



# Natural Gas Riser Deferrals Requests

Updated October 2007

During the past several months, consumers may have heard news regarding the safety and inspection of natural gas risers. In November 2006, the staff of the Public Utilities Commission of Ohio (PUCO) issued a report on a statewide investigation into the installation, use and performance of natural gas risers. Some of the tests in the investigation showed that incorrect installation of certain types of risers could lead to natural gas leaks. In January 2007, the PUCO urged the companies to move forward and survey the risers in their service areas to determine if there were leaks and to replace or repair any faulty riser.

## Deferral Requests

As a result of the PUCO urging companies to move forward, Columbia Gas of Ohio, Dominion East Ohio and Vectren Energy Delivery of Ohio requested approval from the PUCO to recover costs already spent on the natural gas riser investigation as well as the ability to collect additional costs related to risers incurred in the future.

Columbia requested to recover over \$250,000 it allegedly already spent and up to \$8 million in future costs. Dominion asked to recover over \$337,000 it says it allegedly already spent and an unspecified amount for future costs. Additionally, Vectren requested to recover over \$200,000 it allegedly already spent and up to \$2 million in future costs.

Duke Energy will not be seeking the same deferrals or recovery of costs due to a program that it received approval for from state regulators in an unrelated case. Through this program, Duke already has been replacing equipment that is not functioning properly. Additionally, the company is taking over responsibility for residential lines as repairs and replacements are made.



## OCC Position

The Office of the Ohio Consumers' Counsel (OCC) does not believe consumers should have to bear the costs of repairing or replacing faulty natural gas risers. According to U.S. Department of Transportation rules, the responsibility for inspecting the installation of the natural gas risers to ensure that they are installed correctly falls on the utility. Additionally, the utility is responsible for the inspection of natural gas risers to document failures, corrosion, leakage history and other

aspects that relate to the proper use of the pipeline that includes the riser. These rules also state that if a portion of the pipeline is determined to be in poor condition, but poses no immediate danger, the local natural gas company should develop a program to repair or replace the section with new materials.

The OCC argues that the companies' requests should be denied because:

- Consumers are already paying in current rates for inspection related costs.
- Each company wants to recover costs it allegedly already incurred as a result of launching an inspection of all natural gas risers in its service area as recommended by the PUCO. This recovery should be denied as it is unlawful.
- The companies have not clearly defined the costs related to the inspection and/or replacement of faulty natural gas risers, nor have they demonstrated the financial need to recover between \$2 million and \$8 million in future costs related to the investigation.

For more information on the natural gas riser investigation, consumers may contact the OCC at 1-877-PICKOCC (1-877-742-5622) or visit [www.pickocc.org](http://www.pickocc.org).

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**For additional information from the Office of the Ohio Consumers' Counsel:**

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