

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Co-)
lumbia Gas of Ohio, Inc. for Authority)
to Amend its Filed Tariffs to Increase the) Case No. 21-637-GA-AIR
Rates and Charges for Gas Services and)
Related Matters.)

In the Matter of the Application of Co-)
lumbia Gas of Ohio, Inc. for Approval of) Case No. 21-638-GA-ALT
an Alternative Form of Regulation.)

In the Matter of the Application of Co-)
lumbia Gas of Ohio, Inc. for Approval of)
a Demand Side Management Program) Case No. 21-639-GA-UNC
for its Residential and Commercial Cus-)
tomers.)

In the Matter of the Application of Co-)
lumbia Gas of Ohio, Inc. for Approval to) Case No. 21-640-GA-AAM
Change Accounting Methods.)

**PREPARED SUPPLEMENTAL TESTIMONY OF
ERIC SLOWBE
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

- Management policies, practices, and organization
- Operating income
- Rate base
- Allocations
- Rate of return
- Rates and tariffs
- Other

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May 13, 2022

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PREPARED SUPPLEMENTAL TESTIMONY
OF ERIC SLOWBE

1 **Q. Did you submit direct testimony in this case?**

2 A. Yes.

3
4 **Q. What is the purpose of this supplemental testimony?**

5 A. To detail why Columbia believes its Infrastructure Replacement Program
6 (IRP) regulations should be modified and to explain some of the anticipated
7 benefits of and reasons for the proposed modifications. This testimony will
8 also cover the Columbia's arguments raised in Objection 6.1.1. and 6.1.2.1.

9
10 **Q. Staff has recommended that the Commission reject Columbia's request**
11 **to eliminate the existing limitations on the replacement of interspersed**
12 **non-Priority Pipe from the Accelerated Mains Replacement Program**
13 **(AMRP). Why does Columbia believe limitations on the replacement of**
14 **interspersed non-Priority Pipe should be eliminated?**

15 A. Currently, Columbia is required to expend resources to investigate mains
16 that are within or immediately next to the footprint of an AMRP project for
17 continued operation or uprate instead of replacement, and only within cer-
18 tain limits for plastic pipe. "Uprating" is a process of evaluating an existing
19 gas main for its adequacy to operate at a higher pressure, then the subse-
20 quent process of establishing a new Maximum Allowed Operating Pressure
21 by one of several available processes. The processes and determination of
22 adequacy are based on a combination of PHMSA and Columbia Gas Stand-
23 ards requirements. The resources expended include time to research con-
24 struction records, evaluation of historic mains and services documentation,
25 development of uprate plans and all associated documentation, holding
26 meetings on the feasibility of performing the uprate, performing prelimi-
27 nary field inspections of each property's customer settings, and inspecting
28 the sewers in the area to assure no cross bored facilities would be uprated.
29 These steps require time, company personnel, and contract crews. The re-
30 sources expended through the point of field evaluations will likely be
31 stranded if Columbia cannot verify that the sewers in the area are clear of
32 cross bores. In those situations, the mains and services need to be replaced
33 to assure safe future operations.

34
35 When those situations occur, a construction crew is already replacing the
36 mains and services as part of an AMRP. Since it is most cost-effective to
37 have the on-site crew(s) include the affected pipe in their construction work,

1 Columbia then expedites development of an urgent replacement plan for
2 the mains and services in question, which is inefficient and not cost-effective.
3 The rushed design and replacement takes unplanned labor and equipment
4 resources away from other replacement or operations projects. It results
5 in an increased cost-per-foot to replace the non-interspersed footage.
6

7 The elimination of interspersed footage limitations will help reduce the
8 time and resources Columbia expends to research, evaluate, and design replacement
9 of certain pipes. By increasing productivity and ability to plan and manage work,
10 Columbia personnel can better focus on the design and management of the replacement
11 work it performs.
12

13 **Q. What will change for the customers' bills if the Commission eliminates**
14 **limitations on the replacement of interspersed non-Priority Pipe under**
15 **the IRP?**

16 A. Columbia already has the Capital Expenditures Program (CEP) mechanisms
17 in place to recover replaced segments of non-interspersed, non-Priority Pipe.
18 Currently, when Columbia encounters a segment in an AMRP project that requires
19 replacement but does not qualify for the AMRP, Columbia develops separate Project
20 and Job Orders to perform the replacement and keeps the AMRP-eligible portions
21 of the project consolidated under their own job orders. Under Columbia's proposal,
22 Columbia could recover all parts of the project under the IRP. This would not result
23 in increased costs to customers, when considering the CEP in conjunction with
24 the IRP; it would simply result in costs that are currently recovered under the
25 CEP being recovered under the IRP. Customers therefore have no overall cost
26 increase by the elimination of interspersed footage limitations from the AMRP.
27
28
29

30 **Q. How many occurrences of stranded efforts does Columbia expect to avoid**
31 **by eliminating interspersed footages?**

32 A. Anecdotally, in 2021 alone, Columbia planned to perform over 40 uprates
33 of non-interspersed segments. Of those, 15 uprates were able to be completed.
34 Of the remaining more than 60% of anticipated uprates, most had gone through
35 records research, designs, preliminary investigations, coordination meetings,
36 and field evaluations prior to being determined to not meet the company's gas
37 standard requirements for safe uprate and continued operation. All planning up
38 to that point, including personnel, equipment, and financial resources became
39 sunken cost, as the non-interspersed segments ultimately required replacement.
40 To effectuate the replacement,

1 Columbia personnel had to expedite the plan adjustments, including the
2 new cost estimates, taking away from their ability to plan and manage other
3 important projects. Columbia cannot quantify the resources utilized and
4 lost across its evaluation efforts, but knows that fewer non-interspersed
5 footage evaluations will result in fewer stranded resources.

6

7 **Q. Will there be other benefits to eliminating interspersed footage require-**
8 **ments?**

9 A. Yes. Columbia's practice of isolating segments of non-interspersed, non-
10 Priority Pipe that require replacement (by generating Project and Job Order
11 replacements separated from the AMRP Project and Job Orders) affects the
12 evaluation of the total average costs of the construction projects. Eliminat-
13 ing this obstacle will improve Columbia's ability to identify trends in its
14 required replacement of interspersed and non-interspersed mains associ-
15 ated with AMRPs.

16

17 **Q. What would prevent Columbia from altering the nature of the AMRP if**
18 **the limitations on interspersed footages are eliminated?**

19 A. Columbia has numerous other requirements and obligations it would still
20 need to meet. For example, Columbia would continue to be subject to an-
21 nual audits for the reasonability and completeness of work performed.

22

23 Columbia will still evaluate the feasibility and practicality of uprating
24 lengths of pipes that it reasonably expects meets current safety require-
25 ments. Due to considerations including but not limited to hard surface res-
26 toration, local municipality requirements, pipe size and volume require-
27 ments, and completeness of historical records, these situations necessarily
28 require individual evaluation.

29

30 Columbia is still committed to replacing all of its remaining Priority Pipe
31 by the end of 2032. To achieve this, Columbia will need to continue to opti-
32 mize its expenditures and construction plans. Improved efficiency in design
33 and construction will aid in the effort. Columbia recognizes that every in-
34 vestment it makes that does not replace Priority Pipe takes away from its
35 ability to meet its 25-year replacement objective, and thereby risking its
36 ability to recover the costs to replace remaining Priority Pipe.

37

38 In addition, Columbia has proposed restricting the AMRP to projects in
39 which 50% or more of the pipe retired is Priority Pipe.

40

1 **Q. Why is Columbia proposing a 50% and greater Priority Pipe threshold for**
2 **projects to qualify for inclusion in the AMRP?**

3 A. Currently there are restrictions that govern when mandatory relocation
4 projects are eligible for the AMRP, as well as an annual total program limi-
5 tation on plastic replaced via the AMRP. There is not a requirement that
6 AMRP-eligible projects retire a minimum quantity or percentage of Priority
7 Pipe.

8
9 These rules were established and clarified prior to the existence of the CEP,
10 with the intention of focusing Columbia’s efforts on Priority Pipe replace-
11 ment. These rules were also implemented prior to Columbia establishing its
12 capability to achieve the objectives of the IRP. Columbia recognizes the ben-
13 efits of focusing on replacement of Priority Pipe and feels that establishing
14 a single clear rule for all replacement projects would result in a clearer
15 breakpoint for inclusion or exclusion in the AMRP. Columbia believes a
16 50% threshold ensures the AMRP continues to serve the purpose of expe-
17 diting the replacement of Priority Pipe.

18
19 **Q. Did Columbia agree to provide certain information in Case No. 21-1185-**
20 **GA-RDR?**

21 A. Yes, in this year’s Rider IRP adjustment proceeding, Columbia agreed to
22 “update Anticipated Total to be Replaced values for Pre-1955 Unprotected
23 Coated Steel and Customer Service lines in said Case No. 21-0638-GA-ALT,
24 with regards to the percentage replaced for hazardous service lines and
25 non-hazardous service lines.”

26
27 As such, Columbia has replaced 240 miles of Pre-1955 Unprotected Coated
28 Steel mains, and believes it has replaced all of this type pipe in its system.
29 Columbia has replaced over 250,000 hazardous service lines, but cannot
30 quantify the remaining hazardous service lines it will need to replace. Like-
31 wise, Columbia cannot quantify the non-hazardous service lines it has
32 needed to replace in the program and will need to replace in Rider IRP.

33
34 **Q. Does Staff recommend Columbia provide additional information in this**
35 **proceeding?**

36 A. Yes, Staff recommends that Columbia provide revised “Anticipated Totals
37 to be Replaced” for each respective category of priority pipe. Staff goes
38 further and requires Columbia to provide Staff “the anticipated time frame

1 to complete these projects and the Company's assumptions for the calcula-
2 tion of the "Anticipated Totals to be Replaced" for these respective catego-
3 ries."

4
5 **Q. Do you agree with Staff's recommendation?**

6 A. Columbia can provide the totals of what it anticipates replacing in the final
7 ten years of the Accelerated Mains Replacement Program. Based on Co-
8 lumbia's U.S. DOT PHMSA Annual Report for Calendar Year 2021 Gas Dis-
9 tribution System, below are the amounts of priority pipe in Columbia's sys-
10 tem as of December 31, 2021:

11

Bare Steel	Iron/Other	Pre-1955 Unprotected Coated Steel	Pre-1955 Ineffectively Coated Steel	Plastic
1,620.2	100.6	0	34.2	N/A*

12 *Plastic does not count towards the 4,100 miles of priority pipe.

13
14 With the proposed Rider IRP rider caps and if Columbia has the recovery
15 mechanisms to do so, Columbia anticipates completing the replacement of
16 half of the remaining priority pipe in the next five years. Likewise, the Co-
17 lumbia anticipates replacing the remaining priority pipe in the final five
18 years of the Accelerated Mains Replacement Program.

19
20 **Q. Does this complete your Prepared Supplemental Testimony?**

21 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 13th day of May, 2022, upon the persons listed below.

/s/ Joseph M. Clark

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AAM**

Summary: Testimony Prepared Supplemental Direct Testimony of Eric Slowbe on
behalf of Columbia Gas of Ohio, Inc. electronically filed by Ms. Melissa L.
Thompson on behalf of Columbia Gas of Ohio, Inc.