



September 29, 2017

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

RECEIVED

SEP 29 2017

PUBLIC SERVICE  
COMMISSION

Re: Gas Cost Adjustment  
Effective Date of November 1, 2017  
Kentucky Frontier Gas, LLC

Case No. 2017-00401

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, we are filing a unified GCA application pursuant to the Commission's order of April 30, 2013 in Case No. 2011-00443. Please see attached Expected Gas Cost for the combined systems.

Frontier is continuously surveying, identifying and replacing numerous sections of bad pipe where quantifiable losses are occurring. Frontier's goal of reducing its L&U to 10 percent or less in 2017 appears to be achievable at this time. Approximately 1,800 feet of steel pipe has been replaced in the past few weeks. As Frontier systematically finds and fixes leaks, the goal of 5 percent or less L&U will eventually be achieved; however, at this time it is unclear when that will occur.

The attached EGC was calculated by using the 5 percent allowable L&U. AA calculations did not use a limiter and the BA is calculated to recover amounts formerly returned to customers due to using the limiter.

If you have any questions, please call me at 303-422-3400.

Sincerely,  
KENTUCKY FRONTIER GAS, LLC

  
Dennis R. Horner

Enclosures

RECEIVED

FOR ENTIRE AREA SERVED  
KENTUCKY FRONTIER GAS, LLC

P.S.C. KY. NO. 1

Original SHEET NO. 1

Kentucky Frontier Gas, LLC  
(Name of Utility)

CANCELING P.S. KY.NO.

SHEET NO.

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RATES AND CHARGES

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APPLICABLE: Entire area served

Residential and Small Commercial

	Gas Cost		
	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 10.0000		\$ 10.0000
ALL CCF	\$ 0.42023	\$ 0.50988	\$ 0.93011

Large Commercial

	Gas Cost		
	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 50.0000		\$ 50.0000
ALL CCF	\$ 0.34454	\$ 0.50988	\$ 0.85442

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DATE OF ISSUE September 29, 2017  
Month/Date/Year

DATE EFFECTIVE November 1, 2017

ISSUED BY   
(Signature of Officer)

TITLE Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KFG UNIFIED GAS COST RECOVERY RATE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 4.7512
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ 0.2740
+ Balance Adjustment (BA)	\$/Mcf	\$ 0.0736
= Gas Cost Recovery Rate (GCR)		\$ 5.0988

GCR to be effective for service rendered from: November 1, 2017

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 1,067,697
/	Sales for the 12 months ended <u>July 31, 2017</u>	Mcf	224,721
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.7512

B	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$ -
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
=	Refund Adjustment (RA)	\$/Mcf	\$ -

C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the <b>Current</b> Reporting Period (Sch. IV)	\$/Mcf	\$ (0.0045) expires 10/31/18
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.4299) expires 7/31/2018
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3877 expires 4/30/2018
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3207 expires 1/31/2018
=	Actual Adjustment (AA)	\$/Mcf	\$ 0.2740

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ 0.0147 expires 10/31/18
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0050) expires 7/31/2018
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0035 expires 4/30/2018
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0604 expires 1/31/2018
=	Balance Adjustment (BA)	\$/Mcf	\$ 0.0736

**Kentucky Frontier Gas, LLC - Unified**

SCHEDULE II  
EXPECTED GAS COST

MCF Purchases for 12 months ended:

July 31, 2017

Supplier	NO LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,215	\$ 6.8189	\$69,655
Cumberland Valley (Auxier)		1.2330	75,214	\$ 3.9901	\$300,112
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2270	16,702	\$ 5.2207	\$87,196
EQT (EKU,MLG,Price)		1.2480	62	\$ 5.5509	\$344
* Gray		1.0595	993	\$ 4.7678	\$4,734
** HI-Energy		1.0031	6,669	\$ 4.0124	\$26,759
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	3,452	\$ 5.5532	\$19,170
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	2,685	\$ 8.0521	\$21,620
Magnum Drilling, Inc.		N/A	2,757	\$10.5000	\$28,949
Nytis (Auxier)		1.0962	8,119	\$ 3.1044	\$25,205
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	10,211	\$ 3.7336	\$38,123
Quality (Belfry)		1.1999	43,208	\$ 3.5181	\$152,010
* Slone Energy		0.9916	1,898	\$ 4.4622	\$8,469
Southern Energy (EKU,MLG,Price)		1.2551	30,521	\$ 4.9978	\$152,538
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2551	14,852	\$ 6.2478	\$92,792
** Spirit		1.1178	13,180	\$ 4.4712	\$58,930
<b>Totals</b>			<b>240,738</b>	<b>\$ 4.5137</b>	<b>\$1,086,607</b>

Line loss 12 months ended: Jul-17 based on purchases of 240,738 Mcf  
and sales of 224,721 Mcf. 6.7% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,086,607
/ Mcf Purchases (4)	Mcf	240,738
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.5137
x Allowable Mcf Purchases (5% L&U)	Mcf	236,548
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,067,697

Estimated Avg TCo for Nov, Dec, Jan = \$3.021/Dth (NYMEX Avg + \$-0.189/Dth (TCo Appal Basis) = **\$2.8320/Dth**

EQT = \$2.8320/Dth (TCo) + \$0.3965 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.4785/Dth**

Jefferson contract = \$2.8320/Dth (TCo) + \$3.25/Dth cost factor = **\$6.082/Dth**

CVR = \$2.8320 (TCo) + \$0.0565/Dth (1.996% Fuel), \$0.0190/Dth Commodity + \$0.2786/Dth (9.836% TCo Demand) + \$0.05/Dth CVR Fee = **\$3.2361/Dth**

HI-Energy, HTC, Spirit contract = \$4.00/Dth or 80% of TCo, whichever is greater

Gray, contract = \$4.50/Dth or 80% of TCo, whichever is greater

Magnum Drilling contract = **\$10.50/Mcf**

Nytis (Auxier) = **\$2.8320/Dth** (TCo)

Nytis (Sigma) = \$2.8320/Dth (TCo) x .8 = **\$2.2656/Dth**

Slone contract = **\$4.50/Dth**

Southern Energy = \$2.8320/Dth (TCo) + \$1.1500/Dth = **\$3.9820/Dth**

Quality (Belfry) = \$2.8320/Dth (TCo) + \$0.10 = **\$2.9320/Dth**

DLR Trans for Cow Creek (Sigma) = \$1.25/Mcf on volumes from CVR, EQT, HTC, ING, Jefferson, Nytis, Plateau, Southern Energy

\* Estimated 3 mo. TCo = \$2.8320/Dth x .8 = \$2.2656/Dth < \$4.50/Dth; **\$4.50/Dth**

\*\* Estimated 3 mo. TCo = \$2.8320/Dth x .8 = \$2.2656/Dth < \$4.00/Dth; **\$4.00/Dth**

\*\*\* Estimated 3 mo. TCo = \$2.8320/Dth x .8 = \$2.2656/Dth < \$3.00/Dth; **\$3.00/Dth**

## KFG Unified

Schedule IV  
Actual Adjustment

Particulars	Unit	NO LIMITER		
		May-17	Jun-17	Jul-17
Total Supply Volumes Purchased	Mcf	11,177	7,346	6,861
Total Cost of Volumes Purchased	\$	\$ 46,248	\$ 37,322	\$ 29,914
(divide by) Total Sales	Mcf	9,244	6,348	5,071
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.0030	\$ 5.8793	\$ 5.8990
(minus) EGC in effect for month	\$/Mcf	\$ 5.5409	\$ 5.5409	\$ 5.5409
(equals) Difference	\$/Mcf	\$ (0.5379)	\$ 0.3384	\$ 0.3581
(times) Actual sales during month	Mcf	9,244	6,348	5,071
(equals) Monthly cost difference	\$	\$ (4,972)	\$ 2,148.37	\$ 1,816.10

	Unit	Amount
Total cost difference	\$	\$ (1,007.62)
(divide by) Sales for 12 Months ended: July 31, 2017	Mcf	224,721
(equals) Actual Adjustment for the Reporting Period		\$ (0.0045)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0045)

SCHEDULE V

BALANCE ADJUSTMENT

For the 12 month period ended: October 31, 2016

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>	
Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$	\$ 16,406	<b>Nov 16 - Jan 17 with no 5% limiter</b>
		\$0	
<b>Less:</b> Dollar amount resulting from the AA of <span style="border: 1px solid black; padding: 2px;">0.0583</span> \$/Mcf as used to compute the GCR in effect <b>Case No. 2016-00348</b> four quarters prior to the effective date of the currently effective GCR times the sales of 224,721 Mcf during the 12 month period the AA was in effect	\$	<u>\$13,101</u>	
<b>Equals:</b> Balance Adjustment of the AA	\$	<u><u>\$3,304</u></u>	
Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$	\$0	
<b>Less:</b> Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12 month period the RA was in effect	\$	<u>\$0</u>	
<b>Equals:</b> Balance Adjustment of the RA	\$	<u><u>\$0</u></u>	
Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$	\$0	
<b>Less:</b> Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12 month period the BA was in effect	\$	<u>\$0</u>	
<b>Equals:</b> Balance Adjustment of the BA	\$	<u><u>\$0</u></u>	
Total Balance Adjustment Amount (1) + (2) + (3)	\$	\$3,304	
<b>Divide:</b> Sales for 12 months ended July, 2017	Mcf	<u>224,721</u>	
<b>Equals:</b> Balance Adjustment for the reporting period (to Schedule I, part D)	\$/Mcf	<u><u>\$0.0147</u></u>	