

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Authority to Amend Filed)
Tariffs to Increase the Rates and Charges for)
Gas Distribution)

Case No. 08-72-GA-AIR

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Approval of an)
Alternative Form of Regulation and for a)
Change in its Rates and Charges)

Case No. 08-73-GA-ALT

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Approval to Change)
Accounting Methods)

Case No. 08-74-GA-AAM

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Authority to Revise its)
Depreciation Accrual Rates)

Case No. 08-75-GA-AAM

**OBJECTION TO STAFF REPORT AND
SUMMARY OF MAJOR ISSUE OF THE OHIO GAS MARKETERS GROUP**

Pursuant to Section 4909.19, Revised Code, Rule 4901-1-28 of the Ohio Administrative Code, and the August 28, 2008 Entry in these matters, the Ohio Gas Marketers Group consisting of Commerce Energy, Inc., Hess Corporation, Integrys Energy Services, Inc., Interstate Gas Supply, Inc. and SouthStar Energy Services LLC files this Objection to the Staff Report and Summary of the Major Issue in the above styled proceedings.

I. Objection to the Staff Report

The Ohio Gas Marketers Group objects to the failure of the Staff to recommend that the carrying costs related to the Gas Stored Underground/Gas Storage Inventory be recovered through the Gas Cost Recovery (GCR) rate as was done in Case No. 07-589-GA-AIR (Duke Energy Ohio).

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Specifically, Schedule B-5, line 29 of the Staff Report lists a working capital component for Gas Stored Underground of \$95,830,000. At Schedule E-3.2-1.5, page 2 of 8, line 45, Columbia has allocated the \$95,830,000 among the Small General Service (SGS), General Service (GS), the Large General Service (LGS), the Flex, and the Contract customer classes for purposes of a cost of service study. None of the \$95,830,000 was allocated to the Full Req. Coop. Trans. (FRCTS) class in the cost of service study. The Ohio Gas Marketers Group agree that this allocation approach is proper. Thus, because the Gas Storage Inventory amount of \$95,830,000 was not allocated to the transportation class, the transportation class rates should be slightly lower than the comparable sales class base rates. However, both Columbia and the Staff have unreasonably recommended that the Small General Service base rates be identical to the Small General Transportation service rates. Columbia and the Staff have also unreasonably recommended that the General Service (GS) sales base rates be identical to the General Transportation Service rates.

Transportation customers should not be responsible for the carrying costs of Gas Storage Inventory/Gas Stored Underground incurred for the benefit of sales customers. The Ohio Gas Marketers Group objects to the inclusion of Gas Stored Underground/Gas Storage Inventory in working capital and recommends that the carrying costs related to Gas Stored Underground/Gas Storage Inventory should be recovered through the GCR rate as was approved by the Commission In re Duke Energy Ohio, Case No. 07-589-GA-AIR, Opinion and Order, May 28, 2008.

II. Summary of Major Issue

The carrying costs associated with Gas Storage Inventory/Gas Stored Underground incurred for the benefit of Columbia's sales customers should be recovered through the Gas Cost Recovery (GCR) rate instead of through working capital.

Respectfully submitted,

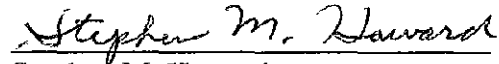


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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was served upon the following persons via e-mail and/or via first-class U.S. mail, postage prepaid, where email addresses are not available this 22nd day of September, 2008.


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