

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA)	
GAS OF KENTUCKY, INC. FOR AN)	
ADJUSTMENT OF RATES; APPROVAL OF)	CASE NO.
DEPRECIATION STUDY; APPROVAL OF)	2021-00183
TARIFF REVISIONS; ISSUANCE OF A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY; AND OTHER RELIEF)	

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

Columbia Gas of Kentucky, Inc. (Columbia Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on September 24, 2021. The Commission directs Columbia Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia Kentucky shall make timely amendment to any prior response if Columbia Kentucky obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Columbia Kentucky fails or refuses to furnish all or part of the requested information, Columbia Kentucky 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Columbia Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Rea Direct Testimony (Rea Testimony), page 38, lines 3-20 and page 39, lines 1-20. Also refer to Columbia Kentucky's Response to Staff's Third Request, Item 13. Columbia Kentucky would appear to have more common operational characteristics with water utilities than with combination electric and gas utilities, who exhibit an approximate average of 30 percent consolidated revenues from gas operations.

a. Using the seven referenced water utilities as a complementary proxy group and the same selection criteria used to select the companies in the Non-regulated Group, provide a comparison of these companies.

b. Provide the ROE calculations using water utilities as a complementary proxy group.

2. Refer to the Rea Testimony Attachment VVR-11.

a. Explain the differences between and the advantages of using the S&P 500 Index of companies versus the Value Line 1,700 Stock Universe in the calculations.

b. Footnote 2 references the use of both Bloomberg Finance L.P. and Yahoo Finance as sources of earnings per share (EPS) growth rates for the S&P 500 Index of companies. Explain why the average Bloomberg EPS growth rate estimate is 13.44 percent versus the Yahoo Finance estimate of 11.21 percent.

3. Refer to the Rea Testimony, Attachment VVR-12, page 5 of 10. Footnote 5 lists both Bloomberg Finance L.P. and Yahoo Finance as sources of EPS growth rates for the S&P 500 Utilities Index of companies. Explain whether the average long-term earnings growth estimate is an average of the growth estimates from each of the sources. If so, provide a comparison of the earnings growth estimates from each source.

4. Refer to the Rea Testimony at 10. Explain the NiSource process for investment capital allocation to the respective state operating companies. Include in the response the following: (1) the allocation process; (2) the criteria governing investment capital allocation decisions; and (3) how Columbia Kentucky specifically must compete for equity capital, if at all, within the larger corporate entity.

5. Refer to the Application, Volume 8, Tab 79-807 KAR 5:001 Section 16-(8)(j). Columbia Kentucky is forecasting an increase in common equity from \$201,768,566 to \$242,618,650 in the forecasted test year. Provide the expected date(s) of this equity issuance.

6. Risk associated with the recovery of costs and capital in Columbia Kentucky's SMRP would appear to be much less than the utility as a whole.

a. Provide a list of Columbia Kentucky's affiliates and proxy group companies with SMRP or similar programs and the associated ROE component.

b. Explain the whether the risks associated with SMRP and similar programs are alike or different from the risks associated with the distribution utility.

c. For Columbia Kentucky, compare and contrast the risks specifically associated with its SMRP and the utility and explain why the ROE associated with the SMRP should be lower than the authorized for base rate calculation.

7. Refer to Columbia Kentucky's response to Staff's Third Request, Item 10. Provide a cost of service study applying the average weighted calculation of the zero intercept results.

8. Refer to Columbia Kentucky's response to Staff's Third Request, Item 17.

a. Explain how the information provided supports Columbia Kentucky's 5 percent residential late payment fee.

b. Provide by year, for calendar years 2017 to 2021 to date, the dollar amount and number of residential late payment fees assessed.

c. Explain whether all customers who are charged a late payment penalty also receive a termination notice.

d. Provide detailed support for how the amount labeled as “Third party outbound call to customer” was derived.

e. Explain whether all customers who are charged a late payment penalty also receive a third party outbound call.

f. Provide detailed support for how the amount labeled as “Columbia Customer Representative cost per inbound call” was derived.

g. Explain whether the amount labeled as “Columbia Customer Representative cost per inbound call” relates to calls only related to late payments or to calls in general.

h. Explain whether the amounts labeled as “Operational cost for collection premise visit” are recovered through any other charges.

i. Provide detailed support for how the amounts labeled “Operational cost for collection premise visit” were derived.

j. Explain whether all customers who are charged a late payment penalty receive a collection premise visit.

9. Refer to Columbia Kentucky’s response to Staff’s Third Request, Item 18. Provide detailed support for how the amounts labeled “Bank Charge” and “Company processing/handling labor cost” were derived.

10. Refer to Columbia Kentucky’s response to Staff’s Third Request for Information, Item 19.

a. Confirm that service would not be refused if a prospective customer failed to provide their Social Security number.

b. Explain whether Columbia Kentucky retains the customer's Social Security number. If so, explain the measures Columbia Kentucky takes to protect such information.

c. Explain whether a credit check can be run without the Social Security number.

11. Refer to Columbia Kentucky's response to the Attorney General's First Request for Information, Item 110, Attachment B.

a. Provide a copy of the Intercompany Tax Allocation Agreement dated September 30, 2002, and any amendments thereto.

b. Provide a copy of the Amended and Restated Intercompany Income Allocation Agreement dated April 7, 2016, and any amendments thereto.

c. Provide Columbia Kentucky's federal taxable income for each tax year ending in 2011 through 2021 before any deductions for net operating losses carried forward or back from previous or subsequent tax years.

d. Provide the federal taxable income for the Consolidated Group for each tax year ending in 2011 through 2021 before any deductions for net operating losses carried forward or back from previous or subsequent tax years.

e. Provide the total net operating loss carryforward for the Consolidated Group for each tax year ending in 2011 through 2021.

12. Refer to the Application, Volume 8, Schedule C-1, Operating Income Summary and Columbia Kentucky's Responses to Staff's Third Request, Item 38, Excel

Spreadsheet: KY_PSC_Case_No._2021-00183, Staff_3-38, Attachment_A. Columbia Kentucky is proposing to increase its base year Depreciation expense of \$16,051,491 by \$3,557,832 to a forecasted level of \$19,609,323. Provide a schedule that separates the proposed \$3,557,832 adjustment to Depreciation expense and the forecasted Depreciation expense of \$19,609,323, between (1) the forecasted increase in Utility Plant In Service; (2) the proposed change in depreciation lives; and (3) the proposed change in the net salvage values. The requested Depreciation expense breakdown shall be by asset category and in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.



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DATED SEP 09 2021

cc: Parties of Record

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