

**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)	Case No. 07-478-GA-UNC
Clause Costs Associated with the Establishment)	
of an Infrastructure Replacement Program and for)	
Approval of Certain Accounting Treatment.)	

**REPLY BRIEF OF
OHIO PARTNERS FOR AFFORDABLE ENERGY**

Ohio Partners for Affordable Energy ("OPAE"), an intervenor in the above-captioned case, hereby submits this reply brief to the Public Utilities Commission of Ohio ("Commission") concerning the application filed by Columbia Gas of Ohio, Inc., ("Columbia") for approval of tariffs to recover costs associated with Columbia's infrastructure replacement program. In 2005, the Commission initiated an investigation into gas service risers, including their installation and performance. The Staff of the Commission ("Staff") concluded in a report on the investigation that some risers were prone to failure. *In the Matter of the Investigation and Installation, Use and Performance of Natural Gas Service Risers throughout the State of Ohio and Related Matters*, Case No. 05-463-GA-COI, Staff Report (November 24, 2006). Columbia filed this application for approval of tariffs to recover through an automatic adjustment mechanism the costs associated with the riser inventory ordered by the Commission in its investigation; the replacement of customer-owned risers that are prone to failure; the replacement of customer-owned service lines that are installed as risers or service lines are replaced; and accounting authority to capitalize Columbia's investment in customer-

owned service lines and risers for subsequent recovery through the automatic rate adjustment mechanism.

On December 28, 2007, an amended stipulation and recommendation was filed in this docket. OPAE, along with the Staff, Columbia and the Office of the Ohio Consumers' Counsel ("OCC") are the signatory parties to the amended stipulation. In the amended stipulation, the stipulating parties agree on the establishment of Columbia's authority to assume responsibility for the repair or replacement of hazardous customer-owned service lines, the establishment of accounting to be used by Columbia for investment related to the replacement of customer-owned risers and repair or replacement of hazardous customer-owned service lines, and the establishment of a process to be used for the recovery of costs.

As a signatory party to the amended stipulation, OPAE urges the Commission to approve it in its entirety. As the Staff argues in its initial brief, the amended stipulation meets the Commission's three-part test for the reasonableness of stipulations. First, the amended stipulation is the product of serious bargaining among capable, knowledgeable parties, the Staff, Columbia, OCC and OPAE.

Second, the amended stipulation benefits ratepayers and the public interest by protecting the public safety and providing a reasonable means for all customers to afford repair and replacement of natural gas risers and hazardous customer-service lines. Pursuant to the agreement, Columbia assumes financial responsibility for repair, replacement and maintenance of customer-service lines that have been determined by Columbia to have hazardous line leaks. OPAE agrees with Columbia's argument on brief that its assumption of maintenance, repair and replacement of customer-owned

service lines is prudent and necessary. As the distribution utility, Columbia is able to provide these services in the safest and most economical manner. This infrastructure is best maintained, replaced and repaired by Columbia. Contrary to the arguments made by those entities opposing the amended stipulation, service lines present safety hazards and are best maintained, repaired and replaced by the distribution utility. Moreover, the amended stipulation allows for the cost of replacement to be socialized among customers. Thus, the settlement benefits ratepayers and the public interest by protecting the public safety and providing a reasonable means for all customers to afford repair and replacement of risers and hazardous customer-service lines. The second test for reasonableness of stipulations has been satisfied.

Third, the amended stipulation does not violate any important regulatory principle or practice. As the amended stipulation contemplates, Columbia has already filed a notice of intent to file an application for an increase in rates. In its rate case, Columbia's rate base will include its cumulative investment in net plant-in-service including risers prone to failure and hazardous customer-owned lines repaired or replaced by Columbia and related deferrals through the date certain. Upon authorization by the Commission, Columbia's base rates will provide for the recovery of the amortization of certain deferred costs, expenses and taxes, which will then be removed from the automatic adjustment rider. Therefore, Columbia has submitted its distribution rates to Commission review through a base rate proceeding, which will consider expenses, deferrals, taxes, carrying costs and other matters associated with the infrastructure replacement program. Thus, the program conforms to regulatory principles and practices and satisfies the third part of the test for reasonableness of stipulations.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Reply Brief was served electronically upon the parties of record identified below on this 19th day of February 2008.

/s/ Colleen L. Mooney

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Summary: Reply Brief electronically filed by Ms. Colleen L. Mooney on behalf of Ohio Partners for Affordable Energy