

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 VERIFIED RESPONSE TO  
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
ENTERED JULY 24, 2024

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Comes now Columbia Gas of Kentucky, Inc.'s ("Columbia"), by counsel, and does hereby tender its Verified Response to Commission Staff's Third Request for Information entered August 7, 2024.

Entered August 7, 2024

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; AND OTHER  
RELIEF

Case No. 2024-00092

VERIFICATION OF JUDY COOPER

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

Judy Cooper, Director of Regulatory Affairs for Columbia Gas of Kentucky, Inc., being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Judy Cooper  
Judy Cooper

The foregoing Verification was signed, acknowledged and sworn to before me this 6<sup>th</sup> day of August, 2024, by Judy Cooper.

Evelyn Long Durr

Notary Commission No. KYNP49615

Commission expiration: May 15, 2026

EVELYN LONG DURR  
Notary Public  
Commonwealth of Kentucky  
Commission Number KYNP49615  
My Commission Expires May 15, 2026

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

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ELECTRONIC APPLICATION OF COLUMBIA GAS  
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RATES; APPROVAL OF DEPRECIATION STUDY;  
APPROVAL OF TARIFF REVISIONS; AND OTHER  
RELIEF

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Case No. 2024-00092

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**VERIFICATION OF KIMRA COLE**

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COMMONWEALTH OF KENTUCKY

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COUNTY OF FAYETTE

Kimra Cole, President and Chief Operating Officer for Columbia Gas of Kentucky, Inc., being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

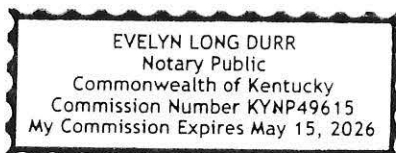
Kimra H. Cole  
Kimra Cole

The foregoing Verification was signed, acknowledged and sworn to before me this 6<sup>th</sup> day of August, 2024, by Kimra Cole.

Evelyn Long Durr

Notary Commission No. KYNP49615

Commission expiration: May 15, 2026



**COMMONWEALTH OF KENTUCKY**  
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Case No. 2024-00092

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**VERIFICATION OF DONALD AYERS**

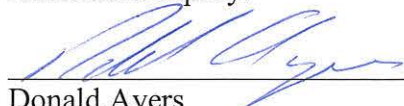
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COMMONWEALTH OF KENTUCKY

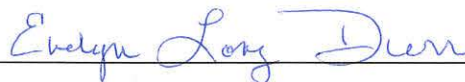
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COUNTY OF FAYETTE

Donald Ayers, Vice President of Operations for Columbia Gas of Kentucky, Inc., being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
Donald Ayers

The foregoing Verification was signed, acknowledged and sworn to before me this 6<sup>th</sup> day of August, 2024, by Donald Ayers.



Notary Commission No. KYN P49615

Commission expiration: May 15, 2026

EVELYN LONG DURR  
Notary Public  
Commonwealth of Kentucky  
Commission Number KYNP49615  
My Commission Expires May 15, 2026



**COMMONWEALTH OF KENTUCKY**  
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Case No. 2024-00092

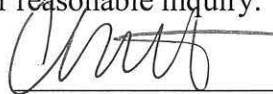
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**VERIFICATION OF CHRISLEY SCOTT**

STATE OF OHIO )


COUNTY OF FRANKLIN )

Chrisley Scott, Director of Capital Program and Support Services for NiSource Inc., being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



Chrisley Scott

The foregoing Verification was signed, acknowledged and sworn to before me this 6<sup>th</sup> day of August, 2024, by Chrisley Scott.



Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

**COMMONWEALTH OF KENTUCKY**  
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RELIEF

Case No. 2024-00092

**VERIFICATION OF TAMALEH SHAEFFER**

STATE OF OHIO

COUNTY OF FRANKLIN

Tamaleh Shaeffer, Rate Case Execution Manager for NiSource Corporate Services Company, being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Tamaleh Shaeffer  
Tamaleh Shaeffer

The foregoing Verification was signed, acknowledged and sworn to before me this 6<sup>th</sup> day of August, 2024, by Tamaleh Shaeffer.

Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

**COMMONWEALTH OF KENTUCKY**  
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RELIEF

Case No. 2024-00092

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**VERIFICATION OF JEFFERY GORE**

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STATE OF OHIO

COUNTY OF FRANKLIN

Jeffery Gore, Regulatory Manager for NiSource Corporate Services Company, being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
Jeffery Gore

The foregoing Verification was signed, acknowledged and sworn to before me this 31 day of July, 2024, by Jeffery Gore.



**Janet Vanson**  
Notary Public, State of Ohio  
My Commission Expires 11-08-28

  
Notary Commission No. 2018-RE-753829

Commission expiration: 11-8-28

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

In the Matter of:

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OF KENTUCKY, INC. FOR AN ADJUSTMENT OF  
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RELIEF

Case No. 2024-00092

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**VERIFICATION OF KEVIN JOHNSON**

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STATE OF OHIO

COUNTY OF FRANKLIN

Kevin Johnson, Lead Regulatory Analyst, with NiSource Corporate Services Company, being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
Kevin Johnson

The foregoing Verification was signed, acknowledged and sworn to before me this 6th day of August, 2024, by Kevin Johnson.

  
Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.



**COMMONWEALTH OF KENTUCKY**  
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Case No. 2024-00092

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**VERIFICATION OF BETH OWENS**

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STATE OF OHIO

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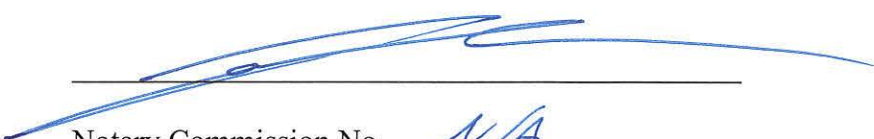
COUNTY OF FRANKLIN

Beth Owens, Director of Compensation for NiSource Corporate Services Company, on behalf of Columbia Gas of Kentucky, Inc., being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



Beth Owens

The foregoing Verification was signed, acknowledged and sworn to before me this 6<sup>th</sup> day of August, 2024, by Beth Owens.

  
Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

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

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RELIEF

Case No. 2024-00092

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**VERIFICATION OF JULIE C. WOZNIAK**

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STATE OF OHIO

COUNTY OF FRANKLIN

Julie C. Wozniak, Manager of Regulatory Studies for NiSource Corporate Service Company, a management and services subsidiary of NiSource Inc. for Columbia Gas of Kentucky, Inc., being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

  
Julie C. Wozniak

The foregoing Verification was signed, acknowledged and sworn to before me this 6th day of August, 2024, by Julie C. Wozniak.

  
Notary Commission No. NA

Commission expiration: NA



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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Case No. 2024-00092

VERIFICATION OF MICHAEL E. GIRATA

STATE OF OHIO

COUNTY OF FRANKLIN

Michael E. Girata, Manager of Demand Forecasting for NiSource Corporate Services Company, on behalf of Columbia Gas of Kentucky, Inc., being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Michael E. Girata  
Michael E. Girata

The foregoing Verification was signed, acknowledged and sworn to before me this 6th day of August, 2024, by Michael E. Girata.

Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

**COMMONWEALTH OF KENTUCKY**  
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Case No. 2024-00092

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**VERIFICATION OF VINCENT V. REA**

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STATE OF NORTH CAROLINA

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COUNTY OF MOORE

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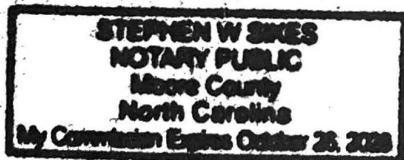
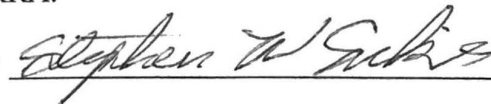
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Vincent V. Rea, CRRA, Managing Director, Regulatory Finance Associates, LLC, consultant for Columbia Gas of Kentucky, Inc., being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Vincent V. Rea, CRRA

The foregoing Verification was signed, acknowledged and sworn to before me this 8 day of August, 2024, by Vincent V. Rea, CRRA.



Notary Commission No. 201827900061

Commission expiration: 10-26-28



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

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OF KENTUCKY, INC. FOR AN ADJUSTMENT OF  
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Case No. 2024-00092

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**VERIFICATION OF GREGORY SKINNER**

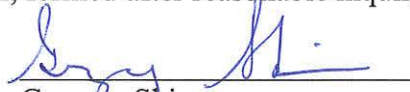
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STATE OF OHIO

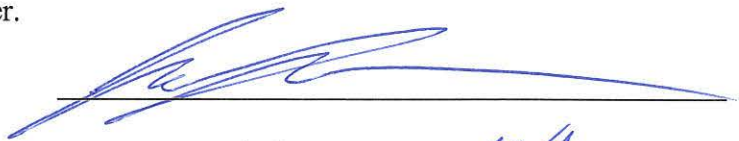
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COUNTY OF FRANKLIN

Gregory Skinner, Vice-President IT Utilities Systems for NiSource Corporate Services Company, being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Gregory Skinner

The foregoing Verification was signed, acknowledged and sworn to before me this 2<sup>th</sup> day of August, 2024, by Gregory Skinner.

  
\_\_\_\_\_

Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

COMMONWEALTH OF KENTUCKY

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RELIEF

Case No. 2024-00092

VERIFICATION OF NICHOLAS R. BLY

STATE OF OHIO

COUNTY OF FRANKLIN

Nicholas R. Bly, Accounting Manager for NiSource Corporate Service Company, a management and services subsidiary of NiSource Inc. for Columbia Gas of Kentucky, Inc., being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Nicholas R. Bly

The foregoing Verification was signed, acknowledged and sworn to before me this 7<sup>th</sup> day of August, 2024, by Nicholas R. Bly.

Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

COMMONWEALTH OF KENTUCKY

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Case No. 2024-00092

VERIFICATION OF KRISTEN KING

STATE OF OHIO


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COUNTY OF FRANKLIN

Kristen King, Director of SEC Reporting, Technical Research & SOX Compliance for NiSource Corporate Service Company for Columbia Gas of Kentucky, Inc., being duly sworn, states that she has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

  
Kristen King

The foregoing Verification was signed, acknowledged and sworn to before me this 7<sup>th</sup> day of August, 2024, by Kristen King.

  
Notary Commission No. N/A

Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

**COMMONWEALTH OF KENTUCKY**  
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RATES; APPROVAL OF DEPRECIATION STUDY; )  
APPROVAL OF TARIFF REVISIONS; AND OTHER )  
RELIEF )

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**VERIFICATION OF CRAIG INSCHO**

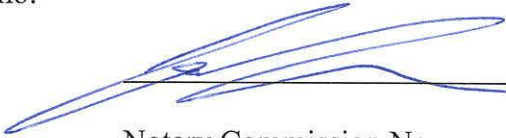
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STATE OF OHIO )  
 )  
COUNTY OF FRANKLIN )

Craig Inscho, Financial Planning Manager for NiSource Corporate Services Company, on behalf of Columbia Gas of Kentucky, Inc., being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Craig Inscho

The foregoing Verification was signed, acknowledged and sworn to before me this 7<sup>th</sup> day of August, 2024, by Craig Inscho.

  
\_\_\_\_\_  
Notary Commission No. N/A  
Commission expiration: N/A



John R Ryan III  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.



**COMMONWEALTH OF KENTUCKY**  
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Case No. 2024-00092

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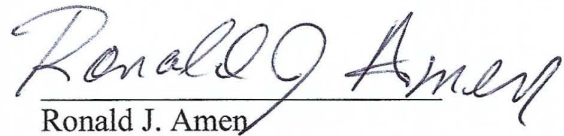
**VERIFICATION OF RONALD J. AMEN**

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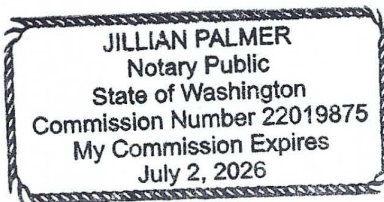
STATE OF WASHINGTON


COUNTY OF KING

Ronald J. Amen, Managing Partner of Atrium Economics, LLC, consultant for Columbia Gas of Kentucky, Inc., being duly sworn, states that he has supervised the preparation of responses to discovery in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

 8/7/24  
Ronald J. Amen

The foregoing Verification was signed, acknowledged and sworn to before me this 7  
day of August, 2024, by Ronald J. Amen.



  
Notary Commission No. 22019875  
Commission expiration: 07-02-2026

KY PSC Case No. 2024-00092  
Response to Staff's Data Request Set Three No. 1  
Respondent: Don Ayers

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

1. Refer to the Direct Testimony of Donald Ayers, page 4. Provide Columbia Kentucky's 2024 Distribution Integrity Management Program (DIMP) plan.

**Response:**

Please refer to CONFIDENTIAL KY PSC Case No. 2024-00092 Staff 3-1 Attachments A, B, and C.

**ATTACHMENT IS CONFIDENTIAL  
AND IS BEING FILED UNDER SEAL  
PURSUANT TO A MOTION FOR  
CONFIDENTIAL TREATMENT**

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

2. Refer to the Direct Testimony of Vincent V. Rea (Rea Direct Testimony), page 38, lines 13–16. For both the LDC Gas group and the Combination Utility group, explain the degree to which each utility has either nuclear power generation or independent power production. Include in the response the meaning of “significant.”

**Response:**

None of the companies included in the Gas LDC Group and the Combination Utility Group currently operate nuclear generation facilities.

Several of the companies included in the aforementioned proxy groups either directly own or participate in joint-venture arrangements with other partners to build renewable generation facilities (solar and/or wind). To the extent that any excess generation capacity is available after satisfying the company's regulated utility operations, these companies will sell this excess capacity into the wholesale market. This typically includes electric sales to rural electric cooperatives, municipal utilities, other regulated utilities and energy marketers. Considering that these types of wholesale electric sales among



the proxy group companies are generally well-below 10%-15% of the company's consolidated operating revenues, Mr. Rea has determined that these companies are not "significant" independent power producers in the traditional sense, as their primary focus is on generation capacity for their regulated utility operations.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

3. Refer to the Rea Direct Testimony, page 53, and Attachment VVR-5. Between the Projected at August 31, 2024, and the Projected at December 31, 2025, Retained Earnings increased from \$220,424,709 to \$251,756,154 (\$31,331,445), while Additional Paid In Capital only increased from \$60,018,524 to \$68,018,524 (\$8,000,000).

a. Explain why balancing the projected additional \$41 million in longterm debt with a preponderance of retained earnings as opposed to a preponderance of Additional Paid in Capital is reasonable.

b. Explain and show how the increase in retained earnings as of December 31, 2025, was derived.

c. Explain and show how the increase in Paid In Capital as of December 31, 2025, was derived.

**Response:**

a. The company manages its debt and equity balances to maintain a capital structure consistent with approved levels in regulatory proceedings. Please see the responses

in parts b and c for additional detail on the changes in retained earnings and additional paid-in capital.

- b. The increase in retained earnings is driven by forecasted net income over the period.
- c. The increase in additional paid-in capital is driven by forecasted equity infusions over the period.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

4. Refer to the Rea Direct Testimony, pages 56–57. Explain the process for estimating the long-term cost of debt in this case.

**Response:**

The cost of long-term debt in this case is based on the cost of existing long-term debt and the cost of new long-term debt expected to be issued through the end of the fully-forecasted test year (December 31, 2025). The cost of new long-term debt issuances is estimated on the basis of U.S. Treasury bond yield projections plus the appropriate utility credit spread.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

5. Refer to the Rea Direct Testimony, Attachment VVR-5, page 1. Explain Columbia Kentucky's policies regarding the levels of short-term debt and the policies regarding the conversion of that debt into long-term debt.

**Response:**

Columbia does not have formal policies but manages its short-term debt and long-term debt balances to maintain a capital structure that is consistent with past regulatory precedent in Kentucky.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

6. Refer to the Rea Direct Testimony, pages 52–53, and Attachment VVR-6. Explain why the embedded cost of long-term debt is not based on existing long-term debt.

**Response:**

The embedded cost of long-term debt is based on existing long-term debt and new long-term debt issuances expected through the fully-forecasted test period ending December 31, 2025, as reflected in Attachment VVR-6.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

7. Refer to the Rea Direct Testimony, Appendix C, page 3, lines 18–20. Identify any other state commissions, if any, that have allowed for upward adjustments to the cost of equity to recognize differences in financial risk between market value-based capital structures.

**Response:**

Mr. Rea is presently not aware of other state regulatory commissions (other than the Pennsylvania Public Utility Commission) that have adopted a cost of equity adjustment that recognizes the differences in financial risk between capital structures stated at book value versus market value. Nevertheless, the financial risk adjustments that Mr. Rea has proposed are in fact necessary to properly recognize the increase in financial risk which often results when a market-based cost of equity estimate, which corresponds to a market-value based capital structure, is applied to a utility's book-value based rate-setting capital structure. This concept is well-articulated in *Risk and Return for Regulated Industries*, an authoritative guide on utility cost of capital matters, where the authors state the following:

The risk that debt imposes on equity depends on market values, not book values.

....

Market risk and, therefore, the cost of equity thus depend directly on the market value capital structure of the company or asset in question.<sup>1</sup>

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<sup>1</sup> Bente Villadsen, Michael J. Vilbert, Dan Harris and A. Lawrence Kolbe, *Risk and Return for Regulated Industries*, Academic Press, Elsevier, Inc. (2017), at 142-143.



**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

8. Refer to the Rea Direct Testimony, Appendix D, page 1, lines 13–16. Explain whether and how Columbia Kentucky includes or accounts for flotation costs when issuing equity.

**Response:**

Columbia does not directly issue common equity shares in the public market. It is NiSource Inc., Columbia's ultimate parent company, that issues common equity shares in the public market on behalf of all of NiSource's utility operating subsidiaries. Therefore, NiSource incurs flotation costs when issuing equity in the public market, and the net amount of these equity issuance proceeds are ultimately passed down to NiSource's operating subsidiaries in the form of equity capital contributions.

KY PSC Case No. 2024-00092  
Response to Staff's Data Request Set Three No. 9  
Respondent: Kevin Johnson

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

9. Refer to the Direct Testimony of Kevin Johnson (Johnson Direct Testimony), Attachment KLJ-CWC-1. Provide this attachment in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

**Response:**

Please refer to KY PSC Case No. 2024-00092 Staff 3-09 Attachment A showing Attachment KLJ-CWC-1 in Excel format.

**ATTACHMENT IS AN EXCEL  
SPREADSHEET AND IS BEING  
UPLOADED INTO THE  
COMMISSION'S ELECTRONIC FILING  
SYSTEM SEPARATELY**

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

10. Refer to the Johnson Direct Testimony, page 13, lines 13–14:

- a. Provide the total number of annual invoices recorded in the accounts payable system.
- b. Explain in detail why a sample of 400 invoices were chosen from the accounts payable system.
- c. Provide the total payable value of the 400 randomly selected invoices.
- d. Provide the total payable value for all invoices for the base period.
- e. Explain whether the 400-invoice sample is representative of the entire accounts payable system.

**Response:**

- a. There were 1,719 total invoices recorded in the accounts payable system related to other O&M costs that were not included elsewhere in the Lead Lag study for the 12 month period ending December 31, 2023 (the period used in the Lead Lag study).  
Included in the 1,719 invoices are items such as outside services and office supplies.

- b. The Company has historically randomly sampled 400 invoices in other jurisdictions of similar size to Columbia Gas of Kentucky when sampling other O&M costs. As shown in the response to subpart e. below, the 400 invoice sample presents a representative sample of the other O&M population. 400 invoices were also randomly sampled for other O&M costs in Columbia's 2021 Rate Case.
- c. The total value of the 400 randomly selected invoices is \$281,643.83.
- d. For the 12 months ended June 30, 2024, which is the 12 latest months of actual invoices available at the time of this data request, there were 1,658 invoices totaling \$1,184,657.19 relating to other O&M costs. For the 12 months ended December 31, 2023, which is the period the Lead Lag study is based on, there were 1,719 invoices totaling \$1,648,960.22 relating to other O&M costs.
- e. Yes. The 400 randomly selected invoices represent 23.27% of the total other O&M accounts payable system population (400 / 1,719 invoices). The 400 randomly selected invoices represent \$281,643.83 of the total \$1,648,960.22, or 17.08%, of the total accounts payable system other O&M population. Please note the Accounts Payable system sample represents the invoices not included in the Company's work management system. For work management other O&M costs, which represents the majority of other O&M costs, all purchase orders were used to calculate that portion of the other O&M lead days.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

11. Refer to the Direct Testimony Kristen King, Attachment KK-1 and the Application, Tab 76, 807 KAR 5:001, Section 16(7)(u). For the actual years 2021, 2022, and 2023; and forecasted years 2024 and 2025; and for the allocation Basis 1–20 provide the following:

- a. The total pool of dollars subject to allocation.
- b. The percentage (allocation factor) for Columbia Kentucky as well as all other companies listed in Attachment KK-1.

**Response:**

- a. Please see KY PSC Case No. 2024-00092, KY PSC Staff DR 3-11, Attachment A for the actual total NiSource Corporate Services Company ("NCSC") Contract Billings Operations and Maintenance Expense for years 2021, 2022, and 2023, by Basis, per the book of record of NCSC. The 2024 and 2025 budget for NCSC total Contract Billings is \$482,434,205 and \$473,662,335, respectively; of these amounts, \$20,189,846 and \$19,868,316, was allocated to Columbia (note, 2025 represents the Unadjusted FTP O&M Expense allocated to Columbia; see also Application, Tab 82, FR 807 KAR 5:001

Section 16(8)(d), Page 17, Workpaper WPD-2.4.B, Column 13, Line 24). The FTP 2025 NCSC O&M Expense budget allocated to Columbia was adjusted to arrive at a pro forma expense level of \$19,722,578 as provided in the Company's Application, and detailed in Columbia's response to KY PSC Case No. 2024-00092, AG DR 1-150, Attachment B. (Ratemaking adjustments to Columbia's NCSC allocated O&M Expense are detailed in Application, Tab 82, FR 807 KAR 5:001 Section 16(8)(d), Page 30, Workpaper WPD-2.6.H.) It is important to note that the budget for NCSC is not maintained at the same level of detail as actuals; as such, a breakdown of the total NCSC Contract Billings by Basis is not available.

- b. Provided below are explanations of the allocation and billing / budget of NCSC costs:

NCSC Allocation of Actual Costs

NCSC Contract Billings are not allocated based on a single allocation factor. To explain and understand how the NCSC Contract Bills are allocated and billed to a NiSource operating company, it is important to understand the relationship between the NCSC Service Agreement (a copy of the current Service Agreement between NCSC and Columbia is included as Attachment KK-2 accompanying the Direct Testimony of Columbia witness King), billing pools and the NCSC Allocation Survey. Below are detailed explanations of each and their correlation to the charges recorded on the actual general ledger of Columbia allocated / billed from NCSC.

Service Agreement

As mentioned, NCSC's contract billing to Columbia is based on a Service Agreement. All NCSC costs are required to comply with the service categories outlined in the Service Agreement. The Service Agreement, specifically Appendix A, Article 2, details the functions or types of resources / services billed by NCSC, which include, but are not limited to, Finance (Accounting, Tax, SEC Reporting, Treasury, etc.), Regulatory Support, Human Resources, Communications, Information Technology ("IT"), Supply Chain, Legal, Facilities and Real Estate, Gas Control & Gas Systems Planning, Integration Center (Work Scheduling), Customer Operations, and Customer Care Centers (Call Centers). Exhibit A of the Service Agreement presents detailed descriptions of the basis of allocation, also provided in Columbia's Application, Tab 76, FR 807 KAR 5:001 Section 16(7)(u). The bases of allocation outlined in the Service Agreement provide an explanation of the underlying data utilized to derive each of the billing pool allocations.

#### *Billing Pools and the NCSC Allocation Survey*

The purpose of a billing pool is to allocate NCSC costs to a single or multiple operating company(ies). Billing pool allocations are calculated in accordance with the bases of allocation outlined within the Service Agreement. As per the Direct Testimony of Columbia Witness King, at Pages 6 through 8, Ms. King explains that NCSC utilizes a billing pool system "to collect costs that are applicable and billable to affiliates, including Columbia." To elaborate, a billing pool determines the allocation



of NCSC costs to a single operating company (numeric billing pools), or multiple (a group of) operating companies (alphabetic billing pools). Ms. King's (Direct Testimony at Page 7) also states that, "NCSC allocates costs for a particular billing pool in accordance with the bases of allocation filed with FERC." Statistical percentages of allocation are included in the NCSC Allocation Survey. Please see KY PSC Case No. 2024-00092, KY PSC Staff DR 3-11, Attachment B for the NCSC Allocation Surveys in effect during 2021 – Current.

#### Monthly NCSC Contract Billing

At the close of each month, NCSC Contract Billings are allocated, as described above, and recorded to the financial statements of each operating company (referred to on the general ledger as the business unit), including Columbia Gas of Kentucky, in accordance with Generally Accepted Accounting Principles (GAAP), FERC guidance, and NiSource accounting policies. NCSC Contract Billings are tracked / reported on Columbia's general ledger to Cost Elements 7001-Corporate Services Bill, and 7033-Corporate Services Adjustments / Transfers.

#### NCSC Allocation of Budgeted Costs

NCSC budgeted expenses are allocated to each operating company using historical distributions, and then adjusted as necessary for any specific allocations for one-time items, future planned work, or strategic initiatives in line with overall management objectives. To reiterate, the budget for NCSC is not maintained at the

same level of detail as actuals; as such, a breakdown of the total NCSC Contract Billings allocated to Columbia by Basis is not available.

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**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

12. Refer to the Application, Volume 8, Tab 81, Schedules C-2.1.A and B:

a. Explain in detail why the total sales of gas values between the base period and the forecasted period go down by approximately \$12 million.

b. Explain in detail why total gas sales between the base period and the forecasted period are lower when the forecasted mix of Gas Supply volumes are increasing, as shown on the Application, Tab 50, 807 KAR 5:001, Section 16(7)(h)8.

c. Explain in detail why total gas sales between the base period and the forecasted period are lower when the forecasted customer counts are increasing, as shown on the Application, Tab 56, FR 807 KAR 5:001 Section 16(7)(h)14.

d. Explain in detail why total gas sales between the base period and the forecasted period are lower when the forecasted sales volumes are increasing, as shown on the Application, Tab 50, 807 KAR 5:001 Section 16(7)(h)15.

e. Please explain in detail why Other Gas Revenues go down by approximately \$6.5 million between the base period and the forecasted period.

f. State whether the customer number and volumes include Choice Program participants.

**Response:**

a-d. Customer counts, sales volumes, and gas supply volumes are all items considered in the development of the forecast for the Base Period and Forecasted Period. The forecasted gas revenues are calculated by multiplying the forecasted monthly usage by \$2.9433, the most recent gas cost rate in effect March 2024 at the time of filing.

Total sales of gas values between the base period and the forecasted test period decreased by approximately \$12 million primarily due to a lower gas cost rate of \$2.9433 applied to monthly gas usage for the six forecasted months of the Base Period and throughout the Forecasted Period versus a gas cost rate of \$2.9909 in effect for September 2023 through November 2023 and a much higher gas cost rate of \$5.0743 in effect and applied to higher usage in the winter months of December 2023 through February 2024 during the actual six months of the Base Period.

e. Other Gas Revenues decreased by approximately \$6.5 million between the Base Period and the Forecasted Period due to the Base Period utilizing six months of actual information recorded on the books from September 2023 through February 2024 and six months of estimates. Primarily attributing to most of this decrease is the actuals include unbilled sales revenues of \$5.9 million and Off-System sales

revenues of \$1.6 million, for which an adjustment was made to eliminate them out of the Base Period. In addition, there was a \$407,666 adjustment to remove projected residential late payment penalties from the Forecasted Period.

- f. Choice Program participants are included within Transportation customers and Transportation volumes on Application, Tab 56, FR 807 KAR 5:001 Section 16(7)(h)14 and Application, Tab 50, 807 KAR 5:001 Section 16(7)(h)15, respectively.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

13. Refer to Columbia Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 10. Explain the more expansive meanings of "bypass" other than the traditional receipt of gas directly from interstate pipelines.

**Response:**

Columbia believes this question is directed to its response to Commission Staff's Second Request for Information, Item 10 which references the Testimony of Columbia Witness Vince Rea and asked about the distance from each customer to the nearest interstate pipeline that could, in a practical sense, be economically utilized for "by-pass." In today's modern energy environment, the distance from an interstate pipeline may no longer be the only significant factor in a customer's analysis of its energy supply. Utilization of unconventional fuels and electrification are two examples of energy supply decisions that could result in bypass of Columbia's distribution system.



**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

14. Refer to Columbia Kentucky's response to Staff's First Request, Item 13. Columbia Kentucky states, "With respect to the Combination Utility Group referenced by Mr. Rea (which is comprised of nine combination gas and electric utility holding companies) it should be noted that, on average, approximately 30 percent of the consolidated revenues of these holding companies are attributable to gas utility operations."

a. For each of the utilities in the Combination Utility Group, provide the supporting documentation showing that on average approximately 30 percent of consolidated revenues is attributable to gas utility operations.

b. Also, refer to the Rea Direct Testimony, page 26, lines 7–8. If not answered above, explain the percentage of operating income that is from regulated gas distribution for the LDC Gas group and the Combination Utility Group.

c. Explain how the company chose to include companies whose operating income could be 50 percent or more from regulated gas distribution into the Gas LDC group.

**Response:**

- a. The requested supporting documentation is provided in KY PSC Case No. 2024-00092, Staff 3-14, Attachment A. The financial data shown from both calendar-year 2023 and 2022 were referenced in establishing the 30 percent average value.
- b. With regard to the Combination Utility Group, several of the proxy group companies do not separately disclose operating income data for their gas utility operations within their SEC public filings. For this reason, a definitive value cannot be determined as to the Combination Utility Group's average gas utility operating income as a percentage of consolidated operating income. However, as can be seen in KY PSC Case No. 2024-00092, Staff 3-14, Attachment A, among the limited number of proxy group companies that do disclose this information, the average value is approximately in the range of 20%-25%.

As can be seen in KY PSC Case No. 2024-00092, Staff 3-14, Attachment B, with respect to the Gas LDC Group, the average level of gas utility operating income as a percentage of consolidated operating income is approximately 75%, which is based on calendar-year 2023 and 2022 data.

- c. In recent years, due to increased merger and acquisition activity within the regulated utility industry, where larger electric utility holding companies have

acquired smaller gas utility holding companies, it has become increasingly difficult to assemble a suitable gas utility proxy group that is of sufficient size to ensure the statistical reliability of the analytical results produced from a cost of capital evaluation. Setting the gas utility operating income percentage threshold at a minimum of 50% of consolidated operating income ensures that a sufficient number of gas utility holding companies are included in the proxy group, while also ensuring that the constituent companies are predominately engaged in gas utility operations.

## **3-14 ATTACHMENT A**

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**ALLIANT ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Year Ended December 31,		
	2023	2022	2021
	(in millions, except per share amounts)		
<b>Revenues:</b>			
Electric utility	\$3,345	\$3,421	\$3,081
Gas utility	540	642	456
Other utility	52	49	49
Non-utility	90	93	83
Total revenues	4,027	4,205	3,669
<b>Operating expenses:</b>			
Electric production fuel and purchased power	736	830	642
Electric transmission service	583	573	537
Cost of gas sold	299	389	258
Other operation and maintenance	675	704	676
Depreciation and amortization	676	671	657
Taxes other than income taxes	115	110	104
Total operating expenses	3,084	3,277	2,874
<b>Operating income</b>	943	928	795
<b>Other (income) and deductions:</b>			
Interest expense	394	325	277
Equity income from unconsolidated investments, net	(61)	(51)	(62)
Allowance for funds used during construction	(100)	(60)	(25)
Other	3	6	5
Total other (income) and deductions	236	220	195
<b>Income before income taxes</b>	707	708	600
<b>Income tax expense (benefit)</b>	4	22	(74)
<b>Net income</b>	703	686	674
<b>Preferred dividend requirements of Interstate Power and Light Company</b>	—	—	15
<b>Net income attributable to Alliant Energy common shareowners</b>	\$703	\$686	\$659
<b>Weighted average number of common shares outstanding:</b>			
Basic	253.0	250.9	250.2
Diluted	253.3	251.2	250.7
<b>Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted)</b>	\$2.78	\$2.73	\$2.63

Refer to accompanying Combined Notes to Consolidated Financial Statements.



**NOTE 18. SEGMENTS OF BUSINESS**

**Alliant Energy** - Alliant Energy's principal businesses as of December 31, 2023 are:

- **Utility** - includes the operations of IPL and WPL, which primarily serve retail customers in Iowa and Wisconsin. The utility business has three reportable segments: a) utility electric operations; b) utility gas operations; and c) utility other, which includes steam operations and the unallocated portions of the utility business. Various line items in the following tables are not allocated to the electric and gas segments for management reporting purposes, and therefore, are included only in "Total Utility."
- **ATC Holdings, Non-utility, Parent and Other** - includes the operations of AEF and its subsidiaries, Corporate Services, the Alliant Energy parent company, and any Alliant Energy parent company consolidating adjustments. AEF is comprised of Alliant Energy's interest in ATC Holdings, Traverro, a non-utility wind farm, corporate venture investments, the Sheboygan Falls Energy Facility and other non-utility holdings.

Alliant Energy's administrative support services are directly charged to the applicable segment where practicable. In all other cases, administrative support services are allocated to the applicable segment based on services agreements. Intersegment revenues were not material to Alliant Energy's operations and there was no single customer whose revenues were 10% or more of Alliant Energy's consolidated revenues. All of Alliant Energy's operations and assets are located in the U.S. Certain financial information relating to Alliant Energy's business segments, which represent the services provided to its customers, was as follows (in millions):

	Utility				ATC Holdings, Non-utility, Parent and Other	Alliant Energy Consolidated
	Electric	Gas	Other	Total		
<b>2023</b>						
Revenues	\$3,345	\$540	\$52	\$3,937	\$90	\$4,027
Depreciation and amortization	602	60	6	668	8	676
Operating income	827	70	19	916	27	943
Interest expense				304	90	394
Equity income from unconsolidated investments, net	(3)	—	—	(3)	(58)	(61)
Income taxes				2	2	4
Net income (loss) attributable to Alliant Energy common shareowners				711	(8)	703
Total assets	17,833	1,684	606	20,123	1,114	21,237
Investments in equity method subsidiaries	21	—	—	21	564	585
Construction and acquisition expenditures	1,641	90	—	1,731	123	1,854
<b>2022</b>						
Revenues	\$3,421	\$642	\$49	\$4,112	\$93	\$4,205
Depreciation and amortization	601	56	7	664	7	671
Operating income	805	97	3	905	23	928
Interest expense				269	56	325
Equity income from unconsolidated investments, net	(1)	—	—	(1)	(50)	(51)
Income taxes				16	6	22
Net income attributable to Alliant Energy common shareowners				675	11	686
Total assets	16,571	1,631	860	19,062	1,101	20,163
Investments in equity method subsidiaries	20	—	—	20	522	542
Construction and acquisition expenditures	1,318	74	—	1,392	92	1,484
<b>2021</b>						
Revenues	\$3,081	\$456	\$49	\$3,586	\$83	\$3,669
Depreciation and amortization	591	54	6	651	6	657
Operating income (loss)	716	63	(11)	768	27	795
Interest expense				244	33	277
Equity income from unconsolidated investments, net	(2)	—	—	(2)	(60)	(62)
Income tax expense (benefit)				(87)	13	(74)
Net income attributable to Alliant Energy common shareowners				618	41	659
Total assets	14,924	1,487	1,103	17,514	1,039	18,553
Investments in equity method subsidiaries	17	—	—	17	491	508
Construction and acquisition expenditures	980	90	—	1,070	99	1,169



**AVISTA CORPORATION****AVISTA UTILITIES NATURAL GAS OPERATING STATISTICS**

	Years Ended December 31,		
	2023	2022	2021
<b>NATURAL GAS OPERATIONS</b>			
OPERATING REVENUES (Dollars in Thousands):			
Residential	\$ 325,631	\$ 284,452	\$ 221,405
Commercial	164,048	139,923	100,819
Interruptible	12,747	6,474	4,781
Industrial	4,568	3,997	3,015
Total retail	506,994	434,846	330,020
Wholesale	55,295	133,235	113,277
Transportation	8,172	8,627	8,547
Other	6,773	8,156	7,325
Alternative revenue programs	(7,520)	(1,513)	12,890
Deferrals and amortizations for rate refunds to customers	876	134	1,254
Total natural gas operating revenues	\$ 570,590	\$ 583,485	\$ 473,313
THERMS DELIVERED (Thousands of Therms):			
Residential	225,665	242,452	219,835
Commercial	138,719	147,059	130,399
Interruptible	20,158	14,166	16,013
Industrial	4,914	5,606	5,402
Total retail	389,456	409,283	371,649
Wholesale	262,188	280,154	356,891
Transportation	165,066	171,785	172,260
Interdepartmental and Company use	413	618	479
Total therms delivered	817,123	861,840	901,279
NUMBER OF RETAIL CUSTOMERS (Average for Period):			
Residential	340,655	337,073	332,187
Commercial	37,193	36,753	36,448
Interruptible	50	44	42
Industrial	187	188	190
Total natural gas retail customers	378,085	374,058	368,867
RESIDENTIAL SERVICE AVERAGES:			
Annual use per customer (therms)	662	719	662
Revenue per therm (in dollars)	\$ 1.44	\$ 1.17	\$ 1.01
Annual revenue per customer	\$ 956	\$ 844	\$ 667
HEATING DEGREE DAYS: (1)			
Spokane, WA			
Actual	6,012	6,811	6,124
Historical average	6,557	6,560	6,596
% of average	92 %	104 %	93 %
Medford, OR			
Actual	4,295	4,408	4,107
Historical average	4,248	4,248	4,254
% of average	101 %	104 %	97 %

- (1) Heating degree days are the measure of the coldness of weather experienced, based on the extent to which the average of high and low temperatures for a day falls below 65 degrees Fahrenheit (annual degree days below historic indicate warmer than average temperatures).

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**

AEL&P is the primary operating subsidiary of AERC, and the sole utility providing electrical energy in Juneau, Alaska. Juneau is a geographically isolated community with no electric interconnections with the transmission facilities of other utilities and no pipeline access to natural gas or other fuels. Juneau's economy is primarily driven by government activities, tourism, commercial fishing, and mining, as well as activities as the commercial hub of southeast Alaska.



**AVISTA CORPORATION****CONSOLIDATED STATEMENTS OF INCOME***Avista Corporation*

For the Years Ended December 31

Dollars in thousands, except per share amounts

	2023	2022	2021
Operating Revenues:			
Utility revenues:			
Utility revenues, exclusive of alternative revenue programs	\$ 1,746,097	\$ 1,742,876	\$ 1,445,000
Alternative revenue programs	4,899	(33,357)	(6,635)
Total utility revenues	1,750,996	1,709,519	1,438,365
Non-utility revenues	558	688	571
Total operating revenues	1,751,554	1,710,207	1,438,936
Operating Expenses:			
Utility operating expenses:			
Resource costs	702,372	735,862	497,123
Other operating expenses	413,608	405,165	366,125
Depreciation and amortization	265,329	253,017	231,915
Taxes other than income taxes	109,715	114,193	109,353
Non-utility operating expenses	2,840	11,728	6,188
Total operating expenses	1,493,864	1,519,965	1,210,704
Income from operations	257,690	190,242	228,232
Interest expense	140,795	117,634	105,731
Interest expense to affiliated trusts	2,504	1,058	421
Capitalized interest	(3,633)	(3,718)	(3,987)
Other income-net	(19,526)	(62,717)	(33,298)
Income before income taxes	137,550	137,985	159,365
Income tax expense (benefit)	(33,630)	(17,191)	12,031
Net income	\$ 171,180	\$ 155,176	\$ 147,334
Weighted-average common shares outstanding (thousands), basic	76,396	72,989	69,951
Weighted-average common shares outstanding (thousands), diluted	76,495	73,093	70,085
Earnings per common share:			
Basic	\$ 2.24	\$ 2.13	\$ 2.11
Diluted	\$ 2.24	\$ 2.12	\$ 2.10

*The Accompanying Notes are an Integral Part of These Statements.*



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We recognized no interest expense associated with income taxes for the years ended December 31, 2023, 2022 and 2021. We had no accrued interest (before tax effect) associated with income taxes at December 31, 2023 and 2022.

As of December 31, 2023, we do not have any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease on or before December 31, 2024.

We are subject to federal income tax as well as income tax in various state and local jurisdictions. As of December 31, 2023, tax years for 2020, 2021, and 2022 are subject to examination by the tax authorities. With few exceptions, we are no longer subject to U.S. or state exam for years before 2020. Tax years 2017 and 2018 was open as of December 31, 2023.

**(16) BUSINESS SEGMENT INFORMATION**

Our Chief Executive Officer, who is considered to be our CODM, reviews financial information presented on an operating segment basis for purposes of making decisions, allocating resources and assessing financial performance. Our operating segments are based on our method of internal reporting, which is generally segregated by differences in products and services. All of our operations and assets are located within the United States.

Our Electric Utilities segment includes the operating results of the regulated electric utility operations of Colorado Electric, South Dakota Electric, and Wyoming Electric, which supply regulated electric utility services to areas in Colorado, Montana, South Dakota and Wyoming. We also own and operate non-regulated power generation and mining businesses that are vertically integrated with our Electric Utilities.

Our Gas Utilities segment consists of the operating results of our regulated natural gas utility subsidiaries in Arkansas, Colorado, Iowa, Kansas, Nebraska and Wyoming.

Corporate and Other represents certain unallocated expenses for administrative activities that support our operating segments. Corporate and Other also includes business development activities that are not part of our operating segments and inter-segment eliminations.

Our CODM assesses the performance of our operating segments based on operating income. Our CODM reviews capital expenditures by operating segment rather than any individual or total asset amount. Our operating segments are equivalent to our reportable segments.

Segment information was as follows (in millions):

Year ended December 31, 2023	Consolidating Income Statement			
	Electric Utilities	Gas Utilities	Corporate and Other	Total
Revenue -				
External Customers	\$ 853.6	\$ 1,477.7	\$ —	\$ 2,331.3
Inter-segment	11.4	6.5	(17.9)	—
Total revenue	865.0	1,484.2	(17.9)	2,331.3
Fuel, purchased power and cost of natural gas sold	200.1	783.2	(0.4)	982.9
Operations and maintenance	236.2	328.7	(12.9)	552.0
Depreciation, depletion and amortization	142.6	113.9	0.3	256.8
Taxes - property and production	37.3	29.6	—	66.9
Operating income (loss)	\$ 248.8	\$ 228.8	\$ (4.9)	\$ 472.7
Interest expense, net				(167.9)
Other income (expense), net				(3.2)
Income tax (expense)				(25.6)
Net income				276.0
Net income attributable to non-controlling interest				(13.8)
Net income available for common stock				\$ 262.2



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Year ended December 31, 2022	Consolidating Income Statement			
	Electric Utilities	Gas Utilities	Corporate and Other	Total
Revenue -				
External Customers	\$ 888.4	\$ 1,663.4	\$ —	\$ 2,551.8
Inter-segment	11.8	5.7	(17.5)	—
Total revenue	900.2	1,669.1	(17.5)	2,551.8
Fuel, purchased power and cost of natural gas sold	266.3	965.1	(0.8)	1,230.6
Operations and maintenance	244.8	317.3	(13.7)	548.4
Depreciation, depletion and amortization	135.9	114.7	0.3	250.9
Taxes - property and production	38.9	27.8	—	66.7
Operating income (loss)	\$ 214.3	\$ 244.2	\$ (3.3)	\$ 455.2
Interest expense, net				(161.0)
Other income (expense), net				1.8
Income tax (expense)				(25.2)
Net income				270.8
Net income attributable to non-controlling interest				(12.4)
Net income available for common stock				\$ 258.4

Year ended December 31, 2021	Consolidating Income Statement			
	Electric Utilities	Gas Utilities	Corporate and Other	Total
Revenue -				
External Customers	\$ 830.7	\$ 1,118.4	\$ —	\$ 1,949.1
Inter-segment	11.5	6.5	(18.0)	—
Total revenue	842.2	1,124.9	(18.0)	1,949.1
Fuel, purchased power and cost of natural gas sold	248.0	494.7	(0.8)	741.9
Operations and maintenance	224.5	290.2	(13.0)	501.7
Depreciation, depletion and amortization	131.5	104.2	0.3	236.0
Taxes - property and production	35.5	24.6	—	60.1
Operating income (loss)	\$ 202.7	\$ 211.2	\$ (4.5)	\$ 409.4
Interest expense, net				(152.4)
Other income (expense), net				1.4
Income tax (expense)				(7.2)
Net income				251.2
Net income attributable to non-controlling interest				(14.5)
Net income available for common stock				\$ 236.7

Capital Expenditures <sup>(a)</sup> for the years ended December 31,	2023	2022	2021
Electric Utilities	\$ 210.7	\$ 243.1	\$ 285.8
Gas Utilities	371.9	349.5	383.3
Corporate and Other	7.3	5.1	10.5
Total capital expenditures	\$ 589.9	\$ 597.7	\$ 679.6

(a) Includes accruals for property, plant and equipment as disclosed in the Supplemental Cash Flow Information to the Consolidated Statement of Cash Flows.

**(17) SUBSEQUENT EVENTS**

Except as described in Note 2, there have been no events subsequent to December 31, 2023 which would require recognition in the Consolidated Financial Statements or disclosures.



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Presented in the following tables is financial information by segment:

	<i>In Millions</i>		
Years Ended December 31	2023	2022	2021
<b>CMS Energy, including Consumers</b>			
<i>Operating revenue</i>			
Electric utility	\$ 4,745	\$ 5,419	\$ 4,958
Gas utility	2,420	2,732	2,063
NorthStar Clean Energy	297	445	308
Total operating revenue – CMS Energy	\$ 7,462	\$ 8,596	\$ 7,329
<b>Consumers</b>			
<i>Operating revenue</i>			
Electric utility	\$ 4,745	\$ 5,419	\$ 4,958
Gas utility	2,420	2,732	2,063
Other reconciling items	1	—	—
Total operating revenue – Consumers	\$ 7,166	\$ 8,151	\$ 7,021
<b>CMS Energy, including Consumers</b>			
<i>Depreciation and amortization</i>			
Electric utility	\$ 797	\$ 757	\$ 772
Gas utility	338	330	304
NorthStar Clean Energy	43	38	37
Other reconciling items	2	1	1
Total depreciation and amortization – CMS Energy	\$ 1,180	\$ 1,126	\$ 1,114
<b>Consumers</b>			
<i>Depreciation and amortization</i>			
Electric utility	\$ 797	\$ 757	\$ 772
Gas utility	338	330	304
Other reconciling items	2	1	1
Total depreciation and amortization – Consumers	\$ 1,137	\$ 1,088	\$ 1,077

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Common services shared by the business segments are assigned directly or allocated based on various cost factors, depending on the nature of the service provided.

The financial data for the business segments are as follows:

As of and for the Year Ended December 31, 2023 (Millions of Dollars)	Operating revenues	Inter- segment revenues	Depreciation and amortization	Operating income	Other Income (deductions)	Interest charges	Income Tax Expense	Total assets	Capital expenditures
<b>CECONY</b>									
Electric	\$10,078	\$18	\$1,395	\$1,568	\$564	\$674	\$217	\$42,226	\$2,909
Gas	2,829	8	429	682	122	227	159	16,343	1,046
Steam	569	74	100	(73)	46	44	(18)	3,031	128
Consolidation adjustments	—	(100)	—	—	—	—	—	—	—
<b>Total CECONY</b>	<b>\$13,476</b>	<b>\$—</b>	<b>\$1,924</b>	<b>\$2,177</b>	<b>\$732</b>	<b>\$945</b>	<b>\$358</b>	<b>\$61,600</b>	<b>\$4,083</b>
<b>O&amp;R</b>									
Electric	\$759	\$—	\$76	\$85	\$37	\$32	\$20	\$2,329	\$211
Gas	297	—	30	41	12	19	8	1,346	85
<b>Total O&amp;R</b>	<b>\$1,056</b>	<b>\$—</b>	<b>\$106</b>	<b>\$126</b>	<b>\$49</b>	<b>\$51</b>	<b>\$28</b>	<b>\$3,675</b>	<b>\$296</b>
Clean Energy Businesses (a)	\$129	\$—	\$—	\$37	\$1	\$16	\$3	\$—	\$81
Con Edison Transmission	4	—	1	(9)	62	2	14	414	49
Other (b)	(2)	—	—	865	(14)	9	84	642	—
<b>Total Con Edison</b>	<b>\$14,663</b>	<b>\$—</b>	<b>\$2,031</b>	<b>\$3,196</b>	<b>\$830</b>	<b>\$1,023</b>	<b>\$487</b>	<b>\$66,331</b>	<b>\$4,509</b>
<b>As of and for the Year Ended December 31, 2022 (Millions of Dollars)</b>									
<b>CECONY</b>									
Electric	\$9,751	\$19	\$1,315	\$1,496	\$259	\$582	\$134	\$39,153	\$2,522
Gas	2,924	8	367	660	52	198	140	15,361	1,128
Steam	593	76	96	(21)	21	42	(19)	2,931	108
Consolidation adjustments	—	(103)	—	—	—	—	—	—	—
<b>Total CECONY</b>	<b>\$13,268</b>	<b>\$—</b>	<b>\$1,778</b>	<b>\$2,135</b>	<b>\$332</b>	<b>\$822</b>	<b>\$255</b>	<b>\$57,445</b>	<b>\$3,758</b>
<b>O&amp;R</b>									
Electric	\$773	\$—	\$71	\$94	\$17	\$29	\$17	\$2,247	\$167
Gas	312	—	27	42	6	17	8	1,264	76
<b>Total O&amp;R</b>	<b>\$1,085</b>	<b>\$—</b>	<b>\$98</b>	<b>\$136</b>	<b>\$23</b>	<b>\$46</b>	<b>\$25</b>	<b>\$3,511</b>	<b>\$243</b>
Clean Energy Businesses (a)	\$1,319	\$—	\$178	\$368	\$3	\$(35)	\$84	\$7,224	\$399
Con Edison Transmission	4	—	1	(10)	19	5	5	314	65
Other (b)	(6)	—	1	(5)	(51)	14	129	571	—
<b>Total Con Edison</b>	<b>\$15,670</b>	<b>\$—</b>	<b>\$2,056</b>	<b>\$2,624</b>	<b>\$326</b>	<b>\$852</b>	<b>\$498</b>	<b>\$69,065</b>	<b>\$4,465</b>



Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized and deferred portions of pension and PBOP income/expense. Eversource's segment information is as follows:

For the Year Ended December 31, 2023							
Eversource (Millions of Dollars)	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	\$ 8,973.5	\$ 2,221.7	\$ 1,915.9	\$ 232.5	\$ 1,636.6	\$ (3,069.5)	\$ 11,910.7
Depreciation and Amortization	(18.2)	(214.2)	(371.2)	(56.0)	(158.8)	2.7	(815.7)
Other Operating Expenses	(8,104.6)	(1,662.6)	(550.5)	(117.1)	(1,329.8)	3,068.9	(8,695.7)
Operating Income	850.7	344.9	994.2	59.4	148.0	2.1	2,399.3
Interest Expense	(291.7)	(85.7)	(163.7)	(38.5)	(425.3)	149.5	(855.4)
Impairments of Offshore Wind Investments	—	—	—	—	(2,167.0)	—	(2,167.0)
Interest Income	74.5	18.2	0.4	—	150.6	(149.5)	94.2
Other Income/(Loss), Net	136.2	20.4	41.2	5.9	(261.8)	312.0	253.9
Income Tax (Expense)/Benefit	(157.1)	(73.0)	(225.8)	6.3	289.9	—	(159.7)
Net Income/(Loss)	612.6	224.8	646.3	33.1	(2,265.6)	314.1	(434.7)
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	—	(7.5)
Net Income/(Loss) Attributable to Common Shareholders	\$ 608.0	\$ 224.8	\$ 643.4	\$ 33.1	\$ (2,265.6)	\$ 314.1	\$ (442.2)
Total Assets (as of)	\$ 29,426.4	\$ 8,775.3	\$ 14,806.5	\$ 2,944.8	\$ 26,337.7	\$ (26,678.5)	\$ 55,612.2
Cash Flows Used for Investments in Plant	\$ 1,668.1	\$ 844.1	\$ 1,406.3	\$ 167.0	\$ 251.3	\$ —	\$ 4,336.8

For the Year Ended December 31, 2022							
Eversource (Millions of Dollars)	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	\$ 9,405.3	\$ 2,215.6	\$ 1,808.7	\$ 222.5	\$ 1,435.5	\$ (2,798.3)	\$ 12,289.3
Depreciation and Amortization	(970.4)	(157.6)	(337.4)	(50.9)	(132.6)	5.8	(1,643.1)
Other Operating Expenses	(7,663.7)	(1,727.0)	(548.4)	(111.8)	(1,189.1)	2,792.0	(8,448.0)
Operating Income	771.2	331.0	922.9	59.8	113.8	(0.5)	2,198.2
Interest Expense	(253.1)	(71.4)	(145.5)	(34.7)	(247.8)	74.2	(678.3)
Interest Income	45.1	10.2	0.5	—	66.3	(71.6)	50.5
Other Income, Net	180.4	33.6	37.9	8.5	1,600.8	(1,565.6)	295.6
Income Tax (Expense)/Benefit	(146.2)	(69.2)	(216.3)	3.2	(25.1)	—	(453.6)
Net Income	597.4	234.2	599.5	36.8	1,508.0	(1,563.5)	1,412.4
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	—	(7.5)
Net Income Attributable to Common Shareholders	\$ 592.8	\$ 234.2	\$ 596.6	\$ 36.8	\$ 1,508.0	\$ (1,563.5)	\$ 1,404.9
Total Assets (as of)	\$ 27,365.0	\$ 8,084.9	\$ 13,369.5	\$ 2,783.8	\$ 26,365.2	\$ (24,737.5)	\$ 53,230.9
Cash Flows Used for Investments in Plant	\$ 1,172.6	\$ 710.3	\$ 1,144.0	\$ 154.4	\$ 260.6	\$ —	\$ 3,441.9

For the Year Ended December 31, 2021							
Eversource (Millions of Dollars)	Electric Distribution	Natural Gas Distribution	Electric Transmission	Water Distribution	Other	Eliminations	Total
Operating Revenues	\$ 7,423.6	\$ 1,789.6	\$ 1,634.6	\$ 211.3	\$ 1,354.0	\$ (2,550.0)	\$ 9,863.1
Depreciation and Amortization	(737.8)	(142.3)	(300.3)	(46.1)	(113.1)	4.6	(1,335.0)
Other Operating Expenses	(5,970.0)	(1,345.4)	(496.2)	(101.4)	(1,170.4)	2,548.6	(6,534.8)
Operating Income	715.8	301.9	838.1	63.8	70.5	3.2	1,993.3
Interest Expense	(236.4)	(58.6)	(133.2)	(32.0)	(168.8)	46.6	(582.4)
Interest Income	20.7	4.5	2.2	—	46.0	(47.8)	25.6
Other Income, Net	78.1	17.9	19.8	3.3	1,363.9	(1,347.3)	135.7
Income Tax (Expense)/Benefit	(103.5)	(60.9)	(179.4)	1.7	(2.1)	—	(344.2)
Net Income	474.7	204.8	547.5	36.8	1,309.5	(1,345.3)	1,228.0
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	—	(7.5)
Net Income Attributable to Common Shareholders	\$ 470.1	\$ 204.8	\$ 544.6	\$ 36.8	\$ 1,309.5	\$ (1,345.3)	\$ 1,220.5
Cash Flows Used for Investments in Plant	\$ 1,053.3	\$ 721.1	\$ 1,024.1	\$ 137.2	\$ 239.4	\$ —	\$ 3,175.1



MGE Energy

The "All Others" segment includes: corporate, CWDC, MAGAEL, MGE State Energy Services, MGE Services, and North Mendota. These entities' operations consist of investing in companies and property which relate to the regulated operations, and financing the regulated operations.

General corporate expenses include the cost of executive management, corporate accounting and finance, information technology, risk management, human resources and legal functions, and employee benefits that are allocated to electric and gas segments based on formulas prescribed by the PSCW. Identifiable assets are those used in MGE's operations in each segment.

Sales between our electric and gas segments are based on PSCW approved tariffed rates. Additionally, intersegment operations related to the leasing arrangement between our electric segment and MGE Power Elm Road/MGE Power West Campus are based on terms previously approved by the PSCW. Consistent with internal reporting, management has presented the direct financing capital leases between MGE and MGE Power Elm Road/MGE Power West Campus based on actual lease payments included in rates. Lease payments made by MGE to MGE Power Elm Road and MGE Power West Campus are shown as operating expenses. The lease payments received by MGE Power Elm Road and MGE Power West Campus from MGE are shown as lease income in interdepartmental revenues. The depreciation expense associated with the Elm Road Units and WCCF is reflected in the nonregulated energy segment.

The following table shows segment information for MGE Energy's and MGE's operations:

<i>(In thousands)</i>							Consolidation/ Elimination Entries	Consolidated Total
<b>MGE Energy</b>	Electric	Gas	Non-Regulated Energy	Transmission Investment	All Others			
<b>Year Ended December 31, 2023</b>								
Operating revenues	\$ 489,729	\$ 200,012	\$ 690	\$ —	\$ —	\$ —	\$ —	\$ 690,431
Interdepartmental revenues	922	15,501	41,586	—	—	(58,009)	—	—
Total operating revenues	490,651	215,513	42,276	—	—	(58,009)	—	690,431
Depreciation and amortization	(77,440)	(15,531)	(7,381)	—	—	—	—	(100,352)
Operating income (loss)	90,991	21,663	34,729	—	(998)	—	—	146,385
Interest (expense) income, net	(20,609)	(6,038)	(4,004)	2	220	—	—	(30,429)
Income tax (provision) benefit	(10,182)	(7,175)	(8,370)	(2,897)	821	—	—	(27,803)
Equity in earnings of investments	—	—	—	10,631	—	—	—	10,631
Net income (loss)	75,946	14,068	22,356	7,736	(2,407)	—	—	117,699
<b>Year Ended December 31, 2022</b>								
Operating revenues	\$ 465,167	\$ 248,672	\$ 680	\$ —	\$ —	\$ —	\$ —	\$ 714,519
Interdepartmental revenues	(44)	34,073	41,555	—	—	(75,584)	—	—
Total operating revenues	465,123	282,745	42,235	—	—	(75,584)	—	714,519
Depreciation and amortization	(62,897)	(15,261)	(7,391)	—	—	—	—	(85,549)
Operating income (loss)	77,672	26,261	34,683	—	(873)	—	—	137,743
Interest (expense) income, net	(17,578)	(4,787)	(4,322)	—	40	—	—	(26,647)
Income tax (provision) benefit	(7,299)	(8,492)	(8,272)	(2,490)	329	—	—	(26,224)
Equity in earnings of investments	—	—	—	9,136	—	—	—	9,136
Net income (loss)	65,187	18,215	22,090	6,647	(1,187)	—	—	110,952
<b>Year Ended December 31, 2021</b>								
Operating revenues	\$ 420,286	\$ 185,620	\$ 678	\$ —	\$ —	\$ —	\$ —	\$ 606,584
Interdepartmental revenues	556	22,728	40,866	—	—	(64,150)	—	—
Total operating revenues	420,842	208,348	41,544	—	—	(64,150)	—	606,584
Depreciation and amortization	(56,672)	(12,852)	(7,459)	—	—	—	—	(76,983)
Operating income (loss)	58,993	25,133	33,936	—	(768)	—	—	117,294
Interest (expense) income, net	(15,261)	(4,315)	(4,577)	—	41	—	—	(24,112)
Income tax (provision) benefit	10,672	(4,922)	(7,998)	(2,486)	619	—	—	(4,115)
Equity in earnings of investments	—	—	—	9,339	(69)	—	—	9,270
Net income (loss)	63,910	15,511	21,361	6,852	(1,873)	—	—	105,761

December 31, 2023

*Northwestern Corp.*

	Electric	Gas	Other	Eliminations	Total
Operating revenues	\$ 1,068,833	\$ 353,310	\$ —	\$ —	\$ 1,422,143
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	262,755	157,507	—	—	420,262
Utility Margin	806,078	195,803	—	—	1,001,881
Operating and maintenance	166,028	54,496	—	—	220,524
Administrative and general	83,521	32,657	1,182	—	117,360
Property and other taxes	120,289	34,323	(1,544)	—	153,068
Depreciation and depletion	174,071	36,403	—	—	210,474
Operating income	262,169	37,924	362	—	300,455
Interest expense, net	(84,089)	(15,719)	(14,809)	—	(114,617)
Other income, net	11,580	3,344	908	—	15,832
Income tax (expense) benefit	(14,196)	4,627	2,030	—	(7,539)
Net income (loss)	\$ 175,464	\$ 30,176	\$ (11,509)	\$ —	\$ 194,131
Total assets	\$ 6,071,021	\$ 1,512,135	\$ 17,496	\$ —	\$ 7,600,652
Capital expenditures	\$ 431,547	\$ 135,342	\$ —	\$ —	\$ 566,889

December 31, 2022

	Electric	Gas	Other	Eliminations	Total
Operating revenues	\$ 1,106,565	\$ 371,272	\$ —	\$ —	\$ 1,477,837
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	324,434	167,577	—	—	492,011
Utility margin	782,131	203,695	—	—	985,826
Operating and maintenance	167,798	53,629	—	—	221,427
Administrative and general	82,405	31,002	369	—	113,776
Property and other taxes	149,781	42,734	9	—	192,524
Depreciation and depletion	162,404	32,616	—	—	195,020
Operating income (loss)	219,743	43,714	(378)	—	263,079
Interest expense, net	(74,420)	(13,030)	(12,660)	—	(100,110)
Other income, net	12,491	6,399	544	—	19,434
Income tax benefit (expense)	798	(3,108)	2,915	—	605
Net income (loss)	\$ 158,612	\$ 33,975	\$ (9,579)	\$ —	\$ 183,008
Total assets	\$ 5,892,508	\$ 1,418,059	\$ 7,216	\$ —	\$ 7,317,783
Capital expenditures	\$ 409,707	\$ 105,433	\$ —	\$ —	\$ 515,140



*WEC Energy Group*

## Illinois Segment

### Sale of Certain Real Estate by The Peoples Gas Light and Coke Company

In May 2022, we sold approximately 11 acres of real estate owned by PGL that was no longer being utilized in its operations, for \$55.1 million, which is net of closing costs. The real estate was located in Chicago, Illinois. As a result of the sale, a pre-tax gain in the amount of \$54.5 million was recorded within other operation and maintenance expense on our income statement. The book value of the real estate included in the sale was not material and, therefore, was not presented as held for sale.

### NOTE 4—OPERATING REVENUES

For more information about our significant accounting policies related to operating revenues, see Note 1(d), Operating Revenues.

#### Disaggregation of Operating Revenues

The following tables present our operating revenues disaggregated by revenue source. We do not have any revenues associated with our electric transmission segment, which includes investments accounted for using the equity method. We disaggregate revenues into categories that depict how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors. For our segments, revenues are further disaggregated by electric and natural gas operations and then by customer class. Each customer class within our electric and natural gas operations has different expectations of service, energy and demand requirements, and can be impacted differently by regulatory activities within their jurisdictions.

(in millions)	Wisconsin	Illinois	Other States	Total Utility Operations	Non-Utility Energy Infrastructure	Corporate and Other	Reconciling Eliminations	WEC Energy Group Consolidated
Year ended December 31, 2023								
Electric	\$ 4,994.6	\$ —	\$ —	\$ 4,994.6	\$ —	\$ —	\$ —	\$ 4,994.6
Natural gas	1,606.7	1,480.5	493.7	3,580.9	61.9	—	(60.2)	3,582.6
Total regulated revenues	6,601.3	1,480.5	493.7	8,575.5	61.9	—	(60.2)	8,577.2
Other non-utility revenues	—	—	19.6	19.6	197.5	0.1	(9.1)	208.1
Total revenues from contracts with customers	6,601.3	1,480.5	513.3	8,595.1	259.4	0.1	(69.3)	8,785.3
Other operating revenues	24.6	77.3	5.8	107.7	407.1	—	(407.1) <sup>(1)</sup>	107.7
Total operating revenues	\$ 6,625.9	\$ 1,557.8	\$ 519.1	\$ 8,702.8	\$ 666.5	\$ 0.1	\$ (476.4)	\$ 8,893.0

(in millions)	Wisconsin	Illinois	Other States	Total Utility Operations	Non-Utility Energy Infrastructure	Corporate and Other	Reconciling Eliminations	WEC Energy Group Consolidated
Year ended December 31, 2022								
Electric	\$ 4,956.2	\$ —	\$ —	\$ 4,956.2	\$ —	\$ —	\$ —	\$ 4,956.2
Natural gas	1,980.7	1,883.7	601.8	4,466.2	54.3	—	(51.8)	4,468.7
Total regulated revenues	6,936.9	1,883.7	601.8	9,422.4	54.3	—	(51.8)	9,424.9
Other non-utility revenues	—	—	18.7	18.7	133.6	—	(9.1)	143.2
Total revenues from contracts with customers	6,936.9	1,883.7	620.5	9,441.1	187.9	—	(60.9)	9,568.1
Other operating revenues	23.6	7.2	(2.0)	28.8	402.1	0.5	(402.1) <sup>(1)</sup>	29.3
Total operating revenues	\$ 6,960.5	\$ 1,890.9	\$ 618.5	\$ 9,469.9	\$ 590.0	\$ 0.5	\$ (463.0)	\$ 9,597.4



## **3-14 ATTACHMENT B**

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**ATMOS ENERGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Income statements and capital expenditures by segment are shown in the following tables.

	Year Ended September 30, 2023			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	\$ 4,096,661	\$ 178,696	\$ —	\$ 4,275,357
Intersegment revenues	3,029	606,478	(609,507)	—
Total operating revenues	4,099,690	785,174	(609,507)	4,275,357
Purchased gas cost	2,061,920	(1,220)	(608,527)	1,452,173
Operation and maintenance expense	565,179	200,707	(980)	764,906
Depreciation and amortization expense	434,721	169,606	—	604,327
Taxes, other than income	345,244	41,560	—	386,804
Operating income	692,626	374,521	—	1,067,147
Other non-operating income	24,988	44,787	—	69,775
Interest charges	77,185	60,096	—	137,281
Income before income taxes	640,429	359,212	—	999,641
Income tax expense	60,032	53,747	—	113,779
Net income	\$ 580,397	\$ 305,465	\$ —	\$ 885,862
Capital expenditures	\$ 1,927,125	\$ 878,848	\$ —	\$ 2,805,973

	Year Ended September 30, 2022			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	\$ 4,031,936	\$ 169,726	\$ —	\$ 4,201,662
Intersegment revenues	3,258	523,934	(527,192)	—
Total operating revenues	4,035,194	693,660	(527,192)	4,201,662
Purchased gas cost	2,210,302	(1,583)	(526,063)	1,682,656
Operation and maintenance expense	518,443	192,847	(1,129)	710,161
Depreciation and amortization expense	387,858	147,797	—	535,655
Taxes, other than income	314,046	38,162	—	352,208
Operating income	604,545	316,437	—	920,982
Other non-operating income	6,946	26,791	—	33,737
Interest charges	49,921	52,890	—	102,811
Income before income taxes	561,570	290,338	—	851,908
Income tax expense	39,593	37,917	—	77,510
Net income	\$ 521,977	\$ 252,421	\$ —	\$ 774,398
Capital expenditures	\$ 1,675,798	\$ 768,622	\$ —	\$ 2,444,420

## New Jersey Resources Corporation

## Part II

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)****Operating Results**

NJNG's operating results for the fiscal years ended September 30, are as follows:

(Thousands)	2023	2022	2021
Operating revenues <sup>(1)</sup>	\$ 1,012,633	\$ 1,128,767	\$ 731,796
Operating expenses			
Natural gas purchases <sup>(2) (3)</sup>	425,457	557,232	260,714
Operation and maintenance	226,780	198,546	203,740
Regulatory rider expense <sup>(4)</sup>	50,542	59,437	38,304
Depreciation and amortization	102,326	94,579	80,045
Total operating expenses	805,105	909,794	582,803
Operating income	207,528	218,973	148,993
Other income, net	13,546	7,686	13,841
Interest expense, net of capitalized interest	56,595	46,394	36,405
Income tax provision	33,065	40,141	19,054
Net income	\$ 131,414	\$ 140,124	\$ 107,375

(1) Includes nonutility revenue of approximately \$1.3M, \$1.4M and \$0.3M for fiscal 2023, 2022 and 2021, respectively, for lease agreements with various NJR subsidiaries leasing office space from NJNG at the Company's headquarters that commenced in July 2021, which are eliminated in consolidation.

(2) Includes the purchased cost of the natural gas, fees paid to pipelines and storage facilities, adjustments as a result of BGSS incentive programs and hedging transactions. These expenses are passed through to customers and are offset by corresponding revenues.

(3) Includes related party transactions of approximately \$9.3M for both fiscal 2023 and 2022, and \$13.0M for fiscal 2021, a portion of which is eliminated in consolidation.

(4) Consists of expenses associated with state-mandated programs, the RAC and energy efficiency programs, calculated on a per-therm basis. These expenses are passed through to customers and are offset by corresponding revenues.

**Operating Revenues and Natural Gas Purchases**

Operating revenues decreased 10.3% during fiscal 2023 compared with fiscal 2022. Natural gas purchases decreased 23.6% during fiscal 2023 compared with fiscal 2022.

The factors contributing to the increases and decreases in operating revenues and natural gas purchases during fiscal 2023, are as follows:

(Thousands)	2023 v. 2022	
	Operating revenues	Natural gas purchases
BGSS incentives	\$ (156,951)	\$ (157,384)
Bill credits	(31,581)	(31,581)
Firm sales	(24,005)	(19,536)
Average BGSS rates	75,105	75,105
CIP adjustments	23,656	—
Base rate impact	6,927	—
Riders and other <sup>(1)</sup>	(9,285)	1,621
Total decrease	\$ (116,134)	\$ (131,775)

(1) Riders and other includes changes in rider rates, including those related to Energy Efficiency, NJCEP and other programs, which is offset in regulatory rider expense.

**Non-GAAP Financial Measures**

Management uses Utility Gross Margin, a non-GAAP financial measure, when evaluating the operating results of NJNG. NJNG's Utility Gross Margin is defined as operating revenues less natural gas purchases, sales tax and regulatory rider expenses. This measure differs from gross margin as presented on a GAAP basis, as it excludes certain operations and maintenance expense and depreciation and amortization. Utility Gross Margin may also not be comparable to the definition of gross margin used by others in the natural gas distribution business and other industries. Management believes that Utility



## New Jersey Resources Corporation

## Part II

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands, except per share data)

Fiscal years ended September 30,	2023	2022	2021
<b>OPERATING REVENUES</b>			
Utility	\$ 1,011,284	\$ 1,127,417	\$ 731,459
Nonutility	951,710	1,778,562	1,425,154
Total operating revenues	1,962,994	2,905,979	2,156,613
<b>OPERATING EXPENSES</b>			
Natural gas purchases:			
Utility	416,158	547,901	247,734
Nonutility	555,579	1,393,656	1,096,920
Related parties	7,206	7,395	7,013
Operation and maintenance	373,568	361,866	366,905
Regulatory rider expenses	50,542	59,437	38,304
Depreciation and amortization	152,941	129,249	111,387
Total operating expenses	1,555,994	2,499,504	1,868,263
<b>OPERATING INCOME</b>	407,000	406,475	288,350
Other income, net	26,083	22,295	24,597
Interest expense, net of capitalized interest	123,014	85,830	78,559
<b>INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES</b>	310,069	342,940	234,388
Income tax provision	49,275	76,195	33,286
Equity in earnings (loss) of affiliates	3,930	8,177	(83,212)
<b>NET INCOME</b>	\$ 264,724	\$ 274,922	\$ 117,890
<b>EARNINGS PER COMMON SHARE</b>			
Basic	\$2.73	\$2.86	\$1.23
Diluted	\$2.71	\$2.85	\$1.22
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>			
Basic	97,028	96,100	96,227
Diluted	97,627	96,488	96,560

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands)

Fiscal years ended September 30,	2023	2022	2021
Net income	\$ 264,724	\$ 274,922	\$ 117,890
Other comprehensive (loss) income, net of tax			
Reclassifications of losses to net income on derivatives designated as hedging instruments, net of tax of \$(317), \$(317) and \$(350), respectively	1,053	1,054	1,021
Adjustment to postemployment benefit obligation, net of tax of \$1,873, \$(8,657) and \$(2,575), respectively	(6,186)	28,648	8,766
Other comprehensive (loss) income, net of tax	(5,133)	29,702	9,787
<b>Comprehensive income</b>	\$ 259,591	\$ 304,624	\$ 127,677

See Notes to Consolidated Financial Statements



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NiSOURCE INC.

**Notes to Consolidated Financial Statements****ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Year Ended December 31, (in millions)	2023	2022	2021
<b>Operating Revenues</b>			
<b>Gas Distribution Operations</b>			
Unaffiliated	\$ 3,720.4	\$ 4,007.2	\$ 3,171.2
Intersegment	12.3	12.6	12.3
<b>Total</b>	<b>3,732.7</b>	<b>4,019.8</b>	<b>3,183.5</b>
<b>Electric Operations</b>			
Unaffiliated	1,784.2	1,830.9	1,696.3
Intersegment	0.8	0.8	0.8
<b>Total</b>	<b>1,785.0</b>	<b>1,831.7</b>	<b>1,697.1</b>
<b>Corporate and Other</b>			
Unaffiliated	0.8	12.5	32.1
Intersegment	503.8	465.0	460.3
<b>Total</b>	<b>504.6</b>	<b>477.5</b>	<b>492.4</b>
Eliminations	(516.9)	(478.4)	(473.4)
<b>Consolidated Operating Revenues</b>	<b>\$ 5,505.4</b>	<b>\$ 5,850.6</b>	<b>\$ 4,899.6</b>
<b>Operating Income (Loss)</b>			
Gas Distribution Operations	\$ 901.9	\$ 915.8	\$ 617.5
Electric Operations	378.7	362.4	387.8
Corporate and Other	14.9	(12.4)	1.6
<b>Consolidated Operating Income</b>	<b>\$ 1,295.5</b>	<b>\$ 1,265.8</b>	<b>\$ 1,006.9</b>
<b>Depreciation and Amortization</b>			
Gas Distribution Operations	\$ 464.6	\$ 415.9	\$ 383.0
Electric Operations	400.9	362.9	329.4
Corporate and Other	42.7	42.0	36.0
<b>Consolidated Depreciation and Amortization</b>	<b>\$ 908.2</b>	<b>\$ 820.8</b>	<b>\$ 748.4</b>
<b>Assets</b>			
Gas Distribution Operations	\$ 18,122.8	\$ 16,986.5	\$ 15,153.7
Electric Operations	9,250.5	7,992.6	7,178.9
Corporate and Other	3,703.9	1,757.5	1,824.3
<b>Consolidated Assets</b>	<b>\$ 31,077.2</b>	<b>\$ 26,736.6</b>	<b>\$ 24,156.9</b>
<b>Capital Expenditures<sup>(1)</sup></b>			
Gas Distribution Operations	\$ 1,715.2	\$ 1,682.3	\$ 1,406.4
Electric Operations	739.2	574.5	517.4
Corporate and Other	236.3	41.2	16.6
<b>Consolidated Capital Expenditures</b>	<b>\$ 2,690.7</b>	<b>\$ 2,298.0</b>	<b>\$ 1,940.4</b>

<sup>(1)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.



In thousands	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
<b>2023</b>					
Operating revenues	\$ 1,136,400	\$ 22,223	\$ 1,158,623	\$ 38,852	\$ 1,197,475
Depreciation	118,417	1,097	119,514	6,067	125,581
Income (loss) from operations	170,591	15,054	185,645	(704)	184,941
Net income (loss)	94,042	10,695	104,737	(10,869)	93,868
Capital expenditures	285,998	4,847	290,845	36,502	327,347
Total assets at December 31, 2023	4,458,117	53,260	4,511,377	355,715	4,867,092
<b>2022</b>					
Operating revenues	\$ 989,752	\$ 24,587	\$ 1,014,339	\$ 23,014	\$ 1,037,353
Depreciation	111,871	1,086	112,957	3,750	116,707
Income (loss) from operations	152,839	16,535	169,374	(1,897)	167,477
Net income (loss)	79,690	11,874	91,564	(5,261)	86,303
Capital expenditures	315,979	2,707	318,686	19,916	338,602
Total assets at December 31, 2022	4,392,699	60,019	4,452,718	295,608	4,748,326
<b>2021</b>					
Operating revenues	\$ 816,887	\$ 26,170	\$ 843,057	\$ 17,343	\$ 860,400
Depreciation	109,475	1,029	110,504	3,030	113,534
Income (loss) from operations	147,902	17,331	165,233	(2,116)	163,117
Net income (loss)	68,988	12,184	81,172	(2,506)	78,666
Capital expenditures	275,267	2,970	278,237	15,655	293,892
Total assets at December 31, 2021	3,846,112	52,260	3,898,372	166,232	4,064,604

#### Natural Gas Distribution Margin

NGD margin is the primary financial measure used by the CODM, consisting of NGD operating revenues, reduced by the associated cost of gas, environmental remediation expense, and revenue taxes. The cost of gas purchased for NGD customers is generally a pass-through cost in the amount of revenues billed to regulated NGD customers. Environmental remediation expense represents collections received from customers through environmental recovery mechanisms in Oregon and Washington as well as adjustments for the Oregon environmental earnings test when applicable. This is offset by environmental remediation expense presented in operating expenses. Revenue taxes are collected from NGD customers and remitted to taxing authorities. The collections from customers are offset by the expense recognition of the obligation to the taxing authority. By subtracting cost of gas, environmental remediation expense, and revenue taxes from NGD operating revenues, NGD margin provides a key metric used by the CODM in assessing the performance of the NGD segment.

The following table presents additional segment information concerning NGD margin:

In thousands	2023	2022	2021
NGD margin calculation:			
NGD operating revenues	\$ 1,117,498	\$ 970,124	\$ 797,800
Other regulated services	18,902	19,628	19,087
Total NGD operating revenues	1,136,400	989,752	816,887
Less: NGD cost of gas	500,061	429,861	292,538
Environmental remediation expense	12,899	12,389	9,938
Revenue taxes	48,432	41,627	34,600
NGD margin	\$ 575,008	\$ 505,875	\$ 479,811

#### 5. COMMON STOCK

As of December 31, 2023 and 2022, NW Holdings had 100 million shares of common stock authorized. As of December 31, 2023, NW Holdings had 306,757 shares reserved for issuance of common stock under the Employee Stock Purchase Plan (ESPP) and 325,201 shares reserved for issuance under the Dividend Reinvestment and Direct Stock Purchase Plan (DRPP). At NW Holdings' election, shares sold through the DRPP may be purchased in the open market or through original issuance of shares reserved for issuance under the DRPP.

In August 2021, NW Holdings initiated an at-the-market (ATM) equity program by entering into an equity distribution agreement under which NW Holdings may issue and sell from time to time shares of common stock, no par value, having an aggregate gross sales price of up to \$200 million. NW Holdings is under no obligation to offer and sell common stock under the ATM equity program, which expires in August 2024. Any shares of common stock offered under the ATM equity program are registered on

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Management evaluates the performance of the operating segments based on the computation of net economic earnings. Net economic earnings exclude from reported net income, as applicable, the after-tax impacts of fair value accounting and timing adjustments associated with energy-related transactions, the impacts of acquisition, divestiture and restructuring activities, and the largely non-cash impacts of other non-recurring or unusual items such as certain regulatory, legislative or GAAP standard-setting actions.

<b>2023</b>	<b>Gas Utility</b>	<b>Gas Marketing</b>	<b>Midstream</b>	<b>Other</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues from external customers	\$ 2,456.6	\$ 179.1	\$ 29.9	\$ 0.7	\$ —	\$ 2,666.3
Intersegment revenues	0.3	—	36.2	16.0	(52.5)	—
Total Operating Revenues	2,456.9	179.1	66.1	16.7	(52.5)	2,666.3
Depreciation and amortization expense	244.4	1.5	8.4	0.5	—	254.8
Interest expense	139.9	—	8.6	72.1	(34.9)	185.7
Income tax expense (benefit)	32.7	12.8	3.8	(10.5)	—	38.8
Net economic earnings (loss)	200.5	47.6	14.1	(34.1)	—	228.1
Capital expenditures	588.6	0.4	73.6	(0.1)	—	662.5

<b>2022</b>	<b>Gas Utility</b>	<b>Gas Marketing</b>	<b>Midstream</b>	<b>Other</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues from external customers	\$ 1,945.6	\$ 234.9	\$ 17.4	\$ 0.6	\$ —	\$ 2,198.5
Intersegment revenues	0.5	—	35.7	15.5	(51.7)	—
Total Operating Revenues	1,946.1	234.9	53.1	16.1	(51.7)	2,198.5
Depreciation and amortization expense	227.9	1.4	7.5	0.5	—	237.3
Interest expense	86.4	—	4.9	37.3	(8.8)	119.8
Income tax expense (benefit)	49.6	11.9	4.5	(7.1)	—	58.9
Net economic earnings (loss)	202.7	27.0	11.1	(24.5)	—	216.3
Capital expenditures	528.6	0.9	22.6	0.1	—	552.2

<b>2021</b>	<b>Gas Utility</b>	<b>Gas Marketing</b>	<b>Midstream</b>	<b>Other</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues from external customers	\$ 2,118.2	\$ 96.5	\$ 19.9	\$ 0.9	\$ —	\$ 2,235.5
Intersegment revenues	1.1	—	32.7	14.2	(48.0)	—
Total Operating Revenues	2,119.3	96.5	52.6	15.1	(48.0)	2,235.5
Depreciation and amortization expense	204.4	1.2	6.9	0.6	—	213.1
Interest expense	74.7	—	4.0	29.3	(1.4)	106.6
Income tax expense (benefit)	56.9	13.4	4.4	(6.2)	—	68.5
Net economic earnings (loss)	230.6	47.0	11.1	(22.4)	—	266.3
Capital expenditures	590.4	0.7	33.0	0.7	—	624.8



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Reconciliations of contribution margin to the most directly comparable GAAP measure are shown below.

	Gas Utility	Gas Marketing	Midstream	Other	Eliminations	Consolidated
<b>Year Ended September 30, 2023</b>						
<b>Operating Income (Loss)</b>	\$ 350.8	\$ 49.3	\$ 24.3	\$ (5.8)	\$ —	\$ 418.6
Operation and maintenance expenses	461.8	19.4	30.5	21.9	(16.0)	517.6
Depreciation and amortization	244.4	1.5	8.4	0.5	—	254.8
Taxes, other than income taxes	210.3	1.2	2.9	0.1	—	214.5
Less: Gross receipts tax expense	(131.5)	(0.3)	—	—	—	(131.8)
<b>Contribution Margin [Non-GAAP]</b>	1,135.8	71.1	66.1	16.7	(16.0)	1,273.7
Natural gas costs	1,189.6	107.7	—	—	(36.5)	1,260.8
Gross receipts tax expense	131.5	0.3	—	—	—	131.8
<b>Operating Revenues</b>	<u>\$ 2,456.9</u>	<u>\$ 179.1</u>	<u>\$ 66.1</u>	<u>\$ 16.7</u>	<u>\$ (52.5)</u>	<u>\$ 2,666.3</u>

	Gas Utility	Gas Marketing	Midstream	Other	Eliminations	Consolidated
<b>Year Ended September 30, 2022</b>						
<b>Operating Income</b>	\$ 339.9	\$ 46.9	\$ 20.8	\$ 0.6	\$ —	\$ 408.2
Operation and maintenance expenses	413.3	14.6	22.2	14.9	(15.4)	449.6
Depreciation and amortization	227.9	1.4	7.5	0.5	—	237.3
Taxes, other than income taxes	176.2	0.6	2.6	0.1	—	179.5
Less: Gross receipts tax expense	(109.6)	(0.2)	—	—	—	(109.8)
<b>Contribution Margin [Non-GAAP]</b>	1,047.7	63.3	53.1	16.1	(15.4)	1,164.8
Natural gas costs	788.8	171.4	—	—	(36.3)	923.9
Gross receipts tax expense	109.6	0.2	—	—	—	109.8
<b>Operating Revenues</b>	<u>\$ 1,946.1</u>	<u>\$ 234.9</u>	<u>\$ 53.1</u>	<u>\$ 16.1</u>	<u>\$ (51.7)</u>	<u>\$ 2,198.5</u>

	Gas Utility	Gas Marketing	Midstream	Other	Eliminations	Consolidated
<b>Year Ended September 30, 2021</b>						
<b>Operating Income (Loss)</b>	\$ 374.0	\$ 58.5	\$ 19.5	\$ (1.8)	\$ —	\$ 450.2
Operation and maintenance expenses	422.2	17.1	24.2	16.0	(13.7)	465.8
Depreciation and amortization	204.4	1.2	6.9	0.6	—	213.1
Taxes, other than income taxes	157.0	0.9	2.0	0.2	—	160.1
Less: Gross receipts tax expense	(93.9)	(0.1)	—	—	—	(94.0)
<b>Contribution Margin [Non-GAAP]</b>	1,063.7	77.6	52.6	15.0	(13.7)	1,195.2
Natural gas costs	961.7	18.8	—	0.1	(34.3)	946.3
Gross receipts tax expense	93.9	0.1	—	—	—	94.0
<b>Operating Revenues</b>	<u>\$ 2,119.3</u>	<u>\$ 96.5</u>	<u>\$ 52.6</u>	<u>\$ 15.1</u>	<u>\$ (48.0)</u>	<u>\$ 2,235.5</u>



**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

15. Refer to Columbia Kentucky's response to Staff's First Request, Item 51, Attachment A, page 1 of 1, line 25. Explain why the rate schedule for "GDS" shows an increase in the average number of customers for the "Base Period TME 08/31/2024" column.

**Response:**

Rate schedule GDS reflects an average increase of one customer for the Base Period TME 08/31/2024. From 2021-2023, rate schedule GDS shows an average of fifteen customers each year, while for Base Period TME 08/31/2024, rate schedule GDS shows an average of 16 customers. This average customer increase is due to an existing customer who during September 2023 through February 2024 of the Base Period was on rate schedule DS, but was forecasted to switch to rate schedule GDS for the remainder of the Base Period and into the Forecasted Period. Upon further analysis of this customer's account since the preparation of Staff's First Request, Item 51, Attachment A, this customer is currently still on rate schedule DS and has been provided written notice that they will be removed from rate schedule DS and placed on GSO rate schedule effective November 1, 2024. Please

note that for the Forecasted Period, the proposed base rates for rate schedules GDS and GSO are the same.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

16. Refer to Columbia Kentucky's Application, Volume 8, Tab 82, Schedule D1.A and Schedule D-1.B and Columbia Kentucky's response to Staff's Second Request, Item 30f.

a. Provide a breakdown of all expenses included in this adjustment.

b. Explain whether the total amount of profit sharing is removed from the forecasted test period. If not, explain what portion was not and why.

**Response:**

a. Please refer to KY PSC Case No. 2024-00092 KY PSC Staff 3-16 Attachment A for a breakdown of the BP to Unadjusted FTP differences (or "adjustments") to Account 920-Administrative and General Salaries presented in Application, Tab 82, FR 807 KAR 5:001 Section 16(8)(d), Schedule D-1.A, and a breakdown of FTP ratemaking adjustments included in Schedule D-1.B.

b. Profit sharing expense is not removed from Columbia's FTP. Please refer to the testimony of Columbia Witness Owens at Pages 27 – 28 for explanation of the Company's Profit Sharing Plan. Company contributions for profit sharing are

deposited into employees' retirement accounts, which supplements employees' individual contributions to their retirement accounts. Absent these contributions, the Company would have to make other adjustments to its total compensation package, such as increases to base pay, to remain competitive in the market for quality employees. As an element of the Retirement Savings Plan (401(k)), and in maintaining a balanced competitive benefits program, FTP profit sharing expenses for Columbia Direct, and NCSC allocated to Columbia have been included in the calculation of the Company's revenue requirement.

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**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

17. Refer to Columbia Kentucky's response to Joint Intervenor's First Request for Information (Joint Intervenor's First Request), Item 1. Provide the total revenue amounts collected from Choice participant customers for the last two calendar years, on an annual basis.

**Response:**

Total billed revenues excluding gas cost from Choice participant customers were \$13,680,889.73 for calendar year 2022 and \$13,040,407.86 for calendar year 2023.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

18. Refer to Columbia Kentucky's response to Joint Intervenor's First Request, Item 2.

Explain why the commodity and capacity revenue decreased between 2022 and 2023.

**Response:**

Total commodity and capacity revenue decreased between 2022 and 2023 due to the fluctuation in gas prices and customer usage levels. The average gas prices in 2022 were higher than in 2023. Total sales volumes were 11,733,215 in 2022 and dropped to 10,199,813 in 2023.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

19. Refer to Columbia Kentucky's response to Attorney General's First Request for Information, Item 175.

a. Provide a summary of Columbia Kentucky's application for Blanket Certificate of Limited Jurisdiction dated April 12, 2024, in FERC Docket No. CP24-71-000 (Blanket Certificate). The response should include but not be limited to Columbia Kentucky's need for such a filing and its prospects, if any, for serving such loads in the future.

b. Explain what Columbia Kentucky would consider to be reasonable gas quality requirements and volumetric eligibility requirements for any renewable natural gas (RNG) that may be transported under this Blanket Certificate.

**Response:**

- a. The purpose of the application for a Blanket Certificate of Limited Jurisdiction was to obtain authority for Columbia to move gas, including renewable natural gas, on its own distribution system, in situations where a third party desires to move the gas out-of-state for ultimate consumption. Gas transportation of this nature is



considered interstate commerce and requires Federal Energy Regulatory Commission ("FERC") authority even though the physical transportation will likely occur solely within Kentucky. Pursuant to Section 7(c) of the Natural Gas Act ("NGA"), 15 U.S.C. § 717f(c), and Section 284.224 of FERC Regulations, 18 C.F.R. § 284.224, Columbia requested a blanket certificate of public convenience and necessity authorizing it to transport and sell natural gas in interstate commerce as though it were an intrastate pipeline as defined in Section 311 of the Natural Gas Policy Act ("NGPA"), 15 U.S.C. § 3371.

As Columbia, identified as "CKY", explained in its May 13, 2024 FERC application, in Docket No. CP24071-000:

"CKY anticipates that it will receive requests from producers of renewable natural gas ("RNG") who wish to transport volumes of RNG on CKY's gas distribution system. Although all of those volumes of RNG would be physically transported and likely consumed within the Commonwealth of Kentucky, the purpose of that transportation by CKY would be to effectuate the delivery and ultimate consumption of those volumes in states outside Kentucky. This would enable the purchasers of that RNG to take advantage of renewable energy credits needed to satisfy state or local environmental laws and regulations."

(Paragraph 6 of Application). Columbia has not received any formal requests for the transportation of RNG but is striving to prepare for the future.

b. The Order granting the blanket certificate accepted Columbia's proposal to utilize its Delivery Service (DS) Rate Schedule rates, approved by the Kentucky Public Service Commission, as the rates for service to be provided under the blanket certificate. The gas quality and volumetric eligibility requirements are the same as those set forth in Columbia's DS tariff.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

20. Refer to Columbia Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 23, and the Direct Testimony of Gregory Skinner, page 5. Explain what knowledge Columbia Kentucky has on the second step to system improvements, the One Customer Information system upgrades. Provide any documentation relating to this response regarding the upgrades.

**Response:**

The One Customer Information system upgrade is a future, planned initiative to upgrade to modern customer information systems. The planning work to scope and define this initiative will begin in 2025. No further documentation of the official scope exists at this time.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

21. Refer to Columbia Kentucky's response to Staff's Second Request, Item 25 c. Provide an explanation for the statement that Columbia Kentucky believes not making a CWC adjustment is the most reasonable approach.

**Response:**

There are several methods for computing cash working capital ("CWC"). As noted in the response to Staff's Second Request, Item 25 a., the Company agrees with James C. Bonbright that "none of the methods for calculating the working capital allowance produce a result that is precisely correct."<sup>1</sup> The results of the calculated CWC requirement varies significantly depending on the method used to determine CWC. This is shown by the varying results of the 1/8 O&M Expense (formula approach) method producing a CWC allowance of \$6,608,321 and the Lead Lag study method producing a CWC allowance of \$(9,746,343). As these two methods for calculating CWC produce

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<sup>1</sup> *Principles of Public Utility Rates, Second Edition*, James C. Bonbright at 243

results that vary significantly, the Company believes it is the most reasonable approach to not request a CWC allowance.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

22. Refer to Columbia Kentucky's response to Staff's Second Request, Item 35.

a. Explain why it will take until the end of 2024 for Columbia Kentucky to provide the requested Lost and Unaccounted for Gas (LAUF) line loss for each system within Columbia Kentucky for the last six months if the LAUF is calculated annually in August of each year.

b. Explain why Columbia Kentucky was unable to provide the information as requested.

c. Provide the lost and unaccounted for line loss for each system within Columbia Kentucky for the last six months on a monthly basis and on a six-month average basis.

**Response:**

a. As noted in Staff's Second Request, Item 35, Columbia calculates its Lost and Unaccounted for Gas ("LAUF") percentage at a total Company level annually in August and begins billing the rate in January of the following year. The process to calculate the annual LAUF rate takes a few months to complete as August billings are

not available until the end of September and then the Company allows 2-3 months to ensure receipt and volume data are accurate.

- b. The Company interpreted the Staff's Second Request, Item 35 as requesting the annual LAUF calculation, which was not available.
- c. Please refer to KY PSC Case No. 2024-00092 Staff 3-22 Attachment A for the LAUF calculations by month from January 2023 – June 2024. This period of information was provided to show the LAUF calculation by month (Column J), 6 month average (Column K), and 12 month average (Column L).

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**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

23. Refer to Columbia Kentucky's response to Staff's Second Request, Item 36, final sentence. Explain the rationale behind Columbia Kentucky averaging the calculated LAUF percentage to the prior ten years calculated LAUF percentages to determine the billed LAUF percentage.

**Response:**

As noted in Staff's Third Request, Item 22, Columbia calculates its Lost and Unaccounted for Gas ("LAUF") percentage at a total Company level annually in August and begins billing the rate in January of the following year. When calculating LAUF, as shown on Column L on KY PSC Case No. 2024-00092 Staff 3-22 Attachment A, the 12-month average can vary month to month and produce abnormal (negative) and fluctuating results. To account for these swings in the 12-month average, the Company averaged the calculated LAUF percentage to the prior ten years to ensure a smooth LAUF billed rate.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

24. Refer to Columbia Kentucky's response to Staff's Second Request, Item 41.

a. The response to Item 41a indicates that there is no shortfall in the recovery of the cost of this plant due to the proposed rate design. State whether there is currently a shortfall in recovery due to existing rates and rate design. If there is currently a shortfall, provide the current amount of that shortfall.

b. With regard to the response to Item 41b, explain if the six customers referenced within the Main Line Delivery Service rate class were made aware by Columbia Kentucky of its intent to separate the customer charge revenue allocation based on customer transportation volume.

**Response:**

a. No. There is not currently a shortfall in recovery of the cost of service for the Main Line Delivery Service rate class.

b. Yes, an email was sent to each of these customers containing Columbia's present and proposed rates.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

25. Refer to Columbia Kentucky's response to Staff's Second Request, Item 47. Using the data provided, along with any other relevant data, provide a step-by-step explanation of how actual residential and commercial customer usage data was weather normalized in order to arrive at normalized revenues and rates proposed in this case. Any data or information referenced should be provided or cited to the record along with any relevant workpapers.

**Response:**

The monthly residential and commercial usage per customer (UPC) projections are developed via an econometric model in SAS modeling software using the below steps:

1. Collect input data to use in model building process (KY PSC Case No. 2024-00092 Staff 03-25 Attachment A):
  - a. Historical weather in the form of Heating Degree Days (HDDs)
  - b. Projected weather for the forecast period in the form of Normal Heating Degree Days (HDDNs), normalized on a basis of 20 years ending December

31, 2023

- c. Indicator variables to account for monthly shape
  - d. Historical, non-weather normalized UPC to use as dependent variable in regression modeling
- 2. Once the data is consolidated into a single file, use SAS modeling software to fit a regression model to the data. The goal of regression modeling is to identify coefficients for each independent variable such that the combination of these variables maximizes the amount of variation in the dependent variable (UPC) that is explained by the model
- 3. Once the regression model is complete, the following statistical tests are studied to ensure the statistical validity of the model (KY PSC Case No. 2024-00092 Staff 03-25 Attachment B):
  - a. Total R-Square – Amount of variance in the dependent variable that is explained by the model
  - b. Input Variable P-Values – Measures the statistical significance of a linear relationship between the independent and the dependent variable
  - c. Durbin-Watson – Test for autocorrelation in a regression model's output
  - d. Chow Test – Test for structural instability by measuring whether the true coefficients in two linear regressions on different data sets are equal
- 4. Compare forecasted UPC values with recent history and ensure that model

projections are reasonable. Tests include monthly spread of UPC values throughout year and forecasted growth rates vs. historical growth rates

5. Iterate through steps 2 – 4, making changes to input variables included in the model until all statistical and reasonableness tests are passed
6. Calculate projected gas volumes by multiplying projected customer counts by projected UPC

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## **3-25 ATTACHMENT B**

## KENTUCKY RESIDENTIAL UPC FORECAST REGRESSION

### The AUTOREG Procedure

Dependent Variable	UPC
	USE PER CUSTOMER

Structural Change Test					
Test	Break Point	Num DF	Den DF	F Value	Pr > F
Chow	30	25	82	0.74	0.7971
Chow	36	25	82	0.75	0.7906
Chow	42	25	82	0.78	0.7523
Chow	48	25	82	0.72	0.8218
Chow	54	25	82	0.67	0.8719
Chow	60	25	82	0.60	0.9237
Chow	66	25	82	0.52	0.9681
Chow	67	25	82	0.50	0.9732
Chow	68	25	82	0.50	0.9732
Chow	69	25	82	0.50	0.9733
Chow	70	25	82	0.50	0.9734
Chow	71	25	82	0.50	0.9749
Chow	72	25	82	0.39	0.9955
Chow	78	25	82	1.00	0.4740
Chow	84	25	82	1.07	0.4001
Chow	90	25	82	0.91	0.5908
Chow	96	25	82	0.89	0.6107
Chow	102	25	82	1.01	0.4667
Chow	108	25	82	1.35	0.1591



## KENTUCKY RESIDENTIAL UPC FORECAST REGRESSION

### The AUTOREG Procedure

Yule-Walker Estimates			
SSE	6.77531801	DFE	106
MSE	0.06392	Root MSE	0.25282
SBC	109.708622	AIC	34.7557723
MAE	0.16653282	AICC	48.1272009
MAPE	5.36910309	HQC	65.2131718
		Transformed Regression R-Square	0.9963
		Total R-Square	0.9979

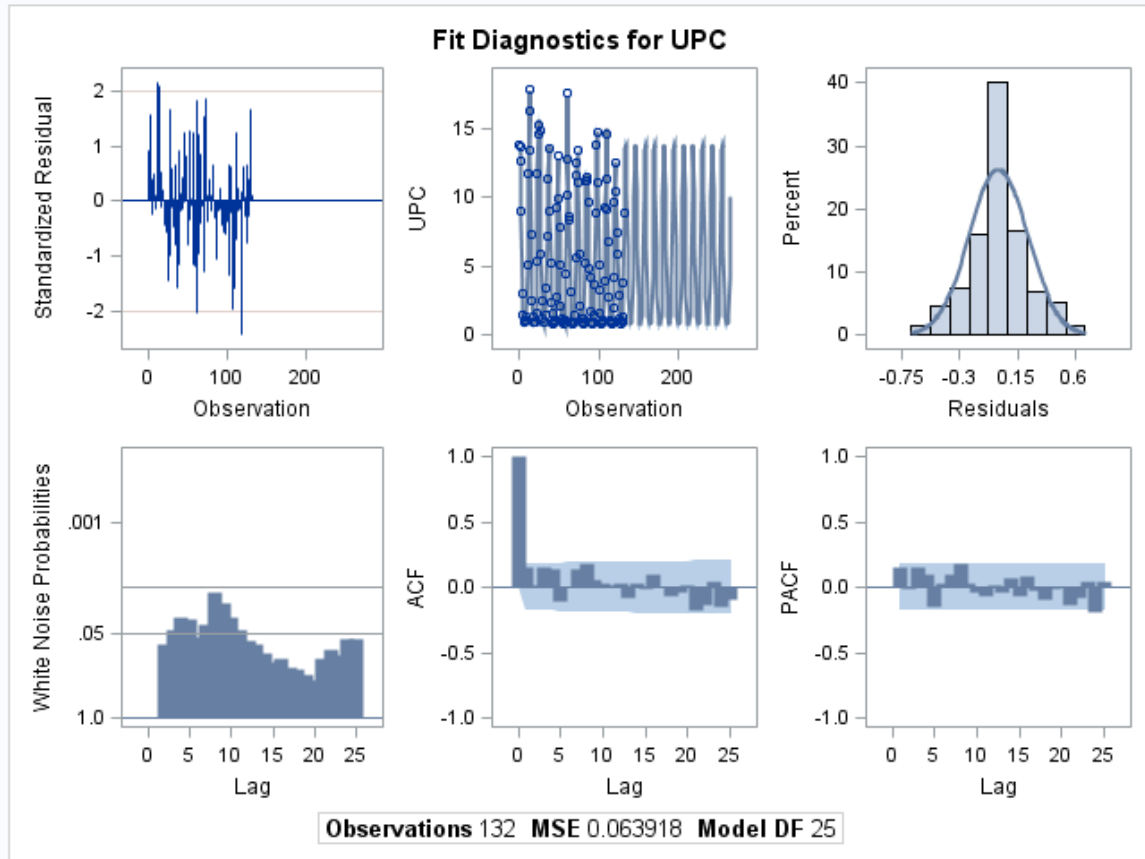
Durbin-Watson Statistics			
Order	DW	Pr < DW	Pr > DW
1	1.6829	0.0821	0.9179
2	1.9291	0.4206	0.5794
3	1.6433	0.0406	0.9594
4	1.6353	0.0466	0.9534
5	2.1395	0.8954	0.1046
6	1.8983	0.5012	0.4988
7	1.6348	0.0800	0.9200
8	1.5362	0.0290	0.9710
9	1.7936	0.3838	0.6162
10	1.8428	0.5159	0.4841
11	1.8659	0.5803	0.4197
12	1.8130	0.2133	0.7867

NOTE: Pr<DW is the p-value for testing positive autocorrelation, and Pr>DW is the p-value for testing negative autocorrelation.

Parameter Estimates						
Variable	DF	Estimate	Standard Error	t Value	Approx Pr >  t	Variable Label
Intercept	1	0.8766	0.0582	15.06	<.0001	
HDD	1	0.0156	0.000342	45.47	<.0001	HEATING DEGREE DAYS
M1	1	-1.6559	0.3329	-4.97	<.0001	January
M2	1	-1.0481	0.3065	-3.42	0.0009	February
M3	1	-1.2057	0.2550	-4.73	<.0001	March
M4	1	-1.0885	0.1815	-6.00	<.0001	April
M5	1	-0.8879	0.1165	-7.62	<.0001	May
M6	1	-0.1961	0.0860	-2.28	0.0246	June
M10	1	-0.8264	0.0921	-8.97	<.0001	October
M11	1	-2.1349	0.1566	-13.63	<.0001	November
M12	1	-1.9585	0.2645	-7.40	<.0001	December
D202004	1	-0.9020	0.2651	-3.40	0.0009	
D202005	1	-1.0740	0.2705	-3.97	0.0001	
D202010	1	-0.6435	0.2513	-2.56	0.0119	
D202012	1	-0.8819	0.2678	-3.29	0.0013	
D202101	1	-0.6449	0.2822	-2.29	0.0243	
D202102	1	-0.7861	0.2708	-2.90	0.0045	
D202104	1	-0.6861	0.2656	-2.58	0.0112	
D201402	1	0.7134	0.2571	2.77	0.0065	
D201912	1	0.8024	0.2664	3.01	0.0032	
D202211	1	0.7361	0.2518	2.92	0.0042	
D201612	1	-0.9472	0.2544	-3.72	0.0003	
D202105	1	-0.8258	0.2664	-3.10	0.0025	
D202001	1	1.3857	0.2762	5.02	<.0001	
D202301	1	0.8205	0.2545	3.22	0.0017	

## KENTUCKY RESIDENTIAL UPC FORECAST REGRESSION

### The AUTOREG Procedure



## KENTUCKY COMMERCIAL UPC FORECAST REGRESSION

### The AUTOREG Procedure

Dependent Variable	UPC
	USE PER CUSTOMER

Structural Change Test					
Test	Break Point	Num DF	Den DF	F Value	Pr > F
Chow	18	15	102	0.69	0.7858
Chow	24	15	102	0.68	0.7959
Chow	30	15	102	0.59	0.8795
Chow	36	15	102	0.83	0.6378
Chow	37	15	102	0.83	0.6449
Chow	38	15	102	1.15	0.3192
Chow	39	15	102	1.19	0.2952
Chow	40	15	102	1.29	0.2204
Chow	41	15	102	1.31	0.2127
Chow	42	15	102	1.32	0.2030
Chow	43	15	102	1.33	0.1966
Chow	44	15	102	1.34	0.1941
Chow	45	15	102	1.37	0.1759
Chow	46	15	102	1.46	0.1352
Chow	47	15	102	1.54	0.1054
Chow	48	15	102	1.40	0.1605
Chow	54	15	102	1.47	0.1321
Chow	60	15	102	1.41	0.1557
Chow	66	15	102	1.00	0.4628
Chow	67	15	102	1.04	0.4216
Chow	68	15	102	1.01	0.4463
Chow	69	15	102	1.00	0.4597
Chow	70	15	102	1.03	0.4289
Chow	71	15	102	1.09	0.3784
Chow	72	15	102	1.08	0.3860
Chow	78	15	102	1.26	0.2414

Chow	84	15	102	1.78	0.0474
Chow	85	15	102	2.13	0.0138
Chow	86	15	102	2.05	0.0183
Chow	87	15	102	2.10	0.0152
Chow	88	15	102	1.81	0.0429
Chow	89	15	102	1.81	0.0429
Chow	90	15	102	1.81	0.0429
Chow	91	15	102	1.41	0.1552
Chow	92	15	102	1.27	0.2324
Chow	93	15	102	1.17	0.3085
Chow	94	15	102	1.17	0.3064
Chow	95	15	102	0.87	0.5935
Chow	96	15	102	0.84	0.6368
Chow	102	15	102	0.45	0.9602
Chow	108	15	102	0.81	0.6663
Chow	114	15	102	0.90	0.5625

## KENTUCKY COMMERCIAL UPC FORECAST REGRESSION

### The AUTOREG Procedure

Yule-Walker Estimates			
SSE	343.419184	DFE	116
MSE	2.96051	Root MSE	1.72061
SBC	579.354846	AIC	533.230016
MAE	1.27899396	AICC	537.960451
MAPE	3.14634726	HQC	551.973031
		Transformed Regression R-Square	0.9914
		Total R-Square	0.9966

Durbin-Watson Statistics			
Order	DW	Pr < DW	Pr > DW
1	1.7019	0.0593	0.9407
2	1.8564	0.1988	0.8012
3	1.9000	0.2750	0.7250
4	2.2756	0.9536	0.0464
5	2.1072	0.8006	0.1994
6	1.7954	0.1942	0.8058
7	1.8915	0.4232	0.5768
8	1.8752	0.4144	0.5856
9	2.0565	0.8091	0.1909
10	1.9618	0.6809	0.3191
11	1.6980	0.1859	0.8141
12	1.8457	0.3053	0.6947

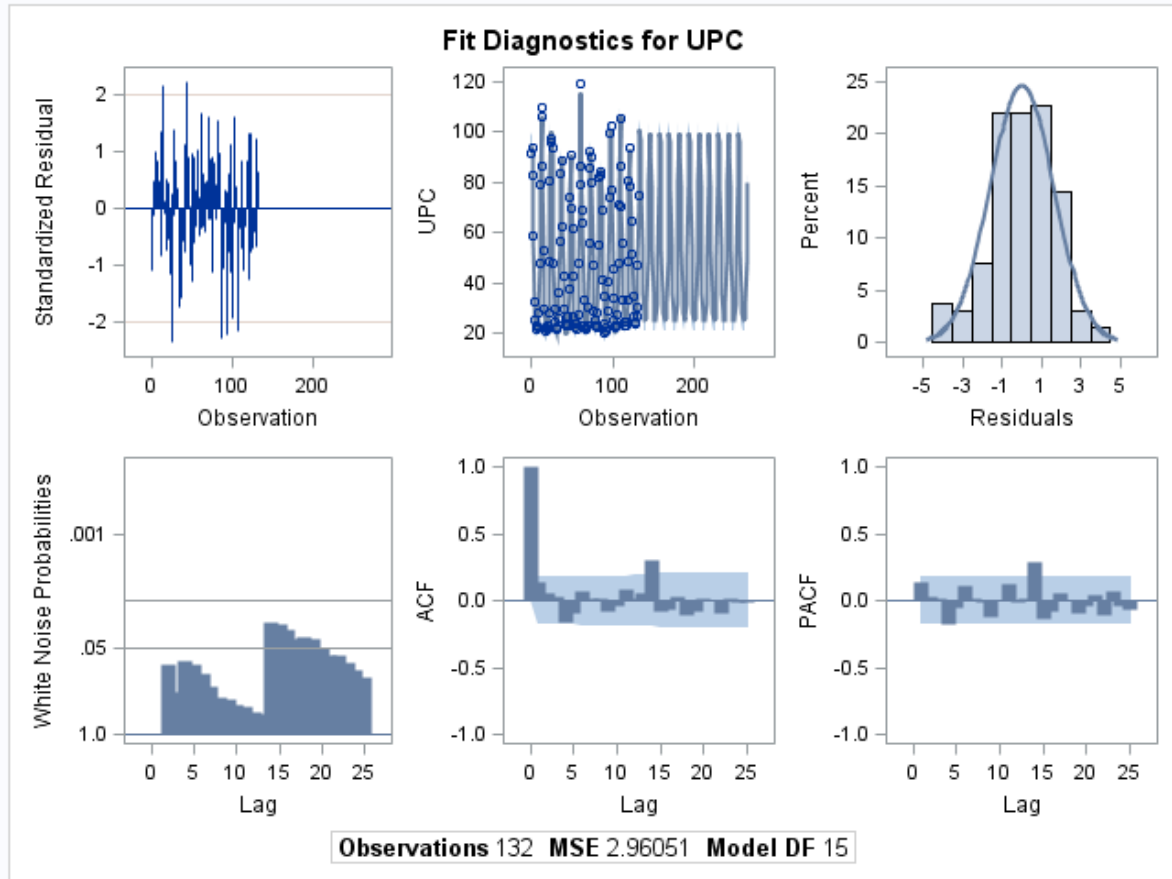
NOTE: Pr<DW is the p-value for testing positive autocorrelation, and Pr>DW is the p-value for testing negative autocorrelation.

Parameter Estimates						
Variable	DF	Estimate	Standard Error	t Value	Approx Pr >  t	Variable Label
Intercept	1	23.4928	1.1565	20.31	<.0001	
HDD	1	0.0761	0.000792	96.05	<.0001	HEATING DEGREE DAYS
M1	1	4.7451	0.5876	8.07	<.0001	January
M2	1	2.4370	0.5884	4.14	<.0001	February
M4	1	-3.7305	0.5306	-7.03	<.0001	April
M5	1	-3.8036	0.5365	-7.09	<.0001	May
M11	1	-2.2346	0.4558	-4.90	<.0001	November
D202005	1	-6.8363	1.7417	-3.93	0.0001	
D202201	1	19.8325	1.7597	11.27	<.0001	
D202202	1	-13.5576	1.7910	-7.57	<.0001	
BEFORE202201	1	-3.3529	0.9827	-3.41	0.0009	
AFTER201706	1	1.7340	0.7514	2.31	0.0228	
D202004	1	-3.9655	1.7355	-2.28	0.0241	
D202210	1	-4.3300	1.5033	-2.88	0.0047	
D201302	1	6.4893	1.5672	4.14	<.0001	



## KENTUCKY COMMERCIAL UPC FORECAST REGRESSION

### The AUTOREG Procedure



**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

26. Refer to Columbia Kentucky's response to Staff's Second Request, Item 48.

- a. Identify the competing pipeline referenced in the response.
- b. Provide the single large transportation customer's monthly transportation volume for the last five years ending 2023, and monthly for 2024.
- c. Provide forecasted total industrial transportation volumes reflecting (1) the individual customer's volumes at actual 2023 levels, and (2) at levels equal to a five-year average of the customer's volumes, including the most current months available.

**Response:**

- a. [REDACTED]
- b. Please refer to CONFIDENTIAL KY PSC Case No. 2024-00092, Staff 3-26,  
Attachment A, Page 1
- c. Please refer to CONFIDENTIAL KY PSC Case No. 2024-00092, Staff 3-26,  
Attachment A, Page 2

**ATTACHMENT IS CONFIDENTIAL  
AND IS BEING FILED UNDER SEAL  
PURSUANT TO A MOTION FOR  
CONFIDENTIAL TREATMENT  
A PUBLIC VERSION OF THE EXCEL  
SPREADSHEET IS BEING  
UPLOADED SEPARATELY INTO  
THE COMMISSION'S ELECTRONIC  
FILING SYSTEM**

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**  
**DATED JULY 24, 2024**

27. Refer to Case No. 2021-00183,2 December 28, 2021 Order, page 12. Identify which employee performs a thorough review of costs allocated to Columbia Kentucky on a recurring basis. Provide any reports or summaries performed of this review.

**Response:**

Costs allocated to Columbia are reviewed monthly by Columbia's leadership team. A division within the NiSource Financial Planning & Analysis Department, reporting up to Dan Douglas, Senior Vice President, provides a review of costs which are allocated from NCSC to Columbia and prepares a monthly report for Columbia. Columbia's Vice President of Gas Operations, Don Ayers also reviews a detailed analysis of state operation expenses. On a monthly basis, three members of Columbia's leadership team: Kimra Cole, Judy Cooper, and Don Ayers meet with several key members of the Financial Planning & Analysis Department for a robust discussion and review of Columbia's direct and allocated costs and to assist Kimra in her management of the profit and loss of Columbia. These review meetings can also result in additional follow up meetings to address specific costs. A summary of the review materials can be found in Columbia's

response to the requirement found in 807 KAR 5:01 Section 16-(7)(o) located at Tab 66 of Columbia's application and KY PSC Case No. 2024-00092 Staff 3-27 Attachment A.

## **3-27 ATTACHMENT A**



## Columbia Gas of Kentucky - Net Operating Earnings (\$M)

Y-T-D(Mar) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	2&10 PE	Proposed PE Adj	Proposed PE	Risks & Upsides	YE Forecast
Net Revenue	\$ 13.44	\$ 13.30	\$ 0.14	\$ 48.15	\$ 47.47	\$ 0.68	\$ 121.55	\$ 0.63	\$ 122.18	\$ -	\$ 122.18	\$ 0.77	\$ 122.95
Gas Operations	\$ (1.42)	\$ (1.48)	\$ 0.06	\$ (4.10)	\$ (3.95)	\$ (0.16)	\$ (15.92)	\$ (0.00)	\$ (15.92)	\$ -	\$ (15.92)	\$ (0.28)	\$ (16.20)
Gas Presidents	\$ (0.19)	\$ (0.19)	\$ 0.00	\$ (0.55)	\$ (0.57)	\$ 0.02	\$ (2.30)	\$ -	\$ (2.30)	\$ -	\$ (2.30)	\$ -	\$ (2.30)
Utility Support Functions	\$ (0.08)	\$ (0.05)	\$ (0.03)	\$ (0.22)	\$ (0.17)	\$ (0.06)	\$ (0.71)	\$ 0.08	\$ (0.63)	\$ -	\$ (0.63)	\$ -	\$ (0.63)
Operations and Safety	\$ (0.69)	\$ (0.69)	\$ (0.00)	\$ (1.90)	\$ (1.86)	\$ (0.04)	\$ (7.33)	\$ (0.06)	\$ (7.38)	\$ 0.04	\$ (7.35)	\$ -	\$ (7.35)
Corporate Functions	\$ (1.87)	\$ (1.65)	\$ (0.22)	\$ (5.63)	\$ (5.05)	\$ (0.58)	\$ (18.79)	\$ (0.35)	\$ (19.14)	\$ (0.30)	\$ (19.44)	\$ -	\$ (19.44)
Indirect Expenses	\$ (0.99)	\$ (0.68)	\$ (0.31)	\$ (2.43)	\$ (1.99)	\$ (0.44)	\$ (7.80)	\$ (0.27)	\$ (8.07)	\$ (0.45)	\$ (8.52)	\$ -	\$ (8.52)
O&M	\$ (5.24)	\$ (4.75)	\$ (0.50)	\$ (14.84)	\$ (13.59)	\$ (1.25)	\$ (52.84)	\$ (0.60)	\$ (53.44)	\$ (0.71)	\$ (54.16)	\$ (0.28)	\$ (54.44)
Depreciation	\$ (1.78)	\$ (1.79)	\$ 0.01	\$ (5.46)	\$ (5.53)	\$ 0.07	\$ (22.57)	\$ 0.06	\$ (22.51)	\$ -	\$ (22.51)	\$ -	\$ (22.51)
Total Other Taxes	\$ (0.80)	\$ (0.81)	\$ 0.01	\$ (2.41)	\$ (2.43)	\$ 0.02	\$ (9.74)	\$ -	\$ (9.74)	\$ -	\$ (9.74)	\$ -	\$ (9.74)
<b>Operating Earnings</b>	<b>\$ 5.61</b>	<b>\$ 5.95</b>	<b>\$ (0.34)</b>	<b>\$ 25.44</b>	<b>\$ 25.91</b>	<b>\$ (0.48)</b>	<b>\$ 36.40</b>	<b>\$ 0.09</b>	<b>\$ 36.49</b>	<b>\$ (0.71)</b>	<b>\$ 35.77</b>	<b>\$ 0.49</b>	<b>\$ 36.26</b>
Total Other Income (Deductions)	\$ (0.87)	\$ (0.73)	\$ (0.14)	\$ (2.73)	\$ (2.64)	\$ (0.09)	\$ (13.00)	\$ 1.25	\$ (11.75)	\$ -	\$ (11.75)	\$ -	\$ (11.75)
<b>Pre-Tax Earnings</b>	<b>\$ 4.73</b>	<b>\$ 5.21</b>	<b>\$ (0.48)</b>	<b>\$ 22.71</b>	<b>\$ 23.27</b>	<b>\$ (0.56)</b>	<b>\$ 23.40</b>	<b>\$ 1.34</b>	<b>\$ 24.74</b>	<b>\$ (0.71)</b>	<b>\$ 24.03</b>	<b>\$ 0.49</b>	<b>\$ 24.52</b>
Income Taxes	\$ (1.14)	\$ (1.26)	\$ 0.12	\$ (5.55)	\$ (5.67)	\$ 0.12	\$ (5.30)	\$ (0.35)	\$ (5.65)	\$ -	\$ (5.65)	\$ -	\$ (5.65)
Effective Tax Rate	24.0%	24.1%	0.1%	24.4%	24.4%	-0.1%	22.6%	-0.2%	22.8%				
<b>Net Operating Earnings</b>	<b>\$ 3.60</b>	<b>\$ 3.96</b>	<b>\$ (0.36)</b>	<b>\$ 17.16</b>	<b>\$ 17.60</b>	<b>\$ (0.44)</b>	<b>\$ 18.10</b>	<b>\$ 0.99</b>	<b>\$ 19.09</b>	<b>\$ (0.71)</b>	<b>\$ 18.38</b>	<b>\$ 0.49</b>	<b>\$ 18.87</b>

### MTD Highlights

- **Net Revenue \$0.14M:** Favorability in residential and industrial usage, offset by unfavorability in commercial usage
- **Corporate Functions (\$0.22M):** Tax Invoice double accrued will reverse in Apr
- **Indirect Expenses (\$0.31M):** Driven by LTIP – 2023 performance award true-up

### Proposed PE Adjustment Highlights

- **Corporate Functions: Cloud Software increased expense (\$0.05). All Other PE Variances are due to actual vs plan allocation rates**
- **Indirect Expenses: LTIP – Performance Update (\$0.35)**

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## Columbia Gas of Kentucky - Net Revenue (\$M)

Y-T-D(Mar) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	2&10 PE	Proposed PE Adj	Proposed PE
Residential	\$ 8.31	\$ 8.16	\$ 0.15	\$ 30.71	\$ 30.48	\$ 0.23	\$ 72.74	\$ 0.17	\$ 72.91	\$ -	\$ 72.91
Commercial	\$ 3.26	\$ 3.40	\$ (0.14)	\$ 11.47	\$ 11.72	\$ (0.25)	\$ 32.42	\$ (0.48)	\$ 31.94	\$ -	\$ 31.94
Industrial	\$ 0.78	\$ 0.66	\$ 0.12	\$ 2.63	\$ 2.07	\$ 0.56	\$ 7.08	\$ 0.06	\$ 7.14	\$ -	\$ 7.14
Rate Case Outcome	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Base Retail Margin</b>	<b>\$ 12.35</b>	<b>\$ 12.22</b>	<b>\$ 0.14</b>	<b>\$ 44.81</b>	<b>\$ 44.26</b>	<b>\$ 0.55</b>	<b>\$ 112.24</b>	<b>\$ (0.25)</b>	<b>\$ 111.99</b>	<b>\$ -</b>	<b>\$ 111.99</b>
Capital Trackers	\$ 0.69	\$ 0.47	\$ 0.23	\$ 3.03	\$ 1.33	\$ 1.69	\$ 6.74	\$ -	\$ 6.74	\$ -	\$ 6.74
Supply & Optimization	\$ 0.50	\$ 0.42	\$ 0.09	\$ 1.97	\$ 1.25	\$ 0.72	\$ 1.25	\$ 0.63	\$ 1.88	\$ -	\$ 1.88
Other Misc. Revenue	\$ (0.11)	\$ 0.20	\$ (0.31)	\$ (1.66)	\$ 0.62	\$ (2.28)	\$ 1.32	\$ 0.25	\$ 1.56	\$ -	\$ 1.56
<b>Net Revenue</b>	<b>\$ 13.44</b>	<b>\$ 13.30</b>	<b>\$ 0.14</b>	<b>\$ 48.15</b>	<b>\$ 47.47</b>	<b>\$ 0.68</b>	<b>\$ 121.55</b>	<b>\$ 0.63</b>	<b>\$ 122.18</b>	<b>\$ -</b>	<b>\$ 122.18</b>

Customer Count					
Residential	124,651	124,842	(191)	374,057	374,585
Commercial	14,009	14,059	(50)	42,034	42,196
Industrial	111	115	(4)	334	345

Normalized Volumes					
Residential	1,084,586	1,073,412	11,174	4,409,652	4,378,072
Commercial	981,684	997,570	(15,886)	3,605,092	3,580,488
Industrial	1,885,499	1,392,474	493,025	5,327,601	4,276,740

### MTD Highlights

- **Base Retail Margin \$0.14M:** Favorability in residential and industrial usage, offset by unfavorability in commercial usage
- **Capital Trackers \$0.23M:** SMRP favorability
- **Other Misc Revenue (\$0.31M)**

### Proposed PE Adjustment Highlights

- N/A

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

Y-T-D(Mar) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	2&10 PE	Proposed PE Adj	Proposed PE
Executive	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ 0.00	\$ (0.06)	\$ 0.00	\$ (0.06)
Finance	\$ (0.31)	\$ (0.11)	\$ (0.19)	\$ (0.92)	\$ (0.29)	\$ (0.63)	\$ (1.19)	\$ (0.49)	\$ (1.68)	\$ (0.19)	\$ (1.87)
General Counsel	\$ (0.10)	\$ (0.08)	\$ (0.02)	\$ (0.21)	\$ (0.17)	\$ (0.04)	\$ (0.72)	\$ (0.01)	\$ (0.74)	\$ (0.00)	\$ (0.74)
Human Resources	\$ (0.05)	\$ (0.04)	\$ (0.01)	\$ (0.14)	\$ (0.13)	\$ (0.01)	\$ (0.55)	\$ (0.00)	\$ (0.56)	\$ 0.00	\$ (0.55)
Office of Innovation	\$ (0.78)	\$ (0.68)	\$ (0.10)	\$ (2.32)	\$ (2.18)	\$ (0.13)	\$ (7.98)	\$ 0.16	\$ (7.82)	\$ (0.01)	\$ (7.83)
Operations and Safety	\$ (0.69)	\$ (0.69)	\$ (0.00)	\$ (1.90)	\$ (1.86)	\$ (0.04)	\$ (7.33)	\$ (0.06)	\$ (7.38)	\$ 0.04	\$ (7.35)
Strategy, Risk, and Comm Org	\$ (0.55)	\$ (0.53)	\$ (0.02)	\$ (1.79)	\$ (1.78)	\$ (0.01)	\$ (6.47)	\$ 0.27	\$ (6.20)	\$ 0.00	\$ (6.20)
Other G&A	\$ (0.07)	\$ (0.20)	\$ 0.13	\$ (0.23)	\$ (0.49)	\$ 0.26	\$ (1.81)	\$ (0.27)	\$ (2.08)	\$ (0.10)	\$ (2.19)
<b>Total Direct Expenses</b>	<b>\$ (2.56)</b>	<b>\$ (2.34)</b>	<b>\$ (0.22)</b>	<b>\$ (7.53)</b>	<b>\$ (6.92)</b>	<b>\$ (0.62)</b>	<b>\$ (26.12)</b>	<b>\$ (0.41)</b>	<b>\$ (26.53)</b>	<b>\$ (0.26)</b>	<b>\$ (26.79)</b>
Short-Term Incentive	\$ (0.23)	\$ (0.16)	\$ (0.07)	\$ (0.58)	\$ (0.47)	\$ (0.11)	\$ (1.91)	\$ 0.01	\$ (1.90)	\$ (0.01)	\$ (1.91)
Long-Term Incentive	\$ (0.39)	\$ (0.14)	\$ (0.25)	\$ (0.68)	\$ (0.44)	\$ (0.24)	\$ (1.74)	\$ 0.17	\$ (1.57)	\$ (0.35)	\$ (1.93)
Employee Benefits	\$ (0.36)	\$ (0.38)	\$ 0.02	\$ (1.17)	\$ (1.08)	\$ (0.09)	\$ (4.14)	\$ (0.44)	\$ (4.59)	\$ (0.09)	\$ (4.68)
<b>Total Indirect Expenses</b>	<b>\$ (0.99)</b>	<b>\$ (0.68)</b>	<b>\$ (0.31)</b>	<b>\$ (2.43)</b>	<b>\$ (1.99)</b>	<b>\$ (0.44)</b>	<b>\$ (7.80)</b>	<b>\$ (0.27)</b>	<b>\$ (8.07)</b>	<b>\$ (0.45)</b>	<b>\$ (8.52)</b>
<b>Total Corporate Functions</b>	<b>\$ (3.55)</b>	<b>\$ (3.02)</b>	<b>\$ (0.53)</b>	<b>\$ (9.96)</b>	<b>\$ (8.91)</b>	<b>\$ (1.05)</b>	<b>\$ (33.91)</b>	<b>\$ (0.68)</b>	<b>\$ (34.59)</b>	<b>\$ (0.71)</b>	<b>\$ (35.31)</b>

### MTD Highlights

- Finance:** Tax Invoice double accrued will reverse next month (T) (\$0.19)
- Innovation and Other G&A:** IT depreciation offset in other G&A (G); IT security Software invoice (T) \$0.03
- Indirect:** Driven by LTIP – 2023 performance award true-up (\$0.31)

### Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Other G&A:** Cloud Software increased expense (\$0.05)
- Long-Term Incentives:** LTIP – Performance Update (\$0.35)
- All Other PE Variances** are due to actual vs plan allocation rates

## Columbia Gas of Kentucky - Net Operating Earnings (\$M)

Y-T-D(Apr) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	3&9 PE	Proposed PE Adj	Proposed PE	Risks & Upsides	YE Forecast
Net Revenue	\$ 9.14	\$ 8.78	\$ 0.36	\$ 57.28	\$ 56.23	\$ 1.05	\$ 121.55	\$ 0.63	\$ 122.18	\$ 0.38	\$ 122.56	\$ 0.77	\$ 123.33
Field Operations	(1.25)	(1.51)	0.25	(5.36)	(5.43)	0.07	(15.92)	(0.00)	(15.92)	-	(15.92)	(0.28)	(16.20)
Operations and Safety	(0.60)	(0.64)	0.04	(2.50)	(2.49)	(0.01)	(7.33)	(0.03)	(7.36)	0.01	(7.35)	-	(7.35)
Gas Presidents	(0.18)	(0.19)	0.01	(0.73)	(0.76)	0.03	(2.30)	-	(2.30)	-	(2.30)	-	(2.30)
President, Reg, Sust, & Cust	(0.37)	(0.31)	(0.06)	(1.77)	(1.66)	(0.11)	(4.63)	0.29	(4.34)	(0.04)	(4.38)	-	(4.38)
Corporate Functions	(1.19)	(1.28)	0.10	(5.64)	(5.22)	(0.42)	(14.88)	(0.90)	(15.78)	(0.01)	(15.79)	-	(15.79)
Indirect Expenses	(0.43)	(0.52)	0.09	(2.86)	(2.61)	(0.25)	(7.80)	(0.72)	(8.52)	0.18	(8.34)	-	(8.34)
O&M	(4.02)	(4.45)	0.43	(18.86)	(18.17)	(0.69)	(52.84)	(1.37)	(54.21)	0.14	(54.07)	(0.28)	(54.35)
Depreciation	(1.84)	(1.85)	0.01	(7.31)	(7.38)	0.07	(22.57)	0.06	(22.51)	-	(22.51)	-	(22.51)
Total Other Taxes	(0.80)	(0.81)	0.02	(3.21)	(3.24)	0.03	(9.74)	-	(9.74)	-	(9.74)	2.40	(7.34)
<b>Operating Earnings</b>	<b>\$ 2.47</b>	<b>\$ 1.66</b>	<b>\$ 0.81</b>	<b>\$ 27.91</b>	<b>\$ 27.43</b>	<b>\$ 0.48</b>	<b>\$ 36.40</b>	<b>\$ (0.68)</b>	<b>\$ 35.72</b>	<b>\$ 0.52</b>	<b>\$ 36.24</b>	<b>\$ 2.89</b>	<b>\$ 39.13</b>
Total Other Income (Deductions)	(0.87)	(0.71)	(0.15)	(3.59)	(3.54)	(0.05)	(13.00)	1.35	(11.65)	-	(11.65)	-	(11.65)
<b>Pre-Tax Earnings</b>	<b>\$ 1.60</b>	<b>\$ 0.95</b>	<b>\$ 0.65</b>	<b>\$ 24.31</b>	<b>\$ 23.89</b>	<b>\$ 0.42</b>	<b>\$ 23.40</b>	<b>\$ 0.67</b>	<b>\$ 24.07</b>	<b>\$ 0.52</b>	<b>\$ 24.59</b>	<b>\$ 2.89</b>	<b>\$ 27.48</b>
Income Taxes	(0.36)	(0.19)	(0.17)	(5.91)	(5.78)	(0.13)	(5.30)	(0.17)	(5.47)	-	(5.47)	-	(5.47)
Effective Tax Rate	22.5%	20.1%	-2.4%	24.3%	24.2%	-0.1%	22.6%	-0.1%	22.7%				
<b>Net Operating Earnings</b>	<b>\$ 1.24</b>	<b>\$ 0.76</b>	<b>\$ 0.48</b>	<b>\$ 18.41</b>	<b>\$ 18.11</b>	<b>\$ 0.29</b>	<b>\$ 18.10</b>	<b>\$ 0.50</b>	<b>\$ 18.60</b>	<b>\$ 0.52</b>	<b>\$ 19.12</b>	<b>\$ 2.89</b>	<b>\$ 22.01</b>

### MTD Highlights

- Net Revenue \$0.36M: \$0.13M** Favorability in residential and industrial usage, offset by unfavourability in commercial customer count. \$0.29 PBR favorability not captured in AFP
- Field Operations \$0.25M:** Locating, maintenance of mains/services, and Non-Work Plan/Other

### Proposed PE Adjustment Highlights

- Net Revenue \$0.38M:** PBR favorability not captured in AFP
- Corporate Functions \$0.03M:** Smithfield closure (P) (\$0.10M), Reversal of Tax invoice \$0.13M
- Indirect Expenses \$0.20M:** Corrected classification (P)
- All Other PE Variances are due to actual vs plan allocation rates**

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## Columbia Gas of Kentucky - Net Revenue (\$M)

Y-T-D(Apr) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	3&9 PE	Proposed PE Adj	Proposed PE
Residential	\$ 5.25	\$ 5.08	\$ 0.17	\$ 35.96	\$ 35.51	\$ 0.45	\$ 72.74	\$ 0.49	\$ 73.22	\$ -	\$ 73.22
Commercial	2.39	2.49	(0.10)	13.86	14.24	(0.38)	32.42	(0.78)	31.64	-	31.64
Industrial	0.67	0.61	0.06	3.30	2.67	0.63	7.08	0.10	7.19	-	7.19
Rate Case Outcome	-	-	-	-	-	-	-	-	-	-	-
<b>Base Retail Margin</b>	<b>\$ 8.31</b>	<b>\$ 8.18</b>	<b>\$ 0.13</b>	<b>\$ 53.12</b>	<b>\$ 52.42</b>	<b>\$ 0.70</b>	<b>\$ 112.24</b>	<b>\$ (0.19)</b>	<b>\$ 112.05</b>	<b>\$ -</b>	<b>\$ 112.05</b>
Capital Trackers	0.47	0.49	(0.02)	3.49	1.82	1.67	6.74	-	6.74	-	6.74
Supply & Optimization	0.29	-	0.29	2.26	1.25	1.01	1.25	0.63	1.88	0.38	2.26
Other Misc. Revenue	0.07	0.11	(0.04)	(1.59)	0.73	(2.33)	1.32	0.19	1.51	-	1.51
<b>Net Revenue</b>	<b>\$ 9.14</b>	<b>\$ 8.78</b>	<b>\$ 0.36</b>	<b>\$ 57.28</b>	<b>\$ 56.23</b>	<b>\$ 1.05</b>	<b>\$ 121.55</b>	<b>\$ 0.63</b>	<b>\$ 122.18</b>	<b>\$ 0.38</b>	<b>\$ 122.56</b>

Customer Count						
Residential	124,350	124,434	(84)	498,407	499,019	(612)
Commercial	13,947	13,988	(41)	55,981	56,184	(203)
Industrial	112	115	(3)	446	460	(14)

Normalized Volumes						
Residential	503,132	483,174	19,958	4,912,784	4,861,246	51,538
Commercial	593,802	574,570	19,232	4,198,894	4,155,058	43,835
Industrial	1,443,166	1,215,261	227,905	6,770,767	5,492,001	1,278,765

### MTD Highlights

- **Base Retail Margin \$0.13M:** Favorability in residential and industrial usage, offset by unfavourability in commercial customer count
- **Supply & Optimization \$0.29M:** PBR favorability not captured in AFP
- **Other Misc. Revenue \$(0.04)M:** Revenue 495 - Non GAAP \$(0.03M)

### Proposed PE Adjustment Highlights

- **Supply & Optimization \$0.38M:** PBR favorability not captured in AFP

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

Y-T-D(Apr) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	3&9 PE	Proposed PE Adj	Proposed PE
Operations and Safety	\$ (0.60)	\$ (0.64)	\$ 0.04	\$ (2.50)	\$ (2.49)	\$ (0.01)	\$ (7.33)	\$ (0.03)	\$ (7.36)	\$ 0.01	\$ (7.35)
President, Reg, Sust, & Cust	(0.37)	(0.31)	(0.06)	(1.77)	(1.66)	(0.11)	(4.63)	0.29	(4.34)	(0.04)	(4.38)
Admin Svcs and HR	(0.18)	(0.15)	(0.03)	(0.73)	(0.79)	0.06	(2.25)	0.46	(1.79)	(0.10)	(1.88)
Executive	(0.04)	(0.01)	(0.02)	(0.11)	(0.07)	(0.05)	(0.20)	(0.00)	(0.21)	(0.01)	(0.21)
Finance	0.01	(0.12)	0.13	(0.96)	(0.47)	(0.50)	(1.44)	(0.69)	(2.14)	0.13	(2.01)
General Counsel	(0.06)	(0.03)	(0.03)	(0.27)	(0.23)	(0.05)	(0.72)	(0.02)	(0.74)	(0.02)	(0.77)
Strategy, Risk, and Comm Org	(0.83)	(0.74)	(0.09)	(3.24)	(3.03)	(0.20)	(8.44)	(0.20)	(8.64)	0.03	(8.61)
Other G&A	(0.09)	(0.23)	0.14	(0.32)	(0.64)	0.32	(1.81)	(0.46)	(2.27)	(0.04)	(2.31)
<b>Total Direct Expenses</b>	<b>\$ (2.16)</b>	<b>\$ (2.23)</b>	<b>\$ 0.07</b>	<b>\$ (9.91)</b>	<b>\$ (9.38)</b>	<b>\$ (0.54)</b>	<b>\$ (26.83)</b>	<b>\$ (0.65)</b>	<b>\$ (27.48)</b>	<b>\$ (0.04)</b>	<b>\$ (27.52)</b>
Short-Term Incentive	(0.18)	(0.15)	(0.03)	(0.75)	(0.63)	(0.12)	(1.91)	(0.00)	(1.91)	(0.01)	(1.92)
Long-Term Incentive	0.04	(0.02)	0.06	(0.65)	(0.59)	(0.05)	(1.74)	(0.18)	(1.93)	0.20	(1.72)
Employee Benefits	(0.29)	(0.36)	0.06	(1.46)	(1.39)	(0.07)	(4.14)	(0.54)	(4.68)	(0.01)	(4.69)
<b>Total Indirect Expenses</b>	<b>\$ (0.43)</b>	<b>\$ (0.52)</b>	<b>\$ 0.09</b>	<b>\$ (2.86)</b>	<b>\$ (2.61)</b>	<b>\$ (0.25)</b>	<b>\$ (7.80)</b>	<b>\$ (0.72)</b>	<b>\$ (8.52)</b>	<b>\$ 0.18</b>	<b>\$ (8.34)</b>
<b>Total Corporate Functions</b>	<b>\$ (2.59)</b>	<b>\$ (2.75)</b>	<b>\$ 0.17</b>	<b>\$ (12.77)</b>	<b>\$ (11.99)</b>	<b>\$ (0.79)</b>	<b>\$ (34.63)</b>	<b>\$ (1.37)</b>	<b>\$ (36.00)</b>	<b>\$ 0.14</b>	<b>\$ (35.86)</b>

### MTD Highlights

- Pres, Reg, Sust & Cust** : Reg planning and Customer Ops labor (T) \$(0.06)
- Finance**: Reversal of Tax invoice \$0.13 (T)
- Strategy, Risk & Comm Org and Other G&A** : IT Telecom & Software (T) \$0.05
- Indirects**: Employee Benefits- Medical \$0.06 (T), Corrected classification (P) \$0.06

### Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Admin Svcs and HR**: Smithfield closure (P) \$(0.10)
- Finance**: Reversal of Tax invoice \$0.13
- Indirects**: Corrected classification (P) \$0.20
- \*Remaining Variance due to Actual vs Plan allocations\***



## Columbia Gas of Kentucky - Net Operating Earnings (\$M)

May 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	4&8 PE	Proposed PE Adj	Proposed PE	Risks & Upsides	YE Forecast
Net Revenue	\$ 7.21	\$ 6.82	\$ 0.39	\$ 64.49	\$ 63.03	\$ 1.46	\$ 121.55	\$ 1.01	\$ 122.55	\$ 0.23	\$ 122.78	\$ 1.50	\$ 124.28
Field Operations	(1.71)	(1.53)	(0.18)	(7.07)	(6.87)	(0.20)	(15.92)	(0.00)	(15.92)	-	(15.92)	(0.28)	(16.20)
Operations and Safety	(0.78)	(0.65)	(0.12)	(3.28)	(3.12)	(0.15)	(7.33)	(0.01)	(7.33)	(0.11)	(7.44)	-	(7.44)
Gas Presidents	(0.16)	(0.20)	0.04	(0.89)	(0.95)	0.06	(2.30)	-	(2.30)	-	(2.30)	-	(2.30)
President, Reg, Sust, & Cust	(0.34)	(0.31)	(0.03)	(2.11)	(2.00)	(0.11)	(4.63)	0.23	(4.39)	(0.03)	(4.42)	-	(4.42)
Corporate Functions	(1.43)	(1.42)	(0.01)	(7.07)	(6.51)	(0.56)	(14.88)	(1.10)	(15.97)	(0.06)	(16.03)	-	(16.03)
Indirect Expenses	(0.67)	(0.66)	(0.01)	(3.53)	(3.27)	(0.26)	(7.80)	(0.54)	(8.34)	(0.66)	(8.99)	-	(8.99)
O&M	(5.08)	(4.76)	(0.32)	(23.94)	(22.73)	(1.21)	(52.84)	(1.41)	(54.25)	(0.85)	(55.10)	(0.28)	(55.38)
Depreciation	(1.87)	(1.86)	(0.01)	(9.18)	(9.24)	0.06	(22.57)	0.06	(22.51)	-	(22.51)	-	(22.51)
Total Other Taxes	(0.80)	(0.82)	0.01	(4.01)	(4.05)	0.04	(9.74)	-	(9.74)	-	(9.74)	-	(9.74)
Gain/(Loss) on Sale or Impairment of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Earnings</b>	<b>\$ (0.55)</b>	<b>\$ (0.62)</b>	<b>\$ 0.07</b>	<b>\$ 27.36</b>	<b>\$ 27.01</b>	<b>\$ 0.35</b>	<b>\$ 36.40</b>	<b>\$ (0.34)</b>	<b>\$ 36.06</b>	<b>\$ (0.62)</b>	<b>\$ 35.43</b>	<b>\$ 1.22</b>	<b>\$ 36.65</b>
Total Other Income (Deductions)	(0.81)	(0.87)	0.06	(4.41)	(4.50)	0.10	(13.00)	0.94	(12.06)	-	(12.06)	-	(12.06)
<b>Pre-Tax Earnings</b>	<b>\$ (1.36)</b>	<b>\$ (1.49)</b>	<b>\$ 0.13</b>	<b>\$ 22.95</b>	<b>\$ 22.50</b>	<b>\$ 0.45</b>	<b>\$ 23.40</b>	<b>\$ 0.60</b>	<b>\$ 24.00</b>	<b>\$ (0.62)</b>	<b>\$ 23.37</b>	<b>\$ 1.22</b>	<b>\$ 24.59</b>
Income Taxes	0.41	0.42	(0.01)	(5.50)	(5.39)	(0.11)	(5.30)	(0.17)	(5.47)	-	(5.47)	-	(5.47)
Effective Tax Rate	30.0%	28.0%	-2.1%	24.0%	23.9%	0.0%	22.6%	-0.2%	22.8%				
<b>Net Operating Earnings</b>	<b>\$ (0.95)</b>	<b>\$ (1.07)</b>	<b>\$ 0.12</b>	<b>\$ 17.45</b>	<b>\$ 17.11</b>	<b>\$ 0.34</b>	<b>\$ 18.10</b>	<b>\$ 0.43</b>	<b>\$ 18.53</b>	<b>\$ (0.62)</b>	<b>\$ 17.90</b>	<b>\$ 1.22</b>	<b>\$ 19.12</b>

### MTD Highlights

- **Net Revenue \$0.39M:** \$0.22M Base Retail Margin volume favorability, \$0.23M PBR favorability not captured in AFP
- **Field Operations (\$0.18M):** (\$0.07M) Locating due to double accrual to reverse in June, (\$0.07M) JO voided, (\$0.03M) calibrations and tool purchases (T)
- **Operations and Safety (\$0.12M):** Allocation of Smithfield asset write off due to lease termination (\$0.12M) (G)

### Proposed PE Adjustment Highlights

- **Net Revenue \$0.23M:** May PBR actuals
- **Indirects:** STI Scorecard Performance Update (P) (\$0.65M)
- **All Other PE Variances are due to actual vs plan allocation rates**

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## Columbia Gas of Kentucky - Net Revenue (\$M)

Y-T-D(May) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	4&8 PE	Proposed PE Adj	Proposed PE
Residential	\$ 3.77	\$ 3.65	\$ 0.12	\$ 39.73	\$ 39.13	\$ 0.60	\$ 72.74	\$ 1.03	\$ 73.77	\$ -	\$ 73.77
Commercial	2.03	2.01	0.02	15.90	16.27	(0.37)	32.42	(0.65)	31.77	-	31.77
Industrial	0.64	0.56	0.08	3.95	3.23	0.72	7.08	0.13	7.21	-	7.21
Rate Case Outcome	-	-	-	-	-	-	-	-	-	-	-
<b>Base Retail Margin</b>	<b>\$ 6.45</b>	<b>\$ 6.23</b>	<b>\$ 0.22</b>	<b>\$ 59.57</b>	<b>\$ 58.63</b>	<b>\$ 0.94</b>	<b>\$ 112.24</b>	<b>\$ 0.51</b>	<b>\$ 112.75</b>	<b>\$ -</b>	<b>\$ 112.75</b>
Capital Trackers	0.20	0.52	(0.32)	3.69	2.34	1.35	6.74	-	6.74	-	6.74
Supply & Optimization	0.23	-	0.23	2.49	1.25	1.24	1.25	1.01	2.26	0.23	2.49
Other Misc. Revenue	0.33	0.07	0.26	(1.26)	0.81	(2.07)	1.32	(0.51)	0.81	-	0.81
<b>Net Revenue</b>	<b>\$ 7.21</b>	<b>\$ 6.82</b>	<b>\$ 0.39</b>	<b>\$ 64.49</b>	<b>\$ 63.03</b>	<b>\$ 1.46</b>	<b>\$ 121.55</b>	<b>\$ 1.01</b>	<b>\$ 122.55</b>	<b>\$ 0.23</b>	<b>\$ 122.78</b>

Customer Count						
Residential	123,897	123,744	153	622,304	622,763	(459)
Commercial	13,804	13,909	(105)	69,785	70,093	(308)
Industrial	112	114	(2)	558	574	(16)

Normalized Volumes						
Residential	235,746	216,527	19,219	5,148,530	5,077,773	70,756
Commercial	413,374	397,208	16,165	4,612,267	4,552,267	60,001
Industrial	1,408,890	1,105,553	303,337	8,179,657	6,597,554	1,582,103

### MTD Highlights

- **Base Retail Margin \$0.22M:** Favorability in volumes vs plan assumptions
- **Capital Trackers (\$0.32M):** SMRP timing
- **Supply & Optimization \$0.23M:** PBR favorability not captured in AFP
- **Other Misc. Revenue \$0.26M:** Revenue 495 - SMRP Alt Revenue

### Proposed PE Adjustment Highlights

- **Supply & Optimization \$0.23M:** PBR favorability not captured in AFP

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

Y-T-D(May) 2024	MTD Actual	MTD PE	MTD vs. PE		YTD Actual	YTD Plan	YTD vs. Plan		Full Year Plan	YTD PE Adj	4&8 PE	Proposed PE Adj	Proposed PE
Operations and Safety	\$ (0.78)	\$ (0.65)	\$ (0.12)	[1]	\$ (3.28)	\$ (3.12)	\$ (0.15)		\$ (7.33)	\$ (0.01)	\$ (7.33)	\$ (0.11)	\$ (7.44)
President, Reg, Sust, & Cust	(0.34)	(0.31)	(0.03)		(2.11)	(2.00)	(0.11)		(4.63)	0.23	(4.39)	(0.03)	(4.42)
Admin Svcs and HR	(0.29)	(0.29)	0.00		(1.02)	(0.99)	(0.03)		(2.25)	0.23	(2.02)	(0.05)	(2.07)
Executive	(0.03)	(0.01)	(0.01)		(0.14)	(0.08)	(0.06)		(0.20)	(0.01)	(0.21)	(0.00)	(0.21)
Finance	(0.13)	(0.12)	(0.01)		(1.10)	(0.59)	(0.51)		(1.44)	(0.61)	(2.06)	0.06	(2.00)
General Counsel	(0.09)	(0.06)	(0.04)	[2]	(0.37)	(0.28)	(0.09)		(0.72)	(0.04)	(0.77)	(0.02)	(0.79)
Strategy, Risk, and Comm Org	(0.81)	(0.70)	(0.10)	[3]	(4.03)	(4.22)	0.19		(9.72)	1.00	(8.72)	0.02	(8.70)
Other G&A	(0.08)	(0.24)	0.15	[3]	(0.41)	(0.36)	(0.05)		(0.54)	(1.67)	(2.20)	(0.06)	(2.27)
<b>Total Direct Expenses</b>	<b>\$ (2.54)</b>	<b>\$ (2.38)</b>	<b>\$ (0.17)</b>		<b>\$ (12.46)</b>	<b>\$ (11.64)</b>	<b>\$ (0.82)</b>		<b>\$ (26.83)</b>	<b>\$ (0.87)</b>	<b>\$ (27.70)</b>	<b>\$ (0.20)</b>	<b>\$ (27.89)</b>
Short-Term Incentive	(0.16)	(0.15)	(0.02)		(0.92)	(0.79)	(0.13)	[1]	(1.91)	(0.01)	(1.92)	(0.65)	(2.57)
Long-Term Incentive	(0.11)	(0.14)	0.03		(0.75)	(0.74)	(0.01)		(1.74)	0.02	(1.72)	0.02	(1.70)
Employee Benefits	(0.40)	(0.37)	(0.03)		(1.86)	(1.74)	(0.12)		(4.14)	(0.55)	(4.69)	(0.03)	(4.72)
<b>Total Indirect Expenses</b>	<b>\$ (0.67)</b>	<b>\$ (0.66)</b>	<b>\$ (0.01)</b>		<b>\$ (3.53)</b>	<b>\$ (3.27)</b>	<b>\$ (0.26)</b>		<b>\$ (7.80)</b>	<b>\$ (0.54)</b>	<b>\$ (8.34)</b>	<b>\$ (0.66)</b>	<b>\$ (8.99)</b>
<b>Total Corporate Functions</b>	<b>\$ (3.21)</b>	<b>\$ (3.03)</b>	<b>\$ (0.18)</b>		<b>\$ (15.99)</b>	<b>\$ (14.91)</b>	<b>\$ (1.08)</b>		<b>\$ (34.63)</b>	<b>\$ (1.41)</b>	<b>\$ (36.03)</b>	<b>\$ (0.85)</b>	<b>\$ (36.89)</b>

### MTD Highlights

- Ops and Safety:** Allocation of Smithfield asset write off due to lease termination (\$0.12) (P)
- General Counsel:** Legal fees (T) (\$0.04)
- Strategy, Risk & Comm Org and Other G&A :** IT depreciation offset by Other G&A (G) \$0.05

### Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Indirects:** STI Scorecard Performance Update (P) (\$0.65)

\*Remaining Variance of (\$0.20) due to Actual vs Plan allocations\*

## Columbia Gas of Kentucky - Net Operating Earnings (\$M)

Jun 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	5&7 PE	Proposed PE Adj	Proposed PE	Risks & Upsides	YE Forecast
Net Revenue	\$ 6.40	\$ 5.87	\$ 0.53	\$ 70.89	\$ 68.90	\$ 1.99	\$ 121.55	\$ 1.24	\$ 122.78	\$ 0.27	\$ 123.05	\$ 1.20	\$ 124.25
Field Operations	(0.98)	(1.48)	0.50	(8.05)	(8.48)	0.43	(15.92)	(0.00)	(15.92)	-	(15.92)	(0.28)	(16.20)
Operations and Safety	(0.64)	(0.60)	(0.04)	(3.92)	(3.74)	(0.18)	(7.33)	(0.14)	(7.47)	(0.01)	(7.48)	-	(7.48)
Gas Presidents	(0.14)	(0.20)	0.06	(1.03)	(1.14)	0.12	(2.30)	-	(2.30)	-	(2.30)	-	(2.30)
President, Reg, Sust, & Cust	(0.33)	(0.31)	(0.02)	(2.44)	(2.35)	(0.09)	(4.63)	0.21	(4.42)	(0.04)	(4.46)	-	(4.46)
Corporate Functions	(1.24)	(1.40)	0.16	(8.31)	(7.81)	(0.50)	(14.88)	(1.26)	(16.14)	0.16	(15.98)	-	(15.98)
Indirect Expenses	(1.10)	(0.93)	(0.17)	(4.63)	(3.94)	(0.69)	(7.80)	(1.19)	(8.99)	(0.37)	(9.36)	-	(9.36)
O&M	(4.43)	(4.92)	0.49	(28.37)	(27.46)	(0.91)	(52.84)	(2.39)	(55.24)	(0.27)	(55.50)	(0.28)	(55.78)
Depreciation	(1.88)	(1.87)	(0.01)	(11.06)	(11.11)	0.05	(22.57)	0.06	(22.51)	-	(22.51)	-	(22.51)
Total Other Taxes	(0.81)	(0.82)	0.01	(4.82)	(4.87)	0.05	(9.74)	-	(9.74)	-	(9.74)	-	(9.74)
Gain/(Loss) on Sale or Impairment of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Earnings</b>	<b>\$ (0.72)</b>	<b>\$ (1.74)</b>	<b>\$ 1.02</b>	<b>\$ 26.64</b>	<b>\$ 25.47</b>	<b>\$ 1.17</b>	<b>\$ 36.40</b>	<b>\$ (1.10)</b>	<b>\$ 35.30</b>	<b>\$ 0.00</b>	<b>\$ 35.31</b>	<b>\$ 0.92</b>	<b>\$ 36.23</b>
Total Other Income (Deductions)	(1.04)	(0.83)	(0.21)	(5.44)	(5.44)	(0.00)	(13.00)	0.70	(12.30)	-	(12.30)	-	(12.30)
<b>Pre-Tax Earnings</b>	<b>\$ (1.76)</b>	<b>\$ (2.57)</b>	<b>\$ 0.81</b>	<b>\$ 21.19</b>	<b>\$ 20.03</b>	<b>\$ 1.16</b>	<b>\$ 23.40</b>	<b>\$ (0.40)</b>	<b>\$ 23.00</b>	<b>\$ 0.00</b>	<b>\$ 23.00</b>	<b>\$ 0.92</b>	<b>\$ 23.92</b>
Income Taxes	0.47	0.69	(0.22)	(5.03)	(4.73)	(0.31)	(5.30)	0.11	(5.19)	-	(5.19)	-	(5.19)
Effective Tax Rate	26.5%	26.7%	0.2%	23.8%	23.6%	-0.2%	22.6%	0.1%	22.6%				
<b>Net Operating Earnings</b>	<b>\$ (1.29)</b>	<b>\$ (1.88)</b>	<b>\$ 0.59</b>	<b>\$ 16.16</b>	<b>\$ 15.30</b>	<b>\$ 0.86</b>	<b>\$ 18.10</b>	<b>\$ (0.29)</b>	<b>\$ 17.81</b>	<b>\$ 0.00</b>	<b>\$ 17.81</b>	<b>\$ 0.92</b>	<b>\$ 18.73</b>

### MTD Highlights

- **Net Revenue \$0.53M:** \$0.23M Base Retail Margin volume favorability, \$0.27M PBR favorability not captured in AFP
- **Field Operations \$0.50M:** \$0.24M Outside Services due to double accrual reversal, \$0.11M due to Blackline and Training subscription, \$0.08M due to labor favorability in Training/Meetings, Locating, Leak Inspection, and Supervision

### Proposed PE Adjustment Highlights

- **Net Revenue \$0.27M:** June PBR actuals
- **Corporate Functions \$0.16M:** Loss on impairment – Bangs Fab Shop (GLI Assets) (G) with NSI
- **Indirects (\$0.37M):** STI - Non-Financial Metric Update (P)
- **All Other PE Variances are due to actual vs plan allocation rates**

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## Columbia Gas of Kentucky - Net Revenue (\$M)

Y-T-D(Jun) 2024	MTD Actual	MTD PE	MTD vs. PE	YTD Actual	YTD Plan	YTD vs. Plan	Full Year Plan	YTD PE Adj	5&7 PE	Proposed PE Adj	Proposed PE
Residential	\$ 3.07	\$ 2.95	\$ 0.12	\$ 42.80	\$ 42.08	\$ 0.72	\$ 72.74	\$ (0.02)	\$ 72.72	\$ -	\$ 72.72
Commercial	1.84	1.84	0.00	17.74	18.11	(0.37)	32.42	-	32.42	-	32.42
Industrial	0.62	0.51	0.11	4.57	3.74	0.82	7.08	(0.00)	7.08	-	7.08
Rate Case Outcome	-	-	-	-	-	-	-	-	-	-	-
<b>Base Retail Margin</b>	<b>\$ 5.53</b>	<b>\$ 5.31</b>	<b>\$ 0.23</b>	<b>\$ 65.11</b>	<b>\$ 63.93</b>	<b>\$ 1.17</b>	<b>\$ 112.24</b>	<b>\$ (0.02)</b>	<b>\$ 112.22</b>	<b>\$ -</b>	<b>\$ 112.22</b>
Capital Trackers	0.15	0.55	(0.39)	3.84	2.89	0.96	6.74	-	6.74	-	6.74
Supply & Optimization	0.27	-	0.27	2.76	1.25	1.51	1.25	1.24	2.49	0.27	2.76
Other Misc. Revenue	0.44	0.02	0.42	(0.82)	0.83	(1.66)	1.32	0.02	1.33	-	1.33
<b>Net Revenue</b>	<b>\$ 6.40</b>	<b>\$ 5.87</b>	<b>\$ 0.53</b>	<b>\$ 70.89</b>	<b>\$ 68.90</b>	<b>\$ 1.99</b>	<b>\$ 121.55</b>	<b>\$ 1.24</b>	<b>\$ 122.78</b>	<b>\$ 0.27</b>	<b>\$ 123.05</b>

Customer Count						
Residential	123,272	122,945	327	745,576	745,708	(132)
Commercial	13,681	13,811	(130)	83,466	83,904	(438)
Industrial	111	115	(4)	669	689	(20)

Normalized Volumes						
Residential	113,826	91,610	22,216	5,262,355	5,169,384	92,972
Commercial	347,270	329,793	17,477	4,959,538	4,882,060	77,478
Industrial	1,422,673	959,406	463,267	9,602,330	7,556,960	2,045,370

### MTD Highlights

- **Base Retail Margin \$0.23M:** Favorability in volumes vs plan assumptions
- **Capital Trackers (\$0.39M):** SMRP timing, offset in Other Misc Revenue
- **Supply & Optimization \$0.27M:** PBR favorability not captured in AFP
- **Other Misc. Revenue \$0.42M:** Revenue 495 - SMRP Alt Revenue

### Proposed PE Adjustment Highlights

- **Supply & Optimization \$0.27M:** PBR favorability not captured in AFP

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

Y-T-D(Jun) 2024	MTD Actual	MTD PE	MTD vs. PE		YTD Actual	YTD Plan	YTD vs. Plan		Full Year Plan	YTD PE Adj	5&7 PE	Proposed PE Adj	Proposed PE
Operations and Safety	\$ (0.64)	\$ (0.60)	\$ (0.04)	[1]	\$ (3.92)	\$ (3.74)	\$ (0.18)		\$ (7.33)	\$ (0.14)	\$ (7.47)	\$ (0.01)	\$ (7.48)
President, Reg, Sust, & Cust	(0.33)	(0.31)	(0.02)		(2.44)	(2.35)	(0.09)		(4.63)	0.21	(4.42)	(0.04)	(4.46)
Admin Svcs and HR	(0.16)	(0.16)	(0.00)		(1.18)	(1.17)	(0.01)		(2.25)	0.18	(2.07)	0.01	(2.06)
Executive	(0.02)	(0.01)	(0.01)		(0.16)	(0.10)	(0.06)		(0.20)	(0.01)	(0.21)	(0.00)	(0.21)
Finance	(0.11)	(0.13)	0.01		(1.21)	(0.70)	(0.51)		(1.44)	(0.55)	(2.00)	(0.01)	(2.01)
General Counsel	(0.09)	(0.08)	(0.01)		(0.45)	(0.35)	(0.10)		(0.72)	(0.06)	(0.79)	(0.00)	(0.79)
Strategy, Risk, and Comm Org	(0.80)	(0.65)	(0.15)	[2]	(4.83)	(5.07)	0.23		(9.72)	1.02	(8.70)	0.03	(8.67)
Other G&A	(0.06)	(0.38)	0.32	[2]	(0.47)	(0.42)	(0.05)	[1]	(0.54)	(1.83)	(2.37)	0.13	(2.23)
<b>Total Direct Expenses</b>	<b>\$ (2.21)</b>	<b>\$ (2.31)</b>	<b>\$ 0.10</b>		<b>\$ (14.67)</b>	<b>\$ (13.90)</b>	<b>\$ (0.77)</b>		<b>\$ (26.83)</b>	<b>\$ (1.20)</b>	<b>\$ (28.03)</b>	<b>\$ 0.11</b>	<b>\$ (27.92)</b>
Short-Term Incentive	(0.64)	(0.43)	(0.21)		(1.56)	(0.95)	(0.61)		(1.91)	(0.66)	(2.57)	(0.46)	(3.03)
Long-Term Incentive	(0.04)	(0.13)	0.10		(0.79)	(0.89)	0.10		(1.74)	0.04	(1.70)	0.10	(1.60)
Employee Benefits	(0.42)	(0.37)	(0.06)		(2.28)	(2.10)	(0.18)		(4.14)	(0.58)	(4.72)	(0.01)	(4.73)
<b>Total Indirect Expenses</b>	<b>\$ (1.10)</b>	<b>\$ (0.93)</b>	<b>\$ (0.17)</b>	[3]	<b>\$ (4.63)</b>	<b>\$ (3.94)</b>	<b>\$ (0.69)</b>	[2]	<b>\$ (7.80)</b>	<b>\$ (1.19)</b>	<b>\$ (8.99)</b>	<b>\$ (0.37)</b>	<b>\$ (9.36)</b>
<b>Total Corporate Functions</b>	<b>\$ (3.31)</b>	<b>\$ (3.24)</b>	<b>\$ (0.07)</b>		<b>\$ (19.30)</b>	<b>\$ (17.83)</b>	<b>\$ (1.46)</b>		<b>\$ (34.63)</b>	<b>\$ (2.39)</b>	<b>\$ (37.02)</b>	<b>\$ (0.27)</b>	<b>\$ (37.28)</b>

### MTD Highlights

- Ops and Safety:** Apollo's Initiatives in Fleet (T) slightly off set by favorability in Operations Support (\$0.04)
- Strategy, Risk & Comm Org and Other G&A :** Loss on impairment – Bangs Fab Shop (GLI Assets) (G) with NSI. Corrected in PE \$0.13, IT depreciation offset by Other G&A (G), (\$0.15)
- Indirects:** STI: Non-Financial Metrics Update (P) (\$0.21), LTI: Performance award scorecard update (P) \$0.1, Benefits – Higher Medical Health Insurance (\$0.06)

### Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Other G&A:** Loss on impairment – Bangs Fab Shop (GLI Assets) (G) with NSI. \$0.13
- Indirects:** STI - Non-Financial Metric Update (P) (\$0.46), LTI – Performance award scorecard update (P) \$0.10

\*Remaining Variance of (\$0.04) due to Actual vs Plan allocations\*