

FILE

Columbia Exhibit No. 7

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Co- )  
lumbia Gas of Ohio, Inc. for Approval of ) Case No. 16-2422-GA-ALT  
an Alternative Form of Regulation. )

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PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF  
MELISSA L. THOMPSON  
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

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/s/ Stephen B. Seiple

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September 8, 2017

Attorneys for  
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PREPARED SUPPLEMENTAL DIRECT TESTIMONY  
OF MELISSA L. THOMPSON

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1    **I.     INTRODUCTION**

2  
3    **Q.     Please state your name and business address.**

4    A.     Melissa L. Thompson, 290 W. Nationwide Blvd., Columbus, Ohio 43215.

5  
6    **Q.     By whom are you employed?**

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

8  
9    **Q.     Did you previously file Prepared Direct Testimony in this case?**

10   A.     Yes, my Prepared Direct Testimony was filed on February 27, 2017.

11  
12   **Q.     What is the purpose of your Supplemental Direct Testimony in this**  
13           **proceeding?**

14   A.     In addition to supporting the Application and corresponding exhibits in  
15           this proceeding, I am also supporting the Stipulation and Recommendation  
16           ("Stipulation") filed in this proceeding on August 18, 2017. I believe  
17           the Stipulation represents a fair and reasonable compromise of the issues  
18           in this proceeding and should be adopted and approved by the Public  
19           Utilities Commission of Ohio ("Commission").

20  
21   **II.    THE STIPULATION AND RECOMMENDATION**

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

24   A.     The Stipulation is a comprehensive settlement of all issues in this proceed-  
25           ing for the Signatory Parties. The major provisions of the Stipulation that  
26           modify Columbia's application are a decrease in the maximum monthly  
27           Rider IRP rate to be paid by Columbia's Small General Service<sup>1</sup> customers  
28           ("SGS Class") and an increase in the minimum level of O&M savings that  
29           are passed back to customers. Specifically, the Stipulation provides for the  
30           following SGS Class rates and minimum O&M Savings levels:

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<sup>1</sup> Small General Service includes Small General Sales Service, Small General Schools Sales Service, Service, Small Gas Transportation Service, Small General Schools Transportation Service, Full Requirements Small General Transportation Service, and Full Requirements Small General Schools Transportation Service.

| Investment Year                     | 2018              | 2019              | 2020              | 2021              | 2022              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Rates Effective                     | May 2019          | May 2020          | May 2021          | May 2022          | May 2023          |
| Maximum Rider<br>IRP SGS Class Rate | \$11.35           | \$12.50           | \$13.70           | \$14.95           | \$16.20           |
| Minimum AMRP<br>O&M Savings         | \$2.00<br>million | \$2.00<br>million | \$2.25<br>million | \$2.50<br>million | \$2.50<br>million |

1 Q. Does the Stipulation satisfy the Commission's criteria for evaluating the  
2 reasonableness of a stipulation?

3 A. Yes. The Stipulation satisfies each of the Commission's criteria for evaluat-  
4 ing the reasonableness of a stipulation: the Stipulation is the result of seri-  
5 ous bargaining among capable, knowledgeable parties; the Stipulation, as  
6 a package, benefits ratepayers and the public interest; and, the Stipulation  
7 package does not violate any important regulatory principle or practice.

8

9 Q. Were all parties to this case included in the negotiations that resulted in  
10 the Stipulation?

11 A. Yes.

12

13 Q. Which parties have signed the Stipulation?

14 A. In addition to Columbia, the Staff of the Public Utilities Commission of  
15 Ohio ("Staff") and Ohio Partners for Affordable Energy ("OPAE") have  
16 signed the Stipulation. Industrial Energy Users-Ohio ("IEU-Ohio") does  
17 not oppose the stipulation.

18

19 Q. Are there parties who are not part of the Stipulation?

20 A. Yes, the Office of the Ohio Consumers' Counsel ("OCC").

21

22 III. THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING AMONG  
23 CAPABLE, KNOWLEDGEABLE PARTIES

24

25 Q. Do you believe the Stipulation filed in this case is the product of seri-  
26 ous bargaining among capable, knowledgeable parties?

27 A. Yes. The Stipulation is the product of an open process in which all parties  
28 were represented by able counsel and technical experts. Columbia and the  
29 other parties engaged in negotiations to produce the Stipulation filed on  
30 August 18, 2017. During these negotiations, Columbia and other parties

1 presented various settlement positions and proposals that were consid-  
2 ered and discussed.

3  
4 **Q. Does the Stipulation represent a compromise of issues by knowledgeable and experienced parties?**

5  
6 A. Yes, the Stipulation represents a comprehensive compromise of the issues  
7 in this case. Each party to the Stipulation regularly participates in Com-  
8 mission proceedings and other regulatory matters, and each party was  
9 represented by experienced and competent counsel.

10

11 **Q. Do the Signatory Parties have a broad range of interests?**

12 A. Yes, a broad range of interests is represented by the parties including Co-  
13 lumbia, Staff, and OPAE. For example, OPAE represents the interests of  
14 low-income customers, including low-income residential customers, as  
15 well as its member community action agencies. Staff represents the inter-  
16 ests of all customers and stakeholders in Ohio.

17

18 **Q. Does the Stipulation serve as a reasonable resolution of issues?**

19 A. Yes, the Signatory Parties recommend that the Stipulation be adopted as a  
20 fair, balanced and reasonable resolution of all of the issues in this proceed-  
21 ing. The Signatory Parties had differing positions concerning the maxi-  
22 mum Rider IRP SGS Class rate, as well as the minimum threshold for  
23 O&M savings, both of which this Stipulation resolves.

24

25 As a result of these negotiations, the Stipulation provides that Columbia  
26 should be authorized to continue the IRP for an additional five years, with  
27 the modifications contained therein.

28

29 **IV. THE SETTLEMENT BENEFITS RATEPAYERS AND THE PUBLIC INTEREST**

30

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

33 A. Yes, because it will promote safety and reliability, enhance customer ser-  
34 vice, and reduce the financial impact on customers.

35

36 **Q. How will the Stipulation promote safety and reliability?**

37 A. The Stipulation continues Columbia's Accelerated Mains Replacement  
38 Program ("AMRP") including the Hazardous Customer Service Line  
39 ("HCSL") Program. Under the AMRP, Columbia has been accelerating the  
40 replacement of bare steel, cast iron, wrought iron, and unprotected coated

1 steel, which have a greater probability to leak due to their material type,  
2 protection, age, and other characteristics. The Stipulation allows Columbia  
3 to continue to implement its systematic replacement strategy, which tar-  
4 gets the identification, selection, and replacement of this pipe with high  
5 relative risk. By extending the current AMRP, the Stipulation also enables  
6 Columbia to coordinate the replacement of this pipe in advance of state or  
7 municipal construction projects, which eliminates concerns over the intru-  
8 sive maintenance efforts that Columbia would otherwise have to take in  
9 order to repair leaks and maintain an aging natural gas system. Finally,  
10 the Stipulation allows Columbia to continue to maintain responsibility for  
11 all maintenance, repair, and replacement of customer-owned service lines  
12 that have been determined by Columbia to present an existing or probable  
13 hazard to persons or property based on severity or location.  
14

15 **Q. How will the Stipulation enhance customer service?**

16 A. With the accelerated replacement of aging infrastructure under the  
17 AMRP, Columbia can reduce customer outages due to leaks on bare steel,  
18 cast iron, wrought iron, unprotected coated steel, ineffectively coated  
19 steel, and first generation plastic main lines. Moreover, with Columbia re-  
20 placing hazardous customer service lines under the HSCL Program, Co-  
21 lumbia is able to quickly and efficiently repair customer service lines and  
22 relight customer appliances. Finally, with the uprating of main lines from  
23 low to medium pressure, Columbia is able to further increase the reliabil-  
24 ity of its system due to less ground water being able to infiltrate its facili-  
25 ties.  
26

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

28 A. The Stipulation provides for a reduction from Columbia's proposed max-  
29 imum SGS Class rate. Over the five-year term, pursuant to the Stipulation,  
30 Columbia's SGS Class customers will see a per-month incremental in-  
31 crease in their maximum rider rate between \$1.15 and \$1.25 per year, in  
32 lieu of the proposed \$1.30 rate change per year proposed in Columbia's  
33 Application.  
34

35 **Q. Is it your opinion that the Stipulation, as a package, benefits customers  
36 and is in the public interest?**

37 A. Yes, I believe the Stipulation benefits customers and is in the public inter-  
38 est.  
39

1 V. THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT REGULA-  
2 TORY PRINCIPLE OR PRACTICE  
3  
4 Q. Does the Stipulation violate any important regulatory principle or prac-  
5 tice?  
6 A. No. The Stipulation does not violate any important regulatory principle or  
7 practice.  
8  
9 Q. Is the Stipulation consistent with recent Commission decisions involv-  
10 ing similar applications?  
11 A. Yes. The Stipulation is consistent with the Commission orders in past Co-  
12 lumbia applications requesting the extension of the IRP, and is also con-  
13 sistent with other utilities' infrastructure replacement program extension  
14 orders, including those for The East Ohio Gas Company d/b/a Dominion  
15 East Ohio.  
16  
17 Q. Are you recommending that the Commission approve the Stipulation  
18 without modification?  
19 A. Yes, I believe the Stipulation represents a fair, balanced and reasonable  
20 compromise of diverse interests and provides a fair result for customers. I  
21 believe the Stipulation meets all of the Commission's criteria for adoption  
22 of settlements and that the Commission should issue an order approving  
23 the settlement.  
24  
25 Q. Does this complete your Prepared Supplemental Direct Testimony?  
26 A. Yes, it does.

## CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document is also being served via electronic mail on the 8th day of September, 2017, upon the parties listed below.

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