

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. 08-72-GA-AIR
Tariffs to Increase the Rates and Charges for)
Gas Distribution)

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Approval of an) Case No. 08-73-GA-ALT
Alternative 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) Case No. 08-74-GA-AAM
Accounting Methods)

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Authority to Revise its) Case No. 08-75-GA-AAM
Depreciation Accrual Rates)

TESTIMONY OF VINCENT A. PARISI
ON BEHALF OF THE OHIO GAS MARKETERS GROUP

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Q1 Please state your name, business address, and position.

A1: My name is Vincent A. Parisi and my business address is 5020 Bradenton Ave.,
Dublin, OH 43017. I am general counsel for Interstate Gas Supply Inc.

Q2 On whose behalf are you offering testimony?

A2: I am testifying on behalf of 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.

Q3 What is the purpose of your testimony?

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A3: I am testifying in support of the Objection to the Staff Report filed by the Ohio Gas Marketers Group in this case on September 22, 2008. The Ohio Gas Marketers Group objected to the Staff's inclusion of the \$95,830,000 in Gas Stored Underground contained in working capital in Schedule B-5, line 29 of the August 21, 2008 Staff Report of Investigation.

Q4 Why shouldn't Transportation or Choice customers have responsibility for the carrying costs associated with the Gas Stored Underground?

A4: Schedule B-1, line 29 of the Staff Report shows a figure of \$95,830,000 in Gas Stored Underground. This is the gas that Columbia purchases and stores underground for use in serving its sales customers. Although Transportation and Choice customers utilize the services of Columbia in transporting gas, they do not purchase their gas from Columbia but instead obtain it from other sources. The inclusion of the \$95,830,000 in working capital would permit Columbia to recover from all customers the carrying costs associated with Columbia's purchase of such gas to serve its sales customers. Transportation and Choice customers do not benefit from this Gas Stored Underground and therefore should not bear responsibility for it in rates.

Q5 How did Columbia allocate Gas Stored Underground for purposes of its cost of service study?

A5: On Schedule E-3.2-1B, page 2 of 8, Columbia allocated the \$95,830,000 in Gas Stored Underground to Small General Service, General Service, Large General Service, Flex, and Contract customer classes. Columbia did not allocate any of the \$95,830,000 to the Full Req, Coop Trans (FRCTS) class.

Q6 Did the fact that none of the \$95,830,000 in Gas Stored Underground was allocated to the Transportation class translate into proposed transportation rates that are lower than the comparable proposed sales base rates?

A6: No.

Q7 How does the proposed Small General Service sales base rate compare with the Small General Service Transportation rate?

A7: They are identical. For the period November 1, 2008 through October 31, 2009, the volumetric rate is \$.9479 per Mcf with the monthly delivery charge of \$12.97 per month. After November 1, 2009, the volumetric rate is \$.0000 per Mcf and the monthly delivery charge, per account is \$19.76 per month.

Q8 How does the proposed General Service Sales base rate compare with the General Transportation Service rate?

A8: They are identical. The proposed rates are a three-step declining block rate: \$1.8969 per Mcf for the first 25 Mcf per account, per month; \$1.3465 per Mcf for the next 75 Mcf per account, per month; and \$1.0834 per Mcf for all Mcf over 100 Mcf per account, per month. A customer charge of \$25.00 per account per month is imposed regardless of the amount of gas consumed.

Q9 What do you recommend to the Commission?


A9: I recommend that the carrying costs associated with the \$95,830,000 in Gas Stored Underground be recovered through the Gas Cost Recovery (GCR) rate instead of through the working capital component used in calculating base rates. This method was approved by the Commission in In re Duke Energy Ohio, Case No. 07-589-GA-AIR, Opinion and Order, May 28, 2008. This method would have the advantage of preventing Transportation and Choice customers from bearing any responsibility for the carrying costs associated with the Gas Stored Underground. It would also have the added benefit of creating more transparency with respect to the commodity-related costs, in that it would include an element directly attributable to providing commodity service in the GCR.

Q10 Does this conclude your testimony?

A10: Yes, it does, but I reserve the right to address additional issues not anticipated at the time of this filing.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was served upon the following persons via e-mail this 25th day of September, 2008.


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