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JUN 29 2018

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF )  
KENTUCKY FRONTIER GAS, LLC ) CASE NO.: 2017-00263  
FOR ALTERNATIVE RATE ADJUSTMENT )  
PUSUANT TO 807 KAR 5:076 )

**ATTORNEY GENERAL’S INITIAL DATA REQUESTS ON AFFILIATE  
TRANSACTIONS**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits these Initial Data Requests on Affiliate Transactions to Kentucky Frontier Gas, LLC (hereinafter “Frontier”) to be answered by July 13, 2018, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

- (6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.
- (7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.
- (8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.
- (9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.
- (10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial

statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and

method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

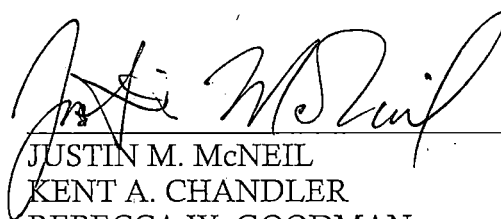
(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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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.
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.
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.
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.
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).

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.
  - b. If not, explain why it has not done so.

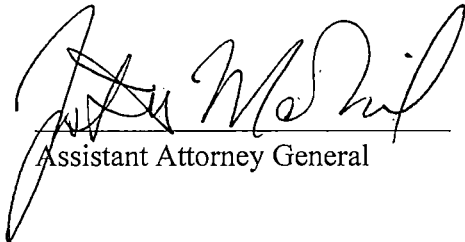
*Certificate of Service and Filing*

Counsel certifies that an original and ten (10) photocopies of the foregoing were served and filed by hand delivery to Gwen R. Pinson, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were emailed to [jnhughes@johnnhughespsc.com](mailto:jnhughes@johnnhughespsc.com), and mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. John N. Hughes  
Attorney at Law  
124 West Todd Street  
Frankfort, KY 40601

Kentucky Frontier Gas, LLC  
4891 Independence Street, Suite 200  
Wheat Ridge, CO 80033

This 29<sup>th</sup> day of June, 2018



Justin McNeil  
Assistant Attorney General