

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

In the matter of:)	
)	
THE ELECTRONIC APPLICATION OF)	
COLUMBIA GAS OF KENTUCKY,)	Case No. 2024-00328
INC. FOR: 1) APPROVAL OF AN)	
AMENDMENT TO ITS SAFETY)	
MODIFICATION AND)	
REPLACEMENT TARIFF; AND 2))	
APPROVAL TO UPDATE SMRP)	
RATES)	

**PREPARED DIRECT TESTIMONY OF
JUDY COOPER
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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COLUMBIA GAS OF KENTUCKY, INC.

October 14, 2024

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I. INTRODUCTION

A: My name is Judy Cooper and my business address is 2001 Mercer Road, Lexington, Kentucky, 40511.

Q: What is your current position and what are your responsibilities?

A: I am the Director of Regulatory Affairs for Columbia Gas of Kentucky, Inc. ("Columbia"). I am responsible for the management of Columbia's regulatory affairs, tariffs and filings with the Kentucky Public Service Commission ("Commission"), including quarterly Gas Cost Adjustments.

Q: What is your educational background and professional experience?

A: I obtained a Bachelor of Science Degree in Accounting from the University of Kentucky and a Master's Degree in Business Administration from Xavier University. My professional experience began as an auditor at the Kentucky Public Service Commission and progressed in various analyst, policy, and management positions, ultimately rising to Director of Rates, Tariffs and Financial Analysis. Subsequently, I have been employed by Columbia in regulatory and government roles of increasing responsibility to that of my current position.

Q: Have you previously testified before the Kentucky Public Service Commission?

1 A: Yes, I have testified in more than a dozen cases before the Commission.

2 **Q: What is the purpose of your testimony?**

3 A: My testimony will outline Columbia’s utilization of the anticipated costs
4 forecasted to modify the calculation of the Safety Modification and
5 Replacement Program (“SMRP”) Rider.

6 **II. HISTORY OF THE SMRP RIDER**

7 **Q: Can you briefly summarize the history of the SMRP Rider?**

8 A: The predecessor of the SMRP Rider was the Accelerated Main Replacement
9 Program (“AMRP”) Rider, which was proposed and authorized by the
10 Commission in Case No. 2009-00141¹. The SMRP was approved by the
11 Commission in Case No. 2019-00257² to expand the scope of projects
12 eligible for recovery via the SMRP mechanism to cover not only the
13 replacement of aging pipeline mains, services and facilities but also any
14 other subsequent programs that would involve enhancing Columbia’s
15 ability to provide safe and reliable natural gas service where the costs of
16 such programs are not already recovered in base rates. Any additional

¹ Case No. 2009-00141, *Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates*, Ky. PSC Oct. 26, 2009, Order.

² Case No. 2019-0025, *Electronic Application of Columbia Gas of Kentucky, Inc., for: 1) A Declaration that Construction of a Low Pressure Safety System in an Extension of its System in the Ordinary Course of Business; 2) in the Alternative, for the Issuance of a Certificate of Public Convenience and Necessity of such Construction; 3) Approval of an Amendment and Expansion of its Accelerated Main Replacement Tariff to its Safety Modification and Replacement Tariff; and 4) Approval to Modify the 2019 AMRP Construction Plan*, Ky. PSC Nov. 7, 2019, Order.

1 safety modifications would be identified and submitted to the Commission
2 for consideration and approval on an annual basis under the expanded and
3 amended Tariff SMRP.

4 The next change to the SMRP occurred in Columbia's 2020 annual filing for
5 its 2021 planned work. Columbia presented its 2021 annual forecasted data
6 using the forecasted ending net plant balance at year end 2021 to calculate
7 the rate base, as it had done in all previous annual filings. In response to a
8 Staff data request³, Columbia provided its 2021 annual forecasted data
9 using a 13-month average rate base valuation. The Commission later
10 approved SMRP rates using this calculation, opining that doing so would
11 prevent Columbia from collecting "a return on investments it has not yet
12 made."⁴ This produced a lower forecasted revenue requirement than what
13 was included in Columbia's original filing. The rates approved in Case No.
14 2020-00327 were calculated using a 13-month average to determine
15 Columbia's authorized SMRP rate increase. Columbia fully expected that
16 a subsequent adjustment in its next SMRP filing would allow for full
17 recovery of the value of the investments, once the projects were completed
18 and fully actual plant in service.

³ Case No. 2020-00327, Columbia Kentucky's Response to Staff's First Request for Information, Item 2c, Attachment A, filed Nov. 23, 2020

⁴ *Id.*, Order (Ky. PSC April 30, 2021) at 3.

1 The expected subsequent adjustment was not submitted because Columbia
2 filed a base rate case application in Case No. 2021-00183. Columbia
3 proposed, and the Commission approved, inclusion of past SMRP and
4 forecasted test period investments (calendar year 2022) into base rates on a
5 thirteen-month valuation.

6 Another change occurred to the SMRP in Columbia's 2021 base rate case,
7 following decisions by the Commission in two cases related to riders for
8 electric utilities.⁵ The Return on Equity ("ROE") authorized for use in
9 Columbia's future SMRP Rider was lower from the authorized return used
10 in base rates by 7.5 basis points⁶.

11 On October 14, 2022, in Case No. 2022-00342, Columbia filed its first Rider
12 SMRP filing subsequent to its rate case. The filing included Columbia's 2023
13 annual forecasted data utilizing a thirteen-month average rate base and the
14 difference in the 13-month average rate base valuation and year-end
15 valuation for 2022 calendar year-end rate base valuation used to reflect the
16 beginning point of the 2023 SMRP recovery period. This was an adjustment

⁵ See Case No. 2020-00060, *Electronic Application of Kentucky Utilities Company for Approval of an Amended Environmental Compliance Plan and a Revised Environmental Surcharge*, Order at 20 (Ky. PSC Sept. 29, 2020) and Case No. 2020-00061, *Electronic Application of Louisville Gas and Electric Company for Approval of an Amended Environmental Compliance Plan and a Revised Environmental Surcharge*, Order at 20 (Ky. PSC Sept. 29, 2020).

⁶Case No. 2021-00183, *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Tariff Revisions; Issuance of a Certificate of Public Convenience and Necessity; and Other Relief*, Order at 34 (Ky. PSC Dec. 28, 2021).

1 that the Commission had previously approved in SMRP filings subsequent
2 to rate cases, but was denied by Order dated December 28, 2022.

3 **Q: Does Columbia utilize a 13-month average valuation of rate base for the**
4 **calculation of its revenue requirement in this application?**

5 A: Yes, the calculation is presented by Columbia Witness Gore.

6 **Q: How has Columbia's pending rate case⁷ impacted this application?**

7 A: Columbia's pending rate case impacts both the return on and recovery of
8 SMRP investments included in this application. The goal of this annual
9 filing is to establish rates that provide for recovery of the expense of the
10 planned work in the upcoming year and recovery of the allowed return on
11 those investments. The expected revenue from the billing rates should, as
12 closely as possible, approximate the forecasted actual cost so that the
13 Balancing Adjustment will be minimized. This is accomplished by using
14 the expense factors and ROE included in the Joint Stipulation and
15 recommended to the Commission by all of the parties to Columbia's base
16 rate case. The items are explained individually by Columbia Witness Gore.

17 **Q: When would the Balancing Adjustment that you mention be filed with**
18 **the Commission?**

⁷ Case No. 2024-00092, *In the Matter of 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.*

1 **A:** Pursuant to Columbia’s tariff, the Balancing Adjustment for 2025 planned
2 work will be filed with the Commission in March 2026.

3 **Q:** **Does this conclude your Direct Testimony?**

4 **A:** Yes.

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SAFETY MODIFICATION AND REPLACEMENT)
TARIFF; AND 2) APPROVAL TO UPDATE SMRP)
RATES)

VERIFICATION OF JUDY COOPER

STATE 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 testimony 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 15th day of October, 2024, by Judy Cooper.

Evelyn Long Durr

Notary Commission No. KYNP49615

Commission expiration: 05/15/2026

