



Vorys, Sater, Seymour and Pease LLP

Legal Counsel

52 East Gay St.
PO Box 1008
Columbus, OH 43216-1008
614.464.6400

www.vorys.com

Founded 1909

Stephen M. Howard
Direct Dial (614) 464-5401
Facsimile (614) 719-4772
E-Mail - smhoward@vorys.com

February 4, 2008

Ms. Renee Jenkins
Secretary
Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, OH 43215-3793

Re: Case No. 07-478-GA-UNC
Columbia Gas of Ohio, Inc.

Dear Ms. Jenkins:

Please find attached an electronic copy of an Agreement between the active parties in this case that will avoid the necessity of a hearing on February 5. I will also be filing a Joint Motion to Cancel the Hearing. Thank you for your cooperation.

Sincerely yours,

/s/

Stephen M. Howard
Attorneys for Utility Service Partners, Inc.

SMH/jab
Enclosures

cc: all counsel of record
Attorney Examiner Jeanne Kingery

WASHINGTON

1828 L St. NW
Eleventh Floor
Washington, DC 20036-5109
202.467.8800

CLEVELAND

1375 East Ninth St.
2100 One Cleveland Center
Cleveland, OH 44114-1724
216.479.6100

CINCINNATI

221 East Fourth St.
Suite 2000, Atrium Two
PO Box 0236
Cincinnati, OH 45201-0236
513.723.4000

ALEXANDRIA

277 South Washington St.
Suite 310
Alexandria, VA 22314
703.837.6999

AKRON

106 South Main St.
Suite 1100
Akron, OH 44308
330.208.1000

**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

AGREEMENT

In order to avoid further litigation expense, all of the parties in this case (Columbia, the Staff, OCC, OPAE, USP, ABC, IGS, and IEU-Ohio) agree to the following:

1. The Staff of the Commission (“Staff”), Columbia Gas of Ohio, Inc. (“Columbia”), The Office of the Ohio Consumers’ Counsel (“OCC”) and Ohio Partners for Affordable Energy (“OPAE”) reached an agreement on the Amended Stipulation which was filed on December 28, 2007.
2. Prior to October 17, 2007, USP and ABC sought settlement discussions with Columbia. USP reiterated its settlement position at the October 19, 2007 settlement conference, which was rejected by Staff and Columbia. USP and ABC did not seek or initiate any settlement discussions thereafter because they thought it was futile to continue negotiations with Columbia and the Staff based on their understanding that neither Columbia nor the Staff would accept a settlement without Columbia assuming exclusive responsibility for the future maintenance, repair and replacement of hazardous customer service lines.
3. On October 17, 2007, Columbia sought settlement discussions with USP, ABC, IGS, Staff, the OCC, IEU and OPAE.
4. On October 19, 2007, USP, ABC, IGS, OPAE, Staff and the OCC attended settlement discussions at the invitation of Columbia Gas of Ohio, Inc. (“Columbia”).
5. At the October 19, 2007 settlement conference, USP and ABC would not accept a settlement in which Columbia was assuming exclusive responsibility for the future maintenance,

repair and replacement of hazardous customer service lines and such was unacceptable to Columbia and the Staff of the Commission.

6. Columbia and Staff believed it to be futile to continue negotiations with USP and ABC based on their understanding that USP and ABC would not accept a settlement that proposed Columbia assume exclusive responsibility for the future maintenance, repair and replacement of hazardous customer service lines.

7. Even though the OCC was not a signatory party to the October 26, 2007 Stipulation and Recommendation, OCC indicated an interest in supporting a similar stipulation with all appropriate safeguards that included repair or replacement of hazardous customer service lines including gas risers identified as “prone to leak” by Columbia.

8. Following the filing of the October 26, 2007 Stipulation and Recommendation, Columbia and the Staff continued discussions with the OCC in an effort to reach an agreement.

9. IGS and Columbia engaged in settlement discussions prior to the filing of the October 26, 2007 Stipulation and Recommendation, with limited follow-up between Columbia and IGS regarding those discussions after October 26, 2007. However, no agreement between those parties resulted.

10. USP, ABC and IGS, except as noted in paragraph 9 above, were not invited to participate in, nor did they initiate, any settlement discussions following the hearing on the October 26, 2007 Stipulation and Recommendation and the closing of the evidentiary record and they were not contacted until December 31, 2007 when they were served with executed copies of the Amended Stipulation.

11. The intent of the signatory parties in paragraph 21 of the Amended Stipulation and Recommendation is to allow any party granted intervention in this docket the right to review and file an objection to the Riser Material Plan as submitted on February 1, 2008.

12. The Amended Stipulation may be accepted into evidence without testimony and/or the opportunity for cross-examination. A red-lined version of the Amended Stipulation is attached hereto as Exhibit A to identify those portions that are different from the Stipulation and Recommendation filed on October 26, 2007.

13. All testimony filed in support of or in opposition to the Amended Stipulation after December 3, 2007 shall be withdrawn from the record. No responses to discovery made after December 3, 2007 shall be filed as part of the evidentiary record.

IN WITNESS HEREOF, the parties agree this 4th day of February, 2008.

/s/ as per e-mail authorization

Daniel A. Creekmur
Columbia Gas of Ohio, Inc.

/s/ as per telephonic authorization

Joseph P. Serio
Office of Ohio Consumers' Counsel

/s/ as per e-mail authorization

David C. Rinebolt
Ohio Partners for Affordable Energy

/s/ as per e-mail authorization

Anne L. Hammerstein
Staff of the PUCO

/s/

M. Howard Petricoff
Utility Service Partners, Inc.

/s/ as per telephonic authorization

John W. Bentine
Interstate Gas Supply, Inc.

/s/ as per telephonic authorization

Carl A. Aveni, II
ABC Gas Repair, Inc.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Agreement was served upon the following persons
by electronic mail and by first class U.S. mail; postage prepaid this 4th day of February, 2008:

Stephen B. Seiple
Daniel A. Creekmur
Columbia Gas of Ohio, Inc.
200 Civic Center Drive
P. O. Box 117
Columbus, OH 43216-0117
sseiple@nisource.com
dcreekmur@nisource.com

David C. Rinebolt
Ohio Partners for Affordable Energy
231 West Lima St., P.O. Box 1793
Findlay, OH 45839-1793
drinebolt@aol.com

Vincent A. Parisi
5020 Bradenton Avenue
Dublin, OH 43017
vparisi@igsenergy.com

Carl A. Aveni, II
Carlile, Patchen & Murphy LLP
366 E. Broad St.
Columbus, OH 43215
caa@cpmlaw.com

Joseph P. Serio
Associate Consumers' Counsel
10 W. Broad St., Suite 1800
Columbus, OH 43215
serio@occ.state.oh.us

Anne L. Hammerstein
Stephen A. Reilly
Assistant Attorney General
Public Utilities Section
180 E. Broad St., 9th Floor
Columbus, OH 43215-3793
anne.hammerstein@puc.state.oh.us
stephen.reilly@puc.state.oh.us

Joseph M. Clark
McNees Wallace & Nurick LLC
21 East State Street, 17th Floor
Columbus, OH 43215
jclark@mwncmh.com

John W. Bentine
Chester, Wilcox & Saxbe LLP
65 East State Street, Suite 100
Columbus, OH 43215-4213
jbentine@cswlaw.com

/s/

Stephen M. Howard

EXHIBIT A

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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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
)
)
)

In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Modify its Accounting Procedures to Provide for the Deferral of Expenses Related to the Commission's Investigation of the Installation, Use, and Performance of Natural Gas Risers)
)
) Case No. 07-237-GA-AAM
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AMENDED STIPULATION AND RECOMMENDATION

Ohio Administrative Code ("OAC") § 4901-1-30 provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in any Commission proceeding. Pursuant to OAC § 4901-1-10(C), the Staff of the Commission ("Staff") is considered a party for the purposes of entering into a stipulation under OAC § 4901-1-30. This document reflects agreement between Columbia Gas of Ohio, Inc. ("Columbia"), Staff, The Office of the Ohio Consumers' Counsel ("OCC") and Ohio Partners for Affordable Energy ("OPAE") with regard to issues raised in PUCO Case No. 05-463-GA-COI, 07-237-GA-AAM and Case No. 07-478-GA-UNC.

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The purpose of this document is to set forth the understanding of the parties who have signed below (Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt, as part of its Opinion and Order in these proceedings, this Stipula-

tion resolving all of the issues in the above captioned proceeding. This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle or precedent; and is the product of lengthy, serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Parties to settle this case. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by Parties representing a wide range of interests, including Staff. For purposes of resolving all issues raised by these proceedings, the Parties stipulate, agree and recommend as set forth below.

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Except for enforcement purposes, neither this Stipulation nor the information and data contained herein or attached, shall be cited as precedent in any future proceeding for or against any Party, or the Commission itself, if the Commission approves the Stipulation and Recommendation, other than a proceeding to enforce the terms of this Stipulation.¹ This Stipulation and Recommendation is a compromise involving a balancing of competing positions, and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

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BACKGROUND

A. The Commission-Ordered Investigation

On April 13, 2005, the Commission issued an Entry in Case No. 05-463-GA-COI, initiating a Commission-ordered investigation into the type of gas service risers installed in the state, the conditions of installation, and their overall performance. In various entries issued in that

¹ The Office of the Ohio Consumers' Counsel does not, by nature of being a signatory party to the Stipulation, express its concurrence with the Background as presented in the Stipulation and contained in Sections A through E. The Office of the Ohio Consumers' Counsel's lack of aforementioned concurrence does not impact the terms of the agreement between all signatory parties as expressed in the Stipulation.

same docket the Commission directed the state's four large Local Distribution Companies ("LDCs"), including Columbia, to identify a sample number of installed risers, and to remove a number of risers for submission to a testing laboratory selected by the Commission.

On August 3, 2005, the Commission issued an Entry in Case No. 05-463-GA-COI in which it found that the measures taken in that case were necessary for the protection of public safety and directed that the costs of the investigation were to be borne by the LDCs. In recognition of these findings, the Commission indicated it would entertain applications for accounting deferrals for the cost of this investigation and review such applications on a case-by-case basis.

On November 24, 2006, Staff filed its Staff Report of Investigation in Case No. 05-463-GA-COI, in which it concluded that certain types of field-assembled, or "Design A" risers, were more prone to failure if not assembled and installed properly. This report further included a recommendation that distribution system operators conduct a riser inventory of their system for determination of the types and locations of risers in their system. The Commission permitted parties to file comments on the Staff Report. By letter dated January 2, 2007, the Chairman requested that parties address in their comments the additional question of whether LDCs should now assume responsibility for customer-owned service lines. Comments were filed by numerous parties in early February 2007. The Commission currently has the Staff recommendations, and comments thereon, under consideration.

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Columbia filed its Comments on February 2, 2007. As part of those Comments Columbia agreed with the Staff's recommendation to conduct a riser inventory of its system. The Columbia riser inventory process began in March 2007, and included a complete leak survey of all cus-

customer-owned service lines. Columbia has completed its initial survey and estimates that the survey will cost approximately \$7.4 million in 2007².

Pursuant to the Chairman's request in his letter dated January 2, 2007, Columbia's Comments filed in Case No. 05-463-GA-COI addressed the issue of its assumption of ownership of customer service lines. Columbia noted that under Columbia's current tariff, the customer is unquestionably responsible for the maintenance, repair, and if necessary, replacement of the service line, while Columbia is responsible to periodically survey such facilities for leakage. Columbia commented that it has no common-law duty to maintain or repair the gas pipes owned by a customer or property owner. Columbia stated that its current obligation, upon discovery of leakage or other dangerous conditions involving customer-owned equipment, is to make the situation safe – including the disconnection of gas service where necessary – and to advise the customer to make the necessary repairs only through the use of an DOT Operator-Qualified ("OQ") plumber.

B. Columbia's Application for Approval of Accounting Deferrals

On March 2, 2007, Columbia filed an application in Case No. 07-237-GA-AAM in which it requested authority to revise its accounting procedures to provide for the deferral of costs already incurred, and for all future expenses resulting from compliance with the Commission's Entries issued in Case No. 05-463-GA-COI, with the appropriate level of recovery to be separately addressed. All deferred expenses for which Columbia seeks recovery will be separately identified, in a sub-account of Account 182, Other Regulatory Assets. Columbia will provide a detailed explanation of the various types of expenses for which it requests recovery in each annual IRP filing. The types of costs identified in Columbia's March 2, 2007 Application in Case No.

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² Columbia will need to revisit those residences where the riser was inaccessible for various reasons – e.g., risers buried under pavement. This second phase of the survey will begin in 2007 but will not be completed until sometime in 2008.

07-237-GA-AAM for which Columbia requested authority to defer for consideration for recovery in a separate proceeding included:

- a. Payments to the Commission for statistical analysis performed by consultants used to estimate Columbia's riser population by type.
- b. Training development and training costs related to riser testing and performance of the survey.
- c. Labor and expenses incurred in the collection of riser samples for the Commission's investigation.
- d. Commission assessments for the testing of risers and preparation of the Staff report.
- e. Contract and company labor costs incurred to conduct the survey.
- f. Project management costs, including labor and expenses for survey management; data management; report generation and invoice process for contracted services.
- g. Incremental expenses incurred at Columbia's contact center as a result of increased call volumes as customers inquired about the riser survey and related riser matters.
- h. Mailing costs incurred to communicate with customers about riser related matters.
- i. Carrying charges on the deferred balance.

The Commission granted the requested accounting authority for the deferral of costs related to Columbia's inventory of risers and related to approved changes in responsibility, as well as replacement of risers prone to failure in its July 11, 2007 Entry in Case No. 07-0478-GA-UNC.

C. Columbia's Infrastructure Replacement Program Application

Columbia believes that the most efficient means of addressing the problems identified in the November 24, 2006 Staff Report would be for Columbia to assume responsibility for: (1) the

future maintenance, repair and replacement of customer service lines that have been determined by Columbia to present an existing or probable hazard to persons and property; and, (2) the orderly and systematic replacement, over a period of approximately three years, of all Design-A risers that are prone to failure if not properly assembled and installed.

On the basis of statistical sampling, and the results of its own survey to date, Columbia estimates the survey of its customers could result in the identification of up to 320,000 Design A risers prone to failure, with an estimated replacement cost of \$160,000,000. Columbia noted in its February 2, 2007 Comments that a situation in which thousands of customers need to make repairs within a very short time could lead to rapid increases in the price of such work, as well as difficulties in finding available DOT OQ plumbers.

To accomplish the objectives set forth above Columbia filed on April 25, 2007, an Application in Case No. 07-0748-GA-UNC. This Application set forth Columbia's proposed Infrastructure Replacement Program ("IRP"). The IRP application, filed pursuant to Rev. Code § 4929.11, sought approval of tariffs designed to recover, through an automatic adjustment mechanism, the following costs:

1. The costs associated with Columbia's riser testing program, pursuant to Commission orders in Case No. 05-463-GA-COI;
2. The costs associated with Columbia's inventory of risers;
3. The costs of replacing Design A risers that are identified as prone to failure;
4. The costs associated with reimbursement of customers for the replacement of risers and the repair or replacement of customer service lines subsequent to November 24, 2006; and,

5. The costs associated with the repair or replacement of customer-owned service lines that are constructed and installed by Columbia as risers or service lines are replaced.

The IRP application also sought accounting authority to permit capitalization of Columbia's investment in customer-owned service lines and risers as assumption of financial responsibility is assumed for these facilities and sought authority to defer related costs for subsequent recovery through an automatic adjustment mechanism.

On July 11, 2007, the Commission issued an Entry in Case No. 07-0748-GA-UNC that granted part of Columbia's IRP application and deferred consideration of the remainder of Columbia's IRP application. The Commission found that Columbia's proposal to initiate the IRP is not unjust or unreasonable³ and authorized Columbia to replace risers identified as prone to failure, as well as service lines with hazardous leaks. Specifically, paragraph 23 of the Entry provided:

The proposal to initiate the IRP is not unjust or unreasonable, to the extent of repairs to, or replacement of, risers identified as prone to failure or service lines with hazardous leaks. Therefore, we will approve, (a) Columbia's assumption of financial responsibility for future repair and replacement of service lines (up to the meter) and risers where those service lines or risers are actually leaking and those leaks are determined by Columbia to be hazardous; Columbia's replacement, in an orderly and systematic method over a period of approximately three years, of all risers prone to failure, as so identified in the staff report filed on November 24, 2006, in the COI case; Columbia's reimbursement, within a reasonable period after submission of appropriate documentation, of those customers who have replaced risers or service lines since November 24, 2006, for actual, reasonable costs incurred, with the maximum reimbursement for the replacement of a riser being \$500 and with the maximum reimbursement for the replacement of a customer service line being \$1,000; and Columbia's assumption of appropriate rights and responsibilities related to any new risers and service lines as those risers and service lines are replaced or as reimbursement for replacements are paid and (b) accounting authority

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³ As noted in paragraph 16 of the July 11 Entry, "where a proposed tariff amendment proposes a new service, it is, as a matter of law, not for an increase in rates."

for the deferral of costs related to Columbia's inventory of risers and related to the approved changes in responsibility, as well as the replacement of risers prone to failure. We are, however, making no determination at this time regarding the justness or reasonableness of, or our possible approval of, tariffs to recover, through an automatic adjustment mechanism or otherwise, costs associated with the Commission-ordered riser inventory and identification process or with Columbia's repair or replacement of service lines or risers. Thus, we are at this time neither granting nor denying Columbia's application under Section 4929.11, Revised Code. We are also making no determination at this time regarding Columbia's request for accounting authority to permit capitalization of Columbia's investment in service lines and risers, regarding responsibility for the need to repair risers, regarding the appropriate process for the remainder of this proceeding, or regarding any other issues mentioned by the parties as not being addressed by Columbia's proposal. Additionally, we are making no determination at this time with regard to Columbia's offer to assume responsibility for additional risers and service lines beyond those that Columbia is specifically authorized by this entry to repair or replace based on the need to address immediate safety issues. In light of the matters not yet determined, Columbia shall maintain separate accounting for the costs incurred pursuant to this order, such that all such items can be subsequently tracked.

The Entry directed Columbia to discuss with Staff many of the bifurcated items deferred for later consideration. Subsequent to that July 11 Entry, Columbia personnel have met with Staff on several occasions to discuss issues associated with the July 11 Entry.

D. September 12, 2007 Entry on Rehearing

Several parties filed applications for rehearing from the Commission's July 11, 2007 Entry. On September 12, 2007, the Commission issued an Entry on Rehearing which granted the applications for rehearing, in part, and modified part of the July 11 Entry.

Specifically, the Commission limited its initial authorization for Columbia's proposed IRP to the replacement of risers that are prone to failure and to associated service lines where an associated service line is determined by Columbia to have a hazardous leak.

The Commission also held that customers could arrange to make their own repairs of prone to failure risers and associated service lines with hazardous leaks, and that such repairs

would be reimbursable by Columbia even if the repairs or replacements are effected after July 11, 2007.

E. September 13, 2007 Entry

By Entry dated September 13, 2007, the Commission scheduled a hearing for October 17, 2007 to conduct a complete review of Columbia's application in this docket. By Entry dated October 4, 2007, the Commission continued the hearing until October 29, 2007.

STIPULATED AGREEMENT

As a result of the July 11 Entry and the subsequent discussions with Staff, the Signatory Parties have reached agreement on: (a) the establishment of Columbia's authority to assume responsibility for the repair or replacement of hazardous customer-owned service lines; (b) the establishment of accounting to be utilized by Columbia for investment related to the replacement of customer-owned risers and repair or replacement of hazardous customer owned service lines; and, (c) the establishment of a process to be used for recovery of IRP costs. Based upon the Signatory Parties' participation in ongoing settlement conferences and materials on file with the Commission in these proceedings, the Signatory Parties believe that these materials and the records, including the trial record, in this proceeding adequately support this Stipulation and Recommendation.

The Signatory Parties, by and through their respective counsel or officers, stipulate and recommend that the Commission issue an order in these dockets authorizing Columbia to amend its filed tariffs (*see* Attachment A) in accordance with the provisions of this Stipulation and Recommendation and the attachments hereto. Specifically, the Signatory Parties stipulate and recommend the following:

1. Columbia should be permitted to capitalize its investment incurred in the replacement of risers that are prone to failure and of its investment in repairing or replacing hazardous customer service lines. In order to relieve individual customers of the financial responsibility for the replacement of risers identified as prone to failure and hazardous customer-owned service line costs Columbia will be permitted to assume responsibility for: (1) the future maintenance, repair and replacement of hazardous service lines; and, (2) the orderly and systematic replacement, over a period of approximately three years, of all risers identified as prone to failure.⁴ Columbia will work with interested stakeholders on the most expeditious timeline possible to identify appropriate, safe and cost-effective riser replacement techniques that will facilitate the replacement of risers prone to failure within the program implementation times contained within this agreement and the attached tariffs. The accounting to be used by Columbia for investment related to the replacement of risers and hazardous service lines is set forth in Attachment B hereto.

2. In order to recover the costs of the IRP program, the Signatory Parties agree that the Commission should authorize Columbia to capitalize its investment in risers and service lines as they are replaced (including those lines replaced by customers and for which customers are to be reimbursed pursuant to the July 11, 2007 Entry in Case No. 07-0478-GA-UNC and this Stipulation). Columbia will be permitted to record as a regulatory asset the related depreciation, incremental property taxes and the post in-service carrying charges ("PISCC") to be recovered through the IRP Rider described hereinafter.

3. For those customers who have contracted with a DOT OQ plumber to replace a prone to failure riser or a hazardous customer service line, with such repairs being completed be-

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⁴ Columbia's responsibility is limited to customers served under rate schedules SGS, SGTS, FRSGTS, MGS, MGTS, GS, GTS and FRGTS. These are the same schedules to which the IRP rider is applicable.

tween November 24, 2006 and February 28, 2008, Columbia will reimburse such customers for the costs of replacing their riser and repairing or replacing their service lines. Reimbursement will be for the actual costs incurred by the customer, as proved by a customer-provided receipt, with the maximum reimbursement for a natural gas riser being \$500 and the reimbursement for replacement or repair of a hazardous customer service line being \$1000. Reimbursement to customers will be made within sixty days of a customer's submission of a receipt for work performed through reimbursement check. Upon reimbursement to the customer for repair or replacement of a customer service line or natural gas riser, the customer service line or natural gas riser shall become the asset of the Columbia. Columbia will not process any requests for reimbursement received from customers after September 1, 2008.

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4. By February 28, 2008 Columbia will file an application in this docket with schedules supporting the proposed IRP Rider based on actual costs accumulated through December 31, 2007. The IRP rider will provide for the recovery of testing and survey costs deferred by Columbia in its application filed in Case No. 07-237-GA-AAM; IRP customer notification and education costs; deferred PISCC costs; deferred depreciation; deferred property taxes; and related gross receipts taxes. See Attachment C hereto which sets forth the projected impact of the proposed recovery of costs resulting from Columbia's ownership of service lines and risers prone to failure.

Deleted: November 30, 2007, Columbia will file a pre-filing notice containing estimated IRP Rider schedules for the IRP Rider to become effective the following May. The estimated schedules will contain a combination of actual and projected data through December 31, 2007. By the following

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5. Columbia will follow a similar schedule in subsequent years. By November 30, 2008, and succeeding Novembers, Columbia will file a pre-filing notice containing estimated IRP schedules for the IRP rider to become effective the following May. The estimated schedules will contain a combination of actual and projected data for the calendar year in which the pre-filing notice is filed. By the following February 28 Columbia will file an updated application in

this docket with schedules supporting the proposed IRP rider based on the costs accumulated through the end of the calendar year ending December 31, as adjusted for the associated gross receipts tax obligation.

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6. Columbia will provide Staff with sufficient accounting and billing record details to enable it to analyze and audit the schedules. The Signatory Parties recommend that the Commission permit the proposed IRP rider, as adjusted each year, to become effective by May 1 following the February filing of an application as described herein unless: a) the Commission acts to otherwise delay the effective date of the IRP rider; b) the Staff determines that Columbia's application to increase the IRP rider is unjust or unreasonable; or, c) any other party granted intervention by the Commission in the 07-478-GA-UNC docket files an objection that is not resolved to the satisfaction of the Commission. The parties will not object to an expedited hearing process in order to effectuate, to the extent practicable, the implementation of the IRP rider by May 1, or the first billing cycle of the revenue month following the Commission's decision. Columbia will revise the IRP Rider each year through the use of a similar process with the exception that it will true-up revenues collected with revenues estimated in future filings.

7. Riser testing and riser survey costs recognized in determination of the revenue requirement shall be those amounts deferred by Columbia in accordance with its application filed in Case No. 07-237-GA-AAM, except that Columbia shall exclude from the IRP rider revenue requirement calculation, certain costs incurred during riser surveying, and riser and service line testing. This includes costs for work performed in the field that, while not directly recommended by the Staff's report in Case No. 05-463-GA-COI, namely leak surveying and atmospheric corrosion testing, were economical and practicable to perform while work crews were deployed in

the field. The excluded costs consist of activities that would have been conducted in 2007 absent the riser survey and are required under Pipeline Safety Regulations.

8. In the annual IRP filings annualized PISCC recognized in the determination of the revenue requirement shall be computed based on the life of the asset upon which it was accrued. PISCC shall be calculated and deferred on all investment between the dates the asset was placed into service and the date recovery of the investment commences.⁶ The PISCC rate shall be determined annually based on the ~~Columbia's weighted cost of debt~~. The rate shall be determined for the current year with appropriate adjustments as actual data becomes available. The PISCC rate shall be exclusive of the equity component and there will be no compounding of PISCC. PISCC shall be identified and segregated into special sub-accounts of the plant accounts until such amounts on Columbia's books are reviewed and verified by Staff during its investigation in an IRP or next base rate case proceeding. The methodology to be utilized to calculate the PISCC rate is set forth in Attachment D hereto.

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9. Deferred property taxes shall be calculated on all eligible assets at Columbia's estimated composite property tax rate and deferred in special sub-accounts of Account 182-Other Regulatory Assets.

10. Deferred depreciation expense shall be calculated on all eligible assets at the applicable Commission-approved rates and recorded in special sub-accounts of Account 182-Other Regulatory Assets.

11. Columbia shall be authorized to modify its accounting to provide for the deferral of customer notification and education expenses in special sub-accounts of Account 182-Other

⁶ The in-service date for the determination of PISCC on plant acquired through the reimbursement of customers will be the date that reimbursement is remitted to a customer.

Regulatory Assets for recovery through the IRP Rider. Columbia will provide Staff with sufficient accounting and billing record details to enable it to analyze all customer notification and education costs deferred for recovery through annual IRP filings. The parties agree that Staff retains the right to propose that IRP costs to be recovered through the IRP rider be amortized for recovery over a period longer than one year.

12. All deferred expenses for which Columbia seeks recovery will be separately identified in a sub-account of Account 182, Other Regulatory Assets, and will not be subject to any carrying charges. In each annual IRP filing Columbia will provide a detailed explanation of the various types of expenses for which it requests recovery.

13. Columbia's IRP revenue requirement will be recovered from customers through the billing of a monthly fixed charge to all customers served under rate schedules SGS, SGTS, FRSCTS, MGS, MGTS, GS, GTS and FRGTS. This fixed charge on customers shall be determined through the division of total program costs to be recovered by the total actual bills rendered to customers during the test year. The initial IRP rider tariff rate will be set at \$0.00, and updated as appropriate pursuant to the Commission's orders in Columbia's annual IRP filings. Any costs recovered through Columbia's IRP rider tariff shall not be recovered through Columbia's distribution base rates.

14. In the annual IRP filings Columbia will perform a true-up of revenues collected with revenue estimated at the completion of each twelve-month recovery period with any variances between actual and estimated to be recognized in a subsequent IRP filing.

15. In all annual IRP filings that request recovery of costs, Columbia shall provide Staff, and the OCC with audited (either by Columbia's external auditor or an independent auditor

selected by Staff) accounting and billing records in sufficient detail to enable Staff and the OCC to analyze Columbia's filing.

16. Columbia will work with Staff and the OCC on Columbia's plan for general customer notification in accordance with any Commission orders and on consumer education and notification of the IRP program, including changes in curb-to-meter responsibility; complaint handling; and reimbursement of customers. Columbia will provide Staff and the OCC with copies of consumer education materials prior to printing and distribution thereof, and will provide Staff and the OCC with an opportunity to participate in and/or provide other materials in any other meetings held to inform customers about this program.

17. When Columbia files a distribution rate case Columbia's distribution rate base will include its cumulative investment in net plant-in-service⁷ including risers prone to failure and hazardous customer-owned service lines repaired or replaced by Columbia, and related deferrals through the date certain in the applicable rate case. Upon authorization by the Commission, Columbia's distribution base rates will provide for the recovery of the amortization of its deferred PISCC, deferred property taxes and deferred depreciation expense, as well as related gross receipts taxes, through the date certain. As a result, upon reflection of these costs in distribution base rates Columbia's IRP Rider will be adjusted to remove from the current IRP Rider the impact of Columbia's deferred PISCC, deferred property taxes and deferred depreciation expense, as well as related gross receipt taxes, through the date certain.

18. At the time Columbia files its next base rate case, currently estimated to be sometime during the first quarter of 2008, it may seek approval of a revised IRP formula that provides for return on and return of its investment in customer-owned service lines and risers as well as all related expenses. Columbia reserves the right to propose and seek Commission approval of any

⁷ Includes plant in service acquired through the reimbursement of customers, as set forth earlier herein.

amendment or revision to the IRP, including the Riser Material Plan ("RMP"). All parties reserve the right to intervene and litigate should Columbia seek such Commission approval of any amendment or revision to the IRP.

19. The parties agree that Columbia shall file tariffs in this case such that individual customers will continue to be responsible for the cost of initial installation of curb-to-meter service. Thereafter Columbia shall assume the financial responsibility for repair, replacement and maintenance of customer service lines that have been determined by Columbia to have hazardous customer service line leaks.

20. Effective March 1, 2008, only Columbia or its representative may repair or replace a customer service line leak evaluated, classified and documented by Columbia as a hazardous customer service line leak. Prior to March 1, 2008, customers may utilize DOT ~~OO~~ plumbers to repair or replace any customer service line leak certified by Columbia as a hazardous customer service line.

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21. After working with Staff, the OCC, and OPAE, Columbia agrees to submit a RMP for review no later than February 1, 2008. The RMP will summarize the riser materials Columbia will use in its riser replacement program under the IRP and its rationale for that decision. Columbia's decision regarding riser materials will primarily focus on safety. Full cost estimates, including but not limited to, material reliability, cost of remediation and operational flexibility, will also be considered. If Columbia selects more than one type of riser material (i.e. partial replacement versus a full replacement), Columbia will submit to Staff, the OCC and OPAE general criteria of the circumstances in which each riser material may be used. Any signatory party, or party already granted intervention by the Commission in the 07-478-GA-UNC docket, may file an objection relating to the costs or materials selected by Columbia as part of

the RMP, on or before February 15, 2008. If any RMP issues remain unresolved among the parties, then the parties will request that the Commission hold an expedited hearing regarding the reasonableness of the RMP in order to effectuate, to the extent practicable, the implementation of the IRP, including the RMP, by May 1. The submission of the RMP to Staff, the OCC and OP&A, or any aforementioned objection to the RMP, will not prevent the riser replacement program under the IRP from beginning on March 1, 2008. All parties retain their rights to make any arguments pertaining to the reasonableness of costs incurred by Columbia prior to any Commission Order relating to an aforementioned objection.

22. Unless otherwise agreed to by the parties and approved by the Commission, the accounting provisions contained within the Stipulation shall not apply to capital investment contemplated in this Stipulation that is incurred by Columbia after June 30, 2011. Capital investment incurred by Columbia after June 30, 2011 shall neither accrue PISCC nor shall any related costs be deferred (e.g., depreciation expense, property taxes or gross receipts taxes).

23. Because this Amended Stipulation and Recommendation is an integrated settlement, it is expressly conditioned upon the Commission adopting same in its entirety without material modification. If the Commission materially modifies all or any part of this Amended Stipulation and Recommendation, and such modifications are not acceptable to all the Parties, the Parties agree to convene immediately to work in good faith to attempt to formulate an alternative proposal that satisfies the intent of the Amended Stipulation and Recommendation, or represents a reasonable equivalent thereto, to be submitted to the Commission for its consideration through a joint application for rehearing filed by all the Parties.⁸ If the Parties do not reach unanimous agreement with respect to such an alternative proposal, no alternative proposal shall be submit-

⁸ The Commission Staff is not considered a signatory Party for purposes of requirements regarding rehearing applications.

red, and any Party may, within thirty days of the Commission's order, file an application for rehearing supporting the adoption of the Amended Stipulation and Recommendation as filed. No Party shall oppose an application for rehearing filed by any other Party pursuant to this provision. Upon the Commission's issuance of an entry on rehearing that does not adopt this Amended Stipulation and Recommendation in its entirety without material modification, or the alternative proposal, if one is submitted, a Party may terminate and withdraw from the Amended Stipulation and Recommendation by filing a notice with the Commission within thirty days of the Commission's entry on rehearing. No Party shall oppose the termination of the Amended Stipulation and Recommendation by any other Party. Upon notice of termination and withdrawal by any Party in accordance with the above procedure, this Amended Stipulation and Recommendation shall immediately and automatically become null and void and the case would be resumed at the point of the Parties filing briefs.

RECOMMENDATION

24. The Parties agree that the foregoing Amended Stipulation and Recommendation is in the best interests of all parties, and urge the Commission to adopt the same.

The undersigned respectfully join in requesting the Commission to issue its Opinion and Order approving and adopting this Amended Stipulation and Recommendation, in accordance with the terms set forth above.

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AGREED, THIS 28th DAY OF DECEMBER 2007.

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DANIEL A. CREEKMUR

Attorney for
Columbia Gas of Ohio, Inc.

ANNE L. HAMMERSTEIN

Attorney for
Public Utilities Commission of Ohio

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DAVID C. RINEBOLT

Attorney for
Ohio Partners for Affordable Energy

JOSEPH M. SERIO

Attorney for
Office of Consumers' Counsel

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CARL A. AVENI III¶
Attorney for ¶
ABC Gas Repair¶
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STEPHEN M. HOWARD¶
Attorney for ¶
Utility Service Partners, Inc.

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VINCENT PARISI¶
Attorney for ¶
Interstate Gas Supply, Inc.¶
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JOSEPH M. CLARK¶
Attorney for ¶
Industrial Energy Users, Ohio

ATTACHMENT A

TARIFFS

ATTACHMENT B

ACCOUNTING

ATTACHMENT C

ESTIMATED IMPACT

ATTACHMENT D

CALCULATION OF PISCC RATE

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Summary: Agreement All Active Parties Agreement electronically filed by Stephen M Howard on behalf of Utility Service Partners, Inc.