

**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
JUDY M. COOPER
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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COLUMBIA GAS OF KENTUCKY, INC.

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VERIFICATION OF JUDY M. COOPER

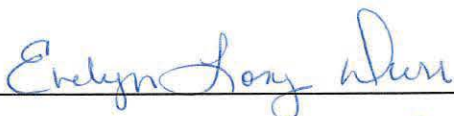
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Judy M. Cooper, Director of Regulatory Affairs for 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 her knowledge, information and belief, formed after reasonable inquiry.



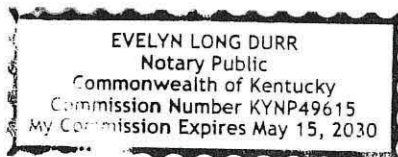
Judy M. Cooper

The foregoing Verification was signed, acknowledged and sworn to before me this 6 day of October 2026, by Judy M. Cooper.



Notary Commission No. KYNP49615

Commission expiration: May 15, 2030



PREPARED REBUTTAL TESTIMONY OF JUDY M. COOPER

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

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

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 some of the items raised in
8 the testimony of Mr. John Defever that was submitted on behalf of the
9 Office of the Attorney General ("AG") of the Commonwealth of Kentucky.
10 These items are ones wherein Columbia opposes the recommendation of
11 AG witness Defever.

12 **Q: What items will you be addressing in your rebuttal testimony?**

13 A: I will address the following four items:

14 (1) The benefits of Columbia's membership in the American Gas
15 Association ("AGA") and that it is reasonable to include a portion of the
16 membership dues in the revenue requirement in this case.

17 (2) The proposed adjustment by AG witness Defever to remove \$867,552 of
18 forecasted test period rate case expense from Columbia's revenue
19 requirement in this case by utilizing a three-year amortization of the

1 forecasted rate case expense.

2 (3) The proposal of AG witness Defever regarding Columbia's proposed
3 roll-in of 2023 and 2024 Safety Modification and Replacement Program
4 ("SMRP") investments into base rates and simultaneous removal from the
5 SMRP Rider.

6 (4) The proposal of AG witness Defever regarding customer deposits to
7 reduce rate base and Columbia's proposed revenue requirement.

8

9 **AGA Membership Dues**

10 **Q: What position did AG witness Defever take on recovery of AGA**
11 **membership dues?**

12 **A:** Mr. Defever recommends the removal of the entirety of AGA membership
13 dues. This is a reduction of \$31,031 in operating expense, from the
14 forecasted test period. Mr. Defever opines that Columbia has not
15 demonstrated that all costs related to legislative advocacy, regulatory
16 advocacy and public relations have been removed from AGA membership
17 dues and therefore all of the membership dues expense should be removed.

18 **Q: Is it reasonable to remove all of the AGA membership dues from the**
19 **company's forecasted operating expense?**

20 **A:** No. AGA identifies the portion of membership dues that is attributable to

1 lobbying and Columbia properly removed that portion. If the mission of
2 AGA was exclusively lobbying, then Columbia would have removed the
3 entirety of its membership dues and nothing would have been left for Mr.
4 Defever to address. But the mission of AGA is not exclusively lobbying, it
5 is multi-dimensional.

6 The mission of AGA is to develop and advocate for informed, innovative,
7 and durable policy that fulfills our nation's energy needs, environmental
8 aspirations and economic potential. Additionally, it provides state-of-the-
9 art solutions for AGA members to safely and securely deliver reliable and
10 affordable natural gas and advanced fuels to homes and businesses across
11 the nation. The work of AGA primarily goes to benefit Columbia customers
12 in the safety, reliability and availability of natural gas at reasonable cost.
13 To remove all of the AGA membership dues completely ignores the benefits
14 that inure to Columbia's customers by its membership in AGA.

15 **Rate Case Expense Amortization**

16 **Q: What position did AG witness Defever take regarding the amortization**
17 **of rate case expense in this case?**

18 A: Mr. Defever alleged that Columbia was attempting to make up for
19 shortcomings elsewhere in proposing a one-year amortization of its
20 forecasted rate case expense. He employed an analysis dating back to 2009

1 to calculate an average of 3.4 years between rate case filings and
2 recommended removal of \$873,457 from Columbia's revenue requirement
3 in this case by utilizing a three-year amortization of the forecasted rate case
4 expense.

5 **Q: Do you agree with AG witness Defever's interpretation of Columbia's**
6 **proposed amortization period for rate case expense?**

7 A: No, as explained in Columbia's response to Commission Staff's Second
8 Request for Information, Question No. 3, Columbia proposed a one-year
9 amortization of rate case expense because its earned rate of return is
10 significantly below that currently authorized by the Commission and the
11 outcome of this case is unknown. The timing of when to file the next base
12 rate case is influenced by many factors in addition to the outcome of the
13 pending rate case. Therefore, the Company may need to file a rate case
14 application in a shorter period of time than has been its history in recent
15 years. In fact, Mr. Defever's chart on page 11 of his testimony shows that that
16 time span between rate cases is trending downward, particularly in the last
17 five years.

18 **SMRP**

19 **Q: Do you agree with AG witness Defever's proposal to leave the 2023 and**
20 **2024 SMRP investments in the SMRP Rider?**

1 A: No. I agree with Columbia's witness Amen that the proposal of AG witness
2 Defever should be rejected and Columbia's proposal to roll 2023 and 2024
3 SMRP investments into base rates and removed from the SMRP Rider should
4 be accepted.

5 **Q: Why does Columbia propose to roll-in some SMRP investments into base**
6 **rates?**

7 A: The SMRP investments that Columbia proposes to roll-in to base rates in this
8 proceeding are the SMRP investments from calendar years 2023 and 2024 that
9 are now purely historical in nature. That is, two calendar years of planned
10 investments, (having been filed with the Commission in October of the year
11 preceding the calendar year in which the work was performed and the plant
12 placed into service, and for which forecasted recovery was established in the
13 year of construction) has been completed AND the subsequent Balancing
14 Adjustment, (reconciling the actual cost of the work and actual cost recovery
15 for that same calendar year of work), has been completed. This makes the
16 costs, attributable to each of those two calendar years, purely historical and
17 the plant no longer different from any other historical plant or expense of the
18 company.

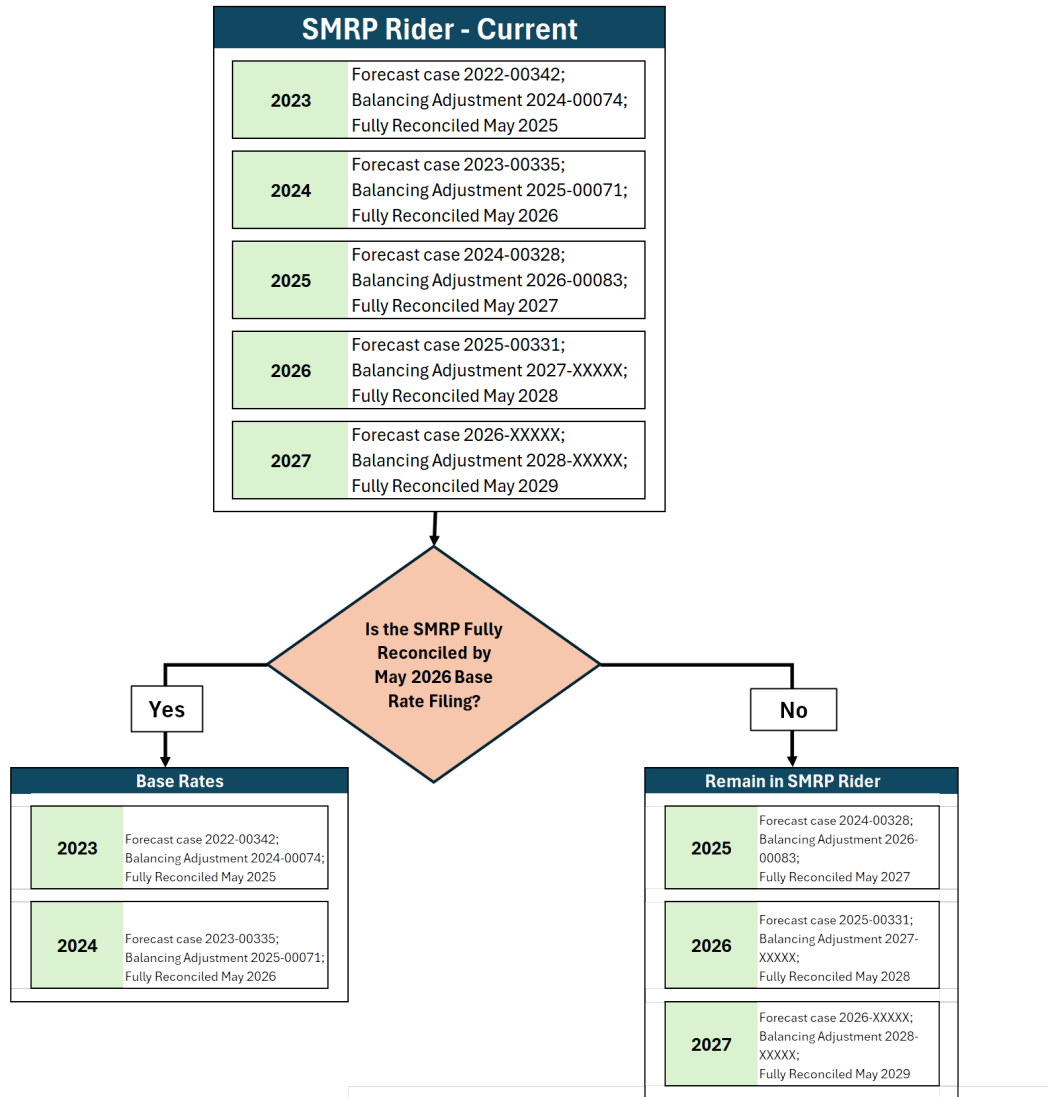
19 **Q: Are all of the investments currently being recovered in the SMRP Rider**
20 **purely historical?**

1 A: No. Although the naming nomenclature may make it sound as though more
2 of the investments are now purely historical in nature – the Company refers
3 to them by years in which the work originated - 2023, 2024, 2025, 2026, they
4 are not all purely historical yet. Only years 2023 and 2024 are purely
5 historical.

6 **Q: How does Columbia propose to treat the investments that are not purely**
7 **historical yet?**

8 A: Year 2025 is currently in the Balancing Adjustment period that began in a
9 June of 2026 SMRP rate adjustment and will continue through May of 2027,
10 then it will become purely historical. Year 2026 is currently in the construction
11 and forecasted recovery period. Year 2026 will move into the Balancing
12 Adjustment period in June of 2027 subject to the Commission's approval in a
13 March 2027 filing that would adjust SMRP rates beginning in June of 2027 and
14 continue through May of 2028. At that time the 2026 investments would
15 become purely historical in nature but they would remain in the SMRP Rider
16 until Columbia's next base rate case. A representation of the reconciliation of
17 the various SMRP components is set forth in the figure below:

SMRP Investment Reconciliation Flow



- 1 Q: Did Columbia previously roll SMRP investments into base rates?
- 2 A: Yes. The SMRP (originally the “AMRP” or Accelerated Main Replacement

1 Program), was created in 2009 ¹ in Case No. 2009-00141. As envisioned, the
2 program investment and associated operating expenses should be included
3 in base rates and the Rider rates reset to zero when there was a base rate case.
4 This was followed and approved in each of Columbia's subsequent rate cases
5 until Columbia's last rate case in which there was no roll-in of SMRP
6 investments into base rates and recovery of investments continued in the
7 SMRP Rider.

8 **Q: How can the Commission confirm that all of the rolled-in investments have**
9 **been removed from the SMRP Rider?**

10 A; As set forth in Columbia's response to Staff's Fourth Request for Information,
11 Question No. 8 the presentation of the SMRP filing format templates showed
12 rates with and without the roll-in of 2023 and 2024 investments, which were
13 provided in Appendices A and B. This is the same methodology that was last
14 performed in Case No. 2023-00335 which was the first SMRP annual filing
15 after the last roll-in of investments into base rates which was in Case No. 2021-
16 00183. The filing templates clearly demonstrate and ensure that no
17 investments are being recovered in both the SMRP and base rates at the same
18 time.

¹ Case No. 2009-00141, *In the Matter of an Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc.*, Order, (Ky. P.S.C. Oct. 26, 2009).

1 **Q: How does the removal of historical investments impact the risk profile of**
2 **the SMRP going forward?**

3 A: The SMRP Rider will be restored to a mechanism solely devoted to the
4 accelerated recovery of infrastructure investments between rate cases. In
5 addition, depending on the time between rate cases, purely historical SMRP
6 approved investments will also be included. This was how the SMRP was
7 originally envisioned in 2009 when the authorized return on equity (“ROE) of
8 the SMRP Rider was to be that established in the most recent base rate case of
9 the company. The risk profile of SMRP investments was viewed to be equal
10 to that of all other investments of the company.

11 In recent past proceedings, the Commission opined that the recovery of
12 investments in rate riders is less risky than those investments residing in rate
13 base, and established a lower authorized ROE to be utilized in the rider. While
14 this may be true for the benefit associated with reduced regulatory lag
15 between rate cases that provides a more timely cost recovery of SMRP
16 investments, it is not applicable when those SMRP investments are purely
17 historic investments. When SMRP investments become purely historic in
18 nature, forcing historic investments to remain in the SMRP Rider for recovery
19 at a lower ROE than all other historical and forecasted investments that are
20 included in a forecasted test period has the effect of being punitive to the

1 Company. It renders the investments segregated for an indeterminate period
2 of time and devalues the investments made by the utility to replace
3 infrastructure prone to leaks or other Commission approved
4 replacement/modernization work. Furthermore, SMRP investments had for
5 many years previously been valued at terminal year-end rate base rather than
6 a 13-month average rate base that the Commission now requires. The
7 accelerated replacement of eligible infrastructure benefits customers by
8 improving reliability in a planned, risk-based program that is efficient and
9 cost-effective. Removing purely historical investments from the SMRP and
10 rolling the investments into base rates results in more accurate reflection of
11 the current risk profile that the Commission has applied to the SMRP. Stated
12 alternatively, the benefit of reducing regulatory lag for SMRP investments is
13 not applicable to historic investments.

14 **Customer Deposits**

15 **Q: Please summarize Witness Defever's proposed rate base adjustment**
16 **associated with customer deposits.**

17 **A:** Witness Defever recommends that because customer deposits are not held
18 in trust or a restricted account, they constitute cost-free capital and should
19 be removed from rate base. Witness Defever calculates the amount by
20 taking a 13-month average of historical customer deposit balances.

1 **Q: Did Columbia include customer deposits in the proposed revenue**
2 **requirement in this case?**

3 A: No. Customer deposit balances were not included in rate base. Interest on
4 customer deposits was also not included as part of operating expense. The
5 exclusion of both the customer deposit balance and the interest aligns with
6 the Commission's Order in Case No. 99-176² and is consistent with the
7 treatment approved in Columbia's past two rate cases.

8 **Q: Does the Company accept the reduction to rate base of \$1,950,967**
9 **recommended by Witness Defever?**

10 A: No. The inclusion of the reduction to rate base alone does not align with the
11 Commission's Order to include or exclude both customer deposit balances
12 and associated interest.

13 **Q: Is it appropriate to treat customer deposits and interest on customer**
14 **deposits differently?**

15 A: No. Columbia's exclusion of both the customer deposit balance and the
16 interest aligns with the Commission's Order in Case No. 99-176. However,
17 if the Commission disagrees with this position, the revenue requirement

² Case No. 99-176, *In the Matter of an Adjustment of the Rates of Delta Natural Gas Company, Inc.*, Order, (Ky. P.S.C. Dec. 27, 1999).

1 will need to be adjusted for both customer deposits and interest expense as

2 neither are currently included in this case.

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

4 A: Yes.