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January 4, 2019

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PUBLIC SERVICE
COMMISSION

Gwen Pinson
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

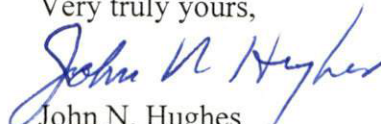
Re: KY Frontier Gas Case No. 2017-00263

Dear Ms. Pinson:

Pursuant to the final order, Kentucky Frontier Gas, LLC submits the PRP status update.

Please contact me if you have any questions about this matter.

Very truly yours,


John N. Hughes
Attorney for KFG

Attachments

Cc: Attorney General



December 31, 2018

Gwen Pinson, Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

Re: Status of Pipeline Replacement Project (PRP)

Kentucky Frontier Gas first established a PRP in Case 2011-00443, extended it to the former Public Gas in Case 2016-00132 and expanded the program in Case 2017-00263. In that Order, the Commission requires that Frontier submit an end of year status report, with plans for the following year.

2018 Projects

These PRP segments were completed in 2018 (specific area, former system name):

Coburn Hollow & Cleo Davis area, Belfry Gas: replaced corroding steel sections with 3742 ft of mostly 2-inch PE mains, with 13 PE service lines; cost aprx \$54k;

Main Street & Murphy Bottom area, Belfry Gas: replaced corroding steel sections with 4149 ft of mostly 3-inch PE mains, with 8 PE service lines, cost aprx \$60k;

Forest Hills, Belfry Gas: replaced corroding steel sections with 1482 ft of mostly 2-inch PE mains, with 3 PE service lines, cost aprx \$21.4k;

Narrows Branch, Belfry Gas: replaced corroding steel sections with 5150 ft of 2-inch PE mains, with 18 PE service lines, cost aprx \$82k;

Hawk & Sycamore Street, Jackson, Public Gas: replaced corroding steel sections with 2902 ft of mostly 2-inch PE mains, with 30 PE service lines, cost aprx \$42k. This was a "low-pressure" system operating at ¼ psi with no regulators at the meters, and was converted to a 20 psi system with 30 new house regulators;

Railroad Street, Jackson, Public Gas: replaced corroding steel sections with 1818 ft of mostly 2-inch PE mains, with 33 PE service lines, cost aprx \$26.2k. This is another low-pressure system that will be converted to a 20 psi system when finished in 2019.

All of these named projects replaced systems of 1960s era bare steel pipe, for which cathodic protection is not practical. The footage of retired pipe is approximately the same as the new PE footage, which includes both mains and 1-inch services.

Miscellaneous PR projects: in addition to the scheduled replacement projects listed above, Frontier had 15 short replacement projects due to leaks, dig-ins and washouts. These emergent projects replaced a total of 1570 ft of mostly 2-inch PE Mains, with 8 PE service lines, cost aprx \$22.6k.

Pipeline Replacement Projects for 2018 totaled 21,364 ft (4.05 miles) of mains and 113 service lines, at aprx cost of \$308k plus charges for company equipment. A detailed summary will be filed in 1Q19.

PRP billings for 2018 totaled about \$260,000 (estimated December) and collections were slightly lower.

2019 Projects

PRP revenues have not caught up with PRP costs for 2018, so the 2019 PRP will continue at a slightly lower pace. Priority is given to areas identified in recent leakage surveys and to systems with chronically bad leak history. Nearly all PRPs to date are replacing corroding bare steel systems. The following PRP segments are currently planned for 2019, many of which are extensions of recent projects:

Forest Hills, Belfry Gas: 1825 ft of 2-inch PE mains with associated PE service lines;

Old Hardy Rd, Belfry Gas: 1000 ft of 3-inch PE mains with PE service lines;

Narrows Branch, Belfry Gas: 4600 ft of 2-inch PE mains with PE service lines;

Jerry Bottom to Sharondale Library, Belfry Gas: 3500 ft of 3-inch PE mains with PE service lines;

Weeksbury, Mike Little Gas: 2650 ft of 2- and 3-inch PE mains with PE service lines;

Lick Creek, BTU Gas: 500 ft of 4-inch PE main to replace a section of sub-standard, leaking black PE pipe installed by the former owner of BTU Gas;

Railroad Street, Jackson, Public Gas: 33 new house regulators for low P conversion

Broadway Street, Jackson: 950 ft of 3-inch

Sycamore Street, Jackson: 740 ft of 2-inch

Upper Highland Street, Jackson: 1060 ft of 2-inch

Hazel Green system, Public Gas: no pipe but 75 new regs for low P conversion

These former Public Gas projects are all low-pressure system conversions to 20 psi with about 100 new regulators.

Frontier's PRP has made significant progress on retiring old leaky pipe and improving the system L&U. The increased PRP rate in 2018 greatly increased our PRP activity, and we will continue this effort as long as it shows positive cost-benefit.



Steven Shute, PE
Member-Manager