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June 23, 2026

PARTIES OF RECORD

Re: Case No. 2026-00099

Notice is given to all parties that the attached Columbia Gas of Kentucky Informal Conference Memorandum and attendance list has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Ashley Hatcher, Staff Attorney III, at Ashley.Hatcher@ky.gov.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell RP".

Linda C. Bridwell, PE
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case No. 2026-00099

FROM: Ashley Hatcher, Staff Attorney III

DATE: June 23, 2026

RE: Informal Conference of June 22, 2026

Pursuant to an Order issued on June 15, 2026, an informal conference was conducted on June 22, 2026. Attached is a copy of the attendance roster.

The purpose of the informal conference was to discuss Columbia Gas of Kentucky, Inc.'s (Columbia Kentucky) application and its responses to Commission Staff's First Request for Information. Columbia Kentucky provided a presentation which is attached to memo. Columbia Kentucky walked through the Excel spreadsheets related to COSS Model for the revenue requirement. To the extent not asked in Staff's First Request for Information, Staff requested as a response to the informal conference to provide a breakdown of the 2023 and 2024 SMRP that will be rolled into base rates in this case.

There being no further discussion, the informal conference was then adjourned.

cc: Parties of Record



Columbia Gas of Kentucky, Inc.

Application of Columbia Gas of Kentucky, Inc. for a General Adjustment of Rates, Approval of Depreciation Study and Other General Relief

June 22, 2026 Informal Technical Conference

Case Number 2026-00099



OUR VISION IS TO BE A
PREMIER, INNOVATIVE & TRUSTED
ENERGY PARTNER



Agenda

- **Introductions** (Allyson Honaker)
- **Safety Modification and Replacement Program (SMRP) Rider History & Overview** (Judy Cooper)
- **Revenue Requirement Overview** (Nikki Davis)
- **Rate Base Additions** (Linda Black)
- **Revenue Forecast** (Mike Girata & Julie Wozniak)
- **O&M and Capital Forecasting Methodology** (Craig Inscho, George Jonda, & Chrisley Scott)
- **Columbia's NCSC Labor and Labor-Related O&M Expense (Schedule D-2.7, Adjustment 9.3)** (Nikki Davis)
- **Cost-of-Service Studies** (Ron Amen)
- **Revenue Allocation** (Ron Amen)
- **Main Line Delivery Service Block Rate** (Ron Amen)

Safety Modification and Replacement Program (SMRP) Rider Overview

Witness: J. Cooper

- **SMRP Rider Origin & Purpose**

- Mechanism to recover costs of **safety-related infrastructure investments** outside a full base rate case
- Originated as **AMRP (Accelerated Main Replacement Program)** in 2009
 - Natural gas pipeline replacement program
- Expanded and renamed **SMRP in 2019** to allow for wider safety-related projects beyond pipe replacement
- Aligns recovery with ongoing investment in safety and reliability, while maintaining rate transparency

- **How the Rider Functions**

- Mechanism set forth on Tariff Sheet 58 that requires two filings per year, both utilize 13-month average valuation
- A filing in October to adjust rider for forecasted expenditures and proposed projects in the next calendar year to replace eligible facilities
- A balancing adjustment filing in March to true-up past calendar year forecasted to actual and adjust rider
- Line item shown on customer bills

SMRP Rider History

Witness: J. Cooper

- **Historical Treatment (Pre-2021)**

- SMRP/AMRP investments were **expected to be rolled into base rates**
- Standard Practice:
 - Accumulate costs in rider between cases
 - **“Roll-in” to base rates** at next general rate case
 - Reset rider charge to \$0

- **Post 2021 Changes SMRP Treatment**

- Commission ordered Columbia to alter the SMRP Rider rate from a per meter charge to a volumetric charge
- Columbia proposed to not roll all SMRP investments into base rates based on 2021 Rate Case Final Order
- SMRP remained a separate line item on customer bills

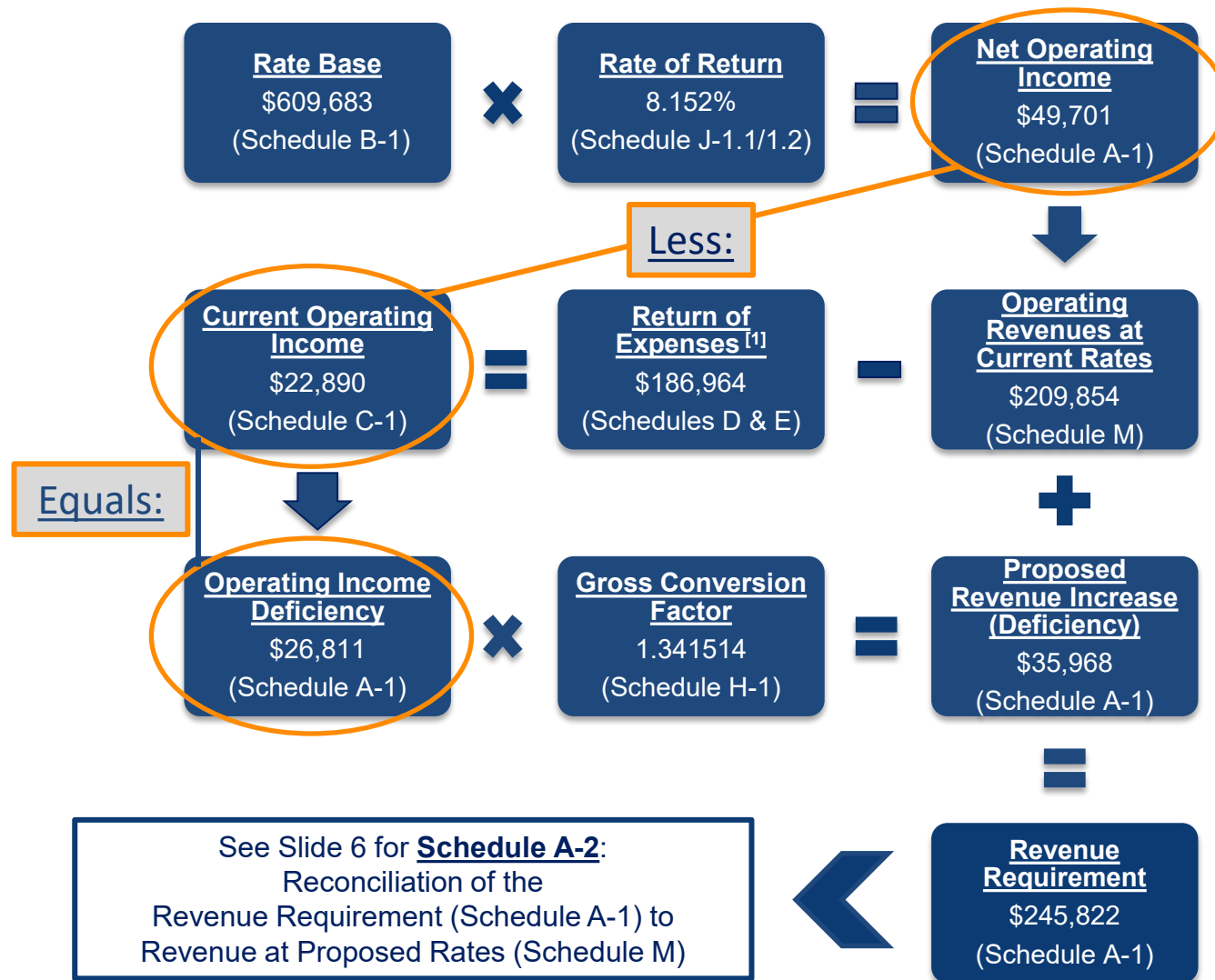
- **Proposed Changes**

- Proposed SMRP rates are revised to reflect the removal of historical and fully reconciled SMRP investments from calendar years 2023 and 2024 from the Rider to base rates
- For residential customers, the SMRP Rider is proposed to be reduced from \$1.4474 per Mcf to \$0.8874 per Mcf
- Tariff Sheet 58 is revised to allow for future rate changes to be designed as a fixed rate rather than a volumetric rate

Revenue Requirement Overview

(\$ in Thousands)

Witnesses: N. Davis, L. Black and J. Wozniak



Footnote:

1. Expenses include: Gas Cost (off-set in Current Revenues) of \$81,722, O&M Expenses of \$59,090, Depreciation and Amortization Expense of \$36,908, Other Taxes of \$7,512, and Income Taxes of \$1,732.

Revenue Requirement Schedule (Reconciliation)

Witnesses: N. Davis, J. Wozniak, and R. Amen

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 2026 - 00099

RECONCILIATION OF REVENUE REQUIREMENT SCHEDULE A-1 TO REVENUE AT PROPOSED RATES SCHEDULE M
FORECASTED TEST PERIOD: TWELVE MONTHS ENDED DECEMBER 31, 2027

DATA: _____ BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL _____ UPDATED
WORKPAPER REFERENCE NO(S):

SCHEDULE A-2
PAGE 1 OF 1
WITNESSES: N. DAVIS
J. C. WOZNAK
R. AMEN

LINE NO.	DESCRIPTION	SUPPORTING SCHEDULE REFERENCE	FORECASTED PERIOD		DIFFERENCE TO SCHEDULE M	
			JURISDICTIONAL REVENUE REQUIREMENT	SCHEDULE M REFERENCE		SCHEDULE M AMOUNT
1	BASE RATE	LINE 9 (BELOW), LESS LINES 2 THROUGH 8	\$ 156,022,864	SCHEDULE M-2.3, LESS SMRP	\$ 156,183,283	
2	BASE RATE - SMRP RIDER (2023 & 2024) ROLL-IN TO BASE RATES	SCHEDULE M-2.2, COLUMN P AND SCHEDULE D-2.6	\$ 7,159,719	SCHEDULE M-2.1 AND M-2.2	\$ 7,159,719	\$ -
3	BASE RATE - GAS COST UNCOLLECTIBLE - REVENUE DEFICIENCY GROSS-UP	SCHEDULE C-1, COLUMN 6, LINE 3 × SCHEDULE H-1, LINE 2	\$ 160,419			
4	GAS COST	SCHEDULE C-1, COLUMN 7, LINE 3	\$ 81,721,892	WORKPAPER WPM-A.2	\$ 81,721,892	\$ -
5	GAS COST UNCOLLECTIBLE	WORKPAPER WPD-2.7.D(3), LINE 5	\$ 199,153	SCHEDULE M-2.3	\$ 199,153	\$ -
6	EAP	SCHEDULE M-2.2, COLUMN P AND WORKPAPER WPD-2.7.A, LINE 1	\$ 452,602	SCHEDULE M-2.3	\$ 452,602	\$ -
7	EECP	SCHEDULE M-2.2, COLUMN P AND WORKPAPER WPD-2.7.A, LINE 4	\$ 105,607	SCHEDULE M-2.3	\$ 105,607	\$ -
8	R&D		N/A		N/A	\$ -
9	TOTAL FTP REVENUE REQUIREMENT	SCHEDULE A-1, LINE 11	<u>\$ 245,822,256</u>		<u>\$ 245,822,256</u>	<u>\$ -</u>
10	SMRP RIDER (2025 & 2026)	WORKPAPER WPM-E.2	\$ 10,808,715			
11	TOTAL FTP REVENUE REQUIREMENT, PLUS SMRP RIDER		<u>\$ 256,630,971</u>			

Rate Base Additions

(\$ in Thousands)

Witness: L. Black

Rate Base: Forecasted thirteen-month average December 31, 2026 – December 31, 2027

Inclusive of cumulative forecasted:

1. Assets in-service
2. Retirements
3. Depreciation
4. Cost of removal

Forecasted 2027 Thirteen-Month Average Rate Base: \$609,683

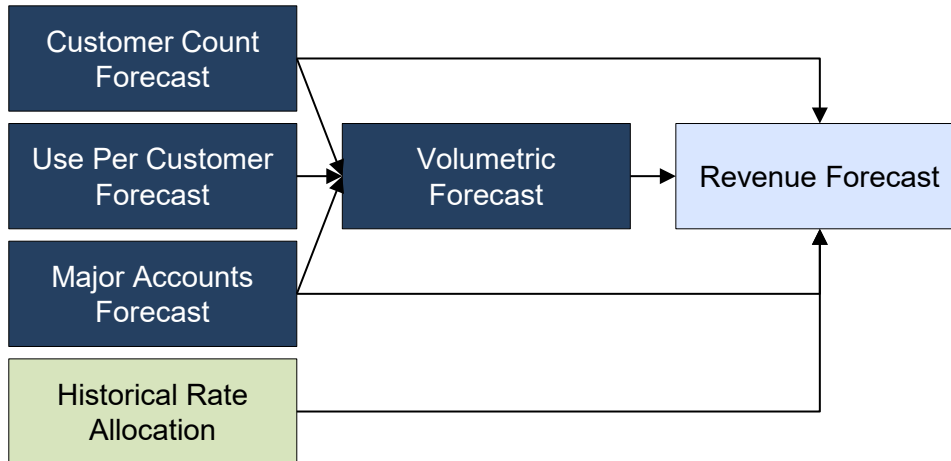
- Schedule B-1 page 2 Column 6 Line 10



Key Takeaway: SMRP for 2025, 2026, and 2027 is excluded from Rate Base

Columbia Kentucky's Revenue Forecast

Witnesses: M. Girata & J. Wozniak



Small Commercial + Large Commercial = Total Commercial
Small Industrial + Large Industrial = Total Industrial

Customer Count Forecast

- Residential: Econometric model using population
- Small Commercial: Econometric model using historical levels
- Small Industrial: Held flat to recent history

Use Per Customer (UPC) Forecast

- Residential: Econometric model using HDDs (20 YE 2025)
- Small Commercial: Econometric model using HDDs (20 YE 2025)

Major Accounts Forecast

- Large Commercial/Large Industrial: 1:1 discussions with customers

Volumetric Forecast

- Residential/Small Commercial: Customer Count * UPC
- Small Industrial: Econometric model using HDDs (20 YE 2025)
- Large Commercial/Large Industrial: Major Accounts forecast

Historical Rate Allocation

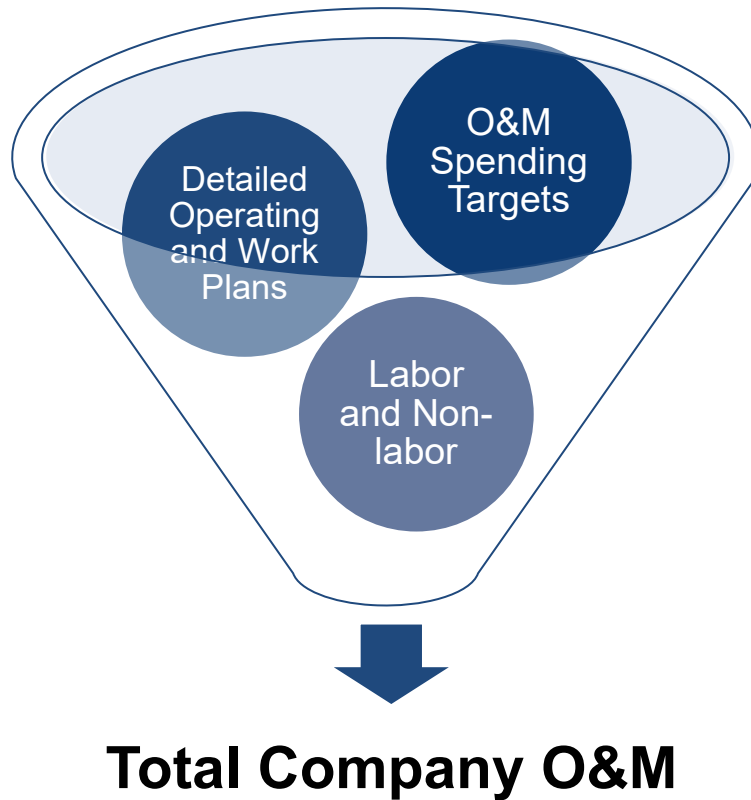
- Historical allocation of rate schedules within each customer class

Revenue Forecast

- Combines customer counts, volumes, and historical rate allocation to generate forecast at rate schedule
- Price rate schedule forecasts at current rates to generate Revenue Forecast at current rates
- Includes Other Gas Department Revenues
- Ratemaking adjustments include gas cost uncollectible revenues and SMRP revenues related to 2023-2024 capital investments to be incorporated in base rates.

O&M Forecasting Methodology

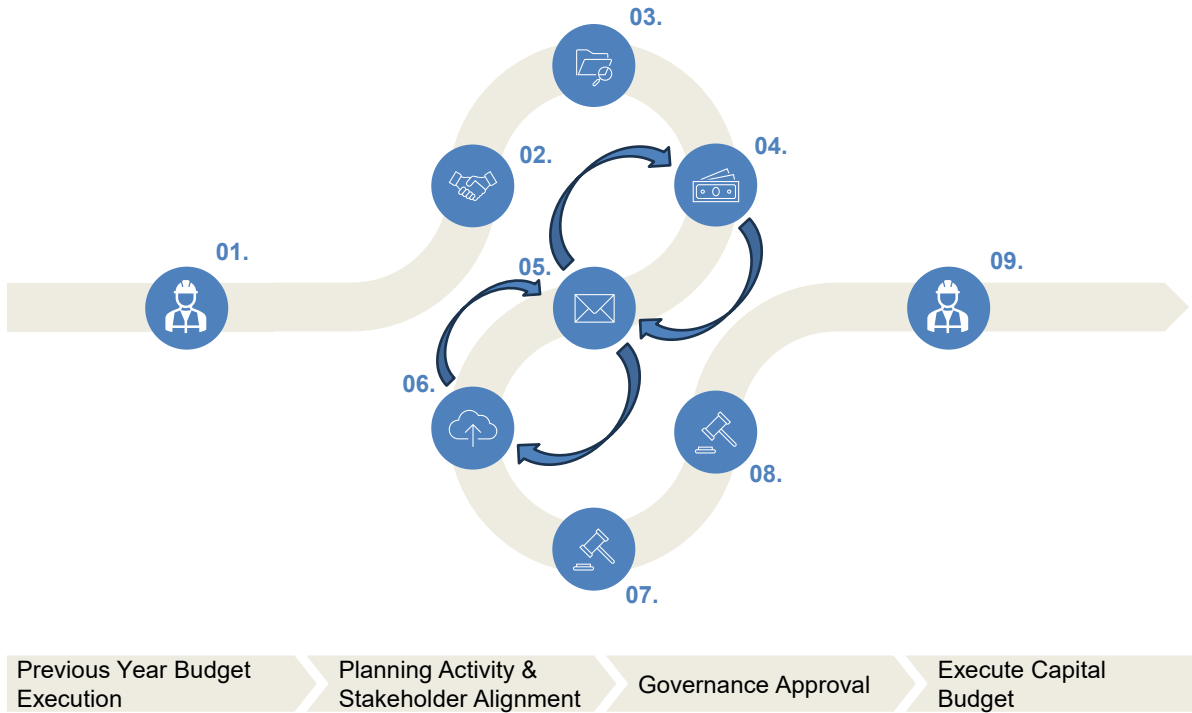
Witnesses: C. Inscho & G. Jonda



- Top-down budget framework with bottom-up input
- Budgets are built by department and cost element, based on detailed operating and work plans
- Proposed budgets are compared against the most recent budget year and prior-year actual spending
- Annual labor expense based on projected headcount, merit assumptions, and historical labor trends
- The starting point for Non-labor expense detail is prior year actuals, adjusted for incremental activities, known future events, and/or removal of non-recurring expenses
- Columbia Direct and Allocated department budgets are combined and reviewed in total, creating the Columbia O&M budget
- Reviews are completed to ensure Direct and Allocated budgeting to Columbia, is both reasonable and proportional with prior period actuals

Capital Forecasting Methodology

Witness: C. Scott



01. Continuous Capital Budget Management
Year-long execution monitoring

02. Planning Kickoff
Align with leadership from Columbia, Engineering, Operations, Finance, and Capital Planning

03. Ops, Eng & Planning Working Sessions
Identify and prioritize investment needs for safety, reliability, compliance and customer service.

04. Consultation with Financial Planning
Conversations may result in additional working sessions for alignment

05. Iterations as necessary
Working sessions will include Operations, Engineering, Capital and Financial Planning

06. Draft Budget Finalized & Submitted

07. Executive Management Approval, Including Columbia's President and her Staff

08. Board of Director Approval

09. Execute New Capital Budget
Subject to Year-long execution monitoring and necessary reallocations

Columbia's NCSC Labor and Labor-Related O&M Expense (Schedule D-2.7, Adjustment 9.3)

Witnesses: N. Davis

Purpose and Description of Schedule D-2.7, Adjustment 9.3

- To reflect an annual level of NCSC labor and labor-related expenses anticipated to be billed to Columbia in the FTP.
- To further adjust the annual expense level to include backfill positions and incremental additions to the organization.

Annualization Adjustment

- 2,584 active employees at 12/31/25
- Annual gross base salaries (W-2s)
- 2025 overtime and premium pay
- 2026 & 2027 merit increases
- FTP short-term incentive compensation adjusted for 2027 merit increase
- Associated employee benefits and payroll taxes adjusted for changes in labor and incentive

Sources:

- NiSource Payroll Department W-2s
- NCSC Accounting general ledger
- Merit increases per Witness Owens

Columbia's Allocation

- Allocation of the merit-adjusted annual gross base salaries (and overtime & premium pay) to Columbia based on calendar year 2025 experience of Columbia's payroll to Total NCSC payroll of 4.54%^[1]
- O&M Expense allocation based on Columbia's distribution of NCSC gross payroll for calendar year 2025 of 63.56%^[2]

Source:

- NCSC Accounting general ledger recorded to Columbia's book of record

Headcount Complement

- NCSC positions hired between January 1 - March 31, 2026
- NCSC open positions anticipated to be hired April 1 - June 30, 2026
- Median annual gross base salary for each hired / open position
- Target short-term incentive
- Benefits factor per the FTP
- Allocations for Columbia and O&M based on 2025 experience of similar positions / hiring leader

Sources:

- NiSource Human Resources and Payroll Department Hired and Open Positions Reporting
- NiSource Payroll Department W-2s
- NiSource Actuarial Studies

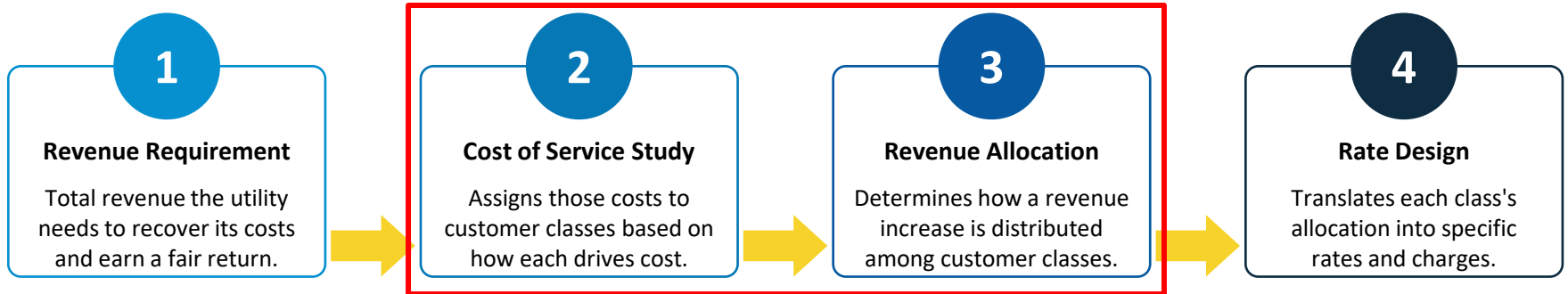
Footnotes:

1. See Footnote [1] on Workpapers WPD-2.7J(2) and WPD-2.7J(3) - Adjustment 9.3.
2. See Footnote [1] on Workpaper WPD-2.7J(2).

Steps to Cost Determination, Allocation and Recovery

Witness: R. Amen (Atrium Economics, LLC)

Cost of service studies help determine each customer class's share of utility costs.



Core Steps

- 1. Functionalize** costs: Distribution, On-Site & Metering, Accounts & Services, Gas Costs
- 2. Classify** costs: Demand, Commodity, Customer
- 3. Allocate** costs: Assign costs to customer classes using allocation factors

Key Issue: How should distribution mains be classified?

Study	Distribution Main Treatment
Demand-Commodity	Peak and Average Allocation
Customer-Demand	Zero-Intercept (customer component)
Average Study	Equal Weighting of Both Approaches

Key Takeaway: The primary difference among CKY's CCROSS is the treatment of distribution mains.

Revenue Allocation Approach

Witness: R. Amen (Atrium Economics, LLC)

Considerations

- Cost of Service (COSS)
- Current Revenue Responsibility
- Customer Impacts

Selected Approach

- **Equal Percentage Increase Across Classes**
- **Pros**
 - Mitigates impact on Residential Class
 - Every class participates in the overall increase
- **Cons**
 - Class Rate of Returns diverge from parity

Range of Alternatives Evaluated

- Equalized Rates of Return
- Moderated Increases based on Current Parity Ratio
- Equal Percentage Increase

Class Rates of Return at Current & Proposed Rates

Customer Class	Rate of Return at Current	Rate of Return at Proposed
GS Residential	1.68%	5.86%
GS Other	7.79%	12.65%
IUS	9.34%	14.07%
DS-ML	88.88%	112.64%
DS-IS	7.59%	12.10%
System Total	3.75%	8.15%

Direct Testimony Ronald Amen; Table 2, page 47

Main Line Delivery Service Rate Design

Witness: R. Amen (Atrium Economics, LLC)

Cost Study Findings

- Customer-related unit costs approximately \$5,400
- Customer and demand-related unit costs exceed \$6,000

Rate Design Objectives

- Increase recovery of fixed costs through customer charges.
- Volumetric rates remained largely unchanged.
- Move customer charges closer to cost-based levels

Customer Charge Changes

Customer Group	Current	Proposed
25,000 to 400,000 Mcf	\$300.00	\$2,800.00
400,000 to 1,000,000 Mcf	\$600.00	\$4,200.00
Over 1,000,000 Mcf	\$600.00	\$5,600.00

Delivery Charge Changes

Block	Current	Proposed
All Mcf	\$0.08910	\$0.08970

Delivery charge increased less than 1%

Tables based on Direct Testimony Ronald Amen, Attachment RJA-4

Main Line Delivery Service Block Rate Design: Impact & Rationale

Witness: R. Amen (Atrium Economics, LLC)

Impact

- Customer charges increase across all DS-ML customer groups
- Fixed cost recovery shifts toward customer charges
- Delivery charge remains largely unchanged
- DS-ML class revenues increase consistent with the approved revenue allocation

Rationale

- Larger DS-ML customers require higher service investments
- Average service investment is over 50% higher for larger customers
- Industrial M&R station investment is over three times higher
- Cost study results support higher customer-related cost responsibility

Key Takeaway: Cost study results supported higher customer-related cost recovery, and the proposed rate design moves DS-ML rates closer to those cost-based levels through differentiated customer charges.

PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE #: 2026-00099 Columbia Gas of Kentucky, Inc.

LOCATION: 211 Sower Blvd Frankfort KY

DATE: Monday, June 22, 2026

NAME	COMPANY
Toland Lucy	Ky OAG
Andy Cooper	Columbia Gas
Julie Wogniak	Columbia Gas
Chinsky Scott	Columbia Gas
Ashley LaRock	Columbia Gas
Stefan Fink	Columbia Gas
George Jonda	Columbia Gas
Craig Incho	Columbia Gas
Angela M. Good	KY OAG
Kurt Boehm	KIUC
Allyson Honaker	H2O - Columbia Gas
Ashley Hatcher	PSC
Noah Abner	PSC
Adam McWane	PSC
Sarah Jankowski	PSC

PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: 2026-00099

LOCATION: Public Service Commission, 211 Sower Blvd.
Frankfort, KY 40601 and virtual

DATE: June 22, 2026

Virtual Attendees

NAME	COMPANY
Linda Black	Columbia Kentucky
Aaron Rothschild	Attorney General
Ronald Amen	Columbia Kentucky
Patrick Donlon	Columbia Kentucky
Kevin Johnson	Columbia Kentucky
May Battig	Columbia Kentucky
Elizabeth Davis	Columbia Kentucky
Tamaleh Shaeffer	Columbia Kentucky
Greg Macias	Columbia Kentucky
Michael Girata	Columbia Kentucky
Benjamin Freiman	Columbia Kentucky
Heather Temple	Honaker Law Office on Behalf of Columbia Kentucky
Tina Miller	Attorney General
John Defever	Attorney General
Jeff Abshire	PSC

Service List for 2026-00099

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