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File #: 157573

May 6, 2014

VIA ELECTRONIC FILING

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 No. R-2014-2406274, etc**

Dear Secretary Chiavetta:

Enclosed please find the Prehearing Memorandum of Columbia Gas of Pennsylvania, Inc. in the above-referenced proceeding. Copies will be provided as indicated by the Certificate of Service.

Respectfully submitted,

Michael W. Hassell

MWH/skr
Enclosures

cc: Honorable Mark A. Hoyer
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

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Commerce Building
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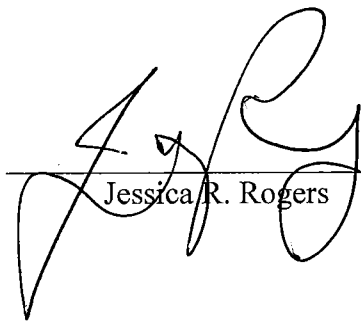
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VIA FIRST CLASS MAIL

Ronald Vanetta
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Jeannette, PA 15644

John S. Smith
2721 Glenmor Avenue
Pittsburgh, PA 15216

Date: May 6, 2014



Jessica R. Rogers

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2014-2406274
Office of Consumer Advocate	:		C-2014-2413419
Office of Small Business Advocate	:		C-2014-2417238
Columbia Industrial Intervenors	:		C-2014-2418801
Ronald Vanetta	:		C-2014-2416868
John S. Smith	:		C-2014-2416873
	:		
v.	:		
	:		
Columbia Gas of Pennsylvania, Inc.	:		

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

ADMINISTRATIVE LAW JUDGE MARK A. HOYER:

I. PROCEDURAL HISTORY

This Memorandum is in response to the Prehearing Conference Order, dated April 24, 2014, advising that a Prehearing Conference is scheduled for May 9, 2014 in the above-referenced matter.

On March 21, 2014, Columbia Gas of Pennsylvania, Inc. (“Columbia”) filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 211 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 211” or “base rate filing”). Supplement No. 211, issued March 21, 2014 and to be effective May 20, 2014, proposes an increase in revenues of approximately \$54.1 million which represents an 11.09% increase in operating revenues based upon a pro forma fully forecasted future test year ending December 31, 2015. 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 April 23, 2014, the Commission issued an Order suspending Columbia's Supplement No. 211 until December 20, 2014, unless otherwise directed by Order of the Commission.

Formal Complaints were filed on behalf of the Office of Small Business Advocate, the Office of Consumer Advocate, Ronald Vanetta, John S. Smith and Columbia Industrial Intervenors. Further, the Commission's Bureau of Investigation and Enforcement has filed a Notice of Appearance.

In addition, on April 4, 2014, a Petition to Intervene was filed by IGS Energy, Shipley Energy, and Dominion Energy Solutions. A Petition to Intervene was filed by the Coalition for Affordable Utility Services and Energy-Efficiency in Pennsylvania on April 25, 2014. On April 28, 2014, a Petition to Intervene was filed by The Pennsylvania State University.

II. SERVICE OF DOCUMENTS

Columbia's counsel in this proceeding are Theodore J. Gallagher, Esquire, Kenneth W. Christman, Esquire, Andrew S. Tubbs, Esquire, Melissa L. Thompson, Esquire, Michael W. Gang, Esquire, Michael W. Hassell, 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)
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E-mail: mhassell@postschell.com

Columbia also requests that Mr. Gallagher, Mr. Tubbs, Ms. Thompson and Ms. Rogers be added to any informal e-mail distribution lists in this proceeding. Mr. Gallagher's e-mail address is tjgallagher@nisource.com, Mr. Tubbs' e-mail address is astubbs@nisource.com, Ms. Thompson's e-mail address is mlthompson@nisource.com and Ms. Rogers' e-mail address is jrogers@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	Amy L. Efland Senior Forecast Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6465	a) Residential and commercial sales volumes normalization; and b) Customer usage forecasts for the future and fully forecasted test years.
3	Melissa J. Bell Lead Regulatory Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4927	a) Pro Forma Operating Revenues; and b) Rate design.

4	Kelley K. Miller Lead Regulatory Analyst NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6471	a) Revenue deficiency; and b) Adjustments to operation and maintenance expenses.
5	John J. Spanos Senior Vice President, Valuation and Rate Division Gannett Fleming, Inc. 207 Senate Avenue Camp Hill, PA 17011-2316 Phone: 717-763-7211	a) Depreciation study and service lives; and b) Annual and accrued depreciation.
6	Nancy J.D. Krajovic Director of Regulatory Affairs Columbia Gas of Pennsylvania, Inc. 121 Champion Way Canonsburg, PA 15317 Phone: 724-416-6370	a) Rate base; b) System expansion adjustment; and c) Rider customer choice adjustment.
7	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.
8	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.
9	Matthew T. Hanson Director of Financial Planning NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-6947	Operations and Maintenance Expenses for the Fully Forecasted Rate Year.
10	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; b) Deferred income tax; and c) Other taxes.

11	Brian E. Elliott Manager for Regulatory Strategy and Support NiSource Corporate Services Company 200 Civic Center Drive Columbus, OH 43215 Phone: 614-460-4841	Allocated Cost of Service Studies.
12	Shirley Bardes Hasson Manager, Regulatory Policy Columbia Gas of Pennsylvania, Inc. 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6310	Tariffs.

The testimony and exhibits fully support Columbia's proposed rate increase in Supplement No. 211, and fully support the design of rates to recover that increase from customers.

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 schedule:¹

Prehearing Conference	May 9, 2014
Other Parties' Direct Testimony	June 20, 2014
Rebuttal Testimony	July 15, 2014
Surrebuttal Testimony	July 25, 2014 (by 3:00 p.m.)
Rejoinder Testimony	July 29, 2014 (by 3:00 p.m.) for witnesses testifying August 1. July 30, 2014 (by 3:00 p.m.) for all other witnesses.
Hearings	August 1, 4-5, 2014
Main Brief	August 22, 2014
Reply Brief	September 5, 2014

V. DISCOVERY

To date, Columbia has been served with numerous 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 settlements. Columbia encourages the use of informal discovery to expedite the discovery process.

¹ 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.

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.

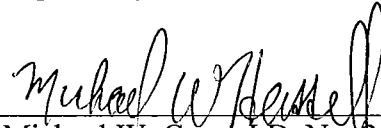
VII. PROTECTION OF CONFIDENTIAL INFORMATION

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,



Theodore J. Gallagher, I.D. No. 90842
Kenneth W. Christman, I.D. No. 79949
Melissa L. Thompson, Motion for Admission Pro
Hac Vice Pending
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Dated: May 6, 2014

Attorneys for Columbia Gas of Pennsylvania, Inc.