

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER	)	CASE NO.
GAS, LLC FOR ALTERNATIVE RATE	)	2017-00263
ADJUSTMENT	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO KENTUCKY FRONTIER GAS, LLC

Kentucky Frontier Gas, LLC ("Frontier"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 8, 2017. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

Frontier shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Frontier

fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Frontier shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Frontier's 2016 Annual Report, the Statement of Income, Ref Page 116. Explain the source of \$293,746 Revenues from Merchandising, Jobbing and Contract Work.

2. Refer to the 2016 Annual Reports of Frontier and Auxier Road Gas Company, Inc. ("Auxier") and to the Application, Attachment SAO-G.

- a. Provide a reconciliation of the amounts shown for all the components of Operating Revenues to the combined amounts shown in the 2016 Annual Reports for Frontier and Auxier.

- b. Explain the source of \$71,626.92 in Forfeited Discounts shown on Attachment SAO-G.

3. Refer to the response to the Commission's Order of July 28, 2017 ("July 28, 2017 Order"), Items 2.e. and 2.f. Confirm that the cost of peripheral projects such as

odorizers and GIS system mapping are not included in Frontier's approved Pipeline Replacement Program as described in the question to Frontier in Item 2.f.

4. Refer to the response to the July 28, 2017 Order, Item 6.c. State whether Frontier is now proposing to increase its Reconnect Fee.

5. Refer to the response to the July 28, 2017 Order, Item 6.e., and the Application, Attachment SAO-G. State why the full amount of \$115,209 indicated in the Excel spreadsheet provided with the response is not used for the amount of Miscellaneous Service Revenues, instead of \$40,055.

6. Refer to Frontier's response to the July 28, 2017 Order, Item 37.

a. State whether any of the lost and unaccounted for gas was due to dig-ins, or other third-party damage. If so, provide the number of occurrences, the total related cost in 2016, whether and how much of the cost was paid by the responsible party, and Frontier's policy with regard to third-party damage prevention and cost recovery.

b. Provide a discussion of Frontier's progress in reducing line loss on its system, including leak reduction, more accurate meter reading due to the AMR program, and elimination of incidences of unauthorized connections.

7. Refer to the response to the July 28, 2017 Order, Item 38, the invoices from Industrial Gas Services. Explain the initialism DRH as used on these invoices.

8. Frontier's response to the July 28, 2017 Order, Items 5. b. and 5. c. acknowledges that the allocation to farm taps used in the prior case is inappropriate. Frontier also failed to provide the requested information. Provide a calculation of farm tap expenses based on the test year.

9. Refer to the response to the July 28, 2017 Order, Item 31. It states that the company pays the first \$300 per month for employee health insurance. In response to question 29, the table shows that Frontier pays all the costs for health insurance and the employee pays zero. Additionally, for some employees it shows that the amount per employee exceeds \$300 per month. Please explain.

10. Provide the percentage contribution to the Simplified Employee Pension Plan.

11. Frontier shows no costs for accidental death or dismemberment insurance, but states that this is provided to employees at no cost. If the insurance is provided, provide the cost per employee. If not, explain why it is not provided.

12. Refer to Frontier's response to the July 28, 2017 Order, Item 38.

a. Confirm that the dividend payments identified in this response are not included in Frontier's pro forma operating expenses.

b. If the dividend payments identified in the response to Item 12. a. are included in Frontier's pro forma operating expenses, identify the operating expense account where they are reported.

c. Frontier states that the April 2016 dividend was "paid out to some members." Identify all of the members that received a dividend payment in April 2016 and the amount of the payment. Include a detailed explanation for the differences in the dividends.

d. List the members that did not receive a dividend payment in April 2016 and provide a detailed explanation as to why they did not receive a payment.

13. Refer to Frontier's response to the July 28, 2017 Order, Item 16, the 2015 General Ledger.

a. Frontier reports in Account, 923.3 · Outside Services - Engineering, a balance of \$77,544. For each expenditure included in this expense account that is listed in the table below, provide a detailed description and copies of all related invoices.

	<u>Date</u>	<u>Vendor</u>	<u>Amount</u>
a.	01/31/2016	Slone Energy, LLC	675.00
c.	02/29/2016	Slone Energy, LLC	633.98
d.	03/21/2016	Keith E Krejci	2,000.00
e.	03/31/2016	Slone Energy, LLC	1,729.05
f.	05/01/2016	Slone Energy, LLC	1,125.00
g.	05/26/2016	Keith E Krejci	1,800.00
h.	06/01/2016	Slone Energy, LLC	675.00
i.	12/31/2016	Pipeline Solutions Inc	68,400.00

b. Frontier reports in Account, 923.4 · Outside Services - Legal, a balance of \$23,592. For each expenditure included in this expense account that is listed in the table below, provide a detailed description and copies of all related invoices.

	<u>Date</u>	<u>Vendor</u>	<u>Amount</u>
a.	06/05/2016	John N. Hughes, PSC	979.74
c.	06/05/2016	John N. Hughes, PSC	9,906.26
d.	06/09/2016	LAW OFFICES OF TIMOTHY PARKER	108.90
e.	06/09/2016	LAW OFFICES OF TIMOTHY PARKER	1,101.10
f.	10/05/2016	John N. Hughes, PSC	1,244.67
g.	10/05/2016	John N. Hughes, PSC	12,585.02

c. Frontier Reports in Account, 923.5 · Outside Services - Administrative, a payment to Industrial Gas Services Inc. of \$7,181. Provide a detailed description of the service provided by this vendor for this payment and copies of all related invoices.



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DATED: AUG 24 2017

cc: Parties of Record

Case No. 2017-00263

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