

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of The Commission’s In-)
vestigation of the Financial Impact of) Case No. 18-47-AU-COI
the Tax Cuts and Jobs Act of 2017 on)
Regulated Ohio Utility Companies.)

**REPLY COMMENTS OF
COLUMBIA GAS OF OHIO, INC.**

On February 20, 2018, the Public Utilities Commission of Ohio (“Commission”) issued an Entry soliciting reply comments regarding the reconciliation issues raised by the Tax Cuts and Jobs Act of 2017 (“TCJA”) and possible mechanisms to resolve such issues for regulated Ohio utility companies. Pursuant to the Commission’s Entry, Columbia Gas of Ohio, Inc. (“Columbia”) files these Reply Comments.

In response to the Office of the Ohio Consumers’ Counsel (“OCC”) comment¹ that all utilities, within 20 days of any Entry or Order, estimate the tax impact on base rates and begin to provide monthly credits to customers, Columbia reiterates its support for a process tailored to the unique rate structure of each utility in order to accurately assess and address the impacts of the TCJA on the particular rates of each utility. As acknowledged by numerous other stakeholders in the round of initial comments, while a one-size-fits-all approach may appear simplistic, actual implementation would prove problematic. By providing customers credits based on the estimated impacts, each individual utility would likely need a second round of adjustments when the actual impacts are calculated. Such a process would cause unnecessary confusion among customers and result in several fluctuations in rates. Alternatively, an individualized approach would emphasize efficiency in minimizing the number of rate adjustments by each utility and also ensure careful implementation and enhanced customer understanding of any necessary rate adjustments once the extent of those adjustments are actually known.

¹ Comments and Recommendations to Reduce Ohioans’ Utility Bills as a Result of the Federal Tax Cuts and Jobs Act of 2017 by the Office of the Ohio Consumers’ Counsel (“OCC Comments”) at 11-12.

Columbia further reiterates its recommendation that where utilities have a pending or upcoming rate case, the impacts of the TCJA be addressed as part of those matters. Alternatively, where a utility may not have a pending or upcoming rate case, but does have pending application for another matter, such as Columbia's Capital Expenditure Program Rider, the Commission could permit utilities to file, in that same docket, their proposed reduction in base rates resulting from TCJA. By consolidating adjustments into ongoing or upcoming matters, the Commission can limit the administrative burden of filing numerous cases and avoid customer confusion that would result from multiple adjustments. For riders or other adjustment clauses that are adjusted annually, the impacts of TCJA can be easily reflected in the annual adjustments at such times as said impacts become known.

In its comments², OCC suggests that utilities "have an incentive to underestimate to avoid crediting customers with the full value of the tax benefits. And if the benefits to consumers are ultimately deemed to be greater than the amount the utility has recorded as a deferred liability, consumers may not have any mechanism to recover the difference between the actual tax benefits and the amount in the utility's deferral liability account." While Columbia agrees a deferred liability is the right approach to capture the estimated reduction in federal income tax, Columbia strongly disagrees that utilities have an incentive to underestimate the value of tax benefits and that there will not be a mechanism to return the full benefit of the reduction in tax liability to customers. Customers will receive the full benefit of TCJA through the recalculation and true-up of the estimated deferred liability with the actual impact. The Commission's Entry recognizes utilities will be required to pass back to customers over-collections resulting from the impact of the TCJA and that proper accounting requires the recognition of this liability through the use of estimates. These estimates will be adjusted to reflect the actual impact of the TCJA on customers at the time the actual impact on customers' rates is determined. This determination of the actual impact on rates will provide utilities with the ability to true-up the variance between reserve and actual impact and commence pass back of these over-collections to customers coincident with its reduction in rates.

Overall, Columbia seeks to address the complex issues raised by the TCJA in an accurate, efficient, comprehensive, and fair manner that will result in lower costs for Columbia's customers and net benefits to the communities Columbia serves.

² OCC Comments at 7-8.

Respectfully submitted,

/s/ Stephen B. Seiple

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CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the entities referenced on the service list of the docket card who have electronically subscribed to the case. Additionally, Columbia will serve Securus Technologies via e-mail at mlozich@securustechnologies.com and by U.S. Mail at Securus Technologies, Inc., c/o Michael S. J. Lozich, Senior Corporate Counsel, 4000 International Parkway, Carrollton, TX 75007.

/s/ Joseph M. Clark _____

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Summary: Comments (Reply) of Columbia Gas of Ohio, Inc. electronically filed by Mr. Joseph Clark on behalf of Columbia Gas of Ohio, Inc.