

FILE

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

6  
RECEIVED-DOCKETING DIV  
2008 JAN 18 PM 12:10  
PUCO

In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Gas Rates	) ) ) ) )	Case No. 07-589-GA-AIR
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of an Alternative Rate Plan for its Gas Distribution Service	) ) ) ) )	Case No. 07-590-GA-ALT
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods	) ) )	Case No. 07-591-GA-AAM

---

SUMMARY OF MAJOR ISSUES SUBMITTED BY  
INTERSTATE GAS SUPPLY, INC.

---

John W. Bentine, Esq. (0016388)  
Trial Counsel  
E-Mail: [jbentine@cwslaw.com](mailto:jbentine@cwslaw.com)  
Mark S. Yurick, Esq. (0039176)  
Direct Dial: (614) 334-7197  
Email: [myurick@cwslaw.com](mailto:myurick@cwslaw.com)  
Direct Dial: (614) 334-6121  
Chester, Willcox & Saxbe LLP  
65 East State Street, Suite 1000  
Columbus, Ohio 43215-4213  
(614) 221-4000 (Main Number)  
(614) 221-4012 (facsimile)  
**Attorneys for Interstate Gas Supply, Inc.**

Vincent A. Parisi (0073283)  
5020 Bradenton Ave.  
Dublin OH 43017  
(614) 734-2649  
(614) 923-1010 (facsimile)  
[vparisi@igsenergy.com](mailto:vparisi@igsenergy.com)  
**General Counsel, Interstate Gas Supply, Inc.**

This is to certify that the images appearing are an  
accurate and complete reproduction of a case file  
document delivered in the regular course of business.

Technician Am Date Processed 1/18/08

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application of</b>	)	
<b>Duke Energy Ohio, Inc.</b>	)	<b>Case No. 07-589-GA-AIR</b>
<b>for an Increase in Gas Rates</b>	)	
	)	
	)	
<b>In the Matter of the Application of</b>	)	
<b>Duke Energy Ohio, Inc.</b>	)	<b>Case No. 07-590-GA-ALT</b>
<b>for Approval of an Alternative Rate</b>	)	
<b>Plan for its Gas Distribution Service</b>	)	
	)	
<b>In the Matter of the Application of</b>	)	
<b>Duke Energy Ohio, Inc. for Approval</b>	)	<b>Case No. 07-591-GA-AAM</b>
<b>to Change Accounting Methods</b>	)	

---

**SUMMARY OF THE MAJOR ISSUES SUBMITTED BY  
INTERSTATE GAS SUPPLY, INC**

---

Pursuant to Section 4903.083, Ohio Revised Code, and the December 21, 2007 Entry in the above-captioned proceeding, Interstate Gas Supply, Inc. ("IGS") respectfully submits its summary of major issues:

**Major Issue Number 1: Should the gas related costs such as storage costs be included in working capital or otherwise recovered in the Applicant's base rates?**

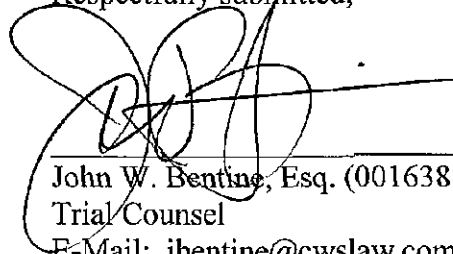
The Applicant proposed that an allowance for working capital be included in its Rate Base. On pages 6 and 7 of the Staff Report, the Staff recommended the Applicant receive no allowance for working capital in this case because the Applicant did not conduct a lead-lag study. While IGS does not object to this result, IGS notes that regardless of whether or not a

lead-lag study is conducted, gas related costs should not be recovered in the Applicant's base rates.

The cost of working capital and other base rate items are recovered from all customers, regardless of whether or not those customers purchase their natural gas from the Applicant. Certain costs proposed by the Applicant to be recovered through the working capital component of Rate Base such as gas stored underground are gas costs that only benefit the Applicant's customers who receive natural gas sold by the Applicant. By definition then, the Applicants' Gas Cost Recovery Rate ("GCR") customers are being subsidized by the customers of IGS and other marketers that do not purchase their natural gas from the Applicant. It would be more appropriate to allocate these gas related costs only to the Applicant's natural gas sales customers, either in the GCR or as a rider or a surcharge only applicable to GCR customers.

Therefore, IGS submits that even if the Applicant provides a lead-lag study, its working capital allowance should not include any gas related costs.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'JB', is written over a horizontal line. The signature is stylized and loops around the line.

John W. Bentine, Esq. (0016388)

Trial Counsel

E-Mail: [jbentine@cwsllaw.com](mailto:jbentine@cwsllaw.com)

Mark S. Yurick, Esq. (0039176)

Direct Dial: (614) 334-7197

Email: [myurick@cwsllaw.com](mailto:myurick@cwsllaw.com)

Direct Dial: (614) 334-6121

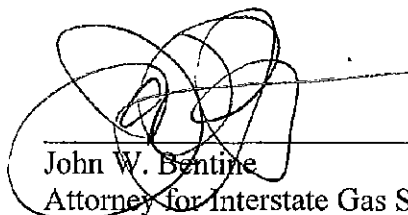
Chester, Willcox & Saxbe LLP  
65 East State Street, Suite 1000  
Columbus, Ohio 43215-4213  
(614) 221-4000 (Main Number)  
(614) 221-4012 (facsimile)  
**Attorneys for Interstate Gas Supply, Inc.**

Vincent A. Parisi (0073283)  
5020 Bradenton Ave.  
Dublin OH 43017  
(614) 734-2649  
(614) 923-1010 (facsimile)  
[vparisi@igsenergy.com](mailto:vparisi@igsenergy.com)  
**General Counsel, Interstate Gas Supply, Inc.**

ND: 4821-4751-7442, v. 2

## CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Summary of the Major Issues Submitted by Interstate Gas Supply, Inc.* was served by Regular U.S. Mail Service (also electronically as a courtesy copy, where possible), to the following parties this 18<sup>th</sup> day of January, 2008.



John W. Bentine  
Attorney for Interstate Gas Supply, Inc.

Paul A. Colbert  
Associate General Counsel  
Duke Energy Ohio  
139 Fourth Street, Suite 25 AT II  
Cincinnati, OH 45202

John Finnigan  
Associate General Counsel  
Duke Energy Ohio  
139 Fourth Street, Suite 25 AT II  
Cincinnati, OH 45202

William Wright  
Attorney General's Office  
Public Utilities Section  
180 East Broad Street, 9<sup>th</sup> Floor  
Columbus, OH 43215

Michael L. Kurtz  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

Colleen Mooney  
Ohio Partners for Affordable Energy  
231 West Lima Street  
P.O. Box 1793  
Findlay, OH 45839

Mary Christensen  
Christensen, Christensen, Donchatz, Kettlewell  
& Owens, LLC  
100 East Campus View Blvd. Suite 360  
Columbus OH 43235

Thomas Lindgren  
Attorney General's Office  
Public Utilities Section  
180 East Broad Street, 9<sup>th</sup> Floor  
Columbus, OH 43215

David F. Boehm  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

David D. Rinebolt  
Ohio Partners for Affordable Energy  
231 West Lima Street  
P.O. Box 1793  
Findlay, OH 45839

John M. Dosker  
General Counsel  
Stand Energy Corporation  
1077 Celestial Street, Suite 110  
Cincinnati, OH 45202

Sally W. Bloomfield  
Bricker & Eckler LLP  
100 South Third Street  
Columbus, OH 43215

Larry Sauer  
Ohio Consumers Counsel  
10 W. Broad Street, 18<sup>th</sup> Floor  
Columbus, OH 43215

Thomas O'Brien  
Bricker & Eckler LLP  
100 South Third Street  
Columbus, OH 43215

Michael Idzkowski  
Ohio Consumers Counsel  
10 W. Broad Street, 18<sup>th</sup> Floor  
Columbus, OH 43215