

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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 Service.)	Case No. 08-0072-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. 08-0073-GA-ALT
In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Change Accounting Methods.)	Case No. 08-0074-GA-AAM
In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Revise its Depreciation Accrual Rates.)	Case No. 08-0075-GA-AAM

PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF
LARRY W. MARTIN
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

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| <input type="checkbox"/> | MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION |
| <input checked="" type="checkbox"/> | OPERATING INCOME |
| <input checked="" type="checkbox"/> | RATE BASE |
| <input type="checkbox"/> | ALLOCATIONS |
| <input type="checkbox"/> | RATE OF RETURN |
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September 25, 2008

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PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF LARRY W. MARTIN

1 **Q:** **Please state your name and business address.**

2 A: My name is Larry W. Martin and my business address is 200 Civic Center Drive, Colum-
3 bus, Ohio 43215.

4
5 **Q.** **By whom are you employed and in what capacity?**

6 A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia"). My current title is Director of
7 Regulatory Planning.

8
9 **Q.** **Are you the same Larry W. Martin who submitted Prepared Direct Testimony in this**
10 **proceeding?**

11 A. Yes.

12
13 **PURPOSE OF TESTIMONY**

14 **Q.** **What is the purpose of your Supplemental Testimony in this proceeding?**

15 A. This testimony is being filed in support of the following issues raised by Columbia in its Ob-
16 jections to the Staff Report of Investigation ("Staff Report") filed in this case:

17 Objection number 1 – Staff's Recommended Revenue Requirement.

18 Objection number 18 – Staff's Rate Design with respect to Columbia's Full Re-
19 quirements Cooperative Transportation Service ("FRCTS") rate schedule.

1 Objection number 23 – Staff’s recommendation for Columbia’s submission of a
2 study for continuation of Automatic Meter Reading Device (“AMRD”) program de-
3 ployment to its full system.

4 Objection number 24 – Staff’s proposal to establish a cap on Annual Increase in
5 Rider IRP.

6 Objection number 26 – Staff’s recommendation that Columbia’s Competitive Natu-
7 ral Gas Surcredit Rider be recalculated rather than removed.

8 Objection number 28) – Staff’s Recommended Rate Base.

9 Objection number 29 – Staff’s computation of interest in development of its Work-
10 ing Capital Component of Rate Base.

11 Objection number 30 – Staff’s treatment of Customer Deposits in its development of
12 the Other Rate Base Component of Rate Base.

13
14 **STAFF’S RECOMMENDED REVENUE REQUIREMENT**

15 **Q. Why has Columbia objected to Staff’s proposed revenue requirement (Columbia**
16 **Objection 1)?**

17 **A.** This objection was made in recognition of the fact that Staff’s recommended revenue
18 range of \$46,876,000 to \$55,626,000 set forth on Schedule A-1 must be updated if the
19 Commission accepts Columbia’s Objections to Staff Report of Investigation (“Objec-
20 tions”) that impact Adjusted Operating Income, Rate Base and Rate of Return. Failure to
21 update this schedule will result in an understatement of the amount for which Columbia is
22 entitled based on the appropriate levels of operating income, rate base and rate of return,
23 as noted in Columbia’s Objections.

1
2 **Q. Why would failure to update Schedule A-1 in recognition of these changes result in**
3 **an understatement of the amount to which Columbia is entitled?**

4 A. Staff's Schedule A-1 provides for determination of the "Revenue Increase Required"
5 through the multiplication of the "Income Deficiency" by the "Gross Revenue Conver-
6 sion Factor." The Income Deficiency is determined through a comparison of "Required
7 Operating Income" and "Adjusted Operating Income" with Required Operating Income
8 being determined through the multiplication of Rate Base by the Recommended Rate of
9 Return. Columbia has filed objections that will result in a change in Adjusted Operating
10 Income, Rate Base, and Rate of Return. The Commission's acceptance of these objec-
11 tions would result in a reduction in Adjusted Operating Revenue, an increase in Rate
12 Base, an increase in the Recommend Rate of Return, and an increase in Revenue Increase
13 Required. Thus, Schedule A-1 must be updated to reflect any changes resulting from the
14 Commission's acceptance of any of Columbia's Objections that impact Adjusted Operat-
15 ing Income, Rate Base, or Rate of Return to avoid an understatement of the amount to
16 which Columbia is entitled. The Supplemental Direct Testimony of Columbia witness
17 Noel has attached thereto an updated Supplemental Exhibit A-1 that sets forth the overall
18 impact of Columbia's Objections.

19
20 **STAFF'S RECOMMENDED RATE BASE**

21 **Q. Why has Columbia objected to Staff's Recommended Rate Base of \$1,041,787,000**
22 **(Columbia Objection 28)?**

1 A. Columbia's review of Staff Report Schedule B-1 has resulted in the determination that
2 Staff's calculations reflect errors that result in an understatement of the investment upon
3 which Columbia is entitled to earn, which further results in an understatement of the
4 revenue increase required. This understatement in Rate Base results from: (1) Staff's
5 overstatement of the Working Capital Allowance carried forward from Schedule B-5; and
6 (2) Staff's overstatement of its Other Rate Base Items credit carried forward from Sched-
7 ule B-6.

8
9 **STAFF'S PROPOSED WORKING CAPITAL REQUIREMENT**

10 **Q. Please explain Staff's error with respect Staff's proposed Working Capital Require-**
11 **ment set forth on Schedule B-5 of the Staff Report (Columbia Objection 29)?**

12 A. On Schedule B-5, Staff has incorrectly reflected interest expense as a credit or negative
13 number on line 25, column (a). Interest expense is typically reflected as a debit or positive
14 number and when applied to the interest expense lag days results in a source of cash work-
15 ing capital. By reflecting interest expense as a negative instead of a positive, the calculation
16 shows a working capital requirement and not a source of working capital. The amount on
17 line 25, column (d) should be a positive \$7,423 resulting in the Expense Lag Allowance
18 shown on Line 27, Column (d) totaling \$172,278 and the Calculated Working Capital Al-
19 lowance shown on line 30, Column (d) totaling \$205,823. It should be noted that the amount
20 of this source of working capital is dependent upon total Rate Base and weighted cost of
21 debt adopted by the Commission in this case and thus will change based upon the Commis-
22 sion's final determination of these items.

1 **STAFF'S PROPOSED OTHER RATE BASE ITEMS**

2 **Q. Please identify the error made by Staff in its recognition of the Customer Deposits**
3 **component of Other Rate Base Items (Columbia Objection 30)?**

4 A. Staff's Other Rate Base Items reflects an overstatement of the level of Customer Deposits
5 available to Columbia as a non-investor source of funds used to finance rate base due to
6 what appears to be an inadvertent input error in the development of its Other Rate Base
7 Items component of Rate Base. Staff's Schedule B-6 reflects a negative \$114,108,000 for
8 Customer Deposits when it should have only reflected the \$14,108,000 level projected by
9 Columbia on Schedule B-5 of its Application. My conclusion that this is an error is further
10 supported by Staff's use of a Customer Deposits level of \$14,108,000 for computation of In-
11 terest on Customer Deposits on Schedule C-3.12 of the Staff Report. The overstatement of
12 this non-investor source of funds results in an understatement of Rate Base upon which
13 the Revenue Requirement should be determined.

14
15 **STAFF'S PROPOSED RATE DESIGN**

16 **Q. What is Columbia's objection to Staff's rate design with respect to Columbia's Full**
17 **Requirements Cooperative Transportation Service ("FRCTS") rate schedule (Co-**
18 **lumbia Objection 18)?**

19 A. The basis of Columbia's objection is that the Staff Report on Page 19 properly reflects
20 the need for an increase in rates of \$2,953 for customers served under the FRCTS rate
21 schedule, but Staff failed to design a new rate for the FRCTS class. Similarly, on Page
22 128 of the Staff Report, the Typical Bill Comparison for the FRCTS rate class showed no
23 increase in rates. This failure to design new rates for the FRCTS rate class results in an

1 understatement of the amount to which Columbia is entitled from these customers in this
2 rate proceeding and the cross subsidization of this class by other customers served by Co-
3 lumbia. The Commission should design new rates for FRCTS rate class, consistent with
4 Staff's findings on page 19 of the Staff Report.

5
6 **NET COST OF CONTINUATION OF AMRD PROGRAM**

7 **Q. What did Staff recommend with respect to Columbia's proposed deployment of**
8 **automatic meter reading devices? (Objection 23)**

9 A. The Staff supported Columbia's partial AMRD deployment plan, but recommended that
10 the Commission order Columbia to submit a study detailing Columbia's net cost of con-
11 tinuing the AMRD deployment to Columbia's full system, but on a less aggressive time-
12 frame than Columbia proposed in its partial deployment plan.

13
14 **Q. What is Columbia's response to this Staff recommendation?**

15 A. Columbia is willing to deploy automatic meter reading devices throughout its entire sys-
16 tem, consistent with Staff's suggestion. Therefore, Columbia is submitting the recom-
17 mended study as Attachment LWM-1 to this testimony.

18
19 **Q. Did you prepare the AMRD study in response to Staff's recommendation that the**
20 **Commission order Columbia to submit an AMRD study that details Columbia's net**
21 **cost of deployment of the AMRD program to Columbia's entire system?**

22 A. Yes. The results of that study are set forth on Attachment LWM-1. The attached study
23 was developed in the same manner as was the analysis originally submitted to the Com-

1 mission on Exhibit G-7, with the exception that this study includes projected operation
2 and maintenance expense savings and reflects the full deployment of AMRDs during the
3 calendar years 2009 through 2013. The projected investment and operation and mainte-
4 nance savings used in the development of the study were provided by Columbia witness
5 Bohrer.

6
7 **Q. Did you also prepare a schedule similar to Schedule G-7, Section 14 that sets forth**
8 **the impact per month for the expanded program?**

9 A. Yes. Attachment LWM-2 shows by rate schedule the impact on rates if a full deployment
10 AMRD program during the calendar years 2009 through 2013 were to be approved by the
11 Commission.

12
13 **Q. Have you prepared a revised study similar to Exhibit G-7 that reflects the imple-**
14 **mentation of AMRDs on inside locations only during the years 2009 and 2010 with**
15 **projected operation and maintenance expense savings?**

16 A. Yes. Attachment LWM-3 hereto is being provided to facilitate the comparison of Colum-
17 bia's proposed installation of AMRDs as originally proposed with the AMRD study that
18 details Columbia's cost of continuation of the AMRD deployment to its full system. The
19 preparation of this study was necessary since the study filed with the Application did not
20 reflect projected operation and maintenance expense savings. Consistent with the full de-
21 ployment study, the projected investment and operation and maintenance expense savings
22 used in the development of the study were provided by Columbia witness Bohrer.

1 **Q. Did you also prepare a Revised Schedule G-7, Section 14 that sets forth the impact**
2 **per month?**

3 A. Yes. Attachment LWM-4 shows by rate schedule the impact on rates if the program is
4 limited to AMRDs as originally proposed.

6 **Q. Have you compared the results of the studies to determine the net impact?**

7 A. Yes. Attachments LWM-5 and LWM-6 compare the results of the partial AMRD de-
8 ployment program with a total AMRD deployment program for customers served under
9 Columbia's Small General Service rate schedules. Attachments LWM-5 and LWM 6
10 show that, over the period reviewed, the impact of a total deployment program ranges
11 from a low of approximately \$.10 per customer per month to a high of less than \$.51
12 cents per customer per month and then decreases to a level of approximately \$.21 per
13 customer per month during the calendar year 2024. Columbia selected this period to
14 measure the incremental impact of a total deployment program because the investment in
15 either program will be recovered over the expected life of the asset which is estimated to
16 be approximately 15 years. The selection of this period further demonstrates the decrease
17 in rates estimated to occur each year subsequent to completion of the program. This de-
18 crease occurs due to the reduction in rate base used to calculate the revenue requirement
19 and impact of related savings being passed through to customers. In addition the use the
20 asset life further illustrates the fact the peak variance of approximately \$.51 per customer
21 per month is reduced as the investment in the total deployment program is recovered.

1 **STAFF'S RECOMMENDATION TO CAP ANNUAL INCREASES IN IRP RIDER**

2 **Q. Staff has recommended that annual increases to the IRP Rider be capped for years**
3 **two and three such that the annual increase for residential customers not exceed**
4 **\$1.00 per month, including gross receipts taxes. Does Columbia agree with this Staff**
5 **recommendation? (Columbia Objection 24)**

6 **A.** No. The reasons for this disagreement are discussed in the testimony of Columbia witness
7 Roy.
8

9 **Q. Do you have an alternative proposal that would permit Columbia to roll out its pro-**
10 **gram at planned levels and maintain Staff's proposed cap of \$1.00 per month, in-**
11 **cluding gross receipts tax, for residential customers?**

12 **A.** Yes. Columbia's proposed IRP Rider includes a true-up provision to ensure that program
13 costs are only recovered on a dollar-per-dollar basis with all imbalances being deferred
14 on Columbia's books for pass back or recovery at a later date. This true-up mechanism
15 will provide the ability to cap program costs at Staff's proposed level and to recover any
16 unrecovered amounts at some later date, without inhibiting Columbia's ability to expend
17 the funds necessary to implement the AMRP program in any given year. In order to ad-
18 dress Staff's concern, Columbia proposes an alternative. As an alternative, Columbia
19 proposes that the Commission: (1) authorize Columbia to invest in its IRP at levels con-
20 sistent with those described in Columbia's Application; (2) if the IRP expenditures in any
21 given year would produce a Rider IRP revenue requirement that exceeds Staff's proposed
22 cap, authorize Columbia to defer for recovery any Rider IRP excess revenue requirement
23 produced by the investment in its IRP at level that results in rates that would exceed the

cap; and, (3) grant accounting authority to recover through subsequent Rider IRP filings any such deferred amounts over a period beyond twelve months.

Q. Why does Columbia believe that it will be able to recover these deferred amounts in subsequent years and stay under Staff's proposed cap?

A. This opportunity exists due to the fact that Columbia expects to complete its riser replacement program during the first three and one-half years of the program. The completion of this component of the IRP program will result in a significant opportunity to compensate for the cap since annual increases in Columbia's IRP are not expected to approach the cap after the riser replacement program is completed.

STAFF'S PROPOSAL TO RECALCULATE THE SURCREDIT RIDER

Q. What is the purpose of the Competitive Natural Gas Surcredit Rider (Columbia Objection 26)?

A. The purpose of the Competitive Natural Gas Surcredit Rider is to eliminate CHOICE[®] program customers' duplicate payment of (PUCO and OCC) regulatory assessment fees related to the cost of gas.

At the inception of the CHOICE[®] program, Columbia paid the regulatory assessments on all of its revenue – for both commodity sales revenue and for delivery service revenue. Thus, Columbia's base rates included a provision for recovery of these assessments from all customers. Subsequently, Retail Natural Gas Suppliers became responsible for the payment of the assessments on their commodity sales under the CHOICE[®] program. To avoid having CHOICE[®] customers pay for these assessments twice –

1 through Columbia's base rates and through the rates of Retail Natural Gas Suppliers --
2 Columbia's Competitive Natural Gas Surcredit Rider was established. This Rider credits
3 back to CHOICE® customers the assessment associated with the commodity sale of gas,
4 in recognition of the fact that Retail Natural Gas Suppliers are also collecting for this as-
5 sessment from CHOICE® customers.

6
7 **Q. Why did Columbia propose elimination of the Surcredit Rider as part of this case?**

8 A. In this case Columbia's Application no longer includes regulatory assessments on gas
9 costs revenues billed by Retail Natural Gas Suppliers participating in the CHOICE® Pro-
10 gram. Elimination of the Surcredit recognizes that the rates resulting from this Applica-
11 tion will no longer include assessments on gas costs revenues billed by Retail Natural
12 Gas Suppliers, thus, eliminating the need for recalculation and continuation of the Sur-
13 credit Rider.

14
15 **Q. How did Columbia propose to recover these regulatory assessments?**

16 A. Columbia proposed to eliminate the rider and recover these regulatory assessments
17 through its base rates.

18 **Q. What did Staff recommend with regard to Columbia's proposed treatment of Co-**
19 **lumbia's Competitive Natural Gas Surcredit Rider?**

20 A. The Staff recommended the rider be recalculated and continued.

21
22 **Q. What is your understanding of the reason for Staff's recommendation the Surcredit**
23 **Rider be recalculated instead of removed?**

1 A. Staff properly recognizes that a significant portion of these regulatory assessments are
2 directly related to gas cost revenue. Attachment LWM-7, Page 1 of 2, shows that ap-
3 proximately \$1,456,900 of the \$2,333,000 regulatory assessments contained in the reve-
4 nue requirement are related to gas cost revenue. This occurs due to the fact that these as-
5 sessments are allocated to companies based on gross revenue. It my understanding that
6 Staff's recommendation results from the fact that some duplication of payment of these
7 regulatory assessments by customers participating in the CHOICE® Program will occur
8 because a portion of these regulatory assessments related to gas costs will be recovered
9 from customers participating in the CHOICE® Program if not removed from base rates.

10
11 **Q. Why does Columbia object to Staff's recommendation that the Surcredit Rider be**
12 **recalculated instead of removed?**

13 A. The reason for this objection is that Staff's recommendation would result in an under-
14 collection of the portion of Columbia's regulatory assessment incurred on gas cost reve-
15 nues. Test year expenses include the portion of regulatory assessments incurred on the
16 gas cost in sales revenues. The regulatory assessments incurred on the gas cost portion of
17 CHOICE® program revenues is no longer included in test year expense because it is
18 billed to Retail Natural Gas Suppliers. As a result, Retail Natural Gas Suppliers bill their
19 customers for this assessment. If CHOICE® customers continue to receive a Surcredit,
20 Columbia will under-collect the regulatory assessments incurred on the gas cost in sales
21 revenues by the amount credited to CHOICE® customers. This is because there is no
22 commensurate charge to sales customers to recover the shortfall produced by the Sur-

1 credit. Staff's proposal fails to fully compensate Columbia for full recovery of its assess-
2 ment.

3
4 **Q. What would be the impact on Columbia if Staff's recommendation is adopted by the**
5 **Commission?**

6 A. The Commission's adoption of Staff's recommendation would result in an under collec-
7 tion of these assessments of approximately \$640,800. The computation of this impact is
8 shown on Attachment LWM-7, Page 1 of 2 which sets forth the calculation of the portion
9 of these taxes related to gas cost recovery revenue.

10
11 **Q. What is Columbia's alternative recommendation to address this problem?**

12 A. Columbia continues to recommend approval of its original proposal. However, as an al-
13 ternative, Columbia recommends that the regulatory assessments related to gas costs be
14 removed from the revenue requirement for establishment of base rates and a Regulatory
15 Assessment Tax Rider be established to be billed to sales customers. Attachment LWM-
16 7, Page 2 of 2, sets forth the identification of the \$1,456,900 assessments to be removed
17 from the revenue requirement and computation of the Regulatory Assessment Tax Rider
18 Rate of \$0.0177 per Mcf. This recommendation further provides for recognition of the
19 fact recovery of these assessments will better track Columbia's payment of these assess-
20 ments as customers transfer between sales service and the CHOICE® Program. This oc-
21 curs due the fact these assessments will increase or decrease as customers move between
22 the CHOICE® program and sales service.

1 **Q.** **Does this conclude your Prepared Supplemental Direct Testimony?**

2 **A.** Yes, it does.

DATA PROJECTED
TYPE OF FILING: ORIGINAL

Columbia Gas of Ohio, Inc.
Infrastructure Tracker Mechanism
Estimated Rate Impact of Proposed Automatic Meter Reading Device Program

Attachment LVM-1
SHEET 4 OF 5
WITNESS: LARRY W. MARTIN
2017 REFERENCE

Line No.	Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
1	Return on Investment	-	-	20,450,000	40,781,000	54,853,000	69,663,000	81,633,000	81,633,000	81,633,000	81,633,000	SECTION III
2	Plant In-Service	-	-	-	-	-	-	-	-	-	-	SECTION IV
3	Additions	-	-	-	-	-	-	-	-	-	-	SECTION V
4	Retirements	-	-	20,450,000	40,781,000	54,853,000	69,663,000	81,633,000	81,633,000	81,633,000	81,633,000	SECTION V
5	Total Plant In-Service	-	-	-	-	-	-	-	-	-	-	
6	Less: Accumulated Provision for Depreciation	-	-	692,008	2,724,061	5,913,455	10,032,714	15,045,085	20,480,007	25,934,928	31,379,848	SECTION VI
7	Depreciation Expense	-	-	-	-	-	-	-	-	-	-	SECTION VI
8	Cost of Removal	-	-	-	-	-	-	-	-	-	-	SECTION VI
9	Retirements	-	-	692,008	2,724,061	5,913,455	10,032,714	15,045,085	20,480,007	25,934,928	31,379,849	SECTION VI
10	Total Accumulated Provision for Depreciation	-	-	692,008	2,724,061	5,913,455	10,032,714	15,045,085	20,480,007	25,934,928	31,379,849	SECTION VII
11	Net Deferred Depreciation	-	-	692,008	1,763,000	2,557,808	3,144,388	3,647,406	3,849,804	3,948,815	3,947,827	SECTION VIII
12	Net Regulatory Asset - PISCC	-	-	579,758	1,499,582	2,174,074	2,673,475	3,100,568	3,102,607	2,846,744	2,590,881	SECTION VIII
13	Net Deferred Tax Balance - Property Taxes	-	-	-	93,096	273,162	503,786	777,852	1,086,411	1,382,717	1,605,709	SECTION XII
14	Deferred Taxes on Liberalized Depreciation	-	-	(128,318)	(472,855)	(917,712)	(1,372,612)	(1,795,954)	(2,070,577)	(2,138,624)	(2,085,471)	SECTION IX
15	Net Rate Base	-	-	20,800,429	40,938,822	53,026,577	63,679,923	72,317,757	86,911,238	91,117,724	95,432,098	
16	Approved Pre-tax Rate of Return	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	
17	Annualized Return on Rate Base	-	-	2,547,290	4,989,514	6,462,737	7,748,951	8,813,895	8,154,363	7,448,865	6,755,916	
18	Operating Expenses	-	-	1,364,015	2,720,093	3,659,656	4,579,822	5,444,921	5,444,921	5,444,921	5,444,921	SECTION VI
19	Annualized Depreciation	-	-	45,490	120,628	181,699	232,968	292,018	300,989	300,989	300,989	SECTION VII
20	Deferred Depreciation Amortization	-	-	38,670	102,541	154,430	198,040	255,863	255,863	255,863	255,863	SECTION VIII
21	Deferred PISCC Amortization	-	-	435,457	862,298	1,148,851	1,420,441	1,670,504	1,625,557	1,579,080	1,531,533	SECTION IX
22	Annualized Property Tax Expense	-	-	-	6,410	22,241	45,339	74,515	109,344	145,815	180,277	SECTION X
23	Deferred Property Tax Expense Amortization	-	-	(202,000)	(840,000)	(1,561,000)	(2,341,000)	(3,826,000)	(4,169,000)	(4,076,000)	(4,566,000)	SECTION XII
24	Operation & Maintenance Expense	-	-	-	-	-	-	-	-	-	-	SECTION XIII
25	Revenue Requirement Before Gross Receipts	-	-	4,228,921	7,961,482	10,065,021	11,884,591	12,599,589	11,722,637	11,099,022	9,303,498	
26	Gross Receipts Tax @ 4.907%	-	-	270,982	397,031	501,862	582,671	633,316	584,596	553,499	483,273	
27	Annualized Revenue Requirement	-	-	4,499,893	8,358,514	10,567,583	12,477,262	13,232,905	12,307,233	11,652,520	10,296,772	
28	Estimated Number of Customers	1,415,473	1,418,617	1,422,771	1,425,544	1,429,897	1,433,503	1,437,109	1,440,715	1,444,921	1,447,927	
29	Annual Cost Per Customer	-	-	3.12	5.88	7.39	8.70	9.28	8.54	8.07	7.10	
30	Cost Per Month Per Customer	-	-	0.26	0.49	0.62	0.73	0.77	0.71	0.67	0.59	
	LI Debt @ December 31, 2005	50.49%	6.75%	3.43%	3.07%	3.43%	3.43%	3.43%	3.43%	3.43%	3.43%	
	Equity	49.51%	11.50%	5.69%	3.07%	8.76%	8.76%	8.76%	8.76%	8.76%	8.76%	
	Total			8.12%		12.19%						

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Columbia Gas of Ohio, Inc.
Infrastructure Tracker Mechanism
Estimated Rate Impact of Proposed Automatic Meter Reading Device Program

Attachment LVM-1
SHEET 2 OF 3
WITNESS: LARRY W. MARTIN

Line No.		Year										REFERENCE
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
1	Return on Investment	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	SECTION VI
2	Plant In-Service	-	-	-	-	-	-	-	-	-	-	SECTION VII
3	Additions	-	-	-	-	-	-	-	-	-	-	SECTION VIII
4	Retirements	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	SECTION IX
5	Total Plant In-Service	-	-	-	-	-	-	-	-	-	-	SECTION X
6	Less: Accumulated Provision for Depreciation	36,824,770	42,269,691	47,714,612	53,159,533	58,604,454	64,049,375	69,494,296	74,939,218	80,384,139	81,633,000	SECTION XI
7	Depreciation Expense	-	-	-	-	-	-	-	-	-	-	SECTION XII
8	Cost of Removal	-	-	-	-	-	-	-	-	-	-	SECTION XIII
9	Retirements	36,824,770	42,269,691	47,714,612	53,159,533	58,604,454	64,049,375	69,494,296	74,939,218	80,384,139	81,633,000	SECTION XIV
10	Total Accumulated Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	SECTION XV
11	Net Deferred Depreciation	2,746,838	2,445,850	2,144,981	1,849,873	1,542,384	1,241,896	940,907	639,919	348,326	-	SECTION XVI
12	Net Regulatory Asset - PISCC	2,335,019	2,079,156	1,823,293	1,567,430	1,311,567	1,055,704	799,842	543,979	327,266	174,423	SECTION XVII
13	Net Deferred Tax Balance - Property Taxes	1,815,815	1,993,558	2,139,309	2,253,501	2,336,717	2,399,334	2,441,851	2,469,123	2,488,690	1,993,487	SECTION XVIII
14	Deferred Taxes on Liberalized Depreciation	(1,903,107)	(1,680,087)	(1,461,283)	(1,232,199)	(1,003,589)	(774,509)	(545,907)	(399,690)	770,020	522,366	SECTION XIX
15	Net Rate Base	49,802,795	44,191,795	38,954,565	32,906,075	27,216,127	21,436,050	15,745,402	10,057,113	4,843,164	2,890,276	
16	Approved Pre-tax Rate of Return	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	
17	Annualized Return on Rate Base	6,099,832	5,385,978	4,700,145	4,010,504	3,317,029	2,619,881	1,919,007	1,226,953	590,272	327,894	
18	Operating Expenses	5,444,921	5,444,921	5,444,921	5,444,921	5,444,921	5,444,921	5,444,921	5,444,921	5,444,921	-	SECTION XX
19	Annualized Depreciation	300,989	300,989	300,989	300,989	300,989	300,989	300,989	291,593	152,844	101,103	SECTION XXI
20	Deferred Depreciation Amortization	255,863	255,863	255,863	255,863	255,863	255,863	255,863	598,375	426,101	438,802	SECTION XXII
21	Deferred PISCC Amortization	1,433,328	1,433,328	1,332,205	1,330,987	1,277,705	1,223,248	394,738	412,777	426,101	438,802	SECTION XXIII
22	Annualized Property Tax Expense	214,205	247,080	278,874	309,560	339,119	367,522	394,738	412,777	426,101	438,802	SECTION XXIV
23	Deferred Property Tax Expense Amortization	(4,467,000)	(5,115,000)	(5,007,000)	(4,895,000)	(3,606,000)	(5,487,000)	(5,487,000)	(5,487,000)	(5,487,000)	(5,487,000)	SECTION XXV
24	Operation & Maintenance Expense	9,302,137	7,953,356	7,556,399	6,757,824	5,329,025	4,725,423	3,454,861	2,704,332	(2,448,009)	(4,049,425)	
25	Revenue Requirement Before Gross Receipt	463,889	396,626	366,656	337,006	265,763	225,652	172,291	134,982	(122,100)	(201,541)	
26	Gross Receipts Tax @ 4.987%	8,756,025	8,345,984	7,723,255	7,094,830	5,595,408	4,561,075	3,927,173	2,839,194	(2,570,598)	(4,251,386)	
27	Annualized Revenue Requirement	1,451,533	1,455,139	1,458,745	1,462,351	1,485,957	1,489,563	1,473,169	1,476,775	1,480,381	1,483,987	
28	Estimated Number of Customers	6.73	5.74	5.29	4.85	3.82	3.38	2.46	1.92	(1.74)	(2.86)	
29	Annual Cost Per Customer	0.56	0.46	0.44	0.40	0.32	0.28	0.21	0.16	(0.14)	(0.24)	
30	Cost Per Month Per Customer											
7/11/07 10:45 AM												
		NI/Source	Cost	Weighted	Taxes	Total						
		Total Capital		Costs								
LT Debt @ December 31, 2006		50.49%	6.73%	3.43%	3.07%	3.43%						
Equity		48.51%	11.50%	5.69%		8.76%						
Total				9.12%		12.15%						

DATA PROJECTED
TYPE OF FILING: ORIGINAL

Columbia Gas of Ohio, Inc.
Infrastructure Tracker Mechanism
Estimated Rate Impact of Proposed Automatic Water Reading Device Program

Line No.		2028	2029	2030	Year 2031	2032	2033	Total
1	Return on Investment							
2	Plant In-Service	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	
3	Additions	-	-	-	-	-	-	
4	Retirements	-	-	-	-	-	-	
5	Total Plant In-Service	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	
6	Less: Accumulated Provision for Depreciation							
7	Depreciation Expense	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	
8	Cost of Removal	-	-	-	-	-	-	
9	Retirements	-	-	-	-	-	-	
10	Total Accumulated Provision for Depreciation	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	81,633,000	
11	Net Deferred Depreciation	-	-	-	-	-	-	
12	Net Regulatory Asset - PISCC	73,320	15,822	-	-	-	-	
13	Net Deferred Tax Balance - Property Taxes	1,823,779	1,688,842	1,441,865	1,280,435	1,005,549	800,735	
14	Deferred Taxes on Liberalized Depreciation	122,205	(3,041)	0	0	0	0	
15	Net Rate Base	2,079,304	1,652,623	1,441,865	1,280,435	1,005,549	800,735	
16	Approved Pre-Tax Rate of Return	12.19%	12.19%	12.19%	12.19%	12.19%	12.19%	
17	Annualized Return on Rate Base	246,107	201,417	175,743	140,852	122,554	97,594	
18	Operating Expenses							
19	Annualized Depreciation	-	-	-	-	-	-	
20	Deferred Depreciation Amortization	57,488	15,822	-	-	-	-	
21	Deferred PISCC Amortization	510,655	480,142	448,309	417,070	384,542	357,040	
22	Annualized Property Tax Expense	450,886	462,278	473,028	483,098	441,483	-	
23	Deferred Property Tax Expense Amortization	(5,487,000)	(5,487,000)	(5,487,000)	(5,487,000)	(5,487,000)	(5,487,000)	
24	Operation & Maintenance Expense	(4,221,873)	(4,327,359)	(4,389,290)	(4,456,870)	(4,538,411)	(5,032,387)	
25	Revenue Requirement Before Gross Receipt	(4,221,873)	(4,327,359)	(4,389,290)	(4,456,870)	(4,538,411)	(5,032,387)	
26	Gross Receipts Tax @ 4.987%	(210,541)	(215,800)	(218,890)	(221,282)	(228,325)	(250,959)	
27	Annualized Revenue Requirement	(4,432,414)	(4,543,140)	(4,608,179)	(4,658,152)	(4,764,737)	(5,283,326)	
28	Estimated Number of Customers	1,483,987	1,487,583	1,491,199	1,494,805	1,498,411	1,502,017	
29	Annual Cost Per Customer	(2.99)	(3.05)	(3.09)	(3.12)	(3.18)	(3.52)	
30	Cost Per Month Per Customer	(0.25)	(0.25)	(0.26)	(0.26)	(0.26)	(0.29)	
7/11/07 10:45 AM								
		NI Source	Cost	Weighted	Taxes	Total	Total	
		Total Capital		Costs				
LT Debt @ December 31, 2006		50.49%	6.79%	3.43%	3.07%	3.43%	3.43%	
Equity		49.51%	11.50%	5.69%		8.76%	11.82%	
Total				9.12%		12.19%	15.25%	

Attachment LVM-1
SHEET 3 OF 3
WITNESS: LARRY W. MARTIN

REFERENCE

SECTION V

SECTION III

SECTION VI

SECTION IV

SECTION V

SECTION VII

SECTION VIII

SECTION XII

SECTION IX

SECTION VI
SECTION VII
SECTION VIII
SECTION XI
SECTION XII
SECTION XIII

COLUMBIA GAS OF OHIO, INC.
COMPUTATION OF PROJECTED IMPACT PER CUSTOMER

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LMM-2
SHEET 1 OF 3
WITNESS: LARRY W. MARTIN

Line No.	DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	TOTAL REVENUE REQUIREMENT	-	4,489,813	8,358,514	10,567,583	12,477,232	13,382,905	12,307,233	11,652,530	10,286,772
2	ALLOCATED PLANT IN SERVICE									
3	SGS CLASS	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247
4	GS CLASS	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946
5	TOTAL	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193
6	PERCENT ALLOCATED									
7	SGS CLASS	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%
8	GS CLASS	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%
9	TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	REVENUE REQUIREMENT ASSIGNED									
11	SGS CLASS	-	3,389,189	6,380,581	8,066,903	9,524,658	10,177,847	9,394,887	8,895,111	7,852,642
12	GS CLASS	-	1,050,624	1,977,933	2,500,680	2,952,574	3,155,058	2,912,346	2,757,419	2,434,230
13	TOTAL	-	4,439,813	8,358,514	10,567,583	12,477,232	13,332,905	12,307,233	11,652,530	10,286,772
14	NUMBER OF BILLS ANNUAL									
15	SGS CLASS	-	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651
16	GS CLASS	-	492,302	492,302	492,302	492,302	492,302	492,302	492,302	492,302
17	PROJECTED IMPACT PER MONTH -SGS CLASS	-	0.2021	0.3805	0.4811	0.5680	0.6070	0.5603	0.5305	0.4683
18	PROJECTED IMPACT PER MONTH -GS CLASS	-	2.1341	4.0177	5.0796	5.9875	6.4088	5.3158	5.6011	4.9446

COLUMBIA GAS OF OHIO, INC.
COMPUTATION OF PROJECTED IMPACT PER CUSTOMER

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LVMA-2
SHEET 2 OF 3
WITNESS: LARRY W. MARTIN

Line No.	DESCRIPTION	2018	2019	2020	2021	2022	2023	2024	2025	2026
1	TOTAL REVENUE REQUIREMENT	9,766,025	8,349,984	7,723,255	7,084,830	5,595,408	4,961,075	3,627,173	2,839,194	(2,570,508)
2	ALLOCATED PLANT IN SERVICE									
3	SGS CLASS	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247
4	GS CLASS	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946
5	TOTAL	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193
6	PERCENT ALLOCATED									
7	SGS CLASS	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%
8	GS CLASS	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%
9	TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	REVENUE REQUIREMENT ASSIGNED									
11	SGS CLASS	7,455,023	6,374,089	5,895,648	5,415,931	4,271,328	3,787,101	2,768,850	2,167,396	(1,962,281)
12	GS CLASS	2,311,002	1,975,915	1,827,607	1,678,899	1,324,080	1,173,974	858,323	671,858	(608,277)
13	TOTAL	9,766,025	8,349,984	7,723,255	7,094,830	5,595,408	4,961,075	3,627,173	2,839,194	(2,570,508)
14	NUMBER OF BILLS ANNUAL									
15	SGS CLASS	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651
16	GS CLASS	492,302	492,302	492,302	492,302	492,302	492,302	492,302	492,302	492,302
17	PROJECTED IMPACT PER MONTH- SGS CLASS	0.4446	0.3801	0.3516	0.3230	0.2547	0.2259	0.1651	0.1293	(0.1170)
18	PROJECTED IMPACT PER MONTH- GS CLASS	4.6943	4.0136	3.7124	3.4103	2.8898	2.3847	1.7435	1.3647	(1.2356)

COLUMBIA GAS OF OHIO, INC.
COMPUTATION OF PROJECTED IMPACT PER CUSTOMER

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LWM4-2
SHEET 3 OF 3
WITNESS: LARRY W. MARTIN

Line No.	DESCRIPTION	2027	2028	2029	2030	2031	2032	2033
1	TOTAL REVENUE REQUIREMENT	(4,251,386)	(4,432,414)	(4,543,140)	(4,608,179)	(4,658,132)	(4,764,737)	(5,283,326)
2	ALLOCATED PLANT IN SERVICE							
3	SGS CLASS	77,247	77,247	77,247	77,247	77,247	77,247	77,247
4	GS CLASS	23,946	23,946	23,946	23,946	23,946	23,946	23,946
5	TOTAL	101,193	101,193	101,193	101,193	101,193	101,193	101,193
6	PERCENT ALLOCATED							
7	SGS CLASS	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%
8	GS CLASS	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%
9	TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	REVENUE REQUIREMENT ASSIGNED							
11	SGS CLASS	(3,245,336)	(3,383,541)	(3,468,065)	(3,517,714)	(3,555,846)	(3,637,224)	(4,038,096)
12	GS CLASS	(1,006,030)	(1,048,873)	(1,075,075)	(1,090,466)	(1,102,286)	(1,127,513)	(1,250,230)
13	TOTAL	(4,251,366)	(4,432,414)	(4,543,140)	(4,608,179)	(4,658,132)	(4,764,737)	(5,288,326)
14	NUMBER OF BILLS ANNUAL							
15	SGS CLASS	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651
16	GS CLASS	492,302	492,302	492,302	492,302	492,302	492,302	492,302
17	PROJECTED IMPACT PER MONTH -SGS CLASS	(0.1935)	(0.2018)	(0.2068)	(0.2086)	(0.2121)	(0.2189)	(0.2405)
18	PROJECTED IMPACT PER MONTH -GS CLASS	(2.0435)	(2.1305)	(2.1838)	(2.2150)	(2.2390)	(2.2903)	(2.5386)

Columbia Gas of Ohio, Inc.
Infrastructure Tracker Mechanism
Estimated Rate Impact of Proposed Automatic Meter Reading Device Program

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LHM-3

SHEET 1 OF 3
WITNESS: LARRY W. MARTIN
REFERENCE

Line No.	Year	2008	2010	2011	2012	2013	2014	2015	2016	2017	
1	Return on Investment	-	-	-	-	-	-	-	-	-	SECTION III
2	Plant In-Service	-	-	-	-	-	-	-	-	-	SECTION III
3	Additions	-	-	-	-	-	-	-	-	-	SECTION III
4	Retirements	-	-	-	-	-	-	-	-	-	SECTION III
5	Total Plant In-Service	-	-	-	-	-	-	-	-	-	SECTION V
6	Less: Accumulated Provision for Depreciation	-	-	-	-	-	-	-	-	-	SECTION V
7	Depreciation Expense	-	-	-	-	-	-	-	-	-	SECTION VI
8	Cost of Removal	-	-	-	-	-	-	-	-	-	SECTION IV
9	Retirements	-	-	-	-	-	-	-	-	-	SECTION V
10	Total Accumulated Provision for Depreciation	-	-	-	-	-	-	-	-	-	SECTION VII
11	Net Deferred Depreciation	-	-	-	-	-	-	-	-	-	SECTION VIII
12	Net Regulatory Asset - PISOC	-	-	-	-	-	-	-	-	-	SECTION IX
13	Net Deferred Tax Balance - Property Taxes	-	-	-	-	-	-	-	-	-	SECTION X
14	Deferred Taxes on Liberalized Depreciation	-	-	-	-	-	-	-	-	-	SECTION XI
15	Net Rate Base	-	-	-	-	-	-	-	-	-	SECTION XII
16	Approved Pre-tax Rate of Return	-	-	-	-	-	-	-	-	-	SECTION XIII
17	Annualized Return on Rate Base	-	-	-	-	-	-	-	-	-	SECTION XIV
18	Operating Expenses	-	-	-	-	-	-	-	-	-	SECTION XV
19	Annualized Depreciation	-	-	-	-	-	-	-	-	-	SECTION XVI
20	Deferred Depreciation Amortization	-	-	-	-	-	-	-	-	-	SECTION XVII
21	Deferred PISOC Amortization	-	-	-	-	-	-	-	-	-	SECTION XVIII
22	Annualized Property Tax Expense	-	-	-	-	-	-	-	-	-	SECTION XIX
23	Deferred Property Tax Expense Amortization	-	-	-	-	-	-	-	-	-	SECTION XX
24	Deferred Property Tax Expense Amortization	-	-	-	-	-	-	-	-	-	SECTION XXI
25	Revenue Requirement Before Gross Receipt	-	-	-	-	-	-	-	-	-	SECTION XXII
26	Gross Receipts Tax @ 4.997%	-	-	-	-	-	-	-	-	-	SECTION XXIII
27	Annualized Revenue Requirement	-	-	-	-	-	-	-	-	-	SECTION XXIV
28	Estimated Number of Customers	-	-	-	-	-	-	-	-	-	SECTION XXV
29	Annual Cost Per Customer	-	-	-	-	-	-	-	-	-	SECTION XXVI
30	Cost Per Month Per Customer	-	-	-	-	-	-	-	-	-	SECTION XXVII

Source	Cost	Weighted	Taxes	Total
LT Debt @ December 31, 2008	50.49%	4.79%	3.43%	3.43%
Equity	49.51%	11.50%	9.07%	8.76%
Total		9.12%		12.19%

DATA PROJECTED
TYPE OF FILING: ORIGINAL

Attachment: LTM4-3
SHEET 2 OF 3
WITNESS: LARRY W. MARTIN

Line No.		2018	2019	2020	2021	2022	Year	2023	2024	2025	2026	2027	REFERENCE
1	Return on Investment												
2	Plant In-Service	21,910,000	21,910,000	21,910,000	21,910,000	21,910,000		21,910,000	21,910,000	21,910,000	-	-	SECTION III
3	Additions	-	-	-	-	-		-	-	23,000,000	-	-	
4	Retirements	-	-	-	-	-		-	-	(1,090,000)	-	-	SECTION V
5	Total Plant In-Service	21,910,000	21,910,000	21,910,000	21,910,000	21,910,000		21,910,000	21,910,000		-	-	
6	Loss: Accumulated Provision for Depreciation	11,891,176	13,152,573	14,613,970	16,075,367	17,536,764		18,996,161	20,456,556	21,909,455	-	-	
7	Depreciation Expense	-	-	-	-	-		-	-	(23,000,000)	-	-	SECTION VI
8	Cost of Removal	-	-	-	-	-		-	-	(1,090,545)	-	-	SECTION IV
9	Retirements	-	-	-	-	-		-	-		-	-	SECTION V
10	Total Accumulated Provision for Depreciable	11,891,176	13,152,573	14,613,970	16,075,367	17,536,764		18,996,161	20,456,556		-	-	
11	Net Deferred Depreciation	637,333	556,539	475,754	394,970	314,186		233,402	152,617	71,833	445	-	SECTION VII
12	Net Regulatory Asset - PISCC	541,772	473,099	404,427	335,754	267,082		198,409	129,736	61,064	379	379	SECTION VIII
13	Net Deferred Tax Balance - Property Taxes	546,461	582,873	610,940	630,788	642,502		645,458	642,430	495,270	423,533	353,007	SECTION XII
14	Deferred Taxes on Liberalized Depreciation	(455,838)	(383,452)	(330,985)	(268,547)	(208,097)		(143,842)	(81,187)	-	-	-	SECTION IX
15	Net Rate Base	11,488,522	9,976,486	8,456,155	6,927,598	5,391,014		3,845,465	2,294,100	628,711	424,157	353,366	
16	Approved Pre-tax Rate of Return	12.19%	12.19%	12.19%	12.19%	12.19%		12.19%	12.19%	12.19%	12.19%	12.19%	
17	Annualized Return on Rate Base	1,400,190	1,215,907	1,030,614	844,317	657,042		486,797	279,599	76,626	51,595	43,070	
18	Operating Expenses												
19	Annualized Depreciation	1,461,397	1,461,397	1,461,397	1,461,397	1,461,397		1,461,397	1,461,397	-	-	-	SECTION VI
20	Deferred Depreciation Amortization	80,784	80,784	80,784	80,784	80,784		80,784	80,784	71,388	-	-	SECTION VII
21	Deferred PISCC Amortization	68,673	68,673	68,673	68,673	68,673		68,673	68,673	80,685	-	-	SECTION VIII
22	Annualized Property Tax Expense	376,974	383,355	349,425	335,446	320,384		305,958	(345,618)	-	-	-	SECTION XI
23	Deferred Property Tax Expense Amortization	67,918	76,279	84,345	92,108	99,564		106,706	113,523	110,672	108,194	108,194	SECTION XII
24	Operation & Maintenance Expense	(2,258,000)	(2,223,000)	(2,492,000)	(2,455,000)	(2,420,000)		(2,713,000)	(2,674,000)	(2,674,000)	(2,674,000)	(2,674,000)	SECTION XIII
25	Revenue Requirement Before Gross Receipt	1,189,936	1,043,365	583,237	426,724	268,245		(220,646)	(1,013,642)	(2,354,630)	(2,514,111)	(2,522,756)	
26	Gross Receipts Tax @ 4.897%	59,840	52,033	29,085	21,230	13,382		(11,003)	(50,549)	(117,423)	(125,376)	(125,806)	
27	Annualized Revenue Requirement	1,258,776	1,095,428	612,323	448,004	281,727		(231,649)	(1,064,192)	(2,472,053)	(2,639,487)	(2,648,542)	
28	Estimated Number of Customers	1,451,533	1,455,139	1,458,745	1,462,351	1,465,957		1,469,563	1,473,159	1,476,775	1,480,381	1,483,987	
29	Annual Cost Per Customer	0.87	0.75	0.42	0.31	0.19		(0.16)	(0.72)	(1.67)	(1.78)	(1.78)	
30	Cost Per Month Per Customer	0.07	0.06	0.03	0.03	0.02		(0.01)	(0.06)	(0.14)	(0.15)	(0.15)	
7/11/07 10:45 AM													
		NSource	Cost	Weighted	Taxes	Total							
		Total Capital		Costs									
L T Debt @ December 31, 2006		50.49%	6.75%	3.43%	3.07%	3.43%		8.76%					
Equity		49.51%	11.50%	5.69%		8.76%							
Total				9.12%		12.19%							

Line No.		Year				Total
		2028	2029	2030	2031	
1	Return on Investment	-	-	-	-	-
2	Plant In-Service	-	-	-	-	-
3	Accruals	-	-	-	-	-
4	Retirements	-	-	-	-	-
5	Total Plant In-Service	-	-	-	-	-
6	Less: Accumulated Provision for Depreciation	-	-	-	-	-
7	Depreciation Expense	-	-	-	-	-
8	Cost of Removal	-	-	-	-	-
9	Retirements	-	-	-	-	-
10	Total Accumulated Provision for Depreciation	-	-	-	-	-
11	Net Deferred Depreciation	-	-	-	-	-
12	Net Regulatory Asset - PISCC	379	379	379	379	379
13	Net Deferred Tax Balance - Property Taxes	282,681	212,354	142,028	71,702	(35,814)
14	Deferred Taxes on Liberalized Depreciation	-	-	-	-	-
15	Net Rate Base	283,059	212,733	142,407	72,081	(35,435)
16	Approved Pre-tax Rate of Return	12.19%	12.19%	12.19%	12.19%	12.19%
17	Annualized Return on Rate Base	34,499	25,927	17,355	8,785	(4,319)
18	Operating Expenses	-	-	-	-	-
19	Annualized Depreciation	-	-	-	-	-
20	Deferred Depreciation Amortization	-	-	-	-	-
21	Deferred PISCC Amortization	-	-	-	-	-
22	Annualized Property Tax Expense	108,194	105,194	108,194	108,194	-
23	Deferred Property Tax Expense Amortization	(2,574,000)	(2,574,000)	(2,574,000)	(2,574,000)	-
24	Operation & Maintenance Expense	(2,531,307)	(2,535,878)	(2,545,450)	(2,557,021)	(2,576,319)
25	Revenue Requirement Before Gross Receipt	(128,234)	(128,681)	(127,089)	(127,516)	(133,565)
26	Gross Receipts Tax @ 4.987%	(2,857,541)	(2,866,540)	(2,875,538)	(2,884,537)	(2,811,864)
27	Annualized Revenue Requirement	1,483,987	1,487,593	1,491,199	1,494,805	1,499,417
28	Estimated Number of Customers	(1.79)	(1.79)	(1.79)	(1.80)	(1.87)
29	Annual Cost Per Customer	(0.15)	(0.15)	(0.15)	(0.15)	(0.16)
30	Cost Per Month Per Customer					
7/11/07 10:45 AM						
		NSource	Cost	Weighted	Taxes	Total
		Total Capital		Costs		
LT Debt @ December 31, 2006		50.48%	6.79%	3.43%		3.43%
Equity		49.51%	11.50%	5.69%	3.07%	11.83%
Total				9.12%		15.26%
						12.19%

REFERENCE

SECTION III

SECTION V

SECTION VI

SECTION IV

SECTION V

SECTION VII

SECTION VIII

SECTION XII

SECTION IX

SECTION VI

SECTION VII

SECTION VIII

SECTION XI

SECTION XII

SECTION XIII

COLUMBIA GAS OF OHIO, INC.
COMPUTATION OF PROJECTED IMPACT PER CUSTOMER

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LV004-4
SHEET 1 OF 3
WITNESS: LARRY W. MARTIN

Line No.	DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	TOTAL REVENUE REQUIREMENT	-	2,209,588	3,986,427	2,836,321	2,654,069	2,211,791	2,043,273	1,880,191	1,421,416
2	ALLOCATED PLANT IN SERVICE									
3	SGS CLASS	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247
4	GS CLASS	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946
5	TOTAL	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193
6	PERCENT ALLOCATED									
7	SGS CLASS	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%
8	GS CLASS	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%
9	TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	REVENUE REQUIREMENT ASSIGNED									
11	SGS CLASS	-	1,686,718	2,965,992	2,165,143	2,026,041	1,688,400	1,559,759	1,435,268	1,085,056
12	GS CLASS	-	522,870	519,435	671,178	628,098	523,391	483,514	444,923	336,360
13	TOTAL	-	2,209,588	3,885,427	2,836,321	2,654,099	2,211,791	2,043,273	1,880,191	1,421,416
14	NUMBER OF BILLS ANNUAL									
15	SGS CLASS	-	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651
16	GS CLASS	-	492,302	492,302	492,302	492,302	492,302	492,302	492,302	492,302
17	PROJECTED IMPACT PER MONTH -SGS CLASS	-	0.1006	0.1769	0.1291	0.1208	0.1007	0.0930	0.0856	0.0647
18	PROJECTED IMPACT PER MONTH -GS CLASS	-	1.0621	1.8676	1.3633	1.2758	1.0632	0.9821	0.9038	0.6832

COLUMBIA GAS OF OHIO, INC.
COMPUTATION OF PROJECTED IMPACT PER CUSTOMER

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LWM-4
SHEET 2 OF 3
WITNESS: LARRY W. MARTIN

Line No.	DESCRIPTION	2018	2019	2020	2021	2022	2023	2024	2025	2026
1	TOTAL REVENUE REQUIREMENT	1,259,776	1,095,428	612,323	448,004	281,727	(231,649)	(1,064,192)	(2,472,053)	(2,639,487)
2	ALLOCATED PLANT IN SERVICE									
3	SGS CLASS	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247	77,247
4	GS CLASS	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946	23,946
5	TOTAL	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193	101,193
6	PERCENT ALLOCATED									
7	SGS CLASS	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%
8	GS CLASS	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%
9	TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	REVENUE REQUIREMENT ASSIGNED									
11	SGS CLASS	961,566	839,209	467,425	341,990	215,060	(176,832)	(812,365)	(1,887,074)	(2,014,887)
12	GS CLASS	298,110	259,219	144,898	106,014	66,667	(54,817)	(251,827)	(584,979)	(624,600)
13	TOTAL	1,259,776	1,095,428	612,323	448,004	281,727	(231,649)	(1,064,192)	(2,472,053)	(2,639,487)
14	NUMBER OF BILLS ANNUAL									
15	SGS CLASS	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651
16	GS CLASS	492,302	492,302	492,302	492,302	492,302	492,302	492,302	492,302	492,302
17	PROJECTED IMPACT PER MONTH -SGS CLASS	0.0574	0.0469	0.0279	0.0204	0.0128	(0.0105)	(0.0484)	(0.1125)	(0.1202)
18	PROJECTED IMPACT PER MONTH -GS CLASS	0.6055	0.5265	0.2943	0.2153	0.1354	(0.1113)	(0.5115)	(1.1863)	(1.2687)

COLUMBIA GAS OF OHIO, INC.
COMPUTATION OF PROJECTED IMPACT PER CUSTOMER

DATA: PROJECTED
TYPE OF FILING: ORIGINAL

Attachment LVM-4
SHEET 3 OF 3
WITNESS: LARRY W. MARTIN

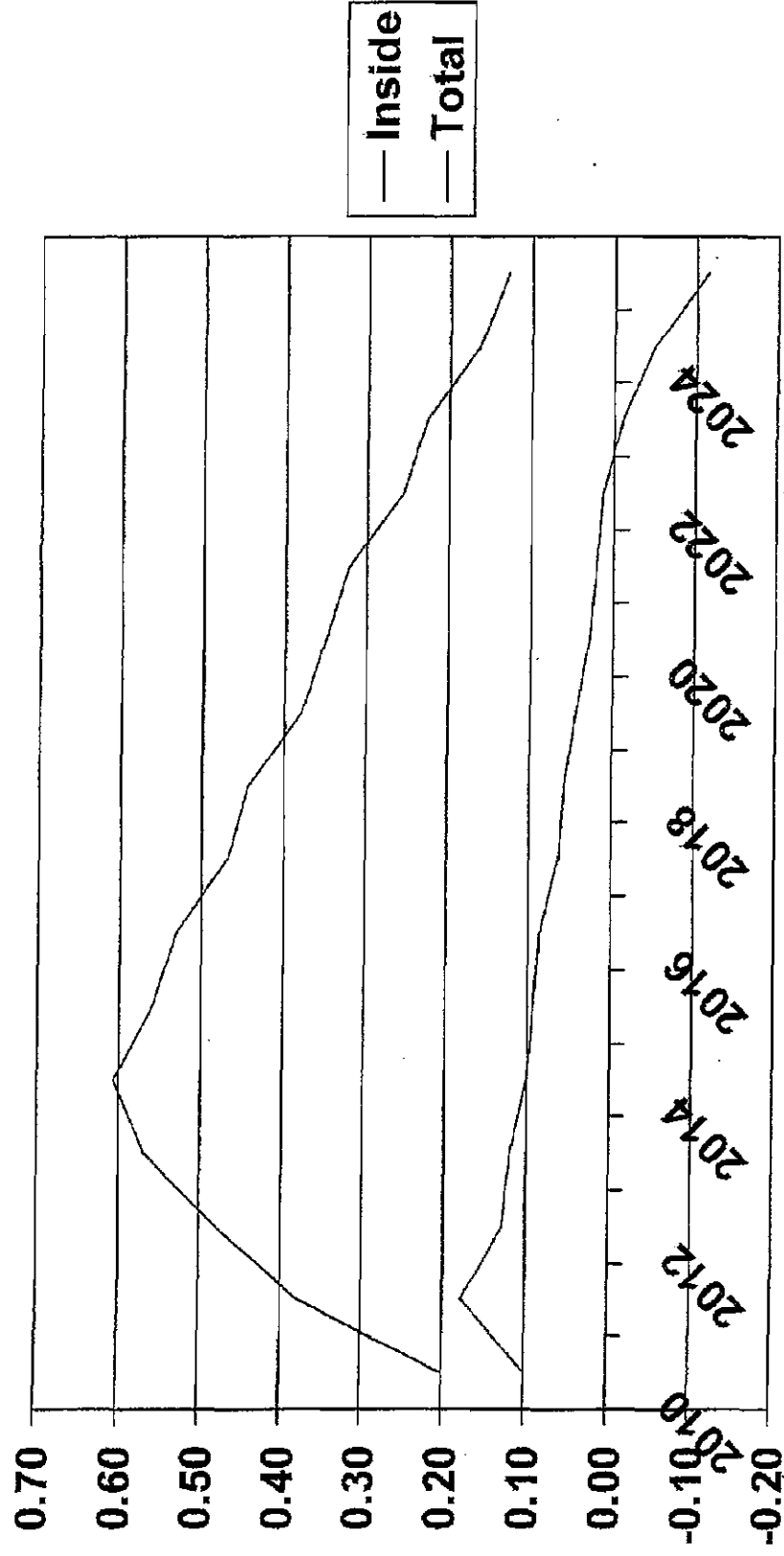
Line No.	DESCRIPTION	2027	2028	2029	2030	2031	2032	2033
1	TOTAL REVENUE REQUIREMENT	(2,648,542)	(2,657,541)	(2,666,540)	(2,675,538)	(2,684,537)	(2,747,056)	(2,811,884)
2	ALLOCATED PLANT IN SERVICE							
3	SGS CLASS	77,247	77,247	77,247	77,247	77,247	77,247	77,247
4	GS CLASS	23,946	23,946	23,946	23,946	23,946	23,946	23,946
5	TOTAL	101,193	101,193	101,193	101,193	101,193	101,193	101,193
6	PERCENT ALLOCATED							
7	SGS CLASS	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%	76.34%
8	GS CLASS	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%	23.66%
9	TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	REVENUE REQUIREMENT ASSIGNED							
11	SGS CLASS	(2,021,739)	(2,028,669)	(2,035,538)	(2,042,407)	(2,049,276)	(2,097,003)	(2,146,486)
12	GS CLASS	(626,743)	(628,872)	(631,002)	(633,131)	(635,261)	(650,055)	(665,396)
13	TOTAL	(2,648,542)	(2,657,541)	(2,666,540)	(2,675,538)	(2,684,537)	(2,747,058)	(2,811,884)
14	NUMBER OF BILLS ANNUAL							
15	SGS CLASS	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651	16,767,651
16	GS CLASS	492,302	492,302	492,302	492,302	492,302	492,302	492,302
17	PROJECTED IMPACT PER MONTH -SGS CLASS	(0.1206)	(0.1210)	(0.1214)	(0.1218)	(0.1222)	(0.1251)	(0.1280)
18	PROJECTED IMPACT PER MONTH -GS CLASS	(1.2731)	(1.2774)	(1.2817)	(1.2861)	(1.2904)	(1.3204)	(1.3516)

Attachment LWM-5

Columbia Gas of Ohio, Inc.
Comparison of AMRD Programs on SGS Customers

Year	Cumulative Impact		
	Inside Only	Total Deployment	Increase
2010	0.1006	0.2021	0.1015
2011	0.1769	0.3805	0.2036
2012	0.1291	0.4811	0.3520
2013	0.1208	0.5680	0.4472
2014	0.1007	0.6070	0.5063
2015	0.0930	0.5603	0.4673
2016	0.0856	0.5305	0.4449
2017	0.0647	0.4683	0.4036
2018	0.0574	0.4446	0.3872
2019	0.0449	0.3801	0.3352
2020	0.0279	0.3516	0.3237
2021	0.0204	0.3230	0.3026
2022	0.0128	0.2547	0.2419
2023	(0.0105)	0.2259	0.2364
2024	(0.0484)	0.1651	0.2135

Columbia Gas of Ohio, Inc.
Comparison of AMRD Studies
Allocated Cost Per SGS Customer Per Month



Columbia Gas of Ohio, Inc.
Computation of Impact of Continuation of Surcredit


Line No.	Description	Total
1	Total Regulatory Assessment Tax	2,333
2	Total Revenue	1,439,145
3	Gas Cost Revenue	898,716
4	Percent of Revenue - Gas Cost (Line 3/Line 2)	62.45%
5	Portion of Assessment Resulting From Gas Cost	1,458.9
8	Sales/CHOICE Throughput - Mcf	146,870.8
9	Rate Impact Per Mcf	0.0099
10	Transportation Deliveries - Mcf	64,601.1
11	Total Impact of Continuation of Surcredit	(640.8)

Columbia Gas of Ohio, Inc.
Computation of Regulatory Assessment Tax Rate

Line No.	Description	Total
1	Total Regulatory Assessment Tax	2,333
2	Total Revenue	1,439,145
3	Gas Cost Revenue	898,716
4	Percent of Revenue - Gas Cost (Line 3/Line 2)	62.45%
5	Portion of Assessment Resulting From Gas Cost	1,456.9
6	Total Sales Volume	82,300
6	Regulatory Assessment Tax Rate	0.0177

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Supplemental Direct Testimony of Larry W. Martin was served upon all parties of record by electronic mail and regular U. S. mail this 25th day of September, 2008.



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