

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS,)	
LLC FOR APPROVAL OF CONSOLIDATION OF)	
AND ADJUSTMENT OF RATES, APPROVAL OF)	CASE NO.
AMR EQUIPMENT AND A CERTIFICATE OF)	2011-00443
CONVENIENCE AND NECESSITY FOR)	
INSTALLATION OF AMR, PIPELINE)	
REPLACEMENT PROGRAM, REVISION OF NON-)	
RECURRING FEES AND REVISION OF TARIFFS)	

ORDER

This matter comes before the Commission by the May 20, 2013 Motion for Rehearing ("Motion") by Kentucky Frontier Gas, LLC, ("Frontier") of our Order of April 30, 2013, ("Rate Order") in this proceeding. Among other things, the Rate Order found that Frontier's determination of the acquisition adjustment associated with its acquisition of Cow Creek Gas, Inc. ("Cow Creek") and the acquisition by Cow Creek of a portion of the DLR Enterprise system ("DLR") was in error. Frontier had reported a net acquisition adjustment of \$105,707 based on these acquisitions. In the Rate Order, we found the correct amount to be a negative acquisition adjustment of \$195,567.

In its Motion, Frontier states that it is not seeking an adjustment of rates with its rehearing request and that its request seeks clarification for the purpose of correctly reflecting the financial terms of the Cow Creek and DLR transactions. Frontier states that, of the total amount of \$550,000 it paid in the above transactions to the owners of Cow Creek and DLR, \$20,000 was allocated (\$10,000 each) to the acquisition of Dema Gas Company, Inc. and farm tap customers also acquired as part of the transactions. It

claims that recognizing this allocation, along with a slightly different net book value for the portion of the DLR system acquired by Cow Creek, results in a negative acquisition adjustment of \$172,293.¹

Frontier states that establishing the correct amounts of these transactions relates to the correct accounting for future ratemaking, consistency of the information provided to the financial institutions from which it borrowed funds to acquire Cow Creek, and the value of the property for tax purposes. In order to avoid any potential questions about the transactions in the future or problems with verifying information previously submitted in a subsequent proceeding, Frontier states that it needs clarification of this matter.

Having considered the Motion and the record of this proceeding pertaining to Frontier's acquisition of Cow Creek and part of the DLR system, and being otherwise sufficiently advised, the Commission finds that Frontier's Motion should be granted for the purpose of clarification of the amount of the associated acquisition adjustment.

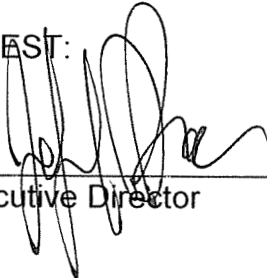
IT IS THEREFORE ORDERED that Frontier's request for rehearing is granted and the acquisition adjustment associated with its acquisition of Cow Creek and part of the DLR system is recognized by this Commission to be negative \$172,293.

¹ Portion of total amount paid, \$550,000, assigned to Cow Creek and DLR, \$530,000 minus net book value, \$702,293, of Cow Creek and DLR, equals (\$172,293).

By the Commission

ENTERED
JUN 07 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2011-00443

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