TAB 25

807 KAR 5:001 Section 16(7)(a)

Direct Testimony of

Michael E. Girata

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 DIRECT TESTIMONY OF MICHAEL E. GIRATA ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.

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May 20, 2026

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VERIFICATION OF MICHAEL E. GIRATA

STATE OF OHIO)
)
COUNTY OF FRANKLIN)

Michael E. Girata, Manager of 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 testimony and certain standard filing requirements 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.

Michael E. Girata

The foregoing Verification was signed, acknowledged and sworn to before me this 12 day of May 2026, by Michael E. Girata.

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. NA

Commission expiration: NA

PREPARED DIRECT TESTIMONY OF MICHAEL E. GIRATA

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Michael E. Girata and my business address is 290 West Nationwide Boulevard, Columbus, Ohio, 43215.

Q: What is your current position and what are your responsibilities?

A: I am employed by NiSource Corporate Services Company ("NCSC"), which is a service company that serves Columbia Gas of Kentucky, Inc. ("Columbia" or the "Company"), as a Manager in the Financial Planning & Analysis Department. As such, I am responsible for the development of short-range and long-range forecasts of customers and energy consumption, along with various analyses related to weather normalization.

Q: What is your educational background and professional experience?

A: I graduated from Westminster College with a Bachelor's Degree in Mathematics in December 2014. After starting my career in data science consulting, I joined NCSC in June 2017 as a Senior Business Analytics Analyst assisting with report building and predictive modeling efforts. In January 2019, I joined Columbia's GPS Program Management team as a Project Lead, focusing my efforts on program management and IT support in the form of dashboard development and automation. In February 2020, I

joined the Demand Forecasting Team as a Lead Analyst supporting forecast development for financial planning, regulatory filings, and peak modeling efforts for our electric business. In August 2021, I joined NCSC's Corporate Strategy & Risk team as a Project Consultant, helping define NCSC's electric strategy related to generation and emerging technologies. In June 2022, I rejoined the Demand Forecasting team, where my responsibilities included demand forecasting and revenue planning. My prior title was Manager, Demand Forecasting, and my current title is Manager of Financial Planning & Analysis, where I am responsible for demand forecasting.

Q: Have you previously testified before any regulatory commissions?

A: Yes, I have testified and submitted pre-filed testimony before the Public Service Commission of Maryland, the Pennsylvania Public Utility Commission, and the Kentucky Public Service Commission.

Q: What is the purpose of your testimony?

A: I will explain the forecast methodology used to develop the forecasted number of customers and usage for the second half of the Base Period ("BP"), which is the twelve months ended August 2026, as well as for the Forecasted Test Period ("FTP"), which is calendar year 2027.

Q: What Filing Requirements will you be supporting?

A: I will sponsor and support the following Filing Requirements:

Filing Requirement	Description	Tab
807 KAR 5:001 Section 16(7)(c)	A complete description, which may be filed in written testimony form, of all factors used in preparing the utility's forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.	25
807 KAR 5:001 Section 16(7)(h)	A financial forecast corresponding to each of the three (3) forecasted years included in the capital construction budget. The financial forecast shall be supported by the underlying assumptions made in projecting the results of operations.	39
807 KAR 5:001 Section16(7)(h)(14)	Financial forecast corresponding to each of the three (3) forecasted years included in the capital construction budget including the customer forecast.	53
807 KAR 5:001 Section16(7)(h)(15)	Financial forecast corresponding to each of the three (3) forecasted years included in the capital construction	54

	budget including the sales volume forecasts in cubic feet.	

Q: For each of the documents included within the Filing Requirements that you are supporting, were they prepared by you or someone working under your supervision and did you review each of the documents included within the Filing Requirements that you are co-sponsoring?

A: Yes.

II. DEMAND FORECAST METHODOLOGY OVERVIEW

Q: Please explain the methodology employed for developing the forecasted number of customers and volume for the BP and FTP.

A: To provide the most accurate forecast, there are slightly different methodologies utilized for each customer class to develop the forecasted number of customers and volumes. Total residential and small commercial customers, as well as volumes, are forecasted using econometric models. Small industrial volumes are forecasted using econometric models while small industrial customers are kept flat to historical levels. Large commercial and large industrial volume is forecasted based on knowledge gained through relationships with large industrial customers. Total residential, total commercial, and total industrial forecasts are subsequently

split into sales and transportation customers and volumes, as appropriate, using historical data.

Q: What data sources do you use to develop econometric models for the residential, small commercial, and small industrial classes?

A: I used Columbia's billing records through December 2025 to obtain historical monthly customer counts and billed usage for the residential, small commercial, and small industrial customer classes. Historical billed usage is divided by historical customer counts to produce monthly historical use per customer ("UPC") data for residential and small commercial customers. The historical customer counts and use per customer are then used as the dependent variables in the residential customer, residential use per customer, small commercial customer, and small commercial use per customer econometric models. Historical, small industrial volumes are used as the dependent variable in an econometric model.

Several sources are used to obtain data for the independent variables included in the econometric models. Historical and forecast gas price data is sourced from the U.S. Energy Information Administration ("EIA"). Historical and forecast values for economic and demographic variables (e.g., population and real income per capita) and deflator data are from

Moody's. Historical weather data ("Heating Degree Day" or "HDD") is provided by DTN, a weather consulting service. Both Moody's and DTN are large independent data providers relied upon by the Company. DTN was used for historical weather data in previous rate cases. The Company switched from IHS Markit to Moody's since the previous rate case. A 20-year average HDD ending December 31, 2025 is used as the weather in the forecast period.

A 15-year average HDD ending December 31, 2025 was also evaluated in response to the order in the Company's last base rate case.[1] Details regarding the results of this comparison can be found at the end of this testimony in Section VII (Comparison of 20-Year and 15-Year Normalization).

III. RESIDENTIAL FORECAST

Q: Please describe the residential customer forecast methodology.

A: The residential customer forecast is developed using a monthly econometric model that incorporates population and several monthly variables for shaping. Single-month indicator variables are included to address outliers in the model.

[1] *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; and Other Relief*, Case No. 2024-00092, December 30, 2024 Order (Ky. PSC December 30, 2024).

Q: Please describe the residential use per customer forecast methodology.

A: The residential use per customer forecast is developed using a monthly econometric model that incorporates weather in the form of HDD and several monthly variables for additional shaping. Additionally, single-month indicator variables are included to address outliers in the model.

Q: How is the forecast of monthly residential volume determined?

A: Monthly residential customer counts are multiplied by monthly residential use per customer to produce monthly residential volume.

IV. COMMERCIAL FORECAST

Q: Please describe the commercial customer forecast methodology.

A: The small commercial customer forecast is developed using a monthly econometric model that incorporates historical customer count levels, several monthly variables for shaping, and single-month indicator variables to address outliers.

Large commercial customer counts are forecasted by the Company's Major Accounts group based on known economic development within the Company's service territory.

Q: Please describe the commercial use per customer forecast methodology.

A: The small commercial use per customer forecast is developed using a monthly econometric model that incorporates weather in the form of HDD,

historical trends, and several monthly variables for additional shaping. Additionally, single-month indicator variables are included to address outliers in the model.

Large commercial use per customer is forecasted customer-by-customer by the Company's Major Accounts group. These forecasts are developed through one-on-one discussions with individual customers to better understand their operating plans for the BP and FTP.

Q: How is the forecast of monthly commercial volume determined?

A: Monthly small commercial customer counts are multiplied by monthly small commercial use per customer to produce monthly small commercial volume. Monthly large commercial volume is calculated by aggregating the individual volumetric forecasts for all customers in this segment.

The monthly total commercial volume is calculated by adding the monthly small commercial volume and the monthly large commercial volume.

Q: How are the total commercial customers and volume split into commercial sales and commercial transportation?

A: Small commercial sales customers are estimated using the historical relationship between total small commercial customers and small commercial sales customers. Small commercial transportation customers

are the customers remaining when small commercial sales customers are subtracted from the total small commercial customer forecast. Total small commercial usage is allocated to sales and transportation based on proportions experienced in the most recent 12 months. Large commercial customers and volumes are split into sales and transportation based on the type of service for each individual customer forecast.

V. INDUSTRIAL FORECAST

Q: Please describe the industrial forecast methodology.

A: The large industrial forecast is provided by the Company's Major Accounts group by incorporating information generated through individual customer interviews. The small industrial customer count is held flat to recent history, and the small industrial volume is forecasted using weather in the form of HDDs and monthly indicators to address outliers.

Q: How is the total industrial volume split into industrial sales, industrial transportation, and industrial GTS?

A: Total small industrial volume is allocated to sales, GTS and transportation based on proportions experienced in the most recent 12-months. Total large industrial customers and volumes are split into sales and transportation based on the type of service for each individual customer forecast.

VI. FORECAST RESULTS

Q: Please provide a summary of the customer count and demand forecast results.

A: Tables 1 and 2 below contain forecasted annual customer counts and volumes. This data can also be found in Filing Requirements 807 KAR 5:001 Sec.16-(7)(h)(14) and 807 KAR 5:001 Sec.16-(7)(h)(15).

Table 1 – Forecasted Customer Counts (Year End)

	2025	2026	2027	2028	2029
	Actual	*Forecast*	*Forecast*	*Forecast*	*Forecast*
Sales Customers by Class					
Residential	114,932	114,829	114,858	114,861	114,855
Commercial	12,238	12,197	12,196	12,196	12,196
Industrial	47	48	48	48	48
Wholesale	2	2	2	2	2
Electric Generation	1	1	1	1	1
Total Sales Customers	**127,220**	**127,077**	**127,105**	**127,108**	**127,102**
Transportation Customers by Class					
Residential	10,041	10,041	10,041	10,041	10,041
Commercial	1,718	1,712	1,712	1,712	1,712
Industrial	63	64	64	64	64
Total Transportation Customers	**11,822**	**11,817**	**11,817**	**11,817**	**11,817**
Total Customers	**139,042**	**138,894**	**138,922**	**138,925**	**138,919**

Table 2 – Forecasted Annual Volumes (MCF)

	2025	2026	2027	2028	2029
	Actual	*Forecast*	*Forecast*	*Forecast*	*Forecast*
Sales Volume by Class					
Residential	7,412,441	7,411,838	7,374,145	7,386,722	7,383,456
Commercial	4,749,574	4,427,093	4,419,255	4,419,232	4,419,232
Industrial	317,723	261,213	263,256	263,256	263,256
Wholesale	10,601	10,601	10,601	10,601	10,601
Electric Generation	4,810	4,810	4,810	4,810	4,810
Total Sales Volume	**12,495,150**	**12,115,556**	**12,072,067**	**12,084,621**	**12,081,355**
Transportation Volume by Class					
Residential	754,420	721,406	717,353	718,451	718,154
Commercial	4,367,465	4,156,045	4,229,275	4,229,269	4,229,269
Industrial	16,981,214	15,982,518	16,041,188	16,051,292	16,057,288
Total Transportation Volume	**22,103,099**	**20,859,969**	**20,987,816**	**20,999,012**	**21,004,710**
Total Throughput	**34,598,249**	**32,975,525**	**33,059,883**	**33,083,633**	**33,086,066**

VII. WEATHER NORMALIZATION

Q: What is weather normalization?

A: Weather normalization is a method that is used to adjust actual natural gas consumption to reflect what would have occurred under normal weather conditions. Weather normalization can also be used to forecast future consumption as it relates to expected weather trends.

Q: Why is weather normalization important?

A: Depending on a customer's end-use needs (i.e. natural gas heating, natural gas cooking, etc.), a large portion of their natural gas consumption may be temperature sensitive. Meaning as temperatures drop, their natural gas space heating needs increase, and as temperatures rise, the demand decreases. Because of this, forecasting average use per customer accurately

is highly dependent on understanding the relationship between natural gas usage and expected weather in the Columbia service territory.

Q: Did Columbia evaluate both the 20-Year Normalization with the 15-Year Normalization?

A: Yes. Columbia evaluated both a 15- and 20-year Normalization for this filing.

Q: Why did the Company evaluate a 20-Year Normalization and a 15-Year Normalization for this filing?

A: In Case 2024-00092, the Commission requested the Company evaluate a 15-Year Normalization in its next filing.

Q: How are the 20-Year Normalization and the 15-Year Normalization similar? How are they different?

A: They are similar in that they both use historical HDDs through December 31, 2025 for their calculation period, and both rely on averages to calculate the normal HDDs used in the forecasting of determinants.

They are different in that they use different time periods for their calculations and therefore have a different number of forecasted HDDs in the FTP. The 20-Year normal HDDs are calculated using actual HDDs from 2006 through 2025. The 15-Year normal HDDs use actual HDDs from 2011

through 2025. The 20-Year normal produces 4,244 HDDs in the FTP, while the 15-Year normal produces 4,168 in the same time period.

Q: How is the residential use per customer forecast impacted by this change in forecasted HDDs?

A: Since the only change between the two models is the number of forecasted HDDs in the FTP (i.e. all model inputs, history, and coefficients are equal between the two) we see a direct correlation between forecasted HDDs and forecasted UPC. A greater number of HDDs in the FTP yields a higher forecasted UPC in the FTP.

The model utilizing the 20-Year normalization period forecasts the average residential customer to use 64.77 Mcf / customer in the FTP, while the 15-Year normalization period forecasts 63.75 Mcf / customer, a decrease of 1.02 Mcf / customer. The lower UPC in the 15-Year normal would produce fewer forecasted volumes compared to the 20-Year normal.

Q: How would rates for residential customers be impacted if the Company switched from the 20-Year Normalization to the 15-Year Normalization?

A: Generally, as forecasted volumes in the FTP decrease, the Company will project less volumetric revenue at current rates and therefore would need to increase volumetric base rates to recover the same revenue requirement.

Stated differently, if forecasted volumes decrease, volumetric base rates increase.

When comparing the results of the two use per customer forecasts (20-Year vs. 15-Year), it is estimated that the use per customer forecast utilizing the 15-Year Normalization period would increase residential volumetric base rates by about 1.6% to recover the same revenue. As described in Witness Amen's testimony, Columbia is proposing to place more of the increase on the customer charge rather than a volumetric charge. Focusing on the customer charge instead of the volumetric charge can help minimize the volumetric charge so weather normalization is not as much of a factor. For additional analysis on ratemaking and the impact of volumetric usage, see Witness Amen's testimony.

Q: Is the forecast using a 20-Year Normal more accurate than the 15-Year Normal when trying to predict recent history?

A: One way to estimate the accuracy of a forecast is through a technique known as ex-post testing. In this approach, a model is built using all the historical data. Then, a period of recent history is removed ("test period"), and the same model is re-run using the shortened dataset. Finally, the forecasted values for the test period are compared to the actuals and error statistics are measured.

For example, the forecasts developed for this case use historical data through December 2025. After the models were developed for this period, one with 20-Year Normal HDDs and the other with 15-Year Normal HDDs, the calendar year of 2025 was removed, and the same models were built using data through December 2024. In this study, the calendar year of 2025 would be the test period.

2025 saw actual, non-weather normalized average UPC for the residential customer class of 65.66 MCF / Customer. The forecast using the 20-Year Normal produced an estimate of 64.91 MCF / Customer, or a variance of 1.2%. The 15-Year Normal produced an estimate of 63.89 MCF / Customer, or a variance of 2.7%.

So, not only does the 20-Year normal provide lower rates for customers, but it was also more effective at predicting average residential customer usage in 2025.

Q: Does this complete your Prepared Direct Testimony?

A: Yes.