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February 1, 2013

RECEIVED

FEB 1 2013

PUBLIC SERVICE
COMMISSION

Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

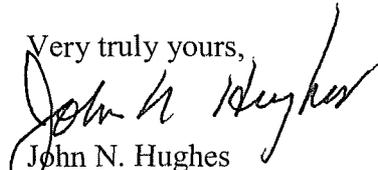
Re: KY Frontier Gas
Case No. 2011-00443

Dear Mr. Derouen:

Attached are two updated responses to prior staff data requests-depreciation schedules and stock company consolidations previously filed in responses to items 12 and 16 respectively of the first data request to Kentucky Frontier Gas.

Please contact me if you have any questions about this matter.

Very truly yours,



John N. Hughes
Attorney for KFG

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

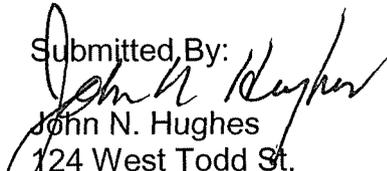
In the Matter of:

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

SUPPLEMENTAL RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

Kentucky Frontier Gas, LLC. ("Frontier"), by counsel, files with the Commission
the original and seven copies of the following supplemental information.

Submitted By:


John N. Hughes
124 West Todd St.
Frankfort, KY 40601
Attorney for Frontier Gas
Company, LLC

Supplemental response Item 12

Witness: Shute

See attached revised depreciation schedules.

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2012	2012
					Amortization	Depreciation
EKU Acquisition	12/1/2008	\$955,370.00	20	S/L	\$47,769.00	
MLG Acquisition	12/1/2008	\$481,045.00	20	S/L	\$24,052.00	
Belfry Acquisition	12/1/2008	\$480,342.00	20	S/L	\$24,017.00	
BTU Acquisition	7/1/2012	\$262,500.00	20	S/L	\$12,750.00	
Belfry Construction - Mains	7/31/2009	\$18,538.00	30	S/L		\$618.00
Belfry Construction - Mains	1/10/2010	\$9,524.00	30	S/L		\$317.00
Belfry Construction - Mains	2/28/2010	\$600.00	30	S/L		\$20.00
Belfry Gas Mains	9/30/2009	\$30,300.00	30	S/L		\$1,010.00
Belfry Gas Mains	12/31/2010	\$16,359.00	30	S/L		\$545.00
Belfry Gas Mains	12/16/2011	\$24,498.00	30	S/L		\$817.00
Belfry Gas Mains	12/31/2012	\$21,690.00	30	S/L		\$723.00
Belfry Gas Meters	12/31/2010	\$122.00	10	S/L		\$12.00
Belfry Gas Meters	2/25/2011	\$1,925.00	10	S/L		\$193.00
Belfry Gas Services	12/31/2010	\$271.00	30	S/L		\$9.00
Belfry Gas Services	11/4/2011	\$4,148.00	30	S/L		\$138.00
Belfry Gas Services	12/31/2012	\$3,889.00	30	S/L		\$130.00
BTU Mains	10/19/2012	\$1,608.00	30	S/L		\$54.00
BTU Mains	12/31/2012	\$700.00	30	S/L		\$24.00
BTU Regulators	10/31/2012	\$816.00	10	S/L		\$82.00
BTU Services	11/30/2012	\$5,036.00	30	S/L		\$168.00
BTU Services	12/31/2012	\$7,388.00	30	S/L		\$247.00
EKU Mains	12/31/2010	\$3,108.00	30	S/L		\$104.00
EKU Mains	11/23/2011	\$1,182.00	30	S/L		\$39.00
EKU Meters	12/31/2010	\$346.00	10	S/L		\$35.00
EKU Meters	12/16/2011	\$338.00	10	S/L		\$34.00
EKU Services	12/31/2010	\$1,370.00	30	S/L		\$46.00
EKU Services	12/30/2011	\$1,716.00	30	S/L		\$57.00
EKU Services	10/31/2012	\$3,756.00	30	S/L		\$125.00
MLG Mains	12/31/2010	\$2,361.00	30	S/L		\$79.00

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2012	2012
					Amortization	Depreciation
MLG Mains	11/23/2011	\$12,851.00	30	S/L		\$428.00
MLG Mains	9/30/2012	\$202.00	30	S/L		\$7.00
MLG Meters	12/31/2010	\$87.00	10	S/L		\$9.00
MLG Services	11/18/2011	\$970.00	30	S/L		\$32.00
MLG Services	11/30/2012	\$2,216.00	30	S/L		\$74.00
People's Gas - Mains Added by KFG	12/31/2010	\$895.00	30	S/L		\$30.00
People's Gas - Mains as acq	4/15/2010	\$11,248.00	30	S/L		\$375.00
People's Gas Acquisition - KFG	4/15/2010	\$6,420.00	20	S/L		\$321.00
People's Gas Acquisition - Prior	4/15/2010	\$2,332.00	20	S/L		\$117.00
People's Mains	10/28/2011	\$13,987.00	30	S/L		\$466.00
People's Mains	4/6/2012	\$2,084.00	30	S/L		\$69.00
People's Meters	3/11/2011	\$115.00	10	S/L		\$12.00
People's Services	11/18/2011	\$855.00	30	S/L		\$29.00
People's Services	10/31/2012	\$341.00	30	S/L		\$11.00
2012 Toyota Tundra PU	5/16/2012	\$29,687.00	5	S/L		\$5,937.00
2012 Toyota Tacoma PU	5/27/2012	\$23,655.00	5	S/L		\$4,731.00
2012 Toyota Tacoma PU	8/14/2012	\$26,225.00	5	S/L		\$5,245.00
2005 Toyota Tacoma PU	11/6/2009	\$12,500.00	5	S/L		\$2,500.00
1996 Ford F-150	2/26/2009	\$5,300.00	5	S/L		\$1,060.00
2007 Cat 303.5c excavator	4/14/2011	\$33,781.00	7	S/L		\$4,826.00
Other Transportation - Trailer	6/7/2010	\$1,675.00	5	S/L		\$335.00
Other Transportation - GPS	5/15/2012	\$3,239.00	5	S/L		\$648.00
Office Equipment - File Cabinet	3/1/2010	\$763.00	5	S/L		\$153.00
Folder / Inserter for billing	4/8/2011	\$10,271.00	7	S/L		\$1,467.00
ITRON auto meter reading system	12/31/2012	\$25,202.00	10	S/L		\$2,520.00
Dell PC	8/23/2011	\$399.00	5	S/L		\$80.00
HP Printer	4/2/2012	\$590.00	5	S/L		\$118.00
Tools - Odorator	10/31/2012	\$3,164.00	5	S/L		\$633.00
Total Ky Frontier utilities					\$108,588.00	\$37,859.00

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2012 Amortization	2012 Depreciation
Wholly-owned subs for GR calcs						
Auxier depreciation						\$35,974.16
Cow Creek - Sigma depreciation						\$21,042.00
Dema depreciation						\$1,143.00
SBA Origination Fees	12/30/2008	\$40,391.00	10	S/L	\$4,039.00	
Startup Costs (bank loan orig fees)	3/10/2010	\$299.00	10	S/L	\$30.00	
USDA Origination Fees	4/14/2010	\$17,464.00	15	S/L	\$1,164.00	
Depr & Amort for subsidiaries					\$5,233.00	\$58,159.16
Auxier Investment	4/15/2010	\$1,263,911.00	20	S/L	\$63,196.00	
Cow Creek Investment	4/15/2010	\$105,707.00	20	S/L	\$5,285.00	
Dema Investment	4/15/2010	\$0.00				no Adjustmt
Acquisition Adjmt Amort for subs					\$68,481.00	
					\$182,302.00	\$96,018.16
Total Depr + Amort for GR						\$278,320.16
						\$168,988.00
						\$109,332.16
Farm Tap assets (not incl in Utility GR)						
Interstate Farm Tap Investment	4/15/2010	\$10,000.00	20	S/L		\$500.00
Alert F/T Acquisition	12/1/2008	\$250,000.00	20	S/L	\$12,500.00	
Alert Mains	12/31/2010	\$2,255.00	30	S/L		\$75.00
Alert Meters	12/31/2010	\$198.00	10	S/L		\$20.00

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2012 Amortization	2012 Depreciation
Alert Mains	1/26/2011	\$346.00	30	S/L		\$12.00
Alert Services	11/18/2011	\$560.00	30	S/L		\$19.00
Alert Meters	1/5/2011	\$75.00	10	S/L		\$8.00
					\$12,500.00	\$634.00

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2011	2011
					Amortization	Depreciation
EKU Acquisition	12/1/2008	\$955,370.00	20	S/L	\$47,769.00	
MLG Acquisition	12/1/2008	\$481,045.00	20	S/L	\$24,052.00	
Belfry Acquisition	12/1/2008	\$480,342.00	20	S/L	\$24,017.00	
Belfry Construction - Mains	7/31/2009	\$18,538.00	30	S/L		\$618.00
Belfry Construction - Mains	1/10/2010	\$9,524.00	30	S/L		\$317.00
Belfry Construction - Mains	2/28/2010	\$600.00	30	S/L		\$20.00
Belfry Gas Mains	9/30/2009	\$30,300.00	30	S/L		\$1,010.00
Belfry Gas Mains	12/31/2010	\$16,359.00	30	S/L		\$545.00
Belfry Gas Mains	12/16/2011	\$24,498.00	30	S/L		\$817.00
Belfry Gas Meters	12/31/2010	\$122.00	10	S/L		\$12.00
Belfry Gas Meters	2/25/2011	\$1,925.00	10	S/L		\$193.00
Belfry Gas Services	12/31/2010	\$271.00	30	S/L		\$9.00
Belfry Gas Services	11/4/2011	\$4,148.00	30	S/L		\$138.00
EKU Mains	12/31/2010	\$3,108.00	30	S/L		\$104.00
EKU Mains	11/23/2011	\$1,182.00	30	S/L		\$39.00
EKU Meters	12/31/2010	\$346.00	10	S/L		\$35.00
EKU Meters	12/16/2011	\$338.00	10	S/L		\$34.00
EKU Services	12/31/2010	\$1,370.00	30	S/L		\$46.00
EKU Services	12/30/2011	\$1,716.00	30	S/L		\$57.00
MLG Mains	12/31/2010	\$2,361.00	30	S/L		\$79.00
MLG Mains	11/23/2011	\$12,851.00	30	S/L		\$428.00
MLG Meters	12/31/2010	\$87.00	10	S/L		\$9.00
MLG Services	11/18/2011	\$970.00	30	S/L		\$32.00
People's Gas - Mains Added by KFG	12/31/2010	\$895.00	30	S/L		\$30.00
People's Gas - Mains as acq	4/15/2010	\$11,248.00	30	S/L		\$375.00
People's Gas Acquisition - KFG	4/15/2010	\$6,420.00	20	S/L		\$321.00
People's Gas Acquisition - Prior	4/15/2010	\$2,332.00	20	S/L		\$117.00
People's Mains	10/28/2011	\$13,987.00	30	S/L		\$466.00
People's Meters	3/11/2011	\$115.00	10	S/L		\$12.00

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2011	2011
					Amortization	Depreciation
People's Services	11/18/2011	\$855.00	30	S/L		\$29.00
2005 Toyota Tacoma PU	11/6/2009	\$12,500.00	5	S/L		\$2,500.00
1996 Ford F-150	2/26/2009	\$5,300.00	5	S/L		\$1,060.00
2007 Cat 303.5c excavator	4/14/2011	\$33,781.00	7	S/L		\$4,826.00
Other Transportation - Trailer	6/7/2010	\$1,675.00	5	S/L		\$335.00
Office Equipment - File Cabinet	3/1/2010	\$763.00	5	S/L		\$153.00
Folder/Inserter	4/8/2011	\$10,271.00	7	S/L		\$1,467.00
Dell PC	8/23/2011	\$399.00	5	S/L		\$80.00
Total Ky Frontier utilities					\$95,838.00	\$16,313.00
Wholly-owned subs for GR calcs						
Auxier depreciation						\$35,594.16
Cow Creek - Sigma depreciation						\$20,804.00
Dema depreciation						\$1,143.00
SBA Origination Fees	12/30/2008	\$40,391.00	10	S/L	\$4,039.00	
Startup Costs (bank loan orig fees)	3/10/2010	\$299.00	10	S/L	\$30.00	
USDA Origination Fees	4/14/2010	\$17,464.00	15	S/L	\$1,164.00	
Depr & Amort for subsidiaries					\$5,233.00	\$57,541.16
Auxier Investment	4/15/2010	\$1,263,911.00	20	S/L	\$63,196.00	
Cow Creek Investment	4/15/2010	\$105,707.00	20	S/L	\$5,285.00	
Dema Investment	4/15/2010	\$0.00				no Adjustmt
Acq Adjmt Amortization for subs					\$68,481.00	
					\$169,552.00	\$73,854.16

**Kentucky Frontier Gas LLC
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	2011 Amortization	2011 Depreciation
Total Depr + Amort for GR						\$243,406.16
						\$168,988.00
						<u>\$74,418.16</u>
Farm Tap assets not incl in Utility GR						
Interstate Farm Tap Investment	4/15/2010	\$10,000.00	20	S/L		\$500.00
Alert F/T Acquisition	12/1/2008	\$250,000.00	20	S/L	\$12,500.00	
Alert Mains	12/31/2010	\$2,255.00	30	S/L		\$75.00
Alert Meters	12/31/2010	\$198.00	10	S/L		\$20.00
Alert Mains	1/26/2011	\$346.00	30	S/L		\$12.00
Alert Services	11/18/2011	\$560.00	30	S/L		\$38.00
Alert Meters	1/5/2011	\$75.00	10	S/L		\$8.00
					\$12,500.00	\$653.00

**Auxier Road Gas Company
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	Current Year Amortization	Accumulated Amortization	Current Year Depreciation
MAINS	7/1/1982	\$310,381.00	30	S/L			\$10,346.00
MAINS	1/1/1982	\$4,802.00	30	S/L			\$160.00
SERVICES	12/1/1983	\$2,895.00	30	S/L			\$97.00
SERVICES	9/1/1983	\$421.00	30	S/L			\$14.00
MAINS	1/2/1984	\$50,600.00	30	S/L			\$1,687.00
MAINS-RIVER CROSSING	12/1/1987	\$11,686.00	30	S/L			\$390.00
METER HOUSE	8/1/1987	\$2,635.00	25	S/L			\$105.00
MAINS	5/1/1988	\$6,048.00	30	S/L			\$202.00
MAINS	6/30/1991	\$1,246.00	30	S/L			\$42.00
MAINS	8/31/1991	\$4,042.00	30	S/L			\$135.00
ABBOTT LINE	8/31/1995	\$41,270.00	30	S/L			\$1,376.00
MAINS - PIPE	1/15/1996	\$3,257.00	30	S/L			\$109.00
MAINS - PIPE	3/15/1996	\$5,799.00	30	S/L			\$193.00
METER BLD	1/1/1996	\$1,000.00	25	S/L			\$33.00
MAINS - ABBOTT LINE	1/1/1997	\$9,591.00	30	S/L			\$320.00
MAINS - ABBOTT LINE	1/1/1997	\$2,812.00	30	S/L			\$94.00
MAINS - relocation (J Brown Br)	11/30/1998	\$6,666.00	30	S/L			\$222.00
MAINS - PIPE	8/31/1998	\$52.00	30	S/L			\$2.00
MAINS	10/31/1998	\$7,000.00	30	S/L			\$233.00
MAINS - PIPE	1/26/1999	\$445.00	30	S/L			\$15.00
MAINS - PIPE	1/15/2001	\$1,245.00	30	S/L			\$42.00

**Auxier Road Gas Company
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	Current Year Amortization	Accumulated Amortization	Current Year Depreciation
MAINS - PIPE	1/5/2001	\$9,148.00	30	S/L			\$305.00
MAINS - PIPE	5/11/2001	\$3,210.00	30	S/L			\$107.00
MAINS - PIPE	7/3/2001	\$360.00	30	S/L			\$12.00
MAINS - PIPE	8/16/2002	\$886.00	30	S/L			\$30.00
MAINS - PIPE	8/16/2002	\$318.00	30	S/L			\$11.00
MAINS - PIPE (J BROWN BR)	11/5/2002	\$600.00	30	S/L			\$20.00
MAINS - US PRISON	6/30/2002	\$193,472.00	30	S/L			\$6,449.00
MAINS - PIPE	1/8/2003	\$1,476.00	30	S/L			\$49.00
METER T-18 - tap mains	12/1/2003	\$2,473.00	10	S/L			\$247.00
METER	12/15/2003	\$1,361.00	10	S/L			\$136.00
REGULATOR	12/22/2003	\$1,202.00	25	S/L			\$48.00
REGULATOR	12/22/2003	\$3,747.00	25	S/L			\$150.00
MAINS	6/30/2003	\$1,014.00	30	S/L			\$34.00
MAINS	11/3/2003	\$1,017.00	30	S/L			\$34.00
MAINS	12/29/2003	\$6,487.00	30	S/L			\$216.00
REGULATOR	12/11/2003	\$1,878.00	25	S/L			\$75.00
METERS	3/10/2004	\$13,866.00	10	S/L			\$1,387.00
MAINS	4/14/2005	\$869.00	30	S/L			\$29.00
MAINS	12/15/2005	\$1,071.00	30	S/L			\$36.00
METERS	11/21/2005	\$12,974.00	10	S/L			\$1,297.00
METERS	12/31/2005	\$775.00	10	S/L			\$78.00
METERS	2/8/2006	\$279.00	10	S/L			\$28.00
MAINS	6/28/2006	\$779.00	30	S/L			\$78.00
METERS	12/30/2006	\$3,392.00	10	S/L			\$339.00
OFFICE FURN-COMPUTER DESK	8/10/2007	\$550.00	7	S/L			\$79.00

**Auxier Road Gas Company
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	Current Year Amortization	Accumulated Amortization	Current Year Depreciation
COMPUTER	5/1/2007	\$500.00	5	S/L			\$100.00
MAINS	6/3/2008	\$4,628.00	30	S/L			\$154.00
METERS	9/8/2008	\$12,595.00	10	S/L			\$1,260.00
MAINS	11/18/2008	\$51,233.00	30	S/L			\$1,708.00
OFFICE EQUIPMENT	12/29/2008	\$421.00	5	S/L			\$84.16
GAS DETECTOR-GMI	12/30/2008	\$2,232.00	5	S/L			\$446.00
METER	1/30/2009	\$13,510.00	10	S/L			\$1,351.00
REGULATOR	2/19/2009	\$20,612.00	25	S/L			\$824.00
OFFICE EQ-EPSON PRINTER	3/5/2009	\$400.00	5	S/L			\$80.00
MAINS	6/23/2009	\$981.00	30	S/L			\$33.00
METER BLD	8/15/2009	\$715.00	25	S/L			\$29.00
MAINS	9/2/2009	\$604.00	30	S/L			\$20.00
MAINS	9/14/2009	\$1,085.00	30	S/L			\$36.00
VEHICLES-DODGE 1500	12/14/2009	\$9,785.00	5	S/L			\$1,957.00
MAINS	10/2/2009	\$2,500.00	30	S/L			\$83.00
MAINS	3/23/2009	\$437.00	30	S/L			\$15.00
MAINS	9/21/2009	\$246.00	30	S/L			\$8.00
MAINS	5/21/2009	\$618.00	30	S/L			\$21.00
MAINS	6/26/2009	\$99.00	30	S/L			\$3.00
MAINS	7/10/2009	\$44.00	30	S/L			\$1.00
MAINS	7/23/2009	\$95.00	30	S/L			\$3.00
MAINS	11/19/2009	\$239.00	30	S/L			\$8.00
SERVICES	12/17/2010	\$284.00	30	S/L			\$10.00
SERVICES	12/17/2010	\$106.00	30	S/L			\$4.00
SERVICES	11/17/2010	\$223.00	30	S/L			\$7.00
METERS	12/31/2010	\$435.00	10	S/L			\$44.00
SERVICES	1/10/2011	\$22.00	30	S/L			\$1.00

**Auxier Road Gas Company
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	Current Year Amortization	Accumulated Amortization	Current Year Depreciation
MAINS	4/4/2011	\$1,060.00	30	S/L			\$35.00
SERVICES	4/18/2011	\$318.00	30	S/L			\$11.00
SERVICES	11/2/2011	\$281.00	30	S/L			\$9.00
SERVICES	11/1/2011	\$1,032.00	30	S/L			\$34.00
SERVICES	12/29/2011	\$800.00	30	S/L			\$27.00
MAINS	1/31/2011	\$1,321.00	30	S/L			\$44.00
METERS	1/31/2011	\$439.00	10	S/L			\$44.00
MAINS	3/21/2011	\$267.00	30	S/L			\$9.00
SERVICES	12/31/2012	\$4,844.00	30	S/L			\$161.00
METERS	8/31/2012	\$2,186.00	10	S/L			\$219.00
Total 2010		\$861,724.00					\$35,380.16
Total 2011		\$867,264.00					\$35,594.16
Total 2012		\$874,294.00					\$35,974.16
Depreciable Basis Dec09		\$431,549.00					
Depreciable Basis Dec12		\$324,600.52					

**Cow Creek Gas (incl Sigma)
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	Current Year Depreciation
Utility Plant	1/1/1995	\$12,725.00	30	S/L	\$424.00
Utility Plant	1/14/2003	\$3,151.00	30	S/L	\$105.00
Meters	12/21/2007	\$7,986.00	10	S/L	\$799.00
Meters - Sigma	1/11/2008	\$25,506.00	10	S/L	\$2,551.00
Meter Install - Sigma	1/11/2008	\$180.00	10	S/L	\$18.00
House Regulators	1/11/2008	\$15,724.00	15	S/L	\$1,048.00
Mains - Sigma	1/11/2008	\$419,205.00	30	S/L	\$13,974.00
Oderant Level Detector	2/20/2008	\$3,112.00	10	S/L	\$311.00
Meters - Odomoter	3/26/2008	\$1,904.00	10	S/L	\$190.00
AC250 Meter	5/30/2008	\$1,617.00	10	S/L	\$162.00
Meter Orifice	7/28/2008	\$2,638.00	10	S/L	\$264.00
AC250 Meter	7/30/2008	\$1,525.00	10	S/L	\$153.00
AC250 Meter	11/10/2008	\$1,220.00	10	S/L	\$122.00
Meter Orifice	11/14/2008	\$1,728.00	10	S/L	\$173.00
Services	11/18/2010	\$506.00	30	S/L	\$17.00
Mains	12/31/2010	\$518.00	30	S/L	\$17.00
Services	12/20/2011	\$3,916.00	30	S/L	\$131.00
Tools	1/14/2011	\$1,725.00	5	S/L	\$345.00
Mains	12/31/2012	\$2,516.00	30	S/L	\$84.00
Services	12/31/2012	\$4,625.00	30	S/L	\$154.00
Total 2010		\$499,245.00			\$20,328.00
Total 2011		\$504,886.00			\$20,804.00
Total 2012		\$512,027.00			\$21,042.00
Depreciable Basis Dec09		\$424,293.00			
Depreciable Basis Dec12		\$362,119.00			

**Dema Gas Company
Depreciation Schedule**

Asset Description	Date	Cost	Life	Method	Current Year Depreciation
Mains	9/1/1989	\$30,986.00	30	S/L	\$1,033.00
Meters	1/1/2003	\$1,100.00	10	S/L	\$110.00
Total		\$32,086.00			\$1,143.00
Total 2010		\$32,086.00			\$1,143.00
Total 2011		\$32,086.00			\$1,143.00
Total 2012		\$32,086.00			\$1,143.00
Depreciable Basis Dec09		\$10,299.00			
Depreciable Basis Dec12		\$6,870.00			

Kentucky Frontier Gas LLC
Revenue Requirements

FY Ended 06/30/11 Income Statement	Test Year Actual	Known-Meas Adjustments	Adjusted Tyr	Known & Measurable Change
OPERATING REVENUES:				
Gas Sales Revenues			\$ -	
Other Revenues	\$ -		\$ -	minimal & not predictable
TOTAL REVENUES	\$ -	\$ -	\$ -	
OPERATING EXPENSES:				
Natural Gas Purchases			\$ -	balanced to zero with GCAs
Maintenance Expense	\$ 302,703	\$ 19,252		add 1 Operator Jun11 (partial yr)
		\$ 5,854		add 1 truck (partial yr)
		\$ 40,560		add 1 Operator Feb12 for BTU
		\$ 15,120		add 1 truck for BTU
		\$ 21,822	\$ 405,311	6 Operators incr in May11+Jul12
Office Supplies	\$ 50,797	\$ 8,128	\$ 58,925	add BTU+Blaine
Outside Services	\$ 66,595		\$ 66,595	
Customer Records, etc	\$ 124,610	\$ 13,435		office staff incr in May11+Jul12
		\$ 30,401	\$ 168,447	add 1 clerk May12 for BTU
Meter Reading Labor	\$ 40,849		\$ 40,849	all addl labor in Mtce Expense
Admin Salaries	\$ 156,124		\$ 156,124	
Pensions & Benefits	\$ 25,046	\$ 7,385		incr med ins, st pension contribs
		\$ 9,768	\$ 42,199	SEP pension contributions
Property Insurance	\$ 33,191	\$ 7,964	\$ 41,155	incr liability insur for labor+trks
Other/Misc Expenses	\$ 2,312		\$ 2,312	
Depreciation	\$ 185,352	\$ 92,968	\$ 278,320	consol sched (filed as \$169k)
Tax Expense - Other	\$ 60,496		\$ 60,496	all payroll changes incl above
Income Tax Expense	\$ 6,306		\$ 6,306	
TOTAL OPERATING EXPENSE	\$ 1,054,380	\$ 272,658	\$ 1,327,038	Known & Measurable changes filed as \$1,218k

Test Year is based on Calendar + Fiscal Year 2011.

Frontier started operating BTU Gas in August 2011 under contract with Trustee.

Other Revenues in 2011 were mostly accrued Ops charges to BTU Trustee.

Exhibit __

Kentucky Frontier Gas LLC
Revenue Requirements

*Frontier added 2 employees specifically for BTU Gas in 2012,
these were not allocated to FTs and come in at 100% of cost.
For simplicity, added labor costs are all in Mtce Exp & Customer Records,
and not allocated into Meter Reading or Tax Expense (for payroll taxes).
Frontier started a Simplified Employee Pension pgm in Jul12 for all employees.*

Kentucky Frontier Gas LLC
Revenue Requirements

Revenue Requirement

using Operating Ratio

<p>Pro Forma Operating Costs</p> <p>divide by Operating Ratio</p> <p>Revenue to cover Operating Ratio</p> <p>less Ops Costs = Net Ops Income</p> <p>Multiply by Grossup for taxes</p> <p>Net Ops Income before Income Taxes</p> <p>Add: Pro Forma Ops Costs</p> <p>Interest Expense</p> <p>Imputed Income Taxes</p> <p>Total Revenue Requirement</p>	<p>\$ 1,327,038</p> <p style="text-align: center;"><u>0.88</u></p> <p>\$1,507,998</p> <p>\$ 180,960</p> <p style="text-align: center;"><u>1.000</u></p> <p>\$ 180,960</p> <p>\$ 1,327,038</p> <p>148,369</p> <p style="text-align: center;"><u>-</u></p> <p style="text-align: center;"><u>\$ 1,656,367</u></p>	<p>Test Yr with Known & Meas chgs set by PSC</p> <p>no income tax allowed by PSC</p> <p>see Loans exhibit no income tax allowed by PSC</p> <p>to Cost of Service exhibit filed as \$1,532k</p>
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16. Refer to Exhibit 6, Proposed Tariffs.

a. Given that Frontier has separate farm tap tariffs on file with the Commission, explain why farm tap rates and tariff provisions are included as part of its proposed gas utility tariff.

2) According to its Application, Frontier intends to have one set of tariffs for all of its utility operations. Based on the nature of its various acquisitions from 2008 to the present time, Frontier is currently operating four different utilities: (1) Frontier, which consists of all of the systems for which it acquired the utility's assets; and (2) Auxier Road; (3) Cow Creek and (4) Dema, the three systems for which Frontier acquired the corporation's stock. Explain how Frontier envisions conducting business in the future for the latter three utilities.

Witness: Shute

SUPPLEMENTAL RESPONSE:

Frontier originally expected to consolidate all three of the stock companies (Cow Creek, Dema and Auxier Road) into Kentucky Frontier Gas, LLC. However, after a review of the tax consequences of such a consolidation, Frontier determined that the assets of Cow Creek and Dema should be transferred to Frontier and those two companies dissolved, effective December 31, 2012. Because of the unfavorable tax liability that the Frontier members would have faced, Auxier was not included in the consolidation. As a result of this action, Frontier will hold the assets of all of the previously acquired companies, except Auxier. Those companies will operate as

Kentucky Frontier Gas, LLC with one rate and one tariff as proposed in the application in this case.

Auxier Road Gas Company stock will remain wholly owned by Frontier and will operate as Auxier Road Gas Company, d/b/a Kentucky Frontier Gas. The same rate and tariffs for Frontier will apply to Auxier customers. Separate financial reports will be maintained for Auxier.

Because this is a corporate reorganization among commonly owned entities controlled by the same partners, Frontier believes no prior Commission approval was required for this action pursuant to KRS 278.020 (7)(b).