many of them simply horrific.

I then asked the next logical question: Has there ever been an independent study of this data to determine if gas meter sets are safer indoors or out? I posed this question to John Williams of the PUCO who answered "Great question, no." I posed this question to the safety specialist at the PUCO, same response "No." I asked the same question of the Director of Regulatory Policy for Columbia Gas of Ohio and again the answer was "No." I contacted the author of the Allegro Report who affirmed that such a study did not exist. Finally, I contacted the Executive Director of the Pipeline Safety Trust in Bellingham, Washington who also confirmed that no such study exists.

Based on my own analysis of the data, it is quite clear that Columbia Gas is operating on what may be extremely dangerous assumptions regarding safety and the relocation of gas meters from interior to exterior. To simply assume that placing medium pressure meters and regulators outdoors is safer because blowing gas can be dispersed to the atmosphere, IGNORES DATA clearly indicating that additional variables **must** be taken into consideration when determining the safest location for meters. Particularly in urban environments where numerous external variables exist, variables that now have sufficient historical metrics with which to make well supported safety determinations.

When dealing with highly flammable substances under pressure as high as 60 PSI, mounted at the base of every single home, the idea of making decisions based on assumptions is irresponsible. Potentially putting the unaware public in danger is simply unconscionable. And yet, Columbia Gas of Ohio continues to exhibit this inexcusable policy.

Columbia Gas officials have insisted that moving inside gas meters to the outside is justified for significant safety reasons. However, Columbia Gas's own engineer, David Roy, said the safety issues were "intangible"; state and federal regulators say both inside and outside meters are safe – and safe whether the main lines are low pressure or high pressure. John Williams, Service Director Monitoring and Enforcement for the PUCO stated in my presence and witnessed, that meters are safe when located indoors and meters are safe when located outdoors.

What happens when we 'follow the money'?

It has been brought to my attention that in the past utilities would pay for improvements and then request a rate increase to cover the costs via an extensive ratemaking oversight process. It is my understating that service providers are now allowed to by-pass the involved rate justification process and instead use "riders" that "track" certain identified costs, with a 'true-up' at the end of the year.

The 'rider' dated 2008 requested by Columbia Gas of Ohio for the Infrastructure Replacement Program (IRP) included the Accelerated Mains Replacement Program (AMRP). The rationale

offered by Columbia Gas of Ohio was to “enhance pipeline safety and reliability” and “reduce gas leakage”.

In prepared supplemental direct testimony of Columbia Gas of Ohio Engineer David A. Roy on behalf of Columbia Gas of Ohio, Inc. filed by S. Seiple, 9/25/2008, he stated the following: “The [attached] analysis identifies various applicable codes, rules, regulations, and standards that influence a meter’s location. It also identifies the various costs associated with moving meters outside, leaving meters inside with above ground entry, and leaving meters inside with below ground entry. **The breakdown of costs illustrates that it is cheaper to move a meter outside than to leave it inside, whether or not Columbia utilizes below or above ground entry, given the specified assumptions.** The cost comparisons support Columbia’s proposal to move inside meters outside whenever possible. The added benefit of increasing safety by moving a meter outside was not considered in the analysis, but that is nonetheless an *intangible* benefit. Based on this analysis, Columbia *recommends* it be allowed to continue to move meters outside whenever possible in conjunction with its proposed AMRP or the replacement of hazardous service lines.”

Columbia Gas’s established standard as stated in the Plumber’s Guide is to move a meter out at the time of a service line repair or replacement; however, Columbia *acknowledges that this is not always possible or practical. Some townships require the gas meters to be located inside buildings. Other times a practical location outside, that simultaneously meets the requirements of the applicable code or Columbia’s established practices, is difficult to obtain.*

So the question becomes: Do infrastructure investment riders increase revenues and operating income during periods of declining gas commodity prices, energy efficient appliances, and well documented warmer weather patterns? And, if justification only comes after the fact via year end ‘true-ups’ whose accounting methods are not easily reviewed, are Columbia Gas’s rates and fees truly *‘just and reasonable’* as required by the PUCO?

In its 2017 first quarter earnings report, Columbia Gas noted:

“NiSource’s solid financial performance continues to be driven by execution of its long-term utility infrastructure modernization programs.”

Its 2016 Annual Report noted:

The biggest driver of our solid financial performance continues to be the impact of our long-term infrastructure investments... These increases [in revenues and operating income] were driven primarily by higher net revenues from returns earned on our infrastructure investments across our seven states. NiSource’s long-term utility infrastructure modernization programs continue to enhance value for customers and communities, while also driving solid financial performance for our shareholders.”

Ohio has been NiSource’s second largest source of increased IRP Rider revenues and income, as the amount of annual IRP Rider costs quickly ballooned to an average of \$212 million per year up to 2017, and an expected \$300 million per year from 2018-2022. Low and behold, at the same time, the amount of IRP Riders fixed charges customers pay increase in concurrently:

2009 - \$1.10
2013 - \$5.20
2017 - \$10.20
2022 - \$16.70

So where is the accounting that justifies these riders and reveals, presumably, a direct penny-per-penny pass through of IRP costs, OR, is Columbia Gas capturing a profit margin that may well be difficult to define as *'just and reasonable'*? At the very same time, they are ignoring safety data and desecrating nationally designated historic districts? HOW is this possibly rational by ANY definition?

Finally, let's look at Executive compensation patterns at Columbia Gas: NiSource's Proxy Statement filed April 7, 2017 showed Columbia Gas's CEO's total compensation increases from \$1.9 million in 2014 to \$4.3 million in 2016, with stock awards increasing from \$634k in 2014 to \$2.3 million in 2016.

The proposed relocation of gas meters by Columbia Gas of Ohio is simply indefensible from a historic designation viewpoint, from a safety viewpoint and certainly, the financial aspects surrounding this project are suspect and worthy of full public transparency.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nancy Kotting", with a large, sweeping flourish extending to the right.

Nancy Kotting

117 E. Sycamore
Columbus, Ohio 43206