

**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
GEORGE B. JONDA
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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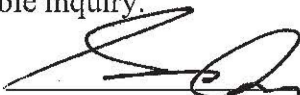
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VERIFICATION OF GEORGE B. JONDA

STATE OF OHIO)
)
COUNTY OF FRANKLIN)

George B. Jonda, Manager Financial Planning & Analysis for NiSource Corporate Services Company, on behalf of Columbia Gas of Kentucky, Inc., being duly sworn, states that he 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.



George B. Jonda

The foregoing Verification was signed, acknowledged and sworn to before me this 7 day of October 2026, by George B. Jonda.



Valerie J. Johnson
Notary Public, State of Ohio
My Commission Expires 04-14-2030



Notary Commission No. 2025-RE-888075

Commission expiration: 4-14-30

PREPARED REBUTTAL TESTIMONY OF GEORGE B. JONDA

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

2 A. My name is George B. Jonda. My business address is 290 West Nationwide
3 Blvd., 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: The purpose of my testimony is to respond to portions of the direct
8 testimony filed by Witness Defever on behalf of the Attorney General
9 ("AG"). Specifically, the recommended disallowances for Corporate
10 Aircraft Expense, Directors and Officers Liability Insurance Expense,
11 Investor Relations Expense, Severance Expense, and Expense associated
12 with Labor and Payroll Vacancies.

13 **Q: Please summarize Witness Defever's proposed adjustment to Corporate**
14 **Aircraft Expense.**

15 A: Witness Defever is recommending a full disallowance on the basis that:

16 (1) Columbia does not compare costs of commercial flights to the costs of
17 utilizing the corporate jet;

18 (2) Claims of ratepayer benefit are unsupported; and

1 (3) Colorado and Connecticut prohibit the recovery of corporate aviation
2 costs for the transportation of Board of Directors members and
3 Corporate officers.

4 **Q: Do you agree with Witness Defever's recommendation? If not, why not?**

5 **A:** No. Responding to each point he makes individually:

6 (1) Columbia does not compare costs of commercial flights to the costs of
7 utilizing the corporate jet because the corporate jet is an existing asset
8 available for use such that not using it would result in incremental
9 unnecessary cost. As further explained in the Company's response to
10 PSC Staff DR Set 5, No. 4, the loss of valuable time or productivity that
11 occurs when using commercial flights is not quantifiable. Comparing
12 only the cost of a commercial flight would exclude a multitude of
13 potential other costs such as lodging, ground transportation, and meals
14 associated with a longer trip duration that could result from commercial
15 flight schedules and delays.

16 (2) Access to of corporate aviation cuts down on time waiting for flights in
17 commercial airports, provides a secure environment for discussion of
18 sensitive business matters, and allows a reliable and secured source of
19 internet access to perform job functions while in transit. The aviation

1 expense included for recovery in this case provides travel efficiencies
2 and time savings, which benefit Columbia and its customers.

3 (3) This Commission is not bound by the laws or decisions of Colorado or
4 Connecticut. The Kentucky Public Service Commission has previously
5 permitted the recovery of these corporate aviation costs.¹ Even if
6 Witness Defever's referenced out-of-state laws were adopted in
7 Kentucky, they would not necessarily prohibit recovery of Columbia's
8 corporate aviation costs. The Colorado law prohibits the recovery of
9 aircraft costs "for the utilities board of directors and officers."² Use of
10 the Company's aircraft is not limited to its Board of Directors, nor
11 corporate officers. This is shown in the logs provided in Columbia's
12 Confidential Attachment B to its Response to the Attorney General's
13 First Request for Information, No. 54. The referenced Connecticut law³
14 is also similarly limited.

15 **Q: Please summarize Witness Defever's proposed adjustment to Director**
16 **and Officers Liability Insurance Expense ("D&O").**

¹ See Case No. 2017-00179, *In the Matter of Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) an Order Approving its 2017 Environmental Compliance Plan; (3) an Order Approving its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting all Other Required Approvals and Relief*, Order (Ky. PSC Jan. 18, 2018) at 17.

² See CRS 40-3-114(2)(k).

³ Conn. Gen. Stat. § 16-243gg(d).

1 A: Witness Defever proposed a 75% disallowance of D&O because it protects
2 Company directors from lawsuits that arise from their own actions, which
3 he alleges primarily benefits the Company and its directors. Once again,
4 Witness Defever cites to non-controlling precedent in Connecticut for
5 limiting recovery to 25%.

6 **Q: Does Witness Defever make a compelling argument for a partial**
7 **disallowance of D&O?**

8 A: No. D&O is common insurance coverage and the Commission agreed in
9 Case No. 2024-00092 that it should be recoverable through rates:

10 Having reviewed the record and being otherwise sufficiently
11 advised, the Commission finds that this provision of the Joint
12 Settlement is reasonable and should be approved. The Commission
13 agrees with Columbia Kentucky that these expenses are legitimate
14 business expenses that reduce the costs that would be passed on to
15 ratepayers if Columbia Kentucky's executives were involved in
16 litigation related to the operation of the utility. In addition, the
17 Commission agrees with Columbia Kentucky's arguments that this
18 insurance may reduce borrowing costs.⁴

19
20 Moreover, the Company's bylaws contain customary provisions that
21 require the indemnity of directors and officers of the company when acting
22 in their official capacity and one or more of the Company's financing
23 agreements require D&O coverage. D&O coverage benefits customers by
24 properly insuring the risk associated with costs to defend directors and

⁴ Case No. 2024-00092, Order at 23-24 (Dec. 30, 2024).

1 officers. The absence of this insurance would increase the cost of debt, and
2 therefore increase borrowing costs passed to Columbia's customers. Like
3 any general liability insurance, D&O mitigates legal and liability expense
4 associated with frivolous lawsuits to which the Company could otherwise
5 be exposed; thereby, reducing the cost of service for customers.

6 **Q: Please summarize Witness Defever's proposed adjustment to Investor**
7 **Relations expense.**

8 A: Witness Defever proposed a 75% disallowance of Investor Relations
9 expense because these costs primarily benefit shareholders, a conclusion he
10 draws in part by citing a portion of the Company's response to Attorney
11 General's First Request for Information, No. 97. He once again cites precedent
12 in one state, Connecticut, to support his request for full disallowance of
13 investor relations expense.

14 **Q: Do you agree with Witness Defever's classification of Investor Relations**
15 **costs as primarily benefiting shareholders?**

16 A: No. Witness Defever only cited a portion of a response⁵ that generically
17 explains the conceptual purpose of Investor Relations but disregarded the
18 portion of the response that further described the associated customer
19 benefits:

⁵ *Id.*

1 The costs associated with the Investor Relations function to support
2 activities that benefit Columbia by helping maintain access to capital
3 markets and supporting NiSource's ability to finance utility
4 infrastructure investments, including Columbia's infrastructure
5 replacement and modernization programs.

6 Investor Relations employees are responsible for developing
7 and maintaining effective communication with investors, analysts,
8 rating agencies and other members of the financial community.
9 These responsibilities include preparing investor materials,
10 responding to investor and analyst inquiries, supporting earnings
11 and disclosure processes, coordinating investor meetings and
12 conferences, monitoring market activity and investor sentiment, and
13 helping ensure that external stakeholders receive timely, accurate
14 and consistent information regarding NiSource's business strategy,
15 financial performance, capital investment plans and risk profile.

16 Because Columbia relies on NiSource to obtain capital necessary to
17 fund its utility operations and infrastructure programs, Columbia
18 benefits from the Investor Relations department's efforts to promote
19 transparent, timely and consistent communication with the financial
20 community. These efforts support investor understanding of

1 NiSource's business and financial performance, which contributes to
2 NiSource's ability to obtain capital on reasonable terms and at a
3 lower cost than Columbia could likely obtain independently.

4 To put this in context, the cost of interest expense comprises approximately
5 10% of the rates that customers pay; thus, it is critical for the Company to
6 manage the cost of debt as part of responsible cost management. Investor
7 Relations is a key contributor to those efforts.

8 **Q: Please summarize Witness Defever's proposed adjustment to NCSC**
9 **regarding severance.**

10 A: Witness Defever opines that ratepayers should not be responsible for costs
11 of former employees and because Columbia included severance in 2025
12 actuals it is factored into the FTP. He is of the opinion that the revenue
13 requirement should be reduced by \$231,042.

14 **Q: Do you agree with Witness Defever's adjustment to severance expense?**
15 **If not, why not?**

16 A: No. As set forth in Columbia's response to Attorney General's First
17 Request, Item 137, cited by witness Defever, "budget for Miscellaneous and
18 Other expense is not maintained at a level of detail requested to identify
19 specific costs related to Severance Pay Expense." Columbia does not
20 explicitly budget for severance and therefore the witness Defever's

1 recommended reduction amount is purely a speculative number
2 presumably forecasted based on actual expense the Company had in 2025.

3 Severance expense is a normal and necessary cost of managing a
4 workforce. The Company periodically incurs severance costs when
5 implementing organizational changes, workforce realignments, or
6 efficiency initiatives. Moreover, workforce actions giving rise to severance
7 are often undertaken to improve operational efficiency and reduce future
8 costs, ultimately benefiting customers. Therefore, severance costs are
9 appropriately viewed as a legitimate cost of doing business rather than as
10 an unusual or non-recurring expense.

11 **Q: Please summarize Witness Defever's proposed adjustment regarding**
12 **vacancies.**

13 A: Witness Defever looked at historical headcount and deduced that a vacancy
14 rate of 7.05% has been experienced; as such, a vacancy rate should be
15 applied to the labor amount, which he equates to a reduction of labor in the
16 amount of \$917,077 which is 7.05% of total labor.

17 **Q: Do you agree with Witness Defever's adjustment regarding vacancy rate?**
18 **If not, why not?**

19 A: No. The proposed vacancy adjustment should be rejected because it
20 assumes that vacant positions result in a corresponding reduction in the

1 Company's cost of service. That assumption is inconsistent with actual
2 operations. The work associated with vacant positions does not disappear
3 and must continue to be performed to maintain safe, reliable, and compliant
4 service. In practice, the Company supplements staffing through contractor
5 support, overtime, and the redeployment of internal resources to ensure
6 proper execution. Witness Defever incorrectly assumes that all positions,
7 specifically NCSC, are fungible and contribute equally to Columbia's labor
8 expense. However, there are significant differences in compensation levels,
9 skill requirements, operational criticality, and the allocation of expense to
10 Columbia because not every NCSC employee supports Columbia activities.
11 As a result, witness Defever's proposed vacancy methodology does not
12 measure avoided costs; rather, it applies an arbitrary historical percentage
13 to a labor forecast without recognizing the corresponding resources
14 required to perform the work. Accordingly, the adjustment understates the
15 reasonable cost of providing service and should be rejected.

16 **Q: Does this complete your rebuttal testimony?**

17 **A:** Yes.