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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 : Case No. 08-72-GA-AIR
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 Form : Case No. 08-73-GA-ALT
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. 08-74-GA-AAM
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.. :

**PREFILED TESTIMONY
OF
JAMES SCHWEITZER
ENERGY AND ENVIRONMENT DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO**

Staff Exhibit _____

PUCO

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1 1. Q. State your name and address.

2 A. My name is James Schweitzer. My business address is 180 E. Broad Street,
3 Columbus, Ohio 43215-3793.
4

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

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO) as a
7 Public Utilities Administrator in the Energy and Environment Department.
8

9 3. Q. Please outline your educational background.

10 A. I have received both a Masters of Business Administration and a Bachelor
11 of Science Degree in Business Administration from The Ohio State
12 University, Columbus, Ohio.
13

14 4. Q. Please outline your work experience.

15 A. I have been employed by the Public Utilities Commission of Ohio since
16 November, 2003 as a Public Utilities Administrator 2. During my 5 years
17 at the PUCO, I have dealt with various issues relating to natural gas rates
18 and tariffs. In fact, for more than 30 years throughout my career, I have
19 managed and worked on several gas distribution rate cases and many regu-
20 latory issues. I have presented testimony before the Public Service Com-
21 mission of New York, the Public Service Commission of Kentucky, and the
22 Pennsylvania Public Utilities Commission.

1 5. Q. What is the purpose of your testimony?

2 A. I will be addressing issues related to the calculations in the Rate Design
3 section of the Staff Report of Investigation. I will specifically address the
4 following issues: the appropriate rate for all Large General Service (LGS)
5 and Large General Transportation Service (LGTS) customers, and the
6 appropriate rate for Columbia's Full Requirements Cooperative Trans-
7 portation Service (FRCTS) rate schedule. The rate design developed for
8 the Staff Report in this case produced an increase in revenues of
9 \$79,279,230, equal to the revenue increase supported by Columbia in its
10 original cost of service filing. Rates will be redesigned when a final out-
11 come in this case has been reached, either by Commission Order or by
12 Stipulation.

13
14 6. Q. What was the basis used to determine how to spread the revenue increase to
15 the various customer classes?

16 A. The revenue increase was spread to the various customer classes on the
17 basis of the proposed revenue allocation found in Columbia's Class Cost of
18 Service Study (Original filing, Schedule E-3.2.7, Page 1 of 2, Witness:
19 Feingold). Staff (Ms. Marchia Rutherford) has found Mr. Feingold's study
20 to be reasonable and it is therefore used as a basis for allocating the
21 increase in revenues to the various rate schedule categories, including Small

1 General Service (SGS), General Service (GS), Large General Service
2 (LGS), and Full Requirements Cooperative Transportation (FRCTS).

3
4 7. Q. How are the base rates affected by a change in the calculation of gross
5 receipts tax?

6 A. Currently, gross receipts taxes are included in Columbia's base rates.
7 Columbia's Gas Cost Rates and various riders do not have the gross
8 receipts taxes built into the rate. Instead, the gross receipts tax is
9 appropriately calculated at the end of the bill. In this case, Columbia is
10 removing the gross receipts taxes from its base rates so that all of
11 Columbia's various rate factors will exclude the gross receipts tax. Gross
12 receipts taxes will be calculated on the entire bill amount at the end of the
13 bill.

14
15 8. Q. Please comment on Columbia's proposal to modify the various rate sched-
16 ules included in the Small General Service rate design category.

17 A. Staff supports Columbia's proposal to modify its current rate design for the
18 Small General Service rate schedules to reflect a Straight Fixed Variable
19 (SFV) rate design. Staff believes that the proposal to phase in SFV rate
20 design over two years is reasonable. Mr. Steve Puican from the Commis-
21 sion Staff is supporting the policy decisions to move Columbia's various
22 Small General Service rates to a SFV rate design.

1 9. Q. Please comment on the rate design for Columbia's Full Requirements
2 Cooperative Transportation Service (FRCTS).

3 A. In its original filing, Columbia proposed to increase the FRCTS rates
4 largely by imposing a customer charge. Columbia's current FRCTS rates
5 do not include a customer charge. The Staff Report was inconsistent in its
6 recommendations for this rate schedule. Tables 1 and 2 on pages 18 and 19
7 of the Staff Report mistakenly show an increase in the FRCTS rate. On
8 page 128 of the Staff Report, the Typical Bill Comparison shows no
9 increase. No increase should have been shown on Tables 1 and 2 of the
10 Staff Report.

11
12 10. Q. Why is no increase being recommended for the FRCTS rate schedule?

13 A. Again referring to Columbia's proposed revenue allocation found in
14 Columbia's Class Cost of Service Study (Original filing, Schedule E-3.2.7,
15 Page 1 of 2, Witness: Feingold), there are no revenue increases allocated to
16 the FRCTS rate schedule. The Commission Staff has found this Class Cost
17 of Service study to be reasonable and therefore does not find it necessary to
18 increase the rate to this rate class.

19
20 11. Q. Please address the concerns being raised over the rate design for the vari-
21 ous LGS and LGTS rate schedules in the Objections of Stand Energy,

1 Objections of Honda of America, and the Direct Testimony of Anthony J.
2 Yankel on behalf of Honda of America.

3 A. Once again referring to Columbia's proposed revenue allocation found in
4 Columbia's Class Cost of Service Study (Original filing, Schedule E-3.2.7,
5 Page 1 of 2, Witness: Feingold), the proposed revenue allocation has been
6 found to be reasonable. In its original filing, Columbia has proposed to
7 recover the majority of the increased revenues allocated to this rate class by
8 implementing a monthly customer charge rather than through an increase in
9 the volumetric rates per Mcf. Staff finds this approach to be reasonable.
10 The rates designed in the Staff Report are based on the original
11 \$79,279,230 increase sought by Columbia. Any reduction in that amount in
12 the final outcome of this case will reduce the revenues allocated to this
13 class, the majority of which should be reflected through a reduced customer
14 charge to this rate class.

15
16 12. Q. Does this complete your testimony?

17 A. Yes, it does.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of James Schweitzer, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 9th day of October, 2008.



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