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October 5, 2005

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RECEIVED

OCT 05 2005

PUBLIC SERVICE
COMMISSION

Lawrence W. Cook
Attorney General
1024 Capital Center Dr.
Frankfort, KY 40601

Re: Case No. 2005-00348

Dear Ms. O'Donnell and Larry:

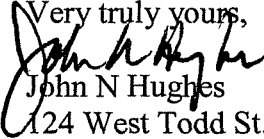
This is in response to the Attorney General's letter dated October 3, 2005 requesting additional information about several responses Frontier had provided to his initial data request. A copy of that letter is attached. Frontier agreed to provide responses in an effort to expedite the case and to avoid unnecessary delays over rather minor issues.

The first question deals with additional documentation of the methodology used in determining the purchase price of the utilities being acquired. There is no other documentation. As the original response indicated a \$1000.00 per customer rule of thumb was used. The companies PSC annual reports were used to determine debt, revenue and operating expenses. An evaluation of the financial condition of the companies was made which confirmed that the \$1000.00 per customer value could be supported with the financing and pro forma models reflected in the transfer and financing applications.

The second question asks about the employment of Mike Harris. He is qualified as a distribution technician. He will have no managerial functions.

The third question asks about deferred tax accounts. Mike Little, Elam and Belfry have none. EKV was non-profit and had none.

I believe that this satisfies the inquiry and hope that the matter can proceed quickly.

Very truly yours,

John N Hughes
124 West Todd St.
Frankfort, KY 40601
502 227-7270
Attorney for Kentucky Frontier Gas,
LLC



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
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1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-6204

October 3, 2005

Mr. John N. Hughes
124 W. Todd St.
Frankfort, KY 40204
VIA FACSIMILE 502-875-7059

RE: Kentucky Frontier Gas, LLC
Case No. 2005-00348

Dear Mr. Hughes:

This letter is to follow-up on our telephone conversation of this date, and to memorialize our conversation. As I stated to you, the Attorney General's office is interested in following up on several of Kentucky Frontier Gas' ("KFG") responses to our data requests in the above-styled matter.

As I explained, we are interested in obtaining the detailed methodologies, formula, assumptions and calculations KFG used to determine the purchase price of each utility. You stated that there simply are no other documents from which any such information could be obtained, because the utilities involved are so small in size. If in fact there are no other documents from which this information can be obtained, please confirm so in writing.

We are also interested in following up on your response to our discovery request number 12, in which you stated that an individual who may be related to the Allen family named Mike Harris will hold a technical position with KFG once the acquisitions are complete. In particular, we were interested in learning his qualifications, and whether he would be involved in the company's management. Your reply indicated that he would only be a gas technician, and that he would not have any role in the company's management.

Finally, with regard to our DR no. 16, you indicated that Elam and Mike Little Gas Co. were "unable to provide a definite answer at this time", as to whether any of the entities to be acquired have any deferred tax accounts. Will you provide this information to the Attorney General's office as soon as it becomes

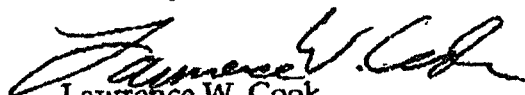


Mr. John Hughes
October 3, 2005
Page Two

available? Additionally, you stated that under the terms of the proposed acquisitions, KFG would not acquire any such accounts, that they would stay with these entities. Could you please explain how these entities would retain these accounts if they are to be acquired by KFG? Will the entities continue to exist, and if so, will they remain in the LDC business? Will the nature of their business operations change in any way, and if so, how?

I would appreciate your written response to these questions as soon as possible, in order to avoid having to ask the Commission for permission to tender supplemental data requests. Additionally, if my understanding regarding any other issue is incorrect, please let me know. Thank you.

Sincerely,


Lawrence W. Cook
Assistant Attorney General