

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENTUCKY FRONTIER)	
GAS, LLC AND PUBLIC GAS COMPANY FOR)	CASE NO.
APPROVAL OF TRANSFER AND ACQUISITION)	2015-00299
OF ASSETS AND FINANCING)	

COMMISSION STAFF'S SUPPLEMENTAL REQUEST FOR INFORMATION
TO KENTUCKY FRONTIER GAS, LLC, AND PUBLIC GAS COMPANY.

Kentucky Frontier Gas, LLC ("Frontier") and Public Gas Company ("Public") (collectively "Applicants"), pursuant to 807 KAR 5:001, are to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before than November 2, 2015. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Applicants shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Applicants fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to the response to Commission Staff's Initial Request for Information ("Staff's First Request"), Item 1.

a. The second paragraph in the response provides a customer count for Public in early 2015 of 1,730 and an August 2015 customer count of 1,496. Clarify whether these numbers include the roughly 460 customers "served directly off pipelines operated by Jefferson Gas."

b. Clarify whether the customer number of 1,270 included in the one-sentence third paragraph of the response is based on the early 2015 customer count less the 460 customers "served directly off pipelines operated by Jefferson Gas."

c. Clarify whether the third paragraph's statement that Public operates 11 different utility systems means 11 distribution systems not connected to each other. Explain also whether all systems are connected to Jefferson Gas LLC ("Jefferson").

2. Refer to the response to Staff's First Request. Item 2.b.

a. Explain what rates Frontier intends to charge customers joining the former Public system after the acquisition is final and before a consolidation rate case.

b. Explain how Frontier has historically charged customers that joined a recently acquired system before it filed a consolidation rate case.

3. Refer to the responses to Staff's First Request, Item 4, the negotiated contract with Jefferson, and Item 7, the September 4, 2015 electronic mail from John Hughes regarding the contract with Jefferson and the increase in the base rate to \$2.00.

a. Confirm that Frontier has agreed to the increased base rate as a reasonable rate. If such is confirmed, explain why, since the current contractual base rate is \$1.50 and the Jefferson rate reflected in Frontier's Purchased Gas Adjustment filings reflects a Jefferson "cost factor" of \$1.50 per Dth. If Frontier has not agreed to the base rate increase, describe the current status of contract negotiations with Jefferson.

b. Explain whether Jefferson has explained to Frontier the reason for the base rate increase, and if so, provide the reason.

4. Refer to the response to Staff's First Request, Item 9.d. Confirm that the fact that Public does not separately track the customers fed directly off Jefferson's system means that revenue from those customers is included in the revenues shown in the income statement for Public in Exhibit 1.01-A to the Disclosure Schedules document that was filed with the application.

5. Refer to the response to Staff's First Request, Item 15.c. After being in a range of roughly \$.9 million to \$1.1 million from June of 2014 to December of 2014,

explain, generally, why Frontier's equity balance increased to nearly \$2.2 million by May of 2015.

6. Refer to the Public balance sheet in Exhibit 1.01-A to the Disclosure Schedules document and to the Gas Utility Plant in Service schedule in the 2014 annual report filed with the Commission by Public.

a. The annual report reflects a December 31, 2014 balance of Total Gas Plant in Service of \$3,480,872. Adding the Accumulated Depreciation balance to the Net Plant balance in the Exhibit 1.01-A June 30, 2015 balance sheet results in Total Plant of \$3,200,997. (Neither amount includes Construction Work in Progress.) Explain why Public's plant in service decreased by approximately \$280,000 during the first six months of 2014.

b. The schedule in the annual report reflects an increase in 2014 of approximately \$96,000 due to additions of that amount to Account 367, Mains. As no retirements are shown in the schedule for Account 367, Mains, explain whether these additions reflect an expansion of Public's system in 2014.

c. The schedule in the annual report shows a reduction in the balance of Account 394, Tools, Shop, and Garage Equipment from approximately \$282,000 to approximately \$160,000 due to retirements of slightly more than \$122,000. Describe the nature of the retirements of equipment that accounted for approximately 43 percent of the monetary value of the account at the beginning of 2014.

7. Refer to the schedule in Public's 2014 annual report titled Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant. Describe in

detail the nature of the \$39,139.17 listed as *Disposal Depreciation in 2014* that was subtracted from the annual depreciation accrual of \$144,797.49.

8. Refer to the response to Staff's First Request, Item 23. Explain how Frontier will ensure there is no confusion on the part of existing Frontier customers and former Public customers if the Public customers are immediately branded as Frontier customers, but are still billed at the former Public rates.



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DATED OCT 23 2015

cc: Parties of Record

Case No. 2015-00299

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