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PUBLIC SERVICE  
COMMISSION

December 23, 2013

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Gas Cost Adjustment  
Kentucky Frontier Gas, LLC

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, we are filing a unified GCA application pursuant to the Commission's order of April 30, 2013 in Case No. 2011-00443. Please see attached Expected Gas Cost for the combined systems. The unified GCA will be added to the tracker adjustments calculated in this filing for each of KFG's individual utilities for four quarters.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC

A handwritten signature in cursive script that reads "Dennis R. Horner".

Dennis R. Horner  
Kentucky Frontier Gas, LLC

Enclosures



**KFG UNIFIED GAS COST RECOVERY RATE**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 5.3162
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.0629)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		5.2533

GCR to be effective for service rendered from: 02/1/14 to 4/30/14

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 1,667,996
/	Sales for the 12 months ended Oct 31, 2013	Mcf	313,758
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.3162

B	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$ -
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
=	Refund Adjustment (RA)	\$/Mcf	\$ -

C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$ (0.0016)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0613)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.0629)

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ -
+		\$/Mcf	\$ -
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
=	Balance Adjustment (BA)	\$/Mcf	\$ -

SCHEDULE II  
EXPECTED GAS COST

MCF Purchases for 12 months ended:

October 31, 2013

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)* Rate	(6) (4) x (5) Cost
AEI-KAARS			3,121	\$ 3.1000	\$ 9,675
Columbia			12,802	\$ 7.2877	\$ 93,297
Cumberland Valley			111,422	\$ 5.4290	\$ 604,910
EQT (EKU/MLG starting 9/1/13)			4,120	\$ 7.1754	\$ 29,563
* Gray		1.0631	15,126	\$ 4.2524	\$ 64,322
* HI-Energy		1.0163	2,719	\$ 4.0652	\$ 11,053
*** HTC		1.1079	1,985	\$ 3.6770	\$ 7,299
*** Interstate Natural Gas (rate includes \$1.25/Mcf DLR trans)		1.2499	2,084	\$ 5.3983	\$ 11,250
Jefferson (rate includes \$1.25/Mcf DLR transportation)			18,179	\$ 7.1987	\$ 130,865
Magnum Drilling, Inc.			3,472	\$ 10.5000	\$ 36,456
Nytis (Auxier)		1.0962	8,638	\$ 3.6382	\$ 31,427
*** Nytis (Sigma rate includes \$1.25/Mcf DLR transportation)		1.0000	32,111	\$ 4.5689	\$ 146,712
Quality (Belfry)			54,164	\$ 4.3200	\$ 233,988
Quality (EKU,MLG)			68,078	\$ 4.7277	\$ 321,852
** Slone Energy		1.1673	15,330	\$ 4.0856	\$ 62,631
*** Tackett & Sons Drilling		1.0758	4,822	\$ 3.5705	\$ 17,217
*** Walker Resources		1.1344	2,808	\$ 3.7650	\$ 10,572
<b>Totals</b>			<b>360,981</b>	<b>\$ 5.0504</b>	<b>\$ 1,823,090</b>

Line loss 12 months ended: October 31, 2013 based on purchases of 360,981 Mcf  
and sales of 313,758 Mcf. 13%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,823,090
/ Mcf Purchases (4)	Mcf	360,981
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.0504
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	330,272
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,667,996

NYMEX Futures 3 Mo. Avg. = \$4.2167/Dth + (\$0.068) TCo Appa (basis) = \$4.1487/Dth

AEI-KAARS contract = \$3.10/Mcf

EQT (starting 9/1/13 for EKU & MLG) = \$4.1487 + \$0.5808 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = \$5.9795/Dth x 1.2000 Dth/Mcf = \$7.1754/Mcf

Jefferson contract = TCo + \$0.90 cost factor = \$5.0487/Dth + \$0.90 = \$5.9487/Mcf

CVR = TCo + \$0.0190/Dth Commodity + \$0.2427/Dth TCo Demand + \$0.0638/Dth Fuel + \$0.05/Dth CVR Fee x 1.2000 Dth/Mcf = \$5.4290

HTC, ING, Nytis, Tackett & Walker contract = \$3.00/Dth or 80% of TCo, whichever is greater

Nytis Sigma contract = 80% of Tco

Slone contract = \$3.50/Dth or 80% TCo, whichever is greater

Gray & HI-Energy contract = \$4.00/Dth or 80% TCo, whichever is greater

\$1.25/Mcf DLR transportation added to ING, Jefferson & Nytis for Cow Creek/Sigma

\* Estimated 3 mo. avg TCo = \$4.1487/Dth x .8 = \$3.3189/Dth < \$4.00/Dth; \$4.00/Dth x Dth/Mcf = \$/Mcf

\*\* Estimated 3 mo. avg TCo = \$4.1487/Dth x .8 = \$3.3189/Dth < \$3.50/Dth; \$3.50/Dth x Dth/Mcf = \$/Mcf

\*\*\* Estimated 3 mo. avg TCo = \$4.1487/Dth x .8 = \$3.3189/Dth > \$3.00/Dth; \$3.3189/Dth x Dth/Mcf = \$/Mcf

**KFG Unified**

Schedule IV  
Actual Adjustment

For the 3 month period ending: October 31, 2013

<u>Particulars</u>	<u>Unit</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>
Total Supply Volumes Purchased	Mcf	10,139	9,787	19,589
Total Cost of Volumes Purchased	\$	\$ 47,564	\$ 47,248	\$ 93,072
(divide by) Total Sales (not less than 95% of supply)	Mcf	9,632	9,298	18,610
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.9381	\$ 5.0817	\$ 5.0013
(minus) EGC in effect for month	\$/Mcf	\$ 5.0244	\$ 5.0244	\$ 5.0244
(equals) Difference	\$/Mcf	\$ (0.0863)	\$ 0.0573	\$ (0.0231)
(times) Actual sales during month	Mcf	6,545	7,049	14,629
(equals) Monthly cost difference	\$	\$ (564.85)	\$ 404.01	\$ (337.88)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (498.73)
(divide by) Sales for 12 Months ended: <u>October 31, 2013</u>	Mcf	313,758
(equals) Actual Adjustment for the Reporting Period		\$ (0.00159)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0016)

KY Frontier/Individual utilities' trailing tracking adjustments

		12 months sales	Tracker
Auxier	\$(27,409.52)	102797	\$(0.2666)
Belfry	\$ 12,906.69	41437	\$ 0.3115
BTU	\$(30,274.67)	28320	\$(1.0690)
Cow Creek	\$ (6,506.50)	47244	\$(0.1377)
East KY	\$ 12,309.20	52435	\$ 0.2348
Mike Little	\$ 1,334.68	20181	\$ 0.0661
Peoples Gas	\$ 590.85	7753	\$ 0.0762