

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA	)	
GAS OF KENTUCKY, INC. FOR ANNUAL	)	CASE NO.
SAFETY MODIFICATION AND REPLACEMENT	)	2024-00074
PROGRAM BALANCING ADJUSTMENT	)	

ORDER

On March 29, 2024, Columbia Gas of Kentucky, Inc. (Columbia Kentucky) filed its annual forecasted data pursuant to the requirements of the Safety Modification and Replacement Program (SMRP) Rider, with proposed rates to be effective May 30, 2024. The SMRP rates are based on the forecasted spend in 2023. In accordance with 807 KAR 5:001, Section 16(6)(c), and the final Order in Case No. 2020-00327,<sup>1</sup> Columbia Kentucky used a 13-month average rate base.<sup>2</sup> Consistent with the final Order in its last rate case,<sup>3</sup> Columbia Kentucky proposed volumetric rates.<sup>4</sup>

There are no intervenors in this proceeding. The Commission suspended the rates one day in an Order issued on May 28, 2024. Columbia Kentucky filed notice that the

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<sup>1</sup> 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.

<sup>2</sup> Application, Direct Testimony of Jeffery Gore, Attachment JTG-1, Form 3.0.

<sup>3</sup> 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.

<sup>4</sup> Application, Direct Testimony of Jeffery Gore, Attachment JTG-1, Form 1.0.

utility planned to implement the rates for services rendered on or after May 31, 2024, subject to refund.<sup>5</sup> This matter now stands submitted for a decision.

### LEGAL STANDARD

KRS 278.030(1) states that “[e]very utility may demand, collect and receive fair, just and reasonable rates” for utility service. Pursuant to KRS 278.509, the Commission may allow a utility to recover costs for investment in natural gas pipeline replacement programs that are not recovered in existing rates through a rider if the costs are fair, just and reasonable. The burden of proof to show that an increased rate or charge is just and reasonable shall be upon the utility.<sup>6</sup>

Commission regulation 807 KAR 5:001, Section 16(6)(c), states that capitalization and net investment rate base shall be based on a thirteen-month average for the forecasted test period.

### DISCUSSION AND FINDINGS

In Case No. 2023-00335, Columbia Kentucky proposed that the new SMRP rates reflect the 2024 projected revenue along with eight months of actual 2023 SMRP investments.<sup>7</sup> The Commission approved Columbia Kentucky’s SMRP rates as filed with an effective date of January 3, 2024.<sup>8</sup>

In this case, Columbia Kentucky is proposing to true-up its 2024 SMRP rates based on its actual costs that it incurred. Columbia Kentucky proposed a total revenue

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<sup>5</sup> Columbia Kentucky’s Notice of Rate Implementation (filed May 28, 2024).

<sup>6</sup> KRS 278.190(3).

<sup>7</sup> Case No. 2023-00335, *Electronic 2023 Safety Modification and Replacement Program Filing of Columbia Gas of Kentucky, Inc.* (Ky. PSC July 17, 2024).

<sup>8</sup> Case No. 2023-00335, *Electronic 2023 Safety Modification and Replacement Program Filing of Columbia Gas of Kentucky, Inc.* (Ky. PSC July 17, 2024).

requirement of \$1,939,536.<sup>9</sup> Columbia Kentucky explained that it had an under-recovery of \$550,123 due to two items. The first \$366,236 was the result of the difference in actual and forecasted revenue requirements, and the second was \$183,887 which was the difference in expected and actual customer billings.<sup>10</sup> Columbia Kentucky proposes to increase its SMRP Rider rates to reflect under-recovered amounts from its customers through its SMRP Rider balancing adjustment for 2024.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that the information contained in Columbia Kentucky's application is sufficient in detail to support the reasonableness of Columbia Kentucky's proposed SMRP Rider rates.

IT IS THEREFORE ORDERED that:

1. The SMRP Rider rates in the Appendix to this Order are approved for service rendered by Columbia Kentucky effective as of the meter readings on and after the first billing cycle of May 2024.
2. 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 out the rates approved and reflecting that they were approved pursuant to this Order.
3. This case is now closed and removed from the Commission's docket.

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<sup>9</sup> Application at Form 1.2

<sup>10</sup> Application at Form 1.2 and Direct Testimony of Jeffery Gore at 10-11.

PUBLIC SERVICE COMMISSION

Angie Hatton  
Chairman

*Signed  
on behalf  
of Chairman  
w/ permission*

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Vice Chairman

Mary Pat Rogers  
Commissioner

ENTERED  
AUG 20 2024  
rCS  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

[Signature] For  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00074 DATED AUG 20 2024

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.

2024 Safety Modification and Replacement Program Rider Rates

Per month:

Rate GSR, Rate SVGTS-Residential Service	\$ 0.5733
Rate GSO, Rate GDS, Rate SVGTS – Commercial or Industrial	\$ 0.3472
Rate IUS, Rate IUDES	\$ 0.2175
Rate IS, Rate DS, <sup>1</sup> Rate SAS	\$ 0.0634

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<sup>1</sup> Excluding customers subject to Flex Provisions of Rate Schedule DS.

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