

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

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

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

PREFILED TESTIMONY IN SUPPORT OF THE STIPULATION

OF

**DAVID M. LIPTHRATT
RATES AND ANALYSIS DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO**

STAFF EXHIBIT___

November 7, 2022

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

2 A. My name is David M. Liphtratt. My address is 180 East Broad Street,
3 Columbus, Ohio 43215-3793
4

5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio (the
7 Commission or PUCO) as a Public Utilities Administrator within the Rates
8 and Analysis Department.
9

10 3. Q. Please briefly describe your educational and professional background.

11 A. I earned a Bachelor of Arts Degree that included a Major in Political
12 Science and a Minor in History from the University of Georgia.
13 Subsequently, I earned a Masters in Public Administration degree with a
14 focus on public budgeting and finance and policy analysis from the
15 University of Georgia. In addition, I earned a post-baccalaureate Certificate
16 of Accounting Concentration at Columbus State Community College. I am
17 a Certified Public Accountant (Ohio License # CPA.48876). Moreover, I
18 have attended various seminars and rate case training programs sponsored
19 by this Commission, professional trade organizations, and the utility
20 industry community.
21
22

1 4. Q. Please describe your work experience.

2 A. I have previously served as a Budget/Management Analyst for the Ohio
3 Office of Budget and Management and a Fiscal Officer for the Ohio
4 Department of Commerce. In each of these roles I have been responsible
5 for various accounting and financial-related tasks and responsibilities.
6

7 5. Q. Have you testified in previous cases at the PUCO?

8 A. Yes.
9

10 6. Q. Will you also be filing testimony responding to objections to the Staff
11 Report in this proceeding?

12 A. No.
13

14 7. Q. What is the purpose of your testimony in this proceeding?

15 A. The purpose of my testimony is to support the Joint Stipulation and
16 Recommendation (Stipulation) in this case by confirming the Stipulation
17 complies with the Commission's three-part test for determining a
18 stipulation's reasonableness.
19

20 8. Q. What are the components of the three-part test?

21 A. In considering the reasonableness of a stipulation, the Commission has used
22 the following criteria:

1 (1) Is the settlement a product of serious bargaining among capable,
2 knowledgeable parties?

3 (2) Does the settlement, as a package, benefit ratepayers and the public
4 interest?

5 (3) Does the settlement package violate any important regulatory principle
6 or practice?

7

8 9. Q. Is the Stipulation a product of serious bargaining among capable,
9 knowledgeable parties?

10 A. Yes. The Stipulation is the product of an open process in which all
11 intervenors were given an opportunity to participate. All parties were
12 represented by experienced and competent counsel, many of whom have
13 participated in numerous regulatory proceedings before the Commission.
14 There were extensive negotiations among the parties and the Stipulation
15 represents a comprehensive compromise of the issues raised by parties with
16 diverse interests.

17

18 10. Q. Which parties have signed the Stipulation?

19 A. The Signatory Parties to the Stipulation are the Staff of the PUCO (Staff),
20 Columbia Gas of Ohio, Inc. (Columbia or Company), Office of the Ohio
21 Consumers' Counsel (OCC), Northeast Ohio Public Energy Council
22 (NOPEC), Industrial Energy Users – Ohio (IEU-Ohio), Ohio

1 Manufacturers' Association Energy Group (OMA Energy Group), The
2 Kroger Co. (Kroger), Ohio Schools Council (OSC), Ohio Energy Group
3 (OEG), Interstate Gas Supply, Inc. (IGS), and the Retail Energy Supply
4 Association (RESA).

5
6 11. Q. Which parties have agreed not to oppose the Stipulation?

7 A. There are no parties that has agreed to not oppose the Stipulation.
8

9 12. Q. Does the Stipulation benefit ratepayers and the public interest?

10 A. Yes. The Stipulation results in a just and reasonable resolution of the
11 matters pending in these Commission dockets. Included in this reasonable
12 resolution is a revenue requirement that benefits ratepayers, through a
13 balanced approach by recognizing some of the objections to the Staff
14 Report of Investigation raised by intervening parties, rejecting some of the
15 objections, and considering alternative approaches. Additionally, the
16 following are some of the key benefits of the Stipulation:

- 17 • The stipulated revenue increase of \$68.192 million is significantly
18 lower than the \$221.5 million increase requested by Columbia in its
19 application.
- 20 • The stipulated rate of return of 7.05 percent is lower than the 7.85
21 percent requested by Columbia in its application. Additionally, the

1 stipulated return on equity of 9.6 percent is significantly lower than
2 the 10.95 percent requested by Columbia in its application.

- 3 • Provides for bill proration for the Small General Service (SGS)
4 Class, which will be phased in over three years.
- 5 • Removes incentive compensation from operating and maintenance
6 attributable to stock-based compensation and financial performance
7 of the Company. The Stipulation removes capitalized financial
8 incentives from the Capital Expenditure Rider (CEP Rider) and
9 Infrastructure Replacement Program Rider (Rider IRP) subsequent
10 to December 31, 2022, except for up to \$4 million accrued
11 capitalized financial incentives within Construction Work in
12 Progress as of December 31, 2022.
- 13 • The removal of cloud computing software from rate base.
- 14 • The Company withdraws its request for implementation of the
15 Federal/State Tax Reform Rider, Carbon Reduction Rider, and the
16 Federally Mandated Investment Rider.
- 17 • Columbia's existing Regulatory Assessment Rider will cease with
18 the effective date of base rates.
- 19 • Columbia agrees to have the approved CEP Rider Auditor, in its
20 next adjustment proceeding for calendar year 2022 capital, review

1 the methods by which Columbia tracks plant, tags assets, unitizes
2 plant, and retires plant, and the asset accounting process.

- 3 • Limits deferral of environmental remediation cost for manufactured
4 gas plant (MGP) sites to the currently identified 14 MGP sites plus
5 the Toledo 1 site with a cap of \$24,997,442.98.
- 6 • Elimination of Columbia's pension and other postemployment
7 benefits or OPEB deferral.
- 8 • Allows for continuation of the Pipeline Safety program deferral
9 through December 31, 2030, with a \$10 million annual cap in order
10 for Columbia to complete the remediation of Columbia's GPS data
11 currently being gathered in its service area.
- 12 • Columbia will not earn and collect from consumers its proposed
13 \$10,000,000 of shared savings (nor any other shared savings) as part
14 of its Demand Side Management Program (i.e., WarmChoice®) or
15 otherwise.
- 16 • A commitment by Columbia to file a base distribution rate case by
17 September 1, 2027; otherwise, Columbia shall file revised tariff
18 sheets where the Rider IRP rate and CEP Rider rate charged to
19 consumers will be adjusted to \$0 on September 1, 2027.
- 20 • Continuation of Rider IRP with SGS rate caps that are \$.48 lower on
21 annual basis than what the Company requested in its application.

- 1 • Continuation of the CEP Rider with caps significantly lower than
2 what the Company proposed in its application as shown below:

	Calendar Year 2022 In- Service Capital	Calendar Year 2023 In- Service Capital	Calendar Year 2024 In- Service Capital	Calendar Year 2025 In- Service Capital	Calendar Year 2026 In- Service Capital
Company Requested	\$4.31	\$6.96	\$10.54	\$13.14	\$15.89
Stipulated	\$3.41	\$4.80	\$6.15	\$7.26	\$8.74

- 3
- 4 • Columbia shall offer a \$3.5 million customer bill-payment assistance
5 program (without charging to consumers \$2.3 million of the program
6 cost, with the balance being recovered through the DSM Rider).

7 13. Q. Does the settlement package violate any important regulatory principles or
8 practices?

9 A. Based on my experience, involvement in this proceeding, and review of the
10 Stipulation, Staff concludes that it does not violate any important regulatory
11 principle or practice.

13 14. Q. Are you recommending that the Commission approve the Stipulation?

14 A. Yes. In my opinion, the Stipulation represents a fair, balanced, and
15 reasonable compromise of the issues in this proceeding. I believe that the
16 Stipulation satisfies all of the Commission’s criteria for adoption of

1 settlements, and it is my recommendation the Commission issue an order
2 approving the Stipulation.

3

4 15. Q. Does this conclude your testimony?

5 A. Yes. However, I reserve the right to submit supplemental testimony as new
6 information subsequently becomes available.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Pre-filed Testimony of David Liphtratt in Support of the Stipulation has been served upon the below-named counsel via electronic mail, this 7th day of November, 2022.

/s/ Werner L. Margard

Werner L. Margard

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AAM**

Summary: Testimony PREFILED TESTIMONY IN SUPPORT OF THE
STIPULATION OF DAVID M. LIPTHRATT RATES AND ANALYSIS DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO electronically filed by Mr. Steven L.
Beeler on behalf of The Staff of the Public Utilities Commission of Ohio