

Columbia Gas of Pennsylvania, Inc.
2021 General Rate Case
Docket No. R-2021-3024296
Standard Data Request
GASROR No. 10-23
Volume 3 of 3

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-011:

If applicable, please supply a listing of all common equity infusions from the parent to the Company over the past five years. In each case, identify date and dollar amount.

Response:

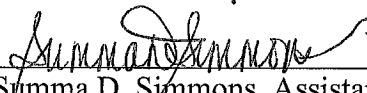
Attachment A shows Columbia Gas of Pennsylvania received equity infusions of \$45,000,000 in June 2018 and \$55,000,000 in March 2020.

RECEIPT OF CAPITAL CONTRIBUTION

Columbia Gas of Pennsylvania, Inc. hereby acknowledges receipt of an equity capital contribution in the amount of \$45,000,000 from its sole stockholder, NiSource Gas Distribution Group, Inc.

Dated: June 29, 2018

COLUMBIA GAS OF PENNSYLVANIA, INC.



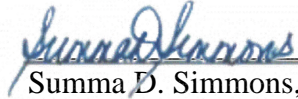
Summa D. Simmons, Assistant Treasurer

RECEIPT OF CAPITAL CONTRIBUTION

Columbia Gas of Pennsylvania, Inc. hereby acknowledges receipt of an equity capital contribution in the amount of \$55,000,000 from its sole stockholder NiSource Gas Distribution Group, INC.

Dated: March 31, 2020

COLUMBIA GAS OF PENNSYLVANIA, INC.



Summa D. Simmons, Assistant Treasurer

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-012:

If applicable, please identify the Company's common dividend payments to its parent for each of the last five years.

Response:

Common Dividend payments to the Parent Company for the last 5 years were as follows:

2016 - \$0
2017 - \$0
2018 - \$0
2019 - \$0
2020 - \$0

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-013:

Please provide the latest year-by-year financial projections for the Company for the next five years. Also, please indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies. (Information should be treated in a confidential manner.)

Response:

The financial projections of the Company are confidential and will be made available upon request, subject to an appropriate confidentiality agreement or protective order.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-014:

Please provide the Company's five-year construction budget.

Response:

GAS-ROR-014 Attachment A provides Columbia Gas of Pennsylvania's current five year Capital Program (2021-2025) broken down by Business Class, summarized by Gross Capital Expenditures, Net Capital Expenditures, and Contributions and Reimbursements.

Columbia Gas of Pennsylvania
Capital Program
(\$000)

Budgeted Capital Expenditures

Class	2021	2022	2023	2024	2025
Growth	\$42,952	\$42,676	\$41,220	\$44,893	\$48,904
Betterment	\$42,615	\$8,500	\$10,700	\$8,500	\$5,452
Public Improvement	\$9,497	\$6,000	\$7,500	\$7,939	\$7,449
Replacement	\$260,838	\$289,108	\$339,809	\$348,704	\$366,628
Support Services	\$2,750	\$3,250	\$2,700	\$2,250	\$2,344
Total Gross Capital	\$358,652	\$349,534	\$401,928	\$412,286	\$430,777
Shared Services Allocation	\$32,727	\$22,363	\$21,682	\$21,682	\$21,682
Total Gross Capital Including Shared Services	\$391,379	\$371,897	\$423,610	\$433,968	\$452,459

	2021	2022	2023	2024	2025
Contributions - Growth	(\$2,066)	(\$1,141)	\$0	\$0	\$0
Reimbursement - Betterment					
Reimbursement - Public Improvement	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)
Reimbursement - Replacement					
Total Contributions & Reimbursements	(\$2,566)	(\$1,641)	(\$500)	(\$500)	(\$500)

Capital Expenditures Net Reimbursements

Class	2021	2022	2023	2024	2024
Growth	\$40,886	\$41,535	\$41,220	\$44,893	\$48,904
Betterment	\$42,615	\$8,500	\$10,700	\$8,500	\$5,452
Public Improvement	\$8,997	\$5,500	\$7,000	\$7,439	\$6,949
Replacement	\$260,838	\$289,108	\$339,809	\$348,704	\$366,628
Support Services	\$2,750	\$3,250	\$2,700	\$2,250	\$2,344
Total Net Capital	\$356,086	\$347,893	\$401,428	\$411,786	\$430,277
Shared Services Allocation	\$32,727	\$22,363	\$21,682	\$21,682	\$21,682
Total Net Capital Including Shared Services	\$388,813	\$370,256	\$423,110	\$433,468	\$451,959

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-015:

Please identify the Company's and, if applicable, its parent's capital structure targets (percentages of capital types). Provide the complete basis for the capital structure targets.

Response: Columbia Gas of Pennsylvania, Inc.

The Company targets an equity ratio of between 53-55% and a debt ratio, including short term debt, of between 45-47%. These ranges have been acceptable in Pennsylvania in the past. They also fall within the ranges of the Gas Group as described in Paul Moul's direct testimony, Columbia Statement No. 8.

Response: NiSource Inc.

NiSource Inc. does not formally publish a capital structure target, but it implements its financial strategy with the goal of maintaining an investment grade bond rating.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-016:

For each month, of the most recent 24 months, please supply the Company's

- a. short-term debt balance;
- b. short-term debt interest rate;
- c. balance of construction work in progress; and
- d. balance of construction work in progress which is eligible for AFUDC accrual.

Response:

Please see GAS-ROR-016 Attachment A.

COLUMBIA GAS OF PENNSYLVANIA, INC.

	Part A	Part B	Part C	Part D
	Short Term Debt		Construction Work in Progress	
	Balance	Rate	CWIP Balance	CWIP Eligible for AFUDC
	(\$000)	%	(Dollars\$)	(Dollars\$)
January 2019	45,622	3.02%	47,501,130	44,252,479
February	17,983	2.89%	48,830,013	41,464,620
March	0	2.86%	53,177,633	42,971,711
April	0	2.87%	54,158,683	47,045,513
May	17,011	2.84%	64,766,323	49,882,565
June	64,463	2.81%	68,558,364	55,447,356
July	97,188	2.73%	78,004,077	65,380,783
August	128,274	2.52%	86,859,922	67,958,588
September	57,695	2.54%	77,970,244	68,247,014
October	86,610	2.49%	61,601,260	53,529,211
November	116,500	2.20%	68,940,448	55,064,104
December 2019	142,398	1.93%	45,731,782	40,256,180
January 2020	109,822	2.05%	52,901,455	36,566,219
February	97,355	1.81%	45,527,031	41,122,602
March	0	1.88%	45,748,245	38,336,778
April	0	1.32%	54,626,030	39,253,371
May	0	0.41%	57,480,882	45,926,715
June	0	0.16%	59,862,442	46,803,716
July	6,012	0.13%	76,783,353	51,534,331
August	36,026	0.13%	50,866,819	52,696,463
September	68,331	0.13%	55,366,327	46,727,146
October	108,922	0.15%	54,286,873	45,353,111
November	131,914	0.22%	46,888,433	49,536,066
December 2020	168,183	0.23%	43,992,078	41,038,546

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-017:

If applicable, please provide the currently authorized returns on equity for each of the parent's utility subsidiaries of the same industry type as the Company. In each case identify the approximate date when the current return on equity was approved by the state commission.

Response:

Company	Date	ROE
Columbia Gas of Kentucky	December 22, 2016	9.50%*
Columbia Gas of Ohio	December 3, 2008	10.39%
Columbia Gas of Maryland	November 7, 2020	9.60%**
Columbia Gas of Virginia	June 12, 2019	9.70%***
NIPSCO - Gas	September 19, 2018	9.85%

*Columbia Gas of Kentucky received a Final Order on December 22, 2016 approving a Settlement. The Settlement included an ROE of 9.50% for the purpose of Accelerated Main Replacement Program (AMRP) filings and AFUDC calculations. On November 7, 2019, the Kentucky Commission approved Columbia Gas of Kentucky's request to amend and expand its annual AMRP to become the Safety Modification and Replacement Program (SMRP).

**On November 7, 2020, the Public Utility Law Judge's October 7, 2020 Proposed Order in Columbia Gas of Maryland's 2020 Rate Case, Case Number 9644, (recommending approval of the Settlement without modification) became the Final Order of the Maryland Public Service Commission. While the Settlement indicated no specific ROE used to establish base rates, it did establish a ROE of 9.60% to be used in Make Whole and Infrastructure filing applications.

***Columbia Gas of Virginia received a final order June 12, 2019 approving a settlement in a base rate proceeding. While the settlement indicated no specific ROE used to establish base rates, it did establish a ROE of 9.7% to be used in any application or filing other than a base rate filing. Additionally, it established an ROE range of 9.2% to 10.2% with a midpoint of 9.7% for use in Earnings Tests filings.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-018:

Has the Utility reacquired or repurchased any debt within the last five years? If so, provide a summary of each gain or loss on reacquired debt, the date on which the utility commenced amortization of such a gain or loss, the regulatory commission decision addressing the treatment of such gain or loss on reacquired debt, if any, on interest expense.

Response:

Columbia has not reacquired or repurchased any debt within the last five years.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-019:

Fully identify all debt (other than instruments traded in public markets) owed to all shareholders, corporate officers, or members of the board of directors, its affiliates, parent company, or subsidiaries.

Response:

Columbia Gas of Pennsylvania, Inc. (the Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc., which is a subsidiary of NiSource Inc. (the Parent). All debt of the Company is held by the Parent and is not publicly traded.

Please see GAS-ROR-019 Attachment A to this Response.

COLUMBIA GAS OF PENNSYLVANIA, INC.

STATEMENT OF OUTSTANDING LONG TERM NOTES AT DECEMBER 31, 2020

Line No.	Description	Date of Issue (1)	Date of Maturity (2)	Principal Amount Issued (3) \$	Amount Paid (4) \$	Amount Outstanding (5) \$	Coupon Interest Rate (6)	Annualized Cost (7) \$
<u>Columbia Gas of Pennsylvania, Inc.</u>								
<u>LONG TERM DEBT</u>								
1	Debentures	11/28/2005	11/28/2025	54,515,000	\$ -	54,515,000	5.9200%	3,227,288
2	Debentures	11/1/2006	11/1/2021	20,000,000	\$ -	20,000,000	6.0150%	1,203,000
3	Debentures	12/14/2007	12/14/2027	58,000,000	\$ -	58,000,000	6.8650%	3,981,700
4	Debentures	12/16/2010	12/16/2030	28,000,000	\$ -	28,000,000	6.0200%	1,685,600
5	Debentures	3/28/2012	3/26/2032	30,000,000	\$ -	30,000,000	5.3550%	1,606,500
6	Debentures	3/28/2012	3/26/2042	35,000,000	\$ -	35,000,000	5.8900%	2,061,500
7	Debentures	11/28/2012	11/28/2042	65,000,000	\$ -	65,000,000	5.2600%	3,419,000
8	Debentures	6/19/2013	06/19/2043	23,000,000	\$ -	23,000,000	5.5300%	1,271,900
9	Debentures	12/18/2013	12/18/2043	32,000,000	\$ -	32,000,000	6.2900%	2,012,800
10	Debentures	12/18/2014	12/16/2044	30,000,000	\$ -	30,000,000	4.4300%	1,329,000
11	Debentures	3/24/2015	3/24/2045	60,000,000	\$ -	60,000,000	4.1500%	2,490,000
12	Debentures	9/28/2015	9/28/2035	60,000,000	\$ -	60,000,000	4.5051%	2,703,060
13	Debentures	3/31/2016	3/30/2046	45,000,000	\$ -	45,000,000	4.1858%	1,883,610
14	Debentures	1/31/2017	1/31/2047	85,000,000	\$ -	85,000,000	4.4386%	3,772,810
15	Debentures	6/29/2018	6/29/2048	80,000,000	\$ -	80,000,000	4.5279%	3,622,320
16	Debentures	11/22/2019	11/22/2049	80,000,000	\$ -	80,000,000	3.6870%	2,949,600
17	Debentures	3/31/2020	54,878	110,000,000		110,000,000	3.8716%	4,258,760
18	TOTAL INSTALLMENT FROM NOTES PAYABLE			895,515,000	\$ -	895,515,000		43,478,448
19	TOTAL AVERAGE WEIGHTED EFFECTIVE COST RATE [Col. 7/Col. 5]							4.855%

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-20:

Provide a summary statement of all stock dividends, splits, or par value changes during the two (2) year calendar period preceding the rate case filing.

Response:

Columbia Gas of Pennsylvania paid no dividends during the two year calendar period preceding the rate case.

Cash dividends on NiSource Inc. stock during the two year calendar period preceding the rate case were as follows:

Date Declared		Record Date		Date of Payment		Dividend Per share
11-Aug-20		30-Oct-20		20-Nov-20		\$0.2100
19-May-20		31-Jul-20		20-Aug-20		\$0.2100
17-Mar-20		30-Apr-20		20-May-20		\$0.2100
31-Jan-20		11-Feb-20		20-Feb-20		\$0.2100
6-Aug-19		31-Oct-19		20-Nov-19		\$0.2000
6-May-19		31-Jul-19		20-Aug-19		\$0.2000
19-Mar-19		30-Apr-19		20-May-19		\$0.2000
01-Feb-19		11-Feb-19		20-Feb-19		\$0.2000

NiSource Inc. also had two classes of outstanding preferred stock that paid out dividends during the past two years. This is detailed below:

Series A:

Date Declared		Record Date		Date of Payment		Dividend Per share
11-Aug-20		23-Nov-20		15-Dec-20		\$25.25 per share equal to 0.02825 per \$1 of its liquidation preference

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

17-May-20		22-May-20		15-Jun-20		25.25 per share equal to 0.02825 per \$1 of its liquidation preference
6-Aug-19		22-Nov-19		16-Dec-19		25.25 per share equal to 0.02825 per \$1 of its liquidation preference
19-Mar-19		24-May-19		17-Jun-19		25.25 per share equal to 0.02825 per \$1 of its liquidation preference

Series B:

Date Declared		Record Date		Date of Payment		Dividend Per share
11-Aug-20		23-Nov-20		15-Dec-20		\$406.25 per share equal to 0.4559 per depositary share
19-May-20		24-Aug-20		15-Sep-20		\$406.25 per share equal to 0.4559 per depositary share
17-Mar-20		22-May-20		15-Jun-20		\$406.25 per share equal to 0.4559 per depositary share
31-Jan-20		24-Feb-20		16-Mar-20		\$406.25 per share equal to 0.4559 per depositary share
6-Aug-19		22-Nov-19		16-Dec-19		\$406.25 per share equal to 0.4559 per depositary share

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

6-May-19		23-Aug-19		16-Sep-19		\$406.25 per share equal to 0.4559 per depositary share
19-Mar-19		24-May-19		17-Jun-19		\$406.25 per share equal to 0.4559 per depositary share
01-Feb-19		22-Feb-19		15-Mar-19		\$455.90 per share equal to 0.4559 per depositary share

NiSource Inc. did not have any stock splits or par value changes during the two year calendar period preceding the rate case.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-021:

If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system--consolidated, the reasons for this claim must be fully stated and supported.

Response:

The filing utility, Columbia Gas of Pennsylvania, Inc., is not utilizing the capital structure of the parent company (NiSource Gas Distribution, Inc.), or the system consolidated (NiSource Inc.) in its claim.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-022:

To the extent not provided in SDR III-A.13, supply projected capital requirements and sources of the filing utility, its parent and system--consolidated--for the test year and each of three (3) comparable future years.

Response:

Please see GAS-ROR-022 Attachment A, page 1, which provides Columbia Gas of Pennsylvania's capital requirements and sources for the test year (November 30, 2020). See GAS-ROR-022 Attachment A, page 2, which provides NiSource capital requirements and sources for November 30, 2020.

Please refer to Exhibit No. 405 concerning the three future years.

COLUMBIA GAS OF PENNSYLVANIA, INC.53.53 II. RATE OF RETURNA. ALL Utilities

USES OF FUNDS	November 2020 000's
Constructions	\$312,311
Allowance for Funds Used During Contruction	844
Debt Retirement and Redemption	973
Other Investing Activities	6,607
Common Dividends	-
Total Funds Required	<u>320,735</u>
SOURCES OF FUNDS	
<u>Internal Sources</u>	
Net Income	\$90,558
Depreciation	79,076
Deferred Taxes	9,440
Other Cash Flow from Operations	(12,556)
Working Capital	8,565
Total Internal Sources	<u>175,083</u>
<u>External Sources</u>	
Common Stock/Additional Paid in Capital	55,000
Net Increase(Decrease) in Short-Term Borrowings	90,651
Issuance of Long-Term debt	-
Total External Sources	<u>145,651</u>
Total Sources of Funds	<u>320,735</u>
	(0)

NiSource
53.53 II. RATE OF RETURN
A. ALL Utilities

USES OF FUNDS	November 2020 000's
Constructions	\$1,757,687
Allowance for Funds Used During Contruction	9,572
Debt Retirement and Redemption	1,621,258
Other Investing Activities	(962,922)
Dividends	376,677
Total Funds Required	<u>2,802,271</u>
SOURCES OF FUNDS	
<u>Internal Sources</u>	
Net Income	(\$386,507)
Depreciation	725,927
Deferred Taxes	(59,825)
Other Cash Flow from Operations	1,138,719
Working Capital	(142,357)
Total Internal Sources	<u>1,275,958</u>
<u>External Sources</u>	
Common & Preferred Stock/Additional Paid in Capital	222,779
Net Increase(Decrease) in Short-Term Borrowings	(1,417,952)
Issuance of Long-Term debt	2,721,486
Total External Sources	<u>1,526,314</u>
Total Sources of Funds	<u>2,802,271</u>

0

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-023:

To the extent not provided elsewhere, supply financial data of Company and/or parent for the last five (5) years.

- a. Times interest earned ratio – pre and post tax basis.
- b. Preferred stock dividend coverage ratio – post tax basis.
- c. Times fixed charges earned ratio – pre tax basis.
- d. Dividend payout ratio.
- e. AFUDC as a percent of earnings available for common equity.
- f. Construction work in progress as a percent of net utility plant.
- g. Effective income tax rate.
- h. Internal cash generations as a percent of total capital requirements.

Response:

Please see GAS-ROR-023 Attachment A, page 1 for Company financial data and page 2 for parent financial data.

COLUMBIA GAS OF PENNSYLVANIA, INC.
Standard Data Request - Rate of Return
SDR No. 23 - Exhibit

a. Times Interest earned ratio -- pre and post tax basis.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Pre-tax	4.47	4.05	4.12	4.09	3.55
Post-tax	3.18	2.92	3.66	3.41	3.03

b. Preferred stock dividend coverage ratio -- post tax basis.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	N/A	N/A	N/A	N/A	N/A

c. Time fixed charges earned ratio -- pre tax basis.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	4.74	4.36	4.57	4.55	3.70

d. Dividend payout ratio.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	0.00	0.00	0.00	0.00	0.00

e. AFUDC as earnings available for common equity.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	1.81%	1.59%	0.46%	0.63%	1.00%

f. Construction work in progress as a percent of net utility plant.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	1.27%	1.37%	2.31%	1.98%	1.80%

g. Effective income tax rate

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	37.13%	37.20%	14.87%	21.98%	20.53%

h. Internal cash generations as a percent of total capital requirements.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	66.71%	59.51%	62.57%	56.14%	56.70%

NiSource Inc.
Standard Data Request - Rate of Return
SDR No. 23 - Exhibit

a. Times Interest earned ratio -- pre and post tax basis.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Pre-tax	2.47	2.25	0.36	2.48	0.92
Post-tax	1.95	1.36	0.86	2.15	0.96

b. Preferred stock dividend coverage ratio -- post tax basis.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	N/A	N/A	(3.37)	7.92	(0.26)

c. Time fixed charges earned ratio -- pre tax basis.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	2.45	2.24	0.39	2.86	0.96

d. Dividend payout ratio.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	0.62	1.78	(5.70)	0.81	(26.56)

e. AFUDC as earnings available for common equity.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	3.50%	9.81%	-21.65%	2.10%	-13.62%

f. Construction work in progress as a percent of net utility plant.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	5.20%	6.75%	3.06%	2.70%	3.75%

g. Effective income tax rate.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	35.69%	70.99%	78.06%	24.38%	54.63%

h. Internal cash generations as a percent of total capital requirements.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	57.65%	45.38%	3.42%	47.71%	18.56%