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File #: 164279

April 27, 2016

VIA ELECTRONIC FILING

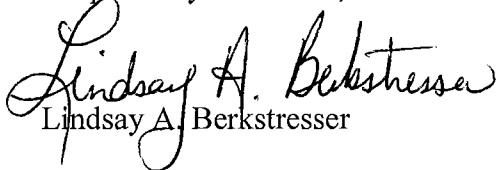
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission, et al. v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2016-2529660, etc.**

Dear Secretary Chiavetta:

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

Respectfully submitted,


Lindsay A. Berkstresser

LAB/skr
Enclosure

cc: Certificate of Service
Honorable Katrina L. Dunderdale

**CERTIFICATE OF SERVICE
(Docket No. R-2016-2529660)**

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).

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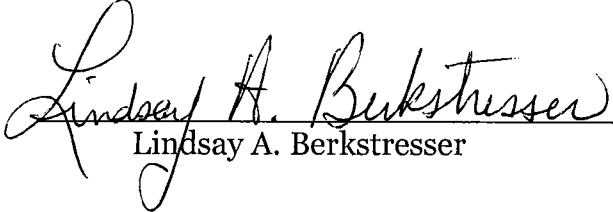
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Date: April 27, 2016


Lindsay A. Berkstresser

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2016-2529660
	:	
Columbia Gas of Pennsylvania, Inc.	:	

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

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE :

I. PROCEDURAL HISTORY

This Memorandum is in response to the Prehearing Conference Order, dated April 22, 2016, advising that a Prehearing Conference is scheduled for April 28, 2016 in the above-referenced matter.

On March 18, 2016, Columbia Gas of Pennsylvania, Inc. (“Columbia”) filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 241 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 241” or “base rate filing”). Supplement No. 241, issued March 18, 2016 and to be effective May 17, 2016, proposes an increase in revenues of approximately \$55.3 million which represents an 11.23% increase in operating revenues based upon a pro forma fully forecasted future test year ending December 31, 2017. 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 21, 2016, the Commission issued an Order suspending Columbia’s Supplement No. 241 until December 19, 2016, 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, the Pennsylvania State University, Columbia Industrial Intervenors, and two individual complainants, Ralph Miller and Michael Pikus. Further, the Commission's Bureau of Investigation and Enforcement has filed a Notice of Appearance.

In addition, Petitions to intervene were filed by the Coalition for Affordable Utility Services and Energy-Efficiency in Pennsylvania ("CAUSE-PA"), the Community Action Association of Pennsylvania ("CAAP"), Shipley Energy, Interstate Gas Supply, Inc., and Dominion Retail, Inc. (the "NGS Parties"), and Direct Energy Business, LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC ("Direct Energy").

II. SERVICE OF DOCUMENTS

Columbia's counsel in this proceeding are Theodore J. Gallagher, Esquire, Andrew S. Tubbs, Esquire, Meagan Bielanin Moore, Esquire, Michael W. Hassell, Esquire, Lillian Harris, Esquire, and Lindsay A. Berkstresser, 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. Moore, Ms. Harris and Ms. Berkstresser be added to any 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. Moore's e-mail address is mbmoore@nisource.com, Ms. Harris's email address is lharris@postschell.com, and Ms. Berkstresser's e-mail address is lberkstresser@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 proceeding on the following subject matters:

<u>Statement Number(s)</u>		
1	Mark 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; and b) Columbia’s quality of service.
2	Amy L. Efland Lead Forecasting Analyst NiSource Corporate Services Company 290 W. Nationwide Blvd. Columbus, OH 43215 Phone: 614-460-5465	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 290 W. Nationwide Blvd. Columbus, OH 43215 Phone: 614-460-5998	Pro Forma Operating Revenues.
4	Kelley K. Miller Lead Regulatory Analyst NiSource Corporate Services Company 290 W. Nationwide Blvd. Columbus, OH 43215 Phone: 614-460-4740	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	Nicole M. Paloney Director of Rates and Regulatory Affairs 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6388	Rate Base.
7	Wesley Soyster Director of Construction for Pennsylvania, Maryland, Massachusetts and Virginia NiSource Corporate Services Company 121 Champion Way, Suite 100 Canonsburg, PA Phone: 724-416-6352	a) Pipeline distribution system; b) Pipeline replacement efforts; c) Historic operating performance; d) Distribution Integrity Management Program Plan; and e) Strategic O&M Initiatives.
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	Nancy J.D. Krajovic Director of Regulatory Affairs Columbia Gas of Pennsylvania, Inc. 121 Champion Way Canonsburg, PA 15317 Phone: 724-416-6370	Budgeted Operations and Maintenance Expenses for the Fully Forecasted Rate Year.
10	Panpilas W. Fischer Tax Director NiSource Corporate Services Company 290 W. Nationwide Blvd. Columbus, OH 43215 Phone: 614-460-6352	a) Income tax expense; b) Deferred income tax; and c) Other taxes.
11	Mark Balmert Director of Regulatory Strategy & Support NiSource Corporate Services Company 290 W. Nationwide Blvd. Columbus, OH 43215 Phone: 614-460-4224	Revenue Allocation and Rate Design.

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.
13	Robert C. Waruszewski Senior Regulatory Analyst 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6325	a) Proposals to expand service availability; b) Transaction fee proposal.
14	Deborah Davis Manager, Universal Services 121 Champion Way, Suite 100 Canonsburg, PA 15317 Phone: 724-416-6316	Plan to seek additional funds for the Hardship Fund.

The testimony and exhibits fully support Columbia's proposed rate increase in Supplement No. 241, 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 will work with other parties to develop an acceptable procedural schedule that provides for Reply Briefs to be filed September 2, 2016.

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.

VI. PUBLIC INPUT HEARINGS

CAAP has requested that public input hearings be held. Columbia is not aware of any substantial consumer interest with respect to the proposed rate change. However, Columbia does not oppose public input hearings commensurate with public interest in the filing.

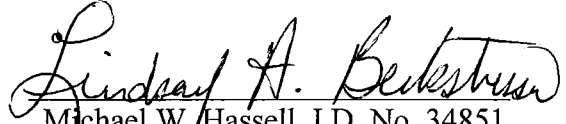
VII. PROTECTION OF CONFIDENTIAL INFORMATION

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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Dated: April 27, 2016

Attorneys for Columbia Gas of Pennsylvania, Inc.