

FILE

2011 MAR 14 AM 11:08

Columbia Exhibit No. 6

PUCO BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased)
Gas Adjustment Clauses Contained Within the) Case No. 10-221-GA-GCR
Rate Schedules of Columbia Gas of Ohio, Inc.,)
and Related Matters.)

In the Matter of the Audit of the Uncollectible)
Expense Rider of Columbia Gas of Ohio, Inc. and) Case No. 10-421-GA-UEX
Related Matters.)

**PREPARED SUPPLEMENTAL TESTIMONY
OF THOMAS J. BROWN, JR.
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

COLUMBIA GAS OF OHIO, INC.
Stephen B. Seiple, Asst. General Counsel
(Counsel of Record)
Brooke E. Leslie, Counsel
200 Civic Center Drive
P.O. Box 117
Columbus, Ohio 43216-0117
Telephone: (614) 460-4648
Fax: (614) 460-6986
Email: sseiple@nisource.com

March 18, 2011

Attorneys for
COLUMBIA GAS OF OHIO, INC.

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered to the regular course of business
Technician AC Date Processed 3/18/11

**PREPARED SUPPLEMENTAL TESTIMONY
OF THOMAS J. BROWN, JR.
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

1 INTRODUCTION

2 Q: Please state your name and business address.

3 A: My name is Thomas J. Brown, Jr. and my business address is 200 Civic Center Drive, Co-
4 lumbus, Ohio 43215.

5

6 Q. By whom are you employed and in what capacity?

7 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia") as Director, Regulatory Policy.
8

9 Q. What is the purpose of your Supplemental Testimony in this proceeding?

10 A. I am supporting the Joint Stipulation and Recommendation ("Stipulation") filed in these
11 proceedings on March 18, 2011. In my opinion, the Stipulation represents a fair and reason-
12 able compromise of the issues in these proceedings. It is my recommendation that it should
13 be adopted and approved by the Public Utilities Commission of Ohio ("Commission").
14

15 THE STIPULATION

16 Q. Please describe the Stipulation.

17 A. The Stipulation is a comprehensive settlement of all issues in Case No. 10-221-GA-GCR
18 and in Case No. 10-421-GA-UEX. In the Stipulation, Columbia has agreed to implement the
19 following four recommendations made by the Final Report Management/Performance Audit

1 Columbia Gas of Ohio, Inc. ("Audit Report") prepared by Exeter Associates, Inc. in Case
2 No. 10-221-GA-GCR.

- 3 • Section 4.8.2, page 4-34 – Columbia's future interstate pipeline capacity entitlement lev-
4 els should be reviewed, with Commission oversight, by the Columbia Collaborative. On
5 page 4-6 of the Audit Report are listed Columbia's existing firm capacity contracts and
6 the associated expiration dates. Some of those contracts expire prior to March 31, 2013.
7 With regard to those contracts that expire prior to March 31, 2013, Columbia will discuss
8 with the Columbia Collaborative the alternatives Columbia is considering before taking
9 any renewal or extension actions with respect to such expiring contracts beyond the
10 March 31, 2013 date.
- 11 • Section 4.8.3, page 4-35 – The Audit Report noted that in Columbia's pipeline capacity
12 study two economic alternatives for the Maumee market were addressed – the ANR op-
13 tion evaluated replacement of Panhandle Eastern Pipeline ("PEPL") capacity and the
14 peaking service option evaluated the replacement of Columbia Gas Transmission LLC
15 ("TCO") capacity. As Columbia continues to monitor capacity options, both alternatives
16 should be considered for the replacement of PEPL and TCO capacity as both alternatives
17 serve the same market. In addition, the peaking proposal rejected by Columbia in its
18 study because it included daily index pricing for supply purchases should be fully evalu-
19 ated based on estimated costs rather than being dismissed simply because of daily index
20 pricing.
- 21 • Section 5.10.2, page 5-27 – the Columbia Collaborative, with Commission oversight,
22 should consider future changes to the accounting for sales rights transactions which con-
23 sider the gas cost impacts of those transactions.

- Section 5.10.3, page 5-28 – the Columbia Collaborative, with Commission oversight, should consider providing CHOICE suppliers with access to the TCO FSS seasonal storage capacity Columbia currently uses to support its time differentiated exchange activities.

Columbia has agreed to discuss these issues with its Collaborative group.

Q. Does the Stipulation satisfy the Commission's criteria for evaluating the reasonableness of a stipulation?

A. Yes. I believe that the Stipulation satisfies each of the Commission's criteria for evaluating the reasonableness of a stipulation: the Stipulation is the result of serious bargaining among capable, knowledgeable parties; the Stipulation benefits ratepayers and the public interest; and, the Stipulation does not violate any important regulatory principle or practice.

THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES

Q. Do you believe the Stipulation filed in this case is the product of serious bargaining among knowledgeable parties?

A. Yes. The Stipulation is the product of an open process in which all parties were represented by able counsel and technical experts. There were extensive negotiations among the parties and the Stipulation represents a comprehensive compromise of the issues raised by parties with diverse interests. All parties have either signed the stipulation and adopted it as a reasonable resolution of issues.

1 **Q. Were all parties to this case included in the negotiations that resulted in the Stipula-**
2 **tion?**

3 A. Yes. All parties were sent notice of every meeting and/or conference call and all parties
4 were present either in person or by phone, or they chose not to be present. As new drafts
5 of the settlement terms or the Stipulation itself were reached, these were also shared with all
6 parties.

7
8 **Q. Which parties have signed the Stipulation?**

9 A. In addition to Columbia, the Staff of the Public Utilities Commission of Ohio and the Office
10 of the Ohio Consumers' Counsel have signed the Stipulation. There are no other parties to
11 these proceedings.

12
13 **THE SETTLEMENT BENEFITS RATEPAYERS AND THE PUBLIC INTEREST**

14 **Q. In your opinion, does the Stipulation benefit ratepayers and the public interest?**

15 A. Yes. As I indicated earlier in my testimony, Columbia has agreed to the recommendations
16 contained in the Audit Report to discuss certain issues with its Collaborative Group. To the
17 extent that those discussions identify reasonable and cost-effective opportunities to enhance
18 and improve Columbia's gas supply management and operations activities, the benefits of
19 those improvements will be passed-on to Columbia's customers.

20
21 **THE SETTLEMENT DOES NOT VIOLATE ANY IMPORTANT REGULATORY**
22 **PRINCIPLE OR PRACTICE**

23
24 **Q. Does the Stipulation violate any important regulatory principle or practice?**

1 A. No. In the Stipulation the parties have specifically agreed that the Stipulation does not vio-
2 late any important regulatory principle or practice. In addition, I would point out that the
3 Stipulation is based in large part on the findings and recommendations of the Audit Report
4 which analyzed Columbia's gas supply planning and gas acquisition policies and practices
5 and made recommendations for the purpose of ensuring that those activities comply with
6 sound regulatory principles and practices.

7
8 **CONCLUSION**

9 **Q. Are you recommending that the Commission approve the Stipulation?**

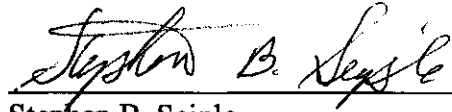
10 A. Yes. I believe the Stipulation represents a fair, balanced and reasonable compromise of
11 diverse interests and provides a fair result for customers. I believe that the Stipulation
12 meets all of the Commission's criteria for adoption of settlements and that the Commis-
13 sion should promptly issue an order approving the settlement.

14
15 **Q. Does this conclude your Prepared Supplemental Testimony?**

16 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Supplemental Testimony of Thomas J. Brown, Jr. was served upon all parties of record by electronic mail and regular U. S. mail this 18th day of March 2011.



Stephen B. Seiple
Attorney for
Columbia Gas of Ohio, Inc.

SERVICE LIST

Stephen Reilly
John Jones
Assistant Attorney General
180 E. Broad Street
Columbus, OH 43215-3793
Email: steve.reilly@puc.state.oh.us
john.jones@puc.state.oh.us

Larry S. Sauer
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
Email: sauer@occ.state.oh.us