COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC. FOR AN ADJUSTMENT OF RATES; APPROVAL OF DEPRECIATION STUDY; APPROVAL OF TARIFF REVISIONS; ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY; AND OTHER RELIEF	))))))	Case No. 2021-00183

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION TO COLUMBIA GAS OF KENTUCKY, INC.

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention ("Attorney General"), and submits his First Request for Information to Columbia Gas of Kentucky, Inc. (hereinafter "Columbia Kentucky" or the "Company") to be answered by July 21, 2021, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.

(2) Identify the witness who will be prepared to answer questions concerning each request.

(3) Repeat the question to which each response is intended to refer.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the

preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

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

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

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

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

(10) As used herein, the words ‘‘document’’ or ‘‘documents’’ are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings;

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

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

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

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

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

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

Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL

Angela M. Goad

ANGELA M. GOAD
J. MICHAEL WEST
LAWRENCE W. COOK
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KY 40601-8204
PHONE: (502) 696-5421
FAX: (502) 573-1005
Angela.Goad@ky.gov
Michael.West@ky.gov
Larry.Cook@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 2020, in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on July 7, 2021, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Further, the Attorney General will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency.

This 7th day of July, 2021.

Angela M. Awad

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Assistant Attorney General

1. Refer to the Application generally. Provide a succinct list that identifies all proposed pro forma adjustments, the amount of each pro forma adjustment, along with a brief description of each adjustment.
2. Refer to the Application generally. Taking into account the economic issues that were already present in a large portion of Columbia Kentucky's service area before the COVID-19 pandemic, and the exacerbated economic issues that the COVID-19 pandemic has caused, explain how Columbia Kentucky's ratepayers will be able to afford an increase in natural gas rates.
3. Refer to Columbia Kentucky's Motion for Deviation filed on May 28, 2021, in which the Company states that it is requesting a Certificate of Public Convenience and Necessity ("CPCN") to authorize Columbia to renovate its existing headquarters and to construct small structures in order to install and operate a new safety training facility for its employees. However, Columbia Kentucky asserts that it has not yet developed detailed engineering plans and specifications and therefore is unable to provide these to the Commission in accordance with the regulations.
   a. Explain in full detail why Columbia Kentucky has not developed detailed engineering plans and specifications for the proposed CPCN.
   b. Identify when Columbia Kentucky plans to provide the engineering plans and specifications to the Commission.
   c. Provide the engineering plans and specifications when completed.

   d. Explain whether the renovations to the existing headquarters are exclusively related to the proposed safety training facility. If not, explain in full detail what other renovations are being proposed.

4. Refer to the Application, page 2.
   a. Provide an organizational chart of Columbia Kentucky, and designate whether each position is based in Kentucky or elsewhere.
   b. Columbia Kentucky states that it is a subsidiary of Nisource Gas Distribution Group, Inc. Provide an organizational chart of Nisource Gas Distribution Group, Inc., and designate whether each position is based in Kentucky or elsewhere.
   c. Columbia Kentucky states that Nisource Gas Distribution Group, Inc. is a subsidiary of Nisource, Inc ("NiSource"), a Delaware corporation registered as a holding company. Provide an organizational chart of Nisource, Inc., and designate whether each position is based in Kentucky or elsewhere.
   d. Columbia Kentucky states that NiSource Corporate Services Company ("NCSC") is a management and services subsidiary of NiSource, Inc. Provide an organizational chart of NCSC, and designate whether each position is based in Kentucky or elsewhere.
5. Refer to the Application generally. Provide a list of all entities that direct charge or allocate costs to Columbia Kentucky, and include the total amounts of costs that are direct charged and/or allocated to the Company in the test year.
6. Refer to the Application, page 9. Columbia Kentucky asserts that it is requesting the rate case expense to be allowed recovery in the rates, and amortized over a three-year period.

a. Provide the total rate case expense that has been accrued thus far. Consider this a continuing request.

b. Provide a breakdown of the total rate case expense that has been accrued thus far by category.

c. Provide the estimated total rate case expense.

d. Provide a breakdown of the estimated total rate case expense.

e. Provide copies of invoices supporting the level of incurred rate case costs to date and supply such new invoices as they become available.

7. Refer to the Direct Testimony of Kimra H. Cole ("Cole Testimony"), page 5.

    a. Ms. Cole states that Columbia Kentucky's current operations resemble a long history of consolidations of other natural gas distribution companies. Provide a summary of the above-referenced history of consolidations.

    b. Ms. Cole states that Columbia Kentucky employs 201 active full-time employees. Identify the number of active full-time employees that Columbia Kentucky employed for the years 2010 – 2021.

8. Refer to the Cole Testimony, page 9. Ms. Cole states that the assistance programs that Columbia Kentucky provides are LIHEAP Subsidy and LIHEAP Crisis programs, WinterCare program, and Columbia Kentucky's own home energy assistance program. Explain in full Columbia Kentucky's home energy assistance program.

9. Refer to the Cole Testimony, page 11.

a. Identify the monetary amount associated with rolling in Columbia Kentucky's Safety Modification and Replacement Program ("SMRP") Rider charge into the monthly customer base rates.

b. Explain whether Columbia Kentucky is requesting the SMRP Rider charges to roll into the monthly customer base rates or just base rates.

c. Explain where these amounts are stemming from since customers pay a monthly SMRP Rider charge to pay for those projects.

d. Explain whether the inclusion, or rolling in, of the SMRP Rider charge into the monthly customer base rates, are included in the revenue request of $26,694,986, or if it is a separate amount that Columbia Kentucky is requesting to include in base rates.

10. Refer to the Cole Testimony, page 11.

a. Identify when NiSource began using the Safety Management System ("SMS").

b. Identify when Columbia Kentucky began using the SMS.

c. Explain whether this Commission has approved the SMS in past cases, and if so provide the case number reference.

d. Provide the total project cost of SMS.

e. Provide the monetary amount that NiSource paid for the SMS project cost.

f. Confirm whether Columbia Kentucky is requesting any costs associated with the SMS to be included in the revenue requirement in the pending rate case. If so, identify the costs included in the revenue requirement by amount and by type.

g. Provide the allocated total cost that Columbia Kentucky has to pay for the SMS.

h. Provide the allocated total cost that the other natural gas distribution company subsidiaries of NiSource have to pay for the SMS.

i. Is Columbia Kentucky aware whether any other natural gas utility in Kentucky has an SMS? If so, provide examples of the same.

11. Refer to the Cole Testimony, page 19. Ms. Cole states that Columbia Kentucky has implemented the ability for customers to make bill payments via PayPal, PayPal Credit, Amazon Pay, and Venmo. Ms. Cole further states that Columbia Kentucky is proposing to waive fees associated with payments made by using a credit card.

    a. Explain whether Columbia Kentucky is charged any monetary fees when customers use PayPal, PayPal Credit, Amazon Pay, and Venmo to pay utility bills.

    b. If so, identify the amount of monetary fees that are charged for each payment type.

    c. Identify the total amount of fees associated with PayPal, PayPal Credit, Amazon Pay, and Venmo that Columbia Kentucky is proposing to include in base rates.

    d. Identify the fees that Columbia Kentucky is charged when a customer uses a credit card to pay for a utility bill.

    e. Identify the total monetary amount of waived credit card fees that Columbia Kentucky is proposing to include in base rates.

    f. Explain why Columbia Kentucky believes it is fair to force customers who use cash or check to pay utility bills to subsidize the costs of customers who choose to use credit cards.

12. Refer to the Direct Testimony of David Roy ("Roy Testimony"), page 6. Explain what is meant by 4 miles of "other" type of pipeline.

13. Refer to the Roy Testimony, pages 6 and 7. Mr. Roy states that an odorant known as mercaptan is "often" added to the natural gas at the city gate, or upstream by the natural gas supplier, before it is delivered into Columbia's distribution system.
    a. Explain Columbia Kentucky's process to determine whether mercaptan should be added to the natural gas at the city gate or not.
    b. When Columbia Kentucky does not add mercaptan to the natural gas, explain whether there is already an existing odor in the natural gas that can alert its customers to a potential natural gas leak.
14. Refer to the Roy Testimony, pages 13 and 22.
    a. Explain what enhanced techniques Columbia Kentucky utilizes for finding difficult to locate facilities. If Columbia is referring to "vacuum excavation" then please provide a detailed explanation of the same.
    b. Mr. Roy states that excavator error remains the highest cause of damages to Columbia Kentucky's system, at 34% of total damages in 2020.
        i. Provide the other causes of damage to Columbia Kentucky's system that account for the other 66%.
        ii. Explain in full detail whether Columbia Kentucky always pursues the responsible party for all monetary damages. If not, explain why not.
15. Refer to the Roy Testimony, page 35. Mr. Roy states that Columbia Kentucky proposes to pilot the Picarro system for three months in 2022, by utilizing one of the Picarro equipped vehicles owned by another NiSoure company to assess approximately 300 miles of the distribution system. Mr. Roy further stated that the total cost of the pilot to determine

whether the Picarro system has viable application for Columbia Kentucky and its customers should not exceed $300,000.

a. Provide a detailed breakdown of the $300,000 proposed expenditure.

b. Explain whether Columbia Kentucky deems $100,000 per 100 miles of pipeline for leak detection in the pilot program as a reasonable cost.

c. If the Commission approves the pilot project, and Columbia Kentucky decides to move forward with purchasing the Picarro system, provide detailed estimates of all associated costs, including but not limited to the price of the Picarro system, operating and maintenance expense, depreciation, etc.

d. Provide the estimated timeframe that a Picarro system will accurately work before having to be replaced with a new system.

16. Refer to the Roy Testimony, pages 27 and 28. Mr. Roy states that Columbia Kentucky intends to assess storm and sanitary sewers within close proximity to approximately 155 miles of plastic main and associated services installed between January 1, 2010 and December 31, 2016, over a five-year period beginning in 2022.

a. Provide a breakdown of the average annual cost of $1.3 million for the operation and maintenance of the cross bore program.

b. Explain whether Columbia Kentucky has discussed this program with the owners of the storm and sanity sewers, and whether those owners will contribute any funds towards the program. If not, explain in full detail why not.

c. Identify any other Kentucky natural gas utility that has a separate cross bore program.

d. Explain why inspecting for cross bores cannot be combined with Columbia Kentucky's already existing pipeline inspection programs so as to not have to implement a separate five-year $6.5 million dollar cross bore project.

e. Mr. Roy states that at the end of the five-year program, Columbia Kentucky would only extend the assessment for cross bores for years prior to 2010 if the data shows the threat is still significant and should be addressed. Elaborate as to the criteria that would factor into the decision as to whether or not the cross bore program should be extended past the initial five-year period.

17. Refer to the Roy testimony, page 38. Mr. Roy states that new training facilities were built in Ohio, Virginia, and Pennsylvania for other Columbia Gas states, and Columbia Kentucky began sending employees to the new training facilities in 2017.

a. Identify the cities in which the new training facilities are located.

b. Provide the number of employees and the general job titles of each employee that Columbia Kentucky sent to each of the above-referenced training facilities in 2017, 2018, 2019, 2020, and 2021.

c. Provide the total cost to send Columbia Kentucky's employees to the above-referenced training facilities in 2017, 2018, 2019, 2020, and 2021.

d. Provide a breakdown of the total cost provided in (b) for 2017, 2018, 2019, 2020, and 2021.

18. Refer to the Roy Testimony, page 41.

a. Provide a breakdown of the $5.6 million up front capital costs to build the proposed new training facility.

   b. Provide a breakdown of the ongoing operations and maintenance (O&M) expense of $140,000 per year.

19. Refer to the Roy Testimony, pages 47 and 48. Mr. Roy states that Columbia originally estimated that the total Accelerated Main Replacement Program ("AMRP") would cost $120 million to replace 525 miles of Priority Pipe. However, Mr. Roy also states that from 2008 – 2020 Columbia Kentucky has replaced 199 miles of priority pipe and 7,412 steel service lines for approximately $220 million.
    a. Explain why Columbia Kentucky's initial approximation of cost for the replacement of 525 miles of priority pipe was greatly underestimated.
    b. Provide an updated estimation of the total cost to replace the remaining 326 miles of priority pipe.
    c. Confirm that Columbia Kentucky only has 326 miles of priority pipe to replace. If not, explain in full detail.
    d. Mr. Roy states that after the AMRP transitioned to the Safety Modification and Replacement Program ("SMRP") in 2019, Columbia Kentucky completed Phase 1 of a Low Pressure Program that was to be made up of two phases.
        i. Confirm that the Low Pressure Program had a total cost of $8.8 million.
        ii. Explain why Phase II is still under evaluation.

20. Refer to the Roy Testimony, page 48. Mr. Roy states that Columbia Kentucky is planning to spend $121.6 million in SMRP over the next three years - $40 million in 2021, $40 million in 2022, and $41.6 million in 2023 to replace priority pipe.
    a. Provide a breakdown of the $40 million proposed expenditures in 2021.

b. Provide a breakdown of the $40 million proposed expenditures in 2022.

c. Provide a breakdown of the proposed $41.6 million expenditures in 2023.

d. Provide the total expenditures of the AMRP/SMRP for each year between 2010 – 2021, as well as how many miles of pipeline were replaced.

21. Refer to the Roy Testimony, pages 51 – 52. Mr. Roy states that Columbia Kentucky is proposing to include the replacement of first generation plastic pipe (pre-1982 and sometimes called Aldyl-A) as part of the SMRP.

a. Mr. Roy states that the Pipeline and Hazardous Materials Safety Administration ("PHMSA") issued four advisory bulletins to owners and operators of natural gas pipeline distribution systems in the past concerning the susceptibility of older plastic pipe to premature brittle-like cracking. Provide copies of all four PHMSA advisory bulletins.

b. Explain whether the PHMSA advisory bulletins instructed owners and operators of natural gas pipeline distribution systems to immediately replace the older plastic pipe, or if it recommended monitoring the pipe.

c. Provide the specific years of pipeline that the PHMSA advisory bulletins were concerning. For example, were the bulletins applicable to all pre-1982 plastic pipelines as Columbia Kentucky is requesting to include in the SMRP, or was it pre-1973 plastic pipelines?

d. Identify how many miles of Aldyl-A pipeline Columbia Kentucky has in its system.

e. Explain whether bare steel and cast iron pipeline in Columbia Kentucky's system pose a greater safety risk than Aldyl-A pipeline.

f. Explain why Columbia Kentucky should not continue to replace Aldyl-A pipeline when an issue is found instead of accelerating its replacement through the SMRP.

22. Refer to the Roy Testimony, page 46, and Attachment DAR-2, Annual Budget to Actual Capital. Explain why the annual actual capital expenditures have increased from approximately $14 million in 2011 to a projected $69 million in 2022.

23. Refer to the Roy Testimony, page 50, in which he states that Optimain DS will be replaced in 2021 with Uptime MRP. Mr. Roy further states that Columbia is making the change because Optimain's provider, Opvantek, was acquired by a firm named Urbint and it is understood that Optimain will be retired and replaced with another product.

    a. Explain whether Columbia Kentucky has already purchased the Uptime MRP.

    b. Explain whether Optimain has been retired and replaced by another product, or if it still just "understood" that it will be retired and replaced.

    c. If Optimain has not been retired and replaced by another product yet, explain why Columbia Kentucky purchased the Uptime MRP until Optimain was no longer able to be used and useful.

24. Refer to the Direct Testimony of Judy Cooper ("Cooper Testimony"), pages 7 – 8. Ms. Cooper asserts that Columbia Kentucky does not maintain a cost allocation manual pursuant to exemption provisions of KRS 278.2203 and KRS 278.2205. Ms. Cooper further states that the only non-regulated activity that Columbia engages in is the provision of incidental billing services for two entities that were previously affiliates, but were sold in 2003 and are no longer affiliates. Ms. Cooper concludes that Columbia Kentucky's

rendering of billing services are "incidental" as defined in KRS 278.2203(4), and Columbia is not required to file a cost allocation manual.

a. Explain whether the Commission has ever ruled that Columbia Kentucky was exempt from filing a cost allocation manual, and if so, provide the case citation to the same.

b. Identify the two entities that Columbia Kentucky provides billing services for, as well as the amount of revenue received by Columbia Kentucky for these services.

c. Explain how Columbia Kentucky uses the revenues acquired for the billing services.

25. Refer to the Direct Testimony of Jeffery T. Gore ("Gore Testimony"), page 10. Mr. Gore states that an adjustment was made to add $2.6 million to 2021 in-service additions to account for the 2020 capital spend that was not placed into service as portrayed in the forecast.

a. Provide a breakdown by project and category of the $2.6 million dollar in-service addition.

b. Provide an itemized explanation of the 2020 capital spend that was not placed into service.

26. Refer to the Gore Testimony, pages 10 – 11.

a. Explain what Cloud Computing Investments entails.

b. Provide the total cost of Cloud Computing Investments.

27. Refer to the Gore Testimony, page 14.

a. Explain what Account 252 is currently used for, and why the balance is zero.

b. Provide the total amount of customer advances for construction that Columbia Kentucky used as a reduction to rate base.

28. Refer to the Gore Testimony, pages 23 and 24. In reference to credit card payments, Mr. Gore states, "[b]ased on history obtained from other NiSource jurisdictions, the cost of the expected customers utilizing this payment option are calculated and offset by the costs that would discontinue as customers switch from other payment options." Provide clarification for this sentence.

29. Refer to the Gore Testimony, page 24. Mr. Gore states that the costs reflecting carrying charges related to financing the arrearage payment plans accumulated between March 16, 2020 and October 1, 2020, are included in the pending case.

    a. Provide the total cost for the aforementioned carrying charges.

    b. Provide the rate applied to these arrearages.

    c. Provide Columbia Kentucky's weighted average long-term debt rate.

    d. Confirm that pursuant to the Commission's September 21, 2020 Order in Case No. 2020-00085, the rate applied to these arrearages is to be no more than Columbia Kentucky's weighted average long-term debt rate.

30. Refer to the Direct Testimony of Kevin L. Johnson ("Johnson Testimony"), pages 17 – 18. Mr. Johnson states that the test year working capital requirement resulting from the application of the lead lag method was a negative $6,942,997; however, Columbia Kentucky made no adjustment for the negative cash working capital.

    a. Provide the amount of cash working capital that Columbia Kentucky is requesting in the pending case.

b. Provide the amount of cash working capital that Columbia Kentucky was awarded in the past three rate cases based upon the 1/8 of Operating and Maintenance Expense Methodology.

c. Explain how it is fair, just, and reasonable for Columbia Kentucky to refuse to make the almost $7 million dollar adjustment that would benefit the Columbia Kentucky ratepayers.

d. Explain why Columbia Kentucky believes that not selling receivables to a third party is justification to not make an adjustment for cash working capital.

31. Refer to the Johnson Testimony, page 38. Mr. Johnson states that it is reasonable and appropriate to collect a proportion of fixed non-gas costs through the fixed monthly customer charge.

a. Explain in detail how it is fair, just, and reasonable to increase the General Service Residential (“GSR”) monthly customer charge from $16.00 to $29.20, or an 82.5% increase, in addition to raising the delivery charge per Mcf.

b. Explain in detail how this comports with the longstanding principles of gradualism.

32. Refer to the Johnson Testimony generally.

a. Provide an executable Excel format of all three of the class cost of service studies.

b. Provide all workpapers in Excel format used to develop every allocation factor.

c. Provide all workpapers, regression analyses, and data inputs in Excel format used to develop design day demands.

d. Provide proof of present and proposed revenues by rate schedule in excel format.

e. Provide all workpapers and analyses supporting Columbia Kentucky's calculated customer costs in excel format.

33. Refer to the Direct Testimony of Melissa Bartos ("Bartos Testimony"), pages 7 – 10. Ms. Bartos avers that the residential customer count forecast produced by the econometric model for March 2021 is increased by 630 customers to account for the additional residential customers that are estimated to be on the system as a result of the Covid-19 Moratorium. Ms. Bartos states that although terminations of service resumed in late February 2021, Columbia Kentucky did not automatically terminate delinquent customers, but instead, worked with customers to develop payments arrangements and identify newly available assistance funding. Ms. Barton concludes that it is expected over time that the differential of 630 additional residential customers will phase out as termination procedures are reinstated and the normal cycle of customer counts returns, and therefore, residential customers had to be removed for several months in the 2021 period.

    a. Confirm that Ms. Bartos removed 630 residential customers from the March 2021 – October 2021 base and forecasted test periods.

    b. Confirm that there is no evidence of record to indicate that any of the 630 customers will break the payment arrangements and be terminated as Columbia Kentucky customers.

    c. Explain whether the 630 residential customers were added back in for the period beginning in November 2021. If not, explain why not.

34. Refer to the Bartos Testimony, page 11. Ms. Bartos states that an indicator variable was added to the residential use per customer count model for the months of April 2020, May

2020, October 2020, December 2020, January 2021, and February 2021, because data indicates that residential use per customer was significantly affected in those months. Ms. Bartos later states that because the effects from the short-term Covid-19 shutdowns are expected to be over, no adjustment to the forecasted use per customer is necessary.

a. Provide a detailed explanation as to the indicator variable that was applied.

b. Confirm that "significantly affected" means that the residential usage was much higher in April 2020, May 2020, October 2020, December 2020, January 2021, and February 2021, than in prior years.

c. Explain in full detail why the aforementioned months were chosen to add an indicator variable to the residential use per customer count.

d. Provide evidence that moving forward residential customer usage will not continue to be higher than prior years due to the Covid-19 pandemic.

35. Refer to the Bartos Testimony, page 16, Table 1 – Forecasted Customer Counts (Year End).

a. Under the heading "Sales Customers by Class," identify the two wholesale customers.

b. Under the heading "Sales Customers by Class," identify the one electric generation customer.

c. Provide the actual residential sales customer counts for each year between 2016 - 2020.

d. Under the heading "Transportation Customers by Class," explain why Columbia Kentucky is forecasting to lose a significant amount of residential customers.

e. Provide the actual residential transportation customer counts for each year between 2016 – 2020.

f. Under the heading "Transportation Customers by Class," explain why Columbia Kentucky is forecasting to lose a large amount of commercial customers.

g. Provide the actual commercial transportation customer counts for each year between 2016 – 2020.

36. Refer to the Bartos Testimony, page 16, Table 2 – Forecasted Annual Volume (CCF).

a. Under the heading "Sales Volumes by Class," explain why Columbia Kentucky is forecasting lower sales volume for the residential class in 2022 than in 2021.

b. Provide the actual sales volumes for the residential class for each year between 2016 – 2020.

c. Under the heading "Sales Volumes by Class," explain why Columbia Kentucky is forecasting lower sales volumes for the commercial class in 2022, 2023, and 2024 than in 2021.

d. Provide the actual sales volumes for the commercial class for each year between 2016 – 2020.

e. Under the heading "Sales Volumes by Class," explain why Columbia Kentucky is forecasting lower sales volumes for the wholesale class in 2022, 2023, and 2024 than in 2021.

f. Provide the actual sales volumes for the wholesale class for each year between 2016 – 2020.

g. Under the heading "Transportation Volumes by Class," explain why Columbia Kentucky is forecasting to lose a significant amount of transportation volumes from the residential class.

h. Provide the actual residential class transportation volumes for each year between 2016 – 2020.

i. Under the heading "Transportation Volumes by Class," explain why Columbia Kentucky is forecasting to lose a small amount of transportation volumes from the commercial class.

j. Provide the actual commercial class transportation volumes for each year between 2016 – 2020.

37. Refer to the Direct Testimony of Vincent V. Rea ("Rea Testimony"), page 13.

a. Mr. Rea states that approximately 70% of Columbia Kentucky's gas throughput to transportation customers is concentrated amount five industrial customers. Identify the five industrial customers referenced in this statement.

b. Explain why high customer concentration levels cause Columbia Kentucky to be more vulnerable to the threat of bypass.

38. Refer to the Rea Testimony, page 50, lines 12 – 15.

a. Provide the basis for Mr. Rea's estimated debt cost rate of 3.90% for the debt issues for the remainder of 2021 and 4.00% for those expected to occur during 2022.

b. Provide the actual cost of debt issue(s) for 2021 when issued.

39. Refer to the Rea Testimony, Appendix C, page 4 of 6. Provide all supporting documentation and workpapers, including spreadsheets with cell formulas intact, of the Required Financial Leverage Adjustments of 0.81%.

40. Refer to the Rea Testimony generally.

    a. Provide all work papers and supporting documentation used and relied upon by Mr. Rea in the preparation of his Direct Testimony and Attachments. Provide all spreadsheets in Excel format with cell formulas intact.

    b. Provide copies of all articles and publications cited by Mr. Rea in his Direct Testimony.

    c. Provide the native spreadsheet(s) for Mr. Rea's exhibits in Excel format with cell formulas intact.

    d. If not provided previously, provide all supporting documentation and spreadsheet analyses for Mr. Rea's analyses in Attachment VVR-3.

    e. Provide a copy of the *RRA Regulatory Focus* article cited by Mr. Rea in footnote 15.

    f. Provide an update of the *RRA Regulatory Focus* article cited by Mr. Rea in footnote 15 using the most recent month available in 2021.

    g. Provide the historical 12-month and 13-month average capital structures for Columbia Kentucky for the years 2015 - 2020.

    h. Refer to Attachment VVR-6. Provide the issuance dates for all of the current debt issues shown on the Attachment.

i. Provide the current authorized ROE for each NiSource operating company and the date that each ROE was authorized.

j. Provide the Commission Order authorizing each ROE listed in (i) above.

k. State whether each ROE was authorized pursuant to a fully litigated rate case or if it was based on a settlement for the NiSource operating companies listed in (i) above.

41. Refer to the Direct Testimony of John Spanos ("Spanos Testimony"), pages 6 and 12.

a. Explain in full detail whether the proposed depreciation rates are based on the Equal Life Group ("ELG") procedure or the Average Life Group ("ALG") procedure.

b. Identify whether Columbia Kentucky has used the ELG or ALG procedure to calculate the depreciation rates for the years 2000 – present date.

c. In the May 7, 2019 final Order in Case No. 2018-00281, the Commission stated that the "ELG procedure does not accurately match revenues and expenses, is front-loaded, and should not be allowed for ratemaking purposes." The Commission found that the proposed ELG procedure did not produce, fair, just, and reasonable rates, and that the depreciation rates should reflect the ALG procedure.[1] Explain how Columbia Kentucky's proposed depreciation rates based upon the ELG procedure complies with recent Commission precedent.

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[1] Case No. 2018-00281, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 7, 2019), Order at 18; Case No. 2-17-00321, *Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Electric Rates; 2) Approval of an Environmental Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 5) All Other Required Approvals and Relief* (Ky. PSC Apr. 13, 2018), Order at 26 – 27.

d. If Columbia Kentucky's proposed depreciation rates are based on the ELG procedure, provide proposed depreciation rates based on the ALG procedure pursuant to the Commission's final Order in Case No. 2018-00281.

e. Provide the updated revenue request that includes depreciation rates based on the ALG procedure.

42. Refer to the Spanos Testimony, page 14.

a. Explain whether Columbia Kentucky has included amortization accounting in prior depreciation studies and rates. If not, explain why Columbia Kentucky is requesting amortization accounting to be included in the depreciation study and rates in the pending case.

43. Refer to the Spanos Testimony, page 17. Mr. Spanos states that due to the accelerated pipeline replacement program for bare steel and cast iron mains, depreciation rates are also accelerated so the investment is fully recovered by year-end 2037. Due to Columbia Kentucky requesting for first generation plastic pipe to be included in the accelerated pipeline replacement program, explain in detail whether the depreciation rates for the plastic pipes were also accelerated in the depreciation study.

44. Refer to the Spanos Testimony, Attachment JJS-2, 2022 Calculated Annual Depreciation Accruals, page 4.

a. Confirm that based upon the depreciation study, as of December 21, 2022, Columbia Kentucky's total depreciable plant is $703,323,333.69.

b. Provide the monetary amount for the total depreciable plant from the last depreciation study conducted for Columbia Kentucky.

c. Explain in detail the increase of the total depreciable plant in the proposed depreciation study, versus the last depreciation study.

d. Confirm that ratepayers have paid a total of $174,604,409 towards the depreciation of plant. If not confirmed, provide the total regarding the same.

e. Explain what future book accruals of $746,936,361 represent.

f. Confirm that Columbia Kentucky is proposing $13,746,600.60 of amortizable plant.

g. Provide the monetary amount for the amortizable plant from the last depreciation study conducted for Columbia Kentucky.

45. Refer to the Direct Testimony of Chun-Yi Lai, page 10.

a. Chun-Yi Lai states that Columbia Kentucky is projecting 209 full-time employees for 2022. As aforementioned, Ms. Cole stated in her testimony that Columbia Kentucky currently employs 201 active full-time employees.

i. Explain in detail why Columbia Kentucky is projecting eight additional full-time employees for the future test period in 2022.

ii. Explain whether the eight jobs are newly created positions or vacancies.

iii. Identify and provide a brief overview of all eight additional full-time jobs, and why each job is necessary to provide natural gas to the ratepayers.

iv. Provide a specific date as to when each new employee will be hired to fill the additional eight full-time jobs.

v. Provide justification for Columbia Kentucky adding eight additional full-time employees for the forecasted period ending December 31, 2022, when based upon Ms. Bartos' testimony, page 16, Columbia Kentucky is forecasting lower sales and lower transport volumes of gas per CCF in 2022 than in 2021.

vi. Provide the total monetary amount that Columbia Kentucky is including in the pending rate case for each of the eight new full-time job positions including but not limited to salary, benefits, taxes, etc.

b. Provide justification for the overall wage increase of 3% for exempt and non-exempt employees.

46. Refer to the Direct Testimony of Chun-Yi Lai, pages 14 – 15.

a. Explain why employees have transferred from NiSource Corporate Service to Columbia in Large Customer Relations and Safety Compliance & Risk Management.

b. Explain whether NiSource and Columbia Kentucky have requested additional corporate insurance quotes due to the significant increase of corporate insurance amounts.

c. Explain in detail what is meant by locates.

d. Explain in detail what is meant by turnbacks.

e. Explain why costs have increased due to locates and turnbacks.

47. Refer to the Direct Testimony of Susan Taylor ("Taylor Testimony"), page 7. Ms. Taylor states that a copy of the current Service Agreement, effective January 1, 2015, between NCSC and Columbia, was submitted to the Commission as an affiliate agreement on January 15, 2015. Explain whether the January 1, 2015 Service Agreement complies with

KRS 278.2207(1)(b), which requires services and products provided to the utility by an affiliate to be priced at no greater than market price or in compliance with the utility's existing USDA, SEC, or FERC approve cost allocation methodology.

48. Refer to the Taylor Testimony, page 8, and confirm that this page should be blank.

49. Refer to the Taylor Testimony, page 9.

    a. Explain in detail who at Columbia Kentucky has the authority to determine that an allocation percentage is not reasonable.

    b. If Columbia Kentucky has ever asserted that an allocated percentage is not reasonable then identify all occurrences of the same in the past five years.

    c. Explain in detail who at Columbia Kentucky has the authority to refuse to pay an allocated charge.

    d. If Columbia Kentucky has ever refused to pay an allocated charge then identify all occurrences in the past 5 years.

50. Refer to the Taylor Testimony, page 12.

    a. Provide a breakdown of all of the increased costs from 2018 when the Total O&M billed from NCSC to Columbia Kentucky was $16,743,067, versus the proposed Total O&M in the forecasted test period of $19,320,924.

    b. Explain how an approximately 15% increase in costs from NCSC to Columbia Kentucky since 2018 is fair, just, and reasonable.

    c. Explain whether Columbia Kentucky has recently analyzed the cost to hire either in-house operations or third-party vendors versus the costs allocated from NCSC for comparable services.

51. Refer to the Direct Testimony of Michael A. Rozsa ("Rozsa Testimony"), page 16. Mr. Rozsa states that the costs of the proposed IT projects will be shared among all of the NiSource operating companies, including Columbia Kentucky.

    a. Specify the total cost for the proposed IT projects discussed in Mr. Rozsa's testimony and included in the pending application.

    b. Provide a breakdown of all of the proposed IT projects with a brief description and total amount for each project.

    c. Specify the total cost that is being allocated to Columbia Kentucky as its share of the proposed IT projects.

    d. Explain whether each proposed IT project is being utilized yet, and if not, provide the estimated date of utilization.

52. Refer to the Direct Testimony of Jennifer Harding ("Harding Testimony"), page 16. Ms. Harding states that she is sponsoring a new mechanism developed for the Tax Act Adjustment Factor ("TAAF") tariff to apply tax charge or tax credit for the recovery or pass back of the impact of a future increase or decrease of the federal and/or state income tax rates.

    a. If there are future changes to the federal and/or state income tax rate, explain why Columbia Kentucky does not find it reasonable to allow the Commission and interveners the opportunity to perform a review during a case to ensure Columbia Kentucky proceeds with the updated tax rates appropriately, as was performed in Case No. 2018-00041.

b. Explain how the proposed mechanism developed for the TAAF does not usurp the Commission's authority to set fair, just, and reasonable rates.

53. Refer to the Direct Testimony of Kimberly Cartella ("Cartella Testimony"), pages 9 - 11.

a. Provide updates as to the negotiation process for the union contract that expires in November 30, 2021. Consider this an ongoing request.

b. Explain how many of Columbia Kentucky's employees are members of the union.

c. Ms. Cartella states that collective bargaining between the employer and the union establishes the wages, benefits, and conditions of employment.

d. Provide the wage and salary study that Columbia Kentucky relies upon to establish that the union employees' wages and benefits are reasonable and in line with industries within the geographical area where Columbia Kentucky operates.

e. Explain the process of awarding a raise to the union employees. Ensure to include whether the CEO of Columbia Kentucky negotiates a raise with the union employees and then provides the same or similar raise to the non-union employees.

54. Refer to the Cartella Testimony, page 12. Ms. Cartella states that base compensation for Columbia Kentucky's non-union employees is measured against base compensation for employees in similar positions at other employers, and the established salary range is 75% to 125% of the market median. Ms. Cartella compares Columbia Kentucky's base salaries and total cash compensation to utility and general industry companies in the Southeast. Ms. Cartella further compares NCSC base salaries and total cash compensation to utility and general industry companies in the North Central regions.

a. Provide copies of the wage and salary studies that Ms. Cartella relies upon in her analysis.

b. Provide the names of the utility and general industry companies that are included in the above referenced comparison of Columbia Kentucky's base salaries and total compensation, and designate the location of each by city and state.

c. Based upon the most recent United States Census information, the poverty rates for a multitude of the counties that Columbia Kentucky serves natural gas to have high poverty rates. The following are poverty rates for just a small sampling of the counties in which Columbia Kentucky provides natural gas service: Clay County 32.6%, Estill County 22.7%, Floyd County 27.4%, Johnson County 25.8%, Knott County 30.5%, Lee County 34.9%, Letcher County 28.9%, Martin County, 34.4%, Owsley County 35.5%, and Pike County 24%. Confirm that Columbia Kentucky is aware that a multitude of the counties in which it serves natural gas have high rates of poverty.[2]

d. Due to Columbia Kentucky being based and providing natural gas service in Kentucky, explain in detail why a comparison of base salary and total cash compensation was not performed to the industries within Columbia Kentucky's service area, including but not limited to the above-referenced poverty-stricken counties.

[2] [2] https://www.census.gov/quickfacts/fact/table/KY,US/PST045219

e. Provide the names of the utility and general industry companies that are included in the above referenced comparison of NCSC base salaries and total compensation, and designate the location of each by city and state.

f. Due to NCSC having staff in Columbus, Ohio, and Merrillville, Indiana, explain in detail why a comparison of base salary and total cash compensation was not performed to the industries within NCSC's geographical area.

55. Refer to the Cartella Testimony, page 13.

a. Identify the portion of the Corporate Incentive Plan ("CIP") that is tied to financial performance measures, and provide evidentiary proof of the same.

b. Provide the total monetary amount of CIP that is included in the proposed rates.

c. Identify the portion of the CIP, if any, which is tied to measures that directly benefit Columbia Kentucky's ratepayers instead of the shareholders, and provide detailed examples of the benefits.

d. Identify the portion of the Long-Term Incentive Plan ("LTI") that is tied to financial performance measures, and provide evidentiary proof of the same.

e. Identify the portion of the LTI, if any, which is tied to measures that benefit Columbia Kentucky's ratepayers instead of the shareholders, and provide detailed examples of the benefits.

f. Provide the total monetary amount of LTI that is included in the proposed rates.

56. Refer to the Cartella Testimony, page 22.

a. Provide a detailed description of the Profit Sharing Plan. Ensure to provide in the response whether all employees qualify for the Profit Sharing Plan and receive company contributions into the retirement saving plan accounts, what monetary amount is contributed, is there criteria that must be met in order to qualify for the contribution or is it automatically provided to all employees, etc.

b. Identify the portion of the Profit Sharing Plan that is tied to financial performance measures, and provide evidentiary proof of the same.

c. Identify the portion of the Profit Sharing Plan, if any, which is tied to measures that directly benefit Columbia Kentucky's ratepayers, and provide detailed examples of the benefits.

d. Provide the total monetary amount associated with the Profit Sharing Plan that is included in the proposed rates.

57. Refer to the Cartella Testimony generally.

a. Provide the yearly salary for each Columbia Kentucky employee, as well as the salary and wage increases provided from 2015 – present day.

b. Provide a detailed explanation of the insurance benefits provided to Columbia Kentucky's employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by Columbia Kentucky's employees, premiums paid by Columbia Kentucky on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

c. Provide the yearly salary for each NCSC employee, as well as the salary and wage increases provided from 2015 – present day.

d. Provide a detailed explanation of the insurance benefits provided to NCSC's employees including but not limited to health, dental, vision, life insurance, etc.

Ensure to include all premiums paid by NCSC's employees, premiums paid by NCSC on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

e. Provide the yearly salary for each NiSource employee, as well as the salary and wage increases provided from 2015 – present day.

f. Provide a detailed explanation of the insurance benefits provided to NiSource's employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by NiSource's employees, premiums paid by NiSource on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

g. Provide the yearly salary for each NiSource Gas Distribution Group, Inc. employee, as well as the salary and wage increases provided from 2015 – present day.

h. Provide a detailed explanation of the insurance benefits provided to NiSource Gas Distribution Group, Inc. employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by NiSource Gas Distribution Group, Inc. employees, premiums paid by NiSource on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

i. Explain the process of determining an annual raise for each employee, and whether the raises are directly connected to a performance review.

j. Identify all bonuses, excluding incentive compensation previously discussed, that Columbia Kentucky, NCSC, NiSource, and NiSouce Gas Distribution Group, Inc. provided to its employees for the calendar years 2016, 2017, 2018, 2019, 2020, and

2021. Identify the location of each employee that received a bonus in the calendar years listed.

58. Refer to the Application generally. Explain in detail whether Columbia Kentucky, its affiliates, or parent company received loans or grants related to Covid-19 related legislation. If so, provide the monetary amounts received and indicate whether the loan or grant must be repaid. If not, explain why not.
59. Provide a comprehensive set of excel schedules with formulas intact included in Columbia Kentucky's pending filing.
60. Refer to filing requirement 807 KAR 5:001 Section 16-(6)(f) found in Volume 1, pdf pages 57 and 58. The reconciliation between Rate Base and Total Capitalization contains ($39,180,000) and ($22,412,000) for Current and Non-Current Liabilities, respectively. Provide a reconciliation of the specific accounts and balances that comprise each of these totals forecasted as of December 31, 2022.
61. Refer to Tab 55. Provide the latest FERC audit report of NCSC.
62. Provide monthly Trial Balance information for the period January 2018 through the most recent information available by account and subaccount.
63. Provide general ledger detail information in excel format for Columbia Kentucky for the period January 2020 through the most recent information available.
64. Provide NCSC general ledger detail information in excel format for the period January 2020 through the most recent information available.
65. Provide a copy of the Columbia Kentucky Form 2 for 2018 and 2019.

66. Provide a copy of the Accounting Manual of NCSC. If not contained in the accounting manual, identify and define all cost centers, division/subsidiary codes, function codes, etc. used within the NiSource Accounting system.

67. Refer to Columbia Kentucky's confidential response to the Commission Staff's First Request for Information ("Staff's First Request"), Item 54. Provide an update of the Company's response incorporating actual data for the months of March – May in place of budgeted data where appropriate throughout the workbook.

68. Refer to the Roy Testimony, Attachment DAR-2, which compares budgeted capital expenditures versus actual capital expenditures.

    a. Identify the budgeted quantities of service lines to be replaced compared with the actual service lines replaced for the period 2011 – 2020.

    b. Identify the portion of budgeted and actual capital expenditures referenced in Attachment DAR-2 related to budgeted and actual service line costs.

    c. Identify the budgeted quantities of miles of main to be replaced compared with the actual miles of main replaced for the period 2011 – 2020.

    d. Identify the portion of budgeted and actual capital expenditures referenced in Attachment DAR-2 related to budgeted and actual cost of installed mains.

69. Refer to the Roy Testimony, page 31, line 12 through page 35 line 9, relating to the Picarro system proposal. With respect to this proposal, respond to the following:

    a. The testimony refers to the heightened sensitivity of the leak detection equipment. Given this increased sensitivity, will the leak detection results differentiate between leaks that pose risk to public safety versus relatively minor leaks that do not pose a significant safety risk? If so, explain how the system will differentiate between such leaks.

b. Provide a comprehensive explanation of how the estimated $300 thousand in costs were derived and explain how such costs are proposed to be incorporated into the base rate request.

70. Refer to the Roy Testimony, beginning on page 52, related to the Company's plans to modify Line DE such that it is capable of being inspected using In-Line Inspection ("ILI") technology.

    a. Provide a comprehensive explanation of current PHMSA inspection requirements for transmission lines, incorporating a discussion of how the Company is currently meeting such requirements contrasted with how such requirements will be met using ILI technology.

    b. Provide the supporting calculation for the costs associated with inspection of the DE transmission line for the period 2017 – 2020.

    c. Provide a comprehensive explanation of how the modernization costs are reflected within the current filing, inclusive of O&M charges, return on invested capital costs, as well as depreciation expense.

    d. Explain whether the Company intends to purchase the necessary smart pigging equipment and perform such inspections with internal labor, or whether the smart pigging will be done by third party vendors using their own equipment.

e. Provide a comprehensive explanation comparing the annualized O&M costs incurred historically related to the inspection and maintenance of Line DE, compared with annualized O&M costs anticipated once the ILI capital is in service. Include within this response a listing of assumptions relied upon in developing these estimates.

f. Regarding the Line DE modernization project, indicate the costs incurred for this project by month since inception as well as the anticipated costs through completion as well as the account(s) charged. Further, indicate whether this modernization project is being performed by internal labor or outside contractors.

g. Indicate the costs of the ILI equipment and how such costs are reflected within this filing.

h. Has Columbia Kentucky evaluated the possibility of sharing costs of the ILI equipment with Columbia Kentucky affiliates? If so, provide copies of any relevant studies in this regard. If not, explain fully why not.

i. Provide copies of studies and all analysis comparing the costs and benefits of transmission line inspection techniques and specifically the election of in-line inspection versus other inspection methods.

j. Identify all other natural gas utilities in Kentucky that the Commission has approved to use ILI.

k. Explain whether Columbia Kentucky has evaluated other options besides ILI that may be more cost efficient.

71. Refer to the Roy Testimony, beginning at page 51, wherein he supports the inclusion of capital expenditures associated with the replacement of pre-1982 vintage plastic due to leakage within the SMRP mechanism.
    a. Identify the number of pre-1982 vintage service lines replaced by year for the period 2017 – 2020.
    b. Identify the annual capital expenditures associated with such replacements identified in (a) above, by year for the period 2017 – 2020. If specific costs associated with vintage replacements are not maintained, use the composite annual average service line replacement cost within this calculation.
    c. Confirm that the Company does not currently have a program to replace all pre-1982 plastic pipelines under an existing pipeline replacement program.
    d. Provide a comprehensive explanation regarding how such replacements due to leakage would occur. If a leak survey indicated a leak at a customers' premises, but no other leaks in the immediate area, would the Company simply replace the service line at the one premises, or would it replace all vintage plastic lines in the immediate area and incorporate such costs within the SMRP mechanism?
72. Provide a copy of all annual reports submitted by Columbia Kentucky to the i) Federal Department of Transportation or ii) PHMSA incorporating information applicable to the years 2017 – 2020.
73. Refer to the Roy Testimony, beginning on page 25, regarding the cross-bore program. Provide a copy of internal documents supporting the extension of the cross-bore program over the next five years, including the support for the estimated costs of the program.

74. Refer to the Roy Testimony, page 45, wherein he describes the capital budget approval process. Provide the following information related to the approved capital budgets for the years 2017 – 2021:
    a. Provide a copy of the Columbia-Kentucky budget as presented to NiSource executive management.
    b. Provide a copy of all capital budget materials provided to the NiSource Board of Directors.
75. Refer to Filing Requirement 807 KAR 5:001 Section 16-(7)(b), Volume 4, page 3. Confirm that the capital budget data for the period 2021 – 2024 is exclusive to Columbia Kentucky and does not reflect any direct assigned or allocated plant additions from any NiSource affiliate. If this is not the case, provide the following:
    a. The annual budgeted capital expenditures by category, which is assigned or allocated from the NiSource affiliate and identify such affiliate.
    b. A comprehensive explanation of each budgeted asset in excess of $200,000.
76. Refer to Attachment 1-55 (B). Provide the actual capital expenditures by year in the categories reflected within this attachment for the period 2015 – 2020.
77. Provide a listing of the 2021 and 2022 budgeted Information Technology projects by asset. For any asset with an estimated cost of $500,000 or more, provide an explanation of the nature of the investment. Provide all documentation provided to management in support of the budgeted item as well as the implications of the project on O&M costs.

78. For all asset related costs (including but not limited to return on assets, depreciation, property tax expense etc.) of NCSC assets whose costs are direct charged or allocated to Columbia Kentucky provide the following:

    a. Provide plant ledger detail for each asset identifying original cost, and if available, accumulated depreciation by asset. If such accumulated depreciation balance by asset is not available, identify the Accumulated Depreciation balance by asset type or class.

    b. For each method used to allocate asset costs to Columbia Kentucky, identify the basis allocation method used, as referenced in Exhibit ST-2.

    c. For each method used to allocate asset costs to Columbia Kentucky, provide all supporting calculations, with references used to calculate the allocation.

    d. Provide the depreciation rates applied to each asset class and indicate the authority relied upon for use of such rates.

    e. Provide the underlying calculations, including all book/tax timing differences supporting the balances of Accumulated Deferred Income Taxes ("ADIT") by asset, embedded within the return on asset calculation.

    f. Provide a comprehensive calculation of any gross-up tax rate used within the return on asset calculation. Provide an explanation for how such state tax rates were determined.

    g. For any individual asset with annual costs allocated to Columbia Kentucky greater than $25,000, provide a comprehensive description of each asset, including how it is necessary in the provision of natural gas service in Kentucky.

h. Provide a description of the "costs of capital" and a template and illustration that shows how the cost of capital is calculated, first as a percentage, and then the base to which the percentage is applied, e.g., the accounts include as the investment or base for the dollar amount of the cost of capital.

79. Refer to Filing Requirement 807 KAR 5:001 Section 16-(7)(b), Volume 4, page 3. Provide a comprehensive explanation describing the distinction between the "Age and Condition" (Replacement) category with that of the "Betterment" category.

80. Identify the portion of i) third-party and ii) direct labor charged to construction projects (work orders) by year for the period 2018 – 2021 to date.

81. Refer to the confidential response to Staff's First Request, Item 54, and specifically the Tab titled Input-Intangible Amort.

    a. Confirm that those projects, which do not have a value in excel column F, indicates the asset has not been put into service. If this is not confirmed, explain why there are no values within this column for assets beginning on row 285.

    b. Provide a comprehensive discussion supporting the justification and O&M cost implications for the following Intangible Assets:

        i. Line 78 – Customer Digital Roadmap LDC

        ii. Line 178 – NiFit Transformation

        iii. Line 268 – Customer Contact Center Modernization

        iv. Line 287 Digitization and Paperless Billing

82. Refer to the Rozsa Testimony, beginning on page 6 where he discusses improving the customer experience. With respect to the plan to offer customers the option to electronically start/stop/transfer service respond to the following:

    a. What is the anticipated date the referenced self-service features is anticipated to be available to customers?

    b. Explain the extent to which customers have self-service options today.

    c. Explain whether (and if so how), such initiatives were incorporated into the payroll forecast included in this case.

83. Refer to the confidential response to Staff's First Request, Item 54, and specifically Tab B-3 (Base). Provide this schedule format using 2020 data.

84. Refer to the confidential response to Staff's First Request, Item 54, and specifically to Tabs B-3 Accum Dep and Amort (Base) and (Forecast), respectively. Provide a reconciliation of the base period and forecasted period balances of Accumulated Depreciation referenced within each of these two tabs, including, but not necessarily limited to the following components:

    a. Depreciation Expense

    b. Retirements

    c. Removal Costs

    d. Other (specify).

85. With respect to removal costs, respond to the following:

a. Provide an explanation of how such costs are determined and accounted for, including a discussion of the timing between when such costs are incurred and when they are recorded.

b. Provide the annual removal costs incurred by year for the period 2018 – 2020 as well as monthly costs incurred from January through May 2021.

86. Refer to the confidential response to Staff's First Request, Item 54, and specifically to Tabs B-2.3 Base Adds, Ret, Transfers and B-2.3 Forecast Adds, Ret, Transfers, respectively. Explain whether the capital additions referenced in cells E99 of both worksheets include removal costs. If removal costs are incorporated into these levels of capital additions, provide the justification for inclusion of such costs into these forecasts and provide the amount of such estimates for the two periods. If such capital addition forecasts do not contain any forecasts of removal costs, provide all evidence supporting this response.

87. Refer to the Gore Testimony, page 11. Mr. Gore states that the construction work in progress ("CWIP") balances contained on Schedule B-4 are not included in the case.

 a. Provide a comprehensive discussion of the forecasted level of CWIP by month during the forecast period and how these amounts relate to the forecasted plant additions included in Tabs B-2.3 within the response to Staff's First Request, Item 54.

 b. Explain whether it accurate to identify the Company's capital spend in 2022 as the sum of the plant additions found on B-2.3 plus the forecasted balance of CWIP at December 31, 2022.

88. Refer to the Johnson Testimony, page 9 related to the determination of the revenue lag.

a. Provide a comprehensive explanation of the interplay and timing between the receipt of cash (the time at which the Company has access to cash payments) and the point in time in which the customers' accounts receivable is credited.

b. Provide a comprehensive explanation supporting the rationale for not incorporating the results of the cash working capital study into the forecasted Rate Base presented in this case.

89. Refer to the confidential schedule provided in response to Staff's First Request, Item 54 and specifically Tabs B 5.2 CWC NEW (Base) and B-5.2 NEW Forecast. Provide the workpapers will cell references intact supporting the Balance Sheet analysis amounts contained within each of these schedules, as these amounts are hard-coded.

90. Refer to the confidential schedule provided in response to Staff's First Request, Item 54 and specifically Tabs B 5.2 CWC NEW (Base) and B-5.2 NEW Forecast. Provide a comprehensive discussion supporting the inclusion of a positive value for Depreciation and Amortization Expense within the cash working capital analysis.

91. Refer to the confidential schedule provided in response to Staff's First Request, Item 54 and specifically Tabs B 5.2 CWC NEW (Base) and B-5.2 NEW Forecast. Provide a comprehensive discussion as to why it is not appropriate to incorporate a lead lag calculation associated with dividends paid to shareholders within the cash working capital analysis.

92. Refer to the Bartos Testimony, page 6, lines 7 – 20. The long-term aspects of the forecast rely upon an econometric model as of February 2021. Provide a comprehensive discussion

of how the results of that forecast would change with the recognition of updated unemployment information.

93. Provide all supporting workpapers, including historical data used by witness Bartos in the preparation of her forecasts.
94. Provide the monthly breakdown of revenue for the period of January 2018 through August 2020 in the format provided within tab C2.2A of the response to the Staff's First Request, Item 54.
95. Refer to confidential response to Staff's First Request, Item 54. Provide the seven-year average of forfeited discounts referenced in Tab D-2.1. Provide the underlying workpapers supporting this adjustment.
96. Regarding the level of Forfeited Discounts incorporated into the case, as referenced on Tab C2.2A of the confidential response to the Staff's First Request, Item 54, it would appear the level of Forfeited Discount revenue was impacted by Covid-19. Confirm that this revenue stream was impacted by Covid-19 and discuss why the adjustment to the forecasted revenue does not reflect this impact.
97. Provide an analysis by subaccount of account 495 Other Gas Revenue for i) 2020, ii) the base period, and iii) the forecast period. Provide a comprehensive explanation supporting the calculations and justification for the forecasted period adjustment as reflected in D-2.1, Adjustment 2. Include in this response the differing adjustment amounts for the "change in other gas revenue" and to "eliminate unbilled revenue" as referenced in the description of the adjustment.

98. Provide a copy of the 2018 federal tax returns for NiSource and Columbia Kentucky. Also, provide a copy of the 2020 federal tax returns for NiSource and Columbia Kentucky when available.

99. Form 1120 provided within the response to Staff's First Request, Item 16 indicates Columbia Kentucky had taxable income of $5.8 million for the 2019 tax year. Confirm that this computation was used to reduce the Net Operating Loss ("NOL") asset recorded on the books of Columbia Kentucky and provide the underlying calculation and accounting entry made as a result of this taxable income. If an accounting entry was not made to reduce the Columbia Kentucky NOL as a result of the determination of taxable income, provide a comprehensive explanation why such an accounting entry was not made.

100. Refer to the Harding Testimony, page 16. Provide a copy of the two most recently submitted Kentucky Unitary Combined Corporate Corporation Income Tax and LLET returns.

101. Refer to Schedule E.1 of the confidential response to Staff's First Request, Item 54 and Tab Schedule B-6 ADIT and EDIT (Forecast). Provide a comprehensive explanation as to how the Provision for Deferred Taxes found within cell L58 of Schedule E-1.1 is reflected within the calculated balances of ADIT found within Schedule B-6, or otherwise reflected in Rate Base.

102. Refer to Schedule E.1 of the confidential response to Staff's First Request, Item 54 and Tab Schedule B-6 ADIT and EDIT (Forecast). Provide a comprehensive explanation on whether the calculated Current Income Tax in cell L42 on schedule E-1 impacts the NOL balance reflected within Schedule B-6. If the current income tax expense calculation has

not impacted the NOL balance reflected in Schedule B-6, Cell V49, provide a comprehensive explanation as to why those two numbers should not be synchronized within this rate filing.

103. Refer to the confidential response to Staff's First Request, Item 54 and specifically Tab E-1.1 and provide the following:

   a. For each item listed in cells J87 through J91 provide a comprehensive explanation supporting the inclusion of these balances in the forecasted Income Tax Expense calculation at current rates.

   b. Provide the underlying support for the numbers that are reflected as hard-coded data within the referenced tab.

104. Refer to the confidential response to the Staff's First Request, Item 54. Within Tab Schedule B-6 (Forecast) provide the following information:

   a. Provide a definition for all acronyms contained in the reference column.

   b. Provide the federal and state tax rate(s) used in the computation of these ADIT balances. If more than one state tax rate was used within the calculation of the various balances, provide the justification for using differing state tax rates depending upon the book/tax timing difference.

   c. Provide the gross book/tax timing differences underlying each of the line items comprising the total ADIT balances.

105. Refer to the confidential response to the Staff's First Request, Item 54. Within Tab Schedule B-6 (Forecast), provide a comprehensive explanation of the timing of recordings to the various ADIT account balances. This response should contain a discussion of how

monthly entries are made to ADIT for book/tax timing differences related to depreciation, asset basis differences, and the Repair Deduction, including whether such monthly entries are synchronized with monthly plant balances.

106. Refer to the confidential response to the Staff's First Request, Item 54. Within Tab Schedule B-6 (Forecast), provide the following:

a. Provide the monthly split of line 83, Excess Accelerated Depreciation/Repairs/263A Fed into the its components to include at least the following:

    i. Bonus Depreciation
    ii. Basis Differences
    iii. Repair Deduction
    iv. Removal Cost differences
    v. Accelerated Rate differences
    vi. Other.

b. Provide the monthly split of line 84, Excess Accelerated Depreciation/Repairs/263A State into the its components to include at least the following:

    i. Bonus Depreciation
    ii. Basis Differences
    iii. Repair Deduction
    iv. Removal Cost differences
    v. Accelerated Rate differences

vi. Other.

107. Provide the forecasted balance of excess 'unprotected' ADIT and excess 'protected' ADIT at December 31, 2021, based upon the identification of each type of 'property related' book/tax timing differences into the appropriate classification (Unprotected vs. Protected). For each type of book/tax timing difference the Company identifies as Protected, provide the underlying IRS ruling/pronouncement supporting this classification.

108. Provide a comprehensive explanation as to whether the IRS statement in Revenue Procedure 2020-39 altered the Company's opinion on the appropriate classification of unprotected/protected book and tax timing differences related to plant contrasted to the Company's classification of property related book/tax timing differences as supported in Case No. 2018-00041.

109. Provide a comprehensive explanation of the accounting for the excess ADIT as a result of the tax rate changes within the Tax Cuts and Jobs Act ("TCJA") on the books of NCSC related to assets whose costs are assigned or allocated to NiSource affiliates. Within this response, provide such journal entries recorded on the books of NCSC to reflect the impacts of the new federal tax rate associated with the TCJA.

110. Provide the underlying documentation and sources for the inclusion of the NOL asset within the ADIT calculation as reflected on both B-6 Schedules (both NOL amounts referenced as hard-coded cells entries). This response should also provide a comprehensive explanation identifying the tax losses by entity comprising the NOL balance included in Rate Base.

111. Does the Company acknowledge that Revenue Procedure 2020-39 clarifies that for purposes of assessing whether IRS normalization requirements have been met, that only net operating loss carryover ("NOLC") attributable to depreciation must be considered, and that all other book/tax timing differences whether plant or non/plant related are not required to be reflected in any NOLC balance included in Rate Base? If this is not the case, please clarify the Company's position relative to the IRS normalization requirements related to NOLC recognition in Rate Base.

112. Refer to the Harding Testimony, beginning on page 7, line 16 through page 8, line 4. Provide all supporting workpapers documenting the amounts of excess ADIT and the amortization of excess ADIT reflected as hard-coded numbers in Schedules B-6 and E-1.1, respectively.

113. Refer to Schedule E-1.1. Provide a comprehensive explanation as to why the Amortization of Excess ADIT is classified as a reduction to Deferred Federal Tax Expense contrasted with another classification unrelated to the computation of Deferred Federal Tax.

114. Refer to the Harding Testimony, beginning on page 8, lines 5 – 9. Provide an explanation describing the nature of this adjustment as well as an explanation justifying the recognition of $48,893, Flow-Through Excess Book/Tax Depreciation - Federal. Provide supporting workpapers for this hard-coded amount.

115. Refer to the Harding Testimony, page 9, line 13 through page 10, line 4. With respect to the $95,291 amortization of excess ADIT associated with the reduction in the state tax rate respond to the following:

a. Refer to any prior Commission order or support adopting the amount of the amortization reflected within Schedule E-1.1.
b. Provide all supporting workpapers underlying the derivation of excess ADIT associated with the reduction in the state tax rate.
c. Provide all supporting workpapers supporting the method and assumptions used in arriving at the annual amortization of $95,291.

116. Provide the amount of Repair Deduction claimed for tax purposes by Columbia Kentucky for the period 2011 through 2020. Provide the corresponding calculation or estimate of book depreciation expense recorded on the underlying assets associated with the repair deduction for the same period.

117. Provide the forecasted level of Repair Deduction associated with forecasted plant additions incorporated into this case and provide a comprehensive explanation of how the Company has synchronized the Repair Deduction forecast within the ADIT forecast to the forecast of plant additions embedded in rate base.

118. Refer to the Harding Testimony, pages 14 and 15 as well as Exhibit JH-2. With respect to the impact of House Bill 487 respond to the following:

a. Does the Company acknowledge that the Commission has discretion to select an appropriate amortization period for all excess ADIT associated with the state tax rate change? If not, provide a comprehensive explanation providing the justification for the argument that a normalization violation would occur if depreciation related book/timing excess ADIT were amortized over periods shorter than that required under either the Average Rate Assumption Method, or the Reverse South Georgia method.

b. If the Company believes the Commission does not have complete discretion over how to flow back excess ADIT associated with the reduction in the state tax rate, provide a breakdown of the $8,043,577 of property related ADIT in Rate Base between the following components:

    i. Bonus Depreciation
    ii. Basis Differences
    iii. Repair Deduction
    iv. Removal Cost differences
    v. Accelerated Rate differences
    vi. Other

119. Refer to the Harding Testimony, page 16. With respect to the statement beginning on line 5 that the "Company's Kentucky income taxes are computed on a separate company basis for rate making purposes," respond to the following:

a. Provide a comprehensive discussion of whether Columbia Kentucky makes an annual entry to reconcile its tax related book recordings with an annual tax filing or the computation of taxes on a separate company basis (return to provision).

b. If the true-up occurs as a result of the NiSource corporate federal return and the Combined Corporation state return, provide the return to provision entries recorded in 2020 and provide supporting calculations for such entries.

c. If instead, the recording ADIT and Current/Deferred Income Tax Expense is based upon a separate company basis that is not based upon the Kentucky portion of tax returns actually submitted to state and federal taxing jurisdictions, identify the accounting recordings made, if any, to reconcile the Kentucky portion of federal and state returns with the Kentucky stand-alone method of computing taxes.

120. Provide a comprehensive explanation of how the Company and/or its parent NiSource acquires the various types of corporate liability insurance. Confirm that such insurance is acquired at the parent company level. Further, include a discussion of whether such costs are direct assigned to subsidiaries based upon specific characteristics of each subsidiary, or whether such costs are allocated to the subsidiaries on some allocation basis.

121. Provide a comprehensive explanation of the impact of the Greater Lawrence Incident on the various types of insurance costs incurred by NiSource and the resulting allocated/assigned costs of Columbia Kentucky.

122. Identify the annual insurance costs for a) NiSource and b) Columbia Kentucky identified by insurance policy incorporating each type of insurance for the period 2011 – 2021.

123. Refer to Article 4.2 within Attachment ST-2. Provide a copy of the most recent two completed audit reports.

124. Provide a copy of the 2019 and 2020 FERC Form 60 submitted by the applicable NiSource affiliate.

125. Refer to Article 5.2 within Attachment ST-2. Provide a listing of all new or departing direct and indirect affiliates of NiSource and the effective date such modification was made to the client list.

126. Provide a copy of any studies a) conducted by NiSource or any NiSource affiliate or b) in possession of NiSource or any affiliate comparing the relative Administrative and General cost burden comparing the service company costs of NiSource with its peer holding companies (electric or gas).

127. Refer to the Cartella Testimony, page 31. Provide a copy of the most recent comparison of NiSource benefits with industry benefits as referenced on lines 17 and 18.

128. Refer to Volume 7, May 5, 2021 Form 8K covering the first quarter 2021 financial results, page 6, which includes a comparison of the first quarter 2021 Net Income with that of the first quarter 2020 Net Income. Footnotes 1 – 3 all relate to 2021 charges taken as a result of the Greater Lawrence Incident ($5.8 million), the NiSource Next initiative ($9.7 million) and the Columbia Massachusetts sale ($6.9 million, $280.2 million in 2020), respectively. With respect to these three footnotes provide the following:

   a. Provide a comprehensive explanation indicating how the costs of each of these 2020 items were assigned to NiSource affiliates. Reference the applicable source within the Service Agreement that supports the basis for the cost assignment.

   b. For each of these categories, provide the amounts charged to each NCSC affiliate for i) 2020 and ii) 2021 through May, providing the underlying basis for such cost assignments.

   c. For each of the footnote items indicate the amount charged to Columbia Kentucky operations in a) 2019, b) 2020 and c) 2021 through May.

d. Provide a comprehensive explanation of the NiSource next initiative. Provide copies of any internal memos, studies or reports provided to executive management concerning this initiative.

129. Provide a comprehensive discussion of how estimates of legal liabilities incurred as a result of the Greater Lawrence Incident were recorded on the books of NiSource and identify the affiliate(s) charged with such costs by month since the initial date such liabilities were recorded.

130. Refer to Tabs 31 and 38. Notwithstanding the results of the pending rate case, the Company is forecasting minimal revenue growth over the next four-year period. However, within Tab 38 the Company is forecasting \$8.9 and \$8.7 million in growth capital expenditures in 2021 and 2022, respectively. Provide a comprehensive explanation as well as any supporting analytical information justifying the minimal-growth revenue forecast with the significant increase in the growth component of the construction budget.

131. Refer to page 232 of the FERC Form 2 report attached to Tab 57 of Volume 4. Provide a comprehensive explanation of the \$3,173,574 charged to account 926 in 2020 associated with “RIP Expense.” Provide the underlying calculations supporting this charge.

132. Please confirm that third-party damage reimbursements continue to be reflected as a reduction to O&M expense as indicated in response to the Attorney General’s Second Request for Information, Item 19 in Case No. 2016-00162.

133. Provide the accounts credited for third-party damage reimbursements by FERC Account for the period 2018 – year to date 2021, the base period, and the forecast period.

134. Refer to the Chun-Yi Lai Testimony, pages 4 and 5. With regards to Columbia Kentucky budgets, provide the following:

    a. Provide a copy of the overall O&M budget of Columbia Kentucky incorporated within the forecasted results of this case.

    b. Provide a copy of the department budgets by cost element as referenced in direct testimony.

    c. Provide a copy of the most recent years' budget and actual results by department by cost element.

135. Refer to the Chun-Yi Lai Testimony, page 4. Provide a copy of the O&M budget of NCSC relied upon in this case in the most granular format available.

136. Provide all calculations and supporting workpapers reconciling the total NCSC budget with the resulting portion of NCSC charges contract billed direct, contract billed allocated, and convenience billed Columbia Kentucky included in the base period and forecasted period.

137. Provide the budgets of NCSC for the periods 2018 – 2020. This information should be provided in sufficient detail as to demonstrate the amounts incorporated into this filing from the various NCSC cost pools.

138. Refer to the Taylor Testimony, page 5, lines 4-14. Confirm that the requested increase does not contain any proposed adjustments to the forecasted convenience billings of NCSC to Columbia Kentucky. If this is not accurate, provide a comprehensive explanation of the adjustments proposed to convenience billings.

139. Refer to the Taylor Testimony, page 14, lines 8 – 16, discussing adjustments to operating company budgets. With respect to the NSCS budget costs applicable to Columbia Kentucky, provide the amount of adjustments contained in the forecast period for i) specific allocation of one-time items, ii) future planned work, and iii) strategic initiatives.

140. Refer to the Taylor Testimony, page 18, lines 11 – 18. Provide all available information from peer utilities supporting the claim that the $19.32 million in allocated cost to Columbia Kentucky is reasonable.

141. Provide the actual monthly headcount of NCSC for the period January 2018 through May 2021.

142. Provide the budgeted headcount of NCSC for the period January 2018 through December 2022 as is incorporated within the NCSC forecast embedded within the current request.

143. Refer to Article 3.1 of Attachment ST-2. Provide the direct charge salaries charged to each NiSource affiliate, including Columbia Kentucky by month for the period January 2018 – May 2021.

144. Refer to Article 3.2 of Attachment ST-2. Provide the apportioned salary charged allocated to each NiSource affiliate, including Columbia Kentucky by month for the period January 2018 – May 2021.

145. Refer to Exhibit A of Attachment ST-2. Provide a breakdown of the monthly NCSC charges billed by month to Columbia Kentucky for the period January 2018 – May 2021 split between i) direct billed charges, ii) allocated charges separately identified for each Basis identified within Exhibit A and iii) all other methods. The sum of these three components should equal the total monthly NCSC charges billed to Columbia Kentucky.

Include within this response the identification of any portion of the costs allocated/assigned to Columbia Kentucky, which are capitalized by month.

146. Refer to the Taylor Testimony, page 12, Exhibit A of Attachment ST-2 as well as Table ST-1.

   a. Provide a copy of all supporting documentation underlying the allocation ratios developed for each NiSource affiliate for allocation basis 1, 10, 11, 13 and 20.

   b. A number of the descriptions of the Basis allocation methods contain the reference that "All Companies may be included in this allocation." For any NiSource entity not included within each of the allocation methodologies, identify such affiliate and provide the justification for exclusion.

147. Refer to the Taylor Testimony, page 12, Table ST-1. Provide a comprehensive explanation differentiating the terms "Direct Billed" and "Direct NCSC" found within the table.

148. Provide the annual NCSC charges incurred for each NiSource affiliate for the period 2018 – 2020. Provide the monthly NCSC charges by affiliate for the period January – May 2021.

149. For the year 2020, provide a summary of NCSC costs by department and/or function further identified by the amount of such charges i) Direct charged or ii) Allocated according to each of the Basis identified within Exhibit A of Attachment ST—2.

150. Refer to Article 4.1 of Attachment ST-2. If Columbia Kentucky has requested i) a meeting or ii) a change in the scope of services provided as referenced in this section, provide all documentation of the meeting and any scope changes requested by the client which has occurred since January 2018.

151. Refer to Article 4.2 of Attachment ST-2. Provide copies of all internal audit reports referenced within this article completed since January 1, 2015.

152. Refer to Article 5.2 of Attachment ST-2. To the extent that any changes in the allocation methods or scope of services rendered have changed as a result of i) new entities coming into existence, or ii) entities ceasing to be associated with the Company, provide a comprehensive explanation of such changes in methods or scope.

153. Provide a comprehensive set of electronic workpapers with source references intact, supporting the calculation for each adjustment identified in attachment ST-3.

154. Provide all internal documents of NCSC comparing and explaining the variance between actual and budgeted costs for the annual periods of 2018 – 2020 and all monthly variance reports for the period January 2021 through the most recently available report.

155. Refer to the Chun-Yi Lai Testimony, page 7. Provide a copy of the documentation of the drivers of the variance for the period 2020 through 2021 to date.

156. Refer to the Chun-Yi Lai Testimony, page 10, lines 9 – 14, which discuss the development of how the non-work force activities are budgeted. Provide the following:

    a. Provide the non-work force expenses by department and cost element for 2020.

    b. Provide the non-work force expenses by department and cost element for 2021.

    c. Provide the non-work force expenses by department and cost element contained in the forecast period.

    d. Identify all such adjustments referenced in direct testimony related to i) incremental activities expected to occur and ii) adjusted for expenses not expected to recur.

157. Refer to the Chun-Yi Lai Testimony, page 10, lines 15 – 19. Provide a copy of all information provided by AON related to the forecasted period employee benefit costs referenced in direct testimony. If not contained in the AON information, identify all assumptions embedded in the forecast.

158. Refer to the Chun-Yi Lai Testimony, page 10, line 19 through page 11 line 1. Provide a copy of all source information from the insurance department supporting the property and casualty premium insurance costs, including all supporting information on how such costs are allocated to Columbia Kentucky.

159. Refer to the Chun-Yi Lai Testimony, page 11, lines 1 – 2. Provide a copy of all supporting information relied upon by the NCSC Accounting Department in arriving at the level of forecasted audit fees. Provide the amount of such fees by year for the periods 2018 – 2020, both on a total NCSC and allocated Columbia Kentucky basis.

160. Refer to the Chun-Yi Lai Testimony, page 11, lines 2 – 3.

   a. Provide a copy of all supporting information and assumptions relied upon.

   b. Provide the amount of such costs by year for the periods 2018 – 2020, both on a total NCSC and allocated Columbia Kentucky basis.

161. Refer to the Chun-Yi Lai testimony, page 11, lines 4 – 5. Provide a copy of all supporting information relied upon in developing the Corporate Service fee. Provide the amount of such costs by year for the periods 2018 – 2020, both on a total NCSC and allocated Columbia Kentucky basis.

162. Refer to the Chun-Yi Lai Testimony, page 11, lines 8 – 15. Provide a comprehensive explanation of any and all criterion and applicable weights upon which employees are eligible to earn i) short-term incentive compensation and ii) long-term incentive compensation. If this general criterion differs by employee classification, provide all such criteria for each differentiating job classification.

163. Provide a copy of all material provided to employees, which explain the i) short-term incentive compensation plan and ii) the long-term incentive compensation plan.

164. With respect to incentive compensation provided to Columbia Kentucky employees provide the following by year for the period 2015 – 2020, and monthly accruals recorded through May 2021. Short-term incentive compensation charged to expense.

    a. Short-term incentive compensation capitalized.
    b. Long-term incentive compensation charged to expense.
    c. Long-term incentive compensation capitalized.

165. With respect to incentive compensation provided to NCSC employees whose costs were subsequently reflected on the books of Columbia Kentucky, provide the following by year for the period 2015 – 2020 and monthly accruals recorded through May 2021:

    a. CIP incentive compensation charged to expense.
    b. CIP incentive compensation capitalized.
    c. LTI charged to expense.
    d. LTI incentive compensation capitalized.

166. Refer to the Cartella Testimony, page 16, lines 5 - 10. The testimony indicates a portion of each exempt employee’s annual total rewards is tied to the performance results of the

measures in the CIP. Provide the specific performance measures referred to in this portion of the testimony, along with their respective definitions for the period 2018 – 2021. Further, provide the actual results against which the performance measures were evaluated.

167. Provide the amount of Supplemental Executive Retirement Plan ("SERP") costs i) direct charged and ii) allocated/assigned from NCSC for the period 2015 – 2021 as well as that embedded within the forecast period.

168. Provide a comprehensive explanation and all company documentation provided to employees explaining how SERP benefits are earned by the employee as well as incurred as expense by the Company.

169. Provide the actuarial studies for the years 2019 and 2020 used to record i) Columbia Kentucky Generally Accepted Accounting Principles ("GAAP") pension costs and ii) Columbia Kentucky GAAP other post-employment benefit ("OPEB") costs, iii) NCSC GAAP pension costs subject to allocation to Columbia Kentucky and iv) NCSC GAAP OPEB costs subject to allocation to Columbia Kentucky.

170. Provide a comprehensive explanation as to how the forecasted pension and OPEB costs were developed within the forecast period.

171. With respect to pension costs, provide the following: i) pension costs incurred by Columbia Kentucky for the period 2018 – 2021 to date and ii) pension costs incurred and allocated by NCSC to Columbia Kentucky for the period 2018 – 2021 to date.

172. Provide a comprehensive explanation of the implication on pension assets, pension funding status, and ongoing pension expense associated with the sale of Bay State Gas (Columbia-Massachusetts).

173. Provide all pension related accounting entries recorded on the books of NiSource associated with the sale of Bay State Gas (Columbia-Massachusetts), impacted by the change in employee mix associated with the sale. Provide the date of such entries.

174. Provide all documentation, including reports, studies, and memorandums received from NiSource actuaries regarding the implication of the change in number of employees resulting from the sale of Bay State Gas (Columbia-Massachusetts) on NiSource pension assets, pension liabilities, and ongoing pension expense.

175. With respect to any i) early retirement or ii) severance programs provide the following information:

   a. Provide a comprehensive overview of the scope of the program, including identification of the number of employees impacted within each NiSource affiliate as well as the date such program costs were incurred.

   b. Identify the costs associated with each program direct charged or allocated to Columbia Kentucky, identified by: i) type of cost (i.e. payroll, pension, opeb, payroll taxes, etc.), ii) account charged, and iii) month/year charged.

   c. Provide a comprehensive explanation of how such costs were accounted for on the books of NCSC and Columbia Kentucky.

   d. If such costs were excluded from consideration of the NCSC and Columbia Kentucky forecasted test period, provide supporting evidence.

176. Identify all vendors whose 2020 costs were direct charged to Columbia Kentucky in excess of $25,000 and provide the following information:

   a. A description of the services performed.

b. Identify the amount and account(s) charged.

c. An explanation of how such costs benefit Columbia Kentucky customers.

d. If such costs were not incorporated into the forecast period expenses, provide the supporting evidence that such costs were explicitly excluded.

177. Identify all vendors whose 2020 costs were allocated to Columbia Kentucky in excess of $25,000 and provide the following information:

a. The amount and account(s) charged.

b. A description of the services performed.

c. An explanation of how such costs benefit Columbia Kentucky customers.

d. If such costs were not incorporated into the forecast period expenses, provide the supporting evidence that such costs were explicitly excluded.

178. Provide the amount of 401k costs expensed within the i) base Period and ii) forecast period related to employees who are covered under a defined benefit plan.

179. Refer to the confidential response to Staff's First Request, Item 54, and specifically Tab F-5. Provide the split of labor and non-labor costs associated with the base period and forecasted period costs for account 908, Customer Assistance. Provide a comprehensive explanation supporting the increase in these forecasted period costs.

180. Refer to the confidential response to Staff's First Request, Item 54, and specifically Tab F-4. Provide the justification for the increase in total employee expenses embedded in this worksheet.

181. Refer to the confidential response to Staff's First Request, Item 54, and specifically Tab WPD2.4f. Provide the calculation supporting the effective tax rate as reflected in Cell F19

related to the calculation of Property Tax Expense, which is embedded as a hard-coded number.

182. Provide the monthly level of property tax expense for the period January 2018 through the most current month available.

183. Refer to Schedule I-1 within Volume 8. Provide an annual split by year of Taxes-Other than Income by each account for the period 2016 through 2023.

184. With respect to accounting for property tax expense, provide a complete explanation of the underlying accounting, including a discussion identifying the year in which property is valued contrasted with when the associated expense tied to that value is reflected on the books of the Company.

185. Refer to the Confidential Schedule provided in response to Staff's First Request, Item 54. Provide the following related to Account 923, Outside Services employed:

    a. Provide the monthly charges to account 923 for the period January 2018 – the most current month available.

    b. Provide all support for the proposed increase in forecasted outside service costs included within this filing.

186. Confirm that the Company has synchronized its employee benefits and payroll related taxes with its budgeted headcount and payroll costs as contained in the response to Staff's First Request, Item 36. If this is not confirmed, provide a comprehensive narrative explaining how the payroll costs and employee benefit costs of the forecast were developed.

187. Provide the labor capitalization rates by year for Columbia Kentucky for the period 2015 – 2021 as well as capitalization rate embedded within the forecasted period.

188. Refer to Volume 4, Form 2, page 355 2020 Form 2, which identifies $111,069 of labor costs identified as Miscellaneous. Provide the 2020 account distribution associated with this amount.

189. Provide a comprehensive explanation supporting the rationale for the increase in actual O&M payroll in 2020 as reported in the Company's FERC Form 2 (page 137 of Tab 57 within Volume 4) of $11,542,824, with the Base Period and Forecasted Period payroll O&M of $14,290,690 and $14,273,342 found on the Attachment to Tab 76 in Volume 8.

190. Provide an update for payroll costs in the format provided in response to Staff's First Request, Item 36 as new information becomes available.

191. Provide the monthly payroll distribution information by FERC Account for the years 2018 – 2020 as well as the forecasted labor by FERC Account.

192. Reconcile and provide a comprehensive explanation between the total labor distribution of $19,559,759 found on page 137 of 164 within the 2020 FERC Form 2, contrasted with the 2020 total of $19,409,998 as reflected within the 2020 tab of the response to Staff's First Request, Item 36.

193. Refer to the response to Staff's First Request, Item 36. Provide a comprehensive explanation supporting the $2.3 million in overtime compensation budgeted for the fourth quarter 2021 as well as the $2.4 million budgeted for the fourth quarter 2022.

194. Provide a listing of the job titles of Columbia Kentucky exempt employees as of December 31, 2018 and December 31, 2020, which tie back to the number of exempt employees identified within response to Staff's First Request, Item 36.

195. Refer to the Chun-Yi Lai Testimony, page 13, Table 2. Reconcile the forecasted payroll costs of:

    a. $12.97 million with the $22.57 million of gross payroll costs found in the 2022 Tab within the attachment response to Staff 's First Request, Item 36.

    b. The 12.97 million found on Tab 2 as referenced above, with the forecasted net labor costs found on cell S15 within Schedule D.2.2 of the confidential response to Staff's First Request, Item 54.

196. Provide the number of employee vacancies at i) Columbia Kentucky and ii) NCSC at month end for the period December 31, 2017 through May 31, 2021.

197. Refer to the confidential response to Staff's First Request, Item 54 and specifically Tab G-2. Provide the calculations supporting the adjustment to base period compensation and benefit costs in arriving at the forecasted period costs for these employees. Provide an explanation of the assumptions incorporated into this adjustment.

198. Refer to the Cooper Testimony, page 6, lines 6 – 14. Assuming the SMRP qualifying capital expenditures are rolled into base rates within this rate proceeding, provide a comprehensive explanation of how Columbia ratepayers will be protected if such SMRP estimates are greater than actual investments, in light of the fact there would be no March 2023 balancing adjustment under the Company's proposal.

199. Explain whether Columbia Kentucky monetizes its customers' data derived from the Company's metering infrastructure, even if on a de-identified, aggregate basis.

200. Provide a description and all documentation of the Company's accounting for plant additions and retirements, including cost of removal, including, but not limited to, allocation of expenditures between plant additions and cost of removal when replacing sections of mains or accounting for such costs as maintenance expense. If the Company relies on studies to allocate such costs, then provide a copy of all such studies used for this purpose and provide an illustration as to how such allocations are actually used and applied in the accounting process. Address any differences between terminal and interim retirements and terminal and interim net salvage.

201. Does Columbia Kentucky collaborate with any third-party warranty company who then solicits Columbia Kentucky customers for home warranty products and services? If so, provide all contracts between Columbia Kentucky (or affiliates) and third-party vendors. Provide a comprehensive explanation of how the underlying accounting and expenses for such transactions are reflected on the books of Columbia Kentucky.

202. Provide a copy of all materials, including reports, newsletters and e-mails received from the American Gas Association ("AGA") since January 2020.

203. Provide a copy of all materials, including reports, newsletters and e-mails received from the Southern Gas Association ("SGA") since January 2020.

204. Provide the amount of costs allocated to Columbia Kentucky from NCSC associated with i) AGA dues and ii) SGA dues in 2020 as well as such amount embedded in the base period and forecast period.

205. Document the portion of expenditures of AGA associated with regulatory advocacy for the year 2020.

206. With respect to legal fees and contingencies provide the following information:

   a. Provide copies of 2020 invoices for costs direct charged to Columbia Kentucky during 2020. This would include any costs directly incurred by Columbia Kentucky and those costs direct charged by NCSC in 2020.

   b. Provide all underlying analysis supporting any legal liabilities accrued on the books of Columbia Kentucky in 2020.

   c. Provide all underlying analysis used in developing the budget of legal costs i) direct charged to Columbia Kentucky as well as allocated legal costs. For purpose of this response, provide this information for both the base period and forecasted period. Costs should be defined as not only legal costs associated with third-party vendors, but also the amount of estimated accrued legal liabilities associated with civil matters, either direct charged or allocated.

207. Refer to the Roy Testimony, specifically to Attachment DAR-2. With respect to the annual amounts identified as "Annual Actual Cost" for the years 2011 – 2020, identify the portion, if any that was appropriately classified as Construction Work in Progress as of December 31st of each respective year.

208. Refer to the response to Staff's First Request, Item 27. With respect to the Allowance for Funds used During Construction ("AFUDC"), provide the following information:

   a. Provide the underlying weights of short-term debt, long-term debt, and equity incorporated into the May and November calculations.

b. Provide the estimated AFUDC amounts incorporated into the i) base period and ii) forecasted period capital expenditures and provide an explanation for how such amounts were determined.

209. Refer to the Direct Testimony of Judith Siegler ("Siegler Testimony"), page 8, lines 11 through 15. Respond to the following:

a. The testimony indicates that Columbia Kentucky considers the historical final bill counts to be representative of what can be expected during the Forecasted Test Period. Identify the specific historic period used to forecast final bills.

b. Provide the monthly count of final bills by customer class for the period January 2018 through the most recent information available.

c. Confirm that final bills may be generated by customers moving out of their premises or disconnects for non-payment of bills. If this is not confirmed, provide the definition of what causes final bills.

d. Provide a comprehensive discussion of the impact of Covid-19 on the actual final bill counts of Columbia Kentucky.

210. Refer to the Input tab within the response to Staff's First Request, Item 55. Provide all supporting documentation for the tax adjustment of ($.2825)/MCF found on the Input tab in cell J16.

211. Refer to the response to Staff's First Request, Item 55, within Schedule M-2.2. Specifically, on page 2, footnote 1, referring to Normalized volumes. Provide the supporting workpapers developed which underlie these Normalized volumes by rate class.

212. Refer to the Siegler Testimony, page 5, lines 11 through 13. Provide all the workpapers supporting the forecast of the LCR customers performed by the LCR group.

213. Refer to the response to Staff's First Request, Item 55, Attachment N, Forecasted Rate Base. Provide a comprehensive explanation why the Deferred Income Taxes and TCJA balance is expected to be flat from 2021 to 2022, despite an increase in gross plant of $47 million. Provide all assumptions underlying this response.

214. Refer to the confidential response to the Staff's First Request, Item 54. Within Tabs Schedule B-6 (Forecast) and B-6 (Base), respond to the following:

   a. Provide a comprehensive discussion of how the balances of Excess Accelerated Depreciation/Repairs/263A – Fed and State respectively were determined as reflected in excel rows 102 and 103 of the B-6 (Base) tab. The amounts in this row are hard-coded.

   b. Reconcile the August 31, 2021 balance of Excess Accelerated Depreciation/Repairs/263A – Fed and State respectively with the December 31, 2021 balances for these two items as found in excel rows 102 and 103 within the B-6 (Forecast) tab.

   c. Provide a comprehensive discussion explaining why the balances of Excess Accelerated Depreciation/Repairs/263A – Fed and State respectively as reflected on excel rows 102 and 103 were held flat throughout the Forecasted period.

215. Refer to the confidential response to the Staff's First Request, Item 54. Within Tabs Schedule B-6 (Forecast) and B-6 (Base), respond to the following:

a. Identify the amount of book/tax timing differences associated with the repair deduction and identify where such timing differences are reflected within Tab B-6 (Forecast).

b. Provide the annual amount of the repair deduction taken on its i) federal and ii) state tax returns by Columbia-Kentucky for the tax years 2015 – the most recent information available.

c. For the 2019 tax filing, provide the underlying support for the calculation of the repair deduction, including the identification of the types of assets upon which the deduction was based.

216. Refer to the confidential response to the Staff's First Request, Item 54. Within Tab B-6 (Base), respond to the following:

a. Provide the book/tax differences associated with accrued property taxes state and federal by year for the period 2018 – 2020 as reflected in excel rows 118 and 119.

b. Identify the cumulative property tax expense and property tax deductions underlying the i) March 31, 2021 balance (B-6 Base) and the ii) December 31, 2022 balance (B-6 Forecast).

c. Provide a comprehensive explanation supporting the amount of the deferred tax asset for accrued property taxes in comparison with the identified Text Year Expense as found in cell H36 of tab WPD2.4f Property Tax.

217. Refer to the confidential response to the Staff's First Request, Item 54, specifically Tab WPD2.4f Property Tax. The description for the amount of Test Year Expense is described

as coming from Schedule C-2.2B, however cell H36 is a hard-coded cell. Provide the appropriate cell reference or supporting information for the value in cell H36.

218. Refer to the confidential response to the Staff's First Request, Item 54 and specifically Tab WPD2.4e. With a few exceptions the amounts contained in this worksheet include hard-coded data and certain of the line items reference Schedule M-2.2F. Provide support for the hard-coded amounts contained within this Tab.

219. Refer to the confidential response to the Staff's First Request, Item 54 and specifically Tab WPD2.4g. Confirm that the amounts reflected within this tab do not include incentive compensation amounts allocated from NCSC to Columbia Kentucky.

220. Refer to the confidential response to the Staff's First Request, Item 54 and specifically Tab WPD2.4d and the line item test year expense. Please confirm that the base period contains no such costs. If this cannot be confirmed, explain why there is no value identified on cell D24.

221. Refer to the confidential response to the Staff's First Request, Item 54 and specifically tab D-2.2. Provide all supporting workpapers and assumptions underlying Adjustment 2 related to forecasted employee benefit costs.

222. Refer to the confidential response to the Staff's First Request, Item 54 and specifically tab D-2.2. Provide all supporting workpapers and assumptions underlying Adjustment 14 Miscellaneous and Other Expenses.

223. Refer to the confidential response to the Staff's First Request, Item 54 and specifically tab C2.2B. Provide all support for the forecasted balance of Taxes Other than Income Taxes – Property as reflected in cell P15.

224. Refer to the confidential response to the Staff's First Request, Item 54 and specifically workpaper WPD-2.4F. With respect to the Estimated Assessed Value as of December 31, 2019 included within cell D15 provide the following:

    a. Provide the underlying workpapers supporting this estimate.

    b. Provide the actual 2019 assessed value when it becomes available.

    c. Provide a comprehensive explanation why it is appropriate to add the net plant additions for 2020 and 2021 in arriving at the estimated assessed value at December 31, 2022, rather than relying upon the forecasted increase in net plant.