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PUBLIC SERVICE
COMMISSION

June 28, 2013

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Purchased Gas Adjustment
Kentucky Frontier Gas, LLC

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, we are filing our first unified PGA application pursuant to the Commission's order of April 30, 2013 in Case No. 2011-00443. Please see attached Expected Gas Cost for the combined systems.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba COW CREEK GAS, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosures

FOR ENTIRE AREA SERVED
KENTUCKY FRONTIER GAS, LLC

P.S.C. KY. NO. 1

Original SHEET NO. 1

Kentucky Frontier Gas, LLC
(Name of Utility)

CANCELING P.S. KY.NO.

 SHEET NO.

RATES AND CHARGES

APPLICABLE: Entire area served

Residential and Small Commercial

Gas Cost

	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 10.0000		\$ 10.0000
ALL MCF	\$ 4.2023	\$ 4.6992	\$ 8.9015

Large Commercial

Gas Cost

	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 50.0000		\$ 50.0000
ALL MCF	\$ 3.4454	\$ 4.6992	\$ 8.1446

DATE OF ISSUE June 28, 2013
Month/Date/Year

DATE EFFECTIVE August 1, 2013

ISSUED BY 
(Signature of Officer)

TITLE Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. DATED

Kentucky Frontier Gas, LLC - combined utilities

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended:

April 30, 2013

(1)	(2)	(3)	(4)	(5)*	(6)
Supplier	Dth	BTU Conversion Factor	Mcf	Rate	(4) x (5) Cost
AEI-KAARS			3,797	\$ 3.1000	\$ 11,771
Columbia			17,815	\$ 5.9104	\$ 105,294
Cumberland Valley			112,753	\$ 4.7459	\$ 535,114
* Gray		1.0631	16,544	\$ 4.2524	\$ 70,352
* HI-Energy		1.0163	1,998	\$ 4.0652	\$ 8,122
*** HTC		1.1079	1,494	\$ 3.3237	\$ 4,966
*** Interstate Natural Gas (rate includes \$1.25/Mcf DLR trans)		1.2499	3,705	\$ 4.9997	\$ 18,524
Jefferson (rate includes \$1.25/Mcf DLR transportation)			23,031	\$ 5.7767	\$ 133,043
Magnum Drilling, Inc.			3,269	\$ 10.5000	\$ 34,325
*** Nytis (Auxier)		1.0962	8,315	\$ 3.2886	\$ 27,345
*** Nytis (rate includes \$1.25/Mcf DLR transportation)		1.0962	25,717	\$ 4.5386	\$ 116,719
Quality (Belfry)			59,739	\$ 4.4120	\$ 263,568
Quality (EKU,MLG)			74,986	\$ 4.7277	\$ 354,511
** Slone Energy		1.1673	13,614	\$ 4.0856	\$ 55,621
*** Tackett & Sons Drilling		1.0758	6,505	\$ 3.2274	\$ 20,994
*** Walker Resources		1.1344	4,754	\$ 3.4032	\$ 16,179
Totals			378,036	\$ 4.6992	\$ 1,776,448

Line loss 12 months ended: Apr-13 based on purchases of 378,036 Mcf
and sales of 306,944 Mcf. 19%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,776,448
/ Mcf Purchases (4)	Mcf	378,036
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.6992
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	323,099
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,518,291

NYMEX Futures 3 Mo. Avg. = \$3.5767/Dth + \$0.05 TCo Appa (basis) = \$3.6267/Dth

AEI-KAARS contract = \$3.10/Mcf

Columbia IUS Effective 5/30/13 = \$5.9104

Jefferson contract = TCo + \$0.90 cost factor = \$3.6267/Dth + \$0.90 = \$4.5267/Mcf

CVR = TCo + \$0.0190/Dth Commodity + \$0.1909/Dth TCo Demand +

\$0.0723/Dth Fuel + \$0.05/Dth CVR Fee x 1.2000 Dth/Mcf = \$4.7459

HTC, ING, Nytis, Tackett & Walker contract = \$3.00/Dth or 80% of TCo, whichever is greater

Slone contract = \$3.50/Dth or 80% TCo, whichever is greater

Gray & HI-Energy contract = \$4.00/Dth or 80% TCo, whichever is greater

\$1.25/Mcf DLR transportation added to ING, Jefferson & Nytis for Cow Creek/Sigma

* Estimated 3 mo. avg TCo = \$3.6267/Dth x .8 = \$2.9014/Dth < \$4.00/Dth; \$4.00/Dth x Dth/Mcf = \$/Mcf

** Estimated 3 mo. avg TCo = \$3.6267/Dth x .8 = \$2.9014/Dth < \$3.50/Dth; \$3.50/Dth x Dth/Mcf = \$/Mcf

*** Estimated 3 mo. avg TCo = \$3.6267/Dth x .8 = \$2.9014/Dth < \$3.00/Dth; \$3.00/Dth x Dth/Mcf = \$/Mcf