

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

THE ELECTRONIC APPLICATION OF	)	
COLUMBIA GAS OF KENTUCKY, INC.	)	Case No. 2026-00099
FOR AN ADJUSTMENT OF RATES;	)	
APPROVAL OF DEPRECIATION STUDY;	)	
APPROVAL OF TARIFF REVISIONS; AND	)	
OTHER RELIEF	)	

**THE ATTORNEY GENERAL’S RESPONSE TO COMPANY’S
FIRST REQUEST FOR INFORMATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the following response to Columbia Gas of Kentucky, Inc. (hereinafter “Columbia Gas or the “Company”) Request for Information in the above-styled matter.

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Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL

A handwritten signature in blue ink, appearing to read "Thomas Lacy", is positioned above a horizontal line.

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Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that, on September 23, 2026 an electronic copy of the foregoing was served via the Commission's electronic filing system.

This 23rd day of September 2026.

A handwritten signature in blue ink, appearing to read "Thomas John" followed by a stylized flourish.

Assistant Attorney General

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 1
Page 1 of 2

Please refer to Mr. Rothschild's Excel workpaper file labeled: 2026.06 – RFC Gas PG Betas – SELECT.xlsx, and specifically the worksheet therein labeled OPTIVA BETAS (lines 23-42). For the weekly data points shown between March 31, 2026 and June 30, 2026, and specifically for the seven companies comprising the Rea Gas LDC Group¹, please identify the weekly data points for each company where: (a) sufficient data was not available to directly estimate the beta; (b) the beta estimate was held constant across multiple weekly periods, or (c) the beta estimate was linearly interpolated or otherwise interpolated across multiple weekly periods and between two directly estimated data points. For each of the categories (a), (b), and (c) above, please provide an explanation as to why the beta coefficient for that weekly period could not be directly calculated under Mr. Rothschild's option-implied beta methodology.

RESPONSE:

The information requested in this question is made clear in a file provided within our workpapers labeled: 2023.04.04-2026.06.30 - RFC Gas Proxy Group OptIVA Results – D.xlsx, and specifically within the worksheet therein labeled SUMMARY, rows 44-60, columns FC-FP for data within the requested dates (March 31, 2026 to June 30, 2026). Within this section, as elsewhere within this worksheet, black numbers (such as cell FP46) are direct estimates for the weekly beta values from options data, whereas orange and red

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 1
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numbers are interpolations or extrapolations where sufficient option data was not available to make a direct estimate (request a), with “sufficient” data defined in the same way the CBOE defines it in its calculation of the VIX Index.¹ In particular, orange numbers (such as cell FK51) are linear interpolations between two direct estimates (request c), and red numbers (such as cells FN49 through FP49) are flat line extrapolations (request b) where the latest direct estimate possible was not within a week of June 30, 2026.

¹ Cboe Exchange, Inc. (2018). Cboe Volatility Index® White Paper.

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 2
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Please refer to Mr. Rothschild's Excel workpaper file labeled: 2026.06 – RFC Gas PG Betas – SELECT.xlsx, and specifically the worksheet therein labeled OPTIVA BETAS (lines 23-42). For the weekly data points shown between March 31, 2026 and June 30, 2026, and specifically for the seven companies comprising the Rea Gas LDC Group², please identify the weekly data points for each company where: Rea Gas LDC Group³, please identify the weekly data points for each company where: (a) sufficient data was not available to directly estimate the growth rate; (b) the growth estimate was held constant across multiple weekly periods, or (c) the growth estimate was linearly interpolated or otherwise interpolated across multiple weekly periods and between two directly estimated data points. For each of the categories (a), (b), and (c) above, please provide an explanation as to why the growth estimate for that weekly period could not be directly calculated under Mr. Rothschild's option-implied methodology.

RESPONSE:

It is assumed this question was meant to refer to the worksheet labeled OPTIVA GROWTH as opposed to OPTIVA BETAS, which was addressed in the previous question. The response is essentially the same as above.

The information requested in this question is made clear in a file provided within our workpapers labeled: 2023.04.04-2026.06.30 - RFC Gas Proxy Group OptIVA Results –

WITNESS RESPONSIBLE:
AARON ROTHSCILD

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D.xlsx, and specifically within the worksheet therein labeled SUMMARY, rows 25-41, columns FC-FP for data within the requested dates (March 31, 2026 to June 30, 2026). Within this section, as elsewhere within this worksheet, black numbers (such as cell FP27) are direct estimates for the weekly growth values from options data, whereas orange and red numbers are interpolations or extrapolations where sufficient option data was not available to make a direct estimate (request a), with “sufficient” data defined in the same way the CBOE defines it in its calculation of the VIX Index.² In particular, orange numbers (such as cell FK32) are linear interpolations between two direct estimates (request c), and red numbers (such as cells FN30 through FP30) are flat line extrapolations (request b) where the latest direct estimate possible was not within a week of June 30, 2026.

² Cboe Exchange, Inc. (2018). Cboe Volatility Index® White Paper.

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 3
Page 1 of 2

Please refer to Mr. Rothschild's Excel workpaper file labeled: 2026.06 – RFC Gas Proxy Group Optiva Results.xlsx, and specifically the worksheet therein labeled SUMMARY (lines 44-60). (a) Explain the reason for the variation between the individual beta estimates presented in this file versus the beta estimates presented in the worksheet referenced in Request 1 above. (b) Explain the reason why certain beta estimates in this worksheet presents numerical values that are shown in green or red color, and also why a number of the cells in the worksheet are shaded red. A legend has not been provided in this worksheet to provide an explanation of the green and red colored numerical values (beta estimates) or the reason certain cells are shaded red.

RESPONSE:

(a) The reason for the difference between the two sets of numbers is that the numbers calculated and summarized in 2026.06 – RFC Gas Proxy Group OptIVA Results.xlsx are daily estimates, whereas the numbers in 2026.06 – RFC Gas PG Betas – SELECT.xlsx are weekly averages of all valid daily estimates within a given week. Estimates based on insufficient option data are excluded from weekly averages, as explained below. Once again, the information requested in this question is made clear in a file provided within our workpapers labeled: 2023.04.04-2026.06.30 - RFC Gas Proxy Group OptIVA Results – D.xlsx., which shows both the daily and weekly numbers and the links between them.

(b) The color coding in the worksheet is explained as follows:

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 3
Page 2 of 2

- a. Black numbers represent days where the maximum option contract expiration date was between greater than 6.0 months. Precise maximum expiration (MAX TERM) numbers for any given day can be found in rows 6 to 22.
- b. Green numbers represent days where the maximum option contract expiration date was between 5.5 and 6.0 months.
- c. Red numbers represent days where the maximum option contract expiration date was between 5.0 and 5.5 months.
- d. Cells shaded in pink/red represent days where sufficient option data was not available to make a direct estimate, with “sufficient” data defined in the same way the CBOE defines it in its calculation of the VIX Index.³ Numbers shaded in this way are excluded from weekly averages as described in part a) above.

³ Cboe Exchange, Inc. (2018). Cboe Volatility Index® White Paper.

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 4
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Please provide copies of any empirical studies or other literature that Mr. Rothschild is aware of that supports his statement in his direct testimony (p. 25, lines 2325) that “the results of a properly applied “br” approach will be superior to the answer obtained from other approaches to the constant growth form of the DCF model.”

RESPONSE:

The referenced statement rests on the mathematical derivation of the constant growth DCF model, as explained at page 25, lines 15-25 of Mr. Rothschild's Direct Testimony, rather than on a specific empirical study. Literature supporting that derivation and Mr. Rothschild's concerns with other approaches is cited in his Direct Testimony at footnotes 10-14, 29, and 30. Publicly available sources may be accessed at the links provided in those footnotes.

WITNESS RESPONSIBLE:
AARON ROTHSCILD

QUESTION NO. 5
Page 1 of 1

Please provide a copy of any empirical studies that Mr. Rothschild is aware of which demonstrates that the use of the following option-implied input variables are widely utilized by investors when implementing the DCF model or the CAPM: (a) option-implied growth rates as the growth rate factor in the constant growth DCF model; (b) option-implied beta coefficients in the CAPM; and (c) option-implied estimates of the market risk premium (MRP) in the CAPM.

RESPONSE:

I have never claimed that option-implied input variables are widely utilized by investors when implementing the DCF model or the CAPM. Similarly, I would not make such claims in the positive or the negative regarding whether Mr. Rea's methodology is used by investors directly. I don't believe it is knowable or relevant whether investors use my methodology or Mr. Rea's methodology. Option-implied betas and option-implied growth rates are a way to directly measure the consensus beta coefficients and growth rates implied by capital markets, regardless of the methodology used by investors to arrive at their buying or selling decisions.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 6
Page 1 of 1

Refer to the Direct Testimony of John Defever (“Defever Direct”), Exhibit JD-1. With respect to Capital Structure, does Exhibit JD-1 account for the fact that the Short Term Debt is reflected to three decimals, while Long Term Debt and Common Equity are reflected to two decimals, resulting in a total that does not equal 100%. If yes, provide the calculation supporting any such adjustment. If not, please provide the rationale for presenting a capital structure that does not equal 100%.

RESPONSE:

The values for lines 1-5 were copied from the Company’s Schedule J-1.1/J-1.2. The amounts for lines 1-4 for short term debt and long term debt are stored to 3 places as they are on the Company’s Schedule J-1.1/J-1.2. The Capital Structure Column in Schedule D contained in Exhibit JD-1 totals 100%. The amounts for lines 6-10 were received from AG witness Aaron Rothschild and the Capital Structure column also totals 100%.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 7
Page 1 of 1

Refer to the Defever Direct, page 4, table. In calculating the Rate of Return Impact on the Rate Base Adjustment for Cash Working Capital ("CWC") of (\$958,924), explain if interest synchronization was accounted for. If yes, provide the calculation for the adjustment. If no, provide the rationale for not factoring the synchronization of interest in the calculation of the rate of return impact relating to Rate Base-CWC, specifically the return on debt.

RESPONSE:

Interest synchronization is calculated on Schedule C-18 of Exhibit JD-1. I did not include interest synchronization in my cash working capital adjustment as it causes a circular reference in my model.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 8
Page 1 of 1

Refer to the Defever Direct, page 8, where the testimony indicated that in calculating a Cash Working Capital recommendation Mr. Defever incorporated “O&M adjustments in the cash working capital calculation on Schedule B-1.” Explain if the calculation accounted for interest and income tax synchronization in the calculation of Cash Working Capital. If yes, provide the calculation for the adjustment. If no, provide the rationale for not including impacts of changes in Rate Base and Operating Income on interest and income taxes in the calculation of Cash Working Capital.

RESPONSE:

See response to Question 7.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 9
Page 1 of 1

Refer to the Defever Direct, page 20, table. Provide the source data and the calculations for the table.

RESPONSE:

See Attachement 1-9 Defever.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 10
Page 1 of 1

Refer to the Defever Direct, page 20, table. Explain the rationale for applying a vacancy rate applied of 7.05%, which includes Columbia Direct and NiSource Corporate Services Company ("NCSC"), to the Columbia operations and maintenance ("O&M") labor expense of \$13,008,188 provided in WPD-2.7.B(2).

RESPONSE:

My adjustment to payroll was intended to be to both Columbia Direct and NCSC Payroll. To the extent there are additional payroll dollars applicable to NCSC, a further reduction of 7.05% percent should be applied as well.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 11
Page 1 of 1

Refer to the Defever Direct, page 20, table. Explain why there was no calculation or application of a vacancy rate for Columbia Direct when recommending an adjustment to Columbia Direct labor O&M.

RESPONSE:

See response to Question 10.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 12
Page 1 of 1

Explain if the adjustment to FTP payroll/labor expense amount utilized to calculate a benefits experience factor from the Company's Schedule G-1 includes short- and long-term incentive compensation O&M expense. If yes, provide the calculation for the adjustment. If no, provide the rationale for not adjusting the factor for incentives while simultaneously recommending an adjustment to labor.

RESPONSE:

The payroll amount used to calculate the benefits factor on Schedule C-15 includes incentive compensation as noted on Schedule G-1. My benefits adjustment on Schedule C-15 is a high-level placeholder adjustment to recognize that a corresponding adjustment should be made when reducing payroll expense. The Company can provide the specific factor to be applied to calculate a more precise corresponding adjustment.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 13
Page 1 of 1

Explain if the adjustment to the FTP benefits expense in the Company's Schedule G-1 is inclusive of profit sharing, 401k (including grandfathered employee's defined benefits expense), and pension SERP, in addition to employees' insurance plans and pension / OPEB expenses. If yes, provide the calculation for the adjustment. If no, provide the rationale for not adjusting the factor for these items while simultaneously recommending adjustments to these employee benefits expenses.

RESPONSE:

I do not know the specific benefits that are included in the benefits expense amount taken from Company Schedule G-1 that I used to calculate the benefits factor on Schedule C-15. My benefits adjustment on Schedule C-15 is a high-level placeholder adjustment to recognize that a corresponding adjustment should be made when reducing payroll expense. The Company can provide the specific factor to be applied to calculate a more precise corresponding adjustment.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 14
Page 1 of 1

Explain if the adjustment for the fact that the benefits experience factor calculated from Schedule G-1 represents Columbia Direct and is not representative of a benefits experience factor for NCSC billed to Columbia as reflected on WPD-2.7.J(5). If yes, provide the calculation for the adjustment. If not, provide the rationale for not calculating and applying the appropriate rate for NCSC.

RESPONSE:

My benefits adjustment on Schedule C-15 is a high-level placeholder adjustment to recognize that a corresponding adjustment should be made when reducing payroll expense. The Company can provide the specific factor to be applied to calculate a more precise corresponding adjustment.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 15
Page 1 of 1

Explain if the adjustment for the fact that the payroll experience factor calculated from Schedule G-1 represent Columbia Direct and is not representative of a payroll tax experience factor for NCSC billed to Columbia as reflected on WPD-2.7.J(4). If yes, provide the calculation for the adjustment. If no, provide the rationale for not calculating and applying the appropriate rate for NCSC.

RESPONSE:

My payroll tax adjustment on Schedule C-14 is a high-level placeholder adjustment to recognize that a corresponding adjustment should be made when reducing payroll expense. The Company can provide the specific factor to be applied to calculate a more precise corresponding adjustment.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 16
Page 1 of 1

Refer to Columbia's Response to the Attorney General's First Request, Item 97 and Columbia's Response to the Attorney General's Second Request, Item 3. Confirm the information provided in these responses was utilized for the adjustments. If the recommended adjustments were based on another source, provide the source data.

RESPONSE:

Confirmed.

WITNESS RESPONSIBLE:
JOHN DEFEVER

QUESTION NO. 17
Page 1 of 1

Explain if the adjustments made to Columbia's Response to the Attorney General's First Request, Item 97, Attachment A and Columbia's Response to the Attorney General's Second Request, Item 3 include amounts also adjusted by the Attorney General for benefits, short-term incentive compensation, and profit sharing. If yes, provide the adjustments. If not, provide the rationale for not factoring in the other adjustments when recommending the adjustments for Investor Relations and Corporate Aviation.

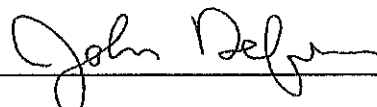
RESPONSE:

In general, my adjustments are independent of each other. However, it is not my intent to double count any reductions. If the Commission's acceptance of my recommendations results in overlapping reductions, those amounts may need to be adjusted.

AFFIDAVIT

STATE OF MICHIGAN)
COUNTY OF WAYNE)

John Defever, Senior Regulatory Consultant, being duly sworn, states that his responses in the above referenced case are true and accurate to the best of his knowledge, information and belief.



John Defever

Sworn to and subscribed before me on this 23rd day of September 2026.



Notary Public

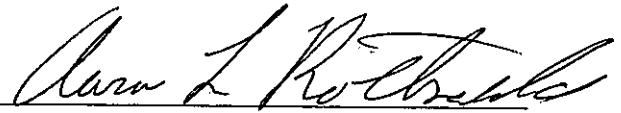
CHRISTINE MILLER
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Nov 8, 2028
ACTING IN COUNTY OF *Wayne*

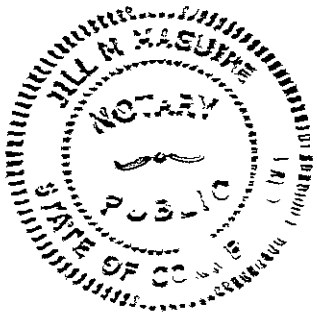
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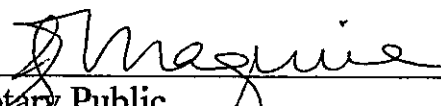
COUNTY OF FAIRFIELD

AARON L. ROTHSCILD, being duly sworn, states that his responses in the above referenced case are true and accurate to the best of his knowledge, information, and belief.


Aaron L. Rothschild



Sworn to and subscribed before me on this 22nd day of September 2026.


Notary Public

