

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF ) CASE NO.  
KENTUCKY FRONTIER GAS ) 2013-00364

ORDER

On April 30, 2013, in Case No. 2011-00443, the Commission approved rates for Kentucky Frontier Gas, LLC ("Frontier") and provided for their further adjustment in accordance with Frontier's Purchased Gas Adjustment ("PGA") clause.<sup>1</sup>

On October 2, 2013, Frontier filed its PGA to be effective November 1, 2013. Pursuant to the Commission's Order in 2011-00443, Frontier included with its application sufficient information to establish individual tracking mechanisms to reconcile remaining under- and over-recoveries of gas cost for the utility systems it had acquired. The former Auxier Road Gas Company, Inc. ("Auxier Road"), Belfry Gas, Inc. ("Belfry"), Cow Creek Gas, Inc. ("Cow Creek"), BTU Gas Company ("BTU"), East Kentucky Utilities, Inc. ("East Kentucky"), Mike Little Gas Company ("Mike Little"), and Peoples Gas, Inc. ("Peoples") each had their own PGA clauses prior to consolidated rates being established for the unified Frontier system.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

---

<sup>1</sup> Case No. 2011-00443, Application of Kentucky Frontier Gas, LLC for Approval of Consolidation of and Adjustment of Rates, Approval of AMR Equipment and a Certificate of Public Convenience and Necessity for Installation of AMR, Pipeline Replacement Program, Revision of Non-Recurring Fees, and Revision of Tariffs (Ky. PSC April 30, 2013).

1. Frontier's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs and to complete the gas cost reconciliation process for seven of its previously acquired natural gas distribution systems.

2. Frontier's notice sets out an Expected Gas Cost ("EGC") of \$5.0244 per Mcf, an increase of \$.0779 per Mcf from the previous EGC of \$4.9465 per Mcf.

3. Frontier's notice sets out no Refund Adjustment ("RA").

4. Frontier's notice sets out a current quarter and total Actual Adjustment ("AA") of (\$.0610) per Mcf to reconcile the unified system's May through July 2013 actual cost of gas purchases with the estimated consolidated system average gas cost included in the Order in Case No. 2011-00443.

5. Frontier's notice sets out no Balancing Adjustment ("BA"). The BA will not be available to Frontier until Frontier's PGA application for rates effective February 1, 2015, at which time the Total Cost Difference from the AA, effective November 1, 2013, will be reconciled with actual recoveries of gas cost through the AA over the 12 months ended October 31, 2014.

6. Frontier's PGA rate is \$4.9634 per Mcf, which is an increase of \$.0169 per Mcf from its previous rate of \$4.9465 per Mcf.

7. Frontier provided with its application spread sheets showing the gas cost amounts remaining to be reconciled for customers in the service areas of its acquired systems. Dividing by 12-months sales volumes from the PGA filings of Auxier Road, Belfry, Cow Creek, BTU, East Kentucky, Mike Little, and Peoples, and from information provided by Frontier in this application, yields individual gas cost trackers for the former

individual systems. Beginning November 1, 2013 through October 31, 2014, Frontier should add the following gas cost reconciliation rates to the PGA rates for customers in the indicated service areas:

- a. Auxier Road: (\$.2666)
- b. Belfry: \$.3115
- c. Cow Creek/Sigma: (\$.1377)
- d. BTU: (\$1.0690)
- e. East Kentucky: \$.2348
- f. Mike Little: \$.0661
- g. Peoples: \$.0762

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Frontier on and after November 1, 2013. Frontier should separately reflect on each customer's bill the gas cost reconciliation rate applicable to the customer's service area.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after November 1, 2013.

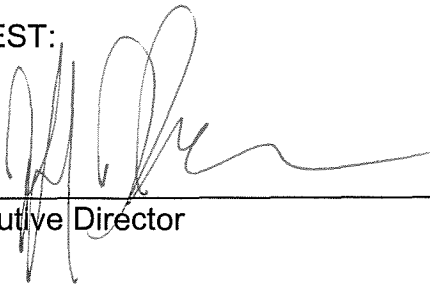
2. Each customer's bill shall separately reflect the approved gas cost reconciliation rate applicable to the customer's service area.

3. Within 20 days of the date of this Order, Frontier shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED  
OCT 30 2013  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2013-00364

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2013-00364 DATED **OCT 30 2013**

The following rates and charges are prescribed for the customers served by Kentucky Frontier Gas, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Residential and Small Commercial

	<u>Base Rate</u>	<u>Gas Cost Rate</u>	<u>Total</u>
Customer Charge	\$10.00		
All Mcf	\$ 4.2023	\$4.9634	\$ 9.1657

Large Commercial

	<u>Base Rate</u>	<u>Gas Cost Rate</u>	<u>Total</u>
Customer Charge	\$50.00		
All Mcf	\$ 3.4454	\$4.9634	\$ 8.4088

For customers in the indicated Frontier service areas the following volumetric charges shall be added through October 31, 2014:

Auxier Road:	(\$ .2666)
Belfry:	\$.3115
Cow Creek/Sigma:	(\$ .1377)
BTU:	(\$1.0690)
East Kentucky:	\$.2348
Mike Little:	\$.0661
Peoples:	\$.0762

Dennis Horner  
Kentucky Frontier Gas  
4891 Independence Street, Suite 200  
Wheat Ridge, COLORADO 80033