

From: [PSC Public Comment](#)
To: [Murray, Michael](#)
Subject: RE: American Gas Association Comments in Case # 2026-00185
Date: Wednesday, September 30, 2026 4:01:00 PM

Case No. 2026-00185

Thank you for your comments on the application of Electric and Natural Gas Utility Affordability. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2026-00185 in any further correspondence. The documents in this case are available at [View Case Filings for: 2026-00185 \(ky.gov\)](#).

Thank you for your interest in this matter.

From: Murray, Michael [REDACTED]
Sent: Wednesday, September 30, 2026 3:55 PM
To: PSC Public Comment <PSC.Comment@ky.gov>
Cc: Mahan, Sheri K (PSC) [REDACTED]
Subject: American Gas Association Comments in Case # 2026-00185

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Kentucky Public Service Commission
Public Comment of the American Gas Association
Case #2026-00185

Please find attached the comments of the American Gas Association filed in response to the Kentucky Public Service Commission's order seeking public comments on potential measures to improve the affordability of electric and natural gas utility service for residential ratepayers.

Respectfully submitted,

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The American Gas Association represents more than 200 local energy companies committed to the safe and reliable delivery of clean natural gas to more than 74 million customers throughout the nation.

September 30, 2026

Via email to: psc.comment@ky.gov

Mr. Justin McNeil
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RE: Electronic Investigation into the Affordability of Electric and Natural Gas Utility Service and Related Matters; **Case No. 2026-00185**

The American Gas Association (“AGA”) appreciates the opportunity to provide comments in the Kentucky Public Service Commission’s (“Commission”) investigation into the affordability of electric and natural gas utility service. AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 79 million residential, commercial and industrial natural gas customers in the U.S., of which 94 percent — more than 74 million customers — receive their gas from AGA members. Today, natural gas [fuels](#) 795,860 households and 89,047 businesses across Kentucky.

AGA appreciates the Commission’s focus on affordability and agrees that reliable energy service at manageable costs is fundamental to Kentucky households and businesses. To that end, continued widespread access to natural gas is a fundamental pillar in promoting stable, predictable utility bills. Natural gas utilities are growth engines whose infrastructure investments serve as a force multiplier spurring additional economic development and job creation. According to the [U.S. Energy Information Administration](#), natural gas continues to provide an affordable energy option for many residential customers. Continued access to natural gas service can help promote bill stability and provide customers with a diverse set of energy choices.

The Commission should remain mindful that markets, policy, and consumer trends do not operate in silos when examining the factors affecting affordability. Customers do not experience individual rate components, regulatory mechanisms, or policy requirements separately; *they experience one monthly bill*. AGA therefore encourages the Commission to evaluate affordability through a whole-bill framework that considers the immediate and long-term costs of providing safe and reliable service and distinguishes among the different factors contributing to customer bills.

The Commission Should Be Clear and Consistent in Measuring Affordability

Energy affordability has rightly emerged as a key issue for customers, utilities, regulators, and policymakers both in Kentucky and across the country. As a baseline principle, the Commission should be clear and consistent in how it measures affordability. There is no one-size-fits-all definition of affordability in the energy context. What may be “affordable” for a family in Lexington is a burden for a retiree in Owensboro. It is within this context that AGA recommends the Commission adopt a customer-centric approach to affordability.

Although affordability is a frequent subject of utility regulation and public policy discussion, it is not consistently defined in statute, regulation, or commission precedent. In practice, utility commissions generally assess affordability through a range of analytical frameworks and proxy measures intended to evaluate customers’ ability

to manage total household energy costs. Energy affordability is not only a question of today's prices or rates but whether customers can reliably access essential energy services that are safe, reliable, non-discriminatory and at reasonable cost. At a high-level affordability can be evaluated through the following dimensions:

- Burden: the share of income devoted to energy costs
- Bill Stability: stability and predictability across seasons and over time
- Continuity: the scale of customers' ability to maintain service and/or avoid arrearages
- Fairness: the distribution of cost and impacts across customer groups.

Using this framework, it is clear that energy affordability as a concept is significantly broader in scope than traditional cost-of-service ratemaking.

Energy Affordability is Best Understood from the Customer Perspective

AGA's September 2026 report, [Energy Affordability in Context: Rates, Regulations, and the Drivers Impacting Costs](#), explains that affordability is best understood as a whole-bill issue that recognizes the multiple forces shaping customer costs.

Natural gas bills include distribution costs, commodity costs, riders and surcharges, taxes and fees, and timing effects associated with deferred recovery and true-ups. These components have different causes and different levels of utility control.

Utilities can influence certain costs through operational efficiency, system planning, and the timing and prioritization of proposed investments. Other costs, including wholesale natural gas prices, weather, state and local taxes, public-purpose charges, and federal and state legislative or regulatory mandates, are substantially beyond utility control. A rising bill therefore does not necessarily indicate that any single component of utility service has become disproportionately expensive. Similarly, reducing one component may provide limited relief if other costs are increasing at the same time but have longer term adverse affects. For example, reducing a utility's return on equity by a predetermined percentage to reduce consumer costs in the short-term can actually have the opposite effect in the long-term by increasing financing costs and disincentivizing investments that drive economic growth. Taking a whole-bill approach also clarifies an important distinction between affordability and the regulatory tools often invoked to address it. Under the regulatory compact, utilities accept an obligation to serve and submit to the regulation of their rates and returns. In exchange, they are given a reasonable opportunity to recover prudently incurred costs and earn a fair return. This framework is not by itself a measure of whether a customer can comfortably pay the resulting bill. For that reason, affordability is typically addressed through complementary tools such as rate design, bill assistance, payment arrangements, and customer protections, rather than by altering the basic principles of cost-of-service ratemaking. Focusing on any one piece of the bill in isolation—whether return on equity, a category of investment, or a single rider—cannot fully resolve affordability challenges because customers experience the cumulative effect of all bill drivers at once.

Natural Gas Plays an Important Role in Energy Affordability

On a whole-service basis, natural gas remains one of the most cost-effective option for many consumers. AGA analysis finds that natural gas continues to provide significant value for many Kentucky households. For customers who are currently connected to natural gas systems, existing infrastructure can provide long-term affordability benefits and help moderate overall household energy costs.

Households that heat with natural gas are projected to spend 14% less on space heating this winter than last year, according to the AGA's [Winter Heating Outlook](#). AGA projects that natural gas customers will continue to benefit from relatively stable winter heating costs compared with historical levels.

Natural Gas Utility Bills are Driven by Several Factors

Natural gas utility investment needs continue to expand, driven by safety and reliability requirements, system and customer growth, and aging infrastructure. Commissions are being increasingly pressured to maintain safe, reliable service at limited costs, even as costs beyond the utility's control add pressure to the total bill that a customer sees.

Commodity costs are affected by wholesale markets, weather, pipeline capacity, storage availability, and other market conditions. Taxes and franchise fees result from governmental policy decisions. Riders and surcharges may recover costs associated with additional legislative or regulatory requirements.

Customers experience all these costs together. Externally imposed requirements whose isolated impact seems small can accumulate and create a material affordability impact when viewed collectively no matter what the utility does. Utilities are always looking at their internal operations to find efficiencies and the resulting cost savings. Ignoring the distinction between internally and externally imposed costs risks assigning responsibility for bill outcomes to utilities even when a substantial share of the costs may be beyond the control of the utility. Greater transparency regarding these components would also improve accountability. If a bill increase is primarily attributable to commodity markets, taxes, infrastructure constraints, or public-policy requirements, identifying those drivers allows regulators to direct affordability measures toward the actual source of the increase rather than another bill component that may have little connection to the problem.

Affordability Depends on Regulatory Efficiency at All Levels of Government

The regulatory process itself can affect affordability. Regulatory lag occurs when utilities incur necessary costs or place investments into service before those costs are reflected in rates. Extended delays can cause costs to accumulate and later appear through larger adjustments, deferrals, or true-ups, reducing bill predictability. Regulatory uncertainty can also increase utility financial risk and, ultimately, financing costs borne by customers. Duplicative proceedings, inconsistent requirements, prolonged discovery, separate consideration of interconnected programs, and permitting or siting delays can similarly increase costs. The Commission should therefore examine whether improved case scheduling, better coordination among related proceedings, cumulative bill-impact analysis, and predictable cost-recovery mechanisms could reduce unnecessary costs while maintaining rigorous oversight.

Beyond regulatory lag in the natural gas utility context, permitting delays at all levels of government add hidden costs to the final customer bill. From delays at the local level on construction permits to upstream infrastructure availability – these delays add costs beyond the utility's control. In many regions, resistance to siting or expanding energy infrastructure—including pipelines, compression, and storage—has constrained supply and increased exposure to price spikes during peak demand. These constraints can raise commodity costs without being reflected in utility rate base or investment decisions. Although utilities can sometimes mitigate this through hedging or gas procurement practices, financial tools cannot fully offset the structural cost impacts of inadequate infrastructure and constrained supply.

Addressing affordability calls for a more integrated regulatory approach that aligns policy objectives, infrastructure planning, and cost recovery with how customers experience costs on their bills. Over time, reducing regulatory lag and inefficiency can lower costs, improve predictability, and better support affordability objectives.

Natural Gas Utilities Have Robust Consumer Assistance Programs in Place

The Commission should focus particular attention on customers for whom energy costs represent a disproportionate share of household income. Useful indicators include energy burden, arrearages, payment-plan participation, disconnections, and participation in customer assistance programs.

Natural gas utilities offer and participate in a multitude of programs and services designed to support customers facing affordability challenges. The Low-Income Home Energy Assistance Program (LIHEAP) provides energy cost and weatherization assistance to eligible households through federal funding administered at the state and local level. In addition, utilities may offer customer assistance programs, payment arrangements, budget billing options, arrearage management support, energy efficiency and weatherization initiatives, low- or no-cost home energy upgrades, and customer outreach and education efforts.

These programs help customers manage energy costs, improve energy use, maintain access to essential service, and connect households with available resources during periods of financial hardship, keeping families safe.

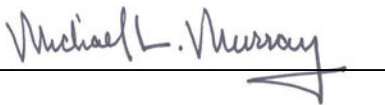
Conclusion

AGA commends the Commission for undertaking a comprehensive examination of energy affordability.

AGA respectfully encourages the Commission to treat affordability as a whole-bill and system-level issue. Customer bills reflect infrastructure investment, commodity markets, taxes, public-policy requirements, regulatory processes, and customer usage. An effective framework should distinguish among these drivers, consider long-term energy and infrastructure needs, comparative cost of alternative technologies, focus assistance on customers experiencing the greatest burdens, evaluate cumulative policy impacts, preserve necessary infrastructure investment, and reduce unnecessary regulatory inefficiency.

By taking this comprehensive approach, the Commission can better protect vulnerable customers, improve bill stability and predictability, support safe and reliable utility service, and maintain the long-term affordability benefits natural gas provides to Kentucky households and businesses.

Respectfully,



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