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JUN 29 2017

PUBLIC SERVICE  
COMMISSION

June 28, 2017

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 August 1, 2017  
Kentucky Frontier Gas, LLC

Case No. 2017-00256

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, we are filing a unified GCA 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.

At this time Frontier is prioritizing its PRP in the Belfry system. Approximately 1,300 feet of steel pipe has been replaced in the past few weeks in the Belfry system. Although the current quarter L&U is below 5%, and the year to date L&U is slowly trending down, Frontier's PRP expenditures continue to be greater than the allowed recovery. Therefore, KFG is requesting an extension of the deviation from its PGA tariff in passing through line losses greater than 5 percent granted in Case No. 2014-00477. The attached EGC was calculated by using a 10% L&U. AA calculations did not use a limiter and the BA is calculated to recover amounts formerly returned to customers due to using the limiter. The Commission's consideration of this request is very much appreciated.

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

Sincerely,  
KENTUCKY FRONTIER GAS, LLC

Dennis R. Horner  
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.

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RATES AND CHARGES

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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 CCF	\$ 0.42023	\$ 0.59338	\$ 1.01361

Large Commercial

	Gas Cost		
	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 50.0000		\$ 50.0000
ALL CCF	\$ 0.34454	\$ 0.59338	\$ 0.93792

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DATE OF ISSUE June 28, 2017  
Month/Date/Year

DATE EFFECTIVE August 1, 2017

ISSUED BY   
(Signature of Officer)

TITLE Member

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

KFG UNIFIED 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	\$ 5.2099
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ 0.3368
+ Balance Adjustment (BA)	\$/Mcf	\$ 0.3871
= Gas Cost Recovery Rate (GCR)		\$ 5.9338

GCR to be effective for service rendered from: August 1, 2017

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 1,208,201
	/ Sales for the 12 months ended <u>April 30, 2017</u>	Mcf	231,904
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.2099

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 <b>Current</b> Reporting Period (Sch. IV)	\$/Mcf	\$ (0.4299) expires 7/31/2018
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3877 expires 4/30/2018
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3207 expires 1/31/2018
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0583 expires 10/31/17
=	Actual Adjustment (AA)	\$/Mcf	\$ 0.3368

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ (0.0140) expires 7/31/2018
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.3681 expires 4/30/2018
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0604 expires 1/31/2018
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0274) expires 10/31/17
=	Balance Adjustment (BA)	\$/Mcf	\$ 0.3871

**Kentucky Frontier Gas, LLC - Unified**

SCHEDULE II  
EXPECTED GAS COST

MCF Purchases for 12 months ended:

April 30, 2017

Supplier	NO LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
AEI-KAARS		N/A	475	\$ 3.1000	\$1,473
Columbia (Goble Roberts,Peoples)		N/A	10,318	\$ 6.2035	\$64,008
Cumberland Valley (Auxier)		1.2723	80,789	\$ 4.0379	\$326,218
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2723	3,575	\$ 5.2879	\$18,904
EQT (EQU,MLG,Price)		1.2800	4,246	\$ 5.6357	\$23,929
EQT (Sigma) rate includes \$1.25/Mcf DLR trans		1.2800	1,376	\$ 6.8857	\$9,475
* Gray		1.0595	585	\$ 4.7678	\$2,789
** HI-Energy		0.9953	6,717	\$ 3.9812	\$26,742
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.1079	2,602	\$ 5.6816	\$14,784
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1837	3,015	\$ 6.8912	\$20,777
Magnum Drilling, Inc.		N/A	2,926	\$10.5000	\$30,723
Nytis (Auxier)		1.0000	8,025	\$ 2.7657	\$22,195
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0000	11,102	\$ 3.4626	\$38,442
Quality (Belfry)		1.2003	44,247	\$ 3.4397	\$152,196
* Slone Energy		0.9916	1,858	\$ 4.4622	\$8,291
Southern Energy (EQU,MLG,Price)		1.2727	51,224	\$ 5.4282	\$278,054
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2727	28,569	\$ 6.6782	\$190,789
** Spirit		1.1166	13,181	\$ 4.4664	\$58,872
<b>Totals</b>			<b>274,830</b>	<b>\$ 4.6889</b>	<b>\$1,288,659</b>

Line loss 12 months ended: Apr-17 based on purchases of 274,830 Mcf  
and sales of 231,904 Mcf. 15.6% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,288,659
/ Mcf Purchases (4)	Mcf	274,830
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.6889
x Allowable Mcf Purchases (10% L&U)	Mcf	257,671
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,208,201

Estimated Avg TCo for Aug, Sep, Oct = \$2.9377/Dth (NYMEX Avg + \$-0.1720/Dth (TCo Appal Basis) = **\$2.7657/Dth**

AEI-KAARS contract = **\$3.1000/Mcf**

EQT = \$2.7657/Dth (TCo) + \$0.3872 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.4029/Dth**

Jefferson contract = \$2.7657/Dth (TCo) + \$2.00/Dth cost factor = **\$4.7657/Dth**

CVR = \$2.7657 (TCo) + \$0.0190/Dth Commodity + \$0.2838/Dth TCo Demand + \$0.0552/Dth Fuel + \$0.05/Dth CVR Fee = **\$3.1737/Dth**

Chattaco,HI-Energy,HTC,ING,Plateau,Spirit,Tackett contract = \$4.00/Dth or 80% of TCo, whichever is greater

Gray, contract = \$4.50/Dth or 80% of TCo, whichever is greater

Magnum Drilling contract = **\$10.50/Mcf**

Nytis (Auxier) = **\$2.7657/Dth** (TCo)

Nytis (Sigma) = \$2.7657/Dth (TCo) x .8 = **\$2.2126/Dth**

Slone contract = **\$4.50/Dth**

Southern Energy = \$3.0853/Dth (TCo) + \$1.1798/Dth = **\$4.2651/Dth**

Quality (Belfry) = \$2.7657/Dth (TCo) + \$0.10 = **\$2.8657/Dth**

DLR Trans for Cow Creek (Sigma) = \$1.25/Mcf on volumes from CVR,EQT,HTC,ING,Jefferson,Nytis,Plateau,Southern Energy

\* Estimated 3 mo. TCo = \$2.7657/Dth x .8 = \$2.2126/Dth < \$4.50/Dth; \$4.50/Dth

\*\* Estimated 3 mo. TCo = \$/Dth x .8 = \$2.2126/Dth < \$4.00/Dth; \$4.00/Dth

\*\*\* Estimated 3 mo. TCo = \$2.7657/Dth x .8 = \$2.2126/Dth < \$3.00/Dth; \$3.00/Dth

## KFG Unified

Schedule IV  
Actual Adjustment

For the 3 month period ending:

April 30, 2017

Particulars	Unit	NO LIMITER		
		Feb-17	Mar-17	Apr-17
Total Supply Volumes Purchased	Mcf	33,786	33,349	16,244
Total Cost of Volumes Purchased	\$	\$ 179,638	\$ 138,025	\$ 90,028
(divide by) Total Sales	Mcf	35,014	30,909	14,514
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.1305	\$ 4.4655	\$ 6.2028
(minus) EGC in effect for month	\$/Mcf	\$ 6.3079	\$ 6.3079	\$ 6.3079
(equals) Difference	\$/Mcf	\$ (1.1774)	\$ (1.8424)	\$ (0.1051)
(times) Actual sales during month	Mcf	35,014	30,909	14,514
(equals) Monthly cost difference	\$	\$ (41,227)	\$ (56,945.99)	\$ (1,524.86)

	Unit	Amount
Total cost difference	\$	\$ (99,698.03)
(divide by) Sales for 12 Months ended: <u>April 30, 2017</u>	Mcf	231,904
(equals) Actual Adjustment for the Reporting Period		\$ (0.4299)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.4299)

SCHEDULE V

BALANCE ADJUSTMENT

For the 12 month period ended: October 31, 2016

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>	
Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$	\$ (10,395)	<b>Feb 16 - Apr 16 with no 5% limiter</b>
		(\$0)	
<b>Less:</b> Dollar amount resulting from the AA of <span style="border: 1px solid black; padding: 2px;">(0.0308)</span> \$/Mcf as used to compute the GCR in effect <b>Case No. 2016-00227</b> four quarters prior to the effective date of the currently effective GCR times the sales of 231,904 Mcf during the 12 month period the AA was in effect	\$	<u>(\$7,143)</u>	
<b>Equals:</b> Balance Adjustment of the AA	\$	<u><u>(\$3,252)</u></u>	
Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$	\$0	
<b>Less:</b> Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12 month period the RA was in effect	\$	<u>\$0</u>	
<b>Equals:</b> Balance Adjustment of the RA	\$	<u><u>\$0</u></u>	
Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$	\$0	
<b>Less:</b> Dollar amount resulting from the BA of \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 12 month period the BA was in effect	\$	<u>\$0</u>	
<b>Equals:</b> Balance Adjustment of the BA	\$	<u><u>\$0</u></u>	
Total Balance Adjustment Amount (1) + (2) + (3)	\$	(\$3,252)	
<b>Divide:</b> Sales for 12 months ended April, 2017	Mcf	<u>231,904</u>	
<b>Equals:</b> Balance Adjustment for the reporting period (to Schedule I, part D)	\$/Mcf	<u><u>(\$0.0140)</u></u>	