

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                |   |            |
|--------------------------------|---|------------|
| ELECTRONIC INVESTIGATION OF    | ) |            |
| THE IMPACT OF THE TAX CUTS     | ) | CASE NO.   |
| AND JOB ACT ON THE RATES OF    | ) | 2018-00041 |
| COLUMBIA GAS OF KENTUCKY, INC. | ) |            |

**ATTORNEY GENERAL'S INITIAL DATA REQUESTS TO  
COLUMBIA GAS OF KENTUCKY, INC.**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), and submits these Initial Data Requests to Columbia Gas of Kentucky, Inc. (hereinafter "Columbia" or "Company") to be answered by March 27, 2018, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the companies receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the companies have objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words “document” or “documents” are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial

statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the companies, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and

method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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Electronic Investigation Of The Impact Of The Tax Cuts  
And Job Act On The Rates Of Columbia Gas of Kentucky, Inc.  
Case No. 2018-00041  
Attorney General's Initial Data Request To Columbia Gas of Kentucky, Inc.

1. Refer to the Direct Testimony of Megan N. Garber, page 7, wherein she states, “Columbia proposes to return property related excess deferred taxes using the Average Rate Assumption Method (“ARAM”) as outline in the Tax Act and will propose to return the remaining non-property excess deferred taxes over 20 years as directed by the Commission in its Order dated December 27, 2017.”
  - a. Explain in complete detail why Columbia believes all property related excess ADIT are subject to the ARAM method. Any answer explanation should include whether Columbia believes that “protected” and “property related” are interchangeable in the context of the Tax Cuts and Jobs Act.
  - b. Confirm that Columba will be able to use the ARAM for all amortization of protected excess ADITs.
  - c. Has Columbia performed a calculation regarding the effect of the Tax Cuts and Jobs Act on company financing and capitalization? If so, provide such calculation, including all assumptions and inputs.
2. Refer to Attachment MNG-1.
  - a. Which accounts in this attachment do Columbia believe are subject to ARAM or the “alternative method” as defined in the Tax Cuts and Jobs Act?
3. Refer to the Direct Testimony of Megan N. Garber, page 6, lines 10-13 wherein she discusses the CAP IRA.
  - a. Has Columbia received an IRA on 100% expensing from the IRS yet? If so, please prove the IRA.

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4. Refer to Attachment CYL -1, Row 48, wherein Columbia provides the statutory federal tax rate of 35%. Compare this amount to the tax rate provided on page 3, line 6 of Megan Garber's testimony. Provide an explanation as to the difference in the two federal tax rates, and any effect it may have in this matter.
5. Refer to Attachment CYL-1, row 32. Provide an explanation as to why the effective tax rate of 43.44% exceeds the statutory rate of 38.9%. Further, explain why Columbia believes an assumption of 30.28% as an effective tax rate= as provided on row 35, is reasonable when compared to the new statutory total tax on line 49.
6. Refer to the Direct Testimony of Chun-Yi Lai on page 2, wherein a "Tax Act Adjustment Factor" was discussed. Explain why a line item factor is reasonable in this matter and whether Columbia believes it is more reasonable than a reduction to customers' volumetric rates.
7. Refer to the Direct Testimony of Chun-Yi Lai on page 3, wherein the revenue allocation of a "Tax Act Adjustment Factor" was discussed. Explain why the proposed allocation is reasonable.
  - a. Provide the revenue and billing determinants by rate classes for calendar year 2017 in the same manner as provided in Attachment CYL-2.
8. Refer to the Direct Testimony of Chun-Yi Lai on page 4, wherein a gross revenue conversion factor was cited. Provide the calculation of this new gross revenue conversion factor.

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9. Refer to the Direct Testimony of Chun-Yi Lai on page 7, wherein Columbia proposes to pass back the excess ADIT starting in October 2018. Provide an explanation as why Columbia believes waiting until October to pass back excess ADIT is reasonable, and why October was chosen.
10. Does Columbia anticipate any savings to occur due to the Tax Cuts and Jobs Act as it pertains to federal gas transmission rates?
  - a. What actions has Columbia taken to ensure that rates or expenses it may pay to affiliates or other utilities are reduced following the reduction of the federal income tax rate? Please describe these actions in full. If Columbia has not taken action, why not?
11. For any exhibits or charts that are already not provided in native electronic format, please provide them in excel form, with all cells active and intact.