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JAN 10 2018

PUBLIC SERVICE  
COMMISSION

Case No. 2018-00013



January 9, 2018

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

Re: Gas Cost Adjustment  
Effective Date of February 1, 2018  
Kentucky Frontier Gas, LLC

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, we are filing a unified GCA application pursuant to the Commission's order of December 22, 2017 in Case No. 2017-00263. Please see attached Expected Gas Cost for the combined Frontier and Public Gas systems.

Frontier is requesting a waiver of the 30-day notice requirement contained in its PGA tariff so that its change in rates may be effective with 20 days' notice.

In Case 2017-00263 the PSC increased the PRP surcharge to \$5.00 per month, from our present \$1.25 or proposed \$2.00 per month. We are in the process of mapping, evaluating leak surveys, planning and designing pipe replacement projects for systems with the highest loss history. Frontier will have to greatly increase its manpower and infrastructure to build or oversee \$300,000 per year in such projects. Therefore, Frontier is requesting a waiver of the 5 percent limiter on allowable L&U.

The attached EGC and AA were calculated by using the 10 percent allowable L&U. 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

A handwritten signature in blue ink that reads "Dennis R. Horner".

Dennis R. Horner  
Enclosures

FOR ENTIRE AREA SERVED  
KENTUCKY FRONTIER GAS, LLC

APPENDIX B

Page 1

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P.S.C. KY. NO. 1

Original SHEET NO. 1

JAN 10 2018

Kentucky Frontier Gas, LLC  
(Name of Utility)

CANCELING P.S. KY. NO.

PUBLIC SERVICE  
COMMISSION

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	\$ 13.0000		\$ 13.0000
ALL CCF	\$ 0.03843	\$ 0.51762	\$ 0.55605

Large Commercial

	Gas Cost		
	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 50.0000		\$ 50.0000
ALL CCF	\$ 0.33970	\$ 0.51762	\$ 0.85732

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DATE OF ISSUE January 9, 2018  
Month/Date/Year

DATE EFFECTIVE February 1, 2018

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	\$ 5.4742
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.1302)
+ Balance Adjustment (BA)	\$/Mcf	\$ (0.1678)
= Gas Cost Recovery Rate (GCR)		\$ 5.1762

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)	\$	\$ 1,737,850
/	Sales for the 12 months ended <u>October 31, 2017</u>	Mcf	317,464
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.4742

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	\$ (0.0835) expires 1/31/19
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0045) expires 10/31/18
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.4299) expires 7/31/2018
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3877 expires 4/30/2018
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.1302)

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ (0.1478) expires 1/31/19
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0185) expires 10/31/18
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0050) expires 7/31/2018
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0035 expires 4/30/2018
=	Balance Adjustment (BA)	\$/Mcf	\$ (0.1678)

**Kentucky Frontier Gas, LLC - Unified**

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended:

October 31, 2017

Supplier	NO LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,259	\$ 6.5173	\$66,861
Cumberland Valley (Auxier)		1.2330	73,933	\$ 3.7203	\$275,055
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2270	2,554	\$ 4.9522	\$12,648
EQT (EQU,MLG,Price)		1.2480	64	\$ 5.1959	\$333
* Gray		1.0595	1,181	\$ 4.7678	\$5,631
** HI-Energy		1.0031	8,771	\$ 4.0124	\$35,193
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	4,370	\$ 5.5532	\$24,267
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	766	\$ 7.7428	\$5,931
Jefferson (Public)		1.1184	102,452	\$ 6.4928	\$665,201
Magnum Drilling, Inc.		N/A	2,753	\$10.5000	\$28,907
Nytis (Auxier)		1.0962	8,119	\$ 2.8014	\$22,745
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	7,241	\$ 3.4911	\$25,279
Quality (Belfry)		1.1999	42,590	\$ 3.0665	\$130,601
* Slone Energy		0.9916	2,392	\$ 4.4622	\$10,674
Southern Energy (EQU,MLG,Price)		1.2551	51,622	\$ 4.6509	\$240,089
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2551	29,211	\$ 5.9009	\$172,371
** Spirit		1.1178	12,967	\$ 4.4712	\$57,978
<b>Totals</b>			<b>361,245</b>	<b>\$ 4.9267</b>	<b>\$1,779,762</b>

Line loss 12 months ended: Oct-17 based on purchases of 361,245 Mcf  
and sales of 317,464 Mcf. 12.1% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,779,762
/ Mcf Purchases (4)	Mcf	361,245
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.9267
x Allowable Mcf Purchases (10% Limiter)	Mcf	352,738
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,737,850

Estimated Avg TCo for Feb, Mar, Apr = \$2.8676/Dth (NYMEX Avg + \$-0.3120/Dth (TCo Appal Basis) = **\$2.5556/Dth**

EQT = \$2.5556/Dth (TCo) + \$0.3578 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.1634/Dth**

Jefferson contract = \$2.5556/Dth (TCo) + \$3.25/Dth cost factor = **\$5.8056/Dth**

CVR = \$2.5556 (TCo) + \$0.0510/Dth (1.996% Fuel), \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$3.0173/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) = **\$2.5556/Dth** (TCo)

Nytis (Sigma) = \$2.5556/Dth (TCo) x .8 = **\$2.0444/Dth**

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

Southern Energy = \$2.5556/Dth (TCo) + \$1.1500/Dth = **\$3.7056/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 = \$2.5556/Dth x .8 = \$2.0444/Dth < \$4.50/Dth; **\$4.50/Dth**

\*\* Estimated 3 mo. TCo = \$2.5556/Dth x .8 = \$2.0444/Dth < \$4.00/Dth; **\$4.00/Dth**

\*\*\* Estimated 3 mo. TCo = \$2.5556/Dth x .8 = \$2.0444/Dth < \$3.00/Dth; **\$3.00/Dth**

## KFG Unified

Schedule IV  
Actual Adjustment

For the 3 month period ending:

October 31, 2017

<u>Particulars</u>	<u>Unit</u>	NO LIMITER		
		<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>
Total Supply Volumes Purchased	Mcf	9,273	10,663	19,855
Total Cost of Volumes Purchased	\$	\$ 38,672	\$ 44,637	\$ 81,065
(divide by) Total Sales (10% Limiter)	Mcf	8,346	9,597	17,870
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.6336	\$ 4.6511	\$ 4.5364
(minus) EGC in effect for month	\$/Mcf	\$ 5.3300	\$ 5.3300	\$ 5.3300
(equals) Difference	\$/Mcf	\$ (0.6964)	\$ (0.6789)	\$ (0.7936)
(times) Actual sales during month	Mcf	8,346	9,597	17,870
(equals) Monthly cost difference	\$	\$ (5,812)	\$ (6,515.01)	\$ (14,182.10)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (26,509.29)
(divide by) Sales for 12 Months ended: <u>October 31, 2017</u>	Mcf	317,464
(equals) Actual Adjustment for the Reporting Period		\$ (0.0835)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0835)



SCHEDULE V

BALANCE ADJUSTMENT

For the 12 month period ended: ~~October~~ April 30, 2016

<u>Particulars</u>	<u>Unit</u>	<u>12 Mos. Ending 31-Oct-16 Amount</u>
Total cost difference used to compute AA of the <b>GCR effective 11/1/16</b> 4 quarters prior to the effective date of the <b>currently effective 2/1/18 GCR</b>	\$	\$ 14,525
		\$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 317,464 Mcf during the 12 month period the AA was in effect	\$	<u>\$18,508</u>
<b>Equals:</b> Balance Adjustment of the AA	\$	<u><u>(\$3,983)</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	\$	(\$51,621)
<b>Less:</b> Dollar amount resulting from the BA of (0.0274) \$/Mcf as used to compute the GCR in effect <b>Case No. 2016-00348</b> four quarters prior to the effective date of the <b>currently effective</b> GCR times the <b>sales of</b> 317,464 Mcf during the 12 month period the BA was in effect	\$	<u>(\$8,699)</u>
<b>Equals:</b> Balance Adjustment of the BA	\$	<u><u>(\$42,922)</u></u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	(\$46,906)
<b>Divide:</b> Sales for 12 months ended July, 2017	Mcf	<u>317,464</u>
<b>Equals:</b> Balance Adjustment for the reporting period (to Schedule I, part D)	\$/Mcf	<u><u>(\$0.1478)</u></u>

Schedule IV AA

KFG			PG			Combined		
Aug-17	Sep-17	Oct-17	Aug-17	Sep-17	Oct-17	Aug-17	Sep-17	Oct-17
7,245	8,618	14,687	2,028	2,045	5,168	9,273	10,663	19,855
\$ 27,825	\$ 33,715	\$ 59,074	\$ 10,847	\$ 10,922	\$ 21,991	38,672	44,637	81,065
6,521	7,756	13,218	1,852	1,841	4651	8,346	9,597	17,870

10% Limite

Weighted EGC Aug-Sep-Oct			
KFG	\$ 5.2099	231,904	71% \$ 3.71
PG	\$ 5.6105	93,598	29% \$ 1.61
		<u>325,502</u>	<u>\$ 5.33</u>

Purc	Sales	L&U
361,245	317,464	12.1% KFG
102,452	93,766	8.5% PG
258,793	223,698	13.6% Combined