

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA)	
GAS OF KENTUCKY, INC. FOR AN)	CASE NO.
ADJUSTMENT OF RATES; APPROVAL OF)	2024-00092
DEPRECIATION STUDY; APPROVAL OF TARIFF)	
REVISIONS; AND OTHER RELIEF)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. (Columbia Kentucky), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on August 7, 2024. The Commission directs Columbia Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia Kentucky shall make timely amendment to any prior response if Columbia Kentucky obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Columbia Kentucky fails or refuses to furnish all or part of the requested information, Columbia Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Columbia Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Donald Ayers, page 4. Provide Columbia Kentucky's 2024 Distribution Integrity Management Program (DIMP) plan.

2. Refer to the Direct Testimony of Vincent V. Rea (Rea Direct Testimony), page 38, lines 13–16. For both the LDC Gas group and the Combination Utility group, explain the degree to which each utility has either nuclear power generation or independent power production. Include in the response the meaning of "significant."

3. Refer to the Rea Direct Testimony, page 53, and Attachment VVR-5. Between the Projected at August 31, 2024, and the Projected at December 31, 2025, Retained Earnings increased from \$220,424,709 to \$251,756,154 (\$31,331,445), while Additional Paid In Capital only increased from \$60,018,524 to \$68,018,524 (\$8,000,000).

a. Explain why balancing the projected additional \$41 million in long-term debt with a preponderance of retained earnings as opposed to a preponderance of Additional Paid in Capital is reasonable.

b. Explain and show how the increase in retained earnings as of December 31, 2025, was derived.

c. Explain and show how the increase in Paid In Capital as of December 31, 2025, was derived.

4. Refer to the Rea Direct Testimony, pages 56–57. Explain the process for estimating the long-term cost of debt in this case.

5. Refer to the Rea Direct Testimony, Attachment VVR-5, page 1. Explain Columbia Kentucky's policies regarding the levels of short-term debt and the policies regarding the conversion of that debt into long-term debt.

6. Refer to the Rea Direct Testimony, pages 52–53, and Attachment VVR-6. Explain why the embedded cost of long-term debt is not based on existing long-term debt.

7. Refer to the Rea Direct Testimony, Appendix C, page 3, lines 18–20. Identify any other state commissions, if any, that have allowed for upward adjustments to the cost of equity to recognize differences in financial risk between market value-based capital structures.

8. Refer to the Rea Direct Testimony, Appendix D, page 1, lines 13–16. Explain whether and how Columbia Kentucky includes or accounts for flotation costs when issuing equity.

9. Refer to the Direct Testimony of Kevin Johnson (Johnson Direct Testimony), Attachment KLJ-CWC-1. Provide this attachment in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

10. Refer to the Johnson Direct Testimony, page 13, lines 13–14:

a. Provide the total number of annual invoices recorded in the accounts payable system.

b. Explain in detail why a sample of 400 invoices were chosen from the accounts payable system.

c. Provide the total payable value of the 400 randomly selected invoices.

d. Provide the total payable value for all invoices for the base period.

e. Explain whether the 400-invoice sample is representative of the entire accounts payable system.

11. Refer to the Direct Testimony Kristen King, Attachment KK-1 and the Application, Tab 76, 807 KAR 5:001, Section 16(7)(u). For the actual years 2021, 2022, and 2023; and forecasted years 2024 and 2025; and for the allocation Basis 1–20 provide the following:

a. The total pool of dollars subject to allocation.

b. The percentage (allocation factor) for Columbia Kentucky as well as all other companies listed in Attachment KK-1.

12. Refer to the Application, Volume 8, Tab 81, Schedules C-2.1.A and B:
- a. Explain in detail why the total sales of gas values between the base period and the forecasted period go down by approximately \$12 million.
 - b. Explain in detail why total gas sales between the base period and the forecasted period are lower when the forecasted mix of Gas Supply volumes are increasing, as shown on the Application, Tab 50, 807 KAR 5:001, Section 16(7)(h)8.
 - c. Explain in detail why total gas sales between the base period and the forecasted period are lower when the forecasted customer counts are increasing, as shown on the Application, Tab 56, FR 807 KAR 5:001 Section 16(7)(h)14.
 - d. Explain in detail why total gas sales between the base period and the forecasted period are lower when the forecasted sales volumes are increasing, as shown on the Application, Tab 50, 807 KAR 5:001 Section 16(7)(h)15.
 - e. Please explain in detail why Other Gas Revenues go down by approximately \$6.5 million between the base period and the forecasted period.
 - f. State whether the customer number and volumes include Choice Program participants.

13. Refer to Columbia Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 10. Explain the more expansive meanings of "bypass" other than the traditional receipt of gas directly from interstate pipelines.

14. Refer to Columbia Kentucky's response to Staff's First Request, Item 13. Columbia Kentucky states, "With respect to the Combination Utility Group referenced by Mr. Rea (which is comprised of nine combination gas and electric utility holding

companies) it should be noted that, on average, approximately 30 percent of the consolidated revenues of these holding companies are attributable to gas utility operations.”

a. For each of the utilities in the Combination Utility Group, provide the supporting documentation showing that on average approximately 30 percent of consolidated revenues is attributable to gas utility operations.

b. Also, refer to the Rea Direct Testimony, page 26, lines 7–8. If not answered above, explain the percentage of operating income that is from regulated gas distribution for the LDC Gas group and the Combination Utility Group.

c. Explain how the company chose to include companies whose operating income could be 50 percent or more from regulated gas distribution into the Gas LDC group.

15. Refer to Columbia Kentucky’s response to Staff’s First Request, Item 51, Attachment A, page 1 of 1, line 25. Explain why the rate schedule for “GDS” shows an increase in the average number of customers for the “Base Period TME 08/31/2024” column.

16. Refer to Columbia Kentucky’s Application, Volume 8, Tab 82, Schedule D-1.A and Schedule D-1.B and Columbia Kentucky’s response to Staff’s Second Request, Item 30f.

a. Provide a breakdown of all expenses included in this adjustment.

b. Explain whether the total amount of profit sharing is removed from the forecasted test period. If not, explain what portion was not and why.

17. Refer to Columbia Kentucky's response to Joint Intervenor's First Request for Information (Joint Intervenor's First Request), Item 1. Provide the total revenue amounts collected from Choice participant customers for the last two calendar years, on an annual basis.

18. Refer to Columbia Kentucky's response to Joint Intervenor's First Request, Item 2. Explain why the commodity and capacity revenue decreased between 2022 and 2023.

19. Refer to Columbia Kentucky's response to Attorney General's First Request for Information, Item 175.

a. Provide a summary of Columbia Kentucky's application for Blanket Certificate of Limited Jurisdiction dated April 12, 2024, in FERC Docket No. CP24-71-000 (Blanket Certificate). The response should include but not be limited to Columbia Kentucky's need for such a filing and its prospects, if any, for serving such loads in the future.

b. Explain what Columbia Kentucky would consider to be reasonable gas quality requirements and volumetric eligibility requirements for any renewable natural gas (RNG) that may be transported under this Blanket Certificate.

20. Refer to Columbia Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 23, and the Direct Testimony of Gregory Skinner, page 5. Explain what knowledge Columbia Kentucky has on the second step to system improvements, the One Customer Information system upgrades. Provide any documentation relating to this response regarding the upgrades.

21. Refer to Columbia Kentucky's response to Staff's Second Request, Item 25
c. Provide an explanation for the statement that Columbia Kentucky believes not making a CWC adjustment is the most reasonable approach.

22. Refer to Columbia Kentucky's response to Staff's Second Request, Item 35.
a. Explain why it will take until the end of 2024 for Columbia Kentucky to provide the requested Lost and Unaccounted for Gas (LAUF) line loss for each system within Columbia Kentucky for the last six months if the LAUF is calculated annually in August of each year.

b. Explain why Columbia Kentucky was unable to provide the information as requested.

c. Provide the lost and unaccounted for line loss for each system within Columbia Kentucky for the last six months on a monthly basis and on a six-month average basis.

23. Refer to Columbia Kentucky's response to Staff's Second Request, Item 36, final sentence. Explain the rationale behind Columbia Kentucky averaging the calculated LAUF percentage to the prior ten years calculated LAUF percentages to determine the billed LAUF percentage.

24. Refer to Columbia Kentucky's response to Staff's Second Request, Item 41.
a. The response to Item 41a indicates that there is no shortfall in the recovery of the cost of this plant due to the proposed rate design. State whether there is currently a shortfall in recovery due to existing rates and rate design. If there is currently a shortfall, provide the current amount of that shortfall.

b. With regard to the response to Item 41b, explain if the six customers referenced within the Main Line Delivery Service rate class were made aware by Columbia Kentucky of its intent to separate the customer charge revenue allocation based on customer transportation volume.

25. Refer to Columbia Kentucky's response to Staff's Second Request, Item 47. Using the data provided, along with any other relevant data, provide a step-by-step explanation of how actual residential and commercial customer usage data was weather normalized in order to arrive at normalized revenues and rates proposed in this case. Any data or information referenced should be provided or cited to the record along with any relevant workpapers.

26. Refer to Columbia Kentucky's response to Staff's Second Request, Item 48.

a. Identify the competing pipeline referenced in the response.

b. Provide the single large transportation customer's monthly transportation volume for the last five years ending 2023, and monthly for 2024.

c. Provide forecasted total industrial transportation volumes reflecting (1) the individual customer's volumes at actual 2023 levels, and (2) at levels equal to a five-year average of the customer's volumes, including the most current months available.

27. Refer to Case No. 2021-00183,² December 28, 2021 Order, page 12. Identify which employee performs a thorough review of costs allocated to Columbia Kentucky on a recurring basis. Provide any reports or summaries performed of this review.

² Case No. 2021-00183, *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; Issuance of a Certificate of Public Convenience and Necessity; and Other Relief* (Ky. PSC Dec. 28, 2021), Order at 12.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JUL 24 2024

cc: Parties of Record

Case No. 2024-00092

*L. Allyson Honaker
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KENTUCKY 40509

*John G Horne, II
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Columbia Gas of Kentucky, Inc.
290 W Nationwide Blvd
Columbus, OH 43215

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*John R. Ryan
Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

*Aaron D Reedy
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Brittany H. Koenig
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KENTUCKY 40509

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Heather Temple
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KENTUCKY 40509

*Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Melissa Thompson
Columbia Gas of Kentucky, Inc.
200 Civic Center Drive
P.O. Box 117
Columbus, OHIO 43216-0117

*Judy M Cooper
Director, Regulatory Services
Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

*Honorable Matthew R Malone
Attorney at Law
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507