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**PUCO**

Deloitte & Touche LLP  
155 East Broad Street  
Columbus, OH 43215-3611  
USA

Tel: +1 614 221 1000  
Fax: +1 614 229 4647  
www.deloitte.com

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES**

The Board of Directors  
Columbia Gas of Ohio, Inc.  
Columbus, Ohio 43215

**Case No. 09-1036-GA-UNC**

We have performed the procedures enumerated below, which were agreed to by Columbia Gas of Ohio, Inc. (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO") solely to assist you in evaluating the Company's compliance with the terms outlined by the PUCO in accounting for the Infrastructure Replacement Program costs associated with the Riser Program from January 1, 2009 through December 31, 2009 in conjunction with the Public Utilities Commission of Ohio's Case No. 08-0072-GA-AIR. The Company's management is responsible for compliance with accounting for the Riser costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

**Accounting for the Riser Costs**

1. Proved the mathematical accuracy of Schedules R-1 through R-11 included in the Company's February 26, 2010 filing made in accordance the terms of the Joint Stipulation and Recommendation filed in Case Nos. 08-0072-GA-AIR et al. on October 24, 2008 that summarize the Riser Program Investigation and Riser Survey activity by month, for the term of the period covered by filing.
2. Performed the following on the specific balances included in Schedule R-2:
  - a. Compared the Total Cumulative Plant Additions as of December 31, 2009 to supporting detail provided by the Company's accounting personnel and found the amounts to be in agreement.
  - b. Selected 12 individual charges included in the supporting detail schedule obtained in 2.a. and compared each individual charge selected to approved job orders, approved time sheets and third party invoices and found the amounts to be in agreement.

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3. Performed the following on the specific balances included in Schedule R-5:
  - a. Compared the Depreciation Rate to the latest approved Company depreciation study approved in the most recent Company rate case and found the amounts to be in agreement.
  - b. Proved the mathematical accuracy of the depreciation expense calculation.
4. Performed the following on the specific balances included in Schedule R-6:
  - a. Compared the rate used to calculate monthly PISCC from January 2009 through December 2009 to the calculation of Weighted Average Cost of Debt provided by the Company's Financial Planning personnel and found the rate to be in agreement. Proved the mathematical accuracy of the calculation of the Weighted Average Cost of Debt.
5. Performed the following on the specific balances included in Schedule R-7:
  - a. Compared the "Percent Good" used to calculate Taxable Value to a schedule provided by NiSource income tax accounting personnel and found the percentage to be in agreement.
  - b. Compared the Valuation Percentage used to calculate Total Taxable Value to a schedule provided by NiSource income tax accounting personnel and found the percentage to be in agreement.
  - c. Compared the "Average Property Tax Rate per \$1,000 of Valuation" to a schedule provided by NiSource income tax accounting personnel and found the rate to be in agreement.
  - d. Recalculated the "Deferred Property Tax Expense" listed on Schedule R-7.
6. Performed the following on the specific balances included in Schedule R-8:
  - a. Compared the amount of depreciation calculated under the Modified Accelerated Cost Recovery System (MACRS) to detail provided by NiSource income tax accounting personnel and found the amount to be in agreement.
  - b. Proved the mathematical accuracy of "Deferred Taxes" listed on Schedule R-8.
7. Performed the following on the specific balances included in Schedule R-9:
  - a. Compared the Total 2009 Expenses to supporting detail provided by Company accounting personnel and found the amounts to be in agreement.
  - b. From the detail provided by the Company's accounting personnel, selected 5 individual charges included in the schedule and compared to approved job orders, approved time sheets and third party invoices and found the amounts to be in agreement.
8. Performed the following on the specific balances included in Schedule R-10:
  - a. Compared 2008 Revenue Requirement to PUCO Case No. 09-006-GA-UNC and found the amounts to be in agreement.

- b. Compared estimated recoveries of 2007 O&M expenses from January 2009 through July 2009 to PUCO Case No. 09-006-GA-UNC and found the amounts to be in agreement.
  - c. Compared actual recoveries of 2007 O&M expenses from January 2009 through July 2009 to detail provided by Company's accounting personnel and found the amounts to be in agreement.
  - d. Compared actual monthly Small General Service (SGS) and General Service (GS) customer counts from July 2009 through December 2009 to detail provided by Company's accounting personnel and found the counts to be in agreement.
  - e. Compared forecasted monthly SGS and GS customer counts from January 2010 through April 2010 to detail provided by Company's accounting personnel and found the counts to be in agreement.
  - f. Compared SGS and GS rates to PUCO Case No. 09-006-GA-UNC and found the rates to be in agreement.
  - g. Recalculated total over/under collection of revenue from July 2009 through April 2010 listed on Schedule R-10.
9. Performed the following on the specific balances included in Schedule R-11:
- a. Compared the Allocated Plant in Service to supporting documentation in Case No. 08-0072-GA-AIR and found the amount to be in agreement.
  - b. Compared the Number of Estimated Annual Bills for SGS and GS Class to a schedule obtained from Company financial planning personnel and found the amounts to be in agreement.

We were not engaged to, and did not conduct, an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Company and its affiliates, the PUCO, and is not intended to be, and should not be, used by anyone other than these specified parties.

*DeBette; Touch LLP*

February 26, 2010