

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

In the Matter of:)	
)	
The Application of Columbia Gas of)	Case No. 2025-00070
Kentucky, Inc. for an Order Authorizing the)	
Issuance and Sale of Promissory Notes and)	
Authorized but Unissued Common Stock)	

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC.

The petition of Columbia Gas of Kentucky, Inc. (“Columbia”) respectfully states:

(a) That applicant is engaged in the business of furnishing natural gas service to the public in certain counties in the Commonwealth of Kentucky, pursuant to authority granted by the Public Service Commission (“Commission”).

(b) That Columbia’s full name and post office address are:

Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P.O. Box 14241
Lexington, KY 40512-4241
Email: pscmailcky@nisource.com

(c) That Columbia, incorporated October 11, 1905, is a corporation organized and existing under the laws of the Commonwealth of Kentucky and is in good standing with the Commonwealth.

(d) That Columbia is a wholly-owned subsidiary of NiSource Gas Distribution Group which is a wholly-owned subsidiary of NiSource Inc. (“NiSource”). NiSource is a registered holding company under the Public Utility Holding Company Act of 2005, whose principal office is located at 801 East 86th Avenue, Merrillville, IN 46410.

(e) That pursuant to KRS § 278.300, Columbia files this application with the Commission and requests authorization to issue and sell Long-term Promissory Notes (“Notes”) to NiSource Inc., and/or to secure additional equity financing from NiSource Gas Distribution Group through the issuance and sale of the currently authorized and unissued Common Stock (“Stock”), \$25 par value per share. Columbia requests authority to issue new Notes and/or Stock not to exceed a total of \$73,693,800, from the date of the Commission’s Order herein through December 31, 2026, as more fully described below.

(f) As of December 31, 2024, Columbia had authorized 1,100,000 shares of Stock, par value \$25 per share, amounting to \$27,500,000. Of this amount, 952,248 shares were issued and outstanding. There was no preferred stock authorized, issued or outstanding. Columbia was not party to trust deeds or mortgages and there were no mortgage notes outstanding. There were no bonds authorized, issued or outstanding.

(g) Short term borrowings of \$0 were outstanding at December 31, 2024. The interest expense on short-term debt during the twelve-month period ended December 31, 2024 totaled \$147,523.

(h) In order to finance its capital program, refinance a debt maturity of \$12,375,000 in 2026, and for other corporate purposes, Columbia will require, in addition to internally generated funds, up to \$73,693,800 of new funding. Columbia therefore requests Commission authority to

secure from the issuance to NiSource Inc. of Notes, and/or the sale of Stock to NiSource Gas Distribution Group, the total of which shall not exceed \$73,693,800 as more fully described below.

(i) The proceeds to be realized from the proposed sale of new Notes and/or sale of Stock is, in part, to reimburse Columbia's treasury for Columbia's construction program expenditures spanning between January 1, 2025 and December 31, 2026 and totaling \$168,100,000. These expenditures will be required for the purposes of the acquisition of property and for the construction, completion, extension and improvement of company facilities. Columbia intends to use the proceeds from its proposed sale of Notes and/or Stock to acquire property in the form of materials used in the ordinary course of providing public utility service (i.e., the purchase and installation of mains, service lines, meter, regulators, facilities and other corporate purposes). Columbia does not anticipate using the proceeds from the sale of the proposed Notes and/or Stock to finance any major acquisitions. As in prior cases, because Columbia does not assign specific financing to any particular capital project, there are no maps, plans and detailed estimates, or contracts to provide.

(j) **Issuance of New Notes.** The Notes will be unsecured and will be dated the date of their issue. The Notes will be issued with maturities of up to thirty years; will bear an interest rate that corresponds to the pricing being offered companies with credit ratings similar to NiSource Inc., and will reflect market conditions at the time of issuance. The interest rate of the Notes will be determined by directly referencing the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. (as reported in the Bloomberg "IGUUA" Index (or equivalent index) Historical Price Table) for companies with credit ratings equivalent to that of NiSource Inc., effective on the date a Note is issued. To the extent that NiSource maintains a split-rating between the long-term credit ratings issued by S&P and Moody's, the higher of the two credit ratings shall

be used for purposes of determining the applicable interest rate to be assigned to the Notes issuance. Columbia uses these metrics as a proxy in order to mirror, as closely as practical, the rates that would result if Columbia would issue Notes in the market directly. Issuing debt in this manner allows Columbia and its affiliates to share the transaction costs rather than each entity bearing the full cost of issuance. By issuing combined financing for multiple affiliates, the debt becomes less risky for investors and therefore a lower premium is demanded as compared to a stand-alone issuance. All of the new Notes, not to exceed \$70,000,000 will be issued on or before December 31, 2026.

(k) **Common Stock.** Columbia proposes to issue and sell to NiSource Gas Distribution Group up to 147,752 shares of authorized, but unissued Stock, at \$25 par value, yielding up to \$3,693,800 in additional equity capital. All such shares issued and sold shall be fully paid and nonassessable.

(l) Because the Notes and Stock are to be sold privately, they will not be registered with the Securities and Exchange Commission under the Securities Act of 1933.

(m) Pursuant to KRS § 278.300, Columbia submits the following as part of this Application:

- (1) A balance sheet as of December 31, 2024, attached as Exhibit A.
- (2) An income statement as of December 31, 2024, attached as Exhibit B.
- (3) A statement of notes outstanding as of December 31, 2024, attached as Exhibit C.
- (4) A statement of dividends paid, fiscal years 2019 – 2024, attached as Exhibit D.

- (5) A summary of utility plant and accumulated provisions for depreciation, amortization and depletion as of December 31, 2024, attached as Exhibit E.
- (6) A description of Columbia's property, including a statement of the net original cost of the property and the cost thereof to the applicant as Exhibit F.

WHEREFORE, Columbia respectfully requests that the Commission order that:

- 1. Columbia be authorized to issue and sell new Notes to NiSource Inc., and additionally, issue and sell Stock to NiSource Gas Distribution Group, in any combination of amounts not to exceed \$73,693,800. The total additional financing from the two sources shall not exceed \$73,693,800.
- 2. Columbia be authorized to issue, sell, and deliver the new Notes and Stock upon the terms and bases set forth in this Application;
- 3. Columbia be authorized to use the cash proceeds arising from the issuance and sale of the subject Notes and Stock for the purposes set forth herein; and,
- 4. That Columbia be authorized to take such other and further actions as may be necessary and proper.

Columbia requests that the Commission approve this Application as soon as practical so as to maximize Columbia's flexibility for the issuance of Notes and equity capital for which this Application is sought.

Respectfully submitted,

COLUMBIA GAS OF KENTUCKY, INC.

By: /s/ John R. Ryan
John R. Ryan
Interim Assistant General Counsel

John R. Ryan, Interim Assistant General Counsel
290 W. Nationwide Blvd.
Columbus, Ohio 43215
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Email: johnryan@nisource.com

Attorney for
COLUMBIA GAS OF KENTUCKY, INC.

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

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ss:

FAYETTE COUNTY

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Kimra H. Cole., being first duly cautioned and sworn, deposes and says that she is the President of Columbia Gas of Kentucky, Inc., Applicant herein, that the statements and schedules submitted herewith establish the facts and grounds upon which this Application is based, and that the data and facts set forth herein are true to the best of her knowledge and belief.

Kimra H Cole

Kimra H. Cole.

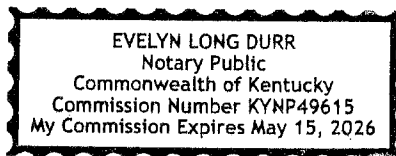
President

Sworn to before me and subscribed in my presence this 25th day of March 2025.

Evelyn Long Durr

Notary Public

SEAL



COLUMBIA GAS OF KENTUCKY, INC.
Balance Sheet, Per Books as of December 31, 2024
Assets and Other Debits

	<u>Amount</u> \$	<u>Amount</u> \$
<u>Utility Plant</u>		
Gas Plant (101, 105, 106, 107, 114)	862,322,157	
Less: Accumulated Provision for Depreciation and Amortization (108, 111, 115)	<u>(179,267,742)</u>	
Net Utility Plant		683,054,415
<u>Other Property and Investments</u>		
Other Special Funds (128)	<u>359,458</u>	
Total Other Property and Investments		359,458
<u>Current and Accrued Assets</u>		
Cash (131 - 136)	701,626	
Notes and Accounts Receivable (Less Accumulated Provision for Uncollectible Accounts 141-144, 171-173)	29,540,857	
Receivables from Associated Companies (146)	1,720,744	
Materials and Supplies (154, 155)	355,217	
Gas Stored Underground - Current (164)	40,701,244	
Prepayments and Other Current Assets (165, 174, 175)	<u>2,102,990</u>	
Total Current and Accrued Assets		75,122,678
<u>Deferred Debits</u>		
Regulatory Assets Current (182)	12,274,504	
Preliminary Survey and Investigation Charges (183)	2,499,894	
Miscellaneous Deferred Debits (186, 188)	2,233,842	
Accum Deferred Income Taxes (190)	20,670,240	
Unrecovered Purchase Gas Costs (191)	<u>(10,279,765)</u>	
Total Deferred Debits		27,398,715
Total Assets and Other Debits		<u><u>785,935,267</u></u>

COLUMBIA GAS OF KENTUCKY, INC.
Balance Sheet, Per Books as of December 31, 2024
Liabilities and Other Credits

	<u>Amount</u> \$	<u>Amount</u> \$
<u>Proprietary Capital</u>		
Common Stock (201)	23,806,200	
Other Paid-in Capital (211)	58,018,524	
Earned Surplus (216)	225,757,084	
Total Proprietary Capital		307,581,808
<u>Long Term Debt</u>		
Advances from Associated Companies (223, 233)	290,375,000	
Other Long Term Debt (224, 231)	478,595	
Total Long Term Debt		290,853,595
<u>Current & Accrued Liabilities</u>		
Accounts Payable (232)	11,304,012	
AP to Associated Cos (234)	5,300,331	
Customer Deposits (235)	1,809,396	
Taxes Accrued (236)	7,376,809	
Accrued Interest (237)	62,455	
Tax Collections Payable (241)	3,564,858	
Misc Current & Accrued Liab (242, 244)	25,196,760	
Capital Lease Obligations (243)	254,817	
Total Current & Accrued Liabilities		54,869,438
<u>Deferred Credits</u>		
Customer Advances for Construction (252)	2,166,503	
Other Deferred Credits (253)	26,305	
Regulatory Liabilities, Long Term (254)	35,317,197	
Acc Defd Investment Tax Credit (255)	1,370	
Accumulated Deferred Income Taxes, Non Current (282, 283)	95,119,051	
Total Deferred Credits		132,630,427
Total Liabilities and Other Credits		<u><u>785,935,267</u></u>

Columbia Gas of Kentucky Inc
Statement of Income, Per Books, 12 Months Ended December 31, 2024

	<u>Amount</u> \$	<u>Amount</u> \$
<u>Utility Operating Income</u>		
Operating Revenue	163,494,939	
Total Utility Operating Income		163,494,939
<u>Operating Expenses</u>		
Operations Expenses	95,371,553	
Maintenance Expense	8,133,374	
Depreciation and Amortization Expense	23,258,013	
Taxes Other Than Income Taxes	9,627,293	
Income Taxes - Federal and Other	(1,630,170)	
Provision for Deferred Income Taxes	7,571,471	
Provision for Deferred Income Taxes - Credit	(2,961,552)	
Investment Tax Credit Adj - Net	(7,241)	
Total Utility Operating Expenses		139,362,740
Net Utility Operating Income		24,132,199
<u>Other Income and Deductions</u>		
<u>Other Income</u>		
Non-Utility Income	271,874	
Subsidiary Earnings	-	
Interest and Dividend Income	309,283	
Allowance for Other FUDC	766,887	
Miscellaneous Non-Operating Income	5,034,423	
Total Other Income		6,382,468
<u>Other Income Deductions</u>		
Miscellaneous Income Deductions	508,690	
Income Taxes Other	1,369,804	
Total Other Income Deductions		1,878,494
Net Other Income and Deductions		4,503,974
<u>Interest Charges</u>		
Interest on Debt to Associated Companies	12,426,583	
Other Interest Expense	170,585	
Allowance for Funds Used During Construction - Debt	(514,297)	
Total Interest Charges		12,082,871
Net Income		16,553,302

COLUMBIA GAS OF KENTUCKY, INC.
Statement of Notes Outstanding as of December 31, 2024

Line No.	Year Issued (1)	Principal Amount Per Books (2) \$	Date of Maturity (3)	Rates of Interest (4)	In Whose Favor (5)	Debt Service Requirement December 31, 2024 (6) \$
1	01-05-06	12,375,000	01-05-26	5.920%	NiSource Inc.	732,600
2	12-16-10	10,000,000	12-16-30	6.020%	NiSource Inc.	602,000
3	01-07-13	20,000,000	01-07-43	5.770%	NiSource Inc.	1,154,000
4	12-23-13	20,000,000	12-23-43	6.200%	NiSource Inc.	1,240,000
5	12-18-14	5,000,000	12-16-44	4.430%	NiSource Inc.	221,500
6	09-30-16	31,000,000	09-30-46	3.843%	NiSource Inc.	1,191,175
7	12-31-18	13,000,000	12-31-48	4.644%	NiSource Inc.	603,668
8	12-31-19	15,000,000	12-31-49	3.749%	NiSource Inc.	562,275
9	06-30-20	12,000,000	06-30-50	3.174%	NiSource Inc.	380,904
10	06-30-21	22,000,000	06-30-51	3.272%	NiSource Inc.	719,840
11	09-30-21	22,000,000	09-30-51	3.278%	NiSource Inc.	721,094
12	12-31-21	10,000,000	12-31-51	3.267%	NiSource Inc.	326,710
13	03-31-22	8,000,000	03-31-52	4.124%	NiSource Inc.	329,944
14	06-30-22	18,000,000	06-30-52	5.081%	NiSource Inc.	914,544
15	09-29-23	33,000,000	09-29-53	6.262%	NiSource Inc.	2,066,394
16	06-28-24	5,000,000	06-28-54	5.912%	NiSource Inc.	295,620
17	09-30-24	24,000,000	09-30-54	5.376%	NiSource Inc.	1,290,288
18	12-31-24	10,000,000	12-31-54	5.919%	NiSource Inc.	591,870
19	Total	<u>290,375,000</u>				<u>13,944,426.00</u>

COLUMBIA GAS OF KENTUCKY, INC.
Statement of Dividends Paid, Fiscal Years 2020 to 2024

Line <u>No.</u>	<u>Year</u> (1)	Dividend <u>Paid</u> (2) \$	Capital <u>Stock</u> (3) \$	Payout <u>Rate</u> (4)
1	2020	-	23,806,200	0.000%
2	2021	-	23,806,200	0.000%
3	2022	-	23,806,200	0.000%
4	2023	-	23,806,200	0.000%
5	2024	-	23,806,200	0.000%

COLUMBIA GAS OF KENTUCKY, INC.
Summary of Utility Plant and Accumulated Provisions
for Depreciation, Amortization, and Depletion
as of December 31, 2024

	<u>Amount</u> \$	<u>Amount</u> \$
<u>Utility Plant</u>		
In Service		
Plant in Service (Classified)	790,916,927	
Property Under Capital Lease	430,005	
Right of Use Asset	312,918	
Completed Construction not Classified	49,961,383	
Total in Service		841,621,233
Held for Future Use		-
Construction Work in Progress		21,478,016
Plant Acquisition Adjustments		<u>(777,092)</u>
Total Utility Plant		<u>862,322,157</u>
Accumulated Provision for Depreciation, Amortization and Depletion	<u>179,267,742</u>	
Net Utility Plant		<u><u>179,267,742</u></u> <u><u>683,054,415</u></u>

Detail of Accumulated Provisions for Depreciation, Amortization and Depletion

In Service		
Accumulated Depreciation	174,204,900	
Accumulated Depreciation - Retirement Work in Progress	(6,368,458)	
Accumulated Depreciation - Capital Lease	309,966	
Amortization of Other Utility Plant	10,089,744	
Total in Service		178,236,153
Amortization of Plant Acquisition Adjustment		<u>1,031,589</u>
Total Accumulated Provisions		<u><u>179,267,742</u></u>

COLUMBIA GAS OF KENTUCKY

A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY AND THE
COST THEREOF TO APPLICANT

December 31, 2024

The applicant owns and operates natural gas distribution facilities providing service to approximately 138,000 customers as of December 31, 2024. The distribution main pipelines consist of 2,624.8 miles of pipeline. A breakdown of distribution main miles by material type, as of December 31, 2024, is as follows:

Miles of Plastic Main	1571.1
Miles of Protected Steel Main	778.8
Miles of Cast/Wrought Iron Main	282.6
Miles of Unprotected/BS Main	0
Miles of Other Main	3.4
Total Miles Distribution Main	2,624.8

Additionally, Columbia operates 56.81 miles of transmission main.

The applicant's natural gas distribution system also includes 575 district regulator stations and 95 town border stations.

Additionally, the applicant's property, plant and equipment include five buildings that serve as office buildings, service centers, warehouses, and garages.

The net original cost of the property and cost thereof to the applicant as of December 31, 2024, was:

	<u>Utility Plant</u>
Original Cost	
Intangible Plant	\$ 13,762,556
Production Plant	-0-
Distribution Plant	769,549,778
General Plant	7,599,749
Plant Acquisition Adj.	(777,092)
Construction Work in Progress	<u>21,478,016</u>
Total Plant at Original Cost	\$811,612,662
Less Reserve for Depreciation	<u>178,957,775</u>
Net Original Cost	\$632,654,887