

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for )  
Authority to Amend its Filed Tariffs to ) Case No. 21-637-GA-AIR  
Increase the Rates and Charges for Gas )  
Services and Related Matters. )

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for ) Case No. 21-638-GA-ALT  
Approval of an Alternative Form of )  
Regulation. )

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for ) Case No. 21-639-GA-UNC  
Approval of a Demand Side )  
Management Program for its )  
Residential and Commercial )  
Customers. )

In the Matter of the Application of )  
Columbia Gas of Ohio, Inc. for ) Case No. 21-640-GA-AAM  
Approval to Change Accounting )  
Methods. )

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**OBJECTIONS OF  
COLUMBIA GAS OF OHIO, INC.**

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Pursuant to R.C. 4909.19(C), Ohio Adm.Code 4901-1-28(B), and 4901:1-19-07(F)(1)(a), Columbia Gas of Ohio, Inc. (“Columbia”) hereby files its objections to the Staff Report filed on April 6, 2022, in the above-referenced proceedings.

Columbia reserves the right to supplement or modify these Objections to respond to, or to contest through presentation of evidence and/or cross-examination, any additional findings, conclusions, or recommendations of the Commission Staff, or any changes in original positions taken by Staff or intervening decisions of the Public Utilities Commission of Ohio (“Commission”),

or to respond to any new opinions of the Ohio Supreme Court that occur between the issuance of the Staff Report and the closing of the record. Columbia reserves the right to object to, comment upon through testimony or cross-examination, or otherwise oppose any positions taken by the Staff that are not set forth clearly in the Staff Report or that represent changes in or modifications of positions taken or recommendation made in the Staff Report.

**1. Summary of Staff’s Recommendations. Operating Income and Rate Base. Revenue Requirements. Schedule A-1.**

Columbia objects to Staff’s recommended revenue increase in the range between \$35.1 million and \$57.5 million. Staff’s recommended revenue increase, as is further discussed in the Objections below, reflects errors, miscalculations, vagueness, and violations of regulatory and ratemaking principles. Moreover, the proposal by Staff is insufficient to provide Columbia just compensation. The end result of the Staff’s recommendation is that Columbia and its investors’ interest in a fair and reasonable return on and return of property devoted to public use would be unachievable by the Commission adopting the Staff Report.

**2. Rate Base.**

**2.1. Plant-in-Service.**

**2.1.1. Intangible.**

**2.1.1.1. Cloud Software, Schedule B-2.2**

Columbia objects to the Staff recommendation to remove from rate base all capitalized costs associated with Cloud Software in Account 30399, because Staff’s recommendation is based on an unreasonable and improper belief that a Columbia internal accounting policy “adheres more closely” to GAAP accounting guidance related to Software costs.<sup>1</sup> GAAP guidance may be a consideration when evaluating and determining regulatory treatment of business transactions. However, GAAP guidance / internal accounting policies should not override FERC prescribed guidance and account classification/recovery positions approved by the Public Utilities Commission of Ohio.<sup>2</sup>

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<sup>1</sup> Staff Report at 9.

<sup>2</sup> The Public Utilities Commission of Ohio has approved the FERC Uniform System of Accounts, not GAAP, as its method of accounting before it. *See* Ohio Adm.Code 4901:1-13-13(A).

In the December 20, 2019 guidance, FERC states that “Jurisdictional entities should record capitalized implementation costs associated with cloud computing arrangements as a utility plant asset, consistent with the Commission’s accounting requirement for internal-use software. Accordingly, jurisdictional entities should record capitalized implementation costs in Account 303 (Miscellaneous Intangible Plant), provided such costs are not specifically provided for in other utility accounts.”<sup>3</sup> This direction clearly states that FERC views these costs as capitalized in Plant accounts. This view is also shared by the National Association of Regulatory Utility Commissioners (NARUC). In a resolution adopted by NARUC on November 16, 2016, the Association’s members, including Commissioners from Ohio, encouraged state commissioners to treat cloud assets as “eligible to earn a rate of return and \* \* \* paid for out of a utility’s capital budget.”<sup>4</sup>

Cloud Computing investments have been previously reviewed and included for recovery as a Plant investment in the CEP filing recovering calendar year 2020 investment (Case No. 21-0023-GA-RDR). As part of the calendar year 2020 proceeding, Blue Ridge Consulting Services (“BRCS”) completed an audit of the CEP capital investments, including a review of total plant-in-service by account and sub-account, and audited plant-in-service to determine proper value of non-IRP investments in the Plant in Service Schedules.<sup>5</sup> In that same proceeding, Staff fully accepted the recommendations of the Audit Report, which included recovery of these cloud computing assets.<sup>6</sup> Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should “respect [its] precedents in order to assure the predictability which is essential in administrative law.”<sup>7</sup>

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<sup>3</sup> *Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*, Federal Energy Regulatory Commission, Docket No. A120-1-000 (Dec. 20, 2019) at 3.

<sup>4</sup> *Resolution Encouraging State Utility Commissions to Consider Improving the Regulatory Treatment of Cloud Computing Arrangements*, National Association of Regulated Utility Commissioners (Nov. 16, 2016).

<sup>5</sup> See *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to the CEP Rider Rate*, Case No. 21-0023-GA-RDR, Audit of the Plant in Service and Capital Expenditure Program for the 2020 Annual Adjustment to the CEP Rider Rate of Columbia Gas of Ohio, Inc. (June 15, 2021) at 19.

<sup>6</sup> See *Id.*, Staff Report (July 1, 2021) at 4.

<sup>7</sup> See *In the Matter of the Application of DP&L to Establish a Standard Service Offer in the Form of an Electric Security Plan*, Case Nos. 08-1094-EL-SSO, et al., Fifth Entry on Rehearing (Jun. 16, 2021) at ¶ 27. See also *In re Application of Ohio Power Co.*, 144 Ohio St.3d 1, 2015-Ohio-2056, ¶¶ 16-17 (“if the commission does change course, it must explain why” and the change “must be substantively reasonable”).

## 2.1.2. Distribution & General.

### 2.1.2.1.No Address Provided, Not Asset Tagged, or No Locational Data, Schedule B-2.2

Columbia objects to the recommendation to adjust line items identified as “blanket – no address,” “not asset tagged,” or “locational data not identified” from plant in service for several reasons.

First, \$15.25 million of this recommended disallowance comprises prone-to-fail riser replacements. The Commission *ordered* Columbia to replace prone-to-fail, field-assembled risers and to replace service lines that were connected to prone-to-fail, field-assembled risers.<sup>8</sup> Columbia did this work at the direction of the Commission, replacing over 292,000 prone-to-fail risers. Moreover, the specific riser replacements disallowed by Commission Staff in this proceeding were *previously* audited by Staff in Case Nos. 09-1036-GA-RDR and 10-2353-GA-RDR and were not disallowed.<sup>9</sup> Instead, these costs were approved by the Commission and have been (and continue to be) recovered through the Rider IRP rates since May 2010 and 2011, respectively. Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should “respect [its] prior precedents.”<sup>10</sup>

Second, \$3.585 million of this recommended disallowance comprises general assets that have been and continue to be recovered through the CEP Rider. These assets were placed in service between March 2014 and November 2017. The assets include tools utilized in the field, including pull back cameras for safe excavation, combustible gas indicators, pipeline locators, and mobile data terminals (MDTs), which are mounted to field employees’ trucks as laptops to access Columbia work orders and systems. MDTs, in particular, were a focus area

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<sup>8</sup> See *In the Matter of the Investigation of the Installation, Use, and Performance of Natural Gas Service Risers*, Case No. 05-463-GA-COI, Finding and Order (March 12, 2008). The Commission’s orders do not require the kind of detailed record keeping that Staff now attempts to hold Columbia to in the Staff Report.

<sup>9</sup> See *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to Rider IRP and Rider DSM Rates*, Case No. 09-1036-GA-RDR, Comments and Recommendations submitted on behalf of the Staff of the Public Utilities Commission of Ohio (March 31, 2010); see also *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to Rider IRP and Rider DSM Rates*, Case No. 10-2353-GA-RDR, Comments and Recommendations submitted on behalf of the Staff of the Public Utilities Commission of Ohio (March 28, 2011).

<sup>10</sup> *Supra* Note 7.

of the CEP Rider audit for calendar year 2018 capital. In Case No. 19-0438-GA-RDR, Blue Ridge explained that MDTs were “essentially laptops with docking stations, installed in Company vehicles to allow personnel to receive work-related information.”<sup>11</sup> Blue Ridge noted that out of the 565 MDTs and docking stations that had been purchased, 469 had been placed in service, thus Blue Ridge recommended an adjustment for those not placed in service.<sup>12</sup> In that same proceeding, Staff accepted the recommendations of the Audit Report, which included recovery of MDTs, noting that “Staff fully adopts the Blue Ridge Report.”<sup>13</sup> Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should “respect [its] prior precedents.”<sup>14</sup>

Third, for the remaining \$8.342 million of assets included in this disallowance, Columbia objects due to the fact that Columbia visited the Bangs facility during the field audit to view \$701,598.57 of these assets, and that these assets were all placed in service through mass accounting. Mass accounting, which Columbia has utilized since 2003, is standard in the utility industry and it is allowed and prescribed by the FERC Code of Federal Regulations – 18 CFR Part 201 Uniform System of Accounts as well as allowed under GAAP, NARUC, AGA/EEI and the American Power Association. While Columbia works on projects, they are captured in Account 107 (Construction Work in Progress). Projects in Account 107 maintain specific characteristics, such as invoice numbers, labor and benefit details, and journal entry support. When a project is moved to Account 101 (Plant in Service), however, the individualized data is removed, leaving, on a unit basis, the asset type, vintage, taxing county and city location. This unit-by-unit accounting of plant is industry standard for utility plant continuous property records (CPR).

Further, to tag, price, and locate every homogenous asset individually would be unduly burdensome and would require Columbia to incur significant costs, paid for by customers without any material benefit. For this reason, the utility industry adopted the practice of mass property accounting and blanket work orders.

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<sup>11</sup> *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to the CEP Rider Rate*, Case No. 19-0438-GA-RDR, Blue Ridge Audit Report (July 10, 2019) at 25.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*, Staff Report (July 15, 2019) at 4.

<sup>14</sup> *Supra* Note 7.

As it relates to all of these adjustments, Columbia objects inasmuch as Staff's proposed adjustments would hold Columbia to an unreasonable standard that is more stringent than that applied to other utilities. And, to the extent any of these capital investments have already been approved for recovery, the Commission should "respect [its] prior precedents."<sup>15</sup>

#### **2.1.2.2. Lists Not Provided, Schedule B-2.2**

Columbia objects to Staff's recommendation to adjust plant-in-service to remove certain assets identified as CPG/COH PODs Purchase because Columbia will produce, in supplemental testimony, the list of assets transferred between Columbia Gas Transmission, LLC ("TCO") and Columbia Energy Group ("CEG"), the parent company, at the time, of Columbia Gas of Ohio. This list of assets specifically shows the individual point of delivery assets transferred to Columbia from TCO, including meters, controller telemetering flow, gas sampler, valves, and superstructures. Further, these assets were also placed into service through mass accounting. Columbia objects to Staff's inappropriate treatment of mass accounting for the same reasons provided in Objection 2.1.2.1. above.

Moreover, Columbia objects to this disallowance because the assets transferred to Columbia are also being recovered in the CEP Rider. These assets were placed in service in December 2015. In Case No. 17-2202-GA-ALT, Columbia filed an application to recover assets placed in service between October 2011 and December 31, 2017. Blue Ridge Consulting Services, the Commission-approved auditor for this proceeding,<sup>16</sup> specifically audited the acquisition of TCO assets. In its Audit Report, Blue Ridge wrote, "No additional information is required. Equipment inspected is confirmed to be installed, prudent, and used and useful."<sup>17</sup> In that same proceeding, Staff accepted the recommendations of the Audit Report, noting that "Staff fully adopts the Blue Ridge Report."<sup>18</sup> Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should "respect [its] prior precedents."<sup>19</sup>

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<sup>15</sup> *Supra* Note 7.

<sup>16</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of an Alternative Form of Regulation to Establish a Capital Expenditure Program Rider Mechanism*, Case No. 17-2202-GA-ALT, Entry (May 9, 2018) at ¶ 22.

<sup>17</sup> *See Id.*, Prudence Audit of Plant in Service and Capital Expenditure Program Spending for Columbia Gas of Ohio by Blue Ridge Consulting Services, Inc. (September 3, 2018) at 51.

<sup>18</sup> *Id.*, A report by the Staff of the Public Utilities Commission of Ohio (September 14, 2018) at 7.

<sup>19</sup> *Supra* Note 7.

### 2.1.2.3.No Support Provided, Schedule B-2.2

Columbia objects to Staff's Recommendation to remove \$16,172,902 in distribution and general plant because Columbia provided adequate invoice documentation, field audit visits, and additional email correspondence to support these assets.

Initially, Columbia objects to \$14.567 million of this disallowance because Staff disallows portions of Columbia's North Columbus High Pressure System. The North Columbus High Pressure System is a key asset that serves as the transmission backbone feeding the City of Columbus and is still used and useful today. Staff specifically disallows a 20-inch pipeline at the intersection of Henderson and Kenny Roads, even though Staff and Columbia visited this intersection in person on December 17, 2021, and saw OUPS markings and a pipeline marker in the field. Staff also recommends a disallowance of a 16-inch pipeline along the Interstate-70 portion of the system, which Columbia offered to visit in person on December 17, 2021, but Staff declined. Staff followed up requesting additional evidence of these assets in February 2022, and Columbia sent a response with pictures showing these two intersections with OUPS markings.

Moreover, both of these segments of the North Columbus High Pressure System have been (and continue to be) recovered in Columbia's CEP Rider. The 20-inch pipeline segment was placed in service in April 2013 and the 16-inch pipeline segment was placed in service in October 2016. Both of these assets were included in plant in service in Case No. 17-2202-GA-ALT. In Case No. 17-2202-GA-ALT, Columbia filed an application to recover assets placed in service between October 2011 and December 31, 2017. Blue Ridge Consulting Services audited Columbia's plant in that proceeding, not disallowing these segments of pipe, and Staff "fully" adopted the Blue Ridge Report.<sup>20</sup> Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should "respect [its] prior precedents."<sup>21</sup>

Columbia also objects to the disallowance of \$502,559 related to a casing on an Accelerated Mains Replacement Project in Berea, Ohio. Columbia and Staff

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<sup>20</sup> *Id.*, A report by the Staff of the Public Utilities Commission of Ohio (September 14, 2018) at 7.

<sup>21</sup> *Supra* Note 7.

visited this casing in the field, and Columbia noted there was a discrepancy regarding the casing diameter, not the *use and usefulness* of the casing, between the CPR and Columbia's mapping system. In response to a Staff email, Columbia explained that Columbia's accounting system would be corrected to show an 8-inch casing (to match Columbia's mapping system) rather than a 4-inch casing. Columbia did not receive any further questions or requests of clarification from Staff.

Moreover, this AMRP project has been recovered in Columbia's IRP Rider. In Case No. 17-2374-GA-RDR, Columbia filed for approval of its calendar year AMRP projects, which included the Berea AMRP project. In that proceeding, Staff conducted an audit of the assets placed in service, and did not find any disallowances.<sup>22</sup> Columbia's Rider IRP rate was approved by the Commission, and Columbia has been recovering this asset in Rider IRP since May 2018.<sup>23</sup> Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should "respect [its] prior precedents."<sup>24</sup>

Finally, Columbia objects to the remaining \$1.103 million of assets because Columbia provided invoice support for all of those assets on February 2, 2022. Staff also visited the meter shop on Fisher Road in Columbus to view \$722,181.35 of the electronic measuring devices. For the remaining \$381,118.50 of assets, Columbia offered to schedule a field audit for these assets, but Staff declined. Notwithstanding the information provided, the \$1.103 million has been recovered in Columbia's CEP Rider,<sup>25</sup> in Case Nos. 19-0438-GA-RDR and 20-0049-GA-RDR, respectively. Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should "respect [its] prior precedents."<sup>26</sup>

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<sup>22</sup> *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to Rider IRP and Rider DSM Rates*, Case No. 17-2374-GA-RDR, Comments and Recommendations submitted on behalf of the Staff of the Public Utilities Commission of Ohio (March 23, 2018).

<sup>23</sup> *Id.*, Finding and Order (April 25, 2018).

<sup>24</sup> *Supra* Note 7.

<sup>25</sup> Out of the \$1.103 million of assets, \$381,118.50 were placed in service in 2019 and \$722,181.35 were placed in service in 2020.

<sup>26</sup> *Supra* Note 7.



#### **2.1.2.4.Assets Not Located for or During Field Inspection, Schedule B-2.2**

Columbia objects to the Staff Recommendation to exclude certain items purportedly not located for or during field inspections because Columbia and Staff visited this plant during the field audits, and Columbia followed up with photographic evidence to support the physical plant's use in the field for several of the assets identified by Staff.

Initially, Staff selected a work order for \$12,209 associated with a Columbia project to odorize certain points of delivery and farm taps within its system. In lieu of a physical site visit, Columbia sent an email to Staff with photographic evidence of the odorization project, which was in response to a conversation with Staff as to what photographic evidence would be sufficient to show the used and usefulness of the odorization project.

Similarly, Staff selected a blanket work order for 44 general tools and equipment throughout Columbia's service area (\$21,107) and (\$331,168). To physically view all of these assets, Columbia traveled to numerous facilities (300 Luray Drive in Westerville, 3101 North Ridge Road in Lorain, 2101 W Main Street in Springfield, 3550 Johnny Appleseed Court in Columbus, 601 Manor Park in Columbus, 843 Piatt Avenue in Chillicothe, and 2901 E Manhattan Boulevard in Toledo), showing Staff the assets in real time. And, for those assets not located at the physical shop because they were in the field, Columbia sent various follow-up emails with pictures to prove the use and usefulness of these tools.

Staff also selected a blanket work order for a boring and tapping machine (\$54,500). Columbia provided invoice support for this asset on February 2, 2022. Columbia likewise offered to schedule a field audit for this asset, but Staff declined.

Notwithstanding the information provided, \$419,028.42 of assets has been recovered in Columbia's CEP Rider,<sup>27</sup> in Case Nos. 19-0438-GA-RDR and 20-0049-GA-RDR, respectively. Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should "respect [its] prior precedents."<sup>28</sup>

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<sup>27</sup> Out of the \$419,028.42 of assets, \$66,709.92 were placed in service in 2019 and \$352,275.50 were placed in service in 2020.

<sup>28</sup> *Supra* Note 7.

For the 1996 Forklift (\$16,169) and the 2007 Borescope (\$49,197), Columbia objects to Staff's recommendation because Staff did *not* include these assets in its Field Audit sub-selection list. As such, Staff's recommended disallowance of this plant asset because it could not be located during the field audit is inappropriate.

For the remaining assets (\$126,352), please see Columbia's objection above regarding mass accounting and Columbia's unitization of assets that involves removing the address locator from assets.

#### **2.1.2.5. Not Used or Useful in Providing Gas Distribution Utility Service, Schedule B-2.2**

Columbia objects to the recommendation by Staff to remove Plant-in-Service associated with a workout facility, aerobic rooms, and locker rooms at the Company's headquarter building. First, Staff does not provide any support for the recommended disallowance, or any explanation as to how it estimated these costs. Staff also ignores the important benefits of a workout facility in the workplace. The workout facility at the Arena building was installed to both attract talent from the labor market, as well as to keep employees healthier, which can lead to lower benefits expenses for customers. Finally, the disallowances estimated by Staff have no basis and are Staff's best guess at costs to install these facilities.

#### **2.1.2.6. Assets Identified During Review Which Company Agreed to Remove or Found to be No Longer in Service, Schedule B-2.2**

Columbia objects to the recommendation to remove certain items from the plant balances not found in use during the field audit because Staff's Net Book Value adjustment is not consistent with the appropriate regulatory accounting mechanism for this proposed disallowance. The more accurate adjustment would be to retire these assets from Columbia's plant in service and utilize the actual March 31, 2021 Accumulated Depreciation Reserve balance.

Columbia believes these assets should be retired from Columbia's plant in service. When plant is removed from service, the utility retirement accounting practice is to remove the original costs from Gross Plant (Account 101) and record the offset to Accumulated Provision (Account 108). Staff's adjustment does not appropriately adjust the Accumulated Depreciation by the same \$1,688,266 as adjusted to Gross Plant. Had the Company identified these assets as no longer in

service, it would have utilized retirement accounting to remove these assets from its plant records.

#### **2.1.2.7. Asset used for all NiSource Service territories in and out of Ohio, Schedule B-2.2**

Columbia objects to Staff's recommendation to remove a pipe cutting and beveling machine at NiSource's Mount Vernon, Ohio facility from Plant in Service because the machine is owned by Columbia and included in plant. The plant balance was correctly included in rate base and depreciation and property tax expense was also included in operating expenses. As this asset is utilized by the Bangs Meter shop, Columbia bills NiSource Corporate Services Company a return on the asset value and associated property tax and depreciation expense. This billing created rental revenue that was also appropriately included in this case. As a result, the net impact of this asset is revenue offset by return and operating expenses – netting to a zero impact to the revenue requirement. Staff's adjustment results in no costs in the revenue requirement but maintains the revenue, thereby reducing revenue requirement and creating an unfair and unreasonable heads-I-win-tails-you-lose outcome for Columbia. The appropriate presentation is as filed by the Company. Or, alternatively, the asset and the rental revenue could be removed. Both create a zero impact to the revenue requirement.

Notwithstanding the information provided, the \$510,581 machine, placed in service in 2020, has been recovered in Columbia's CEP Rider since Case No. 20-0049-GA-RDR. Staff previously found these assets to be used and useful and, absent any reasonable rationale to justify changing that determination in this proceeding, the Commission should "respect [its] prior precedents."<sup>29</sup>

#### **2.1.2.8. Capitalized Incentive Compensation, Schedule B-2**

Columbia objects to this Staff recommendation because Staff's base rate adjustment related to incentive compensation attributable to financial performance represents an unexplained and unreasonable deviation from the Commission's prior determinations and, absent any reasonable rationale to justify changing those determinations in this proceeding, the Commission should "respect [its] prior precedents."<sup>30</sup> Staff's adjustment also improperly bifurcates the total capitalized compensation into amounts that are attributable to financial

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<sup>29</sup> *Supra* Note 7.

<sup>30</sup> *Supra* Note 7.

performance and those that are not attributable to financial performance. Finally, the use of incentive compensation is necessary for a business to be competitive in attracting and retaining employees.

In Columbia's last rate case,<sup>31</sup> the rate base reviewed by Staff and approved by the Commission included capitalized incentives. At that time, the entire incentive program was based on financial performance. Since that case, the Company has filed multiple IRP and CEP recovery mechanisms that include the per books capitalized incentives. There were no rate base adjustments related to incentive compensation for all approved mechanisms with capital investments through December 31, 2020, or 3 months prior to the date certain in this case and the 2021 IRP filing approved by the Commission in April 2022<sup>32</sup> included all per books capitalize incentive amounts.

To ensure clarity on this issue, the go-forward capitalized incentive attributable to financial measures issue is separate from this Staff adjustment and Columbia objection. The go-forward issue will be indirectly resolved if the Commission adopts Columbia's position in Objection 3.1.5.

### **2.1.3. Depreciation.**

#### **2.1.3.1. Depreciation Reserve, Schedule B-3.1**

Columbia objects to this Staff recommendation as Staff's underlying assumptions are based on its own estimates rather than the Company's actual depreciation reserve. Further, Staff's work papers show an erroneous elimination of \$7,033,700 of accumulated depreciation due to errors in its spreadsheet and are unaddressed by the Staff Report. Staff has also adopted an inappropriate accounting treatment for plant that should be retired. Finally, Staff's adjustment to the depreciation reserve is unreasonable as the corresponding adjustments to Plant In-Service are unreasonable.

#### **2.1.3.2. Depreciation Accrual Rates and Depreciation Expense, Schedule B-3.2**

Columbia objects to Staff's recommended composite accrual rate for Account 375.70 - Other Distribution System Structures because Staff fails to

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<sup>31</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Authority to Amend File Tariffs to Increase the Rates and Charges for Gas Distribution Service*, Case Nos. 08-72-GA-AIR, et al.

<sup>32</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval of Adjustments to its IRP and DSM Rider Rates*, Case No. 21-1185-GA-RDR, Finding and Order (Apr. 20, 2022).

properly incorporate all the components of the life estimates for the two sub-categories in Account 375.70. The development of a composite rate requires the individual components to be recovered consistently by their parameters. Major structures have an interim curve and a life span component. Staff's composite rate does not include the life span component. The inclusion of the life span component is consistent with the currently utilized rates. As presented in the Depreciation Study, the composite rate for Account 375.70 should be 2.52.

#### **2.1.4. Other Rate Base Items, Schedule B-6**

##### **2.1.4.1. Accumulated Deferred Income Taxes, Schedule B-6**

Columbia objects to Staff's recommended rejection of the Company's proposed adjustments to ADIT because Staff is utilizing non-rate base related ADIT to reduce rate base. In this case, Columbia calculated its ADIT on Schedule B-6 to include rate base ADIT and non-rate base ADIT. The non-rate base ADIT equals approximately \$20 million. With the March 31, 2022 update filing, Columbia excluded the non-rate base ADIT of \$20 million from Schedule B-6. Columbia recommends that the Commission likewise remove the \$20 million of non-rate base ADIT from Schedule B-6, which, by definition, would remove it from Schedule B-1. Therefore, Columbia recommends the Commission disregard Staff's recommendation to utilize the \$20 million of non-rate base ADIT to reduce Columbia's rate base.

##### **2.1.4.2.COVID-19 Deferral, Schedule B-6**

Columbia objects to the Staff recommendation to deny recovery of deferred COVID-19 costs because Staff's analysis unreasonably ignores the arguments raised by Columbia, and misapplies its own cited precedent. As stated in the Direct Testimony of Jeffery Gore, and as reinforced in the Staff Report, Columbia's earned rate of return is well below what was authorized in its last rate case. Staff supports its recommended denial of the deferral based on one sentence in the Finding and Order in Case No. 20-1104-GA-AAM, which requires the *tracking* of avoided costs throughout the pandemic. However, Columbia has not previously been authorized or ordered to reduce the COVID deferral values based on avoided costs. To do so fails to take into account the gross under-recovery of authorized amounts during the test year. Moreover, Columbia also objects to Staff's recommended disallowance of \$399,800 because Columbia supported these expenses in its responses to Staff data requests.

### **2.1.4.3. Environmental Remediation Expense Deferral, Schedule B-6**

#### **2.1.4.3.1. Allocation of Insurance Settlement Proceeds, Schedule B-6**

Columbia objects to the Staff recommendation that all environmental remediation costs (“ERC”) presented in this case be offset by insurance proceeds because Staff unreasonably ignores offsets to these insurance settlement proceeds. Of the \$21.7 million recovered from insurance carriers, \$2.9 million has already been accounted for to recover known and documented past non-MGP costs incurred. Another \$2.1 million was incurred for legal costs associated with the multiple settlements with the carriers, and finally the unknown future costs, such as Natural Resource Damages, tort suits, and emerging contaminants that are now just beginning to be regulated (PFAS), in the estimated percentage of 30% (\$6.5 million). Staff acknowledges that the “Company allocated \$21,727,774 of the proceeds to Columbia Gas of Ohio (COH) and suggests that these costs should be split 70-30 between MGP and non-MGP expenses after legal fees.”<sup>33</sup> Staff does not object to the 70/30% allocation or the documented legal expense. Instead, it erroneously concludes that “the Company seeks recovery for both MGP and non-MGP costs.”<sup>34</sup> However, Staff is mistaken. Columbia is not asking for non-MGP cost recovery in this case. The only non-MGP costs identified are those \$2.9 million that the insurance proceeds have been allocated to cover, unrelated to the MGP ERC costs sought to be recovered in this case.

Thus, of the \$21.7 million in insurance proceeds, there is a net of \$10.1 million available to cover deferred MGP past O&M costs. Through a 2021 year-end accounting entry, Columbia applied that amount of insurance recovery to reduce the Deferred O&M account balance. Accordingly, Columbia seeks to recover \$1,164,127 (\$11,288,244 - \$10,124,117) in deferred MGP O&M. This reduction was also shown in Columbia’s twelve-month actual update, provided to Staff on March 31, 2022.

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<sup>33</sup> Staff Report at 15.

<sup>34</sup> *Id.*

**2.1.4.3.2. Reasonable and Prudent  
Environmental Remediation Costs at Toledo I  
Land, Schedule B-6**

In reference to the Toledo I (Land) MGP site, Columbia objects to Staff's statement that the environmental remediation costs incurred were not reasonably and prudently incurred. Staff does not provide any explanation to challenge the prudence of the remediation spend. CERCLA is the foundation of Ohio EPA laws that regulate hazardous site cleanups, including identification of responsible parties. Columbia is a successor to the company that was an owner and operator of this site during a portion of its operating history and, as such, has statutory liability for the investigation and remediation of all such contamination at the site. Columbia has acted prudently and in a reasonable and responsible manner by pursuing redevelopment and utilizing experienced consultants and contractors to investigate and clean up this MGP Site.

Nor does Staff challenge Columbia's support for the amount of the MGP remediation spend at any site, except for the unexplained figure of \$54,240.<sup>35</sup> Columbia utilizes a variety of methods to ensure that the scope of investigation and, if needed, remediation work, at all MGP sites, including Toledo I, are appropriate, assuring that the resulting costs are prudent and reasonable.

**2.1.4.3.3. Authority to Capitalize Environmental  
Remediation Costs at Toledo I Land, Schedule  
B-6**

Columbia objects to Staff's conclusion that Columbia did not have authority to capitalize the Toledo I (Land) MGP site costs after the "sale" of the land. First, this was no ordinary sale of real estate. The transfer agreement stated that it was not possible to estimate a prudent cost for long-term operations of the ground water recovery and treatment system at the time of closing and that this issue would be addressed as the parties better understood long-term costs. The terms of the sale required Columbia to remain involved with the environmental remediation.

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<sup>35</sup> Staff in this proceeding requested over 1,100 invoices to review the MGP Deferral, testing 100% of all expenses deferred, and over 101 pages of invoices for Toledo I.

Second, Columbia had proposed to include these costs incurred following the sale in Deferred O&M but Staff objected.<sup>36</sup> Now Staff states that these “ERC costs incurred after the sale of the land should be considered O&M expenses,” but that “the Company has not been granted authority to defer the O&M costs.”<sup>37</sup> Staff does not explain its apparent reversal of position.

Finally, the Company did, in fact, have authority to defer these costs on its balance sheet. Contrary to Staff’s position, both Case Nos. 99-196-GA-AAM and No. 08-606-GA-AAM provide Columbia this authority. Per Case No. 99-196-GA-AAM, the remediation costs are a legal liability regarding costs to retire. Instead of including the cash requirements in the transaction, the company maintained this liability and is incurring the costs over time. As such, these costs are under the authority of this Order and could be recorded in the Accumulated Reserve account. Per Case No. 08-606-GA-AAM, as of March 2011, this site is “sold” and no longer owned by the Company. This status meets the first criterion in this order and the second criterion of being owned but no longer used and useful does not apply regardless of the definition of used and useful.

#### **2.1.4.3.4. Continuation of O&M Deferral, Schedule B-6**

Columbia objects to Staff’s recommendation that the annual deferral authority granted in Case No. 08-606-GA-AAM should be revoked because Columbia’s deferral authority is beyond the scope of this proceeding. Columbia further objects to Staff’s reasoning that the deferral is no longer necessary based on its incorrect conclusion that some insurance proceeds remain to apply to future costs. Even if insurance proceeds remained to cover some future cost, the annual deferral filing would remain an appropriate process to keep the Commission apprised of the status of the Columbia’s MGP clean-up program, allowing the prudence of expenses incurred to be examined after exhaustion of any insurance. Moreover, Columbia remains exposed to potential future liability related to MGP sites.

Columbia’s current reserve for future remediation at the 14 MGP sites identified in Mr. Okin’s prepared direct testimony is approximately \$24 million. Many of the MGP remediation projects have contracts in place and investigation

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<sup>36</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Defer Environmental Investigation and Remediation Costs*, Case No. 08-606-GA-AAM, Objections Submitted On Behalf of The Staff of the Public Utilities Commission of Ohio (January 5, 2012).

<sup>37</sup> Staff Report at 15.



activities and/or remediation in progress or are soon to be starting. The \$24 million reserve was set based on outside consultants' site data analysis, pre-investigation, cost modeling, and/or ongoing response actions. It would be unreasonable to suddenly change course, deny deferral treatment, and prematurely make a determination regarding recovery of these costs. Moreover, under the deferral authority granted by the Commission, Columbia recorded balance sheet deferrals to offset this \$24 million liability. If the deferral authority is removed, then Columbia will no longer be able to defer these costs on its books and Columbia would be forced to take a one-time charge to income of \$24 million, unnecessarily causing Columbia immediate significant financial harm. Staff offers no reason for departing from the Commission's past finding that "these environmental investigation and remediation costs are necessary business costs incurred by Columbia in compliance with Ohio regulations and federal statutes."<sup>38</sup> Columbia is diligently remediating these sites pursuant to law and priority based on risk to human health and the environment.

#### **2.1.4.4. Pension and OPEB Deferral, Schedule B-6**

Columbia objects to the recommendation to cease deferral of pension expenses because Staff's analysis unreasonably and erroneously ignores past precedent. In its Report, Staff indicates that although pension expense may vary year-to-year in the future, all expenses and revenues will invariably differ from amounts in base rates. As a result of this erroneous position, Staff does not find it reasonable to grant authority due to costs being higher or lower than base rates in a given year. This ignores the fundamental purpose for the previously approved pension deferral, which still exists today.

Staff notes the existing authority was granted, in part, based on "the combination of the market and unusually low test year pension and OPEB expenses."<sup>39</sup> The return on plan assets based on events in the market is still applicable today. The pension trust fund assets are still subject to fluctuations in the stock market as well as the impact of the year-to-year pension expense incurred by the Company. Additionally, pension expense is impacted by changes in the long-term interest rates. All of these items are outside the company's control.

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<sup>38</sup> *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Defer Environmental Investigation and Remediation Costs*, Case No. 08-606-GA-AAM, Finding and Order (September 24, 2008) at ¶ 9.

<sup>39</sup> Staff Report at 16.

The deferral mechanism is a balanced approach to allow for risk mitigation to both customers and the company for items that are outside the company's control.

### **3. Operating Income.**

#### **3.1. Current Adjustments.**

##### **3.1.1. Annualized Base, RAR, IRP, & CEP Revenue, Schedule C-3.1, Schedule E-4, and Schedule E-4.1**

Referring to Schedule E-4, Pages 1-3 (Revenue at Current Rates), Columbia objects to Staff's changes to the corresponding work paper WPC-3.1a utilized in the adjustment calculation of Schedule C-3.1 because Staff made the following computational errors, misapplications of data, and/or erroneous assumptions.

##### **3.1.1.1. Number of Bills, Schedule C-3.1, Schedule E-4, and Schedule E-4.1**

Even though Columbia objects to Staff's proposal to implement proration (see Columbia Objection No. 5.1.2), Columbia objects to Staff's inclusion of final bill counts in Schedule E-4 because Staff neglected to prorate monthly fixed charges when rates are implemented. As such, the revenue at current rates in Schedule E-4 derived by Staff has been overstated by \$10,607,939 (\$4,971,195 - monthly customer charge, \$3,793,871 - IRP Rider, and \$1,842,873 - CEP Rider).

##### **3.1.1.2. Annual Volumes, Schedule C-3.1, Schedule E-4, and Schedule E-4.1**

Columbia objects to Staff's volumes in its Schedule E-4 due to an administrative error that was identified by Columbia in its response to the supplemental response to Staff Data Request Set 1, No. 24 but still utilized by Staff in its calculation of revenues at current rates. Columbia identified this difference in the volumes for the SGS and GS-DSS rate schedules, causing an understatement of DSS Commercial volumes by 1,587,509.7 Mcf and revenue of \$1,415,381

##### **3.1.1.3. Annual Revenues, Schedule C-3.1, Schedule E-4, and Schedule E-4.1**

Columbia objects to Staff's inclusion of annualized revenues related to the Regulatory Assessment Rider (RAR) because Staff proposed to eliminate the RAR

mechanism and include the RAR in base rates. Staff's inclusion has overstated annualized revenues for the RAR at current rates by \$162,140. Additionally, Columbia objects to Staff's proposal because it would subject CHOICE customers to paying twice for costs recovered through the RAR.

Columbia objects to the Other Gas Department Revenues presented on Schedule E-4, Pages 1-3 because Staff did not update this Schedule to reflect its recommendation.

Columbia objects to Staff's adjustment of test year revenue to reflect billing determinants (i.e., numbers of bills and annual volumes by rate class) as of September 30, 2021. The use of test year billing determinants presented in the Application and supporting testimony is more appropriate, and Staff arbitrarily adopted the use of the September 30, 2021 billing determinants. Further, the billing determinants used by Staff are inappropriately adjusted or misstated to include impacts from other Staff recommendations that are also opposed by Columbia, including the issue of proration of monthly customer charges and the exclusion of transferred customers associated with the change in the volumetric breakpoint between the SGS/SGTS/FRSGTS and GS/GTS/FRGTS rate classes proposed by Columbia

Volume errors described above in Schedule E-4 (having impact on the base revenue, IRP, CEP and Regulatory Assessment Rider revenue annualization on Schedule C-3.1) also have an impact on the annualization adjustment of gas cost.

### **3.1.2. Elimination of O&M Tracker Expenses, Schedule C-3.12**

#### **3.1.2.1. Capping Annual Amounts Eligible for Recovery, Schedule C-3.12**

Columbia objects to Staff's recommendation that it cap the annual budget at 2022 budget levels. Columbia developed a proposed plan for 2023 – 2027 that included a modest 2% annual cost increase for inflation, while the current rate of inflation over the same period of time is estimated at 2.4%. No one disputes that costs will increase over time, and recent history even shows inflationary increases above ordinary levels of inflation. Many of Columbia's program contractors include cost-of-living inflationary increases in their contracts. Material costs also are rising. Without any increase for inflation, as costs increase over time, Columbia may need to provide fewer customers with program services each year to remain within the flat, capped budget. Reducing the budget from the proposed levels to the 2022 budget level may also reduce program savings and customers served

targets as the initial plans were developed at a higher budget level. Reducing the five-year budget could also result in reduced functionality of programs if Columbia has less to invest in added features. This could have impacts on program savings and customer experience.

Columbia further objects to the cap to the extent Staff is recommending an end to Columbia's ability to carry any unspent budget from one calendar year forward to future calendar years. Columbia proposed a total five-year term (through December 2027), and the portfolio was modeled to be cost-effective as shown in Appendix A to the Application. Columbia requires the ability to adjust to variations in program needs from one year to the next to ensure it can still meet its energy savings goals. This allows Columbia to maximize program performance and customer benefits while efficiently spending its budget.

#### **3.1.2.2. Discontinuation of Shared Savings Incentive Program, Schedule C-3.12**

Columbia objects to this Staff recommendation because the shared savings incentive provides Columbia an incentive for effectively and efficiently managing the programs and for meeting the ambitious program savings targets. The shared savings is not guaranteed, and Columbia proposed to be able to earn shared savings only if it meets or exceeds its proposed natural gas savings targets. Columbia also increased its natural gas savings targets by over 40%, on average. The shared savings incentive is a reasonable incentive that balances the benefits of the DSM Program to Columbia's customers and the benefits to Columbia. Maintaining this incentive would be particularly appropriate should the Commission adopt Staff's recommendation to decrease Columbia's proposed five-year total budget over Columbia's objection.

#### **3.1.2.3. Removal of WarmChoice® Program Expenses from Base Rates, Schedule C-3.12**

Columbia objects to this Staff recommendation because the low-income qualified customers of WarmChoice®, an award-winning program in operation for the past 35 years, will be best served by maintaining the \$7.1 million of funding in base rates. Recovery of program costs through base rates has been the Commission-approved practice since at least 1994.<sup>40</sup> The separation in funding from the DSM Rider assures customers, and the contractors who make the

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<sup>40</sup>*In the Matter of the Application of Columbia Gas of Ohio, Inc. for Authority to Amend Filed Tariffs to Increase the Rates and Charges for Gas Service, Opinion & Order (Sept. 29, 1994).*

program a success, that a dedicated level of funding is set aside for WarmChoice® separate from the funds for all other DSM programs. Columbia's flexibility to shift funding between and within programs to maximize overall DSM program performance does not apply to the \$7.1 million in base rates. Experienced WarmChoice® program contractors, which Columbia relies upon every year to maintain the success of the program, may begin to question their commitment to the program if the base rate set-aside of funding for WarmChoice® is eliminated and instead commingled with all other DSM funding. Columbia believes there is value in providing continuity of program services to ensure that income-qualified customers can continue to be served through the program even if the Commission does not approve a DSM Program Rider.

### **3.1.3. O&M Expense Exclusions, Schedule C-3.13**

Columbia objects to Staff's lobbying adjustment of \$78,000. Lobbying costs recorded above-the-line were addressed by Columbia and reclassified below-the-line within the test year in Columbia's update to actuals provided to the parties on March 31, 2022, and therefore are not included in Columbia's test year O&M expense. Additionally, any other above-the-line lobbying expenses were either reclassified below-the-line within the test year, or removed from the Company's actual Cost of Service update on March 31, 2022.

Columbia objects to Staff's removal of the purchase of a storage shed in the amount of \$6,519, as the adjustment removes an expense that occurred outside of the test year. As explained in Columbia's response to Staff Data Request Set 1, No. 121, the purchase of the shed was recorded to O&M expense on Columbia's books in December 2020. This is further evidenced in Columbia's actual Cost of Service update, which did not include the cost of the storage shed.

Columbia objects to Staff's removal of a donation to a church in the amount of \$161, as the adjustment removes an expense that occurred outside of the test year. As explained in Columbia's response to Staff Data Request Set 1, No. 121, the donation was recorded to O&M expense on Columbia's books in November 2020. This is further evidenced in Columbia's actual Cost of Service update provided to the parties on March 31, 2022, which did not include the cost of this donation.

Columbia objects to Staff's removal of a donation to a church in the amount of \$160 recorded to O&M Expense in January 2021, because the donation was removed from the Company's actual Cost of Service update filed on March 31, 2022.

### **3.1.4. Annualized Labor Expense Adjustment, Schedule C-3.14**

Columbia objects to Staff's adjustment to test year labor expense because Staff's approach disregards the annualization of labor for Columbia employees, and thereby is not reflective of the on-going level of labor O&M expense that will be experienced by Columbia. Columbia further objects because Staff's approach to labor expense understates labor costs for full-time and part-time employees, as a result of Staff's use of straight-time pay and understatement of overtime and premium pay. Staff's approach is further objectionable as it ignores Columbia's known and measurable union wage and merit increases, which were included in Columbia's March 31, 2022 actuals.

#### **3.1.4.1. Labor for Active Full-Time Columbia Gas of Ohio Employees, Schedule C-3.14**

Staff's first adjustment to labor O&M expense utilizes a basis of straight-time pay (i.e., the regular active, non-productive, and vacation hours/pay reflected on an employee's paycheck) for the month of October 2021 to calculate an average hourly rate for each active full-time Columbia employee. Staff then multiplied the calculated hourly rates for each full-time employee by a traditional 40-hour work week, and 52 weeks in a year, to arrive at an annual level of labor cost. Staff's approach incorrectly assumes that *all* full-time Columbia employees are paid hourly. This creates an understatement of labor costs for salaried employees, as salaried employees are not required to separately report overtime hours.

In addition, Staff's position also removes Columbia's known and measurable union wage and merit increases that went into effect during the first quarter of 2022. These increases, which include the base wage increase for the Toledo Union (Utility Workers Union of America No. 349) effective January 20, 2022, and a base wage / merit increase for all other employees effective March 1, 2022, are reflected in Columbia's actual Cost of Service update provided on March 31, 2022.

Unlike Staff's proposal, Columbia's inclusion of post-test year known and measurable wage / merit increases is consistent with the methodology approved in the Company's last base rate case, Case No. 08-72-GA-AIR.

### 3.1.4.2.Labor for Active Part-Time Columbia Gas of Ohio Employees, Schedule C-3.14

Staff's second adjustment to labor O&M expense recommends a normalized level of cost for active part-time Columbia employees based on a historical three-year average of straight-time pay (2019 – 2021, with 2021 calculated by Staff utilizing year-to-date October 2021 straight-time pay for part-time employees divided by 10 months, and multiplied by 12 to arrive at an annual level of labor cost for the test year).

Staff's proposed use of straight-time pay does not properly reflect any differences in timing of events that may affect an employee's pay (e.g., the hire date, effective date of a promotion, vacancies) and for the date when an employee's paycheck is issued. The straight-time pay method also creates an understatement of the Company's on-going labor, and does not take into account the annual base salaries to be paid to Columbia's active employees at the end of the test year.<sup>41</sup>

This proposal also removes any annualization of actual union wage or merit increases for the part-time employees that occurred during the normalization period, including the test year. Staff's proposal further removes the known and measurable union wage and merit increases that went into effect during the first quarter of 2022. Lastly, Staff has not explained why part-time Columbia employee labor should be treated differently from full-time employee labor. Notably, Staff did not treat part-time NiSource Corporate Services Company employees differently from full-time employees in its position regarding labor allocated to Columbia. Therefore, Staff's position is inconsistent in its labor expense recommendation.

Unlike Staff's proposal, Columbia's proposed basis to reflect annual base salaries for all active Columbia employees at the end of the test year, December 31, 2021, and any post-test year known and measurable wage / merit increases, is consistent with the methodology approved in the Company's last base rate case, Case No. 08-72-GA-AIR.

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<sup>41</sup> See Columbia's Confidential Response to Staff Data Request Set 1, No. 9. See also Columbia's actual Cost of Service update filed on March 31, 2022.

#### **3.1.4.3. Overtime and Premium Labor for Active Columbia Gas of Ohio Employees, Schedule C-3.14**

Staff's third adjustment to labor O&M expense advises use of a historical three-year average for overtime and premium pay for active Columbia employees (2019 – 2021, with 2021 calculated by Staff utilizing year-to-date October 2021 overtime and premium pay divided by 10 months, and multiplied by 12 to arrive at a calculated test year annual level of labor cost). Again, Staff's proposed use of historical overtime and premium pay does not properly reflect any timing differences between events that affect an employee's pay during the month / period (e.g., the hire date, effective date of a promotion, vacancies) and for the date when the employee's paycheck is issued.

This method also creates an understatement of the Company's ongoing annualized level of overtime and premium pay labor, as it does not take into account annual wage / merit increases paid to Columbia's active employees during the normalization period, including the test year. Staff's position additionally excludes the known and measurable union wage and merit increase that went into effect during the first quarter of 2022.

Unlike Staff's position, Columbia's proposed level of normalized historical three-year overtime and premium pay based on a ratio to gross payroll and applied to the annualized adjusted test year end pro forma base salaries as presented in the actual Cost of Service update, is consistent with the overtime and premium pay methodology approved in the Company's last base rate case, Case No. 08-0072-GA-AIR.

#### **3.1.4.4. Other changes to Columbia Gas of Ohio Employees' Labor Annualization, Schedule C-3.14**

Staff's position on recovery of Labor O&M expense for Columbia employees does not reflect the update to the Labor O&M Experience Factor reflected in Columbia's actual Cost of Service update.

#### **3.1.5. Incentive Compensation Adjustment, Schedule C-3.15**

Columbia objects to Staff's recommendation to remove incentive compensation based on financial metrics such as earnings per share because the excluded expense related to financial performance metrics allows Columbia to offer competitive compensation packages to attract and retain a qualified and



experienced workforce, which directly benefits customers. Staff's proposed exclusion would set compensation expense for Columbia's employees at a below market rate and impede Columbia's ability to attract and retain employees with the skills and experience needed to provide service to customers efficiently and effectively.

Staff's position is also counter to current base rate recovery of the Company's incentive program approved by the Commission in Case No. 08-72-GA-AIR, which was established entirely on the Company's financial goals.

Additionally, Staff's adjustment ignores Columbia and NCSC's increased headcount since calendar year 2020. Staff recognizes the calendar year 2020 incentive compensation, but fails to adjust this incentive compensation to reflect the additional employees (including those employees' base salary, wage increases, and merit increases) being eligible for short-term incentives in calendar year 2021. As such, Staff understates Columbia's revenue requirement.

### **3.1.6. Annualized Employee Benefits Expense, Schedule C-3.16**

Columbia objects to Staff's adjustment as it does not take into account the increase in employee insurance plans and thrift (401K) benefits costs associated with the increase in Columbia's headcount occurring within the test year, nor does Staff annualize employee benefit expense. Further, Staff ignores support provided by Columbia in response to Staff data requests and in Columbia's actual Cost of Service updates which proves the known and measurable increase to pension expense. Staff unreasonably and without support utilizes the twelve months ended employee benefits expenses as of October 2021 when adjusting OPEB and FAS 112, which ignores a non-cash accounting event.

#### **3.1.6.1. Employee Insurance Plans and Thrift**

Columbia objects to Staff's position to reflect employee benefits expenses as of twelve-months ended October 2021 as it does not recognize the increase in employee insurance plans and thrift (401K) benefits costs associated with the increase in Columbia's headcount that occurred during the test year as evidenced in responses to Staff data requests (CONFIDENTIAL Staff Data Request Set 1, No. 9), and in Columbia's actual Cost of Service update (Schedule C-9.1, Pages 2 through 9). The Company benefit programs are essential in attracting and retaining qualified employees. Additionally, by not reflecting the annual rate year level of employee benefits expense for calendar years 2020 through 2026, Staff also

removes any anticipated increase in employee insurance plans to occur in the rate year and beyond (*see* response to Staff Data Request Set 1, No. 58).

### **3.1.6.2.Pension**

Columbia objects to Staff's position on Pension Expense, as it does not recognize the known and measurable change that is anticipated to occur during the rate year and beyond, as provided in Columbia's response to Staff Data Request Set 1, No. 58, and included in Columbia's actual Cost of Service update. Nor does it recognize the volatility in Pension Expense that has occurred in recent years as evidenced in Columbia's response to Staff Data Request Set 1, No. 2.

### **3.1.6.3.OPEB**

Staff's position of utilizing twelve months ended employee benefits expenses as of October 2021 does not appropriately consider the Company's position presented in the Direct Testimony of Columbia witness Gore, which explained that the accrued OPEB expense is a non-cash accounting event. Columbia's position of establishing \$0 cost recovery for OPEB Medical and Group Life (OPEB Group Life having also been reflected as \$0 in Columbia's actual Cost of Service update) aids to eliminate negative cash implications to the Company.

### **3.1.6.4.FAS 112**

Staff's recommendation to utilize twelve-months ended employee benefits expenses as of October 2021 does not recognize the expense as a non-cash accounting event. Columbia's position of establishing \$0 cost recovery for FAS 112 aids to eliminate negative cash implications to the Company.

### **3.1.6.5.Thrift (401K)**

Staff's position of utilizing twelve-months ended employee benefits expenses as of October 2021 does not recognize the increase in Columbia's headcount during the test year evidenced in Columbia's response to CONFIDENTIAL Staff Data Request Set 1, No. 9, and in Columbia's actual Cost of Service update (Schedule C-9.1, Pages 2 through 9). Increases in headcount, along with base salary wage and merit increases, discussed above in the objections to Schedule C-3.14, are directly correlated to the increase in the Company's contributions to employees' 401Ks.

Additionally, Staff's position on recovery of labor O&M expense for Columbia Gas of Ohio employees does not reflect the update to the Labor O&M Experience Factor reflected in Columbia's actual Cost of Service update.

### **3.1.7. Columbia Headcount Complement, Schedule C-3.17**

Columbia objects to Staff's recommendation to adjust Columbia labor by removing the headcount adjustment for the reasons discussed in Objection 3.1.4. Staff's approach disregards the annualization of labor, and thereby is not reflective of the on-going level of labor, incentive, benefits, and clearing O&M expense that will be experienced by Columbia in the rate year for the employees who were hired between April 1, 2021, and December 31, 2021, as well as those positions anticipated to be hired prior to the implementation of rates as a result of this case, as submitted in Columbia's actual Cost of Service update.

### **3.1.8. Corporate Insurance Expense, Schedule C-3.18**

Columbia objects to Staff's recommendation to include in the corporate insurance expense calculation funds related to the travel accident and medical stop loss 2020 true-ups because that true-up is out-of-period, per the invoice provided in Columbia's response to Staff Data Request Set 1, No. 33, Attachments A and F. Columbia's adjustment included in its Application, as well as in the actual Cost of Service update, removes any prior period true-up entries recorded during the test year. Additionally, Staff's position utilizes the 2020 / 2021 Annual Premiums allocated to Columbia and does not include the latest known 2021 / 2022 Annual Premiums provided in Columbia's actual Cost of Service update.

### **3.1.9. Normalize Uncollectible Accounts Expense, Schedule C-3.19**

Columbia objects to Staff's recommendation to normalize uncollectible expenses associated with LGS/LGTS/FRLGTS customers because Staff makes no change to the adjustment included in Columbia's Application, which was based on a three-year normalization of actual expense for calendar years 2017 through 2019. This adjustment was updated in Columbia's actual Cost of Service update to reflect a three-year normalization of actual expense for calendar years 2019 through the test year (2021).

### 3.1.10. Safety Operations O&M Expense Adjustment, Schedule C-3.20

Columbia objects to this Staff recommendation to remove the known and measurable field/system operations technical training costs adjustment. Training of current and newly-hired employees, which may include refresher training, training on new or revised gas standards, and training on new technologies or equipment to maintain safe and reliable service for Columbia's customers, is imperative to Columbia's efforts to ensure the distribution of safe and reliable service. The Staff Report also appears to mischaracterize the technical training costs as being associated with the Cross Bore Program, which are two separate pro forma adjustments with no correlation. As explained in the Direct Testimony of Columbia witness Ayers, field/system training includes costs associated with "incremental hours Columbia's field employees will be training in 2022" and "employee expenses to cover travel costs to and from the Gahanna training center."<sup>42</sup> The field/system operations technical training costs include the development of the training curriculum for current and new Columbia Gas of Ohio M&R technicians and Construction positions specific to the equipment, technology, and gas standards used by Columbia Gas of Ohio.

Columbia also objects to Staff's recommendation not to expand the Cross Bore Program as it is an integral part of Columbia's accelerated effort to comply with its DIMP requirements. Staff does not provide any reasoned basis for its recommendation. Cross Bores have been ranked as one of Columbia's top risks since the inception of the program in 2015 and must eventually be remediated. Since 2015, Columbia has identified and remediated over 800 Cross Bores and believes this number would rise if the inspection rate were enhanced. Additional resources would provide additional safety to the customers and communities we serve by more quickly inspecting, identifying and remediating Cross Bores.

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<sup>42</sup> Prepared Direct Testimony of Donald Ayers at p. 1

**3.1.11. NiSource Corporate Services O&M Expense Adjustment,  
Schedule C-3.21**

**3.1.11.1. NiSource Corporate Service Company (NCSC)  
O&M Exclusions, Schedule C-3.21**

Columbia objects to Staff's adjustment of \$61,430 for expenses incurred prior to the test year. Expenses incurred prior to the test year were not included in the Company's Cost of Service.

Columbia objects to Staff's dues and memberships adjustment of \$50 because this above-the-line item was addressed by Columbia and removed from the Cost of Service in the update of actuals.

Columbia objects to Staff's dues and memberships adjustment of \$2,736 as this is a recurring annual expense.

Columbia objects to Staff's paperless billing customer giveaway campaign adjustment of \$2,370 because these costs were removed from the Company's actual Cost of Service update.

Columbia objects to Staff's removal of Hallmark cards for customer outreach of \$7,682, as this is a method of follow-up and outreach to customers by Customer Care Center Representatives following account / service inquiries. Examples of the Hallmark cards were provided in Columbia's filing Application, Supplemental Information at Filing C-15.

Columbia objects to Staff's lobbying adjustment of \$74 because the lobbying costs recorded above-the-line were addressed by Columbia and removed from the actual Cost of Service update.

**3.1.11.2. NCSC Allocated Labor and Payroll Taxes,  
Schedule C-3.21**

Columbia objects to Staff's recommendation as this approach disregards the annualization of labor and payroll tax expense allocated to Columbia for NCSC employees, and thereby is not reflective of the on-going level of labor O&M expense that will be experienced by Columbia in the rate year.

**3.1.11.2.1. Labor Allocated to Columbia for Active Full-Time and Part-Time NCSC Employees (except Customer Service Representatives, or CSRs), Schedule C-3.21**

Staff's adjustment utilizes straight-time (in other words, the regular active, non-productive and vacation hours/pay reflected on an employee's paycheck), overtime and premium pay for twelve-months ended October 2021, with a two-percent increase for the months of November 2020 through February 2021, with the exception of certain (but not all) Customer Service Representative positions.

Staff's proposed use of straight-time pay improperly reflects any timing that occurs with an employee's paycheck during the month / period such as the hire date for a new employee, effective date of a job promotion, vacancies, etc., and timing for when an employee's paycheck is issued. Staff's approach of calculating an annual level of labor for active full-time and part-time employees utilizing a straight-time hourly pay method creates an understatement of the Company's ongoing labor, and does not take into account the annual base salaries to be paid to Columbia's active employees at the end of the test year, December 31, 2021, which Columbia provided to Staff in CONFIDENTIAL Staff Data Request Set 1, No. 10, and reflected in Columbia's actual Cost of Service update.

This proposal also removes annualization of the actual union wage or merit increase increases for employees that occurred during the test year, however as Staff included only a two-percent increase opposed to the full percentage increase approved in the test year. Staff does not provide a basis or explanation of its use of a two-percent increase. Staff's position also removes the known and measurable union wage and merit increase that went into effect during the first quarter of 2022. Columbia's proposed basis to reflect annual base salaries for all Columbia Gas of Ohio active employees at the end of the test year, December 31, 2021, and any post-test year known and measurable wage / merit increases, is consistent with the methodology approved in the Company's last base rate case, Case No. 08-72-GA-AIR.

**3.1.11.2.2. Labor Allocated to Columbia for Active Full-Time and Part-Time NCSC CSRs, Schedule C-3.21**

Staff's adjustment utilizes straight-time, overtime, and premium pay for the twelve months ending October 2021 for active Customer Contact Center positions

with job titles of Customer Service Representative 1, 2, 3 or 4, and applies a two-percent increase for the months November 2020 through September 2021.

There are four issues with Staff's position: 1) the population of CSR job titles used for the adjustment; 2) use of straight-time pay; 3) annualization of the 2021 and 2022 merit increases; and 4) annualization of the October 1, 2021 CSRs' base wage increase.

First, Staff has limited its adjustment to the specific CSR job titles and excluded CSR positions that received a merit increase in the test year, specifically Bilingual CSR 1, Bilingual Remote CSRs, Remote CSRs, and Senior CSRs. By limiting the CSR population, Staff's position does not properly reflect the appropriate level of on-going labor expense for all CSRs.

Second, by utilizing base pay, Staff's adjustment reflects the paychecks issued to active NCSC CSR employee sub-group during the twelve-month period ended October 2021, and any timing resulting from an employee's hire date and issuance of their paycheck. For example, for any new employees hired at the beginning of the test year (January 1, 2021), Staff has included only 10 months of the employee's labor O&M expense rather than an annual (12 months) on-going level of expense to be experienced in the rate year. Staff's approach of calculating an annual level of labor for active full-time and part-time employees utilizing a straight-time hourly pay method creates an understatement of the Company's on-going labor, and does not take into account the annual base salaries to be paid to Columbia's active employees at the end of the test year, December 31, 2021, provided to Staff in CONFIDENTIAL Staff Data Request Set 1, No. 10, and reflected in Columbia's actual Cost of Service update.

Third, Staff's proposal removes annualization of the actual merit increases that occurred during the test year as Staff included only a two-percent increase opposed to the full value of the increase approved on March 1, 2021. Staff also did not provide a basis or explanation of its use of a two-percent increase. Staff's position further removes the known and measurable merit increase that went into effect during the first quarter of 2022.

Fourth, as to the October 1, 2021 CSRs' base wage increase, Staff's adjustment also neglects to reflect a full twelve months of the hourly rate increase, and includes a one-month, or a partial month's increase due to the timing of costs that occur with use of payroll opposed to base salaries discussed above, by use of straight-time pay for October. Columbia provided explanation and support for the CSRs base wage increase in the Supplemental Testimony of Columbia witness

Cartella, and in discovery and responses to Staff data requests. Columbia's proposed basis to reflect annual base salaries for all Columbia Gas of Ohio active employees at the end of the test year, December 31, 2021, and any post-test year known and measurable wage / merit increases, is consistent with the methodology approved in the Company's last base rate case, Case No. 08-72-GA-AIR. Additionally, Columbia notes that Staff's position does not reflect the update to Columbia's allocation of NCSC labor, the NCSC allocated Labor O&M Experience Factor for Columbia, or the Payroll Tax Experience Factor at the end of the test year reflected in Columbia's actual Cost of Service update.

**3.1.11.3. NCSC Allocated Employee Medical Insurance Benefits and Thrift Plan (401K) Expenses, Schedule C-3.21**

Staff's position of utilizing actual twelve months ending December 31, 2021 NCSC allocated employee benefits expenses adjusts Columbia's test year budget period of April to December 2021 to reflect actual expense, therefore equating to no adjustment to the test year level of expense. By making no adjustment to Columbia's NCSC allocated Employee Medical Insurance Benefits, Staff's position is also inconsistent with its recommendation to reflect labor for the period twelve-months ending October 2021. More importantly, Staff's recommendation does not recognize the increase in employee insurance plan costs associated with the increase in NCSC's headcount included in Columbia's actual Cost of Service update and herein Attachment TLS-6-S, specifically Schedule C-9.1, Page 10, along with base salary wage and merit increases. As Staff's recommendation does not contemplate the increase in NCSC's headcount, along with base salary wage and merit increases that occurred in the test year, it is also not representative of Columbia's on-going level of NCSC allocated thrift plan expense. Columbia maintains its position to utilize the test year Employee Benefits Experience Factor as applied to the level of annualized on-going NCSC labor O&M expense.

**3.1.11.4. NCSC Allocated Incentive Compensation, Schedule C-3.21**

As discussed in Columbia's Objection 3.1.5., Staff's position on incentive compensation does not take into consideration that the excluded expense related to financial performance metrics allows Columbia to offer competitive compensation packages to attract and retain a qualified and experienced workforce, which directly benefits customers. Staff's exclusion of the incentive compensation would set compensation expense for Columbia's employees at a



below market rate and impede Columbia's ability to attract and retain employees with the skills and experience needed to provide service to customers efficiently and effectively.

Additionally, Staff's basis of providing Columbia with recovery of only non-financial performance metrics incentive compensation was the level of incentive compensation paid in the test year (February/March 2021) for employee performance in calendar year 2020. As such, Staff's position not only removed the financial performance metrics, but also removed the known and measurable base salary wage and merit increases that occurred in the test year and in the first quarter of 2022, upon which employees' incentive compensation is based.

Staff's position is also counter to current base rate recovery of the Company's incentive program per the Commission's orders in Case No. 08-72-GA-AIR, which was based entirely on the Company's financial goals. Staff's recommendation further removes the known and measurable merit increase that went into effect during the first quarter of 2022, which impacts the rate year level of incentive compensation. As the calculation of an employee's awarded incentive compensation is based on the employee's annual base salary plus overtime for hourly employees, multiplied by a performance ratio, it is appropriate to reflect any corresponding base salary increase to the level of incentive compensation to be experienced in the rate year.

Additionally, Staff's position does not reflect the update to Columbia's allocation of NCSC labor, or the NCSC allocated Labor O&M Experience Factor for Columbia, reflected in the actual Cost of Service update.

#### **3.1.11.5. NCSC Allocated CSRs Base Salary Increase, Schedule C-3.21**

Staff's adjustment utilized base pay for Customer Service Representative (CSR) positions with job titles of Customer Service Representative 1, 2, 3, or 4, for the twelve months ended October 2021, with a two-percent increase. As discussed previously, Staff additionally limited its adjustment to specific CSR job titles rather than including all CSR positions that received a merit increase in the test year. Staff's adjustment failed to recognize annual base salaries for the NCSC CSR employees at the end of the test year, December 31, 2021, which was provided to Staff in CONFIDENTIAL Staff Data Request Set 1, No. 10, and reflected in Columbia's actual Cost of Service update provided on March 31, 2022. Staff also neglected to include the known and measurable merit increases that occurred on March 1, 2021, and March 1, 2022. Staff's approach disregards the annualization of

labor, and thereby is not reflective of the on-going level of labor O&M expense that will be experienced by Columbia in the rate year.

Additionally, Staff's approach neglects to include an annualized level of the October 1, 2021 CSRs base wage increase, and includes one month, or less, by the use of straight-time pay for twelve-months-ended October. Staff recommendation also ignores As previously discussed, Staff's proposed use of straight-time pay does not properly reflect any differences in timing of events that may affect an employee's pay (e.g., the hire date, effective date of a promotion, vacancies) and for the date when an employee's paycheck is issued. Columbia provided explanation and support for the CSRs base wage increase in the Direct Testimony of Columbia witness Dice and in discovery and responses to Staff data requests. Unlike Staff's approach, Columbia's proposed basis to reflect annual base salaries for all active Columbia employees at the end of the test year, December 31, 2021, and any post-test year known and measurable wage / merit increases, is consistent with the methodology approved in the Company's last base rate case, Case No. 08-72-GA-AIR.

**3.1.11.6. NCSC Allocated Headcount Complement, Schedule C-3.21**

Columbia objects to Staff's recommendation to remove the complement adjustment for NCSC employees for the reasons discussed. Staff's approach disregards the annualization of labor, and thereby is not reflective of the on-going level of labor, incentive, benefits, and payroll tax expenses that will be experienced by Columbia in the rate year for the employees who were hired between April 1, 2021, and December 31, 2021, as well as those positions anticipated to be hired prior to the implementation of rates as a result of this case, as provided in Columbia's actual Cost of Service update.

**3.1.11.7. NCSC Allocated Pension and OPEB, Schedule C-3.21**

Columbia objects to Staff's position on Pension and OPEB Expense as it does not recognize the known and measurable change that is anticipated to occur during the rate year and beyond, as evidenced in the response to Staff Data Request Set 1, No. 58, and included in Columbia's actual Cost of Service update provided on March 31, 2022.

### 3.1.11.8. NCSC Allocated Residential Customer Transaction Expense, Schedule C-3.21

Columbia objects to Staff's recommendation to remove the elimination of customers' third-party payment processing fees associated with credit card, debit card, ACH electronic payments, and walk-in for residential customers. Staff's position does not address the changing needs and expectations of customers due to technological advancements (e.g., tablets, smart phones, etc.). Staff's position prevents residential customers from paying via the channel of their choice at no additional charge. Columbia's goal is to offer a variety of payment options to address evolving payment expectations and improve the customer experience. Staff's rationale for this denial is that the cost for these services is "a multiple of ten higher than the Company's other payment channels" and this cost should, therefore, "remain the responsibility of the cost causer."<sup>43</sup>

First, Staff's recommendation ignores the customer who typically pays at a pay station – those customers who may not have a checking account to pay bills. These customers include low-income customers, customers on fixed incomes, and those customers living paycheck to paycheck. Staff's recommendation puts the burden of paying the pay station fee on the customers least able to pay it.

Second, Columbia objects to Staff's description of the cost for credit card transactions because the cost for these transactions with Paymentus is \$1.75 per transaction. This is extremely reasonable, especially when most credit card fees are in the 3% range. Further, Staff's suggestion that Columbia "reduce these charges with its vendors" ignores the reality that these costs are already extraordinarily low. Prior to Paymentus, the per transaction rate was \$2.45. For certain payment vendors, the Company pays a lower rate (*i.e.*, \$1.35) if the transactions are paid on a NiSource-wide basis, rather than by individual end-use customers. Staff's recommendation therefore increases the overall cost of offering payment options for utility customers.

Finally, as previously stated, Columbia objects to Staff's recommendation to remove the elimination of third-party payment processing fees paid directly by customers to third-party vendors that are associated with credit card, debit card, ACH electronic payments, and walk-in for residential customers. Staff's position does not address the changing needs and expectations of customers due to technological advancements (e.g., tablets, smart phones, etc.). Staff's position

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<sup>43</sup> Staff Report at 29.

prevents residential customers from being able to pay via the channel of their choice at no additional charge. Columbia's goal is to offer a variety of customer-focused payment options to address evolving payment expectations and improve the customer experience.

### **3.1.12. Rate Case Expense, Schedule C-3.22**

Columbia objects Staff's recommendation to adjust the Miscellaneous expense portion of the rate case expense as the total actual amount of rate case expense for this proceeding is unknown, given that Columbia continues to incur expenses. Additionally, Columbia offers that Staff's recommendation utilizes the projection filed in Columbia's Application and it does not reflect Columbia's latest rate case expense projection provided in the actual Cost of Service update.

### **3.1.13. Environmental Remediation Expense Deferral Amortization, Schedule C-3.25**

Columbia objects to this recommended adjustment to amortization expense as the associated adjustment to deferred environmental O&M expenses is unreasonable. As also explained in Objection 2.1.4.3., Staff's recommendations do not properly allocate insurance proceeds, do not account for the usefulness of a continued deferral or fully recognize the significant ramifications of ending the authorized deferral, and makes incorrect conclusions and recommendations about the capitalized assets in Toledo I.

### **3.1.14. Pipeline Safety Program (PSP) Expense Deferral Amortization, Schedule C-3.26**

Columbia objects to Staff's exclusion of \$10 million for the Damage Prevention Technology Initiative (DPTI) because Columbia's work to map the GPS points of every main, service line, and curb valve is estimated to continue through 2030. Specifically, Columbia will complete the initial walk of its system on December 31, 2023. During this walk, however, Columbia identified areas that required further action, whether it was due to tree cover, broken tracer wire, or other impediments to obtain a GPS data point. Columbia is planning to utilize its resources to remediate these areas and obtain the GPS data point. As such, Columbia requires the \$10 million of additional funding to continue this program.

Referring to Staff's removal of costs from Columbia's PSP Expense Deferral included as Attachment X-PSP Staff List, Columbia objects to the removal of costs

totaling \$1,328 for which Staff claims support was missing. Columbia has already agreed to remove these items from its request.

Columbia objects to Staff's removal of costs totaling \$293,377 for other missing records listed in Attachment X-PSP Staff List as Staff 1) did not notify the Company that the expected documentation was missing, 2) seek clarification as to the location of the expected documentation, or 3) request further explanation of the presumed missing documentation. Accordingly, Columbia will include the records along with its supplemental testimony.

Columbia objects to Staff's removal of \$13,874 for employee expenses for which a receipt was not provided. As explained in the Company's response to Staff Data Request Set 1, No. 65 dated October 28, 2021, per the NiSource "Business Expense Policy" receipts are not required for corporate card charges that are pre-populated in the Employee Expense Reimbursement System ("ERS"). In lieu of such receipts, Columbia provided Staff with the ERS report detail as supporting documentation which included the business purpose and location of the expense, among other details. Copies of the NiSource "Business Expense Policy" in effect during the PSP Expense Deferral period of 2015 to March 31, 2021 were provided in Staff Data Request Set 1, No. 65, Attachment C.

#### **3.1.15. COVID-19 Late Payment Revenue and Incremental O&M Expense Deferral Amortization, Schedule C-3.27**

Columbia objects for the same reasons provided in Objection 2.1.4.2. Staff's reduction of the amortization expense related to the COVID-19 deferral is unreasonable because the recommendation to deny recovery of the COVID-19 deferral is unreasonable. Staff's recommendation ignores the fact that Columbia is not currently able to recover funds sufficient to cover all costs and earn the rate of return authorized in its previous rate case.

#### **3.1.16. Depreciation and Amortization Expense Adjustment, Schedule C-3.28**

Columbia objects for the same reasons provided in Objection 2.1.4.3. Staff's recommendations make incorrect conclusions and recommendations about the reasonableness and prudence of the investments in Toledo I, and also ignore previous Staff positions as well as Commission precedent regarding the accounting authority related capitalization of the assets in Toledo I. Therefore, these associated adjustments should also be rejected.

### **3.1.17. Payroll Tax Adjustment, Schedule C-3.30**

Columbia objects to this recommendation because Staff ignores the increased Columbia headcount, removes wages and merit increases, and utilizes paychecks rather than base salaries. Columbia objects to this Staff recommendation for the reasons discussed in Objections 3.1.4. Annualized Labor Expense Adjustment; 3.1.5. Incentive Compensation Adjustment; 3.1.7. Columbia Headcount Complement; and 3.1.10. Safety Operations O&M Expense Adjustment, with each having impact on the recovery of payroll tax expense. Additionally, Columbia objects to Staff's inappropriate use of test year actual expense without synchronizing to the annualization of labor and incentive compensation expense, which is addressed in the above-listed Objections.

### **3.1.18. Property Tax Adjustment, Schedule C-3.31**

Columbia objects to Staff's calculation of property tax because Staff excluded property tax assessed on Ohio stored gas and materials. Columbia also objects to Staff removing West Virginia property tax related to the storage of natural gas, as Staff's position is based upon a false presumption that Columbia customers do not benefit from access to that specific storage. Contrary to Staff's assumption, a majority of Columbia's customers, those customers who receive firm service from Columbia, benefit from this stored gas through Columbia's daily balancing and peaking services provided through this stored gas. Moreover, Columbia contracts storage rights with Columbia Gas Transmission, LLC ("TCO"). TCO unilaterally manages and assigns stored gas assets to customers. Columbia does not choose where TCO stores gas, including West Virginia, and Columbia is properly billed the storage costs for its gas wherever it is.

### **3.1.19. PUCO/OCC Assessments, Schedule C-3.34**

Columbia objects to this Staff recommendation as the Regulatory Assessment Rider ("RAR") is necessary in order to avoid CHOICE® or SCO customers paying a portion of the PUCO and OCC assessments twice. Columbia customers participating in the CHOICE® or SCO Programs are charged for the gas purchase cost of the PUCO and OCC assessments by their Competitive Retail Natural Gas Suppliers. Accordingly, the RAR factor is billed to Columbia's Default Sales Service (DSS) customers only.

The PUCO Gas Pipeline Safety Assessment is not assessed to CHOICE® / SCO suppliers, therefore it is allocated, in its entirety, to base rates and billed to all

customers. Unlike Staff's recommendation, the allocation of the PUCO and OCC assessments between base rates and the RAR calculated on adjustment Schedule C-3.34 is consistent with the adjustment calculation for the PUCO and OCC regulatory assessments approved by the Commission in the company's last base rate case, Case No. 08-72-GA-AIR. Additionally, Staff's position utilizes the 2020 PUCO and OCC assessments and does not include the latest known 2021 assessments provided in Columbia's actual Cost of Service update provided on March 31, 2022.

### **3.1.20. Federal Statutory Deductions Adjustment, Schedule C-3.35**

Columbia objects to Staff's recommended tax-deductible interest expense adjustment because the corresponding rate base reductions are unreasonable. As stated in Columbia Objections 2.1.1.1 through 2.1.4.4, Staff's rate base adjustments fail to take into account FERC guidance; previous Commission orders; NARUC resolutions; Columbia's long-standing industry standard mass accounting practices; blanket work orders; support provided to Staff data requests; Columbia's undisputed use of assets included in rate base; Staff's own observations during the field audit; Columbia's offer to show assets during an additional field audit; photographic evidence provided by Columbia; Staff's errors; and Staff's inappropriate accounting treatment.

### **3.1.21. Adjustment to Other Revenues, Schedule C-3.36**

Columbia objects to this Staff recommendation as Staff did not compare historical Other Gas Department Revenue in a consistent manner, nor did Staff compare the normalization period(s) to Columbia's actual twelve-months revenue. Additionally, Staff's position did not consider the revenue/expense matching that occurs regarding building rent revenue from NCSC.

Staff's work paper derives a normalization basis utilizing a five-year average for the months of January and February, while March to December was compared to a four-year average in an effort to address impacts to revenues beginning in March 2020 as an outlier resulting from the COVID-19 pandemic. This is an inconsistent normalization comparison to the test year revenues.

Staff's position also does not consider the revenue and expense matching that occurs in the Cost of Service in its normalization adjustment to Account 493, NCSC Rent Revenue. As explained in response to Staff Data Request Set 1, No. 99, Columbia receives rent/lease expense reimbursement (revenue) from affiliates for

NCSC, or Company 12 employees, who report to a Columbia Gas of Ohio, Inc. facility, but perform work on behalf of other NiSource operating company affiliates. Rent/lease revenue recorded to Other Gas Department Revenue is primarily the Arena Building (located in Columbus, Ohio) and the Bangs Shop, and is an offset to the rent/lease expense incurred by Columbia.

Additionally, Columbia notes that Staff did not adjust the test year late payment charge revenue to reflect its proposed change to eliminate compounding interest. The test year revenue of \$4,143,769 represents 1.5% of unpaid customer balances including prior period late payment assessments. A reduction of 1.5% of late payment charge revenue to reflect the elimination of the compounding of interest from the current late payment charge revenue would reduce Other Gas Department Revenues by \$54,276 for the twelve months ending September 2021.

After excluding Account 493 from Staff's recommended four-year normalization (and corrected January and February to a four-year normalization), Columbia finds the test year Account 487, 488 and 495 revenues to be approximately \$135,000, or 1.6%, less than the test year and therefore makes no change to its actual test year Other Gas Department Revenue.

### **3.1.22. Out of Period Expenses, Schedule C-3.38**

Columbia objects to this Staff recommendation, with the exception of one non-recurring transaction in the amount of \$3,970 that Columbia agrees to remove from its Cost of Service, as Staff's definition of out-of-period expenses does not consider accrual accounting or the recurring and on-going nature of the identified expenses. Furthermore, Columbia's test year expenses are recorded in accordance with GAAP and the NiSource Accounting Accrual Policy provided in response to Staff Data Request Set 1, No. 55. Columbia's test year expenses are a representative level of the company's on-going Cost of Service to be incurred in the rate year.

### **3.1.23. Adjusted Jurisdictional Federal Income Taxes, Schedule C-**

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Columbia objects to Staff's recommended tax expense reduction because Staff did not carry forward the proper adjustment to tax expense from Schedule C-4 to C-1.



#### **4. Rate of Return.**

##### **4.1. Cost of Long-Term Debt**

Columbia objects to the 4.67% embedded cost rate used in the Staff Report. The correct rate is 4.49%, which reflects the refinancing of maturing high cost (i.e., 6.015%) debt at a lower rate of 3.224%.

##### **4.2. Cost of Equity**

Columbia objects to the range of the cost of equity in the Staff Report of 8.96% to 9.96%, prior to an allowance for issuance costs, because it is too low. Staff's range does not provide Columbia the opportunity to earn a fair return on equity and does not sufficiently account for the quantitative and qualitative risks to Columbia, returns earned by comparable companies, or investor expectations, all as identified and supported by Columbia witness Paul Moul. This range also does not align with the range produced by Staff's use of the two models used to measure the cost of equity.

##### **4.3. Proxy group of "comparable" companies**

Columbia objects to the group of companies used in the Staff Report because they are not comparable in risk to Columbia. Indeed, only one company (Atmos Energy) is a pure-play local distribution company ("LDC"). The other companies used in the Staff Report are not comparable because they are engaged in significant amounts of business activities other than providing utility service.

##### **4.4. Staff's CAPM Methodology**

Columbia objects to Staff's approach because Staff's use of the September 1, 1991 through September 1, 2021 timeframe for the CAPM is incompatible with the specification of the model that is expectational, and contrary to its purpose. CAPM is a forward-looking representation of investor expectations. Staff incorrectly employed a backward-looking approach.

In addition, the beta component of the CAPM, which measures systematic risk, should be based upon the betas calculated by Value Line. Standard & Poor's ("S&P") betas used in the Staff Report are much less common inputs to the CAPM in regulatory proceedings. The use of Value Line's inputs is a more logical metric for comparing Columbia's rate of return inputs to other companies

Further, the market risk premium taken from “Fairness Finance” is too low. This source is obscure, and not typically used in regulatory proceedings. Further, Staff has not provided underlying assumptions used by this source when determining its value for market risk premium. The insufficiency of Staff’s market risk premium is further illuminated when viewed in combination with Staff’s risk-free rate of return. Here, the Staff Report’s total market return is 10.56% (4.35% + 6.21%). This is too low because the actual total market return was 12.70% covering the period 1991 through 2021, a period selected by Staff

Finally, Staff neglects to recognize that a size adjustment is necessary to complete the CAPM analysis. The beta, the only component of the CAPM that is company-specific, is a measure of systematic risk that does not compensate for the size of a firm. This would add 1.02% to the resulting CAPM result shown above.

#### **4.5. Staff’s Discount Cash Flow (“DCF”) Methodology**

Columbia objects to Staff’s DCF methodology because, in developing the DCF growth component, there is no justification for deviating from the Value Line growth forecasts of earnings “shown in the box” as described in the Staff Report. Staff’s separate calculation of the “implicit continuous growth rate” is inappropriate in the DCF analysis. Staff has not shown, nor could it show, that investors use the Staff Report calculations when deciding to buy, hold, or sell the stocks in the Staff Report proxy group. As such, these calculations in the Staff Report are not investor influencing and are misplaced in the DCF calculation. Columbia also objects that Staff neglected to include the leverage adjustment to the DCF return. Columbia established that the DCF return needs to be adjusted upward by 0.93% to recognize the financial risk associated with the book value of the utility’s capitalization rather than the market value of the capitalization, which is associated with the stock price used in the DCF. See Prepared Direct Testimony of Paul Moul at pp. 19-22.

#### **4.6. DCF and CAPM average**

Columbia objects to the Staff’s recommended average equity return using the DCF and CAPM methods because a higher return would have resulted had appropriate inputs been used for cost of long-term debt, comparable group, risk-free rate of return, beta, market risk premium, and growth forecasts, even excluding the size adjustment to the CAPM and financial leverage adjustment to the DCF. An adjustment for equity issuance costs also should have been included.

#### **4.7. Changes in Financial Conditions**

Staff should have considered the dramatically different national and global financial conditions which have and will continue to increase Columbia's cost of equity compared to the conditions at the time when Columbia filed its initial testimony in this case.

### **5. Rates and Tariffs.**

#### **5.1. Tariff Analysis.**

##### **5.1.1. Fourth Revised Sheet No. 5, Section 2 – Metering and Billing 1. Quality of Gas Delivered by Meter**

Columbia objects to this Staff recommendation because Staff removed this charge for Columbia without providing the corresponding cost recovery for providing this meter test without fee in Columbia's revenue requirement. Staff's recommendation violates the policies of ratemaking and would fiscally penalize the company. Additionally, Staff's recommendation is inconsistent with Commission precedent in Case No. 13-2225-GA-ORD. In its Order in that case, the Commission rejected an identical proposal "that customers would be able to request a meter test once every three years, at no charge."<sup>44</sup>

##### **5.1.2. Sixth Revised Sheet No. 6, Section 2 – Metering and Billing 4 Billing Periods**

Columbia objects to this Staff recommendation because Staff failed to provide corresponding cost recovery in Columbia's revenue requirement in this proceeding to implement proration. Staff's recommendation violates the policies of ratemaking and would fiscally penalize the company.

Staff did not adequately consider the financial impact that flows from its recommendation. Specifically, Columbia will immediately incur an approximate \$32 million financial impact, and will incur an ongoing impact of \$5 million per year. In addition to these immediate costs, Columbia will incur thousands of dollars to update its IT systems to accommodate proration.

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<sup>44</sup> *In the Matter of the Commission's Review of Chapter 4901:1-13 of the Ohio Administrative Code, Regarding Minimum Gas Service Standards*, Case No. 13-2225-GA-ORD, Finding and Order (July 30, 2014) at 7.

Proration could also lead to more variability with the reconciliations of Columbia's riders. Because proration is so difficult to predict, this could lead to less precise customer forecasts in Columbia's rider filings. As such, the reconciliations for these riders could vary more than they do now, potentially leading to more rate swings, especially with the PIPP and UEX Riders.

Moreover, Staff's recommendation lacks specificity as to how this proration would occur (by day, by quarters of the billing unit, by halves of the billing unit), leaving Columbia to guess Staff's intentions with its recommendations. Finally, Staff provides no justification or rationale for such a change.

### **5.1.3. Sixth Revised Sheet No. 6, Section 2 – Metering and Billing 5 Payment of Bills**

Columbia objects to Staff's recommendation to remove the elimination of customers' third-party payment processing fees associated with credit card, debit card, ACH electronic payments, and walk-in for residential customers. Staff's position does not address the changing needs and expectations of customers due to technological advancements (e.g., tablets, smart phones, etc.). Staff's position prevents residential customers from paying via the channel of their choice at no additional charge. Columbia's goal is to offer a variety of payment options to address evolving payment expectations and improve the customer experience. Staff's rationale for this denial is that the cost for these services is "a multiple of ten higher than the Company's other payment channels" and this cost should, therefore, "remain the responsibility of the cost causer."<sup>45</sup>

First, Staff's recommendation ignores the customer who typically pays at a pay station – those customers who may not have a checking account to pay bills. These customers include low-income customers, customers on fixed incomes, and those customers living paycheck to paycheck. Staff's recommendation puts the burden of paying the pay station fee on the customers least able to pay it.

Second, Columbia objects to Staff's description of the cost for credit card transactions because the cost for these transactions with Paymentus is \$1.75 per transaction. This is extremely reasonable, especially when most credit card fees are in the 3% range. Further, Staff's suggestion that Columbia "reduce these charges with its vendors" ignores the reality that these costs are already extraordinarily low. Prior to Paymentus, the per transaction rate was \$2.45. For certain payment

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<sup>45</sup> Staff Report at 29.

vendors, the Company pays a lower rate (*i.e.*, \$1.35) if the transactions are paid on a NiSource-wide basis, rather than by individual end-use customers. Staff's recommendation therefore increases the overall cost of offering payment options for utility customers.

Finally, as previously stated, Columbia objects to Staff's recommendation to remove the elimination of third-party payment processing fees paid directly by customers to third-party vendors that are associated with credit card, debit card, ACH electronic payments, and walk-in for residential customers. Staff's position does not address the changing needs and expectations of customers due to technological advancements (e.g., tablets, smart phones, etc.). Staff's position prevents residential customers from being able to pay via the channel of their choice at no additional charge. Columbia's goal is to offer a variety of customer-focused payment options to address evolving payment expectations and improve the customer experience.

#### **5.1.4. Fifth Revised Sheet No. 7, Section 3 – Physical Property 4 Meter Location**

Columbia objects to the Staff recommendation to remove "sole" discretion from its tariff regarding meter locations. One of the more significant issues Columbia has faced in recent years with its customers and communities is meter locations. While Columbia strives to work with customers and communities on meter location, at the end of the day, if a customer is to remain in service, Columbia must have the final decision on meter location. The Commission should explicitly give Columbia the authority to make meter placement decisions as Columbia is the operator of its system and legally responsible, under PHMSA and Commission rules, for the safety of its system.

Ultimately, the Commission will hold Columbia, not customers or communities, *solely* responsible for safety incidents that occur at customer premises due to the meter's location. As such, denying Columbia the sole authority to place that meter inequitably removes Columbia's ability to protect its customers, both physically and fiscally, from the incidents due to meter location.

Second, Columbia objects to Staff removing the language that requires a customer to pay for a meter relocation if the meter "becomes inaccessible or exposed to hazards." Staff's rationale for removing this language was that Columbia has not charged any customers in 2018, 2019, and 2020 to relocate their meter. Staff's "if you don't use it, you lose it" tariff approach makes little sense,

and fails to acknowledge the potential future expense Columbia will incur. Meter relocations for inaccessibility and exposure to hazards are almost *never* Columbia-caused. Instead, customers typically install locked fences or lock Columbia outside of their house with an inside meter, preventing Columbia from gaining access to its meter. In the words of Staff, requiring a customer to pay for such meter relocation “should remain the responsibility of the cost causer.”<sup>46</sup>

**5.1.5. Fourth Revised Sheet No. 13, Section 4 – General 6  
Miscellaneous Charges (d) late payment charges**

Columbia objects to the Staff recommendation not to compound interest on late payment charges because Staff does not provide the corresponding cost recovery for the lost revenue associated with ending the compounding of late payment charges in Columbia’s revenue requirement in this proceeding. Staff further ignores the IT costs Columbia would incur to implement its recommendation. Staff’s recommendation also violates the policies of ratemaking, and would fiscally penalize the company.

**5.1.6. Third Revised Sheet No. 14, Section 4 – General 6  
Miscellaneous Charges (h) Meter Test Charge**

Columbia objects to this Staff recommendation because Staff removes the meter test charges for Columbia without providing the corresponding cost recovery for lost revenue associated with meter test charges in Columbia’s revenue requirement in this proceeding. Moreover, Staff fails to provide Columbia with increased revenue to cover the inevitable increase in costs caused by additional customers requesting meter tests now that such a request would be free to the customer. Staff’s recommendation violates the policies of ratemaking, and would fiscally penalize the company.

**5.1.7. Original Sheet No. 41, Section 6 – Gas Transportation  
Service 8 Interruptions**

Columbia objects to this Staff recommendation because pandemics can act as a force majeure event. Columbia’s interruption of service tariff provision provides that gas transportation service customers authorized daily volumes are subject to partial or complete interruption during force majeure situations. The tariff continues by defining force majeure events to include “acts of God, strikes,

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<sup>46</sup> Staff Report at 29.

lockouts, or other labor disturbances, acts of a public enemy, war, blockages, insurrections, riots, epidemics, fire, storms, washouts, civil disturbances...” While the tariff contemplates “epidemics,” for completeness and because the country is currently experiencing the COVID-19 pandemic, Columbia recommended adding “pandemics.”

Staff’s recommendation to delete this language centers on two reasons: (1) Columbia’s failure to define essential elements of an event when it begins and ends, and (2) Columbia’s lack of interruptions during the current COVID-19 pandemic. As to the first reason, Columbia does not have the expertise, nor should it as a public utility, to define a major public health event. Instead, Columbia would rely upon public health agencies to define a pandemic.

And although Columbia has not yet experienced any interruptions in service during the COVID-19 pandemic, that should not be reason to withhold adding pandemics as a reason for force majeure. By this rationale, Columbia should experience force majeure events, have an interruption in service, and then return to the Commission and request such events be added to its tariff.

## **5.2. Rate Classes.**

Columbia objects to Staff’s recommendation to reject the proposal to increase the breakpoint between the SGS and GS rate classes because Columbia believes that Staff improperly interpreted the underlying cost information for the transferred GS/GTS/FRGTS customers and for the SGS/SGTS/FRSGTS rate class, before and after the transfer of these customers. Staff did not account for the continuing impact on customers’ gas bills of transferring certain customers each year between the GS/GTS and SGS/SGTS rate classes based on the results of Columbia’s Annual Consumption Review. Staff also gave too little weight to the benefits to the customers who would transfer to the SGS class.

## **5.3. Cost of Service Analysis and Revenue Analysis.**

Columbia objects to the Staff recommendation to rerun the COSS model because the COSS presented by Columbia in this rate case properly reflects the cost to serve each of its rate classes. Since Columbia objects to Staff’s recommendation to not change the volumetric breakpoint between the SGS/SGTS/FRSGTS and GS/GTS/FRGTS rate classes, Columbia’s COSS does not need to be adjusted in the manner described by Staff. In addition, because Columbia objects to Staff’s recommended revenue requirement for the reasons

presented in other sections of this document, it is not necessary to rerun Columbia's COSS to determine the cost to serve each of its rate classes. However, should the COSS be rerun for any reason, for Staff or any other party, Columbia preserves its rights to object to any of the inputs, methods, results, or analyses of such a COSS rerun.

#### **5.4. Rate Design.**

##### **5.4.1. Rider Impacts on SGS Rate Classes.**

Columbia objects to this Staff recommendation for the same reason Columbia objected to Staff's recommendation to rerun Columbia's COSS to determine the cost to serve each of its rate classes, as addressed in Objection 5.3 Cost of Service Analysis and Revenue Analysis. However, should the COSS be rerun for any reason, for Staff or any other party, Columbia preserves its rights to object to any of the inputs, methods, results, or analyses of such a COSS rerun.

##### **5.4.2. GS and LGS Rate Classes Customer Charges.**

Columbia objects to the Staff recommendations in this section because the recommendations: (1) are contrary to several of the rate design "standards" relied upon by Staff;<sup>47</sup> (2) attempt to offset the historical and continuing application of the Commission-approved IRP and CEP charges on a monthly fixed basis to the gas bills of GS/GTS and LGS/LGTS customers; or (3) are not necessary to derive the proper cost to serve Columbia's GS/GTS and LGS/LGTS rate classes.

Staff's rate design recommendation for the GS/GTS and LGS/LGTS rate classes attempts to reverse the historical and continuing current method of rate recovery for the fixed distribution costs reflected in Columbia's IRP and CEP charges by completely eliminating their inclusion in the fixed monthly charges assessed to these customers, all at once, in this rate case. Staff specifically recommends that the monthly fixed charges currently paid by Columbia's GS/GTS and LGS/LGTS customers be reduced by approximately 56% and 86%, respectively. Rate changes of this magnitude, and the associated fundamental change in rate structure and revenue recovery from customers recommended by Staff, directly violate its stated rate design standards of "minimal impact" of rate changes on customers (*i.e.*, gradualism) and "continuity in pricing structures."<sup>48</sup> Moreover, the current volumetric charges for the GS/GTS and LGS/LGTS

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<sup>47</sup> Staff Report at 33 – 34.

<sup>48</sup> Staff Report at 34.



customers will be significantly increased under this Staff recommendation, which will create bill instability for Columbia's GS/GTS and LGS/LGTS customers by causing these customers' gas bills to be higher in the winter months (when gas usage is relatively high) and lower in the summer and shoulder months (when gas usage is relatively low).

Regarding Staff's recommendation to change the rate recovery method for Columbia's GS/GTS and LGS/LGTS rate classes in future IRP and CEP Rider filings, the rate design alternatives described by Staff lack specificity and objectivity, add complexity to the rider review and approval process, and fail to reflect the fixed cost nature of the infrastructure investments and capital expenditures recovered through the IRP and CEP Rider mechanisms.

Finally, Columbia objects to the Staff recommendation to rerun Columbia's COSS to determine the cost to serve each of its rate classes for the same reasons addressed in Objection 5.3 Cost of Service Analysis and Revenue Analysis. However, should the COSS be rerun for any reason, for Staff or any other party, Columbia preserves its rights to object to any of the inputs, methods, results, or analyses of such a COSS rerun

#### **5.4.3. Redesign of IRP and CEP Rider Rates for GS and LGS Rate Classes**

Columbia objects to the Staff recommendations in this section because the recommendations: (1) are contrary to several of the rate design "standards" relied upon by Staff; (2) attempt to offset the historical and continuing application of the Commission-approved IRP and CEP charges on a monthly fixed basis to the gas bills of GS/GTS and LGS/LGTS customers; or (3) are not necessary to derive the proper cost to serve Columbia's GS/GTS and LGS/LGTS rate classes.

Staff's rate design recommendation for the GS/GTS and LGS/LGTS rate classes attempts to reverse the historical and continuing current method of rate recovery for the fixed distribution costs reflected in Columbia's IRP and CEP charges by completely eliminating their inclusion in the fixed monthly charges assessed to these customers, all at once, in this rate case. Staff specifically recommends that the monthly fixed charges currently paid by Columbia's GS/GTS and LGS/LGTS customers be reduced by approximately 56% and 86%, respectively. Rate changes of this magnitude, and the associated fundamental change in rate structure and revenue recovery from customers recommended by Staff, directly violate Staff's stated rate design standards of "minimal impact" of

rate changes on customers (*i.e.*, gradualism) and “continuity in pricing structures.”<sup>49</sup> Moreover, the current volumetric charges for the GS/GTS and LGS/LGTS customers will be significantly increased under this Staff recommendation, which will create bill instability for all of Columbia’s GS/GTS and LGS/LGTS customers by causing these customers’ gas bills to be higher in the winter months (when gas usage is relatively high) and lower in the summer and shoulder months (when gas usage is relatively low).

Regarding Staff’s recommendation to change the rate recovery method for Columbia’s GS/GTS and LGS/LGTS rate classes in future IRP and CEP Rider filings, the rate design alternatives described by Staff lack specificity and objectivity, add complexity to the rider review and approval process, and fail to reflect the fixed cost nature of the infrastructure investments and capital expenditures recovered through the IRP and CEP Rider mechanisms.

Finally, Columbia objects to the Staff recommendation to rerun Columbia’s COSS to determine the cost to serve each of its rate classes for the same reasons addressed in Objection 5.3. However, should the COSS be rerun for any reason, for Staff or any other party, Columbia preserves its rights to object to any of the inputs, methods, results, or analyses of such a COSS rerun.

#### **5.4.4. Full Requirements Cooperative Transportation Service**

Columbia objects to this Staff recommendation for the same reason Columbia objected to Staff’s recommendation to rerun Columbia’s COSS to determine the cost to serve each of its rate classes, as addressed in Objection 5.3. However, should the COSS be rerun for any reason, for Staff or any other party, Columbia preserves its rights to object to any of the inputs, methods, results, or analyses of such a COSS rerun.

#### **5.5. Bill Impacts.**

Columbia objects to this Staff recommendation because the bill comparisons presented by Columbia in Schedule E-5 do not need to be updated since Columbia objects to the Staff’s recommendation that Columbia’s COSS should be rerun for the reasons presented in Objection 5.3. However, should the COSS be rerun for any reason, for Staff or any other party, Columbia preserves its

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<sup>49</sup> Staff Report at 34.

rights to object to any of the inputs, methods, results, or analyses of such a COSS rerun.

#### **5.6. Staff Issued Data Request (Staff Data Request No. 178)**

Columbia objects to the Staff issuing a data request to Columbia “[w]ith the issuance of this Staff Report.”<sup>50</sup> Because Staff was not able to file a completed Staff Report, which included a Staff-run COSS and recommended rates, Columbia has been deprived of an opportunity to address these matters in its supplemental testimony in this proceeding.

### **6. Alternative Rate Plan.**

#### **6.1. Sheet No. 72, Infrastructure Replacement Program Rider**

##### **6.1.1. Company-Proposed Modifications.**

Columbia objects because Staff inadequately considers the benefits of the program modifications proposed by Columbia. Staff disregards the company’s proposed modifications because Staff interprets them as Columbia *not* “focus[ing] on the original purpose of the program \* \* \* .”<sup>51</sup> Columbia’s modifications, however, enhance the purpose of the program, which is to replace priority pipe. Staff’s recommendation ignores that the modifications will allow improved management of risks and projects in more efficient ways than Columbia has from the inception of the IRP to date, and also lacks appreciation for the efficiencies gained through streamlining of projects that would be accomplished by adopting the proposed changes. As compared to the current program, the proposed changes will allow Columbia to install additional pipe within Columbia’s program budget due to the cost effectiveness and efficiencies gained through the proposed changes. Finally, the proposed changes would also enable Columbia and its customers to benefit from the ability of Columbia to upgrade all its facilities to the most applicable modernized technologies, with lower maintenance and lifetime costs.

##### **6.1.2. Staff-Proposed Modifications**

###### **6.1.2.1. Revised Amounts.**

Columbia objects to this Staff recommendation because it requires extremely detailed data to be provided to Staff for “Staff to more effectively track

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<sup>50</sup> Staff Report at 42.

<sup>51</sup> Staff Report at 44.

the milestones of the IRP program in future filings,” when Columbia is on pace with its Accelerated Mains Replacement Program. Columbia has maintained its twenty-five-year pace, but in response to Columbia prudently spending its capital and staying under its caps, Staff has requested this detailed data.

Moreover, Staff’s expectations are unrealistic. Expecting Columbia to have a decade’s worth of AMRP projects scoped and designed for the IRP is not realistic or feasible. While Columbia does prepare and plan its projects in advance for the IRP, it does so on a one- to two-year basis, allowing Columbia flexibility to shift projects when risk scores change, municipal projects adjust timing, or land rights cannot be acquired. Furthermore, Columbia should prioritize its projects on the most recent assessment of emerging risks on Columbia’s system to ensure Columbia maximizes its replacement efforts in light of dynamic safety considerations. Staff’s request would also seem to require Columbia to know the future of its pipes for the next ten years (*i.e.*, to know which and how many coated steel mains will present with coating flaws or cathodic protection failures). While Columbia is vigilant to review its pipeline system, such insight is not practical.

Columbia further objects to the expectation that it quantify how many customer service lines are expected to be replaced in the next decade of the IRP. Columbia took responsibility for assets previously owned and installed by customers, as it was ordered to do by the Commission.<sup>52</sup> As such, Columbia does not have complete or reliable information on customer service lines that it did not install.<sup>53</sup> Columbia cannot predict when a customer’s service line will leak tomorrow, let alone ten years from today. Commission Staff should not require such an unreasonable ask of the company.

#### **6.1.2.2. Incentive Compensation.**

Columbia objects to this Staff recommendation, as previously explained, because incentive compensation is an appropriate overhead to be included in capitalized expenses. See Objection 2.1.2.8.

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<sup>52</sup> *Supra* Note 8.

<sup>53</sup> *Id.*

### 6.1.2.3. Proposed SGS Yearly Rate Limits.

Staff's Recommended Infrastructure Replacement Rider Yearly Rate Limit						
Rate Effective Date	2022	2023	2024	2025	2026	2027
Company Proposed SGS Rate limit	\$1.51	\$3.25	\$5.01	\$6.79	\$8.62	\$10.87
Company Proposed Yearly Rate Increase	\$0.00	\$1.74	\$1.76	\$1.78	\$1.83	\$2.25
Staff Recommended SGS Rate limit	\$1.51	\$2.77	\$4.05	\$5.35	\$6.70	\$8.47
Staff Recommended Yearly Rate Increase	\$0.00	\$1.26	\$1.28	\$1.30	\$1.35	\$1.77

Columbia objects to this Staff recommendation because the IRP Rider rate caps proposed by Staff will not allow Columbia to maintain the twenty-five-year pace of the IRP. Columbia's unit costs continue to increase based on market forces and inflation. Reducing the yearly rate limits will hinder Columbia's ability to meet its continually increasing obligations and ongoing price and labor increases. Columbia cannot simultaneously meet its regulatory obligations and reduce its recovery of capital incurred to achieve these obligations.

Columbia also objects to Staff's proposed reduction of rate caps because Staff arbitrarily utilizes a \$0.48 reduction based on averages, in lieu of utilizing what is actually required for Columbia to continue to replacing priority pipe under the infrastructure replacement program. Essentially, Staff is penalizing Columbia for being good stewards with its resources of the prior five years of the IRP.

### 6.1.2.4. Current IRP Rider Rate Transition To Reflect Rate Case.

Columbia objects to this Staff recommendation because Columbia proposed in both of its calendar year 2021 rider update proceedings a different approach to adjust its riders when base rates go into effect. Contrary to Staff, Columbia recommended updating *all* aspects of the IRP and CEP Riders to capture the decisions in the rate case. From return on equity to billing determinants, Columbia recommended updating its fixed riders to adjust for these key rider components that are appropriately finalized in this proceeding.

Moreover, contrary to Staff's assertions, the review of these schedules will be similar to the compliance filings in this proceeding. They require little review, and Columbia is simply changing the inputs in its spreadsheets to reflect the final outcome of this proceeding.

## 6.2. Sheet No. 75, Capital Expenditure Program Rider

### 6.2.1. Staff-Proposed Modifications

#### 6.2.1.1. Five-Year Term with Rate Case or Updated Rate of Return

Columbia objects to Staff's recommendation to tie this rider to filing a base rate case in five years. Ohio law permits a natural gas company to implement a capital expenditure program by filing an application for approval of an alternative rate plan.<sup>54</sup> If that becomes Staff's ongoing recommendation each time Columbia proposes to extend its CEP Rider, it will continuously require the company to file rate cases every five years to avoid losing the CEP Rider. In addition to this matter, Staff's recommendation fails to take into account there are other factors that could and should influence whether a utility would file a rate case (*e.g.*, pandemic, economic downturn, etc.).

Columbia also objects to the Staff recommendation to reset the return on equity in a new five-year CEP Rider renewal within the context of an alternative rate plan application because it is contrary to the ratemaking principles of setting rate of return and return on equity only inside the confines of a rate case. The reason behind setting these components in a rate case is because, at that time, the Commission can look holistically at a company. And, in most rate cases filed at the Commission, return on equity is a negotiated component of the case, part of a much broader settlement package. In a rider case, there is not a holistic approach, which limits the review of a company's return on equity. Staff's recommendation is also contrary to a long line of Commission precedent that utilizes the capital structure and cost of capital from the company's last base rate proceeding in the calculation of riders and alternative rate plans.<sup>55</sup> Finally, under Ohio law, if Columbia filed an application to continue its previously approved CEP, that application would be considered "an application not for an increase in rates"<sup>56</sup> and, consequently, would not be required to conform to the Standard Filing Requirements, including those requirements related to rate of return.<sup>57</sup>

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<sup>54</sup> See R.C. 4929.111(A) (citing R.C. 4929.05).

<sup>55</sup> See, *e.g.*, *In the Matter of the Application of the East Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of an Alternative Form of Regulation to Establish a Capital Expenditure Program Rider Mechanism*, PUCO Case No. 19-468-GA-ALT, Opinion and Order (Dec. 30, 2020) at 41-43 and Entry on Rehearing (Feb. 23, 2022) at 8.

<sup>56</sup> R.C. 4929.051(B).

<sup>57</sup> Ohio Adm.Code 4901-7-01; *see also* R.C. 4909.18.

Staff's recommendation would also lead to different returns on equity for different riders, which would drive investment at a company to the rider with the highest rate of return. Moreover, the cost and expense of hiring external experts to testify every five years to return on equity would be borne by customers without much benefit in return. Staff's recommendation for a rate case is unwarranted. Staff's proverbial stick inappropriately ties a capital rider mechanism to filing a base rate case.

#### **6.2.1.2. Rate Case and Depreciation Offset**

Columbia objects to Staff's recommendation to tie the base rate depreciation offset to filing a base rate case in five years. If that becomes Staff's ongoing recommendation each time Columbia proposes to extend its CEP Rider, it will continuously require the company to file rate cases every five years to avoid the penalty of base rate depreciation. In addition to this matter, Staff's recommendation fails to take into account that there are other factors that could and should influence whether a utility would file a rate case (*e.g.*, pandemic, economic downturn, etc.). Moreover, Columbia objects to offsetting a rider with base rate depreciation, as such a concept separates the depreciation from the assets by which it was calculated. By recognizing base rate depreciation outside of a rate case, Staff is adjusting Columbia's *base rate* through a *rider* without providing recovery for the corresponding increases to the company's expenses that would traditionally occur in a rate case.

#### **6.2.1.3. Incremental Revenue**

Columbia objects to this Staff recommendation because offsetting the CEP Rider rate with incremental revenue reduces Columbia's opportunity to achieve its allowed return on capital investment. Further, reducing rider rates by incremental revenue, from a regulatory policy perspective, misaligns rate case concepts (revenue received from other sources to offset a revenue requirement) in a rider adjustment proceeding. Such misalignment leads to cherry picking the adjustments that will benefit ratepayers, but not picking corresponding adjustments to account for other costs incurred by the company not captured in rider proceedings. For example, if Columbia's O&M expense associated with engineers to design capital projects increases because of a large economic development project, Columbia is not permitted to recover these increased O&M expenses in the rider proceeding.

#### **6.2.1.4. Current CEP Rider Transition To Reflect Rate Case**

Columbia objects to this Staff recommendation because Columbia proposed in both of its calendar year 2021 rider update proceedings a different approach to adjust its riders when base rates go into effect. Contrary to Staff, Columbia recommended updating *all* aspects of the IRP and CEP Riders to capture the decisions in the rate case. From return on equity to billing determinants, Columbia recommended updating its fixed riders to adjust for these key rider components that are finalized in this proceeding.

Contrary to Staff's assertions, the review of these schedules will be similar to the compliance tariffs in this proceeding. They require little review, and Columbia is simply changing the inputs in its spreadsheets to reflect the final outcome of this proceeding.

#### **6.2.1.5. No Date Certain for Staff Report and Alternative Schedule for CEP Rider Audit**

Columbia objects to this Staff recommendation as Columbia's experience with the CEP Rider Audit is not consistent with the perspective expressed by Staff. First, Columbia's CEP Rider has been audited for *every year for five years* by Blue Ridge Consulting Services. Blue Ridge, as an external auditor, has had sufficient time to do an extensive audit of Columbia's CEP Rider. For example, in Columbia's 2021 CEP Rider Audit (Case No. 21-0023-GA-RDR), Blue Ridge Consulting Services submitted 105 data requests to Columbia between March 5, 2021, and June 10, 2021, and Columbia timely responded to each of the data requests. If there had been an issue with the timing of the audit, Blue Ridge would have sufficient opportunity to hire additional resources to timely audit Columbia's CEP Rider pursuant to the Commission's respective orders in the audit cases.

Second, Staff's recommendation fails to explain why an additional month of auditing is necessary for a rider that has had less than 2% of its total disallowed through this extensive auditing by Blue Ridge Consulting Services. Moreover, it is important for Columbia to put those rates into effect on a timely basis and the extra month would unnecessarily delay timely recovery of those investments.



### 6.2.1.6. Alternative CEP Rider Rate Caps

Staff's Recommended Capital Expenditure Program Rider Yearly Rate Limit						
Rate Effective Date	2022	2023	2024	2025	2026	2027
Company Proposed SGS Rate limit	\$1.78	\$4.31	\$6.96	\$10.54	\$13.14	\$15.89
Company Proposed Yearly Rate Increase	\$0.00	\$2.53	\$2.65	\$3.58	\$2.60	\$2.75
Staff Recommended SGS Rate limit	\$0.75	\$1.50	\$2.25	\$3.00	\$3.75	\$4.50
Staff Recommended Yearly Rate Increase	\$0.00	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75

Columbia objects to Staff's recommended CEP Rider rate caps because the recommendation causes unintended consequences that will hurt Columbia's customers and the communities it serves. Staff's recommended CEP Rider rate caps are grossly inadequate to recover Columbia's required capital spend for the next five years. Staff's proposed caps will not permit Columbia to complete its required pipeline compliance work, much less complete capital projects for maintenance, potential growth on its system, or significant economic development projects, such as Intel.

With Staff's proposed \$0.75 rate cap, Columbia would likely request federal or state rule waivers for compliance capital projects due to lack of funding. Likewise, Columbia would also consider a moratorium connecting and reconnecting customers due to lack of capital funding for these new service lines, main lines, meters, and associated facilities.

### 6.2.1.7. Limiting the CEP Deferral to the CEP Rider Rate Caps

Columbia objects to Staff's recommendation for "no further deferrals on plant that exceeds" proposed rate caps because Columbia's Commission-approved deferral mechanism<sup>58</sup> is not at issue in this case and should not be brought into this proceeding as a way to limit the ability of a utility to appropriately utilize a statutory mechanism. Moreover, this recommendation contravenes the statute authorizing the capital expenditure programs. Ohio law requires the Commission to approve an application to implement a capital expenditure program and to recover the costs associated with that program "[i]f the commission finds that the capital expenditure program is consistent with the

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<sup>58</sup> See *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case No. 12-3221-GA-UNC, et al., Finding and Order (October 9, 2013) at 6.

natural gas company's obligation under section 4905.22 of the Revised Code to furnish necessary and adequate services and facilities” and that those “services and facilities” are “just and reasonable.”<sup>59</sup> The only cap on recovery under an approved capital expenditure program is “the total cost of the capital expenditure program as set forth in the application[,]” and even then “the commission in its discretion [can] authorize[ ] additional recovery \* \* \* .”<sup>60</sup>

This recommendation further ignores how a deferral mechanism works in conjunction with a rider. A regulatory asset is needed to defer costs associated with plant in service such as depreciation expense, property tax expense, and post in service carrying costs. A rider’s corresponding rate caps are a product of more than just plant and deferrals, but all aspects associated with the revenue requirement, including, but not limited to, annualized O&M expenses, over/under reconciliation of the rider, and tax effect of deferral balances.

Finally, on a practicable standpoint, this recommendation fails to recognize the need for flexibility to manage this program, especially if an unanticipated economic development project comes to Ohio needing this mechanism for funding that was not contemplated when the CEP Rider rate caps were set.

### **6.3. Sheet No. 78, Federally Mandated Investment Rider**

Columbia objects to Staff’s recommended denial of the FMI Rider. Columbia is required to comply with the PHMSA Mega Rule and Columbia cannot do so without the FMI Rider or appropriately increased rider caps on the CEP Rider. While Staff disregards Columbia’s scope of work as “not fully defined” and Columbia’s request as “premature,” Columbia is required to verify 50% of its pipeline mileage by July 3, 2028, and verify 100% of pipeline mileage by July 2, 2035.<sup>61</sup> Without the opportunity for full cost recovery, Columbia will likely not meet these deadlines.

Staff’s recommendation unreasonably ignores a significant and realistic upper bound of expenditures required to comply with the PHMSA Mega Rule. In its report, Staff did not refute the fact that Columbia will be required to make significant investments in order to comply with the PHMSA Mega Rule. Staff

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<sup>59</sup> R.C. 4929.111(C).

<sup>60</sup> *Id.*

<sup>61</sup> *Pipeline Safety: Safety of Gas Transmission Pipelines: MAOP Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments*, 84 Fed. Reg. 52180, 52247 (Oct. 1, 2019).

instead claims that the “range of projected costs varies greatly,” even though Columbia will only be permitted to recover costs *actually incurred* to be compliant with the PHMSA Mega Rule. Staff ignores the benefit of annually auditing Columbia’s expenditures in a more focused, subject-matter specific proceeding, similar to the IRP Rider.

Staff further unreasonably ignores the O&M component<sup>62</sup> of Columbia’s proposed FMI Rider, especially because it is the O&M that will finalize the scope of the work required to comply with the PHMSA Mega Rule. Finally, Staff’s contention that “this investment is eligible for inclusion in the CEP program” ignores the grossly understated proposed caps for the CEP Rider, which is further discussed in Objection 6.2.1.6 and in supplemental testimony.

## **7. Riders.**

### **7.1. Sheet No. 30b, Regulatory Assessment Rider.**

Columbia objects to this Staff recommendation because, without providing a specific rider to be charged only to Columbia’s Default Sales Service customers, the PUCO and OCC’s assessments would be paid twice by Columbia’s SCO and CHOICE customers. See also Columbia’s Objection 3.1.19.

### **7.2. Sheet No. 79, Federal/State Tax Reform Rider.**

Columbia objects to Staff’s recommendation because Staff inappropriately found Columbia’s proposal “premature,” “excessively broad and open-ended.”<sup>63</sup> Staff’s rationale ignores the issues that arose with the Tax Cuts and Jobs Act of 2017. During that time, several parties argued that tax rate changes could not be implemented unless there was a base rate case brought by the public utility.<sup>64</sup> Columbia did not oppose passing back these funds, and it did so in its CEP Rider proceeding, which was an alternative rate plan that provided an opportunity to pass back and adjust Columbia’s base rates for TCJA.

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<sup>62</sup> Please see Application at 21.

<sup>63</sup> Staff Report at 50.

<sup>64</sup> See, e.g., *In the Matter of the Commission’s Investigation of the Financial Impact of the Tax Cuts and Jobs Act of 2017 on Regulated Ohio Utility Companies*, Case No. 18-0047-AU-COI, Joint Application for Rehearing of Ohio Power Company, Ohio Edison Company, The Dayton Power and Light Company, Duke Energy Ohio, Inc., The Cleveland Electric Illuminating Company, and The Toledo Edison Company (Feb. 9, 2018).

In the future, Columbia may not have a pending alternative rate plan at the time of a tax adjustment. This rider placeholder allows Columbia to propose adjustments to its rider, to be reviewed and approved by the Commission, outside of a base rate case. Columbia's proposed rider is intended to make any adjustments (up or down) to Columbia's tax expense easier for the Commission in the future.

Likewise, Columbia does not know, nor could it know, what future tax reform will be. Thus, Columbia could not propose a schedule with calculations as to how a future rate would be calculated, as such a schedule would be premised on the type of tax reform that would be passed. Therefore, Staff's insinuation that Columbia's rider was "excessively broad" and "open ended," ignores the realities that no one, not even Columbia, can predict future tax reform.

Finally, of note, the Commission recently approved a placeholder tax reform rider similar to what Columbia proposes in this case.<sup>65</sup>

### **7.3. Sheet No. 80, Carbon Reduction Rider.**

Columbia objects to Staff's recommended denial of the Carbon Reduction Rider because it ignores the simple fact that Columbia does *not* bill any *Columbia* services through the "Optional Services" portion of its billing statement. Instead, third-party suppliers of warranty services bill on this portion of the Columbia bill. Moreover, Staff's recommendations also ignore any IT costs incurred by Columbia to bill additional charges and services through the "Optional Services" tariff. Staff's recommendation assumes that Columbia will incur no additional charges to add carbon offset providers to the bill. Finally, Staff's request does not appropriately recognize the benefits to customers of Columbia providing, through a voluntary rider, a relatively simple way to offset the customer's emissions related to utility service.

## **8. Deferral Request.**

### **8.1. Picarro.**

Columbia objects to this Staff recommendation because a significant majority of Staff's rationale relies on the belief that Picarro is "voluntary" in nature.

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<sup>65</sup> See *In the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates*, Case No. 20-585-EL-AIR, et al., Opinion and Order (November 17, 2021) at ¶ 81.

Patrolling Columbia's mains, service lines, and meters is mandatory by federal and state law. The method by which this survey is conducted, and the technology utilized to accomplish it, are the reasons for the deferral.

Moreover, Columbia will be using the Picarro technology to meet anticipated PHMSA rules. The PIPES Act of 2020 Section 113 requires PHMSA to create a final rule for the use of the advanced leak detection technology. The intent behind this rule is to extend current regulations beyond pipeline safety and to require leak inspection processes that help operators achieve goals to protect the environment. Columbia will be using this technology as a way to comply with this rule.

Staff also ignores the policy noted by the Commission in the approval of Columbia's application in Case No. 20-1356-GA-WVR, in which the Picarro technology was introduced to the Commission. In that case, the Commission expressed its interest in the safety benefits provided by Picarro.

Staff also unreasonably and inappropriately applied its six-part test for the creation of this deferral. Staff should have given more decisive weight to its determinations under the first factor, that "The costs associated with this deferral are not specifically recovered in the Company's current rates, and the current rates are not sufficient to cover the costs of the Picarro program," and the sixth factor, that "the Commission could encourage the utility to do something it would not otherwise do through the granting of the deferral authority."

Under the second factor, Columbia objects to Staff's conclusion because Staff has previously allowed deferral of amounts much smaller than the deferral requested, and because Staff unreasonably and without precedential support utilizes the voluntary nature of the expense as a factor in determining its materiality. Columbia further objects that Staff misapplies the third factor of the test by focusing on whether the Picarro pilot program is outside the Company's control, rather than whether the problem the Picarro pilot program is intended to address is outside the Company's control. Staff also misapplies the fourth factor, by concluding that the expenditures for a limited-duration pilot program are not, by definition, atypical and infrequent. Additionally, Staff misapplies the fifth factor, by considering the voluntary nature of the Picarro pilot program, and the uncertainty regarding the pilot program's final conclusions.

Finally, to the extent Staff denied deferral authority for the Picarro pilot program because it believed the program did not meet all six criteria of Staff's six-

part test, Columbia objects that it not necessary that a request for deferral authority meet all six criteria.<sup>66</sup>

**9. Tax Cuts and Jobs Act of 2019. Revenue Increase Due to Fully Amortized Unprotected EDIT.**

Columbia objects to Staff's alternative treatment of EDIT because Staff is utilizing *riders* to adjust *base rates*. Staff is proposing to divorce EDIT from the rate base from which it is calculated. In the Staff Report, Staff recommends keeping EDIT in "existing mechanisms which include periodic updates to rate base, such as the Company's existing Infrastructure [Replacement Program] ("IRP") Rider." Said differently, Staff proposes to allow the CEP and IRP assets to roll into base rates, but to keep the EDIT in the CEP and IRP Riders after the conclusion of this proceeding.

Utilizing the *riders* to make changes to *base rates* is inappropriate and lacks precedent. Moreover, such a method for adjusting base rates violates the matching principle by separating the assets and corresponding EDIT in recovery. This results in an unnecessarily complicated approach to offsetting overstated federal income tax expense embedded in base rates. The Company's proposal keeps EDIT and rate base together in the same mechanism (base rates). As stated in prepared direct testimony by Columbia Witness Melissa Thompson, the Company is incorporating its Rider IRP and CEP Rider plant into base rates. This includes, by definition, the associated ADIT/EDIT balances. Likewise, Columbia's proposed one-time increase at the conclusion of the unprotected EDIT six-year amortization period is an elegant solution versus Staff's continued *over adjustment* of the CEP and IRP Riders to offset base rates until Columbia's next base rate case.

**10. Staff Report Schedules.**

Columbia generally objects to the schedules, and corresponding workpapers, that were filed with the Staff Report in as much as these schedules reflect adjustments that Columbia has objected to herein.

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<sup>66</sup> See *In the Matter of the Review of Duke Energy Ohio, Inc.'s Application for Authority to Change Accounting Methods*, Case No. 19-1771-EL-AAM, Entry on Rehearing ¶ 15 (Aug. 12, 2020).

Respectfully submitted,

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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 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 6th day of May, 2022 upon the parties listed below.

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AAM**

Summary: Objection Objections of Columbia Gas of Ohio, Inc. electronically filed by  
Ms. Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc.