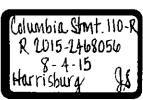
## BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility	)	
Commission	)	
	j	_
VS.	)	Docket No. R-2015-2468056
	)	
Columbia Gas of Pennsylvania, Inc.	)	
	)	
	)	

REBUTTAL TESTIMONY OF PANPILAS W. FISCHER ON BEHALF OF COLUMBIA GAS OF PENNSYLVANIA, INC.

July 16, 2015

RECEIVED



- 1 Q. Please state your name and business address.
- 2 A. My name is Panpilas W. Fischer. My business address is 290 W. Nationwide Blvd,
- 3 Columbus, Ohio 43215.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by NiSource Corporate Services Company ("NCSC"), a management
- and services subsidiary of NiSource Inc. ("NiSource"). My current title is Manager
- 7 of Income Taxes at NCSC.
- 8 Q. Are you the same Panpilas Fischer that filed direct testimony in this
- 9 **proceeding?**
- 10 **A.** Yes.
- Q. What is the purpose of your rebuttal testimony?
- 12 A. Subsequent to the filing of my prepared Direct Testimony, LaFayette Morgan filed
- direct testimony on behalf of the Pennsylvania Office of Consumer Advocate
- 14 ("OCA") related to the calculation of accumulated deferred income taxes in rate
- base. This testimony will respond to what appears to be an inadvertent error in the
- calculation of the OCA Adjustment to accumulated deferred income taxes in Mr.
- Morgan's Schedule LKM-5 included with his direct testimony.
- 18 Q. How has Mr. Morgan calculated accumulated deferred income taxes in
- 19 Schedule LKM-5?
- 20 A. Per Mr. Morgan's schedule the column labeled 13-Month Average Balance per OCA
- of Accumulated Deferred Income Taxes (Line 7) shows an amount of
- \$\(300,943,652\) with a reference that this amount was derived from amounts in the

- Attachment to the Company's response to OCA-7-007. This amount is then compared to the Balance per the Company at December 31, 2016 in the amount of \$(\$294,693,971) to arrive at an adjustment of \$(6,249,681).
- 4 Q. Does Columbia agree with Mr. Morgan's 13 month average approach?
- A. No. Columbia witness Paloney explains why this approach is improper forcomputing the FFRY rate base.
- Q. Other than the basic error in using a 13 month average, why is this calculation incorrect?
- This adjustment is incorrect because Mr. Morgan used as a starting point the 9 Α. Company balance of \$(294,693,971) per Company Exhibit 108, Schedule 8, Line 10 17, which includes all 190, 282 and 283 accumulated deferred income taxes in rate base and compares that to the 13-month average balance of accumulated deferred 12 income taxes in account 282 only. In order to make an equivalent comparison the 13 amount per Mr. Morgan's Schedule LKM-2 in the "Amount after OCA 14 Adjustments" column should be \$(300,943,652) which is the 13-month average of 15 accumulated deferred income tax balance for Depreciation (282 accounts) per the 16 Company's response to OCA-7-007, line 46. When compared to the "Amount per 17 Company filing" of \$(303,643,348) the adjustment is an increase to rate base of 18 \$2,699,696 (\$303,643,348 minus \$300,943,652) instead of a decrease to rate base 19 of \$(6,249,681). 20
- Q. Are there any other accumulated deferred income taxes that should be considered in the adjustment from a 13-month average balance versus

## the balance at December 31, 2016?

Yes there are. If Mr. Morgan intends to calculate the impact of a 13-month average versus the terminal balance of plant in service and related balances, then the accumulated deferred income taxes in the 190 account for the Federal Net Operating Loss ("NOL") should be included in the calculation as well. As explained on page 8 of my direct testimony and in the response to I&E-RE-056, the Federal NOL has been created by taking deductions for 50%-100% bonus depreciation on plant in service. The deferred tax asset represents the cash benefits the Company has not received because of the net operating losses. When comparing the terminal balance at December 13, 2016 of \$2,590,812 per Exhibit 108, Schedule No. 8, Line 8 to the 13-month average of \$9,800,013 per the Company's response to OCA-7-007 Attachment, this results in an additional adjustment of \$7,209,201. The total adjustment should be a \$16,158,578 increase to rate base (\$8,949,377 plus \$7,209,201) when adding the adjustment for the 190 Federal NOL to the adjustment calculated on the 282 accumulated deferred income taxes in rate base.

## Q. Does this conclude your rebuttal testimony?

17 A. Yes.