

TAB 28

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

Direct Testimony of

Craig P. Inscho

**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
CRAIG P. INSCHO
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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May 20, 2026

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VERIFICATION OF CRAIG P. INSCHO

STATE OF OHIO)
)
COUNTY OF FRANKLIN)

Craig P. Inscho, 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 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.



Craig P. Inscho

The foregoing Verification was signed, acknowledged and sworn to before me this 13 day of May 2026, by Craig P. Inscho.



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 CRAIG P. INSCHO

1 **I. INTRODUCTION**

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

3 A: My name is Craig P. Inscho and my business address is 290 West
4 Nationwide Boulevard, Columbus, Ohio 43215.

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

6 A: I am employed by NiSource Corporate Services Company (“NCSC”), which
7 is a service company that serves Columbia Gas of Kentucky, Inc.
8 (“Columbia”), as Financial Planning Manager in the Financial Planning and
9 Analysis department. I am responsible for analysis and support in the
10 Operations and Maintenance (“O&M”) expense budgeting process for
11 NiSource Inc. (“NiSource”) gas distribution companies, including Columbia,
12 and coordination with the NCSC financial planning and budgeting processes.

13 **Q: What is your educational background and professional experience?**

14 A: I received a Bachelor of Science in Accounting and a Bachelor of Science in
15 Finance from Ohio Dominican University in 2010. In March 2011, I was
16 employed with NiSource in the Accounting Department. In June 2015, I
17 accepted a position in Regulatory supporting regulatory filings for
18 Columbia, Columbia Gas of Virginia, Inc., and Columbia Gas of Maryland,
19 Inc. In September 2021, I accepted a Lead Analyst position in the Finance

1 organization supporting Columbia and Columbia Gas of Ohio, Inc. I
2 assumed my current position in November 2023.

3 **Q: Have you previously testified before any regulatory commissions?**

4 A: Yes. I previously provided testimony in Columbia’s last base rate case.¹ In
5 addition, I have testified before the Maryland Public Service Commission
6 where I submitted testimony on behalf of Columbia Gas of Maryland, Inc.
7 in support of its rate base calculation.

8 **Q: What is the purpose of your testimony?**

9 A: My testimony supports Columbia’s projected financial statements,
10 including Columbia O&M expenses for the Forecasted Test Period, that
11 have been incorporated in Witness Davis’s cost of service analysis.

12 **Q: What Filing Requirements will you be supporting?**

13 A: I am sponsoring and supporting the following Filing Requirements:

Filing Requirement	Description	Tab
807 KAR 5:001 Section 16(6)(a)	The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.	11

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 (filed May 16, 2024).

<p>807 KAR 5:001 Section 16(6)(b)</p>	<p>Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.</p>	<p>12</p>
<p>807 KAR 5:001 Section 16(7)(c)</p>	<p>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;</p>	<p>28</p>
<p>807 KAR 5:001 Section 16(7)(d)</p>	<p>The utility's annual and monthly budget for the twelve (12) months preceding the filing date, the base period, and forecasted period;</p>	<p>35</p>
<p>807 KAR 5:001 Section 16(7)(h)</p>	<p>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:</p>	

807 KAR 5:001 Section 16(7)(h)1	Operating income statement (exclusive of dividends per share or earnings per share);	40
807 KAR 5:001 Section 16(7)(h)2	Balance Sheet	41
807 KAR 5:001 Section 16(7)(h)3	Statement of Cash Flows	42
807 KAR 5:001 Section 16(7)(h)4	Revenue requirements necessary to support the forecasted rate of return	43
807 KAR 5:001 Section 16(7)(h)8	Mix of Gas Supply (Gas)	47
807 KAR 5:001 Section 16(7)(h)9	Employee Level	48
807 KAR 5:001 Section 16(7)(h)10	Labor Cost Changes	49
807 KAR 5:001 Section 16(7)(n)	The latest twelve (12) months of the monthly managerial reports providing financial results of operations in comparison to the forecast	62
807 KAR 5:001 Section 16(7)(o)	Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the	63

	base period, each month of the base period, and any subsequent months, as they become available	
807 KAR 5:001 Section 16(8)(c)	Operating income summary for both the base period and the forecasted period with supporting schedules, which provide breakdowns by major account group and individual account	74
807 KAR 5:001 Section 16(8)(d)	A summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors	75
807 KAR 5:001 Section 16(8)(f)	Summary schedules for both the base period and the forecasted period (the utility may also provide a summary segregating those items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures at country clubs; charitable contributions; marketing, sales, and advertising expenditures; professional service expenses; civic and political activity expenses; expenditures for employee parties and outings; employee gift expenses; and rate case expenses	77

807 KAR 5:001 Section 16(8)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title	78
807 KAR 5:001 Section 16(8)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for the five (5) most recent calendar years from the application filing date, the base period, the forecasted period, and two (2) calendar years beyond the forecast period;	80
807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earnings measures for the ten (10) most recent calendar years, the base period, and the forecast period.	82

1

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

6 **A: Yes.**

1 **II. TEST PERIOD**

2 **Q: What is the test period in this proceeding?**

3 A: Columbia is requesting an adjustment of rates based on a Forecasted Test
4 Period for the twelve months ended December 31, 2027. The financial data
5 for the Forecasted Test Period is presented in the form of pro forma
6 adjustments to a Base Period which is the twelve months ended August 31,
7 2026. The Base Period includes actual data for the period September 2025
8 through February 2026 and forecasted data for the period March 2026
9 through August 2026.

10 **Q: What is the basis for the forecasted O&M expense included in the Base
11 Period and Forecasted Test Period net operating income?**

12 A: The forecasted O&M expense included in the base and forecasted test
13 periods is derived from Columbia’s most recent O&M budget and
14 subsequent rate making adjustments, as described by Witness Davis.

15 **III. PROCESS FOR DETERMINING O&M BUDGETS**

16 **Q: Please describe the annual budget development process.**

17 A: The overall NiSource O&M targets, including NCSC, are established using
18 a “top down” approach, as informed by lower levels of management, which
19 facilitates decisions points to ensure the highest and best use of available
20 dollars. Information at various levels and functions are necessary to

1 capture the detailed department level requirements of the business to
2 provide each functional leader (e.g., IT, Legal, Engineering) with an
3 operating budget. Ultimately, the overall NiSource O&M targets are
4 established by the Executive Vice President and Chief Financial Officer,
5 Senior Vice President of NiSource's Financial Planning and Analysis
6 ("FP&A"), and approved by the Executive Leadership Team as well as
7 Columbia's President. Operating Company targets for Columbia and
8 departmental O&M are refined and aligned to detailed work plans. The
9 FP&A management team establishes financial goals and planning
10 objectives in conjunction with NiSource Inc.'s senior management team and
11 Board of Directors.

12 **Q: How is O&M expense developed for Columbia's budget?**

13 A: The O&M budget for Columbia is created by gathering input from different
14 levels of management, including Columbia's President and her staff, that
15 are responsible for approving and budgeting expenses for their
16 department. The process generally follows organizational responsibility.
17 Department heads are responsible for overseeing the development of O&M
18 budgets for all cost centers under their control. Columbia's O&M budget is
19 developed by department and by cost element, with the assistance of the
20 FP&A department. This includes a comparison of a series of data points

1 based on most recent experience. Specifically, the proposed O&M budget
2 is compared to the most recent year's O&M budget as well as compared to
3 the prior year's actual amounts. These comparisons help identify trends
4 and allow for measurement against the Company and parent company
5 management's expectations. Once finalized, the departmental O&M
6 expense budget is incorporated into the business unit's operating plan.

7 The Field Operations budget originates in operating center locations
8 based on the specific work plan. This budget, as well as other departments
9 representing Columbia's major business functions, is then combined with a
10 corporate-level budget to arrive at a total company budget.

11 **Q: What is meant by the term corporate-level budget?**

12 **A:** The corporate-level budget represents categories that are budgeted at a
13 NiSource-level, and not at an individual company or functional department
14 level. This allows for each corporate-level department to focus exclusively
15 on the expenditures for which they are directly responsible. Examples of
16 O&M expenses included at the corporate-level are employee benefits,
17 benefits administration fees, audit fees, financial planning and accounting,
18 in-house legal, human resources, and corporate insurance.

1 **Q: Is the budget reviewed throughout the year?**

2 A: Yes, the current year detailed O&M budget is reviewed against actuals each
3 month, in a review led by FP&A with the President and members of her
4 team as the audience, throughout the year to determine the reasons for
5 variances and to take appropriate action. If known variances are the result
6 of timing that will be resolved within the year, then those variances are
7 monitored closely but no further action is taken, unless it becomes apparent
8 the variance will result in a true budget impact at the end of the year. If the
9 review of monthly budget versus actual reveals variances that are expected
10 to last throughout the year, the NCSC FP&A department will work with
11 Columbia management to determine the drivers of the variances and steps
12 to be taken to reduce the variance to the overall budget. In certain cases,
13 budget variances will occur to address or take advantage of unforeseen
14 general or operational conditions. In cases where a variance is driven by
15 unforeseen general or operational conditions, the variance may not be
16 reduced or mitigated, but may result in an updated forecast for the current
17 year and any impact to future years (known as the “Monthly Adjusted
18 Budget”). In this case, documentation of the drivers of the variance is
19 maintained and evaluated in future planning cycles to ensure proper
20 consideration of new and developing forecast items.

1 **Q: Does this review include Columbia Leadership?**

2 A: Yes. They are the audience for the review, and it includes the President and
3 members of her team.

4 **IV. BASE PERIOD O&M**

5 **Q: Has the process you described above for calculating O&M been used in**
6 **the development of O&M expense for the Base Period?**

7 A: Yes. Columbia used the same process that we used in our ordinary course
8 of business when developing the O&M expense for the Base Period.

9 **Q: Where can this budgeted O&M be found in the schedules for this**
10 **proceeding?**

11 A: Please refer to Schedules C-2.2.A (Base Period) and C-2.2.B (Forecasted Test
12 Period) for O&M expense by account, which are sponsored by Witness
13 Davis. Please also refer to Workpapers WPD-2.4.A (Base Period) and WPD-
14 2.4.B (Forecasted Test Period) for O&M expense by cost category, which is
15 co-sponsored by Witness Davis and myself.

16 **V. FORECASTED TEST PERIOD O&M**

17 **Q: Has the process you described above for calculating O&M been used in**
18 **the development of O&M expense for the Forecasted Test Period?**

1 A: Yes. Columbia used the same process that we used in our ordinary course
2 of business when developing the O&M expense for the Forecasted Test
3 Period.

4 **Q: Let's discuss some of the more significant components of the O&M**
5 **forecast. What are the principal assumptions used in the development of**
6 **the labor cost element budgets included in the Forecasted Test Period**
7 **O&M expenses?**

8 A: Labor expense is based on projected headcount and wage increase
9 assumptions. More detailed labor budgets are developed by projecting the
10 year's labor based on a trend analysis. The projection includes estimates
11 for headcount, gross salary, overtime, vacation and sick time, and labor
12 charges in from other departments. This results in a sub-total for total labor
13 dollars available by month, which will then be allocated between O&M
14 accounts, capital, and charges to other departments. That allocation
15 involves developing an estimate for the following year's O&M labor budget
16 based on the projected work by activity, and using the estimate to
17 determine how much of the labor budget should be allocated to O&M
18 accounts. The remaining labor resources are then allocated to capital or
19 charged out to other departments where work may be performed.

1 **Q: Does your budgeting analysis include any projections regarding**
2 **Columbia headcount?**

3 A: Yes, Columbia is projecting 210 full-time employees for 2027, and an overall
4 wage increase guideline of 4% for exempt and non-exempt employees in
5 2027. Wages and benefits are described in greater detail in the testimony of
6 Witness Owens.

7 **Q: Please explain how non-labor expenses are taken into account in the**
8 **development of the O&M expense budget.**

9 A: All expenses start with the assumption that amounts are to be held
10 relatively flat year to year reflecting a normal ongoing level of expenses and
11 further adjusted for incremental activities or events that are reasonably
12 expected to occur, or adjusted for expenses that are not expected to recur.
13 These expenses are informed by various levels within the Columbia
14 organization.

15 **Q: Please describe the basis for the corporate-level budgets included in**
16 **Columbia's overall O&M budget.**

17 A: Corporate-level budgets provided to Columbia include several major
18 categories. Employee benefits expenses are based on information provided
19 by NiSource's independent actuaries, Lockton Companies and Aon plc.
20 Corporate insurance expenses are based on estimated insurance premiums

1 for property, casualty, and other insurance products, which are developed
2 by NCSC's Insurance Department. Audit fees are based on estimates
3 developed by NiSource Accounting. Telecommunications expenses are
4 based on estimates developed by NCSC Information Technology.
5 Corporate Services fee expenses are based on estimates of services to be
6 performed by NCSC for Columbia. Benefits administration fees, and
7 compensation plan expenses are based on estimates developed by NCSC's
8 Human Resources.

9 **Q: Are there any ratemaking adjustments made to the Forecasted Test Period**
10 **for Columbia's O&M?**

11 A: Yes, there are two proposed ratemaking adjustments to the Forecasted Test
12 Period. The first is related to Columbia's Corporate Insurance, specifically,
13 the property, casualty, workers compensation, medical stop loss and other
14 miscellaneous general insurance for 2025 / 2026 policy periods. The detail
15 for this adjustment is provided in Attachment CPI-1. This adjustment will
16 reduce the Forecasted Test Period Corporate Insurance expense by
17 \$187,813. The second adjustment is related to Public Service Commission
18 ("PSC") fees. This adjustment will increase the level of PSC fees by \$84,551.
19 The detail for this adjustment is provided in Workpaper WPD-2.7.F.

20 **Q: Please explain the reason for these ratemaking adjustments.**

1 A: The purpose of the first adjustment is to decrease Corporate Insurance
2 expense to reflect the latest known annualized premiums for the 2025/2026
3 policy periods. The second adjustment is to increase the PSC Assessment
4 fee O&M expense reflecting the 0.23% rate per the passage of House Bill
5 757, amending KRS 278.130.

6 **Q: Is the level of unadjusted Columbia O&M expense in line with inflation**
7 **from the most recent calendar year actuals (2023) available and presented**
8 **in Columbia's last rate case? If not, why not?**

9 A: Yes, the level of unadjusted Columbia O&M expense is lower than an
10 inflation adjusted 2023 actual per books expense. Using the actual Gross
11 Domestic Product Implicit Price Deflator ("GDPIPD") for 2026 of 2.74%, the
12 unadjusted Forecasted Test Period Columbia O&M requested in this case is
13 2.52% below the inflation-adjusted level of expense as shown in the
14 testimony of Witness Davis, specifically Table END-1.

15 **Q: Please identify the key variances in Columbia O&M expense levels**
16 **between calendar year 2023 and the Forecasted Test Period in the current**
17 **proceeding.**

18 A: Table CPI-1 below identifies the key variances in O&M expense levels.

1

Table CPI-1

Category	Actual December 31, 2023 (in 000s)	Budget 2026 Rate Case December 31, 2027 (in 000s)	Variance (in 000s)
Clearing Accounts / Telecommunications	\$3,353	\$3,653	\$300
Total Compensation	\$13,376	\$13,767	\$391

2

3 The overall **Clearing Account and Telecommunications** increase of
4 approximately \$300,000 since 2023 is primarily driven by vehicle costs
5 related to safety, connectivity, GPS, and software expenses that were
6 implemented starting in 2025.

7 **Total Compensation**, an increase of approximately \$391,000 since 2023,
8 reflects all components of compensation expected to be paid to Columbia
9 employees in 2027. Please refer to the testimony of Columbia Witness
10 Owens for more information regarding total compensation.

11 **Q: In your opinion, is the O&M information presented in Columbia's**
12 **forecasted test year accurate and reliable?**

13 A: Yes.

14 **Q: Does this complete your Prepared Direct Testimony?**

15 A: Yes.

ATTACHMENT CPI-1

Columbia Gas of Kentucky, Inc.
Annualization of Corporate Insurance - Accounts 924 and 925
For The T.M.E. August 31, 2026 and Rate Year ending December 31, 2027

<u>Line</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>Forecasted Period</u> (3) \$	<u>2025/2026 Premium Coverage Period</u> (4) \$	<u>2025/2026 Total Company Adjustment</u> (5=4-3) \$
1	Total Account 924 Property Insurance	924	68,055	59,157	(8,899)
2	Total Account 925 Casualty Liability Premiums	925		2,198,478	
3	Account 925 Casualty Liability Transferred to Capital [1]	925		(1,187,178)	
4	Expense Account 925 Casualty Liability	925	1,211,909	1,011,300	(200,609)
5	Total Account 925 Other Misc Insurance Premiums	925	187,959	220,587	32,628
6	Total Account 925 Workers' Compensation Premiums	925		190,862	
7	Account 925 Workers' Compensation Transferred to Capital [2]	925		(112,685)	
8	Expense Account 925 Workers' Compensation	925	80,488	78,177	(2,311)
9	Total Account 925 Medical Stop Loss Premiums	925		82,743	
10	Account 925 Medical Stop Loss Transferred to Capital [3]	925		(35,379)	
11	Expense Account 925 Medical Stop Loss	925	55,985	47,364	(8,622)
12	Total Corporate Insurance (Line 1 + Line 4 + Line 5 + Line 8 + Line 11)		1,604,397	1,416,584	(187,813)

Footnote:

[1] Account 925 Casualty Transferred to Capital %.

	<u>Gross</u>	<u>925 Expense</u>	<u>107 Capital</u>	<u>Capitalized %</u>
CY 2025	2,126,276	978,087	1,148,189	-54.00%

[2] Account 925 Workers Comp Transferred to Capital %.

	<u>Gross</u>	<u>CKY</u>	<u>I/C</u>	<u>107 Capital</u>	<u>Capitalized %</u>
CY 2025	183,649	61,956	121,693	(108,427)	-59.04%

[3] 3 Year Average (2023-2025) Labor Capitalization Percentage

Columbia Gas of Kentucky, Inc.
2025 Labor O&M / Capitalization Percentage, by FERC Account
For The T.M.E. August 31, 2026 and Rate Year ending December 31, 2027
TME December 2025

Line No.	Description / Account	Reference	Per Books December 2025	Percentage of Gross Payroll	Exclusion Adjustment [1]	Pro Forma December 2025	Pro Forma Percentage of Gross Payroll
	(1)	(2)	(3) (\$)	(4)	(5) (\$)	(6) = (3) - (5) (\$)	(7)
1	O&M Expense	Sum of Lines 2 - 22	14,550,792	56.33%	2,024,488	12,526,304	58.64%
2	870		489,849		-	489,849	
3	871		98,397		-	98,397	
4	874		2,200,624		-	2,200,624	
5	875		244,207		-	244,207	
6	876		73,451		-	73,451	
7	878		1,321,261		-	1,321,261	
8	879		2,253,726		-	2,253,726	
9	880		729,527		-	729,527	
10	885		109,141		-	109,141	
11	886		144,480		-	144,480	
12	887		1,266,787		-	1,266,787	
13	889		397,754		-	397,754	
14	890		47,096		-	47,096	
15	892		521,417		-	521,417	
16	893		109,132		-	109,132	
17	894		263,161		-	263,161	
18	902		56,660		-	56,660	
19	903		577,197		-	577,197	
20	920		3,637,331		2,015,297	1,622,034	
21	921		402		-	402	
22	926		9,191		9,191	-	
23	CWIP - 107		9,174,790	35.52%	973,566	8,201,224	38.39%
24	RWIP - 108		574,474	2.22%	-	574,474	2.69%
25	A/R - Associated Companies - 146		137,235	0.53%	17,727	119,507	0.56%
26	A/P - Associated Companies - 234		469,333	1.82%	704,657	(235,324)	-1.10%
27	Stores/Fleet/Other	Sum of Lines 28 - 33	925,081	3.58%	748,545	176,536	0.83%
28	Other Accounts Receivable - 143		86,961		-	86,961	
29	Preliminary Surveys - 183		3,615		-	3,615	
30	Clearing Accounts - 184		228,997		-	228,997	
31	Miscellaneous Deferred Debits - 186		(69)		-	(69)	
32	Misc. Current & Accrued - 242		598,030		748,545	(150,516)	
33	Exp. for Certain Civic, Political & Related Activities - 426		7,547		-	7,547	
34	Gross Payroll	Lines 1 + 23 + 24 + 25 + 26 + 27	25,831,705	100.00%	4,468,984	21,362,721	100.00%

Footnote:

[1] Payroll exclusion adjustment:

- a) Incentive Compensation Accrued
- b) Spot, Hire and Discretionary Awards
- c) Stock Compensation (LITP)
- d) Employee Stock Purchase Plan

2,287,939

6,362

2,082,778

91,906

4,468,984

Columbia Gas of Kentucky, Inc.
2024 Labor O&M / Capitalization Percentage, by FERC Account
For The T.M.E. August 31, 2026 and Rate Year ending December 31, 2027
TME December 2024

Line No.	Description / Account	Reference	Per Books December 2024	Percentage of Gross Payroll	Exclusion Adjustment [1]	Pro Forma December 2024	Pro Forma Percentage of Gross Payroll
	(1)	(2)	(3)	(4)	(5)	(6) = (3) - (5)	(7)
			(\$)		(\$)	(\$)	
1	O&M Expense	Sum of Lines 2 - 22	14,480,595	56.23%	2,480,472	12,000,124	57.65%
2	870		423,048		-	423,048	
3	871		115,494		-	115,494	
4	874		2,040,748		-	2,040,748	
5	875		176,053		-	176,053	
6	876		77,869		-	77,869	
7	878		1,461,422		-	1,461,422	
8	879		2,146,828		-	2,146,828	
9	880		531,901		-	531,901	
10	885		88,903		-	88,903	
11	886		716		-	716	
12	887		1,329,368		-	1,329,368	
13	889		366,329		-	366,329	
14	890		67,237		-	67,237	
15	892		497,844		-	497,844	
16	893		82,224		-	82,224	
17	894		156,986		-	156,986	
18	902		110,609		-	110,609	
19	903		770,599		-	770,599	
20	920		4,028,643		2,472,697	1,555,946	
21	921		-		-	-	
22	926		7,774		7,774	-	
23	CWIP - 107		9,167,814	35.60%	1,285,509	7,882,305	37.87%
24	RWIP - 108		503,228	1.95%	-	503,228	2.42%
25	A/R - Associated Companies - 146		248,828	0.97%	13,712	235,115	1.13%
26	A/P - Associated Companies - 228		(67,738)	-0.26%	-	(67,738)	-0.33%
27	A/P - Associated Companies - 234		669,133	2.60%	732,525	(63,392)	-0.30%
28	Stores/Fleet/Other	Sum of Lines 29 - 34	752,097	2.92%	425,474	326,624	1.57%
29	Other Accounts Receivable - 143		167,388		-	167,388	
30	Preliminary Surveys - 183		(10,353)		-	(10,353)	
31	Clearing Accounts - 184		175,725		-	175,725	
32	Miscellaneous Deferred Debits - 186		69		-	69	
33	Misc. Current & Accrued - 242		419,268		425,474	(6,205)	
34	Exp. for Certain Civic, Political & Related Activities - 426		-		-	-	
35	Gross Payroll	Lines 1 + 23 + 24 + 25 + 26 + 28	25,753,957	100.00%	4,937,692	20,816,266	100.00%

Footnote:

[1] Payroll exclusion adjustment:

a) Incentive Compensation Accrued	2,980,995
b) Spot, Hire and Discretionary Awards	141,308
c) Stock Compensation (LITP)	1,737,645
d) Employee Stock Purchase Plan	77,744
Total Payroll Exclusion Adjustment	4,937,692

Columbia Gas of Kentucky, Inc.
2023 Labor O&M / Capitalization Percentage, by FERC Account
For The T.M.E. August 31, 2026 and Rate Year ending December 31, 2027
TME December 2023

Line No.	Description / Account	Reference	Per Books		Exclusion Adjustment [1]	Pro Forma December 2023	Pro Forma Percentage of Gross Payroll
			December 2023	Percentage of Gross Payroll			
(1)	(2)	(3)	(4)	(5)	(6) = (3) - (5)	(7)	
			(\$)		(\$)	(\$)	
1	O&M Expense	Sum of Lines 2 - 21	13,370,913	56.29%	2,005,211	15,376,124	55.44%
2	870		353,804			353,804	
3	871		141,888			141,888	
4	874		1,888,151			1,888,151	
5	875		151,441			151,441	
6	876		73,151			73,151	
7	878		1,286,159			1,286,159	
8	879		2,193,600			2,193,600	
9	880		526,085			526,085	
10	885		76,789			76,789	
11	886		4,268			4,268	
12	887		1,204,289			1,204,289	
13	889		386,934			386,934	
14	890		53,853			53,853	
15	892		402,899			402,899	
16	893		169,391			169,391	
17	894		127,632			127,632	
18	902		108,146			108,146	
19	903		713,058			713,058	
20	920		3,500,974		1,996,810	5,497,784	
21	926		8,401		8,401	16,802	
22	CWIP - 107		8,411,139	35.41%	924,655	9,335,794	33.66%
23	RWIP - 108		782,082	3.29%		782,082	2.82%
24	A/R - Associated Companies - 146		126,532	0.53%	4,723	131,255	0.47%
25	A/P - Associated Companies - 234		533,051	2.24%	578,507	1,111,558	4.01%
26	Stores/Fleet/Other	Sum of Lines 27 - 31	528,154	2.22%	468,844	996,998	3.59%
27	Other Accounts Receivable - 143		115,888			115,888	
28	Preliminary Surveys - 183		13,925			13,925	
29	Clearing Accounts - 184		228,177			228,177	
30	Miscellaneous Deferred Debits - 186		(885)			(885)	
31	Misc. Current & Accrued - 242		171,049		468,844	639,893	
32	Gross Payroll	Lines 1 + 22 + 23 + 24 + 25 + 26	23,751,871	100.00%	3,981,940	27,733,811	100.00%

Footnote:

[1]	Payroll exclusion adjustment:	
	a) Incentive Compensation Accrued	2,280,562
	b) Spot, Hire and Discretionary Awards	115,373
	c) Stock Compensation (LITP)	1,507,508
	d) Employee Stock Purchase Plan	78,496
	Total Payroll Exclusion Adjustment	<u>3,981,940</u>