



# Public Utilities Commission

John R. Kasich, Governor  
Todd A. Snitchler, Chairman

## Commissioners

Cheryl Roberto  
Steven D. Lesser  
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July 30, 2012

AUG 09 2012

Mr. David Appelbaum  
PHMSA Office of Pipeline Safety  
East Building, Room E22-321  
1200 New Jersey Ave., SE  
Washington, DC 20590

RE: Update on replacement of cast iron pipelines

Dear Mr. Applebaum:

The Public Utilities Commission of Ohio (PUCO) has long supported the pipeline safety program under its jurisdiction. 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.<sup>1</sup> Over the past ten years, all four of Ohio's largest local distribution companies (LDCs) have initiated programs for accelerated replacement of mainline cast or wrought iron, bare steel, and ineffectively coated steel pipelines (target pipe) under this alternative cost recovery mechanism.<sup>2</sup> In addition, in a current distribution rate case a large LDC is proposing to affirmatively replace unprotected metallic main-to-curb and curb-to-meter service lines to further decrease the probability of an unprotected metallic service line failure.<sup>3</sup>

As of the date of this letter, approximately 9,971 miles of target pipe is covered under accelerated pipeline replacement programs that are being implemented by the state's four largest LDCs for a total cost of approximately 5.4 billion dollars. To date, these accelerated pipeline replacement programs have replaced 869 miles of cast/wrought iron piping and 885 miles of bare steel or ineffectively coated steel piping. Over the next 15 to 25 years, 688 miles of cast/wrought

<sup>1</sup> 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.

<sup>2</sup> 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*.

<sup>3</sup> Case No. 12-1686-GA-ALT *In the Matter of Application of Duke Energy Ohio, Inc., for Approval of an Alternative Rate Plan for Gas Distribution Service*.

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iron and 7,516 miles of bare/ineffectively coated steel piping are scheduled for replacement under these programs. The 688 miles of cast/wrought iron piping to be replaced through the various accelerated pipeline replacement programs represents well over 99% of the total cast/wrought iron piping remaining in Ohio.

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. 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 update Ohio's progress in replacing cast iron pipelines across the country and to continue working with you to promote safe and reliable natural gas pipeline safety.

Sincerely,

A handwritten signature in black ink, reading "Todd A. Snitchler". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Todd A. Snitchler  
Chairman  
Public Utilities Commission of Ohio