

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF THE PIPE REPLACEMENT)	CASE NO.
PROGRAM RIDER OF APACHE GAS)	2020-00067
TRANSMISSION COMPANY, INC.)	

ORDER

On March 2, 2020, Apache Gas Transmission Co., Inc. (Apache) filed an application (Application) with the Commission, setting forth its annual update to its Pipeline Replacement Program (PRP) beginning with the May 1, 2020 billing cycle. Apache did not request to increase its PRP Fee in its Application.

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 would finance its PRP replacement projects. In Case No. 2018-00106,² 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.

In its Application, Apache provided an updated PRP cost summary that included the cost of all of its completed projects, including contingencies in the amount of \$204,099.28. This is \$54,099.28 above the funds from the current PRP financings and

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).

² 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 Apr. 17, 2018).

Apache states that it will need to obtain additional financing of approximately \$55,000 to \$60,000 and is currently discussing this need with Kentucky Highlands Investment Corporation (Kentucky Highlands). Apache states that it will file a financing application with the Commission upon receiving more details on any proposed financing that may be obtained from Kentucky Highlands and will discuss at that time any potential need for an increase in the PRP Fee that may be necessary as a result of the financing. As of the date of its Application, all of the projects approved for inclusion in the PRP are complete. By letter dated January 23, 2020, the Commission's Division of Inspections notified Apache that through its follow up inspection on October 16, 2019, Apache had met the regulatory requirements of the Commission regarding the completed construction.³

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, 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. Additionally, the Commission finds that it will consider any request to increase the PRP Fee as a separate proceeding should Apache obtain additional financing that will require a modification to its PRP Fee.

IT IS THEREFORE ORDERED that:

1. Apache shall continue to collect its PRP surcharges subject to the escrow terms contained in the final Order in Case No. 2017-00168.
2. Apache shall file its next annual PRP application with the Commission no later than March 1, 2021.

³ Application, Exhibit B.

3. Any request to increase the PRP Fee as the result of additional financing will be considered in a separate proceeding.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission

ENTERED
MAR 26 2020 TCS
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2020-00067

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Apache Gas Transmission Co., Inc.
2718 Wesley Street
Greenville, TX 75402

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504