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Via E-filing

August 29, 2012

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**RE: Petition for Generic Investigation or Rulemaking Regarding
“Gas-On-Gas” Competition Between Jurisdictional Natural Gas
Distribution Companies – Docket No. P-2011-2277868**

**Generic Investigation Regarding Gas-On-Gas Competition
Between Jurisdictional Natural Gas Distribution Companies –
Docket No. I-2012-2320323**

Dear Ms. Chiavetta:

Enclosed please find for filing the Prehearing Memorandum of Columbia Gas of Pennsylvania, Inc. to be filed in the referenced proceeding.

If you have any questions, please call me at 724.416.6355 or e-mail me at tjgallagher@nisource.com. Thank you for your assistance.

Sincerely,


Theodore J. Gallagher

enclosure

cc: Honorable Elizabeth H. Barnes
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Generic Investigation or	:	
Rulemaking Regarding “Gas-On-Gas” Competition	:	P-2011-2277868
Between Jurisdictional Natural Gas Distribution	:	
Companies	:	
	:	
Generic Investigation Regarding Gas-On-Gas	:	
Competition Between Jurisdictional Natural	:	I-2012-2320323
Gas Distribution Companies	:	

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

TO ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

Columbia Gas of Pennsylvania, Inc. (“Columbia” or “the Company”), by and through its counsel, hereby submits this Prehearing Memorandum pursuant to Section 5.222(d)(1) of the Commission’s regulations, 52 Pa. Code § 5.222(d)(1).

I. SERVICE OF DOCUMENTS

Columbia requests that all documents be served on its counsel:

Theodore J. Gallagher, I.D. No. 90842
Columbia Gas of Pennsylvania, Inc.
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Canonsburg, PA 15317
Phone: 724-416-6355
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Columbia agrees to receive service of documents electronically in this proceeding, followed with a hard copy by first class mail.

II. PROCEDURAL HISTORY

On December 8, 2011, Peoples Natural Gas (“Peoples”), the Bureau of Investigation and Enforcement (“BI&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) jointly filed a Petition for Generic Investigation or Rulemaking Regarding “Gas on Gas Competition” Between Jurisdictional Natural Gas Distribution Companies (“Joint Petition”). The Joint Petition was filed pursuant to an approved settlement of Peoples base rate proceeding at Docket No. R-2010-2201702, whereby Peoples, BI&E, OCA, and OSBA agreed to address “gas-on-gas competition” issues by requesting that the Commission review the effect of distribution rate competition among Natural Gas Distribution Companies (“NGDCs”) on a generic basis for all NGDCs, as more fully described in paragraphs 4 through 6 of the Joint Petition.

The approved partial settlement of Columbia’s most recent base rate proceeding at Docket No. R-2010-2215623 also addressed the issue of gas-on-gas competition, and included a similar provision to the Peoples rate case settlement. Specifically, the Columbia partial settlement provided, in relevant part:

Columbia agrees to join with [BI&E], OCA and/or OSBA in a request that the Commission initiate a generic investigation or rulemaking to address whether flex discounts solely as a result of competition from other NGDCs should be permitted to continue and, if permitted to continue, under what circumstances it will be considered appropriate.

Accordingly, on March 19, 2012, Columbia filed a petition to intervene in the Joint Petition

On July 25, 2012, the Commission issued a Secretarial Letter essentially granting the petition and assigning this matter to the Office of Administrative Law Judge (OALJ)

for a generic investigation. The Commission invited other parties to file interventions in order to participate in these proceedings.

In addition to Columbia, to date petitions to intervene in this matter have been filed by PECO Energy Company, Equitable Gas Company, LLC, Industrial Energy Consumers of Pennsylvania, UGI Distribution Companies, The Pennsylvania State University, and National Fuel Gas Company.

This matter was assigned to ALJ Elizabeth H. Barnes, and the Commission issued a notice of prehearing conference to take place on August 31, 2012. On August 23, 2012, ALJ Barnes issued a prehearing conference order.

III. WITNESSES AND ISSUES

Columbia presently intends to offer the following witness to testify in this proceeding:

Nancy J. D. Krajovic
Director, Rates & Regulatory Affairs
Columbia Gas of Pennsylvania Inc.
121 Champion Way, Suite 100
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Ms. Krajovic's testimony will address: (1) The extent rate of flexing by Columbia to obtain and/or retain load where there is a competitive alternative from another NGDC; (2) the benefits of the practice of rate flexing to obtain and/or retain load where there is a competitive alternative from another NGDC, and; (3) cost recovery issues related to such rate flexing.

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

IV. DISCOVERY

Columbia does not propose any discovery rules that are different than those provided in the Commission's regulations. Columbia is willing to participate in informal discovery with the other parties.

V. PROCEDURAL SCHEDULE

Columbia is willing to work with the presiding officer and the other parties to develop an appropriate procedural schedule for this matter.

VI. SETTLEMENT DISCUSSIONS

To date, no settlement discussions have been held that have involved Columbia. However, Columbia is willing to participate in discussions with the parties in an effort to resolve this proceeding through settlement.

Respectfully submitted,



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Date: August 29, 2011

*Counsel for
Columbia Gas of Pennsylvania, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, in the manner indicated, upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party):

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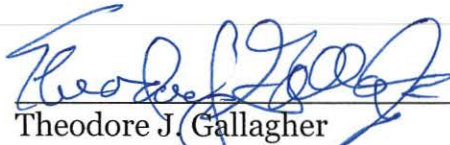
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Dated this 29th day of August, 2012


Theodore J. Gallagher
Counsel for Columbia Gas of
Pennsylvania, Inc.