

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 ) Case No. 08-0072-GA-AIR  
Tariffs to Increase the Rates and Charges for )  
Gas Distribution Service. )

In the Matter of the Application of Columbia )  
Gas of Ohio, Inc. for Approval of an Alternative ) Case No. 08-0073-GA-ALT  
Form of Regulation and for a Change in its )  
Rates and Charges. )

In the Matter of the Application of Columbia Gas )  
of Ohio, Inc. for Approval to Change Accounting ) Case No. 08-0074-GA-AAM  
Methods. )

In the Matter of the Application of Columbia )  
Gas of Ohio, Inc. for Authority to Revise its ) Case No. 08-0075-GA-AAM  
Depreciation Accrual Rates. )

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PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF  
THOMAS J. BROWN, JR.  
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

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☒ MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION

☐ OPERATING INCOME

☐ RATE BASE

☐ ALLOCATIONS

☐ RATE OF RETURN

☐ RATES AND TARIFFS

☒ OTHER

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Mark R. Kempic, Assistant General Counsel  
Kenneth W. Christman, Associate General Counsel  
Stephen B. Seiple, Lead Counsel (Trial Attorney)  
Daniel A. Creekmur, Attorney  
200 Civic Center Drive  
P.O. Box 117  
Columbus, OH 43216-0117  
Telephone: (614) 460-4648  
Fax: (614) 460-6986  
Email: sseiple@nisource.com

David J. Leland  
Timothy R. Bricker  
Angela M. Paul Whitfield  
CARPENTER LIPPS & LELAND LLP  
280 Plaza, Suite 1300  
280 North High Street  
Columbus, Ohio 43215  
Telephone: (614) 365-4100  
Fax: (614) 365-9145  
leland@carpenterlipps.com  
bricker@carpenterlipps.com  
paul@carpenterlipps.com

September 25, 2008

Attorneys for  
**COLUMBIA GAS OF OHIO, INC.**

**PREPARED SUPPLEMENTAL DIRECT TESTIMONY OF THOMAS J. BROWN, JR.]**

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

2    A:     My name is Thomas J. Brown, Jr. and my business address is 200 Civic Center Drive, Co-  
3           lumbus, Ohio 43212.

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,  
7           Regulatory Policy.

8

9    **Q.     Are you the same Thomas J. Brown, Jr. who submitted Prepared Direct Testimony in**  
10          **this proceeding?**

11   A.     Yes.

12

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

14   A.     This testimony is being filed in support of the following issue raised by Columbia in its Ob-  
15          jections to the Staff Report of Investigation filed in this case:

16          Objection No. 25 – Staff’s recommendation that Columbia’s shareholders contribute \$1 to-  
17          wards Columbia’s Demand Side Management (“DSM”) funding target of 1% of jurisdic-  
18          tional revenues, characterized as a commitment related to Columbia’s alternative regulation  
19          proposals “adequate to comply with 4901:1-19-05(C)(3).”

20

21   **Q.     Why did Columbia object to this Staff recommendation?**

1 A. The Staff recommendation is unreasonable and would unfairly and inappropriately penal-  
2 ize Columbia. All of the alternative regulation proposals in these cases are consistent with  
3 the cost-of-service ratemaking provision of Rev. code Section 4909.15. Therefore, no Co-  
4 lumbia commitment" is required. Furthermore, "commitment" does not mean "share-  
5 holder contribution". Finally, as discussed in the testimony of Columbia witness Moul,  
6 adoption of the Staff Report's recommendation that Columbia's shareholders contribute  
7 \$1 million toward the funding of the DSM program as the proposed contribution would  
8 certainly result in denying Columbia an opportunity to earn the return on equity level  
9 recommended by the Staff in this case.

10  
11 **Q. Will Columbia's alternative rate plan to promote the state's policy goals set forth in**  
12 **R.C. Chapter 4929.02?**

13 A. As my prepared testimony filed earlier in this case indicates, Columbia's alternative regu-  
14 lation proposals do not seek relief from the rate formula set out in R.C. Chapter 4909.15.  
15 Rider IRP and Rider DSM are rate adjustment mechanisms, permitted pursuant to R.C.  
16 Chapter 4929.11, the underpinnings of which are cost-of-service considerations required  
17 by R.C. Chapter 4909.15. There are, however, commitments to customers implicit in Co-  
18 lumbia's proposals.

19 Columbia's Infrastructure Replacement Program will improve the safety and reli-  
20 ability of service and result in consequent maintenance savings attributable to reduced  
21 leakage maintenance costs. Those savings will be passed-on to customers through the  
22 Rider IRP mechanism.

1 Columbia remains committed to the continuation of its Warm Choice weatheriza-  
2 tion Program that currently provides \$7.1 million annually for a low-income weatheriza-  
3 tion program funded through rates, and has committed to significant increases in De-  
4 mand-Side Management programs for the period 2009-2011.

5 Columbia also proposes no changes to the PIPP arrearage forgiveness program it  
6 offers to active PIPP customers.

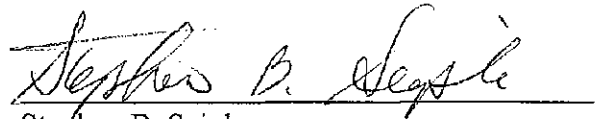
7 Columbia intends to continue its Stakeholder Groups which involve stakeholders  
8 in the development of ongoing proposals for improvements to its services and rates. Co-  
9 lumbia's working groups include its DSM Stakeholder Group and its Transition Period  
10 Stakeholder Group. Columbia believes that the continued involvement of stakeholders in  
11 these discussions helps to produce results more likely to be operationally feasible and to  
12 produce the intended benefits to participants.

13  
14 **Q. Does this conclude your Prepared Supplemental Direct Testimony?**

15 **A.** Yes, it does.

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Supplemental Testimony of Thomas J. Brown, Jr. was served upon all parties of record by electronic mail and regular U. S. mail this 25<sup>th</sup> day of September, 2008.



Stephen B. Seiple  
Attorney for

## SERVICE LIST

Stephen Reilly  
John Jones  
Sarah Parrot  
Assistant Attorneys General  
Public Utilities Section  
180 East Broad Street  
Columbus, OH 43215  
Email: [stephen.reilly@puc.state.oh.us](mailto:stephen.reilly@puc.state.oh.us)  
[john.jones@puc.state.oh.us](mailto:john.jones@puc.state.oh.us)  
[sarah.parrot@puc.state.oh.us](mailto:sarah.parrot@puc.state.oh.us)

David F. Boehm  
Michael L. Kurtz  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202  
Email: [dboehm@bkllawfirm.com](mailto:dboehm@bkllawfirm.com),  
[mkurtz@bkllawfirm.com](mailto:mkurtz@bkllawfirm.com)

Larry S. Sauer  
Joseph P. Serio  
Michael E. Idzkowski  
Office of the Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, OH 43215-3485  
Email: [sauer@occ.state.oh.us](mailto:sauer@occ.state.oh.us)  
[serio@occ.state.oh.us](mailto:serio@occ.state.oh.us)  
[idzkowski@occ.state.oh.us](mailto:idzkowski@occ.state.oh.us)

Michael R. Smalz  
Joseph V. Maskovyak  
Ohio State Legal Services Association  
555 Buttles Avenue  
Columbus, OH 43215-1137  
Email: [msmalz@oslsa.org](mailto:msmalz@oslsa.org)  
[jmaskovyak@oslsa.org](mailto:jmaskovyak@oslsa.org)

Samuel C. Randazzo  
Lisa G. McAlister  
Daniel J. Neilsen  
McNees, Wallace & Nurick, LLC  
Fifth Third Center  
21 East State Street, 17<sup>th</sup> Floor  
Columbus, OH 43215-4228  
Email: sam@mwncmh.com  
lmcaster@mwncmh.com  
dneilsen@mwncmh.com

John M. Dosker  
General Counsel  
Stand Energy Corporation  
1077 Celestial Street, Suite 110  
Cincinnati, OH 45202-1629  
Email: jdosker@stand-energy.com

Colleen L. Mooney  
Ohio Partners for Affordable Energy  
231 West Lima Street  
P.O. Box 1793  
Findlay, OH 45839-1793  
Email: cmooney2@columbus.rr.com

M. Howard Petricoff  
Stephen M. Howard  
Vorys, Sater, Seymour & Pease, LLP  
52 East Gay Street  
P.O. Box 1008  
Columbus, OH 43216-1008  
Email: mhpetricoff@vorys.com  
Larry Gerhardt  
Chief Legal Counsel  
Ohio Farm Bureau Federation  
280 North High Street, P.O. Box 182383  
Columbus, OH 43218-2383  
Email: lgearhardt@ofbf.org

William S. Newcomb, Jr.  
Vorys, Sater, Seymour and Pease LLP  
52 East Gay Street  
P.O. Box 1008  
Columbus, OH 43216-1008  
Email: wsnewcomb@vorys.com

John W. Bentine  
Mark S. Yurick  
Chester, Willcox & Saxbe, LLP  
65 East State Street, Suite 1000  
Columbus, OH 43215  
Email: jbentine@cswlaw.com  
myurick@cswlaw.com

Barth E. Royer  
Bell & Royer Co., LPA  
33 South Grant Ave.  
Columbus, OH 43215-3927  
Email: barthroyer@aol.com

Leslie A. Kovacik  
Attorney for NOAC  
420 Madison Ave., Suite 100  
Toledo, OH 43604-1219  
Email: leslie.kovacik@toledo.oh.gov

W. Jonathon Airey  
Gregory D. Russell  
Vorys, Sater, Seymour and Pease, LLP  
52 East Gay St., P.O. Box 1008  
Columbus, OH 43216-1008  
Email: wjairey@vorys.com  
gdrussell@vorys.com