

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S SUPPLEMENTAL POST-HEARING 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 six copies in paper medium and an electronic version of the following information. The information requested herein is due no later than Friday, December 2, 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 response to Commission Staff's Post Hearing Data Request ("Staff's Post Hearing Request"), Item Cole-2. While overtime as a percentage of total labor decreased 1.68 percentage points between the Test Period and 2014, both Total Labor and Overtime Labor increased. Total Labor increased by 17.5 percent and Overtime Labor increased by 3.5 percent. Because Overtime Labor increased at a slower rate, the percentage to total labor decreased. Explain why Overtime Labor amounts continued to increase every year from 2014 through 2015, the Base Period, and the Test Year despite the hiring of an additional 31 full-time employees.

2. Refer to the response to Staff's Post Hearing Request, Item Cole-3.

a. Explain why contractor costs increased from 2015 to the base period, and from the base period to the test period.

b. Refer to the response to Staff's Post Hearing Request, Item Noel-1.

(1) Columbia was asked to provide the basis for the Allocations 1 – 20, including the Direct Billed to Columbia and the NCSC Overheads. Provide the

types, and dollar amounts of costs, and the respective actual formulary calculations, for years 2012, 2013, 2014, and 2015.

(2) In attachment A of its response, Columbia provides the cost type by year and an explanation of what the formula is, but Columbia's response did not include the actual formulary calculation with relevant detail values as was requested. For example, the Basis 1 allocation method is 50 percent based on the Affiliated Unit's Gross Fixed Assets as a percent of the Parent's Gross Fixed Assets and 50 percent based on the Affiliated Unit's Operating Expenses as a percent of the Parent's Operating Expenses. So for the 2015 Labor & Related Basis 1 Allocation, Columbia's response should have included a formula similar to this:

$$\begin{aligned} & (((\text{Columbia Gross Fixed Assets } \$\text{xxxxxxxx.xx} \div \text{NiSource Gross} \\ & \text{Fixed Assets } \$\text{xxxxxxxx.xx}) = \text{xx.x\%}) \times 50.0\%) \times \text{NiSource Labor \&} \\ & \text{Related Cost Type } \$\text{xxxxxxxx.xx}) + (((\text{Columbia Operating Expenses} \\ & \$\text{xxxxxxxx.xx} \div \text{NiSource Operating Expenses } \$\text{xxxxxxxx.xx}) = \text{xx.x\%}) \times \\ & 50.0\%) \times \text{NiSource Labor \& Related Cost Type } \$\text{xxxxxxxx.xx}) = \\ & \$1,691,579 \end{aligned}$$

Columbia did not provide these detailed calculations for each Allocation Basis – 1 through 20 by each Cost Types. Provide all of the complete detailed calculations – by each Allocation Basis and by each Cost Type within the Allocation Basis, as previously requested.

(3) Columbia was asked to explain why the amount of Direct Billing to Columbia increased from \$4,894,794.69 in 2012 to \$6,894,337.50 in 2015 and the basis for the increase in the Base Year and Test Year and to provide a detailed breakdown of the actual calculations of the costs by year. Columbia provided a table with value results of the four types of costs Columbia describes as being responsible for

90 percent of the significant increases between 2012 and 2015. The largest contributor, Labor & Related, was supported by four metrics related to the safe operation of infrastructure were as follows:

a. The reduction of the average response time to an emergency being less than 45 minutes over 96 percent of the time. What was the percentage for responses averaging 45 minutes or less for the years 2012, 2013, 2014, and 2015?

b. The pipeline damage rate from third parties has dramatically reduced during the past several years. What was the third-party pipeline damage rate for the years 2012, 2013, 2014, and 2015?

c. The amount of time a grade 2 leak remains open on Columbia's system has been reduced. What was the amount of time a grade 2 leak remained open for the years 2012, 2013, 2014, and 2015?

d. The additional contract crews dedicated to Columbia's Accelerated Main Replacement Program ("AMRP") are increasing. Provide the number of crews dedicated to the AMRP program for the years 2012, 2013, 2014, and 2015, and state how many, of Columbia employee crews were dedicated to the AMRP during those some corresponding years.

3. The majority cause of the increase in Labor & Related cost was cited as resulting from the transfer of employees from the operating affiliates into providing services directly to the benefiting affiliates. It would appear that the increase in the Allocated Labor & Related Costs is the result of Columbia's having transferred employees to the NiSource Corporate office.

a. Does the above mean that the increase in Columbia's full-time equivalent ("FTE") count from 127 to 158 in the Miller-2 response is actually greater than 31 new additions because some existing positions were shifted to NiSource and the NET gain was 31 FTE? Explain and provide the number of Columbia's FTEs that were transferred to NiSource that are now providing services directly benefiting Columbia, and what those services are. Refer to the response to Staff's Post Hearing Request, Item Noel-2.

b. Attachment A that was provided by Columbia shows that NiSource total Labor & Related is projected to increase from \$5,144,522 in 2012 to \$8,257,668 in 2017, an increase of \$3,113,147, or 55 percent. In the table provided in Noel-1b, Labor & Related allocated to Columbia between 2012 and 2015, the increase was \$1,471,743, or 47.3 percent of the total NiSource increase from 2012 to 2017. Provide the actual complete allocation calculation (not just the resultant values) for total Labor & Related for the years 2012, 2013, 2014, 2015, Base Year, and Test Year.

c. As stated in Noel-1b above, the primary contributor to the increased Labor & Related costs was FTE transferred to NiSource from the affiliates. But according to the table data provided by Columbia in part b of their response to the net change between 2014 and the Test Period, there is a net gain of only two employees or 0.1 percent. Explain the change in Employee Count from Calendar year 2014 to calendar year 2015, from year 2015 to the Base Period, and from the Base Period to the Test Year.

Description	2014	2015	Base Period	Test Year	Difference 2014 to Test Year
Employee Count	1,839	1,731	1,790	1,841	
Change		(108)	59	51	2
Percent of Change		- 5.9%	3.4%	2.8%	0.1%

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cc: All parties

Case No. 2016-00162

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