

FILE

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for Authority to Defer Envi-) Case No. 08-0606-GA-AAM
ronmental Investigation and Remediation)
Costs)

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ANNUAL DEFERRAL REPORT OF
COLUMBIA GAS OF OHIO, INC.

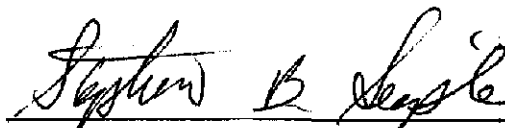
On May 19, 2008, Columbia filed its Application in this docket, requesting authority to defer on its books environmental investigation and remediation costs. By Entry dated September 24, 2008, the Commission approved the Application. Paragraph 11 of said Entry provides:

Prior to their deferral on its books, we require Columbia to make an annual filing in this docket detailing the costs incurred in the prior 12-month period covered by the deferrals and the total amount deferred to date.

Pursuant to Paragraph 11 of the September 24, 2008 Entry, Columbia provides the following information. The costs Columbia incurred for the period November 2009 through October 31, 2010, and which Columbia proposes to defer, were \$95,802.29. These costs are comprised of expenses incurred in the continued remediation of a site in Marion and remediation of a site at Bellevue. The projects are described in Attachment 1 for Marion and Attachment 3 for Bellevue. The associated costs are detailed on Attachment 2 for Marion and on Attachment 4 for Bellevue. In addition, Columbia has included in this report, as Attachment 5, a schedule showing the amounts deferred by year for all projects, and the total amount deferred to date.

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Respectfully Submitted,

A handwritten signature in cursive script, reading "Stephen B. Seiple". The signature is written in dark ink and is positioned above a horizontal line.

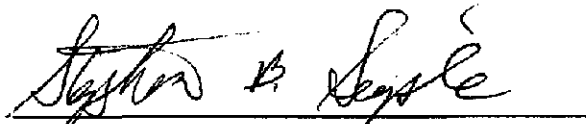
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COLUMBIA GAS OF OHIO, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Annual Report of Columbia Gas of Ohio, Inc. was served upon parties of record by regular U.S. Mail this 24th day of November 2010.

A handwritten signature in black ink, appearing to read "Stephen B. Seiple", is written over a horizontal line.

By: Stephen B. Seiple
Attorney for Columbia Gas of Ohio, Inc.

SERVICE LIST

Larry S. Sauer
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ATTACHMENT 1

Remediation – Marion, Ohio

Description: This was a former MGP site located at the southwestern corner of West Street and Canal Street, which have since been named Prospect Street and Columbia Street respectively, in Marion, Marion County, Ohio. This MGP site, formerly owned by Marion Gas-Light Company, was operated from 1862 until 1902. Review of historical information, including Sanborn Fire Insurance Maps, deeds and other records, indicates the facility contained a number of structures including retorts, a coal shed, a meter house, tar well and gas holders. This former MGP plant was demolished between 1908 and 1914, with the property being redeveloped as housing with approximately 18 houses being constructed in the footprint of the MGP. Columbia Gas has reviewed its corporate history and has determined it is a successor to entities that owned and operated the MGP.

Phase I Assessment: This assessment started in 2005, with the establishment of a Community Relations Plan. Meetings were held with the Mayor of Marion and his staff, the Ohio Department of Health and OEPA. By March 2006 access to the 18 properties for a Phase I Property Assessment, following OEPA, Voluntary Action Program (“VAP”) rules was completed. Phase I findings indicated that a sampling and analysis program was required to better understand the environmental condition of the site. This investigation, which provided for the collection and analysis of soil, soil vapor and groundwater samples, was completed in March 2006. These analyses resulted in a finding that soil vapor posed no undue risk to human health of the occupants. Groundwater analyses indicated the presence of MGP related compounds at concentrations above OEPA standards. However because groundwater at the site is not used for potable purposes these detections posed no current unacceptable risks to occupants. In addition, concentrations of several MGP-related compounds, including benzene, naphthalene, and polycyclic aromatic hydrocarbons were detected in soils above OEPA VAP residential standards.

Remediation: Based on the above findings and an engineering study a recommendation was made to purchase 18 homes. An engineering review of these homes resulted in the conclusion these homes would not likely withstand the deep excavation of soils required to complete the remediation process. By the end of December 2006, all 18 homes had been purchased by Columbia Remainder Corp. The entire area was then secured; asbestos abatement completed; with the 18 homes being demolished by mid-January 2007.

Phase II Assessment: This process provided for the completion of two additional investigation efforts designed to obtain additional information required by OEPA VAP. Results of these activities have indicated that, in general, significant soil and groundwater impacts are limited to the former MGP footprint. These investigations were further supplemented by an additional investigation completed early in 2008 to fill remaining data gaps with a focused feasibility study having been conducted and received.

During the calendar year 2009 the City of Marion, assisted by Columbia, applied for and received a Clean Ohio Revitalization Grant which will result in a partial funding of the work performed at this site. Work completed during the twelve month period ended October 31, 2010 included quarterly groundwater sampling and reporting; waste disposal; and preparation of the remedial design. At this time it is anticipated the actual remediation work will be put out for competitive bidding prior to December 31, 2010 with actual remediation work to be performed during the first and second quarters of 2011.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period January 2008 through October 31, 2010, exclusive of the \$25,000 to be funded by Columbia, were \$300,455.16. This amount is comprised of \$216,949.16 previously deferred for the period January 2008 through October 31, 2009 and \$83,506.00 for work performed during the period November 2009 through October 31, 2010. Attachment 2 sets forth a detailed breakdown of these expenses incurred during the period November 2009 through October 31, 2010.

ATTACHMENT 2

Columbia Gas of Ohio, Inc.
Summary of Marion Environmental Expenses
November 1, 2009 - October 31, 2010

Attachment 2
1 of 2

| Line No. | Month | CE | ACTIV | Amount | Description |
|----------|-------------|------|-------|-----------|---|
| 1 | November-09 | 3C23 | 7505 | 7,050.00 | Groundwater Samples Report |
| 2 | November-09 | 3C23 | 7505 | 4,448.66 | Residential Data Gap Investigation |
| 3 | November-09 | 3C23 | 7505 | 1,748.14 | Supplemental Phase II Investigation |
| 4 | November-09 | 3C23 | 7505 | 2,063.02 | CORF Application Costs |
| 5 | November-09 | 3C23 | 7505 | 586.66 | Hosting Costs for Web Based Data Mgt System |
| 6 | November-09 | 3B66 | 7505 | 1,250.90 | Waste Disposal |
| 7 | Total | | | 17,147.38 | |
| 8 | December-09 | 3C23 | 7505 | 2,674.09 | Residential Data Gap Investigation |
| 9 | December-09 | 3C23 | 7505 | 1,198.35 | Residential Data Gap Investigation |
| 10 | December-09 | 3B66 | 7505 | 1,270.25 | Waste Disposal |
| 11 | Total | | | 5,142.69 | |
| 12 | January-10 | 3C23 | 7505 | 2,250.00 | Groundwater Samples Report |
| 13 | January-10 | 3C23 | 7505 | 3,583.00 | Site Testing |
| 14 | January-10 | 3B66 | 7505 | 201.10 | Waste Disposal |
| 15 | Total | | | 6,034.10 | |
| 16 | February-10 | 3C23 | 7505 | 517.90 | Residential Data Gap Investigation |
| 17 | February-10 | 3C23 | 7505 | 756.59 | Supplemental Phase II Investigation |
| 18 | February-10 | 3C23 | 7505 | 7,050.00 | Groundwater Samples Report |
| 19 | February-10 | 3C23 | 7505 | 563.20 | Hosting Costs for Web Based Data Mgt System |
| 20 | Total | | | 8,887.69 | |
| 21 | March-10 | 3C23 | 7505 | 2,793.45 | Supplemental Phase II Investigation |
| 22 | March-10 | 3C23 | 7505 | 2,250.00 | Groundwater Samples Report |
| 23 | March-10 | 3B66 | 7505 | 348.00 | Waste Disposal |
| 24 | Total | | | 5,391.45 | |
| 25 | April-10 | 3C23 | 7505 | 2,428.56 | Supplemental Phase II Investigation |
| 26 | Total | | | 2,428.56 | |
| 27 | May-10 | 3C23 | 7505 | 2,459.95 | Supplemental Phase II Investigation |
| 28 | Total | | | 2,459.95 | |
| 29 | June-10 | 3C23 | 7505 | 526.34 | Hosting Costs for Web Based Data Mgt System |
| 30 | Total | | | 526.34 | |
| 31 | July-10 | 3C23 | 7505 | 11,285.88 | Remediation Work |
| 32 | July-10 | 3C23 | 7505 | 2,169.64 | Supplemental Phase II Investigation |
| 33 | Total | | | 13,455.52 | |
| 34 | August-10 | 3C23 | 7505 | 1,183.33 | Supplemental Phase II Investigation |
| 35 | August-10 | 3C23 | 7505 | 11,522.47 | Remediation Work |
| 36 | August-10 | 3C23 | 7505 | 801.03 | Closing Costs |

Columbia Gas of Ohio, Inc.
Summary of Marion Environmental Expenses
November 1, 2009 - October 31, 2010

Attachment 2
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| | | | | | |
|----|------------------------------------|-----------------|------|-----------|-------------------------------------|
| 37 | Total | | | 13,506.83 | |
| 38 | | October-10 3C23 | 7505 | 5,442.67 | Remediation Work |
| 39 | | October-10 3C23 | 7505 | 3,082.82 | Supplemental Phase II Investigation |
| 40 | Total | | | 8,525.49 | |
| 41 | Total Nov. 1, 2009 - Oct. 31, 2010 | | | 83,506.00 | |

ATTACHMENT 3

Bellevue, Ohio Manufactured Gas Plant

Description: This former MGP site is located on Howard Street, southwest of the intersection of Howard Street and Hamilton Street in Bellevue, Sandusky County, Ohio. The site is currently zoned as and used for residential purposes. A multi-unit residential structure and at least one private residence are located within the apparent footprint of the former MGP. The site is bounded to the south by active railroad tracks beyond which lie a manufacturing facility and a residential area. The site is bounded to the north and west by residential areas. The site is bounded to the east by several residences beyond which lies an apparent railcar maintenance facility.

Based on a review of readily available historical information including the Sanborn Fire Insurance maps, the MGP was constructed prior to 1899, and consisted of a gas plant building and a gas holder. A rail siding was also located adjacent the plant, likely used for coal delivery. The 1901 Brown's Directory of American Gas Companies ("Brown's Directory") indicates that the facility was in operation in 1901 and that both coal carbonization and water gas processes were used to produce gas. A comparison of the 1899 and 1906 Sanborn Fire Insurance Maps indicate that the MGP building was expanded during this time period. The 1904 Brown's Directory states that manufactured gas operations had ceased and transitioned to natural gas prior to 1904. Columbia has reviewed its corporate history and has determined it is a successor to entities that owned and operated the MGP.

Phase I Assessment: This assessment started in 2009 with the establishment of a Peer Review Team of MGP experts to help construct a conceptual site model for the site, which will be used to guide future investigative actions. A communications team was also assembled and work is ongoing in the development of a Community Relations Plan. A Phase I Environmental Site Assessment report was provided in late 2009, which served, along with the Peer Review Technical Memo, to support future investigative activities at the site in 2010. During the twelve months ended October 31, 2010 work on this project included the preparation of a community relations strategy, the completion of the Phase I assessment and various meetings to acquire access to the property.

Total Project Costs to Date: Total incremental costs incurred by Columbia during the period November 2009 through October 31, 2010, exclusive of the \$25,000 to be funded by Columbia, were \$18,971.29. This amount is comprised of \$6,675.00 previously deferred for the period November 2008 through October 31, 2009 and \$12,296.29 for work performed during the period November 2009 through October 31, 2010. Attachment 4 sets forth a detailed breakdown of these expenses incurred during the period November 2009 through October 31, 2010.

ATTACHMENT 4

Summary of Bellevue, Ohio Environmental Expenses
November 1, 2009 - October 31, 2010

Attachment 4

| Line No. | Month | CE | ACTIV | TRAN CNTR | Amount | Description |
|----------|---|------|-------|-----------|-----------|--------------------------------|
| 1 | May-10 | 3C23 | 07503 | 1054 | 7,336.28 | Community Relations Activities |
| 2 | May-10 | 3C23 | 07503 | 1054 | 890.00 | Phase I Property Assessment |
| 3 | Total | | | | 8,226.28 | |
| 4 | Jun-10 | 3C23 | 07503 | 1054 | 666.25 | Phase II Property Assessment |
| 5 | Total | | | | 666.25 | |
| 6 | Aug-10 | 3C23 | 07503 | 1054 | 2,217.00 | Community Relations Activities |
| 7 | Aug-10 | 3C23 | 07503 | 1054 | 874.00 | Phase II Property Assessment |
| 8 | Aug-10 | 3C23 | 07503 | 1054 | 175.38 | Community Relations Activities |
| 9 | Total | | | | 3,266.38 | |
| 10 | Sep-10 | 3C23 | 07503 | 1054 | 137.38 | Community Relations Activities |
| 11 | Total | | | | 137.38 | |
| 12 | Total November 1, 2009 Through October 31, 2010 | | | | 12,296.29 | |

ATTACHMENT 5

Columbia Gas of Ohio, Inc.
Summary of Deferred Environmental Expenses
January 2008 - October 31, 2010

Attachment 5

| Accounting Period | Marion \$ | Bellevue \$ | Goodale \$ | Total \$ |
|----------------------|--------------|----------------|---------------|-------------|
| Jan 2008 - Oct 2008 | 49,735.17 | - | - | 49,735.17 |
| Nov. 2008 - Oct 2009 | 167,213.99 | 6,675.00 | 475,000.00 | 648,888.99 |
| Nov. 2009 - Oct 2010 | 83,506.00 | 12,296.29 | - | 95,802.29 |
| Total | 300,455.16 | 18,971.29 | 475,000.00 | 794,426.45 |