

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

In the matter of: : CASE NO. 2024-00092

THE ELECTRONIC APPLICATION OF :
COLUMBIA GAS OF KENTUCKY, INC. :
FOR AN ADJUSTMENT OF RATES; :
APPROVAL OF DEPRECIATION STUDY; :
APPROVAL OF TARIFF REVISIONS; AND :
OTHER RELIEF :

TESTIMONY OF

MATTHEW WHITE

**EXECUTIVE VICE PRESIDENT AND CHIEF LEGAL OFFICER OF INTERSTATE
GAS SUPPLY, INC.**

**ON BEHALF OF INTERSTATE GAS SUPPLY, INC. (“IGS”) AND CONSTELLATION
NEW ENERGY – GAS DIVISION, LLC. (“CNEG”)**

FILED: August 14, 2024

INTRODUCTION

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Q. Please state your name and business address.

A. My name is Matthew White and my business address is 6100 Emerald Parkway, Dublin, Ohio 43016.

Q. By who are you employed?

A. I am an Executive Vice President and Chief Legal Officer for Interstate Gas Supply, Inc. IGS is an active supplier in the Choice Program and supplies tens of thousands of natural gas customers through the Choice Program. The Choice Program allows Columbia customers to decide who delivers natural gas for their home or business. IGS is the largest competitive supplier in the Choice Program and supplies natural gas to residential and small commercial customers in the Columbia service territory.

Q. Please describe your background.

A. In 2002, I graduated from Ohio University. In 2007, I earned a JD/MBA degree from the College of William & Mary, and began working at the law firm of Chester, Wilcox & Saxbe as an energy and utilities lawyer. At Chester Wilcox, I participated in numerous regulatory proceedings relating to utility matters, including natural gas and electric rate cases and electric power siting cases. I also have worked on power and gas sales transactions. At the beginning of 2011, I was hired by IGS Energy. During my time at IGS, I have worked at various roles throughout the organization supporting the legal, regulatory, and business needs of the Company. I am currently Executive Vice President and Chief Legal Officer for IGS Energy. In my current position, I serve on the IGS Executive Team, which is responsible for setting and effectuating IGS’s overall business strategy. I also oversee all of IGS Energy’s legal, regulatory and legislative activities throughout the country. I am also responsible for creating an investment strategy to ensure investment or acquisition opportunities are processed efficiently and are aligned with IGS’s strategic goals.

Q. Have you previously submitted testimony in any regulatory proceedings?

A. Yes. I have testified before the Public Utilities Commission of Ohio (“Commission” or “PUCO”) in several cases. I have also submitted written testimony on utility related matters in numerous regulatory proceedings in Pennsylvania, Maryland, Michigan, West Virginia, and Illinois.

Q. Please describe the discount on receivables associated with the Choice Program.

Columbia of Kentucky currently pays Choice suppliers 98% of the revenue collected from Choice customers – representing a 2% discount on receivables. Columbia asserts the 2% discount is needed as a cost of collection from Choice customers.

Q. What specific issues are you addressing?

A. I will address the inequities associated with the current 2% discount rate and recommendations to address this issue.

1
2 **THE 2% DISCOUNT AND THE INEQUITIES**
3 **ASSOCIATED WITH THE CURRENT TARIFF**
4

5 **Q. Please address the inequities associated with the 2% discount to Choice customers?**

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7 A. Today, Choice Suppliers receive a discount rate of 2% on receivables. Based on
8 information request responses from Columbia of Kentucky to IGS/Constellation dated July
9 10, 2024 and July 24, 2024, it is believed that the actual amounts received from Choice
10 customers is being credited against base rates and, “[c]olumbia’s billing system does not
11 distinguish between charge-offs for gas cost versus base rates for sales service customers.”
12 See, Columbia Response to IGS/Constellation dated July 10, 2024, No. 3. Moreover, the
13 data provided by Columbia demonstrates that in actuality the real uncollectible rate for
14 Choice customers and sales customers hovers much lower than 2%. In other words, Choice
15 customers are paying well in excess of 98% of billings based on this arbitrary discount
16 amount with the excess then being used to subsidize the general base rates and sales
17 customers.
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19 **Q. Please describe the actual uncollectible rate.**

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21 A. Attached hereto as exhibit MW-1 is an excel spreadsheet articulating the actual
22 uncollectible rate related to Choice Customers to be less than .5% (in fact approximately
23 .01% based upon data provided by Columbia). The excel spreadsheet is based upon the
24 data provided by Columbia in response to IGS/Constellation information requests
25 answered on July 10, 2024 and July 24, 2024.
26

27 **Q. Please explain the problem.**

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29 A. In reality, the uncollectible expense of shopping customers is much lower than 2%. The
30 2% however is intended to reflect the cost of collecting from Choice customers. Therefore,
31 the difference between the 2% and the actual uncollectible rate *supra* is being credited to
32 rate base subsidizing sales customers. This creates an inequity increasing the cost of
33 suppliers doing business because Choice suppliers need to recover the current 2% discount
34 through Choice products and rates from Choice customers. Notably, the proposed
35 uncollectible rate system wide is 0.4170% as detailed in response to IGS/Constellation
36 information request set two, question 6, dated July 24, 2024.
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38 **Q. Do you have any recommendations?**

39
40 A. Yes, reduce the discount rate in the tariff for Choice customers to reflect the approximate
41 actual uncollectible rates. The Choice suppliers should not be subsidizing the sales
42 customers. The data provided by Columbia demonstrates a very low uncollectible rate
43 associated with Choice customers however it is submitted that the discount factor for
44 Choice customers should at least be consistent with the system wide average of 0.4170%
45 otherwise the Choice customers are unfairly subsidizing the Columbia sales customers.
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47
48 **Q. Does this conclude your testimony?**

49
50 A. Yes.

VERIFICATION

STATE OF OHIO

COUNTY OF FRANKLIN

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared, Matthew White who, being by me first duly sworn deposed and said that:

He is appearing as a witness on the behalf of Interstate Gas Supply, Inc. and Constellation New Energy – Gas Division, LLC before the Kentucky Public Service Commission in an Application filed by Columbia Gas of Kentucky, Inc., and if present before the Commission and duly sworn, his testimony would be set forth in the annexed testimony.

Signed by:
Matthew White
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Matthew White

SWORN TO AND SUBSCRIBED BEFORE ME this 14th day of August, 2024

Signed by:
Christine R. Martinez
B98782CE00694B7...
NOTARY PUBLIC

