

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA)	
GAS OF KENTUCKY, INC. FOR AN)	CASE NO.
ADJUSTMENT OF RATES; APPROVAL OF)	2024-00092
DEPRECIATION STUDY; APPROVAL OF TARIFF)	
REVISIONS; AND OTHER RELIEF)	

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

Columbia Gas of Kentucky, Inc. (Columbia Kentucky), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 10, 2024. 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 question to which the response is made and 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

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).

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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 Direct Testimony of Donald Ayers (Ayers Direct Testimony), generally.

a. Provide the number of incidents Columbia Kentucky classified as "Excavator Damage (Not Reported)" for the past three calendar years.

b. For the last two calendar years, provide an explanation as to how the incidents of damage that were not reported were discovered.

2. Refer to Ayers Direct Testimony, page 4, line 14. Provide a definition for high-risk threats as it relates to the ten threats identified.

3. Refer to Ayers Direct Testimony, page 7, line 10, entitled Threat 7, Possible LP MAOP Excursions.

a. Provide a detailed explanation of events involving pressure exceeding or falling below regulator set points since the installation of safety devices, including how those events were addressed by Columbia Kentucky.

b. Provide the location of the low-pressure segments of Columbia Kentucky's gas system and indicate issues with customers outages and abnormal operations Columbia Kentucky has experienced in past five years.

4. Refer to Ayers Direct Testimony, page 6, line 15.

a. Provide the name and coverage area for all locating vendors currently contracted with Columbia Kentucky to respond to locate requests on behalf of Columbia Kentucky.

b. Provide the current technology being utilized by field employees, contractors, and subcontractors to locate underground facilities for Columbia Kentucky that will be replaced if approved by the Field Mobility program.

5. Refer to Ayers Direct Testimony page 8, line 3, entitled Threat 8, Excavation Damage (Unmarked Stubs).

a. Provide an explanation of the procedure that occurs when an unmarked stub is damaged to prevent a reoccurrence of such damage.

b. Provide information regarding attempts being made by Columbia Kentucky to accurately map and make stubs locatable on the Columbia Kentucky system.

c. Provide the number of incidents of damage involving an unmarked stub for the last three calendar years.

6. Refer to Ayers Direct Testimony at page 8, line 11.

a. Provide a detailed explanation of Columbia Kentucky's routine leak repair process and mitigation methods.

b. Provide an explanation of why Columbia Kentucky's system has experienced a fairly consistent level of leakage over the last ten years.

7. Refer to Ayers Direct Testimony at page 14, line 14-15.

a. Explain how the Picarro Surveyor pilot program specifically has helped prepare Columbia Kentucky for the potential requirements of the Leak, Detection, and Repair (LDAR) Rule.

b. Provide an explanation of any anticipated changes that may be required to the Picarro Surveyor pilot program when the LDAR Rule is released.

8. Refer to the Direct Testimony of Vincent V. Rea (Rea Direct Testimony). Provide all work papers in electronic form, unprotected with formulas visible and accessible.

9. Refer to the Rea Direct Testimony, page 7, lines 1-13. Explain the rationale for keeping a company in the proxy group if it produces either high or low outlier results in the Discounted Cash Flow (DCF) model.

10. Refer to the Rea Direct Testimony, page 14, lines 13-18 and page 15, line 1. For each of the five transportation customers, provide a table showing the distance from each customer to the nearest interstate pipeline that could, in a practical sense, be economically utilized for "by-pass."

11. Refer to the Rea Direct Testimony, page 25, lines 1-18 and page 27, lines 1-4. Provide the most recent Value Line Investment Survey (Value Line) profiles on each of the companies in the Gas LDC Group. Include in the response Value Line assessment of the Natural Gas Utility industry that accompanies the individual company profiles. Consider this as an ongoing request throughout the course of this proceeding and provide updates as they become available.

12. Refer to the Rea Direct Testimony, page 28, lines 1-19 and page 29, lines 1-2. Provide the credit ratings reports for Columbia Kentucky and for NiSource from S&P and Moody's for 2023 to the present. Consider this an ongoing request throughout the course of this proceeding and provide updates as they become available.

13. Refer to the Rea Direct Testimony, page 36, lines 5-8. Explain why it is more appropriate to consider combination gas and electric utility companies as opposed to including water distribution utilities as a useful adjunctive analysis.

14. Refer to the Rea Direct Testimony, page 37, lines 9-17. Provide copies of the documentation supporting the discussion of the relative awarded return on equity of gas and combination gas and electric utilities.

15. Refer to the Rea Direct Testimony, page 39, lines 1-12. Provide the most recent Value Line profiles on each of the companies in the Combination Utility Group. Include in the response Value Line assessment of the Electric Utility industry that accompanies the individual company profiles. Consider this as an ongoing request throughout the course of this proceeding and provide updates as they become available.

16. Refer to the Rea Direct Testimony, page 42, lines 8-9. Explain whether, to Columbia Kentucky's knowledge, this Commission has ever accepted non-regulated companies as a proxy group in a Columbia Kentucky rate case.

17. Refer to the Rea Direct Testimony, page 51, lines 13-17 and page 52, lines 1-12. Confirm that because the Safety Modification and Replacement Program Rider (SMRP) has a balancing adjustment that adjusts cost recovery for misalignments between billings and collections, costs are recovered through the mechanism on a more accurate and timely basis versus through base rates.

18. Refer to the Rea Direct Testimony, Table VVR-7 page 69 and Table VVR-8 page 71, as well as Attachments VVR-7 and VVR-8.

a. Provide an update to the calculations with the addition of dividend growth rates.

b. Referring to Attachment VVR-7 page 5 and Attachment VVR-8 page 5, explain how and where in the calculations BVPS growth rates are used.

19. Refer to the Rea Direct Testimony, page 77, lines 11-21 and page 78, lines 1-13. Explain why the S&P 500 index and the much broader Value Line 1,700 Stock Universe are both used in the DCF Market Return analysis and not simply the latter since it is the broader index. Include in the explanation why it would not be more appropriate to solely rely on the Value Line 1,700 Stock Universe.

20. Refer to the Rea Direct Testimony, page 80, lines 1-20.

a. Provide the support for and explain how the 4.21 percent for the prospective risk-free rate of return was calculated.

b. Explain why real time bond market rates for 30-year Treasuries necessarily encompass investors' expectations of the future. Explain further why current 30-year Treasury are not appropriate for use as the risk-free rate in the CAPM model calculations.

21. Refer to the Rea Direct Testimony, page 81, lines 1-4. Provide the support for and explain how the 11.53 percent for the prospective market rate of return was calculated.

22. Refer to the Rea Direct Testimony page 82, lines 1-5. Explain whether any state regulatory commission has accepted the use of re-leveled beta values in the CAPM calculations for a regulated NiSource affiliate.

23. Refer to the Direct Testimony of Greg Skinner (Skinner Direct Testimony) at 5. Explain how NiSource's plans to replace information technology (IT) systems, specifically, the One Customer Information system, will affect Columbia Kentucky's Choice Program. Explain whether any of these IT upgrades will improve Columbia Kentucky's record keeping for the Choice Program.

24. Refer to the Skinner Direct Testimony at 5. Explain whether NiSource's plans to replace IT systems will affect customer billing. If so, explain any possible effects, including any down time where customers will not be billed.

25. Refer to the Direct Testimony of Kevin Johnson, page 17.

a. Explain why Columbia Kentucky is not including in its proposed rate base cash working capital based on its Lead Lag study or using the 1/8th Operations and Maintenance expense method.

b. Explain why the results of the two methods to calculate cash working capital vary significantly.

c. Explain whether Columbia Kentucky contends that including an adjustment to CWC based on the lead lag method would be reasonable.

26. Refer to the Direct Testimony of Dave Roy, pages 632-645.

a. Refer to page 9, line 11. Provide the number of Grade 1 leaks found on Columbia Kentucky's plastic pipe system and the number of leaks per mile for the plastic pipe system for the past three years.

b. Provide the leak data for non-protected bare steel mains and services for the past three years.

c. Provide the number of Grade 1 leaks found on the Columbia Kentucky bare steel pipe system and the number of leaks per mile for the bare steel pipe system for the past three calendar years.

d. Provide the detailed replacement plan for unprotected bare steel pipe.

27. Refer to Columbia Kentucky's Application, Volume 4, Tab 36. Explain whether the provided capital budget includes amounts from Columbia Kentucky's SMRP. If so, provide the amounts and categories of the SMRP spending for each year.

28. Refer to Columbia Kentucky's Application, Volume 4, Tab 36 and the Direct Testimony of Skinner, page 5. Explain whether the Work and Asset Management (WAM) Program is included in Columbia Kentucky's capital budget. If so, provide the amounts and categories of the WAM spending for each year.

29. Refer to Columbia Kentucky's Application, Volume 8, Tab 79, Schedule A. Explain why Columbia Kentucky has applied the gross revenue conversion factor to the revenue deficiency.

30. Refer to Columbia Kentucky's Application, Volume 8, Tab 82, Schedule D-1.A and Schedule D-1.B and the Skinner Direct Testimony at 17. For each of the following, explain why Columbia Kentucky is proposing an adjustment given that it results in a significantly different unadjusted and adjusted forecast period for each category:

- a. For Revenue from Transporting Gas to Others;
- b. Natural Gas Field & Transmission Line Purchases;
- c. Natural Gas City Gate Purchases;
- d. Other Gas Purchases;
- e. Gas Withdrawn / Delivered From / To Storage;
- f. Administrative and General Salaries;
- g. Outside Services Employed;
- h. Depreciation and Amortization Expense;
- i. Taxes Other Than Income Taxes – Property; and
- j. Regulatory Commission Expense.

31. Refer to Columbia Kentucky's Application, Volume 8, Tab 82, Schedule D 2.2. Provide a breakdown of Adjustment 2 that shows the SMRP investment removal separately from the change in rate base and depreciation rates for base rates.

32. Refer to Columbia Kentucky's Application, Volume 8, Tab 82, Schedule D2.3. Provide the "historic multi-year average of forfeited discounts" used to determine Adjustment 2.

33. Refer to Columbia Kentucky's Application, Volume 8, Tab 82, Schedule D2.4 and Workpaper D2.6G.

a. Reconcile the adjustments listed in Schedule D 2.4 with the adjustments listed in Workpaper D2.6G.

b. Itemize and list each lobbying expense from the base period and reconcile it with the expenses excluded for both the Schedule D2.4 and Workpaper D2.6G. If an item was not excluded, explain why.

34. Refer to Columbia Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 8. Provide the updated Lost and Unaccounted-For (LAUF) Estimates in the Distribution System for Columbia Kentucky.

35. Provide the lost and unaccounted for line loss for each system within Columbia Kentucky for the last six months.

36. Provide the total lost and unaccounted for line loss for Columbia Kentucky's system in 2023. Explain how Columbia Kentucky calculates this information.

37. Refer to Columbia Kentucky's response to Staff's First Request, Item 54. Provide an index of the attachments provided in this response.

38. Refer to Columbia Kentucky's response to Staff's First Request, Item 54, Attachment A. Explain whether Tab "INPUT – SMRP Plant in Service" is used to determine the SMRP plant removal.

39. Provide the location of any master meters owned by Columbia Kentucky.

40. Refer to Application at 9, paragraph 23. Explain how this shift in uncollectible expense effects the forecasted revenue requirement and rates.

41. Refer to the Direct Testimony of Ronald J. Amen (Ronald Testimony), page 15.

a. Provide a description of the specific distribution plant represented by the accounts identified in lines 8 through 10, and the extent of any shortfall in the recovery of the cost of this plant due to the current rate design.

b. Explain the circumstances surrounding the decision to perform a special study of the Main Line Delivery Service customer class in order to separate the customer charge revenue allocation based on customer transportation volume.

42. Refer to Amen Direct Testimony, Exhibit RJA-2, pages 56-59. Explain if there is any subsidization occurring between the customer classes considering the high rate of returns. If so, then explain if Columbia Kentucky planned on addressing these subsidizations in this case and if not, then why not.

43. Refer to Amen Direct Testimony, Exhibit RJA-4, page 1. Explain why Columbia Kentucky is placing the majority of its revenue increases to the customer charge for its customer classes rather than the volumetric charges.

44. Refer to the Direct Testimony of Judy M. Cooper (Cooper Direct Testimony), page 10. Explain why SMRP uncollectible expense cannot be reserved for the balancing adjustment component of that mechanism.

45. Refer to Cooper Direct Testimony, page 16, line 15-19.

a. Provide the total revenue Columbia Kentucky receives from the billing services for the two entities.

b. Explain how Columbia Kentucky engaging in the provision of billing services relates to Columbia Kentucky's regulated activity.

46. Refer to the Cooper Direct Testimony, page 14.

a. State whether Columbia Kentucky is concerned about the shift in revenue responsibility from collection through the late payment penalty to the base rates of the residential class, and the relative impact on residential rates of the shift in revenue allocation.

b. State whether Columbia Kentucky has collected the revenue requirement each year that was allocated to residential late payment penalties in the last rate case.

47. Refer to the Direct Testimony of Michael E. Girata (Girata Testimony), pages 4–5. Provide all data used to weather normalize residential and commercial customer usage data. The data should be provided in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible and should be sufficient to show the adjustments used to derive the test year customer usage.

48. Refer to the Girata Testimony, page10, Table 2. Provide a detailed explanation for the projected decrease in industrial transportation volumes from 2023 actual levels.

49. Refer to Application, Tab 98. State whether NiSource has a cost allocation manual. If yes, provide the manual regardless of whether it is specifically applicable to Columbia Kentucky.



For

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DATED JUN 21 2024

cc: Parties of Record

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