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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Joint Application of Kentucky Frontier Gas, LLC)
And Its individual Members Steven Shute, Larry Rich,) 2019-00018
Robert Oxford and IGS, Inc, for approval of transfer)
Of Ownership of Larry Rich's Interest to Steven Shute)

APPLICATION

Kentucky Frontier Gas, LLC (Frontier), and its members, Steven Shute, Larry Rich, Robert Oxford and IGS, Inc (Joint Applicants), by counsel, petition the Commission for an order approving the acquisition and transfer of approximately 13.6% interest in Frontier owned by Larry Rich to Steven Shute pursuant to KRS 278.020(4) and (5).

KRS 278.020(4) provides that "[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission ... without prior approval by the commission."

KRS 278.020(5) provides that "[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an "acquirer"), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission."

1. Frontier is a Colorado company authorized to do business in Kentucky. Its address is 4891 Independence Avenue #260, Wheat Ridge CO

80033. Frontier attests that it is currently in good standing and authorized to conduct business in Kentucky. It was initially incorporated August 25, 2005.

The contact information and local office address for Frontier is:

Kentucky Frontier Gas
2963 KY Rt. 321
P. O. Box 408
Prestonsburg, KY 41653
Phone (606) 886-2431
Fax (606) 889-9196
steve@kyfrontiergas.com

2. Frontier currently operates a natural gas distribution system subject to Commission regulation. Frontier has been operating local distribution companies in Kentucky since 2005. It has consolidated twelve natural gas companies into Frontier. Frontier has approximately 5700 distribution and farm tap customers in Breathitt, Floyd, Johnson, Knott, Lawrence, Lee, Letcher, Magoffin, Martin, Morgan, Perry, Pike and Wolfe counties.

3. Shute has entered into a purchase contract with Rich for the acquisition of all of Rich's interest in Frontier, which is approximately 13.6%. The proposed acquisition will occur subject to the approval of the Commission under the terms of the Purchase Agreement attached as exhibit 1.

4. No rate adjustment is being proposed no acquisition adjustment will be made as a result of the transfer of interest. Current rates and tariffs will remain unchanged.

5. Frontier's remaining members, Steven Shute, IGS and Robert Oxford will continue as the company's members and managers. They have owned and operated Frontier since its inception.

6. The transfer of member interest will have no effect on the daily operations of Frontier. All current employees will remain, all operations will continue as currently managed.

7. The acquisition will be financed personally by Shute with no financial liability or obligations assumed by Frontier.

8. Frontier and the remaining members have the necessary financial ability to operate the utility. There is no change to the financial status of Frontier or its ability to finance its operations. The current rates provide sufficient revenue to continue to operate efficiently and the attached financial statement supports the viability of the company's financial status, exhibit 2.

9. Shute and Oxford have proven that they have the ability to manage and finance a complex utility consisting of multiple acquisitions resulting in stable rates, improved service and efficient operations. Over the last ten years, they have acquired through Frontier twelve small gas utilities that were financially and managerially deficient. The consolidation of those companies has resulted in the stable, growing and well-managed company that exists today. Their management will continue subsequent to the transfer of Rich's member share to Shute.

10. The transfer is in the public interest to allow Frontier to continue to operate effectively. Because of Mr. Rich's health, he has had no active recent role in management of the company. The transfer of his member share will allow the remaining members to act more efficiently without the need for consultation with and approval of Rich's power of attorney. The transaction will result in the

transfer of control of Frontier to an existing member that will continue to focus on maintaining safe, reliable natural gas distribution. Frontier will continue to be owned by members that have the knowledge of and interest in the communities it serves.

11. The proposed transaction will be made in accordance with the law. The proposed transaction has been approved by Frontier's members as reflected in the Purchase Agreement. The Commission's regulatory approval is required for the closing. There are no other regulatory approvals necessary for the closing.

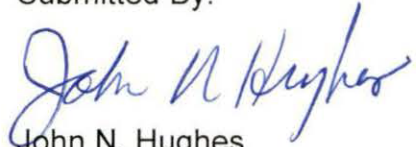
12. The proposed transaction is for a proper purpose. The proposed transaction will maintain current ownership of Frontier that will continue to have the resources to enable it to provide reasonable service to its customers. The experience of the remaining members of Frontier as well as their financial resources provide the ability to continue existing services and the potential to expand and improve service.

Based on this information, the Joint Applicants believe the transfer to Shute is in the public interest and will not adversely affect the current level of customer service or rates. As required of KRS 278.020 (6), the management of Frontier subsequent to the transfer of Rich's share has "the financial, technical and managerial abilities" to guide Frontier to provide reasonable service.

For these reasons, the Joint Applicants request an order finding that the acquisition and transfer is in the public interest and in accordance with law pursuant to KRS 278.020 and that Rich is granted approval to transfer 13.6%

member ownership to Shute and Shute is granted approval to acquire ownership of Rich's interest pursuant to the terms of the Purchase Agreement.

Submitted By:



John N. Hughes
124 West Todd St.
Frankfort, KY 40601
502 227 7270
jnhughes@johnnhughespsc.com

Attorney for:

Kentucky Frontier Gas, LLC
on behalf of Joint Applicants

DECLARATION OF STEVEN SHUTE

I, Steven Shute, am a Member of Kentucky Frontier Gas, LLC, the Applicant in the referenced matter. I have read the responses and I have full authority to sign this declaration. The facts set forth therein are true and correct to the best of my knowledge, information and belief. Pursuant to KRS 523.020-040, I certify under penalty of false swearing that the foregoing is true and correct.

Dated this 4th day of January 2019.

A handwritten signature in black ink, appearing to read 'Steven Shute', is written over a solid horizontal line.

Steven Shute, Member,
Kentucky Frontier Gas, LLC

EXHIBIT 1

MEMORANDUM of AGREEMENT for SALE of INTEREST in KENTUCKY FRONTIER GAS

This memorandum captures our agreement to transfer to Steven Shute, individually, the ownership interest of Larry J. Rich in Kentucky Frontier Gas LLC and subsidiaries (collectively "Frontier"). Frontier is an entity formed to operate natural gas utilities and pipelines in Eastern Kentucky.

This Agreement is by and between Larry J. Rich and Steven Shute, each current members of Frontier, with the expressed approval of the other members of Frontier.

This Agreement covers the sale of an interest in Frontier and subsidiaries.

RECITALS

- **Kentucky Frontier Gas LLC** is a Colorado entity formed in 2005 to operate natural gas utilities and pipelines in Eastern Kentucky, operating and doing business in Prestonsburg Kentucky.
- **Auxier Road Gas, Inc.** ("Auxier") was purchased by Frontier in 2010 and is operated as a 100% owned subsidiary of Frontier. Another small utility Dema Gas was merged into Auxier. This entire subsidiary is wholly owned by Frontier so is included in the transfer of interest addressed in this Agreement.
- Larry Rich and Steven Shute are two of the original founders and members of Frontier.
- Robert Oxford, individually, and Industrial Gas Services, Inc. are the other two members of Frontier. Although there is no explicit "right of first refusal" in the Frontier Operating Agreement, Oxford and IGS are made parties of this Agreement to affirmatively approve this transfer.
- Larry Rich is retired from Frontier and is acting on this Agreement through his designated power of attorney and attorney-in-fact Elizabeth Rich Davis.
- This Agreement memorializes the sale of Larry Rich's interest in Frontier to Steven Shute through an Installment Sale.

SALE OF INTEREST IN FRONTIER

1. Larry Rich shall sell and assign his interest in Frontier to Steven Shute. His interest is 13.6% of Kentucky Frontier Gas LLC. Shute currently owns 60.8% of Frontier. Oxford owns 19.6% of Frontier. IGS owns 6.0% of Frontier. Upon completion of this transfer, Shute will own 74.4% of Frontier.

2. The effective date of the transaction is December 31, 2018.
3. The negotiated value of Larry Rich's 13.6% interest in Frontier is \$658,500. Financing of the transaction shall be among Shute individually and Rich as described in a separate Financing Agreement.
4. Upon execution of this Agreement, a Settlement Payment of \$230,000 shall be paid by Steven Shute to Larry Rich.
5. After the initial Settlement Payment of \$230,000, the balance of the amount due Larry Rich shall be paid as set forth in the Financing Agreement.
6. Larry Rich's liability as a guarantor on loans held at Community Trust Bank (CTB) on behalf of Frontier shall be released by the bank and/or assumed by Steve Shute at closing. As provided in the Articles of Organization dated August 4, 2005, Frontier agrees to indemnify and hold Larry Rich harmless on any liabilities of Frontier asserted against Frontier after December 31, 2018, including any effort of CTB to collect any outstanding debt and any liability Frontier may have with regard to the current Belfry v. Southside litigation or any other contingent litigation, known or unknown to the parties as of the date of this agreement.
7. This change in ownership and this Agreement are subject to the consideration and approval by the Kentucky Public Service Commission ("PSC"). Frontier shall file with PSC for approval of the Agreement. Parties intend the effective date of the transaction to be December 31, 2018. If PSC approval is denied or substantially altered or delayed past June 30, 2019, the parties shall make every practical effort to adjust the terms of this Agreement to meet the PSC requirement, rather than to rescind the Agreement.

In the event the PSC rejects the transaction, the entire 13.6% interest in Frontier shall revert back to Larry Rich and any payments made under the Financing Agreement shall be returned to Steven Shute.

8. Upon closing all, the appropriate changes in ownership in Frontier shall be noted in the books of the company.

The Parties agree to the transfer of interest in the Frontier in the manner here described, subject to final approval by PSC, with this Agreement executed this ___ day of December, 2018 and made effective December 31, 2018.

Larry J. Rich, individually and
as Member of Kentucky Frontier Gas LLC
through his POA and attorney Elizabeth Davis

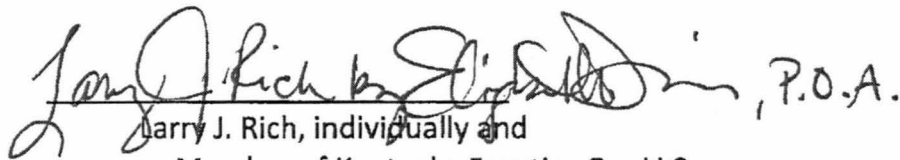
Steven Shute, individually and
as Member-Manager of Kentucky Frontier Gas LLC

Robert Oxford as Member-Manager
of Kentucky Frontier Gas LLC

Robert Oxford as President
of Industrial Gas Services, Inc. as
Member of Kentucky Frontier Gas LLC

Kentucky Frontier Gas LLC
Auxier Road Gas Inc.
2963 Kentucky Rte 321 North
Prestonsburg, KY 41653
606-886-2431

The Parties agree to the transfer of interest in the Frontier in the manner here described, subject to final approval by PSC, with this Agreement executed this ~~21~~³¹ day of December, 2018 and made effective December 31, 2018.



Larry J. Rich, individually and
as Member of Kentucky Frontier Gas LLC
through his POA and attorney Elizabeth Davis

Steven Shute, individually and
as Member-Manager of Kentucky Frontier Gas LLC

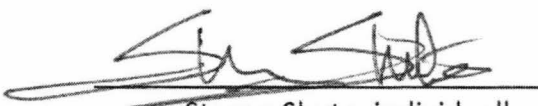
Robert Oxford as Member-Manager
of Kentucky Frontier Gas LLC

Robert Oxford as President
of Industrial Gas Services, Inc. as
Member of Kentucky Frontier Gas LLC

Kentucky Frontier Gas LLC
Auxier Road Gas Inc.
2963 Kentucky Rte 321 North
Prestonsburg, KY 41653
606-886-2431

The Parties agree to the transfer of interest in the Frontier in the manner here described, subject to final approval by PSC, with this Agreement executed this 31st day of December, 2018 and made effective December 31, 2018.

Larry J. Rich, individually and
as Member of Kentucky Frontier Gas LLC
through his POA and attorney Elizabeth Davis



Steven Shute, individually and
as Member-Manager of Kentucky Frontier Gas LLC

Robert Oxford as Member-Manager
of Kentucky Frontier Gas LLC

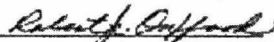
Robert Oxford as President
of Industrial Gas Services, Inc. as
Member of Kentucky Frontier Gas LLC


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Auxier Road Gas Inc.
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Larry J. Rich, individually and
as Member of Kentucky Frontier Gas LLC
through his POA and attorney Elizabeth Davis

Steven Shute, individually and
as Member-Manager of Kentucky Frontier Gas LLC


Robert Oxford as Member-Manager
of Kentucky Frontier Gas LLC


Robert Oxford as President
of Industrial Gas Services, Inc. as
Member of Kentucky Frontier Gas LLC

Kentucky Frontier Gas LLC
Auxier Road Gas Inc.
2963 Kentucky Rte 321 North
Prestonsburg, KY 41653
606-886-2431

EXHIBIT 2

Kentucky Frontier Gas, LLC
Balance Sheet
 As of October 31, 2018

	Oct 31, 18
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash - Bank Accounts	
131.0 · Petty Cash	707.18
131.10 · CTB PRP Surcharge Account	10,662.47
131.2 · Comm Trust Bank Oper 4002506337	26,301.18
131.3 · Comm Trust Payroll #4002507509	1,190.70
131.7 · CTB Savings #5001856760	30,064.24
131.8 · Citizens Bank of Jackson	1,945.58
Total 131 · Cash - Bank Accounts	70,871.35
Total Checking/Savings	70,871.35
Accounts Receivable	
142 · Customer Accounts Receivable	141,865.60
143 · Other Accounts Receivable	21,930.00
Total Accounts Receivable	163,795.60
Other Current Assets	
108.09 · CC - Accum Deprec	-149,645.00
108.11 · BTU-Accumulated Depr	-78,166.00
115.0 · Consol - Acc Depreciation	-27,801.00
147 · N/R - Fontaine Williams	984.54
173 · Organizational Account	
Start Up Costs	
SBA Origination Fees	95,056.13
USDA Origination Fees	17,464.00
115 · Accumulated Amort - Start Up	-53,261.00
Start Up Costs - Other	298.98
Total Start Up Costs	59,558.11
Total 173 · Organizational Account	59,558.11
Total Other Current Assets	-195,069.35
Total Current Assets	39,597.60
Fixed Assets	
101 · Utility Plant	
101.0 · Utility Plant - consolidated	
376 · Meters - Consolidated	80,661.02
376.0 · Itrons	
376.001 · CIAC/Itrons -Contrib in Aid Con	-154,346.00
376.0 · Itrons - Other	158,514.79
Total 376.0 · Itrons	4,168.79
377 · Meter Sets	50,336.75
378 · Regulators	9,450.34
379 · Odorant System	35,693.70
381 · ESRI SYSTEM	4,185.40
Total 101.0 · Utility Plant - consolidated	184,496.00
101.1 · East Kentucky Utility Plant	
General Plant	
394.1 · Tools, Shop & Garage Equip	891.00
Total General Plant	891.00
108.1 · Accumulated Depreciation	
101.5 · Balne-Accum Dep	-150.00
Total 108.1 · Accumulated Depreciation	-150.00
114.1 · Gas Plant Acquisition Adj	

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Kentucky Frontier Gas, LLC

Balance Sheet

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As of October 31, 2018

Accrual Basis

	Oct 31, 18
376.01 · Mains	9,515.91
37601 · Meas & Reg Station Eq	5,980.39
380.01 · Services	15,440.74
380.02 · EKV-CIAC(Contrib In aid Constr)	-6,330.00
381.01 · Meters	17,868.69
382.01 · New Meter Install	589.97
382.02 · EKV - Line Replacement	650.00
114.1 · Gas Plant Acquisition Adj - Other	955,369.74
Total 114.1 · Gas Plant Acquisition Adj	999,085.44
115.1 · Accumulated Provision for Amort	-467,367.00
Total 101.1 · East Kentucky Utility Plant	532,459.44
101.12 · Blaine Utility Plant	
380.04 · Meters	6,393.29
380.12 · Services	653.39
380.120 · Blaine-CIAC(contrib In aid con)	-400.00
Total 101.12 · Blaine Utility Plant	6,646.68
101.2 · Mike Little Gas Plant	
General Plant Assets	
394.2 · Tools, Shop & Garage Equip	9,258.56
Total General Plant Assets	9,258.56
Transmission Plant	
369.2 · Meas & Reg Sta Equip	4,984.97
Total Transmission Plant	4,984.97
114.2 · Gas Plant Acquisition Adj	
376.22 · Mains	28,484.44
380.22 · Services	10,216.10
380.23 · MLG-CIAC(Contrib In aid of const)	-2,000.00
381.22 · Meters	17,766.95
381.23 · Line Replacement	2,060.52
114.2 · Gas Plant Acquisition Adj - Other	481,044.76
Total 114.2 · Gas Plant Acquisition Adj	537,572.77
115.2 · Accum Prov for Amort of Gas PI	-242,325.00
Total 101.2 · Mike Little Gas Plant	309,491.30
101.3 · Belfry Utility Plant	
114.3 · Gas Plant Acquisition Adj	
376.33 · Mains	118,607.16
376.331 · Mains - Comp Const	28,661.96
376.34 · Mains Belf - Line Replacement	317,366.79
380.33 · Services	14,135.45
380.34 · BUP-CIAC(contrib In aid const)	-313,744.42
381.32 · Regulators	3,075.00
381.33 · Meters	36,394.86
381.34 · Meter & Regulator - FSM	4,675.82
382.22 · New Meter Installation	2,423.84
114.3 · Gas Plant Acquisition Adj - Other	480,342.00
Total 114.3 · Gas Plant Acquisition Adj	691,938.46
115.3 · Accum Prov for Amort of Gas PI	-431,673.00
Total 101.3 · Belfry Utility Plant	260,265.46
101.4 · Alert Farm Taps Utility Plant	
Distribution Plant	
381.4 · Meters	130.00

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Accrual Basis

Kentucky Frontier Gas, LLC

Balance Sheet

As of October 31, 2018

	Oct 31, 18
Total Distribution Plant	130.00
114.4 · Gas Plant Acquisition Adj	
376.44 · Mains	2,600.29
380.44 · Services	2,950.40
381.44 · Meters	312.42
382.44 · New Meter Installation	111.00
Total 114.4 · Gas Plant Acquisition Adj	5,974.11
115.4 · Accum Prov for Amort of Gas Pl	-2,567.00
Total 101.4 · Alert Farm Taps Utility Plant	3,537.11
101.8 · Peoples Gas Utility Plant	
114.81 · Gas Plant Acq Adj - KFG	
376.88 · Mains	14,279.82
377.88 · Main Replacement - Phelps	20,837.63
380.88 · Services	1,196.90
382.88 · New Meter Install	114.75
114.81 · Gas Plant Acq Adj - KFG - Other	25,541.00
Total 114.81 · Gas Plant Acq Adj - KFG	61,970.10
115.8 · Accum Amortization - Acquisitio	-21,181.00
Total 101.8 · Peoples Gas Utility Plant	40,789.10
Total 101 · Utility Plant	1,337,685.09
101.11 · BTU Purchase	
380.10 · Mains	15,105.65
380.11 · Services	14,276.81
380.121 · BTU-CIAC(contrib in aid constr)	-2,728.00
380.13 · Regulators	815.90
380.14 · Main Replacement - BTU	41,888.01
380.16 · Drip Tank	1,010.03
101.11 · BTU Purchase - Other	262,500.00
Total 101.11 · BTU Purchase	332,868.40
101.13 · Public Gas Utility Plant	
114.13 · PGUP- Util Plant-Other	4,074.00
115.13 · PGUP-Accum Depreciation	-58,816.00
154.13 · PGUP- Inventory	2,000.00
376.13 · Mains	1,350,264.00
376.14 · New Services	9,851.76
376.15 · Meters	183,649.82
376.16 · PGUP - Regulators	31,583.00
376.17 · Meter Installation	332.12
376.18 · PGUP-CIAC(contri in aid constr)	-15,162.62
376.35 · Line Replacement-PGUP	11,420.24
391.13 · PGUP- Office Equip	4,248.00
392.14 · Transp Equip- PGUP	72,553.00
Total 101.13 · Public Gas Utility Plant	1,595,997.32
101.9 · COW CREEK UTILITY PLANT	
376.09 · Mains	446,356.00
376.25 · LINE REPLACEMENT- CC	13,600.00
380.09 · Services	15,868.08
380.100 · CC-CIAC(contri in aid constr)	-10,240.00
381.09 · Meters	46,473.56
383.09 · Regulators/Detectors	21,815.00
101.9 · COW CREEK UTILITY PLANT - Other	16,699.00
Total 101.9 · COW CREEK UTILITY PLANT	550,571.64
103.1 · PGUP- Accum Depreciation	-78,613.00
112 · BLAINE	

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Accrual Basis

Kentucky Frontier Gas, LLC
Balance Sheet
 As of October 31, 2018

	Oct 31, 18
115.12 · Blaine - Accum Depreciation	-63.00
Total 112 · BLAINE	-63.00
154 · Inventory	15,133.44
380 · General Plant Assets	
391 · Office Furniture & Equipment	
391.1 · Office Furniture & Equipment	48,152.50
391.11 · Office Equip - Folder/Inserter	10,270.34
Total 391 · Office Furniture & Equipment	58,422.84
392 · Transportation Equipment	
108 · Gen Utility Plant - Accum Depr	-579,676.00
392.11 · Transportation Eq- Other	3,657.00
392.13 · 2016 Tacoma SR 4X4 Access Cab	26,656.51
392.15 · 2017 Toyota Tacoma	27,322.68
392.16 · Homestead Trailer 7x14	4,346.00
392.17 · 2018 2500 HD CHEV UTILITY	11,090.00
392.3 · 2012 Tacoma Access Cab	26,224.54
392.4 · 2012 Tacoma Reg Cab	23,655.24
392.5 · 2012 Tundra	29,687.00
392.6 · 2015 Chevy Silverado	33,695.08
392.7 · 2015 F350	41,338.81
392.9 · 2015 Tacoma	26,110.74
392 · Transportation Equipment - Other	4,913.83
Total 392 · Transportation Equipment	-320,978.57
394 · Tools, Shop & Garage Equip	22,802.26
396 · Power Operated Equipment	
396.3 · CAT Mini Excavator	33,780.90
396.4 · Boring Machine	25,000.00
396.5 · CAT MINI EXCAVATOR 303.5E CR	31,270.00
396.6 · CAT 303.5E CR MINI EXCAVATOR	31,270.00
Total 396 · Power Operated Equipment	121,320.90
397 · Tools & Equipment	1,643.19
Total 380 · General Plant Assets	-116,789.38
380.15 · Meter- H Thompson	8,222.69
394.13 · PGUP- Tools, Shop, & Garage Eq	124,199.00
398 · Leasehold Improvements	22,937.62
Total Fixed Assets	3,792,149.82
Other Assets	
123 · Investment in Subsidiary Compan	
123.1 · Investment - Auxier Rd	1,695,459.23
123.3 · Investment - DEMA	10,000.00
123.4 · Investment - Interstate FT	10,000.00
Total 123 · Investment in Subsidiary Compan	1,715,459.23
125 · CASELLE Billing Software	43,380.00
126 · Esri- GIS Software	2,500.00
155 · Utility Deposits	1,524.00
Total Other Assets	1,762,863.23
TOTAL ASSETS	5,594,610.65
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	399,703.95

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Kentucky Frontier Gas, LLC

Balance Sheet

As of October 31, 2018

01/03/19

Accrual Basis

	Oct 31, 18
Total Accounts Payable	399,703.95
Other Current Liabilities	
230 · CC-N/P DEMA	5,885.42
233 · Notes Payable - Assoc Co's	
233.1 · N/P IGS	27,602.80
233.8 · CC- N/P Dema	-5,885.42
233.9 · CC- N/P Auxier	192,603.58
Total 233 · Notes Payable - Assoc Co's	214,320.96
235 · Customer Deposits/Retainers	
235.1 · CC- Cust Deposits	17,545.00
235.13 · PGUP- Cust Deposits	89,025.00
235.131 · PGUP- Cust Credits	20,157.00
237 · Accrued Interest Deposits	0.44
235 · Customer Deposits/Retainers - Other	105,749.87
Total 235 · Customer Deposits/Retainers	232,477.31
241 · Sales Tax Payable	2,105.83
242 · Utility Tax Payable	4,686.75
245 · A/P-SEP	396.62
Total Other Current Liabilities	459,872.89
Total Current Liabilities	859,576.84
Long Term Liabilities	
224 · Long Term Liability	
224.1 · Community Trust Bank Loan	72,232.79
224.10 · 2015 F350 Loan CTBI	9,648.41
224.11 · CTB-2015 TACOMA	6,753.80
224.12 · CTB Loan - SBA #3	1,244,995.21
224.13 · CTB LOAN-2016 TACOMA SR 4X4	9,813.11
224.15 · 2017 Toyota Tacoma 4x4 Access	17,981.17
224.16 · CTB LOAN-2018 CHEVY 2500 HD	-2,246.79
224.2 · USDA Loan #1	844,514.02
224.3 · USDA Loan #2	94,768.89
224.8 · CTB Loan - SBA #2	160,862.03
224.9 · 2015 Chev Silverado Loan CTBI	9,553.31
Total 224 · Long Term Liability	2,468,875.95
Total Long Term Liabilities	2,468,875.95
Total Liabilities	3,328,452.79
Equity	
211.1 · Partner One Equity - RJO	
208.1 · Partner One Investments	31,964.26
211.1 · Partner One Equity - RJO - Other	339,195.00
Total 211.1 · Partner One Equity - RJO	371,159.26
211.2 · Partner Two Equity - SS	
208.2 · Partner Two Investments	1,136,336.00
211.2 · Partner Two Equity - SS - Other	14,000.00
Total 211.2 · Partner Two Equity - SS	1,150,336.00
211.3 · Partner Three Equity - LR	
214.3 · Partner Three Draws	249,719.15
211.3 · Partner Three Equity - LR - Other	7,000.00
Total 211.3 · Partner Three Equity - LR	256,719.15
211.4 · Partner Four Equity - IGS	

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Accrual Basis

Kentucky Frontier Gas, LLC

Balance Sheet

As of October 31, 2018

	Oct 31, 18
208.4 · Partner Four Investments	121,580.82
214.4 · Partner Four Draws	103,365.00
211.4 · Partner Four Equity - IGS - Other	-111,750.00
Total 211.4 · Partner Four Equity - IGS	113,195.82
216 · Retained Earnings	-236,581.58
Net Income	611,329.21
Total Equity	2,266,157.86
TOTAL LIABILITIES & EQUITY	5,594,610.65

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Accrual Basis

Kentucky Frontier Gas, LLC
Profit & Loss YTD Comparison
October 2018

	Oct 18	Jan - Oct 18
Income		
405 · Management Fee Income		
405.1 · Management Fee Income - Auxier	23,260.96	557,680.67
Total 405 · Management Fee Income	23,260.96	557,680.67
419 · Interest Income	0.90	70.07
480 · Residential Sales	74,747.72	1,332,971.31
481 · Commercial & Industrial Sales	29,035.89	452,633.64
482 · Commercial Tax Exempt	18,306.35	376,045.79
487 · Penalties & Forfeited Discounts	2,505.08	68,701.52
488 · Miscellaneous Service Revenues		
488.10 · Field Collection Fee	0.00	50.00
488.11 · Reconnection Fee	5,092.00	10,824.00
488.12 · Transfer Fee	270.00	2,790.00
488.3 · Reimbursed Expenses - Income	6,707.49	14,048.97
488.4 · Service Charges	1,450.00	19,575.00
488.6 · Relocate Meter Chg	0.00	450.00
488.7 · NSF	60.00	1,320.00
488.8 · Connection Fee	2,450.00	6,200.00
Total 488 · Miscellaneous Service Revenues	16,029.49	55,257.97
489 · Sales Tax Commission	34.61	356.40
490 · Other Income	0.00	39,262.84
491 · Customer Charge	57,330.00	545,942.00
Total Income	221,251.00	3,428,922.21
Cost of Goods Sold		
800 · Gas Supply Expenses		
804 · Natural Gas Purchases & Transp		
804.1 · Gas Purch - Quality	13,536.41	188,522.08
804.10 · Gas Purch-Hi Energy Gas	2,903.99	12,028.07
804.11 · Gas Purch - Jefferson Gas	31,580.04	600,935.16
804.12 · Gas Purch - Nytis Exploration	0.00	29,801.13
804.13 · Gas Purch - HTC Gas Company	1,255.53	9,161.52
804.15 · Transportation Expense-DLR	0.00	40,648.16
804.16 · Southern Energy, LLC	23,342.08	337,961.71
804.17 · Gas Purch - Spirit Energy	3,293.44	62,555.76
804.18 · Alternative Capital Partners	1,884.16	3,349.49
804.2 · Gas Purch - Columbia	4,753.42	67,807.80
804.20 · Gas Purch- EQT Energy, LLC	0.00	316.23
804.3 · Gas Purch - KLC	6,224.96	20,481.27
804.5 · Gas Purch - Slone Energy	0.00	41,650.70
804.9 · Gas Purch - Magnum Drilling	1,911.00	28,896.00
Total 804 · Natural Gas Purchases & Transp	90,685.03	1,444,115.08

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Kentucky Frontier Gas, LLC
Profit & Loss YTD Comparison
October 2018

	Oct 18	Jan - Oct 18
Total 800 · Gas Supply Expenses	90,685.03	1,444,115.08
Total COGS	90,685.03	1,444,115.08
Gross Profit	130,565.97	1,984,807.13
Expense		
408 · Taxes Other Than Income Taxes		
408.3 · Property Tax	0.00	9,511.31
408.7 · State Annual Filing Fee	0.00	15.00
Total 408 · Taxes Other Than Income Taxes	0.00	9,526.31
426 · Interest Exp - CTB (Line of Cr)	0.00	949.03
427 · Interest on Long-Term Debt		
427.1 · Interest on SBA Loan	453.15	6,916.10
427.10 · Interest on 2015 F350 Loan	30.53	335.66
427.11 · Int Exp- CTB 2015 Tacoma	18.14	230.31
427.13 · Int Exp-2016 Tacoma Access	56.76	301.43
427.15 · Int Exp-CTB (2017 Tacoma)	50.29	526.13
427.16 · INT EXP- 2018 CHEVY 2500 HD	122.42	372.89
427.2 · Interest on USDA Loan #1	0.00	0.00
427.3 · Interest on USDA Loan #2	490.23	5,024.74
427.8 · Interest on SBA Loan #2	933.17	9,165.20
427.9 · Interest on Silverado Loan	26.73	319.23
Total 427 · Interest on Long-Term Debt	2,181.42	23,191.69
431 · Other Interest Expense	0.00	63.47
768 · Contract Labor	243.00	1,454.40
806 · Gas Purch-Aei Kaars	0.00	4,658.20
808 · Gas Purch-Nytis (Dema)	0.00	0.00
809 · Gas Purch-Cumberland Valley	0.00	0.00
870 · DISTRIBUTION EXPENSES		
871 · DISTRIBUTION OPERATION		
874 · Mains & Services Expenses	1,014.86	24,926.19
878 · Meter & House Regulator Exp		
878.2 · Uniforms	0.00	2,155.19
Total 878 · Meter & House Regulator Exp	0.00	2,155.19
880 · Other Expenses		
880.1 · DOT Physicals	113.75	687.05
880.10 · DIMP Program	0.00	359.45
880.2 · Travel for Tech Training	167.15	573.54
880.3 · Drug Testing	313.95	880.69
880.4 · Licenses & Permits	0.00	4,582.54
880.5 · Travel for Members	2,119.00	5,182.08
880.6 · Training	29.27	10,253.04

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	Oct 18	Jan - Oct 18
880.8 · Easements	0.00	389.44
Total 880 · Other Expenses	2,743.12	22,907.83
Total 871 · DISTRIBUTION OPERATION	3,757.98	49,989.21
884 · DISTRIBUTION MAINTENANCE		
893 · Maint of Meters & House Reg	0.00	4,226.85
894 · Maint of Other Equipment	896.74	7,354.30
Total 884 · DISTRIBUTION MAINTENANCE	896.74	11,581.15
Total 870 · DISTRIBUTION EXPENSES	4,654.72	61,570.36
900 · CUSTOMER ACCOUNTS EXPENSES		
900.1 · CUSTOMER ACCT OPERATION		
905 · Misc Customer Accounts Exp		
905.2 · Postage and Delivery	1,611.82	23,038.30
905.3 · Printing and Reproduction	453.23	4,061.98
Total 905 · Misc Customer Accounts Exp	2,065.05	27,100.28
Total 900.1 · CUSTOMER ACCT OPERATION	2,065.05	27,100.28
Total 900 · CUSTOMER ACCOUNTS EXPENSES	2,065.05	27,100.28
906 · CUSTOMER SERVICE & INFORMATION		
906.1 · C S & I OPERATION		
909 · Inform & Instruc Advert Exp		
909.1 · Web Support	131.95	3,340.41
Total 909 · Inform & Instruc Advert Exp	131.95	3,340.41
Total 906.1 · C S & I OPERATION	131.95	3,340.41
Total 906 · CUSTOMER SERVICE & INFORMATION	131.95	3,340.41
918 · ADMINISTRATIVE & GENERAL EXP		
919 · ADMIN & GEN OPERATION		
920 · Admin & General Salaries		
920.2 · Payroll Administration Expenses	0.00	3,804.85
Total 920 · Admin & General Salaries	0.00	3,804.85
921 · Office Supplies and Expenses		
921.10 · Meals and Entertainment	0.00	377.11
921.11 · Travel	270.27	908.52
921.12 · Credit Cd Charges	1,770.67	18,356.58
921.2 · Office Supplies & Expense	746.72	17,729.73
921.3 · Bank Service Charges	28.00	706.00
921.4 · Computer Software	4,513.75	25,752.05

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	Oct 18	Jan - Oct 18
921.7 · Dues and Subscriptions	0.00	895.44
921.8 · Telephone and Fax	3,554.22	30,088.40
921.9 · Utilities	665.23	6,049.85
921 · Office Supplies and Expenses - Other	89.69	281.69
Total 921 · Office Supplies and Expenses	11,638.55	101,145.37
923 · Outside Services Employed		
923.2 · Outside Services - Accounting	0.00	4,305.83
923.3 · Outside Services - Engineering	0.00	16,921.45
923.4 · Outside Services - Legal	0.00	7,316.75
923.7 · Outside Serv-Consulting	873.60	873.60
Total 923 · Outside Services Employed	873.60	29,417.63
924 · Insurance		
924.1 · Auto Insurance	2,061.63	22,776.92
924.2 · General Liability Insurance	1,115.31	12,114.62
924.3 · Life Insurance	0.00	1,929.75
924.4 · Property Insurance	202.78	2,202.69
924.5 · Worker's Compensation	451.65	8,633.60
Total 924 · Insurance	3,831.37	47,657.58
926 · Employee Pensions & Benefits	7,366.05	81,006.76
930.1 · General Advertising Expenses	0.00	0.00
930.2 · Miscellaneous General Expenses	163.80	866.64
931 · Rents	4,368.00	27,300.00
919 · ADMIN & GEN OPERATION - Other	0.00	0.00
Total 919 · ADMIN & GEN OPERATION	28,241.37	291,198.83
Total 918 · ADMINISTRATIVE & GENERAL EXP	28,241.37	291,198.83
932 · MAINTENANCE OF GENERAL PLANT		
932.0 · Maint of General Plant - Garage	0.00	102.62
932.1 · Repairs		
Equipment Repairs		
Transportation Equipment	913.94	13,142.71
Equipment Repairs - Other	0.00	4,598.83
Total Equipment Repairs	913.94	17,741.54
Total 932.1 · Repairs	913.94	17,741.54
932.2 · Depreciation Expense	279,000.00	279,000.00
932.3 · Tools & Equipment	0.00	376.42

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	Oct 18	Jan - Oct 18
932.4 - Transportaion Equipment Fuel	4,764.38	43,900.92
Total 932 · MAINTENANCE OF GENERAL PLANT	284,678.32	341,121.50
933 - Transportation Exp	0.00	0.00
981 - Interest Expense-Meter Deposit	29.00	110.36
990 - PAYROLL		
Employer CO State Unemployment	0.00	222.82
991 - Employee Wages	47,624.69	559,860.25
992 - Employer Social Security	3,000.36	34,968.76
993 - Employer Medicare	701.72	8,178.32
994 - Employer FUTA	0.00	840.00
995 - Employer KY State Unemployment	0.00	4,836.43
996 - Garnishment	0.00	288.50
Total 990 · PAYROLL	51,326.77	609,195.08
Total Expense	373,551.60	1,373,477.92
Net Income	-242,985.63	611,329.21