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January 4, 2020

RECEIVED

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PUBLIC SERVICE
COMMISSION

Linda C. Bridwell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

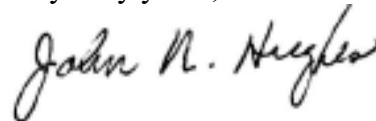
Re: KY Frontier Gas Case No. 2017-00263

Dear Ms. Bridwell:

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

Attachment

CC: Attorney General



December 31, 2020

Kent Chandler, 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, then extended it to the former Public Gas in Case 2016-00132. Frontier 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 2020 (former system name, specific area):

Belfry Gas – Forest Hills, Narrows Branch, Old Hardy Road areas: replaced corroding steel sections with 1390 ft of 2-inch and 2290 ft of 3-inch PE mains, with 15 PE service lines at 1170 ft;

EKU – Hoover Hollow in the Stone Coal area: replaced steel section with 550 ft of 2-inch PE mains, no new service lines;

Peoples Gas (Phelps): replaced 1 steel service line with 150 ft of PE;

Public Gas system in Jackson, Railroad Street: completed the low-P conversion on the south side of the Kentucky River, started in 2019. This *low-pressure* system operated at ¼ psi with no regulators at the meters. Mains & services were replaced with PE in 2019. In 2020, the pressure test was successful, the operating pressure raised to 20 psi, and 53 customer meter sets were rebuilt with new regulators;

Public Gas system in Kentucky, Lincoln & Highland Streets: replaced corroding steel sections with 1625 ft of 2-inch PE mains, with 23 PE service lines at 1255 ft. This is also a *low-pressure* segment, that in 2021 will be converted to 20 psi with house regulators.

Pipeline locating equipment: Frontier has greatly expanded its tools to find existing pipelines, including a sonic locator, marker balls and a hydro-vac trailer.

Most of these projects replaced systems of bare steel pipe from the 1960s era, for which cathodic protection is not practical. The footage of retired steel pipe is roughly the same

as the new PE footage, which includes both mains and 1-inch services.

Pipeline Replacement Projects for 2020 totaled 8400 ft of new PE for mains and 40 service lines, along with rebuilding and converting 53 low-pressure meter sets, at aprx cost of \$268k. A detailed summary will be filed in 1Q20.

PRP billings for 2020 totaled about \$245,000 (estimated December) and collections were slightly lower.

2021 Projects

Most of the remaining PRP segments are in densely populated areas like Jackson, where progress is slow and expensive, through city streets and paving and small yards. Much of this work requires directional drilling.

PRP costs significantly exceeded PRP revenues in 2018-20, so the 2021 PRP will continue at a slower pace, closer to actual PRP collections. Priority is given to sections identified in recent leakage surveys, mostly in systems with chronically bad leak history. Nearly all PRPs to date are replacing corroding bare steel systems. Jackson still has a section of low-pressure system to convert.

These PRP projects have produced tangible results, with a noticeable reduction in L&U in the affected systems.

The following PRP segments are currently planned for 2021:

Belfry Gas, Forest Hills: 3200 ft of 2-inch PE mains with associated PE service lines;
Narrows Branch: 4600 ft of 2-inch PE mains with PE service lines;

Public Gas, Jackson system, Highland project: on the *low-pressure* section replaced in 2020, pressure test, increase to 20 psi and convert 23 customers with house regulators

Broadway Street: 950 ft of 3-inch and low-pressure system conversion to 20 psi with new customer regulators.

Frontier's PRP has made great progress on retiring old leaky pipe and has significantly improved the overall 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