



April 29, 2014

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

RECEIVED
MAY 1 - 2014
PUBLIC SERVICE
COMMISSION

Re: Interim Gas Cost Adjustment
Kentucky Frontier Gas, LLC

Dear Mr. Derouen:

Kentucky Frontier Gas, LLC is requesting an interim filing of the unified GCA in Case 2014-00116. Due to unexpected spikes in natural gas prices during the 2013/2014 heating season, KFG has experienced an extraordinary amount of under recovered gas costs. By granting the interim GCA filing, the Commission will enable KFG to accelerate recovery from this financial burden.

Please see the attached GCA application for the requested effective date of June 1, 2014. The unified GCA will be added to the tracker adjustments calculated in this filing for each of KFG's individual utilities.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC

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 \$	6.9978
+ Refund Adjustment (RA)	\$/Mcf \$	-
+ Actual Adjustment (AA)	\$/Mcf \$	0.8067
+ Balance Adjustment (BA)	\$/Mcf \$	-
= Gas Cost Recovery Rate (GCR)		7.8045

GCR to be effective for service rendered from: June 1, 2014

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$ \$	2,265,145
/	Sales for the 12 months ended Feb. 28, 2014	Mcf	323,695
=	Expected Gas Cost (EGC)	\$/Mcf \$	6.9978

<u>B</u>	<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 \$	-

<u>C</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Interim Reporting Period (Sch. IV)	\$/Mcf \$	0.4388 expires 5/31/2015
	Actual Adjustment for the Current Reporting Period	\$/Mcf \$	0.4235 expires 4/30/2015
+	Previous Quarter Reported Actual Adjustment	\$/Mcf \$	0.0054 expires 1/31/2015
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf \$	(0.0610) expires 10/31/2014
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
=	Actual Adjustment (AA)	\$/Mcf \$	0.8067

<u>D</u>	<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 \$	-

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended:

February 28, 2014

Supplier	Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
AEI-KAARS		N/A	2,425	\$ 3.1000	\$ 7,518
** Chattaco		1.0916	3,647	\$ 4.2345	\$ 15,443
Cheseapeake		1.2368	3,730	\$ 6.7258	\$ 25,087
Columbia (Goble Roberts, Peoples)		N/A	15,008	\$ 6.4961	\$ 97,493
Cumberland Valley (Auxier)		1.2350	105,290	\$ 6.4523	\$ 679,358
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2350	15,844	\$ 7.7023	\$ 122,035
EQT (EKU,MLG,Price) 9/1/13 to 1/31/14		1.2820	86,200	\$ 8.6893	\$ 749,015
* Gray		1.0520	14,782	\$ 4.2080	\$ 62,203
* HI-Energy		1.0090	5,334	\$ 4.0360	\$ 21,528
*** HTC		1.1079	1,599	\$ 4.2978	\$ 6,872
*** Interstate NG (Sigma) rate includes \$1.25/Mcf DLR trans		1.2499	1,825	\$ 6.0986	\$ 11,130
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		N/A	21,531	\$ 6.9990	\$ 150,695
Magnum Drilling, Inc.		N/A	3,777	\$ 10.5000	\$ 39,659
Nytis (Auxier)		1.0962	6,477	\$ 4.2524	\$ 27,543
*** Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	24,989	\$ 5.5024	\$ 137,499
** Plateau		1.1200	1,185	\$ 4.3447	\$ 5,148
Quality (Belfry)		1.2499	60,881	\$ 6.1858	\$ 376,595
Quality (EKU,MLG)		1.2560	20,659	\$ 6.3846	\$ 131,900
** Slone Energy		1.1753	12,623	\$ 4.5592	\$ 57,551
** Spirit		1.0458	604	\$ 4.0569	\$ 2,450
* Tackett & Sons Drilling		1.1305	3,421	\$ 4.5220	\$ 15,470
*** Walker Resources		1.1344	1,952	\$ 4.4006	\$ 8,590
Totals			413,783	\$ 6.6479	\$ 2,750,782

Line loss 12 months ended:	<u>Feb-14</u>	based on purchases of	<u>413,783</u>	Mcf
and sales of	<u>323,695</u>	Mcf.	<u>22%</u>	

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 2,750,782
/ Mcf Purchases (4)	Mcf	413,783
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.6479
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	340,732
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 2,265,145

Estimated June TCo = \$4.7990/Dth (NYMEX Future + \$0.05/Dth (TCo Appal Basis) = \$4.849/Dth

AEI-KAARS contract = \$3.10/Mcf

EQT = TCo + \$0.6398 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = \$6.7779/Dth

Jefferson contract = TCo + \$0.90 cost factor = \$4.849/Dth + \$0.90 = \$5.749/Mcf

CVR = TCo + \$0.0190/Dth Commodity + \$0.2427/Dth TCo Demand + \$0.0638/Dth Fuel + \$0.05/Dth CVR Fee = \$4.9381/Dth

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

Nytis Sigma contract = 80% of Tco = \$4.849/Dth x .8 = \$3.8792/Dth

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

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

Quality (Belfry) = Tco + \$0.10 = \$4.849/Dth + \$0.10/Dth = \$4.949/Dth

Quality (EKU,MLG) = TCo x 80% + \$0.725/Dth (Gathering) + \$0.4791/Dth (12.35% Fuel) = \$5.0833/Dth

DLR Transportation for Cow Creek (Sigma) = \$1.25/Mcf on volumes from Auxier, ING, Jefferson, Nytis

* Estimated June TCo = \$4.849/Dth x .8 = \$3.8792/Dth < \$4.00/Dth; \$4.00/Dth

** Estimated June TCo = \$4.849/Dth x .8 = \$3.8792/Dth > \$3.50/Dth; \$3.8792/Dth

*** Estimated June TCo = \$4.849/Dth x .8 = \$3.8792/Dth > \$3.00/Dth; \$3.8792/Dth

KFG UnifiedSchedule IV
Actual AdjustmentFor the 1 month period ending: February 28, 2014

<u>Particulars</u>	<u>Unit</u>	<u>Feb-14</u>
Total Supply Volumes Purchased	Mcf	60,895
Total Cost of Volumes Purchased	\$	\$ 456,797
(divide by) Total Sales (not less than 95% of supply)	Mcf	57,850
(equals) Unit Cost of Gas	\$/Mcf	\$ 7.8962
(minus) EGC in effect for month	\$/Mcf	\$ 5.3162
(equals) Difference	\$/Mcf	\$ 2.5800
(times) Actual sales during month	Mcf	55,051
(equals) Monthly cost difference	\$	\$ 142,031.44

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ 142,031.44
(divide by) Sales for 12 Months ended: <u>February 28, 2014</u>	Mcf	323,695
(equals) Actual Adjustment for the Reporting Period		\$ 0.43878
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.4388

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