

OCC EXHIBIT NO._____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Northeast Ohio Natural Gas Corp. for an) Case No. 18-1720-GA-AIR
Increase in Gas Distribution Rates.)

In the Matter of the Application of)
Northeast Ohio Natural Gas Corp. for) Case No. 18-1721-GA-ATA
Tariff Approval.)

In the Matter of the Application of)
Northeast Ohio Natural Gas Corp. for) Case No. 18-1722-GA-ALT
Approval of Alternative Regulation.)

**DIRECT TESTIMONY
OF
KERRY J. ADKINS**

**On Behalf of
The Office of the Ohio Consumers' Counsel**
*65 East State Street, 7th Floor
Columbus, Ohio 43215*

July 25, 2019

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Attachment KJA-02	NEO response to OCC Interrogatories OCC Set 4-INT-01 (E) – (G), April 3, 2019
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1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.***

4 ***A1.*** My name is Kerry J. Adkins. My business address is 65 East State Street, 7th
5 Floor, Columbus, Ohio 43215. I am employed by the Office of the Ohio
6 Consumers' Counsel ("OCC") as a Senior Regulatory Analyst.

7

8 ***Q2. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL***
9 ***EXPERIENCE.***

10 ***A2.*** I earned a Bachelor of Arts degree in History with a pre-law option from Ohio
11 Northern University in 1983. In 1988, I earned a Master of Public Administration
12 degree with specializations in Regulatory Policy and Fiscal Administration from
13 The Ohio State University. In addition, I have attended various utility regulatory
14 seminars and training programs sponsored by the Public Utilities Commission of
15 Ohio ("PUCO") and OCC.

16

17 My professional experience in the utility regulation field began when I was hired
18 by the PUCO in August 1989 as a Researcher II in the Nuclear Division of what
19 was then the Consumer Services Department. In that capacity, I monitored the
20 financial and operating performance of utility-owned and operated nuclear power
21 plants and made policy and recommendations regarding nuclear power issues in
22 rate proceedings. In addition, I served as staff to the Utility Radiological Safety
23 Board of Ohio ("URSB") and liaison to the URSB's Citizens Advisory Council.

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1 Around 1995, my career transitioned towards deregulation and the development
2 of competitive options for formerly utility-supplied services. I was a PUCO Staff
3 representative to various committees and working groups that oversaw the
4 development of customer choice (“Choice”) pilot programs, and I analyzed and
5 made recommendations concerning the pilot programs as they progressed. Later,
6 as the pilot programs matured into legislatively-sponsored restructuring programs,
7 I worked with the General Assembly’s Legislative Service Commission on draft
8 bill language concerning the consumer protection provisions in Senate Bill 3 that
9 restructured the electric industry in Ohio and Amended House Bill 9, which
10 restructured the natural gas industry. After the restructuring laws were enacted, I
11 managed PUCO Staff teams that were responsible for drafting and enforcing the
12 PUCO’s rules governing certification of competitive energy suppliers and the
13 competitive suppliers’ interactions with Ohio consumers. In 2008, I transferred to
14 what was then the PUCO’s Utilities Department (now the Rates and Analysis
15 Department) where I supervised Staff teams responsible for analyzing and making
16 recommendations regarding utility rate filings, primarily related to the natural gas
17 industry. I retired from the PUCO in September 2018. I began my current
18 employment at OCC in November 2018.

19
20 ***Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED***
21 ***BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?***

22 ***A3.*** Yes. The cases in which I have submitted testimony or have testified before the
23 PUCO can be found in Attachment KJA-1.

II. PURPOSE/BACKGROUND

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A4. In its alternative rate application, Northeast Ohio Natural Gas Corp (“NEO” or the “Utility”) requested permission to charge its customers for its infrastructure replacement program (“IRP”) through a single issue accelerated ratemaking mechanism called the IRP rider. The Staff Report filed in this case on June 25, 2019¹ recommends that the PUCO reject NEO’s proposal for such a rider because it is not just and reasonable.² The purpose of my testimony is to present OCC’s recommendation, on behalf of NEO’s 26,000 residential customers, that the PUCO reject the utility’s request to charge its customers through an extraordinary and accelerated rider charge for its infrastructure replacement program.

Q5. PLEASE SUMMARIZE THE BASIS FOR YOUR RECOMMENDATIONS.

A5. The fundamental purpose of accelerated infrastructure replacement programs for natural gas utilities in Ohio is to replace bare steel and cast-iron mains and associated service lines. NEO has virtually none—just 23 miles out of a total of 1,444 miles of mains in its distribution system (approximately 1.6%) and only 975 out of 30,195 services lines (approximately three percent) are bare steel, with no cast-iron. This alone suggests that an IRP rider is unnecessary.

¹ Available at <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=e0eecdd7-3f03-4323-a0fc-6f03c4ac981e>.

² Staff Report at 20-21.

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1 Further, NEO has been growing rapidly. In the past 14 years since its last rate
2 case, NEO has added more than 700 miles of mains at an average rate of 52 miles
3 per year, and it has added many thousands of customers. This consistent customer
4 growth—which is expected to continue—has been more than adequate to fund
5 distribution investments without requiring customers to pay for distribution
6 investments on an expedited basis (through a single issue ratemaking
7 mechanism). Further, NEO has not produced evidence that it cannot incur
8 expenses and maintain pipeline safety without the rider.

9
10 Instead, NEO should replace its bare steel mains as part of its normal distribution
11 investment process, and any such replacements can be included in NEO's next
12 rate case if appropriate.

13

14 ***Q6. ARE YOU FAMILIAR WITH THE DEVELOPMENT OF NATURAL GAS***
15 ***UTILITY ACCELERATED INFRASTRUCTURE REPLACEMENT***
16 ***PROGRAMS IN OHIO AND THE REQUIREMENTS FOR SUCH***
17 ***PROGRAMS?***

18 ***A6.*** Yes. From about mid-2008 until I retired from the PUCO in September 2018, I
19 was responsible for managing the Staff teams that investigated and made
20 recommendations to the PUCO regarding continuation and expansion of
21 accelerated infrastructure programs stemming from alternative rate plan (PUCO

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1 case code “ALT”) applications.³ I was also responsible for managing the Staff
2 teams that conducted the reviews of annual rider applications related to the
3 accelerated infrastructure replacement cases.

4
5 Reviewing the gas utilities ALT applications for continuation and expansion of
6 accelerated infrastructure programs required me to become knowledgeable of the
7 rationale, support, requirements, and limitations for development of the
8 accelerated programs that were initially created as part of base rate cases in 2001,⁴
9 2007,⁵ and 2008.⁶ In addition, I developed a general working knowledge of
10 natural gas systems, operations, and regulatory requirements. As part of the
11 review of alternative rate plan cases, I made formal recommendations to the
12 PUCO regarding the utilities’ compliance with R.C. 4905.35 prohibiting
13 discrimination, R.C. 4929.02 regarding the availability of adequate and
14 reasonably priced natural gas services, and whether the alternative rate plans were
15 just and reasonable in accordance with R.C. 4929.05(A)(3) and the utilities had
16 met the burden of proof established by R.C. 4929.05(B).

³ These include Case Nos. 11-2401-GA-ALT and 15-362-GA-ALT concerning Dominion East Ohio Gas (“Dominion”); Case Nos. 11-5515-GA-ALT and 16-2422-GA-ALT involving Columbia Gas of Ohio (“Columbia”); Case No. 12-1687-GA-ALT concerning Duke Energy Ohio (“Duke”); and Case Nos. 13-1571-GA-ALT and 18-299-GA-ALT involving Vectren Energy Delivery of Ohio (“Vectren”).

⁴ Case No. 01-1228-GA-AIR for Duke.

⁵ Case No. 07-829-GA-AIR for Dominion and Case No. 07-1080-GA-AIR for Vectren.

⁶ Case No. 08-072-GA-AIR for Columbia.

**Q7. CAN YOU PROVIDE A BRIEF DESCRIPTION OF NEO'S NATURAL GAS
DISTRIBUTION SYSTEM?**

A7. Yes. In the Gas Pipeline Safety Review section of the Staff Report, Staff provides tables describing the system characteristics and related statistics for NEO's four former operating companies.⁷ Totaling the statistics reported for the four former operating companies reveals that NEO has 23 miles of bare steel mains, 235 miles of protected steel mains (coated), and 1,168 miles of plastic mains for a total of 1,444 miles of mains in its distribution system. Staff reports that NEO has 975 bare steel service lines, 1,303 protected/coated service lines, 27,100 plastic service lines, and 817 service lines labeled as "other," which total to 30,195 services lines for the entire system. On page 17 of its application in this case ("Application"), NEO states that it has approximately 24 miles of bare steel mains, 11 miles of Aldyl-A plastic pipe (presumably mains), 2,300 bare steel and/or mechanically coupled service lines, approximately 1,000 flex service risers, and two distinct low-pressure delivery systems (seven inches water column or 0.25 psi) where there are no overpressure protection devices at the customer meter sets.⁸

⁷ Brainard Gas Corporation, Northeast Natural Gas Corporation, Orwell Natural Gas Company, and Spelman Pipeline Holdings, LLC were merged into one entity, NEO, in Case No. 18-1485-GA-ATA.

⁸ Application at 7-8, 18.

1 **Q8. CAN YOU PROVIDE A BRIEF OVERVIEW OF THE IRP AND RIDER IRP**
2 **THAT NEO IS PROPOSING IN THIS CASE?**

3 **A8.** Yes. In its Application, NEO proposes to collect from customers, through Rider
4 IRP, the cost to replace or upgrade the following infrastructure: (1) bare steel
5 service lines, including the connected riser-regulator assembly and meter; (2)
6 mechanically coupled steel main/service lines, including the connected riser-
7 regulator assembly and meter; (3) pre-1985 Aldyl-A plastic mains and services;
8 (4) NORMAC FLEX Risers, including the regulator assembly and meter; (5) x-
9 Tube coiled steel tubing, including mains and services; (6) inside regulators and
10 meter sets; (7) service lines with property line meter sets; (8) the low-pressure
11 delivery systems; and (9) advanced meters for certain locations.⁹ NEO states that
12 its annual IRP investments for recovery in any year will be capped at \$2.0 million,
13 but it may defer any excess with carrying costs and include the deferred amount in
14 subsequent years as long as the carryover does not cause it to exceed the \$2.0
15 million cap in the subsequent year.¹⁰

⁹ Application at 7, 18.

¹⁰ Application at 20.

1 **III. ANALYSIS AND RECOMMENDATIONS**

2
3 ***Q9. WHAT DID STAFF CONCLUDE AND RECOMMEND IN THE STAFF***
4 ***REPORT REGARDING NEO'S PROPOSED IRP AND RIDER IRP?***

5 **A9.** As Staff noted, under R.C. 4929.05, NEO bears the burden of proof that its
6 proposed IRP is just and reasonable.¹¹ Staff concluded that NEO has not shown
7 that Rider IRP as proposed is just and reasonable.¹² Staff indicated that it is not
8 satisfied that Rider IRP is necessary for NEO to accomplish its stated objectives
9 of prioritizing and methodically replacing or upgrading the targeted infrastructure
10 identified in its Application.¹³ Staff recommended that the PUCO deny approval
11 of NEO's proposed IRP and Rider IRP at this time.¹⁴

12
13 ***Q10. DO YOU AGREE WITH THE STAFF CONCLUSIONS AND***
14 ***RECOMMENDATIONS CONCERNING THE IRP MADE IN THE STAFF***
15 ***REPORT?***

16 **A10.** Yes. I agree with the PUCO Staff that the PUCO should not approve NEO's
17 proposal for an IRP rider.

18
19 The primary purpose of accelerated recovery natural gas infrastructure
20 replacement programs has been to replace bare steel and cast-iron mains and

¹¹ Staff Report at 21.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

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1 associated service lines.¹⁵ At times, the PUCO has slightly expanded programs.
2 For example, the PUCO has allowed accelerated recovery to replace pre-1955
3 field-coated steel pipe that was shown to be ineffectively coated and to have
4 similar risk of corrosion and corrosion-caused leaks as bare steel.¹⁶ Programs
5 have included replacement of plastic pipe and Aldyl-A (*i.e.*, “first-generation”
6 plastic pipe) only in conjunction with projects involving bare steel/cast-iron
7 replacement and subject to footage limitations and/or determinations it is more
8 economically beneficial to replace the plastic pipe than reuse it.¹⁷

9
10 But the primary purpose of the programs remains the accelerated replacement of
11 bare steel and cast-iron infrastructure. In my opinion, NEO’s Application and
12 supporting documentation in this case fails to offer a sufficient rationale and
13 supporting evidence for why the PUCO should deviate from its decisions in these
14 cases and grant NEO authority for accelerated replacement of and recovery for
15 pipeline materials that it has limited and/or rejected in prior cases.

¹⁵ See, e.g., Case No. 01-1228-GA-AIR (Duke), Case No. 07-829-GA-AIR (Dominion), Case No. 07-1080-GA-AIR (Vectren), and Case No. 08-072-GA-AIR (Columbia).

¹⁶ See, e.g., Case No 11-2401-GA-ALT, Opinion & Order (Aug. 3, 2011) (Dominion); Case No. 11-5515-GA-ALT, Opinion & Order (Nov. 28, 2012) (Columbia); Case No. 13-1571-GA-ALT, Opinion & Order (Feb. 19, 2014) (Vectren).

¹⁷ *Id.*

1 ***Q11. CAN YOU PROVIDE SOME ADDITIONAL DETAIL ON WHY YOU***
2 ***BELIEVE THAT NEO HAS FAILED TO DEMONSTRATE THAT ITS***
3 ***PROPOSED IRP AND RIDER IRP ARE WARRANTED AT THIS TIME?***

4 ***A11.*** Yes. First, as I explained above, the primary purpose of IRP programs is to
5 replace bare steel and cast-iron mains and related service lines. NEO's
6 Application says nothing about replacing its 23 miles of bare steel mains.¹⁸ This
7 alone is a reason for the PUCO to reject NEO's proposal.

8
9 Second, even if NEO does plan to replace its bare steel mains, there is no reason
10 NEO should get accelerated recovery that comes from a single issue ratemaking
11 tool, such as the IRP rider.

12
13 The 23 miles of bare steel mains in NEO's distribution system constitutes only
14 approximately 1.6% of the total miles of mains in the Utility's entire system. By
15 contrast, the miles of mainlines targeted for replacement under Duke, Dominion,
16 and Vectren's accelerated mains replacement programs (bare steel, cast-iron,
17 and/or ineffectively coated steel) made up approximately 24% of Duke's mains
18 and approximately 26.5% and 13.6% of Dominion's and Vectren's,
19 respectively.¹⁹ The small percentage of pipeline to be replaced does not
20 necessitate using an extraordinary single-issue ratemaking mechanism.

¹⁸ Pages 7-8 and 18 of the Application list the infrastructure that NEO proposes to replace under its IRP. These lists do not include bare steel mains.

¹⁹ The percentage shown for Vectren only includes BS/CI, but pursuant to the approved settlement in Case No. 13-1571, VEDO can retire up to 1,900 miles of potentially ineffectively coated steel if tests show that the pipe is indeed ineffectively coated. *See* Case No. 13-1571-GA-ALT, Opinion & Order (Feb. 19, 2014).

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1 Costs for replacing NEO's 23 miles of bare steel mains should be collected as part
2 of the day to day operations of NEO and through the normal capital investment
3 recovery process in future base rate proceedings. Since the Utility's last rate case,
4 NEO has added \$54 million in net additions including 52 miles of distribution
5 mains per year (on average) for 14 years, without the need for NEO to file for an
6 increase in rates.²⁰ Rejecting the rider and requiring NEO to collect the charges
7 for its IRP program through base rates will not have a material financial impact on
8 NEO.

9
10 In fact, revenue increases from customer growth are expected to continue. In
11 response to OCC Set 4, Interrogatory 02, NEO stated that it anticipates that it will
12 continue to expand and add customers in the future at a similar rate reported in
13 NEO witness Degenstein's testimony.²¹ Beginning in 2020, if NEO replaces
14 approximately 1.7 miles of bare steel mains per year, then by the end of 2033 it
15 will have eliminated all bare steel mains in its system, the same year that
16 Dominion and Columbia anticipate completing their accelerated infrastructure
17 replacement programs.

18
19 Given the relatively few miles of bare steel mains in NEO's system, the
20 anticipated revenue from continued growth should be enough for the Utility to

²⁰ Degenstein Direct at 9-10.

²¹ NEO response to OCC Interrogatory Set 4 – INT-02 (A) and (B), April 3, 2019, attached as Attachment KJA-03.

1 replace the 23 miles of bare steel mains in its system at the same time other
2 utilities will complete their accelerated replacement programs. It would not be just
3 and reasonable to burden NEO's customers with an unnecessary rider when the
4 normal rate case process will suffice.

5

6 ***Q12. DID NEO ADEQUATELY SUPPORT ITS PROPOSAL TO CHARGE***
7 ***CUSTOMERS TO REPLACE ALDYL-A MAINS UNDER RIDER IRP?***

8 ***A12.*** No. NEO also fails to provide adequate support for accelerated replacement of
9 Aldyl-A mains in its system. The PUCO has only permitted gas utilities to replace
10 Aldyl-A pipe in conjunction with projects involving replacement of bare steel or
11 cast-iron mains, subject to certain limitations.²² NEO provides no supporting
12 evidence to suggest that the Aldyl-A pipe in its system is any different or poses a
13 greater risk than the Aldyl-A pipe in other utilities' systems. Absent such a
14 showing, the PUCO should not depart from its prior determinations that gas
15 accelerated infrastructure replacement programs are primarily for accelerated
16 replacement of bare steel and cast-iron infrastructure and that other materials
17 (such as plastic and Aldyl-A pipe) are secondary and can only be replaced as part
18 of bare steel and cast-iron replacement projects. In addition, the 11 miles of
19 Aldyl-A mains in NEO's system constitutes only about 0.8% of its entire system.
20 Like the discussion of bare steel mains above, NEO should add replacement of the

²² See, e.g., Case No: 11-2401-GA-ALT, Opinion & Order (Aug. 3, 2011) (Dominion); Case No. 11-5515-GA-ALT, Opinion & Order (Nov. 28, 2012) (Columbia); Case No. 13-1571-GA-ALT, Opinion & Order (Feb. 19, 2014) (Vectren).

1 Aldyl-A mains to its future capital investment plans and recover the costs for
2 doing so in future base rate proceedings if appropriate.
3

4 ***Q13. HAS THE PUCO REJECTED SIMILAR PROPOSALS IN THE PAST?***

5 ***A13.*** Yes. Regarding NEO's proposals to replace bare steel, Aldyl-A, and other service
6 lines on an accelerated basis, in Case No. 14-1622-GA-ALT, the PUCO rejected
7 Duke's application for approval of a stand-alone accelerated service line
8 replacement ("ASRP") program. The PUCO determined that Duke had failed to
9 demonstrate that the costs of the ASRP were commensurate with the purported
10 benefits of the program and that Duke failed to consider reasonable and less
11 costly alternatives to the accelerated replacement.

12
13 In this case, as discussed above, NEO did not request approval for accelerated
14 replacement and recovery of bare steel mains (and approval should not be granted
15 if it did), and the PUCO should reject its proposal for accelerated replacement and
16 recovery of Aldyl-A mains. Without an accelerated mains replacement program,
17 NEO's application for an ASRP suffers the from the same deficiencies that the
18 PUCO found with Duke's application. NEO provides no evidence that it
19 performed any sort of cost benefit analysis or that it considered alternatives to
20 accelerated replacement of the service lines that would contribute to enhancing
21 safety such as increasing leak surveillance activities.

Q14. SHOULD THE PUCO APPROVE NEO'S REQUEST TO CHARGE CUSTOMERS TO REPLACE MECHANICALLY COUPLED MAINS AND SERVICE LINES UNDER RIDER IRP?

A14. No. In regard to NEO's proposal to accelerate replacement of mechanically coupled mains and service lines, again, the Utility provides little to no support for its proposal. When the gas utilities with current accelerated infrastructure replacement programs first recommended their plans, they provided engineering studies conducted by outside engineering firms that analyzed their systems and identified specific system risks such as leaks and anticipated improvements in leak rates resulting from the accelerated replacement programs.²³ NEO provides no similar report to support accelerated replacement of mechanically coupled mains and services. In addition, it doesn't discuss existing or anticipated improvements in leak rates at all.

Q15. SHOULD REPLACEMENT OF METERS BE INCLUDED IN AN IRP RIDER?

A15. Concerning accelerated replacement of meters, NEO stated in response to OCC Interrogatories Set 4 – INT-01 (E)-(G) that its rationale for replacing meters when it replaced mechanically coupled service lines, NORMAC FLEX risers, inside regulators was that the meters “were likely old and fully depreciated and nearing

²³ See, e.g., Duke and Vectren reports by Stone and Webster described in Case Nos. 01-1228-GA-AIR and 07-1080-GA-AIR and by Black and Veatch from Dominion Case No. 07-829-GA-AIR.

1 the end of their useful lives.”²⁴ But the Utility failed to identify and provide
2 supporting documentation of defects or other safety concerns that would warrant
3 accelerated replacement of the meters. The fact that meters are old and fully
4 depreciated, absent any showing of a safety concern, is an insufficient rationale to
5 support accelerated recovery of meter replacements.

6

7 ***Q16. ARE ANY OF NEO'S OTHER PROPOSALS UNREASONABLE?***

8 ***A16.*** Yes. NEO's proposals for accelerated replacement and recovery of other all other
9 infrastructure including x-Tube coiled steel tubing mains and services, service
10 lines with property line meter sets, the low-pressure delivery systems, and
11 advanced meters for certain locations suffer from the same lack of support as
12 those I've discussed above and should be rejected.

13

14 ***Q17. SHOULD NEO RECOVER ALL OF THESE TYPES OF COSTS THROUGH***
15 ***BASE RATES INSTEAD OF GETTING ACCELERATED RECOVERY***
16 ***THROUGH A RIDER?***

17 ***A17.*** Yes. NEO's rationale to fund the IRP through a rider versus normal base rate
18 cases is weak. Other than enhanced safety, the Utility claims that the systematic
19 replacement and upgrade of infrastructure with incremental rate adjustments is
20 preferable to reacting to large-scale emergency infrastructure needs as they arise
21 and avoids the need to fund urgent infrastructure investments on an immediate

²⁴ NEO response to OCC Interrogatories OCC Set 4-INT-01 (E) – (G), April 3, 2019, at 6-7, attached as Attachment KJA-02.

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1 and emergency basis.²⁵ However, NEO fails to provide any analysis or empirical
2 data on the likelihood that it will face such emergency conditions that would
3 necessitate urgent infrastructure replacements and emergency rate relief.
4 Similarly, the Utility maintains that Rider IRP will enable it to avoid frequent rate
5 case applications. But it does not say how frequently it would need to file future
6 rate cases in order to fund the proposed IRP or offer any analysis to support its
7 claims that frequent rate cases would be necessary. As I discussed above, NEO's
8 last base rate case was in 2004. Yet, since that time, the rates set in its last rate
9 case enabled the Utility to nearly triple its number of customers, more than double
10 its miles of distribution mains, and increase the number of service lines by more
11 than two and a half times.²⁶ And NEO has stated that it anticipates similar growth
12 well into the future.²⁷ It appears that NEO is proposing Rider IRP to fund
13 replacement and improvements to its existing infrastructure while using revenue
14 produced from increasing the number of customer that it serves to fund continued
15 growth. Given the relatively modest amount of bare steel mains and service lines
16 in NEO's system, revenue produced from continued customer growth and base
17 rates should enable the Utility to both continue to serve new customers and
18 replace the bare steel infrastructure on an accelerated basis. NEO has not shown
19 that an additional rider is necessary or warranted. Moreover, if more frequent rate
20 cases are necessary, then that is not necessarily a bad thing. The revenue gained

²⁵ Application at 18-19.

²⁶ *Id.* at 4.

²⁷ NEO response to OCC Interrogatories OCC Set 4-INT-02 (A) and (B), April 3, 2019, at 6-7, attached as Attachment KJA-03.

1 from adding new customers should be balanced against the capital expenditures to
2 buildout to new customers and expenses to serve those customers. This balancing,
3 though a rate case, should occur more frequently than the approximate 14 years
4 since NEO's last rate case.

5
6 ***Q18. IF THE PUCO DOES APPROVE RIDER IRP, SHOULD IT MAKE***
7 ***MODIFICATIONS TO NEO'S PROPOSAL TO PROTECT CONSUMERS?***

8 ***A18.*** Absolutely. I agree with Staff that if the PUCO does approve Rider IRP, then it
9 should require NEO to work with Staff and other parties (including OCC) to
10 modify the proposed revenue requirement formula and process for implementing
11 Rider IRP. The processes NEO describes on pages 19-21 of the Application for
12 determining the IRP revenue requirement and annual Rider IRP rates are
13 convoluted and confusing. Clearer processes should be developed prior to
14 approval of Rider IRP. I also concur with Staff that NEO's proposed cap on IRP
15 should be reworked if the PUCO does approve the Program. The proposed cap
16 described in NEO's Application will not function as a cap on investment at all.
17 NEO recommends that amounts over and above the proposed \$2 million annual
18 investment cap will be deferred with carrying costs continually until it is
19 recovered in future years. This process effectively renders the concept of a cap
20 meaningless. NEO's proposed Rider IRP process includes no provision to lower
21 the annual rider rate by annual operation and maintenance savings achieved as old
22 infrastructure is replaced and no longer needs to be monitored or maintained as
23 frequently.

1 **IV. CONCLUSION**

2

3 ***Q19. DOES THIS CONCLUDE YOUR TESTIMONY?***

4 ***A19.*** Yes. However, I reserve the right to incorporate new information that may
5 subsequently become available through outstanding discovery or otherwise, or to
6 supplement my testimony if the PUCO Staff modifies any of the positions taken
7 in the Staff Report.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Direct Testimony of Kerry J. Adkins on Behalf of the Office of the Ohio Consumers' Counsel* was served via electronic transmission to the persons listed below on this 25th day of July 2019.

/s/ Christopher Healey
Christopher Healey
Assistant Consumers' Counsel

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Testimony of Kerry J. Adkins
Filed at the Public Utilities Commission of Ohio

1. *In the Matter of the Complaint and Appeal of the Cleveland Electric Illuminating Company from Ordinance 21-1994 of the Council of the City of Garfield Heights, Ohio Passed March 10, 1994, entitled "An Emergency Ordinance to Establish and Fix a Schedule of Rates, Terms and Conditions for Electric Service Being Provided by the Cleveland Electric Illuminating Company to its Electric Customers in the City of Garfield Heights, Ohio, Case No. 94-578-EL-CMR (March 20, 1995).*
2. *In the Matter of the Application of The Toledo Edison Company for Authority to Amend and Increase Certain of Its Rates and Charges for Electric Service, Case No. 95-299-EL-AIR (January 22, 1996).*
3. *In the Matter of the Application of The Cleveland Electric Illuminating Company for Authority to Amend and Increase Certain of Its Rates and Charges for Electric Service, Case No. 95-300-EL-AIR (January 22, 1996)*
4. *In the Matter of the Conjunctive Electric Guidelines Proposed by Participants of the Commission Roundtable on Competition in the Electric Industry, Case No. 96-406-EL-COI (February 10, 1998).*
5. *In the Matter of the Application Not for an Increase in Rates of The Dayton Power and Light Company for Approval to Modify Its Existing Alternative Generation Supplier (AGS) Tariff Sheet No. G8., Case No. 03-2341-EL-ATA (September 22, 2004)*
6. *In the Matter of the Commission Staff's Investigation into the Alleged MTSS Violations of Buzz Telecom., Case No. 06-1443-TP-UNC (February 7, 2007).*
7. *In the Matter of the Application of The East Ohio Gas Company dba Dominion East Ohio to Adjust Its Pipeline Infrastructure Replacement (PIR) Cost Recovery Charge and Related Matters, Case No. 09-458-GA-UNC (October 14, 2009)*
8. *In the Matter of the Application of Vectren Energy Delivery of, Inc. for Authority to Adjust its Distribution Replacement Rider Charges, Case No. 11-2776-GA-RDR (August 10, 2011).*
9. *In the Matter of Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Adjust its Automated Meter Reading Cost Recovery Charge and Related Matters., Case No. 5843-GA-RDR (April 27, 2012)*
10. *In the Matter of the Application of Vectren Energy Delivery of, Inc. for Authority to Adjust its Distribution Replacement Rider Charges, Case No. 12-1423-GA-RDR (August 28, 2012).*

11. In the Matter of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates, Case no. 12-1682-EL-AIR (March 20, 2013).
12. *In the Matter of Duke Energy Ohio, Inc., for an Increase in Gas Rates.*, Case no. 12-1685-GA-AIR (April 22, 2013).
13. *In the Matter of the Application of Duke Energy Ohio Inc., for Approval of an Alternate Rate Plan Pursuant to Section 4929.05, Revised Code, for an Accelerated Service Line Replacement Program*, Case No. 14-1622-GA-ALT (November 6, 2015).

OCC Set 4**As to Objections: N. Trevor Alexander****Witness: Degenstein/Patton**

Case Nos. 18-1720-GA-AIR; 18-1721-GA-ATA; 18-1722-GA-AAM

In the Matter of the Application of Northeast Ohio Natural Gas Corp. for an Increase in Gas Distribution Rates; In the Matter of the Application of Northeast Ohio Natural Gas Corp. for Tariff Approval; In the Matter of the Application of Northeast Ohio Natural Gas Corp. for Approval of Alternative Regulation

INTERROGATORIES

OCC Set 4 – Referring to the Application - Alternative Rate Plan Exhibits, pages 17-22:
INT-01

- (A) Please provide a system map or maps of NEO's natural gas distribution system(s).
- (B) To the maximum extent practicable, on a separate system map or maps, please identify the bare steel, cast iron, X-Tube coiled stainless steel tubing, other unprotected metallic, Aldyl-A mains and the location of the low-pressure delivery systems.
- (C) To the maximum extent practicable, on a separate system map or maps, please indicate any concentrations of: (1) bare steel, cast iron, X-Tube coiled stainless steel tubing, other unprotected metallic, Aldyl-A, and mechanically coupled service lines; (2) NORMAC FLEX risers; and (3) inside regulators and meter sets.
- (D) Please provide the annual system throughput of each operating division (i.e., Brainard, Northeast Natural Gas, Orwell, and Spellman) for the period 2014-2018.
- (E) Please provide a detailed rationale (including identification of any PHMSA regulations, advisories, bulletins, or other guidance) why NEO is proposing to replace meters when it replaces bare steel and mechanically coupled service lines.
- (F) Please provide a detailed rationale (including identification of any PHMSA regulations, advisories, bulletins, or other guidance) why NEO is proposing to replace meters when it replaces NORMAC FLEX risers.
- (G) Please provide a detailed rationale (including identification of any PHMSA regulations, advisories, bulletins, or other guidance) why NEO is proposing to replace inside regulators and meter sets provided that such inside regulators are properly vented and otherwise in compliance with the PUCO/PHMSA pipeline safety regulations.

- (H) Please describe the safety implications or other concerns that necessitate accelerated replacement of service lines with property line meter sets.
- (I) Please describe the safety implications or other concerns that necessitate accelerated installation/replacement of advanced meters at “certain locations.” Please describe the types of locations referred to and a detailed rationale why such installations should be eligible for accelerated recovery as part of an IRP.
- (J) Assuming that NEO’s proposed IRP is approved without change, in what year does the Company expect to complete the proposed IRP?
- (K) Please list and provide a quantification of the “substantial financial benefits to customers” described on page 18 of the Application -Alternative Rate Plan Exhibits.
- (L) Please provide tables or similar descriptions of the feet of mains replaced each year in 2014-2018 and, separately, the number of service lines replaced each year in 2014-2018 for the following pipeline materials: bare steel, cast iron, X-Tube coiled stainless steel tubing, other unprotected metallic, Aldyl-A, and with mechanically coupled services.
- (M) Please provide the cost of replacing each item of infrastructure described in the response to INT 4-1(L).
- (N) Referring to INT 4-1(L), are such main and services replacements currently performed by NEO personnel, contractors, or both?
- (O) If contractors are used for mains and/or service line replacement projects, please describe in detail NEO’s process for engaging and monitoring the work of such contractors, including confirming contractor qualifications, competitive bidding processes, job monitoring, etc.
- (P) Assuming the IRP is approved, will NEO utilize contractors to perform IRP projects?
- (Q) If the response to INT 4-1(P) is affirmative, please describe in detail the types of IRP projects where contractors will be utilized.
- (R) If the response to INT 4-1(P) is affirmative, please describe in detail NEO’s plans for engaging and monitoring the work of such contractors, including confirming contractor qualifications, competitive bidding processes, job monitoring, etc.
- (S) How does NEO currently determine the necessity and priority of pipeline replacements? What criteria and/or software is used?

- (T) How will NEO determine the necessity or priority of pipeline replacements under the IRP? What criteria and/or software will be used?
- (U) When does NEO anticipate filing the next base rate case if (a) the proposed IRP rider is approved and (b) if the proposed IRP rider is not approved?
- (V) How frequent (in terms of years) does NEO anticipate filing additional base rate cases if (a) the proposed IRP is approved and (b) if the proposed IRP rider is not approved?
- (W) Referencing the discussion of potentially dramatic substantial rate increases to fund any immediate emergency infrastructure replacement measures in the future on page 19 of the Application, has NEO conducted any probabilistic or other studies to determine the probability or likelihood that the emergency infrastructure replacement measures described will occur and the rate increases described will occur? If so, please provide copies of such studies.
- (X) Please provide an illustrative example of how the depreciation calculations in Section 3.3 on page 19 of the application will work, utilizing realistic estimated investment levels and identifying and explaining assumptions used.
- (Y) Please explain what is meant by “contract service” on page 20 of the Application - Alternative Rate Plan Exhibits at Section 3.7.
- (Z) Please explain why contract service customers would be excluded the IRP monthly charge.
- (AA) Assuming annual IRP investment at the proposed \$2.0 million annual cap, what year does NEO anticipate completing the proposed IRP?
- (BB) How did NEO determine the proposed \$2.0 million IRP annual cap?

Response: (A) Objection. NEO objects that the term “system map or maps” is vague, ambiguous, and subject to differing interpretations. Further stating, NEO objects to this interrogatory as it does not seek to elicit any written response but instead improperly requests the production of document(s). Subject to and without waiving the foregoing objections, please reference attached file “OCC Set 4-INT-10 (A) & (B) - Maps of NEO.zip”.

(B) Objection. NEO objects that the term “system map or maps” is vague, ambiguous, and subject to differing interpretations. Subject to and without waiving the foregoing objection, please reference attached file “OCC Set 4-INT-10 (A) & (B) - Maps of NEO.zip”.

(C) Objection. NEO objects that the terms “system map or maps” and “concentrations” are vague, ambiguous, and subject to differing interpretations. Subject to and without waiving the foregoing objection, please reference attached file “OCC Set 4-INT-01 (C).jpg”.

(D) Objection. NEO objects to this interrogatory because it is overbroad in temporal scope, unduly burdensome, and seeks irrelevant information and/or information not reasonably calculated to lead to the discovery of admissible evidence. The Commission-approved test period in the Rate Case is the 12 months ending June 30, 2019 (“Test Period”). Accordingly, NEO objects to the extent this interrogatory seeks data for multiple years outside of the Test Period. Subject to and without waiving the foregoing objection, the annual system throughput for Brainard, NEO, Spelman, and Orwell, from 2014-2018, is provided in the attached file “OCC Set 4-INT-10 (D) Throughput Reports.zip”.

(E) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Subject to and without waiving the foregoing objection, NEO has proposed to replace meters while replacing bare steel and mechanically coupled service lines for several reasons, including but not limited to:

- The meters associated with bare steel and mechanically coupled service lines as identified in NEO’s DIMP, are most likely old, fully depreciated and approaching the end of their useful life. If there is a new meter in place it will not be replaced.
- The meters removed will be tested for accuracy as part of NEO’s meter sampling program. This will identify any meter type failures allowing NEO to replace like meters that may no longer be accurate. This allows NEO to pull meters at existing jobs sites and avoids a separate trip to collect individual meters.

(F) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Subject to and without waiving the foregoing objection, NEO has proposed to replace meters while replacing NORMAC FLEX Risers for several reasons, including but not limited to:

- The meters associated with NORMAC FLEX Risers most likely old, fully depreciated and approaching the end of their useful life. If there is a new meter in place it will not be replaced.
- The meters removed will be tested for accuracy as part of NEO’s meter sampling program. This will identify any meter type failures allowing NEO to replace like meters that may no longer be accurate. This allows NEO to pull meters at existing jobs sites and avoids a separate trip to collect individual meters.

(G) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Further stating, NEO objects to this interrogatory on the basis that it contains apparent grammatical and syntactical errors that require NEO to speculate regarding its meaning. Subject to and without waiving the foregoing objections, NEO intends to replace inside regulators and meter sets based on a number of individualized factors and/or considerations, including but not limited to regulatory, technical, and/or operational necessity. Relevant considerations could include:

- The services are running through the foundation wall at high-pressure and there is high-pressure gas piping in the home prior to the regulator. The International Fuel Gas Code, section 404.6 addresses piping through the foundation wall, “Gas *piping* shall not penetrate building foundation walls at any point below grade. Gas *piping* shall enter and exit a building at a point above grade and the annular space between the pipe and the wall shall be sealed”. These services are old bare steel as identified in NEO’s DIMP and are not consistent with the current International Fuel Gas Code.
- The inside regulators and meters associated with these bare steel services as identified in NEO’s DIMP, are likely old, fully depreciated and approaching the end of their useful life. If there is a new meter in place it will not be replaced.
- The meters removed will be tested for accuracy as part of NEO’s meter sampling program. This will identify any meter type failures allowing NEO to replace like meters that may no longer be accurate. This allows NEO to pull meters at existing job sites and avoids a separate trip to collect individual meters.

(H) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Further stating, NEO objects that the term “safety implications or other concerns” is vague, ambiguous, and subject to differing interpretations. NEO also objects to the interrogatory insofar as it requires NEO to speculate about the myriad considerations or variables related to “safety” that may necessitate accelerated replacement of certain service lines with property line meter sets. Similarly, NEO objects to this interrogatory insofar as it requires NEO to speculate about the specific set of individual circumstance(s) and/or condition(s) of the undefined, hypothetical service line(s) in question. Subject to and without waiving the foregoing objections, NEO intends to replace service lines with property line meter sets based on a number of individualized factors and/or considerations, including but not limited to

regulatory, technical, and/or operational necessity. Relevant considerations could include:

- Replacing the bare steel service and the low-pressure fuel line with a new plastic service running to the home is consistent with NEO’s DIMP and relieves the homeowner of the responsibility to maintain the fuel line. The International Fuel Gas Code, section 404.11 addresses the requirements for buried fuel line piping. In addition, CFR 49 Part 192.16 speaks to customer buried piping.
- The piping from the meter set to home is a low-pressure buried fuel line that is the responsibility of the homeowner. The typical homeowner is not familiar with the requirement to maintain and/or how to maintain the buried steel piping.
- The fuel line piping is most likely old and approaching the end of its useful life.

(I) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Subject to and without waiving the foregoing objections, NEO’s reference to upgrading to “Advanced Meters for certain locations” means installing meters that are Automatic Meter Read (AMR), capable. They will be installed in areas of concentrated IRP service replacements. This allows for more reliable reads for the customer and slight productivity gains in meter reading. The AMR capable meters will benefit the customer and NEO. They will not be installed in the general population of plastic services as part of the IRP.

(J) Objection. NEO objects to this interrogatory on the basis that it requires NEO to speculate about future events and circumstances over which it does not control, and, thus, cannot predict. Subject to and without waiving the foregoing objections, NEO estimates it will complete the program in 12 years, by the end of 2030.

(K) The financial benefits of Rider IRP are discussed on pages 18-19 of the Application and in the prefiled direct testimony of Kevin Degenstein. NEO has not quantified the total financial benefits of Rider IRP at this time.

(L) Objection. NEO objects to this interrogatory on the basis that it contains apparent grammatical and syntactical errors that require NEO to speculate regarding its meaning. Further stating, NEO objects to this interrogatory because it is overbroad in temporal scope, unduly burdensome, and seeks irrelevant information and/or information not reasonably calculated to lead to the discovery of admissible evidence. The Commission-approved test period in the Rate Case is the 12 months ending June 30, 2019 (“Test Period”). Accordingly, NEO objects to the extent this interrogatory seeks data for multiple years outside of the

Test Period. Subject to and without waiving the foregoing objections, please refer to attached files “OCC-Set 4-INT-01 (L) 5year_AbdnServices.xlsx” and “OCC-Set 4-INT-01 (L) Replacements.xlsx”

(M) Objection. NEO references and reincorporates the objections and response to INT 4-1(L) as if fully stated herein. Subject to and without waiving the foregoing objections, please refer to attached file “OCC-Set 4-INT-01 (L) Replacements.xlsx”.

(N) Objection. NEO objects to this interrogatory on the basis that the term “currently performed” is vague, ambiguous, and subject to differing interpretations given that INT 4-1(L) concerns data from 2014 through 2018. Subject to and without waiving the foregoing objections, to the extent this interrogatory is asking whether NEO used a contractor to perform the replacement services identified in response to INT 4-1(L) between 2014 and 2018, NEO states replacement of mains and service lines are completed by both contractors and company personnel.

(O) Objection. NEO references and reincorporates the objections and response to INT 4-1(N) as if fully stated herein. Further stating, NEO objects to this interrogatory on the basis that it is vague and ambiguous as to whether it is referencing contractors previously hired by NEO to oversee pipeline replacement projects between 2014 and 2018 or contractors that will be hired in the future to oversee Rider IRP projects. Subject to and without waiving the foregoing, to the extent this interrogatory asks NEO to describe how it will oversee contractors associated with Rider IRP, NEO states that before a job begins, NEO requires the Operator Qualification (OQ) and the Drug and Alcohol administrators Consortium information for of all the contractor’s employees to be given to NEO’s Construction Manager. The Construction Manager gives the information to the Compliance Manager for approval. The Compliance Manager vets all the OQ information and contacts Veriforce, our drug and alcohol plan administrator, for approval of the Contractor’s Drug and Alcohol plan. The Construction Manager or construction personnel qualified to inspect the contractor’s work is assigned to the contractor for the duration of the job. A description of NEO’s RFP process is attached as “OCC Set 4-INT-01 (O) RFP 2019-200 Misc. Distribution Projects (Full RFP).pdf”

(P) Objection. NEO objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable hypothetical circumstances under which the Commission may approve Rider IRP. Further stating, NEO objects that the term “IRP projects” is vague, ambiguous, and subject to differing interpretations. Subject to and without waiving the foregoing objection, to the extent this interrogatory assumes Rider IRP would be approved by the Commission without modification as provided in the Application, NEO may use certain contractors in connection with qualified projects subject to cost recovery under Rider IRP.

(Q) Objection. NEO objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable hypothetical circumstances under which 1) the Commission may approve Rider IRP and/or 2) NEO might need to employ a contractor to oversee various aspects of a qualified project subject to cost recovery under Rider IRP. Further stating, NEO objects that the term “IRP projects” is vague, ambiguous, and subject to differing interpretations. Subject to and without waiving the foregoing objection NEO states that contractors may be used on certain IRP approved projects.

(R) Objection. NEO references and reincorporates the objections and response to INT 4-1(P) as if fully stated herein. Subject to and without waiving the foregoing objection please see response to OCC Set 4-INT-01 (O).

(S) Objection. NEO objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable hypothetical circumstances under which it would determine the “necessity” of making certain unidentified pipeline replacements. Moreover, NEO objects to the interrogatory insofar as it requires NEO to speculate about the various types and conditions of pipelines to be “priorit[ized]” in an undefined, incomplete hypothetical scenario. Subject to and without waiving the foregoing objections, NEO uses its DIMP to determine the necessity and priority of pipeline replacements. Items evaluated include but are not limited to the following: location of leak (population, cover, school, etc.), type of pipe, year installed, previous leak history, and observed condition of pipe. In addition, NEO will replace pipeline and services found to be leaking when responding to a leak calls and emergencies.

(T) Objection. NEO objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable hypothetical circumstances under which it would determine the “necessity” of making certain pipeline replacements, particularly under an incomplete, undefined hypothetical Commission-approved Rider IRP program. Further stating, NEO objects to the interrogatory insofar as it requires NEO to speculate about the various types and conditions of pipeline replacements to be “priorit[ized]” in an undefined, incomplete hypothetical Commission-approved Rider IRP program. Subject to and without waiving the foregoing objections, NEO will use its DIMP to determine the necessity and priority of pipeline replacements. In addition, NEO will replace pipeline and services found to be leaking when responding to a leak calls and emergencies.

(U) Objection. NEO objects to the interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable hypothetical considerations that would impact or otherwise influence NEO’s decision to file its next base rate case. As such, without more, NEO is unable to provide a response to this interrogatory.

(V) Objection. NEO references and reincorporates the objections and response to INT 4-1(U) as if fully stated herein.

(W) Objection. NEO objects that the term “probabilistic or other studies” is vague, ambiguous, and subject to differing interpretations. Further stating, NEO objects to the extent this interrogatory improperly requests the production of document(s). Subject to and without waiving the foregoing objections, NEO intends to continue replacing or upgrading infrastructure to eliminate potential safety concerns and to proactively address any operational issues or leaks consistent with its statutory and regulatory obligations under federal and state law. To the extent this interrogatory asks if NEO has identified specific probabilities concerning precise emergency infrastructure replacement measures that may or may not occur sometime in the future based on speculative assumptions, NEO has conducted no such studies.

(X) Objection. NEO objects that the term “illustrative example” is vague, ambiguous, and subject to differing interpretations. Subject to and without waiving the foregoing objection, please see EXHIBIT CEL-3 in MR Loy’s testimony.

(Y) On page 20 of the Application, the term “contract service” refers to the provision in the tariffs of NEO, Orwell and Brainard that allow the Company to offer transportation services at rates that are downwardly flexible from the maximum rates.

(Z) Objection. NEO objects to this interrogatory on the basis that it contains apparent grammatical and syntactical errors that require NEO to speculate regarding its meaning. Subject to and without waiving the foregoing objection, to the extent this interrogatory asks why “contract service” is excluded from the monthly Rider IRP charge as stated on page 20 of the Application, NEO states that rates for contract service customers are subject to the contract between NEO and the customer and are not subject to change without negotiating a new contract.

(AA) Objection. NEO objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable circumstances that could impact the completion of a hypothetical Commission-approved Rider IRP program, even assuming an annual IRP investment at the proposed \$2.0 million annual cap. Subject to and without waiving the foregoing objections, NEO estimates it would complete the program in approximately 6 years, by the end of 2024, if NEO spent \$2 million per year.

(BB) Objection. NEO objects to this interrogatory to the extent it seeks the disclosure of attorney-client privileged information and/or information protected by the work-product doctrine. Subject to and without waiving the foregoing objection, NEO determined the proposed \$2 million annual cap for Rider IRP

based on a variety of considerations, including but not limited to current and projected distribution system conditions, rate impacts, and other natural gas infrastructure replacement programs approved by the Commission. The attached spreadsheet “Staff DR 40 - OH IRP-Forecast.xlsx” details the IRP costs over the first five years and also describes the total program costs with the annual costs being about \$1 million per year. The \$2 million cap is based on the simple assumption that the program would be implemented in half the time and so the cost per year would double.

OCC Set 4**As to Objections: N. Trevor Alexander****Witness: Degenstein**

Case Nos. 18-1720-GA-AIR; 18-1721-GA-ATA; 18-1722-GA-AAM

In the Matter of the Application of Northeast Ohio Natural Gas Corp. for an Increase in Gas Distribution Rates; In the Matter of the Application of Northeast Ohio Natural Gas Corp. for Tariff Approval; In the Matter of the Application of Northeast Ohio Natural Gas Corp. for Approval of Alternative Regulation

OCC Set 4 – Referring to the Direct Testimony of Mr. Degenstein as it relates to the proposed
INT-02 IRP:

- (A) Referencing the testimony at Page 4, Lines 3-7, does NEO expect future customer growth similar to the growth described to continue?
- (B) If the response to INT 4-2 is affirmative, over what time period is the future growth described expected to continue?
- (C) Referencing the testimony at Page 4, Lines 3-7, what time period(s) are referred to in the discussion of “more rapidly” investing in needed replacements?
- (D) Referencing the testimony at Page 17, Lines 23-24, under what circumstances will NEO take responsibility of existing customer service lines?
- (E) Referencing the testimony at Page 17, Lines 23-24, what is meant by the term “take responsibility of existing customer service lines?”
- (F) Referencing the testimony at Page 17, Lines 23-24, does taking responsibility for customer service lines include taking ownership of the lines?
- (G) Referencing the testimony at Page 18, Lines 6-8, if the proposed IRP rider is not approved, will NEO still implement the accelerated infrastructure replacement described in the Application and witness testimony?
- (H) If the answer to INT 4-2(G) is affirmative, what (if any) changes to the infrastructure replacement plan, including changes to the priorities of the types of equipment replaced and the pace of replacements, will be made?
- (I) Referencing the testimony at Page 18, Lines 14-21, has NEO compared the relative costs and benefits of adding overpressure protection to customer meter sets in the low-pressure delivery systems versus replacement of the systems?
- (J) Referencing the testimony at Page 20, Lines 1-15, please provide a chart or similar description of each operational division’s (i.e., Brainard, Northeast Natural

Gas, Orwell, and Spellman) annual leak rate by grade (i.e., Grade 1, 2, and 3) for the period 2014-2018.

(K) Referencing the testimony at Page 20, Lines 1-15, with implementation of the proposed IRP, please provide a chart or similar description of each operational division's (i.e., Brainard, Northeast Natural Gas, Orwell, and Spellman) anticipated or annual leak rate goal by grade (Grade 1, 2, and 3) for the period 2019-2023.

(L) Referencing the testimony at Page 21, Lines 10-11, with replacement of bare steel and other priority-material pipelines, does NEO anticipate any operation and/or maintenance savings as a result of fewer leaks repaired, less required leak monitoring, etc.? If not, why not?

(M) If the answer to INT 4-2(L) is in the affirmative, has NEO estimated or does it plan to estimate the anticipated operation and maintenance savings?

(N) Referencing the testimony at Page 21, Lines 9-10, does NEO anticipate any operation and maintenance savings associated with the installation of advanced meters and/or meter reading equipment as part of the IRP?

(O) If the answer to INT 4-2(N) is in the affirmative, has NEO estimated or does it plan to estimate the anticipated operation and maintenance savings?

(P) Has NEO done any analysis to quantify the benefits and costs of the proposed IRP versus continuing to its current repair and replacement program?

(Q) If the answer to INT 4-2(P) is in the affirmative, please provide a copy of the analysis.

Response:

(A) Objection. NEO objects to the interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable hypothetical considerations that could impact or otherwise influence customer growth in its territory. Subject to and without waiving the foregoing objection, Yes, NEO anticipates customer growth to continue as described.

(B) Objection. NEO references and reincorporates the objection and response to INT 4-2(A) as if fully stated herein. Subject to and without waiving the foregoing objections, NEO states that it anticipates customer growth to continue throughout the foreseeable future. Not forgoing the response to (A) above, NEO realizes customer growth is associated with economic growth in the local area. Customer growth can continue or drop off significantly based on economic development in the area.

(C) Objection. NEO objects to this interrogatory on the basis that it misquotes the referenced testimony. NEO does not discuss investing in needed replacements nor does it use the quoted term "more rapidly" on page 4, lines 3-7 of Mr. Degenstein's pre-filed testimony. As such, NEO is unable to provide a response to this interrogatory.

(D) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Further stating, NEO objects to the interrogatory insofar as it requires NEO to speculate about the myriad considerations and/or innumerable variables under which NEO may take responsibility for existing customer service lines. Subject to and without waiving the foregoing objections, please see Direct Testimony of Stephanie A. Patton and NEO’s responses to OCC INT 2-3, OCC INT 2-6, OCC INT 2-11, OCC INT 2-22, and OCC INT 3-2.

(E) Objection. NEO references and reincorporates the objections and response to INT 4-2(D) as if fully stated herein.

(F) Objection. NEO references and reincorporates the objections and response to INT 4-2(D) as if fully stated herein.

(G) Objection. NEO objects to this interrogatory on the basis that it is overbroad, unduly burdensome, and as seeking an improper “white paper” narrative response. *Penn Central Transp. Co. v. Armco Steel Corp.*, 27 Ohio Misc. 76, 77 (Montgomery Cty. 1971). Further stating, NEO objects to this interrogatory because it requires NEO to speculate about the myriad assumptions underlying an incomplete hypothetical scenario. Accordingly, without more, NEO is unable to provide a response to this interrogatory.

(H) Objection. NEO references and reincorporates the objections and response to INT 4-2(G) as if fully stated herein. Further stating, NEO objects that the terms “changes to the infrastructure replacement plan”, “types of equipment replaced”, and “pace of replacements” are vague, ambiguous, and subject to differing interpretations. As such, without more, NEO is unable to provide a response to this interrogatory.

(I) Objection. NEO objects that the terms “overpressure protection” are vague, ambiguous, and subject to differing interpretations. Subject to and without waiving the foregoing objections, the low-pressure system in Bowerston and Millersburg is bare steel distribution main, bare steel and coupled services and has some inside meters sets with service piping running through the foundation. To provide overpressure protection at the meter set does not eliminate the high-risk infrastructure identified in the IRP and the NEO DIMP plans.

(J) Please see attached files, OCC-Set 4-INT-02 (J) - NEO Leak Report.xls and OCC-Set 4-INT-02 (J) - Orwell-Brainard Leak Report.xlsx.

(K) Objection. NEO objects that the term “leak rate goal by grade” is vague, ambiguous, and subject to differing interpretations. Further stating, NEO objects to the interrogatory insofar as it requires NEO to speculate about outcomes based on an

undefined, incomplete hypothetical scenario in the future. Accordingly, without more, NEO is unable to provide a response to this interrogatory.

(L) Objection. NEO objects that the term “other priority-material pipelines” is vague, ambiguous, and subject to differing interpretations. Further stating, NEO objects to the interrogatory insofar as it requires NEO to speculate about outcomes based on an undefined, incomplete hypothetical scenario in the future. NEO also objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable factors under which NEO might receive “any operation and/or maintenance savings” associated with the replacement of certain pipelines. Subject to and without waiving the foregoing objections, please see response to Staff DR 41.

(M) Objection. NEO references and reincorporates the objections and response to INT 4-2(L) as if fully stated herein. Subject to and without waiving the foregoing objections, NEO does not anticipate operation and maintenance savings referenced in INT 4-2(L), see response to Staff DR 41.

(N) Objection. NEO objects to this interrogatory insofar as it requires NEO to speculate about outcomes based on an undefined, incomplete hypothetical scenario in the future. NEO also objects to this interrogatory insofar as it requires NEO to speculate about the myriad variables and innumerable factors under which NEO might receive “any operation and/or maintenance savings” associated with the installation of advanced meters and/or meter reading equipment. Subject to and without waiving the foregoing objections, NEO anticipates that the number of AMR meters associated with the IRP is small and will not save significant dollars. See response to INT 4-1(I).

(O) Objection. NEO references and reincorporates the objections and response to INT 4-2(N) as if fully stated herein. Subject to and without waiving the foregoing objections, NEO has not and does not plan to estimate the operation and maintenance savings referenced in INT 4-2(N).

(P) Objection. NEO objects to this interrogatory on the basis that it contains apparent grammatical and syntactical errors that require NEO to speculate regarding its meaning. Subject to and without waiving the foregoing objection, to the extent this interrogatory asks whether NEO has conducted a cost/benefit analysis comparing the proposed Rider IRP to NEO’s current repair/replacement practices/policies. NEO has not conducted any cost benefit analysis. The propose of the IRP is to systematically replace high-risk infrastructure which will enhance safety and reliability of the system, reducing the cost of replacement and avoiding future rate shock.

(Q) Objection. NEO references and reincorporates the objections and response to INT 4-2(P) as if fully stated herein. Further stating, NEO objects to this interrogatory on the basis that it does not seek to elicit any written response but instead improperly requests the production of document(s).

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Case No(s). 18-1720-GA-AIR, 18-1721-GA-ATA, 18-1722-GA-ALT

Summary: Testimony Direct Testimony of Kerry J. Adkins on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.