

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

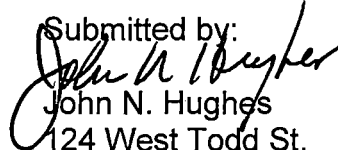
APPLICATION OF KENTUCKY FRONTIER
GAS, LLC FOR AN ADJUSTMENT OF RATES

CASE NO.
2017-00263

KENTUCKY FRONTIER GAS, LLC

RESPONSE TO ATTORNEY GENERAL'S INITIAL DATA REQUEST

Submitted by:



John N. Hughes

124 West Todd St.

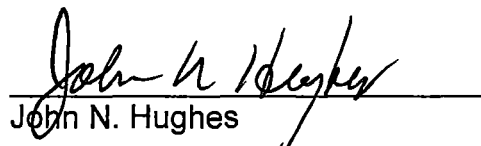
Frankfort, KY 40601

502 227 7270

Attorney for Kentucky Frontier Gas, LLC

Certificate:

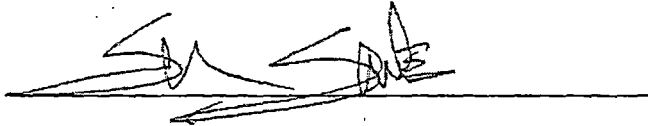
I certify that a copy of this Response was emailed to the Attorney General, Capital Building, Frankfort, KY 40601 this the 12th day of July, 2018.


John N. Hughes

DECLARATION OF STEVEN SHUTE

I, Steven Shute, am a Member of Kentucky Frontier Gas, LLC, the Applicant in the referenced matter. I have read the responses and I have full authority to sign this declaration. The facts set forth therein are true and correct to the best of my knowledge, information and belief. Pursuant to KRS 523.020-040, I certify under penalty of false swearing that the foregoing is true and correct.

Dated this 10th day of July 2018.

A handwritten signature in black ink, appearing to read 'S. Shute', is written over a horizontal line.

Steven Shute, Member,
Kentucky Frontier Gas, LLC

Kentucky Frontier Gas
Case No. 2017-00263
Response to Attorney General
Witness: Shute

1. Fully explain whether there have been any changes in ownership, control or management to Frontier since January 1, 2018. If so, explain the extent of those changes.
 - a. If any stock has transferred, identify the party or parties who transferred it, and identify the party or parties who purchased it, together with the number of shares and the monetary value of each such purchase.
 - b. Explain whether there have been any changes in ownership, control or management since January 1, 2018 to each of Pipeline Solutions, Inc. ("PSI"), Pinedale Natural Gas ("Pinedale"), Industrial Gas Service ("IGS"), or DLR. If so, explain the extent of those changes.
 - c. With regard to PSI, Pinedale, IGS, and DLR, if any issue stock, provide the same information requested in subpart a. to this question, above.

Response:

- a. Kentucky Frontier Gas is an LLC and has no stock, but there has been no change of ownership in 2018.
- b. No changes.
- c. No changes.

Kentucky Frontier Gas
Case No. 2017-00263
Response to Attorney General
Witness: Shute

2. Refer to Frontier's responses to AG Request for Information, Item 16.

- a. Confirm that there are currently no agreements or other documentation for affiliate transaction pricing.
- b. Confirm that Frontier currently does not have a cost allocation manual.

Response:

- a. KFG has no affiliates. Kentucky Frontier LLC members no longer bill through their consulting companies that are unrelated to Frontier. The LLC members have not yet billed Frontier for any hours worked in 2018. As of January 1, 2018, the company will reimburse LLC members for time & expenses as individuals and not through their respective consulting companies.

- b. Confirmed.

Kentucky Frontier Gas
Case No. 2017-00263
Response to Attorney General
Witness: Shute

3. Refer to Frontier's Brief, pg. 6. Fully explain the reasoning for why Mr. Shute and Mr. Oxford do not bill Frontier individually, but through their companies.
 - a. Explain how invoicing through these companies facilitates billing efficiency as opposed to billing as an individual.
 - b. Explain the meaning and extent of the referenced "simplified billing" through the current arrangement.

Response:

- a. Kentucky Frontier LLC members no longer bill through their consulting companies that are unrelated to Frontier. The LLC members have not yet billed Frontier for any hours worked in 2018. As of January 1, 2018, the company will reimburse LLC members for time & expenses as individuals and not through their respective consulting companies.
- b. Because of the change in billing practice, this is not applicable.

Kentucky Frontier Gas
Case No. 2017-00263
Response to Attorney General
Witness: Shute

4. Does Frontier engage in any nonregulated activity? If so, explain how the utility maintains compliance with KRS 278.2201, including a full description of any separate accounting or cost allocation procedures which may have been implemented.
 - a. If so, detail whether Frontier's aggregate total nonregulated activity revenue exceeds the amount set to consider them incidental under KRS 278.2203(4)(a). If not, fully explain why a cost allocation manual was not created.

Response:

- a. No.

Kentucky Frontier Gas
Case No. 2017-00263
Response to Attorney General
Witness: Shute

5. Do any of PSI, Pinedale, IGS, or DLR engage in any nonregulated activity? If so, explain whether Frontier took any steps as described previously to comply with KRS 278.2201-2205.
 - a. Do any of these entities plan to engage in new nonregulated activity? If so, explain the extent of those plans.
 - b. Explain whether Frontier has any policy in place to notify the Commission of new nonregulated activity to comply with KRS 278.2213(15).

Response:

- a. The only company regulated by the KY PSC is DLR. It has no unregulated activities. IGS, Pinedale and PSI do not engage in unregulated activity in any state.
- b. No.

Kentucky Frontier Gas
Case No. 2017-00263
Response to Attorney General
Witness: Shute

6. Has Frontier created any internal policies or procedures to address compliance with the provisions of KRS 278.2213?

- a. If so, provide any and all such policies or procedures.
If not, explain why it has not done so.

Response:

- a. No. KFG believes there is no affiliated activity, making such policies unnecessary. Because of the change in billing procedures for the LLC members, no such policy is needed.