

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of:)
)
IN THE MATTER OF THE APPLICATION OF COLUMBIA)
GAS OF KENTUCKY, INC. TO EXTEND ITS GAS COST IN-) Case No. 2020-00378
CENTIVE ADJUSTMENT PERFORMANCE BASED RATE)
MECHANISM.)

**PREPARED DIRECT TESTIMONY OF
JUDY M. COOPER
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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NOVEMBER 30, 2020

Attorney for Applicant
COLUMBIA GAS OF KENTUCKY, INC.

PREPARED DIRECT TESTIMONY OF JUDY M. COOPER

1 **Q: Please state your name and business address.**

2 A: My name is Judy M. Cooper and my business address is Columbia Gas of
3 Kentucky, Inc., 2001 Mercer Road, Lexington, Kentucky, 40511.

4

5 **Q: What is your current position and what are your responsibilities?**

6 A: I am the Director of Government and Regulatory Affairs for Columbia Gas
7 of Kentucky, Inc. ("Columbia"). I am responsible for the management of
8 Columbia's regulatory policy, tariffs and filings with the Commission. I
9 am also responsible for Columbia's local government and state govern-
10 ment affairs including franchises, and monitoring legislation.

11

12 **Q: What is your educational background?**

13 A. I am a graduate of the University of Kentucky where I received a Bachelor
14 of Science Degree in Accounting in 1982. I also received a Master in
15 Business Administration from Xavier University in 1985.

16

17 **Q: What is your employment history?**

18 A: I was employed by the Kentucky Public Service Commission ("Commis-
19 sion") as an auditor in 1982. Subsequently, I served as Rate Analyst, Ener-

1 gy Policy Advisor, Branch Manager of Electric and Gas Rate Design, and
2 Director of Rates, Tariffs and Financial Analysis at the Commission. In Ju-
3 ly of 1998 I joined Columbia as Manager of Regulatory Services. My job ti-
4 tle has since been revised and expanded to that of Director, Government
5 and Regulatory Affairs.

6

7 **Q. Have you previously testified before the Kentucky Public Service**
8 **Commission?**

9 A: Yes, I have testified before the Kentucky Public Service Commission
10 (“Commission”) in several cases for Columbia: Case No. 2002-00117, “The
11 Filing by Columbia Gas of Kentucky, Inc. to Require that Marketers in the
12 Small Volume Gas Transportation Program be Required to Accept a Man-
13 datory Assignment of Capacity”;; Case No. 2007-00008, “In the Matter of
14 Adjustment of Rates of Columbia Gas of Kentucky, Inc.”; Case No. 2009-
15 00141, “In the Matter of an Adjustment of Rates of Columbia Gas of Ken-
16 tucky, Inc.”; Case No. 2010-00146, “An Investigation of Natural Gas Retail
17 Competition Programs”; Case No. 2013-00167, “ In the Matter of Applica-
18 tion of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas
19 Service”; Case No. 2016-00162, “In the Matter of Application of Columbia
20 Gas of Kentucky, Inc. for an Adjustment of Rates”; Case No. 2017-00453,

1 “In the Matter of the Application of Columbia Gas of Kentucky, Inc. to Ex-
2 tend its Gas Cost Incentive Adjustment Performance Based Rate Mecha-
3 nism”; and Case No. 2019-00257, “The Electronic Application of Columbia
4 Gas of Kentucky, Inc. for: 1) A Declaration that Construction of a Low
5 Pressure System Safety Improvement is an Extension of its System in the
6 Ordinary Course of Business; 2) In the Alternative, for the Issuance of a
7 Certificate of Public Convenience and Necessity for Such Construction; 3)
8 Approval of an Amendment and Expansion of its Accelerated Main Re-
9 placement Tariff to its Safety Modification and Replacement Tariff; and 4)
10 Approval to Modify the 2019 AMRP Construction Plan.

11

12 **Q: What is the purpose of your testimony in this proceeding?**

13 A: The purpose of my testimony is to provide information on the Columbia’s
14 Performance Based Rate Adjustment (“PBR”) Mechanism as most recently
15 authorized by the Commission’s Order dated July 24, 2020 and to explain
16 the evaluation as required by the Commission’s Order of October 22, 2019
17 in Case No. 2017-00453. I will also support the modifications to Colum-
18 bia’s tariff that detail the PBR Mechanism.

19

20 **Q: How long has Columbia’s PBR Mechanism been in place?**

1 **A:** Columbia’s current PBR mechanism has been in place just four months
2 and is authorized only through March 31, 2021.

3

4 **Q: Please describe the Company’s current PBR Mechanism.**

5 **A:** Columbia’s PBR Mechanism is comprised of three components: (1) a
6 monthly Gas Cost Incentive (“GCI”); (2) an Off-System Sales Incentive
7 (“OSSI”); and (3) a Transportation Cost Incentive (“TCI”). The PBR was
8 first approved in Case No. 2014-00350¹ for a period of three years through
9 March 31, 2018. In Case No. 2017-00453² Columbia sought to extend its
10 PBR through March 31, 2023. On March 27, 2018, the Commission or-
11 dered continued use of Columbia’s then current PBR mechanism until the
12 Commission issued a Final Order addressing Columbia’s request for a
13 five-year extension. The Final Order was issued on October 22, 2019 deny-
14 ing Columbia’s requested extension and modifying the PBR mechanism.
15 Columbia sought and was granted rehearing by the Commission. Subse-
16 quently, on July 24, 2020 the Commission issued its Order on Rehearing
17 establishing the design of Columbia’s current PBR mechanism. The testi-

¹ Case No. 2014-00350, “Application of Columbia Gas of Kentucky, Inc., to Consolidate and Convert its Gas Cost Incentive Mechanism and its Off-System Sales and Capacity Release Revenue Sharing Mechanism into a Performance-Based Rate Mechanism”, Order dated March 27, 2015

² Case No. 2017-00453, “Application of Columbia Gas of Kentucky, Inc. to Extend its Gas Cost Adjustment Performance Based Rate Mechanism” filed November 30, 2017

1 mony of Columbia witness Stuck explains each of these components in
2 greater detail.

3

4 **Q. Why does Columbia have a PBR Mechanism?**

5 A: Columbia has a PBR mechanism as a voluntary ratemaking adjustment,
6 authorized and approved by the Commission, to optimize its supply port-
7 folio by undertaking incremental risk and efforts that have the potential to
8 lower gas cost as compared to competitive benchmarks or otherwise ap-
9 plicable approved rates of the Federal Energy Regulatory Commission
10 {"FERC"}. The performance results of the incentive are shared between
11 customers and Columbia shareholders to create a mutual benefit for both
12 parties.

13

14 **Q: Has the Commission encouraged performance based ratemaking by**
15 **utilities subject to its jurisdiction?**

16 A: Yes, in Administrative Case No. 384 following a period that saw signifi-
17 cant cost increases in natural gas and concern as to the reliability of sup-
18 ply, the Commission undertook a comprehensive review of the natural
19 gas procurement practices of large local distribution companies ("LDCs")
20 subject to its jurisdiction. The Commission determined that the LDCs had

1 developed sound planning and procurement procedures for meeting the
2 natural gas requirements of customers with reliability of supply at reason-
3 able costs over the period of time since natural gas prices were deregulat-
4 ed. While natural gas commodity prices are deregulated, the services for
5 delivery of natural gas from production fields and processing plants are
6 largely provided by interstate natural gas pipeline companies and remain
7 subject to regulation. The FERC is the federal government agency charged
8 with regulatory oversight and approval of the services, rates and tariffs of
9 interstate pipelines. The FERC is lawfully bound to establish the fair, just
10 and reasonable rates and services of the interstate pipelines subject to its
11 regulatory jurisdiction. However, it is sometimes possible to deviate from
12 the rates found to be fair, just and reasonable by the FERC. In its Order of
13 July 17, 2001³ the Commission encouraged LDCs to consider innovative
14 approaches, such as PBRs, as a means of improving gas procurement per-
15 formance to mitigate higher gas prices, price volatility and lessen the im-
16 pact on customers while ensuring that LDCs are able to recover all rea-
17 sonable levels of gas costs. As explained in Columbia witness Stuck's tes-
18 timony, Columbia is one of the few LDCs to have actually negotiated dis-
19 counts for certain of its pipeline contracts.

³ Administrative Case No. 384, "An Investigation of Increasing Wholesale Natural Gas Prices and the Im-

1 **Q: Has Columbia prepared an evaluation report on the results of the PBR**
2 **for April 1, 2015 through the present time, as required by the Commis-**
3 **sion’s Order of July 24, 2019 in Case No. 2017-00453?**

4 **A:** Yes. The report is attached as Appendix A to my testimony. The PBR is
5 providing a positive incentive producing measureable results and a mu-
6 tual sharing of benefits between Columbia and its customers as was origi-
7 nally contemplated. The benefit for customers is lower gas cost, the full
8 benefit of which goes directly to customers in the expected gas cost in each
9 quarterly gas cost adjustment filing. The computation of the company’s
10 share is a calculation performed annually in arrears and included for re-
11 covery as the Performance Based Rate Adjustment over next upcoming
12 twelve-month period. The PBR incentive should be continued.

13
14 **Q: How long does Columbia propose that the PBR should be continued?**

15
16 **A:** In recognition of most common Commission practice, Columbia recom-
17 mends that the PBR should be authorized to continue for a period of three
18 years through March 31, 2024.

19
20 **Q: Does Columbia propose any modifications to its tariff?**

pacts of Such Increases on the Retail Customers Served by Kentucky’s Jurisdictional Natural Gas Distribu-
tion Companies”.

1 A: Columbia's proposed tariff is attached as Attachment B to my testimony.
2 The proposed tariff is the same as that filed on October 5, 2020 in compli-
3 ance with the Commission's Order on Rehearing utilizing the Commis-
4 sion's electronic tariff filing system. Columbia is seeking an extension of
5 the PBR mechanism as recently ordered by the Commission. There are no
6 further proposed changes to Columbia's tariff.

7

8 **Q: Why did Columbia separately state the TCO SST benchmark?**

9 **A:** It is necessary to separately state the SST benchmark because the bench-
10 mark is no longer the FERC approved tariff rate. This necessitates the
11 benchmark be calculated separately as set forth in the Commission's Or-
12 der on Rehearing. The formula represents the following steps as calculat-
13 ed in October 2019:

14 Step 1 – Calculate the difference in the FERC approved Columbia
15 Transmission tariff rate in effect April 2015 when Columbia's PBR was
16 first effective compared to the current FERC approved Columbia Trans-
17 mission tariff rate:

18	2015 Applicable Tariffed Pipeline Demand Rate per Dth -	\$5.939
19		
20	2019 Applicable Tariffed Pipeline Demand Rate per Dth -	<u>\$6.612</u>
21		
22	Increase per Dth	\$0.673
23		

24 Step 2 – Calculate the percentage change :

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Percentage Increase $\$0.673/\$5.939 = 0.1133$ or 11.3% increase

Step 3 – Apply the percentage change to the \$4.1850 discounted rate.

In this example the benchmark calculated in October 2019 is

$\$4.1850 \times 1.1133 = \4.659 as the TCO SST benchmark

Q: Do you have any other comments about the TCI benchmark?

A: Yes. The TCI benchmark should be an absolute number meaning that any rate that is less than the total FERC authorized tariff rate is a savings to the customer. Over time, the rates may change but the incentive should not result in a punitive impact to Columbia as long as its gas cost does not exceed the FERC approved rates for the service offered.

Q: Does this complete your Prepared Direct testimony?

A: Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
COLUMBIA GAS OF KENTUCKY, INC. TO)	
EXTEND ITS GAS COST INCENTIVE)	Case No. 2020- 00378
ADJUSTMENT PERFORMANCEBASED RATE)	
MECHANISM.)	
)	

CERTIFICATE AND AFFIDAVIT

The Affiant, Judy M. Cooper, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in the above-captioned matter, and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

/s/ Judy M. Cooper

Judy M. Cooper

COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

SUBSCRIBED AND SWORN to before me by Judy M. Cooper on this 30th day of November, 2020.

/s/ Stefan Fink #598041

Notary Public

My Commission expires: 03/26/2022

Columbia Gas of Kentucky
Total Performance Based Rate Mechanism Savings
Between Company and Customer Share

Line No.	Tab	Description	Company Performance Share	Customer Share	Total Performance Results	(For Internal Use Only)
						Source
1	A	April 2015 - March 2016	\$ 3,644,430	\$ 3,964,567	\$ 7,608,997	2017-00453 Staff Initial 1-1 Attachment A
2	B	April 2016 - March 2017 (with true-up for Feb, March 2016)	\$ 3,655,504	\$ 4,014,771	\$ 7,670,275	2017-00453 Staff Initial 1-1 Attachment B
3	C	April 2017 - March 2018 (with true-up for Feb, March 2017)	\$ 3,591,908	\$ 4,000,059	\$ 7,591,967	Provided in 2018-06 GCA Filing
4	D	April 2018 - March 2019 (with true-up for Feb, March 2018)	\$ 3,555,483	\$ 4,053,697	\$ 7,609,179	Provided in 2019-06 GCA Filing
5	E	April 2019 - March 2020 (with true-up for Feb, March 2019)	\$ 2,415,451	\$ 2,719,859	\$ 5,135,310	Provided in 2020-06 GCA Filing
6	F	April 2020 - March 2021 ¹ (with actuals through August 2020)	\$ 270,805	\$ 385,776	\$ 656,581	To be provided in the upcoming 2020-06 CGA Filing
7		Total	\$ 17,133,580	\$ 19,138,728	\$ 36,272,308	

¹ February 2020 through March 2021 has not been filed. Amounts will be included in the June 2021 PBRA Filing.

Columbia Gas of Kentucky
Total Performance Based Rate Mechanism Savings
Between Company and Customer Share

<u>Month</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Company Performance Share</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Customer Share</u>	<u>Total Performance Results</u>
April 2015	\$ 70,965.84	\$ 202,983.63	\$ 780.75	\$ 274,730.22	\$ 82,282.54	\$ 235,352.79	\$ 905.25	\$ 318,540.58	\$ 593,270.80
May 2015	\$ 9,883.38	\$ 189,674.61	\$ 9,441.59	\$ 208,999.58	\$ 12,067.56	\$ 231,591.76	\$ 11,528.13	\$ 255,187.45	\$ 464,187.03
June 2015	\$ 50,094.22	\$ 197,184.31	\$ 5,591.59	\$ 252,870.12	\$ 56,927.53	\$ 224,082.06	\$ 6,354.33	\$ 287,363.92	\$ 540,234.04
July 2015	\$ 15,173.24	\$ 202,378.44	\$ 5,435.32	\$ 222,987.00	\$ 16,411.03	\$ 218,887.93	\$ 5,878.71	\$ 241,177.67	\$ 464,164.67
August 2015	\$ 50,507.61	\$ 201,967.81	\$ 26,192.96	\$ 278,668.38	\$ 54,841.64	\$ 219,298.56	\$ 28,440.56	\$ 302,580.76	\$ 581,249.14
September 2015	\$ 53,504.33	\$ 199,160.04	\$ 26,354.21	\$ 279,018.58	\$ 59,668.86	\$ 222,106.33	\$ 29,390.61	\$ 311,165.80	\$ 590,184.38
October 2015	\$ 46,937.33	\$ 297,603.25	\$ 29,157.02	\$ 373,697.60	\$ 50,438.88	\$ 319,804.56	\$ 31,332.14	\$ 401,575.58	\$ 775,273.18
November 2015	\$ (4,177.41)	\$ 295,654.41	\$ 57,439.86	\$ 348,916.86	\$ (4,411.10)	\$ 312,193.50	\$ 60,653.07	\$ 368,435.47	\$ 717,352.33
December 2015	\$ (3,670.22)	\$ 291,644.45	\$ 41,588.80	\$ 329,563.03	\$ (3,879.22)	\$ 308,251.75	\$ 43,957.01	\$ 348,329.54	\$ 677,892.57
January 2016	\$ 852.71	\$ 293,020.37	\$ 60,044.22	\$ 353,917.30	\$ 893.03	\$ 306,875.83	\$ 62,883.42	\$ 370,652.28	\$ 724,569.58
February 2016	\$ (5,388.04)	\$ 326,839.95	\$ 46,998.93	\$ 368,450.84	\$ (5,684.82)	\$ 344,842.57	\$ 49,587.68	\$ 388,745.43	\$ 757,196.27
March 2016	\$ 155.56	\$ 327,388.40	\$ 25,066.78	\$ 352,610.74	\$ 163.58	\$ 344,287.87	\$ 26,360.71	\$ 370,812.16	\$ 723,422.90
Total	\$ 284,838.55	\$ 3,025,499.67	\$ 334,092.03	\$ 3,644,430.25	\$ 319,719.51	\$ 3,287,575.51	\$ 357,271.62	\$ 3,964,566.64	\$ 7,608,996.89

Columbia Gas of Kentucky
Total Performance Based Rate Mechanism Savings
Between Company and Customer Share

<u>Month</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Company Performance Share</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Customer Share</u>	<u>Total Performance Results</u>
February 2016	\$ (13.45)	\$ 182.64	\$ 25.53	\$ 194.72	\$ (7.99)	\$ (182.64)	\$ (27.04)	\$ (217.67)	\$ (22.95)
March 2016	\$ 0.07	\$ 139.66	\$ 12.56	\$ 152.29	\$ (0.08)	\$ (189.64)	\$ (12.56)	\$ (202.28)	\$ (49.99)
April 2016	\$ 48,593.52	\$ 214,637.53	\$ 46,243.56	\$ 309,474.61	\$ 51,467.02	\$ 227,329.78	\$ 48,978.09	\$ 327,774.89	\$ 637,249.50
May 2016	\$ 58,204.20	\$ 200,511.17	\$ 42,364.04	\$ 301,079.41	\$ 63,193.55	\$ 217,699.28	\$ 45,995.54	\$ 326,888.37	\$ 627,967.78
June 2016	\$ (22,183.33)	\$ 194,803.64	\$ 49,442.68	\$ 222,062.99	\$ (25,440.50)	\$ 223,406.58	\$ 56,702.34	\$ 254,668.42	\$ 476,731.41
July 2016	\$ 29,199.92	\$ 190,700.97	\$ 46,482.87	\$ 266,383.76	\$ 34,836.01	\$ 227,509.49	\$ 55,454.86	\$ 317,800.36	\$ 584,184.12
August 2016	\$ 43,859.34	\$ 191,597.77	\$ 47,298.53	\$ 282,755.64	\$ 51,874.72	\$ 226,612.68	\$ 55,942.44	\$ 334,429.84	\$ 617,185.48
September 2016	\$ (5,604.88)	\$ 190,926.99	\$ 44,360.10	\$ 229,682.21	\$ (6,672.17)	\$ 227,283.46	\$ 52,807.18	\$ 273,418.47	\$ 503,100.68
October 2016	\$ 3,793.86	\$ 299,093.80	\$ 45,864.61	\$ 348,752.27	\$ 4,081.54	\$ 321,774.05	\$ 49,342.52	\$ 375,198.11	\$ 723,950.38
November 2016	\$ (10,907.01)	\$ 302,035.74	\$ 58,987.26	\$ 350,115.99	\$ (11,513.55)	\$ 318,832.10	\$ 62,267.56	\$ 369,586.11	\$ 719,702.10
December 2016	\$ 24,833.39	\$ 291,504.11	\$ 37,512.89	\$ 353,850.39	\$ 27,042.56	\$ 317,436.26	\$ 40,850.03	\$ 385,328.85	\$ 739,179.24
January 2017	\$ (13,801.05)	\$ 292,294.63	\$ 30,048.14	\$ 308,541.72	\$ (14,951.10)	\$ 316,651.71	\$ 32,552.06	\$ 334,252.67	\$ 642,794.39
February 2017	\$ -	\$ 327,437.47	\$ 16,787.17	\$ 344,224.64	\$ -	\$ 343,485.84	\$ 17,609.94	\$ 361,095.78	\$ 705,320.42
March 2017	\$ -	\$ 328,696.30	\$ 9,536.57	\$ 338,232.87	\$ -	\$ 344,747.01	\$ 10,002.25	\$ 354,749.26	\$ 692,982.13
Total	\$ 155,974.58	\$ 3,024,562.42	\$ 474,966.51	\$ 3,655,503.51	\$ 173,910.01	\$ 3,312,395.96	\$ 528,465.21	\$ 4,014,771.18	\$ 7,670,274.69

Columbia Gas of Kentucky
Total Performance Based Rate Mechanism Savings
Between Company and Customer Share

<u>Month</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Company Performance Share</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Customer Share</u>	<u>Total Performance Results</u>	
February 2017	\$ -	\$ 280.70	\$ 14.39	\$ 295.09	\$ -	\$ (280.70)	\$ (14.39)	\$ (295.09)	\$ (0.00)	
March 2017	\$ -	\$ 244.17	\$ 7.08	\$ 251.25	\$ -	\$ (244.17)	\$ (7.08)	\$ (251.25)	\$ 0.00	
April 2017	\$ 22,127.21	\$ 205,437.74	\$ 2,756.49	\$ 230,321.44	\$ 26,341.37	\$ 244,563.56	\$ 3,281.47	\$ 274,186.40	\$ 504,507.84	
May 2017	\$ (939.62)	\$ 217,930.39	\$ 41,528.84	\$ 258,519.61	\$ (1,076.62)	\$ 249,704.34	\$ 47,583.69	\$ 296,211.41	\$ 554,731.02	
June 2017	\$ (11,379.05)	\$ 220,305.67	\$ 20,293.21	\$ 229,219.83	\$ (12,695.16)	\$ 245,786.56	\$ 22,640.35	\$ 255,731.75	\$ 484,951.58	
July 2017	\$ 870.52	\$ 209,064.71	\$ 20,309.65	\$ 230,244.88	\$ 1,070.53	\$ 257,097.52	\$ 24,975.82	\$ 283,143.87	\$ 513,388.75	
August 2017	\$ 18,952.90	\$ 210,272.10	\$ 13,377.20	\$ 242,602.20	\$ 23,075.86	\$ 256,014.13	\$ 16,287.24	\$ 295,377.23	\$ 537,979.43	
September 2017	\$ 9,015.08	\$ 222,031.29	\$ 25,907.29	\$ 256,953.66	\$ 9,917.43	\$ 244,254.94	\$ 28,500.41	\$ 282,672.78	\$ 539,626.44	
October 2017	\$ (31,156.74)	\$ 336,564.36	\$ 20,266.42	\$ 325,674.04	\$ (33,831.96)	\$ 365,462.82	\$ 22,006.56	\$ 353,637.42	\$ 679,311.46	
November 2017	\$ (23,054.16)	\$ 335,482.95	\$ 19,166.11	\$ 331,594.90	\$ (25,293.05)	\$ 368,063.24	\$ 21,027.43	\$ 363,797.62	\$ 695,392.52	
December 2017	\$ 14,205.49	\$ 320,922.63	\$ 23,211.18	\$ 358,339.30	\$ 15,348.99	\$ 346,755.92	\$ 25,079.61	\$ 387,184.52	\$ 745,523.82	
January 2018	\$ 68,729.23	\$ 326,813.09	\$ 69,683.13	\$ 465,225.45	\$ 72,727.55	\$ 345,825.46	\$ 73,736.95	\$ 492,289.96	\$ 957,515.41	
February 2018	\$ (13,567.37)	\$ 322,543.61	\$ 10,462.61	\$ 319,438.85	\$ (14,875.97)	\$ 353,653.65	\$ 11,471.75	\$ 350,249.43	\$ 669,688.28	
March 2018	\$ 11,679.01	\$ 312,303.59	\$ 19,244.80	\$ 343,227.40	\$ 12,458.08	\$ 333,136.39	\$ 20,528.56	\$ 366,123.03	\$ 709,350.43	
Total	\$ 65,482.50	\$ 3,240,197.00	\$ 286,228.40	\$ 3,591,907.90	\$ 73,167.05	\$ 3,609,793.66	\$ 317,098.37	\$ 4,000,059.08	\$ -	\$ 7,591,966.98

Columbia Gas of Kentucky
 Total Performance Based Rate Mechanism Savings
 Between Company and Customer Share

<u>Month</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Company Performance Share</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Customer Share</u>	<u>Total Performance Results</u>
February 2018	\$ 16.27	\$ (13,652.03)	\$ (12.55)	\$ (13,648.31)	\$ (16.27)	\$ (14,191.16)	\$ 12.55	\$ (14,194.88)	\$ (27,843.19)
March 2018	\$ 5.11	\$ 137.35	\$ 8.83	\$ 151.29	\$ (5.63)	\$ (149.66)	\$ (8.83)	\$ (164.12)	\$ (12.83)
April 2018	\$ 8,627.72	\$ 201,957.25	\$ 4,422.17	\$ 215,007.14	\$ 10,406.85	\$ 243,603.22	\$ 5,334.07	\$ 259,344.14	\$ 474,351.28
May 2018	\$ 23,021.82	\$ 204,971.57	\$ 1,957.65	\$ 229,951.04	\$ 27,568.93	\$ 245,456.18	\$ 2,344.31	\$ 275,369.42	\$ 505,320.46
June 2018	\$ 27,358.40	\$ 204,250.62	\$ 3,188.86	\$ 234,797.88	\$ 33,305.77	\$ 248,652.13	\$ 3,882.08	\$ 285,839.98	\$ 520,637.86
July 2018	\$ 15,419.47	\$ 200,873.48	\$ 2,798.67	\$ 219,091.62	\$ 19,299.09	\$ 251,414.27	\$ 3,502.83	\$ 274,216.19	\$ 493,307.81
August 2018	\$ (16,030.78)	\$ 202,269.76	\$ 2,459.68	\$ 188,698.66	\$ (19,815.03)	\$ 250,017.99	\$ 3,040.32	\$ 233,243.28	\$ 421,941.94
September 2018	\$ 9,926.82	\$ 218,856.38	\$ 13,307.63	\$ 242,090.83	\$ 10,585.18	\$ 233,371.37	\$ 14,190.21	\$ 258,146.76	\$ 500,237.59
October 2018	\$ (20,369.25)	\$ 310,569.71	\$ 8,792.47	\$ 298,992.93	\$ (23,362.12)	\$ 356,201.82	\$ 10,084.36	\$ 342,924.06	\$ 641,916.99
November 2018	\$ 3,015.98	\$ 326,922.41	\$ 10,650.43	\$ 340,588.82	\$ 3,160.54	\$ 342,591.51	\$ 11,160.90	\$ 356,912.95	\$ 697,501.77
December 2018	\$ (128,423.29)	\$ 260,446.43	\$ 33,429.62	\$ 165,452.76	\$ (202,555.51)	\$ 410,788.89	\$ 52,726.84	\$ 260,960.22	\$ 426,412.98
January 2019	\$ 38,188.09	\$ 324,377.95	\$ 85,641.79	\$ 448,207.83	\$ 40,816.29	\$ 346,702.37	\$ 91,535.86	\$ 479,054.52	\$ 927,262.35
February 2019	\$ 8,318.25	\$ 373,021.59	\$ 77,942.79	\$ 459,282.63	\$ 8,652.61	\$ 388,016.02	\$ 81,075.86	\$ 477,744.49	\$ 937,027.12
March 2019	\$ 74,170.38	\$ 367,573.92	\$ 85,073.13	\$ 526,817.43	\$ 79,447.48	\$ 393,726.19	\$ 91,125.94	\$ 564,299.61	\$ 1,091,117.04
Total	\$ 43,244.99	\$ 3,182,576.39	\$ 329,661.17	\$ 3,555,482.55	\$ (12,511.82)	\$ 3,696,201.14	\$ 370,007.30	\$ 4,053,696.62	\$ 7,609,179.17

Columbia Gas of Kentucky
 Total Performance Based Rate Mechanism Savings
 Between Company and Customer Share

<u>Month</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Company Performance Share</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Customer Share</u>	<u>Total Performance Results</u>
February 2019	\$ 1.81	\$ 81.32	\$ 16.99	\$ 100.12	\$ (1.81)	\$ (81.33)	\$ (16.99)	\$ (100.13)	\$ (0.01)
March 2019	\$ (3.06)	\$ (15.19)	\$ 141.33	\$ 123.08	\$ 3.06	\$ 15.18	\$ 158.67	\$ 176.91	\$ 299.99
April 2019	\$ 3,896.35	\$ 242,336.68	\$ 84,068.87	\$ 330,301.90	\$ 4,337.75	\$ 269,790.08	\$ 93,592.70	\$ 367,720.53	\$ 698,022.43
May 2019	\$ 2,873.41	\$ 249,953.34	\$ 100,843.83	\$ 353,670.58	\$ 3,008.55	\$ 261,708.82	\$ 105,586.59	\$ 370,303.96	\$ 723,974.54
June 2019	\$ (2,879.64)	\$ 247,030.17	\$ 85,736.18	\$ 329,886.71	\$ (3,167.46)	\$ 271,721.51	\$ 94,305.74	\$ 362,859.79	\$ 692,746.50
July 2019	\$ 31,572.81	\$ 247,721.61	\$ 70,998.77	\$ 350,293.19	\$ 34,259.17	\$ 268,798.82	\$ 77,039.65	\$ 380,097.64	\$ 730,390.83
August 2019	\$ 14,020.07	\$ 247,723.29	\$ 37,098.21	\$ 298,841.57	\$ 15,464.61	\$ 273,247.19	\$ 40,920.58	\$ 329,632.38	\$ 628,473.95
September 2019	\$ 9,966.89	\$ 246,082.50	\$ 26,864.96	\$ 282,914.35	\$ 10,884.69	\$ 268,743.18	\$ 29,338.84	\$ 308,966.71	\$ 591,881.06
October 2019	\$ 20,106.63	\$ 266,140.62	\$ 23,992.66	\$ 310,239.91	\$ 21,419.85	\$ 283,523.16	\$ 25,559.69	\$ 330,502.70	\$ 640,742.61
November 2019	\$ (2,955.40)	\$ 14,194.34	\$ 12,346.61	\$ 23,585.55	\$ (6,895.93)	\$ 33,120.16	\$ 28,808.74	\$ 55,032.97	\$ 78,618.52
December 2019	\$ 10,531.18	\$ 17,858.48	\$ 15,649.49	\$ 44,039.15	\$ 17,163.94	\$ 29,106.12	\$ 25,505.86	\$ 71,775.92	\$ 115,815.07
January 2020	\$ 1,944.31	\$ 19,559.67	\$ 15,585.36	\$ 37,089.34	\$ 2,812.60	\$ 28,294.63	\$ 22,545.49	\$ 53,652.72	\$ 90,742.06
February 2020	\$ 94.82	\$ 17,768.99	\$ 8,077.66	\$ 25,941.47	\$ 154.61	\$ 28,971.52	\$ 13,170.25	\$ 42,296.38	\$ 68,237.85
March 2020	\$ 6,808.88	\$ 17,997.85	\$ 3,617.26	\$ 28,423.99	\$ 11,244.40	\$ 29,722.22	\$ 5,973.65	\$ 46,940.27	\$ 75,364.26
Total	\$ 95,979.06	\$ 1,834,433.67	\$ 485,038.18	\$ 2,415,450.91	\$ 110,688.03	\$ 2,046,681.26	\$ 562,489.46	\$ 2,719,858.75	\$ 5,135,309.66

Columbia Gas of Kentucky
 Total Performance Based Rate Mechanism Savings
 Between Company and Customer Share

<u>Month</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Company Performance Share</u>	<u>Gas Cost</u>	<u>Transportation Cost</u>	<u>Off-System Sales</u>	<u>Customer Share</u>	<u>Total Performance Results</u>
February 2020	\$ 0.26	\$ 47.77	\$ 21.71	\$ 69.74	\$ (0.26)	\$ (47.77)	\$ (21.71)	\$ (69.74)	\$ -
March 2020	\$ (75.46)	\$ (14.79)	\$ (2.97)	\$ (93.22)	\$ (109.94)	\$ 14.79	\$ 2.97	\$ (92.18)	\$ (185.40)
April 2020	\$ 23,015.65	\$ -	\$ 13,937.82	\$ 36,953.47	\$ 34,113.50	\$ -	\$ 20,658.47	\$ 54,771.97	\$ 91,725.44
May 2020	\$ (2,354.87)	\$ -	\$ 10,678.06	\$ 8,323.19	\$ (5,494.69)	\$ -	\$ 24,915.48	\$ 19,420.79	\$ 27,743.98
June 2020	\$ 16,370.34	\$ 2,230.59	\$ 41,615.17	\$ 60,216.10	\$ 22,379.68	\$ 3,049.41	\$ 56,891.59	\$ 82,320.68	\$ 142,536.78
July 2020	\$ 20,009.49	\$ 12,285.03	\$ 40,937.56	\$ 73,232.08	\$ 28,102.68	\$ 17,253.93	\$ 57,495.46	\$ 102,852.07	\$ 176,084.15
August 2020	\$ 18,084.95	\$ 32,782.57	\$ 41,235.80	\$ 92,103.32	\$ 24,853.10	\$ 45,051.18	\$ 56,667.96	\$ 126,572.24	\$ 218,675.56
September 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
October 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
November 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
December 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
January 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
February 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
March 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 75,050.36	\$ 47,331.17	\$ 148,423.15	\$ 270,804.68	\$ 103,844.07	\$ 65,321.54	\$ 216,610.22	\$ 385,775.83	\$ 656,580.51

February 2020 through March 2021 has not been filed. Amounts will be included in the June 2021 PBRA Filing

**GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO ALL RATE SCHEDULES**

Gas Cost Adjustment Clause – (Continued)

The benchmark associated with each pipeline shall be calculated as follows:

$$\begin{aligned} \text{BM (TCO- SST contract 80160)} &= ((\text{TPRD}/\$5.939) \times \$4.1850 \times \text{DQ}) \\ \text{BM (TCO all other contracts)} &= (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB} \\ \text{BM (TGP)} &= \$4.5835 \times \text{DQ} \\ \text{BM (CKT)} &= (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB} \\ \text{BM (CGT)} &= (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB} \\ \text{BM (PPL)} &= (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB} \end{aligned}$$

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Where:

TPDR is the applicable Tariffed Pipeline Demand Rate.

DQ is the Demand Quantities contracted for by the Company from the applicable transportation provider.

TPCR is the applicable Tariffed Pipeline Commodity Rate.

AV is the Actual Volumes delivered at Company's city gate by the applicable transportation provider for the month.

S&DB represents Surcharges, Direct Bills and other applicable charges approved by the Federal Energy Regulatory Commission (FERC).

The Total Actual Transportation Costs (TATC) paid by Company for the period shall include both pipeline demand and volumetric costs associated with natural gas pipeline transportation services as well as all applicable FERC approved surcharges, direct bills included in S&DB, less actual capacity release credits. Such costs shall exclude labor related or other expenses typically classified as operating and maintenance expenses. Should one of the Company's pipeline transporters file a rate change effective during any period and bill such proposed rates subject to refund, the period over which the benchmark comparison is made for the relevant transportation costs will be extended for one or more 12 month periods, until the FERC has approved final settled rates, which will be used as the appropriate benchmark. Company will not share in any of the savings or expenses related to the affected pipeline until final settled rates are approved.

OSSI

OSSI = Off-system Sales Incentive. The OSSI shall be equal to the revenues net of costs from off-system sales (other than those revenues generated by operational sales).

DATE OF ISSUE ~~November 12, 2019~~
~~October 5, 2020~~ November 30, 2020
DATE EFFECTIVE ~~October 22, 2019~~ July 24, 2020 March
31, 2021

ISSUED BY /s/ Kimra H. Cole
TITLE President and Chief Operating Officer

~~Issued pursuant to an Order of the Public Service Commission
in Case No. 2017-00453 dated October 22, 2019~~ July 24,
2020

Results of operation sales, administrative capacity releases and Rate Schedule SVAS capacity assignments will be credited 100% to gas cost.

DATE OF ISSUE ~~October 5, 2020~~ November 12, 2019
~~November 30, 2020~~
DATE EFFECTIVE ~~October 22, 2019~~ July 24, 2020 ~~March 31, 2021~~

ISSUED BY /s/ Kimra H. Cole

TITLE President and Chief Operating Officer

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$$\text{BM (TCO all other contracts)} = (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB}$$

$$\text{BM (TGP)} = \$4.5835 \times \text{DQ}$$

$$\text{BM (CKT)} = (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB}$$

$$\text{BM (CGT)} = (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB}$$

$$\text{BM (PPL)} = (\text{TPDR} \times \text{DQ}) + (\text{TPCR} \times \text{AV}) + \text{S\&DB}$$

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Where:

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DATE OF ISSUE	November 30, 2020
DATE EFFECTIVE	March 31, 2021
ISSUED BY	/s/ Kimra H. Cole
TITLE	President and Chief Operating Officer