

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF COLUMBIA |) | |
| GAS OF KENTUCKY, INC. FOR ITS ANNUAL |) | CASE NO. |
| SAFETY MODIFICATION AND REPLACEMENT |) | 2023-00335 |
| PROGRAM FILING |) | |

ORDER

On October 13, 2023, Columbia Gas of Kentucky, Inc. (Columbia Kentucky) filed its annual application for its Safety Modification and Replacement Program (SMRP) rates, based on a forecasted test period ending December 31, 2024. Columbia Kentucky proposed an effective date of January 2, 2024. On December 5, 2023, the Commission suspended rates for one day until January 3, 2024, to give the Commission time to investigate the SMRP rates, and to allow Columbia Kentucky to begin charging the SMRP 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). On December 27, 2023, Columbia Kentucky filed its notice to implement rates.

Columbia Kentucky responded to two rounds of discovery from Commission Staff.¹ On January 17, 2024, Columbia Kentucky waived its right to a hearing and requested the Commission decide this case on the record. There are no intervenors in this proceeding. This matter now stands submitted for a decision.

¹ Columbia Kentucky's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 10, 2024); Columbia Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Mar. 22, 2024).

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 accordance with Case No. 2020-00327,² Columbia Kentucky used a forecasted revenue requirement based on a thirteen-month average ending December 31, 2024.³ Columbia Kentucky stated that it only included projects that are associated with its pipeline replacement program, and there are no additional safety modification investments included in the 2024 construction projects.⁴

In Case No. 2021-00183, Columbia Kentucky's last general rate case, the Commission ordered Columbia Kentucky to depict the SMRP and its associated spending as a separate line item on customer bills for the purpose of greater transparency.⁵ In addition, the SMRP was rolled into base rates in Case No. 2021-00183, with a forecasted test year ending December 31, 2022, and was also ordered to be changed from a flat rate to a volumetric charge.⁶ In Case No. 2022-00342, Columbia Kentucky stated that conversion of the SMRP rate from a per meter (fixed) charge to a transparent volumetric charge on customer bills required significant changes in Columbia Kentucky's billing system.⁷

² 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.

³ Case No. 2022-00342, *Electronic Application of Columbia Kentucky for Annual Adjustments to the SMRP* (Ky. PSC Dec. 28, 2022), Order at 3.

⁴ October 13, 2023 Cover Letter.

⁵ Case No. 2021-00183, *Electronic Application of Columbia Kentucky 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.

⁶ Case No. 2021-00183, Dec. 28, 2021 Order at 40.

⁷ Case No. 2022-00342, *Electronic Application of Columbia Gas Kentucky, Inc. for Annual Adjustments to the Safety Modification and Replacement Program*.

The data included in this case reflects fully projected 2024 SMRP activity and was also used to establish the billing rate to be effective with Unit 1 January 2024 pursuant to this case.⁸ Columbia Kentucky explained that eight months of actual 2023 SMRP investment data has been recorded in this case, and therefore the 2023 data included in this case includes actual financial results for January through August 2023 and a forecast of September through December 2023.⁹ Columbia Kentucky stated that the differences in the 2023 cumulative totals stems from the difference between the original forecast included in Case No. 2022-00342 and the eight-month actual and four-month reforecast included in this case.¹⁰ Columbia Kentucky stated that variances in the estimates of 2023 cumulative totals for investments have a de minimis effect on the rates that are at issue in this case as the 2023 estimated total investment of \$41,62,524 is unchanged.¹¹

Columbia Kentucky has since filed its annual balancing adjustment to the SMRP in Case No. 2024-00074 in which it has provided true-up of actual costs associated with the SMRP.¹² The Commission will defer to Case No. 2024-00074 for any further discussion on SMRP rates. However, Columbia Kentucky has proposed the following rates in this case below:

| <u>Rate Class</u> | <u>SMRP Rates</u> <u>per Mcf</u> |
|---|-------------------------------------|
| Rate GSR, Rate SVGTS - Residential Service | \$ 0.5301 |
| Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service | \$ 0.3210 |

⁸ Columbia Kentucky's Response to Staff's First Request, Item 1.

⁹ Columbia Kentucky's Response to Staff's First Request, Item 1.

¹⁰ Columbia Kentucky's Response to Staff's First Request, Item 1.

¹¹ Columbia Kentucky's Response to Staff's First Request, Item 1.

¹² Case No. 2024-00074, *Electronic Application of Columbia Gas of Kentucky, Inc. for Annual Safety Modification and Replacement Program Balancing Adjustment.*

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| Rate IUS, Rate IUDS | \$ 0.2011 |
| Rate IS, Rate DS1/, Rate SAS | \$ 0.0587 |

Having reviewed the record and being otherwise sufficiently advised, the Commission finds Columbia Kentucky's SMRP rates as filed are reasonable and should be accepted. The Commission finds that the effective date for Columbia Kentucky's SMRP rates is January 3, 2024, consistent with the Commission's December 5, 2023 Order¹³ suspending the effective date. The Commission acknowledges that Columbia Kentucky is currently charging updated SMRP rates, pursuant to its filing in Case No. 2024-00074 as of May 31, 2024, and this Order should not be construed to supersede any Orders in effect in that case.

IT IS THEREFORE ORDERED that:

1. Columbia Kentucky's proposed SMRP rates are approved.
2. Columbia Kentucky's proposed SMRP rates are approved for service rendered on and after January 3, 2024.
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.

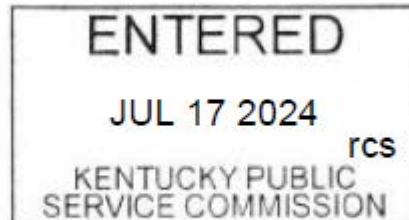
¹³ December 5, 2023 Order at 1.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner



ATTEST:

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