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PUBLIC SERVICE
COMMISSION

June 28, 2018

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

Re: Purchased Gas Adjustment
Effective Date of August 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.

The attached PGA is based on a two month reporting period (February and March) versus the normal three month reporting period. A portion of Frontier's customer meters were not read in April to facilitate a change from two customer billing cycles per month to one billing cycle. This system will align sales meter readings and purchase meter readings for better tracking of L&U. A single billing cycle also adds efficiency to the billing process. Frontier is requesting to use a two month reporting period (February and March) for the rates effective August 1, 2018 and to use a four month reporting period (April, May, June and July) for the rates effective November 1, 2018.

In Case 2018-00013, the PSC has agreed to an extension of waiver of the 5 percent limit on gas cost recovery and is allowing Frontier to pass through line loss up to 10 percent until November 1, 2018. Frontier appreciates the Commission's recognition of the safety and financial burden of updating and rebuilding systems with high L&U. Most areas with existing high L&U were not discovered until after they were purchased by Frontier.

To update the Commission on actions taken to reduce L&U, Frontier has replaced 4,000 feet of pipe in the Belfry system since April of this year. The recent acquisition of a third excavator will enable Frontier to allocate 100% of PRP time to a single excavator. Pipe replacement for 2018 will primarily occur in the Belfry system. Other systems will be addressed on an as needed basis, i.e., emergencies from dig-ins, etc. Frontier is also increasing company manpower and negotiating with local contractors to assist with the PRP.

The attached PGA was calculated using a 10 percent allowable L&U. A \$0.0285 per Mcf factor will be added to Frontier's customer PGA and a factor of (\$0.2334) per Mcf will be applied to Public's customer PGA to adjust for premerger unexpired AA's and BA's.

Sincerely,

KENTUCKY FRONTIER GAS, LLC

Dennis R. Horner
Enclosures

FOR ENTIRE AREA SERVED
KENTUCKY FRONTIER GAS, LLC

APPENDIX B

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P.S.C. KY. NO. 1Original SHEET NO. 1

Kentucky Frontier Gas, LLC
 (Name of Utility)

CANCELING P.S. KY. NO.

 SHEET NO.

RATES AND CHARGES

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	\$ 0.42200	\$ 0.56248	\$ 0.98448

Large Commercial

	Gas Cost		
	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 50.0000		\$ 50.0000
ALL CCF	\$ 0.34454	\$ 0.56248	\$ 0.90702

DATE OF ISSUE June 28, 2018
Month/Date/Year

DATE EFFECTIVE August 1, 2018

ISSUED BY 
 (Signature of Officer)

TITLE Member

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

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PUBLIC SERVICE
COMMISSION

KFG UNIFIED GAS COST RECOVERY RATE

APPENDIX B

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>	
Expected Gas Cost (EGC)	\$/Mcf	\$	5.7069
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(0.0821)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)		\$	5.6248

N/A unitl 11/1/19

GCR to be effective for service rendered from: August 1, 2018

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 2,029,640
	/ Sales for the 11 months ended March 31, 2018	Mcf	355,648
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.7069
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 Current Reporting Period (Sch. IV)	\$/Mcf	\$ (0.0821)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.0821)
D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ -
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
=	Balance Adjustment (BA)	\$/Mcf	\$ -

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II

EXPECTED GAS COST

APPENDIX B

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MCF Purchases for 12 months ended:

March 31, 2018

	10% LIMITER				(4) x (5)
Supplier	Dth	Btu Factor	Mcf	Rate	Cost
Columbia (Goble Roberts, Peoples)		N/A	9,956	\$ 6.5320	\$65,033
Cumberland Valley (Auxier)		1.2112	77,271	\$ 3.8666	\$298,779
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2090	3,139	\$ 5.1096	\$16,039
EQT (EQU, Price)		1.2470	86	\$ 5.4358	\$467
** HI-Energy		1.0031	6,543	\$ 4.0124	\$26,253
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	3,670	\$ 5.5532	\$20,380
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	0	\$ 7.9348	\$0
Jefferson (Public)		1.1184	112,558	\$ 6.6848	\$752,431
Magnum Drilling, Inc.		N/A	3,515	\$ 10.5000	\$36,908
Nytis (Auxier)		1.0962	7,503	\$ 2.9897	\$22,431
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	8,723	\$ 3.6417	\$31,766
Quality (Belfry)		1.2000	46,191	\$ 3.3928	\$156,715
* Slone Energy		1.0940	9,017	\$ 4.9230	\$44,391
Southern Energy (EQU, MLG, Price)		1.2690	57,112	\$ 4.9203	\$281,008
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2690	33,627	\$ 6.1703	\$207,488
** Spirit		1.1178	15,555	\$ 4.4712	\$69,550
Totals			394,466	\$ 5.1453	\$2,029,640

Line loss 11 months ended:	<u>Mar-18</u>	based on purchases of	<u>394,466</u>	Mcf
and sales of	<u>355,648</u>	Mcf.	<u>9.8%</u>	<u>L&U</u>

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 2,029,640
/ Mcf Purchases (4)	Mcf	394,466
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.1453
x Allowable Mcf Purchases (10% Limiter)	Mcf	394,466
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 2,029,640

Estimated Avg TCo for Aug, Sep, Oct = \$2.9523/Dth (NYMEX Avg + \$-0.2250/Dth (TCo Appal Basis) = **\$2.7273/Dth**

EQT = \$2.7273/Dth (TCo) + \$0.3818 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.3591/Dth**

Jefferson contract = \$2.7273/Dth (TCo) + \$3.25/Dth cost factor = **\$5.9773/Dth**

CVR = \$2.7273 (TCo) + \$0.0544/Dth (1.996% Fuel), \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$3.1924/Dth**

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

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

Nytis (Auxier) = **\$2.7273/Dth (TCo)**

Nytis (Sigma) = \$2.7273/Dth (TCo) x .8 = **\$2.1818/Dth**

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

Southern Energy = \$2.7273/Dth (TCo) + \$1.1500/Dth = **\$3.8773/Dth**

Quality (Belfry) = \$2.7273/Dth (TCo) + \$0.10 = **\$2.8273/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 = \$2.7273/Dth x .8 = \$2.1818/Dth < \$4.50/Dth; **\$4.50/Dth**

** Estimated 3 mo. TCo = \$2.7273/Dth x .8 = \$2.1818/Dth < \$4.00/Dth; **\$4.00/Dth**

*** Estimated 3 mo. TCo = \$2.7273/Dth x .8 = \$2.1818/Dth < \$3.00/Dth; **\$3.00/Dth**

KFG UnifiedSchedule IV
Actual Adjustment

For the 3 month period ending:

March 31, 2018

		10% LIMITER			
<u>Particulars</u>	<u>Unit</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	
Total Supply Volumes Purchased	Mcf	49,454	56,882		
Total Cost of Volumes Purchased	\$	\$ 281,867	\$ 268,805		
(divide by) Total Sales (10% Limiter)	Mcf	51,772	52,412		
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.6996	\$ 4.7257	\$ -	
(minus) EGC in effect for month	\$/Mcf	\$ 5.4899	\$ 5.4899	\$ -	
(equals) Difference	\$/Mcf	\$ 0.2097	\$ (0.7642)	\$ -	
(times) Actual sales during month	Mcf	51,772	52,412		
(equals) Monthly cost difference	\$	\$ 10,856	(40,055)	\$ -	

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (29,199.82)
(divide by) Sales for 11 Months ended: March 31, 2018	Mcf	355,648
(equals) Actual Adjustment for the Reporting Period		\$ (0.0821)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0821)

CURRENTLY EFFECTIVE BILLING RATES

<u>SALES SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/} Demand</u> \$	<u>Commodity</u> \$	<u>Total Billing Rate^{3/}</u> \$	
<u>RATE SCHEDULE GSR</u>					
Customer Charge per billing period	16.00			16.00	
Delivery Charge per Mcf	3.5665 ^{3/}	1.4811	3.8965	8.9441	R
<u>RATE SCHEDULE GSO</u>					
<u>Commercial or Industrial</u>					
Customer Charge per billing period	44.69			44.69	
Delivery Charge per Mcf -					
First 50 Mcf or less per billing period	3.0181 ^{3/}	1.4811	3.8965	8.3957	R
Next 350 Mcf per billing period	2.3295 ^{3/}	1.4811	3.8965	7.7071	R
Next 600 Mcf per billing period	2.2143 ^{3/}	1.4811	3.8965	7.5919	R
Over 1,000 Mcf per billing period	2.0143 ^{3/}	1.4811	3.8965	7.3919	R
<u>RATE SCHEDULE IS</u>					
Customer Charge per billing period	2007.00			2007.00	
Delivery Charge per Mcf					
First 30,000 Mcf per billing period	0.6285 ^{3/}		3.8965 ^{2/}	4.5250	I
Next 70,000 Mcf per billing period	0.3737 ^{3/}		3.8965 ^{2/}	4.2702	I
Over 100,000 Mcf per billing period	0.3247 ^{3/}		3.8965 ^{2/}	4.2212	I
Firm Service Demand Charge					
Demand Charge times Daily Firm					
Volume (Mcf) in Customer Service Agreement		7.0175		7.0175	R
<u>RATE SCHEDULE IUS</u>					
Customer Charge per billing period	567.40			567.40	R
Delivery Charge per Mcf					
For All Volumes Delivered	1.1544 ^{3/}	1.4811	3.8965	6.5320	I

- 1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS or IUS and received service under Rate Schedule SVGTS shall be \$4.5338 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS.
- 2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.
- 3/ The Delivery Charge will be adjusted at billing by the Tax Act Adjustment Factor set forth on Sheet 7a.

DATE OF ISSUE May 25, 2018

DATE EFFECTIVE May 31, 2018 (Unit 1 June)

ISSUED BY /s/ Herbert A. Miller, Jr.

TITLE President

Issued pursuant to an Order of the Public Service Commission in Case No. 2018-00150 dated May 16, 2018.

KENTUCKY PUBLIC SERVICE COMMISSION
Gwen R. Pinson Executive Director 
EFFECTIVE 5/31/2018 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)