

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

In the matter of:	)	
	)	
ELECTRONIC APPLICATION OF	)	Case No. 2026-00099
COLUMBIA GAS OF KENTUCKY, INC.	)	
FOR AN ADJUSTMENT OF RATES;	)	
APPROVAL OF DEPRECIATION STUDY;	)	
APPROVAL OF TARIFF REVISIONS; AND	)	
OTHER RELIEF	)	

**PREPARED REBUTTAL TESTIMONY OF
ELIZABETH J. OWENS
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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October 7, 2026	Attorneys for Applicant COLUMBIA GAS OF KENTUCKY, INC.
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VERIFICATION OF ELIZABETH J. OWENS

STATE OF OHIO)
)
COUNTY OF FRANKLIN)

Elizabeth J. Owens, Director Compensation for NiSource Corporate Services Company, on behalf of Columbia Gas of Kentucky, Inc., being duly sworn, states that she has drafted and/or supervised the preparation of rebuttal testimony 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.



Elizabeth J. Owens

The foregoing Verification was signed, acknowledged and sworn to before me this 7 day of October 2026, by Elizabeth J. Owens.

Ashley G. LaRock
Attorney At Law
Notary Public, State of Ohio
My Commission has no expiration date
Sec. 147.03 R.C.



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

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Attorney At Law
Notary Public, State of Ohio
My Commission has no expiration date
Sec. 147.03 R.C.

PREPARED REBUTTAL TESTIMONY OF ELIZABETH J. OWENS

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

2 A. My name is Elizabeth J. Owens, 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.

6 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

7 A. I will respond to the testimony of Attorney General Witness John Defever.

8 **Q. What issues will you be addressing in your rebuttal testimony?**

9 A. I will address Witness Defever's recommendations about exclusion of
10 certain expenses related to incentive compensation financial metrics, profit-
11 sharing financial metrics, the Supplemental Executive Retirement Plan
12 ("SERP"), the Employee Stock Purchase Plan ("ESPP"), 401(k) expenses for
13 certain employees, and severance pay.

14 **Q. Please describe the various elements of the Company's total rewards
15 program and why it is considered "competitive."**

16 A. As described in my testimony, a competitive total rewards program
17 includes multiple components including but not limited to market-driven
18 base compensation and performance/merit increases, short-term and long-
19 term incentives, employee retirement savings accounts, and various health

1 and welfare benefits. Every item offered in the Company's total rewards
2 package works together to attract, retain, and engage employees with the
3 knowledge and experience needed to successfully support customers.
4 Removing any particular part of these offerings reduces the
5 competitiveness of the package overall and could result in the loss of critical
6 talent by the Company. The "Total Rewards Model" from WorlDatWork
7 reflects this integrated view of the various parts working together to
8 support each Company's strategy:



9

10 **Q. Has the Company performed an analysis to demonstrate that the total cash**
11 **compensation provided by an employee's base pay, annual merit increases,**
12 **and STI are market competitive?**

13 **A. Yes. See Section III of Columbia Witness Owens' direct testimony and**
14 **Attachments EJO-1 (Columbia Union Wage Analysis 2026), EJO-2 (Columbia**
15 **Non-Union Salary Analysis 2026), and EJO-3 (NCSC Salary Analysis 2026) for**

1 detailed results of those analyses which support the conclusion that the
2 Company's compensation is competitive when compared to the
3 compensation at a similar group of employers in the Southeast and North
4 Central United States.

5 **Q. Please briefly describe Witness Defever's recommended adjustment to**
6 **recovery of STI and LTI compensation.**

7 A. Mr. Defever proposed an adjustment to remove the financial goals portion of
8 STI and LTI compensation from the cost of service, which he states is 70% of
9 STI and 28.8% of LTI.

10 **Q. Do you agree with Mr. Defever's recommended adjustment?**

11 A. No, the Company should be permitted to recover all of its labor expense,
12 including 100% of the STI and LTI; otherwise, it is not able to provide market
13 competitive compensation to continue providing safe and reliable service.
14 The purpose of STI and LTI is to recognize successful achievement of goals
15 that support providing safe, reliable, efficient, and cost-effective service to
16 customers. Both STI and LTI include financial metrics and non-financial
17 metrics to measure attainment of those goals. By removing recovery of any
18 portion related to financial goals in STI and LTI, it sends a message that being
19 efficient and cost-effective is not important. It is critically important for the

1 Company's employees to focus on and be recognized for all aspects of
2 providing safe, reliable, and cost-effective service.

3 Although the Company recognizes the precedent cited in the footnote
4 in Witness Defever's Direct Testimony, the Company respectfully disagrees
5 with the rationale. Specifically, the Company believes this precedent is
6 inconsistent with the Company's commitment to customer service.
7 Customers benefit from these metrics because achieving them helps provide
8 the resources needed to improve the safety and reliability of the Company's
9 service to customers. That precedent should be revisited and recovery of
10 financial incentive metrics should be allowed going forward.

11 **Q. Please briefly describe Witness Defever's recommended adjustment to**
12 **recovery of CERP expense.**

13 A. Mr. Defever recommends similar removal of the contributions to employee
14 retirement savings accounts ("CERP") expense (or what Witness Defever
15 calls "profit-sharing") related to financial goals, because it aligns to the STI
16 program financial measures.

17 **Q. Do you agree with Mr. Defever's proposed CERP adjustment?**

18 A. No, for similar reasons as stated above related to STI and LTI. CERP is
19 Columbia's program providing variable annual performance-related
20 Company contributions into employee retirement savings accounts. The

1 CERP payment amount is calculated using the same STI scorecard results
2 that reflect both financial and non-financial measures for that performance
3 year. CERP is an important element of the Company's Retirement Savings
4 Plan and as such is an important part of overall retirement funding earned by
5 Columbia employees. For the reasons described below, the financial
6 measures do benefit ratepayers and therefore, the cost should be allowed for
7 ratemaking purposes.

8 **Q. Please explain how the financial metrics in STI, LTI, and CERP provide**
9 **benefits to Columbia's customers.**

10 A. The use of financial metrics in STI, LTI, and CERP benefit the Company's
11 customers because they encourage disciplined cost management, efficient use
12 of resources, and sustained financial health. For a utility company,
13 maintaining strong financial performance helps support access to capital on
14 reasonable terms, which is important for funding system investments,
15 infrastructure replacement, technology improvements, and other activities
16 necessary to provide safe and reliable service to customers. By tying a portion
17 of incentive compensation to financial results, the Company reinforces
18 accountability for operating efficiently while continuing to invest in the
19 system and serve customers. This alignment helps promote long-term value
20 for investors and customers alike by encouraging decisions that balance

1 operational needs, affordability, and the Company's ability to continue
2 meeting its service obligations.

3 **Q. Please briefly describe Witness Defever's proposed supplemental**
4 **executive retirement plan ("SERP") adjustment.**

5 A. Witness Defever suggests that SERP costs should not be recoverable as they
6 do not benefit rate payers.

7 **Q. Do you agree with Witness Defever's proposed SERP adjustment?**

8 A. No. SERP is a non-qualified (exempt from the reporting and disclosure
9 requirements of the Employee Retirement Income Security Act ("ERISA"))
10 deferred compensation plan for select key executives as an additional
11 retirement benefit. It is an important component of the Company's total
12 rewards package because it helps the Company provide market-competitive
13 retirement benefits to employees whose qualified retirement contributions
14 are limited by federal tax rules. All current SERP participants are in payment
15 status, and there are no currently active employees who will be due a benefit
16 under SERP in the future. Participation in SERP is considered to be a
17 contractual arrangement, as SERP is funded through a trust that is subject to
18 general creditor claims in the event of insolvency proceedings. Payments to
19 SERP participants are made in different ways, as elected by the participant,
20 that can include payments upon the participant's death. Providing this type

1 of compensation helps the Company attract and retain experienced leaders
2 who are responsible for delivering safe, reliable, and cost-effective service to
3 Columbia's customers, therefore these SERP costs should be recoverable.

4 **Q. Please briefly describe Witness Defever's proposed employee stock**
5 **purchase plan ("ESPP") adjustment.**

6 A. Witness Defever suggests that ESPP costs should not be recoverable as they
7 do not benefit rate payers.

8 **Q. Do you agree with Witness Defever's proposed ESPP adjustment?**

9 A. No, ESPP discounts are an important part of the Company's total rewards
10 package because they are part of market-competitive compensation and
11 encourage employees to share in the Company's long-term success. This is a
12 standard benefit in the utility industry and other competing industries such
13 that it helps Columbia attract and retain employees to make sure the
14 Company can provide safe, reliable, and cost-effective service to Columbia's
15 customers. By giving employees an opportunity to become shareholders, the
16 ESPP strengthens their alignment with the Company's long-term
17 performance and encourages decisions that support efficient operations and
18 responsible use of resources. Customers benefit from this alignment because
19 an engaged, stable workforce is better positioned to deliver safe, reliable, and
20 cost-effective utility service and therefore these costs should be recoverable.

1 **Q. Please briefly describe Witness Defever's recommendation to remove**
2 **certain 401(k) costs.**

3 A. Mr. Defever recommends removing from Columbia's revenue requirement
4 the 401(k) expense in the FTP for employees that are also covered under a
5 defined benefit pension plan.

6 **Q. Do you agree with Witness Defever's proposed 401(k) adjustment?**

7 A. No. Only a limited number of employees remain eligible for both the pension
8 plan and the 401(k) plan, and that number will continue to decline over time.
9 As explained in Columbia Witness Owens' direct testimony, NiSource
10 discontinued its pension program for exempt employees effective January 1,
11 2010, and for non-exempt, non-union employees effective January 1, 2013, as
12 a cost saving measure. At that time, the employees who remained in the
13 pension program were converted to an account balance design, which
14 provides a smaller Company contribution and reduces pension costs. Each of
15 these employees has already experienced either one or two prior reductions
16 in pension benefits, with the most recent reduction effective December 31,
17 2012. These employees continue to accrue account balance pension benefits
18 and continue to participate in the 401(k) plan, although their 401(k) benefit
19 opportunity is lower than the opportunity provided to employees hired in
20 2013 or later. As a result, the pension contribution for these employees is less

1 than the 401(k) contribution for employees hired in 2013 and later. Thus,
2 witness Defever's recommendation to disallow the 401(k) expense would
3 leave this group of employees with a retirement benefit that is even less than
4 their peers that were hired in 2013 and later. Moreover, the Company has
5 made no pension cash contributions to the Voluntary Employees' Beneficiary
6 Association ("VEBA") Trust since 2021, and no pension cash contributions are
7 included in the forecasted BP or FTP budget.

8 **Q. Please briefly describe Witness Defever's recommended adjustment to**
9 **recovery of severance pay expenses.**

10 A. Mr. Defever proposes an adjustment to remove all costs related to severance
11 pay from the cost of service.

12 **Q. Do you agree with Mr. Defever's proposed severance pay adjustment?**

13 A. No, providing severance to displaced employees is a common, sound
14 business practice and as such, should be recoverable through rates. Treating
15 employees fairly during difficult transitions supports morale and reinforces
16 the Company's reputation as a responsible employer, which helps attract and
17 retain qualified employees needed to provide safe and reliable service to
18 customers. In the long term, providing severance helps customers by
19 supporting a stable, engaged workforce and reducing disruption to business
20 operations, which contributes to the efficient delivery of essential utility

1 services. In addition, providing severance also helps avoid employment
2 lawsuits which could be much more costly to the Company and cause
3 additional expense that could be passed on to customers.

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

5 A: Yes.