

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Application of)	
Columbia Gas of Ohio, Inc. for an Adjustment)	Case No. 10-2353-GA-RDR
to Rider IRP and Rider DSM Rates)	

MEMORANDUM IN SUPPORT

Columbia Gas of Ohio, Inc. ("Columbia") plans to file by February 28, 2011 an application for an adjustment in its Rider IRP and Rider DSM rates. Columbia seeks a waiver of the requirement to file as part of this application (and subsequent annual Rider IRP and Rider DSM applications) an independent audit of Rider IRP and an independent audit of Rider DSM, for the reasons explained below.

The initial phase of Columbia's Rider IRP was established in Case No. 07-478-GA-UNC, in which Columbia received approval to track and recover its costs associated with the replacement of prone to fail risers. A stipulation was filed in that docket on October 26, 2007, and paragraph 15 of the Stipulation provided:

In all annual IRP filings that request recovery of costs, Columbia shall provide Commission Staff with audited (either by Columbia's external auditor or an independent auditor selected by the Commission Staff) accounting and billing records in sufficient detail to enable the Commission Staff to analyze Columbia's filing.

The above-quoted language was also included in the Amended Stipulation filed in the docket on December 28, 2007. The Commission approved the Amended Stipulation in an Opinion and Order dated April 9, 2008.

Columbia's Rider DSM and the remainder of Columbia's Rider IRP were authorized as part of Columbia's most recent rate case and alternative regulation case, Case Nos. 08-0072-GA-AIR et

al. As part of Columbia's rate case Application, in Alternative Regulation Exhibit A, Columbia proposed to conduct an independent audit of both Riders IRP and DSM, in terms substantially similar to the audit language originally included in the Stipulation in Case No. 07-478-GA-UNC. The independent audit requirement for Rider IRP was not mentioned in the Staff Report of Investigation docketed on August 21, 2008 ("Staff Report"). The Staff Report did mention the independent audit requirement proposal as part of its discussion of Rider DSM. Staff Report at 34.

This independent audit requirement for Rider IRP and Rider DSM was not expressly included in the Stipulation in Case Nos. 08-0072-GA-AIR et al. Nonetheless, paragraph 2(A) of the rate case Stipulation provided:

Unless otherwise specifically provided for in this Joint Stipulation and Recommendation, including the exhibits or attachments referenced herein, all rates, terms and conditions shall be treated in accordance with the Staff Report. If any proposed rates, terms and conditions, set forth in Columbia's application, are not addressed in the Staff Report or this Joint Stipulation and Recommendation, the proposed rates, terms and conditions shall be treated in accordance with the applicable Application filed in these proceedings.

Therefore, Columbia believes that its proposed independent audits of Rider IRP and Rider DSM were implicitly approved by the Commission.

As part of its application to adjust Rider IRP in Case No. 09-0006-GA-UNC, Columbia filed an independent audit report. The cost of the independent audit was \$30,000. As part of its application to adjust Rider IRP and Rider DSM in Case No. 09-1036-GA-RDR, Columbia again filed independent audit reports for Rider IRP and Rider DSM. The cost of the independent audits was \$60,000.

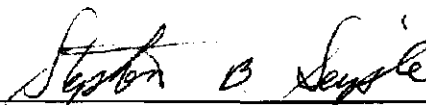
In both Case No. 09-0006-GA-UNC and Case No. 09-1036-GA-RDR the Staff conducted an extensive investigation of Columbia's proposed adjustments to Rider IRP and Rider DSM, including numerous data requests and interviews of Columbia employees. The Office of the Ohio

Consumers' Counsel ("OCC") also conducted extensive discovery in the two cases. In both cases, it appears that Staff and the OCC made little, if any, use of the independent audit reports.

Given that the Staff and OCC both conduct extensive investigations of Columbia's proposed adjustments to Rider IRP and Rider DSM, and given that neither party has placed any reliance upon the independent audit reports, Columbia requests that it be granted a waiver of the requirement to conduct independent audits for Rider IRP and Rider DSM in this case, and in future Rider IRP and Rider DSM applications. The granting of this waiver will allow Columbia to eliminate an annual expense of approximately \$60,000, which expense serves no useful purpose.

WHEREFORE, Columbia requests the Commission grant this Motion requesting waiver of the requirement for an independent audit of Rider IRP and of Rider DSM.

Respectfully submitted,
COLUMBIA GAS OF OHIO, INC.



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