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PUBLIC SERVICE
COMMISSION

December 22, 2015

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

Re: Gas Cost Adjustment
Public Gas Company

Case No. 2015-00426

Dear Mr. Derouen:

Kentucky Frontier Gas, LLC, is filing a GCA application for Public Gas Company pursuant to the Commission's order of November 24, 2015 in Case No. 2015-00299. Please see attached Expected Gas Cost for the Public Gas Company.

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

Sincerely,
KENTUCKY FRONTIER GAS, LLC

A handwritten signature in blue ink that reads "Dennis R. Horner".

Dennis R. Horner
Enclosures

PUBLIC GAS COMPANY 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	\$ 4.4231
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.4755)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		3.9476

GCR to be effective for service rendered from: February 1, 2016

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 593,524
/	Sales for the 12 months ended <u>October 31, 2015</u>	Mcf	134,187
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.4231

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 Current Reporting Period (Sch. IV)	\$/Mcf	\$ 0.0090
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0023)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.3990)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0832)
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.4755)

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

Public Gas Company
SCHEDULE II
EXPECTED GAS COST

APPENDIX B

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MCF Purchases for 12 months ended:

October 31, 2015

Supplier	Dth	Purchases Mcf	Sales Mcf	Rate	Cost
11/30/2014		14,031	11,029	\$ 4.5271	\$ 63,520
12/31/2014		18,977	15,761	\$ 4.5271	\$ 85,911
1/31/2015		25,127	26,807	\$ 4.5271	\$ 113,752
2/28/2015		28,901	26,717	\$ 4.5271	\$ 130,838
3/31/2015		19,239	27,759	\$ 4.5271	\$ 87,097
4/30/2015		9,594	13,297	\$ 4.5271	\$ 43,433
5/31/2015		4,069	4,245	\$ 4.5166	\$ 18,378
6/30/2015		2,434	1,737	\$ 4.5166	\$ 10,993
7/31/2015		2,030	1,651	\$ 4.5166	\$ 9,169
8/1/2015		2,115	1,335	\$ 4.6200	\$ 9,771
9/1/2015		2,183	1,424	\$ 4.3600	\$ 9,518
10/1/2015		4,266	2,425	\$ 3.8900	\$ 16,595
Totals		132,966	134,187	\$ 4.4637	\$ 598,975

Line loss 12 months ended: Oct-15 based on purchases of 132,966 Mcf
and sales of 134,187 Mcf. -1% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 598,975
/ Mcf Purchases (4)	Mcf	134,187
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.4637
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	132,966
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 593,524

Estimated Avg TCo for Feb, Mar, Apr = \$1.9483/Dth (NYMEX Avg + \$-0.15/Dth (TCo Appal Basis) = \$1.7983/Dth

Jefferson contract = \$1.7983/Dth (TCo) + \$2.00/Dth cost factor = \$3.7983/Dth

Public Gas CompanySchedule IV
Actual AdjustmentFor the 3 month period ending: October 31, 2015

<u>Particulars</u>	<u>Unit</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>
Total Supply Volumes Purchased	Mcf	2,115	2,183	4,266
Total Cost of Volumes Purchased	\$	\$ 9,773	\$ 9,517	\$ 18,559
(divide by) Total Sales (not less than 95% of supply)	Mcf	2,009	2,074	4,053
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.8640	\$ 4.5890	\$ 4.5794
(minus) EGC in effect for month	\$/Mcf	\$ 4.4231	\$ 4.4231	\$ 4.4231
(equals) Difference	\$/Mcf	\$ 0.4409	\$ 0.1659	\$ 0.1563
(times) Actual sales during month	Mcf	1,335	1,424	2,425
(equals) Monthly cost difference	\$	\$ 589	\$ 236.31	\$ 379.07
				<u>Unit</u>
Total cost difference				\$
(divide by) Sales for 12 Months ended: <u>October 31, 2015</u>				\$
(equals) Actual Adjustment for the Reporting Period				1,203.99
(plus) Over-recovery component from collections through expired AAs				Mcf
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)				134,187
				\$
				0.0090
				\$
				-
				\$
				0.0090