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PUCO

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors  
Columbia Gas of Ohio, Inc.  
Columbus, Ohio 43215

Case No. 09-0006-GA-UNC

We have performed the procedures enumeration below, which were agreed to by Columbia Gas of Ohio, Inc. (the "Company") and provided to the Public Utility Commission of Ohio (the "PUCO") solely to assist you in evaluating the Company's compliance with the terms outlined by the PUCO in accounting for the Accelerated Mains Replacement Program (the "AMRP") costs from January 1, 2008 through December 31, 2008 in conjunction with the Public Utilities Commission of Ohio's Case No. 08-0072-GA-AIR. The Company's management is responsible for compliance with accounting for the AMRP costs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

**Accounting for the AMRP Costs**

1. Proved the mathematical accuracy of Schedules AMRP-1 through AMRP-10 included in the Company's February 27, 2009 filing made in accordance the terms of the Amended Joint Stipulation and Recommendation filed in Case No. 08-0072-GA-AIR on October 24, 2008 that summarizes AMRP activity by month, for the term of the period covered by filing.
2. Performed the following on the specific balances included in Schedule AMRP-2:
  - a. Compared the Total Cumulative Mains and Service Lines Plant Additions as of December 31, 2008 to supporting detail provided by the Company's accounting personnel.
  - b. Randomly selected 8 monthly charges from the supporting detail schedule obtained in 2.a. From each monthly charge, sub-selected one individual charge and compared the charge selected to approved job orders, approved time sheets and third party invoices.
  - c. Compared the Total Cumulative Meter Move Out Plant Additions as of December 31, 2008 to supporting detail provided by the Company's accounting personnel. Meter

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Move Out additions were calculated using 2008 actual Meter Move Out additions less the three-year average Meter Move Out additions from 2005 through 2007.

- i. Recalculated the three-year average Meter Move Out additions provided by Company's accounting personnel.
    1. Agreed the 2005 through 2007 additions included in the three-year average to supporting detail.
  - ii. From detail of 2008 charges obtained in 2.c., randomly requested 2 charges and compared the charge selected to approved job orders, approved time sheets and third party invoices.
3. Performed the following on the specific balances included in Schedule AMRP-3:
  - a. Compared the Total Cost of Removal as of December 31, 2008 to supporting detail provided by the Company's accounting personnel.
  - b. Randomly selected 5 monthly charges from the supporting detail schedule obtained in 3.a. From each monthly charge, sub-selected one individual charge and compared the charge selected to approved job orders, approved time sheets and third party invoices.
4. Performed the following on the specific balances included in Schedule AMRP-4:
  - a. Compared the Total Plant Retirements as of December 31, 2008 to supporting detail provided by the Company's accounting personnel.
  - b. Randomly selected 5 monthly charges from the supporting detail schedule obtained in 4.a. From each monthly charge, sub-selected one individual charge and obtained the date of retirement for the associated asset(s) along with the date of closure for the associated retirement work order.
5. Performed the following on the specific balances included in Schedule AMRP-5:
  - a. Compared the Depreciation Rate to the latest approved Company depreciation study approved in the most recent Company rate case.
6. Performed the following on the specific balances included in Schedule AMRP-6:
  - a. Compared the rate used to calculate monthly Post In-Service Carrying Charges (PISCC) for May through December 2008 to the calculation of Weighted Average Cost of Debt provided by the Company's Financial Planning personnel. Proved the mathematical accuracy of the calculation of the Weighted Average Cost of Debt.
7. Performed the following on the specific balances included in Schedule AMRP-7:
  - a. Compared the "Percent Good" used to calculate Taxable Value to a schedule provided by NiSource income tax accounting personnel.
  - b. Compared the Valuation Percentage used to calculate Total Taxable Value to a schedule provided by NiSource income tax accounting personnel.

- c. Compared the "Average Property Tax Rate per \$1,000 of Valuation" to a schedule provided by NiSource income tax accounting personnel.
- 8. Performed the following on the specific balances included in Schedule AMRP-8:
  - a. Compared the amount of depreciation calculated under the Modified Accelerated Cost Recovery System (MACRS) to detail provided by NiSource income tax accounting personnel.
- 9. Performed the following on the specific balances included in Schedule AMRP-9:
  - a. Compared the Total 2008 Expenses to supporting detail provided by Company accounting personnel.
  - b. From the detail provided by the Company's accounting personnel in 9.a., selected 3 individual charges included in the schedule and compared to approved job orders, approved time sheets and third party invoices.
  - c. Obtained detail of O&M Savings calculation from Company's accounting personnel.
    - i. Recalculated O&M Savings. O&M savings is calculated as 2008 actual expense compared to test year expense.
    - ii. Agreed 2008 actual expense to the general ledger.
    - iii. Agreed test year expense to detail provided by Company's accounting personnel.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Company, the PUCO, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Debitte; Touch LLP*

March 31, 2009