

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF A PILOT)	
PROGRAM FOR ECONOMIC DEVELOPMENT)	CASE NO.
EXTENSIONS OF SERVICE OF GAS LOCAL)	2020-00001
DISTRIBUTION COMPANIES)	

ORDER

On January 24, 2020, the Commission, on its own motion, issued an Order (January 24, 2020 Order) establishing this administrative case to review the procedure for approval of economic development extensions (EDXs), which are extensions of service in the ordinary course of business to potential economic development projects for gas local distribution companies (LDCs). The January 24, 2020 Order established a comment period on a pilot program (Pilot Program), to implement procedures that will allow an LDC, subject to the conditions discussed herein, to receive Commission approval for an EDX to a potential economic development site where no current natural gas customer may yet exist.

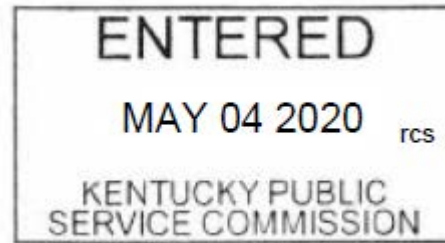
The Order provided 30 days for any interested party to file comments. The 30 days have passed, and as of the date of this Order, the Commission has received no comments. The January 24, 2020 Order also provided that if no comments were received, within 75 days of the issuance of the Order, the Pilot Program will be established. Having received no comments, and the 75 days having passed since entry of the Order, the Pilot Program discussed in the January 24, 2020 Order should be established.

The Commission reminds all interested parties that the Pilot Program will remain in effect for as long as the Commission deems necessary in order to evaluate the effectiveness of the procedures established herein. The Commission will internally evaluate the effectiveness of the Pilot Program at periodic intervals with the first evaluation being conducted no later than 18 months after the date of entry of this Order. The Commission reserves the right to cancel or modify this Pilot Program at any time. Such cancellation will not impact EDX projects or recovery thereof if previously approved by the Commission through this Pilot Program.

IT IS THEREFORE ORDERED that:

1. The Pilot Program proposed in the January 24, 2020 Order in this docket is established.
2. An LDC wishing to apply for approval of an EDX shall follow the procedures listed in Appendix A to this Order.
3. An LDC that receives approval for an EDX shall follow the requirements listed in Appendix B to this Order.
4. A copy of this Order shall be served on all LDCs subject to the Commission's jurisdiction, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention, and the Kentucky Cabinet for Economic Development.
5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00001 DATED MAY 04 2020

The procedure for filing for an application for an EDX is as follows:

1. An application for an EDX shall use the electronic filing procedure set out in 807 KAR 5:001, Section 8, and shall comply with the filing requirements in 807 KAR 5:001, Sections 14 and 15.
2. The application shall include supporting documentation from the Cabinet for Economic Development certifying that the economic development site is “shovel ready” but for the lack of natural gas service.
3. The application shall contain, at a minimum, a description of the proposed site, the anticipated customer(s) or customer type(s), estimated costs, and any other information that may assist the Commission in determining whether an EDX should be approved.
4. The LDC shall file its application within 30 days of filing the notice required by 807 KAR 5:001, Section 8(2)(a).
5. The LDC shall, at the time that it files with the Commission, send a copy of the notice and the application to the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00001 DATED MAY 04 2020

If an EDX is granted, the LDC is subject to, and shall follow, the requirements below:

1. An LDC shall have only one EDX at a time.
2. An LDC shall prioritize its requests and focus on the most viable projects.
3. Once service is commenced to a customer at the economic development site, the LDC may seek approval for another EDX from the Commission.
4. The LDC shall keep records of the project in sufficient detail to determine the original cost, net of any contributions in aid of construction, and will be permitted to include the net investment in rate base no earlier than when a customer has contracted for and is receiving gas service from the EDX. Eligible capital investment costs may include, but are not limited to, the net construction costs of the EDX and the exploration of routes and purchasing of easements or other property rights to facilitate the EDX construction in situations in which the pipeline size cannot be determined in advance of a customer locating at the EDX site.
5. When the LDC completes the most advanced phase of construction planned for the EDX project, the EDX project shall be cleared to Account 105, Gas Plant Held for Future Use.
6. Once a customer is receiving gas service, the EDX shall be placed in Account 101, Gas Plant in Service.
7. The LDC, upon approval of the EDX, will be granted authority to create a regulatory asset in order to defer property taxes related to the EDX capital investment, including the costs of land, until the effective date of new base rates in its next natural gas base rate case.
8. While the LDC maintains the regulatory asset, it will be able to include applicable carrying costs on the regulatory asset. The carrying costs during the deferral period shall be calculated by applying the long-term debt rate as approved in the LDC's most recent base rate case to the regulatory asset balance. Assuming a customer is receiving service, the regulatory asset will be included for recovery in the LDC's next application for a general adjustment in rates.

9. At the time of the LDC's next natural gas base rate case, for an EDX that has been placed in service, the net plant shall be included for recovery in the LDC's application for a general adjustment in rates and shall be accounted for in rate base as normal capital and eligible for a return on equity as approved in the rate case. The accompanying regulatory asset shall be amortized over a reasonable period as determined by the Commission.

*CitiPower, L.L.C.
CitiPower, L.L.C.
37 Court Street
P. O. Box 1309
Whitley City, KY 42653

*Irvington Gas Company, Inc.
Irvington Gas Company, Inc.
401 S 1st Street
P. O. Box 55
Irvington, KY 40146

*Duke Energy Kentucky, Inc.
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

*B & H Gas Company
B & H Gas Company
P. O. Box 447
Betsy Layne, KY 41605

*Martin Gas, Inc.
Martin Gas, Inc.
P. O. Box 783
Hindman, KY 41822

*Natural Energy Utility Corporation
Natural Energy Utility Corporation
2560 Hoods Creek Pike
Ashland, KY 41102

*Johnson County Gas Company, Inc.
Johnson County Gas Company, Inc.
P. O. Box 447
Betsy Layne, KY 41605

*Sentra Corporation c/o Sentra Resources LLC
Sentra Corporation c/o Sentra Resources LLC
112 Orchard Lane
Tompkinsville, KY 42167

*Atmos Energy Corporation
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303

*Orbit Gas Transmission, Inc.
Orbit Gas Transmission, Inc.
1401 Spring Bank Drive, Suite 16
Owensboro, KY 42303

*Bluegrass Gas Sales, Inc.
Bluegrass Gas Sales, Inc.
3620 Rockland Mills Road
Center City, KY 42214

*Commercial Propane Service, LLC d/b/a Bright's
Commercial Propane Service, LLC d/b/a Bright's
160 Sulphur Springs Road
Lebanon, KY 40033

*Burkesville Gas Company
Burkesville Gas Company
119 Upper River Street
P. O. Box 69
Burkesville, KY 42717

*Public Gas Company, Inc.
Public Gas Company, Inc.
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033

*Millennium Energy, Inc.
Millennium Energy, Inc.
951 Fairview Avenue
P. O. Box 1118
Bowling Green, KY 42102

*Slick Rock Gas Company
Slick Rock Gas Company
3375 KY RT 321
Prestonsburg, KY 41653

*Auxier Road Gas Company, Inc.
Auxier Road Gas Company, Inc.
P. O. Box 408
Prestonsburg, KY 41653

*Columbia Gas of Kentucky, Inc.
Columbia Gas of Kentucky, Inc.
290 W Nationwide Blvd
Columbus, OH 43215

*Valley Gas, Inc.
Valley Gas, Inc.
401 S First Street
P. O. Box 366
Irvington, KY 40146

*Kentucky Frontier Gas, LLC
Kentucky Frontier Gas, LLC
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033

*Delta Natural Gas Company, Inc.
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

*Louisville Gas and Electric Company
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Navitas KY NG, LLC
Navitas KY NG, LLC
3186-D Airway Avenue
Costa Mesa, CA 92626

*Western Lewis-Rectorville Water and
Western Lewis-Rectorville Water and Gas District
8044 KY 3161
Maysville, KY 41056-9344