

**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
RONALD J. AMEN
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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VERIFICATION OF RONALD J. AMEN

STATE OF WASHINGTON)
)
COUNTY OF KING)

Ronald J. Amen, Board Chairman, Treasurer, and Executive Vice President of Atrium Economics, 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.

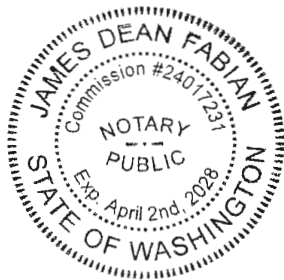
Ronald J. Amen
Ronald J. Amen

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

James Dean Fabian

Notary Commission No. 24017231

Commission expiration: 04/02/2028



PREPARED REBUTTAL TESTIMONY OF RONALD J. AMEN

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

2 A: My name is Ronald J. Amen, and my business address is 10 Hospital Center
3 Commons, Suite 400, Hilton Head Island, SC 29926.

4 **Q: On whose behalf are you testifying?**

5 A: I am testifying on behalf of Columbia Gas of Kentucky, Inc. ("Columbia" or
6 the "Company").

7 **Q: Did you provide Direct Testimony in this proceeding?**

8 A: Yes.

9 **Q: What is the purpose of your Rebuttal Testimony in this proceeding?**

10 A: I will address the recommendation put forward by Office of the Attorney
11 General of the Commonwealth of Kentucky ("OAG") Witness John Defever
12 regarding Columbia's Safety Modification and Replacement Program
13 ("SMRP") Rider.

14 **Q: What issue will you be addressing in your Rebuttal Testimony?**

15 A: I address OAG Witness Defever's recommendation to exclude the 2023 and
16 2024 SMRP investments and corresponding adjustments (accumulated
17 depreciation, deferred income taxes, depreciation expense, property taxes,
18 etc.) from the revenue requirement in this proceeding and have them
19 continue to be reflected in the SMRP Rider.

1 **Q: Do you agree with OAG Witness Defever’s recommendation?**

2 A: No. First, his recommendation would continue rider treatment for
3 investments that are now historical and no longer subject to true-up. This
4 recommendation is misplaced because the Company is presently before the
5 Commission in a general base rate case in which those investments and
6 their associated revenue requirement effects can be reviewed together with
7 the remainder of the Company’s utility plant and cost of service.

8 Second, a general rate case is the appropriate forum for determining
9 the ongoing treatment of mature infrastructure investments. This forum
10 allows the Commission to evaluate the utility’s complete revenue
11 requirement rather than maintaining two separate recovery structures for
12 permanent utility plant. Generally, infrastructure replacement riders, such
13 as the SMRP, serve as interim recovery mechanisms between rate cases,
14 while the base rate case is the proceeding where the utility’s overall rate
15 base, expenses, taxes, depreciation, and return are considered as an
16 integrated whole.

17 **Q: What support does OAG Witness Defever provide in recommending the**
18 **2023 and 2024 SMRP investments and corresponding adjustments remain**
19 **in the SMRP Rider?**

1 A: OAG Witness Defever asserts that excluding the 2023 and 2024 SMRP
2 investments and corresponding adjustments from the revenue requirement
3 in this case would “allow for more transparency on customers’ bills.”¹

4 **Q: Do you agree with this assertion?**

5 A: No.

6 **Q: Does keeping an investment in a separately identified rider necessarily**
7 **provide greater regulatory transparency?**

8 A: No. A separately identified charge may make one component of a
9 customer’s bill more visible, but visibility of a line item is not the same as
10 transparency in determining the total revenue requirement. A base rate
11 case, such as the current proceeding, permits the Commission and the
12 parties to examine the investment in the context of the Company’s complete
13 plant balances, accumulated depreciation, deferred taxes, operating
14 expenses, revenues, and overall rate design. Continuing to recover mature
15 investments through a stand-alone rider can make it more difficult to
16 evaluate the Company’s total cost of service because a portion of the
17 permanent revenue requirement remains outside base rates. Setting such a
18 precedent could lead to extending the use of multiple continuing riders to
19 other interim recovery mechanisms and therefore, make a customer’s

¹ Direct Testimony of OAG Witness John Defever, pp. 31, lines 13-14.

1 overall bill *less transparent* by dividing the utility's cost of service for
2 historical investments among multiple separate recovery rate mechanisms.

3 **Q: Why is the historical status of the 2023 and 2024 SMRP investments**
4 **important?**

5 A: The historical status of those investments distinguishes them from current
6 and forecasted SMRP expenditures. Referencing Company testimony, the
7 2023 and 2024 investments are now purely historical and are no longer
8 subject to a rider true-up.² By contrast, the SMRP Rider will continue to
9 address investments beginning in 2025, including prior investments for
10 2025 and 2026, and forecasted investments for 2027 in the Company's
11 October 2026 filing.

12 That distinction supports a reasonable division of functions. Mature
13 historical investments can be incorporated into base rates after review in
14 this proceeding, while the rider can continue to provide timely recovery for
15 more recent and forecasted investments arising between general rate cases.
16 Retaining the mature investments in the rider would blur that distinction
17 and effectively convert an interim recovery mechanism into a continuing
18 parallel ratemaking structure.

² Direct Testimony of OAG Witness John Defever, pp. 30, lines 29-30.

1 **Q: Please describe the purpose of rider recovery for capital investments such**
2 **as those that flow through the SMRP Rider?**

3 A: Riders are often used to incentivize certain investments by reducing
4 regulatory lag; thus, allowing customers to receive the benefit of the
5 upgrade investments while helping the investing utility to maintain cash
6 flow and financial stability. By their design, riders are a temporary bridge
7 until those investments can be rolled into base rates. Riders are not,
8 however, designed as a permanent location to house capital as a recovery
9 mechanism.

10 **Q: Why is inclusion in base rates preferable to continuing permanent rider**
11 **recovery for the 2023 and 2024 investments?**

12 A: Once infrastructure investments have been placed in service, have become
13 historical, and are no longer subject to rider true-up, they should be treated
14 consistently with other permanent utility plant. Their costs include more
15 than the original capital investment. They also have associated
16 accumulated depreciation, deferred income taxes, depreciation expense,
17 property taxes, and return implications. OAG Witness Defever's own
18 recommendation recognizes that these related adjustments must follow the
19 investment.

1 The consistent treatment should also include the full rate of return
2 on the infrastructure investments as authorized by the Commission in the
3 current rate case. The ten-basis point reduction in the Return on Equity
4 (“ROE”) associated with the SMRP should only be applied to the
5 investments that remain in the SMRP. To do otherwise would not be
6 sustainable as it would be inconsistent treatment than is afforded other
7 permanent utility plant and potentially lead to separate revenue
8 requirements for portions of the rate base.

9 Including all the interrelated components in a single base-rate
10 revenue requirement promotes regulatory symmetry. It allows the
11 Commission to consider the plant, accumulated depreciation, tax effects,
12 expenses, and return together rather than maintaining a separate recovery
13 path for one category of mature plant.

14 **Q: Does rolling 2023 and 2024 SMRP investments into base rates provide an**
15 **opportunity for a comprehensive review?**

16 **A:** Yes. A base rate case is the proceeding in which the Commission evaluates
17 the utility’s overall revenue requirement. That permits the 2023 and 2024
18 investments to be examined together with the related accumulated
19 depreciation, deferred income taxes, depreciation expense, property taxes,
20 and other cost of service effects. A general rate case is widely recognized

1 throughout the utility industry as the principal forum for comprehensive
2 review of infrastructure investment and its inclusion in permanent rate
3 base.

4 Continuing rider recovery simply because the investment originally
5 entered rates through a rider would place excessive emphasis on the
6 investment's original recovery mechanism. The more relevant
7 considerations are whether the plant is used and useful, whether the costs
8 are reasonable and supported, and whether the associated revenue
9 requirement has been properly calculated for inclusion in base rates.

10 **Q: Is continued rider treatment necessary to preserve the Commission's**
11 **ability to review SMRP investments?**

12 **A:** No. Moving the 2023 and 2024 investments into base rates does not prevent
13 Commission review. It places those investments within the broader review
14 conducted in this proceeding. The SMRP Rider remains available for the
15 separate review and recovery of subsequent SMRP investments. The
16 Company's proposal therefore preserves both forms of review. Mature
17 investments are reviewed and incorporated into the permanent revenue
18 requirement, while newer investments remain within the rider process
19 until an appropriate future base rate proceeding.

1 **Q: Would OAG Witness Defever’s recommendation preserve a permanent**
2 **separation between SMRP plant and other utility plant?**

3 A: In practical effect, yes. His recommendation would leave the 2023 and 2024
4 plant and all associated revenue requirement components outside base
5 rates even though the plant is historical and no longer subject to rider true-
6 up. I do not believe that such permanent separation is justified merely
7 because the investment was initially recovered through the SMRP Rider.
8 The SMRP Rider is an interim recovery mechanism. It does not change the
9 underlying character of the assets as utility plant used to provide service.
10 Once those assets have matured and are reviewed in a general rate case,
11 their costs should be integrated with the Company’s other utility plant and
12 reflected in the overall revenue requirement.

13 Exhibit RJA-1R demonstrates the widespread and common
14 adherence to that idea across the natural gas utility industry in the U.S. The
15 exhibit draws upon research concerning natural gas infrastructure
16 replacement mechanisms employed by current and former Atrium
17 Economics clients³ in their respective jurisdictions. Every mechanism
18 surveyed provides for the associated infrastructure investments to be

³ Clients whose infrastructure needs did not warrant such mechanisms were excluded from the analysis.

1 incorporated into rate base once they mature. The survey included 44
2 natural gas utilities from 18 states.

3 **Q: What is your recommendation concerning the 2023 and 2024 SMRP**
4 **investments?**

5 A: I recommend that the Commission reject OAG Witness Defever's proposal
6 to leave the 2023 and 2024 SMRP investments in the SMRP Rider. Instead,
7 the Commission should approve the Company's proposal to include those
8 historical investments and their associated adjustments in base rates, while
9 requiring the corresponding investments and revenues to be removed from
10 the SMRP Rider calculation.

11 This treatment recognizes that the rider continues to serve an
12 important interim cost recovery purpose for investments, prevents
13 overlapping recovery by removing rolled-in investments from the rider,
14 places mature utility plant within the Company's comprehensive revenue
15 requirement, and avoids maintaining a permanent parallel recovery
16 mechanism for historical investment. The result is a cleaner division
17 between base rates for mature investments and rider recovery for current
18 and future SMRP investment.

19 **Q: Does this complete your Prepared Rebuttal Testimony?**

20 A: Yes.

ATTACHMENT RJA-1R

TREATMENT OF NATURAL GAS INFRASTRUCTURE RECOVERY MECHANISMS AT THE NEXT GENERAL BASE RATE CASE

State	Utility	Infrastructure Recovery Mechanism	Rolled Into Rate Base at Next General Rate Case?	Treatment at Next General Base Rate Case
Delaware	Delmarva Power & Light Company; Chesapeake Utilities Corp.	Distribution System Improvement Charge (DSIC) Rider	Y	26 Del. Admin. C. 1009, sec. 2.5: DSIC rate resets to zero when new base rates prospectively recover the annual costs previously recovered through DSIC.
Florida	Florida City Gas	Safety, Access and Facility Enhancement (SAFE) Program	Y	Florida PSC news release, Apr. 25, 2023: FCG moved the SAFE Program revenue requirement to rate base in its concluded rate case. Florida City Gas 2022 Rate Case Synopsis, Executive Summary, p. 1: SAFE revenues were reclassified from clause recovery to base rates.
	Florida Public Utilities Company	Gas Utility Access and Replacement Directive (GUARD) Program	Y	Florida PSC, Docket No. 20230029-GU, Order No. PSC-2023-0235-PAA-GU; GRIP program completed in 2023, Gas Utility Access and Replacement Directive (GUARD) Program is its successor. "...the GUARD program revenue requirement would be rolled into rate base and the GUARD surcharge would be reset [in the next rate case]."
Illinois	Ameren Illinois Company; Nicor Gas Co.; North Shore Gas Co.; Peoples Gas Light and Coke Co.	Qualified Infrastructure Plant Surcharge (QIP)	Y	Ill. Admin. Code title. 83, pt. 556.30; "the QIP surcharge shall be reduced to zero with respect to qualifying infrastructure investment that is transferred to the rate base used to establish the utility's delivery base rates, provided that the utility may continue to charge or refund any reconciliation adjustment determined in a Commission reconciliation order."
Indiana	NIPSCO; CenterPoint Energy Indiana North; CenterPoint Energy Indiana South	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	Y	Indiana Code sec. 8-1-39-9(a): natural gas utilities may file for a TDSIC that will "allow the periodic automatic adjustment of the public utility's basic rates and charges to provide for timely recovery of 80% of approved capital expenditures and TDSIC costs." (e): the remaining 20% of TDSIC costs is recovered in the next general rate case, which must be filed before the approved plan expires. Annual updates to utility's TDSIC plans.

TREATMENT OF NATURAL GAS INFRASTRUCTURE RECOVERY MECHANISMS AT THE NEXT GENERAL BASE RATE CASE

State	Utility	Infrastructure Recovery Mechanism	Rolled Into Rate Base at Next General Rate Case?	Treatment at Next General Base Rate Case
Iowa	Black Hills Energy Iowa, Inc.	System Safety and Integrity Rider (SSIR)	Y	Black Hills Iowa Press Release, Feb. 9, 2022: Iowa Gas settlement agreement was approved by Iowa Utilities Board that migrates \$2.2 million of SSIR revenue to base rates and renews a safety and integrity rider for an additional five years. New rates were effective Jan. 1, 2022, replacing interim rates that were effective June 11, 2021.
Kansas	Atmos Energy; Black Hills Energy Kansas; Kansas Gas Service	Gas System Reliability Surcharge (GSRS) Rider	Y	Kansas Statutes secs. 66-2202(d) and 66-2203(b)-(c): GSRS applies only to investments not included in the most recent rate base and requires a new general rate proceeding within the statutory period (60 months), after which the then-effective GSRS collection ends when new rates take effect.
Kentucky	Atmos Energy Corporation	Pipeline Replacement Program (PRP)	Y	Kentucky PSC Case No. 2025-00246, Order dated Dec. 17, 2025, pp. 1-2: KRS 278.509 permits rider recovery of natural-gas pipeline replacement investment not recovered in existing rates; Atmos filed annual PRP rates.
	Duke Energy Kentucky, Inc.	Pipeline Modernization Mechanism (Rider PMM)	Y	Pursuant to KRS 278.509, rider recovery is only authorized for investments "not recovered in existing rates." The PMM functions as an interim infrastructure rider between rate cases.
	Louisville Gas and Electric Company	Gas Line Tracker (GLT)	Y	Pursuant to KRS 278.509, rider recovery is only authorized for investments "not recovered in existing rates." The GLT functions as an interim tracker between rate cases.
Maryland	Baltimore Gas and Electric Company; Columbia Gas of Maryland; Washington Gas Light; Chesapeake Utilities Corp.	Strategic Infrastructure Development and Enhancement (STRIDE)	Y	MD Public Utilities Code Section 4-210 (2025) - The statute limits eligible STRIDE projects to assets "not included in the current rate base of the gas company as determined in the gas company's most recent base rate proceeding." Also, "the STRIDE law requires utilities to file a base rate case within 5 years of the implementation of a STRIDE plan."

TREATMENT OF NATURAL GAS INFRASTRUCTURE RECOVERY MECHANISMS AT THE NEXT GENERAL BASE RATE CASE

State	Utility	Infrastructure Recovery Mechanism	Rolled Into Rate Base at Next General Rate Case?	Treatment at Next General Base Rate Case
Massachusetts	Boston Gas Company; Colonial Gas Company; NSTAR Gas Company; Fitchburg Gas & Electric; Liberty Utilities	Local Distribution Adjustment Clause (LDAC); Gas System Enhancement Program (GSEP)	Y	Mass. G.L. c. 164, sec. 145(a): eligible GSEP investment excludes plant included in current rate base as determined in the most recent rate proceeding.
Michigan	DTE Gas Company	Infrastructure Recovery Mechanism (IRM)	Y	Michigan PSC, Sept. 10, 2026 release, Case No. U-21973: Commission approved DTE Gas infrastructure investment and continuation of an IRM surcharge, including a new surcharge level effective Jan. 1, 2027.
Minnesota	Minnesota Energy Resources Corporation	Gas Utility Infrastructure Cost (GUIC) Rider	Y	MERC tariff, Section 7.20-7.21: GUIC recovers revenue requirements for eligible infrastructure projects under Minn. Stat. sec. 216B.1635 and rolls remaining reconciliations into base rates in a general rate case.
Missouri	Spire Missouri Inc.	Infrastructure System Replacement Surcharge (ISRS)	Y	Missouri Revised Statutes § 393.1015 (2025), Section 6, number 1; "A gas corporation that has implemented an ISRS pursuant to the provisions of sections 393.1009 to 393.1015 shall file revised rate schedules to reset the ISRS to zero when new base rates and charges become effective for the gas corporation following a commission order establishing customer rates in a general rate proceeding that incorporates in the utility's base rates subject to subsections 8 and 9 of this section eligible costs previously reflected in an ISRS."
North Carolina	Enbridge Gas North Carolina	Integrity Management Tracker, Rider E; PIM Expense Tracker, Rider H	Y	Enbridge Gas North Carolina, NCUC Tariff, Integrity Management Tracker Rider E; "At the time of Company's next general rate case proceeding, all prudently incurred Integrity Management Plant Investment associated with this Rider E shall be included in base rates and the Excluded Costs shall be eligible for inclusion in recoverable rate base."

TREATMENT OF NATURAL GAS INFRASTRUCTURE RECOVERY MECHANISMS AT THE NEXT GENERAL BASE RATE CASE

State	Utility	Infrastructure Recovery Mechanism	Rolled Into Rate Base at Next General Rate Case?	Treatment at Next General Base Rate Case
Pennsylvania	Columbia Gas of Pennsylvania; National Fuel; Peoples Natural Gas Co.; Peoples Gas Co.; UGI Utilities	Long-Term Infrastructure Improvement Plan (LTIIP); Distribution System Improvement Charge (DSIC)	Y	66 Pa.C.S. sec. 1358(b)(1)-(2): DSIC resets to zero when new base rates prospectively recover the annual costs previously recovered by DSIC; later DSIC updates include only property not already reflected in rate base.
Texas	Atmos Energy; CenterPoint Energy; Texas Gas Service Co	Gas Reliability Improvement Program (GRIP); Interim Rate Adjustment (IRAs)	Y	Texas Utilities Code sec. 104.301(a)-(c): GRIP is an interim adjustment for invested capital not already in rate base; amounts remain subject to refund until the next rate case, which reviews the investment and establishes final rates.
Utah	Enbridge Gas Utah	Infrastructure Rate-Adjustment (IRA) Tracker	Y	Enbridge Gas Utah Application; Docket 19-057-02 rate case order: infrastructure-tracker recovery applies between rate cases. In a later Utah PSC order, the Office of Consumer Services described the regulatory process as one in which IRA Tracker investments would ultimately be incorporated into base rates.
Virginia	Columbia Gas of Virginia; Virginia Natural Gas; Washington Gas Light Co.	Steps to Advance Virginia's Energy Plan (SAVE) Rider	Y	Virginia SCC Order for Notice and Comment, Case PUR-2024-00103, pp. 1-3: base rates include SAVE plant through Sept. 30, 2024, and the SAVE projected factor is set to zero concurrently with the new base rates.
West Virginia	Mountaineer Gas Company	Infrastructure Replacement and Expansion Program (IREP)	Y	PSC of WV; Case No. 26-0079-G-42T; Joint Stipulation; IREP rate reduced when rolled into base rates. "...Exhibit 1A shows the IREP rate components to be effective December 1, 2026 and the reduction from the current IREP rates."