

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS)	CASE NO.
COMPANY, LLC FOR APPROVAL OF)	2011-00513
ADJUSTMENT OF FARM TAP RATES)	

O R D E R

On December 20, 2011, Kentucky Frontier Gas Company, LLC ("Kentucky Frontier") submitted an application for an adjustment of its farm tap rates and authority to adjust its rates pursuant to 807 KAR 5:001(10). Kentucky Frontier operates farm tap facilities owned by other parties and serves farm tap customers attached to those facilities. It states that this unique arrangement for the provision of farm tap service does not comport with the filing requirements of 807 KAR 5:026. Therefore, Kentucky Frontier requests deviations from certain filing requirements contained in that regulation.

Kentucky Frontier has consolidated approximately 625 farm tap customers of Belfry Gas, Interstate Gas Company, Kinhag Development, Kinzer Gas Company, Alert Oil and Gas Company, Quality Gas Company, and KLC Enterprises into the operations of Kentucky Frontier. Prior to Kentucky Frontier's acquisition of these farm tap customers, they were served by the owners of the gathering systems that provided natural gas pursuant to KRS 278.485. Although Kentucky Frontier does not own the gathering or pipeline systems from which the customers are served and is not a gas producer, it owns the right to serve the customers and to purchase gas from the gathering line or transmission line owner. Kentucky Frontier's request to file its rate

application pursuant to 807 KAR 5:001, Section 10, is permissible pursuant to 807 KAR 5:026, Section 9(1)(e), which provides in part:

In lieu of a rate adjustment through a proposed tariff, a gas company may file an application with the commission for authority to adjust rates pursuant to 807 KAR 5:001, Section 10.

Kentucky Frontier has requested a deviation from any filing requirement not included in its application. The Commission will consider this request as a motion for a waiver from those requirements. Kentucky Frontier states that its motion is the result of the lack of historical data from the acquired companies or the lack of applicability of the requirement to its provision of farm tap services. Specifically, the filing requirements for which Kentucky Frontier has requested waivers include the filing of:

- Prepared testimony;
- A billing analysis;
- A reconciliation of rate base and capital, which is not applicable because there is no rate base calculation;
- A current chart of applicable farm tap accounts, which is not separately maintained;
- An independent auditor's report;
- FERC or FCC audit reports;
- A depreciation study;
- Stock prospectus;
- Report to shareholders;
- Monthly reports;
- Allocations to affiliates;
- Cost of service study;

- Pro forma adjustments in the filing for plant additions, with no plant additions for the test year; and
- An operating budget, which is not prepared by the company.

Commission regulation 807 KAR 5:001, Section 10(11), authorizes the granting of a waiver from the filing requirements upon the showing of good cause. In reviewing such a request, the regulation states that the Commission may consider the following factors:

- a. Whether other information which the utility would provide if the waiver is granted is sufficient to allow the commission to effectively and efficiently review the rate application;
- b. Whether the information which is the subject of the waiver request is normally maintained by the utility or reasonably available to it from the information which it maintains; and
- c. The expense to the utility in providing the information which is the subject of the waiver request.

The Commission, being sufficiently advised of Kentucky Frontier's effort to consolidate the customers and rates of various farm tap systems it has acquired and the lack of certain information available to it at the time of these acquisitions, finds that the request to file under 807 KAR 5:001(10) is authorized and should be permitted. The Commission also finds that Kentucky Frontier has presented good cause to justify waivers from those filing requirements of 807 KAR 5:001, Section 10(6) stated above.

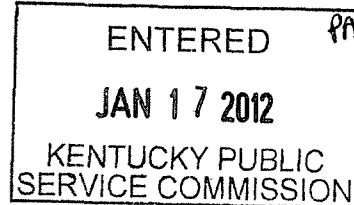
IT IS THEREFORE ORDERED that:

1. Kentucky Frontier's request to file its application pursuant to 807 KAR 5:001, Section 10, is granted.

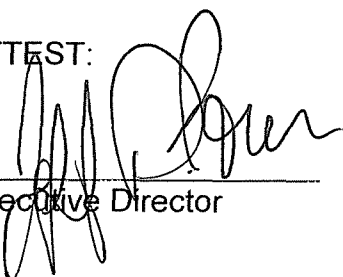
2. Kentucky Frontier's request for waivers of certain of the filing requirements of 807 KAR 5:001, Section 10(6), as noted above is granted.

3. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:



Executive Director

Case No. 2011-00513

Honorable John N Hughes
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