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PUBLIC SERVICE
COMMISSION

March 30, 2016

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

Re: Gas Cost Adjustment
Effective Date of May 1, 2016
Public Gas Company

Dear Mr. Derouen:

Kentucky Frontier Gas, LLC, is filing a GCA application for Public Gas Company pursuant to the Commission's order of November 24, 2015 in Case No. 2015-00299. Please see attached Expected Gas Cost for the Public Gas Company.

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

Sincerely,
KENTUCKY FRONTIER GAS, LLC

A handwritten signature in black ink that reads "Dennis R. Horner".

Dennis R. Horner
Enclosures

PUBLIC GAS COMPANY GAS COST RECOVERY RATE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 4.3510
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.3377)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		4.0133

GCR to be effective for service rendered from: May 1, 2016

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 531,785
/	Sales for the 12 months ended January 31, 2016	Mcf	122,222
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.3510

B	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$ -
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
=	Refund Adjustment (RA)	\$/Mcf	\$ -

C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Current Reporting Period (Sch. IV)	\$/Mcf	\$ 0.0592
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0090
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0069)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.3990)
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.3377)

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)	\$/Mcf	\$ -

Public Gas Company
SCHEDULE II
EXPECTED GAS COST

MCF Purchases for 12 months ended: January 31, 2016

Supplier	Dth	Purchases Mcf	Sales Mcf	Rate	Cost
2/28/2015	1.118	28,901	26,717	\$ 4.3669	\$ 126,208
3/31/2015	1.118	19,239	27,759	\$ 4.3669	\$ 84,015
4/30/2015	1.118	9,594	13,297	\$ 4.3669	\$ 41,896
5/31/2015	1.118	4,069	4,245	\$ 4.3669	\$ 17,769
6/30/2015	1.118	2,434	1,737	\$ 4.3669	\$ 10,629
7/31/2015	1.118	2,030	1,651	\$ 4.3669	\$ 8,865
8/31/2015	1.118	2,115	1,335	\$ 4.3669	\$ 9,236
9/30/2015	1.118	2,183	1,424	\$ 4.3669	\$ 9,533
10/31/2015	1.118	4,266	2,425	\$ 4.3669	\$ 18,629
11/30/2015	1.118	9,506	7,003	\$ 4.3669	\$ 41,512
12/31/2015	1.118	12,522	12,847	\$ 4.3669	\$ 54,682
1/31/2016	1.118	24,917	21,782	\$ 4.3669	\$ 108,810
Totals		121,776	122,222	\$ 4.3669	\$ 531,785

Line loss 12 months ended: Jan-16 based on purchases of 121,776 Mcf
and sales of 122,222 Mcf. 0% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 531,785
/ Mcf Purchases (4)	Mcf	122,222
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.3510
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	122,222
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 531,785

Estimated Avg TCo for May, Jun, Jul = \$2.0500/Dth (NYMEX Avg + \$-0.144/Dth (TCo Appal Basis) = \$1.9060/Dth
Jefferson contract = \$1.9060/Dth (TCo) + \$2.00/Dth cost factor = \$3.9060/Dth

Public Gas Company

Schedule IV
Actual AdjustmentFor the 3 month period ending: January 31, 2016

<u>Particulars</u>	<u>Unit</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>
Total Supply Volumes Purchased	Mcf	9,506	12,522	24,917
Total Cost of Volumes Purchased	\$	\$ 35,933	\$ 56,718	\$ 116,263
(divide by) Total Sales (not less than 95% of supply)	Mcf	9,031	12,847	23,671
(equals) Unit Cost of Gas	\$/Mcf	\$ 3.9790	\$ 4.4149	\$ 4.9116
(minus) EGC in effect for month	\$/Mcf	\$ 4.4277	\$ 4.4277	\$ 4.4277
(equals) Difference	\$/Mcf	\$ (0.4487)	\$ (0.0128)	\$ 0.4839
(times) Actual sales during month	Mcf	7,003	12,847	21,782
(equals) Monthly cost difference	\$	\$ (3,142)	\$ (165.08)	\$ 10,540.11

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ 7,232.66
(divide by) Sales for 12 Months ended: <u>January 31, 2016</u>	Mcf	122,222
(equals) Actual Adjustment for the Reporting Period		\$ 0.0592
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.0592