

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Co-)
lumbia Gas of Ohio, Inc. for Approval of) Case No. 17-2202-GA-ALT
an Alternative Form of Regulation.)

AMENDED PREPARED DIRECT TESTIMONY OF
DIANA M. BEIL
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.

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April 2, 2018

**AMENDED PREPARED DIRECT TESTIMONY
OF DIANA M. BEIL**

I. INTRODUCTION

Q. Please state your name and business address.

A. Diana Beil, 290 W. Nationwide Blvd., Columbus, Ohio 43215.

Q. By whom are you employed?

A. I am employed by Columbia Gas of Ohio, Inc. ("Columbia").

Q. Please state briefly your educational background and experience.

A. I graduated from Miami University where I majored in Accounting with a minor in Management Information Systems and received a Bachelor of Science Degree in Business in May 2007. In August 2007, I joined the accounting firm Crowe Horwath (formerly Crowe Chizek) as an auditor and became a licensed certified public accountant ("CPA") in the state of Ohio in 2009. From 2010 to 2015, I was employed by NiSource Inc. in its SEC Financial Reporting Department, where I most recently held the position of Manager of SEC Reporting. I was hired by Columbia in December 2015 as Regulatory Affairs Manager and became Director of Regulatory Affairs effective May 1, 2017. I am currently a member of the Ohio Society of CPAs, as well as a member of the American Institute of CPAs.

Q. What are your job responsibilities as Director of Regulatory Affairs?

A. As Director of Regulatory Affairs, my primary responsibilities include the planning, supervision, preparation and support of all Columbia regulatory filings before the Public Utilities Commission of Ohio ("Commission"). These responsibilities include the preparation of exhibits, proposed tariff changes and testimony filed by Columbia in support of the establishment of the proposed Capital Expenditure Program ("CEP") Rider.

Q. What is the purpose of your testimony?

A. My testimony supports the reasonableness of Columbia's request for the establishment of a CEP Rider. I will describe the exhibits I am sponsoring in support of Columbia's proposed CEP Rider.

I will also address the development of the proposed maximum CEP Rider rates to be charged to customers.

- 1 **Q. What exhibits are you sponsoring in this proceeding?**
2 A. Following is a list and brief description of the exhibits/schedules I am spon-
3 soring in this proceeding:

Exhibit (Schedule)	Description
Exhibit G	Typical Bill Comparison
Exhibit H	Statutory Schedules – R.C. §§ 4909.18(A) – (D)
Schedule A	Report of Property Used and Useful
Schedule B	Operating Statement
Schedule C	Statement of Income and Expense
Schedule D	Statement of Financial Condition
Exhibit I	Sections A and B, Schedules of Standard Filing Requirements pursuant to Ohio Admin. Code 4901-7-01
Schedule A-1	Overall Financial Summary
Schedule A-2	Revenue Conversion Factor
Schedule A-3	Calculation of Mirrored CWIP Revenue Sur-credit Rider
Schedule B-1	Jurisdictional Rate Base Summary
Schedule B-2	Plant in Service Summary By Major Property Groupings
Schedule B-2.1	Plant in Service By Accounts and Sub-Accounts
Schedule B-2.2	Adjustments to Plant in Service
Schedule B-2.3	Gross Additions, Retirements and Transfers
Schedule B-2.4	Leased Property
Schedule B-2.5	Property Excluded from Rate Base
Schedule B-3	Reserve for Accumulated Depreciation
Schedule B-3.1	Adjustments to the Reserve for Accumulated Depreciation
Schedule B-3.2	Depreciation Accrual Rates and Jurisdictional Reserve Balances by Accounts
Schedule B-3.3	Depreciation Reserve, Accruals, Retirements and Transfers
Schedule B-3.4	Depreciation Reserve and Expense for Leased Property
Schedule B-4	Construction Work in Progress
Schedule B-4.1	Construction Work in Progress – Percent Complete (Time)
Schedule B-4.2	Construction Work in Progress – Percent Complete (Dollars)
Schedule B-5	Allowance for Working Capital
Schedule B-5.1	Miscellaneous Working Capital Items
Schedule B-6	Other Rate Base Items Summary
Schedule B-6.1	Adjustments to Other Rate Base Items
Schedule B-6.2	Contributions In Aid of Construction by Accounts & Sub-Accounts
Schedule B-7	Jurisdictional Allocation Factors
Schedule B-7.1	Jurisdictional Allocation Statistics
Schedule B-7.2	Explanation of Changes in Allocation Procedures
Schedule B-8	Gas Data
Schedule B-9	Mirrored CWIP Allowances

Exhibit (Schedule)	Description
Exhibit J	Additional Schedules Supporting the Application

II. APPLICATION AND PROPOSED MAXIMUM CEP RIDER RATE

Q. Why has Columbia filed the Amended Application?

A. The Amended Application has been filed to establish a CEP Rider that provides for recovery of deferred expenses authorized in Case Nos. 11-5351-GA-UNC, et al., as continued by Case Nos. 12-3221-GA-UNC, et al., which authorized Columbia to implement a capital expenditure program regulatory asset ("CEP Deferral") to defer depreciation expense, property taxes, and post-in-service carrying costs ("PISCC") associated with certain types of capital investments. The CEP Rider would also provide for the return on and of the investments upon which these deferrals were calculated. These certain capital investments fall within four categories: (1) Replacement/Public Improvement/Betterment; (2) Growth; (3) Support Services; and (4) Information Technology. Ms. Thompson further describes the specific types of capital investments in her testimony.

Q. Please summarize the various types of costs for which Columbia seeks recovery through the CEP Rider.

A. The CEP Rider mechanism for which Columbia requests Commission approval in this proceeding provides for a return on and of its investments in the four capital investment categories referenced above, and related expenses for deferred depreciation expense, deferred property taxes, and PISCC.

Q. Why has Columbia included in its development of the CEP Rider a return on and of the investments upon which CEP deferrals are calculated?

A. This request is being made in an effort to mitigate the impact on our customers. Beginning recovery now saves customers money by reducing future CEP deferrals and provides Columbia with the means to introduce recovery on a gradual basis.

Q. How will the Net CEP Investment and revenue requirement for the CEP Rider be computed?

A. Columbia proposes to use the same formulas and accounting for determining the CEP Rider net investment and revenue requirement that it used to develop Columbia's Infrastructure Replacement Program ("IRP") rider ("Rider IRP").

1 **Q. What types of costs will be capitalized and included in Net CEP Invest-**
2 **ment?**

3 A. The development of Net CEP Investment used for the calculation of pretax
4 return is included in Exhibit J (page 2 of 13). Capitalized costs such as con-
5 tract labor and associated expenses, materials and supplies, internal labor
6 and associated overheads, and AFUDC are examples of the types of costs
7 included in Net CEP Investment. The plant additions are capitalized at Co-
8 lumbia's actual cost and captured in Net CEP Investment as projects are
9 placed in service. The associated accumulated reserve for depreciation is
10 shown as a reduction to Net CEP Investment. Each of the components is
11 based on the cumulative investment made by Columbia since the inception
12 of Columbia's CEP Deferral.

13
14 **Q. Are expenses deferred through Columbia's CEP Deferral included in Net**
15 **CEP Investment?**

16 A. Yes. Deferred depreciation expense, deferred property tax expense, and de-
17 ferred PISCC are included in Net CEP Investment. In general, expenses are
18 deferred beginning with the month the plant goes in service or the month
19 the expense is incurred until Columbia begins earning a return on its in-
20 vestment through rates.

21
22 **Q. Were these deferred expenses calculated in accordance with provisions**
23 **of the Commission's Finding and Order issued in Case Nos. 11-5351-GA-**
24 **UNC, et al.?**

25 A. Yes.

26
27 **Q. Why are deferred taxes shown as a reduction to Net CEP Investment?**

28 A. Deferred taxes are a non-investor source of funds, resulting from a tax treat-
29 ment of expense that is different from the book treatment. Recognition of
30 deferred taxes properly measures Columbia's net investment. These non-
31 investor sources of funds, which are reflected as an offset to Net CEP In-
32 vestment, include deferred taxes resulting from the use of higher tax depre-
33 ciation and the recognition of the tax deduction available to Columbia re-
34 lated to deferred PISCC and property taxes.

35
36 **Q. Why did Columbia use the pre-tax rate of return of 10.95% in developing**
37 **the revenue requirement upon which the CEP Rider rates are deter-**
38 **mined?**

39 A. The use of this pre-tax rate of return is consistent with the return used by
40 Columbia in its Rider IRP. It is the most recent rate of return approved by
41 the Commission; and it is also the same rate of return used by Columbia to

1 calculate the impact of deferrals on customers as required in Case Nos. 11-
2 5351-GA-UNC, et al. in determining the potential to exceed the \$1.50 rate
3 cap. For further background regarding the \$1.50 rate cap, please refer to Ms.
4 Thompson's testimony.

5

6 **Q. Has the requested revenue requirement been adjusted to reflect the**
7 **change in the federal income tax rate as a result of the Tax Cuts and Jobs**
8 **Act of 2017 ("TCJA")?**

9 A. No, the above referenced pre-tax rate of return of 10.95% has not yet been
10 updated for the reduced federal income tax rate. Columbia's pre-tax rate of
11 return will be adjusted to 9.52% as a result of tax reform. As noted in Co-
12 lumbia's comments in Case No. 18-47-AU-COI, Columbia proposes to in-
13 corporate the elements of tax reform into this proceeding, and will work
14 with the parties in this case to do so.

15

16 **Q. Has Columbia reached the \$1.50 threshold on the CEP Deferral?**

17 A. No. Based on projected deferrals through December 31, 2017, the impact of
18 the CEP Deferral on the estimated Small General Service ("SGS") class¹ rate
19 is \$0.75. See Exhibit J (page 13 of 13) for a detailed calculation.

20

21 **Q. What types of operating expenses are included in the CEP Rider revenue**
22 **requirement calculation?**

23 A. Annualized depreciation expense, annualized property tax expense, and
24 annualized amortization of deferred expenses are included in the CEP
25 Rider revenue requirement calculation.

26

27 **Q. Please explain the annualized amortization of deferred expenses calcula-**
28 **tion.**

29 A. Deferred expenses, such as deferred depreciation, property taxes, and de-
30 ferred PISCC, are amortized over the life of the associated assets using the
31 current depreciation rate. Amortization does not start until Columbia com-
32 mences recovery through rates and is calculated based on the cumulative
33 deferral date balance.

34

35 **Q. How does the property tax calculation provided in this filing compare to**
36 **the calculations used in Rider IRP filings?**

¹ Small General Service includes Small General Sales Service, Small General Schools Sales Service, Small Gas Transportation Service, Small General Schools Transportation Service, Full Requirements Small General Transportation Service, and Full Requirements Small General Schools Transportation Service.

- 1 A. The calculation methodology is identical to the methodology used in cur-
2 rent Rider IRP filings and prescribed by the Ohio Department of Taxation.
3
- 4 **Q. Is it proper to include these expenses in developing the CEP Rider reve-**
5 **nue requirement?**
- 6 A. Yes. These expenses should be included because they are prudent and nec-
7 essary business expenses incurred by Columbia on an ongoing basis.
- 8 **Q. What data sources did Columbia use in developing the CEP revenue re-**
9 **quirement study?**
- 10 A. The information comes from Columbia's General Ledger and supporting
11 sub-ledgers.
12
- 13 **Q. How will the revenue requirement be spread over Columbia's customer**
14 **base?**
- 15 A. Columbia will utilize the billing determinants from its last base rate case,
16 Case Nos. 08-72-GA-AIR, et al. The revenue requirement will be allocated
17 by customer rate class based on cost occurrence reported in the Class Cost
18 of Service Study filed as Schedule E-3.2-1 in that case. Next, the allocated
19 revenue requirement will be converted to a monthly fixed charge based on
20 the class-specific average number of projected bills for the applicable recov-
21 ery period.
22
- 23 **Q. What is the balance of CEP deferrals projected to be booked by Columbia**
24 **for the period October 2011 through December 31, 2017?**
- 25 A. The total balance of deferred expenses, projected through December 31,
26 2017, is \$148.3 million. Further details of the specific annual deferrals are
27 included in Exhibit J (pages 10, 11, and 12 of 13).
28
- 29 **Q. What is the balance of CEP capital investments made by Columbia dur-**
30 **ing the period October 2011 through December 31, 2017?**
- 31 A. The total CEP capital investment, projected through December 31, 2017, is
32 \$666.4 million. Further details of the annual CEP investments are included
33 in Exhibit J (page 3 of 13).
34
- 35 **Q. Does the application provide for the implementation of a Rider rate**
36 **based on Columbia's total investment as of December 31, 2017, upon is-**
37 **suance of an order in this case by the Commission?**
- 38 A. No. The application provides for a gradual phase-in that allows for a lower
39 initial rate and ultimately reduces the requested recovery as a result of
40 lower deferrals. See further discussion on the gradual approach below.

1 **Q. What are the proposed maximum monthly SGS CEP Rider rates, and how**
2 **were they determined?**

3 A. If Columbia were to begin recovering the total plant investments and the
4 total related expenses through December 31, 2017, the proposed maximum
5 SGS CEP Rider rate would be \$5.14 per month. Exhibit J (page 1 of 13) illus-
6 trates the proposed approach to gradually introduce the charge to custom-
7 ers' bills. This approach would set the initial CEP Rider rate at \$3.28 per
8 month effective August 1, 2018. The CEP Rider rate would then be adjusted
9 biennially as follows: \$4.17 per month effective August 1, 2020 and \$4.92
10 per month effective August 1, 2022. The proposed \$3.28 rate effective Au-
11 gust 1, 2018, is based on an investment date of December 31, 2015, and a
12 deferral date of December 31, 2017. The proposed \$4.17 rate effective Au-
13 gust 1, 2020, is based on an investment date of December 31, 2016, and a
14 deferral date of December 31, 2019. The proposed \$4.92 rate effective Au-
15 gust 1, 2022, is based on an investment date of December 31, 2017, and a
16 deferral date of December 31, 2021.

17
18 **Q. What does the term "deferral date," referenced above, represent?**

19 A. The term deferral date represents the point in time through which deferrals
20 were calculated for including in Net CEP Investment and developing the
21 revenue requirement. The gradual approach described above uses an in-
22 vestment date for the inclusion of plant investments in the developing of
23 Net CEP Investment that differs from the deferral date used to capture the
24 associated deferrals within Net CEP Investment. This variance between in-
25 vestment date and deferral date is summarized in the following table.

26

Investment Date	Deferral Date
2011-2015	Through 12-31-2017
2011-2016	Through 12-31-2019
2011-2017	Through 12-31-2021

27
28 **Q. Does Columbia believe that the timeline proposed by the Application**
29 **and in Ms. Thompson's testimony provides the Commission with suffi-**
30 **cient time to review and approve its proposed CEP Rider Biennial Ad-**
31 **justment?**

32 A. Yes. Columbia's proposed process provides for the Commission's comple-
33 tion of an audit of all CEP investments and related deferrals through De-
34 cember 31, 2017, with this Application. Completing the audit of Columbia's
35 CEP investment and associated deferrals through December 31, 2017, elim-
36 inates the need for review of most of the major components of the subse-
37 quent biennial filings. Review of the biennial filing will then simply require

1 verification of additional deferrals made by Columbia on investments made
2 through December 31, 2017, but not currently included in rates, together
3 with the verification of the accuracy of all calculations set forth in the filing.
4

5 **Q. Does the biennial process provide for the inclusion of a reconciliation**
6 **adjustment?**

7 A. Yes. Including the reconciliation adjustment will ensure that implementing
8 this Rider will not result in over- or under-collections.
9

10 **Q. Please describe the information provided in Exhibit H.**

11 A. Exhibit H contains the schedules set forth in R.C. §§ 4909.18(A) – (D).
12

13 Schedule A includes a report of Columbia's property used and useful as of
14 the date certain of December 31, 2017. This report includes all of Columbia's
15 property used and useful in the rendering of service, and is not limited to
16 the property used and useful as it pertains to this Application.
17

18 Schedule B is Columbia's operating statement for the twelve months ended
19 December 31, 2017. The detail includes all of Columbia's receipts, revenues
20 and income from all sources, and all of its operating costs and other expend-
21 itures. Please note this operating statement reflects the books of Columbia
22 for the twelve months ended December 31, 2017, without adjustment.
23

24 Schedule C provides a statement of income and expense anticipated under
25 this Application. Columbia will be supplementing Exhibit H within four-
26 teen days to include a statement of the income and expense for the twelve
27 months ended December 31, 2018 and December 31, 2019.
28

29 Finally, Schedule D includes Columbia's statement of financial condition
30 summarizing assets, liabilities and net worth as of December 31, 2017, with-
31 out adjustment.
32

33 **Q. Please describe the information provided in Exhibit I.**

34 A. Exhibit I consists of the Section A and B Schedules of the Standard Filing
35 Requirements pursuant to Ohio Admin. Code 4901-7-01. Note, the infor-
36 mation provided in these schedules represents a date certain of December
37 31, 2017, and a test year of twelve months ended December 31, 2017. The
38 data within these schedules reflect the actual balances per Columbia's
39 books, without adjustment.
40

1 **Q. Please describe the information shown on Schedule A-1.**

2 A. Schedule A-1 is the Overall Financial Summary that shows the calculation
3 of Columbia's earned rate of return, based on operating income for the
4 twelve months ended December 31, 2017, compared to Columbia's ap-
5 proved rate of return of 8.12%
6

7 **Q. Please describe the information shown on Schedule A-2.**

8 A. Schedule A-2 includes the calculation of the gross revenue conversion fac-
9 tor. The gross revenue conversion factor provides for recognition of the fact
10 that the revenue deficiency must be adjusted for items such as gross receipts
11 taxes and federal income taxes. This factor was limited, in this case, to an
12 adjustment for federal income taxes, as Columbia's tariff includes a gross
13 receipts tracker. Note, this calculation utilizes the prior federal income tax
14 rate of 35%, and will need to be adjusted to reflect the reduced rate of 21%.
15

16 **Q. Why has Columbia indicated on Schedule A-3 that there is nothing to
17 report?**

18 A. Columbia does not include Construction Work in Progress ("CWIP") in its
19 calculation of rate base.
20

21 **Q. Please describe the information shown on Schedule B-1.**

22 A. Schedule B-1 is the Jurisdictional Rate Base Summary at December 31, 2017.
23 Jurisdictional Rate Base comprises Columbia's investment in Gross Plant in
24 Service; less Reserve for Depreciation; plus a Working Capital Allowance
25 that provides for recognition of the investment made by Columbia between
26 the time service is provided to the customer and the time funds are received
27 for that service; and Other Rate Base Items, which includes certain deferred
28 assets and non-investor sources of funds, such as deferred taxes and cus-
29 tomer advances.
30

31 **Q. Please describe the information shown on Schedule B-2.**

32 A. Schedule B-2 shows the investment in gas plant in service by major prop-
33 erty grouping as of the date certain, December 31, 2017. The amounts reflect
34 the book balances as of the date certain with no adjustments.
35

36 **Q. Please describe the information shown on Schedule B-2.1.**

37 A. Schedule B-2.1 is a further breakdown of Schedule B-2 by FERC account for
38 each major property grouping. The amounts reflect the book balances as of
39 the date certain with no adjustments.
40

1 **Q. Why has Columbia indicated on Schedule B-2.2 that there is nothing to**
2 **report?**

3 A. The balances reflect Columbia's books as of the date certain and there have
4 been no adjustments made to plant in service.
5

6 **Q. Please describe Schedule B-2.3.**

7 A. Schedule B-2.3 shows additions, retirements and transfers by FERC account
8 for each major property grouping from December 31, 2007, the date certain
9 in Case No. 08-0072-GA-AIR, Columbia's most recent rate case, through
10 December 31, 2017, the date certain in this case.
11

12 **Q. Why has Columbia indicated on Schedule B-2.4 that there is nothing to**
13 **report?**

14 A. For rate-making purposes, Columbia accounts for all leased property as op-
15 erating leases and does not include leased property in plant in service.
16

17 **Q. Why has Columbia indicated on Schedule B-2.5 that there is nothing to**
18 **report?**

19 A. Columbia has not made any adjustments to plant in service rate base as
20 indicated in Schedules B-2.1 and B-2.2.
21

22 **Q. Please describe the information on Schedule B-3.**

23 A. Schedule B-3 shows the total Plant Investment and Reserve for Accumu-
24 lated Depreciation and Amortization by major property grouping and re-
25 tirements as of December 31, 2017. These balances reflect Columbia's books
26 as of the date certain with no adjustments.
27

28 **Q. Why has Columbia indicated on Schedule B-3.1 that there is nothing to**
29 **report?**

30 A. Columbia has not made any adjustments to the Reserve for Accumulated
31 Depreciation and Amortization.
32

33 **Q. Please describe Schedule B-3.2.**

34 A. Schedule B-3.2 shows the Jurisdictional Plant and Reserve Balance at De-
35 cember 31, 2017, by major property grouping and FERC account. Schedule
36 B-3.2 further shows the composite current depreciation and amortization
37 accrual rates, and calculated annualized depreciation and amortization ex-
38 pense at current rates.
39

40 **Q. Please describe Schedule B-3.3.**

41 A. Schedule B-3.3 shows depreciation reserve accruals, salvage, retirements,

1 cost of removal, and transfers by major property grouping and FERC ac-
2 count from December 31, 2007, the date certain in Case No. 08-0072-GA-
3 AIR, Columbia's most recent rate case, through December 31, 2017, the date
4 certain in this case.

5

6 **Q. Please describe Schedule B-3.4.**

7 A. Schedule B-3.4 shows depreciation reserve and expense on leased property
8 as of the date certain. However, as noted on the schedule, Columbia does
9 not accrue depreciation on leased property.

10

11 **Q. Why has Columbia indicated on Schedule B-4 that there is nothing to re-**
12 **port?**

13 A. Columbia has not included any CWIP in rate base in this proceeding.

14

15 **Q. Please describe Schedules B-4.1 and B-4.2.**

16 A. Schedules B-4.1 and B-4.2 show certain additional information required to
17 be filed when a company has requested CWIP be recognized as part of its
18 rate base investment. These schedules are not applicable since Columbia's
19 rate base does not include any CWIP.

20

21 **Q. Please describe Schedule B-5.**

22 A. Schedule B-5 sets forth the Allowance for Working Capital as of December
23 31, 2017. The cash working capital component was computed based on lag
24 days used by Staff in its Staff Report of Investigation in Case No. 08-0072-
25 GA-AIR et al.

26

27 **Q. Please describe Schedule B-5.1.**

28 A. Schedule B-5.1 includes miscellaneous working capital items. Columbia has
29 included all working capital items on B-5 and therefore there are no addi-
30 tional items to report on this Schedule.

31

32 **Q. Please describe the information on Schedule B-6.**

33 A. Schedule B-6 provides for a detailed presentation of the "Other Rate Base
34 Items" component of rate base. Other Rate Base Items comprise non-inves-
35 tor funds generated through deferral of taxes and customer advances for
36 construction. These non-investor sources of funds are offset by Columbia's
37 investment in deferred Post-in-Service Carrying Charges ("PISCC"), depre-
38 ciation and property taxes contained in account 182-Other Regulatory As-
39 sets.

40

1 **Q. Please describe Schedule B-6.1.**

2 A. This schedule is for identification of other adjustments to rate base items
3 included in the filing. There were no other rate base adjustments made in
4 this filing.

5
6 **Q. Please describe Schedule B-6.2.**

7 A. This schedule provides for the presentation of Contributions in Aid of Con-
8 struction (CIAC) by account and sub-account. Columbia nets all CIAC
9 against gross plant.

10
11 **Q. Please describe Schedule B-7.**

12 A. Schedule B-7 provides for the identification and description of all allocation
13 factors used in the development of rate base. This schedule is not applica-
14 ble, as 100% of Columbia's investment is used to provide gas service to its
15 customers.

16
17 **Q. Please describe Schedule B-7.1.**

18 A. This schedule provides for the provision of the allocation statistics used in
19 the development of the allocation factors set forth on Schedule B-7. This
20 schedule is not applicable, as 100% of Columbia's investment is used to pro-
21 vide gas service to its customers.

22
23 **Q. Please describe Schedule B-7.2.**

24 A. This schedule explains any changes in allocation procedures used in the de-
25 velopment of the allocation factors set forth Schedule B-7. This schedule is
26 not applicable since 100% of Columbia's investment is used to provide gas
27 service to its customers.

28
29 **Q. Please describe the information on Schedule B-8.**

30 A. Schedule B-8 shows the computation of the percent of unaccounted-for gas
31 for the twelve months ended August 31, 2017. This period was selected in
32 order to reflect the most recently available operating cycle encompassing
33 one heating season.

34
35 **Q. Why has Columbia indicated on Schedule B-9 that there is nothing to re-**
36 **port?**

37 A. This statement was made in recognition of the fact that Columbia does not
38 include CWIP in its calculation of rate base.

39

1 **Q. What is the source for the data shown in the exhibits/schedules you are**
2 **sponsoring?**

3 A. Generally, the information came from either the General Ledger or the sup-
4 porting sub-ledgers of Columbia.

5
6 **III. CUSTOMER IMPACT**

7
8 **Q. What percentage adjustment does the proposed CEP Rider represent on**
9 **customer bills?**

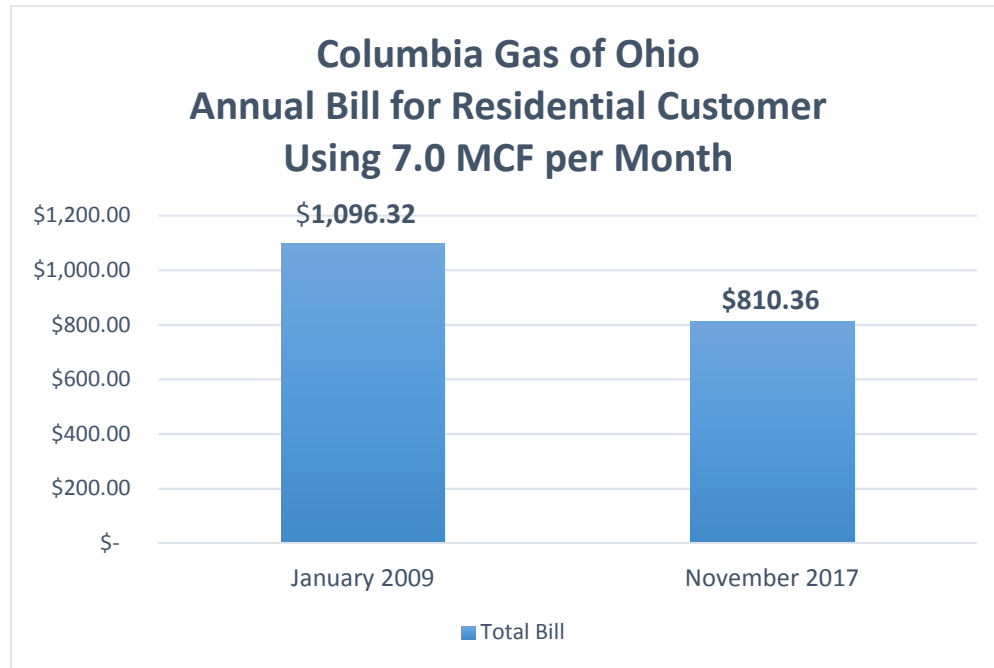
10 A. Exhibit G to the Application is a bill comparison for all customer classes
11 that shows the addition of the CEP Rider is initially projected to adjust a
12 typical residential customer's bill by approximately 5% per month on Au-
13 gust 1, 2018, with the subsequent two biennial adjustments adjusting a typ-
14 ical residential customer's bill by less than 1.5% per month. The impact of
15 the CEP Rider on customers' bills is mitigated by the fact that in recent
16 years, Columbia's customers have experienced lower natural gas prices
17 compared to prices at the last base rate case in 2008.

18
19 Additionally, the establishment of the CEP Rider stops future expense de-
20 ferral on capital investment that would otherwise continue through Colum-
21 bia's CEP Deferral. Once recovery of these capital investments begins, there
22 will be no further deferral of depreciation expense, property taxes, or PISCC
23 associated with these capital investments. If Columbia allowed the deferred
24 balances to reach the cap of \$1.50 for SGS customers prior to implementing
25 rates, the proposed CEP Rider rate would be higher than the maximum rate
26 requested in this Application.

27
28 This impact is further mitigated by the specific formula used to determine
29 the CEP Rider rate. This formula provides for the recovery of deferred costs
30 over the useful life of the assets rather than on a current-year basis. This
31 approach minimizes the immediate impact on customers and further elim-
32 inates the risk of excessive rate increases in any given year.

1 **Q. Are average customer bills higher now than they were when the current**
2 **base rates were approved?**

3 **A.** No. The table below compares a Small General Service customer's bill in
4 January 2009 with a customer's bill in 2017. This comparison demonstrates
5 that a Small General Service customer's bill is more than 25% less today
6 than in 2008. The commodity portion of the bill is nearly 50% less today
7 than in 2008.



8

9

10 **Q. Does this conclude your Amended Prepared Direct Testimony?**

11 **A.** Yes.

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 parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document is also being served via electronic mail on the 2nd day of April, 2018, upon the persons listed below.

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