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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Regulation of the Purchased )  
Gas Adjustment Clause Contained Within the ) Case No. 02-221-GA-GCR  
Rate Schedules of Columbia Gas of Ohio, Inc. )

In the Matter of the Long-Term Forecast Report )  
of Columbia Gas of Ohio, Inc. and Related ) Case No. 02-121-GA-FOR  
Matters. )

In the Matter of the Regulation of the Purchased )  
Gas Adjustment Clause Contained Within the ) Case No. 03-221-GA-GCR  
Rate Schedules of Columbia Gas of Ohio, Inc. )

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**MEMORANDUM IN SUPPORT OF MOTION OF  
COLUMBIA GAS OF OHIO, INC.  
TO LIMIT SCOPE OF TESTIMONY**

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**July 26, 2004**

**Attorney for Industrial Energy Users-Ohio**

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**MEMORANDUM IN SUPPORT OF MOTION OF  
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On July 19, 2004, Columbia Gas of Ohio, Inc. ("Columbia") filed a Motion to Limit Scope of Testimony ("Motion") in the above-styled proceedings. By this Memorandum, Industrial Energy Users-Ohio ("IEU-Ohio") generally supports Columbia's Motion for the reasons stated therein. IEU-Ohio submits that certain recommendations made by the Management/Performance ("M/P") Auditor in its M/P Audit ("Audit") filed on July 25, 2003, in this proceeding have been decided by the Commission's approval, with modifications, of the 2003 Stipulation submitted to it on October 9, 2003, in its May 5, 2004, Entry on Rehearing in Case No. 94-987-GA-AIR, *et. al.*

In particular (in addition to other issues raised in Columbia's Motion), IEU-Ohio believes that the following matters have been resolved for the purposes of the instant proceeding:

1. Paragraph 31 of the 2003 Stipulation provides that the provisions of the stipulation related to the imposition of Operational Flow Orders ("OFOs") and Operational Matching Orders ("OMOs") approved by the Commission in Case Nos. 01-2607-GA-CSS and 01-2620-GA-ATA will remain in effect for the term of the 2003 Stipulation. This resolves the recommendation of the M/P Auditor in this proceeding that the OFO/OMO procedures be modified effective November 1, 2004. Audit at 7-38 through 7-44.
2. Paragraph 32 of the 2003 Stipulation provides that the Volume Banking and Balancing Service ("VBBS") rates should remain in effect for the term of the Stipulation. This resolves the recommendation of the M/P Auditor herein that the VBBS rates be redesigned. Audit at 7-42 through 7-43.

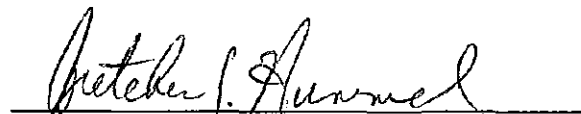
The resolution of these issues in the 2003 Stipulation was made in the context of the operational panorama in which Columbia operates its distribution system and provides its various, and increasingly complex, services and combinations of services. As IEU-Ohio pointed out in its letter ("Letter") filed on November 13, 2003, in this docket in support of the 2003 Stipulation, "the treatment of these two issues has been examined, discussed, and resolved over a period of many years by the utility company, stakeholders, and regulators. \* \* \* The M/P auditors have reviewed these issues individually, without recognition of the context and environment in which they arose and occur and propose changes without consideration of the resulting effect on all other matter existing in the same context and environment." Letter at 2. IEU-Ohio submits that the resolution of these issues in Case No. 94-987-GA-AIR, *et. al*, recognizes the necessary context and environment.

Parenthetically, the M/P Audit recommendations made in this proceeding seem to be representative of a trend in M/P audits in Commission GCR cases in favor of evaluating utility performance outside of the context in which the utility is required to operate and without regard to regulatory decisions previously made by the Commission,

whether the result of stipulation or not. Any novice economist can testify to the universally objectionable results that this trend line of uncertainty and the resulting lack of reliability of the regulatory process produce for both the utilities regulated by this Commission and their customers and investors and the costs of providing utility service. Ohio natural gas utilities should be able to expect that their performance will be evaluated on the basis of the context in which its decisions were made, given the exigencies of the time, with due regard to the benefits it has brought to its customers, and in accordance with the regulatory expectations and commitments previously made to it by Staff, other stakeholders, and the Commission.

WHEREFORE, IEU-Ohio respectfully requests that the Commission grant Columbia's Motion to Limit Scope of Testimony filed in these proceedings on July 19, 2004, for the reasons stated therein and in this Memorandum in Support.

Respectfully submitted,



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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Memorandum in Support of Motion of Columbia Gas of Ohio, Inc. to Limit Scope of Testimony* was served upon the following parties of record this 26th day of July 26, 2004, via ordinary U.S. mail, postage prepaid.

  
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