

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of:)
)
APPLICATION OF COLUMBIA GAS) Case No. 2016-00162
OF KENTUCKY, INC. FOR AN AD-)
JUSTMENT OF RATES)

**PREPARED REBUTTAL TESTIMONY OF
DANNY G. COTE
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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PREPARED REBUTTAL TESTIMONY OF DANNY G. COTE

1 **Q: Please state your name and business address.**

2 A: My name is Danny G. Cote and my business address is 121 Champion
3 Way, Suite 100, Canonsburg, Pennsylvania.

4

5 **Q: Did you file Direct Prepared Testimony in this proceeding?**

6 A: Yes, I did.

7

8 **Q: What is the purpose of your Rebuttal Testimony in this proceeding?**

9 A: It is to respond to Office of Attorney General ("AG") witness Lane Kollen's
10 testimony on page 10 where he asserts that the strategic O&M initiatives are
11 not required for safety or reliability, and to explain why these initiatives are
12 directly related to pipeline safety, or required by regulatory mandates.

13

14 **Q: Why do you believe that these activities are necessary to promote pipeline**
15 **safety or compliance?** Each one of the items identified as Strategic Initiatives
16 (GPS, Cross-Bores, Meter Barrier Identification and installation, Predictive
17 Damage Prevention, Public Awareness outreach, and training to reduce
18 human error during operations), all represent potential safety risks to the
19 public, and in fact have caused explosions, significant property damage, in-

1 juries, and in some cases fatalities in natural gas distribution systems around
2 the United States. Further, under CFR 49, Part 192 Subpart P – Gas Distribu-
3 tion Integrity Management, an Operator must “develop and implement an
4 Integrity Management Program (DIMP) that includes a written integrity
5 management plan”. In addition this plan must “Identify Threats”, “Evaluate
6 and rank the risks”, and “Identify and implement measures to address the
7 risks”. Each one of the Strategic Initiatives identified are risks in Columbia’s
8 DIMP, thus under this regulation, are required to be addressed. To provide
9 just a few examples, I would point to the following:

- 10 • According to PHMSA (Pipeline & Hazardous Materials Safety Administra-
11 tion) 41% of all Federally Reportable gas incidents in the United States are
12 caused by Excavator Damage, making that the single greatest contributor to
13 serious incidents in the United States. Further, Columbia Gas of Kentucky
14 (“Columbia”) has had 110 cases of excavator damage YTD through August,
15 and a total of 149 damages in 2015. These damages all fall into primary basic
16 categories, in this order of significance: Failure to Call, Excavator Error,
17 Locator Error, and Poor Records. As a result of these clear and known risks,
18 Columbia proposes creating the following programs to address this rate of
19 damage:

1 a. A Public Awareness Program in Kentucky to make the excavating
2 community and general public aware of the need to call 811 every
3 time they plan to excavate.

4 b. Deploy a Damage Prevention Risk Model that would enable Colum-
5 bia to identify the most likely locations for potential excavator dam-
6 age, then communicate with the excavator or visit the site prior to the
7 damage occurring, thus preventing the risk from developing into
8 damage.

9 c. A GPS program that would start to allow us to identify the precise
10 special location of all underground facilities, thus negating to risk of
11 Poor Records. Further, by capturing the precise location of our facili-
12 ties using hi-accuracy GPS (with sub-decimeter accuracy), we would
13 not only eliminate issues with poor records, but also simplify the lo-
14 cating process for our locators, there-by reducing the rate of damage
15 in that category as well.

16 Columbia sees these as essential steps in reducing the overall rate of excava-
17 tor damage, and addressing the single most common driver of jurisdictional
18 natural gas system explosions in the U.S.

- 19 • Incident data from PHMSA indicates that an additional 20% of all Federally
20 Reportable gas incidents in the United States are caused by External Dam-

1 age (other than Excavator Damage), with the principal cause of that statistic
2 being vehicular damage to above ground facilities. In fact, the last serious
3 federally reportable incident that occurred in the Columbia system was
4 caused by a vehicle striking a meter and its connecting piping at a Fairfield
5 Inn hotel in Lexington.

6 Therefore, to remediate this risk Columbia is proposing a meter barrier in-
7 spection program to address this public safety risk.

- 8 • Cross-bores are a known industry risk, with repeated occurrences of dam-
9 age to sewer lines being found in many parts of the country, and in a num-
10 ber of cases causing explosions that in some cases resulted in serious injuries
11 and fatalities. According to GTI (the Gas Technology Institute) since 2002
12 there have been at least 18 explosions caused by cross-bores including inci-
13 dents in Ohio, Minnesota, Nevada, and a number of other states. Further, in
14 other states where Nisource operates and currently has legacy cross-bore
15 programs under way, it has found over 350 instances where cross-bores
16 were discovered in sewer or storm drain systems. In addition, it should be
17 noted that in every state where this program was undertaken, cross-bores
18 were found.

1 Lastly, one needs only to review PHMSA recommendations on this
2 subject as far back as 1976 to fully recognize the risk of cross-bores-
3 and the need for a structural remediation program:

4 ***In 1976 NTSB, National Transportation Safety Board, as a result of explosion,***
5 ***2 deaths and 4 injuries, recommended:***
6 □ ***"inspection.... where gas mains and sewer laterals may be in proximity..."***
7 □ ***"...determine other locations where gas lines were installed near existing sewer***
8 ***facilities.....then inspect these locations and take corrective action where nec-***
9 ***essary."***

10
11 • Effective training and qualification programs for employees and contractors
12 alike are integral to successful gas operations execution. The need for these
13 programs has been illustrated tragically by incidents that have occurred
14 over the last several years. Recent incidents that underscore the need for this
15 type of training include:

16 a. The catastrophic explosion that occurred in Harlem NY in 2014 and
17 resulted in 8 fatalities and dozens of injuries, that was caused by the
18 defective fusion of two inch plastic saddle that had been installed by
19 an experienced contractor employee several years before.

20 b. The 2011 incident in Philadelphia that resulted in a PGW
21 (Philadelphia Gas Works) employee fatality and serious injuries to
22 an additional 5 PGW employees, caused because they were too close
23 to a building that had been evacuated because of a significant gas
24 leak in the area. Further, as recently as October 12, 2016, 2 NICOR

1 employees were injured in a gas explosion that occurred after they
2 had evacuated the residents, but stayed in the area trying to locate
3 the leak instead of removing themselves to a safe location then isolat-
4 ing the section of leaking system remotely.

5 These incidents (and many others like them from around the country) illus-
6 trate why Columbia believes that comprehensive and ongoing training for
7 all field operating employees is imperative if it is to continue to deliver the
8 level of pipeline safety for its employees, other emergency responders, and
9 its customers that the public expects and demands.

10 In conclusion, each of these initiatives that are being proposed link
11 directly to regulations, PHMSA industry advisories, or to serious incidents
12 that have occurred in gas systems across the country, and Columbia believes
13 that all of these measures will produce a safer distribution system for Co-
14 lumbia's customers.

15 **Q: Does this complete your Prepared Rebuttal Testimony?**

16 **A:** Yes, it does.