

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility
Commission

vs.

Columbia Gas of Pennsylvania, Inc.

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Docket No. R-2015-2468056

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

July 16, 2015

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
6 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.

11 **Q. What is the purpose of your rebuttal testimony?**

12 **A.** Subsequent to the filing of my prepared Direct Testimony, LaFayette Morgan filed
13 direct testimony on behalf of the Pennsylvania Office of Consumer Advocate
14 (“OCA”) related to the calculation of accumulated deferred income taxes in rate
15 base. This testimony will respond to what appears to be an inadvertent error in the
16 calculation of the OCA Adjustment to accumulated deferred income taxes in Mr.
17 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
21 of Accumulated Deferred Income Taxes (Line 7) shows an amount of
22 \$(300,943,652) with a reference that this amount was derived from amounts in the

1 Attachment to the Company's response to OCA-7-007. This amount is then
2 compared to the Balance per the Company at December 31, 2016 in the amount of
3 $\$(294,693,971)$ to arrive at an adjustment of $\$(6,249,681)$.

4 **Q. Does Columbia agree with Mr. Morgan's 13 month average approach?**

5 **A.** No. Columbia witness Paloney explains why this approach is improper for
6 computing the FFRY rate base.

7 **Q. Other than the basic error in using a 13 month average, why is this**
8 **calculation incorrect?**

9 **A.** This adjustment is incorrect because Mr. Morgan used as a starting point the
10 Company balance of $\$(294,693,971)$ per Company Exhibit 108, Schedule 8, Line
11 17, which includes all 190, 282 and 283 accumulated deferred income taxes in rate
12 base and compares that to the 13-month average balance of accumulated deferred
13 income taxes in account 282 only. In order to make an equivalent comparison the
14 amount per Mr. Morgan's Schedule LKM-2 in the "Amount after OCA
15 Adjustments" column should be $\$(300,943,652)$ which is the 13-month average of
16 accumulated deferred income tax balance for Depreciation (282 accounts) per the
17 Company's response to OCA-7-007, line 46. When compared to the "Amount per
18 Company filing" of $\$(303,643,348)$ the adjustment is an increase to rate base of
19 $\$2,699,696$ ($\$303,643,348$ minus $\$300,943,652$) instead of a decrease to rate base
20 of $\$(6,249,681)$.

21 **Q. Are there any other accumulated deferred income taxes that should be**
22 **considered in the adjustment from a 13-month average balance versus**

1 **the balance at December 31, 2016?**

2 **A.** Yes there are. If Mr. Morgan intends to calculate the impact of a 13-month average
3 versus the terminal balance of plant in service and related balances, then the
4 accumulated deferred income taxes in the 190 account for the Federal Net
5 Operating Loss (“NOL”) should be included in the calculation as well. As explained
6 on page 8 of my direct testimony and in the response to I&E-RE-056, the Federal
7 NOL has been created by taking deductions for 50%-100% bonus depreciation on
8 plant in service. The deferred tax asset represents the cash benefits the Company
9 has not received because of the net operating losses. When comparing the terminal
10 balance at December 13, 2016 of \$2,590,812 per Exhibit 108, Schedule No. 8, Line
11 8 to the 13-month average of \$9,800,013 per the Company’s response to OCA-7-
12 007 Attachment, this results in an additional adjustment of \$7,209,201. The total
13 adjustment should be a \$16,158,578 increase to rate base (\$8,949,377 plus
14 \$7,209,201) when adding the adjustment for the 190 Federal NOL to the
15 adjustment calculated on the 282 accumulated deferred income taxes in rate base.

16 **Q. Does this conclude your rebuttal testimony?**

17 **A.** Yes.