COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC. FOR AN INCREASE IN RATES	))	CASE NO. 2016-00162

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. ("Columbia"), pursuant to 807 KAR 5:001, is to file with the Commission the original and five copies in paper medium and an electronic version of the following information. The information requested herein is due on or before July 22, 2016. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Columbia fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Columbia shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to the Direct Testimony of Herbert A. Miller, Jr. ("Miller Testimony"), page 4, lines 6–7, which state, "Columbia last adjusted its base rates in December 2013." Beginning with the month of December 2013 to the most current month's financial statements, provide by month in electronic Excel spreadsheet format, with formulas intact and cells unprotected, the 13-month average return on equity ("ROE") for Columbia. This should be considered an ongoing monthly request.

2. Refer to the Miller Testimony, page 7, lines 15–16, which state, "Columbia proposes an overall rate of return of 8.41%."

a. Confirm that the Common Equity ratio for the 2017 forecasted test year is 52.42 percent.[1]

b. Provide the dividend payments made by Columbia since December 2013.

c. Provide the forecasted Columbia dividend payments through December 2017.

[1] Direct Testimony of Paul R. Moul at 21, line 14.

3. Refer to the Miller Testimony, page 11, lines 18–20, where Mr. Miller states, "For example, the AK Steel Plant near Ashland announced in late 2015 that its production, and consequently its gas consumption, will be significantly reduced in the test period and beyond."

a. Provide AK Steel Plant's ("AK Steel") annual demand, consumption, and revenue for 2014 and 2015.

b. Explain whether there has been any known change in the production status of AK Steel since the date the written testimony was prepared.

c. Identify and explain any change in the forecasted annual demand, consumption, and revenue with respect to AK Steel or any other large commercial or industrial customers since the filing of the application. This should be considered an ongoing request to be updated throughout this proceeding.

4. Refer to the Miller Testimony, page 13, line 1, where Columbia's proposal to seek recognition and recovery in the forecasted test period of the positive 5.3 percent slippage factor which it experienced over the past ten years for capital expenditures is discussed. Also refer to the Direct Testimony of Eric T. Belle ("Belle Testimony") and the Direct Testimony of S. Mark Katko ("Katko Testimony").

a. Provide a breakdown of Columbia's budgeted and actual capital expenditures for the ten years mentioned in the Miller Testimony. Where applicable, separate the capital expenditures broken down by Accelerated Main Replacement Program ("AMRP") and non-AMRP capital investments.

b. Explain what steps Columbia has taken to mitigate the positive slippage factor over this ten-year period.

c. Explain why Columbia believes that using the prior ten years' positive slippage factor is a better indicator of capital investment than its own internal planning processes.

d. For the three most recent historical fiscal years, 2013, 2014, and 2015, provide side-by-side monthly comparisons of budgeted additions to gross plant and actual additions to gross plant broken down by AMRP and non-AMRP capital expenditures.

e. For the available months of fiscal year 2016, provide a side-by-side monthly comparison of budgeted and actual additions to gross plant broken down by AMRP and non-AMRP capital investments. This should be considered an ongoing request to be updated monthly.

f. The forecasted test year in Columbia's most recent general rate case, Case No. 2013-00167, was the 12 months ended December 31, 2014. The 13-month average of total utility plant included in the net investment rate base filed by Columbia in that proceeding was $356,161,789. Provide Columbia's actual 13-month average of total utility plant for that period. Include the actual monthly amounts and the calculation of the 13-month average balance in the response.

5. Refer to the Miller Testimony, page 13, where Columbia's Distribution Integrity Management Plan ("DIMP") is discussed.

a. Provide a copy of Columbia's DIMP.

b. Explain why Columbia has not addressed the DIMP in prior rate cases, as the law creating the DIMP requirement was effective August 2, 2011.

c. Provide Columbia's total and non-reimbursed gas losses in terms of volume and cost for the five years ended December 31, 2015.

d. Provide the total and non-reimbursed gas loss savings in terms of volume and cost that Columbia expects to achieve in calendar years 2016 and 2017 as a result of the DIMP.

6. Refer to the Miller Testimony, page 17, lines 6–9, where Columbia's aging workforce is discussed. Also refer to the Direct Testimony of Jana T. Croom, Schedule G.

a. Explain why total payroll costs listed in Schedule G-1, page 1 of 1, are projected to increase from the base period to the test period when longer-tenured employees are expected to retire.

b. Provide a schedule showing the number of retirees, the number of new employees, the total labor cost for retirees and the total labor cost for new employees for the periods shown on Schedule G-2 and calendar years 2018 and 2019.

c. Identify and explain any proposed changes to employee benefits through the end of the test year.

d. Provide the following for the years 2013, 2014, 2015, the 12 months ended base period August 31, 2016, and the test year ended December 31, 2016.

(1) By employee title, along with the number of employees by title or classification, the annual salaries and wages, the amount of incentive compensation, and the average hourly wage for each employee title or classification for Columbia.

(2) The annual cost of each defined employee benefit in the defined employee benefit program for Columbia.

(3) By employee title, along with the number of employees by title or classification, the annual salaries and wages, the amount of incentive compensation, and the average hourly wage for each employee title or classification for each NiSource affiliate or associated companies.

(4) If not included and broken out in part (3) of this request, by employee title, along with the number of employees by title or classification, the annual salaries and wages, the amount of incentive compensation, and the average hourly wage for each employee title or classification for NiSource Corporate Services Company ("NCSC").

(5) By employee title, along with the number of employees by title or classification, the annual salaries and wages, the amount of incentive compensation, and the average hourly wage for each employee title or classification for NCSC allocated to Columbia.

7. Refer to the Miller Testimony, page 19, lines 3–16, the discussion regarding Columbia's intent to seek a Declaratory Order from the Commission finding that the construction and operation of the training facility does not require a certificate of public convenience and necessity. In Columbia's Notice of Intent and Election in Case No. 2016-00181,[2] it was stated that the application would be filed on or about May 27,

[2] Case No. 2016-00181, *Application of Columbia Gas of Kentucky, Inc. for a Declaratory Order Regarding the Need for a Certificate of Public Convenience and Necessity* (Notice of Intent and Election filed on May 25, 2016).

2016. The Commission has no record of this application's being filed to date. State when Columbia expects the application to be filed with the Commission.

8. Refer to the Miller Testimony, page 24, lines 13–17, where Columbia discusses its deployment of automated meter reading ("AMR") and the savings for meter reading expenses.

a. Provide the monthly meter reading expense for Columbia beginning with the first month of fiscal year 2014 through the most recent month available. This should be considered an ongoing request to be updated through the conclusion of this proceeding.

b. Provide the amount of meter reading expense Columbia has included in the base period and forecasted test year, and explain how those amounts were determined.

9. Refer to the Miller Testimony, page 28, lines 3–6, which state, "Low income customers have a variety of help available for bill payment assistance. Columbia's Energy Assistance Program ('EAP') provides a fund of $675,000 annually for this purpose. Columbia shareholders contribute $175,000 and Columbia customers support it with $500,000."

a. By year for 2014–2015, provide the EAP contributions from the Columbia shareholders and Columbia customers, and the amount of assistance provided to Columbia customers.

b. For year-to-date 2016, provide the EAP contributions from the Columbia shareholders and Columbia customers, and the amount of assistance provided to Columbia customers.

10. Refer to the Miller Testimony, page 32, lines 11–15, where Columbia's efforts to design a study to ascertain the threat to pre-existing meters, the level of risk, and the mitigation alternatives for protection are discussed.

a. Explain how the cost of $50,000 was determined.

b. State the amount of expenditures that was included in the test year for this study.

11. Refer to the Direct Testimony of Judy M. Cooper ("Cooper Testimony"), pages 6–7. With regard to the proposed modifications to Tariff Sheet No. 89 that would allow Columbia to designate alternative points of delivery for Delivery Service ("DS") customers from time to time, provide an estimate of the possible cost, if any, to an average or representative DS customer if Columbia were to require deliveries at another point of receipt.

12. Refer to the Cooper Testimony, pages 7–8. Explain the circumstances giving rise to the proposed revision to Tariff Sheet No. 89 regarding moving DS customers to sales service. Specifically, state whether Columbia has experienced the failure of DS customers to deliver gas to its system, and if so, provide details concerning the effect on Columbia and its other customers.

13. Refer to the Cooper Testimony, pages 8–10.

a. State whether Columbia has experienced DS customers' choosing not to deliver or deliberately over-delivering gas as described. If not, explain the circumstances giving rise to the proposed revision to Tariff Sheet No. 91.

b. State whether Columbia intends to communicate to DS customers the price of its highest city gate gas equivalent commodity purchases.

14. Refer to the Cooper Testimony, page 10.

a. Explain why the proposed revision to Tariff Sheet No. 92 is necessary.

b. Describe a situation in which DS customers would use Standby Service for any reason other than their deliveries falling short of consumption, and state whether Columbia has experienced the situation described with their DS customers.

15. Refer to the Cooper Testimony, pages 11–12.

a. Provide an estimate of the costs that would be included in each year's AMRP rider due to the proposed inclusion of meter replacements.

b. Provide the total cost of meter replacements incurred by Columbia due to the failure of a meter family since Columbia's statistical meter testing program was approved.

16. Refer to the Cooper Testimony, page 13, lines 3–6, which state, "It is therefore reasonable to preclude the cost of replacing any failed meter families in base rates and to instead provide a mechanism for future recovery of such costs." State whether any other Kentucky jurisdictional major Local Distribution Company recovers the cost of replacing failed meter families through a tracker as proposed by Columbia, rather than through base rates.

17. Refer to KRS 278.509, the statute authorizing pipeline replacement programs. Provide detailed support of how Columbia's proposal to include replacement of failed meter families in its AMRP conforms to the statutory provision of KRS 278.509 for cost recovery for investment in "natural gas pipeline" replacement programs.

18. Refer to the Cooper Testimony, pages 14–15, and to Columbia's AMRP tariff. Columbia's AMRP tariff specifies that its applications to establish AMRP rates for the upcoming calendar year will be filed by October 15, and that its AMRP balancing adjustment applications will be filed by March 31. Explain whether Columbia has considered combining its annual AMRP filing and its balancing adjustment filing, so that only one annual AMRP application would be required.

19. Refer to the Cooper Testimony, page 16, and Attachment JMC-1, and Schedule M.

a. Identify where the revenues of each of the special contract customers referenced on Attachment JMC-1 are included in Schedule M, and describe their treatment in annualizing test-year revenues.

b. State whether Customers 1 and 2 referenced on Attachment JMC-1 continue to pose a by-pass threat.

20. Refer to Case No. 2013-00167, Columbia's response to the Commission Staff's Second Request for Information, Item 19.a.[3] Describe Columbia's efforts and any progress to date regarding the possible provision of annual Choice program disclosure statements as well as price comparisons on customer bills to promote awareness of the Choice program.

21. Refer to the Direct Testimony of Kimra H. Cole ("Cole Testimony"), page 4, lines 10–11, which state, "The most significant risk is in the area of third party excavation damage."

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[3] Case No. 2013-00167, *Application of Columbia Gas of Kentucky, Inc., for an Adjustment of Rates for Gas Service* (filed Aug. 2, 2013).

a. Explain whether Columbia prepares and sends an invoice or bill to parties that damage its distribution system, and if so, explain the types of costs that are billed and how those costs are determined.

b. Explain whether these costs are classified as construction, retirement, and/or operation and maintenance expense, and to what account(s) the reimbursement is charged.

c. Explain whether Columbia recovers the cost of natural gas lost in third-party damage, and if so, how the amount of natural gas lost is determined, how it is priced for reimbursement, and to what account the reimbursement is charged.

d. For 2014 and 2015, provide and describe any incidences of third-party damage that was billed or invoiced, but not reimbursed, and to what account(s) the cost of damage was charged.

e. Explain whether there are any unreimbursed costs in the 2017 forecasted test year, and state the amount.

22. Refer to the Cole Testimony, page 8, where the development of a Global Positioning System ("GPS") / Geographic Information System ("GIS") is discussed.

a. State whether Columbia currently has a GPS/GIS system.

b. If the response to part a. of this request is affirmative, provide by account the amount of expenses for GPS/GIS embedded in base rates.

c. If the response to part a. of this request is affirmative, explain what changes were made to the base period and forecasted test year to address these costs.

23. Refer to the Cole Testimony, page 10, lines 8–15, where the hiring of a new Systems Operations Manager to replace the shared function with Columbia Gas of

Ohio is discussed. State whether there is a reduction in costs allocated to Kentucky operations in the base year or test year related to this change. If so, identify such costs.

24. Refer to the Cole Testimony, page 13, regarding Columbia's change in its interpretation of KRS 367.4911. Explain the basis for Columbia's change in its interpretation of KRS 367.4911.

25. Refer to the Cole Testimony, page 13, lines 3–12, regarding the proposed Safety Training Facility and new training curriculum.

a. Provide the location of the training facilities in Ohio and other locations to which employees from Columbia travel.

b. Provide the amount of training expense, including travel, lodging, meals, curriculum, etc., that Columbia has incurred in the five calendar years ending December 31, 2015, the base period, and the test year broken down by direct costs incurred by Columbia and costs allocated to Columbia.

c. Provide the annual operating costs for the proposed Training Facility in Lexington.

d. Explain how any costs savings as a result of Columbia's proposed new facility and curriculum have been reflected in the base period and forecasted test year.

e. Explain whether the Training Facility in Lexington can be used by other entities, whether these entities are affiliated companies, and whether any revenues collected from its usage can offset the annual cost of operation.

26. Refer to the Cole Testimony, page 15, lines 10–16, regarding Columbia's proposal for recovery of the capital expense of $630,000 to purchase replacement Mobile Data Terminals ("MDTs").

a. Assuming the Commission approves Columbia's proposal for recovery of the capital expense of purchasing replacement MDTs, state when the equipment will be purchased.

b. Identify and explain how costs related to the current MDTs have been reflected in the base period and forecasted test year.

c. Identify and explain any cost savings Columbia expects to achieve from the new MDTs.

d. Provide the age and manufacturer of the existing MDTs, and the normal operating or service life.

e. Provide the average cost of a replacement MDT.

f. Based on the age of the existing MDTs, explain whether the failure rate is normal.

g. If the answer to part f. of this request is no, explain whether Columbia is considering another vendor to provide the MDTs.

27. Refer to the Direct Testimony of Danny G. Cote ("Cote Testimony"), page 8, lines 5–7, which state, "Over the last few years, Columbia has reduced its inventory of cast iron to the point that Columbia only has 15 miles remaining, which constitutes less than 1% of the Columbia system." Explain whether there is any timetable specific to replacing the 15 miles of cast iron pipe.

28. Refer to the Cote Testimony, page 12, lines 19–20, and page 13, lines 1–2, which state, "This rule has direct impact on Columbia's system and customers because a system risk assessment produced the programs that are underway or planned for 2016 and beyond. . . ." Explain when Columbia performed its current system risk assessment and how often Columbia updates its system risk assessment.

29. Refer to the Cote Testimony, page 16, lines 16–17, which state, "Columbia proposes to spend approximately $770,000 in incremental annual O&M in 2017 to accelerate this GPS effort."

a. Identify the type of cost by account and provide the incremental costs in the projected annual $770,000 GPS O&M cost.

b. Identify the type of cost by account and provide the current annual base for GPS/GIS costs.

c. State the time frame in which this project is expected to be complete.

d. Identify any O&M cost savings anticipated from this project.

30. Refer to the Cote Testimony, page 19, lines 5–6, which state that Columbia will spend $500,000 to launch the cross-bore program and maintain at least that run rate through the duration of the program.

a. State the time frame over which this project is expected to be complete.

b. Identify any O&M cost savings anticipated from this project.

31. Refer to the Cote Testimony, page 22, lines 3–16, regarding Columbia's annual leakage survey. Provide a copy of the annual leakage survey for the years since the inception of the AMRP.

32. Refer to the Cote Testimony, page 22, lines 11–13, which state, "The only added cost would be the capture of the riser/barrier risk data, and incremental costs associated with remediating any findings." Explain the criteria Columbia will utilize to evaluate the risks and need for meter protection.

33. Refer to the Cote Testimony, pages 26 and 27. State when Columbia plans to perform the baseline requirement study relating to medium consequence areas.

34. Refer to the Belle Testimony, page 13, lines 3–9, which state that over the next three years Columbia intends to focus on the replacement of Priority Pipe by spending $69 million on the AMRP program, with $17.2 million being spent in in 2017 and $14.2 million annually in 2018 and 2019. The total for the three years listed individually is $45.6 million, vs. the $69 million total listed in the statement. Explain this discrepancy and provide any necessary corrections.

35. Refer to the Belle Testimony, pages 13–15.

a. Provide a schedule showing, by pipe size and length, the amount of Aldyl-A pipe proposed to be included in Columbia's AMRP.

b. Provide a schedule showing, by year, the additional cost proposed to be included in Columbia's AMRP due to the replacement of Aldyl-A pipe.

36. Refer to the Direct Testimony of William J. Gresham ("Gresham Testimony"), page 5. Describe how real price is incorporated into the econometric

model, and what price elasticity is used to forecast the impact of the proposed rate increase on customer demand.

37. Refer to the Gresham Testimony, page 8, lines 13–15.

a. Explain why 20 years was chosen as the length of time over which to estimate normal weather. The explanation should include why the time period of 20 years is considered to be the best predictor of Heating Degree Days for purpose of weather normalization, and what other time periods were considered. If weather normalization analyses were performed using different time periods, provide an explanation of the results.

b. State the source of the climate data used for the weather normalization.

c. Either indicate the location in the record of the weather normalization performed to estimate normal sales volumes, or provide the weather normalization analysis. The response should include an explanation of the methodology, which customer classes' sales volume are weather-normalized, assumptions made and the basis for those assumptions, and an electronic version with the formulas intact and unprotected and all rows and columns accessible.

38. Refer to the Direct Testimony of Paul R. Moul ("Moul Testimony"). Provide the most current ROE awarded by their respective regulatory agencies and the dates of the awards for the proxy group of utilities ("Gas Group"), or for their gas utility subsidiaries if the proxy company is a holding company.

39. Refer to the Moul Testimony, page 37, lines 6–15. Provide support for the referenced "improved economic growth" that argues for a DCF growth rate that is higher

than the analysts' projected growth rates shown on Attachment PRM-9, and discuss whether the prospects for economic growth are currently the same as they were at the time this testimony was submitted.

40. Refer to the Moul Testimony, pages 37–44.

a. Provide the financial literature that supports the use of a leverage adjustment.

b. Refer to page 40, lines 3–4, and Attachment PRM-10. Provide an explanation of the inputs and the calculations that result in the 7.98 percent return.

c. State whether the level of debt cost affects the calculation of the leverage adjustment.

d. Compare the proposed leverage adjustment in this case to that proposed in the Moul Testimony in Case No. 2013-00167,[4] and explain why the 0.82 percent adjustment in this case is higher than the 0.57 percent leverage adjustment used in Case No. 2013-00167, considering that the percentage of long-term debt in the capital structure and the cost of long-term debt is lower in the current case than in the preceding case.

41. Refer to the Moul Testimony, page 48.

a. Confirm that 30-year Treasury bond yields for the second quarter of 2016 were lower than the 2.8 percent forecast shown in the table following line 13.

b. Provide the most current 30-year Treasury bond yield.

c. Provide updates of the forecasts in the table on page 48 if they are available.

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[4] Case No. 2013-00167, *Columbia Gas of Kentucky, Inc.* (filed May 29, 2013), Application.

42. Refer to the Moul Testimony, page 49.

a. State whether *Blue Chip Financial Forecasts* has issued a more recent publication than the December 2015 publication referenced on line 2. If so, provide an update of the forecasts shown following line 3.

b. Given the recent announcement by the Federal Reserve Board of no change in current interest rates, and taking into account current A-rated public utility bond yields based on the spread from 30-year Treasury bonds, explain whether 5.00 percent is realistic for use in the Risk Premium analysis.

43. Refer to the Moul Testimony, Attachment PRM-7, page 1 of 1.

a. Provide the monthly data underlying the dividend yields for the Gas Group.

b. Describe the adjustments to the Forward-looking Dividend Yield.

c. Provide the calculations for the quarterly dividend yield of 3.09 percent.

44. Provide an electronic copy of the Excel spreadsheets supporting the Moul Testimony and his responses to the items in this request for information, where appropriate, with the underlying data and formulas intact.

45. Refer to the Katko Testimony, page 4, regarding the rate base information and Schedule B-6, Sheet 2, Line No. 7, sub-account 2969, Net Operating Loss – Fed where the 13-month average balance in the account of $1,258,107 is listed. Refer also to the Direct Testimony of Panpilas W. Fischer ("Fischer Testimony"), pages 8–10, regarding the inclusion of deferred taxes for the Federal Net Operating Loss in rate base on Schedule B-6, Sheet 2.

a. Confirm that the heading on page 8, line 17, of the Fischer Testimony should state Sheet 2 rather than Sheet 1, as Sheet 2 addresses the forecasted test year and corresponds with the deferred tax asset amount of $1,258,107 listed on page 9.

b. Provide the information and the calculation that was utilized in determining the decrease to deferred taxes of $274,460 listed on page 10 of the Fischer Testimony.

c. State whether the issue of excluding deferred tax assets related to net operating loss from rate base has been or currently is an issue in other jurisdictions for any of Columbia's affiliates. If so, provide all information related thereto.

d. State whether Columbia had any deductions for capital expenditures that were treated as deductible repairs for fiscal year 2015, base period, and forecasted test period income tax purposes. If so, provide the amount of each deduction, along with a description of the cost.

46. Refer to the Direct Testimony of Brian J. Noel, page 7, lines 1–2, which state, "Uncollectible accounts expense is based on the latest estimate of net charge-offs as a percentage of residential revenue."

a. Explain whether Columbia factors its accounts receivable.

b. If the answer to part a. of this request is yes, provide the most current 12-month cost of financing the accounts receivable.

47. Refer to the Direct Testimony of Mark P. Balmert ("Balmert Testimony"), pages 11–12.

a. State whether Columbia considered an increase more gradual than the 31.7 percent increase it proposes for the GRS/GTR customer charge.

b. The "across the board" charges shown on Table 4 for customer classes IS/DS, IUS, and DS-ML appear to reflect the application of percentages different from the 37.9 percent referenced on page 12. Explain whether the use of different percentage increases was intentional, and if so the rationale for each percentage used. If the use of different percentage increases was not intentional, state whether Columbia's proposal for the customer charges for the identified rate schedules will change.

48. Refer to the Balmert Testimony. Provide an electronic copy of all attachments to the testimony in Excel spreadsheet format with the formulas intact and unprotected and all rows and columns accessible.

49. Refer to the Direct Testimony of Chad E. Notestone ("Notestone Testimony"). In Case No. 2013-00167,[5] Columbia filed two Cost of Service Studies ("COSS"), a Design Day Study and a Peak and Average Study. In the current case, Columbia filed three COSSs: a Demand-Commodity Study; a Customer-Demand Study; and an Average of Customer-Demand and Demand-Commodity Study.

a. Explain the differences between the COSSs filed in Case No. 2013-00167 and those filed in this case.

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[5] Case No. 2013-00167, *Columbia Gas of Kentucky, Inc.* (filed May 29, 2013), Application.

b. In Case No. 2009-00141,[6] Columbia filed COSSs with similar methodologies. Explain why Columbia returned to the use of the Demand-Commodity and Customer-Demand Studies used in Case No. 2009-00141.

c. Explain any other differences in methodology between the COSS filed in Case No. 2009-00141 and the current case.

50. Explain why the Average COSS was chosen for use in the Testimony in this case rather than the Demand-Commodity Study or the Customer-Demand Study.

51. Refer to the Notestone Testimony, Attachment CEN-1, pages 1–4 of 129. These pages show the cost of service results by the following rate categories: GS-Residential, GS-Other, IUS, DS-ML and DS/IS.

a. Provide a listing of Columbia's individual rate classes that are included in each category.

b. Refer also to Schedule M-2.1. For each listing under "Sales Service," state under which rate class and rate category each are classified.

52. Refer to the application, Volume 1 of 8, the Balmert Testimony, Attachment MPB-1, page 4 of 8. Explain why the Revenue Required Increases for each rate class in Line 12 do not match the proposed increases found in the Notestone Testimony, Attachment CEN-3, page 1.

53. Refer to the Notestone Testimony, attachments CEN-2 and CEN-3.

a. Refer to page 44 of 129 of both attachments. Confirm that the Classification Factors should be as follows:

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[6] Case No. 2009-00141, *Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates* (Ky. PSC Oct. 26, 2009).

Labor:		
	Production	Page 12
	Distribution – O&M Operation	Page 13
	Distribution – O&M Maint.	Page 13
	Customer Accounts	Page 14
	Consumer Service and Info.	Page 14
	Sales	Page 15
	Administrative & General	Page 15

M&E		
	Production	Page 12
	Distribution – O&M Operation	Page 16
	Distribution – O&M Maint.	Page 16
	Customer Accounts	Page 17
	Consumer Service and Info	Page 17
	Sales	Page 18
	Administrative & General	Page 18

b. Refer to page 46 of 129. Confirm that the reference in line 1 should be page 23, line 3.

c. Refer to page 70 of 129. Confirm that the Classification Factors should be as follows:

Labor:		
	Production	Page 63
	Distribution – O&M Operation	Page 64
	Distribution – O&M Maint.	Page 64
	Customer Accounts	Page 65
	Consumer Service & Info.	Page 65
	Sales	Page 66
	Administrative & General	Page 66
M&E		
	Production	Page 63
	Distribution – O&M Operation	Page 67
	Distribution – O&M Maint.	Page 67
	Customer Accounts	Page 68
	Consumer Service and Info	Page 68
	Sales	Page 69
	Administrative & General	Page 69

d. Refer to page 72 of 129. Confirm that the reference in line 1 should be page 74, line 3.

e. Refer to page 96 of 129. Confirm that the Classification Factors should be as follows:

Labor:		
	Production	Page 89
	Distribution – O&M Operation	Page 90
	Distribution – O&M Maint.	Page 90
	Customer Accounts	Page 91
	Consumer Service & Info.	Page 91
	Sales	Page 92
	Administrative & General	Page 92
M&E		
	Production	Page 89
	Distribution – O&M Operation	Page 93
	Distribution – O&M Maint.	Page 93
	Customer Accounts	Page 94
	Consumer Service and Info	Page 94
	Sales	Page 95
	Administrative & General	Page 95

f. Refer to page 98 of 129. Confirm that the reference in line 1 should be page 100, line 3.

g. Refer to page 122 of 129. Confirm that the Classification Factors should be as follows:

Labor:		
	Production	Page 115
	Distribution – O&M Operation	Page 116
	Distribution – O&M Maint.	Page 116
	Customer Accounts	Page 117
	Consumer Service & Info.	Page 117
	Sales	Page 118
	Administrative & General	Page 118
M&E		
	Production	Page 115
	Distribution – O&M Operation	Page 119
	Distribution – O&M Maint.	Page 119
	Customer Accounts	Page 120

Consumer Service and Info	Page 120
Sales	Page 121
Administrative & General	Page 121

h. Refer to page 124 of 129. Confirm that the reference in line 1 should be page 126, line 3.

54. Refer to the Direct Testimony of John J. Spanos at page 5, lines 3–7, regarding Mr. Stamos's testimony in Columbia's past rate case.

a. Explain in detail the changes to the depreciation procedure to more appropriately match utilization of assets to their recovery.

b. Provide a comparison of Colombia's present depreciation rates to its proposed deprecation rates by account showing the base depreciation percentage, salvage value percentage, cost of removal percentage, net salvage percentage and the net depreciation rate.

c. Identify and explain by account the major changes in any of the components listed in part b. of this request.

d. Identify the accounts which had the greatest change in depreciation expense and the reasons therefor.

e. Identify and explain what impacts Columbia's AMRP program had on affected accounts.

f. Explain whether a removal cost study was performed in conjunction with the depreciation study. If not, explain the reason(s).

55. Refer to the Direct Testimony of Austin M. Schauer, page 8, lines 9–17, regarding the Federal Energy Regulatory Commission's audit of NCSC. Provide a copy of the audit report.

56. Refer to the Fischer Testimony, page 9, regarding bonus depreciation.

a. State whether Columbia used bonus depreciation for federal income tax purposes for fiscal year 2015.

b. State whether Columbia intends to use bonus depreciation for federal income tax purposes for fiscal years 2016, 2017, and 2018.

c. State whether bonus depreciation was utilized in Columbia's computation of its accumulated deferred income taxes ("ADIT") for rate base and revenue requirements through the base period and test period in this case.

d. If the response to part c. of this request is negative, provide updates to Columbia's rate base and revenue requirement calculations that reflect the impacts of bonus depreciation on ADIT through the base period and test period in this case.

57. Refer to the application, Tab 51, Filing Requirement 807 KAR 5:001, Section 16-(7)(u), page 6.

a. Provide by allocation basis and amount the year-to-date NCSC charges as of June 30, 2016.

b. Provide by allocation basis the projected NCSC charges from July 2016 to December 2016.

c. Provide by allocation basis the actual at February 29, 2016, and projected at August 31, 2016, NCSC charges.

d. Provide by allocation basis the NCSC charges for the test year ended December 31, 2017.

58. Refer to the application, Tab 55, Schedule B-2.1, Sheet 1 of 2. Provide a like schedule based on the current plant in service.

59. Refer to the application, Tab 55, Schedule B-3, Sheets 1 and 2 of 4. Provide a like schedule based on the current plant in service.

60. Refer to the application, Tab 56, Schedule C-2.1A, Sheets 1 and 2 of 4. Provide a like schedule for the 12 months ended December 31, 2015, and when available, provide a like schedule for the first six months of 2016.

61. Refer to the application, Tab 57, Schedule D-2.1.

a. Refer to page 1, ADJ2. Provide an explanation and calculation for the ($9,306,333) adjustment for Other Gas Revenue.

b. Refer to page 2, ADJ3. Provide an explanation and calculation for the ($7,848,238) adjustment for Natural Gas Field & Transmission Line Purchases.

c. Refer to page 2, ADJ3. Provide an explanation and calculation for the ($146,222) adjustment for Natural Gas City Gate Purchases.

d. Refer to page 2, ADJ3. Provide an explanation and calculation for the $13,508,872 adjustment for Other Gas Purchases.

e. Refer to page 2, ADJ3. Provide an explanation and calculation for the $317,489 adjustment for Exchange Gas.

f. Refer to page 2, ADJ3. Provide an explanation and calculation for the ($14,297,019) adjustment for Gas Withdrawn From Storage.

62. Refer to the application, Tab 57, Schedule D-2.2.

a. Refer to page 1, ADJ3. Provide an explanation and type of contract service that supports the $1,335,439 adjustment to Outside Services.

b. Refer to page 1, ADJ5. Provide an explanation and support for the $113,131 adjustment for Corporate Insurance. Also explain whether Columbia and or NiSource is self-insured, and to what level.

c. Refer to page 2, ADJ6. Provide an explanation and support for the $111,488 in Employee Expenses. Also, explain whether the base of $402,754 includes employee expenses that may not be incurred if a Training Facility is built in Lexington.

d. Refer to page 2, ADJ8. Provide an explanation and support for the ($30,991) adjustment in Utilities/Fuel, considering that the cost of utilities are increasing, such as in the current case filed. Also, explain whether Columbia has instituted any energy-efficiency measures to reduce its cost of utilities.

e. Refer to page 2, ADJ9. Provide an explanation and support for the $1,540,639 adjustment for Management Fee. Also, identify which costs are internal or external to NiSource, explain why these costs are increasing 9.7 percent, and whether other NiSource affiliates are incurring the same level of increase.

f. Refer to page 2, ADJ10. Provide an explanation and support by customer class for the $843,489 Uncollectible Accounts. Also, provide by customer class the amount of Uncollectible Accounts for 2013–2015 and total revenue by customer class. Explain whether Columbia is considering instituting any kind of program or process to reduce Uncollectible Accounts.

g. Refer to page 3, ADJ11. Provide an explanation and support for the $59,642 adjustment for Miscellaneous Revenue Adjustments. Also, explain the types of transactions included in the ($158,297) base amount.

h. Refer to page 3, ADJ13. Provide an explanation and support for the $242,072 adjustment for Employee Benefits. Also, provide a breakdown of costs for each employee benefit in the $1,539,704 base amount.

i. Refer to page 3, ADJ14.

(1) Provide an explanation and support for the $110,766 adjustment for Advertising.

(2) Provide a breakdown of costs for each type of advertising cost included in the $79,230 base amount.

j. Refer to page 3, ADJ15.

(1) Provide an explanation and support for the ($41,683) adjustment for Clearing Accounts.

(2) Provide a breakdown of costs for each type of clearing account cost included in the $1,303,125 base amount, to what account these cost were initially charged, and to what accounts the clearing account costs were cleared.

(3) Provide the annual Clearing Account costs for 2013–2015.

63. Refer to the application, Tab 57, Schedule D-2.3.

a. Refer to page 1, ADJ2. Provide an explanation and support for the $585,011 adjustment for Taxes Other Than Income Taxes.

b. Provide the amounts of the various kinds of taxes other than income taxes for year-end December 31, 2015, and year-to-date June 30, 2016, once the information is available.

64. Refer to the application, Tab 57, Schedule D-2.4.

a. Refer to page 1, ADJ8.

(1) Provide the annual salary, any incentive compensation, employee expense, and title(s) of all personnel who are register lobbyist or associated with lobbying, and the amount of time each employee spent in the lobbying effort.

(2) Provide an explanation and support for the type of expenses in the ($9,559) adjustment for Non-Recoverable Lobbying Expense.

(3) Provide the annual lobbying expenses for fiscal years 2013–2015 and the accounts to which these expenses were charged.

b. Refer to page 2, ADJ13. Provide an explanation and support for the type of costs included in the $96,003 adjustment for Advanced Workforce Training Expense.

c. Refer to page 2, ADJ14. Provide an explanation and support for the type of costs included in the $215,000 adjustment for labor costs associated with damage prevention leader and system operation manager. The response should break out those costs by the damage prevention leader and the system operation manager, not a combined amount for both positions.

d. Refer to page 2, ADJ15.

(1) Provide an explanation and support for the $181,459 adjustment for incremental gas operation O&M expense associated with the 2017 capital spend. If these costs are incremental, explain why the base amount is $0.

(2) Provide the gas operation O&M expense associated with capital spend included in base rates.

e. Refer to page 3, ADJ16. Provide an explanation and support for the $11,528 Training Facility Maintenance Expense cost, and state to what account(s) these costs will be charged.

f. Refer to page 3, ADJ17. Provide an explanation and support for the $241,466 Credit Card Payment Fees, and state to what account(s) these costs will be charged.

g. Refer to page 3, ADJ18. Provide an explanation and support for the $770, 000 Global Positioning System (GPS) expense, and state to what account(s) these costs will be charged.

h. Refer to page 3, ADJ19. Provide an explanation and support for the $467,936 Safe Digging Impact, and state to what account(s) these costs will be charged.

65. Refer to the application, Volume 8, Tab 66, Schedule M. Provide an electronic copy of this schedule in Excel spreadsheet format with the formulas intact and unprotected and all rows and columns accessible.

66. Refer to the response to Commission Staff's First Request for Information, Item 22, which states, "Columbia does not have any capitalized leases."

a. Explain whether Columbia has assets leased under operating leases.

b. If the answer to part a. of this request is yes, provide the type of assets or properties that are under lease.

c. If there are assets or properties under lease, provide the length of the lease term by type of asset or property.

d. Provide the annual lease payments for 2013–2015, and the current year to date, and to what accounts they were charged.

67. Provide a trial balance for the 12 months ended December 31, 2015, and year to date for 2016.

Aaron D. Greenwell

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DATED JUL 08 2016

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