

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF)
KENTUCKY FRONTIER GAS, LLC) CASE NO.: 2017-00263
FOR ALTERNATIVE RATE ADJUSTMENT)
PUSUANT TO 807 KAR 5:076)

ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), and submits these Supplemental Data Requests to Kentucky Frontier Gas, LLC (hereinafter "Frontier") to be answered by October 6, 2017, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial

statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and

method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

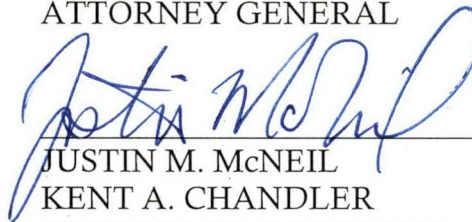
(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



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1. Refer to Kentucky Frontier Gas, LLC's ("Frontier") Response to Staff's Second Request, Item 3, and Frontier's Response to the Commission Order from July 28, 2017, Item 2.e.
 - a. Explain whether Frontier considers the cost to conduct CAD/GIS updates of the recently acquired or previously unmapped areas of its system as a one-time cost or an ongoing expense which is "implied as part of completing any utility project."
 - b. Explain whether this cost should be considered due diligence after acquiring other systems regardless of an existing PRP program, and thus not included in a rate request.
 - c. Once the entire existing Frontier system is mapped, does Frontier anticipate it will incur periodic charges from CAD/GIS updates in the future? If so, explain what charges it expects, how often such updates will be necessary, any cost estimates, and the manner in which costs will be requested to be recovered.

2. Refer to Frontier's Response to the Commission Order from July 28, 2017, Items 2.b., 2.c., and 2.f., Frontier's Response to Staff's Second Request, Item 6, and the Informal Conference on September 18, 2017. Regarding the PRP, Frontier declared its intention to replace bare steel pipes "at about 2.5 miles per year" and that it expected the PRP to last about 10 more years, but also that "[o]ur target is still 12,500 ft per year in PRP." Presently, Frontier states that it has only replaced 1.5 miles per year for the last 3 years.
 - a. Does Frontier anticipate that acceleration of the PRP will return the pace of replacement to 12,500 feet per year or will it aim for an even higher replacement rate than this?
 - b. Frontier stated that "much" of the future PRP projects will require contractors, and be on well-traveled roads, necessitating a cost of \$12–15/ft. instead of the \$4/ft. estimate proposed in Case No. 2011–00443. Frontier also stated that replacement may cost \$20–30/ft. if a contractor is required to use a horizontal directional drill. Provide an estimate of how many of the future PRP projects will incur these higher rates versus the original estimated rate.

3. Refer to Frontier's Response to Staff's Second Request for Information, Item 9.
 - a. State whether Frontier has considered requiring full-time employees to pay a share of their health insurance premium going forward, in accordance with market conditions.
 - b. If so, explain Frontier's thinking in whether to require full-time employees to pay some portion of the premium, and include any studies, reports, analyses, or other documentation which it considered.
 - c. If not, explain Frontier's position on continuing to pay the full amount of premiums, and include any documentation used to support this decision.

4. Refer to Frontier's Response to the Attorney General's First Request, Items 16, 17, and 18, and Frontier's Response to the Commission Order from July 28, 2017, Items 14 and 15.
 - a. Frontier stated the rate charged by PSI since 2005, noting a similar arrangement with 2 employees of IGS. However, Frontier did not explain how the rate for these services is determined. Provide a detailed explanation of how this rate is set, as well as all studies, analyses, or other documentation which helped Frontier determine the competitiveness of this rate against the current market for these services.
 - b. State and provide a breakdown of PSI's fully distributed cost for providing consulting services to Frontier.
 - c. State and provide a breakdown of IGS's fully distributed cost for providing consulting services to Frontier.
 - d. Frontier described the increased workload of Steven Shute through PSI and Bob Oxford through IGS since Frontier's inception, but did not state whether Frontier ever solicited bids for such services. Explain whether Frontier ever solicited any bids for engineering or management consulting services from firms other than IGS or PSI, and if not explain why not.
5. Refer to Frontier's Response to the Commission Order from July 28, 2017, Item 32 and attachments. The Managing Member meetings from 2015 and 2016 provide that a majority of the members voted for the "Continuance of Steve Shute as operating manager with discretion to provide for day to day operating decisions."
 - a. Explain how the management or policies of Frontier are set. Does Steve Shute make these decisions as operating manager, or are they set by the Managing Members?
 - b. Confirm that Steve Shute owns or controls 100% of Pipeline Solutions Inc.
6. Refer to Frontier's Response to the Attorney General's First Data Request, Item 1.b. Explain Frontier's statement that "[t]he present \$10 just isn't enough."
7. Refer to Frontier's Response to the Attorney General's First Data Request, Item 2.a. Provide support for the statement that "there are no analogous non-municipal gas utilities in Kentucky."
8. Refer to Frontier's Response to the Attorney General's First Data Request, Item 4. How does Frontier rationalize its answer to Item 4 with the Commission's April 22, 2014 Order in Case No. 2013-00148, specifically the directive on pg. 35?

9. Refer to Frontier's Response to the Attorney General's First Data Request, Item 5.
 - a. For rate design purposes, provide data studies and any other documentation which shows that leak surveys, pressure regulator maintenance, and utility locates are all customer related work.
 - b. Explain why the turn on and turn off are not billed separately through a tariffed rate.
10. Refer to Frontier's Response to the Attorney General's First Data Request, Item 6. Frontier stated "[e]ither way the savings will be reflected in future cases." Fully explain this statement.
11. Refer to Frontier's Response to the Attorney General's First Data Request, Item 11. Did Frontier receive permission from the Commission to take out these loans?

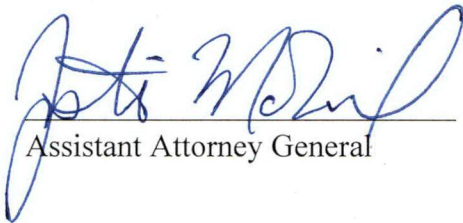
Certificate of Service and Filing

Counsel certifies that an original and ten (10) photocopies of the foregoing were served and filed by hand delivery to Mr. John Lyons, Acting Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were emailed to jnhughes@johnnhughespsc.com, and mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

Kentucky Frontier Gas, LLC
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033

This 22nd day of September, 2017


Assistant Attorney General