

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF APACHE GAS)	
TRANSMISSION COMPANY, INC. FOR A)	
DECLARATORY ORDER RELATING TO ITS)	CASE NO.
PIPELINE REPLACEMENT PROGRAM;)	2026-00039
APPROVAL OF NEW PIPELINE REPLACEMENT)	
SURCHARGE RATES; AND OTHER GENERAL)	
RELIEF)	

ORDER

On March 11, 2026, Apache Gas Transmission Company, Inc. (Apache Gas) tendered an application for a Certificate of Public Convenience and Necessity (CPCN) and requested approval of new pipeline replacement surcharge rates.¹ A deficiency letter was issued on March 20, 2026, for deficiencies related to lack of engineering plans and maps.² Additionally, as Apache Gas requested a change to its pipeline replacement program (PRP) surcharge, the Application was deficient for failing to meet the requirements laid out in 807 KAR 5:011, including but not limited to Sections 6, 8, and 9.³ On March 23, 2026, an informal conference was held to discuss the deficiencies.⁴

On April 8, 2026, Apache Gas filed a motion and requested that the Commission allow an amended application to be filed and to amend the case style in this proceeding

¹ Application (tendered Mar. 11, 2026).

² Deficiency Letter (Ky. PSC Mar. 20, 2026).

³ Deficiency Letter (Ky. PSC Mar 20, 2026).

⁴ Notice of Informal Conference (filed Mar 23, 2026); Notice of Filing of Informal Conference Memorandum and Attendance List (Ky. PSC Mar. 26, 2026).

to an application for a declaratory order relating to its pipeline replacement program; approval of new pipeline replacement surcharge rates; and other general relief.⁵ With the Motion to Amend, Apache Gas also filed an Amended Application.⁶

LEGAL STANDARD

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. In addition, KRS 278.509 states that

Notwithstanding any other provision of law to the contrary, upon application by a regulated utility, the commission may allow recovery of costs for investment in natural gas pipeline replacement programs which are not recovered in the existing rates of a regulated utility. No recovery shall be allowed unless the costs shall have been deemed by the commission to be fair, just, and reasonable.

Pursuant to 807 KAR 5:001, Section 19, the Commission may issue a declaratory Order regarding the applicability of statutes or administrative regulations within its jurisdiction. In this case, Apache Gas requested that the Commission find a CPCN, pursuant to KRS 278.020, which was not required for the pipeline replacement project. KRS 278.020(1)(a) states that no utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission. However, KRS 278.020(1)(a) provides several exceptions including KRS 278(1)(a)(2), “[o]rdinary extensions of existing systems in the usual course of business.”

⁵ Apache Gas’s Motion to Amend (filed Apr. 8, 2026).

⁶ Amended Application (tendered Apr. 8, 2026).

AMENDED APPLICATION

In its Amended Application, Apache Gas requested to include 553 feet of 3-inch SDR 11 main replacements in its PRP.⁷ Apache Gas stated that it believes the length of pipeline to be replaced in the various projects are the type of projects that are in ordinary extensions of its existing system in the usual course of business. Therefore, Apache Gas seeks a declaration from the Commission that utilizing the funds for the remaining projects does not require a CPCN, that these projects can be included in Apache Gas's PRP and result in an increase in PRP Rider rates.⁸

Apache Gas stated it sought and obtained authority to incur indebtedness of \$100,000 via an agreement with Kentucky Highlands Investment Corporation (KHIC) in the form of two separate loans, a United States Small Business Association (SBA) Microloan in the amount of \$50,000 and a United States Department of Agriculture (USDA) Rural Microentrepreneur Assistance Program (RMAP) loan in the amount of \$50,000.⁹ Apache Gas stated its current PRP surcharge will no longer sufficiently provide enough revenue for the additional debt service.¹⁰ Apache Gas, therefore, requested to implement an increased charge per Mcf in addition to the current flat charge per month for residential and commercial customers.¹¹ Apache Gas requested an increase in the

⁷ Amended Application at 4. SDR 11 pipe refers to a high-density polyethylene (HDPE) pipe that wall thickness is 1/11th of its outside diameter, as defined by the Standard Dimension Ratio (SDR) system.

⁸ Amended Application at 4.

⁹ Amended Application at 5.

¹⁰ Amended Application at 5.

¹¹ Amended Application at 5.

PRP Rider rate of \$0.30 per Mcf.¹² Apache Gas stated this Mcf charge would more evenly allocate the PRP charge among the customers who use more natural gas per month and would not cause a burden on the customers who use very little natural gas per month.¹³ Apache Gas also provided its customer notice and the revised tariff sheets.¹⁴

DISCUSSION AND FINDINGS

Having considered the record and being otherwise sufficiently advised, the Commission finds that Apache Gas's request to amend the application to a request for a declaratory Order and to amend the case style should be granted. The Commission also finds that Apache Gas has met the minimum requirements for a declaratory Order application pursuant to 807 KAR 5:001, Section 19, and the minimum filing requirements pursuant to 807 KAR 5:011. Apache Gas has cured the filing deficiencies as it relates to 807 KAR 5:011. As the case has been amended to a request for a declaratory Order, the deficiencies related to the CPCN are moot. Therefore, the application is deemed filed as of April 8, 2026.

Based on the filing date of April 8, 2026, the earliest date the PRP rates can be effective is May 8, 2026, pursuant to 807 KAR 5:011. Having reviewed the proposed surcharge rate and being otherwise sufficiently advised, the Commission finds that an investigation cannot be completed before May 8, 2026. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the effective date of the proposed surcharge rates for one day until May 9, 2026, to give the Commission time to investigate

¹² Amended Application at 5.

¹³ Amended Application at 5.

¹⁴ Amended Application, Exhibit D and E.

the proposed surcharge rates, and to allow Apache Gas to begin charging the surcharge rates, pending a final Order and subject to refund, provided it provides written notice to the Commission of its intention to do so as required by KRS 278.190(2). Pursuant to KRS 278.190(2) Apache Gas shall maintain its records in such a manner as will allow it, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of this matter.

IT IS THEREFORE ORDERED that:


1. Apache Gas's motion to amend its application and the case style is granted.
2. The new case style shall be:

ELECTRONIC APPLICATION OF APACHE GAS TRANSMISSION COMPANY, INC. FOR A DECLARATORY ORDER RELATING TO ITS PIPELINE REPLACEMENT PROGRAM; APPROVAL OF NEW PIPELINE REPLACEMENT SURCHARGE RATES; AND OTHER GENERAL RELIEF.

3. Apache Gas's application is deemed filed as of April 8, 2026.
4. The proposed rates are suspended for one day, up to and including May 8, 2026.
5. On or before May 8, 2026 date, Apache Gas shall file its responses to Commission Staff's First Request for Information, attached as an Appendix to this Order.

Entered on this 1st day of May, 2026.


PUBLIC SERVICE COMMISSION



Angie Hatton
Chair



Mary Pat Regan
Commissioner



Andrew W. Wood
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

Case No. 2026-00039

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00039 DATED MAY 01 2026

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO APACHE GAS TRANSMISSION CO., INC.

Apache Gas Transmission Co., Inc. (Apache Gas), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on May 8, 2026. The Commission directs Apache Gas to the Commission's July 22, 2021, Order in Case No. 2020-00085¹⁵ 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 response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Apache Gas shall make timely amendment to any prior response if Apache Gas obtains information that indicates the response was incorrect or incomplete when made

¹⁵ 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).

or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Apache Gas fails or refuses to furnish all or part of the requested information, Apache Gas 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, Apache Gas 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 Amended Application, Exhibits B & C. Provide the referenced documents in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.
2. Refer to the Amended Application, Exhibit B. Provide a timeline with estimated dates for each Site Project.
3. Refer to the Amended Application, page 4. Provide the name of each Apache Gas employee and third-party company who will be performing the labor to replace the 552 feet of 3-inch SDR 11 main replacements. In the response, include each individual's or company's qualifications.

Refer to the Amended Application, page 4. Provide any plans, maps, or specifications and drawings of the proposed pipeline.

4. Refer to the Amended Application. Explain how this case will impact the annual application for its PRP required to be filed no later than June 1, 2026.

5. Refer to the Amended Application, Exhibit D. Confirm if Burkesville Gas Company, Inc. provided any response to the proposed PRP surcharge increase. If confirmed, provide a copy of the response.

6. Refer to Case No. 2025-00301,¹⁶ November 11, 2025, Order, pages 3-4. Refer also to the Direct Testimony of David Shirey (Shirey Direct Testimony), page 9.

a. Confirm that the monthly payment for the SBA Microloan is \$754.63 and for the USBA RMAP Loan is \$555.10. If confirmed, explain how Apache Gas proposes to repay the loans for any amounts not covered by the surcharge.

b. Explain how Apache Gas decided to request a \$ 0.30 Mcf increase to the surcharge in the current case as opposed to the \$0.44 Mcf proposed in Case No. 2025-00301.¹⁷ Provide the calculations supporting the \$0.30 Mcf increase as opposed to the \$0.44 Mcf increase in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

7. Refer to the Amended Application, page 5, paragraph 10. Provide the agreement with Kentucky Highlands Investment Corporation.

8. Refer to the Amended Application, Exhibit C. Explain how Apache Gas plans to cover the \$2,890.81 cumulative annual shortfall of PRP recovery for 2026.

¹⁶ Case No. 2025-00301, *Electronic Application of Apache Gas Transmission Company, Inc. for Approval of the Authority to Obtain Financing* (Ky. PSC. Nov. 21, 2025), Order.

¹⁷ Case No. 2025-00301, Nov. 21, 2025 Order at 3-4.

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