

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSES TO STAFF’S SECOND INFORMATION REQUEST
TO APACHE GAS TRANSMISSION COMPANY, INC.

DATED MAY 21, 2026

Filed: May 28, 2026

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

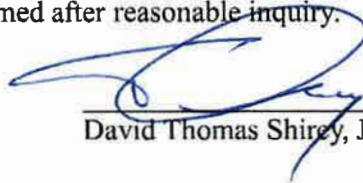
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VERIFICATION OF DAVID THOMAS SHIREY, JR.

STATE OF KENTUCKY)
)
COUNTY OF FAYETTE)

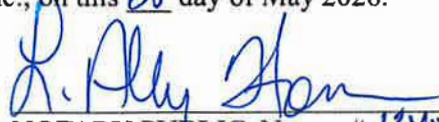
David Thomas Shirey, Jr., President of Apache Gas Transmission Company, Inc., being duly sworn, states that he has prepared certain of the following responses of Apache Gas Transmission Company, Inc. to the data requests issued by Commission Staff in Case No. 2026-00039 and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



David Thomas Shirey, Jr.

Subscribed, acknowledged and sworn to before me by David Thomas Shirey, Jr., President of Apache Gas Transmission Company Inc., on this 26 day of May 2026.





NOTARY PUBLIC, Notary # 124NP76727
Commission expiration: 8/2/27

APACHE GAS TRANSMISSION COMPANY, INC.
CASE NO. 2026-00039
SECOND REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED MAY 21, 2026

REQUEST 1

RESPONSIBLE PARTY: David Shirey

Request 1. Refer to Apache Gas' response to Commission Staff's First Request for Information (Staff's First Request), Item 1, Attachment, Exhibit C, "Assumptions and Inputs" line 23, which lists Annual Mcf sold as 39,528 for 2025 and line 41 which lists annual sales for 2025 as 38,370.03. Explain the discrepancy for 2025 annual sales.

Response 1. The discrepancy between the 2025 annual Mcf sold amount shown on line 23 and the 2025 annual sales amount shown on line 41 was caused by an input error in the monthly sales assumptions in the "Assumptions and Inputs" tab of Exhibit C. The October 2025 monthly sales input was incorrectly entered as 995.9 Mcf. The correct October 2025 amount is 2,153.5 Mcf.

After correcting the October 2025 input to 2,153.5 Mcf, the annual sales calculation agrees with the 39,528 Mcf amount shown on line 23. Apache Gas is providing a revised Exhibit C Excel file with this correction.

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REQUEST 2

RESPONSIBLE PARTY: David Shirey

Request 2. Refer to Apache Gas’ response to Staff’s First Request, Item 1, “DR_1_-_Ex_C_PRP_program_history-projections_updated_2.1.xlsx”, tab “PRP fee analysis”, Columns H, K, and L.

- a. Confirm whether Apache Gas included the current debt service in its calculations two times.
- b. If not confirmed, explain the response.
- c. If confirmed, provide the Excel file with the revised calculation.

Response 2. Apache reviewed Columns H, K, and L of the “PRP fee analysis” tab. Apache does not confirm that the current debt service was included twice in the calculation supporting the requested \$0.30/Mcf PRP surcharge increase. Column K does not itself include the current debt service twice. Column K reflects the combined debt service for the existing debt and the recently approved debt.

Apache understands Staff’s question to relate to the comparison shown in Column L. As originally presented, Column H reflected PRP revenue available after existing debt service, while Column K

reflected combined existing and new debt service. Apache recognizes that this presentation may have created confusion because comparing Column H to Column K could appear to deduct existing debt service twice.

However, the requested \$0.30/Mcf increase was not based on Column L. The debt-service coverage analysis supporting the proposed surcharge increase was reflected in Column O, which compares the current and proposed PRP revenue available for debt service to the combined existing and recently approved debt service. In other words, Column O is the “with proposed surcharge increase” comparison, while Column L was not the operative calculation supporting the requested \$0.30/Mcf increase.

To avoid further confusion, Apache revised the spreadsheet presentation. Specifically, Apache changed both the label and the formula for Column L so that Column L clearly shows the projected shortfall or excess before the proposed \$0.30/Mcf surcharge increase, without creating the appearance that existing debt service is being deducted twice. The revised spreadsheet also separately shows current PRP revenue, existing debt service, recently approved debt service, total debt service, additional revenue from the proposed \$0.30/Mcf increase, and projected shortfall or excess after the proposed surcharge increase.

Apache is providing the revised Excel file with formulas, rows, and columns fully accessible and unprotected.

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REQUEST 3

RESPONSIBLE PARTY: David Shirey

Request 3. Refer to Amended Application, Exhibit B.

- a. Confirm that the projects described in Exhibit B titled 2025 Pipeline Replacement Program (PRP) are the projects in which Apache Gas is seeking a Declaratory Order.
- b. Confirm that the estimated total project costs are \$50,994.20. If not confirmed, provide the total project amounts.

Response 3. Apache confirms that the projects described in Amended Application Exhibit B, titled 2025 Pipeline Replacement Program (PRP), are the projects for which Apache Gas is seeking a declaratory order in this proceeding.

Apache previously estimated the total project cost for those projects at \$50,994.20. Apache revised Exhibit B to update the estimated legal and regulatory costs associated with this proceeding from \$5,000 to \$10,000, because those costs have continued to accrue during the pendency of this case. As revised, the estimated total project cost for the identified projects and associated legal/regulatory costs is \$55,994.20.

Apache is providing a revised Exhibit B reflecting this change. This revision does not change the debt-service amount or the surcharge calculation. Rather, it reduces the amount of approved loan proceeds expected to remain available for future PRP-eligible pipeline replacement projects.

The total financing approved in Case No. 2025-00301 was \$100,000. The remaining loan proceeds are expected to be used for additional future PRP-eligible pipeline replacement work and related recoverable costs, subject to applicable Commission requirements and approvals.

**APACHE GAS TRANSMISSION COMPANY, INC.
CASE NO. 2026-00039
SECOND REQUEST FOR INFORMATION RESPONSE**

STAFF'S REQUEST DATED MAY 21, 2026

REQUEST 4

RESPONSIBLE PARTY: David Shirey

Request 4. Explain whether the proposed projects conflict with any existing certificates of convenience or necessity or the service of other utilities.

Response 4. Apache Gas does not believe the proposed projects conflict with any existing certificate of public convenience and necessity or with the service of any other utility.

The proposed work consists of limited replacement of segments of Apache Gas's existing transmission pipeline within Apache Gas's existing system. The projects are intended to maintain and improve the safety and reliability of Apache Gas's existing service to Burkesville Gas Company, Inc. The proposed projects do not involve an extension into another utility's service territory, the provision of service to new customers, or any duplication of facilities or service provided by another utility.

**APACHE GAS TRANSMISSION COMPANY, INC.
CASE NO. 2026-00039
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STAFF'S REQUEST DATED MAY 21, 2026

REQUEST 5

RESPONSIBLE PARTY: David Shirey

Request 5. Provide Apache Gas' total net plant in service for 2025.

Response 5. The December 31, 2025 Apache Gas Transmission net plant balance, book cost less accumulated depreciation, after deducting 2025 depreciation is \$227,294.31.

APACHE GAS TRANSMISSION COMPANY, INC.
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REQUEST 6

RESPONSIBLE PARTY: David Shirey

Request 6. Refer to Application, Exhibit C, Direct Testimony of David Shirey, page 8. Explain in further detail why localized reburial or spot repairs would not provide a durable or reliable solution.

Response 6. Apache Gas attempted localized reburial and spot repairs in these types of areas in the past. Based on Apache's experience, those measures have not provided a durable or reliable long-term solution for the specific conditions present at these locations.

Localized reburial or spot repair may temporarily address an exposed or shallow section of pipe, but it does not fully resolve the underlying condition causing the problem. In these areas, erosion, rock, drainage, cover limitations, or other field conditions can cause the same problem to recur after additional cover is placed or after a limited spot repair is made. As a result, localized reburial and spot repairs have proven to be temporary measures rather than permanent solutions.

Apache believes the proposed replacement work is the more durable and reliable solution for these particular areas. The proposed projects will replace the affected segments with properly installed

pipe and related facilities, including appropriate joining/couplings, tracer wire, access-point work, and restoration. Apache believes this approach will better address the underlying condition at each location, reduce the likelihood of repeated repairs, and improve the long-term safety and reliability of Apache's existing transmission system.

Apache is not proposing these replacements merely as a preference over reburial or spot repair. Rather, based on Apache's experience with these locations and similar conditions on its system, Apache believes replacement is the prudent long-term corrective action.

APACHE GAS TRANSMISSION COMPANY, INC.
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STAFF'S REQUEST DATED MAY 21, 2026

REQUEST 7

RESPONSIBLE PARTY: David Shirey

Request 7. Refer to the Commission's May 1, 2026 Order, pages 4-5. Explain whether Apache Gas anticipates placing its increased surcharge rates into effect during the pendency of this case.

Response 7. Apache Gas understands the Commission's May 1, 2026 Order to permit Apache to place the proposed increased surcharge rates into effect on or after May 9, 2026, pending a final Order and subject to refund, provided Apache first gives the written notice required by KRS 278.190(2) and maintains records sufficient to determine any refund amounts if a refund is ordered.

Because Apache's May billing cycle has already passed, Apache does not expect to apply the proposed increased surcharge rates to May 2026 usage. Apache is evaluating whether to place increased surcharge rates into effect beginning with the June 2026 billing cycle under the procedure described in the Commission's May 1, 2026 Order.

If Apache elects to do so, Apache will provide the required written notice to the Commission and will maintain its records in a manner that allows Apache, the Commission, or any customer to determine any amounts subject to refund if a refund is ordered.

APACHE GAS TRANSMISSION COMPANY, INC.
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REQUEST 8

RESPONSIBLE PARTY: David Shirey

Request 8. Refer to Apache Gas' response to Staff's First Request, Item 1, Attachment Exhibit C, "Assumptions and Inputs" which states, "I have assumed that KPSC approval for the new \$0.30 would be granted and that the increase in the PRP per Mcf fee would begin in April of this year."

- a. Explain whether Apache Gas intends to recalculate its surcharge based on updated assumption regarding the increased PRP per Mcf fee.
- b. Recalculate the increased PRP per Mcf fee with the assumption that it would begin in July of this year.

Response 8. Apache recalculated the increased PRP per Mcf fee using updated assumptions regarding the beginning date for the increased PRP per Mcf fee.

Because Apache's May billing cycle has already passed, Apache does not expect to apply the increased PRP surcharge to May 2026 usage. Apache therefore prepared a calculation assuming the revised rate begins with the June 2026 billing cycle. Using a June 2026 start date, Apache

estimates that the increased PRP per Mcf fee would need to be approximately \$0.555/Mcf to fully eliminate the projected 2026 shortfall within the remaining months of 2026.

Apache also recalculated the increased PRP per Mcf fee using the July 2026 start date requested by Staff. Using a July 2026 start date, Apache estimates that the increased PRP per Mcf fee would need to be approximately \$0.6024/Mcf to fully eliminate the projected 2026 shortfall within the remaining months of 2026.

Apache's original request was for an ongoing increase of \$0.30/Mcf. Apache understands that the shortened 2026 recovery period may require a higher temporary surcharge if the Commission determines that the 2026 shortfall should be recovered within the current year. Apache would be willing to implement a temporary 2026 surcharge based on the Commission-approved effective date, with the surcharge then reducing to the ongoing \$0.30/Mcf level after the temporary 2026 shortfall has been addressed.

Apache will make the required loan payments when due and will continue to track PRP collections, PRP-related costs, and debt service in its PRP records and future PRP filings while this case remains pending before the Commission.