

January 18, 2019

Via Hand-Delivery

Ms. Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

JAN 18 2019

PUBLIC SERVICE
COMMISSION

Re: *In the Matter of Application of Apache Gas Transmission Company, Inc., Annual Pipeline Replacement Program Filing to Approve New Pipeline Replacement Surcharge Rates Beginning With May 1, 2019 Billing Cycle – Case No. 2019- 00032*

Dear Ms. Pinson:

Please find enclosed for filing and original and ten (10) copies of the Annual Pipeline Replacement Program Filing of Apache Gas Transmission Company, Inc. Please return a file-stamped copy to me.

Please do not hesitate to contact me if you have any questions.

Sincerely,



L. Allyson Honaker

Enclosures

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 BEGINNING)	2019-00<u>032</u>
WITH MAY 1, 2019 BILLING CYCLE)	

ANNUAL PIPELINE REPLACEMENT PROGRAM FILING

Comes now Apache Gas Transmission Company, Inc. (“Apache”) by counsel, pursuant to the Commission’s August 29, 2017 Order and provides the following annual application for approval of new Pipeline Replacement Program (“PRP”) surcharge rates to begin with the May 1, 2019, Gas Cost Adjustment rates:

Apache’s financing proposal for its PRP was approved by Order of the Commission on December 21, 2017. Apache believes that the final piece of the approved financing will be complete by the end of the month. Currently, Apache’s PRP surcharge amount being collected and placed into the PRP escrow account, is a charge of \$0.29 per Mcf on both commercial and residential customers along with a flat fee of \$3.50 per month for commercial customers and \$3.00 per month for residential customers. Apache has completed a large portion of the original projects included in the PRP. However, on December 31, 2018, Apache suffered a pipeline break in the main pipeline that crosses through at Marrowbone Creek. This created an emergency situation and an additional pipeline that needs to be replaced. Apache would like to include the amounts it will incur to replace the pipeline which was damaged on December 31, 2018. Since this pipeline has been in place for a substantial amount of time, the procedures currently in place will not allow

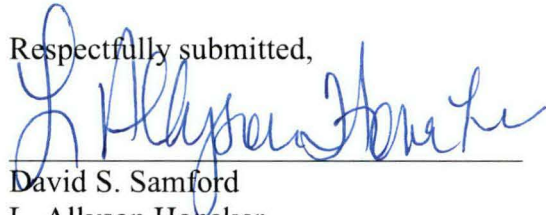
that same type of creek crossing to be constructed as was previously in place. The new pipeline will require a bore under the creek and the pipeline to be placed through the bore. This will result in a significant cost to Apache. The Commission's Division of Inspection is aware of the repairs needed and has been on site. Attached to this filing as Exhibit A is the estimated costs for repairing/replacing the Marrowbone Creek pipeline. At this time, Apache is not requesting a modification to its PRP rates. Once the actual cost to repair the remaining portions of the projects already included in the PRP are known, Apache will file a separate annual filing if an increase is warranted. Apache proposes to continue to collect the current PRP surcharge amounts from Burkesville Gas Company, Inc. through its Gas Cost Adjustment ("GCA"). Apache will continue to include the escrow account statements with the quarterly GCA filings and will continue to make annual applications by April 30th each year.

Apache also foresees having to replace other pipeline that has been in place for a similar amount of time, which was also installed the same way through creeks and rivers. Apache believes it has four additional water crossings that will need to be replaced in the near future. Apache would like to begin replacing these sections of pipeline to negate the same type of emergency situation. Apache will include addition information regarding these crossings and estimates on replacement at a later date but wanted to give the Commission notice of these proposed projects that Apache foresees needing to include in the PRP.

Apache will need to begin repairs on this creek crossing immediately since the temporary service lines should not remain in place any longer than necessary.

WHEREFORE, for the reasons set forth herein, Apache respectfully moves the Commission to approve the inclusion of the main pipeline crossing at Marrowbone Creek crossing replacement in the PRP and allow Apache to use PRP revenues to replace the crossing.

Respectfully submitted,



David S. Samford

L. Allyson Honaker

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Counsel Apache Gas Transmission Company, Inc.

Apache Gas Transmission Company, Inc Pipeline Replacement

Preliminary Cost to Repair the Marrowbone Creek crossing damage December 31, 2018

Martin Contracting _emergency temporary repair	14,033.00	
Bore under the river	18,500.00	
Consolidated Pipe & Supply _2' SDR 11 Gas Pipe 500'	715.50	
Miscellaneous fittings and parts	500.00	Estimate
Tri County Electric Setting two poles, guide wire, earth anchors etc.	1,000.00	Estimate
200' of 6" SDR 11 Black (already purchased with PRP funds for a different repair)		
151 holiday, overtime and night hours from Burkesville Gas Employees at the Tariff rate of \$42 per hour	6,342.00	
<hr/>		
Total	41,090.50	

