

Based upon its review of the record in this proceeding, the Commission finds that Kentucky-American's proposal to revise its QIP 3 surcharge rate to reflect forecasted "end-of-period" construction investment is reasonable and should be accepted. However, in Kentucky-American's 2024 QIP filing, the Commission directs Kentucky-American that its end-of-period update to QIP 4 should reflect the actual construction costs incurred for the QIP 4 projects as of January 31, 2024, and the remaining five months (February 1, 2024- through June 30, 2024) of the QIP 4 period should reflect the forecasted construction costs for that period. Additionally, any differences between the forecasted construction costs for the remaining period and what was forecasted in the instant case should be supported by filed testimony.

The Commission finds that Kentucky-American's proposed Annual Balancing Adjustment adjustments are reasonable and should be accepted.

QIP Rider Surcharge Amount

Based upon the above findings, the Commission accepts Kentucky-American's proposed 8.27 percent QIP Rider as reasonable and, therefore, is approved.⁵⁹

QIP 4 Projects are Extensions in the Ordinary Course of Business

KRS 278.020(1) requires a utility to obtain a Certificate of Public Convenience of Necessity (CPCN) prior to constructing any new facility that is intended to furnish regulated utility services to the public. However, this statute also provides an exemption from the certificate requirements if the new facility is an ordinary extension of existing systems in the usual course of business.⁶⁰ Commission regulation 807 KAR 5:001,

⁵⁹ 1.03 (QIP 1) + 2.33% (QIP 2) + 3.59% (QIP 3) + 1.32% (QIP 4) = 8.27% (Total QIP).

⁶⁰ KRS 278.020(1)(a)(2).