



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Andrew S. Tubbs

atubbs@postschell.com
717-612-6057 Direct
717-731-1985 Fax
File #: 2271/146317

March 18, 2011

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission, et al, v. Columbia Gas of Pennsylvania, Inc. – Docket Nos. R-2010-2215623, C-2010-2208133, C-2011-2224941, C-2011-2224944, C-2011-2225050, C-2011-2225828, C-2011-2225878, C-2011-2227004, C-2011-2227222, C-2011-2231015, C-2011-2230067


**Pennsylvania Public Utility Commission, et al, v. Columbia Gas of Pennsylvania, Inc. – Docket Nos. R-2010-2201974, C-2010-2208133, C-2010-2208503
(Consolidated)**

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Memorandum of Columbia Gas of Pennsylvania, Inc. in the above-referenced proceeding.

Copies have been provided to the persons in the manner indicated on the certificate of service.

Respectfully Submitted,



Andrew S. Tubbs

AST/jl

Enclosures

cc: Honorable Katrina L. Dunderdale
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA E-MAIL & FIRST CLASS MAIL

Charles Daniel Shields
Carrie B. Wright
Office of Trial Staff
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Charis Mincavage
Shelby A. Linton-Keddie
McNees, Wallace & Nurick
P.O. Box 1166
100 Pine Street
Harrisburg, PA 17108-1166


Tanya J. McCloskey
Erin L. Gannon
Candis A. Tunilo
Christy M. Appleby
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

Daniel G. Asmus
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Todd S. Stewart
Hawke, McKeon & Sniscak LLP
100 N. 10th Street
PO Box 1778
Harrisburg, PA 17101

Thomas J. Sniscak
William E. Lehman
Hawke, McKeon & Sniscak LLP
100 North Tenth Street
PO Box 1778
Harrisburg, PA 17105

Date: March 18, 2011


Andrew S. Tubbs

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2010-2215623
Office of Small Business Advocate	:		C-2010-2208133
Office of Consumer Advocate	:		C-2011-2224941
James M. Landis	:		C-2011-2224944
Marie A. Weaver	:		C-2011-2225050
Margaret M. Sentz	:		C-2011-2225828
Albert E. Jochen	:		C-2011-2225878
Columbia Industrial Intervenors	:		C-2011-2227004
Patsy Orlando	:		C-2011-2227222
Maureen A. Doerr-Roman	:		C-2011-2231015
The Pennsylvania State University	:		C-2011-2230067

Complainants
and

Shipley Energy Company, Dominion
Retail, Inc. and Interstate Gas Supply, Inc.

Intervenors

v.

Columbia Gas of Pennsylvania, Inc.

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2010-2201974
Office of Small Business Advocate	:		C-2010-2208133
Office of Consumer Advocate	:		C-2010-2208503 (Consolidated)

v.

Columbia Gas of Pennsylvania, Inc.

**PREHEARING MEMORANDUM OF
COLUMBIA GAS OF PENNSYLVANIA, INC.**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

This Memorandum is in response to a Notice of Prehearing Conference, dated February 15, 2011, advising that a Prehearing Conference was scheduled for March 23, 2011.

On January 14, 2011, Columbia Gas of Pennsylvania, Inc. (“Columbia”) filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 163 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 163” or “base rate filing”). Supplement No. 163, issued January 14, 2011 and to be effective March 15, 2011, proposes an increase in revenues of approximately \$37.8 million, based upon data for a pro forma future test year ending September 30, 2011. The filing was made in compliance with the Commission’s regulations, and contains all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

In addition, on January 20, 2011, Columbia filed a Motion to Consolidate Supplement No. 156 to Tariff Gas - Pa. P.U.C. No. 9 (“Supplement No. 156” or “BTU factor proceeding”) with the base rate filing. Supplement No. 156 was filed with Commission on September 29, 2010 and docket at R-2010-2201974. Further, Columbia agreed to voluntarily extend the effective date for Supplement No. 156 to coincide with the Company’s base rate filing. On January 24, 2011, Administrative Law Judge Katrina L. Dunderdale issued an order consolidating the proceeding with the base rate filing.

As set forth above, Supplement No. 163 originally had a suspension date of March 15, 2011. However, at the request of Commission staff, Columbia voluntarily agreed to extend the suspension date until March 18, 2011 in order to give the Commission an additional public meeting date to take action. On February 14, 2011, the Company filed with the Commission Supplement No. 164 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 164”). Supplement No. 164, issued February 14, 2011 with an effective date of March 15, 2011, suspended the proposed rates contained in Tariff Supplement No. 163 until March 18, 2011. On March 18, 2011, Columbia filed with the Commission Supplement No. 165 to Tariff Gas Pa. P.U.C. No. 9

("Supplement No. 165"). Supplement No. 165, issued March 18, 2011 with an effective date of March 18, 2011, suspended the proposed rates contained in Tariff Supplement No. 163 until October 18, 2011.

Columbia's counsel in this proceeding are Theodore J. Gallagher, Esquire, Kimberly S. Cuccia, Esquire, Michael W. Gang, Esquire, Michael W. Hassell, Esquire, Andrew S. Tubbs, Esquire and Jessica R. Rogers, Esquire. Columbia requests that Michael W. Hassell be listed as the recipient for service. Mr. Hassell's contact information is provided below:

Michael W. Hassell (ID # 34851)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6029
Fax: 717-731-1985
E-mail: mhassell@postschell.com

Columbia also requests that Mr. Gallagher, Ms. Cuccia and Mr. Tubbs be added to any informal e-mail distribution lists in this proceeding. Mr. Gallagher's e-mail address is tjgallagher@nisource.com, Ms. Cuccia's e-mail address is kscuccia@nisource.com and Mr. Tubbs' e-mail address is atubbs@postschell.com.

Below is a list of the witnesses and the areas of their testimony comprising Columbia's initial direct case in this proceeding. The subject matters listed below represent as complete a statement of issues that Columbia can provide at this stage of the proceeding. Further definition of contested issues by the parties will develop within the scope of the subject matters listed below during the course of the proceeding.

Columbia presently intends to offer the following witnesses to testify in the base rate filing proceeding on the following subject matters:

<u>Statement Number(s)</u>		
1	<p>M. Carol Fox President Columbia Gas of PA and Columbia Gas of Maryland, Inc. Southpointe Industrial Park 501 Technology Drive Canonsburg, PA 15317 Phone: 724-416-6331 Fax: 724-416-6383</p>	<p>a) Overview of the Company filing. b) Quality of service.</p>
2 2-Supp	<p>Mark R. Kempic Director of Rates and Regulatory Policy Columbia Gas of Pennsylvania, Inc. Southpointe Industrial Park 501 Technology Drive Canonsburg, PA 15317 Phone: 724-416-6328 Fax: 724-416-6384</p>	<p><u>Direct Testimony</u></p> <p>a) Base rate increase and moving to a levelized distribution charge. b) Columbia's cast iron and bare steel replacement program and its funding mechanism. c) Pilot Home Energy Efficiency Program.</p> <p><u>Supplemental Direct</u></p> <p>a) Interplay between additional capital spend and current flow-through methodology for tax repairs allowance. b) Proposal to move from flow-through accounting for ongoing tax repairs to a normalization method. c) Proposed shortened time period to return previously-obtained tax refund to customers.</p>
3	<p>Nancy J.D. Krajovic Senior Regulatory Analyst Columbia Gas of Pennsylvania, Inc. Southpointe Industrial Park 501 Technology Drive Canonsburg, PA 15317 Phone: 724-416-6370</p>	<p>a) Distribution system improvement charge. b) GTI funding.</p>

4	<p>Amy L. Efland Senior Forecast Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6000</p>	<p>a) Residential and commercial sales volumes normalization. b) Customer usage forecasts for the future test year.</p>
5	<p>Chandra N. Canterbury Senior Regulatory Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4220</p>	<p>Revenues.</p>
6	<p>Jeffery T. Gore Manager of Regulatory Strategy and Support NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6471 Fax: 614-460-2406</p>	<p>a) Revenue deficiency. b) Adjustments to operation and maintenance. c) Lead lag study in support of cash working capital.</p>
7 7-Supp	<p>John J. Spanos Vice President, Valuation and Rate Division Gannett Fleming, Inc. 207 Senate Avenue Camp Hill, PA 17011-2316 Phone: 717-763-7211 Fax: 717-763-8150</p>	<p><u>Direct Testimony</u></p> <p>a) Depreciation study. b) Annual and accrued depreciation.</p> <p><u>Supplemental Direct</u></p> <p>Revisions to future test year calculations.</p>
8 8-Supp	<p>Marianne L. Schuster Lead Regulatory Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6000</p>	<p><u>Direct Testimony</u></p> <p>Rate base.</p> <p><u>Supplemental Direct</u></p> <p>Update Future Test Year rate base claim to: (1) reflect increased capital investment; (2) changes to accumulated deferred taxes and (3) decreased accumulated deferred income taxes.</p>

<p>9 9-Supp</p>	<p>Danny G. Cote General Manager of Operations NiSource, Inc. Southpointe Industrial Park 501 Technology Drive Canonsburg, PA 15317 Phone: 724-416-6334</p>	<p><u>Direct Testimony</u></p> <p>a) Columbia's distribution system. b) Company's infrastructure replacement program and projected plan additions.</p> <p><u>Supplemental Direct</u></p> <p>Support of incremental plant additions.</p>
<p>10</p>	<p>Paul R. Moul Managing Consultant P. Moul & Associates 251 Hopkins Road Haddonfield, NJ 08033 Phone: 856-428-7515 Fax: 856-428-0026</p>	<p>a) Cost of capital. b) Fair rate of return.</p>
<p>11 11-Supp</p>	<p>John M. O'Brien Assistant Controller of Taxes NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6000</p>	<p><u>Direct Testimony</u></p> <p>a) Income tax expense. b) Deferred income tax.</p> <p><u>Supplemental Direct</u></p> <p>Update pro forma test year tax schedules for: (1) effect of changes in federal tax laws; (2) effect of additional future test year additions; and (3) proposal to revise the treatment of tax repair deductions.</p>
<p>12</p>	<p>Russell A. Feingold Vice President Black & Veatch Corporation 2525 Lindenwood Drive Wexford, PA 15090 Phone: 724-935-3027</p>	<p>a) Cost of Service Study. b) Rate design. c) Proposed rates and bill impacts.</p>
<p>13</p>	<p>Phillip E. Vaughn Accounting Manager NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-5478 Fax: 614-460-4836</p>	<p>Corporate Services charges.</p>

14	Shirley Bardes Hasson Manager, Regulatory Policy Columbia Gas of Pennsylvania, Inc. Southpointe Industrial Park 501 Technology Drive Canonsburg, PA 15317 Phone: 724-416-6310 Fax: 724-416-6383	Tariffs.
15	J. Michael Ripley Director of Planning and Gas Control NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6219 Fax: 614-460-6982	Fuel procurement.
16	Erich Evans Director of Regulatory Strategy NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6254 Fax: 614-460-4833	a) Flexible Payment Due Date program. b) Safe at Home program. c) Universal Service Programs Rider Waiver program.

The testimony and exhibits fully support Columbia's proposed rate increase, and the design of rates to recover that increase from customers.

In addition, Columbia presently intends to offer the following witnesses to testify in the BTU factor proceeding on the following subject matters:

1	Mark R. Kempic Director of Rates and Regulatory Policy Columbia Gas of Pennsylvania, Inc. Southpointe Industrial Park 501 Technology Drive Canonsburg, PA 15317 Phone: 724-416-6328 Fax: 724-416-6384	Describe and support Supplement No. 156.
---	--	--

2	Erich Evans Director of Regulatory Strategy NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6254 Fax: 614-460-4833	a) Address changes in BTU values of interstate gas supplies. b) Explain proposed BTU Adjustment formula. c) Explain administration of BTU Adjustment.
---	---	---

The testimony and exhibits fully support Columbia's proposed Supplement No. 156.

Columbia reserves the right to present testimony on additional issues and subject matters that may arise during the course of the proceeding.

Columbia proposes the following schedule¹:

Prehearing Conference	March 23, 2011
Other Parties' Direct Testimony	April 25, 2011*
Rebuttal Testimony	May 20, 2011*
Surrebuttal Testimony	June 1, 2011 (Noon) *
Oral Rejoinder Outline (if possible)	June 3, 2011
Hearings	June 6-10, 2011
Main Brief	June 27, 2011*
Reply Brief	July 11, 2011*

To date, Columbia has been served with over 400 interrogatories by the parties.

Columbia is in the process of answering the interrogatories. Columbia also has filed responses to

¹ Each date marked with a * is a date on which documents are due. For parties accepting electronic service, the documents are to be served electronically on the date indicated, by 4:00 p.m. unless otherwise indicated. Hard copies will follow by first class mail or by express service. For parties not accepting electronic service and not located in Harrisburg, documents are due in hand on the following business day.

standard data requests, in accordance with the Commission's Policy Statement concerning settlements. Columbia is not aware of any discovery difficulty, or any need to enter any special order regarding discovery. Columbia also encourages the use of informal discovery to expedite the discovery process.

As of this time, no settlement discussions have been held.

Respectfully submitted,



Michael W. Gang, I.D. No. 25670
Michael W. Hassell, I.D. No. 34851
Andrew S. Tubbs, I.D. No. 80310
Jessica R. Rogers, I.D. No. 309842
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mgang@postschell.com
E-mail: mhassell@postschell.com
E-mail: atubbs@postschell.com
E-mail: jrogers@postschell.com

Theodore J. Gallagher, I.D. No. 90842
Kimberly S. Cuccia, I.D. No. 308216
Columbia Gas of Pennsylvania, Inc.
121 Champion Way, Suite 100
Canonsburg, PA 15317
Phone: 724-416-6355
Fax: 724-416-6384
E-mail: tjgallagher@nisource.com
E-mail: kscuccia@nisource.com

Date: March 18, 2011

Attorneys for Columbia Gas of Pennsylvania, Inc.