

290 W. Nationwide Blvd.
Columbus, Ohio 43215
Direct: 614.460.5558
bwancheck@nisource.com



March 31, 2020

ELECTRONICALLY FILED

Kent A. Chandler
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602-0605

RE: KY PSC Case No. 2020-00099

Dear Mr. Chandler,

Pursuant to the Commission's Order dated December 22, 2016 in Case No. 2016-00162, and the Safety Modification and Replacement Program ("SMRP") Rider set forth in its tariff, Columbia Gas of Kentucky, Inc. ("Columbia") submits its revised tariff and balancing adjustment calculation. The balancing adjustment true-up is for the twelve months ended December 31, 2019. Columbia proposes to revise its current SMRP Rider to tariff customers effective May 29, 2020 (the beginning of Columbia's June 2020 billing) as follows:

| | |
|---|------------|
| Rate GSR, Rate SVGTS – Residential Service | \$5.46 |
| Rate GSO, Rate GDS, Rate SVGTS – Commercial or Industrial | \$20.51 |
| Rate IUS, Rate IUDES | \$170.96 |
| Rate IS, Rate DS ¹ , Rate SAS | \$1,074.50 |

¹ Excluding customers subject to Flex Provisions of Rate Schedule DS

Sincerely,

A handwritten signature in blue ink that reads "Brooke E. Wancheck".

Brooke E. Wancheck
Assistant General Counsel

Enclosure(s)

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Actual Period Ending December 31, 2019
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Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
SMRP Rider Including Balancing Adjustment by Rate Schedule

| Line No. | <u>Rate Schedule</u> (1) | <u>Base Revenue as Approved PSC Case No. 2016-00162</u> (2) | <u>Allocation Percent</u> ⁽¹⁾ (3) | <u>Revenue Requirement</u> (4) | <u>Billing Determinant # of Bills</u> ⁽²⁾ (5) | <u>Balancing Adjustment SMRP Rider</u> (6) | <u>Current SMRP Rider</u> ⁽⁴⁾ (7) | <u>Total Monthly SMRP Rider</u> ⁽⁵⁾ (8) |
|----------|---|--|---|-----------------------------------|---|---|---|---|
| 1 | Rate GSR, Rate SVGTS - Residential Service | \$51,773,587 | 64.996% | \$29,820 | 1,458,678 | \$0.02 | \$5.44 | \$5.46 |
| 2 | Rate GSO, Rate GDS, Rate SVGTS - Com. or Ind. Service | \$22,237,376 | 27.917% | \$12,808 | 172,760 | \$0.07 | \$20.44 | \$20.51 |
| 3 | Rate IUS, Rate IUDS | \$26,686 | 0.034% | \$15 | 24 | \$0.63 | \$170.33 | \$170.96 |
| 4 | Rate IS, Rate DS ⁽³⁾ , Rate SAS | \$5,618,358 | 7.053% | \$3,236 | 816 | \$3.97 | \$1,070.53 | \$1,074.50 |
| 5 | TOTAL | \$79,656,007 | 100.000% | \$45,880 | 1,632,278 | | | |

Notes:

(1) Allocation percent is based on the overall base revenue distribution approved in PSC Case No. 2016-00162.

(2) Billing Determinants based on projected twelve months ending May 31, 2021 bills.

(3) Excluding customers subject to the Flex Provisions of Rate Schedule DS.

(4) Per Case No. 2019-00383, SMRP Form 1.0, Column 6.

(5) To be effective May 29, 2020 (Unit 1, June 2020).

Columbia Gas of Kentucky, Inc.
 Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
 SMRP Revenue Requirement for 2019

| <u>Line No.</u> | | <u>Actual SMRP Investment</u> <u>December 31, 2019</u> (1) | <u>Reference</u> (2) |
|----------------------------------|--|--|--|
| Return on Investment | | | |
| <u>Rate Base</u> | | | |
| 1 | Net SMRP Investment-Property, Plant and Equipment | 64,803,053 | Form 2.0 |
| 2 | Cost of Removal | 3,749,070 | Form 2.0 |
| 3 | Accumulated Reserve for Depreciation | <u>6,195,231</u> | Form 2.0 + Form 2.2 |
| 4 | Net PP&E | 74,747,353 | |
| 5 | Deferred Taxes on Liberalized Depreciation | <u>(8,471,761)</u> | Form 2.1 |
| 6 | Net Rate Base | 66,275,592 | Line 4 + Line 5 |
| 7 | Authorized Rate of Return, Adjusted for Income Taxes | <u>9.28%</u> | Form 1.2 |
| 8 | Required Return on SMRP Related Investment | <u>6,149,971</u> | Line 6 * Line 7 |
| <u>Operating Expenses</u> | | | |
| 9 | Depreciation | 1,095,936 | Form 2.0 |
| 10 | Property Tax ⁽¹⁾ | 868,361 | Line 1 * 1.340% |
| 11 | O&M Savings FERC Account 887 | (8,834) | Form 3.0 |
| 12 | PSC Assessment ⁽²⁾ | <u>15,438</u> | (Sum Line 8 to 11) * (.1901%/(1-.1901%)) |
| 13 | Total Operating Expenses | 1,970,901 | Sum Lines 9 to 12 |
| 14 | Total 2019 Annual Revenue Requirement | <u>8,120,872</u> | Line 8 + Line 13 |
| 15 | Total 2019 Actual Revenue Recovery | <u>8,074,992</u> | |
| 16 | Actual 2019 (Over)/Under Collection | <u>45,880</u> | |

Notes:

(1) Property taxes using an effective rate of 1.340%

(2) PSC Assessment estimated using a rate of .1901%

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
2019 Actual SMRP Rider Revenue by Rate Schedule

| Line No. | <u>Rate Schedule</u> (1) | Actual Billing Determinant <u># of Bills</u> ⁽¹⁾ (2) | Monthly SMRP Rider <u>Approved</u> ⁽³⁾ (3) | 2019 Annual SMRP <u>Revenue</u> (4) |
|---------------------|---|--|--|--|
| 1 | Rate GSR, Rate SVGTS - Residential Service | 1,455,842 | \$3.60 | \$5,241,031 |
| 2 | Rate GSO, Rate GDS, Rate SVGTS - Com. or Ind. Service | 167,451 | \$13.46 | \$2,253,890 |
| 3 | Rate IUS, Rate IUDS | 24 | \$112.17 | \$2,692 |
| 4 | Rate IS, Rate DS ⁽²⁾ , Rate SAS | <u>819</u> | \$704.98 | <u>\$577,379</u> |
| 5 | TOTAL | <u><u>1,624,136</u></u> | | <u><u>\$8,074,992</u></u> |

Notes:

⁽¹⁾ Billing Determinants based on actual twelve months ending December 31, 2019 (Form 4.0).

⁽²⁾ Excluding customers subject to the Flex Provisions of Rate Schedule DS.

⁽³⁾ Per Case No. 2018-00341, AMRP Form 1.0, Column 5.

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Cost of Capital

| <u>Line No.</u> | <u>Capital Structure</u> (1) | <u>Ratio</u> (2) | <u>Cost</u> (3) | <u>Weighted Cost</u> (4) | <u>Pre-Tax @ Effect tax of 24.95%</u> (5) |
|-----------------|---------------------------------|---------------------|--------------------|-----------------------------|--|
| 1 | Short term Debt | 1.26% | 2.500% | 0.03% | 0.03% |
| 2 | Long term Debt | 46.32% | 5.640% | 2.61% | 2.61% |
| 3 | Equity | <u>52.42%</u> | 9.500% | <u>4.98%</u> | <u>6.64%</u> |
| 4 | Total | 100.00% | | 7.62% | 9.28% |

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
2019 Plant Additions and Depreciation

| <u>Line No.</u> | <u>Description</u> (1) | <u>Account Number</u> (2) | <u>2019 Beginning Plant Balance</u> (3) | <u>Depr Rates</u> (4) | <u>Depr on Beginning Balance</u> (5)=(3)*(4) | <u>2019 Additions & Retirements</u> (6) | <u>Current Year Depr on Adds/(Ret)</u> (7)=(4)*(6)*50% | <u>2019 Ending Plant Balance</u> (8)=(6)+(3) |
|-------------------------------|-------------------------------|------------------------------|--|--------------------------|---|--|---|---|
| <u>Additions</u> | | | | | | | | |
| 1 | Mains | 376 | 24,991,378 | 1.65% | 412,358 | 25,174,122 | 207,687 | 50,165,500 |
| 2 | Plant Regulators | 378 | 227,813 | 2.20% | 5,012 | 74,636 | 821 | 302,449 |
| 3 | Plant Regulators - LP Program | 378 | - | 2.20% | - | 288,929 | 3,178 | 288,929 |
| 4 | Service Lines | 380 | 11,779,616 | 3.80% | 447,625 | 9,515,180 | 180,788 | 21,294,796 |
| 5 | Meter Installations | 382 | 143,423 | 2.08% | 2,983 | 41,375 | 430 | 184,798 |
| 6 | House Regulators | 383 | 120,946 | 2.25% | 2,721 | 111,448 | 1,254 | 232,393 |
| 7 | GPS Devices | 387 | 213,381 | 3.13% | 6,679 | - | - | 213,381 |
| 8 | Total Additions | | 37,476,557 | | 877,378 | 35,205,689 | 394,158 | 72,682,247 |
| <u>Retirements</u> | | | | | | | | |
| 9 | Mains | 376 | (1,312,591) | 1.65% | (21,658) | (1,843,613) | (15,210) | (3,156,204) |
| 10 | Plant Regulators | 378 | (4,277) | 2.20% | (94) | (26) | - | (4,302) |
| 11 | Plant Regulators - LP Program | 378 | - | 2.20% | - | (21,732) | (239) | (21,732) |
| 12 | Service Lines | 380 | (2,592,188) | 3.80% | (98,503) | (2,052,943) | (39,006) | (4,645,132) |
| 13 | Meter Installations | 382 | (30,363) | 2.08% | (632) | (16,810) | (175) | (47,173) |
| 14 | House Regulators | 383 | (2,758) | 2.25% | (62) | (1,892) | (21) | (4,650) |
| 15 | GPS Devices | 387 | - | 3.13% | - | - | - | - |
| 16 | Total Retirements | | (3,942,177) | | (120,949) | (3,937,017) | (54,651) | (7,879,194) |
| 17 | Total Plant | | 33,534,380 | | 756,429 | 31,268,673 | 339,507 | 64,803,053 |
| <u>Cost of Removal</u> | | | | | | | | |
| 18 | Mains | 376 | 279,125 | | | 217,259 | | 496,385 |
| 19 | Plant Regulators | 378 | 5,110 | | | - | | 5,110 |
| 20 | Plant Regulators - LP Program | 378 | - | | | 3,368 | | 3,368 |
| 21 | Service Lines | 380 | 2,188,776 | | | 1,055,431 | | 3,244,207 |
| 22 | Meter Installations | 382 | - | | | - | | - |
| 23 | House Regulators | 383 | - | | | - | | - |
| 24 | GPS Devices | 387 | - | | | - | | - |
| 25 | Total Cost of Removal | | 2,473,011 | | | 1,276,059 | | 3,749,070 |

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Safety Modification and Replacement Program
2018 Plant Additions and Depreciation

| <u>Line No.</u> | <u>Description</u> (1) | <u>Account Number</u> (2) | <u>2018 Beginning Plant Balance</u> ⁽¹⁾ (3) | <u>Depr Rates</u> (4) | <u>Depr on Beginning Balance</u> (5)=(3)*(4) | <u>2018 Additions & Retirements</u> (6) | <u>Current Year Depr on Adds/(Ret)</u> (7)=(4)*(6)*50% | <u>2018 Ending Plant Balance</u> (8)=(6)+(3) |
|-------------------------------|---------------------------|------------------------------|---|--------------------------|---|--|---|---|
| <u>Additions</u> | | | | | | | | |
| 1 | Mains | 376 | 10,446,894 | 1.65% | 172,374 | 14,544,484 | 119,992 | 24,991,378 |
| 2 | Plant Regulators | 378 | 98,242 | 2.20% | 2,161 | 129,571 | 1,425 | 227,813 |
| 3 | Service Lines | 380 | 4,164,307 | 3.80% | 158,244 | 7,615,309 | 144,691 | 11,779,616 |
| 4 | Meter Installations | 382 | 32,675 | 2.08% | 680 | 110,748 | 1,152 | 143,423 |
| 5 | House Regulators | 383 | 65,220 | 2.25% | 1,467 | 55,726 | 627 | 120,946 |
| 6 | GPS Devices | 387 | 213,381 | 3.13% | 6,679 | - | - | 213,381 |
| 7 | Total Additions | | 15,020,719 | | 341,605 | 22,455,838 | 267,887 | 37,476,557 |
| <u>Retirements</u> | | | | | | | | |
| 1 | Mains | 376 | (92,176) | 1.65% | (1,521) | (1,220,415) | (10,068) | (1,312,591) |
| 2 | Plant Regulators | 378 | (4,128) | 2.20% | (91) | (149) | (2) | (4,277) |
| 3 | Service Lines | 380 | (997,218) | 3.80% | (37,894) | (1,594,970) | (30,304) | (2,592,188) |
| 4 | Meter Installations | 382 | (12,084) | 2.08% | (251) | (18,279) | (190) | (30,363) |
| 5 | House Regulators | 383 | (1,152) | 2.25% | (26) | (1,606) | (18) | (2,758) |
| 6 | GPS Devices | 387 | - | 3.13% | - | - | - | - |
| 7 | Total Retirements | | (1,106,758) | | (39,783) | (2,835,419) | (40,582) | (3,942,177) |
| 8 | Total Plant | | 13,913,961 | | 301,822 | 19,620,419 | 227,305 | 33,534,380 |
| <u>Cost of Removal</u> | | | | | | | | |
| 10 | Mains | 376 | 145,583 | | | 133,542 | | 279,125 |
| 11 | Plant Regulators | 378 | 4,035 | | | 1,075 | | 5,110 |
| 12 | Service Lines | 380 | 1,031,624 | | | 1,157,152 | | 2,188,776 |
| 13 | Meter Installations | 382 | - | | | - | | - |
| 14 | House Regulators | 383 | - | | | - | | - |
| 15 | GPS Devices | 387 | - | | | - | | - |
| 16 | Total Cost of Removal | | 1,181,242 | | | 1,291,769 | | 2,473,011 |

Notes:

⁽¹⁾ See Form 2.2 for detail of 2017 AMRP eligible capital additions.

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of Accumulated Deferred Income Tax

| <u>Ln. No.</u> | <u>MACRS 20 Year Tax Depr Rates</u> | <u>Year</u> | <u>2017 Jan-Sept Additions</u> | <u>2017 Oct-Dec Additions</u> | <u>2018 Additions</u> | <u>2019 Additions</u> | <u>Annual Tax Depreciation</u> | <u>Cost of Removal</u> | <u>Book Depreciation</u> | <u>Difference</u> | <u>Deferred Tax @ [1] [2] 24.95%</u> | <u>Accumulated Deferred Income Taxes-Fed NOL</u> | <u>ADIT Normalization Adjustment</u> | <u>Accumulated Deferred Inc. Taxes</u> |
|----------------|-------------------------------------|-------------|--------------------------------|-------------------------------|-----------------------|-----------------------|--------------------------------|------------------------|--------------------------|-------------------|--------------------------------------|--|--------------------------------------|--|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| | | | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) |
| 1 | Total AMRP / SMRP Plant Additions | | <u>2,770,290</u> | <u>12,250,429</u> | <u>22,455,838</u> | <u>35,205,689</u> | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | 0.03750 | 1 | 1,659,688 | 7,462,981 | | | 9,122,669 | 1,181,242 | 58,900 | 10,245,011 | 3,651,494 | (1,063,610) | - | 2,587,884 |
| 4 | 0.07219 | 2 | 83,298 | 359,071 | 6,999,162 | | 7,441,531 | 1,291,769 | 529,127 | 8,204,173 | 2,072,300 | 22,720 | - | 4,682,903 |
| 5 | 0.06677 | 3 | 77,044 | 332,112 | 1,159,291 | 13,325,890 | 14,894,337 | 1,276,059 | 1,095,936 | 15,074,460 | 3,784,531 | 4,326 | - | 8,471,761 |
| 6 | 0.06177 | 4 | 71,274 | 307,242 | 1,072,251 | 1,641,042 | 3,091,809 | | 1,095,936 | 1,995,873 | 519,668 | | - | 8,991,429 |
| 7 | 0.05713 | 5 | 65,921 | 284,163 | 991,957 | 1,517,833 | 2,859,874 | | 1,095,936 | 1,763,938 | 460,171 | | - | 9,451,600 |
| 8 | 0.05285 | 6 | 60,982 | 262,875 | 917,444 | 1,404,171 | 2,645,472 | | 1,095,936 | 1,549,536 | 405,174 | | - | 9,856,773 |
| 9 | 0.04888 | 7 | 56,401 | 243,128 | 848,712 | 1,298,694 | 2,446,935 | | 1,095,936 | 1,350,999 | 354,245 | | - | 10,211,018 |
| 10 | 0.04522 | 8 | 52,178 | 224,923 | 784,958 | 1,201,400 | 2,263,459 | | 1,095,936 | 1,167,523 | 307,181 | | - | 10,518,200 |
| 11 | 0.04462 | 9 | 51,486 | 221,939 | 726,182 | 1,111,153 | 2,110,760 | | 1,095,936 | 1,014,824 | 268,873 | | - | 10,787,072 |
| 12 | 0.04461 | 10 | 51,474 | 221,889 | 716,548 | 1,027,953 | 2,017,864 | | 1,095,936 | 921,928 | 245,691 | | - | 11,032,763 |
| 13 | 0.04462 | 11 | 51,486 | 221,939 | 716,387 | 1,014,313 | 2,004,125 | | 1,095,936 | 908,189 | 242,267 | | - | 11,275,030 |
| 14 | 0.04461 | 12 | 51,474 | 221,889 | 716,548 | 1,014,086 | 2,003,997 | | 1,095,936 | 908,061 | 242,231 | | - | 11,517,261 |
| 15 | 0.04462 | 13 | 51,486 | 221,939 | 716,387 | 1,014,313 | 2,004,125 | | 1,095,936 | 908,189 | 242,267 | | - | 11,759,528 |
| 16 | 0.04461 | 14 | 51,474 | 221,889 | 716,548 | 1,014,086 | 2,003,997 | | 1,095,936 | 908,061 | 242,231 | | - | 12,001,759 |
| 17 | 0.04462 | 15 | 51,486 | 221,939 | 716,387 | 1,014,313 | 2,004,125 | | 1,095,936 | 908,189 | 242,267 | | - | 12,244,025 |
| 18 | 0.04461 | 16 | 51,474 | 221,889 | 716,548 | 1,014,086 | 2,003,997 | | 1,095,936 | 908,061 | 242,231 | | - | 12,486,256 |
| 19 | 0.04462 | 17 | 51,486 | 221,939 | 716,387 | 1,014,313 | 2,004,125 | | 1,095,936 | 908,189 | 242,267 | | - | 12,728,523 |
| 20 | 0.04461 | 18 | 51,474 | 221,889 | 716,548 | 1,014,086 | 2,003,997 | | 1,095,936 | 908,061 | 242,231 | | - | 12,970,754 |
| 21 | 0.04462 | 19 | 51,486 | 221,939 | 716,387 | 1,014,313 | 2,004,125 | | 1,095,936 | 908,189 | 242,267 | | - | 13,213,021 |
| 22 | 0.04461 | 20 | 51,474 | 221,889 | 716,548 | 1,014,086 | 2,003,997 | | 1,095,936 | 908,061 | 242,231 | | - | 13,455,252 |
| 23 | 0.02231 | 21 | 25,743 | 110,969 | 716,387 | 1,014,313 | 1,867,412 | | 1,095,936 | 771,476 | 200,320 | | - | 13,655,571 |
| 24 | | 22 | - | - | 358,274 | 1,014,086 | 1,372,360 | | 1,095,936 | 276,424 | 73,248 | | - | 13,728,819 |
| 25 | | | | | | 507,157 | 507,157 | | 1,095,936 | (588,779) | (146,901) | | - | 13,581,918 |
| 26 | | | | | | | | | | | | | | |
| 27 | | | <u>2,770,289</u> | <u>12,250,432</u> | <u>22,455,841</u> | <u>35,205,687</u> | <u>72,682,249</u> | <u>3,749,070</u> | <u>23,602,683</u> | | | | | |

Notes:

[1] Includes adjustment for state disallowance on 2017 bonus tax depreciation as calculated on Form 2.1 pages 4 and 5.

[2] Deferred Taxes calculated beginning 1/1/2018 using 21% Corporate Tax Rate and 5% State Tax Rate.

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of Accumulated Deferred Income Tax

| Ln. No. | MACRS 20 Year Tax Depr Rates (1) | Year (2) | 2017 Jan-Sept Additions (3) (\$) | 2017 Oct-Dec Additions (4) (\$) | 2018 Additions (5) (\$) | 2019 Additions (6) (\$) | Annual Tax Depreciation (7) (\$) | Cost of Removal (8) (\$) | Book Depreciation (9) (\$) | Difference (10) (\$) | Deferred Tax @ 24.95% [3] (11) (\$) | Accumulated Deferred Income Taxes-Fed NOL (12) (\$) | ADIT Normalization Adjustment (13) (\$) | Accumulated Deferred Inc. Taxes (14) (\$) |
|---------|---|----------|----------------------------------|---------------------------------|-------------------------|-------------------------|----------------------------------|--------------------------|----------------------------|----------------------|-------------------------------------|---|---|---|
| 1 | AMRP / SMRP Plant Additions - Mains [1] | | <u>2,374,447</u> | <u>12,236,754</u> | <u>22,159,793</u> | <u>34,689,302</u> | | | | | | | | |
| 2 | Composite Tax Rate [2] [4] | | 59.406% | 59.406% | 28.814% | 35.898% | | | | | | | | |
| 3 | 0.03750 | 1 | 1,446,706 | 7,455,623 | | | 8,902,329 | 1,177,207 | 55,213 | 10,024,323 | 3,899,462 | (1,034,612) | - | 2,864,850 |
| 4 | 0.07219 | 2 | 69,583 | 358,597 | 6,976,634 | | 7,404,814 | 1,290,694 | 515,514 | 8,179,994 | 2,040,909 | 22,420 | - | 4,928,179 |
| 5 | 0.06677 | 3 | 64,359 | 331,674 | 1,138,776 | | 14,821,404 | 1,272,690 | 1,074,081 | 15,020,013 | 3,747,493 | 4,263 | - | 8,679,935 |
| 6 | 0.06177 | 4 | 59,539 | 306,837 | 1,053,277 | 1,605,259 | 3,024,912 | | 1,074,081 | 1,950,831 | 486,732 | - | - | 9,166,667 |
| 7 | 0.05713 | 5 | 55,067 | 283,788 | 974,404 | 1,484,736 | 2,797,995 | | 1,074,081 | 1,723,914 | 430,117 | - | - | 9,596,784 |
| 8 | 0.05285 | 6 | 50,941 | 262,528 | 901,209 | 1,373,553 | 2,588,231 | | 1,074,081 | 1,514,150 | 377,780 | - | - | 9,974,564 |
| 9 | 0.04888 | 7 | 47,115 | 242,807 | 833,693 | 1,270,376 | 2,393,991 | | 1,074,081 | 1,319,910 | 329,318 | - | - | 10,303,882 |
| 10 | 0.04522 | 8 | 43,587 | 224,626 | 771,068 | 1,175,203 | 2,214,484 | | 1,074,081 | 1,140,403 | 284,531 | - | - | 10,588,413 |
| 11 | 0.04462 | 9 | 43,009 | 221,646 | 713,332 | 1,086,924 | 2,064,911 | | 1,074,081 | 990,830 | 247,212 | - | - | 10,835,625 |
| 12 | 0.04461 | 10 | 42,999 | 221,596 | 703,868 | 1,005,538 | 1,974,001 | | 1,074,081 | 899,920 | 224,530 | - | - | 11,060,155 |
| 13 | 0.04462 | 11 | 43,009 | 221,646 | 703,710 | 992,196 | 1,960,561 | | 1,074,081 | 886,480 | 221,177 | - | - | 11,281,332 |
| 14 | 0.04461 | 12 | 42,999 | 221,596 | 703,868 | 991,974 | 1,960,437 | | 1,074,081 | 886,356 | 221,146 | - | - | 11,502,478 |
| 15 | 0.04462 | 13 | 43,009 | 221,646 | 703,710 | 992,196 | 1,960,561 | | 1,074,081 | 886,480 | 221,177 | - | - | 11,723,655 |
| 16 | 0.04461 | 14 | 42,999 | 221,596 | 703,868 | 991,974 | 1,960,437 | | 1,074,081 | 886,356 | 221,146 | - | - | 11,944,801 |
| 17 | 0.04462 | 15 | 43,009 | 221,646 | 703,710 | 992,196 | 1,960,561 | | 1,074,081 | 886,480 | 221,177 | - | - | 12,165,978 |
| 18 | 0.04461 | 16 | 42,999 | 221,596 | 703,868 | 991,974 | 1,960,437 | | 1,074,081 | 886,356 | 221,146 | - | - | 12,387,124 |
| 19 | 0.04462 | 17 | 43,009 | 221,646 | 703,710 | 992,196 | 1,960,561 | | 1,074,081 | 886,480 | 221,177 | - | - | 12,608,301 |
| 20 | 0.04461 | 18 | 42,999 | 221,596 | 703,868 | 991,974 | 1,960,437 | | 1,074,081 | 886,356 | 221,146 | - | - | 12,829,447 |
| 21 | 0.04462 | 19 | 43,009 | 221,646 | 703,710 | 992,196 | 1,960,561 | | 1,074,081 | 886,480 | 221,177 | - | - | 13,050,624 |
| 22 | 0.04461 | 20 | 42,999 | 221,596 | 703,868 | 991,974 | 1,960,437 | | 1,074,081 | 886,356 | 221,146 | - | - | 13,271,770 |
| 23 | 0.02231 | 21 | 21,504 | 110,823 | 703,710 | 992,196 | 1,828,233 | | 1,074,081 | 754,152 | 188,161 | - | - | 13,459,931 |
| 24 | | 22 | | | 351,934 | 991,974 | 1,343,908 | | 1,074,081 | 269,827 | 67,322 | - | - | 13,527,253 |
| 25 | | | | | | 496,098 | 496,098 | | 1,074,081 | (577,983) | (144,207) | - | - | 13,383,046 |
| 26 | | | <u>2,374,447</u> | <u>12,236,753</u> | <u>22,159,791</u> | <u>34,689,302</u> | <u>71,460,301</u> | <u>3,740,592</u> | <u>22,052,347</u> | | | | | |

Notes:

[1] Plant additions eligible for repairs and mixed services 263A tax deductions.

[2] 2019 Composite rate including repairs (33.22%) and mixed services 263A (4.01%) and no bonus tax deduction.

[3] Deferred Taxes calculated beginning 1/1/2018 using 21% Corporate Tax Rate and 5% State Tax Rate.

[4] The IRS issued an adjustment to 2017 bonus depreciation that was reported on the 2017 tax return disallowing 100% bonus depreciation claimed for qualified assets. The basis adjustment was recognized on the 2018 return because of the Federal NOL position.

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of Accumulated Deferred Income Tax

| Ln. No. | MACRS 20 Year Tax Depr Rates (1) | Year (2) | 2017 Jan-Sept Additions (3) | 2017 Oct-Dec Additions (4) | 2018 Additions (5) | 2019 Additions (6) | Annual Tax Depreciation (7) | Cost of Removal (8) | Book Depreciation (9) | Difference (10) | Deferred Tax @ 24.95% [3] (11) | Accumulated Deferred Income Taxes-Fed NOL (12) | ADIT Normalization Adjustment (13) | Accumulated Deferred Inc. Taxes (14) |
|---------|--|----------|-----------------------------|----------------------------|--------------------|--------------------|-----------------------------|---------------------|-----------------------|-----------------|--------------------------------|--|------------------------------------|--------------------------------------|
| | | | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) |
| 1 | AMRP / SMRP Plant Additions - Others [1] | | 395,843 | 13,675 | 296,045 | 516,388 | | | | | | | | |
| 2 | Tax MSC 263A % [2] [4] | | 52.005% | 52.005% | 4.010% | 4.010% | | | | | | | | |
| 3 | 0.03750 | 1 | 212,982 | 7,358 | | | 220,340 | 4,035 | 3,687 | 220,688 | 85,848 | (28,998) | - | 56,850 |
| 4 | 0.07219 | 2 | 13,715 | 474 | 22,528 | | 36,717 | 1,075 | 13,613 | 24,179 | 6,033 | 300 | - | 63,183 |
| 5 | 0.06677 | 3 | 12,685 | 438 | 20,515 | 39,295 | 72,933 | 3,368 | 21,855 | 54,446 | 13,584 | 63 | - | 76,830 |
| 6 | 0.06177 | 4 | 11,735 | 405 | 18,974 | 35,783 | 66,897 | | 21,855 | 45,042 | 11,238 | - | - | 88,068 |
| 7 | 0.05713 | 5 | 10,854 | 375 | 17,553 | 33,097 | 61,879 | | 21,855 | 40,024 | 9,986 | - | - | 98,054 |
| 8 | 0.05285 | 6 | 10,041 | 347 | 16,235 | 30,618 | 57,241 | | 21,855 | 35,386 | 8,829 | - | - | 106,883 |
| 9 | 0.04888 | 7 | 9,286 | 321 | 15,019 | 28,318 | 52,944 | | 21,855 | 31,089 | 7,757 | - | - | 114,640 |
| 10 | 0.04522 | 8 | 8,591 | 297 | 13,890 | 26,197 | 48,975 | | 21,855 | 27,120 | 6,766 | - | - | 121,406 |
| 11 | 0.04462 | 9 | 8,477 | 293 | 12,850 | 24,229 | 45,849 | | 21,855 | 23,994 | 5,987 | - | - | 127,393 |
| 12 | 0.04461 | 10 | 8,475 | 293 | 12,680 | 22,415 | 43,863 | | 21,855 | 22,008 | 5,491 | - | - | 132,884 |
| 13 | 0.04462 | 11 | 8,477 | 293 | 12,677 | 22,117 | 43,564 | | 21,855 | 21,709 | 5,416 | - | - | 138,300 |
| 14 | 0.04461 | 12 | 8,475 | 293 | 12,680 | 22,112 | 43,560 | | 21,855 | 21,705 | 5,415 | - | - | 143,715 |
| 15 | 0.04462 | 13 | 8,477 | 293 | 12,677 | 22,117 | 43,564 | | 21,855 | 21,709 | 5,416 | - | - | 149,131 |
| 16 | 0.04461 | 14 | 8,475 | 293 | 12,680 | 22,112 | 43,560 | | 21,855 | 21,705 | 5,415 | - | - | 154,546 |
| 17 | 0.04462 | 15 | 8,477 | 293 | 12,677 | 22,117 | 43,564 | | 21,855 | 21,709 | 5,416 | - | - | 159,962 |
| 18 | 0.04461 | 16 | 8,475 | 293 | 12,680 | 22,112 | 43,560 | | 21,855 | 21,705 | 5,415 | - | - | 165,377 |
| 19 | 0.04462 | 17 | 8,477 | 293 | 12,677 | 22,117 | 43,564 | | 21,855 | 21,709 | 5,416 | - | - | 170,793 |
| 20 | 0.04461 | 18 | 8,475 | 293 | 12,680 | 22,112 | 43,560 | | 21,855 | 21,705 | 5,415 | - | - | 176,208 |
| 21 | 0.04462 | 19 | 8,477 | 293 | 12,677 | 22,117 | 43,564 | | 21,855 | 21,709 | 5,416 | - | - | 181,624 |
| 22 | 0.04461 | 20 | 8,475 | 293 | 12,680 | 22,112 | 43,560 | | 21,855 | 21,705 | 5,415 | - | - | 187,039 |
| 23 | 0.02231 | 21 | 4,239 | 146 | 12,677 | 22,117 | 39,179 | | 21,855 | 17,324 | 4,322 | - | - | 191,361 |
| 24 | | 22 | | | 6,340 | 22,112 | 28,452 | | 21,855 | 6,597 | 1,646 | - | - | 193,007 |
| 25 | | | | | | 11,059 | 11,059 | | 21,855 | (10,796) | (2,694) | - | - | 190,313 |
| 26 | | | 395,840 | 13,677 | 296,046 | 516,385 | 1,221,948 | 8,478 | 476,255 | | | | | |

Notes:

[1] Plant additions eligible for mixed services 263A tax deduction.

[2] 2019 Composite rate including mixed services 263A (4.01%) and no bonus tax deduction.

[3] Deferred Taxes calculated beginning 1/1/2018 using 21% Corporate Tax Rate and 5% State Tax Rate.

[4] The IRS issued an adjustment to 2017 bonus depreciation that was reported on the 2017 tax return disallowing 100% bonus depreciation claimed for qualified assets. The basis adjustment was recognized on the 2018 return because of the Federal NOL position.

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of State Disallowance on Bonus Tax Depreciation for 2017 Additions

| <u>Ln.</u> | <u>Year</u> | <u>State Tax Depr</u> | <u>State ADIT</u> | | | <u>Total ADIT Adj</u> | <u>Cumulative ADIT Adj</u> |
|------------|-------------|-----------------------|-------------------------------|----------------------------|-------------------------|-----------------------|----------------------------|
| | | | <u>State vs. Fed Tax Depr</u> | <u>on Disallowed Bonus</u> | <u>Fed Benefit ADIT</u> | | |
| | <u>(1)</u> | <u>(2)</u> | <u>(3)</u> | <u>(4)</u> | <u>(5)</u> | <u>(6)</u> | <u>(7)</u> |
| 1 | 2017 | 563,277 | 8,559,392 | 513,564 | (179,747) | 333,816 | 333,816 |
| 2 | 2018 | 1,084,346 | (641,977) | (32,099) | 6,741 | (25,358) | 308,458 |
| 3 | 2019 | 1,002,933 | (593,777) | (29,689) | 6,235 | (23,454) | 285,004 |
| 4 | 2020 | 927,830 | (549,314) | (27,466) | 5,768 | (21,698) | 263,306 |
| 5 | 2021 | 858,134 | (508,050) | (25,402) | 5,335 | (20,068) | 243,238 |
| 6 | 2022 | 793,845 | (469,988) | (23,499) | 4,935 | (18,565) | 224,674 |
| 7 | 2023 | 734,213 | (434,684) | (21,734) | 4,564 | (17,170) | 207,504 |
| 8 | 2024 | 679,237 | (402,136) | (20,107) | 4,222 | (15,884) | 191,619 |
| 9 | 2025 | 670,224 | (396,799) | (19,840) | 4,166 | (15,674) | 175,946 |
| 10 | 2026 | 670,074 | (396,711) | (19,836) | 4,165 | (15,670) | 160,276 |
| 11 | 2027 | 670,224 | (396,799) | (19,840) | 4,166 | (15,674) | 144,602 |
| 12 | 2028 | 670,074 | (396,711) | (19,836) | 4,165 | (15,670) | 128,932 |
| 13 | 2029 | 670,224 | (396,799) | (19,840) | 4,166 | (15,674) | 113,258 |
| 14 | 2030 | 670,074 | (396,711) | (19,836) | 4,165 | (15,670) | 97,588 |
| 15 | 2031 | 670,224 | (396,799) | (19,840) | 4,166 | (15,674) | 81,915 |
| 16 | 2032 | 670,074 | (396,711) | (19,836) | 4,165 | (15,670) | 66,245 |
| 17 | 2033 | 670,224 | (396,799) | (19,840) | 4,166 | (15,674) | 50,571 |
| 18 | 2034 | 670,074 | (396,711) | (19,836) | 4,165 | (15,670) | 34,901 |
| 19 | 2035 | 670,224 | (396,799) | (19,840) | 4,166 | (15,674) | 19,227 |
| 20 | 2036 | 670,074 | (396,711) | (19,836) | 4,165 | (15,670) | 3,557 |
| 21 | 2037 | 335,112 | (198,400) | (9,920) | 2,083 | (7,837) | (4,280) |
| 22 | Total | 15,020,719 | 2 | 85,594 | (89,874) | (4,280) | - |

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of State Disallowance on Bonus Tax Depreciation for 2018 Additions

| <u>Ln.</u> | <u>Year</u> | <u>State Tax Depr</u> | <u>State vs. Fed</u> | <u>State ADIT</u> | | <u>Total</u> | <u>Cumulative</u> |
|------------|-------------|-----------------------|----------------------|-------------------|----------------------|--------------|-------------------|
| | | | | <u>Tax Depr</u> | <u>on Disallowed</u> | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 2018 | - | - | - | - | - | - |
| 2 | 2019 | - | - | - | - | - | - |
| 3 | 2020 | - | - | - | - | - | - |
| 4 | 2021 | - | - | - | - | - | - |
| 5 | 2022 | - | - | - | - | - | - |
| 6 | 2023 | - | - | - | - | - | - |
| 7 | 2024 | - | - | - | - | - | - |
| 8 | 2025 | - | - | - | - | - | - |
| 9 | 2026 | - | - | - | - | - | - |
| 10 | 2027 | - | - | - | - | - | - |
| 11 | 2028 | - | - | - | - | - | - |
| 12 | 2029 | - | - | - | - | - | - |
| 13 | 2030 | - | - | - | - | - | - |
| 14 | 2031 | - | - | - | - | - | - |
| 15 | 2032 | - | - | - | - | - | - |
| 16 | 2033 | - | - | - | - | - | - |
| 17 | 2034 | - | - | - | - | - | - |
| 18 | 2035 | - | - | - | - | - | - |
| 19 | 2036 | - | - | - | - | - | - |
| 20 | 2037 | - | - | - | - | - | - |
| 21 | 2038 | - | - | - | - | - | - |
| 22 | Total | - | - | - | - | - | - |

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of State Disallowance on Bonus Tax Depreciation for 2019 Additions

| <u>Ln.</u> | <u>Year</u> | <u>State Tax Depr</u> | <u>State vs. Fed</u> | <u>State ADIT</u> | | <u>Total</u> | <u>Cumulative</u> |
|------------|-------------|-----------------------|----------------------|-------------------|----------------------|--------------|-------------------|
| | | | | <u>Tax Depr</u> | <u>on Disallowed</u> | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 2019 | - | - | - | - | - | - |
| 2 | 2020 | - | - | - | - | - | - |
| 3 | 2021 | - | - | - | - | - | - |
| 4 | 2022 | - | - | - | - | - | - |
| 5 | 2023 | - | - | - | - | - | - |
| 6 | 2024 | - | - | - | - | - | - |
| 7 | 2025 | - | - | - | - | - | - |
| 8 | 2026 | - | - | - | - | - | - |
| 9 | 2027 | - | - | - | - | - | - |
| 10 | 2028 | - | - | - | - | - | - |
| 11 | 2029 | - | - | - | - | - | - |
| 12 | 2030 | - | - | - | - | - | - |
| 13 | 2031 | - | - | - | - | - | - |
| 14 | 2032 | - | - | - | - | - | - |
| 15 | 2033 | - | - | - | - | - | - |
| 16 | 2034 | - | - | - | - | - | - |
| 17 | 2035 | - | - | - | - | - | - |
| 18 | 2036 | - | - | - | - | - | - |
| 19 | 2037 | - | - | - | - | - | - |
| 20 | 2038 | - | - | - | - | - | - |
| 21 | 2039 | - | - | - | - | - | - |
| 22 | Total | - | - | - | - | - | - |

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/17 AMRP Investment Summary

| Line No. | Month | Number of Months | AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|-------------------|------------------|------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| 1 | Jan-17 | 12 | 203,041 | 787,036 | 726,495 | (205,883) | (94,444) | (87,179) | (30,462) | (28,611) | (26,410) | (745) |
| 2 | Feb-17 | 11 | 922,620 | 420,451 | 355,766 | (186,937) | (50,454) | (42,692) | (242,178) | (15,243) | (12,898) | (811) |
| 3 | Mar-17 | 10 | 607,894 | 512,097 | 393,921 | (85,345) | (61,451) | (47,270) | (102,824) | (18,585) | (14,296) | 243 |
| 4 | Apr-17 | 9 | 775,824 | 741,213 | 513,147 | (116,998) | (88,945) | (61,577) | (107,563) | (26,940) | (18,651) | 943 |
| 5 | May-17 | 8 | 876,331 | 1,199,444 | 738,119 | (123,416) | (143,933) | (88,574) | (86,050) | (43,650) | (26,862) | 1,462 |
| 6 | Jun-17 | 7 | 1,602,481 | 1,657,675 | 892,594 | (99,874) | (198,921) | (107,111) | (152,240) | (60,361) | (32,502) | 2,449 |
| 7 | Jul-17 | 6 | 823,855 | 1,657,675 | 765,081 | (147,310) | (198,921) | (91,810) | (258,600) | (60,361) | (27,859) | 3,319 |
| 8 | Aug-17 | 5 | 2,151,785 | 2,917,811 | 1,122,235 | (271,819) | (350,138) | (134,668) | (126,063) | (106,314) | (40,890) | 4,040 |
| 9 | Sep-17 | 4 | 1,190,456 | 2,849,075 | 876,638 | (222,726) | (341,889) | (105,197) | (162,635) | (103,808) | (31,941) | 5,142 |
| 10 | Oct-17 | 3 | 2,371,548 | 2,917,811 | 673,341 | (228,831) | (350,138) | (80,801) | (46,556) | (106,314) | (24,534) | 7,141 |
| 11 | Nov-17 | 2 | 6,490,489 | 1,772,233 | 272,651 | (176,567) | (212,668) | (32,718) | (41,336) | (64,538) | (9,929) | 13,741 |
| 12 | Dec-17 | 1 | 4,470,710 | 1,772,233 | 136,326 | (137,009) | (212,668) | (16,359) | (96,471) | (64,538) | (4,964) | 21,976 |
| 13 | | | 22,487,034 | 19,204,754 | 7,466,315 | (2,002,715) | (2,304,570) | (895,957) | (1,452,978) | (699,263) | (271,736) | 58,900 |
| 14 | Rate Year Summary | | 20,484,319 | 6,570,358 | 13,913,961 | | | | (3,455,693) | (1,167,693) | (2,288,000) | |

Test Year 12/31/17 AMRP - Mains Gas Plant Account 376

| Line No. | Month | Number of Months | Actual AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|---------------------------|------------------|-------------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| 1 | Jan-17 | 12 | 202,765 | 443,119 | 409,033 | (144,500) | (53,174) | (49,084) | (28,920) | (7,976) | (7,362) | (207) |
| 2 | Feb-17 | 11 | 265,790 | 237,719 | 201,147 | (115,673) | (28,526) | (24,137) | (76,799) | (4,279) | (3,621) | (433) |
| 3 | Mar-17 | 10 | 91,930 | 289,069 | 222,361 | (3,618) | (34,688) | (26,683) | (1,566) | (5,203) | (4,002) | (526) |
| 4 | Apr-17 | 9 | 250,848 | 417,444 | 289,000 | (2,295) | (50,093) | (34,680) | (1,836) | (7,514) | (5,202) | (603) |
| 5 | May-17 | 8 | 327,909 | 674,194 | 414,889 | (12,563) | (80,903) | (49,786) | (4,486) | (12,135) | (7,468) | (642) |
| 6 | Jun-17 | 7 | 825,284 | 930,943 | 501,277 | (3,713) | (111,713) | (60,153) | (3,277) | (16,757) | (9,023) | (414) |
| 7 | Jul-17 | 6 | 301,451 | 930,943 | 429,666 | (8,665) | (111,713) | (51,560) | (1,665) | (16,757) | (7,734) | (211) |
| 8 | Aug-17 | 5 | 1,439,639 | 1,637,005 | 629,617 | (53,989) | (196,441) | (75,554) | (39,460) | (29,466) | (11,333) | 302 |
| 9 | Sep-17 | 4 | 190,029 | 1,598,492 | 491,844 | (43,650) | (191,819) | (59,021) | (33,461) | (28,773) | (8,853) | 677 |
| 10 | Oct-17 | 3 | 1,447,194 | 1,637,005 | 377,770 | (97,804) | (196,441) | (45,333) | (16,495) | (29,466) | (6,800) | 1,179 |
| 11 | Nov-17 | 2 | 5,232,912 | 995,131 | 153,097 | (12,782) | (119,416) | (18,372) | (6,996) | (17,912) | (2,756) | 5,374 |
| 12 | Dec-17 | 1 | 4,067,392 | 995,131 | 76,549 | (96,473) | (119,416) | (9,186) | (6,154) | (17,912) | (1,378) | 11,554 |
| 13 | | | 14,643,143 | 10,786,195 | 4,196,249 | (595,725) | (1,294,343) | (503,549) | (221,115) | (194,150) | (75,532) | 16,048 |
| 14 | Rate Year GPA 376 Summary | | 14,047,418 | 3,692,700 | 10,354,718 | | | | (816,840) | (579,081) | (237,759) | |

Notes:

(1) Recovered through base rates in Case No. 2016-00162.

(2) AMRP spend not recovered through base rates and eligible for recovery through 2017 AMRP.

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/17 AMRP - Services Gas Plant Account 380

| Line No. | Month | Number of Months | Actual AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|--------|------------------|-------------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | |
| 1 | Jan-17 | 12 | - | 343,917 | 317,462 | (59,289) | (41,270) | (38,095) | - | (20,635) | (19,048) | (536) |
| 2 | Feb-17 | 11 | 635,163 | 182,732 | 154,619 | (70,166) | (21,928) | (18,554) | (165,125) | (10,964) | (9,277) | (393) |
| 3 | Mar-17 | 10 | 514,412 | 223,028 | 171,560 | (80,460) | (26,763) | (20,587) | (101,258) | (13,382) | (10,294) | 734 |
| 4 | Apr-17 | 9 | 512,040 | 323,769 | 224,148 | (113,703) | (38,852) | (26,898) | (105,727) | (19,426) | (13,449) | 1,500 |
| 5 | May-17 | 8 | 526,252 | 525,250 | 323,231 | (109,791) | (63,030) | (38,788) | (81,564) | (31,515) | (19,394) | 2,028 |
| 6 | Jun-17 | 7 | 773,120 | 726,732 | 391,317 | (95,580) | (87,208) | (46,958) | (148,963) | (43,604) | (23,479) | 2,764 |
| 7 | Jul-17 | 6 | 516,148 | 726,732 | 335,415 | (136,811) | (87,208) | (40,250) | (256,856) | (43,604) | (20,125) | 3,425 |
| 8 | Aug-17 | 5 | 671,925 | 1,280,806 | 492,618 | (217,062) | (153,697) | (59,114) | (86,603) | (76,848) | (29,557) | 3,592 |
| 9 | Sep-17 | 4 | 713,739 | 1,250,583 | 384,795 | (177,531) | (150,070) | (46,175) | (129,174) | (75,035) | (23,088) | 3,939 |
| 10 | Oct-17 | 3 | 918,342 | 1,280,806 | 295,571 | (129,326) | (153,697) | (35,469) | (30,061) | (76,848) | (17,734) | 5,089 |
| 11 | Nov-17 | 2 | 1,249,901 | 777,102 | 119,554 | (160,212) | (93,252) | (14,346) | (32,180) | (46,626) | (7,173) | 7,485 |
| 12 | Dec-17 | 1 | 403,331 | 777,102 | 59,777 | (39,695) | (93,252) | (7,173) | (90,317) | (46,626) | (3,587) | 9,537 |
| 13 | | | 7,434,373 | 8,418,559 | 3,270,066 | (1,389,626) | (1,010,227) | (392,408) | (1,227,828) | (505,113) | (196,204) | 39,165 |

| Line No. | Actual Net Plant Additions | Rate Case 13-Month Average Net Plant Additions | Net Plant Additions Not Included in Base Rates - Jan 2017 - Dec 2017 (2) | Actual Depreciation Reserve - Retirements and Cost of Removal | Rate Case 13-Mo. Avg Depreciation Reserve - Retirements and Cost of Removal | Depreciation Reserve Not Included in Base Rates - Jan 2017 - Dec 2017 (2) |
|------------------------------|----------------------------|--|--|---|---|---|
| 14 Rate Year GPA 380 Summary | 6,044,747 | 2,877,658 | 3,167,089 | (2,617,454) | (588,612) | (2,028,842) |

Test Year 12/31/17 AMRP - Plant Regulators Plant Account 378

| Line No. | Month | Number of Months | Actual AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|--------|------------------|-------------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | |
| 1 | Jan-17 | 12 | 276 | - | - | (1,595) | - | - | (1,542) | - | - | (1) |
| 2 | Feb-17 | 11 | 9,775 | - | - | (254) | - | - | (254) | - | - | 6 |
| 3 | Mar-17 | 10 | (2,414) | - | - | - | - | - | - | - | - | 13 |
| 4 | Apr-17 | 9 | 551 | - | - | - | - | - | - | - | - | 11 |
| 5 | May-17 | 8 | 15,722 | - | - | - | - | - | - | - | - | 26 |
| 6 | Jun-17 | 7 | - | - | - | - | - | - | - | - | - | 40 |
| 7 | Jul-17 | 6 | - | - | - | (79) | - | - | (79) | - | - | 40 |
| 8 | Aug-17 | 5 | - | - | - | - | - | - | - | - | - | 40 |
| 9 | Sep-17 | 4 | 71,679 | - | - | - | - | - | - | - | - | 106 |
| 10 | Oct-17 | 3 | 2,653 | - | - | - | - | - | - | - | - | 174 |
| 11 | Nov-17 | 2 | - | - | - | (2,200) | - | - | (2,160) | - | - | 175 |
| 12 | Dec-17 | 1 | - | - | - | - | - | - | - | - | - | 173 |
| 13 | | | 98,242 | 0 | 0 | (4,128) | 0 | 0 | (4,035) | 0 | 0 | 803 |

| Line No. | Actual Net Plant Additions | Rate Case 13-Month Average Net Plant Additions | Net Plant Additions Not Included in Base Rates - Jan 2017 - Dec 2017 (2) | Actual Depreciation Reserve - Retirements and Cost of Removal | Rate Case 13-Mo. Avg Depreciation Reserve - Retirements and Cost of Removal | Depreciation Reserve Not Included in Base Rates - Jan 2017 - Dec 2017 (2) |
|------------------------------|----------------------------|--|--|---|---|---|
| 14 Rate Year GPA 378 Summary | 94,114 | 0 | 94,114 | (8,163) | 0 | (8,163) |

Notes:
⁽¹⁾ Recovered through base rates in Case No. 2016-00162.
⁽²⁾ AMRP spend not recovered through base rates and eligible for recovery through 2017 AMRP.

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/17 AMRP - Meter Installations Plant Account 382

| Line No. | Month | Number of Months | Actual AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|--------|------------------|-------------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| 1 | Jan-17 | 12 | - | - | - | (376) | - | - | - | - | - | (0) |
| 2 | Feb-17 | 11 | 4,788 | - | - | (782) | - | - | - | - | - | 3 |
| 3 | Mar-17 | 10 | 3,883 | - | - | (1,120) | - | - | - | - | - | 9 |
| 4 | Apr-17 | 9 | 1,149 | - | - | (973) | - | - | - | - | - | 11 |
| 5 | May-17 | 8 | 4,974 | - | - | (954) | - | - | - | - | - | 15 |
| 6 | Jun-17 | 7 | 2,114 | - | - | (546) | - | - | - | - | - | 20 |
| 7 | Jul-17 | 6 | 5,345 | - | - | (1,674) | - | - | - | - | - | 24 |
| 8 | Aug-17 | 5 | 1,464 | - | - | (721) | - | - | - | - | - | 28 |
| 9 | Sep-17 | 4 | 3,093 | - | - | (1,337) | - | - | - | - | - | 30 |
| 10 | Oct-17 | 3 | 1,317 | - | - | (1,565) | - | - | - | - | - | 32 |
| 11 | Nov-17 | 2 | 4,763 | - | - | (1,255) | - | - | - | - | - | 34 |
| 12 | Dec-17 | 1 | (215) | - | - | (781) | - | - | - | - | - | 37 |
| 13 | | | 32,675 | 0 | 0 | (12,084) | 0 | 0 | 0 | 0 | 0 | 242 |

| Line No. | Description | Actual Net Plant Additions | Rate Case 13-Month Average Net Plant Additions | Net Plant Additions Not Included in Base Rates - Jan 2017 - Dec 2017 (2) | Actual Depreciation Reserve - Retirements and Cost of Removal | Rate Case 13-Mo. Avg Depreciation Reserve - Retirements and Cost of Removal | Depreciation Reserve Not Included in Base Rates - Jan 2017 - Dec 2017 (2) |
|----------|---------------------------|----------------------------|--|--|---|---|---|
| 14 | Rate Year GPA 382 Summary | 20,591 | 0 | 20,591 | (12,084) | 0 | (12,084) |

Test Year 12/31/17 AMRP - House Regulators Plant Account 383

| Line No. | Month | Number of Months | Actual AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|--------|------------------|-------------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| 1 | Jan-17 | 12 | - | - | - | (123) | - | - | - | - | - | (0) |
| 2 | Feb-17 | 11 | 7,104 | - | - | (62) | - | - | - | - | - | 6 |
| 3 | Mar-17 | 10 | 83 | - | - | (147) | - | - | - | - | - | 13 |
| 4 | Apr-17 | 9 | 11,236 | - | - | (27) | - | - | - | - | - | 23 |
| 5 | May-17 | 8 | 1,474 | - | - | (108) | - | - | - | - | - | 35 |
| 6 | Jun-17 | 7 | 1,963 | - | - | (35) | - | - | - | - | - | 38 |
| 7 | Jul-17 | 6 | 911 | - | - | (81) | - | - | - | - | - | 41 |
| 8 | Aug-17 | 5 | 38,757 | - | - | (47) | - | - | - | - | - | 78 |
| 9 | Sep-17 | 4 | 995 | - | - | (208) | - | - | - | - | - | 115 |
| 10 | Oct-17 | 3 | 2,042 | - | - | (136) | - | - | - | - | - | 117 |
| 11 | Nov-17 | 2 | 453 | - | - | (118) | - | - | - | - | - | 120 |
| 12 | Dec-17 | 1 | 202 | - | - | (60) | - | - | - | - | - | 120 |
| 13 | | | 65,220 | 0 | 0 | (1,152) | 0 | 0 | 0 | 0 | 0 | 707 |

| Line No. | Description | Actual Net Plant Additions | Rate Case 13-Month Average Net Plant Additions | Net Plant Additions Not Included in Base Rates - Jan 2017 - Dec 2017 (2) | Actual Depreciation Reserve - Retirements and Cost of Removal | Rate Case 13-Mo. Avg Depreciation Reserve - Retirements and Cost of Removal | Depreciation Reserve Not Included in Base Rates - Jan 2017 - Dec 2017 (2) |
|----------|---------------------------|----------------------------|--|--|---|---|---|
| 14 | Rate Year GPA 383 Summary | 64,068 | 0 | 64,068 | (1,152) | 0 | (1,152) |

Notes:

⁽¹⁾ Recovered through base rates in Case No. 2016-00162.

⁽²⁾ AMRP spend not recovered through base rates and eligible for recovery through 2017 AMRP.

Columbia Gas of Kentucky, Inc.
Actual Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/17 AMRP - GPS Devices Plant Account 387

| Line No. | Month | Number of Months | Actual AMRP CapEx | Rate Case Projected CapEx | 13 Mo. Avg Rate Case Projections (1) | Actual Retirements | Rate Case Projected Retirements | 13 Mo. Avg Rate Case Projections (1) | Actual Cost of Removal | Rate Case Projected Cost of Removal | 13 Mo. Avg Rate Case Projections (1) | Depreciation Difference (2) |
|----------|--------|------------------|-------------------|---------------------------|--------------------------------------|--------------------|---------------------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------------------|-----------------------------|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| 1 | Jan-17 | 12 | - | - | - | - | - | - | - | - | - | - |
| 2 | Feb-17 | 11 | - | - | - | - | - | - | - | - | - | - |
| 3 | Mar-17 | 10 | - | - | - | - | - | - | - | - | - | - |
| 4 | Apr-17 | 9 | - | - | - | - | - | - | - | - | - | - |
| 5 | May-17 | 8 | - | - | - | - | - | - | - | - | - | - |
| 6 | Jun-17 | 7 | - | - | - | - | - | - | - | - | - | - |
| 7 | Jul-17 | 6 | - | - | - | - | - | - | - | - | - | - |
| 8 | Aug-17 | 5 | - | - | - | - | - | - | - | - | - | - |
| 9 | Sep-17 | 4 | 210,921 | - | - | - | - | - | - | - | - | 275 |
| 10 | Oct-17 | 3 | - | - | - | - | - | - | - | - | - | 550 |
| 11 | Nov-17 | 2 | 2,460 | - | - | - | - | - | - | - | - | 553 |
| 12 | Dec-17 | 1 | - | - | - | - | - | - | - | - | - | 557 |
| 13 | | | 213,381 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 | 1,935 |

| Line No. | Description | Actual Net Plant Additions | Rate Case 13-Month Average Net Plant Additions | Net Plant Additions Not Included in Base Rates - Jan 2017 - Dec 2017 (2) | Actual Depreciation Reserve - Retirements and Cost of Removal | Rate Case 13-Mo. Avg Depreciation Reserve - Retirements and Cost of Removal | Depreciation Reserve Not Included in Base Rates - Jan 2017 - Dec 2017 (2) |
|----------|---------------------------|----------------------------|--|--|---|---|---|
| 14 | Rate Year GPA 387 Summary | 213,381 | 0 | 213,381 | 0 | 0 | 0 |

Notes:

⁽¹⁾ Recovered through base rates in Case No. 2016-00162.

⁽²⁾ AMRP spend not recovered through base rates and eligible for recovery through 2017 AMRP.

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Safety Modification and Replacement Program ("SMRP")
Calculation of O&M Savings

| | <u>FERC Account 887</u> |
|--|-------------------------|
| | (\$) |
| Actual 2019 O&M Account 887 Costs | 2,877,872 |
| 2017 O&M Account 887 per Case No. 2016-00162 | <u>2,886,706</u> |
| Actual O&M Savings | (8,834) |

Columbia Gas of Kentucky, Inc.
SMRP Rider Billing Determinants by Rate Schedule
Actual Bills For the Twelve Months Ending December 31, 2019

SMRP Form 4.0

| <u>Rate Schedule</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>Total</u> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| GSR - Residential | 104,728 | 105,110 | 105,049 | 104,666 | 104,155 | 103,393 | 102,991 | 102,748 | 102,668 | 103,191 | 104,772 | 105,910 | 1,249,381 |
| SVGTS - Residential | 17,734 | 17,628 | 17,537 | 17,430 | 17,314 | 17,219 | 17,145 | 17,069 | 16,998 | 16,879 | 16,789 | 16,719 | 206,461 |
| GSO - Commercial or Industrial | 10,959 | 10,993 | 11,037 | 10,977 | 10,890 | 10,829 | 10,772 | 10,732 | 10,712 | 10,737 | 10,934 | 11,106 | 130,678 |
| GDS - Commercial or Industrial | 23 | 23 | 23 | 23 | 23 | 23 | 21 | 21 | 21 | 21 | 21 | 21 | 264 |
| SVGTS - Commercial or Industrial | 3,144 | 3,125 | 3,099 | 3,086 | 3,070 | 3,044 | 3,030 | 3,013 | 2,999 | 2,981 | 2,973 | 2,945 | 36,509 |
| IUS, IUDS | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 |
| IS, DS | 66 | 66 | 66 | 66 | 68 | 68 | 69 | 70 | 70 | 70 | 70 | 70 | 819 |
| SAS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 136,656 | 136,947 | 136,813 | 136,250 | 135,522 | 134,578 | 134,030 | 133,655 | 133,470 | 133,881 | 135,561 | 136,773 | 1,624,136 |

Columbia Gas of Kentucky, Inc.
SMRP Rider Billing Determinants by Rate Schedule
Projected Bills For the Twelve Months Ending May 31, 2021

SMRP Form 4.1

| <u>Rate Schedule</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Total</u> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| GSR - Residential | 104,729 | 104,279 | 104,081 | 103,990 | 104,346 | 105,853 | 107,304 | 107,869 | 108,212 | 108,224 | 107,792 | 107,155 | 1,273,834 |
| SVGTS - Residential | 15,975 | 15,871 | 15,767 | 15,663 | 15,560 | 15,456 | 15,352 | 15,248 | 15,144 | 15,040 | 14,936 | 14,832 | 184,844 |
| GSO - Commercial or Industrial | 11,072 | 11,028 | 10,998 | 11,000 | 11,041 | 11,205 | 11,390 | 11,478 | 11,531 | 11,530 | 11,478 | 11,405 | 135,156 |
| GDS - Commercial or Industrial | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 276 |
| SVGTS - Commercial or Industrial | 3,045 | 3,030 | 3,197 | 3,172 | 3,160 | 3,154 | 3,135 | 3,113 | 3,102 | 3,088 | 3,074 | 3,058 | 37,328 |
| IUS, IUDS | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 |
| IS, DS | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 816 |
| SAS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 134,914 | 134,301 | 134,136 | 133,918 | 134,200 | 135,761 | 137,274 | 137,801 | 138,082 | 137,975 | 137,373 | 136,543 | 1,632,278 |

**SMRP RIDER
SAFETY MODIFICATION AND REPLACEMENT PROGRAM RIDER**

APPLICABILITY

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

CALCULATION OF SAFETY MODIFICATION AND REPLACEMENT RIDER REVENUE REQUIREMENT

The SMRP Rider Revenue Requirement includes the following:

- a. SMRP-related Plant In-Service not included in base gas rates minus the associated SMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to SMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the SMRP = related Plant In-Service less retirement and removals;
- e. Property taxes related to the SMRP; and
- f. Reduction for savings in Account No. 887 – Maintenance of Mains,

SAFETY MODIFICATION AND REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the safety modification and replacement program.

Rider SMRP will be updated annually in order to reflect the expected impact on the Company's revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. The allocation of the program costs shall be based on the revenue distribution approved by the Commission. Company will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

The charges for the respective gas service schedules effective May 29, 2020 are:

| | | |
|--|------------|--|
| Rate GSR, Rate SVGTS - Residential Service | \$5.46 | |
| Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service | \$20.51 | |
| Rate IUS, Rate IUDS | \$170.96 | |
| Rate IS, Rate DS ^{1/} , Rate SAS | \$1,074.50 | |
| <u>1/</u> - Excluding customers subject to Flex Provisions of Rate Schedule DS | | |

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DATE OF ISSUE: March 31, 2020
DATE EFFECTIVE: May 29, 2020 (Unit 1 June Billing)
ISSUED BY: /s/ Kimra H. Cole
TITLE: President & Chief Operating Officer

**SMRP RIDER
SAFETY MODIFICATION AND REPLACEMENT PROGRAM RIDER**

APPLICABILITY

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

CALCULATION OF SAFETY MODIFICATION AND REPLACEMENT RIDER REVENUE REQUIREMENT

The SMRP Rider Revenue Requirement includes the following:

- a. SMRP-related Plant In-Service not included in base gas rates minus the associated SMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to SMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the SMRP = related Plant In-Service less retirement and removals;
- e. Property taxes related to the SMRP; and
- f. Reduction for savings in Account No. 887 – Maintenance of Mains,

SAFETY MODIFICATION AND REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the safety modification and replacement program.

Rider SMRP will be updated annually in order to reflect the expected impact on the Company's revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. The allocation of the program costs shall be based on the revenue distribution approved by the Commission. Company will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

The charges for the respective gas service schedules effective ~~May 29, 2020~~ January 2, 2020 are:

| | |
|--|--------------------------------|
| Rate GSR, Rate SVGTS - Residential Service | \$ 5,465.16 |
| Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service | \$ 20,514.38 |
| Rate IUS, Rate IUDS | \$ 170,964.50 |
| Rate IS, Rate DS ^{1/} , Rate SAS | \$ 1,074,504,044.94 |
| <u>1/ - Excluding customers subject to Flex Provisions of Rate Schedule DS</u> | |

DATE OF ISSUE: ~~March 31, 2020~~ December 30, 2019

DATE EFFECTIVE: ~~January 2, 2020~~ May 29, 2020 (Unit 1 June Billing)

ISSUED BY: /s/ Kimra H. Cole

TITLE: President & Chief Operating Officer

~~Issued pursuant to an Order of the Public Service Commission in Case No. 2019-00383 dated December 20, 2019~~

**SMRP RIDER
SAFETY MODIFICATION AND REPLACEMENT PROGRAM RIDER**

APPLICABILITY

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

CALCULATION OF SAFETY MODIFICATION AND REPLACEMENT RIDER REVENUE REQUIREMENT

The SMRP Rider Revenue Requirement includes the following:

- a. SMRP-related Plant In-Service not included in base gas rates minus the associated SMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to SMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the SMRP = related Plant In-Service less retirement and removals;
- e. Property taxes related to the SMRP; and
- f. Reduction for savings in Account No. 887 – Maintenance of Mains,

SAFETY MODIFICATION AND REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the safety modification and replacement program.

Rider SMRP will be updated annually in order to reflect the expected impact on the Company's revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. The allocation of the program costs shall be based on the revenue distribution approved by the Commission. Company will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

The charges for the respective gas service schedules effective May 29, 2020 are:

| | | |
|--|------------|--|
| Rate GSR, Rate SVGTS - Residential Service | \$5.46 | |
| Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service | \$20.51 | |
| Rate IUS, Rate IUDS | \$170.96 | |
| Rate IS, Rate DS ^{1/} , Rate SAS | \$1,074.50 | |
| <u>1/</u> - Excluding customers subject to Flex Provisions of Rate Schedule DS | | |

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DATE OF ISSUE: March 31, 2020
DATE EFFECTIVE: May 29, 2020 (Unit 1 June Billing)
ISSUED BY: /s/ Kimra H. Cole
TITLE: President & Chief Operating Officer