

Response to the Attorney General's Data Request Set One No. 128 Supplemental
Respondent: Jeff Gore, Suzanne Surface; As to the Objection: Legal

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION
DATED JULY 7, 2021

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.

Supplemental Response (August 11, 2021):

Columbia adopts in its entirety the objections stated below. Notwithstanding these objections, Columbia supplements and responds as follows:

Upon additional review, regarding charges to Columbia related to the Greater Lawrence Incident and the Columbia Massachusetts sale, Columbia discovered that \$35,600 in costs related to the retention of the former Chief Executive Officer of Columbia Gas of Massachusetts were charged to Columbia during 2020 in error. These charges were corrected in July 2021 business.

Response:

a., b., and c.

Objection: Columbia objects to parts a. and b. of this request as responsive information related to NiSource affiliates (e.g, any operating company, gas or electric, other than Columbia) is irrelevant to the issues of this case. Notwithstanding these objections, Columbia responds as follows:

The costs related to the Greater Lawrence Incident and the Columbia Gas of Massachusetts sale were not charged to Columbia Gas of Kentucky. The amounts and affiliates that were charged are not relevant to this proceeding.

The following details the total NiSource and Columbia Gas of Kentucky cost for NiSource

Next:

Line No.		NiSource Next Costs		
		2019	2020	YTD May 2021
1	CKY direct	-	163,927	211,482
2	<u>Recorded on NCSC books - billed to CKY</u>			
3	NCSC - Direct Billed to CKY	-	834,887	98,717
4	NCSC - Overhead - follows labor billings			2,507
5	NCSC - Allocated to CKY - Basis 1			9,187
6	NCSC - Allocated to CKY - Basis 2			38
7	NCSC - Allocated to CKY - Basis 4			1,307
8	NCSC - Allocated to CKY - Basis 10	-	9,195	(10,147)
9	NCSC - Allocated to CKY - Basis 11	-	34,401	50,095
10	NCSC - Allocated to CKY - Basis 20	-	469,140	253,306
11	Total billed to CKY	-	1,347,623	405,010
12	Total CKY	-	1,511,550	616,492
13	Total NiSource	-	45,861,995	12,405,981

The allocation basis used by NiSource Corporate Services were included in 807 KAR 5:001 Section 16-(7)(u) and discussed in Columbia Witness Taylor testimony. The amounts charged to other affiliates (Line 14) is not detailed as this information is not relevant to this proceeding.

d.

General Objection. Columbia objects to providing copies of *any* internal memos, studies or reports provided to executive management concerning this initiative, as this request is overly broad and responding to this request would be unduly burdensome.

Notwithstanding these objections, Columbia is providing the following materials that were presented to the Executive Leadership Team and Senior Leadership Team regarding NiSource Next:

- i. Materials communicating about the NiNext program: CONFIDENTIAL KY PSC Case No. 2021-00183, AG 1-128, Attachment A and CONFIDENTIAL KY PSC Case No. 2021-00183, AG 1-128, Attachment B
- ii. Materials provided to the Senior Leadership Team working sessions, by date: CONFIDENTIAL KY PSC Case No. 2021-00183, AG 1-128, Attachments C through J

The materials contain recommendations for savings and/or performance improvements at various levels of confidence. The initiatives continue to evolve as additional facts become known.

Description of NiSource Next

In 2020, NiSource launched an initiative called NiSource Next, a multi-year enterprise-wide program designed to deliver long-term, sustainable capability enhancements and cost efficiency improvements. The program is structured to leverage our current scale, utilize technology, define clear accountability with our leaders and employees, and standardize processes to create an organization focused on operational rigor and continuous improvement. The overarching objectives of this program include an unwavering commitment to safety leadership, identifying savings opportunities, efficient and empowered leadership structure, enhanced digital customer service capabilities, and standardizing operations management supported by technology enhancements. Cost efficiencies achieved are expected to reduce future inflationary pressure related to O&M costs.

NiSource Next is centered on the following five programs:

- A streamlined organizational structure and clearly defined roles and responsibilities
- Evolution of business services which will provide support to our employees when needed and provide opportunities to consolidate and digitize processes across supply chain, human resources, finance and customer and billing organizations
- Operational work standardization which builds from the operational rigor, risk identification and safety enhancement work underway with our Safety

Management System and is intended to ensure we execute work processes the best and safest way

- Enabling field mobility which will provide tools and resources to our employees when and where they are needed – we will deploy enhanced work planning and scheduling tools and provide field employees with the technology and resources they need to allow for a paperless environment, provide all information needed at the job site to support safe execution of work while improving the consistency and quality of records and operational data
- Connected customer experience which will enable us to be responsive to and empower customers by implementing digital and mobile capabilities to drive self-service, decrease call handling times through automation, and empower teams with tools to achieve high productivity in a remote work environment; we will also modernize billing practices and encourage customers to transition to paperless billing while applying analytics to more quickly address customer service needs across multiple channels.