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OCC EXHIBIT __________

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Columbia Gas of Ohio and Related Matters	)	Case No. 04-221-GA-GCR
In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Columbia Gas of Ohio and Related Matters	)	Case No. 05-221-GA-GCR

PREPARED TESTIMONY

OF

MICHAEL P. HAUGH

ON BEHALF OF
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
10 West Broad St., Suite 1800
Columbus, OH 43215

December 8, 2006

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EXHIBITS AND ATTACHMENTS

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.

A1. My name is Michael Haugh. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the Ohio Consumers' Counsel ("OCC" or "Consumers' Counsel") as a Senior Regulatory Analyst.

Q2. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A2. I received a Bachelor of Science Degree in Business Administration with a specialization in Finance from The Ohio State University. I have also attended the Institute of Public Utilities Advanced Regulatory Studies Program at Michigan State University.

Q3. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A3. I have over 11 years of experience in the energy industry. This experience includes three years with Enron Energy Services as a Natural Gas Trading Analyst; five years with AEP Energy Services working in natural gas risk management, generation optimization and energy trading and one year with MidAmerican Energy as a Senior Product Manager.

I joined the OCC in October of 2004. Currently, my primary area of responsibility is regulatory policy -- focusing on retail and wholesale energy market development.

Q4. HAVE YOU PREVIOUSLY TESTIFIED IN UTILITY CASES BEFORE REGULATORY COMMISSIONS?

A4. I filed testimony before the Public Utilities Commission of Ohio ("PUCO" or "Commission") in *Monongahela Power Company*, Case No. 04-1047-EL-ATA and in *Duke Energy Ohio, Inc.* Case No. 06-1085-EL-UNC. I also filed testimony and testified in the following cases before the PUCO:

American Electric Power Company, Case No. 05-376-EL-UNC;
Dayton Power & Light Company, Case No. 05-276-EL-AIR;
Dominion East Ohio Company ("DEO"), Case No. 05-474-GA-ATA; and
Dominion East Ohio Company, Case No. 05-219-GA-GCR.

Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF YOUR TESTIMONY?

A5. From the current case I have reviewed the Management Performance ("M/P") Audit filed by McFadden Consulting Group ("M/P Auditor"), Columbia Gas of Ohio, Inc. ("COH" or "the Company") responses to discovery by the M/P Auditor and OCC and other filings made by the PUCO Staff and Company in this case. I have also reviewed relevant documents from other Commission proceedings.

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A6. The purpose of my testimony is to address the conclusions reached by the M/P Auditor regarding the allocation of pipeline capacity costs (M/P Audit Report at page 5-16). Pipeline capacity costs are costs associated with obtaining the rights to ship along interstate pipelines. I also make a recommendation on how COH could improve its natural gas procurement process on behalf of its Gas Cost Recovery ("GCR") customers.

Q7. WHAT ARE YOUR RECOMMENDATIONS IN THIS PROCEEDING?

A7. I concur with the M/P Audit Report observation (M/P Audit Report at page 5-16) that the allocation of pipeline capacity costs unfairly burdens GCR customers. In other words, customers who purchase natural gas through the GCR are paying more pipeline capacity costs than are reasonable for the service they actually receive. I recommend the Commission order the Company to disallow this over-allocation and refund the over-collection of costs to GCR customers and to calculate capacity costs based upon actual customer usage.

Finally, I recommend the Commission order the Company to procure the natural gas used to supply its GCR customers through a wholesale auction process similar to the one used for supplying DEO's GCR customers in PUCO Case No. 05-474-GA-UNC[1] ("DEO Exit").

II. ALLOCATION OF CAPACITY COST

Q8. HOW DOES COH CURRENTLY ALLOCATE CAPACITY COSTS BETWEEN THE GCR AND CHOICE CUSTOMERS?

A8. The Company first determines its total capacity needs, and then estimates the cost of capacity necessary to serve Choice customers by using the estimated demand curves of the Choice customers. Choice customers are end users that have chosen to have the commodity portion of their gas service supplied by a Supplier other than COH. In establishing the demand curves for the Choice customers, the Company assumes that all residential customers have the same demand usage curve (which is an inaccurate assumption). The Company subtracts the estimated capacity costs for Choice customers from the total capacity costs and allocates the remaining capacity costs to GCR customers. As a result of the Company's practice, the GCR customers pay all remaining unallocated capacity costs (M/P Audit Report at page 5-16). This is not a fair and reasonable allocation process to GCR customers because it requires them to pay for additional capacity costs -- costs associated with capacity that GCR customers do not use or cause to be incurred.

[1] *In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of a Plan to Restructure Its Commodity Service Function,* Case No. 05-474-GA-ATA, Opinion and Order (May 26, 2006).

Q9. WHAT IS YOUR UNDERSTANDING OF THE RULES GOVERNING THE COSTS THAT CAN BE PASSED THROUGH TO GCR CUSTOMERS?

A9. It is my understanding that Ohio Administrative Code Sections 4901:1-14-07 and 4901:1-14-08 require that gas costs be optimally priced and that all costs passed through to GCR customers must be fair, just and reasonable. I do not believe it is fair, just and reasonable to pass through excess capacity costs -- costs in excess of actual GCR usage -- to GCR customers.

Q10. WHEN DID THE COMPANY BEGIN THIS METHOD OF ALLOCATING CAPACITY COSTS?

A10. The Company's current tariffs which were filed as a result of the Stipulation in Case No. 03-1459-GA-ATA[2] ("2003 Stipulation") describe the calculation of the Choice customer capacity cost allocation methodology. These tariffs went into effect on November 1, 2004.

Q11. WHAT IS YOUR RECOMMENDATION FOR HOW THE CAPACITY COSTS SHOULD BE ALLOCATED?

Q11. There should be a more equitable allocation of the capacity costs between Choice and the GCR customers. A more reasonable and accurate methodology would base the allocation of capacity costs on the total usage of each customer class.

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[2] *Application of Columbia Gas of Ohio, Inc. to Revise its Tariffs to Establish a New Gas Transfer Service,* Case No. 03-1459-GA-ATA; *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Service,* Case No. 94-987-GA-AIR; *In the Matter of the Application of Columbia Gas of Ohio, Inc. to Establish the Columbia Choice Program,* Case No. 96-1113-GA-ATA; *In the Matter of the Regulation of the Purchased Gas Adjustment Clause Contained Within the Rate Schedules of Columbia Gas of Ohio, Inc. and Related Matters,* Case No. 98-222-GA-GCR.

Developing an allocation between GCR and Choice customers based upon each customer's actual usage would more accurately reflect the usage patterns and cost causation for which those customers are responsible.

The M/P Auditor found that during the 2002-2005 calendar years the average residential GCR customer deliveries (92.18 Mcf per year)[3] were significantly less than the average residential Choice customer deliveries (101.68 Mcf per year).[4] The average commercial and industrial sales customers also took fewer deliveries than their Choice counterparts (M/P Audit Report Exhibit 2-14 at page 2-9).

The average difference between residential GCR customers and residential Choice customers' deliveries over the four year period is 9.3%[5] and over the past two years -- the years covered under the 2003 Stipulation -- the average difference is 13.2%.[6] The magnitude of the difference between residential GCR customers and residential Choice customers' deliveries leads me to believe that allocating costs using estimated demand curves based on the average residential, commercial or industrial customer's usage understates the actual Choice customer usage and cost causation. A more accurate and reasonable allocation methodology would recognize the actual usage and the significant differences

[3] See MPH Exhibit 4.

[4] See MPH Exhibit 4.

[5] See MPH Exhibit 4.

[6] See MPH Exhibit 4.

between GCR customers and Choice customers within the residential, commercial and industrial customer classes.

In MPH Exhibit 1, I have taken the total capacity costs and total customer deliveries that were provided in the Company's responses to OCC and the M/P Auditor discovery and compared customer usage to the capacity costs allocated to each customer class. From November 2004 through October 2005, GCR customers received 59% of the total deliveries but paid 64% of the total costs of capacity. Conversely, Choice customers received 41% of the total deliveries but paid only 36% of the total capacity costs. This misallocation of capacity costs results in GCR customers making overpayments compared to the capacity they are entitled to, and actually use.

Q12. WHAT CAPACITY COSTS SHOULD HAVE BEEN ALLOCATED TO EACH CUSTOMER CLASS BASED ON YOUR ALLOCATION METHODOLOGY?

A12. MPH Exhibit 2 takes the information from MPH Exhibit 1 and reallocates the capacity costs based upon each customer class' actual deliveries. The GCR customers should have been charged $113,557,353 for capacity instead of the $122,490,337 they were charged. Thus, GCR customers were overcharged $8,932,984 during the one-year period covered by the 2003 Stipulation in the audit period. On the other hand, Choice customers should have paid $77,570,390 instead of the $68,637,406 they paid.

Q13. DID COH ADDRESS YOUR CONCERNS ABOUT THE MIS-ALLOCATION OF CAPACITY COST THROUGH ITS TESTIMONY IN THIS CASE?

A13. Yes, in part. COH Witness Michael D. Anderson proposed to "undertake a study to determine if these **minor cost allocations** do exist and if so, to determine if an applicable methodology can be developed" (emphasis added) to make it equivalent to GCR customers.[7] Mr. Anderson's testimony minimizes the extent of the problem caused by COH's current allocation methodology and the magnitude of the overcharge to the GCR. Mr. Anderson's proposal -- for COH to simply conduct a study -- does not resolve the issue of the additional cost burden placed upon the GCR customers during the audit period that is under review.

Q14. WHAT SHOULD BE DONE ABOUT THIS MISALLOCATION OF CAPACITY CHARGES?

A14. First, the Commission should order the Company to refund the overcharge amount for capacity costs of $8,932,984 to GCR customers. The Commission also should order the Company to reallocate all capacity charges from the end of this audit period (October 31, 2005) through the current time, and refund through the GCR the amounts of any additional capacity costs overcharged to the GCR customers. Finally, on a going-forward basis, the Commission should order the Company to adopt my allocation methodology to ensure that costs causers actually pay for the capacity costs of their deliveries.

[7] Prefiled direst testimony of Michael D. Anderson at page 17.

If the Commission does not choose to order a disallowance of the amounts overcharged to the GCR customers, then at a minimum, it should order COH to do a full cost of service study to be filed in this docket. The study should be reviewed with the opportunity for comment by all parties and if approved by the Commission, applied to capacity cost allocation in the future. This will prevent any further over-collection from residential GCR customers.

III. PROCUREMENT OF NATURAL GAS FOR GCR CUSTOMERS

Q15. HOW DOES COH CURRENTLY PROCURE NATURAL GAS FOR ITS GCR CUSTOMERS?

A15. According to Scott Phelps, Director of Gas Management Service for NiSource Corporate Service, COH procures gas for its GCR customers through a combination of firm short-term contracts and spot purchases. The short-term purchases for winter supply are negotiated through a request for proposal ("RFP") process which involves contacting 20-30 prospective suppliers and choosing the best option from the bids submitted. The summer months are typically supplied mostly through gas purchases from the spot market lasting 30 days or less (Phelps deposition taken October 16, 2006).

Q16. HOW HAS COH'S RECENT GCR COMPARED TO DEO'S GCR AND THE NEW YORK MERCANTILE EXCHANGE ("NYMEX") NATURAL GAS RATE?

A16. The NYMEX is a market place where natural gas is traded today for future deliveries; it is the standard pricing mechanism for monthly pricing in the natural gas industry. As shown in MPH Exhibit 3, I used the NYMEX as a benchmark to compare the GCR rates of DEO and COH starting in November 2004 which is when DEO and COH started calculating the GCR rates on a monthly, as opposed to quarterly basis. From November 2004 through September 2006 (when DEO implemented its Standard Service Offer ("SSO") to replace its GCR), the COH GCR was on average $0.23 per Mcf higher than the DEO GCR (or an average of 2.2%). During this time period the difference between the two GCR rates was never greater than $1.21 per Mcf or 12%. In the three months since September 2006 (when DEO implemented its SSO) the average difference by which the DEO rate is below the COH rate has been over 19% with as much as a 38% difference in October 2006.

When comparing these GCR rates to the NYMEX for the period of November 2004 through September 2006 the COH GCR was on average $2.60 per Mcf above the NYMEX and the DEO GCR was $2.37 per Mcf above the NYMEX.

Q17. WHY SHOULD COH MODIFY ITS PROCUREMENT PRACTICES?

A17. After witnessing the wholesale auction process in the DEO Exit case I believe that COH GCR customers would benefit from a similar wholesale auction process. I believe that a wholesale auction would produce a lower rate for residential GCR customers. In addition, a wholesale auction procurement process would be more transparent that the current GCR process and would establish a more competitive benchmark for residential customers interested in participating in the Choice program, and for Marketers interested in serving those customers.

Q18. WHAT WAS THE RESULT OF THE DEO WHOLESALE AUCTION?

A18. DEO conducted a descending clock auction, as approved by the Commission, where the auction participants bid on a Retail Price Adjustment ("RPA") in the form of an adder to the monthly NYMEX settlement price for natural gas futures. This auction began with the RPA set at $3.50 per Mcf.[8] Through 15 rounds of bidding the RPA was reduced to the final price of $1.44 per Mcf.[9] The Commission in its August 30, 2006 Entry on the auction stated the "Retail Price Adjustment of $1.44 per Mcf is, in fact, well below that benchmark range" determined by the Commission Staff (Entry at page 2). The $1.44 RPA is added to the monthly closing price of the NYMEX to calculate DEO's SSO.

[8] See Case No. 05-474-GA-UNC, Post-Auction Report on Dominion East Ohio Phase 1 Supply Auction (dated August 29, 2006).

[9] See Case No. 05-474-GA-UNC, Post-Auction Report on Dominion East Ohio Phase 1 Supply Auction (August 29, 2006).

Q19. HOW DID THE PUCO STAFF DETERMINE THE "BENCHMARK RANGE" MENTIONED IN THE COMMISSION'S AUGUST 30, 2006 ENTRY?

A19. The PUCO Staff performed a series of weighted average calculations of the DEO Expected Gas Cost ("EGC") and GCR rates to determine an RPA price range that the Staff recommended to the Commission as reasonable.

Q20. WHAT ARE THE DIFFERENCES BETWEEN THE DEO AND COH SERVICE TERRITORIES?

A20. According to COH's response to OCC Interrogatory No. 103, there are three primary operational differences in the service territories between the two companies. The DEO service territory is somewhat physically smaller than the COH system, the DEO system only has 35 interstate pipeline receipt points compared to over 900 for COH, and DEO has substantial on-system storage as opposed to COH's interstate pipeline storage (MPH Attachment 1).

Q21. DO THESE DIFFERENCES PRECLUDE COH FROM ACHIEVING A LOWER RATE FOR GAS IF IT WERE TO CONDUCT A WHOLESALE AUCTION TO SUPPLY ITS GCR CUSTOMERS?

A21. No. Although the DEO service territory is smaller than COH's, DEO is the second largest natural gas utility in Ohio and stretches over 20 counties including counties in the southeast, northeast and western sides of the state. DEO serves over 1.2 million residential customers compared to over 1.3 million in the COH territory. The fact that COH has more delivery points than DEO should not prevent COH from engaging in a wholesale auction because COH has had a vibrant Choice program for over 10 years and the large number of receipt points does not seem to have hindered Marketers' ability to provide gas to COH, both on a wholesale basis and as part of the Choice program. As for the on-system storage, I agree that having on-system storage is helpful for system balancing needs but COH has ample interstate pipeline storage to assist in daily balancing. Additionally, COH is already using an RFP process to acquire its winter supply such that moving to a wholesale auction process would not be a significant change in COH's current procurement process. Realistically, COH should be indifferent to conducting a wholesale auction such as this because COH is not permitted to make any profit on its purchases and sales of gas to GCR customers.

Q22. ARE YOU AWARE OF ANY REGULATORY BARRIERS THAT WOULD PRECLUDE COH FROM CONDUCTING A WHOLESALE AUCTION TO SUPPLY GCR CUSTOMERS?

A22. No, I am unaware of any regulatory barriers. In addition Thomas J. Brown, Director of Regulatory Policy for Columbia Gas of Ohio, indicated that he was not aware of any barriers to a wholesale auction either from a regulatory standpoint or in the 2003 Stipulation (Brown Deposition taken October 17, 2006).

Q23. WOULD YOU EXPECT COH GCR CUSTOMERS TO ACHEIVE A RATE FOR NATURAL GAS SIMILAR TO THAT OF THE DEO AUCTION IF AN AUCTION WERE CONDUCTED TO SERVE COH GCR CUSTOMERS?

A23. I would expect an auction to produce an RPA for COH's customers that would be lower than the historical average of the difference between the NYMEX and COH GCR ($2.67 per Mcf since November 2004). Although any customer savings may not reach the same level of savings achieved in the DEO auction due to the differences in the systems and due to timing differences, there is no reason to believe that a wholesale auction would not result in prices lower than the historical average when compared to the NYMEX for COH GCR customers. Moreover, in the event the Commission were to find that the results of a wholesale auction do not provide enough of a benefit for COH GCR customers, then the Commission would have the option to reject the auction and COH could continue the current process for procuring gas for its GCR customers. Given the high cost of natural gas that customers are paying, I believe that it is the responsibility of the Commission to fully and timely explore any alternative policies and practices to procure gas at a lower price which could, in turn, lower customers' bills.

Q24. WOULD YOU RECOMMEND COH USE THE SAME AUCTION PROCESS USED IN THE DEO EXIT CASE?

A24. No. As I stated in my testimony in the DEO Exit case, a weighted average RFP wholesale auction process would result in a lower price for consumers because it would take the lowest bids from potential suppliers and average the bids to achieve the final RPA. The bidders would be paid the actual individual amount they bid and the GCR customers would pay the weighted average RPA. This is the same format approved in PUCO Case No. 04-1047-EL-ATA (*Monongahela Power Company*).[10] Given the results of the DEO auction, the RFP process I suggested would have yielded a lower price than the declining clock auction that was used. In round 14 of the DEO auction when the RPA was $1.40, eight tranches were bid; although a minimum of 12 bids were required to continue. As a result, the RPA was increased to $1.44 and 12 bids were made at that price, thus ending the auction.[11] Taking this information from the DEO auction and making the conservative assumptions that (1) the bidders on the eight tranches in round 14 were not willing to go below $1.40 and (2) the bidders on the other four tranches were not willing to go below $1.44 -- under my proposal the final RPA would have been $1.41 [(8 bids x $1.40) + (4 bids x $1.44) / 12 total tranches)]. Given that the auction was for approximately 60 Bcf per year of gas, the RPA of $1.41 that would have resulted from my auction proposal would have yielded total savings of $3,450,000 for the DEO GCR customers over the 23 months this auction covered.

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[10] *In the Matter of the Application for Approval of a Standard Service Offer and Competitive Bidding Process for Monongahela Power Company,* Case No 04-1047-EL-UNC, Finding and Order (April 6, 2005).

[11] See Case No. 05-474-GA-UNC, Post-Auction Report on Dominion East Ohio Phase 1 Supply Auction (August 29, 2006).

As an alternative to my auction proposal the Commission could consider the hybrid approach to the declining clock auction recommended by its consultant, CRA International (CRA Post Auction Report filed September 28, 2006 at page 13). CRA International suggested that if the final round of bidding results in the round being undersupplied, then all remaining bidders get to make one final bid and the weighted average of those final bids is taken. If the hybrid approach was used in the DEO auction it would have yielded similar results to my approach described above, using the same assumptions.

Q25. WHEN DO YOU SUGGEST THIS WHOLESALE AUCTION PROCESS TAKE PLACE?

A25. If the Commission were to order an auction of the COH GCR supply, then the most logical time for the supply to start would be on April 1, 2007. I suggest April 1st because it is the end of the storage withdrawal season and with storage being empty a supplier would be able to fill storage with its own gas and not have to purchase gas in storage from COH. I believe an auction could take place in late February and the supply could start by April 1, 2007.

Q26. DO YOU EXPECT COH TO EXIT THE MERCHANT FUNCTION FOLLOWING THIS AUCTION PROCESS?

A26. COH could decide whether to eventually file an application with the Commission to propose exiting the merchant function. I do not believe that procuring gas for the Company's GCR customers through a wholesale auction process necessarily means COH needs to exit the merchant function. I am recommending this process as a way for COH GCR customers to have the lowest gas rates possible.

IV. CONCLUSION

Q27. PLEASE DISCUSS YOUR OVERALL CONCLUSIONS.

A27. I agree with the Auditor that COH is not properly allocating the pipeline capacity costs between its GCR and Choice customers. Currently COH deducts from total capacity costs the capacity cost estimate for Choice customers, and assigns the remaining costs to the GCR. Because COH is calculating the capacity costs for its Choice customers using estimated program demand curves, the capacity costs charged to customers do not match actual capacity usage. The Commission should order COH to stop this practice and should order COH to refund to GCR customers the full amount that COH has overcharged those customers since November 2004. That amount totals $8,932,948.

I also recommend the Commission order COH to use a wholesale auction process to procure the natural gas for its GCR customers in an attempt to obtain supply at a more favorable price for customers than COH's current GCR. Although the DEO auction was very successful, I believe the auction process I proposed in the DEO Exit case and propose in this case would yield a better price for customers. Alternatively, the hybrid approach suggested by the Commission's consultant CRA International, in the DEO case, could be used for COH. The customers of

COH are already burdened by high gas prices as a result of rising energy costs nationwide and the Commission needs to explore such an alternative, and more inexpensive, means of procuring the gas for COH's GCR customers.

Q28. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A28. Yes, it does. However I reserve the right to incorporate new information that may subsequently become available.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Testimony of Michael P. Haugh on behalf of the Office of the Ohio Consumers' Counsel has been served upon those persons listed below via first class U.S. Mail, postage prepaid, this 8th day of December, 2006.

Joseph P. Serio
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MPH Exhibit 1

Columbia Gas of Ohio
PUCO Case No. 05-221-GA-GCR
COH Capacity Cost Allocation

Month	A Total Actual Capacity Costs	B Total Customer Volumes (in Dth)	C GCR Customer Volumes (in Dth)	D Percent of Total Customer Volumes	E GCR Capacity Costs	F Percent of Total Capacity Costs	G Choice Customer Volumes (in Dth)	H Percent of Total Customer Volumes	I Choice Capacity Costs	J Percent of Total Capacity Costs
Nov-04	$ 18,214,566	10,121,691	5,840,624	58%	$ 11,324,242	62%	4,281,067	42%	$ 6,890,324	38%
Dec-04	$ 18,343,896	18,871,862	11,066,943	59%	$ 11,324,082	62%	7,804,919	41%	$ 7,019,814	38%
Jan-05	$ 18,380,941	27,702,962	16,347,784	59%	$ 11,422,248	62%	11,355,178	41%	$ 6,958,693	38%
Feb-05	$ 18,219,649	28,506,994	16,698,623	59%	$ 11,171,872	61%	11,808,371	41%	$ 7,047,777	39%
Mar-05	$ 18,135,649	25,730,747	14,934,165	58%	$ 11,222,973	62%	10,796,582	42%	$ 6,912,676	38%
Apr-05	$ 13,684,769	16,852,645	10,184,517	60%	$ 8,474,317	62%	6,668,128	40%	$ 5,210,452	38%
May-05	$ 13,659,076	9,924,905	5,930,750	60%	$ 9,473,294	69%	3,994,155	40%	$ 4,185,782	31%
Jun-05	$ 13,655,124	4,699,550	2,860,492	61%	$ 9,019,183	66%	1,839,058	39%	$ 4,635,941	34%
Jul-05	$ 13,658,554	2,960,048	1,730,912	58%	$ 9,060,804	66%	1,229,136	42%	$ 4,597,750	34%
Aug-05	$ 13,658,635	2,812,975	1,717,112	61%	$ 9,052,441	66%	1,095,863	39%	$ 4,606,194	34%
Sep-05	$ 13,654,887	2,786,204	1,714,004	62%	$ 9,065,479	66%	1,072,200	38%	$ 4,589,408	34%
Oct-05	$ 17,861,997	3,709,650	2,237,951	60%	$ 11,879,402	67%	1,471,699	40%	$ 5,982,595	33%
Totals	$ 191,127,743	154,680,233	91,263,877	59%	$ 122,490,337	64%	63,416,356	41%	$ 68,637,406	36%

(A) Data provided by COH in OCC Request to Produce No. 35
(B) Column C + Column G
(C) Data provided by COH in McFadden Data Request No. 12
(D) Column C / Column B
(E) Data provided by COH in OCC Request to Produce No. 36
(F) Column E / Column A
(G) Data provided by COH in McFadden Data Request No. 12
(H) Column G / Column B
(I) Data provided by COH in OCC Request to Produce No. 37
(J) Column I / Column A

Columbia Gas of Ohio
PUCO Case No. 05-221-GA-GCR
OCC Proposed Capacity Cost Allocation

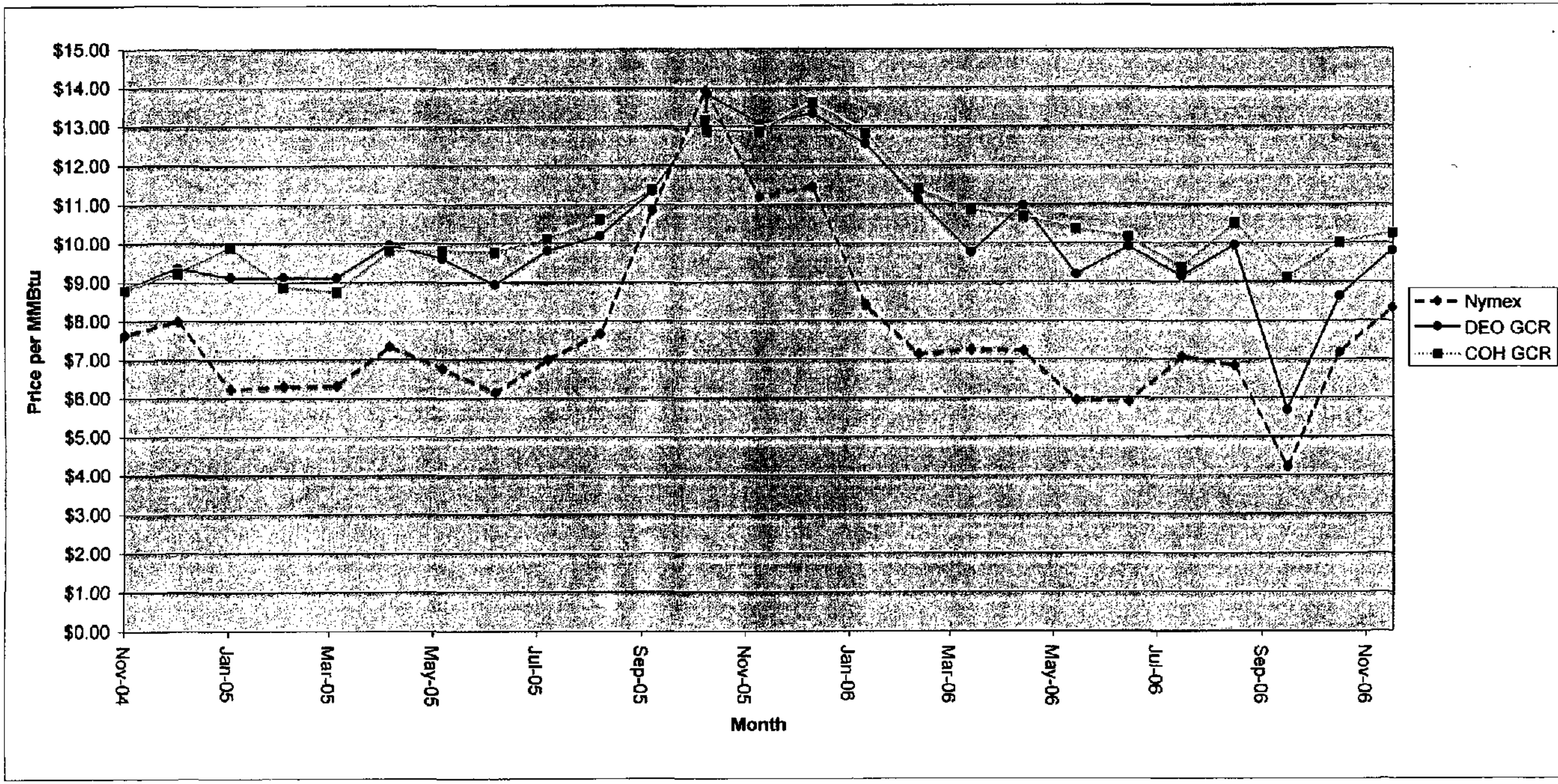
MPH Exhibit 2

Month	A Total Actual Capacity Costs (a)	B Total Customer Volumes (in Dth)	C GCR Customer Volumes (in Dth) (b)	D Percent of Total Customer Volumes	E GCR Capacity Costs	F Percent of Total Capacity Costs	G Choice Customer Volumes (in Dth) (b)	H Percent of Total Customer Volumes	I Choice Capacity Costs	J Percent of Total Capacity Costs
Nov-04	$ 18,214,566	10,121,691	5,840,624	58%	$ 10,510,539	58%	4,281,067	42%	$ 7,704,027	42%
Dec-04	$ 18,343,896	18,871,862	11,066,943	59%	$ 10,757,330	59%	7,804,919	41%	$ 7,586,566	41%
Jan-05	$ 18,380,941	27,702,962	16,347,784	59%	$ 10,846,770	59%	11,355,178	41%	$ 7,534,171	41%
Feb-05	$ 18,219,649	28,506,994	16,698,623	59%	$ 10,672,576	59%	11,808,371	41%	$ 7,547,073	41%
Mar-05	$ 18,135,649	25,730,747	14,934,165	58%	$ 10,525,958	58%	10,796,582	42%	$ 7,609,691	42%
Apr-05	$ 13,684,769	16,852,645	10,184,517	60%	$ 8,270,082	60%	6,668,128	40%	$ 5,414,687	40%
May-05	$ 13,659,076	9,924,905	5,930,750	60%	$ 8,162,150	60%	3,994,155	40%	$ 5,496,926	40%
Jun-05	$ 13,655,124	4,699,550	2,860,492	61%	$ 8,311,513	61%	1,839,058	39%	$ 5,343,611	39%
Jul-05	$ 13,658,554	2,960,048	1,730,912	58%	$ 7,986,950	58%	1,229,136	42%	$ 5,671,604	42%
Aug-05	$ 13,658,635	2,812,975	1,717,112	61%	$ 8,337,581	61%	1,095,863	39%	$ 5,321,054	39%
Sep-05	$ 13,654,887	2,786,204	1,714,004	62%	$ 8,400,150	62%	1,072,200	38%	$ 5,254,737	38%
Oct-05	$ 17,861,997	3,709,650	2,237,951	60%	$ 10,775,754	60%	1,471,699	40%	$ 7,086,243	40%
Totals	$ 191,127,743	154,680,233	91,263,877	59%	$ 113,557,353	59%	63,416,356	41%	$ 77,570,390	41%

(A) Data provided by COH in OCC Request to Produce No. 35
(B) Column C + Column G
(C) Data provided by COH in McFadden Data Request No. 12
(D) Column C / Column B
(E) Column A x Column D
(F) Column E / Column A
(G) Data provided by COH in McFadden Data Request No. 12
(H) Column G / Column B
(I) Column A x Column H
(J) Column I / Column A

Columbia Gas of Ohio
PUCO Case No. 05-221-GA-GCR
Comparison of DEO & COH GCRs to NYMEX

MPH Exhibit 3



Columbia Gas of Ohio

MPH Exhibit 4

PUCO Case No. 05-221-GA-GCR

GCR and Choice Residential Customer Average Annual Deliveries

(All volumes in Mcf)

	2002	2003	2004	2005	4 Year Avg	2004 & 2005 Avg
Choice	102.29	101.16	101.02	102.26	101.68	101.64
GCR	92.11	100.26	88.16	88.18	92.18	88.17
Difference	10.18	0.9	12.86	14.08	9.51	13.47
% Difference	10%	1%	13%	14%	9.3%	13.2%

All Data from M/P Audit Report Exhibit 2-14

PUCO Case No. 04-221-GA-GCR
OCC Interrogatory No. 103
Respondent: Michael D. Anderson

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO OCC INTERROGATORIES

Interrogatory No. 103

If the response to OCC Interrogatory No. 101 is negative, please explain why not.

Response:

COH has not actively considered using a wholesale auction process to supply gas for its GCR customers. Reasons include the following.

- To COH's knowledge, Dominion East Ohio Gas' (DEOG) recently completed auction is the first such auction attempted for a major natural gas distribution utility. COH believes it to be appropriate to see how DEOG's program is implemented and operated prior to any decision to conduct in-depth study and analysis on how an auction might apply to COH.

- While select components of DEOG's wholesale auction would likely have application to an auction for COH GCR customers, major operational differences that exist between COH and DEOG's distribution and upstream pipeline delivery systems would require substantial analysis to determine whether such an auction is feasible for COH. Three of the primary operational differences are as follows.

    - Service territory. DEOG has a relatively compact service territory, whereas COH serves portions of 64 of Ohio's 88 counties.

    - Pipeline Receipts: DEOG has 35 interstate pipeline receipt points while the COH distribution system has over 900 pipeline points of receipt and over 10,000 mainline tap customers.

    - Storage. DEOG has substantial on-system storage that it uses for system balancing, and that its industrial and large commercial customers use for balancing. By contrast, COH must use pipeline no-notice service to balance supply and demand at its 900 points of delivery. COH provides balancing for GCR sales, CHOICE and industrial and large commercial transportation customers with such no-notice service, interrupting the transportation customers balancing service only on very cold days and on warm days with limited storage injection capacity. A wholesale auction, such as that conducted by DEOG, would substantially impact COH's ability to balance its system and have substantial impacts upon COH's industrial and large commercial customers.

- COH is of the understanding that DEOG has dedicated upwards of four years in developing its merchant function exit plan, of which the referenced auction as a primary component of Phase 1 of their two phase process. COH has not determined whether it will pursue a similar course of action.