

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Co- ) lumbia Gas of Ohio, Inc. for Authority ) to Amend its Filed Tariffs to Increase the ) Rates and Charges for Gas Services and ) Related Matters. )	Case No. 21-637-GA-AIR
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In the Matter of the Application of Co- ) lumbia Gas of Ohio, Inc. for Approval of ) an Alternative Form of Regulation. )	Case No. 21-638-GA-ALT
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In the Matter of the Application of Co- ) lumbia Gas of Ohio, Inc. for Approval of ) a Demand Side Management Program ) for its Residential and Commercial Cus- ) tomers. )	Case No. 21-639-GA-UNC
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In the Matter of the Application of Co- ) lumbia Gas of Ohio, Inc. for Approval to ) Change Accounting Methods. )	Case No. 21-640-GA-AAM
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**PREPARED DIRECT TESTIMONY OF  
BRYAN TRAPP  
ON BEHALF OF COLUMBIA GAS OF OHIO, INC.**

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- ☐ Management policies, practices, and organization
- ☒ Operating income
- ☒ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☐ Rates and tariffs
- ☐ Other

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July 14, 2021

Attorneys for

**COLUMBIA GAS OF OHIO, INC.**

**PREPARED DIRECT TESTIMONY  
OF BRYAN TRAPP**

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1   **Q.    Please state your name and business address.**

2    A.    My name is Bryan Trapp. My business address is 290 W. Nationwide Blvd,  
3           Columbus, Ohio 43215.

4  
5   **Q.    By whom are you employed?**

6    A.    I am employed by NiSource Corporate Services Company ("NCSC"), a  
7           management and services subsidiary of NiSource Inc. ("NiSource"). My  
8           current title is Director, Tax Planning & Controversy at NCSC.

9  
10   **Q.   Will you please state briefly your educational background and experi-  
11           ence?**

12   A.    I received a Bachelor of Business Administration degree with a concentra-  
13           tion in Finance and a Bachelor of Science degree with a concentration in  
14           Accounting from the University of Kentucky. I am also a Certified Public  
15           Accountant licensed in the State of Ohio. I began my career with KPMG as  
16           an Associate in the Federal Tax practice in Cincinnati, Ohio, in 2005. In 2009,  
17           I joined Abercrombie & Fitch as a Senior Tax Analyst responsible for federal  
18           income tax accounting, compliance, and the IRS Federal tax audit CAP  
19           (Compliance Assurance Process) program. In 2012, I joined The Wendy's  
20           Company as Manager – Income Tax Audits & Business Advisory and was  
21           responsible for the CAP program, state and local income tax audits, and tax  
22           research and planning. In 2018, I joined Root Insurance Company as Tax  
23           Director with full responsibility for all income and non-income tax account-  
24           ing, compliance, mergers & acquisitions, and tax research and planning. In  
25           February 2021, I joined NiSource in my current position.

26  
27   **Q.    What are your job responsibilities?**

28   A.    In my current position as Director of Tax Planning & Controversy, I am  
29           responsible for tax planning and controversy activities for NiSource and its  
30           subsidiaries, including Columbus Gas of Ohio, Inc. ("Columbia" or "the  
31           Company"). These responsibilities include monitoring and modeling tax  
32           legislation; managing federal and state tax audits, including the CAP  
33           program; tax technical research; and tax planning.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The primary purpose of my testimony is to present and support Columbia's  
3 income tax and other tax expense included in the cost of service.  
4

5 **Q. What schedules are you sponsoring or co-sponsoring?**

6 A. I am sponsoring the tax portions of the following schedules in this proceed-  
7 ing:  
8

9 Schedule B-6: Other Rate Base Items Summary

10 Schedule B-6.1: Other Rate Base Items Summary

11 Schedule C-3.30: Payroll Tax Adjustments

12 Schedule C-3.31: Property Tax Adjustments

13 Schedule C-3.32: Elimination of State Income Tax Expense

14 Schedule C-3.33: Elimination of Distribution and Excise Tax Expense

15 Schedule C-3.34: PUCO & OCC Tax Adjustment

16 Schedule C-3.35: Federal Statutory Deductions Adjustment

17 Schedule C-4: Adjusted Jurisdictional Federal Income Taxes

18 Schedule C-4.1: Development of Jurisdictional Income Taxes Before  
19 Adjustments  
20

21 **Q. Will you explain under what basic premise the income tax calculations**  
22 **were made?**

23 A. The tax calculations were made under the provisions of the Internal Reve-  
24 nue Code of 1986, as amended by the Tax Cuts and Jobs Act of 2017  
25 ("TCJA") and any tax legislation enacted since.  
26

27 **Q. What Federal income tax rate was used for the test period?**

28 A. The Internal Revenue Code ("IRC") provides for a flat tax rate of 21% for  
29 corporations, which became effective on January 1, 2018, with the enact-  
30 ment of the TCJA on December 22, 2017.  
31

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

33 A. Schedule B-6 presents a summary of Other Rate Base Items as of the March  
34 31, 2021, date certain. Columbia Witness Gore is supporting the Other Items  
35 summarized on Schedule B-6, Page 1, Line 1 and detailed on Schedule B-6,  
36 Page 2, Lines 1-20. The tax items summarized on Schedule B-6, Page 1,  
37 Lines 2, 3 & 4 include Accumulated Deferred Income Taxes ("ADIT") de-  
38 tailed on Schedule B-6, Pages 3-5, Lines 1-107; the regulatory liability for

1 Excess Accumulated Deferred Income Taxes ("EDIT") detailed on workpa-  
2 per B-6a; and Federal Investment Tax Credits ("ITC") detailed on Schedule  
3 B-6, page 5, Line 108; and are discussed below.  
4

5 **Q. Please further describe the ADIT balance on Schedule B-6, Line 2.**

6 A. Schedule B-6, Line 2 begins with the ADIT balance recorded in the Com-  
7 pany's books as of March 31, 2021, which includes future deductible or tax-  
8 able statutory book/tax temporary differences tax effected at the 21% Fed-  
9 eral tax rate detailed on Schedule B-6, Pages 3-5, Lines 1-107. It then adjusts  
10 out any deferred tax balance for any item that is not included in rate base.  
11 The ADIT balance that represents the gross-up of the regulatory liability for  
12 EDIT (discussed below) is depicted on Schedule B-6, Page 3, Line 45. These  
13 adjustments also include any ADIT balances related to working capital  
14 (Schedule B-6, Pages 3 and 5, Lines 43-44 and 98-105) as the Company is  
15 filing a zero cash working capital claim.  
16

17 **Q. Please further describe the regulatory liability for EDIT on Schedule B-6,**  
18 **Line 3.**

19 A. The TCJA lowered the Federal income tax rate from 35% to 21%. This re-  
20 quired the Company to re-measure its ADIT balances at the new 21% rate  
21 as of December 31, 2017. The re-measurement resulted in the Company re-  
22 cording a regulatory liability for the EDIT (including gross-up) on the Com-  
23 pany's balance sheet, which is designated to be returned to customers using  
24 the Average Rate Assumption Method ("ARAM") for protected property  
25 over a recovery period of 36.76 years for the Federal net operating loss, and  
26 over a six-year period for unprotected property and non-property as ap-  
27 proved by the Commission in Case No. 17-2202-GA-ALT. Schedule B-6,  
28 Line 3 depicts the regulatory liability EDIT balance (including gross-up) as  
29 of March 31, 2021, which included protected and unprotected balances and  
30 is summarized on work paper B-6a.  
31

32 **Q. Please further describe the Federal ITC in Schedule B-6, Line 4.**

33 A. Schedule B-6, Line 4 represents the Federal ITC recorded in the Company's  
34 books as of March 31, 2021. The balance is adjusted to \$0 as the Company  
35 has elected to flow-through the amortization above the line as a reduction  
36 to income tax expense, which does not require a reduction to rate base.  
37

38 **Q. Please explain each adjustment made to other rate base items on Sched-**  
39 **ule B-6.**

40 A. Please refer to the table below.

ACCOUNT NUMBER	DESCRIPTION	ADJUSTMENT \$000	REASON FOR ADJUSTMENT
19005000	Federal NOL	(139)	Deferred taxes are adjusted out for amount of Federal NOL that is not included in rate base.
19005000	Accum Provisions FAS 112	(330)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-ST FAS112	(86)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	VEBA	(10,979)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accum Prov-Banked Vacation	(683)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Vacation Pay PY	(1,976)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Vacation Pay CY	(555)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Profit Sharing	(58)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Severance	(80)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Incentive Compnstion	(309)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Stock Comp LTIP - Tax	(135)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Environmental	(219)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Def Credits-Environmental	(5,099)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Bad Debts	(3,022)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Asset Other	8	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Curr-OFS Cust Proceed	(18,320)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Curr-Cap Rel Proceeds	(2,865)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Curr-OFS Proceeds	(27,923)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Curr-OFS Cap Rel Cr	30,788	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Curr-Settlement Rev	17,155	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Curr-Logo Fee for SCO	(4)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab Supplier deposits SCO	(505)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab NC-Nontrad Sales	(625)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab NC-BA Lost Credits	(250)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab NC Supplier depos SCO	(1,347)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Reg Liab NC-COH Infr Dev Ridr	(764)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accd Liab-Legal	(2)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Charitable Contributions	(150)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Oblig Operating Leas-NC Issuan	0	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Oblig Operating Leas NC Transf	36	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Oblig Operating Lease Curr-Add	(99)	Deferred taxes are adjusted out for any item that is not included in rate base.

ACCOUNT NUMBER	DESCRIPTION	ADJUSTMENT \$000	REASON FOR ADJUSTMENT
19005000	Oblig Operating Lease Curr-Pay	222	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Oblig Operating Lease Curr-Trn	(36)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Oblig Operating Leas Beg Bal	(795)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Oblig Operating Lease Curr-BB	(481)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Other Business Tax Credit	(2)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	R&D Tax Credit	(480)	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	NC Reg Asset FAS 158 OPEB	835	Deferred taxes are adjusted out for any item that is not included in rate base.
19005000	Accum Provisions OPEB	6,192	Deferred taxes are adjusted out for any item that is not included in rate base.
28205000	FAS 109 Property Miscellaneous	(185)	Deferred taxes are adjusted out for any item that is not included in rate base.
28205000	FAS 109 Fed Gross Up	263	Deferred taxes are adjusted out for any item that is not included in rate base.
28205000	Builder Incentives	0	Deferred taxes are adjusted out for any item that is not included in rate base.
28205000	Federal Benefit of FAS 109 Property State	(688)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset Unbill-Recoveries	(21)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset Bad Debt Tracker	2,924	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset Riser Project	24	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset Riser Project	55	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Misc Assets-Property Tax	12,033	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Accrd Property Tax	(23,461)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Payroll Taxes Cares Act	(491)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset Weatherization	27	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset Bad Debt Tracker	(1,211)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset DSM Expenses-GAS	6,023	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset Def Int Exp-GCR	0	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset Rate Case Non-Cur	33	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset Def Depr Cap Lse	3,305	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset DSM Expenses	255	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset-PSP	30,658	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset - PSP Def Interes	510	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset-PSP Def Deprecitm	203	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Right of Use Asset-Additions	99	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Right of Use Asset-Amort	(111)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Right of Use Asset-Retirements	(107)	Deferred taxes are adjusted out for any item that is not included in rate base.

ACCOUNT NUMBER	DESCRIPTION	ADJUSTMENT \$000	REASON FOR ADJUSTMENT
28305000	Right of Use Asset-Beg Bal	1,248	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Funds Held in Trust	3,393	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Asset PIP-Current	(1,583)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Liab Curr-PIP Asset Recls	0	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	NC Reg Asset FAS158 Pension	11,397	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Accum Provisions Pen Cost Qual	0	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Accum Prov LT PenCost Non-Qual	(16)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Accd Liability - Pension ST-NQ	(1)	Deferred taxes are adjusted out for any item that is not included in rate base.
28305000	Reg Liab NC-FAS158 NQ Pension	(6)	Deferred taxes are adjusted out for any item that is not included in rate base.
25500000	Investment Tax Credit-ITC	5,361	Adjusted to \$0 as the Company has elected to flow-through the amortization above the line as a reduction to income tax expense, which does not require a reduction to rate base.

**Q. Please describe the adjustment to payroll tax expense on Schedule C-3.30.**

A. Schedule C-3.30 provides the adjustment to taxes other than income taxes, specifically to payroll taxes including Federal Insurance Contributions Act ("FICA"), Federal Unemployment Tax Act ("FUTA"), and State Unemployment Tax Act ("SUTA") utilizing current rates. The adjustment to payroll tax expense is performed commensurate with the adjusted test year labor costs detailed on Schedules C-3.14, C-3.15, C-3.17, C-3.20, and C-3.26 as discussed and supported in the testimony of Columbia Witness Shaeffer.

**Q. What is the purpose of the adjustment shown on Schedule C-3.31?**

A. The purpose of this adjustment is to annualize property tax expense representative of the level to be expensed by Columbia in the future for inclusion in base rates.

**Q. Please describe the adjustments to property tax on Schedule C-3.31.**

A. Schedule C-3.31 includes two adjustments. The first is the annualization adjustment made to property tax expense based on the projected assessed value of the property for Columbia's Plant-In-Service investments at December 31, 2021, and average investment in storage gas for the test year. This assessed value was then multiplied by Columbia's estimated composite property tax rate. This amount was then added to the property taxes projected to be paid to the State of West Virginia on Gas Stored in Columbia Gas Transmission Company's storage used to serve Columbia Gas of Ohio's customers. The second set of adjustments include amortization of deferred property tax expense balances at March 31, 2021, supported and discussed



1 in the testimony of Columbia Witness Gore, related to the Company's In-  
2 frastructure Replacement Program ("IRP") and Capital Expenditure Pro-  
3 gram ("CEP") Riders, as well as amortization of property tax deferrals that  
4 were post-date certain in the Company's last base rate case, Case Nos. 08-  
5 0072-GA-AIR, *et al.*, that have not been included in a recovery mechanism  
6 and are proposed to be recovered in base rates in this Application. The  
7 property tax expense related to the IRP and CEP Riders will transition from  
8 the riders into base rates in this Application.  
9

10 **Q. How was the annual property tax expense for gas stored underground in**  
11 **West Virginia computed?**

12 A. The projected annualized property tax for gas stored underground in West  
13 Virginia was computed by multiplying the ending storage value of gas in-  
14 vestment for the test year allocated to West Virginia by the applicable pro-  
15 jected tax rate.  
16

17 **Q. Why is the adjustment to property tax on Schedule C-3.31 proper for rate**  
18 **making purposes?**

19 A. The adjustment results in the inclusion of a property tax expense level to be  
20 used in the development of the revenue requirement based on Columbia's  
21 investment used for establishment of rates in this case.  
22

23 **Q. Please describe the adjustment to state income tax expense on Schedule**  
24 **C-3.32.**

25 A. Schedule C-3.32 eliminates state income tax expense paid to states other  
26 than Ohio for non-traditional revenues.  
27

28 **Q. Please describe the adjustment to distribution and excise tax expense on**  
29 **Schedule C-3.33.**

30 A. Schedule C-3.33 removes the Distribution and Ohio Excise (Gross Receipts)  
31 Tax Expense Riders from the revenue requirement consistent with the re-  
32 moval of the associated revenues by Columbia Witness Shaeffer. In other  
33 words, these expenses are removed as the recovery of these costs are ad-  
34 dressed separately and do not have any impact on the base rate request in  
35 this case.

1 **Q. Please describe the adjustment to PUCO and OCC tax expense on Sched-**  
2 **ule C-3.34.**

3 A. Schedule C-3.34 annualizes the Public Utilities Commission of Ohio  
4 ("PUCO") and the Office of the Ohio Consumers' Counsel ("OCC") tax as-  
5 sessments at the latest known levels. A portion of the PUCO and OCC tax  
6 assessments have been allocated to the Regulatory Assessment Rider  
7 ("RAR") based on the ratio of annualized gas cost revenue to annualized  
8 operating revenue (base revenue plus gas cost) as reflected on Schedule C-  
9 2, with the remaining annualized PUCO and OCC tax assessments recov-  
10 ered in base rates. The basis of allocation of the PUCO and OCC tax assess-  
11 ments is consistent with the computation of the RAR approved in the Com-  
12 pany's last base rate case, Case Nos. 08-0072-GA-AIR, *et al.* The updates of  
13 PUCO and OCC tax assessments in the RAR and in base rates to current  
14 assessed levels are necessary in order to reflect the PUCO and OCC tax ex-  
15 penses at representative levels that will exist when rates go into effect.

16  
17 **Q. Why is allocation to the RAR proper for ratemaking purposes?**

18 A. Allocation of a portion of the PUCO and OCC tax assessments to the RAR  
19 is in recognition of the recovery of the assessments as customers switch be-  
20 tween sales service and the CHOICE® Program. This occurs due to the fact  
21 that these assessments will increase or decrease as customers move between  
22 the sales service and the CHOICE® Program. In recognition of the fact that  
23 the PUCO and OCC tax assessments are issued annually, and to reflect the  
24 latest calendar year's ratio of gas cost revenue to total operating revenue,  
25 the Company will be updating the RAR on an annual basis, as discussed in  
26 the testimony of Columbia Witness Thompson.

27  
28 **Q. Please describe Schedule C-3.35.**

29 A. Schedule C-3.35 summarizes the federal statutory deductions adjustment.  
30 This schedule calculates the difference of flow-through tax items, including  
31 interest charges and permanent tax differences such as non-deductible busi-  
32 ness meals and entertainment, non-deductible employee stock purchase  
33 plan expenses, and non-deductible parking expenses, between test year  
34 federal income and adjusted federal income. This difference between test  
35 year flow-through tax items and adjusted flow-through items is then tax  
36 effected at the current federal income tax rate of 21 percent.

37  
38 **Q. Please describe Schedule C-4.**

39 A. Schedule C-4 presents the calculation of the Company's unadjusted and ad-  
40 justed jurisdictional income taxes for the test year ending December 31,

1 2021, at both current and proposed rates. The schedule starts with the Com-  
2 pany's operating income before taxes, which is adjusted by interest expense  
3 for rate purposes. The sum of these amounts is then adjusted by statutory  
4 tax adjustments, including permanent and temporary differences, which  
5 are detailed on workpaper C-4.1a, excess book over tax depreciation and  
6 non-Ohio state income taxes to calculate Federal taxable income. Federal  
7 taxable income is tax effected at the Federal income tax rate of 21% to cal-  
8 culate current Federal income tax expense. Deferred Federal income tax ex-  
9 pense is then calculated by tax effecting at 21% the excess of book over tax  
10 depreciation, temporary timing differences, other flow-through items from  
11 workpaper C-4.1a, and state deferred income taxes. Deferred tax expense  
12 also includes amortization of EDIT for both protected EDIT and unpro-  
13 tected EDIT and the amortization of the Federal ITC. The sum of current  
14 Federal taxes and deferred income taxes results in total Federal income tax  
15 expense.

16  
17 **Q. Please describe Schedule C-4.1.**

18 A. Schedule C-4.1 shows the calculation of Federal income expense before ad-  
19 justments.

20  
21 **Q. Are you sponsoring other tax matters?**

22 A. Yes. I am also sponsoring Attachment BAT-1, the impact to revenue re-  
23 quirement in 2024 due to the fully amortized unprotected EDIT. As men-  
24 tioned above, the TCJA, which was passed on December 22, 2017, and went  
25 into effect on January 1, 2018, lowered the Federal income tax rate from 35%  
26 to 21%. This required the Company to re-measure its ADIT balances at the  
27 new 21% rate as of December 31, 2017. The re-measurement resulted in the  
28 Company recording a regulatory liability for the net EDIT (including gross-  
29 up) on the Company's balance sheet. In 2018, the Commission (in Case No.  
30 17-2022-GA-ALT) approved the pass back unprotected (non-normalized)  
31 EDIT to customers over a six-year period.<sup>1</sup>

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<sup>1</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Alternative Form of Regulation*, Case No. 17-2202-GA-ALT, Opinion and Order at 20-21, 30 (Nov. 28, 2018); *see also id.*, Stipulation and Recommendation at 8 (Oct. 25, 2018).

1 **Q. Please explain the impact of the fully amortized unprotected EDIT on the**  
2 **current rate case.**

3 A. As depicted on Attachment BAT-1 Page 3, the six-year amortization period  
4 for non-normalized EDIT will end as of December 31, 2023. The fully amor-  
5 tized unprotected EDIT will increase Federal income tax expense included  
6 in the cost of service beginning January 1, 2024 by \$5.68M, as depicted in  
7 Attachment BAT-1, Page 2, Column 8, Line 3.  
8

9 **Q. Does the fully amortized unprotected EDIT also impact Rate Base?**

10 A. Yes. When the Company has fully amortized the unprotected EDIT balance,  
11 Rate Base would increase by \$15.62M in 2024 as compared to the date cer-  
12 tain March 31, 2021 EDIT balance as shown in Attachment BAT-1, Page 2,  
13 Column 8, Line 4. Based on the Rate of Return as shown on Schedule C-1,  
14 the Company would require an additional \$6.9M of Base Revenues due to  
15 the decrease in unprotected EDIT as shown on Attachment BAT-1, Page 1,  
16 Line 2.  
17

18 **Q. What is the total impact of fully amortized unprotected EDIT on the cur-**  
19 **rent case?**

20 A. The Commission also approved in 2018 (in Case No. 17-2022-GA-ALT) that  
21 Columbia should be authorized to adjust its base rates to reflect the elimi-  
22 nation of the reduction in base rates directly related to the pass back of un-  
23 protected EDIT upon completion of the six-year period.<sup>2</sup> Based on this au-  
24 thorization and the calculation on Attachment BAT-1, Page 1, as discussed  
25 above, the total impact of the fully amortized unprotected EDIT would re-  
26 sult in an increase in net income of \$1.2M in 2024, as shown on Attachment  
27 BAT-1, Page 1, Line 15.  
28

29 **Q. Does this complete your Prepared Direct Testimony?**

30 A. Yes, it does. However, I reserve the right to supplement this testimony.

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<sup>2</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Alternative Form of Regulation*, Case No. 17-2202-GA-ALT, Opinion and Order at 20-21, 30 (Nov. 28, 2018); *see also id.*, Stipulation and Recommendation at 8 (Oct. 25, 2018).

## 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 14th day of July, 2021, upon the persons listed below.

/s/ Joseph M. Clark

Joseph M. Clark

Attorney for

**COLUMBIA GAS OF OHIO, INC.**

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COLUMBIA GAS OF OHIO, INC.  
CASE NO. 21-637-GA-AIR  
UNPROTECTED EXCESS AMORTIZATION IMPACT TO REVENUE REQUIREMENT IN 2024  
FOR THE TWELVE MONTHS ENDED 12/31/21

ATTACHMENT BAT-1  
PAGE 1 OF 3  
WITNESS RESPONSIBLE: TRAPP

LINE NO.	DESCRIPTION	REF	PROFORMA REVENUES & EXPENSES	TY2021 to 2024 Unprotected Excess ADIT Increase Tax Expense and Rate Base	TY2021 to 2024 Unprotected Excess ADIT Impact to Proforma Revenue at Proposed Rates
				PROFORMA REVENUES & EXPENSES	PROFORMA REVENUES & EXPENSES
			\$000	\$000	\$000
1	<b>OPERATING REVENUES</b>				
2	BASE REVENUES [1]	SCH C-1	963,371	963,371	6,906
3	GAS COST REVENUES	SCH C-1	55,923	55,923	0
4	OTHER OPERATING REVENUES	SCH C-1	20,094	20,094	0
5	TOTAL OPERATING REVENUES	SCH C-1	1,039,388	1,039,388	6,906
6	<b>OPERATING EXPENSES</b>				
7	PURCHASED GAS	SCH C-1	55,923	55,923	0
8	OTHER OPERATION AND MAINTENANCE	SCH C-1	398,490	398,490	0
9	TOTAL OPERATION AND MAINTENANCE	SCH C-1	454,413	454,413	0
10	DEPRECIATION AND AMORTIZATION	SCH C-1	168,648	168,648	0
11	TAXES, OTHER THAN INCOME TAXES	SCH C-1	96,605	96,605	0
12	INCOME TAXES-STATE	SCH C-1	0	0	0
13	INCOME TAXES-FEDERAL	SCH C-1 / SCH BAT-1 PG 2	40,243	45,924 [1]	5,681
14	TOTAL OPERATING EXPENSES	SCH C-1	759,909	765,590	5,681
15	NET OPERATING INCOME	SCH C-1	279,479	273,798	1,225
16	RATE BASE	SCH C-1 / SCH BAT-1 PG 2	3,560,230	3,575,851 [2]	15,621
17	RATE OF RETURN	SCH C-1	7.85%	7.85%	7.85%
18		SCH C-1	279,478	280,704	1,226
19			(1)	6,906	1

FN 1 - Represents an increase in Federal tax expense from test year 2021 to 2024 when unprotected excess ADIT ("EDIT") amortization (6-yr) has fully reversed.

FN 2 - Represents an increase in Rate Base attributed to the decrease in EDIT due to fully amortized unprotected EDIT that was established as a result of TCJA

COLUMBIA GAS OF OHIO, INC.  
CASE NO. 21-637-GA-AIR  
UNPROTECTED EXCESS AMORTIZATION  
FOR THE TWELVE MONTHS ENDED 12/31/21

ATTACHMENT BAT-1  
PAGE 2 OF 3  
WITNESS RESPONSIBLE: TRAPP

Line No	Description	Ref								[1] Impact to COS TY2021 to 2024
			2020	Jan-Mar 2021	Apr-Dec 2021	2021	2022	2023	2024	(8) = 4 - 7
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Unprotected Property		(3,393)	(848)	(2,545)	(3,393)	(3,393)	(3,393)	-	(3,393)
2	Unprotected Non-Property		(2,288)	(572)	(1,716)	(2,288)	(2,288)	(2,288)	-	(2,288)
3	Total Unprotected Excess ADIT (EDIT) Amortization	SCH C-4	(5,681)	(1,420)	(4,260)	(5,681)	(5,681)	(5,681)	-	(5,681) to BAT-1 PG 1

Line No	Description	Ref								[2] Impact to Rate Base TY2021 to 2024
			2020	Jan-Mar 2021	Apr-Dec 2021	2021	2022	2023	2024	(8) = 2 - 7
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	
4	Unprotected	BAT-1 PG 3	(17,042)	(15,621)	(11,361)	(11,361)	(5,681)	-	-	(15,621) to BAT-1 PG 1
5	Movement = Unprotected EDIT Amortization			(1,420)	(4,260)	(5,681)	(5,681)	(5,681)	-	

FN 1 - COH Rate Case includes a benefit for net Excess ADIT ("EDIT") amortization for unprotected property and non-property that was agreed to a 6-year amortization period resulting in annual EDIT of \$5.68 million. The Company included a stub period adjustment to pass back excess amortization, including interest, for the period 1/1/2018 to 11/28/2018 resulting in a catch up of the EDIT amortization by the end of 2018. The net EDIT (benefit) for unprotected property and non-property will roll off at the end of 2023. This amount represents the increase in federal income taxes in the cost of service that impact base rates in 2024.

FN 2 - This amount represents the decrease in the ADIT/EDIT balance as of March 31, 2021 (BAT-1 PG 3 COLUMN , SUM OF LINES 1-3, 5-11, and 13-18 ) included in rate base resulting in an increase to rate base in 2024.

COLUMBIA GAS OF OHIO, INC.  
CASE NO. 21-637-GA-AIR  
UNPROTECTED EXCESS ACCUMULATED DEFERRED INCOME TAXES  
FOR THE TWELVE MONTHS ENDED 12/31/21

ATTACHMENT BAT-1  
PAGE 3 OF 3  
WITNESS RESPONSIBLE: TRAPP

Line No.	FERC Account	Description	Total 12/31/2020 (2)	Total 3/31/2021 (2)	Total 12/31/2021 (3)	Total 12/31/2022 (4)	Total 12/31/2023 (5)	Total 12/31/2024 (6)
1	190	Customer Advances	(1,592,000)	(1,459,333)	(1,061,333)	(530,667)	-	
2	190	LIFO Inventory	(1,001,200)	(917,767)	(667,467)	(333,733)	-	
3	190	Inventory CAP Costs	(182,800)	(167,567)	(121,867)	(60,933)	-	
4	Sub-Total		(2,776,000)	(2,544,667)	(1,850,667)	(925,333)	-	-
5	282	Post In-service Carrying Costs	6,007,671	5,507,032	4,005,114	2,002,557	-	
6	282	Liberalized Depreciation - Repairs/Mixed Service / Other	2,006,214	1,839,029	1,337,476	668,738	-	
7	282	Loss ACRS Retirement Property	3,253,200	2,982,100	2,168,800	1,084,400	-	
8	282	Payroll Taxes Capitalized	177,200	162,433	118,133	59,067	-	
9	282	Property Removal Costs	23,400	21,450	15,600	7,800	-	
10	282	Customer Advances for Construction	(991,000)	(908,417)	(660,667)	(330,333)	-	
11	282	Builder Incentives	(298,600)	(273,717)	(199,067)	(99,533)	-	
12	Sub-Total		10,178,085	9,329,911	6,785,390	3,392,695	-	-
13	283	Post In-service Carrying Costs - Federal Taxes	36,200	33,183	24,133	12,067	-	
14	283	Headquarter Building	313,400	287,283	208,933	104,467	-	
15	283	Post In-service Carrying Costs - Depreciation	684,200	627,183	456,133	228,067	-	
16	283	Post In-service Carrying Costs - Property Taxes	981,844	900,023	654,562	327,281	-	
17	283	Headquarter Building	(134,400)	(123,200)	(89,600)	(44,800)	-	
18	283	PIPP	7,758,200	7,111,683	5,172,133	2,586,067	-	
19	Sub-Total		9,639,444	8,836,157	6,426,296	3,213,148	-	-
20	Excess Accumulated Deferred Income Taxes		17,041,529	15,621,401	11,361,019	5,680,510	-	-



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**Case No(s). 21-0637-GA-AIR, 21-0638-GA-ALT, 21-0639-GA-UNC, 21-0640-GA-AAM**

Summary: Testimony Direct Testimony of Bryan Trapp electronically filed by Ms. Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc.