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January 22, 2018

RECEIVED

JAN 22 2018

PUBLIC SERVICE
COMMISSION

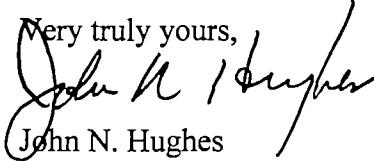
Gwen Pinson
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: KY Frontier Gas Case No. 2017-00263

Dear Ms. Pinson:

Pursuant to the Order of December 22, 2017, Kentucky Frontier Gas, LLC submits the report of PRP projects and documentation of the PRP bank account.

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

Very truly yours,

John N. Hughes
Attorney for KFG

Attachments

Cc: Attorney General



January 22, 2018

Public Service Commission
Frankfort, KY

RECEIVED

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PUBLIC SERVICE
COMMISSION

Re: PRP Plans

In Case 2017-00263 the Commission increased Frontier's surcharge for Pipeline Replacement Program from \$1.25 per customer per month to \$5.00 per month. Frontier has collected \$50,000 to \$70,000 in PRP surcharges over the years 2014-17 and spent \$80,000 to \$120,000 on PRP projects. The new PRP surcharge will raise about \$280,000 per year. Frontier's present manpower and infrastructure are inadequate to meet the annual projected PRP work volume. To address that issue, Frontier has designated a foreman to coordinate the increased PRP workload. We are filling a vacant position that will be assigned to PRP work. Frontier arranged for a horizontal directional drill unit for constrained projects. Our GIS specialist is focused on this project ahead of other priorities, and our Crew Leader and others will spend much of their time in the design & planning phases. Additional work will be assigned to contractors.

As testified to the Commission, Frontier hasn't attempted to forecast specific projects. The ongoing leak surveys are the basis for prioritizing replacements. This allows for a timely reaction to potential safety issues and reduction in line loss. Frontier has developed GIS base maps for the Belfry, Mike Little and Public Gas systems that are the worst offenders for L&U. Over the next few weeks, Frontier will update these GIS maps (that are based on 1980s drawings) with the current pipe size & material, then add leak data from the 2016 and 2017 leak surveys, and line losses by segment (if known). Using these maps and leak data, Frontier will prioritize replacement projects in order of their expected "yield" of reduced volume of lost gas, or enhanced safety in densely populated areas. We will then assign 2018 projects to company and contractor forces. We expect to replace about 5 miles of steel pipe in 2018, but the final footage will greatly depend on conditions along each segment.

These projects were planned before the Order, as the first projects for 2018:

- Public Gas, Jackson: final segment along Railroad Avenue; congested area around an apartment complex, replace short segment of steel main and many steel service lines; uprate and convert the low-pressure system to 20 psig, with new meter loops and individual regulators

Kentucky Frontier Gas LLC

PO Box 1054 ☒ Glenwood Springs, CO 81602 ☒ 970-928-9208 pipeline@rof.net

- Public Gas, Hazel Green: short pipe projects, uprate and convert low-pressure system, rebuild meter loops with house regs
- Belfry: aprx 1000 ft to link together PE sections on Old Hardy Road
- Various systems & locations: rehabilitate exposed sections of pipe on direction of PSC; most of these projects will require pipe replacement, along with lowering and mechanical protection
- Because Frontier did not install the facilities and the maps obtained at acquisition of the various companies are incomplete, inaccurate and inadequate, the location, length and size of the pipe replacements cannot be determined precisely until the work is started. It is anticipated that none of the facilities will be removed.

The increased PRP funding will compress several years of expected future work into one year. Because the Commission has tied PRP funding to reduction of gas leakage, priority of PRP projects will have to be evidence-based, which will affect the timing, location and extent of replacements.

This greatly increased PRP work will be interleaved into our normal work of running the gas utility, responding to customer needs and complying with DOT regulations.



Steven Shute, PE
Member-Manager

Kentucky Frontier Gas LLC

PO Box 408 ♦ 2963 Kentucky Rte 321N ♦ Prestonsburg KY 41653 ♦ 606-886-2431 ♦ www.kyfrontiergas.com

Limited Liability Company Authorization Resolution

Community Trust Bank, Inc
 Floyd County Office
 161 South Lake Dr
 Prestonsburg KY, 41653

By: Kentucky Frontier Gas LLC
 PRP Surcharge Escrow Account
 PO Box 408
 Prestonsburg Ky 41653-0408

Referred to in this document as "Financial Institution"

*Referred to in this document as
 "Limited Liability Company"*

I, Robert Oxford, certify that I am a Manager or Designated Member of the above named Limited Liability Company organized under the laws of Colorado, Federal Employer I.D. Number [REDACTED], engaged in business under the trade name of Kentucky Frontier Gas LLC, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of all members of the Limited Liability Company or the person or persons designated by the members of the Limited Liability Company to manage the Limited Liability Company as provided in the articles of organization or an operating agreement, duly and properly called and held on 01/03/2018 (date). These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

Agents. Any Agent listed below, subject to any written limitations, is authorized to exercise the powers granted as indicated below:

Name and Title or Position	Signature	Facsimile Signature <i>(if used)</i>
A. <u>Robert Oxford</u> Manager	X _____	X _____
B. <u>Steven E Shute</u> Manager	X _____	X _____
C. <u>Kimberly R Crisp</u> Approved Party	X <u>Kimberly Crisp</u>	X _____
D. _____	X _____	X _____
E. _____	X _____	X _____
F. _____	X _____	X _____

ACCOUNT AGREEMENT

Community Trust Bank, Inc
 Floyd County Office
 161 South Lake Dr
 Prestonsburg KY, 41653

Agreement Date: 01/03/2018 By: Kay Frasure
 EXISTING Account - This agreement replaces previous agreement(s).
 Account Description:
Corporation and For Profit BCWI
 Checking Savings NOW _____
 Initial Deposit \$ 0.00 Source: _____

Ownership of Account - CONSUMER Purpose
 Individual _____
 Joint - With Survivorship (and not as tenants in common)
 Joint - No Survivorship (as tenants in common)
 Trust - Separate Agreement:
 Revocable Trust or Pay-on-Death Designation
 as Defined in this Agreement
 (Name and Address of Beneficiaries):

Ownership of Account - BUSINESS Purpose
 Sole Proprietorship Single-Member LLC Partnership
 LLC (LLC tax classification: C Corp S Corp Partnership)
 C Corporation S Corporation Non-Profit

 Business: Utilities

Backup Withholding Certifications (Non-U.S. Persons - Use separate Form W-9)
 By signing at right, I, Robert Oxford,
 certify under penalties of perjury that the statements made in this section are true.
 TIN: _____ The Taxpayer Identification
 Number (TIN) shown is my correct taxpayer identification number.
 Not Subject to Backup Withholding. I am NOT subject to backup
 withholding either because I have not been notified that I am subject to backup
 withholding as a result of a failure to report all interest or dividends, or the Internal
 Revenue Service has notified me that I am no longer subject to backup withholding.
 Exempt Recipient. I am an exempt recipient under the Internal Revenue
 Service Regulations. Exempt payee code (if any) _____
 FATCA Code. The FATCA code entered on this form (if any) indicating that I am
 exempt from FATCA reporting is correct.
 U.S. Person. I am a U.S. citizen or other U.S. person (as defined
 in the instructions).

Account Number: _____

Account Owner(s) Name & Address
 Kentucky Frontier Gas LLC
 PRP Surcharge Escrow Account
 PO Box 408
 Prestonsburg Ky 41653-0408

Additional Information:
 Signature(s). The undersigned certifies the accuracy of the information he/she has
 provided and acknowledges receipt of a completed copy of this form. The undersigned
 authorizes the financial institution to verify credit and employment history and/or have
 a credit reporting agency prepare a credit report on the undersigned, as individuals.
 The undersigned also acknowledges the receipt of a copy and agrees to the terms of the
 following agreement(s) and/or disclosure(s):
 Terms & Conditions Truth in Savings Funds Availability
 Electronic Fund Transfers Privacy Substitute Checks
 Common Features _____

The Internal Revenue Service does not require your consent to any
 provision of this document other than the certifications required to
 avoid backup withholding.

(1): _____
 Robert Oxford - Manager
 I.D. # _____ D.O.B. _____

(2): _____
 Steven E Shute - Manager
 I.D. # _____ D.O.B. _____

(3): _____
 Kimberly R Crisp - Approved Party
 I.D. # _____ D.O.B. _____

 I.D. # _____ D.O.B. _____

Authorized Signer (Individual Accounts Only)

 I.D. # _____ D.O.B. _____

Effect on Previous Resolutions. This resolution supersedes resolution dated _____. If not completed, all resolutions remain in effect.

Certification of Authority

I further certify that the Managers or Designated Members of the Limited Liability Company have, and at the time of adoption of this resolution had, full power and lawful authority to adopt the resolutions stated above to confer the powers granted above to the persons named who have full power and lawful authority to exercise the same. (Apply seal below where appropriate.)

In Witness Whereof, I have subscribed my name to this document and affixed the seal, if any, of the Limited Liability Company on 01/03/2018 (date).

Manager or Designated Member
Robert Oxford

Attest by One Other Manager or Designated Member
Steven E Shute

For Financial Institution Use Only	
Acknowledged and received on	01/03/2018 (date) by _____ (initials)
<input type="checkbox"/>	This resolution is superseded by resolution dated _____
Comments:	

FOR-PROFIT CORPORATION AND FOR-PROFIT BUSINESS CHECKING WITH INTEREST

This account will meet the payment and earning needs of Corporations and For-Profit Business customers.

Minimum to Open: \$1,000.00

Monthly Maintenance Fee: \$12.00

Avoid Monthly Maintenance Fee: Maintain Daily Ledger balance of \$5,000.00

Minimum to Earn Interest: \$5,000.00 (Collected Balance)

Interest Rate: Tiered

Tiers: Tier 1.....\$0.00 - \$4,999.99 (No Interest)
Tier 2.....\$5,000.00 - \$9,999.99
Tier 3.....\$10,000.00 - \$49,999.99
Tier 4.....\$50,000.00 - \$99,999.99
Tier 5.....\$100,000.00 and over

Rate Discretionary: Yes (Set by Market Areas)

Rate Change Frequency: At any time

Compound Frequency: Monthly

Interest Crediting Frequency: Monthly

Interest Plan: Market

Image Statement Frequency: Monthly

Complimentary CTB ATM/Debit Card

- Complimentary CTB ATM Transactions
- Non CTB ATM fee - \$1.00 and applicable fees from foreign ATM Bank

Internet Banking Available (Charges may apply)

Transaction Limits/Activity Fee:

- 50 Checks paid – NO FEE
 - \$0.12 per check paid over 50
- 50 Deposit Items – NO FEE
 - \$0.12 per deposit item over 50 (includes ACH items, does not include deposit tickets)