

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

In the matter of: )  
 )  
ELECTRONIC APPLICATION OF ) Case No. 2024-00092  
COLUMBIA GAS OF KENTUCKY, INC. )  
FOR AN ADJUSTMENT OF RATES; )  
APPROVAL OF DEPRECIATION STUDY; )  
APPROVAL OF TARIFF REVISIONS; AND )  
OTHER RELIEF )

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**PREPARED REBUTTAL TESTIMONY OF  
JEFFERY T. GORE  
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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**September 20, 2024**

**PREPARED REBUTTAL TESTIMONY OF JEFFERY T. GORE**

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

2 A: My name is Jeffery T. Gore and my business address is 290 West  
3 Nationwide Boulevard, Columbus, Ohio, 43215.

4 **Q: Did you provide Direct Testimony in this proceeding?**

5 A: Yes I did.

6 **Q: What is the purpose of your Rebuttal Testimony in this proceeding?**

7 A: This testimony will address the following topics:

- 8 • Clarify how Customer Deposits were treated in the revenue  
9 requirement filed in this proceeding,
- 10 • Reinforce the Accumulated Deferred Income Tax ("ADIT")  
11 adjustment that should be made in the event the Cash Working  
12 Capital (CWC") is included in the determination of Rate Base,

13 **I. Customer Deposits**

14 **Q: How did the Company include Customer Deposits in the proposed**  
15 **revenue requirement in this case?**

16 A: Customer Deposit balances were not included in rate base. Interest on  
17 customer deposits was also not included as part of operating expense. The  
18 exclusion of both the customer deposit balance and the interest aligns with

1 the Commission Order in Case No. 99-176,<sup>1</sup> as quoted by Office of Attorney  
2 General Witness Defever. This treatment is also consistent with the  
3 treatment approved in the last rate case.<sup>2</sup>

4 **Q: Does Witness Defever’s testimony acknowledge this understanding**  
5 **regarding the inclusion of Customer Deposits in this case?**

6 A: No. Witness Defever has assumed the Company included Customer  
7 Deposit interest in operating expense without including the Customer  
8 Deposit balances in rate base. Page 10, Lines 5 and 6 of Witness Defever’s  
9 testimony states “in this case the Company did include the interest expense  
10 associated with the customer deposits for recovery in the FTP.”

11 **Q: Can you provide clarity on how you think this disconnect occurred?**

12 A: Yes. I prepared Columbia’s response to the Attorney General’s Second  
13 Request for Information, Item 32, Subpart f, which Witness Defever cites to  
14 in support of the above-quoted position. I interpreted the question as  
15 asking for the customer deposit interest expense for the Base Period and  
16 Forecasted Test Period as time periods September 2023 through August  
17 2024 and January 2025 through December 2025, without reference as to

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<sup>1</sup> Case No. 99-176, *In the Matter of an Adjustment of the Rates of Delta Natural Gas Company, Inc.*

<sup>2</sup> Case No. 2021-00183, *In the Matter of Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; Issuance of a Certificate of Public Convenience and Necessity; and Other Relief.*

1           whether these amounts were included in the revenue requirement.

2           Based on Witness Defever's testimony and the response to the Company's  
3           Data Request No. 5, it is apparent that he has interpreted the response to be  
4           that the information provided was included as operating cost in the  
5           revenue requirement. As a result of this interpretation, he is recommending  
6           a reduction to Rate Base for the Customer Deposit balance.

7   **Q: Does the Company accept the reduction to rate base of \$1,969,434**  
8   **recommended by Witness Defever?**

9   A: No. The inclusion of the reduction to rate base alone does not align with the  
10   Commission Order to include or exclude both customer deposit balances  
11   and associated interest.

12 **Q: Is it appropriate to treat customer deposits and interest on customer**  
13 **deposits differently?**

14 A: No. Columbia's exclusion of both the customer deposit balance and the  
15 interest aligns with the Commission Order in Case No. 99-176. However, if  
16 the Commission disagrees with this position, the revenue requirement will  
17 need to be adjusted for both customer deposits and interest expense as  
18 neither are currently included in this case.

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1 **II. ADIT related to CWC Rate Base Adjustment**

2 **Q: Does Witness Defever consider ADIT implications within his**  
3 **recommendation for including the negative CWC Rate Base adjustment?**

4 A: No. The adjustment provided did not include an additional adjustment to  
5 ADIT related to deferred taxes associated with CWC items.

6 **Q: Can you further provide an understanding regarding ADIT associated**  
7 **with the Lead/Lag study?**

8 A: Yes. In Schedule B-6.B, Witness Harding provided details on the ADIT  
9 forecasted for the Company in the forecasted test period. Included in Lines  
10 11 – 17 are ADIT items that are related to the Lead/Lag study. The 13-month  
11 average balance was \$3,490,850.

12 **Q: Did the Company’s proposed Rate Base include the CWC ADIT balance**  
13 **of \$3,490,850?**

14 A: No. As described on page 16 (Lines 16-20) of my direct testimony, the ADIT  
15 related to CWC is included on Line 8b of Schedule B-1. Then the \$3,490,850  
16 increase to Rate Base is removed on Line 8c. The adjustment as noted on  
17 Line 8c was made to sync the ADIT balance with the company proposal to  
18 use \$0 Lead Lag claim.

19 **Q: What ADIT adjustment are you recommending?**

20 A: If the Company’s original proposal to include \$0 as the Lead Lag claim is

1 approved, no further ADIT adjustments are needed. If the  
2 recommendation to include a calculated Lead Lag study adjustment in Rate  
3 Base, a further adjustment to ADIT in Rate Base is warranted. This  
4 adjustment will increase Rate Base by \$3,490,850.

5 **Q: Does the Summary of Adjustments provided by Witness Defever include**  
6 **the removal of the ADIT associated with CWC items?**

7 A: No. The increase in Rate Base for the CWC related ADIT was not included  
8 in the proposed adjustments.

9 **Q: Does this complete your Rebuttal Testimony?**

10 A: Yes.