

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA)	
GAS OF KENTUCKY, INC. FOR ITS SAFETY)	CASE NO.
MODIFICATION AND REPLACEMENT)	2025-00331
PROGRAM FILING)	

ORDER

On October 15, 2025, Columbia Gas of Kentucky, Inc. (Columbia Kentucky) filed its annual application for its Safety Modification and Replacement Program (SMRP) rates, based on a forecasted period ending December 31, 2026. Columbia Kentucky responded to one round of discovery from Commission Staff.¹ There are no intervenors in this case, and the matter is ripe for the Commission to issue a decision based upon the evidentiary record.

LEGAL STANDARD

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that service it provides must be adequate, efficient and reasonable. KRS 278.509 provides that the Commission may allow recovery of costs for investment in natural gas pipeline replacement programs which are not already recovered in the existing rates of the regulated utility.

¹ Columbia Kentucky's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Nov. 17, 2025).

PROPOSED RATES

Columbia Kentucky's SMRP is to be updated annually in order to reflect the expected impact on its revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. In accordance with Case No. 2022-00342,² Columbia Kentucky used a forecasted revenue requirement based on a thirteen-month average ending December 31, 2025.³ Consistent with the findings in Case No. 2024-00328,⁴ Columbia Kentucky used a return on equity (ROE) of 9.65 percent.⁵ This rate aligns with the authorized ROE established in Columbia Kentucky's most recent general rate case, Case No. 2024-00092,⁶ and reflects the Commission's continued practice of allowing the SMRP rider to reflect a lower ROE than the utility's base rate cost of capital when surcharge revenues are not rolled into base rates.

The current filing includes capital spend for 2023-2026 because Columbia Kentucky did not propose to roll the SMRP into base rates in Case No. 2024-00092.⁷ The

² Case No. 2022-00342, *Columbia Gas of Kentucky, Inc. for Annual Adjustments to the Safety Modification and Replacement Program* (Ky. PSC Dec. 28, 2022).

³ Application (filed Oct. 15, 2025), SMRP Form 2.0.

⁴ Case No. 2024-00328, *Electronic Application of Columbia Gas of Kentucky, Inc. for Its Annual Safety Modification and Replacement Program Filing* (Ky. PSC July 24, 2025), Order at 6.

⁵ Application, SMRP Form 2.1.

⁶ Case No. 2024-00092, *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; and Other Relief* (Ky. PSC Dec. 30, 2024), Order at 41.

⁷ Case No. 2024-00092, Dec. 30, 2024 Order at 43–44.

data included in this case reflects fully projected 2026 SMRP activity and was used to establish the billing rate to be effective with Unit 1 January 2025 billing.⁸

PROPOSED PROJECTS

In Case No. 2024-00092, Columbia Kentucky discussed that, in 2008, Columbia Kentucky began to implement its Accelerated Mainline Replacement Program, which was designed to replace 525 miles of priority pipe over the course of 30 years.⁹ However, Columbia Kentucky also noted that it was not on track to meet this goal and delayed the deadline to 2043 due to the cost of inflation and labor.¹⁰

Columbia Kentucky projected to replace approximately 13 miles of bare steel main in 2026.¹¹ Assuming all proposed projects for 2026 are completed as planned, Columbia Kentucky expects to have approximately 247 miles remaining.¹² Columbia Kentucky stated that all projects proposed to be included in the 2026 plan are replacements of bare steel pipe and low-pressure regulator stations except one relocation project.¹³

DISCUSSION AND FINDINGS

Having reviewed the record and being sufficiently advised, the Commission finds that Columbia Kentucky's SMRP rates as filed are reasonable and should be accepted.

⁸ Application, SMRP Form 1.0 and SMRP Form 2.0. Unit 1 January 2025 billings start on December 31, 2025, the proposed effective date of the new rates.

⁹ Case No. 2024-00092, (filed May 23, 2024) Application, Volume 3, Direct Testimony of David Roy (Roy Direct Testimony) at 9–10.

¹⁰ Case No. 2024-00092, May 23, 2024 Roy Direct Testimony at 10.

¹¹ Columbia Kentucky's Response to Staff's First Request, Item 3.

¹² Columbia Kentucky's Response to Staff's First Request, Item 3.

¹³ Application, Proposed SMRP Project List and Columbia Kentucky's Response to Staff's First Request, Item 2b.

Columbia Kentucky's proposed projects comply with the scope of the SMRP. The proposed rates are calculated consistent with prior Orders and Columbia Kentucky's tariff.

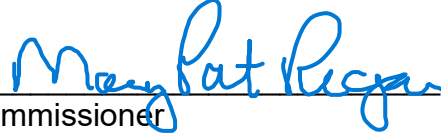
IT IS THEREFORE ORDERED that:

1. Columbia Kentucky's proposed SMRP rates are approved.
2. The rates and charges as set forth in the Appendix are approved as fair, just and reasonable rates for Columbia Kentucky, and these rates and charges are approved for service on and after December 31, 2025.
3. Within 20 days of the date of filing 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.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



Case No. 2025-00331

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00331 DATED DEC 19 2025

<u>Rate Class</u>	<u>SMRP Rates</u> <u>per MCF</u>
Rate GSR, Rate SVGTS – Residential Service	\$1.4474
Rate GSO, Rate GDS, Rate SVGTS – Commercial or Industrial Service	\$0.7858
Rate IUS, Rate IUDS	\$0.9191
Rate IS, Rate DS, ¹ Rate SAS	\$0.1592

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

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