

CORNING NATURAL GAS CORPORATION

DIRECT TESTIMONY

OF

MATT J. COOK

VICE PRESIDENT - OPERATIONS

June 17, 2016

DIRECT TESTIMONY OF MATT J. COOK

1 Q. Please state your name and business address.

2 A. My name is Matt J. Cook. My business address is 330 West William Street, Corning,
3 NY 14830.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Corning Natural Gas Corporation (“Corning” or the “Company”) as
6 Vice President – Operations.

7 Q. What are your duties as Vice President – Operations?

8 A. As Vice President of Operations I supervise the duties of the Gas Construction
9 Manager, Engineering Manager, and Operations and Compliance Manager. My
10 additional responsibilities are to: plan and coordinate major projects; assure that the
11 standards and practices of the field operations are in compliance with State and federal
12 codes; provide contact and coordination for matters dealing with the New York State
13 Department of Public Service and the Public Service Commission (the “Commission”)
14 relating to the gas operating segment of the Company; prepare various gas operating
15 reports as required by regulatory agencies; prepare Company annual construction
16 budgets; prepare cost estimates for new construction projects; act as a liaison with
17 operating personnel of large customers; and perform miscellaneous administrative
18 duties which arise in regard to the gas operations and maintenance segment of the
19 Company.

20 Q. Please summarize your education and professional experience.

21 A. I graduated from Rochester Institute of Technology, Rochester, NY in 1987 with a
22 Mechanical Engineering Degree. I was an Engineer with New York State Electric &
23 Gas Corporation (“NYSEG”) from 1988 to 2000. I left NYSEG in 2000 to work for
24 Mulcare Pipeline Solutions, first as a Sales Manager, then as a Technical Engineer.

DIRECT TESTIMONY OF MATT J. COOK

1 Mulcare is a sales and service vendor in the natural gas business doing business with
2 gas utilities in the Northeast United States. In February of 2008 I accepted my current
3 position with Corning.

4 Q. Have you previously testified before the Commission?

5 A. Yes. I have previously testified before the Commission in prior Company rate
6 proceedings, including Case 08-G-1137 and Case 11-G-0280.

7 Q. What is the purpose of your testimony?

8 A. I will present testimony in regard to the Company's current physical plant that
9 transports natural gas from our suppliers (both interstate and producer interconnects)
10 to our customers' meters. I will present testimony with regard to the actual and
11 projected capital budgets for construction on the Company's system for the calendar
12 years 2017 through 2021 that are included in Exhibit CNG-8, Schedule 1. I will also
13 present testimony with regard to the Operating and Maintenance ("O&M") budget for
14 the Company's system.

15 Q. Please briefly describe the Company's existing physical plant.

16 A. The Corning gas system consists of:

- 17 1. Several Meter and Regulator stations where high-pressure gas is measured,
18 odorized, and regulated to a lower "distribution" pressure.
- 19 2. A series of relatively high pressure pipelines (124 to 1,000 psi) which transport the
20 gas to certain distribution points where the gas is again regulated to a lower
21 pressure (typically 53 psi) that serves a portion of our 15,000 customers.
- 22 3. A series of regulator stations that further reduce the pressure from 53 psi to
23 utilization pressure and the accompanying pipeline system that serves a portion of
24 the 15,000 customers.

DIRECT TESTIMONY OF MATT J. COOK

1 Q. Before turning to the forecast of capital expenditures for the calendar years 2017
2 through 2021, please comment on the series of system improvement measures
3 involving capital investment that were identified in the July 15, 2015 Joint Proposal
4 (the “JP”) that was adopted by the Commission in its Order issued in Case 11-G-0280
5 and included in the revenue requirement for the two Rate Years in that proceeding
6 (May 1, 2015 through April 30, 2016 and May 1, 2016 through April 30, 2017); and
7 please identify the milestones Corning was required to meet with respect to those
8 measures.

9 A. The measures included bare and coated unprotected steel main and service
10 replacement, leak backlog requirements, High Risk and Other Risk Level Safety
11 Requirements, Damage Prevention and emergency response targets.

12 Q. Please begin with the requirements for bare and coated unprotected steel main
13 replacement.

14 A. Corning agreed to replace and take out of inventory at least 8.6 miles of bare and
15 coated unprotected distribution pipe in each of CY2015 and CY2016 and a total of
16 33.0 miles for CY 2015 through CY 2017 combined.

17 Q. Please describe how the Company performed with respect to the target.

18 A. For calendar year 2015 the Company removed a total of 11.4 miles of bare and coated
19 unprotected distribution pipe. To date for 2016, 3.5 miles of bare and coated
20 unprotected main have been replaced. It is anticipated that Corning will achieve the
21 target amount before year’s end and for CY 2017

22 Q. Please continue by describing the bare steel services replacement program.

DIRECT TESTIMONY OF MATT J. COOK

1 A. Corning agreed to replace and take out of inventory 325 bare and coated unprotected
2 services in each of CY 2015 and CY 2016 and a total of 1,125 bare and coated
3 unprotected services for CY 2015 through CY 2017 combined.

4 Q. Please describe the Company's performance under this measure.

5 A. For calendar year 2015 the Company replaced 646 services. To date for 2016, 158
6 bare and coated unprotected services have been replaced. It is anticipated that
7 Corning will achieve the target amount before year's end and for CY 2017.

8 Q. Please describe the leak backlog requirement.

9 A. Corning agreed that: (a) by December 31 of CY's 2015 through 2017 to have 5 or less
10 Type 1, 2A or 2 leaks in its backlog; (b) the total of all Type 1, 2A, 2, 3 leaks for each
11 year specified shall be the following: CY 2015 – 175; CY 2016 – 125; CY 2017 - 75.

12 Q. Please describe the Company's performance with respect to the leak backlog
13 requirement.

14 A. For 2015 Corning finished the year with three (3) Type 1, 2A and 2 leaks and 200 total
15 Type 1, 2A, 2 and 3 leaks. We met the target for the Type 1, 2A and 2 leaks but did
16 not meet the target for the total leak backlog of 175 leaks by year-end. The total leak
17 backlog target (175) was not met due to several reasons. The winter of 2014-15 was
18 uncharacteristically harsh with sub-zero temperatures blanketing the area from mid-
19 January until April causing frost to be driven more than five feet into the ground.
20 We believed that with the winter weather conditions and the continued aging of the
21 bare steel system it was prudent and necessary to conduct a complete system-wide
22 leak survey on all (100%) steel mains and services. The number of leaks found and
23 repaired greatly exceeded anything that the Company had experienced historically.
24 The three-year average for leaks found by leak survey from 2012 to 2014 has been

DIRECT TESTIMONY OF MATT J. COOK

1 180. In 2015, 356 leaks were identified, an increase of 98% over historical levels. In
2 2015, 395 leaks were repaired, a 55% increase from the previous three-year average.
3 Even with repairing an all-time high 395 leaks in a single year, we still were unable to
4 reach our target of 175 by year's end.

5 Q. Please describe the requirement for emergency response.

6 A. This is a requirement that Corning meet the current statewide emergency response
7 performance levels which require that the Company respond to 75% of leak and odor
8 calls in 30 minutes, 90% of leak and odor calls in 45 minutes and 95% of leak and
9 odor calls in 60 minutes.

10 Q. Please describe the Company's performance with respect to emergency response.

11 A. Corning met these requirements in 2015 and for the first quarter of 2016.

12 Q. Please describe the High Risk and Other Risk Level Safety Requirements

13 A. Each calendar year Staff performs a record and field audit to determine whether the
14 Company is in compliance with provisions of 16 NYCRR Parts 255 and 261. The
15 audit results list occurrences of non-compliance with pertinent code sections. This
16 measure focuses on those code sections considered by Staff to represent "High Risk"
17 as well as those considered to have lesser risk levels, designated "Other Risks".

18 Q. Please describe the Company's performance with regard to the High Risk and Other
19 Risk Level Safety Requirements.

20 A. The results of the 2015 audit have not been finalized; therefore the Company does not
21 have this performance information.

22 Q. Please describe the Damage Prevention requirements.

23 A. The Company is to not exceed the following Damage Prevention targets (measured in
24 instances per 1,000 "Dig Safely" tickets):

DIRECT TESTIMONY OF MATT J. COOK

1 Targets for 2015: Total (Overall) Damages – 3.1 instances; Damages due to Mismarks
2 – 0.41 instances; Damages due to Company or a Corning Contractor – 0.35 instances.

3 Targets for 2016: Total (Overall) Damages – 2.8 instances; Damages due to Mismarks
4 – 0.35 instances; Damages due to Company or a Corning Contractor – 0.32 instances.

5 Targets for 2017: Total (Overall) Damages – 2.5 instances; Damages due to Mismarks
6 – 0.29 instances; Damages due to Company or a Corning Contractor – 0.29 instances.

7 Q. Please describe the Company’s performance with regard to the Damage Prevention
8 requirements.

9 A. The Company has met its targets for 2015. The following are the 2015 results for the
10 Damage Prevention Program (measured in instances per 1,000 “Dig Safely” tickets):
11 Total (Overall) Damages – 0.77 instances; Damages due to Mismarks – 0.00
12 instances; Damages due to Company or a Corning Contractor – 0.19 instances. The
13 Company has additionally met its targets for the first quarter of 2016.

14 Q. In addition to the measures listed under the revenue requirement portion of the JP,
15 does that document contain certain “Regulatory Liabilities” for failure of the Company
16 to meet the targets described above?

17 A. Yes. The JP includes “Regulatory Liabilities” mechanisms for leak backlogs, bare
18 steel main replacement, bare steel services replacement, High Risk and Other Risk
19 Level Safety Requirements, Emergency Response, and Damage Prevention. The
20 mechanisms and the amounts associated with them are described in considerable detail
21 in the JP. The descriptions in my testimony, below, do not include the same level of
22 detail.

23 Q. Please describe the leak backlog Regulatory Liability.

DIRECT TESTIMONY OF MATT J. COOK

- 1 A. The Regulatory Liability is for Calendar years 2015, 2016 and 2017. Corning is to be
2 assessed a regulatory liability of eight (8) Basis Points (“BP”) of ROE if the Company
3 has more than five (5) Type 1, 2A and 2 leaks in backlog pending repair on December
4 31 of the respective year. The Company will be assessed a regulatory liability of four
5 (4) BP if the total of all Type 1,2A, 2, and 3 leaks exceeds the limits described
6 previously. The maximum regulatory liability that may be assessed for the two
7 metrics as combined and applied in any one year is twelve (12) BP.
- 8 Q. Please describe the Company’s performance under the leak backlog measure.
- 9 A. As previously described, for 2015 Corning finished the year with 3 Type 1, 2A and 2
10 leaks and 200 total Type 1, 2A, 2 and 3 leaks.
- 11 Q. Please describe the bare steel main replacement Regulatory Liability.
- 12 A. Corning will be subject to a Regulatory Liability of six (6) BP for failure to meet
13 stated targets.
- 14 Q. Please describe Corning’s performance under the Bare Steel Main Replacement target.
- 15 A. As previously described, Corning met the requirements in 2015 and is on target for
16 2016.
- 17 Q. Please describe the bare steel services replacement Regulatory Liability.
- 18 A. Corning will be subject to a Regulatory Liability of two (2) BP for failure to meet
19 stated targets.
- 20 Q. Please describe the Company’s performance under this Regulatory Liability.
- 21 A. As previously described, Corning met the requirements in 2015 and is on target to
22 meet them in 2016.
- 23 Q. Please describe the Emergency Response Regulatory Liability.

DIRECT TESTIMONY OF MATT J. COOK

1 A. Corning will be subject to a Regulatory Liability for failure to respond to: 75% of leak
2 and odor calls within 30 minutes will result in a liability of six (6) BP; 90% of leak
3 and odor calls within 45 minutes will result in a liability of four (4) BP; 95% of leak
4 and odor calls within 60 minutes will result in a liability of two (2) BP.

5 Q. Please describe the Company's performance under this Regulatory Liability.

6 A. As previously described, Corning met the requirements in 2015 and is on target to
7 meet them in 2016.

8 Q. Please describe the High Risk and Other Risk Level Safety Requirements Regulatory
9 Liability.

10 A. For CY 2015, Corning will be assessed a Regulatory Liability for each High Risk and
11 Other Risk violation of $\frac{1}{4}$ BP and $\frac{1}{9}$ BP, respectively, for the first 25 violations and
12 $\frac{1}{2}$ BP and $\frac{1}{3}$ BP, respectively, for violations in excess of 25 up to an annual limit of
13 50 BP.

14 For CY 2016, Corning will be assessed a Regulatory Liability for each High Risk and
15 Other Risk violation of $\frac{1}{2}$ BP and $\frac{1}{9}$ BP, respectively, for the first 20 violations and
16 1 BP and $\frac{1}{3}$ BP, respectively, for violations in excess of 20 up to an annual limit of
17 100 BP.

18 For CY 2017, Corning will be assessed a Regulatory Liability for each High Risk and
19 Other Risk violation of $\frac{1}{2}$ BP and $\frac{1}{9}$ BP, respectively, for the first 15 violations and
20 1 BP and $\frac{1}{3}$ BP, respectively, for violations in excess of 15 up to an annual limit of
21 50 BP.

22 Q. Please describe the Company's performance under this Regulatory Liability.

23 A. As previously described, the results of the 2015 audit have not been finalized;
24 therefore, the Company does not have this performance information.

DIRECT TESTIMONY OF MATT J. COOK

1 Q. Please describe the Damage Prevention Regulatory Liability.

2 A. For CY 2015, Corning will be assessed a Regulatory Liability of four (4) BP
3 exceeding 3.1 instances of overall (total) damage, ten (10) BP for exceeding 0.41
4 instances of mismarks, and four (4) BP for exceeding 0.35 instances of Company or
5 Corning Contractor damage.

6 For CY 2016, Corning will be assessed a Regulatory Liability of four (4) BP
7 exceeding 2.8 instances of overall (total) damage, ten (10) BP for exceeding 0.35
8 instances of mismarks, and four (4) BP for exceeding 0.32 instances of Company or
9 Corning Contractor damage.

10 For CY 2017, Corning will be assessed a Regulatory Liability of four (4) BP
11 exceeding 2.5 instances of overall (total) damage, ten (10) BP for exceeding 0.29
12 instances of mismarks, and four (4) BP for exceeding 0.29 instances of Company or
13 Corning Contractor damage.

14 Q. Please describe the Company's performance under this Regulatory Liability.

15 A. As previously described, the Company has met its Damage Prevention targets for 2015
16 and for the first quarter of 2016.

17 Q. What are the concerns or issues with the existing system that require capital
18 investment?

19 A. Pursuant to the ongoing replacement program Corning has replaced approximately
20 426,000 feet (81 miles) of bare and coated unprotected steel pipe since 2005. With
21 regard to services, Corning has replaced approximately 4,290 bare steel services since
22 2005. However, bare and coated unprotected mains and services remain in the
23 Corning system. The aforementioned replacement program must continue.

DIRECT TESTIMONY OF MATT J. COOK

1 Q. How does the Company plan to replace the bare and coated unprotected steel main and
2 services?

3 A. Corning identifies the pipe to be replaced based upon type and age of material,
4 geographical location, cathodic protection status and quantity of leaks. Those areas of
5 mains and services are grouped and bid to contractors for replacement. This
6 methodology continues, and for the calendar year 2016, Corning will replace 11.4
7 miles of bare and coated unprotected main and 380 services.

8 Q. Are there other areas of the system that are in need of repair or replacement?

9 A. Yes. Certain primary locations for gas entering the Corning system (i.e., gate stations)
10 are in need of a rebuild and certain regulators and over pressure protection devices at
11 district regulator stations are in need of replacement. We have, over the last several
12 years, been replacing or repairing these gate/regulator stations but we have additional
13 upgrades remaining to be performed at certain stations. The budget proposed in this
14 case allows us to continue that work.

15 Q. What is the Company's plan for performing this work?

16 A. To the extent funds are available, this work will proceed.

17 Q. Please describe the projects for the capital expenditures budget for Corning's next
18 fiscal year, the twelve months ending September 30, 2017, and specifically describe
19 how those projects support the replacement concerns.

20 A. The capital budget proposed for the year ending September 30, 2017 is shown in
21 Exhibit CNG-8, Schedule 1, pages 4-6. Project No. 1 covers the installation of new
22 and the replacement of service lines. It is anticipated that we will install 100 new
23 service lines and meters and replace 400 of the bare and unprotected service lines.
24 Project No. 2 covers the scheduled replacement of gas meters and regulators for both

DIRECT TESTIMONY OF MATT J. COOK

1 residential and commercial/industrial customers. This is, for the most part, mandated
2 work based on the service age of the equipment. Project No. 3 is specifically part of
3 the bare steel replacement program relating to the distribution gas mains, together with
4 an expenditure for the installation of main extensions within the Corning franchise.
5 The proposed budget for the bare steel replacement program was increased to
6 \$2,535,750 to reflect increases unit cost and footage to be replaced since the previous
7 rate plan was adopted in the Commission's April 20, 2012 Order in Case 11-G-0280.
8 Project No. 4 is also specifically related to the bare steel replacement program but for
9 the larger diameter higher pressure pipelines which are thus considerably more
10 expensive per foot to replace. Specifically, Project ID 4.2, in the amount of \$525,000,
11 is for the systematic replacement of Line 6, and Project ID 4.4, in the amount of
12 \$1,102,500, is for the systematic replacement of Line 15. Project No. 5 has been
13 intentionally left blank. Project No. 6 is part of a mandated program to attempt to
14 identify and, if possible, cathodically protect, coated steel pipe that is not currently
15 cathodically protected. All of the previous projects support the replacement concerns.
16 Project No. 7 is for specific improvements to the SCADA system. Project No. 8 is for
17 specific improvements to Purchase Point M&R Stations and district regulator stations.
18 Project ID 8.5, in the amount of \$40,000, is for the planned removal of outdated
19 natural gas odorizer equipment. The remaining projects, except for Project No. 14, are
20 not directly related to the gas distribution system, but are necessary to support the
21 operation. Project No. 9 is to replace existing vehicles and construction equipment.
22 Specifically, Project ID 9.2 is for the replacement of an existing Crew/Line truck
23 which is a 1992 International with more than 96,000 miles. This vehicle is
24 underpowered, has no on-board compressor and has major body corrosion issues. It is

DIRECT TESTIMONY OF MATT J. COOK

1 in dire need of replacement. Project No. 10 is for specific tools and work equipment
2 to support the day-to-day field operations. Specifically, Project ID 10.6 is for the
3 purchase and implementation of GPS technology utilizing mobile GIS, barcode
4 scanning and GPS to create a tracking and traceability record for PE fusions, pipe and
5 fittings. This would be in conjunction with the hiring of a QA/QC/GPS Technician
6 discussed below to comply with the Commission's requirements set forth in Case 14-
7 G-0212. Also, Project ID 10.14 is for the purchase and installation of a Meter Leak
8 Tester which is equipment used by our Meter Shop to perform full immersion
9 pressurized leak testing of natural gas diaphragm meters per a Commission Office of
10 Consumer Services request. Project No. 11 is for Safety/Training such as: PPE
11 Equipment (boots, vests, gloves, eyewear, hardhats, shirts); Training
12 equipment/material (skills assessment training, OQ program, Hands-on Training, and
13 Safety Training); Quality Assurance; Consumer Awareness
14 (Public/Customer/Emergency Responder training program). Project No. 12 is for
15 capital improvements to the Company's office building. Project No. 13 is for IT
16 equipment. Specifically, Project ID 13.5 is for the purchase and installation of a
17 Geographic Information System (GIS) to allow the company to integrate, store, edit
18 and analyze geospatial data relating to our CADD Mapping system. This budget ID
19 also includes an expenditure to begin the conversion of the Corning mapping system
20 into the GIS. The GIS system will work in conjunction with the GPS system
21 discussed above regarding Project ID 10.6, both of which are mandated per Case 14-
22 G-0212. Project No. 14 is Major Projects, one of which, Project ID 14.1, is for the
23 purchase of steel pipe for the purpose of pre-testing to be used in the event of an
24 emergency on one of Corning's High Pressure distribution pipelines. The proposed

DIRECT TESTIMONY OF MATT J. COOK

1 expenditure will allow the Company to purchase the various lengths/diameters of pipe
2 (2" – 16") and fittings and cover the cost to pressure test, properly store and maintain
3 the pipe. This is necessary under our disaster recovery plan.

4 Q. Please describe the projects for the capital expenditures budget for the year ending
5 September 30, 2018 and specifically how those projects support the replacement
6 concerns.

7 A. As with the capital expenditures budget for the fiscal year ending September 30, 2017,
8 the capital expenditures budget for 2018 includes essentially the same categories, but
9 with an increase to \$8,255,038, as shown in Exhibit CNG-8, Schedule 1, pages 7-9.
10 Project Nos. 1 through 14 remain essentially the same for 2018, with the addition of:
11 Project ID 4.3 in the amount of \$900,000 for the continued replacement of Line 11,
12 Project ID 9.8 in the amount of \$100,000 is for the replacement of a 1987 International
13 Dump Truck with 95,000 miles and severe body and box corrosion, Project ID 10.6 in
14 the amount of \$40,000 for the annual O&M fee for the operation of the GPS tracking
15 system, Project ID 13.3 in the amount of \$40,000 for the remainder of the conversion
16 of the Corning mapping data into the GIS, and Project ID 13.5 to purchase a Forms
17 Software system, including the hardware and software to establish an electronic form
18 entry system to allow all operations forms and reports to be completed on hand-held
19 devices.

20 Q. Please describe the projects for the capital expenditures budget for the fiscal year
21 ending September 30, 2019 and specifically how those projects support the
22 replacement concerns.

23 A. As with the capital expenditures budget for the fiscal year ending September 30, 2018,
24 the capital expenditures budget for 2019 includes essentially the same categories, but

DIRECT TESTIMONY OF MATT J. COOK

1 with an increase to \$7,108,255, as shown in Exhibit CNG-8, Schedule 1, pages 10-12.

2 Project Nos. 1 through 14 remain essentially the same for 2018, with the addition of:

3 Project ID 9.5 in the amount of \$55,000 is for the replacement of a mini excavator.

4 Q. Please describe the projects for the capital expenditures budget for the fiscal year
5 ending September 30, 2020 and specifically how those projects support the
6 replacement concerns.

7 A. As with the capital expenditures budget for the fiscal year ending September 30, 2019,
8 the capital expenditures budget for 2020 includes essentially the same categories, but
9 with an increase to \$6,940,165, as shown in Exhibit CNG-8, Schedule 1, pages 13-15.
10 Project Nos. 1 through 14 remain essentially the same for 2020. It should be noted
11 however, that the line item for the Line 6 replacement does not exist in the 2020
12 budget. It is estimated that replacement of this line will be completed in 2019.

13 Q. Please describe the projects for the capital expenditures budget for the fiscal year
14 ending September 30, 2021 and specifically how those projects support the
15 replacement concerns.

16 A. As with the capital expenditures budget for the fiscal year ending September 30, 2020,
17 the capital expenditures budget for 2021 includes essentially the same categories, but
18 with an increase to \$7,104,153, as shown in Exhibit CNG-8, Schedule 1, pages 16-18.
19 Project Nos. 1 through 14 remain essentially the same for 2021.

20 Q. How are the expenditures you describe above on a calendar year basis reflected in the
21 first Rate Year in this proceeding, the year ending May 31, 2018?

22 A. Using monthly forecast data, the rate base and related effects for the Rate Year are
23 reflected in Exhibit CNG-4 sponsored by the Accounting and Policy Panel
24 (Ms. Sarhangi and Mr. DiValentino).

DIRECT TESTIMONY OF MATT J. COOK

1 Q. Please describe the Operations and Maintenance budget?

2 A. Corning is proposing to hire an additional four employees into the Operations
3 Department as follows: System Engineer, Training Technician, QA/QC/GPS
4 Technician, and General Laborer. The System Engineer will perform general
5 Engineering work such as facility layout, station design, environmental and permitting
6 for Corning Natural Gas Corporation and, as permitted by the Commission, the
7 Company's affiliates. The projected salary for the Engineer is \$85,000. The Training
8 Technician will assist the current Training Supervisor in developing and maintaining
9 training programs (OQ, Skills Training, hands-on, Field Training, Quality Control,
10 etc.) along with employee training and evaluations for Corning Natural Gas
11 Corporation and, as permitted by the Commission, the Company's affiliates. The
12 projected salary for the Training Technician is \$60,000. The QA/QC/GPS Technician
13 will continue to develop and improve the Quality Assurance/Quality Control program
14 and performance of QA/QC evaluations of Company and Contractor employees. This
15 Technician will perform GPS capturing of all PE fusions as required by the
16 Commission in Case 14-G-0212. The projected salary for the QA/QC/GPS
17 Technician is \$50,000. The General Laborer will be a Bargaining Unit employee
18 hired as a General Laborer to be utilized as needed in various roles. This will increase
19 our Bargaining Unit head-count by one employee. Due to the recent adoption of Gas
20 Safety Regulation Amendments (in Case 14-G-0357) the definition of a service line
21 was revised so that the utility has ownership to the outlet of the meter. This ownership
22 change means we are now responsible to perform leak surveys and atmospheric
23 corrosion inspections of the exposed service line to the outlet of the meter. Corning
24 maintains approximately 5,000 inside meter sets in its system. Performing the leak

DIRECT TESTIMONY OF MATT J. COOK

1 survey and corrosion inspection on these indoor meters requires additional personnel.

2 Additionally, due to the increase in the amount of main and services replaced each

3 year, providing proper Company contract inspection has become more difficult. The

4 Company inspectors are typically supplied by the Line Maintenance Department; but

5 such use of that Department's employees can reduce the availability of qualified

6 employees within that group to perform daily tasks such as emergency response, leak

7 repair, service installs/cut-offs, etc. Corning has also seen a steady increase of Dig

8 Safely tickets annually which has put a stress on its current locater. The addition of

9 the General Laborer allows us to comply with the requirements of Case 14-G-0357

10 and would provide greater flexibility for manpower distribution allowing our

11 Managers to fill specific needs such as project inspection and facility locates. The

12 projected hourly rate for this employee will be \$14.54.

13 Also budgeted in 2017 and continuing until complete is an item in the amount of

14 \$75,000 per year to locate and properly map PE mains and services that, as a practical

15 matter, are currently un-locatable. We have PE pipe in our system installed during the

16 1980's and 90's with a locatable laminated metal-plastic tape with no wire installed.

17 This tape has deteriorated to a point that it can no longer be used to locate portions of

18 our system. This program will involve locating these gas facilities utilizing multiple

19 technologies such as Hydro Excavation and metal locating wire insertion. This will be

20 a multiple-year program where sections of the un-locatable facilities are selected each

21 year to locate using these technologies. Once located, the mapping for those sections

22 will be corrected with the new found information.

23 The last item included in the O&M budget is the annual maintenance fee for the

24 proposed GIS system discussed above in the Capital Budget summary.

DIRECT TESTIMONY OF MATT J. COOK

1 Q. You are asking for four new positions. What is the motivation for this significant
2 increase in staffing?

3 A. The principal reason for this increase is the expansion of Commission safety mandates
4 that apply to the Company. The new Commission order on PE Fusion inspection and
5 track/tracing of those fusions, the service line definition revision and the consequent
6 need for additional personnel time to ensure compliance, and the expanded systematic
7 replacement program can only be accomplished with incremental capital investment
8 and additional personnel.

9 Q. Are there any other costs resulting from other Commission orders or mandates?

10 A. Yes. As a result of the Commission's requirements established in Case 11-G-0565
11 Corning installed a telephone system capable of recording and retaining recordings of
12 gas odor/emergency reports. This system cost was \$35,153. Due to this same case
13 the Company was also required to purchase advertising and training programs created
14 to comply with the Public Education order in that case. The cost of that program is
15 \$17,500.

16 Q. Does this complete your direct testimony?

17 A. Yes, it does.