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PUBLIC SERVICE
COMMISSION

December 26, 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 February 1, 2019
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 was calculated using a 5 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

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

Dennis R. Horner
Enclosures

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	\$	5.8245
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(0.1996)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
<hr/>			
= Gas Cost Recovery Rate (GCR)		\$	5.6249

N/A until 11/1/19

GCR to be effective for service rendered from: February 1, 2019

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 2,291,363
/	Sales for the 12 months ended <u>October 31, 2018</u>	Mcf	393,403
<hr/>			
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.8245

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	\$ -
<hr/>			
=	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	\$ (0.0889)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1915)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0808
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
<hr/>			
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.1996)

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	\$ -
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=	Balance Adjustment (BA)	\$/Mcf	\$ -

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended:

October 31, 2018

Supplier	5% LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,854	\$ 5.9965	\$65,086
Cumberland Valley (Auxier)		1.2190	90,792	\$ 4.3977	\$399,273
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2190	3,787	\$ 5.6477	\$21,388
EQT (EQU, Price)		1.2480	84	\$ 6.0192	\$506
** HI-Energy		1.0031	5,187	\$ 4.0124	\$20,812
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	3,146	\$ 5.5532	\$17,470
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	0	\$ 8.3900	\$0
Jefferson (Public)		1.1184	118,772	\$ 7.1400	\$848,033
Magnum Drilling, Inc.		N/A	3,885	\$ 10.5000	\$40,793
Nytis (Auxier)		1.0962	7,747	\$ 3.4358	\$26,617
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	7,677	\$ 3.9986	\$30,697
Quality (Belfry)		1.1979	49,851	\$ 3.8744	\$193,141
* Slone Energy		1.0428	9,233	\$ 4.6926	\$43,327
Southern Energy (EQU, MLG, Price)		1.2690	63,920	\$ 5.4368	\$347,519
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2690	35,217	\$ 6.6868	\$235,488
** Spirit		1.1178	19,471	\$ 4.4712	\$87,059
Totals			429,623	\$ 5.5332	\$2,377,209

Line loss 12 months ended:	<u>Oct-18</u>	based on purchases of	<u>429,623</u>	Mcf
and sales of	<u>393,403</u>	Mcf.	<u>8.4%</u>	L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 2,377,209
/ Mcf Purchases (4)	Mcf	429,623
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.5332
x Allowable Mcf Purchases (5% Limiter)	Mcf	414,108
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 2,291,363

Estimated Avg TCo for Feb, Mar, Apr = \$3.3193/Dth (NYMEX Avg + \$-0.1850/Dth (TCo Appal Basis) = **\$3.1343/Dth**

EQT = \$3.1343/Dth (TCo) + \$0.4388 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.8231/Dth**

Jefferson contract = \$3.1343/Dth (TCo) + \$3.25/Dth cost factor = **\$6.3843/Dth**

CVR = \$3.1343 (TCo) + \$0.0626/Dth (1.996% Fuel), \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$3.6076/Dth**

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

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

Nytis (Auxier) = **\$3.1343/Dth (TCo)**

Nytis (Sigma) = \$3.1343/Dth (TCo) x .8 = **\$2.5074/Dth**

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

Southern Energy = \$3.1343/Dth (TCo) + \$1.1500/Dth = **\$4.2843/Dth**

Quality (Belfry) = \$3.1343/Dth (TCo) + \$0.10 = **\$3.2343/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 = \$2.9650/Dth x .8 = \$2.1818/Dth < \$4.50/Dth; **\$4.50/Dth**

** Estimated 3 mo. TCo = \$2.9650/Dth x .8 = \$2.1818/Dth < \$4.00/Dth; **\$4.00/Dth**

*** Estimated 3 mo. TCo = \$2.9650/Dth x .8 = \$2.1818/Dth < \$3.00/Dth; **\$3.00/Dth**

KFG UnifiedSchedule IV
Actual Adjustment

For the 3 month period ending:

October 31, 2018

<u>Particulars</u>	<u>Unit</u>	5% LIMITER		
		<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>
Total Supply Volumes Purchased	Mcf	11,061	10,936	23,019
Total Cost of Volumes Purchased	\$	\$ 39,896	\$ 46,053	\$ 114,708
(divide by) Total Sales (5% Limiter)	Mcf	10,508	10,389	21,868
(equals) Unit Cost of Gas	\$/Mcf	\$ 3.7967	\$ 4.4328	\$ 5.2455
(minus) EGC in effect for month	\$/Mcf	\$ 5.6550	\$ 5.6550	\$ 5.6550
(equals) Difference	\$/Mcf	\$ (1.8583)	\$ (1.2222)	\$ (0.4095)
(times) Actual sales during month	Mcf	8,718	9,184	18,445
(equals) Monthly cost difference	\$	\$ (16,200)	(11,225)	(7,554)

	<u>Unit</u>	<u>Amount</u>
Total cost difference for the 12 months ended October 31, 2018	\$	\$ (34,979.12)
(divide by) Sales for 12 Months ended: October 31, 2018	Mcf	393,403
(equals) Actual Adjustment for the Reporting Period		\$ (0.0889)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0889)