

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA)	
GAS OF KENTUCKY, INC. FOR ANNUAL)	CASE NO.
ADJUSTMENTS TO THE SAFETY)	2022-00342
MODIFICATION AND REPLACEMENT)	
PROGRAM)	

ORDER

On October 14, 2022, Columbia Gas of Kentucky, Inc. (Columbia Kentucky) filed its 2023 annual forecasted data pursuant to the requirements of the Safety Modification and Replacement Program (SMRP) Rider, with proposed rates to be effective December 30, 2022. The SMRP rates are based on the forecasted spend in 2023. In accordance with the final Order in Case No. 2020-00327,¹ Columbia Kentucky used a 13-month average rate base and did not include in-line inspection projects.² Consistent with the final Order in its last rate case,³ Columbia Kentucky proposed volumetric rates.⁴

Columbia Kentucky responded to one round of discovery from Commission Staff. There are no intervenors in this proceeding. This matter now stands submitted for a decision.

¹ Case No. 2020-00327, *Electronic 2021 Safety Modification and Replacement Program Filing of Columbia Gas of Kentucky, Inc.* (Ky. PSC Apr. 30, 2021), Order at 3.

² Application, Direct Testimony of Jeffery Gore, Attachment JTG-1, Form 3.0.

³ Case No. 2021-00183, *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; Issuance of a Certificate of Public Convenience and Necessity; and Other Relief* (Ky. PSC Dec. 28, 2021), Order at 40.

⁴ Application, Direct Testimony of Jeffery Gore, Attachment JTG-1, Form 1.0.

The SMRP was rolled into base rates in Case No. 2021-00183, with a forecasted test year ending December 31, 2022.⁵ Columbia Kentucky included the 2022 ending balance in the 13-month average rate base for 2023.⁶ Columbia Kentucky provided SMRP rates calculated based on the 2023 expenditure,⁷ but argued that the 2022 ending balance is appropriate to include because base rates only include the 13-month average of 2022 expenditures and therefore do not include the “total cost” of its 2022 SMRP.⁸ Columbia Kentucky also argued that its approach is consistent with its prior filings and KRS 278.509, which states:

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.⁹

Although Columbia Kentucky is correct that its prior filings included the ending balance after a base rate roll-in, the Commission does not agree that this is the correct approach because the 2022 capital amounts are included in base rates. Prior to Case No. 2020-00327, Columbia Kentucky did not use a 13-month average to calculate its rider rates. The pipeline replacement mechanisms of Atmos as approved in Case No. 2020-

⁵ Case No. 2021-00183, (Ky. PSC Dec. 28, 2021), Order at 40.

⁶ Application, Direct Testimony of Jeffery Gore, Attachment JTG-1, Form 3.0.

⁷ Columbia Kentucky’s Response to Commission Staff’s First Request for Information (Staff’s First Request) (filed Dec. 5, 2022), Item 1(b), Attachment B.

⁸ Columbia Kentucky’s Response to Staff’s First Request, Item 1(a).

⁹ Columbia Kentucky’s Response to Staff’s First Request, Item 1(a).

00229¹⁰ and as proposed in Case No. 2022-00222¹¹ did not include the ending balance in the rates following a roll-in, which is appropriate. The Commission finds that in calculating its SMRP rates, Columbia Kentucky should use the 2023 forecasted data with a 13-month average.

Columbia Kentucky stated that conversion of the SMRP rate from a per meter charge to a transparent volumetric charge on customer bills required significant changes in Columbia Kentucky's billing system. Columbia Kentucky further stated that the requirements have all been identified and work has progressed in preparation to implement the SMRP with January 2023 Unit 1 billing if the Commission grants approval of the proposed December 30, 2022, effective date.¹²

IT IS THEREFORE ORDERED that:

1. Columbia Kentucky's proposed SMRP rates are denied.
2. The SMRP Rider rates in the Appendix to this Order are approved for service rendered by Columbia Kentucky on and after December 30, 2022.
3. Within 20 days of the date of service of this Order, Columbia Kentucky shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariff sheets setting forth the rates approved herein and reflecting that they were approved pursuant to this Order.
4. This case is closed and removed from the Commission's docket.

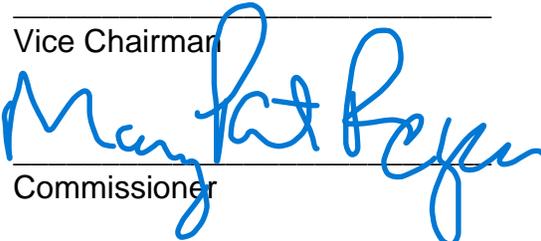
¹⁰ Case No. 2020-00229, *Electronic Application of Atmos Energy Corporation for PRP Rider Rates* (Ky. PSC Sept. 30, 2020).

¹¹ Case No. 2022-00222, *Electronic Application of Atmos Energy Corporation for PRP Rider Rates* (filed July 29, 2022).

¹² Application, Direct Testimony of Judy Cooper at 7-8.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00342 DATED DEC 28 2022

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

2023 Safety Modification and Replacement Program Rider Rates

Per Mcf:

Rate GSR, Rate SVGTS - Residential Service	\$ 0.1224
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial	\$ 0.0732
Rate IUS, Rate IUDS	\$ 0.0447
Rate IS, Rate DS, ¹ Rate SAS	\$ 0.0139

¹ Excluding customers subject to Flex Provisions of Rate Schedule DS.

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