

Kentucky's gas system is being rebuilt pipe by pipe. Your capital plan decides which mile goes first.

Cast-iron and bare-steel mains are coming out of the ground across the Commonwealth, funded through riders and rate cases the Kentucky PSC weighs against every customer's bill. Each replacement decision competes with the next for the same limited capital and the same limited headroom on rates. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision.

795,860¹	333,000+²	\$12.31/mo³	\$15.50 → \$13.61⁴
Residential natural-gas customers in Kentucky (2024) — the base every rate case and pipe-replacement dollar is spread across. ¹	Natural-gas customers served by LG&E, Kentucky's largest gas LDC. ²	Proposed typical residential bill increase in Columbia Gas of Kentucky's 2026 rate case — driven largely by system modernization. ³	Kentucky residential gas price per Mcf, 2023 to 2024 — the commodity swings that flow straight through to bills. ⁴

THE KENTUCKY LANDSCAPE

Four forces are moving your project list at once

Kentucky is not debating whether to keep natural gas. It is paying to modernize it — and the harder questions are which pipe, at what cost, in which year, and who absorbs the bill.

SYSTEM INTEGRITY — AGING PIPE

Cast iron and bare steel, coming out of the ground

Columbia Gas of Kentucky is systematically replacing aging cast-iron and bare-steel mains and services across its 30-county territory⁹ — the highest-risk pipe in the system and the core of its Safety Modification and Replacement Program⁵³

LG&E, the state's largest gas LDC with more than 333,000 customers,² folds continued system-integrity investment into its 2025 rate case.⁶ Under federal distribution-integrity rules this work is not optional — but the sequence, and the bill impact, are yours to manage.

DECARBONIZATION — THROUGHPUT RISK

Fewer therms to spread a 30-year program over

Kentucky has not opened a formal “future of gas” docket and remains a gas-supportive state — but the throughput math still moves. Deliveries to Kentucky consumers fell roughly 10%, from 352,942 MMcf in 2022 to 316,073 MMcf in 2023, before recovering in 2024.⁷

Federal efficiency and electrification incentives, milder winters, and flat customer growth all press on long-run volumes. When you commit to a 20-to-30-year pipe-replacement program, every dollar has to pencil against the possibility of fewer therms to recover it from.

SUPPLY — PRICE & RELIABILITY

Commodity swings the plan has to absorb

Kentucky's residential gas price ran from \$15.50 per Mcf in 2023 down to \$13.61 in 2024 and back to \$14.23 in 2025⁴ Those commodity moves flow straight through to customer bills and sharpen the affordability question on every capital request.

Sitting at the edge of the Appalachian supply basin, Kentucky LDCs still plan around winter design-day peaks and interstate pipeline capacity — reliability the capital plan has to protect while it modernizes the system underneath.

CAPITAL RECOVERY — RATES

Every dollar recovered on the ratepayer's bill

Kentucky recovers modernization capital largely through base rates and dedicated riders. Columbia Gas of Kentucky's SMRP rider and its 2026 rate case (Case No. 2026-00099) would raise a typical residential bill about \$12.31 a month³ LG&E's 2025 case (Case No. 2025-00114) works through the same tensions⁶

The Kentucky Public Service Commission weighs every dollar against affordability.⁸ The utilities that fare best are the ones that can show why each project, at each cost, in each year.

WHO DELIVERS KENTUCKY'S GAS

A handful of investor-owned LDCs, and a thin municipal layer

Kentucky's gas distribution is overwhelmingly investor-owned and PSC-regulated. A small number of cities run their own gas systems, but the four big LDCs carry the great majority of the state's customers.

Investor-owned LDCs

Rates & capital recovery regulated by the Kentucky PSC

Louisville Gas & Electric (LG&E)	333,000+ gas customers · Louisville region · PPL subsidiary ²
Columbia Gas of Kentucky	~139,000 customers across 30 counties · NiSource ⁹
Atmos Energy	Western Kentucky · part of a ~3M-customer, 9-state system ¹⁰
Duke Energy Kentucky	Northern Kentucky / Cincinnati metro · Duke Energy subsidiary ¹¹

Together these investor-owned LDCs serve the large majority of Kentucky's roughly 795,860 residential gas customers.¹

Smaller & municipal gas systems

Regional LDCs and city-run gas — a small share of the market

Delta Natural Gas Company	Central & southeastern Kentucky · owned by Essential Utilities ¹²
City of Somerset	Municipal natural-gas department serving the Somerset area ¹³
Other municipal systems	A small number of Kentucky cities run their own gas systems, self-governed rather than PSC rate-regulated

Kentucky's municipal gas footprint is modest; most cities that need gas are served by one of the investor-owned LDCs above.

Every capital dollar has to be defensible

In Kentucky the question on any gas filing is the same: why this project, why now, why at this cost — and how much does it add to the bill?

Kentucky Public Service Commission (PSC) sets rates and reviews capital recovery for the state's investor-owned gas LDCs⁸

Infrastructure riders. Columbia Gas of Kentucky's Safety Modification and Replacement Program (SMRP) rider recovers cast-iron and bare-steel replacement between full rate cases⁵³

Columbia Gas 2026 rate case (Case No. 2026-00099) would add about \$12.31 to a typical residential monthly bill, largely for system modernization.³

LG&E 2025 rate case (Case No. 2025-00114) continues gas-system investment recovery for the state's largest LDC⁶²

Ratepayer-funded, which puts affordability first

Kentucky has no dedicated state pipe-replacement grant fund.

Modernization capital is recovered from customers through riders and base rates — so the size and timing of the program is inseparable from the bill impact.

Rider-based recovery. Columbia's SMRP rider is the primary vehicle funding accelerated cast-iron and bare-steel replacement, recovered directly on bills.⁵³

Base-rate cases. LG&E (Case No. 2025-00114) and Columbia (Case No. 2026-00099) fold the bulk of modernization capital into base rates.⁶³

Commodity pass-through. Volatile gas prices — \$15.50/Mcf in 2023, \$13.61 in 2024, \$14.23 in 2025 — are recovered separately, but they eat the same customer's headroom that funds capital.⁴

Federal NGDISM grants (PHMSA, 2021 Infrastructure law) primarily target municipal and community gas systems nationwide; Kentucky's investor-owned LDCs fund replacement chiefly through riders and rate cases.

KENTUCKY'S GAS SECTOR, IN BRIEF

Questions Kentucky gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How many natural gas customers does Kentucky have?

Kentucky had about 795,860 residential natural gas customers in 2024. LG&E is the largest LDC with more than 333,000 gas customers, followed by Columbia Gas of Kentucky (~139,000), Atmos Energy, and Duke Energy Kentucky¹²⁹

What's happening with aging cast-iron and bare-steel pipe in Kentucky?

Columbia Gas of Kentucky is replacing aging cast-iron and bare-steel mains and services across its 30-county system under its Safety Modification and Replacement Program (SMRP), recovered through a rider and rate cases such as Case No. 2026-00099⁵³

Who regulates Kentucky gas utilities and their rates?

The Kentucky Public Service Commission regulates rates and capital recovery for the state's investor-owned gas LDCs. Municipal gas systems, such as the City of Somerset's, are self-governed rather than PSC rate-regulated⁸¹³

Is Kentucky pursuing a gas ban or a "future of gas" proceeding?

No. Kentucky has not opened a formal future-of-gas docket and remains gas-supportive. But deliveries to consumers dipped about 10% in 2023 before recovering, a reminder that long-run throughput is not guaranteed to grow⁷

What's driving Kentucky gas bills up?

Two things: modernization capital recovered through riders and rate cases — Columbia's 2026 case alone would add about \$12.31 a month for a typical residential customer — and volatile commodity prices that swung from \$15.50/Mcf in 2023 to \$13.61 in 2024⁴⁴

How does Invizion help Kentucky gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a rider decision, a rate-case outcome, or a shift in throughput reshuffles your whole pipe-replacement and modernization list, re-sequence the portfolio automatically, and keep a defensible record of every trade-off for the PSC and your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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13. City of Somerset, Kentucky — municipal natural gas department providing residential gas service. www.cityofsomerset.com

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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