



Public Utilities Commission

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April 13, 2011

Hon. Secretary Ray LaHood
United States Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

RE: Pipeline Safety Forum Addressing Aging Infrastructure

Dear Secretary LaHood:

The Public Utilities Commission of Ohio (PUCO) has long supported the pipeline safety program under its jurisdiction. Since the early 1970's, the PUCO has enforced the federal minimum safety requirements for intrastate gas pipelines operating within Ohio and in 1991 enacted Ohio's gas pipeline safety rules, which adopted the Department of Transportation's gas pipeline safety regulations.¹ The PUCO's pipeline safety rules extend beyond its rate regulation authority and include overseeing the safety of over 60,000 miles of intrastate gas pipelines comprised of local distribution companies (LDC), master meter systems, municipal gas systems, and intrastate transmission companies.

Since 2001, the PUCO has recognized the need to accelerate the replacement of Ohio's aging pipeline infrastructure. In 2001, the PUCO established the first cost recovery mechanism outside of the traditional rate case process to review the costs associated with accelerated pipeline replacement.² Over the past ten years, all four of Ohio's largest LDCs, have initiated programs for accelerated replacement of bare steel, cast iron, wrought iron, and ineffectively coated steel pipelines (target pipe) under this alternative cost recovery mechanism.³

As a result of these accelerated replacement programs, the state's four largest LDCs will replace approximately 9,693 miles of target pipelines within the next 15 to 25 years for a total cost of approximately \$5.4 billion dollars. To date, these accelerated pipeline replacement programs have replaced 1,425 miles of pipelines for a total cost of \$740 million dollars.

¹ Rule 4901:1-16-03, Ohio Administrative Code, *Adoption of U.S. department of transportation gas pipeline safety regulations.*

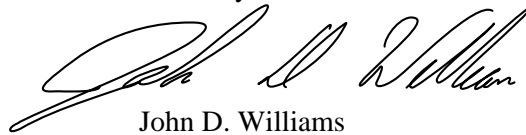
² Case No. 01-1478-GA-ALT, *In the Matter of the Application of the Cincinnati Gas and Electric Company for Approval of an Alternative Rate Plan for its Gas Distribution Service.* Through this proceeding, CG&E obtained Commission approval to utilize a cost recovery rider to fund its Accelerated Main Replacement Program.

³ See Case No. 08-73-GA-ALT, *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Alternative Form of Regulation and for a Change in its Rates and Charges*; Case No. 08-169-GA-ALT, *In the matter of the Application of The East Ohio Gas Company dba Dominion East Ohio for approval of Tariffs to Recover Certain costs Associated with a Pipeline Infrastructure Replacement Program Through an Automatic Adjustment Clause and for Certain Accounting Treatment*; and Case No. 07-1081-GA-ALT, *In the Matter of the Notice of Intent of Vectren Energy Delivery of Ohio for Approval of an Alternative Rate Plan for a Distribution Replacement Rider to Recover the Costs of a Program for the Accelerated Replacement of Cast Iron Mains and Bare Steel Mains and Service Lines, a Sales Reconciliation Rider to Collect Differences Between Actual and Approved Revenues, and Inclusion in Operating Expenses of the Costs of Certain Reliability Programs.*

In addition to supporting accelerated pipeline replacement, the PUCO continues to aggressively oversee pipeline safety compliance to ensure that the LDCs' gas pipeline systems continue to operate in a safe and reliable manner. Since 2008 the PUCO has initiated three pipeline safety investigations, two of which related to compliance with leak surveys and corrosion control.⁴ The LDCs continue to have ongoing responsibility to prioritize the replacement of this aging infrastructure utilizing leak survey information, corrosion data, pipeline inspection data, and other related operating and engineering data. All of the large LDC accelerated pipeline replacement programs have points of review in their cost recovery cases where the accelerated replacement programs will be evaluated for their effectiveness. The PUCO will continue to monitor and evaluate the effectiveness of these cost recovery mechanisms and modify the scope and timing as appropriate.

We appreciate the opportunity to comment and to be part of the Federal Pipeline Safety Forum and to continue working with you to promote safe and reliable natural gas pipeline safety.

Sincerely,

A handwritten signature in black ink, appearing to read 'John D. Williams', written in a cursive style.

John D. Williams
Director
Service Monitoring and Enforcement Department

cc: Ms. Cynthia Quarterman, PHMSA Administrator
Mr. Jeff Wiese, PHMSA Pipeline Safety Program Association Administrator

⁴ Case No. 08-133-GA-GPS, *In the Matter of the Investigation of Duke Energy Ohio Relative to its Compliance with the Natural Gas Pipeline Safety Standards and Related Matters*; Case No. 10-105-GA-GPS, *In the Matter of the Investigation of Dominion East Ohio Gas Company Relative to its Compliance with the Natural Gas Pipeline Safety Standards and Related Matters*; and Case No. 10-459-GA-GPS, *In the Matter of the Investigation of Columbia Gas of Ohio, Inc. Relative to its Compliance with the Natural Gas Pipeline Safety Standards and Related Matters*.