

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF APACHE GAS)	
TRANSMISSION COMPANY, INC., ANNUAL)	
PIPELINE REPLACEMENT PROGRAM)	
FILING TO APPROVE NEW PIPELINE)	CASE NO.
REPLACEMENT SURCHARGE RATES)	2019-00032
BEGINNING WITH MAY 1, 2019 BILLING)	
CYCLE)	

ORDER

On January 18, 2019, Apache Gas Transmission Co., Inc. (Apache), filed an application setting forth its annual update to its Pipeline Replacement Program (PRP) beginning with the May 1, 2019 billing cycle. On February 28, 2019, Apache filed a Motion for Expedited Decision to approve the inclusion of emergency repairs to Apache's main pipeline at the Marrowbone Creek project. Commission Staff issued a request for information to Apache. On April 18, 2019, Apache filed its response to the Commission Staff's data request.

Apache's PRP was approved in Case No. 2017-00168.¹ In that case, Apache was granted approval to begin recovering PRP amounts related to the first of two loans that

¹ Case No. 2017-00168, *Application of Apache Gas Transmission Company, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Implementation of a Pipeline Replacement Program, Approval of Financing Pursuant to KRS 278.300 and Application of Apache Gas Transmission Company, Inc. and Burkesville Gas Company, Inc. for Approval of a Gas Pipeline Replacement Surcharge and Tariff* (Ky. PSC Aug. 29, 2017).

would finance its PRP replacement projects.² In Case No. 2018-00106,³ the Commission approved a volumetric charge of \$.29 per Mcf to be added to Apache's existing PRP charges in order to generate sufficient funds to cover the debt service of the second loan.

On December 31, 2018, Apache experienced an emergency at Marrowbone Creek in which a main pipeline crossing the creek was damaged and required immediate replacement. In a Motion for Expedited Decision, Apache stated that the costs for the emergency repairs at Marrowbone Creek would have to be paid from current operating revenues that will place Apache in a precarious financial condition. Thus, Apache is requesting that the Commission approve the inclusion of the costs of the repairs to the main pipeline crossing at Marrowbone Creek in the PRP and allow Apache to use PRP revenues to pay for the emergency repairs.

At this time, Apache is unaware if an additional loan will be needed to cover the costs associated with the Marrowbone Creek pipeline replacement.⁴ Thus, Apache is requesting that there be no change to its PRP rates and instead in Apache's next annual PRP filing, due on or before May 1, 2020, to determine at that time whether additional funds are needed, and if they are, whether a revision of the PRP surcharge is necessary to cover any additional debt service.

² Because the terms of the second loan were not fully known at the time the final Order was entered in Case No. 2017-00168, the Commission only approved a PRP surcharge to cover the debt service of the first loan.

³ Case No. 2018-00106, *Application of Apache Gas Transmission Company, Inc., Annual Pipeline Replacement Program Filing to Approve New Pipeline Replacement Surcharge Rates Beginning With May 1, 2018 Billing Cycle* (Ky. PSC April 17, 2018).

⁴ Commission Staff's First Request for Information Item 2, Apache has expended \$42,564 to repair the Marrowbone Creek crossing.

The Commission finds that Apache's Motion for Expedited Decision should be granted, thus allowing for the Marrowbone Creek project to be included among the existing projects approved under the PRP. The Commission also finds that Apache's request to maintain its current PRP rates is reasonable and should be granted. Apache should continue to collect its PRP surcharges subject to the escrow terms contained in the final Order in Case No. 2017-00168. Finally, based on a review of Apache's filed PRP tariff, the Commission finds that while the tariff sets forth the terms and conditions of the program, it does not include the actual rates to be charged by Apache to its sole customer, Burkesville Gas Company. Apache will need to file a revised tariff to include the PRP rates previously approved by the Commission.

IT IS THEREFORE ORDERED that:

1. Apache's request to include the Marrowbone Creek Project in its PRP is approved.
2. Apache shall continue to collect its PRP surcharges subject to the escrow terms contained in the final Order in Case No. 2017-00168.
3. Apache shall file its next annual PRP application with the Commission no later than March 1, 2020.
4. Within 20 days of the date of this Order, Apache shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised PRP tariff to reflect the rates previously approved by the Commission
5. Apache shall file in its next annual PRP application with the Commission all supporting documentation and calculations related to the PRP projects, including, but not limited to, the current status of each project, the actual amount spent per project, the

estimated amount required to complete the project, and an updated project timeline. Apache shall also include its billing determinates and the invoices sent to or received from Burkesville pertaining to the collection of the monthly PRP surcharge amount.

6. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED
APR 29 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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