

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbia Gas of Ohio, Inc. for Approval)
Of Tariffs to Recover Through an)
Automatic Adjustment Clause Costs)
Associated with the Establishment of an)
Infrastructure Replacement Program)
And for Approval of Certain Accounting)
Treatment)

Case No. 07-478-GA-UNC

REPLY OF
OHIO PARTNERS FOR AFFORDABLE ENERGY
TO THE MEMORANDUM CONTRA OF COLUMBIA GAS OF OHIO

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May 16, 2007

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**REPLY OF
OHIO PARTNERS FOR AFFORDABLE ENERGY
TO THE MEMORANDUM CONTRA OF COLUMBIA GAS OF OHIO**

Ohio Partners for Affordable Energy (OPAE) hereby respectfully files this reply to the *Memorandum Contra of Columbia Gas of Ohio, Inc. to the Intervention and Comments of Ohio Partners for Affordable Energy* filed on May 11, 2007 (COH Memo Contra) pursuant to §4901-1-12 of the Commission's Code of Rules and Regulations.

Columbia Gas of Ohio, Inc. (COH) does not oppose OPAE's intervention in this matter, instead focusing on addressing the comments included in OPAE's initial filing, taking issue with OPAE's suggestion that costs associated with gas risers be collected through a base rate proceeding. In particular, the Company argues that the expenses are "extraordinary and nonrecurring" and thus more appropriate for recovery through a rider than through base rates.¹

The COH rebuttal fails on several counts. First, the Company has not yet established that its current base rates fail to provide adequate resources to deal with the riser issues. COH has had some level of responsibility for overseeing various aspects of the selection and installation of the risers. It has not yet

¹ COH Memo Contra at 3.

established that the costs it seeks to recover are in excess of funding available from current revenues nor does it claim to lack the financial resources to begin to address the problems cited by the Commission which, in turn, makes more explicit the responsibility of COH for the risers.² For all we know, there are adequate operations and maintenance funds in current rates to deal with the situation. The legislative framework that regulates local distribution companies and regulatory principles do not support the conclusion that a company is entitled to collect costs through a rider anytime there is a modification of regulations.

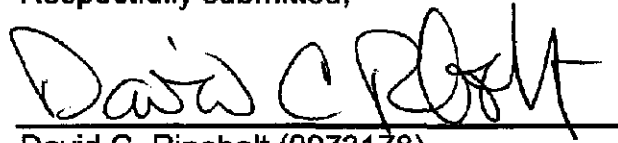
COH's further argues that base rates are not an appropriate vehicle for collection of these atypical costs. However, COH concedes responsibility for risers going forward.³ Thus, there are going to be recurring costs associated with regulatory compliance. A rate case is the appropriate vehicle to determine the revenue requirement associated with this long-term responsibility.

Ultimately, it is the public interest and public safety that are paramount. The Commission investigation is asking LDCs to acknowledge their statutory responsibility to serve the public interest. The potential for gas riser leaks requires a solution. The Company has the burden of proving that current rates are inadequate and additional funding is needed to resolve this safety issue. They have not done so. A base rate case is the best forum for making these determinations.

² See Case No. 05-483-GA-COI

³ See *Letter concerning the gas risers in Ohio*, filed by J. Partridge on behalf of Columbia Gas of Ohio, Case No. 05-462-GA-COI (April 18, 2007).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David C. Rinebolt", written over a horizontal line.

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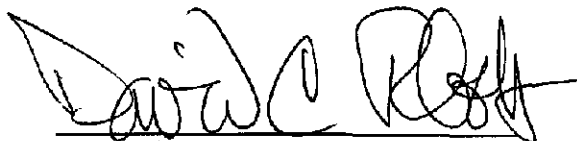
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**On Behalf of Ohio Partners for
Affordable Energy**

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Motion to Intervene, Memorandum in Support, and Motion to Practice *Pro Hac Vice* were served by regular U.S. Mail, postage prepaid, upon the parties of record identified below on this 16th day of May, 2007.



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