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November 30, 2012

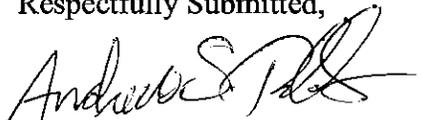
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket Nos. R-2012-2321748, etc.

Dear Secretary Chiavetta:

Enclosed for filing is the Prehearing Memorandum of Columbia Gas of Pennsylvania, Inc. for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully Submitted,



Andrew S. Tubbs

AST/jl

Enclosures

cc: Certificate of Service
Honorable Mark A. Hoyer
Honorable Jeffrey Watson

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 AND FIRST CLASS MAIL:

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Louis & Joanne Quahliero
24 Fields Drive
New Castle, PA 16101

Angela Burnett
134 Turkmar Drive
Aliquippa, PA 15001

G. Thomas Smeltzer
3770 Starview Drive
York, PA 17402-4371

Date: November 30, 2012



Andrew S. Tubbs

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | | |
|--|---|-------------|----------------|
| Pennsylvania Public Utility Commission | : | Docket Nos. | R-2012-2321748 |
| | : | | M-2012-2323645 |
| Office of Consumer Advocate | : | | C-2012-2330240 |
| Office of Small Business Advocate | : | | C-2012-2330539 |
| Anastasia Stratigos | : | | C-2012-2330724 |
| Louis and Joanne Quahliero | : | | C-2012-2332087 |
| Angela Burnett | : | | C-2012-2332497 |
| G. Thomas Smeltzer | : | | C-2012-2333247 |
| Michelle Swartz | : | | C-2012-2328788 |
| Columbia Industrial Intervenors | : | | C-2012-2334026 |
| | : | | |
| v. | : | | |
| | : | | |
| Columbia Gas of Pennsylvania, Inc. | : | | |

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

ADMINISTRATIVE LAW JUDGES MARK A. HOYER AND JEFFREY WATSON:

I. PROCEDURAL HISTORY

This Memorandum is in response to the Prehearing Conference Order, dated November 16, 2012, advising that a Prehearing Conference is scheduled for December 3, 2012.

On September 28, 2012, Columbia Gas of Pennsylvania, Inc. ("Columbia") filed with the Pennsylvania Public Utility Commission ("Commission") Supplement No. 190 to its Tariff Gas – Pa. P.U.C. No. 9 ("Supplement No. 190" or "base rate filing"). Supplement No. 190, issued September 28, 2012 and to be effective November 27, 2012, proposes an increase in revenues of approximately \$77.3 million, an increase of 20.61%. 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.

On August 30, 2012, Columbia filed a new service life study report at Docket No. M-2012-2323645. Columbia indicated that the general rate filing would include a depreciation claim that is based upon the new lives contained in the new service life study. Therefore, Columbia requested that the implementation of the new depreciation rates based upon new services lives be postponed to the effective date of new rates in the rate case.

On November 8, 2012, the Commission issued an Order suspending Columbia's Supplement No. 190 until June 27, 2013, unless otherwise directed by Order of the Commission. Additionally, the Order postponed the effective date of Columbia's new service life study report until June 27, 2013, unless otherwise directed by Order of the Commission.

On November 15, 2012, a Petition to Intervene was filed on behalf of Community Action Association of Pennsylvania. On November 16, 2012, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania also filed a Petition to Intervene.

The Pennsylvania State University filed its Petition to Intervene on November 20, 2012, and a Joint Petition to Intervene was filed on November 26, 2012 on behalf of Dominion Retail, Inc., Interstate Gas Supply, Inc. and Shipley Choice LLC.

Additionally, Formal Complaints were filed on behalf of the Office of Small Business Advocate, the Office of Consumer Advocate, Michelle Swartz, Anastasia Stratigos, Louis and Joanne Quahliero, Angela Burnett, G. Thomas Smeltzer and Columbia Industrial Intervenors. Further, the Commission's Bureau of Investigation and Enforcement has filed a Notice of Appearance.

II. SERVICE OF DOCUMENTS

Columbia's counsel in this proceeding are Theodore J. Gallagher, Esquire, Kimberly S. Cuccia, Esquire, Michael W. Gang, Esquire, Michael W. Hassell, Esquire, and Andrew S. Tubbs,

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.

III. WITNESSES AND ISSUES

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 | Mark R. Kempic President Columbia Gas of Pennsylvania, Inc. 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6328 | a) Overview of the Company filing; b) Columbia's pipeline replacement program; and c) Columbia's quality of service. |

| | | |
|---|---|--|
| 2 | <p>Amy L. Efland Senior Forecast Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6465</p> | <p>a) Residential and commercial sales volumes normalization; and b) Customer usage forecasts for the future test year.</p> |
| 3 | <p>Melissa J. Bell Lead Regulatory Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4927</p> | Revenues. |
| 4 | <p>Jeffrey T. Gore Manager of Regulatory Strategy and Support NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6471</p> | <p>a) Revenue deficiency; and b) Adjustments to operation and maintenance expenses.</p> |
| 5 | <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</p> | <p>a) Depreciation study and service lives; and b) Annual and accrued depreciation.</p> |
| 6 | <p>Nancy J.D. Krajovic Director of Regulatory Affairs Columbia Gas of Pennsylvania, Inc. 121 Champion Way Canonsburg, PA 15317 Phone: 724-416-6370</p> | <p>a) Rate base; and b) GTI funding.</p> |
| 7 | <p>Robert M. Kitchell Vice President and General Manager of Field Operations NiSource Corporate Services Company 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6308</p> | <p>a) Columbia's staffing between field operations and the newly created Pipeline Safety and Compliance Organization; and b) The Company's infrastructure replacement program and projected plant additions.</p> |

| | | |
|----|--|--|
| 8 | Danny G. Cote Vice President of Pipeline Safety and Compliance NiSource Corporate Services Company 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6334 | a) Columbia's distribution system. b) The Company's Pipeline Safety and Compliance Organization. c) Need for increased O&M activity and system enhancements; and d) The Company's infrastructure replacement program and projected plant additions. |
| 9 | John E. Skirtich Consultant 279 Old Trail Drive Columbus, OH 43213 Phone: 614-460-4634 | a) Cost of Service Study; and b) Analysis supporting minimum charges for all rate classes. |
| 10 | Paul R. Moul Managing Consultant P. Moul & Associates 251 Hopkins Road Haddonfield, NJ 08033 Phone: 856-428-7515 | a) Cost of capital and b) Fair rate of return. |
| 11 | Panpilas W. Fischer Manager of Income Taxes NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6352 | a) Income tax expense; and b) Deferred income tax. |
| 12 | Summer D. Cogar Special Studies Accounting Manager NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4279 | Corporate Services charges. |
| 13 | Richard Fontaine Vice President, Financial Transformation NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-481-1365 | NiFiT project. |

| | | |
|----|--|--|
| 14 | Deborah D. Schmelzer Project Manager NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4681 | a) Changes in accounting procedures; and b) OPEB reconciling mechanism. |
| 15 | Paula A. Strauss Director of Regulatory Strategy and Support NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4689 | c) Rate design; and d) Proposed rates and bill impacts. |
| 16 | Shirley Bardes Hasson Manager, Regulatory Policy Columbia Gas of Pennsylvania, Inc. 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6310 | Tariffs. |
| 17 | Thomas C. Heckathorn Director of Transportation and Supplier Services NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4996 | NGS issues. |
| 18 | Rachel Ford Director of Communications and Community Relations Columbia Gas of Pennsylvania, Inc. 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6356 | Consumer education proposals. |
| 19 | Erich Evans Director of Regulatory Strategy NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6254 | Pilot New Area Service Rider. |

The testimony and exhibits fully support Columbia's proposed rate increase, and the design of rates to recover that increase from customers. The testimony and exhibits fully support Columbia's proposed Supplement No. 190.

Columbia reserves the right to present testimony, sponsored either by the witnesses listed above or by further witnesses, as may be needed, regarding additional issues and subject matters that may arise during the course of the proceeding.

IV. PROCEDURAL SCHEDULE

Columbia proposes the following schedule¹:

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|---|-------------------------------|
| Prehearing Conference | December 3, 2012 |
| Other Parties' Direct Testimony | January 4, 2012 |
| Rebuttal Testimony | January 28, 2013 |
| Surrebuttal Testimony | February 7, 2013 (3:00 p.m.) |
| Rejoinder Testimony (best efforts) or Outline | February 11, 2013 (3:00 p.m.) |
| Hearings | February 12 – 15, 2013 |
| Main Brief | March 4, 2013 |
| Reply Brief | March 18, 2013 |

V. DISCOVERY

To date, Columbia has been served with over 530 interrogatories by the parties. Columbia is in the process of answering the interrogatories. Columbia also has filed responses to standard data requests, in accordance with the Commission's Policy Statement concerning

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.

settlements. Columbia encourages the use of informal discovery to expedite the discovery process.

VI. PUBLIC INPUT HEARINGS

Columbia is not aware of any substantial consumer interest with respect to the proposed rate change. Columbia does not propose that any public input hearings be held absent substantial public interest in the filing.

VII. PROTECTION OF CONFIDENTIAL INFORMATION

If necessary and should the case proceed to hearing, Columbia will timely submit an appropriate Motion for Protective Order.

VIII. SETTLEMENT DISCUSSIONS

As of this time, no settlement discussions have been held. However, Columbia will be working with the parties in an effort to resolve these proceedings through settlement.

Respectfully submitted,



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Michael W. Hassell, I.D. No. 34851
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November 30, 2012

Attorneys for Columbia Gas of Pennsylvania, Inc.