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January 8, 2020

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

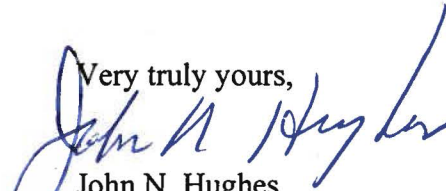
Re: KY Frontier Gas Case No. 2017-00263

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, 2019

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.

These PRP segments were completed in 2019 (former system name, specific area):

**Belfry Gas - Jerry Bottom, Old Hardy Road, Leckieville areas:** replaced corroding steel sections with 5496 ft of mostly 3-inch PE mains, with 15 PE service lines, cost aprx \$127k;

**BTU Gas – Elk Creek and Lick Creek areas:** replaced two sections of sub-standard, leaking black 4-inch PE pipe installed in the 1990s by the former owner; with 1131 ft of 2-inch and 3-inch PE mains, no new service lines, cost aprx \$26k;

**Cow Creek Gas near Slick Rock:** replaced corroding steel sections with 422 ft of 2-inch PE main, with no new service lines, cost aprx \$10k;

**Mike Little Gas, Weeksbury area:** replaced corroding steel sections with 400 ft of 2-inch PE main, with no new service lines, cost aprx \$9k;

**Public Gas, Hazel Green system:** no new pipe but we tested the system, raised the operating pressure, and installed about 60 new customer regulators. 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 regulators for each customer; cost aprx \$10k;

**Public Gas system in Jackson, Sycamore & Quicksand Streets:** replaced corroding steel sections with 1837 ft of mostly 2-inch PE mains, with 6 PE service lines and new customer regulators. This was also part of a “low-pressure” system and was converted to 20 psi with house regulators; cost aprx \$42k.

Kentucky Frontier Gas LLC

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

Pipeline Replacement Projects for 2019 totaled 11,110 ft (2.1 miles) of mains and 21 service lines, at aprx cost of \$255k. A detailed summary will be filed in 1Q20.

PRP billings for 2019 totaled about \$260,000 (estimated December) and collections were slightly lower.

### **2020 Projects**

PRP revenues have lagged behind PRP costs for 2019, so the 2020 PRP will continue at a pace closer to actual PRP collections. 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. These projects have produced tangible results, with a noticeable reduction in L&U in the affected systems.

The following PRP segments are currently planned for 2020:

**Belfry Gas, Forest Hills:** 3200 ft of 2-inch PE mains with associated PE service lines;

**Old Hardy Rd:** 2700 ft of 3-inch PE mains with PE service lines;

**Narrows Branch:** 4600 ft of 2-inch PE mains with PE service lines;

**Public Gas, Jackson system, Railroad Street:** complete low-P conversion started 2019;

**Broadway Street:** 950 ft of 3-inch and low-pressure system conversion

**Upper Highland Street, Jackson:** 1060 ft of 2-inch and low-P conversion

These Jackson projects are all low-pressure system conversions to 20 psi with new customer regulators.

Frontier's PRP has made significant progress on retiring old leaky pipe and improving the system L&U. The increased PRP rate starting 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