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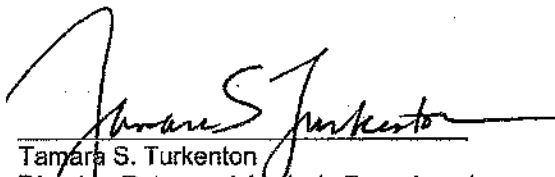
July 15, 2019

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Annual Application Columbia Gas of Ohio, Inc. for Adjustment to the
CEP Rider, Case Nos. 19-0438-GA-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation for Columbia Gas of Ohio, Inc.'s
application in Case Nos. 19-0438-GA-RDR for approval of authority to adjust the CEP Rider.



Tamara S. Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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**Columbia Gas of Ohio, Inc.
Case No. 19-0438-GA-RDR**

INTRODUCTION

In accordance with the Public Utilities Commission of Ohio's (PUCO or Commission) Opinion and Order in Case No. 17-2202-GA-ALT (Order),¹ on February 28, 2019, Columbia Gas of Ohio, Inc. (Columbia or Company) filed an application to adjust its Capital Expenditure Program (CEP) Rider rate.

On April 17, 2019, the Commission selected Blue Ridge Consulting Services, Inc. (Blue Ridge or Auditor) as the auditor to assist the staff of the PUCO (Staff) in performing the review of the necessity, prudence and reasonableness of capital expenditures and deferrals related to Columbia's CEP Rider.

On July 10, 2019, Blue Ridge submitted its Audit of the Capital Expenditure Program For the 2018 Annual Adjustment to the CEP Rider Rate for Columbia Gas of Ohio, Inc. (Blue Ridge Report).

This report by Staff provides Staff's conclusion and recommendations to the Commission in regard to Columbia's application to adjust its CEP Rider as filed in Case No. 19-0438-GA-RDR.

BACKGROUND

Under R.C. 4929.111, a natural gas company may file an application to implement a capital expenditure program (CEP) for infrastructure expansion, improvement, or replacement; to install, upgrade, or replace information technology systems; or to comply with rules, regulation, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds that the CEP is consistent with the Company's obligation to furnish necessary and adequate services and facilities, and finds those services and facilities to be just and reasonable, the Commission shall approve the application and authorize deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on the portion of assets of the CEP placed in service but not reflected in rates as plant in service, and a regulatory asset for the incremental depreciation and the property tax expense directly attributable to the CEP but not reflected in rates.

In 2011, the Company filed an application to implement a capital expenditure program and modify its accounting procedures in Case Nos. 11-5351-GA-UNC and 11-5352-GA-AAM. The Commission limited the CEP deferral authority from October 1, 2011, through December 31, 2012. The Commission authorized the Company to accrue CEP Deferral expense until the rates to recover the deferrals for the Small General Service (SGS) class reach \$1.50 per month.²

In 2012, in Case Nos. 12-3221-GA-UNC and 12-3222-GA-AAM, the Commission authorized the Company to continue its CEP Deferral beyond December 31, 2012, up and to the time where the accrued deferral would generate rates that result in an increased monthly charge of more than \$1.50 per month for the SGS class.³

¹ *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, Opinion and Order (Nov. 28, 2018).

² *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case No. 11-5351-GA-UNC, *et al.*, Finding and Order at 12-13 (Aug. 29, 2012).

³ *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 at 5 (Oct. 9, 2013).

In 2018, in Case No. 17-2202-GA-ALT, the Commission authorized the Company to implement a new alternative rate plan and create the CEP Rider to recover historic and ongoing CEP costs and CEP deferrals (CEP Investment). The rates for incorporating historic CEP Investments through December 31, 2017 were set for SGS customers at \$3.51 per meter per month.⁴ The rates for recovery of ongoing CEP Investments were capped for SGS customers at \$1.05 as a total rate cap of \$4.56 starting in September 2019.⁵

COLUMBIA'S APPLICATION FOR CEP RIDER

Columbia filed its Application to adjust the CEP Rider rate for SGS to \$4.15 beginning September 2019.⁶ The CEP Rider's revenue requirement for CEP investment through Dec. 31, 2018 is \$88,796,866. The Company calculated a total revenue requirement for 2018 investments of \$16,149,098⁷ and an over recovery from the prior year of \$1,838,486 resulting in a revenue requirement of \$14,310,612. CEP Investments included plant additions of \$122,061,499 and retirements of \$16,117,383 for total plant in service of \$105,944,116; accumulated depreciation of \$59,266,160; and total deferred expenses and total deferred taxes on expenses (depreciation, PISCC, and property tax) of \$47,543,038. Annualized operating expenses included depreciation, deferred depreciation amortization, PISCC amortization, property tax expense, and deferred property tax expense amortization.

THE CEP RIDER INVESTIGATION

Staff divided its review into two parts: 1) investigating the application and supporting schedules to determine if Columbia's filed exhibits justify the reasonableness of the revenue requirement proposed by the Company that is used as a basis for the adjustment; and 2) plant investigation performing the review of the necessity, prudence and reasonableness of capital expenditures and deferrals related to Columbia's CEP Rider. The Commission selected Blue Ridge as the auditor to assist Staff in conducting the plant investigation.

Staff reviewed the Company's Application and supporting testimony, analyzed documentation associated with expenses and deferrals for depreciation, property tax, and PISCC. Staff also reviewed proposed tariffs, bill impacts, and revenue requirement calculations. As part of its review, Staff issued data requests, contacted Company representatives to obtain clarifying and follow-up data, and performed independent analysis when necessary. Finally, Staff reviewed the Order and stipulation from Case No. 17-2202-GA-ALT to ensure the Company was in compliance with all recommendations and requirements.

Blue Ridge conducted an audit of Columbia's CEP capital expenditures. The audit reviewed the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2018 through December 31, 2018. The audit also assessed their necessity, prudence, lawfulness, and reasonableness. Blue Ridge reviewed information required by the RFP and provided in response to data requests, conducted interviews,

⁴ *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, Opinion and Order at 14 (Nov. 23, 2018).

⁵ *Id.* at 19.

⁶ Application, Att. A (Feb. 28, 2019).

⁷ The Company calculated the revenue requirement by multiplying reported 2018 CEP Investments of \$94,220,993 by the rate of return (9.52% pre-tax) and adding annualized operating expenses of \$7,179,259.

performed field inspections and desk top reviews, reviewed the Company's processes and procedures, and performed various analyses as detailed in the Blue Ridge Report.

STAFF'S RESPONSE AND RECOMMENDATIONS

Staff has completed its investigation of Columbia's proposed CEP Rider application.

Staff fully adopts the Blue Ridge Report. Specifically, Staff recommends that the Company:

- Adjust depreciation balances and the revenue requirement to account for the retirement that was recorded to the incorrect account.
- Remove from Utility Plant in Service the total cost of unused Mobile Data Terminals (\$388,656).
- Formally document its policies and procedures on the preparation and approval of workorders, damage claims, accounting/ journal entries, and allocations.
- Work with Staff to better identify expenses versus capitalized costs associated with meter relocations. More specifically, determine how the activity and costs should be tracked in order to clarify how meter movement should be recorded (capital or expense) in various situations and how to ensure the integrity of the process.
- Track the depreciation offset.
- Track incremental revenues.
- Track and document how each growth project met or did not meet its goal in order to ensure that the assets placed in service are both used and useful and not overbuilt either in length or diameter.
- Ensure retirements and cost of removal are recorded at the same time as the replacement assets.

Blue Ridge further noted that the Company did not reflect incremental revenue in its CEP and recommended that the revenue offset be clarified. Staff believes that the CEP deferral formula authorized in Case No. 12-3221-GA-UNC, *et al.*, was meant to be adjusted in Case No. 17-2202-GA-ALT to remove the incremental revenue offset as part of the Stipulation entered into in that case. However, Staff believes incremental revenues are an important component of the CEP deferral formula and, therefore, its removal from the formula should not be indefinite.⁸

The cumulative effect of these adjustments results in a CEP Rider rate for SGS of \$4.10 beginning September 2019. The CEP Rider's revenue requirement for CEP investment through Dec. 31, 2018 is \$87,616,409. A total revenue requirement for 2018 investments is \$14,968,641 and an over recovery from the prior year of \$1,838,486 resulting in and a revenue requirement of \$13,130,155. The revenue requirement was derived by multiplying reported 2018 CEP Investments of \$92,852,531 by the rate of return (9.52% pre-tax) and adding annualized operating expenses of \$6,129,080. CEP Investments included plant additions of \$121,672,839 and retirements of \$16,117,383 for total plant in-service of \$105,555,456; accumulated depreciation of \$59,188,428;

⁸ The stipulation in Case No. 17-2202-GA-ALT states in part: The Signatory Parties recommend that for CEP Investment incurred after December 31, 2017, Columbia should be authorized to defer expenses associated with CEP Investment until such costs are recovered by means of an adjustment to Columbia's CEP Rider rates. The deferrals shall be those authorized by the Commission in Case Nos. 12-3221-GA-UNC and 12-3222-GA-AAM. Columbia may adjust the CEP Rider rates each year to collect from customers the prior calendar year's CEP Investment and related deferrals. *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, Stipulation at 4 (Oct. 25, 2018).

and total deferred expenses and total deferred taxes on expenses (depreciation, PISCC, and property tax) of \$46,485,504.

Based upon the investigation described above, Staff believes that the Company has supported its filing with adequate data and information to ensure that the CEP Rider revenue requirement and resulting rider rates are just and reasonable. Therefore, Staff recommends that the Commission approve Columbia's Application for the CEP Rider as modified by these comments.



Case No. 20-49-GA-RDR

**Audit of the Capital Expenditure Program
For the 2019 Annual Adjustment to the CEP Rider Rate
For Columbia Gas of Ohio, Inc.**

Submitted on June 17, 2020

Prepared by
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Case No. 20-49-GA-RDR
Audit of the CEP for the 2019 Annual Adjustment to the CEP Rider Rate
For Columbia Gas of Ohio, Inc.

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Case No. 20-49-GA-RDR
Audit of the CEP for the 2019 Annual Adjustment to the CEP Rider Rate
For Columbia Gas of Ohio, Inc.

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For Columbia Gas of Ohio, Inc.

DISCLAIMER

The word *audit* is intended, as it is commonly understood in the utility regulatory environment, to mean a regulatory review, a field investigation, or a means of determining the appropriateness of a financial presentation for regulatory purposes. It is not intended in its precise accounting sense as an examination of booked numbers and related source documents for financial reporting purposes. Neither is the term *audit* in this case an analysis of financial statement presentation in accordance with the standards established by the American Institute of Certified Public Accountants (AICPA) and the Financial Accounting Standards Board (FASB). The reader should distinguish regulatory reviews such as those that Blue Ridge performs from financial audits performed by independent certified public accountants.

This document and the opinions, analyses, evaluations, and recommendations are for the sole use and benefit of the contracting parties. There are no intended third-party beneficiaries, and Blue Ridge shall have no liability whatsoever to third parties for any defect, deficiency, error, or omission in any statement contained in or in any way related to this document or the services provided.

This report was prepared based in part on information not within the control of the consultant, Blue Ridge Consulting Services, Inc. While it is believed that the information that has been provided is reliable, Blue Ridge does not guarantee the accuracy of the information relied upon.

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Audit of the CEP for the 2019 Annual Adjustment to the CEP Rider Rate
For Columbia Gas of Ohio, Inc.

ORGANIZATION OF BLUE RIDGE'S REPORT

This report is organized according to the following major sections:

- *Executive Summary:* This section provides a summary of Blue Ridge's observations, findings, conclusions, and recommendations presented in more detail in the body of the report.
- *Status of Case No. 19-438-GA-RDR Recommendations*
- *Elements of Analysis:* This section explains the following elements used in Blue Ridge's analysis: background; project purpose; project scope; audit standard; materiality; information reviewed; interviews; field observations, policies and practices; and a brief summary of the variance analyses, transactional testing, and other analyses.
- *Project Requirements and Related Summary Conclusions:* This section identifies the requirements of the Request for Proposal for this project and specifies Blue Ridge's summary conclusions regarding those requirements.
- *Detailed Analysis, Findings, and Recommendations:* This section documents Blue Ridge's analyses that led to our observations, findings, and recommendations regarding the plant-in-service balances and expenditures of the Capital Expenditures Program (CEP). It includes the rationale and description of any recommended adjustments.
- *Appendices:* The appendices include information reviewed and workpapers that support recommended adjustments.

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Audit of the CEP for the 2019 Annual Adjustment to the CEP Rider Rate
For Columbia Gas of Ohio, Inc.

EXECUTIVE SUMMARY

On December 1, 2017, Columbia Gas of Ohio, Inc. ("Columbia" or "Company") filed an application seeking authority from the Public Utilities Commission of Ohio (PUCO or "Commission") for a new alternative rate plan to establish a capital expenditure program (CEP) rider ("CEP Rider"). The Company filed an amended application on April 2, 2018. The Company stated that the purpose of the CEP Rider is to recover the post-in-service carrying costs, incremental depreciation expense, and property tax expense currently deferred pursuant to Columbia's capital expenditure program deferral ("CEP Deferral") as well as the corresponding assets to which these expenses are directly attributable in the capital expenditure program. The Commission granted the Company authority to establish a CEP Rider and authority to recover deferrals and the underlying assets for CEP investment from 2011 through 2017. The Company was also authorized to adjust the CEP Rider rate each year to collect from customers the prior calendar year's non-IRP capital expenditures and related deferrals.

On January 29, 2020, the Public Utilities Commission of Ohio ("Commission" or PUCO) issued a request for proposal seeking proposals to conduct a two-part audit of Columbia's CEP capital expenditures. The first part of the audit is to review and attest to the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2018, through December 31, 2019. The second part of the audit is to simultaneously assess and form an opinion on the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and related assets for the same period.¹ Blue Ridge Consulting Services, Inc. ("Blue Ridge") submitted a proposal and was selected to perform the review. Blue Ridge's investigation included data requests, interviews, field inspections, and analyses, including variance, detailed transactional testing, and other analyses.

Part 1 Plant In-Service Balances

For the first part of the audit, Blue Ridge reviewed the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals for the period January 1, 2019, through December 31, 2019. Through our analysis, Blue Ridge found that the Company was able to provide detailed continuing property records to support its plant-in-service balances. For the work order / projects detail that the Company provided, Blue Ridge found that all the work included in the projects sampled are capital in nature and the scope of work and cost detail coincided with the applicable FERC 300 accounts to which the work applies in accordance with the FERC Uniform System of Accounts (CFR 18). The projects were classified to the proper intangible distribution and general equipment FERC accounts.

The Company included detailed justification and support that the projects were necessary, reasonable, and prudent. Blue Ridge concluded that the projects are used and useful. However, we identified several growth projects that could generate revenue (Testing Step T11). The Company has not reflected any incremental revenue in its CEP. Blue Ridge reiterates its recommendation from prior audits that incremental revenue be clarified and tracked.

¹ Case No. 20-0049-GA-RDR Request for Proposal No. UD20-CSPA-1, pages 1-2.

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For Columbia Gas of Ohio, Inc.

In reviewing depreciation, Blue Ridge confirmed the Company's calculations. We also found the depreciation accrual rates to be not unreasonable.

Part 2 Capital Expenditures Prudence Audit

For the second part of the audit, Blue Ridge purposed, as the RFP instructed, "to simultaneously assess and form an opinion on the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and related assets for the same period" (January 1, 2019, through December 31, 2019).

Blue Ridge examined the Company's policies and practices and found them, for the most part, to be satisfactory. The one concern Blue Ridge had in this audit (as in the previous year) was that the Company had no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. While the Company was able to explain the criteria for ensuring the activity was handled properly, Blue Ridge believes that policies and procedures are an important component of internal controls and recommends again that the Company formally document its policies and procedures in these areas. However, although recommending documentation for those corporate policies mentioned above, Blue Ridge concluded that Columbia's controls were adequate and not unreasonable. Furthermore, we were satisfied with actions taken with regard to internal and other audits reviewed.

In evaluating cost drivers and containment, Blue Ridge found that the steps the Company is taking to control contractor costs both near- long-term are prudent and not unreasonable.

Blue Ridge suggests two adjustments. The first regards deferred income taxes on liberalized depreciation—vintage 2017 plant in service. The underlying tax depreciation schedule for Vintage 2017 assets did not tie to the cumulative annual balance as of December 31, 2019. In response to discovery, the Company provided a revised Schedule 11, which increased the deferred income tax offset in rate base by \$91,897. Blue Ridge recommends that the CEP be adjusted to reflect this revision. The revision reduces the CEP revenue requirements by \$8,749.

The second adjustment regards deferred income taxes on liberalized depreciation—vintage 2019 plant in service. The Repairs and Mixed Service Cost ratios used to calculate the depreciable tax basis for 2019 vintage assets carried over 2018 data from the prior year's filing. In response to discovery, the Company provided the updated percentages and explained the 2019 data was previously unavailable when it filed the CEP schedules on February 28, 2020. Blue Ridge recommends that when estimates are used or inputs are not updated due to time constraints during the preparation of the initial filing, they should be trued up to actual when available and the difference is not de minimis. Blue Ridge calculated the impact to be a \$1,597,311 increase to the deferred income tax offset in rate base. Blue Ridge recommends that the CEP revenue requirements be adjusted to reflect this revision. The impact is a \$152,064 reduction in the CEP revenue requirements.

Blue Ridge had other recommendations not including adjustments:

1. The Commission ordered in Case No. 19-0438-GA-RDR (August 28, 2019) that the Company address OCC's recommendation to identify meter relocation costs that should not have been charged to consumers under the CEP and track the number and cost of meter relocations on an annual basis for relocated meters that are either expensed or capitalized. The Company reviewed its policies and procedures and determined that no changes were necessary. However, the Company's response did not address OCC's recommendation regarding the tracking of meter relocations. Blue Ridge recommends that the Company comply with the

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For Columbia Gas of Ohio, Inc.

Commission-approved recommendation from OCC and track the meter relocations on an annual basis and indicate whether the costs are expensed or capitalized.

2. In our review, the Company stated that there were no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. However, they did explain the criteria, including checklist, manual, and other requirements that ensured the activity was handled properly. Policies and procedures are an important component of internal controls. Blue Ridge again recommends that the Company formally document its policies and procedures in these areas.
3. We identified several growth projects that could generate revenue (Testing Step T11). The Company has not recognized incremental revenue in its CEP. Blue Ridge reiterates its recommendation from prior audits concerning incremental revenue that the Company identify projects that have the potential of generating incremental revenue and track that revenue. Inclusion of incremental revenue in the CEP should be re-evaluated in the Company's next base rate case.
4. Blue Ridge continues to recommend that the timeliness of recording retirements and COR at the same time as replacements are recorded continue to be monitored in future audits.

STATUS OF CASE NO. 19-0438-GA-RDR RECOMMENDATIONS

Blue Ridge performed the Plant-in-Service and Capital Expenditure Program Audit of Columbia Gas of Ohio, Inc. in Case No. 19-0438-GA-RDR. In its Order in that case, the Commission included recommendations from Staff and OCC. Additionally, Staff had adopted Blue Ridge Recommendations in its report dated July 15, 2019. Blue Ridge requested the status of these recommendations as listed below. Following each recommendation is Columbia's response regarding the recommendation's status² and Blue Ridge's associated comments based upon observations from this compliance audit.

Recommendations in Commission Order, dated August 28, 2019

- a) Staff Recommendation: Adjust depreciation balances and the revenue requirement to account for the retirement that was recorded to an incorrect account.

Columbia Response: Columbia adjusted the depreciation balances and the revenue requirement to account for the Staff Recommendation in Case No. 19-438-GA-RDR to arrive at the final effective rates in 2019.

Blue Ridge's Comments: In Blue Ridge's July 10, 2019, report, we identified an error in the recording of certain retirements that reduced depreciation expense by \$943,642. We confirmed that the adjustment was reflected in the December 31, 2018, balances reflected in the CEP under audit this year.³ No additional work required.

- b) Staff Recommendation: Remove from Utility Plant in Service the total cost of unused Mobile Data Terminals.

² Columbia Gas response to Blue Ridge Data Requests 6 and 7.

³ WP Rev Req 20-0049-GA-RDR - CEP Audit BRCS Set 1 No 3 - CEP Financial Schedules.

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For Columbia Gas of Ohio, Inc.

Columbia Response: Columbia removed from Utility Plant in Service the total cost of unused Mobile Data Terminals to account for the Staff Recommendation in Case No. 19-438-GA-RDR to arrive at the final effective rates in 2019.

Blue Ridge's Comments: In Blue Ridge's July 10, 2019, report, we identified 96 uninstalled Mobile Data Terminals (MDTs) that were not used and useful and recommended their costs be excluded from the CEP. The adjustment reduced plant by \$388,660 and accumulated depreciation by \$77,732. We confirmed that the adjustment was made to the December 31, 2018, balances reflected in the CEP.⁴ No additional work required.

- c) OCC Recommendation: Amend the Company's policies and procedures to protect consumers from being charged for assets that are not used and useful as a result of overbuilding for growth projects that do not result in the expected growth.

Columbia Response: Columbia reviewed its policies and procedures with its Accounting Department after Case No. 19-438-GA-RDR and determined no changes were necessary. The Company further explained that the capital policies and procedures address when Columbia is permitted to capitalize an asset that is used and useful. Likewise, through the field and desktop audit, Columbia explained the process by which it sizes its growth projects to ensure there is not any overbuilding when installing new main line and services.⁵

Blue Ridge's Comments: Blue Ridge did examine growth-related projects during the desktop and field review portions of this audit, focusing on gas flow models before and after completion, GIS prints of assets installed, and project justification statements. Based on our review, we are satisfied that Columbia has defensible policies and procedures in place to justify that growth-related projects are prudent, used, and useful. No additional work is required; however, future audits should continue to monitor growth projects.

- d) OCC Recommendation: Identify meter relocation costs that should not have been charged to consumers under the CEP and track the number and cost of meter relocations on an annual basis for relocated meters that are either expensed or capitalized.

Columbia Response: Columbia reviewed its policies and procedures with its Accounting Department, including the Plant Accounting Group, and determined no changes were necessary because meter relocations were being properly accounted as either capital or expense. The Company further explained that once meter relocation work is completed, the technician will close out the job order, and then, pursuant to these policies and procedures, the meter relocation costs will be capitalized or expensed based on the work performed.⁶

Blue Ridge's Comments: The Company's response did not address OCC's recommendation regarding the tracking of meter relocations. Blue Ridge recommends that the Company comply with the Commission-approved recommendation from OCC and track the meter relocations on an annual basis and indicate whether the costs are expensed or capitalized.

⁴ WP Rev Req 20-0049-GA-RDR – CEP Audit BRCS Set 1 No 3 – CEP Financial Schedules.

⁵ Columbia Gas response to Blue Ridge Data Request 74.

⁶ Columbia Gas response to Blue Ridge Data Request 75.

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Recommendations in Staff Report, dated July 15, 2019

- e) **Blue Ridge Recommendation:** Formally document its policies and procedures on the preparation and approval of work orders, damage claims, accounting/journal entries, and allocations.

Columbia Response: Columbia reviewed its policies and procedures with its Accounting Department after Case No. 19-438-GA-RDR and determined no changes were necessary.

Blue Ridge's Comments: In its audit report, Blue Ridge had agreed that Columbia's controls were adequate and not unreasonable. However, Blue Ridge based its recommendation on best practices since policies and procedures are an important component of internal controls. Columbia has no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. Formalizing policies is normally the easiest and most effective way to retain corporate knowledge. That being the case, Blue Ridge renews its recommendation that the Company formalize its policies and procedures on the preparation and approval of work orders, damage claims, accounting/journal entries, and allocations.

- f) **Blue Ridge Recommendation:** Work with Staff to better identify expenses versus capitalized costs associated with meter relocations. More specifically, determine how the activity and costs should be tracked in order to clarify how meter movement should be recorded (Capital or expense) in various situations and how to ensure the integrity of the process.

Columbia Response: While Columbia did not work with Staff, Columbia reviewed its policies and procedures with its Accounting Department, including its Plant Accounting department, after Case No. 19-438-GA-RDR and determined no changes were necessary. Upon requesting more specifically how the determination was made, the Company replied, first, that they found meter relocations were being properly accounted as either capital or expense. Further, their policies and procedures ensure that Columbia is accurately accounting for the meter relocation work as either capital or expense. Columbia insisted that it does not delay relocating service lines until service lines need to be replaced. Columbia will relocate the meter outside if the work is required to do so. How that work is treated is guided by its policies and procedures.

Blue Ridge's Comments: Blue Ridge's recommendation was likely the genesis of OCC's recommendation above in item d. As stated above, the Company's response did not address OCC's recommendation regarding the tracking of meter relocations. Blue Ridge recommends that the Company comply with the Commission-approved recommendation from OCC and track the meter relocations on an annual basis and indicate whether the costs are expensed or capitalized.

- g) **Blue Ridge Recommendation:** Track the depreciation offset.

Columbia Response: Columbia has tracked and reflected the base rate depreciation offset in Schedule CEP-1, Line 6.

Blue Ridge's Comments: No additional work required.

- h) **Blue Ridge Recommendation:** Track incremental revenues.

Columbia Response: Columbia has not recognized incremental revenue in calendar year 2019. As the Staff Report noted in Case No. 19-438-GA-RDR, "the CEP deferral formula authorized in Case No. 12-3221-GA-UNC, et. al, was meant to be adjusted in Case No. 17-

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2202-GA-ALT to remove the incremental revenue offset as part of the Stipulation entered into in that case. However, Staff believes incremental revenues are an important component of the CEP deferral formula and, therefore, its removal from the formula should not be indefinite." See Staff Report at 3.

Blue Ridge's Comments: We identified several growth projects that could generate revenue (Testing Step T11). However, the Company has not recognized incremental revenue in calendar year 2019. We reiterate our recommendation that the Company should identify projects that have the potential of generating incremental revenue and track that revenue.

- i) Blue Ridge Recommendation: Track and document how each growth project met or did not meet its goal in order to ensure that the assets placed in service are both used and useful and not overbuilt either in length or diameter.

Columbia Response: Columbia's New Business and Engineering departments ensure Columbia's capital projects are sufficient to meet Columbia customer needs.

Blue Ridge's Comments: While ensuring the capital projects are sufficient to meet Columbia needs is appropriate that was not Blue Ridge's concern. Our concern relates to the potential for growth projects that are overbuilt in anticipation of future growth that does not materialize. The overbuild results in ratepayers paying for assets that are not used and useful. Blue Ridge reiterates its original recommendation.

- j) Blue Ridge Recommendation: Ensure retirements and cost of removal are recorded at the same time as the replacement assets.

Columbia Response: Columbia's Plant Accounting department ensures that retirements and cost of removal are recorded at the same time as the replacement assets.

Blue Ridge's Comments: While no additional work is required by the Company, we recommend that the timeliness of recording retirements and COR at the same time as replacements are recorded continue to be monitored in future audits.

- k) Blue Ridge Recommendation: The Company did not reflect incremental revenue in its CEP, and Blue Ridge recommended that the revenue offset be clarified.

Columbia Response: Columbia has not recognized incremental revenue in calendar year 2019. As the Staff Report noted in Case No. 19-438-GA-RDR, "the CEP deferral formula authorized in Case No. 12-3221-GA-UNC, et. al, was meant to be adjusted in Case No. 17-2202-GA-ALT to remove the incremental revenue offset as part of the Stipulation entered into in that case. However, Staff believes incremental revenues are an important component of the CEP deferral formula and, therefore, its removal from the formula should not be indefinite." See Staff Report at 3.

Blue Ridge's Comments: Blue Ridge acknowledges that the Company did not recognize incremental revenue in calendar year 2019. However, that was not the intent of our recommendation. We recommend that the definition of incremental revenue should be clearly defined. Therefore, we reiterate our original recommendation.

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ELEMENTS OF ANALYSIS

BACKGROUND

Since 1953, Section 4905.22 of the Ohio Revised Code (R.C.) has required utilities in Ohio to "furnish necessary and adequate service" and "provide such instrumentalities and facilities as are adequate and in all respects just and reasonable." In September 2011, R.C. 4929.111 permitted natural gas companies to apply to the Public Utilities Commission of Ohio (Commission) for approval of a capital expenditure program (CEP) for investment related to: infrastructure expansion, improvement, or replacement; programs to install, upgrade, or replace technology systems; or, programs to comply with government rules and regulations. With approval of a CEP, natural gas companies can establish a regulatory asset to defer for future recovery the post in-service carrying costs ("capitalized interest" or PISCC) and depreciation and property tax expenses associated with the CEP assets.

In Case Nos. 11-5351-GA-UNC and 11-5352-GA-AAM, Columbia Gas Ohio, Inc. (Company or Columbia) sought and was granted authority to create a CEP and to begin deferring the related PISCC and depreciation and property tax expenses (the CEP Deferral) for capital investments that were not part of its accelerated infrastructure replacement program (IRP). The Commission authorized the CEP Deferral for the period October 1, 2011 through December 31, 2012 and determined that Columbia could accrue the deferral only up to the point where the deferred amount would exceed \$1.50 per month for the Small General Service (SGS) class of customers if it were included in customer rates.

Subsequently, in Case Nos. 12-3221-GA-UNC and 12-3222-GA-AAM, the Commission authorized Columbia to continue the CEP Deferral beyond 2012, up to the point where the deferred amount would exceed \$1.50 per month for the SGS class of customers if it were put into rates. The Commission also restated its determination that it would consider the prudence, reasonableness, and magnitude of the CEP Deferral and capital expenditures when Columbia applied for recovery.

In Case No. 17-2202-GA-ALT, the Company sought and was granted authority to establish a CEP Rider and authority to recover deferrals (as authorized in Case Nos. 12-3221-GA-UNC and 12-3222-GA-AAM) and the underlying assets for CEP investment from 2011 through 2017. The Company was also authorized to adjust the CEP Rider rate each year to collect from customers the prior calendar year's non-IRP capital expenditures and related deferrals. The Commission prescribed annual rate caps by customer class per year.

Each year, the CEP Rider application should contain schedules based on twelve months of actual data for the prior calendar year. The rate of return used in development of the revenue requirement in each application will be based on the capital structure and cost of capital authorized by the Commission in Columbia's most recent base rate case, Case No. 08-72-GA-AIR.

The Public Utilities Commission of Ohio (Commission or PUCO) issued a request for proposal seeking proposals to conduct a two-part audit of Columbia's CEP capital expenditures. The first part of the audit is to review and attest to the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2019, through December 31, 2019. The second part of the audit is to simultaneously assess and form an opinion on the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and related assets for the same period.⁷

⁷ Case No. 20-0049-GA-RDR Request for Proposal No. UD20-CSPA-1, pages 1-2.

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Blue Ridge Consulting Services, Inc. ("Blue Ridge") submitted a proposal and was selected to perform the review.

PURPOSE OF PROJECT

As defined in the RFP, the audit was to address two parts with the following scope:

Part 1 Plant-in-Service Balances: Review and attest to the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2019, through December 31, 2019.

Part 2 Capital Expenditures Prudence Audit: Simultaneously assess and form an opinion on the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and related assets for the same period (January 1, 2019, through December 31, 2019).

PROJECT SCOPE

The project scope, as delineated in the RFP, addresses the following items:

Part 1 Plant-in-Service Balances

- Determine total Company plant in service for each account and subaccount from January 1, 2019, through December 31, 2019.
- Audit Columbia Gas's plant in service to determine the proper value for non-IRP investments by account and subaccount.
- Determine total Company depreciation reserve for each account from January 1, 2019, through December 31, 2019.
- Audit Columbia Gas's depreciation reserve to determine the proper value for non-IRP investments by account and subaccount.
- Provide a determination as to the accuracy and completeness of Columbia Gas's historical plant records and continuing property record.
- Ensure plant-in-service transactions were properly classified as capital expenditures.
- Identify subaccounts and/or functions for the determination of allocation factors and/or depreciation expense.
- Perform physical inspections to confirm the assets are used and useful.
- Provide a report of findings that includes the rationale and description of any recommended adjustments.

Part 2 Capital Expenditure Prudence Audit

- Review Cases 11-5351-GA-UNC, 12-3221-GA-UNC, et al, 17-2202-GA-ALT, 19-438-GA-RDR, and 20-49-GA-RDR.
- Read and become familiar with all applicable testimony and workpapers.
- Identify and assess the necessity, reasonableness, and prudence of Columbia Gas's non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.
- Identify and assess the necessity, prudence, lawfulness, and reasonableness of Columbia Gas's policies and practices for plant additions, new construction, plant replacement, and plant retirements for the period January 1, 2019, through December 31, 2019.

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- Identify and assess the necessity, reasonableness, and prudence of the principal causes for increases in Columbia's non-IRP capital expenditures for the period January 1, 2019, through December 31, 2019.
- Identify and assess the reasonableness and prudence of Columbia Gas's cost-containment strategies and practices in the use of outside contractors for non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.
- Identify and assess the reasonableness and prudence of Columbia Gas's cost-containment strategies and practices in the use of internal Company labor for non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.
- Utilize the Blue Ridge team's familiarity and experience with natural gas distribution utility operations and capital spending practices to identify and assess the reasonableness and prudence of any other Columbia Gas capital spending policies and practices or lack of such practices not specifically identified herein.
- Recommend and support specific adjustments to the non-IRP plant-in-service balance based on any findings of lack of necessity, unreasonableness, or imprudence.
- Review and verify all CEP-related schedules to ensure accuracy of the required CEP formula, including plant and reserve balances, annualized expenses for PISCC, property tax, depreciation, and incremental revenue.
- Review and verify deferral beginning balances for PISCC, property tax, and depreciation.
- Recommend and support specific adjustments pertaining to the CEP schedules.

DEFINITION OF NON-IRP / CEP INVESTMENTS

The audit focuses on Non-IRP investments recovered through the Capital Expenditures Program (CEP) Rider. Per the August 29, 2012, Order in Case No. 11-5351-GA-UNC, CEP includes (a) any infrastructure expansion, infrastructure improvement, or infrastructure replacement program; (b) any program to install, upgrade, or replace information technology systems; and (c) any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction.

Per Columbia's application in Case No. 11-5351-GA-UNC (dated October 3, 2011), the CEP includes the following components: (a) Replacement / Public Improvement / Betterment; (b) Acquisitions; (c) Growth; (d) Support Services; (e) Information Technology; (f) Distribution Integrity Management Plant Implementation.

Case No. 11-5351-GA-UNC – Capital Expenditure Program

On August 29, 2012, the Commission issued its Findings and Order regarding Case No. 11-5351-GA-UNC. The Order approved the following:

- 1) Columbia's capital allocation policy governs the allocation of capital, including the identification and prioritization of capital projects. The annual capital budget allocation approved by the NiSource Board of Directors is consistent with Columbia's obligation to furnish necessary and adequate services and facilities under Rev. Code 4905.22. the following components are included in Columbia's capital expenditures program:
 - a. Replacement/Public Improvement/Betterment—Replacement of facilities for any of the following reasons: (1) physical deterioration; (2) meeting the requirements of governmental authorities related to street and highway construction; (3) accommodating existing customer requests for facility relocation; and (4) improving system operating conditions and ensuring adequate distribution system capacity and/or system reliability. This Replacement/Betterment category may

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- include, but is not limited to, cost related for installation of and/or improvements to mains and service lines, measuring and regulation stations, district regulatory stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated buildings, land or land rights.
- b. Growth—Facilities required to provide service to new customers or to provide increased load capacity to existing customers. The category may include, but is not limited to, costs associated with the installation of and/or improvement to mains and services (including service line installations to new customers served by existing mains), district regulator stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated buildings, land or land rights.
 - c. Support Services—Capital expenditures that are not directly related to gas facilities fall into this category which may include, but is not limited to, costs associated with the purchase of and/or improvements to buildings and structures (including associated land and land rights), environmental remediation at company owned facilities, office furniture and equipment, motorized equipment and trailers, power operated equipment, and other miscellaneous equipment.
 - d. Information Technology—Capital expenditures related to technology and communications infrastructure. This category may include, but is not limited to, costs associated with purchase and installation of communications equipment (including associated buildings, land or land rights), data processing equipment, data processing software, and software licenses.

AUDIT STANDARD

Blue Ridge's focus is on the accounting accuracy; used and useful nature; and the necessity, prudence, lawfulness, and reasonableness of the non-IRP capital expenditures. Blue Ridge used the following standard during the course of the audit when assessing the attributes required in the project scope:

Accounting Accuracy: The stated value is supported by accurate and complete plant accounting property records. Transactions are properly recorded as capital expenditures in the appropriate FERC account(s).

Used and Useful: The assets are used in providing services and are useful to the ratepayer.

Necessity, Reasonableness, and Prudence: The decision to make the investment was reasonable at the time the decision was made and based on information then available. The decision is one that a reasonable person could have made in good faith, given the information and decision tools available at the time of the decision.

Lawfulness: The Blue Ridge team does not include an attorney; therefore, our opinion as to lawfulness is not intended in the precise legal sense of determining the legality of an action, condition, or intent. Our focus regarding lawfulness is on whether the capital expenditures and related assets are in compliance with Commission orders.

MATERIALITY

Materiality relates to the importance or significance of an amount, transaction, or discrepancy. The assessment of materiality depends on certain factors, such as an organization's revenues and expenses. For a regulated utility, the impact on a company's ratepayer should also be considered.

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Under traditional cost-of-service ratemaking, revenue requirements (or cost of service) equates to the total of operating expenses, depreciation, taxes, and a rate-of-return allowance on the utility's investment in rate base. Blue Ridge used the traditional cost-of-service concept to identify materiality as it relates to changes in the plant-in-service component of rate base. Materiality was calculated by backtracking through the Company's CEP revenue requirements calculation to determine the amount of change in gross plant in service that would result in a 2.50 percent change in the CEP Rider on an average residential customer's monthly bill. Blue Ridge found that a \$17,530,247 change in gross plant in service would result in 2.50 percent change in the CEP Rider on an average residential customer's monthly bill.^a

The resultant materiality threshold was used to determine the *tolerable error* in the calculation of the sample size for detailed transactional testing. Blue Ridge's findings were not limited by the tolerable error. We reported on all our findings regardless of amount.

INFORMATION REVIEWED

Blue Ridge reviewed or is familiar with the following information as required by the RFP:

- Case documents, including applications, testimony, work papers, stipulations (if any), and orders, in Cases 11-5351-GA-UNC and 12-3221-GA-UNC et al., Case No. 17-2202-GA-ALT, Case No. 19-438-GA-RDR, and Case No. 20-0049-GA-RDR
- Generally accepted accounting principles (GAAP)
- Federal Energy Regulatory Commission (FERC) Uniform System of Accounts
- Various accounting and tax changes or decisions issued during calendar year 2019
- The operations and regulatory environment of natural gas distribution utilities
- The capital spending practices and requirements of natural gas distribution utilities
- The Pipeline and Hazardous Materials Safety Administration's (PHMSA) Pipeline Safety Regulations (49 CFR, Parts 190-199)

During the audit process, Blue Ridge requested and was provided additional information. A list of the data requested is included as Appendix B. Electronic copies of the information obtained were provided to Staff.

INTERVIEWS

Blue Ridge had conducted interviews of Company personnel during the CEP Plant-in-Service audit association with Case No. 17-2202-GA-ALT and followed them up as necessary during the audit performed in Case No. 19-0438-GA-RDR. Blue Ridge reviewed notes from those interviews and updated our understanding of information obtained through interviews.

Any specific data referenced from the CEP Plant-in-Service audit associated with Case Nos. 17-2202-GA-ALT and 19-0438-GA-RDR interview notes and updated data from additional telephone interviews during this audit are included within the electronic appendices to this report. The interviews Blue Ridge reviewed that had a bearing on the current audit focused on the following areas:

1. Plant Accounting
2. Engineering
3. Work Order Development

^a WP-20-0049-GA-RDR Sensitivity, Sample Size and Interval.

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4. Information Technology
5. Capital Budgeting

FIELD OBSERVATIONS

Due to the limitations resulting from the pandemic, Blue Ridge performed virtual inspections through the use of online communication tools. The objectives of the inspections focused on (1) Used and Usefulness: whether the Company assets were used and useful, providing service to the customer, and, therefore, properly included in utility plant in service, and (2) Necessity, Prudence, Lawfulness, and Reasonableness (as understood according to their definitions in the Audit Standard section of this report). The reviews also considered whether the assets appeared overbuilt (gold plated) and whether the Company selected a reasonable option to execute the work. The reviews included inspection of drawings, schematics, notes, and other documentation, as needed, that supported the reasonableness of the decision to execute the work.

Additional discussion on the team's observations are included in the section labeled Physical Inspections and Desktop Reviews. The field observation notes and photos are included within the electronic appendices to this report.

POLICIES AND PRACTICES

Blue Ridge did not perform a management audit but did review the Company's processes and controls to ensure that they were sufficient so as not to adversely affect the balances in distribution utility net plant in service. Based on the documents reviewed, Blue Ridge was able to understand the Companies' processes and controls that affect each of the plant balances. Blue Ridge also reviewed internal audit reports conducted on various areas of the Companies' operations that could impact utility plant-in-service balances. Blue Ridge also reviewed applicable SOX and FERC audits.

VARIANCE ANALYSIS, TRANSACTIONAL TESTING, AND OTHER ANALYSIS

To identify, quantify, and explain any significant net plant increases within the individual accounts, Blue Ridge performed account variance analyses. The Company was asked to explain any significant changes. The results of the analysis are included in this report under the section labeled Variance Analysis.

In addition, Blue Ridge selected a sample number of work orders, from the population of work orders supporting the gross plant in service, for detailed transactional testing. The sample was selected using a statistically valid sampling technique that would allow conclusions to be drawn in regard to the total population. Additional work orders were selected based on professional judgment. The results of the transactional testing are included in the section labeled Detailed Transactional Testing.

Blue Ridge also performed other various analyses, including mathematical verifications and source data validation of the schedules that support the application filing.

PROJECT REQUIREMENTS AND RELATED SUMMARY CONCLUSIONS

The Request for Proposal (RFP) included general project requirements for the auditor investigation that were separated into two parts: (1) Plant In-Service and (2) Capital Expenditures Prudence. The two parts are interrelated and the findings in each part are used to support Blue Ridge's ultimate recommendations. To ensure that we have addressed the specific requirements in

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the RFP, we have maintained the integrity of the work scope by part. The following lists include the subject areas of the RFP's required audit components and how this section of the report is organized.

Part 1 Plant In-Service

The RFP stated that the purpose for the first part of the audit was to "review and attest to the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2019, through December 31, 2019." Specific scope included the following items:

- Plant in Service Schedules
 - Determine total company plant in service for each account and subaccount, January 1, 2019, through December 31, 2019.
 - Audit Columbia's plant in service to determine the proper value for non-IRP investments by account and subaccount.
- Depreciation Reserve
 - Determine total company depreciation reserve for each account for January 1, 2019, through December 31, 2019.
 - Audit Columbia's depreciation reserve to determine the proper value for non-IRP investments by account and subaccount.
- Historical Records
 - Provide a determination as to the accuracy and completeness of Columbia's historical plant records and continuing property record.
- Classification—Capital vs. Expense
 - Ensure plant-in-service transactions were properly classified as capital expenditures.
- Subaccounts—Allocations and Depreciation
 - Identify subaccounts and/or functions for the determination of allocation factors and/or depreciation expense.
- Physical Inspections
 - Perform physical inspections to confirm the assets used and usefulness.

Part 2 Capital Expenditures Prudence Audit

For the second part of the audit, the RFP stated the purpose is "to simultaneously assess and form an opinion on the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and related assets for the same period." Specific scope included the following items:

- Necessity, Lawfulness, Prudence, and Reasonableness

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- Identify and assess the necessity, prudence, lawfulness, and reasonableness⁹ of Columbia's non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.
- Policies and Practices
 - Identify and assess the necessity, prudence, lawfulness, and reasonableness of Columbia's policies and practices for plant additions, new construction, plant replacement, and plant retirements for the period January 1, 2019, through December 31, 2019.
 - Utilize the auditor's and/or retained subcontractor's familiarity and experience with natural gas distribution utility operations and capital spending practices to identify and assess the reasonableness and prudence of any other Columbia capital spending policies and practices or lack of such practices not specifically identified herein.
- Causes for Increased Non-IRP Spending
 - Identify and assess the necessity, prudence, lawfulness, and reasonableness of the principal causes for increases in Columbia's non-IRP capital expenditures for the period January 1, 2019, through December 31, 2019.
- Cost Containment
 - Identify and assess the reasonableness and prudence of Columbia's cost containment strategies and practices in the use of outside contractors for non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.
 - Identify and assess the reasonableness and prudence of Columbia's cost containment strategies and practices in the use of internal company labor for non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.
- CEP Schedules
 - Review and verify all CEP-related schedules to ensure accuracy of the required CEP formula, including plant and reserve balances, annualized expenses for PISCC, property tax, depreciation, and incremental revenue.
 - Review and verify deferral beginning balances for PISCC, property tax, depreciation.
- Recommended Adjustments
 - Recommend and support specific adjustments pertaining to the to the non-IRP plant-in-service balance based on any findings of nonnecessity, imprudence, unlawfulness, or unreasonableness.
 - Recommend and support specific adjustments pertaining to the CEP schedules.

⁹ While the Scope section of the RFP mentioned only "necessity, reasonableness, and prudence of Columbia's non-IRP capital expenditures and assets," the Purpose section included "lawfulness" as well. Therefore, Blue Ridge includes "lawfulness" both here and in the "Causes for Increased Non-IRP Spending" and "Recommended Adjustments" bullet items of this scope section. (Lawfulness is understood according to the definition provided in the Audit Standard section of this report.)

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The following subsections address the RFP requirements delineated above and Blue Ridge's summary conclusions based on our analysis. Additional information related to the analysis is provided in the next section of this report: Detailed Analysis, Findings, and Recommendations.

1. PLANT-IN-SERVICE SCHEDULES

Requirements: Determine total company plant in-service for each account and subaccount, January 1, 2019, through December 31, 2019.

Requirement: Audit Columbia's plant in service to determine the proper value for non-IRP investments by account and subaccount.

The CEP revenue requirements schedule (Schedule CEP-1) reflects plant-in-service balances as shown in the following table.

Table 1: Plant in Service as Filed

Description	As of 12/31/2018	As of 12/31/2019	Change
Additions	\$ 781,560,242	\$ 966,671,977	\$ 185,111,735
Retirements	(127,496,774)	(150,818,780)	(23,322,006)
Total Plant in-Service	\$ 654,063,468	\$ 815,853,196	\$ 161,789,728

The Company's filing provided plant in service (Schedule CEP-2), retirements (Schedule CEP-3), and the resulting net plant (Schedule CEP-4) for each account and subaccount. We confirmed that the beginning balance reflected the adjusted balances from the last year's audit.¹⁰

Blue Ridge's investigation included data requests, interview notes, field inspections, and analyses, including variance analyses and detailed transactional testing. Blue Ridge's investigation found no adjustments that should be reflected in the plant-in-service balances.

2. DEPRECIATION RESERVE

Requirement: Determine total company depreciation reserve for each account for January 1, 2019, through December 31, 2019.

Requirement: Audit Columbia's depreciation reserve to determine the proper value for non-IRP investments by account and subaccount.

The CEP revenue requirements (Schedule CEP-1) reflects three components of Accumulated Provision for Depreciation: Depreciation Expense, 2008 Rate Case Depreciation Offset, and Retirements. The following table reflects the balances and the change of each component.

Table 2: Accumulated Provision for Depreciation as Filed

Description	As of 12/31/2018	As of 12/31/2019	Change
Depreciation Expense	\$ 108,185,786	\$ 144,726,848	\$ 36,541,062
2008 Rate Case Depreciation Offset	334,438,961	378,270,725	43,831,764
Retirements	(127,496,774)	(150,818,780)	(23,322,006)
Total Accumulated Provision for Depreciation	\$ 315,127,973	\$ 372,178,793	\$ 57,050,820

¹⁰ WP Rev Req 20-0049-GA-RDR – CEP Audit BRCS Set 1 No 3 – CEP Financial Schedules.

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We confirmed that the beginning balance reflected the adjusted balances from the last year's audit.¹¹ We reviewed each component and also calculated the effect on the reserve of recommended adjustments to gross plant.

ACCUMULATED PROVISION FOR DEPRECIATION-DEPRECIATION EXPENSE

The Accumulated Provision for Depreciation associated with Depreciation Expense for each account and subaccount is provided on the Company's Schedule CEP-5. Blue Ridge reviewed the Company's depreciation reserve calculations in total and for each account and found them to be mathematically accurate and not unreasonable. The calculation is made as plant comes into service each month using a mid-month convention.

As discussed in further detail in Section 5, Subaccounts—Allocations and Depreciation, most of the depreciation accrual rates used in the calculation of the Accumulated Provision for Depreciation were approved by the Commission in Case No. 08-72-GA-AIR. Blue Ridge found the depreciation accrual rates to be not unreasonable.

ACCUMULATED PROVISION FOR DEPRECIATION-2008 RATE CASE DEPRECIATION OFFSET

The 2008 Rate Case Depreciation Offset was part of the negotiated stipulation in Case No. 17-2202-GA-ALT. The November 28, 2018, Opinion and Order that approved the stipulation included the following paragraphs:

5. As an alternative to a future reduction in rate base, there will be an immediate adjustment to CEP Investment in the form of a depreciation offset of \$289.9 million, for the period October 2011 through December 31, 2017, which is to the benefit of consumers. Using Staff's depreciation calculation, with several adjustments, Columbia's revenue requirement for the CEP Investment from October 2011 through December 31, 2017, is lowered from \$109,436,639.47 to \$74,486,252.84. The CEP Rider rates set forth in Table 1 reflect the base rate depreciation offset and the revised depreciation calculation. (Joint Ex. 1 at 4.)
6. All future annual CEP Rider revenue requirement filings for establishing CEP-related charges to consumers shall reflect the base rate depreciation offset until the CEP Rider is reset by the Commission's order in Columbia's 2021 base rate case (Joint Ex. 1 at 4).¹²

Staff's report in Case No. 17-2202-GA-ALT clarified the offset.

Rate Base Depreciation Expense Offset

Staff further recommends that the Commission create an offset of \$289.9 million (see attachment) to reflect that current tariffed rates being charged to customers reflect the recovery of an amount of depreciation expense that no longer reflects the rate base upon which that depreciation expense was established. The assets which comprised the rate base at the date certain of the Company's last rate case (Case No. 08-74-GA-AIR) are being retired and therefore the associated

¹¹ WP Rev Req 20-0049-GA-RDR – CEP Audit BRCS Set 1 No 3 – CEP Financial Schedules.

¹² Case No. 17-2202-GA-ALT, Opinion and Order dated November 28, 2018, page 15.

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depreciation expense should decline. As the depreciation expense of the plant additions are either being recovered through the CEP rider rate (or being deferred on a going forward basis for future recovery) there should be recognition that the depreciation expense embedded in current base rates is recovering plant that is no longer in service. The offset will be calculated by taking the rate case plant in service less non-IRP Retirements. Accrual rates should then be applied to this net plant to derive an annual depreciation expense. This will accumulate each year and be used to offset the CEP rider's provision for accumulated depreciation.¹³

The 2008 Rate Case Depreciation Offset is calculated on Schedule CEP-6. The schedule reflects a balance of \$289,972,747 as of December 31, 2017, which was generally referred to in the Staff Report in Case No. 17-2202-GA-ALT and was derived from a discovery from that case.¹⁴ As of December 31, 2019, the balance increased to \$378,270,725, which reflects the reduction in the annual depreciation associated with the Plant-in-Service balance as of December 31, 2019 and reduced by the CEP retirements in 2019.

ACCUMULATED PROVISION FOR DEPRECIATION—RETIREMENTS

The Accumulated Provision for Depreciation appropriately removes the CEP retirements.

3. HISTORICAL RECORDS

Requirement: Provide a determination as to the accuracy and completeness of Columbia's historical plant records and continuing property record.

Through our analysis, Blue Ridge found that the Company was able to provide detailed continuing property records to support its plant-in-service balances.

For the work order / projects detail that the Company provided, Blue Ridge performed detailed transactional testing. The results of that analysis are discussed in this report's Detailed Transactional Testing subsection.

4. CLASSIFICATION—CAPITAL VS. EXPENSE

Requirement: Ensure plant-in-service transactions were properly classified as capital expenditures.

Through our transactional detail testing (specifically, step T3), Blue Ridge found that the work included in the projects sampled are capital in nature, and the scope of work and cost detail coincided with the applicable FERC 300 accounts to which the work applies in accordance with the FERC Uniform System of Accounts (CFR 18). The projects were classified to the proper intangible, distribution, and general equipment FERC accounts.

5. SUBACCOUNTS—ALLOCATIONS AND DEPRECIATION

Requirement: Identify subaccounts and/or functions for the determination of allocation factors and/or depreciation expense.

¹³ Case No. 17-2202-GA-ALT, A Report by the Staff of the Public Utilities Commission of Ohio, September 14, 2018, page 8.

¹⁴ Columbia Gas response to 2018 Blue Ridge Data Request 58.

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The CEP revenue requirements (Schedule CEP-1) reflects annualized depreciation expense as shown in the following table.

Table 3: Annualized Depreciation Expense

Description	As of 12/31/2018	As of 12/31/2019	Change
Depreciation Expense	\$ 23,195,204	\$ 28,575,629	\$ 5,380,425

The Annualized Depreciation for each account and subaccount is provided on the Company's Schedule CEP-7. Blue Ridge compared the FERC 300 accounts and subaccounts used in the CEP filing to those approved by the Commission in Case No. 08-72-GA-AIR and also compared the depreciation accrual rates used in the CEP filing to the approved rates.

Our analysis also reviewed the composite depreciation rate used in the "2008 Rate Case Depreciation Offset" to rate base. We also reviewed the amortization rate used to amortization deferred depreciation, deferred PISCC, and deferred property taxes. We also reviewed the allocation factors used to allocate distribution plant.

DEPRECIATION ACCRUAL RATES

Blue Ridge confirmed that the depreciation accrual rates used to calculate the annualized depreciation expense (Schedule CEP-7) agreed with what the Commission approved for Columbia's current rates in Case No. 08-72-GA-AIR. The annual depreciation was calculated based on net plant (cumulative plant additions less cumulative plant retirements for 2018-2019) as of year ending December 31, 2019, by FERC account. Blue Ridge found that the methodology is not unreasonable.

The depreciation rates in use were approved by the Commission in Case No. 08-72-GA-AIR over eleven years ago. Blue Ridge recommended in the previous audit that a depreciation study should be performed to reflect the numerous subaccounts that have been added since the last case and to update rates to reflect asset lives and to adjust the reserve imbalance. The Company stated that it anticipates it will perform a new depreciation study prior to filing its next rate case on June 30, 2021.¹⁵

COMPOSITE DEPRECIATION RATES

The "2008 Rate Case Depreciation Offset" to rate base (Schedule CEP-6) is calculated using a composite depreciation rate of 2.72 percent rate calculated as follows:

$$2.72\% = 49,905,000 / 1,834,480,000^{16}$$

Where \$49,905,000 is the jurisdictional depreciation expense and \$1,834,480,000 is the jurisdictional plant in service reflected in Staff's Report in Case No. 08-0072-GA-AIR.¹⁷

Blue Ridge found the calculation of the composite depreciation rate to be consistent with the depreciation accrual rates approved in Case No. 08-72-GA-AIR and the Commission-approved negotiated stipulation in Case No. 17-2202-GA-ALT.

¹⁵ Columbia Gas response to Blue Ridge Data Request 6.

¹⁶ Columbia Gas response to 2018 Blue Ridge Data Request 3, Attachment A, Tab: Depr Offset.

¹⁷ Columbia Gas response to 2018 Blue Ridge Data Request 56.

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AMORTIZATION RATE

The annual amortization of deferred depreciation (Schedule CEP-8), deferred PISCC (Schedule CEP-9), and deferred property taxes (Schedule CEP-10) uses an amortization rate of 3.33 percent. The Company stated that the 3.33 percent rate was a negotiated rate agreed to by Staff and Columbia during the settlement negotiations in Case No. 17-2202-GA-ALT. No support is available.¹⁸

Blue Ridge confirmed that the Revenue Requirement Calculations reflected within the Stipulation used 3.33% to amortize the deferrals for depreciation, PISCC, and property tax.¹⁹

ALLOCATION FACTORS

All Columbia's CEP investment is jurisdictional to its gas distribution service customers.

6. PHYSICAL INSPECTIONS

Requirement: Perform physical inspections to confirm the assets used and usefulness.

Blue Ridge selected 24 projects for detailed desktop review. We concluded that the assets were used and useful and provide benefit to the ratepayer. The assets did not appear over built. Company personnel appeared knowledgeable about the projects.

Due to the limitation for onsite travel due to the pandemic, detailed desktop reviews, including additional onsite video streaming of three of these projects conducted by Columbia personnel, were performed. Based on the reviews, Blue Ridge determined that the Company had adequate supporting documentation for the projects, including the appropriate engineering detail. The projects appeared to have been adequately planned with alternatives vetted.

We did not find anything in the detailed desktop reviews that was unreasonable.

Additional details of the field reviews are included in this report's Field Inspections and Desktop Review subsection. The inspection forms and photos are included in Appendix C.

7. NECESSITY, LAWFULNESS, PRUDENCE, AND REASONABLENESS

Requirement: Identify and assess the necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.

The necessity, prudence, lawfulness, and reasonableness of Columbia's non-IRP capital expenditures was considered throughout the entire audit, including the variance analysis, transactional testing, and physical inspections and desktop reviews. Our work in that regard is discussed in various sections of this report. In summary, Blue Ridge found nothing to indicate that the non-IRP capital expenses and assets for the period January 1, 2019, through December 31, 2019, were unnecessary, imprudent, unlawful, or unreasonable.

¹⁸ Columbia Gas response to Blue Ridge Data Request 17.

¹⁹ WP Rev Req 20-0049-GA-RDR – CEP Audit BRCS Set 1 No 3 – CEP Financial Schedules.

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8. POLICIES AND PRACTICES

Requirement: Identify and assess the necessity, prudence, lawfulness, and reasonableness of Columbia's policies and practices for plant additions, new construction, plant replacement, and plant retirements for the period January 1, 2019, through December 31, 2019.

Requirement: Utilize the auditor's and/or retained subcontractor's familiarity and experience with natural gas distribution utility operations and capital spending practices to identify and assess the reasonableness and prudence of any other Columbia capital spending policies and practices or lack of such practices not specifically identified herein.

Blue Ridge did not perform a management audit but did review the Company's processes and controls to ensure that they were sufficient so as not to adversely affect the balances in distribution utility net plant in service. Based on the documents reviewed, Blue Ridge was able to understand the Companies' processes and controls that affect each of the plant balances. Blue Ridge also reviewed internal audit reports conducted on various areas of the Companies' operations that could impact utility plant-in-service balances. Blue Ridge also reviewed applicable SOX and FERC audits. In addition to a review of the Company's formal policies and procedures, Blue Ridge reviewed interview notes from both the CEP Plant-in-Service audit in 2018 (in association with Case No. 17-2202-GA-ALT) and the Plant-in-Service audit in 2019 (Case No. 19-0438-GA-RDR) to reacquaint ourselves with the processes. We also requested and reviewed any changes that have been made since our review in 2019.

In our review, the Company stated that there were no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. However, they did explain the criteria, including checklist, manual, and other requirements that ensured the activity was handled properly.²⁰ Policies and procedures are an important component of internal controls. Blue Ridge again recommends that the Company formally document its policies and procedures in these areas.

Blue Ridge concluded that the Company's controls were adequate and not unreasonable. Furthermore, we were satisfied with actions taken with regard to internal and other audits reviewed.

Additional details of the policies and practices reviews are included in this report's Review of Company's Processes and Controls subsection.

9. CAUSES FOR INCREASED NON-IRP SPENDING

Requirement: Identify and assess the necessity, reasonableness, and prudence of the principal causes for increases in Columbia's non-IRP capital expenditures for the period January 1, 2019, through December 31, 2019.

Blue Ridge found that the steps the Company has pursued to control costs are not unreasonable and reveal no imprudence. Increased CEP spending relates to these items:

²⁰ Case No. 17-2202-GA-ALT, Columbia Gas response to Blue Ridge Data Request 7-001.

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- **Replacement and Betterment Projects:** While replacing similar mileage (25.08 miles in 2019 vs. 25.69 miles in 2018), the Company's cost per mile (with overheads) replaced had more than doubled (\$1,482,434/mile in 2018 vs. \$3,245,467/mile in 2019²¹).
- **CEP projects with the Description "Growth":** Mileage replaced increased in 2019 from 87.46 to 117.96 miles with a slight decrease in cost per mile (with overheads) of \$839,280 in 2018 to \$725,238 in 2019.²²

Further discussion of the Company's capital spending is included in this report's Capital Spending and Cost Containment subsection of the Detailed Analysis, Findings, and Recommendations section.

10. COST CONTAINMENT

Requirement: Identify and assess the reasonableness and prudence of Columbia's cost containment strategies and practices in the use of outside contractors for non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.

Requirement: Identify and assess the reasonableness and prudence of Columbia's cost containment strategies and practices in the use of internal company labor for non-IRP capital expenditures and assets for the period January 1, 2019, through December 31, 2019.

For 2019, the contractor situation has improved. The steps the Company has already taken to control cost primarily remain the same as the steps identified in the 2018 audit. The Company utilizes a standard competitive bidding process for all outside-services spend greater than \$250,000. This process includes construction services.

- The Company improved the planning process giving contractors advanced visibility of upcoming work to improve contractor resource allocation.
- The Company has increased its monitoring of spend, standardized contracts, and standardized contract unit items.
- The Company has developed long-term strategic partnerships to reduce contractor contingency needs for short-term contracts.
- The Company competitively bid five-year blanket construction contracts in 2016. Those contracts allow for annual price escalations. The Company has capped price increases for 2018 at 2.2% in its current blanket construction contracts.
- Columbia conducts business reviews with each of its key gas contractors, during which the parties discuss Columbia's capital plan, the contractor's ability to support the capital plan and issues that are impacting the contractors, such as labor constraints. Through these business reviews, the Company is able to share best practices among the contractor base on a number of topics, including attracting, hiring, training, and retaining qualified employees.²³

Through Columbia's contract negotiations, Columbia continues working with its construction contractors to secure the most cost-efficient and qualified contractors to do the work. Columbia has

²¹ Columbia Gas response to Blue Ridge Data Request 25 and 2018 Blue Ridge Data Request 24.

²² Columbia Gas response to Blue Ridge Data Request 26 and 2018 Blue Ridge Data Request 25.

²³ Case No. 17-2202-GA-ALT; Columbia Gas response to Blue Ridge data requests 7-009, 010, 011, 012, and 015, and Columbia Gas response to Blue Ridge 2018 Data Requests 37 and 62.

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also worked with the Ohio Laborer's District Council and its largest contractors to create an entry-level training program for new employees beginning careers in gas construction.²⁴

11. CEP SCHEDULES

Requirement: Review and verify all CEP-related schedules to ensure accuracy of the required CEP formula, including plant and reserve balances, annualized expenses for PISCC, property tax, depreciation, and incremental revenue.

Requirement: Review and verify deferral beginning balances for PISCC, property tax, depreciation

The Company's application includes the following schedules supporting the adjusted revenue requirement to reflect the prior calendar year's CEP investments and related deferrals:

- Schedule CEP-1 Calculation of Revenue Requirement
- Schedule CEP-2 Plant Additions by Month
- Schedule CEP-3 Original Cost Retired by Month
- Schedule CEP-4 Net Plant by Month
- Schedule CEP-5 Provision for Depreciation (Gross Plant)
- Schedule CEP-6 Calculation of Base Rate Depreciation Offset
- Schedule CEP-7 Annualized Depreciation
- Schedule CEP-8 Deferred Depreciation
- Schedule CEP-9 Post-in-Service Carrying Cost
- Schedule CEP-10 Annualized Property Tax Expense Calculation
- Schedule CEP-11 Deferred Tax-Liberalized Depreciation
- Schedule CEP-12 Revenue Reconciliation
- Schedule CEP-13 Computation of Projected Impact Per Customer

DEVELOPMENT OF SCHEDULES

Blue Ridge reviewed the CEP schedules used to develop the revenue requirement and the accompanying testimony of Company witness Melissa L. Thompson. We found the Company did not address certain Staff recommendations from the prior year's investigation. Specifically, the impact of incremental revenues derived from CEP projects that would offset the revenue requirement.²⁵ Nonetheless, the procedures and calculations did not appear inconsistent with the prior applications approved in Case Nos. 17-2202-GA-ALT and 19-0438-GA-RDR. In response to discovery, the Company also stated it was not aware of any departures from prior precedent.²⁶

Schedule CEP-1 presents the revenue requirement, which reflects a return on CEP rate base as of December 31, 2019, and recovery of annualized operating expenses. Components of rate base include net plant in service and deferred expenses (i.e., depreciation, PISCC, and property taxes) capitalized to regulatory assets. The offsetting impact of deferred income taxes on each rate base component is also reflected. Annualized operating expenses subject to recovery include CEP plant depreciation, regulatory asset amortization, and property taxes.

²⁴ Columbia Gas response to Blue Ridge Data Request 35.

²⁵ Columbia Gas response to Blue Ridge Data Request 7.

²⁶ Columbia Gas response to Blue Ridge Data Request 47.

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The CEP revenue requirement, including the impact of projected over-collected revenues prior to the effective date of adjusted rates, is \$107,395,454. The 2019 net annual adjustment is \$19,796,195.

Schedules CEP-2, -3, and -4 present monthly CEP additions, retirements, and net activity by plant account as well as the cumulative plant balance in rate base through December 31, 2019. Gross CEP plant additions of \$185,111,735 were offset by related retirements of \$23,322,006 in 2019. Net plant additions therefore totaled \$161,789,728.

Schedules CEP-5 and -6 calculate the cumulative monthly CEP depreciation reserve by plant account through December 31, 2019, and an incremental reserve amount to recognize the depreciating value of plant earning a return in base rates. The net change in the depreciation reserve, including the impact of retirements, in 2019 totaled \$57,050,820.

Schedules CEP-7 and -10 calculate annualized depreciation expense and property taxes assessed on gross CEP plant, net of retirements, as of December 31, 2019, respectively. The annual cost subject to recovery is \$28,575,629 for depreciation expense and \$18,708,972 for property taxes.

Schedules CEP-8, -9, and -10 calculate cumulative deferred depreciation, PISCC, and property tax expense, net of amortization, respectively. Growth in the net regulatory asset balances, including the offsetting impact of deferred income taxes, in 2019 totaled \$5,364,352. Annualized amortizations of \$7,571,500 subject to recovery is computed at 3.33 percent of the gross regulatory asset balances as of December 31, 2019.

Schedule CEP-11 calculates the impact of deferred income taxes on liberalized depreciation associated with CEP plant assets in rate base.

Schedule CEP-12 compares estimated Rider CEP revenues collected before the adjusted rate effective period on September 1, 2020, to the revenue requirement without under or over revenues reflected. The difference shows a marginal over-collected position of \$149,596 as of August 31, 2020.

Schedule CEP-13 calculates adjusted monthly rates by customer class.

MATHEMATICAL VERIFICATION

Blue Ridge requested and reviewed the native Microsoft Excel files used to develop the CEP schedules.²⁷ We performed mathematical checks on the calculations and crosschecked relationship schedules and balances to ensure they were internally consistent.²⁸ We identified one exception related to deferred income taxes on liberalized depreciation. The underlying tax depreciation schedule for Vintage 2017 assets did not tie to the cumulative annual balance as of December 31, 2019.²⁹ In response to discovery, the Company provided a revised Schedule 11 which increased the deferred income tax offset in rate base by \$91,897.³⁰ Blue Ridge recommends that the CEP Revenue Requirements be adjusted to reflect this revision. **[ADJUSTMENT #1]**

That issue aside, Blue Ridge found the mathematical calculations not unreasonable.

²⁷ Columbia Gas response to Blue Ridge Data Request 3.

²⁸ WP Rev Req 20-0049-GA-RDR CEP Financial Schedules.

²⁹ WP Rev Req 20-0049-GA-RDR CEP Financial Schedules, Schedule CEP-11.

³⁰ Columbia Gas response to Blue Ridge Data Request 53, Attachment A.

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SOURCE DATA VALIDATION

Blue Ridge confirmed the opening balances in the current application tied to the ending balances approved in Case No. 19-0438-GA-RDR.³¹ We also verified that the pre-tax return, PISCC, depreciation accrual, and regulatory asset amortization rates matched those prescribed in the Company's CEP Order. We found no exceptions.

Blue Ridge further requested support for the NOL deferred tax asset³² in rate base and other annually updated inputs³³ used to prepare the adjusted revenue requirement. While we found the Company's responses and supporting documentation to be not unreasonable, we noted that the Repairs and Mixed Service Cost ratios used to calculate the depreciable tax basis for 2019 vintage assets carried over 2018 data from the prior year's filing. In response to discovery, the Company provided the updated percentages and explained the 2019 data was previously unavailable when it filed the CEP schedules on February 28, 2020.³⁴ Blue Ridge recommends that when estimates are used or inputs are not updated due to time constraints during the preparation of the initial filing, they should be trued up to actual when available and the difference is not de minimis. Blue Ridge calculated the impact to be a \$1,597,311 increase to the deferred income tax offset in rate base.³⁵ Blue Ridge recommends that the CEP revenue requirements be adjusted to reflect this revision.
[ADJUSTMENT #2]

12. Recommended Adjustments

Requirement: Recommend and support specific adjustments to the non-IRP plant-in-service balance based on any findings of nonnecessity, imprudence, unlawfulness, or unreasonableness.

Requirement: Recommend and support specific adjustments pertaining to the CEP schedules.

Blue Ridge recommends the following adjustments:

Adjustment #1: Deferred income taxes on liberalized depreciation—vintage 2017 plant in service. The underlying tax depreciation schedule for Vintage 2017 assets did not tie to the cumulative annual balance as of December 31, 2019.³⁶ In response to discovery, the Company provided a revised Schedule 11, which increased the deferred income tax offset in rate base by \$91,897.³⁷ Blue Ridge recommends that the CEP be adjusted to reflect this revision. The revision reduces the CEP revenue requirements by \$8,749.

Adjustment #2: Deferred income taxes on liberalized depreciation—vintage 2019 plant in service. The Repairs and Mixed Service Cost ratios used to calculate the depreciable tax basis for 2019 vintage assets reflected 2018 data. In response to discovery, the Company provided the updated percentages and explained the 2019 data was previously unavailable when it filed the CEP schedules on February 28, 2020. The Company confirm the updated ratios were appropriate to reflect as an adjustment.³⁸ Blue Ridge calculated the impact to be a \$1,597,311 increase to the deferred income

³¹ WP Rev Req 20-0049-GA-RDR CEP Financial Schedules, Schedule CEP-1.

³² Columbia Gas response to Blue Ridge Data Requests 52, 81 and 85.

³³ Columbia Gas response to Blue Ridge Data Requests 18, 49, 78.

³⁴ Columbia Gas response to Blue Ridge Data Requests 50 and 79.

³⁵ WP Rev Req 20-0049-GA-RDR CEP Financial Schedules, Schedule CEP-11.

³⁶ WP Rev Req 20-0049-GA-RDR CEP Financial Schedules, Schedule CEP-11.

³⁷ Columbia Gas response to Blue Ridge Data Request 53, Attachment A.

³⁸ Columbia Gas response to Blue Ridge Data Requests 50 and 79.

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tax offset in rate base.³⁹ Blue Ridge recommends that the CEP revenue requirements be adjusted to reflect this revision. The impact is a \$152,064 reduction.

The impact to the CEP revenue requirements is summarized in the following table:

Table 4: Effect of Adjustments on CEP Revenue Requirements

Adj #	Description	Rate Base	Operating Exp	Revenue Req
	Company - As Filed	\$ 553,455,340	\$ 54,856,101	\$ 107,395,454
1	ADIT on Liberalized Depreciation - Vintage 2017 Plant	(91,897)	-	(8,749)
2	ADIT on Liberalized Depreciation - Vintage 2019 Plant	(1,597,311)	-	(152,064)
	Impact of All Adjustments	(1,689,207)	-	(160,813)
	Blue Ridge - Recommended	\$ 551,766,133	\$ 54,856,101	\$ 107,234,641

Besides the recommended adjustments, Blue Ridge presents the following recommendations:

1. The Commission ordered in Case No. 19-0438-GA-RDR (August 28, 2019) that the Company address OCC's recommendation to identify meter relocation costs that should not have been charged to consumers under the CEP and track the number and cost of meter relocations on an annual basis for relocated meters that are either expensed or capitalized. The Company reviewed its policies and procedures and determined that no changes were necessary. However, the Company's response did not address OCC's recommendation regarding the tracking of meter relocations. Blue Ridge recommends that the Company comply with the Commission-approved recommendation from OCC and track the meter relocations on an annual basis and indicate whether the costs are expensed or capitalized.
2. In our review, the Company stated that there were no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. However, they did explain the criteria, including checklist, manual, and other requirements that ensured the activity was handled properly. Policies and procedures are an important component of internal controls. Blue Ridge again recommends that the Company formally document its policies and procedures in these areas.
3. While the Company has not recognized incremental revenue in its CEP, Blue Ridge recommends that the Company identify projects that have the potential of generating incremental revenue and track that revenue. Inclusion of incremental revenue in the CEP should be re-evaluated in the Company's next base rate case.
4. Blue Ridge continues to recommend that the timeliness of recording retirements and COR at the same time as replacements are recorded continue to be monitored in future audits.
5. While Blue Ridge acknowledges that the Company did not recognize incremental revenue in its CEP, we continue to recommend that incremental revenue should be clearly defined.

DETAILED ANALYSIS, FINDINGS, AND RECOMMENDATIONS

Blue Ridge's review was focused on whether Columbia has accurately accounted for its plant in service and depreciation reserve from January 1, 2019, through December 31, 2019, and whether those investments were used and useful, necessary, prudent, lawful, and reasonable.

³⁹ WP Rev Req 20-0049-GA-RDR CEP Financial Schedules, Schedule CEP-11.

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The following sections discuss Blue Ridge's review, organized into the following areas of focus:

- Processes and Controls
- External and Internal Audit Reports
- Variance Analysis
- Capital Spending and Cost Containment
- Detailed Transactional Testing
- Work Order Backlog
- Field Inspections and Desktop Reviews
- Plant Schedules

PROCESSES AND CONTROLS

POLICIES AND PROCEDURES

Blue Ridge did not perform a management audit but did review the Company's processes and controls to ensure that they were sufficient so as not to adversely affect the balances in distribution utility net plant in service. Based on the documents reviewed, Blue Ridge was able to understand the Companies' processes and controls that affect each of the plant balances. Blue Ridge also reviewed internal audit reports conducted on various areas of the Companies' operations that could impact utility plant-in-service balances. Blue Ridge also reviewed applicable SOX and FERC audits. In addition to a review of the Company's formal policies and procedures, Blue Ridge reviewed interview notes from the CEP Plant-in-Service audits in 2018 (in association with Case No. 17-2202-GA-ALT) and in 2019 (Case No. 19-0438-GA-RDR) to reacquaint ourselves with the processes. We also requested and reviewed any changes that have been made since our review in 2019.

Summary of Policies and Procedures

Blue Ridge reviewed the Company's processes and controls to ensure our understanding of their impact on the plant balances. In particular, Blue Ridge reviewed the following policies and procedures:

1. Plant Accounting:
 - a. Capitalization vs Expense
 - b. Recording of CWIP, including the systems that feed the CWIP trial balance
 - c. Application of AFUDC
 - d. Recording and closing of additions, retirements, cost of removal and salvage to plant
 - e. Unitization process based on the retirement unit catalog
 - f. Application of depreciation
 - g. Contributions in Aid of Construction (CIAC)
2. Purchasing/Procurement
3. Accounts Payable/Disbursements
4. Payroll (direct charged and allocated)
5. Insurance recovery
6. Work Management System
7. Information Technology
8. Capital Project selection and prioritization
9. System planning and load growth

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The Company stated for this audit (as it had for the 2018 audit) that there were no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. However, they had explained the criteria, including checklist, manual, and other requirements that ensured the activity was handled properly.⁴⁰ Policies and procedures are an important component of internal controls. Blue Ridge again recommends that the Company formally document its policies and procedures in these areas.

No changes to policies have occurred in 2019, except for the IT Capitalization Policy.⁴¹ The Company provided a copy of the new policy. Blue Ridge reviewed the IT Capitalization Policy and finds it not unreasonable.

Blue Ridge also reviewed and was satisfied with the Company's policy on capital spares. The Company maintains compliance with FERC guidelines and GAAP Guidance (as noted in its Accounting Policy, Reference No. 6.1, part III).

Therefore, Blue Ridge found that the Company's current policies and procedures are not unreasonable.

Changes to Capitalization Policy

The Company reviews its capitalization policies annually to determine whether changes are necessary. If a change is necessary, the modification will be vetted at the management level, including consideration and approval by the Chief Accounting Officer.⁴²

As noted above, the Company changed its IT Capitalization Policy. No other changes have been made to Columbia's capitalization policies in 2019.⁴³

SIGNIFICANT EVENTS BETWEEN JANUARY 1, 2019, AND DECEMBER 31, 2019

In 2019, the Company had no major events that had an impact on plant-in-service balances.⁴⁴

CONCLUSION—PROCESSES AND CONTROLS

Blue Ridge concluded that Columbia's processes and controls were adequate and not unreasonable.

EXTERNAL AND INTERNAL AUDIT REPORTS

EXTERNAL AUDITS

The Company is subject to various external audits. Blue Ridge requested a copy of all FERC and other external regulatory audit reports issued during 2019 and was informed that the Company did not have any issued during calendar year 2019.⁴⁵

⁴⁰ Case No. 17-2202-GA-ALT, Columbia Gas response to Blue Ridge data request 7-001.

⁴¹ Columbia Gas response to Blue Ridge Data Request 9.

⁴² Case No. 17-2202-GA-ALT Interview with Plant Accounting on June 22, 2018.

⁴³ Columbia Gas response to Blue Ridge Data Request 10.

⁴⁴ Columbia Gas response to Blue Ridge Data Request 8.

⁴⁵ Columbia Gas response to Blue Ridge Data Request 14.

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INTERNAL AUDITS

Blue Ridge requested and reviewed a list of the internal audit group's audits completed or on going during the period January 1, 2019, through December 31, 2019,⁴⁶ and selected some to examine further regarding potential findings that could have had an impact on the internal controls of the feeder systems that charge distribution work orders or feed CWIP, including those that could possibly affect elements such as payroll, materials and supplies, transportation, overheads, and contractors. Based upon our review, conclusions for the examined audits did not engender a level of concern that the Company's controls were less than adequate.⁴⁷

SOX COMPLIANCE AUDITS

Blue Ridge reviewed the SOX compliance audits that feed CWIP performed and found that while some of the control tests failed, the Company reported that there were no significant financial reporting impacts to CWIP accounting figures as a result.⁴⁸ Blue Ridge examined the control tests performed and their results and was satisfied in the resultant integrity regarding any impact to CWIP accounting.⁴⁹

CONCLUSION—EXTERNAL AND INTERNAL AUDIT REPORTS

Blue Ridge concluded that Columbia's controls were adequate and not unreasonable. Furthermore, we were satisfied with actions taken with regard to internal and other audits reviewed.

In its audit report in Case No. 19-438-GA-RDR, Blue Ridge had also agreed that Columbia's controls were adequate and not unreasonable. However, Blue Ridge included a recommendation for best practices since policies and procedures are an important component of internal controls. Columbia had no corporate policies for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations. Formalizing policies is normally the easiest and most effective way to retain corporate knowledge. That being the case and since Columbia still has no formal policies in those areas, Blue Ridge renews its recommendation that the Company formalize its policies and procedures on the preparation and approval of work orders, damage claims, accounting/journal entries, and allocations.

VARIANCE ANALYSIS

Blue Ridge's variance analysis focused on the following comparisons:

1. Compare beginning balances to the ending in Case No. 19-0438-GA-RDR
2. Identify, quantify, and explain significant net plant changes, transfers, and adjustments within the individual distribution, general, and intangible plant accounts for the current year

BEGINNING BALANCES TO ENDING BALANCES IN CASE NO. 19-0438-GA-RDR

To ensure the CEP Rider filing of 2019 included the beginning balances based on totals provided to the Commission at the end of Case No. 19-0438-GA-RDR, Blue Ridge compared the CEP totals in the Company's 2019 audit to the 2019 CEP balances provided in the current filing. Almost all the individual account totals matched. However, Account 39112 was off by \$388,660, having a reported

⁴⁶ Columbia Gas response to Blue Ridge Data Request 15.

⁴⁷ Columbia Gas response to Blue Ridge Data Request 42.

⁴⁸ Columbia Gas response to Blue Ridge Data Request 16.

⁴⁹ Columbia Gas response to Blue Ridge Data Request 41.

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total of \$3,386,886 in Case No. 19-0438-GA-RDR and a total of \$2,998,226 in the current case. Blue Ridge requested an explanation for the difference. The Company replied that the account was adjusted to reflect the removal of Columbia's investment in Mobile Data Terminals (MDTs) identified in the audit report issued in Case No. 19-0438-GA-RD as not used and useful.⁵⁰ With the explanation, the balances match.

SIGNIFICANT PLANT ACCOUNT CHANGES, TRANSFERS, AND ADJUSTMENTS FOR THE CURRENT YEAR

Blue Ridge examined the Company's filed schedules CEP-2, CEP-3, and CEP-4. Based on our analysis, a number of account additions, retirements, and balances warranted further investigation.⁵¹ Blue Ridge had concerns regarding significant additions over retirements, positive retirement balances, additions with no retirements, and significant retirements with limited additions. A multi-part data request was developed to ascertain explanations for the anomalies.

Blue Ridge examined the responses provided by the Company. The explanation for the five positive retirements Blue Ridge noted had to do with the retirement of contribution in aid of construction (CIAC). The normal process to account for CIACs is to net them against the project they relate to in CWIP and then record the net to UPIS. That process is the policy of the Company currently. However, in years past, the Company did not net the CIAC against the cost of construction. The CIAC was recorded as an decrease to UPIS in a separate account. Both methods result in the reduction of net plant.

The CIACs that resulted in positive retirements relate to projects that were executed prior to 2019. The Company was not aware of when the policy changed but believes that it was several years ago and before the inception of the CEP. The Company states that the balance of these historical CIACs will be retired systematically based on an aging or life cycle basis.

With the process having changed to net the asset against the CIAC, the same situation should not occur in the future. Although the old way of recording is not a normal industry practice, the Company's explanation was not unreasonable.

CONCLUSION—VARIANCE ANALYSIS

Based on the variance analyses performed, Blue Ridge was satisfied that the activity was not unreasonable.

CAPITAL SPENDING AND COST CONTAINMENT

CAPITAL SPENDING

The CEP is a mechanism to allow recovery of large, internal infrastructure and system upgrades and for Growth projects. Also, a large segment of the CEP is to replace aging infrastructure based on Age and Condition. The non-CEP (IRP) program targets a known quantity and specific locations of leak-prone pipe (mains and services). Therefore, CEP budgets (and the resultant final annual spend rates) are fluid and to a large degree unknown and unbounded.

The following table provides the CEP capital expenditures by project type from 2011 through 2019.

⁵⁰ Columbia Gas response to Blue Ridge Data Request 76.

⁵¹ WP BRCS CEP Financial SchVariance Analysis.xlsx.

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Figure 1: 2011-2019 CEP Capital Expenditures by Project Type⁵²

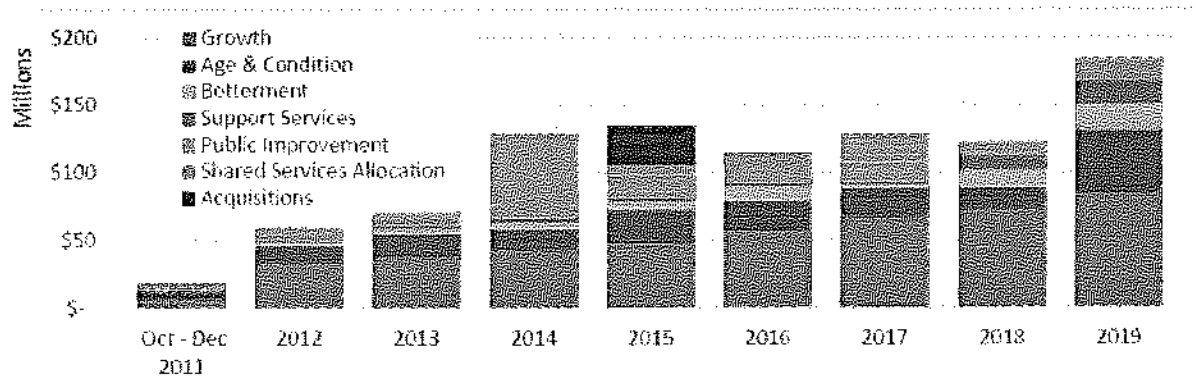


Table 5: Total Activity Cost by Budget Class 2011 through 2019⁵³

Budget Class	2011	2012	2013	2014	2015	2016	2017	2018	2019	2018-2019 Variance
Acquisitions	\$ 6,463,621	\$ 32,485,780	\$ 36,058,779	\$ 43,127,243	\$ 48,444,906	\$ 57,410,409	\$ 67,052,159	\$ 73,258,721	\$ 85,549,098	17%
Public Improvement	\$ 6,140,781	\$ 14,914,017	\$ 15,947,611	\$ 15,685,904	\$ 24,421,909	\$ 22,564,077	\$ 22,121,153	\$ 15,865,888	\$ 45,876,223	189%
Support Services	\$ 370,581	\$ 1,622,463	\$ 4,935,085	\$ 4,429,987	\$ 6,339,905	\$ 10,560,489	\$ 2,219,914	\$ 13,079,277	\$ 19,126,501	46%
Age & Condition	\$ 642,054	\$ 1,648,443	\$ 2,004,868	\$ 3,384,014	\$ 2,449,309	\$ 2,132,772	\$ 2,039,299	\$ 11,127,892	\$ 18,062,011	62%
Betterment	\$ 550,781	\$ 5,103,568	\$ 6,564,926	\$ 8,955,061	\$ 16,840,030	\$ 14,865,417	\$ 14,597,801	\$ 9,283,065	\$ 16,393,582	77%
Shared Services Allocation	\$ 4,819,817	\$ 4,973,221	\$ 4,824,852	\$ 52,733,007	\$ 7,475,992	\$ 7,287,488	\$ 20,756,468	\$ 37,482	\$ 103,321	176%
Acquisitions	\$ -	\$ -	\$ -	\$ 2,327	\$ 29,123,414	\$ 460,068	\$ -	\$ -	\$ -	N/A
CEP Total	\$ 18,987,854	\$ 60,372,513	\$ 72,960,902	\$ 128,819,142	\$ 135,095,385	\$ 118,080,721	\$ 128,786,793	\$ 122,852,325	\$ 185,111,735	51%

As shown in the tables and figures above, the predominant capital spending is related to Growth, Age and Condition and Betterment due to the addition of new customers and associated existing area upgrades to support increased capacity flow and reliability. Growth project spending has increased steadily since 2012 and is reflective of the pockets of economic growth within their service territory. Age and Condition project spending has remained relatively the same since 2012 and spiked in 2019. Betterment project spend has fluctuated since the inception of the CEP while 2019 has seen the largest rise. The following figure and table identified the subcategories driving the increase in Growth spending.

⁵² WP CEP Expenditures by Category and Growth by FERC Account from 2011-2019 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 1 Attachment A

⁵³ WP CEP Expenditures by Category and Growth by FERC Account from 2011-2019 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 1 Attachment A

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Figure 2: CEP Capital Expenditures—Growth 2011-2019⁵⁴

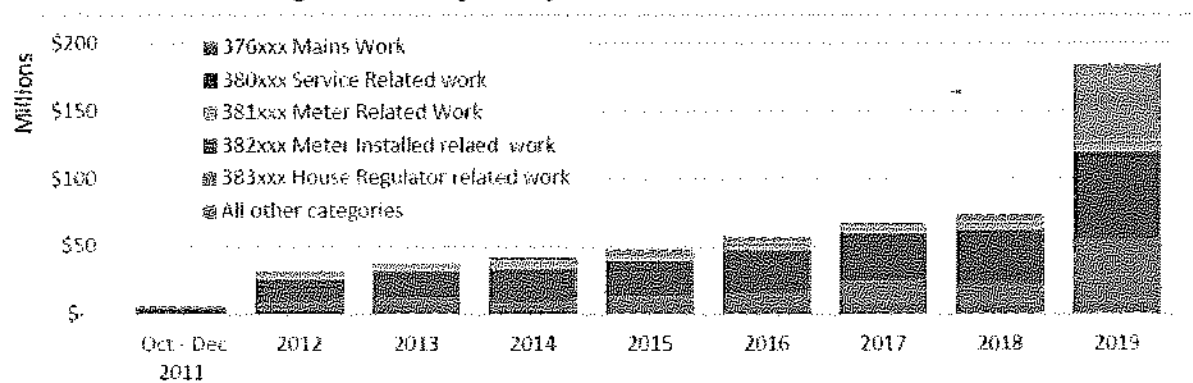


Table 6: Growth Costs by Category-2011 through 2019⁵⁵

CEP Related GROWTH category only	Oct-Dec 2011	2012	2013	2014	2015	2016	2017	2018	2019	2018-2019 Variance
376xxx Mains Work	\$ 1,493,415	\$ 10,399,732	\$ 12,619,788	\$ 10,436,295	\$ 13,775,644	\$ 16,342,751	\$ 25,384,913	\$ 22,191,806	\$ 55,848,393	152%
380xxx Service Related work	\$ 3,680,933	\$ 16,130,863	\$ 20,154,742	\$ 23,896,075	\$ 26,335,568	\$ 31,575,029	\$ 31,517,392	\$ 40,162,047	\$ 64,663,669	61%
381xxx Meter Related Work	\$ 811,586	\$ 3,184,288	\$ 3,205,380	\$ 3,175,326	\$ 3,716,745	\$ 2,960,631	\$ 2,642,767	\$ 3,286,790	\$ 5,559,103	66%
382xxx Meter Installed related work	\$ 62,781	\$ 133,970	\$ 64,673	\$ 158,836	\$ 131,856	\$ 128,048	\$ 23,775	\$ -	\$ 81,756	N/A
383xxx House Regulator related work	\$ 418,858	\$ 1,458,158	\$ 1,749,234	\$ 2,016,024	\$ 1,961,061	\$ 2,150,050	\$ 2,381,119	\$ 2,545,043	\$ 2,584,358	2%
All other categories	\$ 4,036	\$ 1,158,741	\$ 281,983	\$ 3,344,637	\$ 2,634,833	\$ 4,253,901	\$ 2,102,282	\$ 5,052,636	\$ 38,496,372	1017%
Total Growth	\$ 6,463,619	\$ 32,485,782	\$ 38,068,780	\$ 43,127,243	\$ 48,444,506	\$ 57,410,410	\$ 67,052,158	\$ 73,258,722	\$ 185,121,735	153%

As shown in the figure and table above, CEP Capital Expenditures—Growth 2011-2019, Mains and Service work remain the predominate spend subcategories for Growth-related projects. The total dollars and mileage installed for Mains increased in 2019, but the total amounts related to Service-related work increased.

As indicated in Figure 1, Age & Condition and Betterment are also major contributors to the total CEP capital expenditures. Age & Condition is driven by upgrades required to existing plant. The spending for Age and Condition did increase from 2018 to 2019 while the amount of mileage replaced remained constant. With typical work packages of smaller lengths, there is more variability in contractor pricing.

COST CONTAINMENT

For 2019, the contractor situation has improved. The steps the Company has already taken to control cost primarily remain the same as the steps identified in the 2018 audit. The Company utilizes a standard competitive bidding process for all outside-services spend greater than \$250,000. This process includes construction services.

- The Company improved the planning process giving contractors advanced visibility of upcoming work to improve contractor resource allocation.
- The Company has increased its monitoring of spend, standardized contracts, and standardized contract unit items.

⁵⁴ WP CEP Expenditures by Category and Growth by FERC Account from 2011-2019 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 1 Attachment A

⁵⁵ WP CEP Expenditures by Category and Growth by FERC Account from 2011-2019 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 1 Attachment A

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- The Company has developed long-term strategic partnerships to reduce contractor contingency needs for short-term contracts.
- The Company competitively bid five-year blanket construction contracts in 2016. Those contracts allow for annual price escalations. The Company has capped price increases for 2018 at 2.2% in its current blanket construction contracts.
- Columbia conducts business reviews with each of its key gas contractors, during which the parties discuss Columbia's capital plan, the contractor's ability to support the capital plan and issues that are impacting the contractors, such as labor constraints. Through these business reviews, the Company is able to share best practices among the contractor base on a number of topics, including attracting, hiring, training, and retaining qualified employees.⁵⁶

Through Columbia's contract negotiations, Columbia continues working with its construction contractors to secure the most cost-efficient and qualified contractors to do the work. Columbia has also worked with the Ohio Laborer's District Council and its largest contractors to create an entry-level training program for new employees beginning careers in gas construction.⁵⁷

Blue Ridge concludes that the steps the Company is taking to control contractor costs both near- and long-term are prudent and not unreasonable.

DETAILED TRANSACTIONAL TESTING

The Company provided a list of 2,599 non-IRP work orders / projects placed in service during the period from January 1, 2019, through December 31, 2019, that support the additions to the CEP in 2019.

1. Reconciliation of Work Order / Annual Informational Reports and Plant-in-Service Schedules

To ensure that Blue Ridge was provided a comprehensive list of work orders / projects for review and testing, we reconciled the total work orders / projects to the CEP filing and annual report filed with the Commission. The review included the following items:

- Listing of activity costs of work orders / projects from January 1, 2019, through December 31, 2019 ("work order population")⁵⁸
- Company-provided 2019 CEP additions calculated through a reduction of total 2019 Accounts FERC 101 (Plant in Service and FERC 106 (Completed Construction Not Classified) additions included in the Company's 2019 IRP Filing⁵⁹
- Total plant additions and retirements by FERC Account included in Accounts 101 and 106 during 2019⁶⁰
- The Company's Trial Balance as of December 31, 2019⁶¹
- The Company's 2019 annual report of utility plant in service filed with the Commission⁶²

⁵⁶ Case No. 17-2202-GA-ALT, Columbia Gas response to Blue Ridge Data Requests 7-009, 010, 011, 012, and 015, and Columbia Gas response to 2018 Blue Ridge Data Requests 37 and 62.

⁵⁷ Columbia Gas response to Blue Ridge Data Request 35.

⁵⁸ Columbia Gas response to Blue Ridge Data Request 1, Attachment A.

⁵⁹ Columbia Gas response to Blue Ridge Data Request 1, Attachment A.

⁶⁰ Columbia Gas response to Blue Ridge Data Request 1, Attachment A.

⁶¹ Columbia Gas response to Blue Ridge Data Request 2, Attachment B.

⁶² Columbia Gas supplemental response to Blue Ridge Data Request 27.

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Blue Ridge was able to reconcile the total additions in the work order population among the various documents to ensure it was comprehensive.

2. Determining Work Order Sample

From the provided work order population, Blue Ridge selected 44 work orders / projects reflecting thousands of cost line items using the probability-proportional-to-size (PPS) sampling technique and professional judgment. The work orders selected based on professional judgment focused on individual work orders that have a high-dollar value, can possibly be reviewed in the field, are large accounting adjustments, or appear unusual. In addition, the professional judgment sample could include FERC 300 accounts that may have not been selected in the PPS sample.

Conducting Work Order Testing

Blue Ridge's work order testing focused on additions to intangible, distribution, and general non-IRP plant in service from January 1, 2019, through December 31, 2019.

The following areas were the determined focus for transactional testing review:

- Project descriptions, scope, and objective
- Whether the scope of work is includable within the CEP Deferral
- Whether the scope of work should generate revenue to be reflected in the Revenue Offset
- Project justifications and approvals
- Actual in-service dates for non-blanket and CEP projects within scope
- Project budgeted and actual costs
- Variance from budget explanations
- Supporting cost detail for additions to plant
- Reasonableness of cost categories
- Proper charge of the actual detailed cost to the proper FERC account
- For replacement projects, supporting detail for retirements, cost of removal, and salvage charged or credited to plant
- Timeliness of recording of asset retirements for replacement work orders
- Timeliness of closing work orders when complete
- Used and useful status of selected assets (determined by field review)

To satisfy the review of these areas of focus, Blue Ridge formulated the objective criteria into the following transactional testing steps, labeled T1 through T13. Blue Ridge's observations and findings against the criteria follow.

T1: Project Type

T1A: Is the scope of work attributed to the gas distribution function? Specifically, is it not related to an affiliate?

T1B: Is the work order / project CEP or "other capital investments"?

T1C: Is the work order / project specific, blanket, or other?

T1D: Is the work order / project an addition, replacement, non-project allocation, or other?

T2: Project Category

T2A: Is the work order / project Replacement / Public Improvement / Betterment project?

T2B: Is the work order / project Growth?

T2C: Is the work order / project Support Services?

T2D: Is the work order / project Information Technology?

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- T3: Capital Scope
T3A: Is the scope of work properly classified as capital and charged to the proper FERC 300 account(s) as dictated by the FERC code of accounts (CFR 18)?
- T4: Justification
T4A: For specific or multi-year work orders / projects (i.e., not blankets), does the project have detailed justification that supports that it was necessary and not unreasonable?
- T5: Approval
T5A: Did the work order / project have proper level of approval?
- T6: Budget
T6A: Does the work order / project have an approved budget?
T6B: Are the work order / project costs +/- 20% of the approved budget?
T6C: Are explanations and approvals provided for cost overruns 20% and greater over the approved budget?
- T7: In-Service Dates
T7A: Is the actual in-service date in line (at or before) with the estimated in-service date.
T7B: Was the work order / project in service and closed to UPIS within a reasonable time period from project completion, and if not, was AFUDC stopped?
- T8: Allocations
T8A: If the work order / project represents allocated charges are the allocations reasonable?
- T9: Continuing Property Records
T9A: Do the Continuing Property Records support the asset completely and accurately?
- T10: Cost Categories
T10A: For work orders / projects, are the cost categories (Payroll, M&S, etc.) not unreasonable and support the work order total?
T10B: For "other" (referring to T1d above), are the description and costs not unreasonable?
- T11: Revenue-Generating
T11A: For CEP additions, will the work order / project generate revenue? If so, how has the revenue been quantified?
- T12: Replacement projects
T12A: Were assets retired?
T12B: Was the date of retirement in line with the asset replacement date?
T12C: Is the amount of the retired asset not unreasonable?
T12D: Was salvage recorded?
T12E: Was cost of removal charged? Is the amount not unreasonable?
- T13: Field Verification
T13A: Is the project a candidate for field verification?

The results of the detailed transactional testing performed on the work-order sample are included in the workpapers.⁶³ Specific observations and findings about the testing are listed below.

T1: Project Type

- T1A: Is the scope of work attributed to the gas distribution function? Specifically, is it not related to an affiliate?*

⁶³ WP 20-0049-GA-RDR Columbia Gas CEP Matrix Final.

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Based on the single-line-item description of the scope provided for blanket projects and the detailed scope provided for non-blanket projects, the work appears to be attributed to the Ohio gas distribution function and four projects were related to affiliates. The four projects benefit customers, as such, charges are allocated to each benefited affiliate on the basis of its number of retail customers to the total number of all retail customers of the benefited affiliates.⁶⁴

T1B: Is the work order / project CEP or "other capital investments"?

Blue Ridge tested 44 work orders / projects, and each of the work orders fit into the CEP capital recovery mechanism.

T1C: Is the work order / project specific, blanket, or other?

Below is the breakdown of the 44 work orders sampled in the CEP selection:

Table 7: Types of Work Orders in CEP Selection

Type	# of Work Orders
Blanket	12
Specific	32
Total	44

T1D: Is the work order / project an addition, replacement, non-project allocation, or other (provide description)?

The following is the breakdown of the work orders sampled within the CEP selection.

Type	# of Work orders
Addition	16
Replacement	18
Other (Highway Relocation or Betterment)	10
Total	44

T2: Project Category

- a. *T2A: Is the work order / project Replacement / Public Improvement / Betterment project*
- b. *T2B: Is the work order / project Growth: Facilities required to provide service to new customers or to provide increased load capacity to existing customers*
- c. *T2C: Is the work order / project Support Services: Capital expenditures that are not directly related to gas facilities*
- d. *T2D: Is the work order / project Information Technology; Capital expenditures related to technology and communications infrastructure*

The Company provided descriptions of the scope of work included in specific work orders / projects in the sample. Blue Ridge evaluated the information provided to determine whether the scope of work fits into at least one of the four categories listed below which are allowed in the CEP. While the blanket work orders / projects did not have detailed descriptions, the information provided supported their inclusion in the CEP. Of the 44 work orders sampled in the CEP selection, the following is the breakdown of the work orders by category

⁶⁴ Columbia Gas response to Blue Ridge Data Request 61.

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Table 8: Work orders by CEP Category

CEP Category	# of work orders pertaining to Category
a. Replacement, Public Improvement, or Betterment	28
b. Growth	9
c. Support Services	8
d. Information Technology	4

NOTE: The total exceeds the number in sample because several projects were included in multiple categories.

Blue Ridge's analysis identified five project descriptions that overlap CEP project categories. They are listed below:

Table 9: List of Work Orders that fit into more than one CEP Budget Class Category

Work Order	Project Description	FERC	Budget Class	Activity Cost
NCS18T2670C	NICE Call Recording Upgrade Cap	30330	(c) Support Services and (d) IT	\$914,650
NCSCTRAKX1103C	Upgrade Current IVR AS-11-S03	30330	(c) Support Services and (d) IT	\$1,205,468
NCSCTRAKXPYWBC	Payment/Website Enhancements	30330	(c) Support Services and (d) IT	\$581,755
NCS18GPSP3C	High Accuracy GPS	30330	(c) Support Services and (d) IT	\$1,182,446
NCSF18COH29C	Parking Lot : 198200	37570	(a) Replacement, Public Improvement or Betterment and (c) Support Services	\$134,728

T3: Capital Scope

T3A: Is the scope of work properly classified as capital and charged to the proper FERC 300 account(s) as dictated by the FERC code of accounts (CFR 18)?

The Company provided short descriptions of the type of work included in specific work orders / projects in the sample. Blue Ridge evaluated the information to determine whether the work orders / projects in the sample were appropriately classified as capital and charged to the proper Distribution FERC 300 accounts. The Company currently uses the following FERC accounts for CEP charges. Below is a breakdown of Activity Costs by FERC account for each work order in the sample.

Table 10: Activity Costs within the CEP by FERC Account

FERC Account in CEP	Activity Cost	# of Work Order
30330—Intangible Plt, Misc Software	\$3,884,318	4
37540—Str, Regulating	\$79,461	1
37570—Str, Other Distribution Sys	\$134,728	1
37571—Str, Other Dist Sys, Leased	\$164,731	1
37600—Mains	\$7,070,600	14
37820—Mea & Reg Sta Eq, Regulating	\$17,501,272	12
37910—Mea & Reg Sta Eq, City Gate	\$4,699	1
38000—Services	\$5,530,150	7
38745—Other Equip, Telemetering	\$823,996	2

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FERC Account in CEP	Activity Cost	# of Work Order
39430—Tools, Tools and Other	\$1,525,388	1
Grand Total	\$36,719,344	44

T4: Justification

T4A: For specific or multi-year work orders / projects (i.e., not blankets), does the project have detailed justification that supports that it was necessary and not unreasonable?

The Company provided detailed documentation that supported the specific work orders / projects in the sample. That documentation defined the scope of the project and, for the most part, the necessity of the project.

Of the 44 work orders sampled, 12 are blanket projects. For types 563 Growth and 565 Age & Condition, the processes have not changed from the 2018 CEP Audit. Blanket projects do not have detailed justifications, as they are routine, on-going projects, such as growth, age and condition, service-line replacements, riser replacements, services, and house regulators and meters. The scopes of those projects are apparent and are justified through the Company's Capital Governance process discussed in testing step T6.

Blue Ridge required additional information on six projects.

1. 0555.34180089352—31 installed customer lines; actual installed footage = 1,420'
2. 0555.34180108427—56 installed customer lines; actual installed footage = 3,048'
3. 0555.34180125651—2 installed customer lines; actual installed footage = 3,340'
4. 0555.34180132649—1 installed customer lines; actual installed footage = 1,634'
5. 0555.34190081269—10 installed customer lines; actual installed footage = 661'
6. 0555.34190126168—14 installed customer lines vs the 24 budgeted customer lines; actual installed footage = 2,647'⁶⁵

Blue Ridge found the Company's explanation not unreasonable.

T5 Approval

T5A: Did the work order / project have proper level of approval?

The Company provided its Capital Governance Policy.⁶⁶ Within the policy, the Company describes each Budget Category spend guidelines:

- Growth: Spend in this category will typically be non-discretionary in nature and shall be used for any facilities that are required to serve new customers. It is recognized that on occasion there may also be discretionary spend opportunities for long-term strategic growth initiatives. *This type of spend can be tracked or not tracked but is always considered revenue producing.*

This category shall also be used for "Growth Betterment," which are capital investments made in conjunction with a Growth project to serve specific new customers and/or existing customers who are adding load in order to provide

⁶⁵ Columbia Gas response to Blue Ridge Data Request 55.

⁶⁶ Columbia Gas response to Blue Ridge Data Request 22 Attachment A.

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increased system capacity to serve other unspecified existing or future customer loads.

- **Maintenance—Betterment (Capacity or Compliance):** Spend in this category may be either discretionary or non-discretionary. *This category shall be used for any facilities that are required to improve system reliability or provide additional capacity for existing customers. Projects to address long-term market growth shall also be included in this category. This category shall also be used for any projects needed to remain compliant with internal or external policies that are not "age and condition" related (i.e. pipeline integrity). This is referred to as "Compliance Betterment."*
- **Maintenance—Replacement (Age & Condition):** Spend in this category may be discretionary or non-discretionary and shall be used for any facilities that must be replaced (planned or emergency) due to damage or physical deterioration in situations where repair is not cost effective. The majority of projects in this category address aging infrastructure.

However, there are several other project types that are to be included here such as regulator station rebuilds, corrosion mitigation, small/large volume meter settings, and other capital costs that are not directly related to the installation of transmission, distribution, or electric generation facilities such as capitalized tools/equipment and small facility improvements. Engineering should be consulted for further clarification(s).

- **Maintenance—Public Improvement (Mandatory Relocation):** Spend in this category is typically non-discretionary and shall be used for any facilities that must be relocated or raised/lowered to meet the requirements of municipal roadway reconstruction projects. Relocation projects that are done to accommodate requests from existing customers or private entities shall also be included in this category.
- **Capital Share Services:** Spend in this category includes Facilities, Real Estate and Security.⁶⁷

Blue Ridge found the Company's Budget Categories not unreasonable.

Each project has a specific project code identifying the Job Type and Budget Class. Those types are defined below.

Table 11: Job Type Codes used to identify work orders within CEP⁶⁸

Job Type	Budget Class	Definition	# of Work orders in Sample
0555	Growth	Mains—New Business	7
0557	Age & Condition	Mains—Leak Elimination	1
0559	Betterment	Mains—Service Improvement	1
0561	Public Improvement	Mains—Street Improvement	2
0563	Growth	Service Line—New (blankets)	1
0565	Age & Condition	Service Line—Replacement (blankets)	6

⁶⁷ Columbia Gas response to Blue Ridge Data Request 22 Attachment A.

⁶⁸ Columbia Gas response to Blue Ridge Data Request 83.

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Job Type	Budget Class	Definition	# of Work orders in Sample
0579	Age & Condition	A&C Meter Replacements (blankets)	4
0889	Shared Services Allocation	Service Company Projects (e.g. Facilities, IT)	1
0915	Support Services	Miscellaneous—primarily used for tool purchases (blankets)	1
NCS	Support Services	Service Company Projects (e.g. Facilities, IT)	6
Project Specific Codes (These codes remain for the duration of the project)			
1091	Growth	Amherst Powers Elementary	1
1095	Betterment	Mansfield Nor POD Upgrade	2
1811	Growth	Royalton Place Apartments	1
7609	Betterment	Huron Station Upgrade	1
8267	Betterment	Bowling Green Station Upgrade	1
8541	Betterment	Brown & Lallendorf POD Upgrade	1
8841	Public Improvement	Westerville Mains Relocation	1
9503	Betterment	Willard POD Upgrade	1
9615	Betterment	Columbus B System POD Upgrade	4
9905	Betterment	Columbus East POD Upgrade	1

Blanket activities are not approved on an individual work order / project basis. The work is approved in conjunction with an overall budget process that identifies types of activities that need to take place. Those activities include service-line additions and replacement, service replacements, meters and AMR devices, riser replacements, and growth projects. Since Blue Ridge was unable to review specific project approval documentation for blanket work orders, we reviewed the process used to develop the annual budget to NiSource and the process used to obtain approval of the budget.⁶⁹

The Company's Capital Governance Policy guides have not changed since 2019.⁷⁰

The policy controls the processes for the approval of the total capital budget, the Level of Signature Authority for the approval of specific work orders and subsequent change orders, and the overall approval of blanket work orders. Each year, the NiSource Board of Directors approves the total capital budget for NiSource and the Company. The budget includes allocations for Growth, Age and Condition, Betterment, Public Improvement, Shared Services, and the IRP. The budget planning process is typical in that it starts from the bottom up and is approved from the top down. The Company is told how much they are allowed to spend for a particular budget year. Several departments are involved in the planning process, including Engineering, Finance, and Capital Planning. They forecast new customer additions. All the operating companies use the same type of template to forecast what they will need for the upcoming year and the projection for two to three years out. Once NiSource approves the capital budget, it is fixed unless the companies ask for availability of additional funding. Some types of work that cannot be budgeted include

⁶⁹ Columbia Gas response to Blue Ridge Data Request 43.

⁷⁰ Columbia Gas 2019 response to Blue Ridge Data Request 57.

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Emergent or Public Improvement. When costs for those areas occur and rise, a formal review is conducted by the Financial Planning & Analysis and Capital Planning departments, which weigh the risks of not doing the projects. The Company monitors the projects internally using the following methods:

- Monthly review meetings
- Quarterly meetings to look at how the budget is moving along
- Priority Pipe reviews
- Earned Value reports
- Comparative variance analysis

The NiSource Board of Directors approves the total capital budget. For Columbia, that budget would include allocations for each budget category.⁷¹

Blue Ridge found that the specific work orders / projects included in the sample were properly approved, and while Blanket activities have a different approval process, they too were properly approved. Blue Ridge found that the Company's processes are not unreasonable.

T6: Budget

Within the Capital Governance Policy, the Company defined Guidelines for Review and Approval:

3.1. Measurement of Capital: Capital should be measured *based on fully-loaded costs*.

3.2. New projects: *All projects need to be approved prior to acquisition, construction of assets, or obligating NiSource to make a capital expenditure or prepayment.*

3.3. Leases: Both capital and operating leases need to be approved prior to a new lease signature. The renewal of existing leases do not require any corporate approvals.

3.4. New Initiatives or Changes to Existing Initiatives: A regulatory policy change, regulatory commitment, or other items that would create a new initiative or adjust an existing initiative and obligate NiSource to a capital commitment or prepayment must also be approved prior to making such commitment.

3.5. Approval of Changes to the Capital Plan and Intraplan changes: The Board of Directors approves the current year budget. Within this approval the Board of Directors approves the plan target plus a contingency not to equal or exceed \$75 million. A deviation from this range that is not approved as a part of a separate business case requires a Board of Directors Finance Committee approval.

3.6. Capital Shifts: Movement of capital funding within an operating company budget and across categories (e.g. growth, maintenance, tracker and shared services functions) will be reviewed and approved according to Appendix B.⁷²

Blue Ridge found that the Company budget process is comprehensive. Monitoring and shifting costs are under the control of the operating companies. Even though the Company and NiSource have

⁷¹ Columbia Gas 2019 response to Blue Ridge Data Request 57.

⁷² Columbia Gas response to Blue Ridge Data Request 22, Attachment A.

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a solid process in place for the approval of spending, Blue Ridge recommends that consideration must still be given to whether what the Company is asking for in terms of capital spending is appropriate and whether all the spending is necessary. Budget-to-actual variances are analyzed at the budget category level (e.g., Growth, Age, and Condition). Prior to 2015, variance explanations were documented at the gas distribution segment level for all Columbia companies and not at the individual operating company (state) level.⁷³ The process of allocating the budget categories has changed over the period from 2008 to 2017. The current process of allocating budget categories has not changed since 2017 is completed in Excel and includes checks to ensure the allocation agrees to the overall approved budget. Blue Ridge found that the Company's process is not unreasonable.

T6A: Does the work order / project have an approved budget?

The following is a breakdown of work orders and approval status.

Table 12: Breakdown of Approvals

Status	# of Work Orders
Blankets – Part of the Capital Budget – approved by NiSource Board of Directors	12
Specific – Under \$100k – NA	7
Specific – Properly Approved	25
Total	44

*NOTE: Projects less than \$100K do not require approval signatures.⁷⁴

T6B: Are the work order / project costs +/- 20% of the approved budget?

The following is a breakdown of work order project cost to approved budget

Table 13: Breakdown of over/under Budget by +/-20%

Charges to Final Approved Budget	# of Work Orders
Blanket – Capital Budget	12
Under Budget by -20% greater	15
Over Budget by 20% or greater	5
Within +/- 20% of Budget	8
100% Reimbursable	1
Part of a larger project – Variance = NA	3
Total	44

T6C: Are explanations and approvals provided for cost overruns 20% and greater over the approved budget?

Within the Capital Governance Policy, the Company further defined the Guidelines for Review and Approval to add Project Overruns:

⁷³ Case No. 17-2202-GA-ALT, Columbia Gas response to Blue Ridge Data Request 9-004.

⁷⁴ Columbia Gas response to Blue Ridge Data Request 22, Attachment A. *The budget for the overall spending plan is approved at the appropriate Management level. Individual specific projects within the approved plan under \$100k do not require additional approvals.*

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3.7. Project Overruns: Project costs and scopes should be monitored closely and variances should be identified and communicated as soon as possible to the appropriate level of management in accordance with the requirements described in this section. *For level 2 and level 3 variances that result in significant cost increases, the project manager shall include in the notification a description of risks and opportunities associated with cancelling or discontinuing the project.*

Level 1 Variance: Once it is known that the cost of a capital project will vary by greater than +/- 15% or \$30,000 (whichever is greater), the project manager shall document the explanation outlining the reason for the variance. At a minimum, Level 1 variance explanations should include a summary of changes in the project's nature that significantly impacted the cost such as material increases, unexpected construction challenges, and inclement weather delays.

Level 2 Variance: As soon as it is known that the cost of a capital will vary by more than 25% or \$50,000 (whichever is greater), the project must be re-approved in accordance with the approval levels based on the new estimated cost.

Level 3 Variance: If an approved project is greater than 50% complete and expected to overrun its original budget by greater than or equal to \$3 million for projects less than \$30 million or 10 percent for projects greater than \$30 million, the project sponsors must resubmit the project to NiSource Executive Governance Committee for review and approval. Projects less than 50% complete who have a revised cost estimate would need to be reapproved.⁷⁵

Blue Ridge reviewed the specific work orders to ensure they had an appropriate level of approval based on the applicable Level of Signature Authority (LOSA) document. Several work orders / projects required additional information and review.

1. Work Order #: 0555.34180089352
 - a. Project Description: Install 1405' - 2" & 4" PMMP (Growth: Mains-New Business)
 - b. Actual Cost: \$83,258
 - c. Budget: \$60,466
 - d. Amount Over Budget: \$22,792
 - e. % Over Budget: 38%
 - f. Company explanation for budget overrun: The \$22,792 overrun is within the "+/- 15% or \$30,000 (whichever is greater)" variance explanation requirement of the NiSource Capital Governance Policy, so no variance overrun is required.⁷⁶

Blue Ridge found the Company's response is not unreasonable.

2. Work Order #: 0555.34180132649
 - a. Project Description: Install 1565'-PMMP (Growth: Mains-New Business)
 - b. Actual Cost: \$93,553
 - c. Budget: \$40,270
 - d. Amount Over Budget: \$53,283
 - e. % Over Budget: 132%

⁷⁵ Columbia Gas response to Blue Ridge Data Request 22.

⁷⁶ Columbia Gas response to Blue Ridge Data Request 57.

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- f. Company explanation for budget overrun: The \$53,282 overrun is because this project was designed and planned to be open cut. When Columbia's crew started the project, the City of Powell inspector did not allow Columbia to open cut. The requirement to directional bore resulted in added flagging crews and sewer camera hours and increased costs over the original estimate.⁷⁷

Blue Ridge found the Company's response is not unreasonable.

- 3. Work Order #: 0555.34190126168
 - a. Project Description: Install 2398' – 2" Plas MP Main (Growth: Mains-New Business)
 - b. Actual Cost: \$177,729
 - c. Budget: \$104,465
 - d. Amount Over Budget: \$73,265
 - e. % Over Budget: 70%
 - f. Company explanation for budget overrun: This project over ran the original estimate. The engineering tech that designed the project did not included sewer camera or flagger time in the estimate. 164 hours of sewer camera was used and 171 hours of normal time plus 5 hours of overtime for flaggers was used. These two contract times helped result in an overrun for this project.⁷⁸

Blue Ridge found the Company's response is not unreasonable.

- 4. Work Order #: 0561.34190081108
 - a. Project Description: Install 67' – 4" PMLP/CSLP (Betterment: Mains-Street Improvement)
 - b. Actual Cost: \$69,498
 - c. Budget: \$44,039
 - d. Amount Over Budget: \$25,459
 - e. % Over Budget: 58%
 - f. Company explanation for budget overrun: The \$25,459 overrun is within the "+/- 15% or \$30,000 (whichever is greater)" variance explanation requirement of the NiSource Capital Governance Policy, so no variance overrun explanation is required.⁷⁹

Blue Ridge found the Company's response is not unreasonable.

- 5. Work Order #: 0563.34180125756
 - a. Project Description: Install 320' 4" PMMP Service (Growth: Service Line—New)
 - b. Actual Cost: \$103,259
 - c. Budget: \$34,640
 - d. Amount Over Budget: \$68,619
 - e. % Over Budget: 198%
 - f. Company explanation for budget overrun: Columbia's construction team had requirements from the City of Westlake on this project that dramatically increased the project cost. The City of Westlake did not allow Columbia to spot utilities on Center Ridge Road during the day, requiring this job to be done at

⁷⁷ Columbia Gas response to Blue Ridge Data Request 57.

⁷⁸ Columbia Gas response to Blue Ridge Data Request 43 – Attachment 0555.34190126168.

⁷⁹ Columbia Gas response to Blue Ridge Data Request 57.

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night, and payment of Time and Equipment units instead of standard unit prices. \$21,483 Miscellaneous dollars were required for overnight paving. Columbia had to pay the asphalt plant to stay open overnight because the City of Westlake required the road to be paved before morning.⁸⁰

Blue Ridge found the Company's response is not unreasonable.

Blue Ridge found that each work order with Level 2 and 3 variances referenced above has the proper level of approval in accordance with the Company policies and procedures and the LOSA document.

T7: In-Service Dates

T7A: Is the actual in-service date in line (at or before) with the estimated in-service date.

Of the 32 specific work orders sampled for the CEP selection, 27 of the work orders were finished on or before the estimated in-service date. Five had delays between 90 and 1,338 days.

1. Work Order #: 8541.34140116964
 - a. Estimated In-service Date: 12/31/15
 - b. In-Service Date: 6/16/16
 - c. Days over Estimate: 168
 - d. No AFUDC accrual
 - e. Company explanation: The delay of \$4,698.78 of charges from 2017 was primarily due to the plant accounting department inadvertently missing the unitization of these costs until June 2019.⁸¹

Blue Ridge found that the Company's explanation is not unreasonable. The work order would have been in-service and eligible for the CEP even though it was not unitized.

2. Work Order #: 9503.34150178168
 - a. Estimated In-service Date: 12/31/16
 - b. In-Service Date: 12/5/17
 - c. Days over Estimate: 339
 - d. No AFUDC accrual
 - e. Company explanation: The charges of \$25,759.90 were primarily for corrosion activities related to the rectifier installed, as well as the Ohio Power Siting Board ("OPSB") invoiced permitting fees. The delay of closing to plant postpones the monetization of the plant in service.⁸²

Blue Ridge found that the Company's explanation is not unreasonable.

3. Work Order #: 9615.34180089438
 - a. Estimated In-service Date: 12/31/18
 - b. In-Service Date: 7/11/19
 - c. Days over Estimate: 192

⁸⁰ Columbia Gas response to Blue Ridge Data Request 57.

⁸¹ Columbia Gas response to Blue Ridge Data Request 58(b).

⁸² Columbia Gas response to Blue Ridge Data Request 58(c).

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Blue Ridge found that AFUDC was accrued but no gap in costs so accrual and AFUDC should not have been suspended

4. Work Order #: 8267.34120105814
 - a. Estimated In-service Date: 12/31/15
 - b. In-Service Date: 8/30/19
 - c. Days over Estimate: 1,338
 - d. Company explanation: 8267.34120105814 has an Actual Start Date of 06/27/2018, indicating the first date charges were made to the job order.

Blue Ridge found that the projects can have an estimated start date but for various reasons are delayed or postponed. This is not unusual, and the Company response is not unreasonable.

5. Work Order #: NCSF18COH16C
 - a. Estimated In-service Date: 11/30/18
 - b. In-Service Date: 3/1/19
 - c. Days over Estimate: 91
 - d. Company explanation for delay: this project was delayed from fall of 2018 to early 2019 due to weather conditions.⁸³

The Company provided the following additional explanation for the above five work orders: Estimated In-service Date is initially believed to be when the property will go in service. Estimated dates do not include unforeseen challenges during construction or completion of charges to, or work on, the job order. As such, there are often design, funding, and permitting complications that result in pushing jobs further into the future. Finally, even after a pipeline is in service, a work order will be left open for a period of time to capture trailing costs, such as paving and restoration and late invoices or charges from vendors.

AFUDC is applied to eligible capital projects from the month of first capital expenditure to the month the project is placed into service. There was no over accrual of AFUDC as, once the actual in-service dates were applied, the system stopped calculating AFUDC.⁸⁴

Blue Ridge found the Company's explanation for the five work orders listed above were not unreasonable. Charges for the projects were continual from the start date to the in-service date. Therefore, Blue Ridge agrees with the Company that AFUDC was not over accrued. Once the project is declared in-service it can be held open to capture additional charges but AFUDC will stop.

T7B: Was the work order / project in service and closed to UPIS within a reasonable time period from project completion, and if not, was AFUDC stopped?

As discussed and identified in T7A, Blue Ridge found that all 32 specific work orders were closed timely after the work was complete. Blue Ridge does not recommend any adjustments for this section.

⁸³ Columbia Gas response to Blue Ridge Data Request 60.

⁸⁴ Columbia Gas response to Blue Ridge Data Request 59.

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T8: Allocations

T8A: If the work order / project represents allocated charges are the allocations reasonable?

The Company provided a list of all overhead and indirect charges applied to Columbia Gas work orders. Below are descriptions and factors used in the calculation of each type:

- Vacation and Non-productive overheads represent the cost incurred as the result of vacation, holiday and sick benefits for employees. The cost of these benefits are charged directly to the functional balance sheet accounts
- Labor overheads represent the cost incurred as the result of paying labor benefits and specific types of payroll taxes for employees. The cost of these benefits and payroll taxes are charged directly to the functional expense accounts.
- Construction Overheads (Supervision, Engineering, General, & Administrative costs) also referred to as SEGA, represent charges applicable to construction incurred by employees and activities where it is impractical to charge construction work orders directly. Entries to this SEGA clearing work order in Construction Work In Progress, (CWIP), are charged directly and coded to applicable construction cost elements as well as use of code patterns through the shared service billing. These costs are allocated from this work order to the construction projects in CWIP eligible for overheads.
- Allowance for Funds Used During Construction, (AFUDC), are applied to designated work orders which have received charges and have been classified to Construction Work In Progress (CWIP).
- Vehicle and General Tool overheads represent the cost incurred as the result of using a company vehicle or equipment. These costs are charged directly to the functional balance sheet accounts.⁸⁵

Costs that are typically allocated include supervision, engineering, and general administration and AFUDC. Labor overheads are allocated based on labor charges. The allocation of these costs is limited to work orders where physical construction occurs.⁸⁶ AFUDC is applied to all eligible types of work orders. Examples of projects not eligible for AFUDC include purchases of meters, tools, office equipment, and furniture. The method of allocation is in accordance with policies. Those policies have not changed since the previous audit.⁸⁷ Blue Ridge found that the nature of the allocations is normal and what would typically be charged to capital projects. The rates used were not reviewed but the theory of how the rates are developed was and is not unreasonable.

T9: Continuing Property Records

T9A: Do the Continuing Property Records support the asset completely and accurately?

T10: Cost Categories

T10A: For work orders / projects, are the cost categories (Payroll, M&S, etc.) not unreasonable and support the work order total?

⁸⁵ Columbia Gas response to Blue Ridge Data Request 19.

⁸⁶ Columbia Gas 2019 response to Blue Ridge Data Request 92.

⁸⁷ Columbia Gas 2019 response to Blue Ridge Data Requests 8 and 57.

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T10B: For "other" (referring to T1d above), are the description and costs not unreasonable?

Testing steps T9 and T10 are discussed together. The Company uses a current version of PowerPlant for its plant accounting records. That system has the ability to provide detailed information by account, by activity, and by amount for all work orders, including blankets.⁸⁸ The Company was able to provide complete and accurate support for work order charges for each work order.

Blue Ridge reviewed the cost categories and charges for each work order. While most of the categories/charges appeared reasonable, 15 work orders / projects required additional information and review.

1. Work Order #: 0579.34B15310011
 - a. Other Maintenance Services = \$844,021
 - b. Explanation from Company: These charges are odorization installation and inspection fees.⁸⁹
2. Work Order #: 1095.34190179751
 - a. Temporary Personnel Services = \$107,785
 - b. Explanation from Company: These charges are from the vendor Aerotek for project management support.⁹⁰
3. Work Order #: 9615.34160088553
 - a. Contributions in Aid of Constr = -\$120,156
 - b. Explanation from Company: These charges represent payments made by TransCanada to Columbia Gas of Ohio for the reimbursable work done by Columbia Gas of Ohio⁹¹]
4. Work Order #: 9615.34170089089
 - a. Contributions in Aid of Constr (from TransCanada) = -\$876,840
 - b. Explanation from Company: These charges represent payments made by TransCanada to Columbia Gas of Ohio for the reimbursable work done by Columbia Gas of Ohio⁹²
5. Work Order #: NCSCTRAKX1103C
 - a. Corporate Services - Bill = \$1,166,907
 - b. Explanation from Company: These charges are internal and external consulting services for IT project work, including design, build, and testing efforts for the implementation of new IVR platform software.⁹³
6. Work Order #: NCSCTRAKXPYWBC
 - a. Corporate Services - Bill = \$578,456
 - b. Explanation from Company: These charges are internal and external consulting services for IT project work, including design, build, and testing efforts for the execution of payment and web enhancements for the customer experience.⁹⁴
7. Work Order #: NCSF18COH16C

⁸⁸ Interview of Major Events and IT conducted on July 2, 2018.

⁸⁹ Columbia Gas response to Blue Ridge Data Request 63.

⁹⁰ Columbia Gas response to Blue Ridge Data Request 63.

⁹¹ Columbia Gas response to Blue Ridge Data Request 63.

⁹² Columbia Gas response to Blue Ridge Data Request 63.

⁹³ Columbia Gas response to Blue Ridge Data Request 63.

⁹⁴ Columbia Gas response to Blue Ridge Data Request 63.

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- a. Corporate Services – Bill = \$163,000
- b. Explanation from Company: These charges are for the installation of a new roof at the Middleburg Heights location.⁹⁵
- 8. Work Order #: NCSF18COH29C
 - a. Corporate Services – Bill = \$134,795
 - b. Explanation from Company: These charges are for the installation of a new concrete parking lot.⁹⁶
- 9. Work Order #: NCSP18GPSP3C
 - a. Corporate Services – Bill = \$1,178,054
 - b. Explanation from Company: These charges are internal and external consulting services for IT project work, including design, build, and testing efforts for the transition to Trimble Connect cloud platform.⁹⁷
- 10. Work Order #: NCS18T2670C
 - a. Corporate Services – Bill = \$892,504
 - b. Explanation from Company: These charges are internal and external consulting services for IT project work, including design, build, and testing efforts for the upgrade of the call/screen recording application.⁹⁸

Blue Ridge found the Company's explanations for items 1 through 10 above not unreasonable.

- 11. Work Order #: 9615.34160088553
 - a. 100% Reimbursable = \$441,252
 - b. Explanation from Company: In the project description and overview documentation for the Columbus B system upgrade (both work orders), the work is mostly, but not entirely, reimbursable by TransCanada. Some Columbia system and facilities betterment such as additional SCADA equipment and a capacity increase moving from a 6" plastic pipe to an 8" plastic pipe, were not reimbursed by TransCanada. As such, these work orders have a positive balance.⁹⁹

Blue Ridge found the Company's explanation is not unreasonable.

- 12. Work Order #: 9615.34170089085
 - a. 100% Reimbursable = \$6,248
 - b. Explanation from Company: In the project description and overview documentation for the Columbus B system upgrade (both work orders), the work is mostly, but not entirely, reimbursable by TransCanada. Some Columbia system and facilities betterment such as additional SCADA equipment and a capacity increase moving from a 6" plastic pipe to an 8" plastic pipe, were not reimbursed by TransCanada. As such, these work orders have a positive balance.¹⁰⁰

Blue Ridge found the Company's explanation is not unreasonable.

- 13. Work Order #: 8841.34170088962

⁹⁵ Columbia Gas response to Blue Ridge Data Request 63.

⁹⁶ Columbia Gas response to Blue Ridge Data Request 63.

⁹⁷ Columbia Gas response to Blue Ridge Data Request 63.

⁹⁸ Columbia Gas response to Blue Ridge Data Request 63.

⁹⁹ Columbia Gas response to Blue Ridge Data Request 64.

¹⁰⁰ Columbia Gas response to Blue Ridge Data Request 64.

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- a. Cap Proj not Othrwse Identfd = \$67,389
- b. Explanation from Company: The charges recorded to the description of Cap Proj not Othrwse Identfd are for land services, such as, staking right-of-ways and easement acquisition.¹⁰¹

Blue Ridge found the Company's explanation is not unreasonable.

14. Work Order # 9615.34170089089

- a. Credit Balance = -\$103,552
- b. Explanation from Company: This credit results from a timing difference between actual expenses incurred and contributions in aid of construction received from TransCanada by Columbia Gas of Ohio, Inc. for the relocation of eight Columbia POD stations. Please see response Case No. 20-0049-GA-RDR, Blue Ridge Data Request Set 1, No. 43, Attachment 9615.34170089089.xlsx.¹⁰²

Blue Ridge found the Company's explanation is not unreasonable.

15. Work Order #: 9615.341800894

- a. Contributions in Aid of Constr (debit balance) = \$79,461
- b. Explanation from Company: The work order 9615.34180089438 has a total net balance of \$79,461, of which includes total Contributions in Aid of Constr of (\$896,138) and other construction charges totaling \$975,599.¹⁰³

Blue Ridge found the Company's explanation is not unreasonable.

T11: Revenue-Generating

T11A: For CEP additions, will the work order / project generate revenue? If so, how has the revenue been quantified?

The Company identifies CEP revenue-generating projects through the use of Activity Codes.

Table 14: Activity Codes for New Business Projects

Type	Activity Code
Mains - New	0555
Service Lines - New	0563
Meters - New	0567
Meter Installations - New	0569
House Regulators - New	0571

Projects associated with the Activity Codes 0555 Mains-New and 0563 Service Lines-New are for new service and should generate revenue. In addition, Blue Ridge identified 11 projects that warranted further review and an understanding of how the additional revenue generated by these projects are reflected.

¹⁰¹ Columbia Gas response to Blue Ridge Data Request 65.

¹⁰² Columbia Gas response to Blue Ridge Data Request 66.

¹⁰³ Columbia Gas response to Blue Ridge Data Request 67.

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Table 15: Projects that Could Generate Revenue

Work Order #	Project Description	Budget Class
1. 0555.34180089352	Install 1405'- 2"&4" Pmmp : Memories : Wes	Growth
2. 0555.34180108427	Install 3,035'-2" Pm-Mp : Co Rd 224 : Cly	Growth
3. 0555.34180125651	Install 3,225'-2" Pmmp : Lear Nagle : N R	Growth
4. 0555.34180132649	Install ~1565'-4"Pmmp : Advocet : Pow	Growth
5. 0555.34190081269	Oc~640'-2" Pmmp : Jay : Del	Growth
6. 0555.34190126168	Install 2398'- 2"Plas Mp Main : Olde Orcha : St	Growth
7. 0555.34190133126	Install 195'-2"Pmmp : Rutherford : Pow	Growth
8. 0559.34190148244	Install 589'-4" Pmmp : Hwy 821 : Bel	Betterment
9. 0563.34180125756	Install 320' 4" Pmmp Serv. : Center Rid : Wes	Growth
10. 1091.34180125509	2,270'-6" 1,055'-4" 180'-2" Pm : Lake : Amh	Growth
11. 1811.34180125422	Inst 3790'-12"CsmP Betterment : Ridge : N R	Betterment

The Company included detailed justification and support that the projects were necessary, reasonable, and prudent. Blue Ridge concluded that the projects are used and useful. However, the Company has not reflected the incremental revenue in its CEP.

As the Staff Report noted in Case No. 19-438-GA-RDR, "The CEP deferral formula authorized in Case No. 12-3221-GA-UNC, et. al, was meant to be adjusted in Case No. 17-2202-GA-ALT to remove the incremental revenue offset as part of the Stipulation entered into in that case. However, Staff believes incremental revenues are an important component of the CEP deferral formula, and therefore, its removal from the formula should not be indefinite." See Staff Report at 3.¹⁰⁴

Blue Ridge reiterates its recommendation from prior audits that incremental revenue be clarified and tracked. Inclusion of incremental revenue in the CEP should be re-evaluated in the Company's next base rate case.

T12: Replacement projects

Of the 44 work orders selected for testing, approximately nine were of the type of work for which retirements would not be expected (such as main and service line additions). The remaining 35 work orders represented service line replacements, public improvements, replacements for age and condition, shared services, support services, and intangible software. Typically, when assets are retired, cost of removal will be charged. Even in instances where pipe is retired in place, the Company may perform some functions to relieve the pipe of gas and make it safe, resulting in cost of removal charges.

Blanket Work Orders Type: 0565:

When Service Line Replacements (job code 0565) are put into service, they automatically trigger a retirement. The system will utilize the vintage year, pipe type (plastic, steel, etc.) and location of the replaced service line to identify which service line to retire. The service line retirements are then closed each month to a 566 (service line retirement) blanket work order. Both 565 and 566 blanket work orders are closed each month-end. This process is further discussed below under blanket

¹⁰⁴ Columbia Gas response to Blue Ridge Data Request 7(i).

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accounting.

The Company allocates service line retirements related to the IRP based on the ratio of IRP service line additions to those of all service line additions. Therefore, the difference between total service line retirements and the IRP-allocated service line retirements is then allocated to the CEP.

This methodology was used for three reasons:

- **Blanket accounting**—Nearly all service lines are accounted for in blanket accounts, which means that installation costs are not tracked specifically to each service line replacement. Instead, service line replacement job order costs are booked to a blanket account and then individual installation units are put into service at an average cost for any given taxing district and vintage year. Retirements work in much the same way, but in reverse. Unlike main installation job orders, there is no individual retirement job order created when a service line replacement job order is created. Consequently, service line retirements do not track back to an individual service line. Instead, every installation generates a retirement unit that goes back and retires a single unit at the average original cost that was booked when the service lines in that location went into service.
- **Allocation of Installation Costs to Cost-to-Retire**—Due to the use of blanket accounting for service line installation costs, there are no individual retirement job orders created to capture the costs associated with the retirement of any given service line. Instead, Columbia's systems simply allocate a portion of service line installation costs to cost-to-retire.
- **Individual service line replacements and blanket work orders are not Approved**—Each year, the NiSource Board of Directors approves the total capital budget for both NiSource and its individual operating companies. This budget includes allocations for each budget category. Any shifts in the approved capital plan must be approved in accordance with the Capital Governance Policy provided in Columbia's Response to Blue Ridge Data Request Set 1, No. 22.¹⁰⁵

- **Blanket Work Orders Type: 0579:**

There are no retirements or cost of removal incorporated into 579 blanket work orders because they are the purchase of meters. Residential size customer meters are purchased in bulk and used when required for a service replacement or upgrade. Allocations and purchases are made at the TCC level, so meters are located where they are needed and costs are allocated where the meters are installed.¹⁰⁶

Blue Ridge found the method of retiring replacement service line and main assets used by the Company is similar to using a weighted average unit cost inventory for M&S issues. Actual cost is not used, but a weighted average by vintage year and type of pipe is used. Service line replacements are numerous, and the use of this method saves time and is not unreasonable. If any potential risk exists,

¹⁰⁵ Columbia Gas response to Blue Ridge Data Request 43 – Blanket Work orders -565.

¹⁰⁶ Columbia Gas response to Blue Ridge Data Request 43 – Blanket Work orders -579.

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it would be either the under/over statement of the IRP, which would result in the inverse to the CEP. Given that the IRP is already being collected in rates, it is not likely that the CEP would be overstated.

T12A: Were assets retired?

Of the 44 work orders sampled, 18 work orders were labeled as replacements. Of the remaining 26 work orders in the CEP selection, two were listed as non-replacements but had retirement but no cost of removal charges within the work order detail.

1. Work Order #: 8267.34120105814
 - a. Project Description: BG South POD – Bowling Green, OH
 - b. Actual Costs: \$1,949,378
 - c. Retirement: \$(46,828)
 - d. Related Retirement Work Order #: 8268.34120105815¹⁰⁷
2. Work Order #: 8541.34140116964
 - a. Project Description: Brown & Lallendorf TBS Heater
 - b. Actual Costs: \$4,699
 - c. Retirement: \$(20,749)
 - d. Related Retirement Work Order #: 8542.34160117928¹⁰⁸
3. The Company explained that the work orders represent installation work and their related retirements are found within separate work orders.¹⁰⁹

Blue Ridge found that the Company recorded the retirements on a separate work order. This is not an unusual practice. Blue Ridge reviewed the related retirement work order cost detail and found that the Company's explanation is not unreasonable.

The Sample included 4 replacement projects with no retirements or cost of removal charges within the work order detail.

1. Work Order #: 9615.34170089089.
 - a. The scope of this project included stations to be built at a different location.
 - b. Company explanation: Work order 9615.34170089089 is an installation work order. Columbia uses separate installation work orders and abandonment work orders for tracking and accounting capital work. The associated abandonments for this work order are on 9615.34170089136 and 9615.34180089272.¹¹⁰

Blue Ridge found that the Company's explanation is not unreasonable.

2. Work Order #: 9615.34180089438.
 - a. The scope of this project included stations to be built at a different location.
 - b. Company explanation: Work order 9615.34180089438 is an installation work order. Columbia uses separate installation work orders and abandonment work orders for tracking and accounting capital work. The associated abandonment for this work order are on 9615.34190089882.¹¹¹

¹⁰⁷ Columbia Gas response to Blue Ridge Data Requests 73 and 84.

¹⁰⁸ Columbia Gas response to Blue Ridge Data Requests 73 and 84.

¹⁰⁹ Columbia Gas response to Blue Ridge Data Request 73.

¹¹⁰ Columbia Gas response to Blue Ridge Data Requests 69 and 84.

¹¹¹ Columbia Gas response to Blue Ridge Data Requests 70 and 84.

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Blue Ridge found that the Company's explanation is not unreasonable.

3. Work Order #: NCSF18COH16C.
 - a. This project was to install a new roofing surface and asphalt garage aprons.
 - b. Company explanation: For the referenced project the original roof has been fully depreciated and, as such, no retirement was recorded. When Columbia processed the invoice, the cost of removal was inadvertently processed as CWIP in the amount of \$20,000. Columbia will correct for this and adjust the books to reflect the proper accounting.¹¹²
 - c. The Company explanation of the error is not unreasonable. The correction will increase the CEP.
4. Work Order #: NCSF18COH29C.
 - a. This project was to install a new concrete parking lot.
 - b. Company explanation: Retirements were not recorded due to the fact the cost of the original gravel parking lot was not a separately identified asset on Columbia's books. Cost of Removal was not recorded due the fact the cost of removal for the gravel parking lot was not detailed on the invoice for installation of the concrete parking lot.¹¹³

Blue Ridge found the Company's explanations unreasonable for several reasons

- 1) Blue Ridge has determined that the work performed on the parking lot is a betterment and therefore would not necessarily result in retirements. In the future if the parking lot is replaced then the company would need to record a retirement even though the parking lot is part of a larger asset.
- 2) Blue Ridge has determined that cost of removal would not necessarily have been recorded since the work performed was to pour concrete and therefore, the gravel, or part of the gravel, may have been utilized in which case cost of removal would not have been appropriate. Blue Ridge does not have any recommendations.

Blue Ridge found three replacement projects with no cost of removal charges.

1. Work Order 0557.34190074380
 - a. Related Retirement Work Order #: 0558.34190074381¹¹⁴
2. Work Order 0559.34190148244
 - a. Related Retirement Work Order #: 0560.34190148245¹¹⁵
3. Work Order 0561.34190081108
 - a. Related Retirement Work Order #: 0562.34190081109¹¹⁶

The Company explained that the work orders represent installation work and their related retirements and cost of removal are recorded on separate retirement work orders.¹¹⁷ This

¹¹² Columbia Gas response to Blue Ridge Data Request 71.

¹¹³ Columbia Gas response to Blue Ridge Data Request 72.

¹¹⁴ Columbia Gas response to Blue Ridge Data Requests 73 and 84.

¹¹⁵ Columbia Gas response to Blue Ridge Data Requests 73 and 84.

¹¹⁶ Columbia Gas response to Blue Ridge Data Requests 73 and 84.

¹¹⁷ Columbia Gas response to Blue Ridge Data Request 73.

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practice is not unusual.

Blue Ridge reviewed the related retirement work order cost detail and found that the Company's explanation is not unreasonable.

T12B: Was the date of retirement in line with the asset replacement date?

Blanket projects are closed every month. Certain types of projects, such as service line replacements (job code 0565), are retired on an average cost basis as the units are added, so both the addition and retirements take place at the same time. Cost of removal is charged generally at the same time or can precede the actual retirements.¹¹⁸ Blue Ridge reviewed the asset replacement and asset retirement dates. One of the 44 work orders /projects required additional information and review.

1. Work Order #: 8841.34170088962
 - a. Project Description: CR 24-0.07 Relocation
 - b. In-service Date: 3/19
 - c. Retirements: \$(389,228)
 - d. Retirement Date: 8/19
 - e. Company explanation: The timing difference was caused by a job order change request being processed due to issues that arose beyond the contractor's control, such as additional depth required by the county. This cost adjustment delayed the receipt of the close out packets to our capital close out team. The impact on the accrual for depreciation is de minimus based on the delay described above.¹¹⁹

Blue Ridge found the Company's response not unreasonable.

T12C: Is the amount of the retired asset not unreasonable?

The retirement charges and quantities were not unreasonable for each of the seven work orders within the sample with retirements.

T12D: Was salvage recorded?

Salvage represents the proceeds from the sale of assets that are replaced by the Company. For purposes of the depreciation reserve, salvage is recorded as an increase in the depreciation reserve (FERC 108), which results in a corresponding decrease in net plant.

In the Gas business, assets are frequently retired in place whenever possible. Doing so decreases cost of removal by saving time and labor. Exceptions to that practice may include incidences such as a municipality requiring the removal of replaced assets or where not removing assets could represent a safety hazard. When assets are removed, they are typically sold as scrap. Under some circumstances, the scrap can be applied to a retirement work order and tied to a specific project. Columbia uses blanket work orders to replace assets. Columbia's practice is consistent with the Gas utility Industry.

Regardless of how it is done, as long as FERC 108 is charged, the process is in accordance with FERC (CFR 18) and properly accounts for scrap. Scrap is also considered in the calculation of the net salvage or negative net salvage that is used in depreciation studies. The work orders we tested did not contain any salvage specifically included in each work order. This situation is not unusual since

¹¹⁸ Columbia Gas 2019 response to Blue Ridge Data Request 57.

¹¹⁹ Columbia Gas response to Blue Ridge Data Request 68.

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salvage is not a budget item. We do not see any issues in this area, and it appears that Columbia books salvage in accordance with FERC (CFR 18), which conforms to the manner in which most Gas utilities record salvage.

T12E: Was cost of removal charged? Is the amount not unreasonable?

It is not unusual in the Gas Distribution industry to not remove pipe from the ground. In several instances, unless necessary for safety or mandated, Gas Distribution companies frequently leave pipe in the ground and purge the gas from the pipe and cap the ends to make it safe, thereby avoiding the cost to remove the pipe. In those instances, cost of removal is minimal and, depending on the category of work order, could be charged to a blanket work order or a retirement work order that would not have been picked up in the sample. Service line replacements are an example because they are blanket projects.

Generally, NiSource's subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When regulated property that represents a retired unit is replaced or removed, the cost of such property is credited to utility plant and such cost, net of salvage, is debited to the accumulated provision for depreciation in accordance with composite depreciation ("composite method").¹²⁰ Blue Ridge found no cost of removal charges within the sample selection.

T13: Field Verification

T13A: Is the project a candidate for field verification?

Blue Ridge identified 24 work orders within the CEP sample as candidates for field visits. Work orders / projects were excluded from selection for the following reasons:

- A. The work order was an adjustment or transfer of dollars and, therefore, no physical assets had been installed.
- B. The work order was for installed software, and it would be difficult to review an entire software program (such as, for example, PowerPlant) to see what was added.
- C. The work order was not selected based on professional judgment.

Further discussion on field inspections and desktop audits below in Section: Field Inspections and Desktop Reviews.

WORK ORDER BACKLOG

The work order backlog represents completed, or substantially completed, projects that have been transferred from CWIP (FERC 107) to Completed Construction Not Classified (FERC 106). The projects are in-service and accruing depreciation. AFUDC stops when the work order is transferred. The work order will remain in FERC 106 until it is unitized to Gas Plant in Service (FERC 101). For reporting purposes, FERC 106 is generally combined with FERC 101 to represent total plant in service.

As new construction costs are charged to work orders, they need to be assigned to the appropriate company, project, FERC account, location code, and retirement unit asset. The accurate setup of a work order ensures that the appropriate amount of accumulated reserve for depreciation is calculated from the time the asset is placed in-service. The unitization process is used to confirm

¹²⁰ Case No. 17-2202-GA-ALT – CEP Audit DR Set 1 No. 14, Attachment A.

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that all appropriate charges related to the work order are assigned correctly. An over or under accrual of accumulated reserve for depreciation may arise in instances where the unitization process results in changes to the assignment of work order charges.

In the gas utility industry, it is not uncommon for work orders to remain in FERC 106 for several months, waiting for the completion of the project. Frequently projects cannot be 100% completed because of weather conditions that may obstruct the Company's ability to complete paving and seeding and other functions. In accordance with FERC accounting, a project can be substantially complete, used and useful, and waiting for completion of work that does not hinder the functionality of the asset(s). The Company's practice of not unitizing some projects until the work can be completed is consistent with gas utility industry practice

Table 16: CEP 2018 - 2019 Work Order Backlog Comparison¹²¹

Timeframe	2018		2019		Comparison	
	Balance	# of Work Orders	Balance	# of Work Orders	Balance	#
Under 3 Month	\$27,356,529	556	\$50,313,901	703	84%	26%
4 to 12 Months	\$4,338,159	47	\$641,491	12	-85%	-74%
Over 12 Months	\$3,332,529	6	\$58,018	3	-98%	-50%
Grand Total	\$70,054,433		\$51,013,411		84%	26%

The total Company work order backlog as of December 31, 2019, was \$139,880,875. Of that, \$51,013,411 are CEP work orders and the remaining \$88,867,464 represents IRP work orders.

The CEP work order backlog has been reduced by approximately 37% from the prior year. Approximately 95% of the backlog is under three months (90 days). This is consistent with the company holding work orders open to collect additional charges. It appears the company is doing a good job managing the backlog.

FIELD INSPECTIONS AND DESKTOP REVIEWS

For field inspections, Blue Ridge selected 24 locations, several with multiple assets, and all were selected for desktop review with three projects additionally assessed through live-streamed video on a site walk through with Columbia Gas engineers narrating. (No physical inspections took place due to COVID-19-pandemic limitations for onsite travel.) The following criteria were used for the video-streaming field inspections and/or desktop reviews:

- The assets were in service and used and useful, providing service to the customer.
- The assets were properly classified in capital accounts.
- The sample assets did not appear over built (gold plated).
- Planning and justification documentation support that the projects were necessary, reasonable, and prudent.

The field observations were performed by Blue Ridge and Commission Staff with assistance from Company representatives. The desktop verifications were done on May 18 through 19 and remote video streaming of three physical sites on May 21 through 22, 2020. Information for each work order / project, including detailed maps, and site photographs was provided to the observation team and a

¹²¹ Columbia Gas response to Blue Ridge Data Request 22, Attachment A.

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review summary was completed for each virtual field inspection and desktop review, under confidential discovery response #46 and 54. The completed review summaries are included as workpapers with this report. The following table summarizes the projects reviewed.

Table 17: Summary of Projects Subject to Field Inspection and/or Desk Top Reviews

Work Order #	FERC	Budget Class	Activity Cost	In-Service Date	Used and Useful
1. 0555.34180089352	37600	Growth	\$83,258	1/16/19	Yes
Project Description: Install distribution main for new growth					
Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site					
2. 0555.34180108427	37600	Growth	\$147,240	12/11/19	Yes
Project Description: Install distribution main for new growth into Mobile Home park (previous propane)					
Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list (small section of tie in main), Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site					
3. 0555.34180125651	37600	Growth	\$229,790	9/20/19	Yes
Project Description: Install distribution main for new growth					
Blue Ridge Comment: - reviewed 7 worksheets associated with the confidential filed BRDR #54: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site					
4. 0555.34180132649	37600	Growth	\$93,553	8/27/19	Yes
Project Description: Install distribution main for new growth					
Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR #54: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site					
5. 0555.34190081269	37600	Growth	\$9,190	11/18/19	Yes
Project Description: Install distribution main for new growth					
Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR #54: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site					
6. 0555.34190126168	37600	Growth	\$177,729	7/16/19	Yes
Project Description: Install distribution main for new growth					
Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR #54: detailed Financial approval chain of signature, GIS Screen print of					

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Work Order #	FERC	Budget Class	Activity Cost	In-Service Date	Used and Useful
	before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site				
7. 0555.34190133126	37600	Growth	\$21,914	12/12/19	Yes
	Project Description: Install distribution main for new growth				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR #54: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site				
8. 0557.34190074380	37600	Age & Condition	\$322,910	5/16/19	Yes
	Project Description: Replace plastic main installed in 1969 time frame due to age and condition (following the criteria of CEP)				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site				
9. 0559.34190148244	37600	Betterment	\$56,456	10/25/19	Yes
	Project Description: Install distribution main for new growth				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#54: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site				
10. 0563.34180125756	38000	Growth	\$103,259	1/17/19	Yes
	Project Description: Install distribution main for new growth				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#54: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site				
11. 0565.34B08230032	38000	Age & Condition	\$1,203,419	Various	Yes
	Project Description: Service Blanket				
	Blue Ridge Comment: as described in BRDR #46, services are done under a blanket with limited project data available other than costs and quality replaced				
12. 0565.34B11210032	38000	Age & Condition	\$1,007,198	Various	Yes
	Project Description: Service Blanket				
	Blue Ridge Comment: as described in BRDR #46, services are done under a blanket with limited project data available other than costs and quality replaced				
13. 0565.34B13250032	38000	Age & Condition	\$1,059,518	Various	Yes
	Project Description: Service Blanket				
	Blue Ridge Comment: as described in BRDR #46, services are done under a blanket with limited project data available other than costs and quality replaced				
14. 0579.34B15310011	37820	Age & Condition	\$560,260	12/1/19	Yes

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Work Order #	FERC	Budget Class	Activity Cost	In-Service Date	Used and Useful
15. 0579.34B17210011	Project Description: Measures and Regulator Station for farm tap services Blue Ridge Comment: as described in BRDR #46, this type of work was done under a blanket with limited project data available other than costs and quality replaced				
	37820	Age & Condition	\$1,259,464	12/1/19	Yes
16. 0579.34B08230011	Project Description: Measures and Regulator Station for over pressure safety devices Blue Ridge Comment: as described in BRDR #46, this type of work was done under a blanket with limited project data available other than costs and quality replaced				
	37820	Betterment	\$666,897	2019	Yes
17. 1095.34190179751	Project Description: Regulator station work Blue Ridge Comment: - reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
	37820	Betterment	\$2,294,565	10/29/19	Yes
18. 7609.34150106937	Project Description: New regulator station Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
	37820	Betterment	\$2,945,016	9/11/19	Yes
19. 8267.34120105814	Project Description: Measures and Regulator Station over pressure safety devices Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
	37820	Betterment	\$1,949,378	8/30/19	Yes
20. 8541.34140116964	Project Description: New regulator station Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
	37910	Betterment	\$4,699	6/16/16	Yes
21. 8841.34170088962	Project Description: New regulator station – end of project charges Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
	37600	Public Improvement	\$3,184,923	3/27/19	Yes
	Project Description: Replace main due to Public Improvement project Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after gas main locations and size installed, asset removed detailed list,				

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Work Order #	FERC	Budget Class	Activity Cost	In-Service Date	Used and Useful
	Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site				
22. 9615.34160088553	37820	Betterment	\$441,252	11/8/18	Yes
	Project Description: New regulator station				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
23. 9615.34170089085	37820	Betterment	\$6,248	1/8/19	Yes
	Project Description: New regulator station				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary.				
24. 9905.34170094919	37820	Betterment	\$3,794,769	7/18/19	Yes
	Project Description: Replace main				
	Blue Ridge Comment: reviewed 7 worksheets associated with the confidential filed BRDR#46: detailed Financial approval chain of signature, GIS Screen print of before and after, asset removed detailed list, Design & Alternative notes detailing options considered and reasons why rejected, Cost summary details, Installed accounts, and project summary. Included was a separate Google maps/earth review of site. As a follow up, Columbia also updated the Financial approval list addressing to our satisfaction how the project was estimated				

Blue Ridge had these conclusions from the field inspections and desktop reviews:

- The assets were operational (used and useful) and providing service to the customer.
- The purposes of the projects were reasonable.
- The assets that were installed were in accordance with the original scope of work, and no assets were installed that were not in the original scope of work.
- The equipment that was installed matched the equipment that was capitalized.
- Company personnel understood the scope of work and were able to provide detailed answers to questions about the work.
- Problems identified during the process of construction were identified and discussed.
- The projects were not over built or "gold plated."

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APPENDICES

Appendix A: Information Reviewed

Appendix B: Data Requests and Information Provided

Appendix C: Work Papers

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APPENDIX A: INFORMATION REVIEWED

Blue Ridge reviewed the applicable testimony, workpapers, and Commission orders in Case Nos. 08-0072-GA-AIR, 11-5351-GA-UNC, 12-3221-GA-UNC, et al, 17-2202-GA-ALT, 19-0438-GA-RDR, and 20-49-GA-RDR.

The following excerpts from the Commission Opinion and Order and the Combined Stipulation specifically related to the last Rate Case, PIS, and CEP relevant to this audit are provided below.

Case No. 08-72-GA-AIR – Rate Case

On December 3, 2008, the Commission issued its Opinion and Order regarding Case No. 08-0072-GA-AIR. The Order approved the following Stipulation Agreements with modifications:

- Stipulation Agreement filed on October 24, 2008 be approved

On page 6 of the Opinion and Order: As noted above, certain of the parties (stipulating parties) entered into a stipulation that was filed on October 24, 2008. The only issues not resolved in the stipulation are the rate design issues associated with the Small General Service Class, which will be discussed...

On page 25 of the Opinion and Order: The stipulation resolves all outstanding issues except the issues of rate design for the Small General Service Class. These issues were submitted to the Commission for its consideration. The stipulating parties agreed to submit pre-filed, written testimony on the issues and they waived the rights to cross-examine witnesses on the issues or to file briefs.

Regarding the IRP

On page 8 of the Opinion and Order: Authorized to establish an Infrastructure Replacement Program Rider (IRP) providing recovery for:

- a) The future maintenance, repair and replacement of customer-owned service lines that have been determined by Columbia to present an existing or probable hazard to persons and property, and the systematic replacement, over a period of approximately three years, of certain risers prone to failure if not properly assembled and installed. The replacement of customer-owned service lines and prone-to-failure risers was previously approved by the Commission in its opinion and order dated April 9, 2008, in Case No. 07-478-GAUNC;
- b) The replacement of cast iron, wrought iron, unprotected coated steel, and bare steel pipe in Columbia's distribution system, as well as Columbia's replacement of company-owned and customer-owned metallic service lines identified by Columbia during the replacement of all the above types of pipe (referred to as the Accelerated Mains Replacement Program or AMRP); and
- c) The installation, over approximately a five-year period, of Automatic Meter Reading Devices ("AMRD") on all residential and commercial meters served by Columbia.

Rider IRP shall be calculated using a rate of 10.95 percent (which represents the stipulated rate of return of 8.12 percent plus a tax gross-up factor of 2.84 percent). The IRP shall be in effect for the lesser of five years from the effective date of rates approved in this proceeding or until new rates become effective as a result of Columbia's filing of an application for an increase in rates pursuant to Section 4909.18, Revised Code, or Columbia's filing of a proposal to establish

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base rates pursuant to an alternative method of regulation pursuant to Section 4929.05, Revised Code.

Rider IRP shall provide for the recovery of the return of and on the plant investment, inclusive of capitalized interest or post-in-service carrying costs charges, and depreciation expense and property taxes. Rider IRP shall also reflect the actual annual savings of operations and maintenance expense as an offset to the costs that are otherwise eligible for recovery through Rider IRP.

Within 30 days of the Commission order adopting the stipulation, Columbia shall docket its initial Rider IRP prefiling notice. In years 2009 through 2012, Columbia shall docket its Rider IRP prefiling notice by November 30 of each year, with updated information filed by the following February 28. (The Commission directs Columbia to make such filings for Rider IRP, and the filings for Rider DSM discussed below, in a single new case each year.) Each year's prefiling notice will contain estimated schedules for the Rider IRP to become effective the following May 1. Staff will conduct an investigation of each annual Columbia filing and parties may file objections to the filings. If the staff determines that Columbia's application to increase Rider IRP is unjust or unreasonable, or if any other party files an objection that is not resolved by Columbia, an expedited hearing process will be established to allow the parties to present evidence to the Commission for final resolution.

The Rider IRP rate that becomes effective May 1, 2009, for the Small General Service Class shall not exceed \$1.10 per customer per month. The stipulating parties agreed to caps of \$2.20, \$3.20, \$4.20, and \$5.20 per customer per month for the subsequent four years. If during any year of the first four years of the five-year duration of Rider IRP Columbia's IRP costs would result in a Rider IRP rate that exceeds the Rider IRP caps described above, Columbia may defer on its books any costs that it is unable to recover through Rider IRP because the Rider IRP rate would otherwise exceed the specified cap. Such costs shall be deferred with carrying charges at an annual rate of 5.27 percent, representing Columbia's long-term debt rate. Columbia may include such deferred costs in any subsequent Rider IRP application during the five-year duration of Rider IRP as specified herein, and recover the deferred costs as long as the inclusion of the deferred costs does not cause Columbia to exceed the Rider IRP cap in the subsequent year in which the deferred costs are included in the Rider IRP adjustment filing. Any deferrals remaining at the end of the five-year period shall not be recoverable by Columbia.

Regarding Depreciation

On page 11 of the Opinion and Order: The depreciation accrual rates proposed by Columbia, as modified in the staff report, should be approved.

On page 17 of the Joint Stipulation Agreement: The depreciation accrual rates proposed by Columbia, as modified in the Staff Report, are reasonable and Columbia should be authorized to revise its depreciation accrual rates as proposed in its Application.

On page 4 of Staff's Report: The Applicant's current accrual rates were prescribed by this Commission in Case No. 05-114-GA-AAM. In Case No. 08-75-GA-AAM, the Applicant filed a depreciation study prepared by its consultant, Gannett Fleming Valuation and Rate Consultants, Inc. The Applicant's accrual rates for most gas plant accounts were developed using the straight-line average service life method of depreciation. For certain General Plant gas accounts, the annual depreciation amounts were based on amortization accounting.

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The Staff conducted a review of the depreciation study provided by the Applicant. The Staff finds itself in general agreement with the service life projected retirement dispersion and net salvage parameters proposed in Applicant's study. However, the Staff noted small differences in some accounts between the accrual rates proposed by the Applicant and those that the Staff calculated based on the parameters proposed.

The Staff recommended accrual rates are shown on Schedule B-3.2a. The Staff recommends that the Applicant be ordered to use the accrual rates shown on Schedule B-3.2a for book depreciation purposes, effective concurrently with customer rates resulting from this proceeding.

The Staff has long maintained that accrual rates should be thoroughly reviewed at least every three to five years. The Staff therefore recommends that in five years Applicant submit a depreciation study for all gas plant accounts.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2.

On Schedule B.2a of Staff's Report:

FERC-Description	Company Proposed Accrual Rate %	Staff Proposed Accrual Rate %
Distribution Plant		
374 Land and Land Rights		
375.34 Structures & Improvements - Meas. & Reg.	2.73	2.73
375.56 Structures & Improvements - Indust. Meas. & Reg.	3.85	3.75
375.7 Structures & Improvements - Other Dist. Sys.	1.33	2.51
375.7 Structures & Improvements - Other Dist. Sys. Other Small	4.05	4.05
Composite Account 375.7		2.71
375.8 Structures & Improvements - Communications Structures	2.00	2.00
376 Mains	1.91	1.86
378 Meas. & Reg. Station Equipment - General	3.14	3.19
379 Meas. & Reg. Station Equipment - City Gate	3.55	3.44
380 Sen/ices	3.00	3.20
381 Meters	2.39	2.28
381.1 Automated Meter Reading Devices	6.67	6.67
382 Meter Installations	2.00	2.19
383 House Regulators	3.57	3.57
384 House Regulator Installations	3.67	3.57
385 Industrial Meas. & Reg. Sta. Equipment	3.67	3.67
387 Other Equipment - General	6.18	5.83
387.4 Other Equipment - Customer Information Services	5.00	4.55
General Plant:		
391.4 Office Furniture & Equipment	5.00	5.00
391.5 Office Furniture & Equipment - Info. Sys.	20.00	20.00
392 Transportation Equipment	6.67	6.67
393 Stores Equipment	3.33	3.33
394 Tools, Shop & Garage Equipment	4.00	4.00
394.11 CNG Equipment	10.00	10.00

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FERC-Description	Company Proposed Accrual Rate %	Staff Proposed Accrual Rate %
395 Laboratory Equipment	5.00	5.00
396 Power Operated Equipment	5.83	5.83
398 Miscellaneous Equipment	5.00	5.00

Regarding Plant

On page 25 of the Opinion and Order: The value of all of the company's property used and useful in rendering service to its customers affected by this application as of December 31, 2007, determined in accordance with Section 4909.15, Revised Code, is not less than \$1,028,445,000 [NOTE: Total Rate Base].

On page 6 of the Joint Stipulation Agreement: The value of all of Columbia's property used and useful for the rendition of service to its customers, determined in accordance with Sections 4909.05 and 4905.15, Revised Code, as of the approved date certain of December 31, 2007, is \$1,028,445,000 as shown on Stipulation Exhibit 1 [NOTE: Total Rate Base].

On page 3 of Staff's Report: As a result of Blue Ridge's investigation and the Staff review of the application, the Staff recommends certain adjustments be made to the Applicant's date certain plant investment for ratemaking purposes. These adjustments are identified below, summarized on Schedule B-2.2, and are reflected in the calculation of jurisdictional plant in service figures on Schedule B-2.1. Elimination of Plant Sold: The Staff and the Applicant adjusted several plant-in-service accounts to remove the cost of plant sold after the date certain and therefore is no longer in service. The Staff's adjustment is shown on Schedule B-2.2a.

On pages 49-62 of Staff's Report are the Schedule B (Rate Base Schedules)

On page 49 of Staff's Report, Staff recommends the following plant in service balances on Schedule B-1. The balances include Elimination of Plant Sold after date certain identified in Blue Ridge's investigation:

Major Property Groups	Applicant	Staff
Plant in Service	1,834,480	1,834,480
Depreciation Reserve	(672,347)	(672,347)
Net Plant in Service	1,162,133	1,162,133
CWIP	0	0
Working Capital	200,550	200,669
Other Rate Base Items	(233,041)	(341,015)
Rate Base	1,129,642	1,041,787

On page 50 of Staff's Report, Staff recommends the following plant in service balances on Schedule B-2:

Major Property Groups	Applicant	Staff
Intangible Plant	21,899,926	21,899,927
Distribution Plant	1,769,856,700	1,769,856,699
General	42,723,859	42,723,859
Total Plant in Service	1,834,480,485	1,834,480,485

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Regarding Property Taxes

On page 9 of Staff's Report: Taxes other than income taxes were adjusted to reflect the proper base and latest known tax rates. For example, property taxes were computed by applying the latest known average tax rate to the date certain property valuation. Ohio Excise taxes were calculated to reflect taxes based on adjusted test year revenues. FICA, FUTA and SUTA taxes were calculated based on test year adjusted payroll. Moreover, the Applicant currently recovers a portion of Ohio Excise tax through a tax rider. The Applicant proposed that the entire Ohio Excise tax be recovered through the tax rider. Schedule C-3.17 provides a summary of the calculated taxes and the resultant adjustment of those taxes. The supporting calculations are detailed on Schedules C-3.17a through C-3.17h.

On page 33 of Staff's Report: IRP: Staff recommends Columbia also be authorized to record as a regulatory asset, the related depreciation and incremental property taxes on all investments for which it is seeking recovery through Rider IRP between the date the property is placed into service and the date recovery of the investment commences. Columbia should also be permitted to accrue Post-in-Service Carrying Costs (PISCC) on all investment between the date the property is placed into service and the date recovery of the investment commences. The PISCC rate should be determined annually based on Columbia's weighted cost of debt and should not be compounded.

Regarding Rate of Return

On page 25 of the Opinion and Order: Findings of Fact: (14) The current net operating income for the 12-month period ending September 30, 2008, is \$54,322,000. The net annual compensation of \$54,322,000 realized by the applicant represents a rate of return of 5.28 percent. The stipulating parties have recommended a rate of return of 8.12 percent. (15) Applying a rate of return of 8.12 percent to the rate base of \$1,028,445,000 will result in an annual dollar return of \$83,510,000. Under the stipulation, the parties agreed that the adjusted test year operating income was \$54,322,000. This results in an income deficiency of \$29,188,000, which, when adjusted for uncollectibles and taxes, results in a revenue increase of \$47,143,000.

On page 26 of the Opinion and Order: Conclusions of Law: A rate of return of 8.12 percent is fair and reasonable under the circumstances of this case and is sufficient to provide the applicant just compensation and return on its property used and useful in the provision of service to its customers.

On page 7 of the Joint Stipulation Agreement: Columbia is entitled to an overall rate of return of 8.12% and based on the information contained in the record of this proceeding the Parties agree that annual revenues specified above shall provide Columbia with an opportunity to earn an overall return of 8.12%. The Parties agree that the corresponding return on equity is 10.39%. In agreeing upon this return on equity, the parties took into consideration the fact that investors may perceive Columbia to be less risky because of the alternative regulation provisions agreed to by the Parties and because of the levelized rate design proposed by Columbia. Accordingly, the Parties reduced Columbia's return on equity by 25 basis points in order to reflect this reduced risk perception.

Case No. 11-5351-GA-UNC - Capital Expenditure Program

On August 29, 2012, the Commission issued its Findings and Order regarding Case No. 11-5351-GA-UNC. The Order approved the following:

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On page 1 of the Findings and Order: On October 3, 2011, Columbia filed an application for authority to implement a capital expenditure program (CEP) for the period of October 1, 2011, through December 31, 2012, pursuant to Sections 4909.18 and 4929.111, Revised Code. Additionally, Columbia seeks approval to modify its accounting procedures to provide for capitalization of post-in-service carrying costs (PISCC) on those assets of the CEP that are placed into service but not reflected in rates as plant in service, as well as deferral of depreciation expense and property taxes directly attributable to those assets of the CEP that are placed into service but not reflected in rates as plant in service. According to the application, a cumulative investment of \$76 million is projected for Columbia's CEP. Columbia states that it is not requesting cost recovery as part of this application and that recovery of any approved deferrals will be requested in a separate proceeding. Columbia submits that approval of the application will not result in an increase in any rate or charge, and, therefore, the application should be considered as an application not for an increase in rates under Section 4909.18, Revised Code.

On page 11 through 13 of the Findings and Order: Section 4929.111(A), Revised Code, provides that a natural gas company may file an application with the Commission under Section 4909.18, 4929.05, or 4929.11, Revised Code, to implement a CEP for any of the following: (a) Any infrastructure expansion, infrastructure improvement, or infrastructure replacement program; (b) Any program to install, upgrade, or replace information technology systems; (c) Any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction.

Section 4929.111(C), Revised Code, requires the Commission to approve the application, if the Commission finds that the CEP is consistent with the natural gas company's obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable.

Upon review of Columbia's application and the comments filed by the parties, the Commission finds that the application should be approved, with the following modifications and clarifications:

- (a) Columbia should calculate the total monthly deferral, PISCC, depreciation expense, property tax expense, and incremental revenue by using the specific formulas set forth in Staff's sur-reply comments.
- (b) Columbia should offset the monthly regulatory asset amount charged to the CEP by those revenues generated from the assets included in the CEP for SFV customers, non-SFV customers, and any other revenue sources directly attributable to CEP investments.
- (c) Columbia should maintain sufficient records to enable Staff to verify that all revenue generated from CEP investments is accurately excluded from the total monthly deferral.
- (d) Columbia should calculate the PISCC on assets placed in service under the CEP as recommended by Staff, such that the PISCC are determined by taking the previous month's ending gross plant balance (utilizing the one-month lag method), less associated depreciation and retirements, and multiplying it by the Company's monthly long-term cost of debt rate.
- (e) Columbia should calculate the depreciation and property tax deferrals for the CEP in a manner consistent with Staff's recommendations.
- (f) Columbia should docket an annual informational filing by April 30 of each year that details the monthly CEP investments and the calculations used to determine the associated deferrals,

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as recommended by Staff. The annual informational filings should include all calculations used to determine the monthly deferred amounts, including a breakdown of investments (by budget class), PISCC, depreciation expense, property tax expense, and all incremental revenue, as well as a capital budget for the upcoming year. The annual informational filings should also include an estimation of the effect that the proposed deferrals would have on customer bills, if they were to be included in rates.

(g) Columbia may accrue CEP deferrals up until the point where the accrued deferrals, if included in rates, would cause the rates charged to the SGS class of customers to increase by more than \$1.50/month. Accrual of all future CEP-related deferrals should cease once the \$1.50/month threshold is surpassed, until such time as Columbia files to recover the existing accrued deferrals and establish a recovery mechanism under Section 4909.18, 4929.05, or 4929.11, Revised Code.

The Commission finds no merit in the arguments of OCC and OPAE that Columbia's application fails to provide a sufficient description of the proposed CEP or its total cost. The Commission finds that Columbia's application includes the necessary information required by Section 4929.111, Revised Code, regarding the types and amounts of the expenditures included in the CEP such that the Company has demonstrated that the CEP is consistent with the Company's obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable. The Commission emphasizes, however, that Columbia has not requested, nor is the Commission granting, cost recovery for any CEP-related items. The Commission will consider the prudence and reasonableness of the magnitude of Columbia's CEP-related regulatory assets and associated capital spending in any future proceedings seeking cost recovery and the Company will be expected to provide, at that time, detailed information regarding the expenditures for our review. Additionally, the Commission finds that our approval of Columbia's application, as modified herein, will not result in an increase in any rate or charge. Accordingly, the application should be considered as an application not for an increase in rates under Section 4909.18, Revised Code.

With the above modifications and clarifications, the Commission finds Columbia's proposed CEP, as modified herein, to be both reasonable and consistent with Section 4929.111, Revised Code. Accordingly, Columbia is authorized, pursuant to Sections 4909.18 and 4929.111, Revised Code, to implement the CEP and modify its accounting procedures as necessary to carry out the implementation of the CEP for the period of October 1, 2011, through December 31, 2012, consistent with this finding and order.

On page 1 through 9 of the Application for CEP: Pursuant to Rev. Code §§ 4909.18 and 4929.111, Columbia Gas of Ohio, Inc. ("Columbia") files this Application with the Public Utilities Commission of Ohio, ("Commission") for authority to implement a capital expenditure program and to modify its accounting procedures to provide for: (1) capitalization of post-in-service carrying costs on those assets of the capital expenditure program that are placed into service, but not reflected in rates as plant in service; and, (2) deferral of depreciation expense and property taxes directly attributable to those assets of the capital expenditure program that are placed into service, but not reflected in rates as plant in service. In support of its Application, Columbia states:

1. Columbia is a natural gas company within the meaning of Rev. Code § 4905.03(A)(6), and as such, is a public utility subject to the jurisdiction of the Commission.

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2. Columbia is proposing to implement a capital expenditure program for the period October 1, 2011 through December 31, 2012. During this period Columbia estimates its capital expenditure program will include a cumulative investment level of seventy-six million dollars that qualifies for the accounting treatment under Rev. Code § 4929.111(A).
3. Pursuant to Rev Code § 4929.111(B) Columbia includes as Attachment A hereto its estimated total cost of the capital expenditure program covered by this application. The amounts shown on Attachment A will be eligible for the accounting treatment described more fully hereinafter. The actual expenditures will vary by category. The total amount expended will also vary from year to year due to Columbia's management of its capital expenditures budget in the aggregate, rather than by individual categories, and due to the development of Columbia's capital expenditure budget based upon cash payments (Account 107) rather than the date plant becomes used and useful and transferred to plant in service (Account 101, Gas Plant In Service). This timing difference between the date cash payments are made and the date plant is placed into service will result in the total capital budget estimates detailed on Attachment A being different in a given year with a corresponding increase or decrease in the actual expenditures eligible for accounting treatment under Rev Code § 4929.111(B).
4. Columbia's capital allocation policy governs the allocation of capital, including the identification and prioritization of capital projects. The annual capital budget allocation approved by the NiSource Board of Directors is consistent with Columbia's obligations to furnish necessary and adequate services and facilities under Rev. Code § 4905.22. The following components are included in Columbia's capital expenditure program:
 - a. Replacement/Public Improvement/Betterment - Replacement of facilities for any of the following reasons: (1) physical deterioration; (2) meeting the requirements of governmental authorities related to street and highway construction; (3) accommodating existing customer requests for facility relocation; and, (4) improving system operating conditions and ensuring adequate distribution system capacity and/or system reliability. This Replacement/Betterment category may include, but is not limited to, costs related to installation of and/or improvements to mains and service lines, wells, well and field lines, gathering lines, base gas, compressor stations, purification equipment, measuring and regulation stations, district regulator stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated buildings, land or land rights.
 - b. Acquisitions - Costs related to purchase of gas transmission, distribution, or storage facilities. This category may include, but is not limited to, costs associated with the purchase of mains and service lines, wells, well and field lines, gathering lines, base gas, compressor stations, purification equipment, measuring and regulation stations, district regulator stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated buildings, land or land rights.
 - c. Growth - Facilities required to provide service to new customers or to provide increased load capacity to existing customers. This category may include, but is not limited to, costs associated with the installation of and/or improvement to mains and services (including service line installations to new customers served by existing mains), district regulator stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated land or land rights.

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- d. Support Services - Capital expenditures that are not directly related to gas facilities fall into this category which may include, but is not limited to, costs associated with the purchase of and/or improvements to buildings and structures (including associated land and land rights), environmental remediation at company owned facilities, office furniture and equipment, motorized equipment and trailers, power operated equipment, and other miscellaneous equipment.
 - e. Information Technology - Capital expenditures related to technology and communications infrastructure. This category may include, but is not limited to, costs associated with purchase and installation of communications equipment (including associated buildings, land or land rights), data processing equipment, data processing software, and software licenses.
 - f. Distribution Integrity Management Plan Implementation - Capital expenditures identified as necessary to implement a Distribution Integrity Management Plan process that may fall into any or all of the categories described above.
5. In all of the categories described above the costs include (where applicable) Supervisory, Engineering, General, and Administrative overheads, and Allowance for Funds Used During Construction, and are net of any contributions, deposits, or other aid to construction. None of the capital expenditures in the categories described above include costs targeted for inclusion in Columbia's Infrastructure Replacement Program or CHOICE/SSO Reconciliation Rider.
 6. Columbia adheres to the FERC Unified System of Accounts prescribed for Natural Gas Companies and Generally Accepted Accounting Principles when accounting for the actual cost of capital projects. Pursuant to the FERC Unified System of Accounts, all amounts included are just and reasonable. Projects that are deemed "used and useful" in serving the needs of Columbia's customers are reported as in-service. Detailed gas plant accounting records are maintained to permit identification, analysis and verification of capitalized costs.
 7. This Application will not result in an increase in any rate, joint rate, toll, classification, charge or rental. Therefore, this Application is an application not for an increase in rates under Rev. Code § 4909.18.
 8. Rev. Code § 4929.111(A) authorizes a natural gas company to request approval of a capital expenditure program under Revised Code sections 4909.18, 4929.05 or 4929.11 to implement a capital expenditure program for any of the following:
 - a. Any infrastructure expansion, infrastructure improvement, or infrastructure replacement program;
 - b. Any program to install, upgrade, or replace information technology systems;
 - c. Any program reasonably necessary to comply with any rules, regulations, or orders of the commission or other governmental entity having jurisdiction.
 9. Rev. Code § 4929.111(C) provides for the Commission's approval of a capital expenditure program if the Commission finds the natural gas company's capital expenditure program is consistent with the company's obligations to furnish necessary and adequate services and facilities under section Rev. Code § 4905.22.
 10. Pursuant to Rev. Code § 4929.111(D) the Commission shall authorize a natural gas company to defer or recover in an application filed under Rev Code § 4929.111 the following:
 - a. A regulatory asset for post-in-service carrying costs on that portion of the capital expenditure program assets that are placed in service but not reflected in rates as plant in service;

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- b. A regulatory asset for the incremental depreciation on that portion of the assets of the capital expenditure program that are placed in service but not reflected in rates as plant in service; and,
 - c. A regulatory asset for the incremental property taxes directly attributable to the assets of the capital expenditure program that are placed in service but not reflected in rates as plant in service.
11. Rev. Code § 4929.111(F) authorizes a natural gas company to make any accounting accruals, necessary to establish the regulatory assets authorized under Rev. Code § 4929.111(D), in addition to any allowance for funds used during construction. Pursuant to Rev. Code § 4929.111(G) any accrual or deferral for recovery shall be calculated in accordance with the system of accounts established by the Commission under Rev. Code § 4905.13.
12. Revised Code § 4905.13 authorizes the Commission to establish systems of accounts to be kept by public utilities and to prescribe the manner in which these accounts shall be kept. In Chapter 4901:1-13-01, Ohio Administrative Code the Commission has adopted the Uniform System of Accounts ("USOA") for gas utilities established by the Federal Energy Regulatory Commission ("FERC") for use in Ohio. For Ohio regulatory purposes, the system of accounts is only applicable to the extent that it has been adopted by the Commission. Therefore the Commission may modify the USOA prescribed by FERC as it applies to utilities within the state of Ohio.
13. Pursuant to Rev. Code § 4929.111 (A-F) Columbia hereby requests approval of its capital expenditure program, and requests accounting authority to capitalize related carrying costs and defer related depreciation and property tax expense. Specifically, Columbia requests it be permitted to revise its accounting procedures to provide for the following with respect to its capital expenditure program:
- a. Authority to record as a regulatory asset all post-in-service carrying costs in Account 101, Gas Plant in Service, Post-In-Service Carrying Costs ("PISCC"). PISCC accounting treatment shall commence when the assets of the capital expenditure program are placed into service and shall cease when rates reflecting the costs of those assets become effective. All PISCC shall be calculated, for every investment in the capital expenditure program, based on Columbia's cost of longterm debt.
 - b. Authority to record as a regulatory asset depreciation expense and property taxes on all investment in Columbia's capital expenditure program between the time assets are placed in service, but not reflected in rates as plant in service. This deferred accounting shall cease when rates reflecting the deferred depreciation expenses and property taxes become effective. Deferred depreciation expense and property taxes will be reflected in a sub-account of Account 182, Other Regulatory Assets, and be calculated as follows.
 - i. Deferred property taxes shall be calculated, for every investment in the capital expenditure program, at Columbia's estimated composite property tax rate and deferred in a special subaccount of Account 182-Other Regulatory Assets-Deferred Taxes.
 - ii. Deferred depreciation expense shall be calculated, for every investment in the capital expenditure program, at the applicable Commission-approved depreciation rates and recorded in a special subaccount of Account 182-Other Regulatory Assets-Deferred Depreciation
14. The PISCC accounting treatment requested in this Application is not a matter of first impression for the Commission. The requested accounting treatment is consistent with

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that previously set forth in the Fourth Amendment to Joint Stipulation and Recommendation in Case No. 94 -987-GA-AIR et al. In that stipulation PISCC treatment was established for all investments placed into service between the dates November 1, 2004 through December 31, 2008. Said stipulation was approved by the Commission in an Entry dated March 11, 2004, and an in Entry on Rehearing dated May 5, 2004. In addition, Columbia had previously received approval to capitalize PISCC on all investments otherwise eligible for an "Allowance for Funds Used During Construction" with in service dates between December 31, 1990 and December 3, 1993 in Case No. 91-195-GAAIR et al. pursuant to the Commission's Opinion and Order in that case issued November 27, 1991.

15. In this Application Columbia is requesting only the accounting authority described above. Columbia is not requesting recovery of any of the deferred amounts as part of this Application. Recovery of any amounts deferred pursuant to approval of this Application will be addressed in a separate proceeding. The requested approval of the capital expenditure program and change in accounting procedure does not result in any increase in rate or charge, and the Commission can therefore approve this application without a hearing.

On April 26, 2013, the Company provided one annual report with the required information pertaining to CEP/PISCC for the previous year. 2013-2017 annual information is provided in a separate docket (see below).

Case No. 12-3221-GA-UNC - Capital Expenditure Program Modification

On October 9, 2013, the Commission issued its Findings and Order regarding Case No. 12-3221-GA-UNC. The Order approved the following:

On page 1 through 6 of the Findings and Order:

(2) On August 29, 2012, in Case No. 11-5351-GA-UNC, et al. (11-5351), the Commission modified and approved Columbia's application for authority to implement a capital expenditure program (CEP) for the period of October 1, 2011, through December 31, 2012, pursuant to Sections 4909.18 and 4929.111, Revised Code. The Commission approved Columbia's request to modify its accounting procedures to provide for capitalization of post-in-service carrying costs on those assets of the CEP that are placed into service, but not reflected in rates as plant in service, as well as deferral of depreciation expense and property taxes directly attributable to those assets of the CEP that are placed into service, but not reflected in rates as plant in service. The Commission authorized Columbia to accrue CEP-related deferrals only up until the point where the accrued deferrals, if included in rates, would cause the rates charged to the Small General Service (SGS) class of customers to increase by more than \$1.50 per month (deferral cap). At that point, accrual of all future CEP-related deferrals is required to cease, until such time as Columbia files to recover the existing accrued deferrals and establish a recovery mechanism under Section 4909.18, 4929.05, or 4929.11, Revised Code. The Commission also required Columbia to docket an annual informational filing by April 30 of each year that details, inter alia, the monthly CEP investments and the calculations used to determine the associated deferrals. (CEP Order at 11-13.)

(3) On December 24, 2012, Columbia filed an application, pursuant to Sections 4909.18 and 4929.111, Revised Code, seeking authority to continue its CEP, including deferral of the related carrying costs, depreciation expense, and property tax expense, in 2013 and succeeding years, up until the point where the accrued deferrals, if included in rates, would cause the rates

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charged to the SGS class of customers to increase by more than \$1.50 per month. Columbia proposes to compute and defer the cost of its CEP-related investments in accordance with the CEP Order. According to the application, a cumulative investment of \$72 million is projected for Columbia's CEP during the period from January 1, 2013, through December 31, 2013. Columbia states that it is not requesting cost recovery as part of this application and that recovery of any approved deferrals will be requested in a separate proceeding. Columbia submits that approval of the application will not result in an increase in any rate or charge, and, therefore, the application should be considered as an application not for an increase in rates under Section 4909.18, Revised Code.

(4) Additionally, Columbia states that it will include in its future annual informational filings all of the information required by the Commission in the CEP Order, including the Company's projected capital expenditures budget for the current and following calendar year. Columbia proposes that the projected CEP investments in the annual informational filing be the maximum allowable level of investment eligible for deferral in accordance with Section 4929.111(B), Revised Code. Columbia asserts that the accounting treatment requested in its application is consistent with Staff's recommendations, as approved by the Commission, in 11-5351.

(5) On April 26, 2013, Columbia docketed its annual informational filing in 11-5351 (2013 filing).

(6) By entry issued in the above-captioned cases on June 11, 2013, a comment period was established in order to assist the Commission in its review of Columbia's application. Pursuant to the entry, initial and reply comments were due to be filed by July 11, 2013, and July 25, 2013, respectively.

(7) In accordance with the established procedural schedule, comments were filed by Staff on July 11, 2013. No other comments were filed in these proceedings.

(8) In its comments, Staff emphasizes that, because Columbia seeks approval to continue the CEP and the associated deferrals until the deferral cap is reached, no further applications will be forthcoming from the Company until that point is reached. As Columbia's annual informational filings would stand in place of future applications, Staff explains that it reviewed and considered both the application filed in the present cases and the 2013 filing in 11-5351, in the course of developing Staff's comments and recommendations. Staff finds that Columbia's application and the 2013 filing comply with the CEP Order and, accordingly, recommends that the Company's application be approved, subject to Staff's further recommendations.

(9) Specifically, Staff recommends that the Commission establish a process to permit intervening parties and Staff to object to continued authority for Columbia's CEP and related deferrals through a review of the Company's annual informational filings. Staff states that, under Columbia's proposal to continue the CEP and associated deferrals until the deferral cap is reached, there is no provision for intervening parties or Staff to object to any of the information provided by the Company in its annual informational filings. Staff proposes a 30-day automatic approval process that would require Staff and any intervening party to file objections to the information, or lack thereof, contained in Columbia's annual informational filings. Staff notes that, if there are no objections filed within 30 days of the date on which Columbia's annual informational filing is docketed, the Company's CEP and ongoing deferral authority would be deemed approved. Staff further notes that, if Staff or any intervening party files objections within 30 days, an attorney examiner appointed by the Commission should

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issue an entry soliciting comments on the matters raised in the objections. Staff asserts that its proposal would provide for the efficient process that Columbia seeks, while allowing Staff and interested parties the opportunity to review the Company's annual informational filings, which was contemplated with the Commission's adoption of the annual informational filing requirement in 11-5351.

(10) Additionally, Staff recommends that the Commission clearly state that approval of Columbia's CEP and the associated deferrals does not guarantee recovery of CEP expenditures or deferrals. Staff advises the Commission to make clear that only deferral authority is approved in these cases and that Columbia's eligibility for recovery of the deferred amounts, including, but not limited to, issues such as prudence, proper computation, proper recording, and reasonableness, will be considered when the Company applies to recover the authorized deferrals.

(11) Section 4929.111(A), Revised Code, provides that a natural gas company may file an application with the Commission under Section 4909.18, 4929.05, or 4929.11, Revised Code, to implement a CEP for any of the following:

- a. Any infrastructure expansion, infrastructure improvement, or infrastructure replacement program;
- b. Any program to install, upgrade, or replace information technology systems;
- c. Any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction.

Section 4929.111(C), Revised Code, requires the Commission to approve the application, if the Commission finds that the CEP is consistent with the natural gas company's obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable.

(12) Upon review of Columbia's application and Staff's unopposed comments, the Commission finds that the Company has demonstrated that the CEP is consistent with its obligation under Section 4905.22, Revised Code, to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable. Further, the Commission finds that Columbia's application will not result in an increase in any rate or charge. Accordingly, the application should be considered as an application not for an increase in rates under Section 4909.18, Revised Code.

(13) With the modifications and clarifications set forth below, the Commission finds Columbia's proposed CEP, as modified herein, to be both reasonable and consistent with Section 4929.111, Revised Code. Accordingly, Columbia is authorized, pursuant to Sections 4909.18 and 4929.111, Revised Code, to implement the CEP and modify its accounting procedures as necessary to carry out the implementation of the CEP, consistent with this finding and order and the CEP Order, in 2013 and succeeding years, up until the point where the accrued deferrals, if included in rates, would cause the rates charged to the SGS class of customers to increase by more than \$1.50 per month.

(14) While the Commission approves Columbia's application for 2013 and succeeding years, we agree with Staff that a process should be adopted to allow interested persons and Staff to comment on the information provided by the Company in its annual informational filings due on April 30 of each year (CEP Order at 12). Therefore, the Commission directs that any comments and reply comments should be filed within 30 days and 40 days, respectively, of the date of Columbia's annual informational filing. After receipt of each annual informational filing

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and review of any comments submitted, the Commission will determine whether there should be further review of Columbia's approved deferral authority at that time. If the Commission finds such further review to be necessary, within 60 days after the filing of each annual informational filing, an appropriate procedure for the review will be established. If such a review is initiated, Columbia may continue to accrue appropriate deferrals, unless and until the Commission orders otherwise. The Commission notes that Columbia's annual informational filings, as well as any comments and reply comments, should be filed in the above-captioned cases. With these modifications, we find that Columbia's application should be approved, subject to our review of the Company's annual informational filings and any comments or reply comments filed in response.

(15) Additionally, the Commission emphasizes that, consistent with Columbia's application, we approve the Company's request for deferral authority, but do not authorize recovery of the deferred amounts at this time. The question of recovery of the deferred amounts, including, but not limited to, issues such as prudence, proper computation, proper recording, and reasonableness, will be considered when Columbia files an application to recover the deferred amounts. As we stated in the CEP Order, the Commission has not granted cost recovery for any CEP-related items, and the prudence and reasonableness of the magnitude of Columbia's CEP-related regulatory assets and associated capital spending will be considered by the Commission in any future proceedings seeking cost recovery, at which time the Company will be expected to provide detailed information regarding the expenditures for our review (CEP Order at 13).

On page 1 through 7 of the Application: In Case Numbers 11-5351-GA-UNC and 11-5352-GA-AAM Columbia Gas of Ohio, Inc ("Columbia") sought approval of a capital expenditure program ("CEP") and related accounting authority for part of 2011 and calendar year 2012. The Commission approved Columbia's application, with modifications, by Finding and Order dated August 29, 2012. Pursuant to Rev. Code 4909.18 and 4929.111, Columbia files this Application with the Public Utilities Commission of Ohio, ("Commission") for authority to continue its capital expenditure program in 2013 and succeeding years, and for authority to defer related PISCC, depreciation expense and property taxes on those assets of the capital expenditure program that are placed into service, but not reflected in rates as plant in service. In support of its Application, Columbia states:

- 2) Columbia is a natural gas company within the meaning of Rev. Code 4905.03(A)(6), and as such, is a public utility subject to the jurisdiction of the Commission
- 3) In Case Nos. 11-5351-GA-UNC et al. the Commission authorized Columbia to implement its capital expenditure program and modify accounting procedures as necessary to carry out the implementation of the capital expenditure program for the period of October 1, 2011, through December 31, 2012. The Finding and Order requires Columbia to make annual informational filings on April 30 of each year. The annual filing must detail the monthly CEP investments and the calculations used to determine the associated deferrals. The annual informational filings must include all calculations used to determine the monthly deferred amounts, including a breakdown of investments (by budget class), post-in service carrying charges ("PISCC"), depreciation expense, property tax expense, and all incremental revenue, as well as a capital budget for the up-coming year. The annual informational filings should also include all estimation of the effect that the proposed deferrals would have on customer billing, if they were to be included in rates. The Finding and Order further provides that Columbia may accrue CEP deferrals up until the point where the accrued deferrals, if included in rates, would cause the rates charged to the SGS class of customers to increase by more than \$1.50/month. Accrual of all future CEP-related deferrals will cease

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once the \$1.50/month threshold is reached, until such time as Columbia files to recover the existing accrued deferrals and establish a recovery mechanism under Rev. Code§ 4909.18, 4929.05, or 4929.11. The final component that must be included in these informational filings is the projected annual CEP expenditure for current year which would be the maximum incremental investment available for deferral treatment under Rev. Code§ 4929.111(A) for the calendar year, unless the commission in its discretion authorizes additional deferral under Rev Code§ 4929. 111(3)(D).

- 4) In this Application, Columbia is proposing to continue its capital expenditure program approved in Case Nos. 11-5351-GA-UNC et al. in 2013 and succeeding years, up until the point where the accrued deferrals, if included in rates, would cause the rates charged to Columbia's SGS customers to increase by more than \$1.50/month as authorized in Case Nos. 11-5351-GA-UNC et al.
- 5) During the period January 1, 2013 through December 31, 2013 Columbia estimates its capital expenditure program will include an investment level of approximately seventy-two million dollars of net plant investment that qualifies for the accounting treatment under Rev. Code 4929.111(A)
- 6) Pursuant to Rev Code 4929.111 (B) Columbia includes as Attachment A hereto its estimated total cost of the capital expenditure program covered by this application with treatment described more fully hereinafter. The actual expenditures will vary by category. The total amount expended could also vary due to Columbia's management of its capital expenditures budget in the aggregate, rather than by individual categories, and due to the development of Columbia's capital expenditure budget based upon cash payments (Account 107) rather than the date plant becomes used and useful and transferred to plant in service (Account 101, gas Plant in Service). This timing difference between the date cash payments are made and the date plant is placed into service will result in the total capital budget estimates detailed on Attachment A being different in a given year with a corresponding increase or decrease in the actual expenditures eligible for accounting treatment under Rev. Code 4929.111(B)
- 7) Columbia will include in its annual informational filing, on or before April 30 each year, all of the above-referenced information required by the Commission in its Findings and Order, including its projected capital expenditures budget for the current and next calendar year in a similar format as shown in Attachment A hereto.
- 8) Columbia proposes the use of the projected CEP investment for the current and next calendar year included in its Annual CEP Report to be filed on or before April 30 each year be the maximum allowable level of investment eligible for deferral in accordance with Rev. Code 4929.111(B)
- 9) Columbia's capital allocation policy governs the allocation of capital, including the identification and prioritization of capital projects. The annual capital budget allocation approved by the NiSource Board of Directors is consistent with Columbia's obligation to furnish necessary and adequate services and facilities under Rev. Code 4905.22. the following components are included in Columbia's capital expenditures program:
 - a. Replacement/Public Improvement/Betterment – Replacement of facilities for any of the following reasons: (1) physical deterioration; (2) meeting the requirements of governmental authorities related to street and highway construction; (3) accommodating existing customer requests for facility relocation; and (4) improving system operating conditions and ensuring adequate distribution system capacity and/or system reliability. This Replacement/Betterment category may include, but is not limited to, cost related for installation of and/or improvements

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- to mains and service lines, measuring and regulation stations, district regulatory stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated buildings, land or land rights.
- b. Growth – Facilities required to provide service to new customers or to provide increased load capacity to existing customers. The category may include, but is not limited to, costs associated with the installation of and/or improvement to mains and services (including service line installations to new customers served by existing mains), district regulator stations, excess pressure measuring stations, meters, meter sets, AMR devices, house regulators, and any associated buildings, land or land rights.
 - c. Support Services – Capital expenditures that are not directly related to gas facilities fall into this category which may include, but is not limited to, costs associated with the purchase of and/or improvements to buildings and structures (including associated land and land rights), environmental remediation at company owned facilities, office furniture and equipment, motorized equipment and trailers, power operated equipment, and other miscellaneous equipment.
 - d. Information Technology – Capital expenditures related to technology and communications infrastructure. This category may include, but is not limited to, costs associated with purchase and installation of communications equipment (including associated buildings, land or land rights), data processing equipment, data processing software, and software licenses.
- 10) For all categories described above the costs include (where applicable) Supervisory, Engineering, General, and Administrative overheads, and an Allowance for Funds Used During Construction, and are net of any contributions, deposits, or other aid to construction. None of the capital expenditure in the categories described above include costs targeted for inclusion in Columbia's Infrastructure Replacement Program or CHOICE/SSO Reconciliation Rider.
- 11) Columbia adheres to the FERC unified System of Accounts prescribed for Natural Gas Companies and Generally Accepted Accounting Principles when accounting for the actual cost of capital projects. Pursuant to the FERC Unified System of Accounts, all amounts included are just and reasonable. Projects that are deemed "used and useful" in serving the needs of Columbia's customers are reported as in-service. Detailed gas plant accounting records are maintained to permit identification, analysis and verification of capitalized costs.
- 12) Rev. Code 4929.111(A) authorizes a natural gas company to request approval of a capital expenditure program under Rev. Code sections 4909.18, 4929.05 or 4929.11 to implement a capital expenditure program for any of the following:
- a. Any infrastructure expansion, infrastructure improvement, or infrastructure replacement program;
 - b. Any program to install, upgrade, or replace information technology systems;
 - c. Any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction.
- 13) Rev Code 4929.111(C) provides for the Commission's approval of a capital expenditure program if the Commission finds the natural gas company's capital expenditure program is consistent with the company's obligations to furnish necessary and adequate services and facilities under Section Rev Code 4905.22.
- 14) Pursuant to Rev Code 4929.111(D) the Commission shall authorize a natural gas company to defer or recover in an application filed under Rev Code 4929.111 the following:

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- a. A regulatory asset for post-in-service carrying costs on that portion of the capital expenditure program assets that are placed in service but not reflected in rates as plant in service;
 - b. A regulatory asset for the incremental depreciation on that portion of the assets of the capital expenditure program that are placed in service but not reflected in rates as plant in service; and,
 - c. A regulatory asset for the incremental property taxes directly attributable to the assets of the capital expenditure program that are placed in service but not reflected in rates as plant in service.
- 15) Rev Code 4929.111(F) authorizes a natural gas company to make any accounting accruals necessary to establish the regulatory assets authorized under Rev Code 4929.111(D), in addition to any allowances for funds used during construction. Pursuant to Rev Code 4929.111(G) any accrual or deferral for recovery shall be calculated in accordance with the system of accounts established by the Commission under Rev Code 4905.13.
- 16) The Finding and Order in Case Nos. 11-5351-GA-UNC et al. authorized the following accounting for Columbia's calculation and total monthly deferral of regulatory assets for that portion of the capital expenditure program assets that are placed in service but not reflected in rate as plant in service.

$$\text{Total Monthly Deferral} = (\text{PISCC}) + (\text{Depreciation Expense}) + (\text{Property Tax Expense}) \\ - (\text{Incremental Revenues})$$

Where:

$$\text{PISCC} = [(\text{Previous Month's Cumulative Gross Plant Additions}) - (\text{Previous Month's Accumulated Depreciation}) - (\text{Previous Month's Cumulative Retirements}) + \\ (1/2 \text{ Current Month's Plant Additions}) - (1/2 \text{ current Month's Retirements})] * \\ [(\text{Depreciation Rate}) / (12 \text{ Months})]$$

$$\text{Property Tax Expense} = [(\text{Previous Year End Cumulative Gross Plant Additions}) - \\ (\text{Previous Year End Cumulative Retirement})] * (\text{Percent Good Adjustment}) * \\ [(\text{Effective Property Tax Rate}) / (12 \text{ Months})]$$

$$\text{Incremental Revenue} = [(\text{current Month's Customers} - \text{Baseline Customers}) * (\text{Cost Portion of Rate})] + [(\text{Consumption by non-SFV customers directly attributable to program investment}) * (\text{Cost Portion of Rate})] + (\text{Other revenues directly attributable to program investment})$$

- 17) Pursuant to Rev Code 4929.111 (A-F) Columbia hereby requests continuation of its capital expenditure program and authority to defer related carrying costs, depreciation expense and property tax expense up until the time these deferrals equate to a \$1.50/month charge to SGS customers if included in rates. Specifically, Columbia requests to be permitted to compute and defer these costs in accordance the Commission's Findings and Order issued in Case Nos. 11-5351-GA-UNC et al.
- 18) The treatment requested in this Application is consistent with that recommended by Staff and approved by Commission in Case Nos. 11-5351-GA-UNC et al. for the period October 1, 2011 to December 31, 2012.
- 19) In this Application Columbia is requesting continued authority to defer the aforementioned expenses through the use of the accounting authority and formulas described above. Columbia is not requesting recovery of any of the deferred amounts as part of this

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Application. Recovery of any amounts deferred pursuant to approval of this Application will be addressed in a separate proceeding.

- 20) This Application will not result in an increase in any rate, joint rate, toll, classification, charge or rental. Therefore, this Application is an application not for an increase in rates under Rev. Code 4909.18

Case No. 17-2202-GA-ALT – Capital Expenditure Program Rider

On November 28, 2018, the Commission issued its Findings and Order regarding Case No. 17-2202-GA-ALT. The Order approves the stipulation and recommendations resolving all issued related to the Company's capital expenditure program rate recovery mechanism.

II. Discussion

A. Applicable Law

On pages 3–4 (Paragraph 4) Pursuant to R.C. 4929.111, a natural gas company may file an application under R.C. 4909.18, 4929.05, or 4929.11 to implement a capital expenditure program (CEP) for any of the following: any infrastructure expansion, infrastructure improvement, or infrastructure replacement program; program to install, upgrade, or replace information technology systems; or any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction. In approving the application, the Commission shall authorize the natural gas company to defer or recover both of the following: a regulatory asset for post-in-service carrying costs (PISCC) on the portion of the assets of the CEP that are placed in service but not reflected in rates as plant in service; and a regulatory asset for the incremental depreciation directly attributable to the CEP and the property tax expense directly attributable to the CEP but not reflected in rates. A natural gas company shall not request recovery of the PISCC, depreciation, or property tax expense under R.C. 4929.05 or R.C. 4929.11 more than once each calendar year.

B. Procedural History

On pages 4–6

(Paragraph 5) In Case No. 11-5351-GA-UNC, et al., the Commission modified and approved Columbia's application to implement a CEP for the period of October 1, 2011, through December 31, 2012, pursuant to R.C. 4909.18 and 4929.111. The Commission also approved Columbia's request to modify its accounting procedures to provide for the capitalization of PISCC on assets of the CEP placed into service but not reflected in rates as plant in service, as well as deferral of depreciation expense and property taxes directly attributable to those assets of the CEP that are placed into service but not reflected in rates as plant in service. Further, the Commission noted that the prudence and reasonableness of Columbia's CEP-related regulatory assets and associated capital spending would be considered in any future proceedings seeking cost recovery, at which time Columbia would be expected to provide detailed information regarding the expenditures for Commission review. In re Columbia Gas of Ohio, Inc., Case No. 11-5351- GA-UNC, et al. (CEP Deferral Case), Finding and Order (Aug. 29, 2012), Entry on Rehearing (Oct. 24, 2012).

(Paragraph 6) In Case No. 12-3221-GA-UNC, et al., the Commission modified and approved Columbia's application to continue its CEP, including deferral of the related PISCC, depreciation expense, and property tax expense, in 2013 and succeeding years until such

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point as the deferral cap established in the CEP Deferral Case was reached¹²² The Commission once again noted that, while we approved the request for deferral authority, we did not authorize recovery of the deferred amounts at that time. Instead, as before, the question of recovery of the deferred amounts, including, without limitation, issues of prudence, proper computation, proper recording, and reasonableness, would be considered when Columbia filed an application to recover the deferred amounts. In re Columbia Gas of Ohio, Inc., Case No. 12-3221-GA-UNC, et al., Finding and Order (Oct. 9, 2013).

(Paragraph 8) On December 1, 2017, Columbia filed an alternative rate plan application, along with supporting exhibits and testimony, pursuant to R.C. 4929.05, 4929.051(A), 4929.11, and 4929.111. The application seeks to establish a new rider mechanism to recover CEP costs (CEP Rider), including PISCC, incremental depreciation expense, and property tax expense deferred under the CEP, as well as the corresponding assets to which these expenses are directly attributable.

(Paragraph 11) On April 2, 2018, as supplemented on April 16, 2018, Columbia filed its amended alternative rate plan application to establish the CEP Rider, along with amended testimony, pursuant to R.C. 4929.111, 4929.05, and 4909.18. Simultaneously, Columbia filed a motion for waivers of certain standard filing requirements. According to Columbia's application/ Columbia based its filing on a test year of the 12 months ending December 31, 2017, and a date certain of December 31, 2017. ...

(Paragraph 12) By Entry issued May 9, 2018, Blue Ridge Consulting Services, Inc. (Blue Ridge) was selected as the auditor to evaluate Columbia's CEP.

(Paragraph 14) On September 4, 2018, Blue Ridge filed its audit report.

(Paragraph 15) On September 14, 2018, Staff filed its report of investigation (Staff Report).

(Paragraph 20) On October 25, 2018, Columbia, Staff, OCC, OPAE, IEU, OEG, OMAEG, Kroger, and IGS filed a Stipulation and Recommendation (Stipulation) to resolve all the issues in this proceeding.

E. Summary of the Stipulation

On page 13

(Paragraph 37) The Stipulation filed October 25, 2018, was intended by Columbia, Staff, OCC, OPAE, IEU, OEG, OMAEG, Kroger, IGS, and RESA (Signatory Parties) to resolve all issues raised in this proceeding. The Signatory Parties state their agreement that the Stipulation is supported by adequate data and information, represents a just and reasonable resolution of the legal and policy issues raised in the proceeding, meets the Commission's criteria for assessing the reasonableness of a stipulation, and should be accepted and approved by the Commission (Joint Ex. 1 at 1-2). The following is a summary of the terms agreed to by the Signatory Parties and presented to the Commission for approval; this summary is not intended to replace or supersede the Stipulation:

¹²² The deferral cap is the point at which the accrued deferrals, if included in rates, would cause the rates charged to the Small General Service (SGS) class of customers to increase by more than \$1.50 per month.

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On pages 13-16

CAPITAL EXPENDITURE PROGRAM REVIEW

1. Columbia's amended application to establish the CEP Rider should be approved by the Commission without modification except as provided within the Stipulation. The CEP Rider will recover the PISCC, incremental depreciation expense, and property tax expense; provide for a return on and of the corresponding assets to which these expenditures are directly attributable in Columbia's CEP (CEP Investment); and reflect a reduction for base rate depreciation expense as detailed below. (Joint Ex. 1 at 2.)
2. The initial CEP Rider rates, incorporating CEP Investment through December 31, 2017, will be effective not later than Columbia's first billing cycle in 2019 and should be established as set forth in Table 1:

TABLE 1

	Charge per meter per month
SGS Rate	\$3.51
GS Rate	\$29.29
LGS Rate	\$566.69
CEP Assets Recovered	Oct. 2011-Dec. 2017
Rate Base Depreciation Offset	Oct. 2011-Dec. 2017

3. Blue Ridge audited Columbia's CEP Investment from October 2011 through December 31, 2017, the result of which is a disallowance of \$205,710. The customer rates set forth in Table 1 incorporate this disallowance. (Joint Ex. 1 at 3.)
4. Blue Ridge conducted a thorough "necessity, prudence, and reasonableness" review of Columbia's plant in service balances from December 31, 2007, to December 31, 2017. The Staff Report recommends that the plant balances from the Blue Ridge audit serve as the basis for reconciliation in Columbia's next rate case. When Columbia files its next rate case, the baseline for the plant in service necessity, prudence, and reasonableness review will begin with the plant balances as of December 31, 2017. Further, any plant in service as of December 31, 2017, net of retirements to this plant in service as of the date certain in Columbia's base rate case application in 2021, will be deemed necessary, reasonable, and prudent for any future ratemaking proceedings.¹²³ (Joint Ex. 1 at 3.)
5. As an alternative to a future reduction in rate base, there will be an immediate adjustment to CEP Investment in the form of a depreciation offset of \$289.9 million, for the period October 2011 through December 31, 2017, which is to the benefit of consumers. Using Staff's depreciation calculation, with several adjustments, Columbia's revenue requirement for the CEP Investment from October 2011 through December 31, 2017, is lowered from

¹²³ OCC does not agree to this paragraph of the Stipulation and preserved its rights to make any arguments in any other cases, including Columbia's next rate case, regarding the plant in service and rate base, including as to necessity, prudence, lawfulness, and reasonableness, dating back to Columbia's last rate case.

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\$109,436,639.47 to \$74,486,252.84. The CEP Rider rates set forth in Table 1 reflect the base rate depreciation offset and the revised depreciation calculation. (Joint Ex. 1 at 4.)

6. All future annual CEP Rider revenue requirement filings for establishing CEP-related charges to consumers shall reflect the base rate depreciation offset until the CEP Rider is reset by the Commission's order in Columbia's 2021 base rate case (Joint Ex. 1 at 4).
7. The CEP Rider rates set forth in Table 1 incorporate beneficial offsets that account for Columbia's reduced federal income taxes resulting from the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA) (Joint Ex. 1 at 4).

On pages 16-20

ONGOING CEP RIDER STRUCTURE

8. For CEP Investment incurred after December 31, 2017, Columbia is authorized to defer expenses associated with CEP Investment until such costs are recovered via an adjustment to Columbia's CEP Rider rates. The deferrals shall be those authorized in Case Nos. 12-3221-GA-UNC and 12-3222-GA-AAM. Columbia may adjust the CEP Rider rates each year to collect from customers the prior calendar year's CEP Investment and related deferrals. (Joint Ex. 1 at 4.)
9. Beginning in 2019, and by February 28 of each year, Columbia will file an annual application to adjust its CEP Rider rates to collect from customers the CEP Investment and related deferrals through December of the prior calendar year. Each annual application will contain schedules based on 12 months of actual data for the prior calendar year, and the rate of return used to develop the revenue requirement for each application will be based on the capital structure and cost of capital authorized by the Commission in Columbia's most recent base rate case. Case No. 08-72-GA-AIR, et al. (Joint Ex. 1 at 4-5.)
10. Staff or its designee shall review Columbia's annual filing to determine the necessity, prudence, lawfulness, and reasonableness of the CEP Investment for the prior calendar year. Unless Staff finds Columbia's annual application to be unjust and unreasonable, or a party granted intervention by the Commission files an objection to the annual filing or to Staff's review that is not resolved by July 31 of each year, the new CEP Rider rate will become effective by September 1 following the February filing. If either of those two contingencies occurs, Columbia will propose an expedited hearing process in order to effectuate, to the extent practicable, the implementation of the CEP Rider rates by September 1 or the first billing cycle of the revenue month following the Commission's decision. Each application to revise the CEP Rider rates will true up revenues collected with revenues estimated in future filings. Columbia will work with Staff and the Signatory Parties in the 2021 base rate case to discuss: (a) adjusting the timing of the filing of the annual IRP application so as to coordinate with the filing of the annual CEP Rider application; (b) whether the CEP Rider and IRP should be combined into one rider; (c) the future of the CEP Rider and IRP; and (d) how audits of rider charges could be improved for customers. (Joint Ex. 1 at 5.)
11. In an effort to mitigate the impact of the CEP Rider charges to customers, the Signatory Parties agree to the rate caps reflected in Table 2 corresponding to the CEP Investment, the related deferrals, and base rate depreciation offset through December 31, 2022 (Joint Ex. 1 at 5).

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TABLE 2

Rate Effective	Sept. 1, 2019	Sept 1, 2020	Sept 1, 2021	Sept 1, 2020 until base rates go into effect with the 2021 rate case
SGS Rate Cap	\$4.56	\$5.61	\$6.66	\$7.71
GS Rate Cap	\$38.83	\$48.05	\$57.41	\$66.91
LGS Rate Cap	\$740.96	\$918.00	\$1,098.12	\$1,281.45
CEP Assets Recovered	Oct 2011- Dec. 2018	Oct 2011- Dec. 2019	Oct 2011- Dec. 2020	Oct 2011-Dec. 2021

If Columbia seeks to continue the CEP Rider or its equivalent beyond its next base rate case, Columbia must file an application in conjunction with that base rate case for an alternative rate plan for collection from customers of CEP Investment in calendar years 2022 and beyond. Any such application for an alternative rate plan shall include specific annual rate caps and annual audits. The CEP Rider or its equivalent is intended to be an ongoing rider. As part of the next base rate case, the Signatory Parties agree to discuss updating the CEP Rider annually with CEP Investment in calendar year 2022 and beyond, and to discuss corresponding increases for the rate classes set in that base rate case. Additionally, the CEP Rider rate caps set forth in Table 2 will also cap Columbia's capital expense deferral authority in calendar years 2018 through 2021. Any future CEP Investment placed in service during calendar year 2022 and beyond is deferred within Columbians Commission-approved authority for the CEP Investment in Case No. 12-3221-GA-UNC and 12-3222-GA-AAM. (Joint Ex. 1 at 6-7.)

12. A. Columbia will meet with interested Signatory Parties to determine the feasibility and cost effectiveness of implementing information technology system enhancements related to commercial and industrial Choice customers, which shall include but not be limited to:

1. An electronic portal that provides historic usage data of commercial and industrial Choice customers and can be accessed by competitive retail natural gas service (CRNGS) providers with proper authorization from customers (Joint Ex. 1 at 7).
2. A mechanism that allows a CRNGS provider to provide uninterrupted and continuous service to commercial and industrial customers' premises (without being reverted back to the standard service offer for one billing cycle) in the event of a customer name or ownership change, provided that the CRNGS provider gives proper and timely notice to Columbia of the customer's consent. (Joint Ex. 1 at 7.)

B. Columbia shall meet with interested Signatory Parties on a regularly scheduled basis to discuss the proposed enhancements identified in Paragraph 12(A), with the first meeting occurring within 60 days of an order approving the Stipulation (Joint Ex. 1 at 7).

C. Columbia shall use good faith efforts to implement the information technology system enhancements related to commercial and industrial Choice customers pursuant to Paragraph 12(A), if the enhancements have been determined to be feasible and cost effective prior to its 2021 base rate case filing (Joint Ex. 1 at 7).

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FEDERAL TAX REFORM

13. As recommended by the Staff Report, and in order to reflect the impact of the TCJA on Columbia's pre-tax rate of return, the pre-tax rate of return for Columbia's CEP Investment to be recovered in 2019 and future years will be 9.52 percent unless and until the Commission modifies the rate of return in Columbia's 2021 base rate case. This adjusted pre-tax rate of return is shown in Exhibit 2 to the Stipulation. (Joint Ex. 1 at 8.)
14. Columbia will offset its base rates for the benefit of customers (approximately \$121 million) to reflect the reduced federal tax rates enacted as part of the TCJA. Subject to other proceedings that may affect the final amount of tax saving returned to customers, the total benefit of the TCJA to Columbia customers (in base rates and Columbia's IRP) will be approximately \$284 million. The reduction in base rates resulting from the need to pass back to customers excess deferred income taxes will be based on deferred tax balances at December 31, 2007, which were used in the establishment of current base rates adjusted for recognition of the turnaround through December 31, 2017. Normalized excess deferred taxes will be passed back to customers using the average rate assumption method, the amount of which included in rates is for rates in 2018 and will continue until the next base rate case. Non-normalized excess deferred taxes will be passed back to customers over a six-year period. Columbia is authorized to adjust its base rates to reflect the elimination of the reduction in base rates directly related to the pass back of non-normalized excess deferred taxes upon completion of the six-year period. This methodology for the pass back of excess deferred taxes shall also be the methodology used in Columbia's next IRP adjustment case to pass back excess deferred taxes. (Joint Ex. 1 at 8.)

The base rate revisions set forth in Table 3 should be effective January 1, 2019:

Table 3 Excluded (related to base rates and out of scope for this audit)

15. To return to customers Columbia's \$22,593,862 in over-collection of taxes as a result of the enactment of the TCJA, Columbia will establish a TCJA credit. The over-collection is the result of the impact of the 14 percent federal rate reduction and excess accumulated deferred income taxes pass back not being reflected on customer bills from January 1, 2018, through December 31, 2018. This pass back will include interest computed at Columbia's long-term debt rate on the 14 percent federal tax rate reduction from January 1, 2018, until Columbia begins billing base rates that reflect the impact of the TCJA, Columbia agrees to and will display the short-term TCJA credits set forth in Table 4 as a separate line item on customers' bills, which line item will cease when the over-collection is returned to customers. (Joint Ex. 1 at 10.)

Table 4 Excluded (related to base rates and out of scope for this audit)

16. Columbia will revise its bill formats to include the TCJA credit and the CEP Rider. Sample bill formats are shown in Exhibit 3 to the Stipulation. (Joint Ex. 1 at 10.)

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BASE RATE CASE COMMITMENT

17. Columbia will file an application to adjust its base rates with a test period of calendar year 2021 and a date certain that is prior to the filing date of that rate case unless otherwise ordered by the Commission. In the event it does not file the base rate case by July 1, 2021,

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Columbia will file revised tariff sheets by August 1, 2021, that revise the CEP Rider rate to \$0 effective September 1, 2021, and will not exercise its deferral authority for assets placed in service beginning January 1, 2022, and beyond until Columbia files a rate case. Columbia's deferral authority granted in Case No. 12-3221-GA-UNC and 12-3222-GA-AAM shall remain unchanged for assets placed in service beginning January 1, 2022, and beyond so long as Columbia meets its rate case filing commitment. In anticipation of an ongoing CEP Rider after the new base rates are in effect, Columbia agrees to provide to the Signatory Parties budgets for the CEP capital for calendar years 2021, 2022, and 2023 as part of its base rate case application. (Joint Ex. 1 at 11.)

Case No. 19-438-GA-RDR – Capital Expenditure Program Rider

On August 28, 2019, the Commission issued its Findings and Order regarding Case No. 19-438-GA-RDR. The Order approves the application of Columbia Gas to adjust its CEP, subject to Staff's recommendations.

[¶13–¶14] Staff stated it fully adopts the audit report filed by Blue Ridge on July 10, 2019. Specifically, Staff recommends that Columbia:

- adjust depreciation balances and the revenue requirement to account for the retirement that was recorded to an incorrect account (Adjustment #1);
- remove from Utility Plant in Service the total cost of unused Mobile Data Terminals (Adjustment #2);
- formally documents its policies and procedures on the preparation and approval of work orders, damage claims, account/journal entries, and allocations;
- work with Staff to better identify expenses versus capitalized costs associated with meter relocations, or more specifically, determine how the activity and costs should be tracked in order to clarify how meter movement should be recorded (capital or expense) in various situations and how to ensure the integrity of the process;
- track the depreciation offset;
- track incremental revenues;
- track and document how each growth project met or did not meet its goal in order to ensure that the assets placed in service are both used and useful and not overbuilt in either length or diameter; and ensure retirements and cost of removal are recorded at the same time as the replacement assets.
- Columbia did not reflect incremental revenue in its CEP and recommended that the revenue offset be clarified

[¶16] Ultimately, Staff submits that the Company has supported its filing with adequate data and information to ensure that the CEP Rider revenue requirement and resulting rider rates are just and reasonable. Therefore, Staff recommends that the Commission approve Columbia's Application as modified by Staff's comments.

[¶18] OCC filed objections to the Staff Report. OCC supports numerous recommendations but believes that Staff should have recommended two additional changes. First, Columbia should amend its policies and procedures to protect consumers from being charged for assets that are not used and useful as a result of overbuilding for growth projects that do not result in the expected growth. Merely tracking and documenting does little to protect consumers from being charged for assets that do not become used and useful. Thus, OCC states that the Commission direct Columbia to work with Staff

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and OCC to develop consumer-protection policies that prevent overbuilding, which can increase CEP charges to consumers.

[¶19] Second, the Staff Report should have required Columbia to identify meter relocation costs that should not have been charged to consumers under the CEP and track the number and cost of meter relocations on an annual basis for relocated meters that are either expensed or capitalized. Staff failed to identify meter relocation costs that should not have been collected from customers. OCC is concerned that, because of the different ways in which a meter relocation from inside to outside a residence is charged—either as an operations and maintenance expense or capitalized under the CEP—depending on the situation, Columbia has an incentive to delay meter relocations until the work can be capitalized under the CEP. Thus, in addition to recommending that Columbia track the meter relocations more closely in order to demonstrate that the cost of those relocations are properly included in the CEP, OCC's second objection urges the Commission to direct the next CEP audit to identify those costs that should not have been capitalized under the CEP and charged to customers. OCC further urges the Commission to direct Columbia to work with Staff, OCC, and other interested parties to better identify proper accounting for meter relocation projects.

[¶20] Columbia noted both OCC's objections and Staff's recommendations and recommended that its February 28, 2019, Application, as modified by the July 10, 2019 Audit Report be approved. Columbia states that it agrees to work with OCC after the conclusion of this proceeding to address the issues raised in OCC's objections to the Staff Report. In response to the latter, Columbia states that it agrees with Staff's conclusions and recommendations filed herein.

[¶22] The Commission has reviewed Columbia's Application, the Audit Report, the Staff Report, OCC's objections to the Staff Report, Columbia's July 31, 2019 Statement, and the August 26, 2019 Update. Given that review, the Commission finds that Columbia's Application, as modified by Staff's comments in the Staff Report, is reasonable and should be approved. Furthermore, the Commission finds that it is not necessary to hold a hearing in this matter.

[¶24] ORDERED, That Columbia's Application to adjust the CEP Rider rate, as modified by Staff's comments in the Staff Report, be approved.

Case No. 20-49-GA-RDR – Capital Expenditure Program Rider

On February 26, 2020, the Commission selected Blue Ridge Consulting Services, Inc. as the auditor that will assist Staff in performing the review of the necessity, prudence, and reasonableness of capital expenditures and deferrals related to Columbia Gas of Ohio, Inc.'s capital expenditure program rider.

The findings and recommendations from this audit is the subject of this report.

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APPENDIX B: DATA REQUESTS AND INFORMATION PROVIDED

- 1) **Work Orders:** Please provide in Microsoft Excel format a list of all non-IRP work orders put in service, from January 1, 2019, through December 31, 2019. For each work order, please include the following information:
 - a) Plant accounts charged (FERC 300 accounts)
 - b) Project identification numbers (project type, work order and project roll up, if applicable)
 - c) Project description. Single line description will be acceptable along with location numbers
 - d) Project Description (e.g., Replacement & Betterment, Growth, Support Services, Information Technology, etc.)
 - e) Work Order Construction Complete Date (when project became used and useful and ready for service)
 - f) Work Order Accounting In-Service Date (date charges were moved from FERC 107 to 106 or 101)
 - g) Unitization Date (date charges were moved from FERC 106 to FERC 101)
 - h) Dollar amount by FERC 300 account number
 - i) Whether the work was an addition or replacement
 - j) Whether the work order was a blanket project work order or specific project and associated project identification numbers
- 2) **Work Orders:** Please provide a reconciliation of the 2019 work order totals provided in the request #1 to the total in the Schedule CEP-1 "Activity Through December 31, 2019."
- 3) **CEP Rider Application dated February 28, 2020:** Please provide, in Microsoft Excel format, the CEP Rider Schedules CEP-1-CEP-13 included in the Company's application. Also, provide any supporting documents used to create/update the schedules.
- 4) **Organization:** Please provide a current organization chart of the Operating Company and Service Company.
- 5) **Organization:** Please identify any changes in personnel and/or positions in the following since April 25, 2019 (the date of the Company's response in last year's audit):
 - a) Plant Accounting
 - i) Matt Ruth, Corporate Accounting (Asset Accounting)-Mgr Accounting
 - ii) Nick Drew, Director of SEC-Accounting Policy Department
 - b) Engineering & Work Order Development
 - i) Eric Slowbe, Capital Execution (Engineering Svcs COH) - Principal Engineer
 - c) Major Events and IT
 - i) Kim Honaker, Corporate Accounting (Business Applications)-Mgr. Business Applications
 - ii) Dyana Porterfield, Corporate Accounting (Business Applications)-Lead Business Application Analyst;
 - iii) Greg Skinner, Office of the CTO (IT Infrastructure)-VP IT Infrastructure;
 - iv) Greg Kovacs, Office of the CTO (IT Services)-Dir PMO
 - d) Blankets
 - i) Andrew Metz
 - ii) Melissa Thompson
 - iii) Matt Ruth
 - iv) Bill Rousell

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- e) Capital Budget
 - i) Andrew Metz
 - ii) Melissa Thompson
 - iii) Eric Belle (Director of Supply Chain Services – Previously Capital Planning Director)
 - iv) Eric Slowbe (Principle Engineer CGO)
 - v) Mike Sucharski (Engineering Manager CGO)
 - vi) JR Barnhart (Capital Planning Leader Ohio)
 - vii) Liz Eisenhardt (Director of Capital Planning)
- 6) **Status of Case No. 19-0438-GA-RDR Recommendations:** Please provide the status of the recommendations from Case No. 19-0438-GA-RDR, Order dated August 28, 2019:
 - a) Staff Recommendation: Adjust depreciation balances and the revenue requirement to account for the retirement that was recorded to an incorrect account (Adjustment #1).
 - b) Staff Recommendation: Remove from Utility Plant in Service the total cost of unused Mobile Data Terminals (Adjustment #2)
 - c) OPC Recommendation: Amend the Company's policies and procedures to protect consumers from being charged for assets that are not used and useful as a result of overbuilding for growth projects that do not result in the expected growth.
 - d) OPC Recommendation: Identify meter relocation costs that should not have been charged to consumers under the CEP and track the number and cost of meter relocations on an annual basis for relocated meters that are either expensed or capitalized.
- 7) **Status of Case No. 19-0438-GA-RDR Blue Ridge Recommendations:** Please provide the status of Blue Ridge Recommendations adopted by Staff in the Staff Report dated July 15, 2019.
 - e) Formally document its policies and procedures on the preparation and approval of workorders, damage claims, accounting/journal entries, and allocations.
 - f) Work with Staff to better identify expenses versus capitalized costs associated with meter relocations. More specifically, determine how the activity and costs should be tracked in order to
 - g) clarify how meter movement should be recorded (capital or expense) in various situations and how to ensure the integrity of the process.
 - h) Track the depreciation offset.
 - i) Track incremental revenues.
 - j) Track and document how each growth project met or did not meet its goal in order to ensure that the assets placed in service are both used and useful and not overbuilt either in length or diameter.
 - k) Ensure retirements and cost of removal are recorded at the same time as the replacement assets.
 - l) The Company did not reflect incremental revenue in its CEP and Blue Ridge recommended that the revenue offset be clarified.
- 8) **Timeline:**
 - a) Did any major events occur in 2019, that had an impact on the plant-in-service balances? Examples of major events include, among other such events, major sales of assets, acquisitions, mergers, system conversions, and upgrades.
 - b) Please provide an explanation of each event and how the event affected plant balances.
 - c) Please provide an explanation of what steps were taken to ensure that plant balances were accurate following the impact of the event.

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- 9) **Policies and Procedures:** Please provide any changes for 2019 to the policies and procedures for the following activities.
- a) Plant Accounting:
 - i) Capitalization vs. Expense
 - ii) Preparation and approval of work orders
 - iii) Recording of CWIP, including the systems that feed the CWIP trial balance;
 - iv) Application of AFUDC
 - v) Recording and closing of additions, retirements, cost of removal, and salvage to plant
 - vi) Unitization process based on the retirement unit catalog
 - vii) Application of depreciation
 - viii) Contributions in Aid of Construction (CIAC)
 - ix) Damage Claims
 - b) Purchasing/Procurement
 - c) Accounts Payable/Disbursements
 - d) Accounting/Journal Entries
 - e) Payroll (direct charged and allocated)
 - f) Insurance recovery
 - g) Allocations
 - h) Work Management System
 - i) Information Technology
 - j) Capital Project selection and prioritization
 - k) System planning and load growth
- 10) **Policies and Procedures:** Have any major changes been made to the Company's capitalization policy in 2019? If so, please describe.
- 11) **Policies and Procedures:** Please explain the Companies' cost containment strategies and practices in relation to use of outside and inside contractors.
- 12) **Policies and Procedures:** Please explain the Companies' policies related to purchasing and accounting for capital spares and their recovery.
- 13) **CEP Rider Schedules:** Please provide a narrative of the process used to develop the 2019 CEP Rider Filings and schedules.
- 14) **FERC and Other Regulatory Audits:** Please provide a copy of all FERC and/or other regulatory audit reports, if any, that were issued during 2019. Also provide the Company's response to any findings and the ultimate resolution of those findings.
- 15) **Internal Audits:** Please provide a list of internal audits performed or in progress in 2019. List the name of the audit, scope, objective, and when the work was performed. For in-progress audits, list the expected completion dates.
- 16) **SOX Compliance Audits:** For any feeder system that feeds CWIP, please provide any SOX Compliance audits performed in 2019. List the name of the audit, scope, objective, and when the work was performed. Include whether the controls passed or failed and, if failed, the severity and impact of the failure. [NOTE: Utility Plant in Service is fed from CWIP. Therefore, any system that

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feeds CWIP, including, but not limited to, WMS, Payroll, M&S, Overheads, AFUDC, Transportation, and direct contractor charges through purchasing, could have an impact on plant balances.]

- 17) **Depreciation:** Have the depreciation accrual rates changed since 2008 when the Commission's order in Case No. 08-72-GA-AIR approved Columbia's current depreciation rates?
- 18) **Property Taxes:** Please provide the supporting workpapers and documentation for the property tax rate used in the 2019 CEP.
- 19) **Overhead and Indirect Costs:** Please provide a list of all overheads (labor loadings, etc.) and any other indirect items charged to Columbia Gas work orders, including descriptions both of the type of charge and how that charged item is applied (e.g., calculation with descriptions of factors used in the calculations).
- 20) **AFUDC:** Please provide the AFUDC interest rate for 2019, including the calculation and supporting documentation.
- 21) **Major Additions or Replacements:** Please provide a list with a description and total dollar amount of any major non-IRP additions and/or replacements placed in service in 2019.
- 22) **Approval Signatures:** Please provide the Level of Signature Authority (LOSA) document(s) that supports the approval of capital projects in 2019.
- 23) **Unitization Backlog:** Please provide information regarding any backlog in the unitization of distribution work orders as of December 31, 2019. Please provide the information by work order number and dollar value of each backlogged work order and the length of time for each in months (e.g., under three months, four to 12 months, and over 12 months). If possible, provide the list for both CEP work orders and non-CEP work orders.
- 24) **Insurance Recoveries:**
 - a) Were there any significant events in 2019 that resulted in an insurance claim recovery greater than \$50,000 related to Distribution Plant? If so, please provide a list of such events, how each recovery was recorded to the Company's books, and how it was reflected in plant balances.
 - b) Are there any pending Distribution plant insurance claim recoveries as of December 31, 2019, that are not recorded or accrued that would be charged to capital? If so, please provide the type of recovery, estimated amount, and when receipt is expected.
- 25) **Cost per Mile:** For the CEP Projects with the Description "Replacement & Betterment" for 2019, please provide the total main miles replaced/installed and the average cost per mile with and without accounting overheads.
- 26) **Cost per Mile:** For the CEP Projects with the Description "Growth" for 2019, please provide the total main miles replaced/installed and the average cost per mile with and without accounting overheads.
- 27) **Commission Annual Reports:** Please provide the Annual Report for the year ending December 31, 2019, filed with the Commission.

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- 28) **Subaccounts:** Has the Company added any additional FERC 300 accounts and/or subaccounts that were not included in the most recent Commission-approved depreciation accrual rates?
- 29) **Budget:** Please provide the 2019 budget supporting the non-IRP capital expenditures and related assets. Also, include the assumptions supporting the budget/projected data.
- 30) **Budget:** Please provide a NiSource document that approves the Columbia Gas capital budget.
- 31) **Budget:** Please provide a Columbia Gas document that splits out the budget by Growth, Age & Condition, Public Improvement, Betterments, and Support Services that ties back to the overall NiSource approved capital budget
- 32) **Budget:** For 2019, please provide a Columbia Gas document that splits out the budget categories—Growth, Age & Condition, Public Improvement, Betterments, and Support Services—by blanket projects and specific-type projects and further splits by project type (e.g., 563, 565).
- 33) **Budget:** Please provide a list of all budget types included in the CEP with a description of each.
- 34) **Budget vs. Actual:** Please provide a variance analysis, cumulative by year, that shows budget by category, actual, variance, and explanations for variances over and under budget, broken down, if possible, between blanket and specific projects.
- 35) **Cost Control:** What steps has the Company taken in 2019 to contain costs?
- 36) **Labor Costs:**
- a) Please provide the approximate percentage of contractor vs. in-house labor used for capital activities for year 2019.
 - b) What analysis has been done to determine that the use of contractors is the least cost alternative and/or provides the greatest benefit to the ratepayer?
- 37) **Labor Costs:** In reference to the demand for natural-gas-qualified construction crews and resources, please respond to the following items:
- a) Please provide a list of contractors, description of work performed, and amount paid each contractor that provided services for CEP in 2019.
 - b) Please describe the impact of contractor costs on the annual cost per total main mile rate for 2019.
 - c) Please describe what process and initiatives are in place now and anticipated to manage contractor costs going forward.
 - d) How has the demand for gas contractors in Ohio and surrounding states impacted the overall cost to complete capital work?
 - e) If there is a demand constraint on gas contractors, how has the Company addressed the issue?
- 38) **Other Riders:** Has the Company requested and received Commission approval for any rider other than CEP that allow for recovery of capital additions? If so, how does the Company ensure that the capital additions reflected in those non-CEP riders are not included in the plant balances reflected in the CEP.

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- 39) **Retirements:** Please provide the population of CEP work orders that were retired for the period January 1, 2019, through December 31, 2019, by FERC account/sub account and month retired.
- 40) **Cost per Main Mile Replaced:** Please break out the 2019 total cost per main mile replaced, service line replaced, engineering designed service line replacement, growth, and betterment.
- 41) **Policies and Procedures:** Follow-up to Data Request response Set 1, Number 12—
Policies and procedures.
- a. Please cite the specific guidance from the Code of Federal Regulations (18 CFR) that supports the accounting for Capital Spares.
 - b. Please provide the specific Company policy or set of criteria used to support that the purchase qualifies as a capital spare.
 - c. Please provide examples of what the Company considers a capital spare.
- 42) **Internal Audit:** Follow-up to Data Request response Set 1, Number 15, attachment—
Internal Audits. Please provide the summary findings and recommendations, along with any remediation performed, for the following Internal Audits.
- a. Number 2: Locates process – COH
 - b. Number 3: Abandonment of Service Line Facilities. CKY, COH, CPA, CMD, CGV
 - c. Number 4: Cross Bore Remediation – NiSource Gas Companies
 - d. Number 5: Odorization Monitoring Process and Documentation – Columbia Gas Companies
 - e. Number 6: Emergency Preparedness and Response Plant NiSource Gas Companies
 - f. Number 7: Safety Management System (SMS) 30 Day Implementation Alignment – NiSource
 - g. Number 8: Low Pressure system Safety Enhancements – Columbia (Attorney Client Privilege)
 - h. Number 9: NTSB Urgent Recommendations Assessment (Attorney-Client Privilege)
 - i. Number 10: Employee Expense & Analytics – NiSource
 - j. Number 11: NiSource Corporate Services Cost Allocation -NCS
 - k. Number 12: Pension Audit NiSource
- 43) **Work Orders:** Reference Company response to Case No. 20-0049-GA-RDR BRDR No. 1.1, Attachment A. Please refer to the attached "Sample Selected Based on - Case No. 20-0049-GA-RDR BRDR No. 1.1 - Attachment A" work orders selected from the population of work orders provided in response to the referenced data request. Please note that the selection is work orders/projects/programs (hereafter referred to as "work orders"). For each work order on the list, please provide the following information in sortable Microsoft Excel spreadsheets:
- a) Detailed description, scope, and objective of the work, including service area location and any other identifiers (budget mapping)
 - b) Work order justification and approval at the highest approval level available based on the nature of the work order
 - c) Estimated in-service date and actual in-service date

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- d) For non-blanket work orders and blanket work orders, where the specific blanket work orders can be specifically identified as part of the larger project or program, budget and total cost with any explanation of variances in excess of 20%.
- e) Supporting cost detail for each addition to plant—run of charges by FERC account and units (The detail should be by charge code [or charge code description] with amounts by year and month. Examples of charge code descriptions include such information as payroll, contractor charges, overheads, other allocations, M&S, Transportation, and employee expenses.)
- f) Supporting detail for retirements, cost of removal, and salvage, if applicable, charged or credited to plant (Provide the description, units, amount, and date recorded.)

Notes:

- Please send a sample of the detail that will be provided to make sure it is what we need.
- If you have any questions, please contact.
- In the interest of time and associated deadlines, please provide the data in batches as they are completed.

44) Follow-up to Data Request response Set 1-43 – Work Orders, Supplemental response Blanket Work Orders (0579). The response indicated that this is A&C Meter Replacements. The response also indicates that this code is for the purchase of meters. The response goes on to say the residential size customer meters are purchased in bulk when required for a service replacement or upgrade. The explanation does not appear to fit the FERC account charged. Please explain why FERC account 378 (Measuring and Regulating Station General) is used and not FERC 381 (Meters). FERC account 378 is normally used for other than gas measurement of gas deliveries to customers.

45) Follow-up to Data Request response 1-43 – Work Orders, Supplemental response Blanket Work Orders (0565). Please provide the calculation for 2018 and 2019 that allocates service line retirements to the CEP.

46) Desktop and Desktop/Field Audits:

Below is the list of work orders selected for the detailed desktop and desktop/field audits. Due to travel restrictions associated with the Coronavirus, these will be completed via video conference.

Desktop audit

The scope of the desktop audits will be a review of: (1) the project justification and work scope, (2) final spend by category, and (3) gas flow and pressure models along with GIS one lines showing pre- and post-construction. In addition, if there are additional data, models and documents which support the selection, construction and completion of these projects we are open to including those in our discussion.

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For Columbia Gas of Ohio, Inc.

Audit Type	Audit #	Work Order (B)	CAF Condensed Location Code	Sum of activity quantity	Sum of activity cost (\$)
Desktop	Desktop-01	0555.34180089352	Columbus East	1,420	\$ 83,258
	Desktop-02	0555.34180108427	Lake Erie	1	\$ 147,240
	Desktop-03	0557.34190074380	Ohio Valley	1,278	\$ 322,910
	Desktop-04	0565.34808230032	Unknown	24	\$ 71,491
	Desktop-05	0565.34811210032	Unknown	158	\$ 340,462
	Desktop-06	0565.34813250032	Unknown	95	\$ 130,054
	Desktop-07	0565.34813250032	Unknown	95	\$ 130,054
	Desktop-08	0579.34815310011	Unknown	430	\$ 2,868,682
	Desktop-09	7609.34150106937	Lake Erie	3	\$ 2,945,016
	Desktop-10	8267.34120105814	Lake Erie	1	\$ 1,949,378
	Desktop-11	8841.34140116964	Toledo	31	\$ 4,699
	Desktop-12	8841.34170088962	Columbus East	1	\$ 2,449,464
	Desktop-13	9905.34170094919	Great Trails	4	\$ 3,794,769
	Desktop-14	0579.34817210011	Unknown	2,356	\$ 2,806,688
Grand Total				5,897	\$ 18,044,164

Note, for the secondary service blanket WO. 0565.34811210032, our focus will be to better understand the criteria for which services are to be charged to a blanket, what details are available that describe the individual service line sub tasks, and various metrics and processes in place to provide management and supervision confirmation that work is being completed and within budget estimates. Included if available will be supporting documentation for sample service work sub tasks within this blanket work order.

Desktop/Field Audit

As for the field audits, the scope of the field/desktop audits will be: (1) focus areas with visual confirmation that equipment is in service, (2) regulating gas flow along with identifying marks such as Columbia Gas nomenclature, and (3) equipment nameplates that are legible and provide attributes of location and equipment specifications.

Audit Type	Audit #	Work Order (B)	CAF Condensed Location Code	Sum of activity quantity	Sum of activity cost (\$)
Desktop/Field	Desktop/Field-1	0579.34808230011	Unknown	638	\$ 1,459,431
	Desktop/Field-2	1095.34150179761	Heartland	2	\$ 2,294,565
	Desktop/Field-3	9615.34150088553	Columbus East	26	\$ 753,928
	Desktop/Field-4	9615.34170089085	Columbus East	28	\$ 6,248
Grand Total				694	\$ 4,514,171

See excel file attached which shows the project detail provided in BRDR-1 to indicate exactly which projects Blue Ridge would like to audit.

- 47) **CEP Rider Application dated February 28, 2020.** Please discuss any changes the Company may have made to the underlying inputs or methodology in Schedules CEP-1 through -13 since Case No. 19-0438-GA-RDR.
- 48) **Input - 2019 PISCC Rate.** Please provide supporting documentation for the Weighted Avg Cost of Debt applied for January thru March, 5.08%, and for July through December, 5.03%.
- 49) **Input - Projected Bills.** Please provide supporting workpapers for the Number of Projected Bills TME August 2020 by customer class.
- 50) **Input - ADIT on Liberalized Depreciation Calculation.** It does not appear that the Total Bonus/Repair Rates have been updated from Case No. 19-0438-GA-RDR. Please confirm the current rates and provide supporting documentation for the value inputs.
- 51) **Input - Property Tax Calculation.** Please explain what the annual rates applied to CEP retirements by vintage year represents (Cells C150:C157).
- 52) **Input - NOL.** Please provide supporting documentation for the 2019 balance of \$(12,454,147).

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53) **Schedule 10 – ADIT on Liberalized Depreciation Calculation.** Please explain why the aggregate 2017 MACRS depreciation expense reflected on Line 5 does not tie to the Total on Line 17.

Jan – Sep 2017	\$ 60,147,579
Oct – Dec 2017	48,857,960
Total – Line 5	\$ 109,005,539
Total – Line 17	112,036,579
Difference	(3,031,040)

54) **Desktop Audit:**

Below is the list of work orders selected for the detailed desktop and desktop/field audits. Due to travel restrictions associated with the Coronavirus, these will be completed via video conference.

Desktop audit

The scope of the desktop audits will be a review of: (1) the project justification and work scope, (2) final spend by category, and (3) gas flow and pressure models along with GIS one lines showing pre- and post-construction. In addition, if there are additional data, models and documents which support the selection, construction and completion of these projects we are open to including those in our discussion.

Work Order (B)	Activity Cost (H)	Activity Quantity	CAF Condensed Location Code
0555.34180125651	\$ 229,790.08		4 Columbia East
0555.34180132649	\$ 93,552.91		5 Columbia East
0555.34190081269	\$ 9,190.28		2 Ohio Valley
0555.34190126168	\$ 177,729.19	147	Ohio Valley
0555.34190133126	\$ 21,914.37		2 Ohio Valley
0559.34190148244	\$ 56,455.96		3 Ohio Valley
0563.34180125756	\$ 103,258.85		1 Columbia East

55) For the following work orders, please indicate the actual main installed and actual new service lines or meters installed, as applicable.

- a. Work Order 0555.34180089352. The project called for 31 services to be installed.
- b. Work Order 0555.34180108427. The project called for 3,079' of new main and 31 new services.
- c. Work Order 0555.34180125651. The project called for 3225' of main to serve 54 customers
- d. Work Order 0555.34180132649. The project called for 1595' of 4" PMMP to serve new a Subdivision.
- e. Work Order 0555.34190081269. The project called for 640' of 2" PMMP to serve new business—Springer Woods subdivision.
- f. Work Order 0555.34190126168. The project called for 2398' of 2" plastic to serve 24 residential customers.

56) Work Order 0559.34190148244. This project added 745' of 4" PMMP but retired mostly 3" and 1 1/4" pipe. Did this project generate incremental revenue because of pipe size change?

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57) Budget Variances: Please explain the reason(s) for the estimates greater than actual.

Work order Number	Actual	Budget	% Over Budget
a. 0555.34180089352	\$83,258	\$60,466	-38%
b. 0555.34180132649	\$93,553	\$40,270	-132%
c. 0561.34190081108	\$69,498	\$44,039	-58%
d. 0563.34180125756	\$103,259	\$34,640	-198%

58) In-Service Dates: Please explain why the following work orders are in the CEP when their in-service dates are prior to 2019,

Work Order #	Estimated In-service Date	In-Service Date
a. 0561.34180089579	4/1/19	12/13/18
b. 8541.34140116964	12/31/15	6/16/16
c. 9503.34150178168	12/31/16	12/5/17
d. 9615.34160088553	12/31/18	11/8/18
e. 9615.34170089089	12/31/18	12/11/18
f. NCSF18COH29C	11/30/18	11/30/18
g. NCSP18GPSP3C	11/15/19	11/15/18

59) In-Service Delays and AFUDC: For the following work orders, please explain the reason(s) for the delay and possible over accrual of AFUDC.

Work Order #	Estimated In-service Date	In-Service Date	Days over Estimate
a. 8267.34120105814	12/31/15	8/30/19	1338
b. NCSF18COH16C	11/30/18	3/1/19	91

60) In-Service Delays: For the following work orders, please explain the reason(s) for the delay:

Work Order #	Estimated In-service Date	In-Service Date	Days over Estimate
a. 8541.34140116964	12/31/15	6/16/16	168
b. 9503.34150178168	12/31/16	12/5/17	339
c. 9615.34180089438	12/31/18	7/11/19	192
d. NCSF18COH16C	11/30/18	3/1/19	91

61) The following work orders were allocated projects. Please explain how the costs were allocated and how the allocation was determined.

- a. Work Order NCS18T2670C—Seven utilities were allocated and COH had 37% of that allocation.
- b. Work order NCSCTRAKX1103C
- c. Work Order NCSCTRAKX1103C
- d. Work Order NCSCTRAKXPYWBC
- e. Work Order NCSF18COH16C
- f. Work Order NCSF18COH29C
- g. Work Order NCSP18GPSP3C

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62) For the following work orders, please explain why the total work order dollars in the sample does not equal the cost detail.

Work Order #	From Cost Detail (BRCS-43)	From Population (BRCS-1 Attachment A)	Variance
a. 0565.34B08230032	\$1,203,419	\$657,670.44	\$545,749
b. 0565.34B11210032	\$1,007,198	\$1,001,940.64	\$5,257
c. 0565.34B12610032	\$1,652,363	\$1,108,852.08	\$543,511
d. 0565.34B13250032	\$1,059,518	\$517,420.20	\$542,098
e. 0565.34B17320032	\$92,959	\$18,425.50	\$74,533
f. 0579.34B15310011	\$2,868,682	\$1,027,388.35	\$1,841,293

63) Please explain the following charges.

Work order #	Questions on Charges	Amount Charged
a. 0579.34B15310011	Other Maintenance Services	\$844,021
b. 1095.34190179751	Temporary Personnel Services	\$107,785
c. 9615.34160088553	Contributions in Aid of Constr	-\$120,156
d. 9615.34170089089	Contributions in Aid of Constr (from transCanada)	-\$876,840
e. NCSCTRAKX1103C	Corporate Services - Bill	\$1,166,907
f. NCSCTRAKXPYWBC	Corporate Services - Bill	\$578,456
g. NCSF18COH16C	Corporate Services - Bill	\$163,000
h. NCSF18COH29C	Corporate Services - Bill	\$134,795
i. NCSP18GPSP3C	Corporate Services - Bill	\$1,178,054
j. NCS18T2670C	Corporate Services - Bill	\$892,504

64) The following work orders are 100% reimbursable. Please explain the positive balances.

Work order #	Questions on Charges	Amount Charged
a. 9615.34160088553	100% Reimbursable	\$441,252
b. 9615.34170089085	100% Reimbursable	\$6,248

65) Please explain what the charge "Cap. Proj. Not otherwise identified" represents for the following work order.

Work order #	Questions on Charges	Amount Charged
8841.34170088962	Cap Proj not Othwise Identifd	\$67,389

66) Please explain the credit balance for the following work order.

Work order #	Questions on Charges	Amount Charged
9615.34170089089	Credit Balance	-\$103,552

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67) Please explain the debit balance of CIAC for the following work order

Work order #	Questions on Charges	Amount Charged
9615.34180089438	Contributions in Aid of Constr (debit balance)	\$79,461

68) Work Order 8841.34170088962. Project was in-service 3/19 and \$(389,227.75) of retirements were recorded 8/19. Please explain the delay in retiring the assets and the impact on the accrual for depreciation.

69) Work Order 9615.34170089089. The scope of this project included stations to be built at a different location. Why did this project not record retirements or Cost of Removal?

70) Work Order 9615.34180089438. The scope of this project included stations to be built at a different location. Why did this project not record retirements or Cost of Removal?

71) Work Order NCSF18COH16C. This project was to install 1 new roofing surface and asphalt garage aprons. Why did this project not record retirements or Cost of Removal?

72) Work Order NCSF18COH29C. This project was to install a new concrete parking lot. Why did this project not record retirements or Cost of Removal?

73) The following are replacement projects with no Cost of Removal charged. Please explain why.

- a. Work Order 0557.34190074380
- b. Work Order 0559.34190148244
- c. Work Order 0561.34190081108
- d. Work Order 8267.34120105814
- e. Work Order 8541.34140116964
- f. Work Order NCSF18COH29C

74) **Prior Recommendations:** Follow-up to Data Request response 1-6.c—Please specify the policies and procedures and provide an explanation for why they satisfied the Company concerning the Case No. 19-0438-GA-RDR Commission Order addressing OCC's recommendation to amend the Company's policies and procedures to protect consumers from being charged for assets that are not used and useful as a result of overbuilding for growth projects that do not result in the expected growth.

75) **Prior Recommendations:** Follow-up to Data Request response 1-7.f—Columbia's response indicated that the Company did not work with Staff as recommended and had determined in its review that no changes were necessary in order to determine how meter movement should be tracked to clarify recording as capital or expense in various situations and how to ensure the integrity of the process. The recommendation had come from Blue Ridge's audit report in which it noted that the movement of meters from inside to outside residences is typically charged as expense, while relocating meters in conjunction with service-line replacements is charged as capital. In its report, Blue Ridge mentioned that this gives the Company latitude to delay relocating meters until service lines are replaced. Additionally, the Company does not track the meters relocated on an annual basis and, therefore, does not know the cost, including installation, for relocated meters expensed and capitalized. Since the Company reviewed the policies and finds no changes needed, please respond to the following:

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- a. How does the Company maintain the integrity of the process to ensure relocating meters are not delayed until service lines need to be replaced so that costs can be capitalized rather than expensed?
- b. How does the Company know the cost, including installation, for relocated meters expensed and capitalized?
- c. Why did the Company not work with Staff in its review to ensure it understood Staff's concerns?

76) **Variance Analysis:** Reference Schedule CEP-4—Please explain why the 12/31/18 balance of account 39112 is listed as \$2,998,226 when the 12/31/18 balance for the same account in Schedule CEP-4 from case 19-0438-GA-RDR was listed as \$3,386,886, a \$388,660 difference.

77) **Variance Analysis:** Reference Schedules CEP-2, -3, and -4—Please provide detailed explanation (including supporting documentation) to explain the following changes in accounts:

- a. Account 30300: significant additions over retirements resulting in a 30.6% increase in account balance
- b. Account 37440: significant additions over retirements resulting in a 132.5% increase in account balance
- c. Account 37540: significant additions over retirements resulting in a 30.5% increase in account balance
- d. Account 37625: significant additions over retirements resulting in a 60.7% increase in account balance
- e. Account 37810: positive retirements of \$32,515
- f. Account 37820: significant additions over retirements resulting in an 84.4% increase in account balance
- g. Account 37911: positive retirements of \$198,333
- h. Account 38012: zero retirements to \$117,323 in additions
- i. Account 38110: significant additions with zero retirements resulting in a 53.2% increase in account balance
- j. Account 38300: positive retirements of \$87,600
- k. Account 38400: significant retirements of \$(4,180,890) with no additions
- l. Account 38720: positive retirements of \$31,809
- m. Account 38745: significant additions over retirements resulting in a 21.5% increase in account balance
- n. Account 39111: Significant retirements of \$1,416,773 with no additions
- o. Account 39112 significant retirements of \$(1,473,585) with additions of only \$60,124
- p. Account 39430: significant additions

78) Follow-up to BRDR-49. Please provide supporting workpapers for the Number of Projected Bills TME August 2021 by customer class. What inputs and assumptions go into developing the number of projected bills?

79) Follow-up to BRDR-50. Please confirm 1) the appropriate 2019 repair ratio for mains and services is 17.19% and 2) that is no change in the mixed service cost ratio from 2018.

80) Follow-up to BRDR-51. Please provide the supporting calculation for the 53.07 percent in 2019.

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81) Follow-up to BRDR-52. Please provide supporting documentation for the \$62,063,811 NOL recorded in the financial records as of December 31, 2019.

82) For the following list of Activity Codes / Job Type, please fill in the blanks with a longer description of what each activity code entails.

Job Type	Budget Class	Definition
0555	Growth	Mains—New Business
0557	Age & Condition	Mains—Leak Elimination
0559	Betterment	Mains—Service Improvement
0561	Public Improvement	Mains—Street Improvement
0563	Growth	Service Line—New (specifics and blankets)
0565	Age & Condition	Service Line—Replacement (blankets)
0579	Age & Condition	A&C Meter Replacements (blankets)
0889	Shared Services Allocation	
0915	Support Services	Miscellaneous—primarily used for tool purchases (blankets)
1091	Growth	
1095	Betterment	
1811	Growth	
7609	Betterment	
8267	Betterment	
8541	Betterment	
8841	Public Improvement	
9503	Betterment	
9615	Betterment	
9905	Betterment	
NCS	Support Services	

83) Follow-up to Data Request 43. Please provide the Charge Type Definition for the following Charge Types (Column F) within the Additions tab of each work order detail.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5
- f) 7
- g) 11
- h) 19
- i) 24
- j) 26
- k) 27
- l) 31
- m) 35

84) Please provide cost detail for the below list of retirement work orders

- a) Follow-up to response to Blue Ridge Data Request 69: 9615.34170089136
- b) Follow-up to response to Blue Ridge Data Request 69: 9615.34180089272

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- c) Follow-up to response to Blue Ridge Data Request 70: 9615.34190089882
 - d) Follow-up to response to Blue Ridge Data Request 73: 8268.34120105815
 - e) Follow-up to response to Blue Ridge Data Request 73: 8542.34160117928
 - f) Follow-up to response to Blue Ridge Data Request 73: 0558.34190074381
 - g) Follow-up to response to Blue Ridge Data Request 73: 0560.34190148245
 - h) Follow-up to response to Blue Ridge Data Request 73: 0562.34190081109
- 85) Follow-up to BRDR-52 and -81. Please provide the actual NOL reported on Columbia's Audited Balance Sheet as of December 31, 2018 and 2019. Are there any reasons why use of the audited value would not be appropriate in lieu of the earlier estimate developed by the departed tax employee?

Case No. 20-49-GA-RDR
Audit of the CEP for the 2019 Annual Adjustment to the CEP Rider Rate
For Columbia Gas of Ohio, Inc.

APPENDIX C: WORK PAPERS

Blue Ridge's workpapers are available on a USB Flash Drive) and were delivered to the PUCO Staff per the RFP requirements.

- Desk Audits Info
 - Columbia Gas OH 2020 Desk Field Audit May 27 2020.docx
 - Copy of Sample Selected Based on - Case No. 20-0049-GA-RDR BRDR No. 1.1 - Attachment A JF CAF vr2.xlsx
- Past Audit Data Responses
 - 17-2202-GA-ALT - CEP AUDIT DR Set 1 No 14.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 7 No 1.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 7 No 9.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 7 No 10.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 7 No 11.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 7 No 12.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 7 No 15.pdf
 - 17-2202-GA-ALT - CEP AUDIT DR Set 9 No 4.pdf
 - 17-2202-GA-ALT BRCS DR Set 7-1 Attachment A.pdf
 - 17-2202-GA-ALT BRCS DR Set 7-1 Attachment B.pdf
 - 19-438-GA-RDR BRCS DR Set 1 No. 3 Attachment A.xlsx
 - 19-438-GA-RDR BRCS DR Set 1 No. 56 Attachment A.pdf
 - 19-438-GA-RDR BRCS DR Set 1 No. 58 Attachment A.pdf
 - 19-438-GA-RDR BRCS DR Set 1 No. 58 Attachment B.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 3.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 24.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 37.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 56.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 57.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 58.pdf
 - 19-438-GA-RDR CEP AUDIT BRCS DR Set 1 No 62.pdf
- Work Order Testing
 - WP 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 43 - Additions.xlsx
 - WP 20-0049-GA-RDR BRCS Set 1 No 1 Attachment A - Final Sample.xlsx
 - WP 20-0049-GA-RDR BRCS Set 1 No 1 Attachment A - Pulling Initial Sample.xlsx
 - WP 20-0049-GA-RDR BRCS Set 1 No 1 Attachment A - Pulling Judgement Sample.xlsx
 - WP 20-0049-GA-RDR Columbia Gas CEP Matrix CONFIDENTIAL Final.xlsx
 - WP 20-0049-GA-RDR Sensitivity, Sample Size and Interval.xlsx
- WP 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 23 Attachment A Backlog.xlsx
- WP BRCS CEP Financial SchVariance Analysis.xlsx
- WP CEP Expenditures by Category and Growth by FERC Account from 2011-2019 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 1 Attachment A.xlsx
- WP Impact of Adjustments - CEP AUDIT BRCS Set 1 No 3 - CEP Financial Schedules.xlsx
- WP Rev Req 19-0438-GA-RDR BRCS DR Set 1 No. 3 Attachment A (Audit Adjusted).xlsx
- WP Rev Req 20-0049-GA-RDR - CEP AUDIT BRCS Set 1 No 3 - CEP Financial Schedules.xlsx

This foregoing document was electronically filed with the Public Utilities

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6/17/2020 9:43:32 AM

in

Case No(s). 20-0049-GA-RDR

Summary: Audit Audit of the Capital Expenditure Program For the 2019 Annual Adjustment to the CEP Rider Rate For Columbia Gas of Ohio, Inc. electronically filed by Mrs. Tracy M Klaes on behalf of Blue Ridge Consulting Services, Inc



Commissioners
M. Beth Trumbold
Lawrence K. Friedman
Dennis P. Deters
Daniel R. Conway

June 30, 2020

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to the CEP Rider Rate, Case No. 20-49-GA-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendation in regard to Columbia Gas of Ohio, Inc.'s application in Case No. 20-49-GA-RDR for approval of its capital expenditure program rider rate adjustment.

Sincerely,

A handwritten signature in black ink that reads "Tamara Turkenton".

Tamara Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

**Columbia Gas of Ohio, Inc.
Capital Expenditure Program Rider
Case No. 20-49-GA-RDR**

INTRODUCTION

In accordance with the Public Utilities Commission of Ohio's (PUCO or Commission) Opinion and Order in Case No. 17-2202-GA-ALT (Order),¹ on February 28, 2020, Columbia Gas of Ohio, Inc. (Columbia or Company) filed an application to adjust its Capital Expenditure Program (CEP) Rider rate in Case No. 20-49-GA-RDR.

On February 26, 2020, the Commission selected Blue Ridge Consulting Services, Inc. (Blue Ridge or Auditor) as the auditor to assist the staff of the PUCO (Staff) in performing the review of the necessity, prudence and reasonableness of capital expenditures and deferrals related to Columbia's CEP Rider.

On June 17, 2020, Blue Ridge submitted its Audit of the Capital Expenditure Program For the 2019 Annual Adjustment to the CEP Rider Rate for Columbia Gas of Ohio, Inc. (Blue Ridge Report).

This report by Staff provides Staff's conclusion and recommendations to the Commission in regard to Columbia's application to adjust its CEP Rider as filed in Case No. 20-49-GA-RDR.

BACKGROUND

Under R.C. 4929.111, a natural gas company may file an application to implement a capital expenditure program (CEP) for infrastructure expansion, improvement, or replacement; to install, upgrade, or replace information technology systems; or to comply with rules, regulation, or orders of the Commission or other governmental entity having jurisdiction. If the Commission finds that the CEP is consistent with the Company's obligation to furnish necessary and adequate services and facilities, and finds those services and facilities to be just and reasonable, the Commission shall approve the application and authorize deferral or recovery of both a regulatory asset for post in-service carrying costs (PISCC) on the portion of assets of the CEP placed in service but not reflected in rates as plant in service, and a regulatory asset for the incremental depreciation and the property tax expense directly attributable to the CEP but not reflected in rates.

In 2011, the Company filed an application to implement a capital expenditure program and modify its accounting procedures in Case Nos. 11-5351-GA-UNC and 11-5352-GA-AAM. The Commission limited the CEP deferral authority from October 1, 2011, through December 31, 2012.

¹ *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, Opinion and Order (Nov. 28, 2018).

The Commission authorized the Company to accrue CEP Deferral expense until the rates to recover the deferrals for the Small General Service (SGS) class reach \$1.50 per month.²

In 2012, in Case Nos. 12-3221-GA-UNC and 12-3222-GA-AAM, the Commission authorized the Company to continue its CEP Deferral beyond December 31, 2012, up and to the time where the accrued deferral would generate rates that result in an increased monthly charge of more than \$1.50 per month for the SGS class.³

In 2018, in Case No. 17-2202-GA-ALT, the Commission authorized the Company to implement a new alternative rate plan and create the CEP Rider to recover historic and ongoing CEP costs and CEP deferrals (CEP Investment). The rates for incorporating historic CEP Investments through December 31, 2017 were set for SGS customers at \$3.51 per meter per month.⁴ The rates for recovery of ongoing CEP Investments were capped for SGS customers at \$1.05 as a total rate cap of \$4.56 starting in September 2019.⁵

COLUMBIA'S APPLICATION FOR CEP RIDER

Columbia filed its Application to adjust the CEP Rider rate for SGS to \$5.01 beginning September 2020.⁶ The CEP Rider's revenue requirement for CEP investment through Dec. 31, 2019 is \$107,395,454. The Company calculated a total revenue requirement for 2019 investments of \$19,796,195⁷ and an under recovery from the prior year of \$1,688,890 resulting in a revenue requirement of \$19,796,195. CEP Investments included plant additions of \$185,111,735 and retirements of \$23,322,006 for total plant in service of \$161,789,728; accumulated depreciation of \$57,050,820; and total deferred expenses and total deferred taxes on expenses (depreciation, PISCC, and property tax) of \$11,662,733. Annualized operating expenses include depreciation, deferred depreciation amortization, PISCC amortization, property tax expense, and deferred property tax expense amortization.

THE CEP RIDER INVESTIGATION

Staff divided its review into two parts: 1) investigating the application and supporting schedules to determine if Columbia's filed exhibits justify the reasonableness of the revenue requirement proposed by the Company that is used as a basis for the adjustment; and 2) plant investigation performing the review of the necessity, prudence and reasonableness of capital expenditures and deferrals related to Columbia's CEP Rider. The Commission selected Blue Ridge as the auditor to assist Staff in conducting the plant investigation.

² *In the Matter of the Application of Columbia Gas of Ohio, Inc. for Approval to Implement a Capital Expenditure Program*, Case No. 11-5351-GA-UNC, *et al.*, Finding and Order at 12-13 (Aug. 29, 2012).

³ *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 at 5 (Oct. 9, 2013).

⁴ *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, Opinion and Order at 14 (Nov. 28, 2018).

⁵ *Id.* at 19.

⁶ Application, Att. A (Feb. 28, 2020).

⁷ The Company calculated the revenue requirement by multiplying reported 2019 CEP Investments of \$93,076,175 by the rate of return (9.52% pre-tax) and adding annualized operating expenses of \$9,246,453.

Staff reviewed the Company's Application and supporting testimony, analyzed documentation associated with expenses and deferrals for depreciation, property tax, and PISCC. Staff also reviewed proposed tariffs, bill impacts, and revenue requirement calculations. As part of its review, Staff issued data requests, contacted Company representatives to obtain clarifying and follow-up data, and performed independent analysis when necessary. Finally, Staff reviewed the Order and stipulation from Case No. 17-2202-GA-ALT and the Order and statement of issues from Case No. 19-438-GA-RDR to ensure the Company was in compliance with all recommendations and requirements.

Blue Ridge conducted an audit of Columbia's CEP capital expenditures. The audit reviewed the accounting accuracy and used and useful nature of Columbia's non-IRP capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals from January 1, 2019 through December 31, 2019. The audit also assessed their necessity, prudence, lawfulness, and reasonableness. Blue Ridge reviewed information required by the RFP and provided in response to data requests, conducted interviews, performed virtual field inspections and desk top reviews, reviewed the Company's processes and procedures, and performed various analyses as detailed in the Blue Ridge Report.

STAFF'S RESPONSE AND RECOMMENDATIONS

Staff has completed its investigation of Columbia's proposed CEP Rider application. Staff fully adopts the Blue Ridge Report. Based on auditor recommendations, the new rate is \$5.00 for residential customers. While Staff agrees with and adopts the recommendations in the Blue Ridge Report, Staff specifically highlights that the Company should:

1. Revise deferred income taxes on liberalized depreciation for vintage 2017 and 2019 plant in service.
2. Track meter relocations on an annual basis and indicate whether the costs are expensed or capitalized.
3. Formally document policies and procedures for the preparation and approval of work orders, damage claims, accounting/journal entries, or allocations.
4. Track and document how each growth project met or did not meet its goal in order to ensure that the assets placed in service are both used and useful and not overbuilt either in length or diameter.
5. Continue to ensure retirements and cost of removal are recorded at the same time as the replacement assets.
6. Continue to track incremental revenues.

Staff notes that the Commission ordered compliance in prior CEP cases for the following items: 2. track meter relocations; 3. document certain policies and procedures, and 4. track growth projects and goals met.⁸ Based on recommendations by Blue Ridge in their report docketed on June 17, 2020, Columbia did not adequately comply with these items. Therefore, Staff further recommends that the Company address these items by March 1, 2021 in their next annual CEP filing. Specifically, Staff recommends that the Company's next CEP filing include: an assertion

⁸ See *In the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to the CEP Rider Rate*, Case No. 19-438-EL-RDR, Finding and Order (Aug. 28, 2019).

by an officer of the Company that Columbia has complied with the recommendations, provide detailed steps the Company has taken to comply with the recommendations, and upon request provide written documentation to demonstrate compliance.

Based upon the investigation described above, Staff believes that in all other areas the Company has supported its filing with adequate data and information to ensure that the CEP Rider revenue requirement and resulting rider rates are just and reasonable. Therefore, Staff recommends that the Commission approve Columbia's Application for the CEP Rider as modified by these comments.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/30/2020 2:13:20 PM

in

Case No(s). 20-0049-GA-RDR

Summary: Staff Review and Recommendation in the Matter of the Annual Application of Columbia Gas of Ohio, Inc. for an Adjustment to the CEP Rider Rate, Case No. 20-49-GA-RDR. electronically filed by Ms. Nicci Crocker on behalf of PUCO Staff

COH Odorization Project

Devin.Mackey@puco.ohio.gov,
Melissa L Thompson to: Jason.Mumma@puco.ohio.gov,
Jonathan.Borer@puco.ohio.gov,
Cc: Benjamin Freiman, Nicole Shultz
Bcc: Melissa L Thompson

02/08/2022 11:26 PM

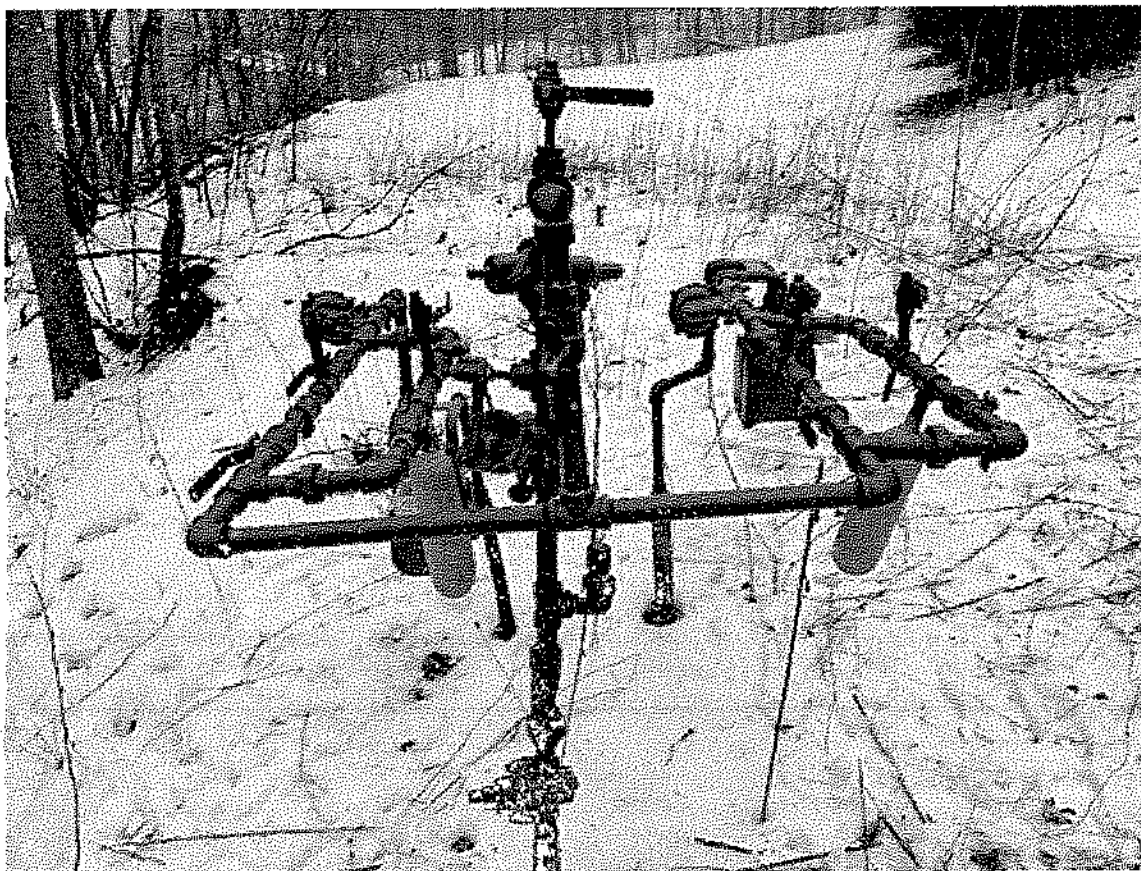
Good evening,

To follow up our field audit, below please find a picture of a farm tap setting and POD that were both included with the COH odorization project.

Best,
Melissa

Melissa L. Thompson
Director of Regulatory Policy
Columbia Gas of Ohio, Inc.
290 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: (614) 460-5542
Mobile: (614) 315-3391
Facsimile: (614) 460-8440
mlthompson@nisource.com











Howard T. Moriarty Co., Inc.
143 Broadway Toledo, OH 43604
(419) 243-3111 - FAX (419) 243-5708
www.htmtoledo.com

Page 1 of 1

Account #	Salesperson
55088	Jeff Ladd

SALES INVOICE

Date:	Invoice No.
6-15-2020	11538

Sold to:

*columbia Gas Of Ohio
C/o: Nancy Molinaro Id#461619
P.O. Box 30130
College Station TX 77842

12 Jeff Ladd

Ship to:

COLUMBIAGAS OF OHIO
300 LURAY DRIVE
WINTERSVILLE, OHIO
C/O NANCY MOLINARO
Ship Via:

38/461619

Entered By	Purchase Order	Job No.	Customer Contact	Ord Date	Customer Phone #
Jeff Ladd	5388		740-266-5940	6-09-2020	740-266-5940

Part Number	Description	Meter Out	Ord	Ship	B/O	Unit Price	Extended
523606912	STIHL KM 111R KOMBIHEAD		1	1		342.00	342.00
S/N 523606912							
523606931	STIHL KM 111R KOMBIHEAD		1	1		342.00	342.00
S/N 523606931							
523606932	STIHL KM 111R KOMBIHEAD		1	1		342.00	342.00
S/N 523606932							
523606938	STIHL KM 111R KOMBIHEAD		1	1		342.00	342.00
S/N 523606938							
523606941	STIHL KM 111R KOMBIHEAD		1	1		342.00	342.00
S/N 523606941							
KW-KM	POWER SWEEP ATTACHMENT		5	5		285.00	1,425.00
KB-KM	BRISTLE BRUSH WITH SHAFT		5	5		288.00	1,440.00

Sub Total	\$4,575.00
Sales Tax 7.25%	\$0.00
Total	\$4,575.00
Paid	\$0.00
Balance	\$4,575.00

Bob Scullion & Associates, Inc.

Tracey Johnson 462973

Invoice

9703 Guildford Dr.
Allison Park, PA 15101
P: 412.363.5350
F: 412.363.9966

Date	Invoice #
9/21/2020	25170

Bill To
Columbia Gas of Ohio PO Box 30130 College Station, TX 77842 Attn: AP/Tracey Johnson

Ship To
Columbia Gas of Ohio 3101 North Ridge Rd. E. Lorain, OH 44055-3767

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30	Bob	9/21/2020	Best Way		
Quantity	Item Code	Description			Price Each	Amount
3	15-316-300-GL Ser	Jameson Gas Line Tracer 3/16" x 300' Fiberglass Rod and Reel with Integrated Stuffing Box and Grounding Equipment			892.70	2,678.10
2	16-2-TEE	Jameson 2" EF Tee, 45 Degree Angle			247.35	494.70
2	16-4-TEE	Jameson 4" EF Tee, 45 Degree Angle			315.25	630.50
1	16-2-TEE	Jameson 2" EF Tee, 45 Degree Angle			247.35	247.35
1	Freight Out	Freight Charged To Customers To Be Added			289.71	289.71
Short pay from po#PO5410***						
					Total	\$4,340.36

Remit to:
PO Box 849792 Dallas, TX 75284-9792
Accounting office 405-273-6302, fax. 405-878-4940

+GF+

Invoice

Reference: 259065986 of 03/31/2020 Page 1/ 2

Bill-to:
COLUMBIA GAS ACCTS PAYABLE
C/O SRAMOS ID# 131945
PO BOX 30130
COLLEGE STATION TX 77842

Ship-to
NISOURCE
SPRINGFIELD OH-OP CTR
2101 W MAIN ST
SPRINGFIELD OH 45504

Sold-to:
NISOURCE
2101 W MAIN ST
SPRINGFIELD 45504-3017

Payer:
NISOURCE
2101 W MAIN ST
SPRINGFIELD 45504-3017

Customer	609395	Delivery-No.	194677781	Delivery date	03/30/2020
Your PO No.	PO5660	Order-No.	257023864	Order date	03/27/2020
		Contact	Brenda Gabel		
		Telephone	+ 1 405 878 3983		
		e-Mail	Brenda.Gabel@georgfischer.com		

Tracking number 1Z7301170390679837

Terms of delivery ZPP PREPAID

Terms of payment Up to 04/10/2020 you receive 1.000 % discount

Date of payment Up to 04/30/2020 without deduction

Requester: Jodi Pilcher
PR No.: PR10440

Pos	Code no. Description	Quantity Unit	Price /Unit.	Discount Surcharges	Net.Price /Unit	Net value USD
10	360029067 EF PROCESSOR MSA 340, 115V, WITH CASE, SCANNER KIT, BARCODE, MANUAL AND CP MODES SERIAL # _____, STD. FIRMWARE VERSION _____, Old item no.: 10014376 Tracking No. 1Z7301170390679837	2 EA	3,666.84		3,666.84	7,333.68
	Net sales amount					7,333.68
	TOTAL AMOUNT	USD				7,333.68

Signature

Requester: Jodi Pilcher
PR No.: PR10440

The terms and conditions may be obtained via the Internet at <http://gfiping/GFCPdocs/TermsandCond.pdf>
Georg Fischer Central Plastics LLC,
39605 W Independence St., SHAWNEE OK 74804
Tel: (405) 273-6302, Toll Free: (800) 654-3872,
Internet: <http://www.centralplastics.com>, E-mail: gfcentralaccountsreceivable@georgfischer.com



Invoice

Reference: 259065986 of 03/31/2020 Page 2/ 2

The terms and conditions may be obtained via the Internet at <http://gfpiping/GFCPdocs/TermsandCond.pdf>
Georg Fischer Central Plastics LLC,
39605 W Independence St., SHAWNEE OK 74804
Tel.: (405) 273-6302, Toll Free: (800) 654-3872,
Internet: <http://www.centralplastics.com>, E-mail: gfccentralaccountsreceivable@georgfischer.com

Remit to:
PO Box 849792 Dallas, TX 75284-9792
Accounting office 405-273-6302, fax. 405-878-4940

+GF+

Invoice

Reference: 259076832 of 07/01/2020

Page 1 / 1

Bill-to:
COLUMBIA GAS OF OHIO
3550 JOHNNY APPLESEED CT
COLUMBUS OH 43231-4985

Ship-to
COLUMBIA GAS OF OHIO
3550 JOHNNY APPLESEED CT
COLUMBUS OH 43231-4985

Payer:
NISOURCE
1039 E PENNSYLVANIA
SOUTH BEND 46601-3717

Customer	610193	Delivery-No.	194860201	Delivery date	07/01/2020
Your PO No.	PO5493	Order-No.	257027018	Order date	06/26/2020
		Contact	Brenda Gabel		
		Telephone	+ 1 405 878 3983		
		e-Mail	Brenda.Gabel@georgfischer.com		
Tracking number	7604734281				
Terms of delivery	ZPP PREPAID				
Ship Via	FEDEX FREIGHT EAST				
Terms of payment	Up to 07/11/2020 you receive 1.000 % discount				
Date of payment	Up to 07/31/2020 without deduction				

Pos	Code no. Description	Quantity Unit	Price /Unit.	Discount Surcharges	Net.Price /Unit	Net value USD
10	360029067 EF PROCESSOR MSA 340, 115V, WITH CASE, SCANNER KIT, BARCODE, MANUAL AND CP MODES SERIAL # _____, STD. FIRMWARE VERSION _____ Old item no.: 10014376 Tracking No. 7604734281	10 EA	3,666.84		3,666.84	36,668.40
	Net sales amount					36,668.40
	TOTAL AMOUNT	USD				36,668.40

Signature

The terms and conditions may be obtained via the Internet at <http://gfpiping/GFCPdocs/TermsandCond.pdf>
Georg Fischer Central Plastics LLC,
39605 W Independence St., SHAWNEE OK 74804
Tel.:(405)273-6302, Toll Free:(800)654-3872,
Internet:<http://www.centralplastics.com>, E-mail: gfccentralaccountsreceivable@georgfischer.com



54 E. Summit St. / PO Box 468
Norwalk, OH 44857
PH (419) 668-9533
Fax (419) 668-2179
www.kuhlmaninstrument.com

Invoice

Date	Invoice #
8/25/2020	49065

Bill To
Columbia Gas of Ohio NiSource Accts Payable PO Box 30130 College Station, TX 77842

Ship To
Columbia Gas /Manor Columbus 601 Manor Park Dr Columbus, OH 45228 ATTN:Ryan Aliff PO # 5576

P.O. Number		Terms	No. of Packages	Ship	Via
U125581 Amy White		Net 30	4	8/25/2020	UPS
Qty	Description	Price Each	Amount		
4	Upgrade Kit - 1500 Pelican Data logger case w / 300 WP 6 ft Yellow hose with fittings, Printer & adapter THE UNITS ARE INSIDE OF CASES SHIPPED WITH INVOICE # 49064	592.25	2,369.00		

UPS Tracking #

Thank you for your business.

Please send payment to : PO Box 468 Norwalk, OH 44857

Subtotal	\$2,369.00
Sales Tax (0.0%)	\$0.00
Total	\$2,369.00

As of 8/01/2018 - MECHANICAL INSTRUMENT REPAIR POLICY :
REPAIR ESTIMATES THAT ARE NOT APPROVED WITHIN 20 DAYS WILL BE SENT BACK NOT REPAIRED.



54 E. Summit St. / PO Box 468
Norwalk, OH 44857
PH (419) 668-9533
Fax (419) 668-2179
www.kuhlmaninstrument.com

Invoice

Date	Invoice #
8/25/2020	49069

Bill To
Columbia Gas of Ohio NiSource Accts Payable PO Box 30130 College Station, TX 77842

Ship To
Columbia Gas of Ohio, Inc 843 Piatt Ave. Chillicothe, OH 45601 Attn: Scott Cline PO # 5578

P.O. Number	Terms	No. of Packages	Ship	Via
U125581 Amy White	Net 30	4	8/25/2020	UPS
Qty	Description	Price Each	Amount	
4	Upgrade Kit - 1500 Pelican Data logger case w / 300 WP 6 ft Yellow hose with fittings, Printer & adapter UNITS ARE INSIDE OF THE CASES SHIPPED WITH INVOICE # 49068	592.25	2,369.00	

UPS Tracking #

Thank you for your business.

Please send payment to : PO Box 468 Norwalk, OH 44857

Subtotal	\$2,369.00
Sales Tax (0.0%)	\$0.00
Total	\$2,369.00

As of 8/01/2018 - MECHANICAL INSTRUMENT REPAIR POLICY :
REPAIR ESTIMATES THAT ARE NOT APPROVED WITHIN 20 DAYS WILL BE SENT BACK NOT REPAIRED.



Invoice

Morain Sales and Services, Inc.
1217 Salt Springs Rd.
Mineral Ridge, OH 44440
(330) 652-8448
(330) 652-2899

Invoice Number: 0072674-IN
Invoice Date: 9/10/2020

Order Number: 0046186
Order Date: 9/4/2020
Salesperson: 0003
Customer Number: C_TOLE

Sold To:
COLUMBIA GAS OF OHIO
A/P Sophia Ramos - 131945
P.O. BOX 30130
COLLEGE STATION, TX 77842

SEP 16 2020

Ship To:
COLUMBIA GAS OF OHIO
2901 E MANHATTAN BLVD
SHARE:971
TOLEDO, OH 43611

Confirm To:
SOFIA RAMOS

Customer P.O.	Ship VIA	F.O.B.	Terms
8318	DROP OFF	ORIGIN	Net 30

Item Code	Unit	Ordered	Shipped	Back Ordered	Price	Amount
C-360029225			2 IPS FSEQ RTRY PEELR			
Whse: 001	EACH	3	3	0	870.700	1,959.08
C-360029226			3 IPS FSEQ RTRY PEELR			
Whse: 001	EACH	3	3	0	937.140	2,108.57
C-360029227			4 IPS FSEQ RTRY PEELR			
Whse: 001	EACH	3	3	0	960.970	2,162.18
A214907			SOCKET FUSION KIT			
Whse: 001	EACH	4	4	0	1552.07	6,208.28

5,000 of this
charge

A late charge of 1.5% will be added to past due accounts

Net Invoice:	12,438.09
Less Discount:	0.00
Freight:	0.00
Sales Tax:	0.00
Invoice Total:	12,438.09



M.T. DEARON,
A DIVISION OF ISCO, INC.
P. O. BOX 101807
BIRMINGHAM, AL 35210-6807
UNITED STATES
(205)-956-2266

PAGE 1

INVOICE DATE 8/28/2020
INVOICE NO 88101

S COL025
O COLUMBIA GAS NISOURCE
L NISOURCE ACCOUNTS PAYABLE
D PO BOX 30130
T COLLEGE STATION, TX 77842
O

S 000002
H COLUMBIA GAS/ MANSFIELD, OH
I 1021 NORTH MAIN STREET
P MANSFIELD, OH 44903
T
O

TOTAL DUE 727.37

SLS1	SLS2	DUE DATE	DISC DUE DATE	ORDER NO	ORDER DATE	SHIP NO
03		9/27/2020	8/28/2020	123009	8/28/2020	018561301875

TERMS DESCRIPTION	CUSTOMER PO NO	SHIP VIA	SHIP DATE
NFT 30	7951	FDEX PPD/CHG	8/27/2020

ITEM ID	TX CL	UNITS	ORDERED	SHIPPED	UNIT PRICE	EXTENSION
TRI1100	1	EACH	1	0	3,523.0000	0.00
4" POLYTAPP ACC. CARRY CASE W/FOAM & 4" CUTTER W/PILOT, ADAPTER, TEST CAP & WRENCH (1/BOX)						
Lot No	Serial No					
TRI1110	1	EACH	1	0	4,291.0000	0.00
6" POLYTAPP ACC. CARRY CASE W/FOAM & 6" CUTTER W/PILOT, ADAPTER, TEST CAP & WRENCH (1/BOX)						
Lot No	Serial No					
TRI113004	1	EACH	2	1	226.0000	226.00
CLAMP FOR 4" POLYTAPP VALVE						
Lot No	Serial No					
TRI113006	1	EACH	2	2	243.0000	486.00
CLAMP FOR 6" POLYTAPP VALVE						
Lot No	Serial No					

00 SALES TAX
0.00

We appreciate your business.

*** PATCH ***

RCVD
SEP 02 2020

TAXABLE	NONTAXABLE	FREIGHT	SALES TAX	MISC	TOTAL
0.00	712.00	15.37	0.00	0.00	727.37
TOTAL DUE					727.37



M.T. DEASON,
A DIVISION OF ISCO, INC.
P. O. BOX 101807
BIRMINGHAM, AL 35210-6807
UNITED STATES
(205)-956-2286

PAGE 1

INVOICE DATE 9/3/2020
INVOICE NO 88172

SEP 09 2020

S COLUMBIA GAS NISOURCE
O COLUMBIA GAS NISOURCE
L NISOURCE ACCOUNTS PAYABLE
D PO BOX 30130
T COLLEGE STATION, TX 77042
O

S 000002
H COLUMBIA GAS/ MANSFIELD, OH
I 1021 NORTH MAIN STREET
P MANSFIELD, OH 44903
T
O

TOTAL DUE 3,538.37

SLS1	SLS2	DUE DATE	DISC DUE DATE	ORDER NO	ORDER DATE	SHIP NO
03		10/3/2020	9/3/2020	123009	8/25/2020	018561302194
TERMS DESCRIPTION		CUSTOMER PONO		SHIP VIA		SHIP DATE
NET 30		7951		FDEX PPD/CHG		9/2/2020
ITEM ID	TX CL	UNITS	ORDERED	SHIPPED	UNIT PRICE	EXTENSION
TRI1109	1	EACH	1	1	3,523.0000	3,523.00
4" POLYTAPP ACC. CARRY CASE W/FOAM & 4" CUTTER W/PILOT, ADAPTER, TEST CAP & WRENCH (1/BOX)						
Lot No		Serial No				
TRI1119	1	EACH	1	0	4,291.0000	0.00
6" POLYTAPP ACC. CARRY CASE W/FOAM & 6" CUTTER W/PILOT, ADAPTER, TEST CAP & WRENCH (1/BOX)						
Lot No		Serial No				
TRI113004	1	EACH	1	0	226.0000	0.00
CLAMP FOR 4" POLYTAPP VALVE						
Lot No		Serial No				

00 SALES TAX
0.00

We appreciate your business.

TAXABLE	NONTAXABLE	FREIGHT	SALES TAX	MISC	TOTAL
0.00	3,523.00	15.37	0.00	0.00	3,538.37
PRIOR INVOICES	727.37			TOTAL DUE	3,538.37

Invoice



Remit to:
TDW (US), Inc.
FIKA TDW Services, Inc.
PO Box 972116
Dallas, TX - 75397 2116
USA
Main Phone: 916-447-5000

Bill to:
NISOURCE
Address:
ATTN ACCOUNTS PAYABLE ELAINE TEAGUE
AND ID:124473 PO BOX 30730,
COLLEGE STATION, TX - 77842
USA

Ship to:
NISOURCE
ATTN: Michael Dunlap
Toledo OH-Op Ctr Manhattan Biv
2901 E Manhattan Blvd,
Toledo, OH - 43611
USA

Invoice No.: J00121251

Date: 10/27/2020

Packing slip.....: PS00194039

Sales order: 640-2009-118-US

Purchase order: PO8395

Payment terms.....: NET 30 Days

Tracking Number: 1Z7313070344180734 UPS

Delivery term.....: Ex-Works

TDW Sales Rep: Kathy Curti

Customer account.....: C005467
Sold to:: NISOURCE

Billing instructions:
Online Invoicing

Line Item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
2	08-0102-0003-00 SHORTSTOPP@ CONTROL BAR, 8in Line Notes: Lead Time: 16 Week(s)		2.00	EA		2,762.00	5,524.00	Yes

Sales Amount 5,524.00
Shipping/Fees 0.00

Total Tax 400.49
Invoice total 5,924.49
Currency USD

SEND ALL ORDER ACKNOWLEDGEMENTS TO POCONFIRM@NISOURCE.COM

NOTE* **Regarding BLANKET P.O.'S- The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address***

Product Notes: PRE PAY -ADD
DELIVER TO
Michael Dunlap
PARTIAL SHIPMENT OK
Service Notes: None
For billing inquiries, please email
accountsreceivable.WesternHem@tdwilliamson.com



Invoice

Remit to:
TDW (US), Inc.
F/K/A TDW Services, Inc.
PO Box 872116,
Dallas, TX - 75387 2116
USA
Main Phone: 818-447-5000

Bill to:
NISOURCE
Address:
invoice thru Arba Network
visit <http://www.arba.com>
PO Box 30130
College Station
TX
77842

The United States of America
Customer account.....: C006487
Sold to:: NISOURCE

Ship to:
NISource - Elyria OH - Const Serv
120 KEEP COURT
Ship To Code: SHARE:107 -
anywhite@NISource.com
ELYRIA
OH
44035
The United States of America

Invoice No.: J100119274
Date: 9/25/2020
Packing slip.....: PS00191126
Sales order: 640-2003-805-USA
Purchase order: PO5781
Payment terms: NET 30 Days
Tracking Number: 8587027671 YRC
Delivery term.....: Ex-Works
TDW Sales Rep: Kathy Curti

Line item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
1	08-3500-0800-00 PLUGGING MACHINE, 6in JACK	8481.80.3065	2.00	EA		12,810.00	25,620.00	Yes
2	08-3500-0800-00 SHORTSTOP® II PLUGGING MACHINE, 8in	8481.80.3065	2.00	EA		14,981.00	29,962.00	Yes
3	08-0758-0000-00 SHORTCUT® 500 VALVE ASSEMBLY, 2in	8481.80.3055	8.00	EA		1,268.40	10,147.20	Yes
5	00-6906-0001-00 REGULATOR-LUBRICATOR-FILTER	8412.80.8035	1.00	EA		886.00	886.00	Yes
6	05-1028-0000-00 T-101b TAPPING MACHINE	8205.10.0000	1.00	EA		4,517.60	4,517.60	Yes
7	05-2160-0000-00 AIR MOTOR ASSEMBLY FOR T101 XL TAPPING MACHINE	8467.92.0090	1.00	EA		3,969.60	3,969.60	Yes

Sales Amount 75,102.40
Shipping/Fees 0.00
Total Tax 5,069.49
Invoice total 80,171.89
Currency USD

SEND ALL ORDER ACKNOWLEDGEMENTS TO POCONFIRM@NISOURCE.COM

****NOTE**** **Regarding BLANKET PO'S- The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address****

CRM Product Notes: ATTN: Dave Breitall
Elyria OH - Const Serv

PO5781

Ship To Code: SHARE:107
Email: anywhite@NISource.com

22. IF REQUIRED PER THE SHIPPING INSTRUCTIONS ON THE PO, PLEASE CALL TRANSPORTATION INSIGHT 800-967-4830 OR E-MAIL TOWER2@INSIGHT.COM FOR NON SMALL PACKAGE FREIGHT INSTRUCTIONS. PLEASE MARK BILL OF LADING "COLLECT 3RD PARTY BILL TO: NISOURCE/TRANSPORTATION INSIGHT, PO BOX 11250, OVERLAND PARK, KS 66207 " IF THIS SHIPMENT IS NOT ROUTED THROUGH TRANSPORTATION INSIGHT AND THE PO INSTRUCTED THIS SHIPPING METHOD, THE SUPPLIER WILL BE BACK CHARGED FOR EXCESS FREIGHT COSTS INCURRED PLUS \$150 SERVICE FEE.
23. FOR MATERIAL PURCHASES, SHIPMENT(S) SHALL BE MARKED WITH OWNER'S ITEM NUMBER AND THE PURCHASE ORDER NUMBER.

24. IF MATERIALS SHIPPED REQUIRES (HAZARDOUS MATERIAL), PLEASE DO ALL OF THE FOLLOWING:

- 1) ATTACH A COPY OF THE SDS SHEET TO THE PRODUCT WHEN SHIPPING
- 2) EMAIL THE SDS SHEET TO: BCVALENDAMP@NISOURCE.COM
- 3) ATTACH TO YOUR SHIPPING NOTICE IN ARIBA.
25. FOR SERVICES PERFORMED AT NIPSCO GENERATION FACILITIES, NIPSCO CONTRACTOR INFORMATION SUPPLEMENT SHALL APPLY

For billing inquiries, please email
accountsreceivable.WesternHem@tdwilliamson.com

does not
include the
tapping



Fw: COH - Construction September 2020 BtoA

Joshua Short to Mitchell O'Brien

cc: Dylan Koleff1

11/02/2020 10:00 AM

Hello again Mitchell,

Please let me introduce Dylan who is transitioning into my role as I prepare to leave Nisource through the offered VSP. Dylan, Mitchell has been helping us with O&M to capital reclasses within the COH Construction group.

As you can see in the exchanges below, we had a few more TDW items sneak through in September prior to the group correcting the problem and I am hoping that you can help us in the same way as last time with a reclass of the items listed below from O&M to capital.

Accounting Period	Material Amount	Charge Department	Account	Cost Element	Activity	Activity Desc
9	950.66	0318180	87400000	3004	02961	Maintain Han
9	50012.82	0318180	87400000	3004	02961	Maintain Han
9	4257.40	0318180	87400000	3004	02961	Maintain Han
9	14130.62	0318180	87400000	3004	02961	Maintain Han
9	2720.71	0318180	87400000	3004	02961	Maintain Han
9	4845.13	0318180	87400000	3004	02961	Maintain Han

Please let us know if that is something you can do in October's

ing further.

Thank you,
Josh Short
NiSource Gas Distribution
240 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: 614-460-5469

14,130.62
2,720.71
4,845.13
21,696.46

950.66
50,012.82
4,257.40
55,220.88

----- Forwarded by Joshua Short/NCS/Enterprise on 11/02/2020 09:45 AM -----

From: Jim Cole/NCS/Enterprise
To: Joshua Short/NCS/Enterprise@NISOURCE,
Cc: Christopher Ludwig/NCS/Enterprise@NISOURCE, Amy White/NCS/Enterprise@NISOURCE,
Dylan Koleff1/NCS/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, James
Blake/COH/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE, Connor
McGrath/CGV/Enterprise@NISOURCE

Date: 10/16/2020 11:42 AM

Subject: Re: COH - Construction September 2020 BtoA

As I understand it, we have entered an O&M account string on these PO's when we placed the order. After that the invoices are received from the vendor and flow through Ariba with this account classification. It's at the time of creating the PO that we've entered the "wrong" classification.

We're aware of this now and since we've agreed to change our philosophy about capitalizing these items we should be able to address it on the front end.

Having said that, there is no guarantee that an invoice will never get classified to the wrong account. We will still have to monitor and question anything that doesn't look right.

Thanks. Let's go with the plan that I proposed.

Jim
Jim Cole
Construction Manager
Columbia Gas of Ohio
601 Manor Park Dr.
Columbus, OH 43228

On Oct 16, 2020, at 11:30 AM, Joshua Short <jshort@nisource.com> wrote:

Jim,

I have no issues with your proposal and working with accounting again. However, are you and Amy sure everything is fine going forward? Because it is unclear to me, and I just want to make sure that we have corrected the underlying issue and that we are not reaching out to accounting to reclass each month going forward. I know very little of how Ariba works and thought that if we do not understand the real issue and how to correct it, that Chris would be able to help us.

Thank you,
Josh Short
NiSource Gas Distribution
240 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: 614-460-5469

Jim Cole---10/16/2020 10:34:39 AM---OK. Thanks -- I didn't understand the invoice ID being the same . . . Guys -- We've gone around in

From: Jim Cole/NCS/Enterprise
To: Christopher Ludwig/NCS/Enterprise@NISOURCE,
Cc: Joshua Short/NCS/Enterprise@NISOURCE, Amy White/NCS/Enterprise@NISOURCE, Dylan Koleff/NCS/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, James Blake/COH/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE, Connor McGrath/CGV/Enterprise@NISOURCE
Date: 10/16/2020 10:34 AM
Subject: Re: COH - Construction September 2020 BtoA

OK. Thanks -- I didn't understand the invoice ID being the same . . .

Guys -- We've gone around in circles with this now each month for the last three months. This is the first time that we've talked about "clearing them out" and "resubmitting". Would this require the vendor, TDW, to actually resubmit into Ariba since that's the normal process flow?

What I'd like to propose is that we just let these invoices process and pay. If they're in an Ariba status that we can't access to correct, just let them pay.

Following that, Accounting can reclassify them to our capital 915 account after they're paid and booked -- same as was done last month.

Is that possible and acceptable to everyone?

Jim

Jim Cole
Manager, Construction
Columbia Gas of Ohio
601 Manor Park Drive
Columbus, OH 43228
Office: 614-851-7511
Cell: 614-348-5348
jcole@nisource.com

Christopher Ludwig---10/16/2020 09:49:59 AM---Thanks Josh. Additionally, once they invoices are in paying status in Ariba, no changes can be made

From: Christopher Ludwig/NCS/Enterprise
To: Joshua Short/NCS/Enterprise@NISOURCE,
Cc: Jim Cole/NCS/Enterprise@NISOURCE, Amy White/NCS/Enterprise@NISOURCE, Dylan Koffel1/NCS/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, James Blake/COH/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE
Date: 10/16/2020 09:49 AM

Subject: Re: COH - Construction September 2020 BtoA

Thanks Josh. Additionally, once they invoices are in paying status in Ariba, no changes can be made to them. They have to be resubmitted.

Chris Ludwig
NISource
Shared Services. AP. Sr Analyst
240 W. Nationwide Blvd Columbus, OH 43215
Phone. 614.460.5509
Email. ChristopherLudwig@Nisource.com

Joshua Short---10/16/2020 09:47:08 AM---Jim, The invoice numbers are the same as Invoice ID that were provided in my screen shot of the tran

From: Joshua Short/NCS/Enterprise
To: Jim Cole/NCS/Enterprise@NISOURCE
Cc: Amy White/NCS/Enterprise@NISOURCE, Christopher Ludwig/NCS/Enterprise@NISOURCE, Dylan Koffel1/NCS/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, James Blake/COH/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE
Date: 10/16/2020 09:47 AM

Subject: Re: COH - Construction September 2020 BtoA

Jim,

The invoice numbers are the same as Invoice ID that were provided in my screen shot of the transactions.

Thank you,
Josh Short
NiSource Gas Distribution
240 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: 614-460-5469

Jim Cole---10/16/2020 09:45:01 AM---From: Jim Cole/NCS/Enterprise To: Christopher Ludwig/NCS/Enterprise@NISOURCE,

From: Jim Cole/NCS/Enterprise
To: Christopher Ludwig/NCS/Enterprise@NISOURCE,
Cc: Joshua Short/NCS/Enterprise@NISOURCE, Amy White/NCS/Enterprise@NISOURCE, Dylan Koeffel/NCS/Enterprise@NISOURCE, James Blake/COH/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, John Holtzmueller/NCS/Enterprise@NISOURCE
Date: 10/16/2020 09:45 AM
Subject: Re: COH - Construction September 2020 BtoA

Chris,

We need to reclassify the invoices. But we need the invoice number or some way to pull it up in Ariba in order to do that.

Can you simply provide the invoice numbers and let us correct the account string so they don't have to be completely re-entered? I assume you have that if you're able to "close them out". Would be easier / quicker to just correct them.

Let us know.

Thanks.

Jim

Jim Cole
Construction Manager
Columbia Gas of Ohio
601 Manor Park Dr.
Columbus, OH 43228

On Oct 16, 2020, at 9:30 AM, Christopher Ludwig
<ChristopherLudwig@nisource.com> wrote:

Hi,

Since these aren't scheduled to pay until next week, I can close these out and then you can just resubmit your invoices with the correct accounting.

Let me know if that works and then I'll go in and close them out today.

Thanks,

Chris Ludwig

NiSource

Shared Services, AP, Sr Analyst
240 W. Nationwide Blvd Columbus, OH 43215
Phone: 614.460.5509

Email: ChristopherLudwig@Nisource.com

Joshua Short---10/16/2020 09:14:02 AM---Good morning Amy, Unfortunately I
only know how to look up processed invoices using the search tool

From: Joshua Short/NCS/Enterprise

To: Amy White/NCS/Enterprise@NISOURCE, Christopher Ludwig/NCS/Enterprise@NISOURCE

Cc: Jim Cole/NCS/Enterprise@NISOURCE, Dylan Koleff1/NCS/Enterprise@NISOURCE, James
Blake/COH/Enterprise@NISOURCE

Date: 10/16/2020 09:14 AM

Subject: Re: COH - Construction September 2020 BtoA

Good morning Amy,

Unfortunately I only know how to look up processed invoices using the search
tool to look up invoice ID. However, Christopher is in AP and may be able to help
us get the 2 invoice IDs below corrected in the system. If it is too late to correct in
ARIBA please let me know and I can work with accounting to do another reclass,
but hopefully we have or can identify what the real issue is and correct it going
forward. It sounds like maybe you already have.

<0.B66.gif>

Thank you,

Josh Short

NiSource Gas Distribution

240 W. Nationwide Blvd.

Columbus, Ohio 43215

Office: 614-460-5469

Amy White---10/16/2020 07:05:56 AM---These are the ones I entered and I
entered them under hand tools instead of 00915. I thought I had f

From: Amy White/NCS/Enterprise

To: Jim Cole/NCS/Enterprise@NISOURCE,

Cc: Dylan Koleff1/NCS/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, James

Blake/COH/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE, Joshua

Short/NCS/Enterprise@NISOURCE

Date: 10/16/2020 07:05 AM

Subject: Re: COH - Construction September 2020 BtoA

These are the ones I entered and I entered them under hand tools instead of
00915. I thought I had fixed most of these.

If anyone can tell me how to fix them in Ariba, I would be more than happier to,
Sorry for the mistake, it won't happen again.

Amy White
Administrative Assistant, Construction Services
601 Manor Park Drive
Columbus, OH 43228
P: 614-851-7510
C: 614-595-1177
amywhite@nisource.com

Jim Cole---10/15/2020 04:26:16 PM---What can you provide that will take us to
the Ariba transaction so we can review, correct, and coach

From: Jim Cole/NCS/Enterprise
To: Frank Davis/BSG/Enterprise@NISOURCE,
Cc: Dylan Koleff1/NCS/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE,
Joshua Short/NCS/Enterprise@NISOURCE, James Blake/COH/Enterprise@NISOURCE, Amy
White/NCS/Enterprise@NISOURCE
Date: 10/15/2020 04:26 PM
Subject: Re: COH - Construction September 2020 BtoA

What can you provide that will take us to the Ariba transaction so we can review,
correct, and coach whoever entered it?

Jim Cole
Construction Manager
Columbia Gas of Ohio
601 Manor Park Dr.
Columbus, OH 43228

> On Oct 15, 2020, at 3:12 PM, Frank Davis <fdavis@nisource.com> wrote:

>

> I think these would also need to be capitalize. Jim could you verify and please
work to get these charged to correct bucket.

>

>

> Frank Davis
> VP Construction
> 290 W. Nationwide Blvd
> Columbus, Ohio 43215
> 614-460-6818

>

>

>

> From: Joshua Short/NCS/Enterprise
> To: Frank Davis/BSG/Enterprise@NISOURCE
> Cc: Dylan Koleff1/NCS/Enterprise@NISOURCE, John
Holtzmuller/NCS/Enterprise@NISOURCE

> Date: 10/15/2020 08:55 AM
> Subject: COH - Construction September 2020 BtoA
>
>
> Hello Frank,
>
> Please see below for your updated monthly report and let me know if you have any questions. Accounting was able to reclass ~\$333K (all that we identified) from O&M to capital, however it looks like 2 additional fairly large TDW invoices came through as 100% O&M again in September. I was not able to pull invoices but the transactional details are in the screen shot below and included in the file on a yellow highlighted tab. We can discuss further in our meeting this afternoon, but I think these are being processed incorrectly resulting in necessary reclasses. I know Jim was working on getting the process fixed last month and so maybe these were able to sneak in before that but thought you may want to check with him on these.
>
>
>
> Also, I have copied Dylan who will be transitioning into my role as I prepare to leave NiSource through the VSP offer. Would you be able to please add him to our monthly meetings starting with our 3pm this afternoon?
>
>
>
> Thank you,
> Josh Short
> NiSource Gas Distribution
> 240 W. Nationwide Blvd.
> Columbus, Ohio 43215
> Office: 614-460-5469
>

Invoice



Remit to:
TDW (US), Inc.
FKA TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA
Main Phone: 918-447-5000

Bill to:
NISOURCE
Address:
invoice thru Arba Network
visit <http://www.arba.com>
PO Box 30130
College Station
TX
77842

The United States of America
Customer account: C005467
Sold to: NISOURCE

Ship to:
NISource-Salem OH - Construction Servs
12179 WEST SOUTH RANGE RD
Ship To Code: SHARE-471-E-mail:
amywhite@NISource.com
SALEM
OH
44460
The United States of America

Invoice No.: J100118998

Date: 8/22/2020

Packing slip: PS00190675

Sales order: 840-2003-595-USA

Purchase order: PO5780

Payment terms: NET 30 Days

Tracking Number: 1z7313070343094491 UPS

Delivery term: Ex-Works

TDW Sales Rep: Kathy Curti

Line item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
3	05-2173-0000-00 T-203 TAPPING MACHINE W/ DRIV	8459 29.0090	1.00	EA		46,632.00	46,632.00	Yes
4	00-6906-0001-00 REGULATOR-LUBRICATOR-FILTER	8412 90.9035	1.00	EA		886.40	886.40	Yes
6	05-2160-0000-00 AIR MOTOR ASSEMBLY FOR T101 XL TAPPING MACHINE	8467 92.0090	1.00	EA		3,989.60	3,989.60	Yes

Sales Amount \$1,488.00
Shipping/Fees 0.00

Total Tax 3,732.88
Invoice total 55,220.88
Currency USD

SEND ALL ORDER ACKNOWLEDGEMENTS TO POCONFIRM@NISOURCE.COM

NOTE ***Regarding BLANKET PO'S- The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address***

CRM Product Notes: Attn: Shaun Wade
Salem OH - Construction Servs
PO5780
Ship To Code: SHARE-471
Email: amywhite@NISource.com

REQUIRED PER THE SHIPPING INSTRUCTIONS ON THE PO, PLEASE CALL TRANSPORTATION INSIGHT 800-967-4830 OR E-MAIL TOWER2@T-INSIGHT.COM FOR NON SMALL PACKAGE FREIGHT INSTRUCTIONS. PLEASE MARK BILL OF LADING "COLLECT 3RD PARTY BILL TO: NISOURCE/TRANSPORTATION INSIGHT, PO BOX 11250, OVERLAND PARK, KS 66207." IF THIS SHIPMENT IS NOT ROUTED THROUGH TRANSPORTATION INSIGHT AND THE PO INSTRUCTED THIS SHIPPING METHOD, THE SUPPLIER WILL BE BACK CHARGED FOR EXCESS FREIGHT COSTS INCURRED PLUS \$150 SERVICE FEE.

23. FOR MATERIAL PURCHASES, SHIPMENT(S) SHALL BE MARKED WITH OWNER'S ITEM NUMBER AND THE PURCHASE ORDER NUMBER.

24. IF MATERIALS SHIPPED REQUIRES (HAZARDOUS MATERIAL), PLEASE DO ALL OF THE FOLLOWING:

1) ATTACH A COPY OF THE SDS SHEET TO THE PRODUCT WHEN SHIPPING

2) E-MAIL THE SDS SHEET TO: BVALENDAMPH@NISOURCE.COM

3) ATTACH TO YOUR SHIPPING NOTICE IN ARIBA.

25. FOR SERVICES PERFORMED AT NIPSCO GENERATION FACILITIES, NIPSCO CONTRACTOR INFORMATION SUPPLEMENT SHALL APPLY

For billing inquiries, please email
accountsreceivable.WesternHem@tdwilliamson.com

INVJI00119089-159953; INVJI00119089-159953



INVJI00119089-159953

Issued on Friday, September 25, 2020 EDT
Created on Friday, September 25, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INVJI00119089-159953
Supplier Invoice # : JI00119089
Invoice Date : Wednesday, September 23, 2020 EDT
Order : PO5780
Supplier Tax ID : 730788288
Payment Terms : Net 30
Sold To : NiSource
Accounts Payable
Purchasing Unit : 00034
Remit To Address : TDW (US) INC.
Invoice Submission Method : Online
Invoice Origin : Supplier
Invoice Source Document : Purchase Order
NCS/Columbia Gas or NIPSCO Accounting : NCS/Columbia Gas

Invoice Summary

Base Amount	\$20,229.80 USD
Discount	\$0.00 USD
Charges	\$0.00 USD
Taxes	\$1,466.66 USD
Gross Amount	\$21,696.46 USD

Alternate Approver :
Special Payment Address:
NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas
Payment Text:

Supplier:
TDW (US) INC.
43 HARBOR VIEW DR. (ACH)
NEW CASTLE, DE 19720
United States
Contact:

Ship To:
Salem OH - Construction Servs
12179 W South Range Road
Salem, OH 44460
United States

Deliver To:
Shaun Wade

Bill To:
NiSource Accounts Payable
PO Box 30130
College Station, TX 77842
United States

HEADER ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
	Tax				NoValue		\$1,466.66 USD	Sales/Use tax

Full Description: Tax

Commodity Code:
Partitioned Commodity Code:

INVJI00119089-159953; INVJI00119089-159953

Final Destination Zip Code:

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1	2" Shortcut valves	09-0758-0000-00	Each	2	NoValue	\$1,268.40 USD	\$2,536.80 USD	Item 1

Full Description: 2" Shortcut valves

Commodity Code: Gas/Pipeline Construction Svcs

Partitioned Commodity Code: Gas/Pipeline Construction Svcs

Final Destination Zip Code:

ID: 44460

Name: 44460 - OH - Ohio - Salem, Unincorporated, Washingtonville

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
2	8" Shortcut Valve	09-0042-0000-00	Each	1	NoValue	\$13,175.40 USD	\$13,175.40 USD	Item 2

Full Description: 8" Shortcut Valve

Commodity Code: Gas/Pipeline Construction Svcs

Partitioned Commodity Code: Gas/Pipeline Construction Svcs

Final Destination Zip Code:

ID: 44460

Name: 44460 - OH - Ohio - Salem, Unincorporated, Washingtonville

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
3	Air Driven T101 Tapping Tool	05-0128-0000-00	Each	1	NoValue	\$4,517.60 USD	\$4,517.60 USD	Item 5

Full Description: Air Driven T101 Tapping Tool

Commodity Code: Gas/Pipeline Construction Svcs

Partitioned Commodity Code: Gas/Pipeline Construction Svcs

Final Destination Zip Code:

ID: 44460

Name: 44460 - OH - Ohio - Salem, Unincorporated, Washingtonville

Changes

- Invoice Order changed
- Invoice Purchasing Unit changed from null to 00034



Re: June journal ID PSACCBOT1

Joshua Short to: Jim Cole

09/18/2020 09:02 AM

Cc: Connor McGrath, James Blake, Frank Davis, Eric Messick, John Holtzmuller, Mitchell O'Brien

Jim,

Please see the listing below of all the invoices needing re-classed as well as the pdfs of the TDW and ULC invoices. PDFs of the the SENSIT charges were not in ARIBA and so the next best thing I could provide is the excel sheet also attached with all of the detailed transactions.

Sum of Monetary Amount	Column Labels	6	7	8 Grand Total
Row Labels				
SENSIT TECHNOLOGIES		70,515.51		70,515.51
0292989-IN		23,976.00		23,976.00
0290290-IN		16,170.85		16,170.85
0290291-IN		12,134.25		12,134.25
0290101-IN		8,096.70		8,096.70
0290292-IN		8,096.70		8,096.70
0290098-IN		2,041.01		2,041.01
TDW (US), INC.		151,384.78	48,772.53	200,157.31
J100114582		66,171.63		66,171.63
J100116177			48,772.53	48,772.53
J100115931		48,155.49		48,155.49
J100115845		37,057.66		37,057.66
ULC ROBOTICS INC		61,957.34		61,957.34
12477		61,957.34		61,957.34
Grand Total		70,515.51	213,342.12	48,772.53
				332,630.16



ULC Robotics Inv#12477.pdf TDW Inv#J100114582.pdf TDW Inv#J100115845.pdf TDW Inv#J100115931.pdf



TDW Inv#J100116177.pdf TDW_SENSIT_ULC_Reclass.xlsx

Thank you,
Josh Short
NiSource Gas Distribution
240 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: 614-460-5469

Jim Cole This is getting confusing again . . . I would say t... 09/18/2020 08:13:15 AM

From: Jim Cole/NCS/Enterprise
To: Joshua Short/NCS/Enterprise@NISOURCE,
Cc: Connor McGrath/CGV/Enterprise@NISOURCE, James Blake/COH/Enterprise@NISOURCE,
Frank Davis/BSG/Enterprise@NISOURCE, Eric Messick/NCS/Enterprise@NISOURCE, John
Holtzmuller/NCS/Enterprise@NISOURCE, Mitchell O'Brien/NCS/Enterprise@NISOURCE
Date: 09/18/2020 08:13 AM

Subject: Re: June journal ID PSACCBOT1

This is getting confusing again . . .

I would say the options are:

1) charge 100% to the account string containing "Business Unit (00034) Account (10700001) Activity (00915) Cost Element (2017) Work Order (091534B34000915)"

OR

2) We could charge this to our Code Pattern.

I believe we should charge 100% to the account string (option 1 above) so it properly hits the 915 Budget as Jim Blake pointed out in our last round of emails.

Please forward the specific invoices that were charged to the wrong account so I can follow-up with our team on proper coding for these items.

Jim

Jim Cole
Manager, Construction
Columbia Gas of Ohio
601 Manor Park Drive
Columbus, OH 43228
Office: 614-851-7511
Cell: 614-348-5348
jcole@nisource.com

Joshua Short	Good morning Connor, We have some O&M cha...	09/18/2020 07:52:49 AM
--------------	--	------------------------

From:	Joshua Short/NCS/Enterprise
To:	Connor McGrath/CGV/Enterprise@NISOURCE,
Cc:	James Blake/COH/Enterprise@NISOURCE, Jim Cole/NCS/Enterprise@NISOURCE, Frank Davis/BSG/Enterprise@NISOURCE, Eric Messick/NCS/Enterprise@NISOURCE, John Holtzmuller/NCS/Enterprise@NISOURCE, Mitchell O'Brien/NCS/Enterprise@NISOURCE
Date:	09/18/2020 07:52 AM
Subject:	Re: June journal ID PSACCBOT1

Good morning Connor,

We have some O&M charges hitting Frank's budget by mistake and are trying to get those re-classed to capital as well as correct the coding going forward and the team asked that you weigh. When you get a chance will you please see the emails below and let us know if you are good with Mitchell's solution below?

[attachment "COH Construction TDW_ULC__SENSIT transactions.xlsx" deleted by Jim Cole/NCS/Enterprise]

Thank you,
Josh Short

NiSource Gas Distribution
240 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: 614-460-5469

Mitchell O'Brien	Hey James/Connor, I received this info previously:	09/09/2020 10:53:07 AM
James Blake	Not to bough this down again, but I think we nee...	09/09/2020 10:40:15 AM
Jim Cole	Sorry that we took such a long path to resolve thi...	09/09/2020 10:20:20 AM
Mitchell O'Brien	Hey all, I just talked to Jim on the phone. From...	09/09/2020 09:51:23 AM
Jim Cole	From: Jim Cole/NCS/Enterprise To: Mitchell O'Br...	09/09/2020 09:26:51 AM

INV0292989-IN-110670: INV0292989-IN-110670



INV0292989-IN-110670

Issued on Thursday, June 11, 2020 EDT
Created on Thursday, June 11, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INV0292989-IN-110670
Supplier Invoice # : 0292989-IN
Invoice Date : Tuesday, June 9, 2020 EDT
Order : PO6287
Supplier Tax ID : 471986801
Payment Terms : Net 45
Sold To : NISource
Accounts Payable
Purchasing Unit : 00034
Remit To Address : SENSIT TECHNOLOGIES
Invoice Submission Method : Online
Invoice Origin : Supplier
Invoice Source Document : Purchase Order
NCS/Columbia Gas or NIPSCO Accounting : NCS/Columbia Gas

Invoice Summary

Base Amount	\$29,676.00 USD
Discount	\$0.00 USD
Charges	\$331.54 USD
Taxes	\$0.00 USD
Gross Amount	\$30,007.54 USD

Alternate Approver :
Special Payment Address:
NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas
Payment Text:

Supplier:
SENSIT TECHNOLOGIES
851 TRANSPORT DR:(ACH)
VALPARAISO, IN 46383
United States
Contact:

Ship To:
Columbus OH - Manor Park
601 Manor Park Drive
Columbus, OH 43228
United States

Deliver To:
Ryan Aliff

Bill To:
NISource Accounts Payable
PO Box 30130
College Station, TX 77842
United States

Commodity Code: Gas/Pipeline Construction Svcs
Partitioned Commodity Code: Gas/Pipeline Construction Svcs
Final Destination Zip Code:
ID: 43228
Name: 43228 - OH - Ohio - Columbus, New Rome, Unincorporated

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1		911-00000-58	Each	12	NoValue			Item 1

INV0292989-IN-110670: INV0292989-IN-110670

Sensit G2-TC 4 gas
(LEL, % Vol, CO, O2,
H2S)
...

\$1,998.00
USD

\$23,976.00
USD

Full Description: Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)
Model #911-00000-58

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
2	Smart-Cal 360 Desktop Model #936-00000-01	936-00000-01	Each	1	NoValue	\$5,700.00 USD	\$5,700.00 USD	Item 2

Full Description: Smart-Cal 360 Desktop
Model #936-00000-01

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
2	Shipping Charges - line level		Each	1	NoValue	\$331.54 USD	\$331.54 USD	Item 2, Shipping

Full Description: Shipping Charges - line level

Changes

- Invoice Purchasing Unit changed from null to 00034

INV0290290-IN-111334: INV0290290-IN-111334



INV0290290-IN-111334

Issued on Friday, June 12, 2020 EDT

Created on Friday, June 12, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INV0290290-IN-111334

Supplier Invoice # :

0290290-IN

Invoice Date : Monday,

April 6, 2020 EDT

Order : PO5629

Supplier Tax ID :

471986801

Payment Terms : Net 45

Sold To : NiSource

Accounts Payable

Purchasing Unit : 00034

Remit To Address :

SENSIT TECHNOLOGIES

Invoice Submission

Method : Online

Invoice Origin : Supplier

Invoice Source

Document : Purchase

Order

NCS/Columbia Gas or

NIPSCO Accounting :

NCS/Columbia Gas

Invoice Summary

Base Amount \$15,984.00 USD

Discount \$0.00 USD

Charges \$188.85 USD

Taxes \$0.00 USD

Gross Amount \$16,170.85 USD

Alternate Approver :

Special Payment Address:

NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas

Payment Text:

Supplier:

SENSIT TECHNOLOGIES

851 TRANSPORT DR:(ACH)

VALPARAISO, IN 46383

United States

Contact:

Ship To:

Elyria OH - Const Serv

120 Keep Court

Elyria, OH 44035

United States

Deliver To:

Dave Brattoli

Bill To:

NiSource Accounts Payable

PO Box 30130

College Station, TX 77842

United States

Commodity Code: Gas/Pipeline Construction Svcs

Partitioned Commodity Code: Gas/Pipeline Construction Svcs

Final Destination Zip Code:

ID: 44035

Name: 44035 - OH - Ohio - Elyria, North Ridgeville, Sheffield, Sheffield Village, Unincorporated

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
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INV0290290-IN-111334; INV0290290-IN-111334

1	Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)	911-00000-58	Each	8	NoValue	\$1,998.00 USD	\$15,984.00 USD	Item 1
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Full Description: Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1	Shipping Charges - line level		Each	1	NoValue	\$186.85 USD	\$186.85 USD	Item 1, Shipping

Full Description: Shipping Charges - line level

Changes

- Invoice Purchasing Unit changed from null to 00034

INV0290291-IN-111337; INV0290291-IN-111337

**INV0290291-IN-111337**

Issued on Friday, June 12, 2020 EDT

Created on Friday, June 12, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INV0290291-IN-111337
 Supplier Invoice # : 0290291-IN
 Invoice Date : Monday, April 6, 2020 EDT
 Order : PO5628
 Supplier Tax ID : 471986801
 Payment Terms : Net 45
 Sold To : NISource
 Accounts Payable
 Purchasing Unit : 00034
 Remit To Address : SENSIT TECHNOLOGIES
 Invoice Submission Method : Online
 Invoice Origin : Supplier
 Invoice Source
 Document : Purchase Order
 NCS/Columbia Gas or NIPSCO Accounting : NCS/Columbia Gas

Invoice Summary

Base Amount	\$11,988.00 USD
Discount	\$0.00 USD
Charges	\$146.25 USD
Taxes	\$0.00 USD
Gross Amount	\$12,134.25 USD

Alternate Approver :
 Special Payment Address:
 NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas
 Payment Text:

Supplier:
 SENSIT TECHNOLOGIES
 851 TRANSPORT DR:{ACH}
 VALPARAISO, IN 46383
 United States
 Contact:

Ship To:
 Toledo OH-Op Ctr Manhattan Bld
 2801 E Manhattan Blvd
 Toledo, OH 43611
 United States

Deliver To:
 Mike Dunlap

Bill To:
 NISource Accounts Payable
 PO Box 30130
 College Station, TX 77842
 United States

Commodity Code: Gas/Pipeline Construction Svcs
 Partitioned Commodity Code: Gas/Pipeline Construction Svcs
 Final Destination Zip Code:
 ID: 43611
 Name: 43611 - OH - Ohio - Toledo, Unincorporated

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
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INV0290291-IN-111337: INV0290291-IN-111337

1	Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)	911-00000-58	Each	6	NoValue	\$1,998.00 USD	\$11,988.00 USD	Item 1
---	--	--------------	------	---	---------	-------------------	--------------------	--------

Full Description: Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1	Shipping Charges - line level		Each	1	NoValue	\$146.25 USD	\$146.25 USD	Item 1, Shipping

Full Description: Shipping Charges - line level

Changes

- Invoice Purchasing Unit changed from null to 00034

INV0290101-IN-111331: INV0290101-IN-111331



INV0290101-IN-111331

Issued on Friday, June 12, 2020 EDT
Created on Friday, June 12, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INV0290101-IN-111331
Supplier Invoice # : 0290101-IN
Invoice Date : Thursday, April 2, 2020 EDT
Order : PO5583
Supplier Tax ID : 471986801
Payment Terms : Net 45
Sold To : NISource
Accounts Payable
Purchasing Unit : 00034
Remit To Address : SENSIT TECHNOLOGIES
Invoice Submission Method : Online
Invoice Origin : Supplier
Invoice Source
Document : Purchase Order
NCS/Columbia Gas or NIPSCO Accounting : NCS/Columbia Gas

Invoice Summary

Base Amount	\$7,992.00 USD
Discount	\$0.00 USD
Charges	\$104.70 USD
Taxes	\$0.00 USD
Gross Amount	\$8,096.70 USD

Alternate Approver :
Special Payment Address:
NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas
Payment Text:

Supplier:
SENSIT TECHNOLOGIES
851 TRANSPORT DR:(ACH)
VALPARAISO, IN 48383
United States
Contact:

Ship To:
Springfield OH-Op Ctr
2101 West Main Street
Springfield, OH 45504
United States

Deliver To:
Pete Beko

Bill To:
NISource Accounts Payable
PO Box 30130
College Station, TX 77842
United States

Commodity Code: Gas/Pipeline Construction Svcs
Partitioned Commodity Code: Gas/Pipeline Construction Svcs
Final Destination Zip Code:
ID: 45504
Name: 45504 - OH - Ohio - Lawrenceville, Unincorporated

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
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INV0290101-IN-111331; INV0290101-IN-111331

1	Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)	Not Available	Each	4	NoValue	\$1,998.00 USD	\$7,992.00 USD	Item 1
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Full Description: Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)
Model #911-00000-58

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1	Shipping Charges - line level		Each	1	NoValue	\$104.70 USD	\$104.70 USD	Item 1, Shipping

Full Description: Shipping Charges - line level

Changes

- Invoice Purchasing Unit changed from null to 00034

INV0290292-IN-111340: INV0290292-IN-111340



INV0290292-IN-111340

Issued on Friday, June 12, 2020 EDT
Created on Friday, June 12, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INV0290292-IN-111340
Supplier Invoice # : 0290292-IN
Invoice Date : Monday, April 6, 2020 EDT
Order : PO5627
Supplier Tax ID : 471986801
Payment Terms : Net 45
Sold To : NISource
Accounts Payable
Purchasing Unit : 00034
Remit To Address : SENSIT TECHNOLOGIES
Invoice Submission Method : Online
Invoice Origin : Supplier
Invoice Source
Document : Purchase Order
NCS/Columbia Gas or NIPSCO Accounting : NCS/Columbia Gas

Invoice Summary

Base Amount	\$7,992.00 USD
Discount	\$0.00 USD
Charges	\$104.70 USD
Taxes	\$0.00 USD
Gross Amount	\$8,096.70 USD

Alternate Approver :
Special Payment Address:
NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas
Payment Text:

Supplier:
SENSIT TECHNOLOGIES
851 TRANSPORT DR.(ACH)
VALPARAISO, IN 46383
United States
Contact:

Ship To:
Mansfield OH-Heartland Op Ctr
1021 North Main Street
Mansfield, OH 44903
United States
Deliver To:
Mark Wright

Bill To:
NISource Accounts Payable
PO Box 30130
College Station, TX 77842
United States

Commodity Code: Gas/Pipeline Construction Svcs
Partitioned Commodity Code: Gas/Pipeline Construction Svcs
Final Destination Zip Code:
ID: 44903
Name: 44903 - OH - Ohio - Mansfield, Ontario, Unincorporated

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
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INV0290292-IN-111340: INV0290292-IN-111340

1	Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)	911-00000-58	Each	4	NoValue	\$1,998.00 USD	\$7,992.00 USD	Item 1
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Full Description: Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1	Shipping Charges - line level		Each	1	NoValue	\$104.70 USD	\$104.70 USD	Item 1, Shipping

Full Description: Shipping Charges - line level

Changes

- Invoice Purchasing Unit changed from null to 00034

INV0290098-IN-111122; INV0290098-IN-111122



INV0290098-IN-111122

Issued on Thursday, June 11, 2020 EDT
Created on Thursday, June 11, 2020 EDT by aribasystem on behalf of Amy White

Header Level Information

ID : INV0290098-IN-111122
Supplier Invoice # : 0290098-IN
Invoice Date : Thursday, April 2, 2020 EDT
Order : PO5542
Supplier Tax ID : 471986801
Payment Terms : Net 45
Sold To : NiSource
Accounts Payable
Purchasing Unit : 00034
Remit To Address : SENSIT TECHNOLOGIES
Invoice Submission Method : Online
Invoice Origin : Supplier
Invoice Source
Document : Purchase Order
NCS/Columbia Gas or NIPSCO Accounting : NCS/Columbia Gas

Invoice Summary

Base Amount	\$1,998.00 USD
Discount	\$0.00 USD
Charges	\$43.01 USD
Taxes	\$0.00 USD
Gross Amount	\$2,041.01 USD

Alternate Approver :
Special Payment Address:
NCS/Columbia Gas or NIPSCO Accounting: NCS/Columbia Gas
Payment Text:

Supplier:
SENSIT TECHNOLOGIES
851 TRANSPORT DR.(ACH)
VALPARAISO, IN 46383
United States
Contact:

Ship To:
Chillicothe OH-ThreeRiverOpCtr
843 Platt StreetPO Box 540
Chillicothe, OH 45601
United States

Deliver To:
Scott Gline

Bill To:
NiSource Accounts Payable
PO Box 30130
College Station, TX 77842
United States

Commodity Code: Gas/Pipeline Construction Svcs
Partitioned Commodity Code: Gas/Pipeline Construction Svcs
Final Destination Zip Code:
ID: 45601
Name: 45601 - OH - Ohio - Chillicothe, Unincorporated

LINE ITEM DETAILS

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
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INV0290098-IN-111122: INV0290098-IN-111122

1	Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)...	Not Available	Each	1	NoValue	\$1,998.00 USD	\$1,998.00 USD	Item 1
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Full Description: Sensit G2-TC 4 gas (LEL, % Vol, CO, O2, H2S)
Model #911-00000-58

No.	Description	Part Number	Unit	Qty	Need-By Date	Unit Price	Amount	Matched To
1	Shipping Charges - line level		Each	1	NoValue	\$43.01 USD	\$43.01 USD	Item 1, Shipping

Full Description: Shipping Charges - line level

Changes

- Invoice Order changed
- Invoice Purchasing Unit changed from null to 00034

Invoice



Remit to:
TDW (US), Inc.
FKIA TDW Services, Inc.
PO Box 972116
Dallas, TX - 75097 2116
USA
Main Phone: 918-447-5000

Bill to:
NISOURCE
Address:
Invoice thru Arriba Network
visit <http://www.arriba.com>
PO Box 30130
College Station
TX 77842
The United States of America
Customer account: C005467
Sold to: NISOURCE

Ship to:
NISource - Columbus OH - Manor Park
601 Manor Park Dr
Ship To Code: SHARE:106 -
amywhite@NISource.com
Columbus
OH 43228
The United States of America
Tracking Number: yrc 4356673719
Delivery term: Ex-Works
TDW Sales Rep: Kathy Curti

Invoice No.: J00114582

Date: 6/30/2020

Packing slip: PS00183913

Sales order: 640-2003-604-USA

Purchase order: PO5777

Payment terms: NET 30 Days

Tracking Number: yrc 4356673719

Delivery term: Ex-Works

TDW Sales Rep: Kathy Curti

Line item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
1	08-3500-0800-00 SHORTSTOPP® II PLUGGING MACHINE, 8in	8481.80.3065	1.00	EA		14,981.40	14,981.40	Yes
2	08-3500-1200-00 PLUGGING MACHINE, 12in JACK	8481.80.3065	1.00	EA		24,983.00	24,983.00	Yes
3	08-0759-0000-00 SHORTCUTT® 500 VALVE ASSEMBLY, 3in	8481.80.3065	2.00	EA		3,185.00	6,370.00	Yes
4	09-0040-0000-00 SHORTCUTT® VALVE ASSEMBLY, 4in	8481.80.3065	2.00	EA		5,351.50	10,703.00	Yes
5	05-1028-0000-00 T-101b TAPPING MACHINE	8205.10.0000	1.00	EA		4,517.60	4,517.60	Yes

Sales Amount 61,555.00

Shipping/Fees 0.00

Total Tax 4,916.53

Invoice total 66,471.53

Currency USD

SEND ALL ORDER ACKNOWLEDGEMENTS TO POCONFIRM@NISOURCE.COM

NOTE ***Regarding BLANKET PO's- The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address***

CRM Product Notes: ATTN: Mark Dunlap
Columbus OH - Manor Park

Ship To Code: SHARE:106
Email: amywhite@NISource.com

PO5777

IF REQUIRED PER THE SHIPPING INSTRUCTIONS ON THE PO, PLEASE CALL TRANSPORTATION INSIGHT 800-967-4830 OR E-MAIL TOWER2@T-INSIGHT.COM FOR NON SMALL PACKAGE FREIGHT INSTRUCTIONS. PLEASE MARK BILL OF LADING "COLLECT 3RD PARTY BILL TO: NISOURCE/TRANSPORTATION INSIGHT, PO BOX 11250, OVERLAND PARK, KS 66207." IF THIS SHIPMENT IS NOT ROUTED THROUGH TRANSPORTATION INSIGHT AND THE PO INSTRUCTED THIS SHIPPING METHOD, THE SUPPLIER WILL BE BACK CHARGED FOR EXCESS FREIGHT COSTS INCURRED PLUS \$150 SERVICE FEE.

23. FOR MATERIAL PURCHASES, SHIPMENT(S) SHALL BE MARKED WITH OWNER'S ITEM NUMBER AND THE PURCHASE ORDER NUMBER.

24. IF MATERIALS SHIPPED REQUIRES (HAZARDOUS MATERIAL), PLEASE DO ALL OF THE FOLLOWING:

1) ATTACH A COPY OF THE SDS SHEET TO THE PRODUCT WHEN SHIPPING

2) E-MAIL THE SDS SHEET TO: BCVALENDAMP@NISOURCE.COM

3) ATTACH TO YOUR SHIPPING NOTICE IN ARIBA.

25. FOR SERVICES PERFORMED AT NIPSCO GENERATION FACILITIES, NIPSCO CONTRACTOR INFORMATION SUPPLEMENT SHALL APPLY

CUSTOMER HAS APPROVED A PARTIAL SHIPMENT FOR ALL THAT IS AVAILABLE.

PLEASE SHIP NEXT DAY FOR AM DELIVERY



Invoice

Remit to:
TDW (US), Inc.
FKA/TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA
Main Phone: 918-447-5000

Bill to:
NISOURCE
Address:
Invoice thru Arba Network
visit <http://www.arba.com>
PO Box 30130
College Station
TX
77842

The United States of America
Customer account.....: C005467
Sold to:

SRW
6/25/20

For billing inquiries, please email
accountsreceivable.Western-Hem@tdwilliamson.com

Invoice No.: J100114582
Date: 6/30/2020
Packing slip.....: PS00183913
Sales order: 640-2003-604-USA
Purchase order: PO5777
Payment terms.....: NET 30 Days
Tracking Number: yrc 4355673719
Delivery term.....: Ex-Works
TDW Sales Rep: Kathy Curti

Ship to:
NISource - Columbus OH - Manor Park
601 Manor Park Dr
Ship To Code: SHARE-106 -
amywhite@NISource.com
Columbus
OH
43228
The United States of America



Invoice

Remit to:
TDW (US), Inc.
F/K/A TDW Services, Inc.
PO Box 972116
Dallas, TX - 75397 2116
USA

Main Phone: 978-447-5000

Bill to:
NISOURCE

Address:
Invoice thru Ariba Network
visit <http://www.ariba.com>
PO Box 30130
College Station, TX - 77842
USA

Ship to:
NISOURCE
1021 North Main Street
Ship To Code: SHARE : 916
-amy.white@NISource.com,
Mansfield, OH - 44903
USA

Invoice No.: J100116177
Date: 7/29/2020
Packing slip.....: PS00186405
Sales order: S00010726
Purchase order: PO5782
Payment terms.....: NET 30 Days
Tracking Number:
Delivery term.....:
TDW Sales Rep.....: Mary Tilley

Billing instructions:
Online Invoicing
Customer account.....: C005467
Sold to:: NISOURCE

Line item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
1	08-3309-0000-00	SHORTSTOPP@II PLUGGING MACHINE, 2in	2.00	EA		1,765.40	3,530.80	Yes
2	08-3500-0300-00	SHORTSTOPP@II PLUGGING MACHINE, 3in	4.00	EA		5,331.80	21,327.60	Yes
3	09-0758-0000-00	SHORTCUTT@500 VALVE ASSEMBLY, 2in	2.00	EA		2,536.80	5,073.60	Yes
4	09-0759-0000-00	SHORTCUTT@500 VALVE ASSEMBLY, 3in	2.00	EA		3,185.00	6,370.00	Yes
5	08-3394-0000-00	SHORTPLUG™ HOLDER, 3in SHORTSTOPP@II	1.00	EA		1,115.80	1,115.80	Yes
6	05-2160-0000-00	AIR MOTOR ASSEMBLY FOR T101 XL TAPPING MACHINE	1.00	EA		3,969.60	3,969.60	Yes
7	08-0044-0003-00	SHORTCUTT@ VALVE OPERATING DISC, 12in	1.00	EA		4,194.40	4,194.40	Yes

Sales Amount 45,581.80
Shipping/Fees 0.00

Total Tax 3,190.73

Invoice total 48,772.53

Currency USD

PURPOSE OF THIS ORDER IS TO CORRECT PRICE CHARGED ON CUSTOMER ORDER.
LINE 3 BILLED AT \$0 IN ERROR; CORRECT PRICE SHOULD BE \$2,536.80 EACH.

ORIGINAL SALES ORDER: 840-2003-608-USA
CUSTOMER PO: PO5782
ORIGINAL INVOICE: J100113886

CREDIT NOTE: S00010725
DEBIT NOTE (CORRECTED INVOICE): S00010726

MJT
7/28/20

For billing inquiries, please email
accountsreceivable.WesternHem@tdwilliamson.com

Invoice



Remit to:
TDW (US), Inc.
FKA TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA
Main Phone: 918-447-5000

Bill to:
NISOURCE
Address:
Invoice thru Arba Network
Visit <http://www.arba.com>
PO Box 30130
College Station
TX
77842
The United States of America
Customer account..... C005467
Sold to: NISOURCE

Invoice No. J100115931
Date 7/27/2020
Packing slip..... PS00185952
Sales order 640-2003-604-USA
Purchase order PO5777
Payment terms..... NET 30 Days
Tracking Number 4395673672 YRC
Delivery term..... Ex-Works
TDW Sales Rep..... Kathy Curti

Ship to:
NISource - Columbus OH - Manor Park
601 Manor Park Dr
Ship To Code: SHARE-106 -
amywhite@NISource.com
Columbus
OH
43228
The United States of America

Line Item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
9	08-0940-0000-00 SHORTSTOPP® 500 JACKSCREW ACTUATOR	8483.40.9000	2.00	EA		22,397.90	44,795.80	Yes

Sales Amount 44,795.80
Shipping/Fees 0.00

Total Tax 3,359.69
Invoice total 48,155.49
Currency USD

SEND ALL ORDER ACKNOWLEDGEMENTS TO POCONFIRM@NISOURCE.COM

NOTE ***Regarding BLANKET PO'S: The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address***

CRM Product Notes: ATTN: Mark Dunlap
Columbus OH - Manor Park

Ship To Code: SHARE:106
Email: amywhite@NISource.com

PO5777

IF REQUIRED PER THE SHIPPING INSTRUCTIONS ON THE PO, PLEASE CALL TRANSPORTATION INSIGHT 800-957-4830 OR E-MAIL TOWER2@T-INSIGHT.COM FOR NON SMALL PACKAGE FREIGHT INSTRUCTIONS. PLEASE MARK BILL OF LADING "COLLECT 3RD PARTY BILL TO: NISOURCE/TRANSPORTATION INSIGHT, PO BOX 11250, OVERLAND PARK, KS 66207." IF THIS SHIPMENT IS NOT ROUTED THROUGH TRANSPORTATION INSIGHT AND THE PO INSTRUCTED THIS SHIPPING METHOD, THE SUPPLIER WILL BE BACK CHARGED FOR EXCESS FREIGHT COSTS INCURRED PLUS \$150 SERVICE FEE.

23. FOR MATERIAL PURCHASES, SHIPMENT(S) SHALL BE MARKED WITH OWNER'S ITEM NUMBER AND THE PURCHASE ORDER NUMBER.

24. IF MATERIALS SHIPPED REQUIRES (HAZARDOUS MATERIAL), PLEASE DO ALL OF THE FOLLOWING:

- 1) ATTACH A COPY OF THE SDS SHEET TO THE PRODUCT WHEN SHIPPING
- 2) E-MAIL THE SDS SHEET TO: BCVALENDAMP@NISOURCE.COM
- 3) ATTACH TO YOUR SHIPPING NOTICE IN ARIBA.
26. FOR SERVICES PERFORMED AT NIPSCO GENERATION FACILITIES, NIPSCO CONTRACTOR INFORMATION SUPPLEMENT SHALL APPLY

CUSTOMER HAS APPROVED A PARTIAL SHIPMENT FOR ALL THAT IS AVAILABLE.

PLEASE SHIP NEXT DAY FOR AM DELIVERY

SRW
6/25/20

Invoice



Remit to:
TDW (US), Inc.
FKA TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA
Main Phone: 918-447-5000

Bill to:
NISOURCE

Address:
Invoice thru Arba Network
visit <http://www.arba.com>
PO Box 30130
College Station
TX

77842
The United States of America
Customer account.....: C006467
Sold to:

Ship to:
NISource - Columbus OH - Manor Park
801 Manor Park Dr
Ship To Code: SHARE:106 -
amywhite@NISource.com
Columbus
OH
43228
The United States of America

Invoice No.: J100115931

Date: 7/27/2020

Packing slip.....: PS00185952

Sales order: 640-2003-604-USA

Purchase order: PO5777

Payment terms.....: NET 30 Days

Tracking Number: 43956673672 YRC

Delivery term.....: Ex-Works

TDW Sales Rep: Kathy Curti

For billing inquiries, please email
accountsreceivable.WesternHem@tdwilliamson.com



Invoice

Remit to:
TDW (US), Inc.
P/O TDW Services, Inc.
PO Box 972118
Dallas, TX - 75397 2118
Main Phone: 918-447-5000

Bill to:
NISOURCE
Address:
Invoice thru Arriba Network
visit <http://www.ariba.com>
PO Box 30130
College Station
TX
77842
The United States of America
Customer account: C005467
Sold to: NISOURCE

Billing instructions:

Invoice No.: J100115845
Date: 7/24/2020
Packing slip: PS00185888
Sales order: 640-2003-598-USA
Purchase order: PO5779
Payment terms: NET 30 Days
Tracking Number: 1Z7313070343662555 UPS
Delivery term: Ex-Works
TDW Sales Rep: Kathy Curti

Ship to:
NISource - Chillicothe OH-ThreeRiverOpCtr
843 Platt StreetPO Box 540
Ship To Code: SHARE:919 -
anywhite@NISource.com
Chillicothe
OH
45601
The United States of America

Line item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
1	06-1543-0000-00 ADAPTER, VALVE 6in 150lb F T-202	8466.93.9050	1.00	EA		2,675.20	2,675.20	Yes
2	06-1544-0000-00 ADAPTER, 8in-150lb VALVE T-202 TAPPING MACHINE	8466.93.9050	1.00	EA		3,383.20	3,383.20	Yes
3	07-1034-0000-00 SHORTSTOP® 500 PLUGGING MACHINE	8481.80.3065	2.00	EA		14,247.10	28,494.20	Yes
4	MTRM MATERIAL TEST REPORT MAILED		1.00	EA		0.00	0.00	No

Sales Amount 34,552.80
Shipping/Fees 0.00

Total Tax 2,505.06
Invoice total 37,057.86
Currency USD

SEND ALL ORDER ACKNOWLEDGEMENTS TO POCONFIRM@NISOURCE.COM

NOTE Regarding BLANKET PO'S- The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address***

CRM Product Notes: ATTN:Matt Ralston
Chillicothe OH-ThreeRiverOpCtr
PO5779
Ship To Code: SHARE:919
Email: anywhite@NISource.com

IF REQUIRED PER THE SHIPPING INSTRUCTIONS ON THE PO, PLEASE CALL TRANSPORTATION INSIGHT 800-967-4830 OR E-MAIL TOWER2@T-INSIGHT.COM FOR NON SMALL PACKAGE FREIGHT INSTRUCTIONS. PLEASE MARK BILL OF LADING "COLLECT 3RD PARTY BILL TO: NISOURCE/TRANSPORTATION INSIGHT, PO BOX 11250, OVERLAND PARK, KS 66207." IF THIS SHIPMENT IS NOT ROUTED THROUGH TRANSPORTATION INSIGHT AND THE PO INSTRUCTED THIS SHIPPING METHOD, THE SUPPLIER WILL BE BACK CHARGED FOR EXCESS FREIGHT COSTS INCURRED PLUS \$150 SERVICE FEE.
23. FOR MATERIAL PURCHASES, SHIPMENT(S) SHALL BE MARKED WITH OWNER'S ITEM NUMBER AND THE PURCHASE ORDER NUMBER.
24. IF MATERIALS SHIPPED REQUIRES (HAZARDOUS MATERIAL), PLEASE DO ALL OF THE FOLLOWING:
1) ATTACH A COPY OF THE SDS SHEET TO THE PRODUCT WHEN SHIPPING
2) E-MAIL THE SDS SHEET TO: BVALENDAMP@NISOURCE.COM
3) ATTACH TO YOUR SHIPPING NOTICE IN ARIBA.
25. FOR SERVICES PERFORMED AT NIPSCO GENERATION FACILITIES, NIPSCO CONTRACTOR INFORMATION SUPPLEMENT SHALL APPLY

For billing inquiries, please email
accountsreceivable.WesternHem@tdwilamson.com

ULC ROBOTICS INC.

88 Arkay Drive
Hauppauge, NY 11788

Invoice

Date	Invoice #
4/30/2020	12477

Bill To		Ship To		
NiSource Accounts Payable PO Box 30130 College Station, TX 77842 United States		Elyria OH - Const Serv 120 Keep Court Elyria, OH 44035 United States		
P.O Number	Terms	Location	General Description of Work	
PO6288	Net 30	ULC Robotics	Camera Sales	
Date	Description	Quantity	Unit Price	Amount
	PRX250 Gas Inspection System			
	PRX250 - Base System	1	58,950.00	58,950.00
	PRX250 Standard Launch Tube Case	1	1,050.00	1,050.00
	PRX250 Motor Drive Case	1	850.00	850.00
	PRX250 Reel Case	1	950.00	950.00
	Shipping	1	157.34	157.34
Remit To: ULC Robotics Inc 88 Arkay Drive Hauppauge, NY 11788		Ph: 631-667-9200 Fax: 631-491-0128	Sales Tax (0.0%) \$0.00 Total \$61,957.34	

Elyria Asset Pictures

Melissa L Thompson to: Devin.Mackey@puco.ohio.gov,
Jason.Mumma@puco.ohio.gov,
Jonathan.Borer@puco.ohio.gov,
Cc: Benjamin Freiman, Nicole Shultz
Bcc: Melissa L Thompson

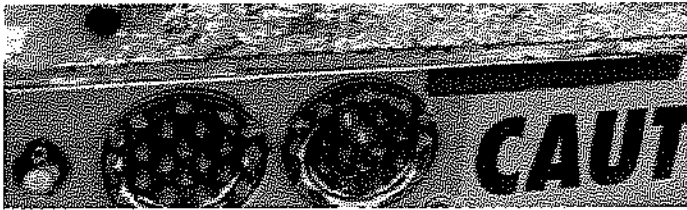
02/08/2022 11:25 PM

Good evening,

As a follow up to the Field Audit at the Elyria Construction Mod located at 120 Keep Court, please see pictures of the 8 ShortCutt 500 Valve Assembly, 2-inch and the T-101b Tapping Machine.

Best,
Melissa

Melissa L. Thompson
Director of Regulatory Policy
Columbia Gas of Ohio, Inc.
290 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: (614) 460-5542
Mobile: (614) 315-3391
Facsimile: (614) 460-8440
mlthompson@nisource.com



Add a Caption



+14403366251

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Tuesday • Feb 1, 2022 • 8:32 AM

Adjust



IMG_0587

Apple iPhone 8



Wide Camera — 28 mm f1.8

12 MP • 3024 × 4032 • 2.3 MB

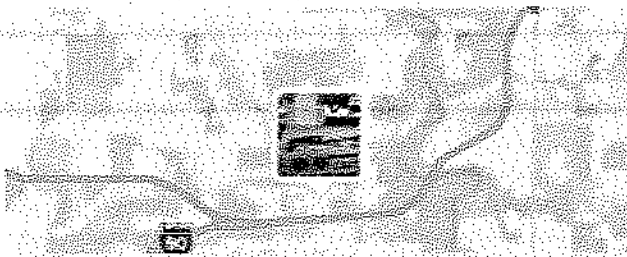
ISO 20

28 mm

0 ev

f1.8

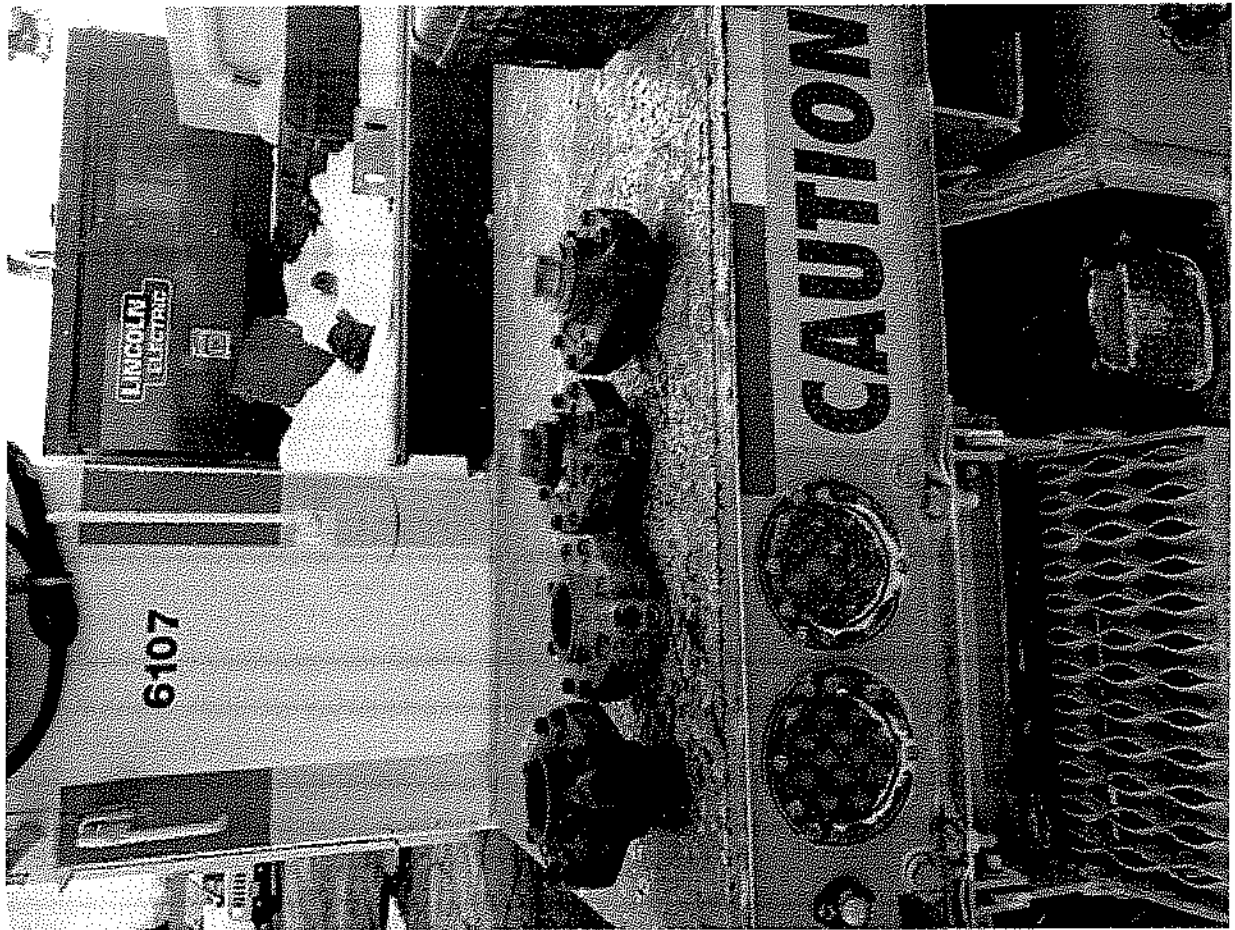
1/281 s

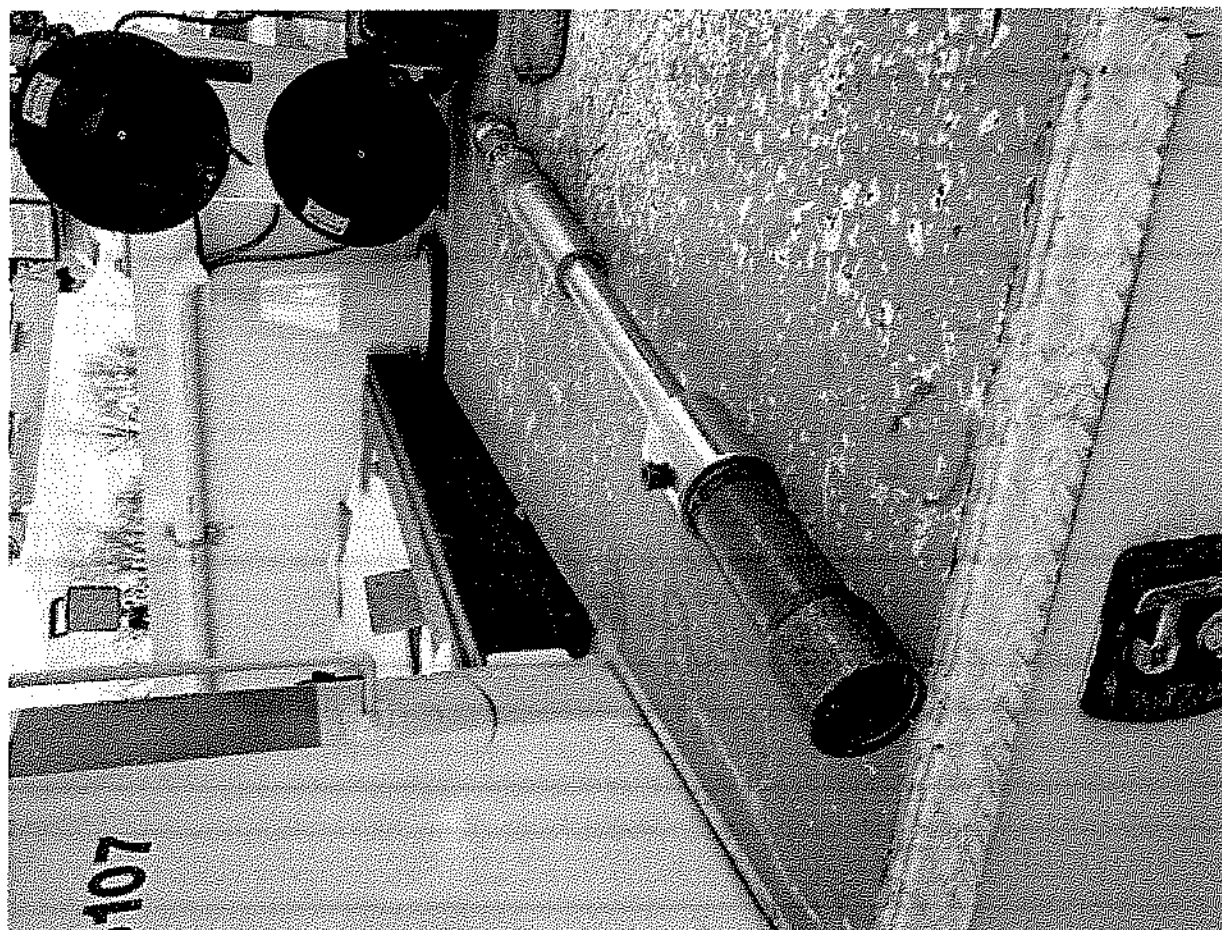


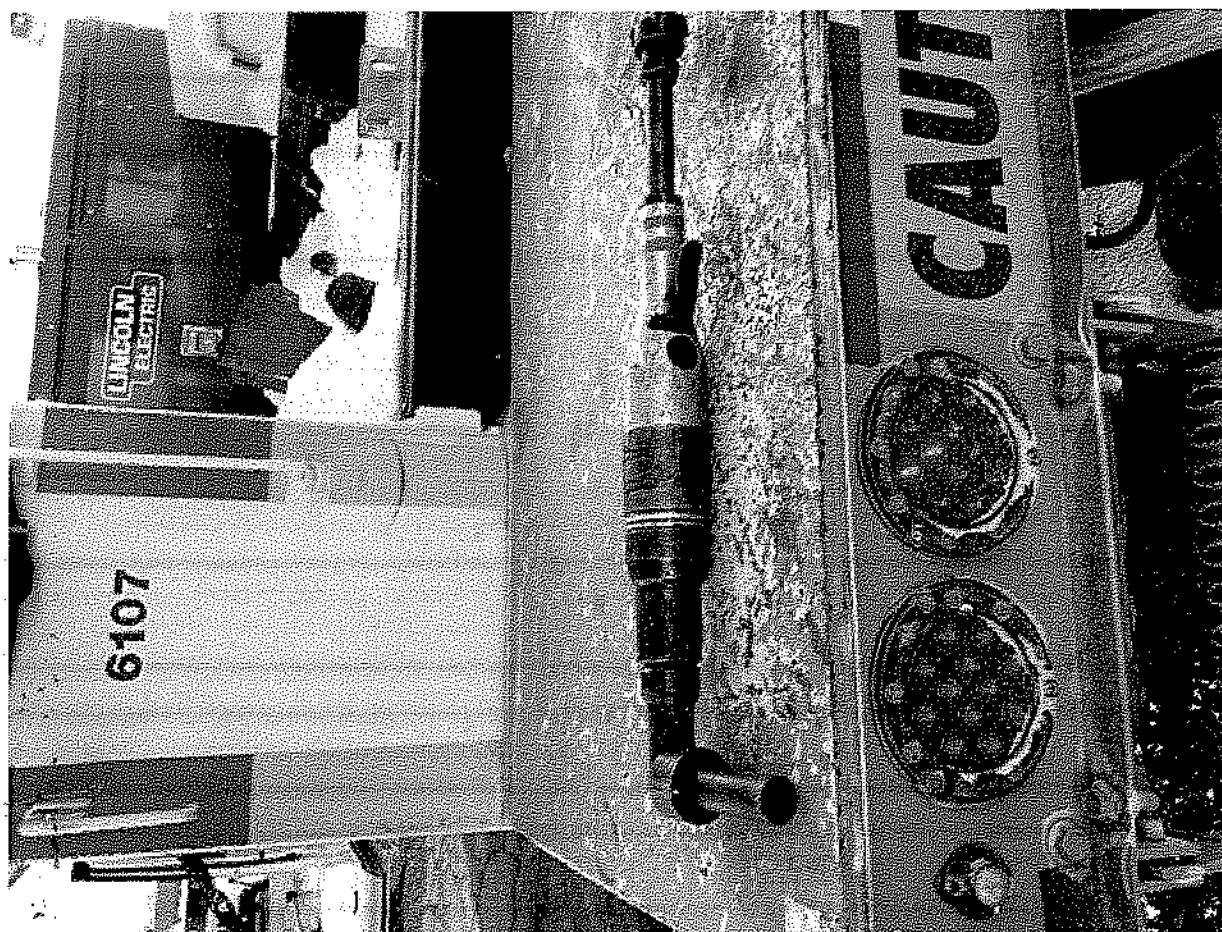
North Elyria

Adjust

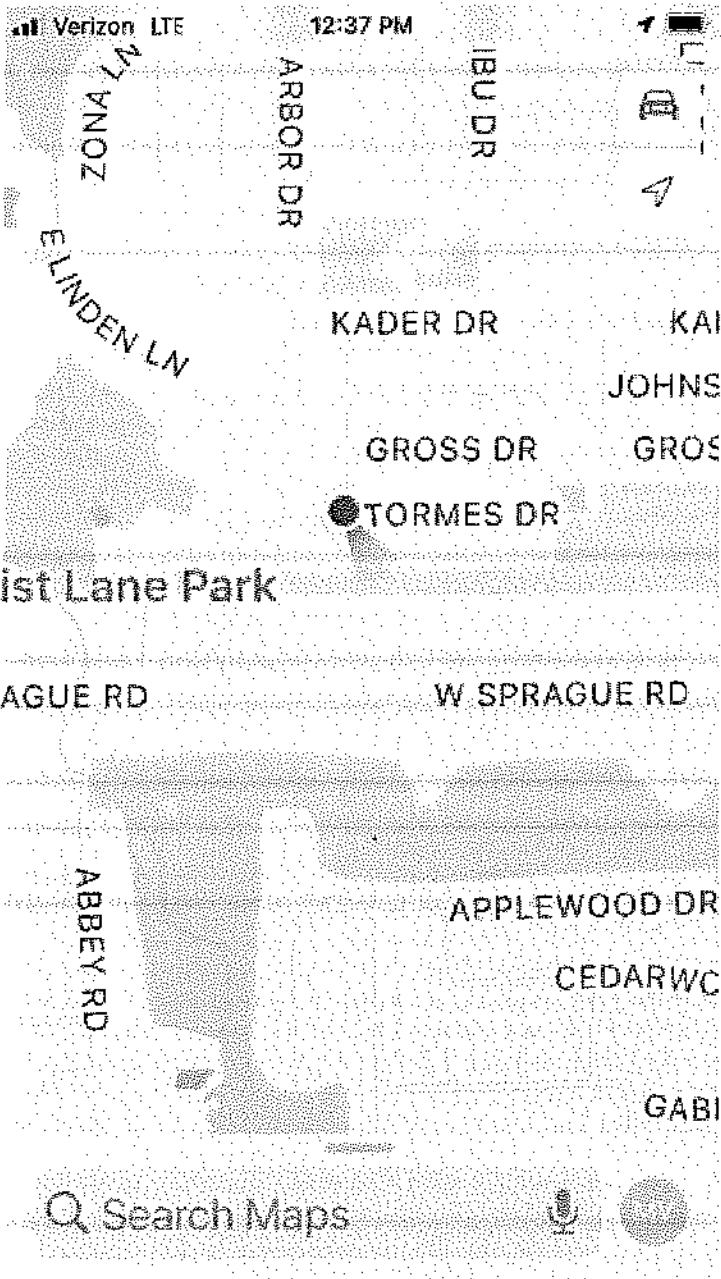












Chillicothe Pelican Devices

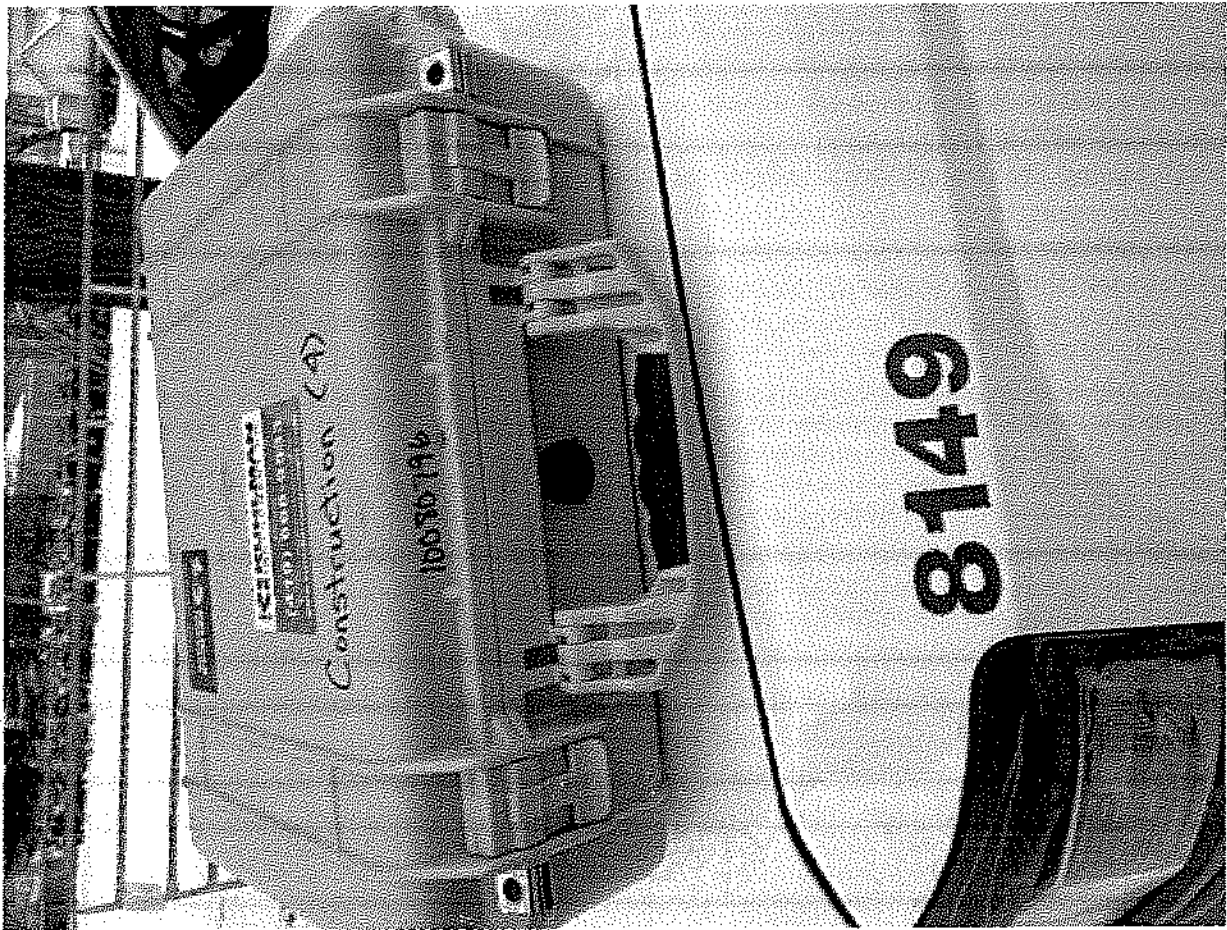
Melissa L Thompson to: Devin.Mackey@puco.ohio.gov,
Jason.Mumma@puco.ohio.gov,
Jonathan.Borer@puco.ohio.gov,
Cc: Benjamin Freiman, Nicole Shultz
Bcc: Melissa L Thompson

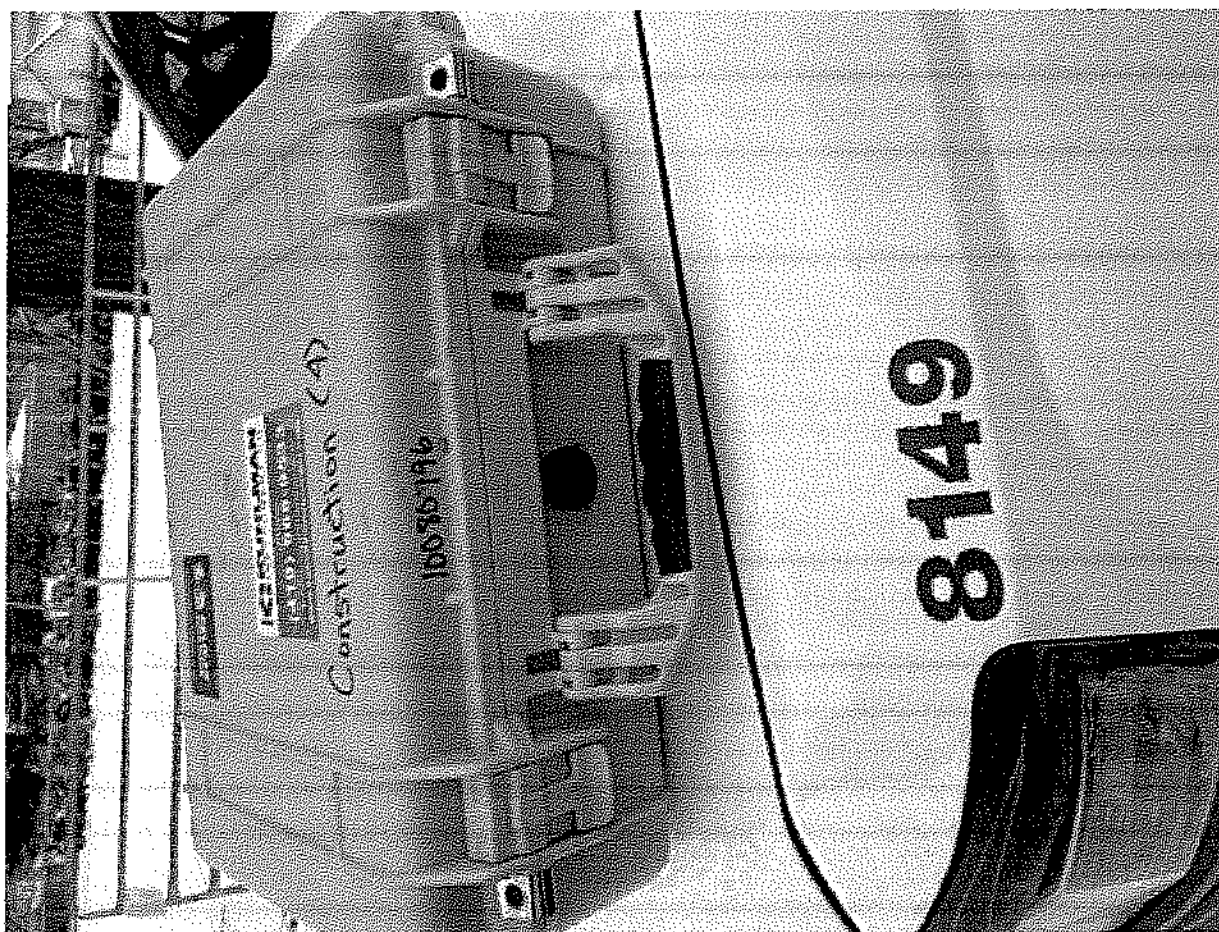
02/08/2022 11:25 PM

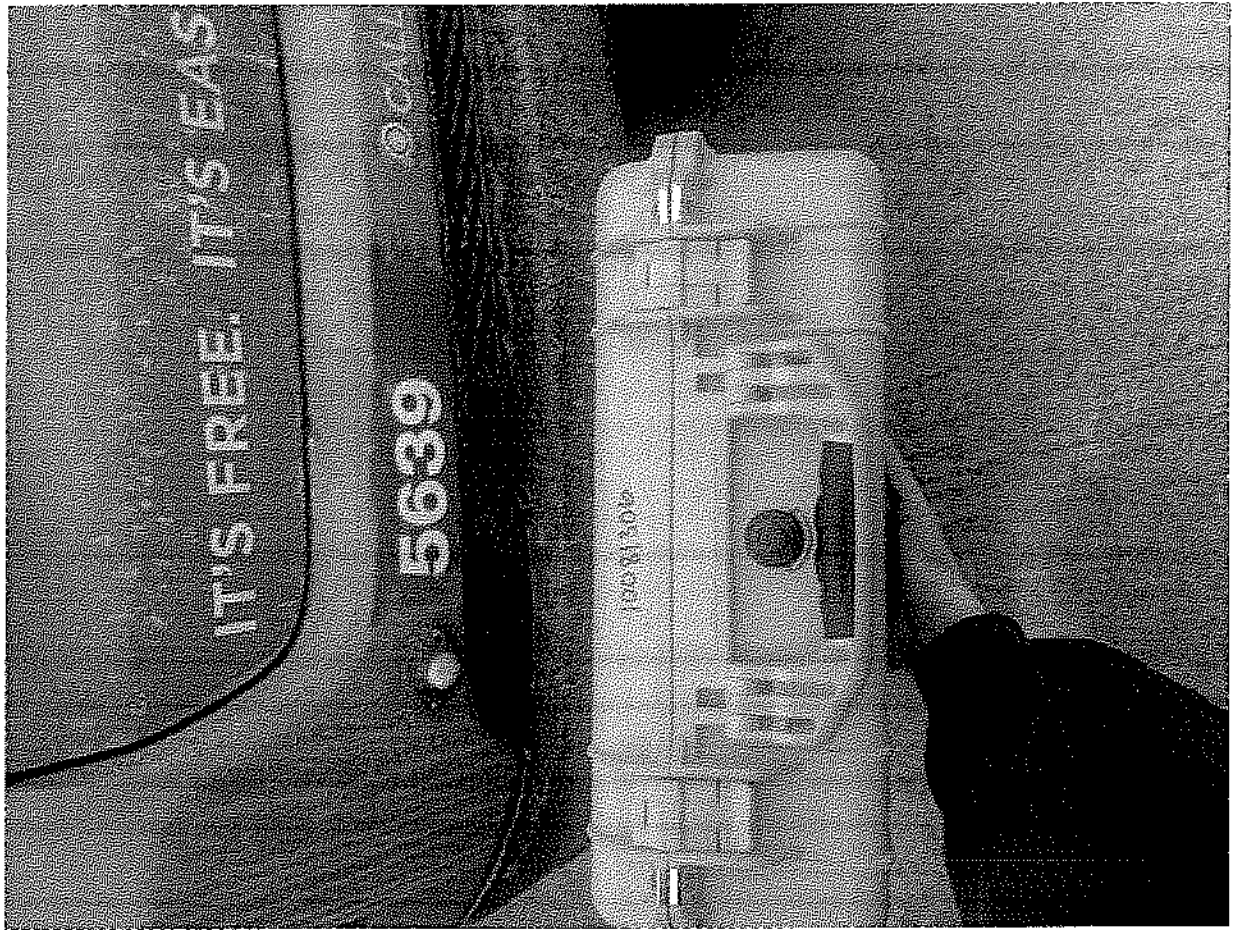
Good evening,
Attached please find pictures of the 4 1500 Pelican Data Loggers that were in the field when we visited
the 843 Piatt Avenue in Chillicothe, Ohio.

Best,
Melissa

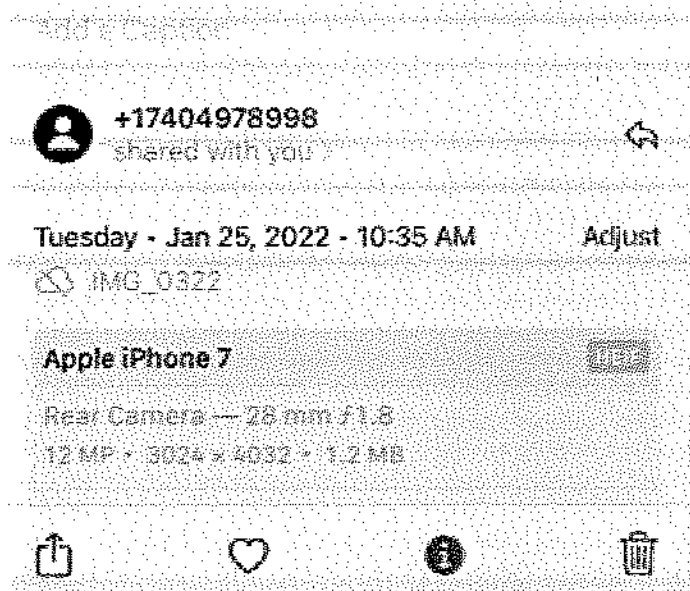
Melissa L. Thompson
Director of Regulatory Policy
Columbia Gas of Ohio, Inc.
290 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: (614) 460-5542
Mobile: (614) 315-3391
Facsimile: (614) 460-8440
mlthompson@nisource.com

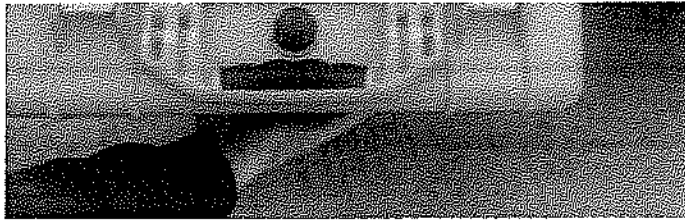












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Tuesday • Jan 25, 2022 • 10:35 AM

Adjust



IMG_0322

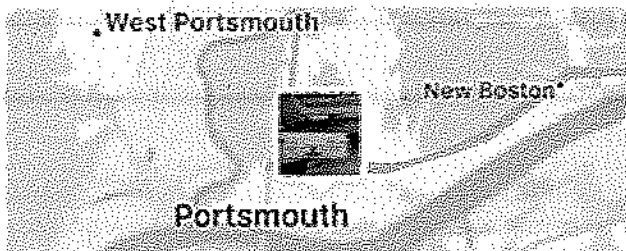
Apple iPhone 7



Rear Camera — 28 mm f/1.8

12 MP • 3024 x 4032 • 1.2 MB

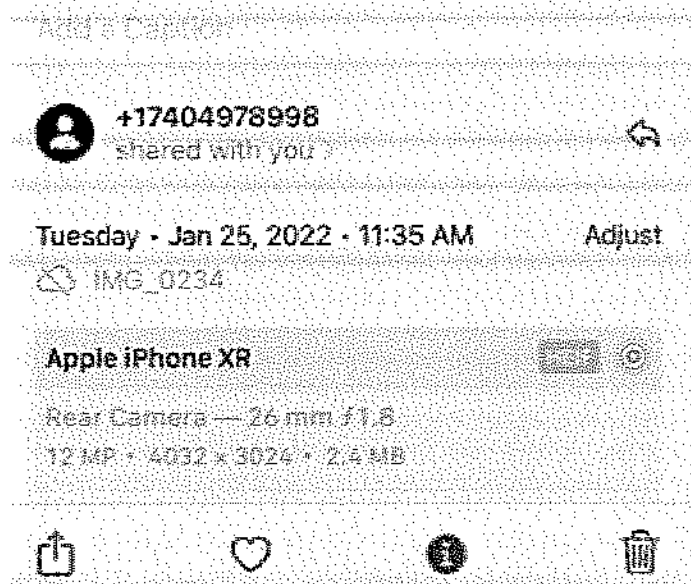
ISO 20 28 mm 0.6v f/1.8 1/439 s



Shawnee State University

Adjust







Add a Caption



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Tuesday • Jan 25, 2022 • 11:35 AM

Adjust



IMG_0234

Apple iPhone XR



Rear Camera — 26 mm f/1.8

12 MP • 4032 x 3024 • 2.4 MB

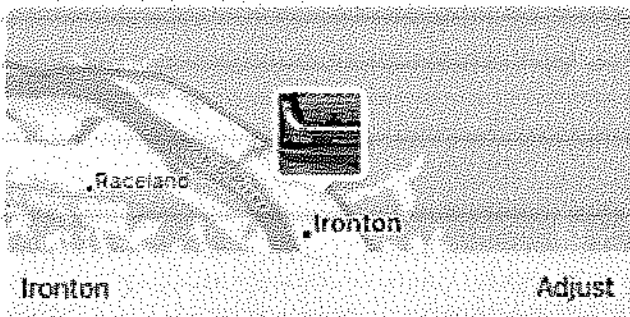
ISO 25

26 mm

0 ev

f/1.8

1/302 s

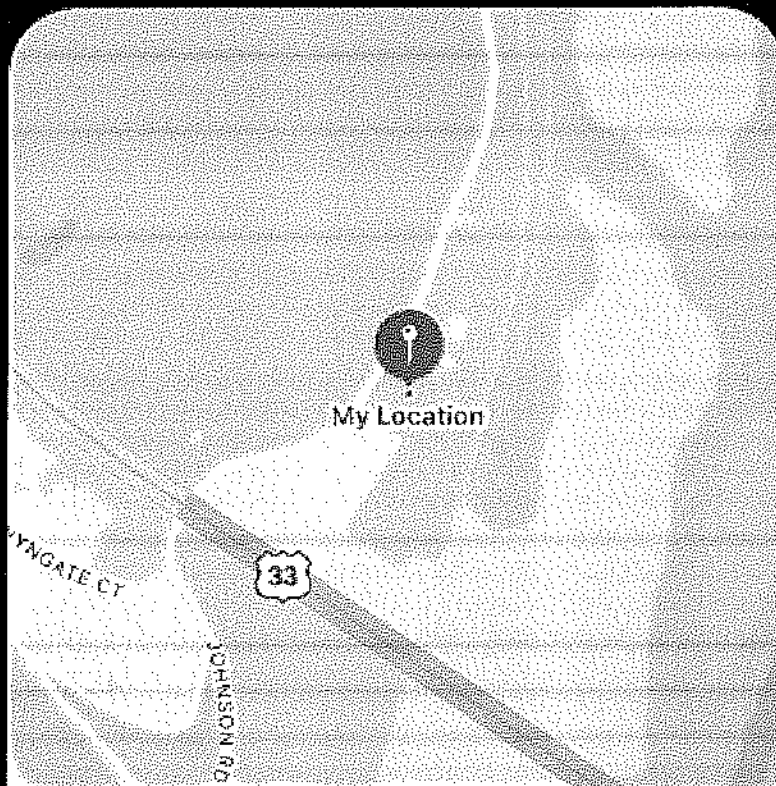


Ironton

Adjust

Show in All Photos





Jeff Watkins's Location

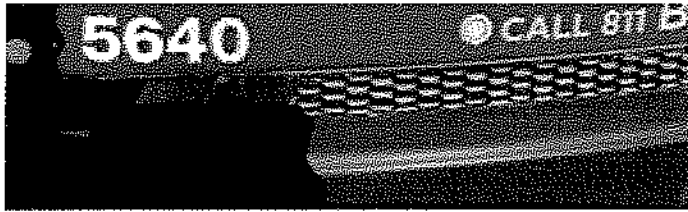
11686 Upper River
Rd

Athens OH 45701
United States

 Maps







1/26/22 • 12:26 PM



+17404978998

shared with you



Wednesday • Jan 26, 2022 • 12:26 PM

Adjust

IMG_7734

Apple iPhone XR

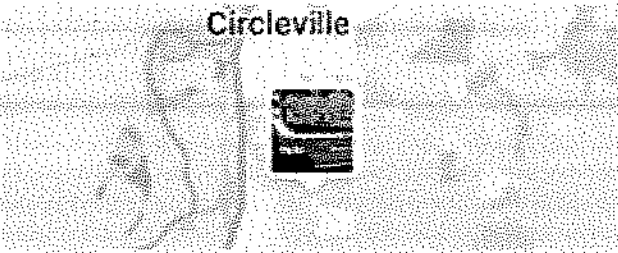
23

Rear Camera — 26 mm f1.8

12 MP • 4032 x 3024 • 2 MB

ISO 25 26 mm 0 EV f1.8 1/5405 s

Circleville



Circleville

Adjust



Toledo Assets - Socket Fusion Kits

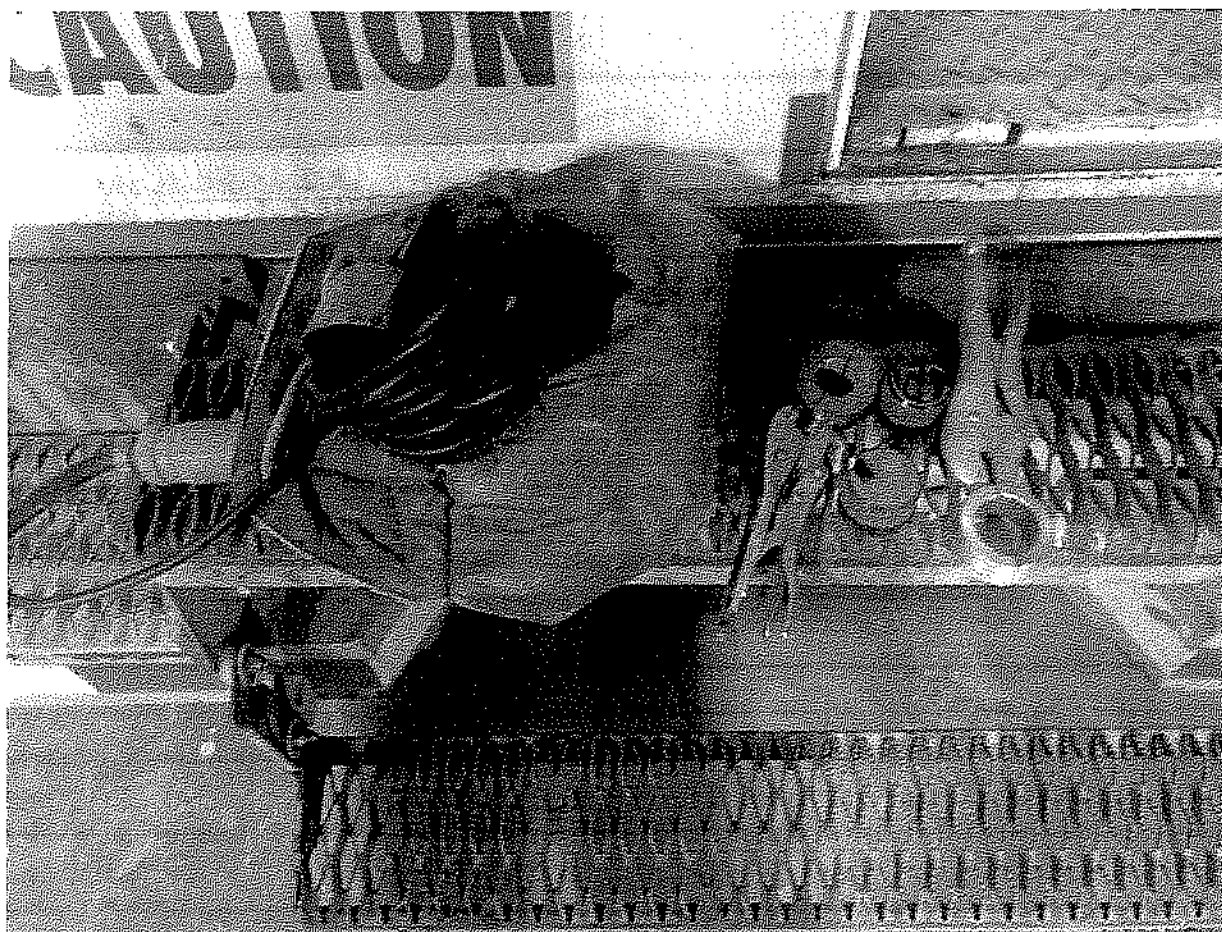
Melissa L. Thompson to: Devin.Mackey@puco.ohio.gov,
Jason.Mumma@puco.ohio.gov,
Jonathan.Borer@puco.ohio.gov,
Cc: bfreiman, Nicole Shultz
Bcc: Melissa L. Thompson

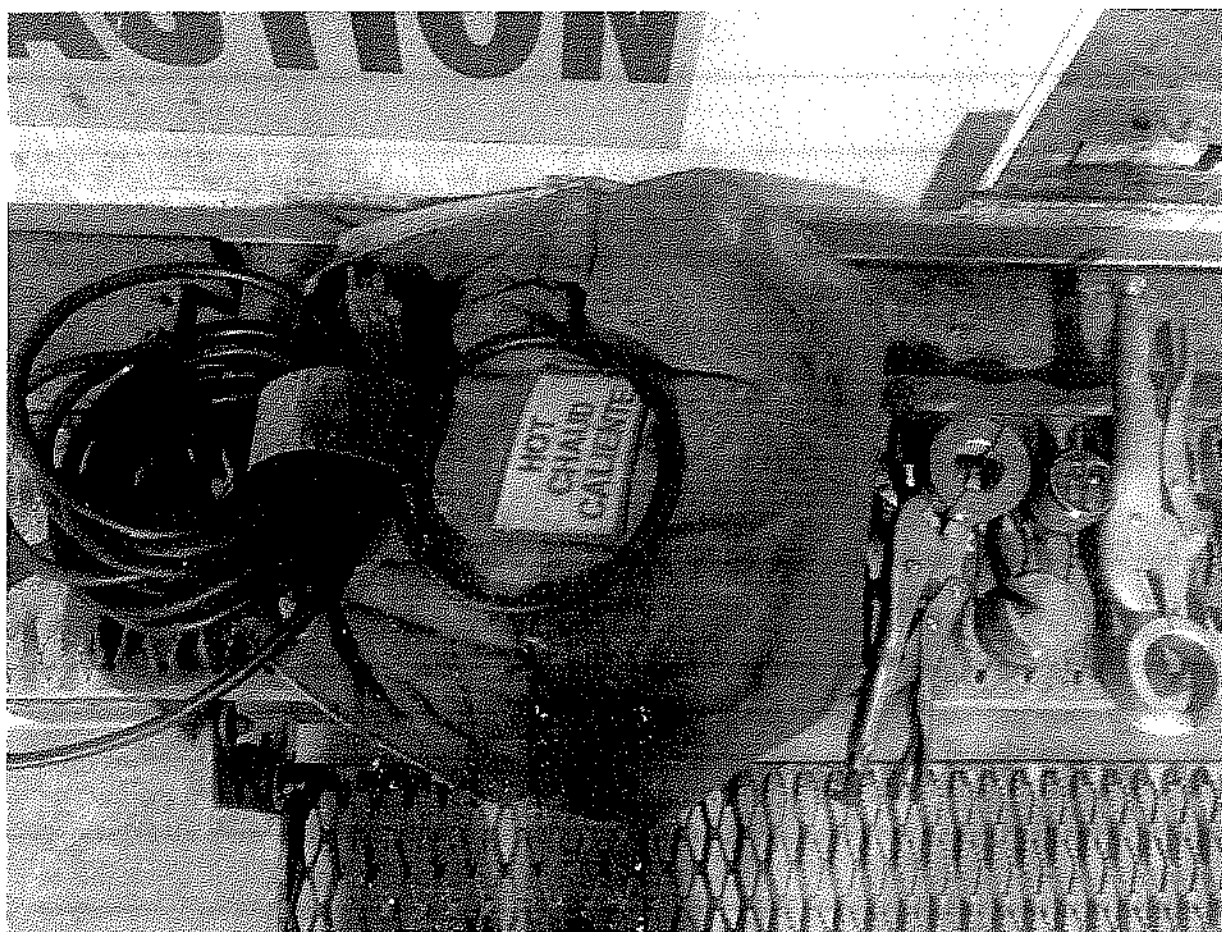
02/14/2022 03:58 PM

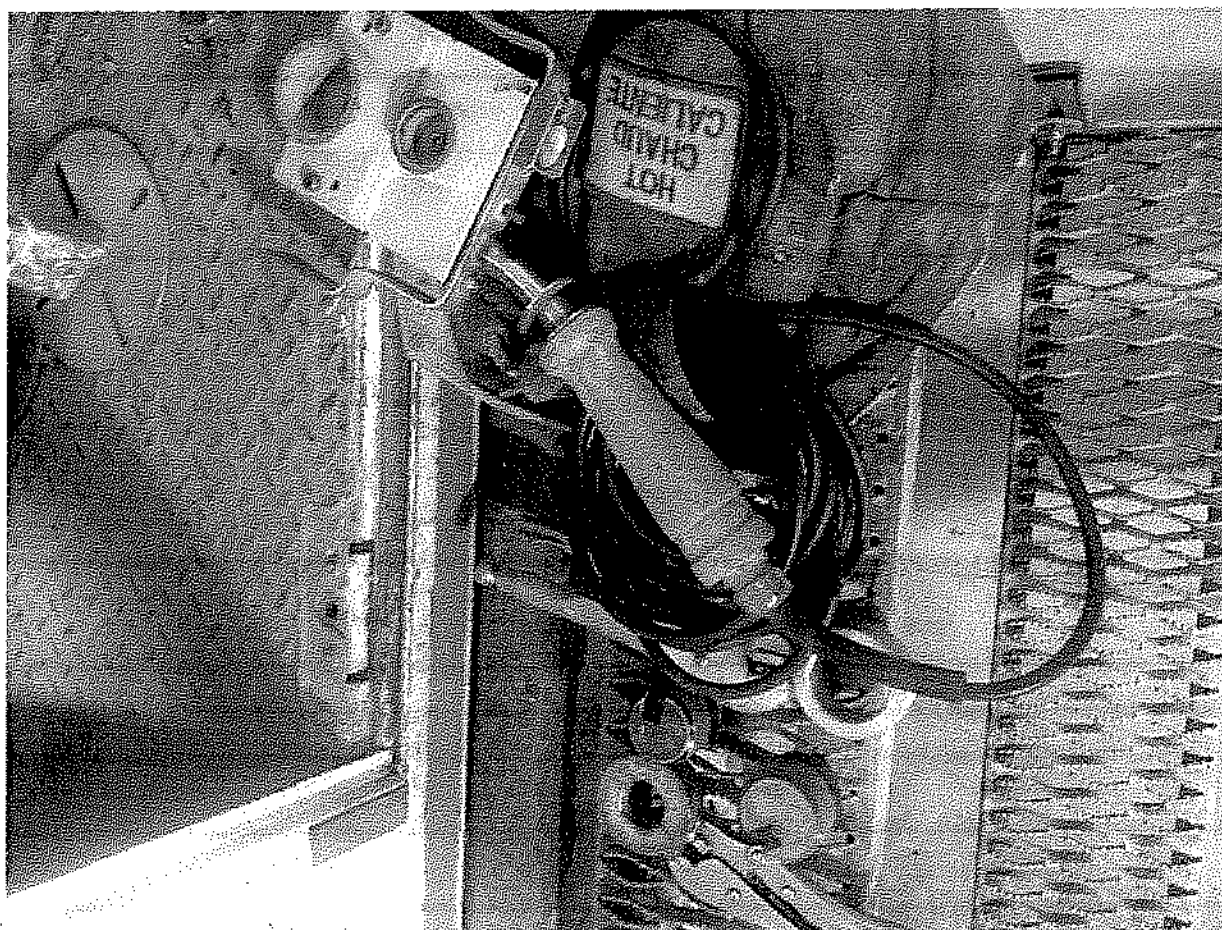
Good afternoon,
Attached below please find pictures of the four socket fusion kits from the Morain Sales Invoice that were shipped to the Manhattan Boulevard office in Toledo, Ohio.

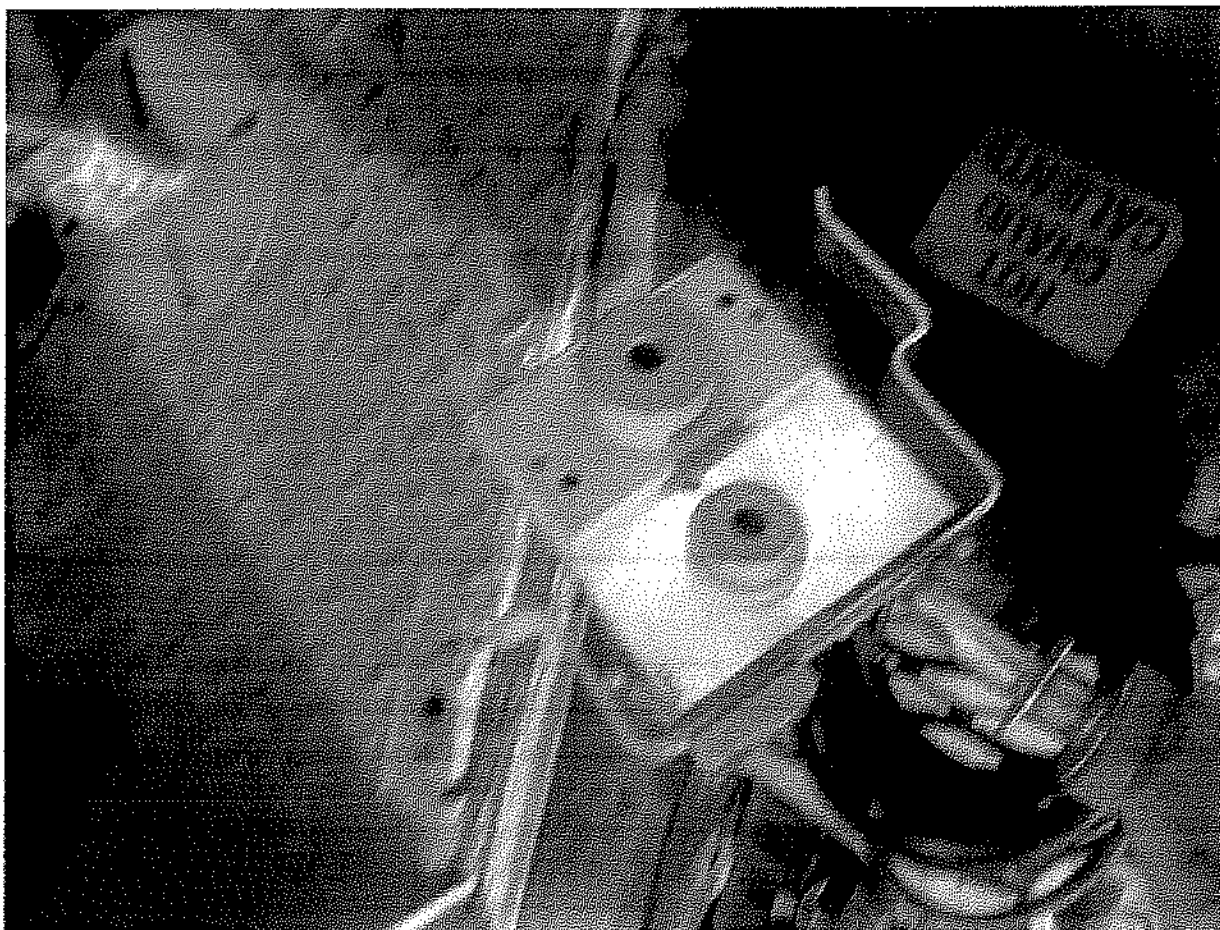
Best,
Melissa

Melissa L. Thompson
Director of Regulatory Policy
Columbia Gas of Ohio, Inc.
290 W. Nationwide Blvd.
Columbus, Ohio 43215
Office: (614) 460-5542
Mobile: (614) 315-3391
Facsimile: (614) 460-8440
mlthompson@nisource.com





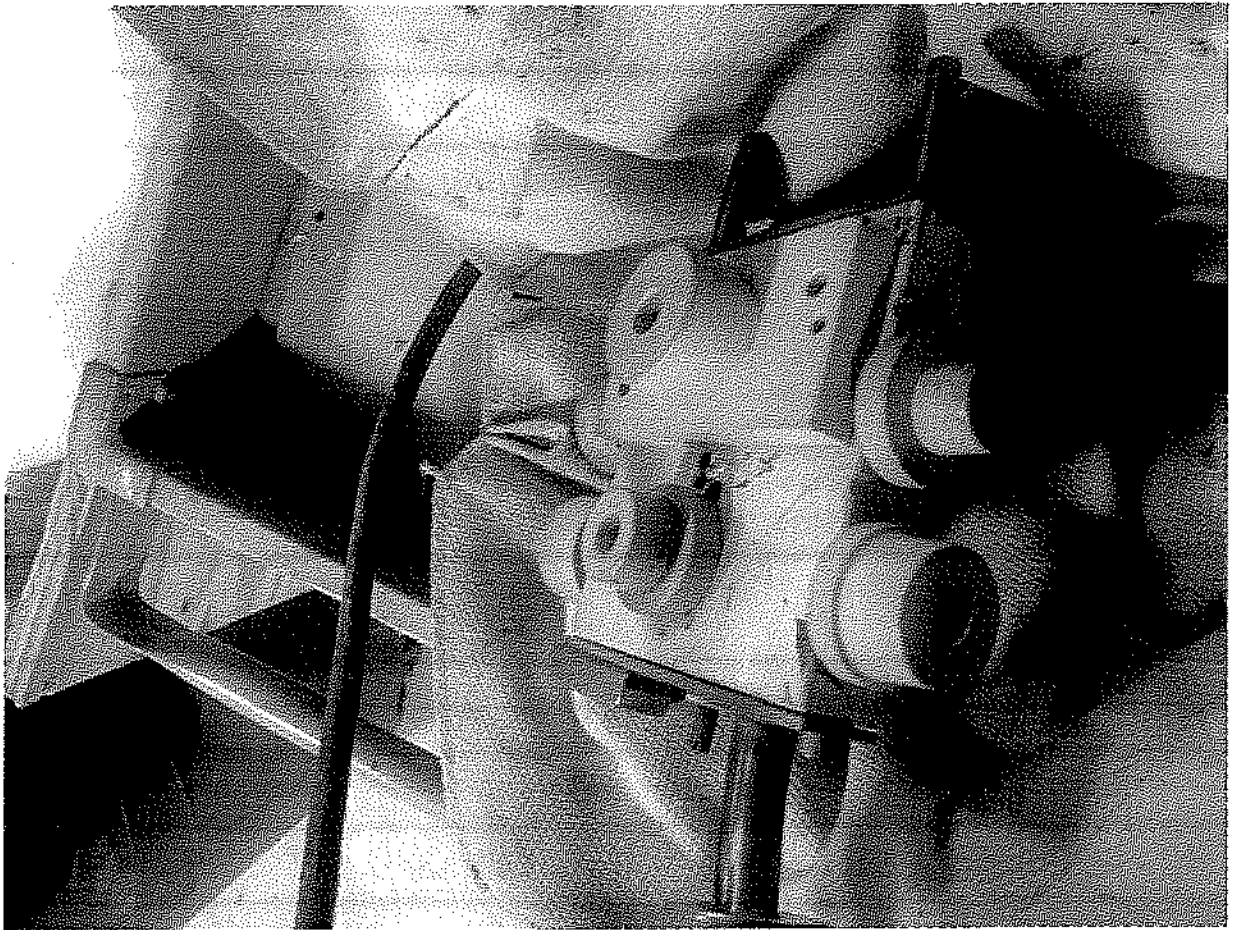






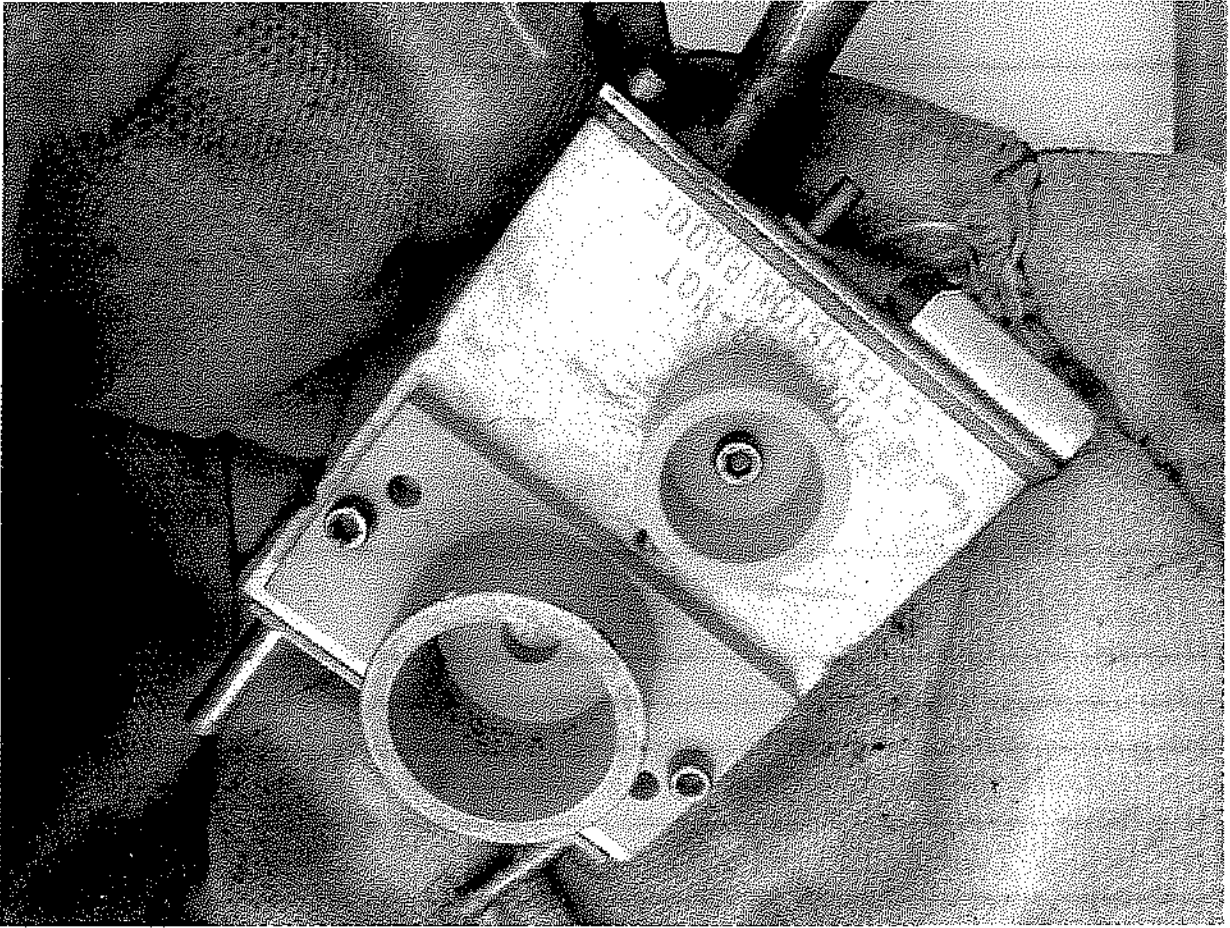




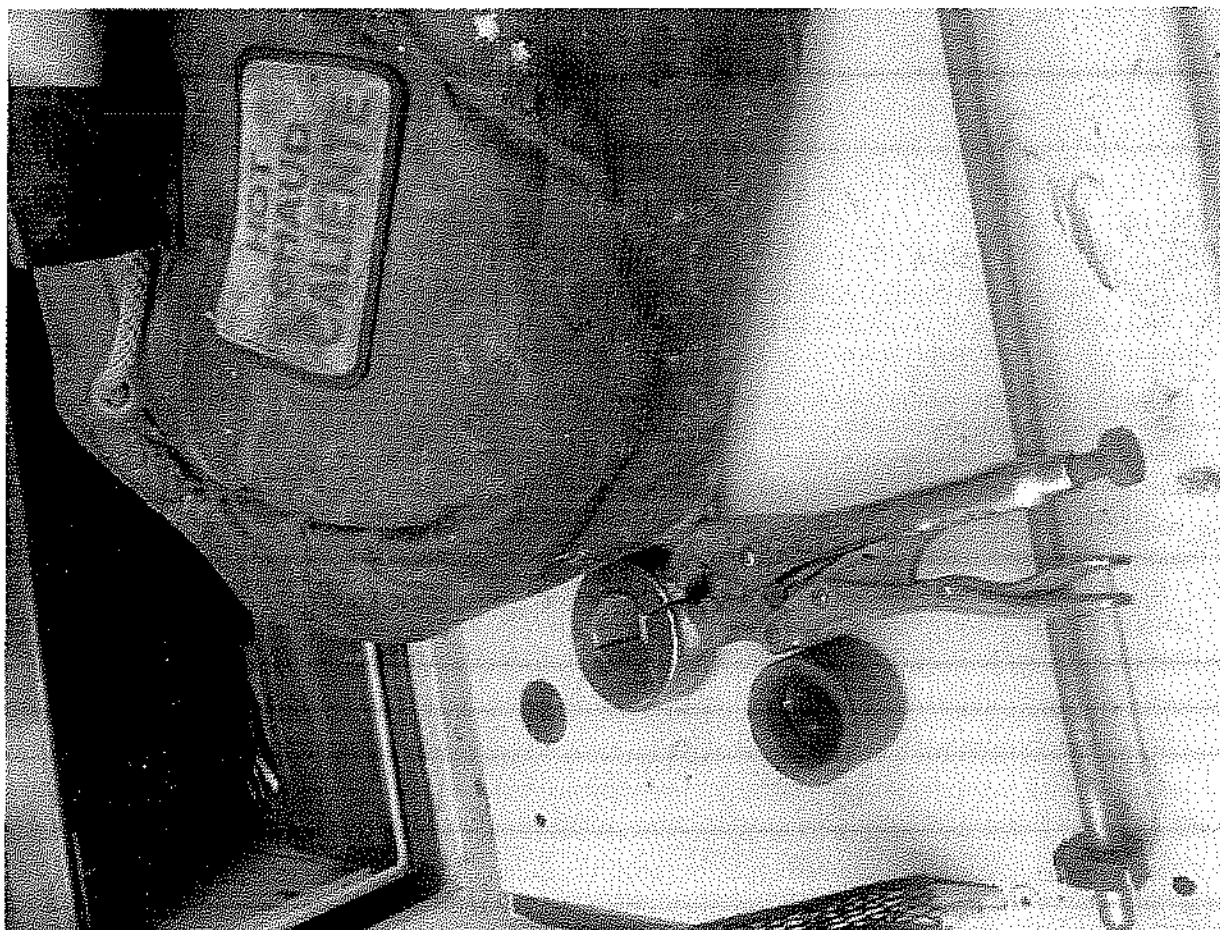




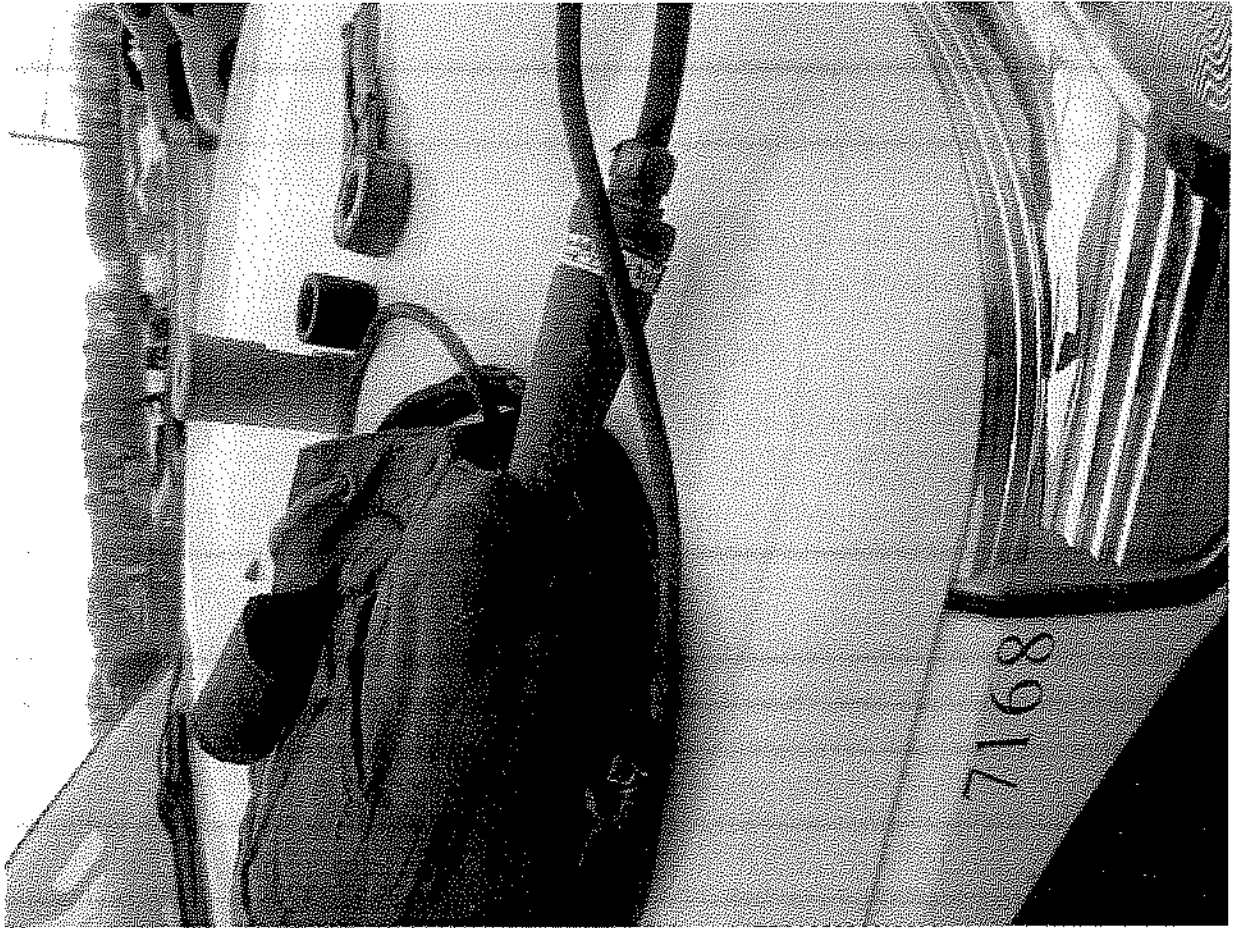










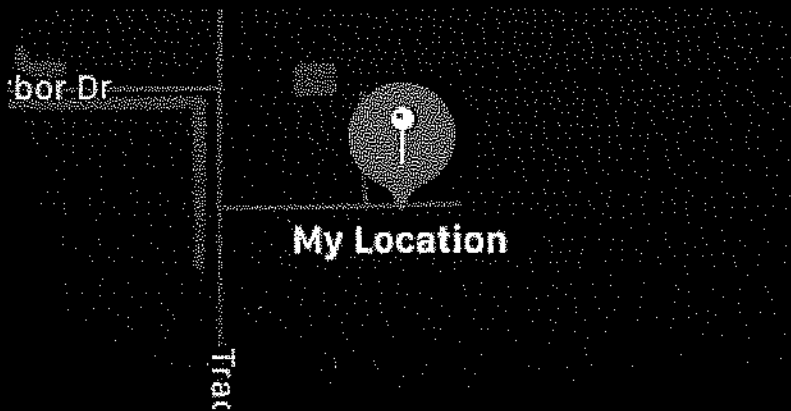




Verizon LTE

7:50 AM

92%

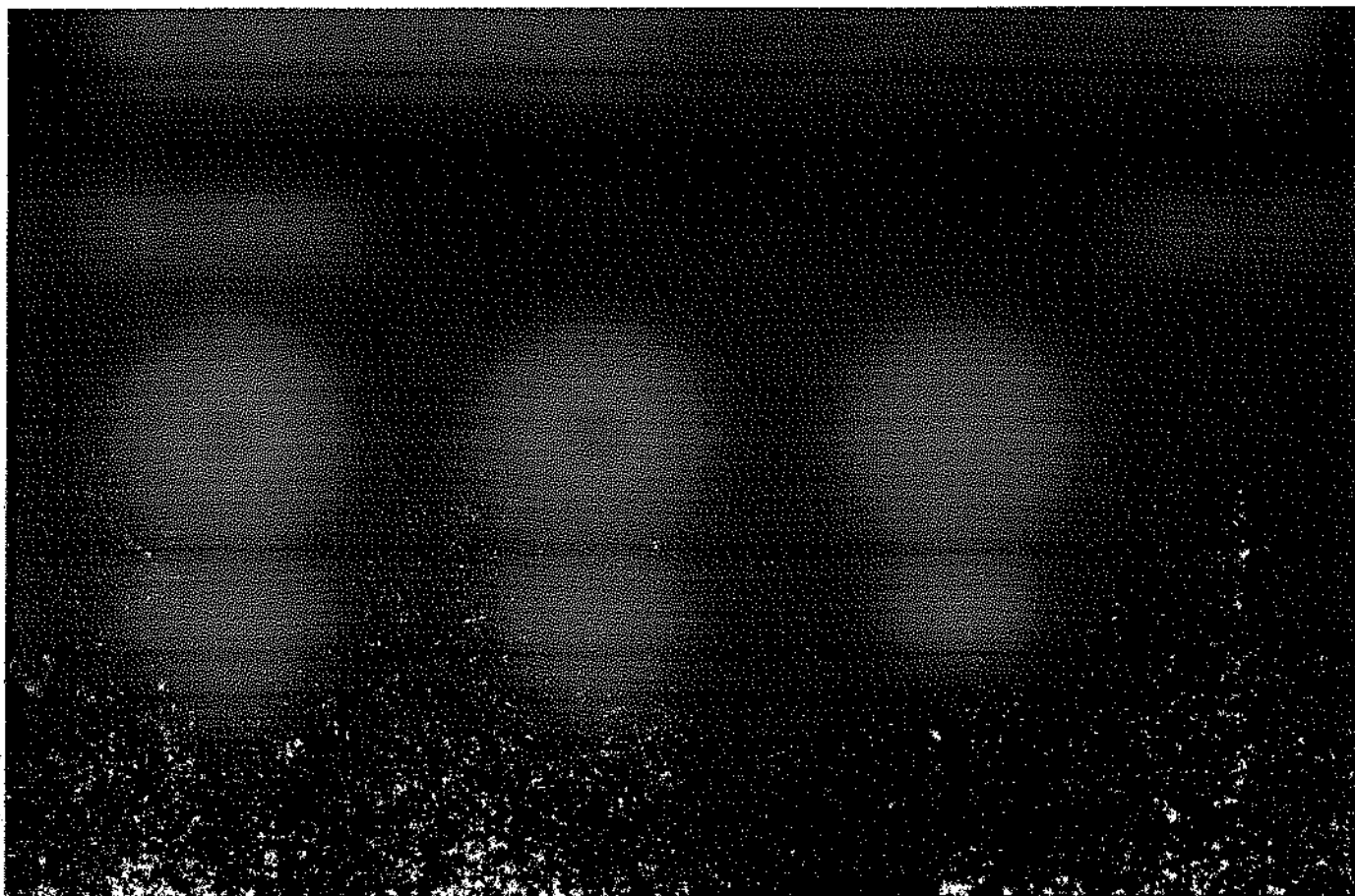


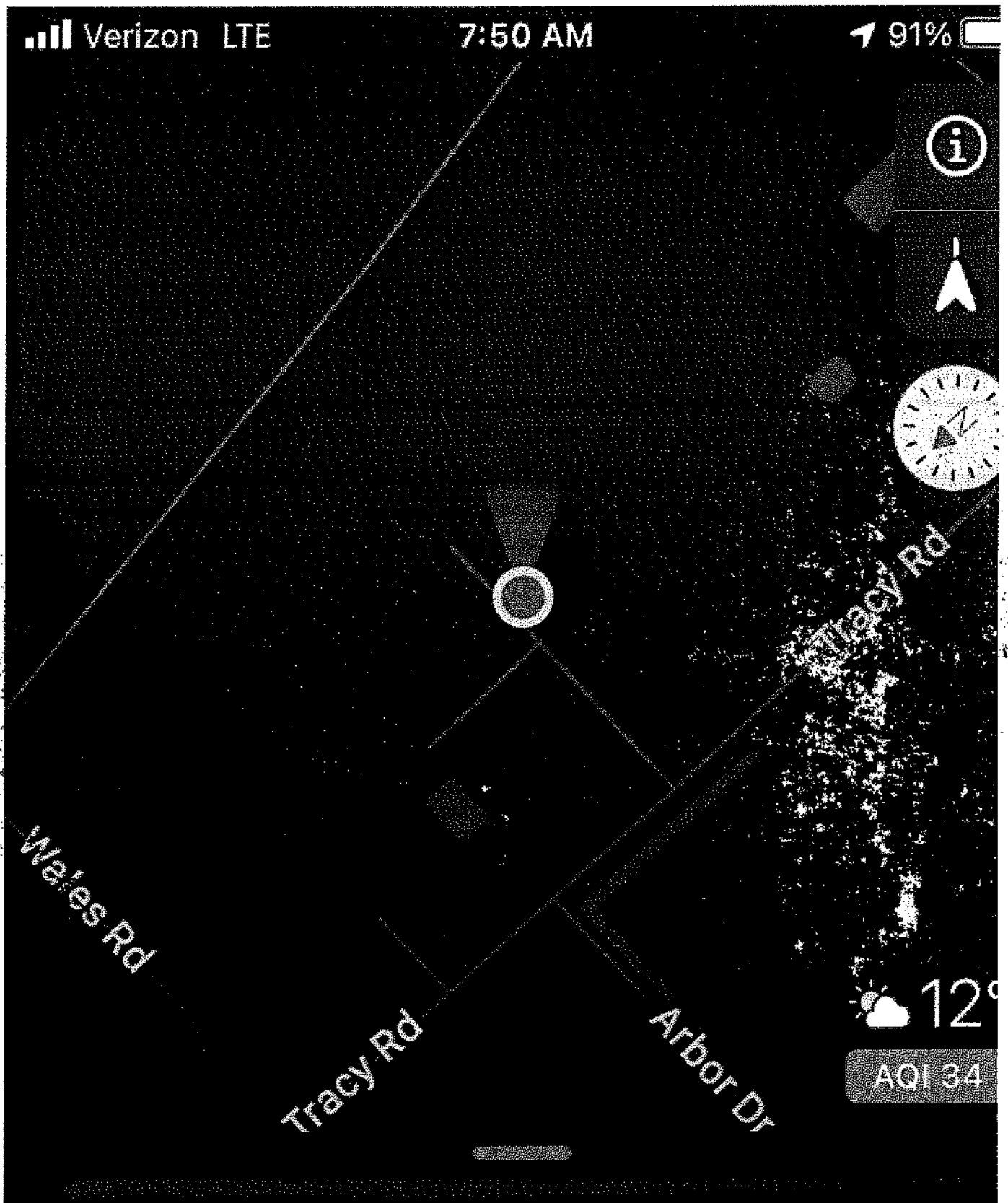
My Location

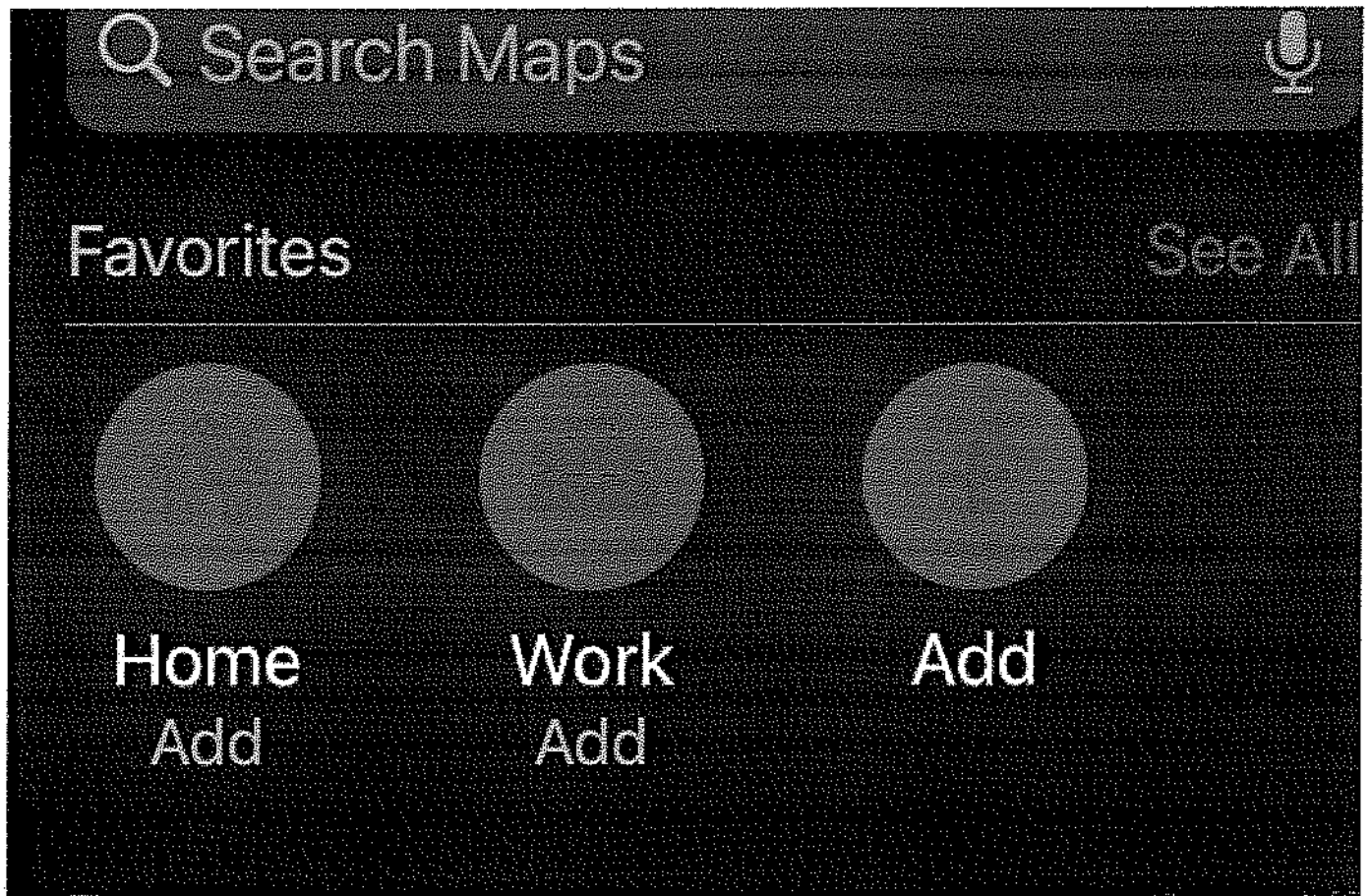
6944 McNerney Rd,...

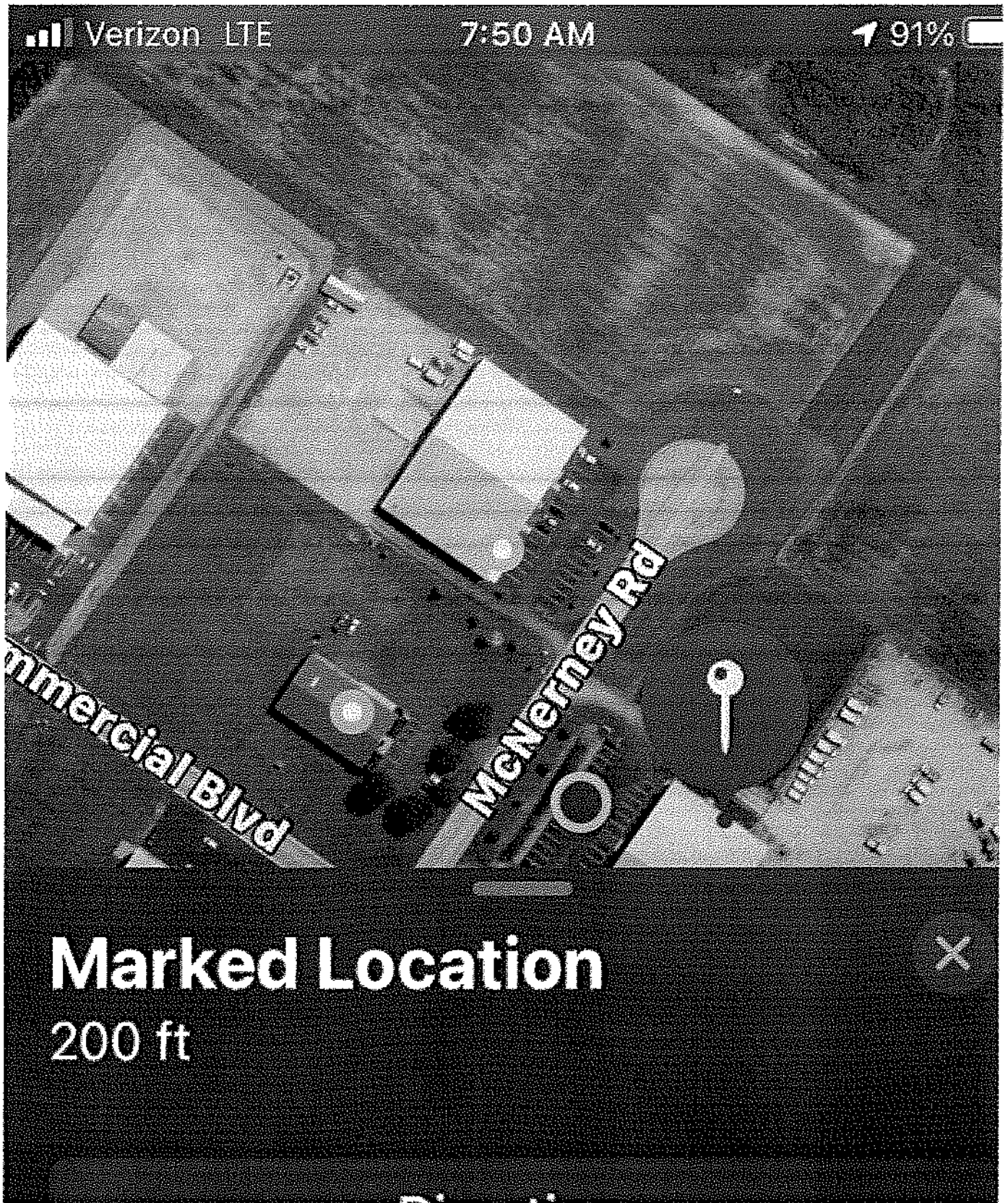
Send My Location











Directions

2 min walk

Edit Location

Address

6944 McNerney Rd

Northwood, OH 43619

United States

FAX: 6144605528

Page 1

PLEASE
REMIT
TO:

MUELLER CO., LLC
23418 NETWORK PLACE
CHICAGO IL 60673-1234

Mueller Co.

Reliable Connections

PLEASE EXAMINE THIS INVOICE WHICH IS
SUBJECT TO THE TERMS AND CONDITIONS
ON THE REVERSE SIDE. IF THERE ARE ANY
QUESTIONS PLEASE NOTIFY US.

ORIGINAL INVOICE

4036843

SOLD TO:

COLUMBIA GAS OF OHIO
PO BOX 30130
SOURCENET
NISOURCE ACCOUNTS PAYABLE
COLLEGE STATION TX 77842

SHIP TO:

COLUMBIA GAS OF OHIO
601 MANOR PARK DRIVE
C/O MARK DUNLAP
COLUMBUS OH 43228

**SPECIAL NOTE: A BACK ORDER HAS BEEN
ENTERED FOR ALL ITEMS NOT SHIPPED.**

CREDIT DEPT INQUIRES CALL:
217-423-6471

**PLEASE REFER
TO THIS NUMBER ON
ANY INQUIRY.**

CUST ACCT NO	CLASS	SHIP ORD. NO	TERRITORY
35410000	1	2509583	OH 63

TERMS: 2% 15 Net 30

INVOICE
DATE 06/06/19

INVOICE
NUMBER 4036843

SHIPPING METHOD
126169320357461812

ORDER ENTRY DATE
03/21/19

CUSTOMER P.O. NUMBER
CA14382

QUANTITY			CATALOG NUMBER AND DESCRIPTION	UNIT LIST PRICE	UNIT NET (WHC)	NET TOTAL
ORDERED	SHIPPED	BACKORDER				
1	1		039341 EH-5 DRILLING MACHINE	3992.82	3992.82	3992.82
2	2		017145 COMPLETION MACHINE	2104.22	2104.00	4208.00
			DIRECT PAY PERMIT 98000337			
			TAX AMOUNT			
			LESS 1% IF PAID ON OR BEFORE 06/21/19			
			DEDUCT CASH DISCOUNT 164.02 REMIT 8036.80 Net Due 07/06/19			
			Total Invoice			
			8,200.82			



INVOICE

Remit to:
TDW (US), Inc.
FK/A TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA

Main Phone: 918-447-5000

Bill to:
COLUMBIA GAS OF OHIO
Address:
ATTN: ACCOUNT'S PAYABLE
Debbie Joseph Employee Number U462923
PO BOX 30130
COLLEGE STATION
TX

77842
The United States of America
Customer account: C004771
Sold to: COLUMBIA GAS OF OHIO

Invoice No. : J100089992
Date : 5/23/2019
Packing slip : PS00145100
Sales order : 640-1905-294-USA
Purchase order : 19-0179820-00
Payment terms : NET 30 Days
Tracking Number :
Delivery term : Ex-Works
TDW Sales Rep : Mike Horton

Ship to:
COLUMBIA GAS OF OHIO
8077 BROOKSIDE ROAD
ATTN: MIKE VETALICE
INDEPENDENCE
OH
44131
The United States of America

Line Item number	Description	Commodity	Qty	Unit	Disc. %	Unit price	Line amount	Taxable
1	09-0758-0000-00 SHORTCUT® 500 VALVE ASSEMBLY, 2in	8481.80.3055	1.00	EA		1,449.60	1,449.60	No
2	MTR/S MATERIAL TEST REPORT SHIPPED		1.00	EA		0.00	0.00	No
3	FREIGHT		1.00	EA		13.61	13.61	No

Sales Amount 1,449.60
Shipping/Fees 13.61

Total Tax 0.00

Currency USD

Invoice total 1,463.21

NOTE The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill-to address.

Notwithstanding any term or provision in the Purchase Order or other document issued by the Buyer, this purchase shall be governed by the Terms and Conditions for Product Purchases Between TDW (US), Inc. FK/A/TDW Services, Inc. and Nisource (Columbia Gas of Ohio). Effective August 14, 2014.

CRM Product Notes: PO# 19-0179820-00

SHIPPING INSTRUCTIONS:

BEST WAY PREPAY AND ADD

Contact: Mike Vetalice 216-505-3319 email: mvetalice@nisources.com

For billing inquiries, please email
accountsreceivable.Westlnt-Hem@tdwilliamson.com



INVOICE

Remit to:
TDW (US), Inc.
F/K/A TDW Services, Inc.
PO Box 972116
Dallas, TX - 75397 2116
USA
Main Phone: 918-447-5000

Bill to:
COLUMBIA GAS OF OHIO
Address:
601 MANOR PARK DR
ATTN: DEBBIE JOSEPH
EMP. ID 482923
COLUMBIA
OH
43228
The United States of America

Ship to:
COLUMBIA GAS OF OHIO
9767 MILLER ROAD
ATTN: KENNY MCLELLAN
JOHNS TOWN
OH
43021
The United States of America

Billing instructions:

Customer account ...: C004771

Sold to: COLUMBIA GAS OF OHIO

Invoice No.: J100090599

Date: 5/31/2019

Packing slip: PS00145808

Sales order: 840-1904-163-USA

Purchase order: 18-0132177-00 4/10/19

Payment terms: NET 30 Days

Tracking Number ...: 129354490345514821 UPS

Delivery term: Delivered At Place

TDW Sales Rep: Kathy Curti

Line Item Number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
1	05-0330-0006-00 CUTTER, FAB 6in SHORTSTOPP@ 5.875in OD	8207.50.2080	2.00	EA		1,654.40	3,308.80	No
2	05-0293-0002-00 PILOT, 6in STD STOPPLE@ and SHORTSTOPP@ TAPS	8207.50.2080	2.00	EA		790.40	1,580.80	No

Sales Amount 4,889.60

Shipping/Fees 0.00

Total Tax 0.00

Invoice total 4,889.60

Currency USD

NOTE: The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address!

Notwithstanding any term or provision in the Purchase Order or other document issued by the Buyer, this purchase shall be governed by the Terms and Conditions for Product Purchases Between TDW (US), Inc. F/K/A TDW Services, Inc. and Nisource (Columbia Gas of Ohio). Effective August 14, 2014.

For billing inquiries, please email
accountsreceivable.WestHem@tdwilliamson.com

Received 6-11-19



INVOICE

Remit to:
TDW (US), Inc.
FKA TDW Services, Inc.
PO Box 972115
Dallas, TX - 75337 2115
USA
Main Phone: 918-447-5000

Bill to:
COLUMBIA GAS OF OHIO
Address:
ATTN: ACCOUNTS PAYABLE
PO BOX 30130
DEBBIE JOSEPH EMP ID U462923
COLLEGE STATION
TX
77842

Ship to:
Columbia Gas Of Ohio
601 Manor Park Dr.
ATTN: Debbie Joseph
Emp. ID 462923
Columbus
OH
43228
The United States of America

Billing instructions:
The United States of America
Customer account : C004771
Sold to: COLUMBIA GAS OF OHIO

Invoice No. : J10080472
Date : 5/30/2019
Packing slip : PS00145710
Sales order : 840-1901-090-USA
Purchase order : LG13978 - 2
Payment terms : NET 30 Days
Tracking Number :
Delivery term :
TDW Sales Rep : Kathy Curti

Line Item number	Description	Commodity	Qty	Unit	Disc. %	Unit price	Line amount	Taxable
2	05-1088-0000-12 ORILLING MACH ASSY, TD-12	8205 10 0000	2.00	EA		4,556.80	9,313.60	No

Sales Amount 9,313.60
Shipping/Fees 0.00

Total Tax 0.00

Currency USD

Invoice total 9,313.60

NOTG The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address!

Notwithstanding any term or provision in the Purchase Order or other document issued by the Buyer, this purchase shall be governed by the Terms and Conditions for Product Purchase Between TDW (US) Inc. FKA/

TDW Services, Inc. and Nisource (Columbia Gas of Ohio), Effective August 14, 2014.
For billing inquiries, please email
accountsreceivable@tdw.us or tdwilliamson.com

INVOICE



Remit to:
TDW (US), Inc.
F/K/A TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA
Main Phone: 978-447-5000

Bill to:
COLUMBIA GAS OF OHIO
Address:
ATTN: ACCOUNTS PAYABLE
Debbie Joseph Employee Number L463923
PO BOX 30130
COLLEGE STATION
TX
77842
The United States of America
Customer account : C004771
Sold to : COLUMBIA GAS OF OHIO

Invoice No. : J00092309
Date : 6/25/2019
Packing slip : PS00148848
Sales order : 640-1906-058-USA
Purchase order : 19-0132709-00
Payment terms : NET 30 Days
Tracking Number :
Delivery term : Delivered At Place
TDW Sales Rep : Larry Jones

Ship to:
Columbia Gas Of Ohio
8870 Thomas Hill Rd SW
Attn: Jason Jarvis
Scoutsville
OH
43164
The United States of America

Billing instructions:

Line item number	Description	Commodity	Qty	Unit	Disc. %	Unit price	Line amount	Taxable
1	05-0330-0008-00 CUTTER, FAB 8in SHORTSTOPP®	8207 50.2080	1.00	EA		2,144.80	2,144.80	No
2	05-0283-0003-00 PILOT, 8in STD STOPPLES and SHORTSTOPP® TAPS	8207 50.2080	1.00	EA		878.40	878.40	No
3	FREIGHT		1.00	EA		45.56	45.56	No

Sales Amount 3,023.20
Shipping/Fees 45.56

Total Tax 0.00

Invoice total 3,068.76
Currency USD

NOTE: The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address!

Notwithstanding any term or provision in the Purchase Order or other document issued by the Buyer, this purchase shall be governed by the Terms and Conditions for Product Purchases Between TDW (US), Inc. F/K/A TDW Services, Inc. and Nisource (Columbia Gas of Ohio), Effective August 14, 2014.

CRM Product Notes: PO # 19-0132709-00
SHIP PPD/ADD
BEST-WAY

For billing inquiries, please email
accountsreceivable.WesternHem@tdwilliamson.com

INVOICE



Remit to:
TDW (US), Inc.
F/K/A TDW Services, Inc.
PO Box 972116,
Dallas, TX - 75397 2116
USA
Main Phone: 918-447-5000

Bill to:
COLUMBIA GAS OF OHIO
Address:
Nisource Accts Payable
c/o Amy White #125581
PO Box 30130
College Station
TX
77842

Ship to:
COLUMBIA GAS OF OHIO
843 PIATT AVE
C/O SCOTT A CLINE
CHILLICOTHE
OH
45601
The United States of America

Invoice No.: JH00093132
Date: 7/5/2019
Packing slip: PS00149814
Sales order: 640-1903-486-USA
Purchase order: CA14387
Payment terms: NET 30 Days
Tracking Number: 77806360796 OD
Delivery term: Delivered At Place
TDW Sales Rep: Kathy Curti

The United States of America
Customer account: C004771
Sold to:: COLUMBIA GAS OF OHIO

Line Item number	Description	Commodity	Qty.	Unit	Disc. %	Unit price	Line amount	Taxable
1	09-0042-0000-00	8481.80.3055	2.00	EA		15,057.60	30,115.20	No
2	MTR/M		1.00	EA		0.00	0.00	No
3	MTR/S		1.00	EA		0.00	0.00	No
4	FREIGHT		1.00	EA		253.36	253.36	No

Sales Amount 30,115.20
Shipping/Fees 253.36

Total Tax 9.00

Currency USD

Invoice total 30,368.56

*****NOTE***** The EMPLOYEE NAME and ID for the individual placing this order must be included in the bill to address!

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accountsreceivable.WesternHem@tdwilliamson.com

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in

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

Summary: Testimony Prepared Supplemental Direct Testimony of Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc. (Part 3) electronically filed by Ms. Melissa L. Thompson on behalf of Columbia Gas of Ohio, Inc.