

TAB 31

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

Direct Testimony of

Gunnar J. Gode

**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 )

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**PREPARED DIRECT TESTIMONY OF  
GUNNAR J. GODE  
ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.**

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**May 20, 2026**

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**VERIFICATION OF GUNNAR J. GODE**

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STATE OF OHIO )  
)  
COUNTY OF FRANKLIN )

Gunnar J. Gode, Senior Vice President, Chief Accounting and Tax Officer 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.

  
\_\_\_\_\_  
Gunnar J. Gode

The foregoing Verification was signed, acknowledged and sworn to before me this 13 day of May 2026, by Gunnar J. Gode.

**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 GUNNAR J. GODE**

1       **I.       INTRODUCTION**

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

3       A:       My name is Gunnar J. Gode. My business address is 290 W. Nationwide  
4               Blvd, 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 (“Columbia” or  
8               “the Company”), as Senior Vice President, Chief Accounting and Tax Officer.

9               My principal responsibilities include managing the accounting and tax teams,  
10              including financial and tax compliance and external financial reporting. As a  
11              part of these responsibilities, I am responsible for maintaining the processes  
12              and controls to identify and record transactions for all NiSource operating  
13              companies, including Columbia.

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

15      A:       I earned a B.S. degree in managerial economics from Cornell University  
16              and completed my M.B.A. from Babson College. I am a Certified Public  
17              Accountant, licensed in the state of Maryland. I joined NiSource as Vice  
18              President and Chief Accounting Officer in August 2020 and accepted my  
19              current position in August 2025. Prior to that, I was the Vice President and

1           Controller for AltaGas Services US, including its wholly owned subsidiary  
2           Washington Gas Light Company. I was employed by Washington Gas for  
3           16 years, serving in increasing roles of responsibility within the Finance  
4           and Accounting functions. Prior to joining Washington Gas, I worked as  
5           a business recovery consultant for FTI Consulting and also as a senior  
6           accountant at PricewaterhouseCoopers and Grant Thornton, serving the  
7           technology and utility sectors, respectively.

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

9   A:   Yes. I previously testified in multiple rate case proceedings in Indiana. I  
10   also testified in various proceedings in Virginia and the District of  
11   Columbia.

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

13   A:   The primary purpose of my testimony is to present and support Columbia's  
14   income tax and other tax expense included in the cost of service for the base  
15   period ("BP") twelve-months-ended August 31, 2026 and forecasted test  
16   period ("FTP") twelve-months-ended December 31, 2027. The filing  
17   includes federal and state income tax recovery and reduction of rate base  
18   for accumulated deferred income taxes ("ADIT") for the base period and  
19   test period. In addition, I will respond to what steps Columbia already took

1 in addressing the management considerations within the Dean Dorton  
 2 report, as introduced in Witness Cole’s testimony.

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

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

<b>Filing Requirement</b>	<b>Description</b>	<b>Tab</b>
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
807 KAR 5:001 Section 16(6)(b)	Forecasted Adjustments shall be limited to the twelve (12) months immediately following the suspension period.	12
807 KAR 5:001 Section 16(8)(b)	A jurisdictional rate base summary for both the base period and the forecasted period with supporting schedules, which include detailed analyses of each component of the rate base	73
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	74

807 KAR 5:001 Section  16(8)(e)	Federal and State Income Tax Summary for the base period and forecasted test period with supporting schedules	76
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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.

7 **II. TAX CALCUALTIONS INCLUDED IN THE COST OF SERVICE**

8 **Q: Will you explain the basis for the income tax calculations included in the**  
9 **cost of service for the base period and test period?**

10 A: Yes, the tax calculations were made under the provisions of the Internal  
11 Revenue Code ("IRC") of 1986, effective with the passage of the Tax Re-  
12 form Act of 1986 as amended by the Tax Cuts and Jobs Act ("TCJA") and  
13 any tax legislation enacted since, and the Kentucky Revised Statutes  
14 ("KRS"), Title XI Revenue and Taxation, Chapter 141, Income Taxes.

15 **Q: What federal income tax rate has been utilized for the test period?**

1 A: The IRC provides for a flat tax rate of 21% for corporations which became  
2 effective January 1, 2018 with the enactment of the TCJA on December 22,  
3 2017.

4 **Q: What rate was utilized for Kentucky Income taxes?**

5 A: Pursuant to KRS 141.040(2), the applicable Kentucky statutory tax rate for  
6 taxable years beginning on or after January 1, 2018 is 5%, which has been  
7 used for all test year calculations.

8 **Q: Please explain the Federal income tax calculations shown on Schedule E-**  
9 **1.1.**

10 A: This schedule shows the computation of federal income taxes for the BP and  
11 FTP including the necessary adjustments to arrive at the pro forma amounts  
12 appropriate for inclusion in the calculation of income tax expense for the  
13 customer cost of service. The tax calculation begins with operating income  
14 before income taxes for the BP and FTP presented on Schedule E-1.1, Sheet  
15 1, Line 1 adjusted by interest expense for rate purposes presented on  
16 Schedule E-1.1, Sheet 1, Line 2 to compute the book net income before  
17 income taxes. The calculated interest expense represents the product of rate  
18 base multiplied by the weighted average cost of short-term and long-term  
19 debt (See computation on Schedule E-1.1, Sheet 1, Footnote 1 for the BP and  
20 FTP). The book net income before income taxes is adjusted by permanent

1 and temporary statutory tax adjustments on Schedule E-1.1, Sheet 1, Lines  
2 4 through 6, respectfully, and reduced by the State income tax on Schedule  
3 E-1.1, Sheet 1, Line 11 (also shown on Line 18) to compute the Federal  
4 taxable income on Line 12. The Federal taxable income is tax effected at the  
5 Federal income tax rate of 21% to determine Federal income tax expense on  
6 Schedule E-1.1, Sheet 1, Line 17. The provision for deferred Federal income  
7 taxes on Schedule E.1-1, Sheet 1, Line 20 is computed by tax effecting the  
8 converse of the temporary timing differences on Schedule E-1.1, Sheet 1,  
9 Line 5 and Federal net operating loss ("NOL") Schedule E-1.1, Sheet 1, Line  
10 13 multiplied by the Federal income tax rate of 21%. The Federal benefit for  
11 the deferred state income tax is depicted on Schedule E-1.1, Sheet 1, Line  
12 21.

13 **Q: Please explain the necessary adjustments to arrive at the FTP pro forma**  
14 **amounts appropriate for inclusion in the calculation of income tax expense**  
15 **for the customer cost of service?**

16 A: The Company removed the following: non-deductible expenses related to  
17 lobbying, fines for damage prevention, tax penalties, and the voluntary  
18 employee stock purchase plan, as well as AFUDC equity (See Schedule E-  
19 1.1, Sheet 2, Lines 1 through 10) from the FTP.

1           Additionally, the Company removed amounts related to certain temporary  
2           differences. The Company has not excluded temporary book/tax  
3           differences related to plant in service except for those related to SMRP  
4           capital investments.

5   **Q: Are there any Federal flow through excess or deficient deferred taxes**  
6   **included in the FTP?**

7   A: Yes, the federal excess ADIT amortization for the FTP of (\$638,413) is included  
8   in Schedule E-1.1, Sheet 1, Line 22. Additionally, other components of Federal  
9   income tax include certain flow through adjustments that reduce Federal  
10   income tax expense, including amortization of the Federal investment tax  
11   credit of (\$0) on Schedule E-1.1, Sheet 1, Line 24 and flow through for excess  
12   book over tax depreciation of (\$122,917) on Schedule E-1.1, Sheet 1, Line 23.

13 **Q: Please explain the state income tax calculations shown on Schedule E-1.1.**

14 A: This schedule shows the computation of state income taxes for the BP and  
15   FTP, including the necessary adjustments to arrive at the pro forma amounts  
16   appropriate for inclusion in the calculation of income tax expense for the  
17   customer cost of service. The tax calculation begins with operating income  
18   before income taxes presented on Schedule E-1.1, Sheet 1, Line 1 adjusted by  
19   interest expense for rate purposes presented on Schedule E-1.1, Sheet 1, Line  
20   2 to compute the book net income before income taxes. The book net income

1 before income taxes is adjusted by permanent and temporary statutory tax  
2 adjustments and state modification for federal bonus depreciation taken in  
3 years prior to 2018 on Schedule E-1.1, Sheet 1, Lines 4 through 6 to compute  
4 the state taxable income on Schedule E-1.1, Sheet 1, Line 7. The state taxable  
5 income is tax effected at the state income tax rate of 5% to determine state  
6 income tax expense on Schedule E-1.1, Sheet 1, Line 8. The provision for  
7 deferred state income taxes on Schedule E.1-1, Sheet 1, Line 27 is computed  
8 by tax effecting the converse of the temporary timing differences and state  
9 modification for federal bonus depreciation multiplied by the state income  
10 tax rate of 5%.

11 **Q: Are there any state flow through excess or deficient deferred taxes included**  
12 **in the FTP?**

13 A: Yes, the state excess ADIT amortization for the FTP of (\$24,123) for the twelve  
14 months ending December 31, 2027 is included in Schedule E-1.1, Sheet 1, Line  
15 28. Additionally, the other component that reduces state income tax expense  
16 represents flow through for excess book over tax depreciation of (\$30,806) for  
17 the FTP on Schedule E-1.1, Sheet 1, Line 29.

18 **Q: Will you explain the components of ADIT and excess ADIT included in**  
19 **rate base and balance sheet analysis for the base period and forecasted test**  
20 **period included in Schedules B-6.A and B-6.B?**

1 A: These schedules present the 13-month average of ADIT and excess ADIT for  
2 the BP (Schedule B-6.A) and FTP (Schedule B-6.B), including the necessary  
3 adjustments to arrive at the pro forma amounts appropriate for inclusion in  
4 the calculation of accumulated deferred income tax expense included in rate  
5 base and working capital. The Company's ADIT for the BP and FTP is  
6 comprised of various book/tax temporary differences that are depicted on  
7 Schedules B-6.A and B-6.B, excess ADIT related re-measurement of deferred  
8 income taxes as a result of 2017 TCJA, and pursuant to KRS 141.040, , and the  
9 ADIT balance for Federal investment tax credits.

10 The FTP 13-month average ADIT in rate base includes the Federal  
11 NOL carryforward (Schedule B-6.B, Sheet 1 and 2, Line 25) of \$789,944 for the  
12 forecasted test period ending December 31, 2027 (note, the Federal NOL  
13 carryforward at December 31, 2027 is zero), customer advances for  
14 construction (Schedule B-6.B, Sheet 1 and 2, Lines 29 and 30), capitalized  
15 inventory (Schedule B-6.B, Sheet 1 and 2, Lines 31 and 32) and book/tax  
16 difference for plant in service (Schedule B-6.B, Sheet 3 and 4, Lines 2 and 3),  
17 and the adjustment to remove the ADIT attributed to SMRP (Schedule B-6.B,  
18 Sheet 3 and 4, Lines 9 through 12). Additionally, the federal and state excess  
19 ADIT balances (before gross-up) depicted on Schedules B-6.B, Sheets 3 and 4,

1 Lines 45 through 50, and 57 through 61, respectively, are also included in rate  
2 base.

3 The ADIT not included in the Company's rate base for the BP and FTP  
4 depicted on Schedules B-6.A and B-6.B include deferred income taxes  
5 recorded in Account 190, Schedule B-6.A and B-6.B deferred income taxes  
6 recorded in Account 282, and deferred income taxes recorded in Account 283.

7 **III. DEAN DORTON REPORT**

8 **Q: Have you reviewed the Dean Dorton report, attached to Witness Cole's**  
9 **testimony as Attachment KHC-1?**

10 A: Yes.

11 **Q: Do you have any observations from the report?**

12 A: Dean Dorton's management consideration associated with employee-  
13 determined allocations is directly related to miscodings identified in Dean  
14 Dorton's testing of Expense Reporting System ("ERS") transactions (or  
15 reimbursable employee business expenses. ERS transactions represent less  
16 than 2% of the NCSC Contract Bill to Columbia. As part of normal  
17 operating procedure, 10% of all ERS reports are audited by NCSC Accounts  
18 Payable to ensure they are in compliance with Company policy.

19 **Q: Regarding the Management Considerations contained in the study, how**  
20 **will you address these considerations?**

1 A: Going forward, the NCSC Accounts Payable ERS reports selected for audit  
2 will include a review of the billing pool selected by the employee. If the  
3 audit identifies an incorrect or suboptimal billing pool, then the employee  
4 will be required to correct it prior to reimbursement. In addition, the  
5 employee will be required to complete training to ensure that the same  
6 mistake does not occur again in the future.

7 **Q: Are there any other actions that you have completed or plan to complete?**

8 A: Yes. Each of the employees who were identified as an exception in Dean  
9 Dorton's review have been contacted individually and provided guidance as  
10 to the use of the appropriate billing pools and why the selections the  
11 individual made were incorrect. Additionally, we will incorporate the  
12 considerations of Dean Dorton's review in our ongoing outreach to  
13 employees regarding reference materials and points of contact available in  
14 determining the appropriate coding for time entry, invoice and expense  
15 reimbursement coding.

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

17 A: Yes.