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PUBLIC SERVICE
COMMISSION

September 27, 2019

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 November 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.

Sincerely,

KENTUCKY FRONTIER GAS, LLC

A handwritten signature in cursive script 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	\$ 4.7664
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ 0.0352
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		\$ 4.8016

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

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 1,757,507
/	Sales for the 12 months ended <u>July 31, 2019</u>	Mcf	368,727
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.7664

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	\$ (0.0146)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.3492)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.4879
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0889)
=	Actual Adjustment (AA)	\$/Mcf	\$ 0.0352

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

MCF Purchases for 12 months ended:

July 31, 2019

Supplier	5% LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,204	\$ 5.0843	\$51,880
Cumberland Valley (Auxier)		1.2190	95,478	\$ 3.2638	\$311,616
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2190	25,772	\$ 4.5138	\$116,328
EQT (181-S Garrett)		1.2480	691	\$ 4.7217	\$3,263
** HI-Energy		1.0031	5,933	\$ 4.0124	\$23,806
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	3,791	\$ 5.5532	\$21,052
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	0	\$ 7.3701	\$0
Jefferson (Public)		1.1184	98,993	\$ 6.1201	\$605,843
Magnum Drilling, Inc.		N/A	3,300	\$ 10.5000	\$34,650
Nytis (Auxier)		1.0962	7,068	\$ 2.4361	\$17,218
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	12,998	\$ 3.1988	\$41,578
Quality (Belfry)		1.2000	23,712	\$ 2.7868	\$66,080
* Slone Energy		0.9920	9,228	\$ 4.4640	\$41,194
Southern Energy (EKU,MLG,Price)		1.2753	62,378	\$ 4.3007	\$268,269
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2753	25,772	\$ 5.5507	\$143,052
** Spirit		1.1178	18,834	\$ 4.4712	\$84,211
Totals			404,152	\$ 4.5281	\$1,830,040

Line loss 12 months ended: Jul-19 based on purchases of 404,152 Mcf
and sales of 368,727 Mcf. 8.8% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,830,040
/ Mcf Purchases (4)	Mcf	404,152
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.5281
x Allowable Mcf Purchases (5% Limiter)	Mcf	388,134
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,757,507

Estimated Avg TCo for Nov, Dec, Jan = \$2.5833/Dth (NYMEX Avg + \$-0.3610/Dth (TCo Appal Basis) = **\$2.2223/Dth**

EQT = \$2.2223/Dth (TCo) + \$0.3111 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$3.7834/Dth**

Jefferson contract = \$2.2223/Dth (TCo) + \$3.25/Dth cost factor = **\$5.4723/Dth**

CVR = \$2.2223 (TCo) + \$0.0444/Dth (1.996% Fuel) + \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$2.6774/Dth**

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

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

Nytis (Auxier) = **\$2.2223/Dth (TCo)**

Nytis (Sigma) = \$2.2223/Dth (TCo) x .8 = **\$1.7778/Dth**

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

Southern Energy = \$2.2223/Dth (TCo) + \$1.1500/Dth = **\$3.3723/Dth**

Quality (Belfry) = \$2.2223/Dth (TCo) + \$0.10 = **\$2.3223/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 = \$2.6097/Dth x .8 = \$2.0878/Dth < \$4.50/Dth; **\$4.50/Dth**

** Estimated 3 mo. TCo = \$2.6097/Dth x .8 = \$2.0878/Dth < \$4.00/Dth; **\$4.00/Dth**

*** Estimated 3 mo. TCo = \$2.6097/Dth x .8 = \$2.0878/Dth < \$3.00/Dth; **\$3.00/Dth**

KFG Unified

Schedule IV
Actual Adjustment

For the 3 month period ending:

July 31, 2019

<u>Particulars</u>	<u>Unit</u>	<u>5% LIMITER</u>		
		<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>
Total Supply Volumes Purchased	Mcf	13,484	10,268	8,342
Total Cost of Volumes Purchased	\$	\$ 53,339	\$ 45,569	\$ 49,251
(divide by) Total Sales (5% Limiter)	Mcf	12,810	9,755	7,925
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.1639	\$ 4.6715	\$ 6.2147
(minus) EGC in effect for month	\$/Mcf	\$ 5.0693	\$ 5.0693	\$ 5.0693
(equals) Difference	\$/Mcf	\$ (0.9054)	\$ (0.3978)	\$ 1.1454
(times) Actual sales during month	Mcf	11,217	8,642	7,158
(equals) Monthly cost difference	\$	\$ (10,156)	\$ (3,437)	\$ 8,199

	<u>Unit</u>	<u>Amount</u>
Total cost difference for the 12 months ended July 31, 2019	\$	\$ (5,394.19)
(divide by) Sales for 12 Months ended: July 31, 2019	Mcf	368,727
(equals) Actual Adjustment for the Reporting Period		\$ (0.0146)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0146)