

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF	)	
COLUMBIA GAS OF KENTUCKY, INC.	)	CASE NO.
FOR AN ADJUSTMENT OF RATES;	)	2024-00092
APPROVAL OF DEPRECIATION STUDY;	)	
APPROVAL OF TARIFF REVISIONS; AND	)	
OTHER RELIEF	)	

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COLUMBIA GAS OF KENTUCKY, INC.'S APPLICATION

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Columbia Gas of Kentucky, Inc. ("Columbia" or "Company"), by counsel, pursuant to KRS 278.180, KRS 278.190, KRS 278.192, 807 KAR 5:001, and other law, and does hereby request the Kentucky Public Service Commission ("Commission") to grant it a general adjustment of rates, respectfully stating as follows:

**I. INTRODUCTION**

1. Columbia is a Kentucky Corporation with its headquarters in Lexington, Kentucky. The Company provides natural gas service to approximately 138,000 residential, commercial, and industrial customers in thirty (30) counties across the

Commonwealth of Kentucky.<sup>1</sup> Columbia is a “utility” as that term is defined in KRS 278.010(3)(b).

2. In total, Columbia owns and operates approximately 2,600 miles of mains. For more than a century, Columbia and its predecessors have provided natural gas distribution service to customers in Kentucky. Columbia has built a solid track record for delivering natural gas in a safe, efficient and reliable manner.

3. Columbia is a subsidiary of NiSource Gas Distribution Group, Inc., which is itself a subsidiary of NiSource, Inc (“NiSource”) a Delaware corporation registered as a holding company under the Public Utility Holding Company Act of 2005. NiSource’s principal offices are located at 801 East 86<sup>th</sup> Street Avenue, Merrillville, Indiana, 46410.

4. Columbia proposes to adjust its tariffed rates by \$23,773,019 in order to continue to provide safe and reliable natural gas service at the lowest reasonable rates to its customers, while providing the Company with a reasonable opportunity to recover its costs and earn a fair rate of return. The Company’s proposal would result in an approximate 15.81% increase in Columbia’s revenue. For the average residential customer consuming 5.5 Mcf of natural gas per month, this will equate to an increase of \$7.28 per month in their average bill.

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<sup>1</sup> Columbia provides natural gas service in Bath, Bourbon, Boyd, Bracken, Carter, Clark, Clay, Estill, Fayette, Floyd, Franklin, Greenup, Harrison, Jessamine, Johnson, Knott, Lawrence, Lee, Letcher, Lewis, Madison, Martin, Mason, Montgomery, Nicholas, Owsley, Pike, Robertson, Scott, and Woodford Counties.

5. As part of its proposed adjustment of rates, Columbia requests that the Commission approve the depreciation study being tendered herewith by Witness John Spanos, which is attached to his Direct Testimony as Attachments JJS-2 and JJS-3 in Tab 21 and to authorize the use of the depreciation rates set forth therein contemporaneously with the effective date of the Company's new rates.

6. Columbia proposes to reinstate Tariff Sheet 7a as the State Tax Adjustment Factor. This amended tariff would be utilized to implement the effects of future changes in state tax law resulting from the action or inaction of the Kentucky General Assembly. The State Tax Adjustment Factor could be a collection from, or credit to, customers based upon the state tax law. The State Tax Adjustment Factor would be set at zero until the effective date of any state tax changes. More information related to the State Tax Adjustment Factor can be found in the Direct Testimony of Witnesses Judy Cooper and Jennifer Harding in Tab 19 and Tab 33, respectively.

7. Columbia proposes the following changes to its tariffs:

- Provide for the inclusion of uncollectible expense in future Safety Modification and Replacement Program ("SMRP") filings;
- Removal of residential service from the late payment penalty;
- Modify the customer charge provision of rate schedule MLDS to segment the applicable rate into two blocks based upon the customers Annual Transportation Volume.

## II. GENERAL FILING REQUIREMENTS

8. Pursuant to 807 KAR 5:001, Section 14(1), Columbia states that its full name, mailing address and email address are as follows:

Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
P.O. Box 14241  
Lexington, Kentucky 40511-4241  
Telephone: (800) 432-9345  
Fax: (859) 288-0258  
pscemailcky@nsource.com

9. Columbia requests the following individuals be included on the service list:

Judy M. Cooper, Director of Regulatory Affairs: jmcoop@nsource.com

John Ryan, Senior Counsel: johnryan@nsource.com

L. Allyson Honaker, Honaker Law Office: allyson@hloky.com

Brittany Hayes Koenig, Honaker Law Office: brittany@hloky.com

Heather S. Temple, Honaker Law Office: heather@hloky.com

10. Pursuant to 807 KAR 5:001, Section 14(2), Columbia states that it was incorporated on October 11, 1905, is a corporation organized and existing under the laws of the Commonwealth of Kentucky and that it is currently in good standing within the Commonwealth.

## III. REQUEST FOR RATE ADJUSTMENT

11. Pursuant to KRS 278.192(2) and 807 KAR 5:001, Section 16(1)(a), Columbia's application is based upon a forecasted test period ending on December 31, 2025 and using

a base period that is the twelve-months ending August 31, 2024, including actual data for the period September 1, 2023, through February 29, 2024, and forecasted data for the period March 1, 2024, through August 31, 2024.

12. Pursuant to 807 KAR 5:001, Section 16(1)(b)1, the proposed rate adjustment is necessary in order to continue to provide safe and reliable natural gas service at the lowest reasonable price to its customers, while providing the Company with a reasonable opportunity to recover its costs and earn a fair rate of return. As a result of the proposed increase, Columbia will be able to continue enhancing safety measures, continue making investments in its infrastructure, continue making investments in targeted technology to improve customer service and field operations. Columbia's application is supported by the testimony of nineteen supporting witnesses and numerous supporting schedules and exhibits.

13. Pursuant to 807 KAR 5:001, Section 16(1)(b)2, Columbia does not operate under an assumed name.

14. Pursuant to 807 KAR 5:001, Section 16(1)(b)3, revised tariff sheets in a format compliant with 807 KAR 5:011 are attached hereto at Tab 7. The new rates are proposed to be effective on July 1, 2024.

15. Pursuant to 807 KAR 5:001, Section 16(1)(b)4, present tariff sheets showing the proposed additions by underscoring and striking over proposed deletions are attached hereto at Tab 8.

16. Pursuant to 807 KAR 5:001, Section 16(1)(b)5, a statement that notice has been given in compliance with 807 KAR 5:001, Section 17 is attached hereto at Tabs 93-97, along with a copy of the notice at Tab 96.

17. Pursuant to 807 KAR 5:001, Section 16(2), a copy of the Notice of Intent filed with the Commission and sent to the Attorney General’s Office of Rate Intervention on April 5, 2024, is attached hereto at Tab 10.

18. Pursuant to 807 KAR 5:001, Section 16(6)-(7), Columbia provides an index of the attached additional exhibits which are required for a rate filing involving a forecasted test period:

Volume	Tab	Filing Requirement	Description
1	1	807 KAR 5:001 Section 14-(1)	Name, Address, Facts
1	2	807 KAR 5:001 Section 14-(2)	Corp. - Incorporation, Good Standing
1	3	807 KAR 5:001 Section 14-(3)	LLC - Organized, Good Standing
1	4	807 KAR 5:001 Section 14-(4)	LP – Agreement
1	5	807 KAR 5:001 Section 16-(1)(b)1	Reason for Rate Adjustment
1	6	807 KAR 5:001 Section 16-(1)(b)2	Certificate of Assumed Name
1	7	807 KAR 5:001 Section 16-(1)(b)3	Proposed Tariff
1	8	807 KAR 5:001 Section 16-(1)(b)4	Proposed Tariff Changes
1	9	807 KAR 5:001 Section 16-(1)(b)5	Statement about Customer Notice
1	10	807 KAR 5:001 Section 16-(2)	Notice of Intent
1	11	807 KAR 5:001 Section 16-(6)(a)	Financial Data
1	12	807 KAR 5:001 Section 16-(6)(b)	Forecasted Adjustments
1	13	807 KAR 5:001 Section 16-(6)(c)	Capital, Net Investment Rate Base
1	14	807 KAR 5:001 Section 16-(6)(d)	No Revisions to Forecast
1	15	807 KAR 5:001 Section 16-(6)(e)	Alternative Forecast
1	16	807 KAR 5:001 Section 16-(6)(f)	Reconciliation of Rate Base and Capital
2	17	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - K. Cole
2	18	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - J. Gore
2	19	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - J. Cooper
2	20	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - D. Ayers
2	21	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - J. Spanos
2	22	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - V. Rea

2	23	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - G. Skinner
3	24	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - R. Amen
3	25	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - K. Johnson
3	26	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - M. Girata
3	27	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - J. Wozniak
3	28	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - T. Shaeffer
3	29	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - C. Inscho
3	30	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - C. Scott
3	31	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - N. Bly
3	32	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - K. King
3	33	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - J. Harding
3	34	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - B. Owens
3	35	807 KAR 5:001 Section 16-(7)(a)	16-(7)(a) Testimony - D. Roy
4	36	807 KAR 5:001 Section 16-(7)(b)	Capital Construction Budget
4	37	807 KAR 5:001 Section 16-(7)(c)	Factors Used in Preparing Forecast
4	38	807 KAR 5:001 Section 16-(7)(d)	Annual and Monthly Budget
4	39	807 KAR 5:001 Section 16-(7)(e)	Statement of Attestation
4	40	807 KAR 5:001 Section 16-(7)(f)	Major Construction Projects
4	41	807 KAR 5:001 Section 16-(7)(g)	Other Construction Projects
4	42	807 KAR 5:001 Section 16-(7)(h)	Financial Forecasts
4	43	807 KAR 5:001 Section 16-(7)(h)1	Operating Income Statement
4	44	807 KAR 5:001 Section 16-(7)(h)2	Balance Sheet
4	45	807 KAR 5:001 Section 16-(7)(h)3	Statement of Cash Flows
4	46	807 KAR 5:001 Section 16-(7)(h)4	Revenue Requirement
4	47	807 KAR 5:001 Section 16-(7)(h)5	Load Forecast
4	48	807 KAR 5:001 Section 16-(7)(h)6	Access Line Forecast (Telephone)
4	49	807 KAR 5:001 Section 16-(7)(h)7	Mix of Generation (Electric)
4	50	807 KAR 5:001 Section 16-(7)(h)8	Mix of Gas Supply (Gas)
4	51	807 KAR 5:001 Section 16-(7)(h)9	Employee Level
4	52	807 KAR 5:001 Section 16-(7)(h)10	Labor Cost Changes
4	53	807 KAR 5:001 Section 16-(7)(h)11	Capital Structure Requirements
4	54	807 KAR 5:001 Section 16-(7)(h)12	Rate Base
4	55	807 KAR 5:001 Section 16-(7)(h)13	Gallons of Water Projected (Water)
4	56	807 KAR 5:001 Section 16-(7)(h)14	Customer Forecast (Gas, Water)
4	57	807 KAR 5:001 Section 16-(7)(h)15	Sales Volume Forecasts (Gas)
4	58	807 KAR 5:001 Section 16-(7)(h)16	Toll and Access Forecast (Telephone)
4	59	807 KAR 5:001 Section 16-(7)(h)17	Detailed Explanation of Other Info
4	60	807 KAR 5:001 Section 16-(7)(i)	FERC Audit Reports
4	61	807 KAR 5:001 Section 16-(7)(j)	Stock or Bond Prospectuses
5	62	807 KAR 5:001 Section 16-(7)(k)	FERC Form 2
5	63	807 KAR 5:001 Section 16-(7)(l)	Annual Reports to Shareholders
6	64	807 KAR 5:001 Section 16-(7)(m)	Current Chart of Accounts
6	65	807 KAR 5:001 Section 16-(7)(n)	Monthly Managerial Reports

6	66	807 KAR 5:001 Section 16-(7)(o)	Monthly Budget Variance Reports
6	67	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (8-Ks- From January 27, 2022 through December 20, 2022)
7	68	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (8-Ks- February 22, 2023 through December 31, 2023)
7	69	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (8-Ks- January 24, 2024 through May 8, 2024)
7	70	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (10-Qs - 2022)
7	71	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (10-Qs - 2023)
7	71a	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (10-Qs – 2024)
8	72	807 KAR 5:001 Section 16-(7)(q)	Independent Auditor's Annual Opinion
8	73	807 KAR 5:001 Section 16-(7)(r)	Quarterly Reports to Stockholders
8	74	807 KAR 5:001 Section 16-(7)(s)	Summary of Latest Depreciation Study
8	75	807 KAR 5:001 Section 16-(7)(t)	Computer, Software, Hardware, etc.
8	76	807 KAR 5:001 Section 16-(7)(u)	Affiliate, et. al., Allocations/Charges
8	77	807 KAR 5:001 Section 16-(7)(v)	Cost-of-Service Study
8	78	807 KAR 5:001 Section 16-(7)(w)	Incumbent Local Exchange Carriers
8	79	807 KAR 5:001 Section 16-(8)(a)	Financial Summaries
8	80	807 KAR 5:001 Section 16-(8)(b)	Rate Base Summaries
8	81	807 KAR 5:001 Section 16-(8)(c)	Operating Income Summaries
8	82	807 KAR 5:001 Section 16-(8)(d)	Summary of Income Adjustments
9	83	807 KAR 5:001 Section 16-(8)(e)	Federal & State Income Tax Summaries
9	84	807 KAR 5:001 Section 16-(8)(f)	Summary of Membership Dues, etc.
9	85	807 KAR 5:001 Section 16-(8)(g)	Analyses of Payroll Costs
9	86	807 KAR 5:001 Section 16-(8)(h)	Gross Revenue Conversion Factor
9	87	807 KAR 5:001 Section 16-(8)(i)	Comparative Income Statements, etc.
9	88	807 KAR 5:001 Section 16-(8)(j)	Cost of Capital Summary
9	89	807 KAR 5:001 Section 16-(8)(k)	Financial Data and Earnings Measures
9	90	807 KAR 5:001 Section 16-(8)(l)	Narrative Description of Tariff Changes
9	91	807 KAR 5:001 Section 16-(8)(m)	Revenue Summary
9	92	807 KAR 5:001 Section 16-(8)(n)	Typical Bill Comparison
9	93	807 KAR 5:001 Section 17-(1)	Sample Notices Posted
9	94	807 KAR 5:001 Section 17-(2)	Method of Customer Notice
9	95	807 KAR 5:001 Section 17-(3)	Proof of Customer Notice
9	96	807 KAR 5:001 Section 17-(4)	Customer Notice Information
9	97	807 KAR 5:001 Section 17-(5)	Abbreviated Notice
9	98	KRS 278.2205(6)	Cost Allocation Manual

19. Columbia has given notice of its application in accordance with 807 KAR 5:001, Section 17.



20. Columbia requests the Commission to approve the Depreciation Study prepared by Columbia Witness John Spanos, which is attached at Tab 21. Columbia requests that the new depreciation rates become effective on and after the effective date of its new rates.

21. In addition to approving the proposed revenue requirement, Columbia requests that the Commission approve the allocation among customer classes and certain changes in the design of its tariffed rates. As demonstrated in the testimony of Columbia Witness Ronald Amen, Columbia proposes to maintain a movement toward parity among the various rate classes, and adjust the customer charges to better reflect the underlying costs of providing safe and reliable service.

#### **IV. OVERVIEW OF ADDITIONAL RELIEF SOUGHT**

22. Columbia proposes to remove the Late Payment Penalty for residential service currently included in the General Terms, Conditions, Rules and Regulations Tariff, Sheet No. 74.

23. Columbia proposes to continue recovery of SMRP investments through the ongoing SMRP Rider. Columbia does not propose to roll SMRP investments into base rates. Columbia proposes to modify the provisions of rate schedule SMRP Rider to include uncollectible expense, not recovered through base rates, in the calculation of the revenue requirement of future SMRP filings.

24. Columbia proposes to modify the customer charge provision of rate schedule MLDS to segment the applicable rate into two blocks based upon the customers Annual Transportation Volume the Main Line Delivery Service (MLDS) Schedule by establishing two different customer charges.

25. Columbia proposes to recover its rate case expense on an amortized basis over a period of one (1) year.

## V. OVERVIEW OF TESTIMONY

26. Columbia is offering the supporting testimony of nineteen witnesses in support of its application:

- a. Kimra H. Cole, Columbia's President, will describe the relief sought in the application, the need for the rate increase, various initiatives of the Company and introduce other witnesses;
- b. Jeffery T. Gore, Regulatory Manager for NiSource Corporate Services Company, will present the development of the rate base presented in this case;
- c. Judy M. Cooper, Columbia's Director of Regulatory Affairs, will address Columbia's proposals that include tariff revisions;
- d. Don Ayers, Columbia's Vice President of Operations, will address Columbia's distribution system, including its DIMP plan and other safety and operational issues.

- e. John J. Spanos, President of Gannett-Fleming Valuation and Rate Consultants, LLC, will sponsor the depreciation study performed for Columbia in this proceeding;
- f. Vincent V. Rea, Managing Director of Regulatory Finance Associates, LLC, will present evidence regarding Columbia's cost of capital and recommend the appropriate rates of return for Columbia;
- g. Gregory Skinner, Vice-President of IT Utilities for NiSource Corporate Services Company, will support Columbia's expenditures for improvements to its IT systems;
- h. Ronald J. Amen, Managing Partner of Atrium Economics, will present Columbia's allocated cost of services studies, will address Columbia's revenue allocations across the various rate classes, Columbia's proposed rate design, and the typical bill comparisons;
- i. Kevin L. Johnson, Lead Regulatory Analyst for NiSource Corporate Services Company, will present the results of Columbia's Lead/Lag study;
- j. Michael E. Girata, Manager of Demand Forecasting for NiSource Corporate Services Company, will explain the forecast methodology used to develop the forecasted customer count and usage for the forecasted test period;

- k. Julie C. Wozniak, Manager of Regulatory Studies for NiSource Corporate Services Company, will support the development of revenues for both the base period and the forecasted test period;
- l. Tamaleh L. Shaeffer, Rate Case Execution Manager for NiSource Corporate Services Company, will present the cost of service and revenue requirement, and will support the actuals for Columbia's O&M costs and methodology;
- m. Craig Inscho, Financial Planning Manager for NiSource Corporate Services Company, will support Columbia's financial statements, including Operations & Maintenance budgets;
- n. Chrisley Scott, Director of Capital Program and Support Services for NiSource Corporate Services Company, will outline the capital budgeting process;
- o. Nicholas R. Bly, Accounting Manager for NiSource Corporate Services Company, will outline the process by which NiSource Corporate Services Company develops its budget and the allocation of its costs to Columbia;
- p. Kristen King, Director of SEC Reporting, Technical Research and SOX Compliance for NiSource Corporate Services Company, will provide the background on the relationship between NiSource Corporate Services Company and Columbia and the allocation of actual costs to Columbia;

- q. Jennifer Harding, Vice President of Tax NiSource Corporate Services Company, will provide testimony to support the level of federal and state income taxes;
- r. Elizabeth Owens, Director Compensation for NiSource Corporate Services Company, will provide support for employee compensation and benefits programs, including incentive compensation;
- s. David A. Roy, Vice President of Supply Chain for NiSource Corporate Services Company, will provide an overview of Columbia's operating territory and gas distribution system and its efforts to improve safety through the replacement of priority pipe.

## VI. CONCLUSION

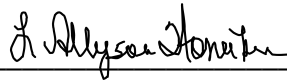
27. Columbia's application, supporting exhibits, schedules and testimony fully demonstrate that an adjustment of the Company's base rates is both necessary and appropriate, that new depreciation rates are appropriate, that revisions in various tariffs are reasonable, and that other relief sought herein is necessary and appropriate. Accordingly, Columbia respectfully requests that the Commission award it the relief sought herein, including, without limitation, the proposed increase in rates that are fair, just, and reasonable so that Columbia may continue to provide safe and reliable natural gas service at the lowest reasonable price to its customers, while providing the Company with a reasonable opportunity to recover its costs and earn a fair rate of return.

WHEREFORE, on the basis of the foregoing, Columbia respectfully requests that the Commission:

1. Approve the adjustments of Columbia's base rates as set forth herein;
2. Approve Columbia's proposed changes to rate design;
3. Accept Columbia's depreciation study and related accounting treatments with an effective date for the new depreciation rates to be the same day that Columbia's new rates become effective;
4. Approve the changes to each of the tariffs described herein;
5. Authorize Columbia to recover its reasonable rate case expense over a period of one (1) year; and
6. Award Columbia any and all other relief to which it may be entitled.

This the 16th of May, 2024.

Respectfully submitted,



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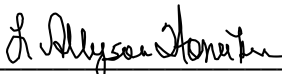
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**CERTIFICATE OF SERVICE**

This is to certify that the foregoing electronic filing was transmitted to the Commission for filing on May 16, 2024; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; by virtue of the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of this filing will be made.

  
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*Counsel for Columbia Gas of Kentucky, Inc.*