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PUBLIC SERVICE
COMMISSION

March 30, 2020

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 May 1, 2020
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 blue ink that reads "Dennis R. Horner".

Dennis R. Horner
Enclosures

FOR ENTIRE AREA SERVED
KENTUCKY FRONTIER GAS, LLC

P.S.C. KY. NO. 1

Original 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 | \$ 0.33126 | \$ 0.75326 |

Large Commercial

| | Gas Cost | | |
|-----------------|------------------|-------------|--------------|
| | <u>Base Rate</u> | <u>Rate</u> | <u>Total</u> |
| CUSTOMER CHARGE | \$ 50.0000 | | \$ 50.0000 |
| ALL CCF | \$ 0.34454 | \$ 0.33126 | \$ 0.67580 |

DATE OF ISSUE March 30, 2020
Month/Date/Year

DATE EFFECTIVE May 1, 2020

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

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 | \$ 3.8728 |
| + Refund Adjustment (RA) | \$/Mcf | \$ - |
| + Actual Adjustment (AA) | \$/Mcf | \$ (0.6433) |
| + Balance Adjustment (BA) | \$/Mcf | \$ 0.0831 |
| = Gas Cost Recovery Rate (GCR) | | \$ 3.3126 |

GCR to be effective for service rendered from: May 1, 2020

| <u>A</u> | <u>EXPECTED GAS COST CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
|----------|---|------------------|---------------|
| | Total Expected Gas Cost (Schedule II) | \$ | \$ 1,395,191 |
| / | Sales for the 12 months ended January 31, 2020 | Mcf | 360,254 |
| = | Expected Gas Cost (EGC) | \$/Mcf | \$ 3.8728 |
| <u>B</u> | <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 | \$ - |
| <u>C</u> | <u>ACTUAL ADJUSTMENT CALCULATION</u> | <u>(Revised)</u> | <u>Amount</u> |
| | Actual Adjustment for the Current Reporting Period (Sch. IV) | \$/Mcf | \$ (0.2010) |
| + | Previous Quarter Reported Actual Adjustment | \$/Mcf | \$ (0.0785) |
| + | Second Previous Quarter Reported Actual Adjustment | \$/Mcf | \$ (0.0146) |
| + | Third Previous Quarter Reported Actual Adjustment | \$/Mcf | \$ (0.3492) |
| = | Actual Adjustment (AA) | \$/Mcf | \$ (0.6433) |
| <u>D</u> | <u>BALANCE ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
| | Balance Adjustment for the Reporting Period (Sch. V) | \$/Mcf | \$ 0.0944 |
| + | Previous Quarter Reported Balance Adjustment | \$/Mcf | \$ (0.0126) |
| + | Second Previous Quarter Reported Balance Adjustment | \$/Mcf | \$ 0.0013 |
| + | Third Previous Quarter Reported Balance Adjustment | \$/Mcf | \$ - |
| = | Balance Adjustment (BA) | \$/Mcf | \$ 0.0831 |

Revised 02-26-04

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II
EXPECTED GAS COST

MCF Purchases for 12 months ended:

January 31, 2020

| Supplier | 5% LIMITER Dth | Btu Factor | Mcf | Rate | (4) x (5) Cost |
|---|-------------------|------------|----------------|------------------|--------------------|
| Columbia (Goble Roberts, Peoples) | | N/A | 10,762 | | \$0 |
| Cumberland Valley (Auxier) | | 1.2190 | 88,533 | \$ 2.4697 | \$218,649 |
| Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans | | 1.2190 | 2,600 | \$ 3.7197 | \$9,671 |
| EQT (181-S Garrett) | | 1.2480 | 719 | \$ 3.8131 | \$2,742 |
| ** HI-Energy | | 1.0031 | 6,877 | \$ 4.0124 | \$27,593 |
| ** HTC (Sigma) includes \$1.25/Mcf DLR trans | | 1.0758 | 4,704 | \$ 5.5532 | \$26,122 |
| Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans | | 1.1184 | 0 | \$ 6.6559 | \$0 |
| Jefferson (Public) | | 1.1184 | 106,362 | \$ 5.4059 | \$574,979 |
| Jefferson (Daysboro) (Jan 2019) | | 1.1184 | 955 | \$ 5.2000 | \$4,966 |
| Magnum Drilling, Inc. | | N/A | 3,165 | \$ 10.5000 | \$33,233 |
| Nytis (Auxier) | | 1.0962 | 6,969 | \$ 1.7361 | \$12,099 |
| Nytis (Sigma) includes \$1.25/Mcf DLR trans | | 1.0962 | 14,338 | \$ 2.6389 | \$37,836 |
| Quality (Belfry) | | 1.2000 | 40,038 | \$ 2.0204 | \$80,894 |
| * Slone Energy | | 0.9920 | 990 | \$ 4.4640 | \$4,419 |
| Southern Energy (EQU,MLG,Price) | | 1.2699 | 58,584 | \$ 3.4715 | \$203,376 |
| Southern Energy (Sigma) includes \$1.25/Mcf DLR trans | | 1.2670 | 21,998 | \$ 4.7136 | \$103,690 |
| ** Spirit | | 1.1178 | 14,137 | \$ 4.4712 | \$63,209 |
| ** Tacket | | 1.0745 | 1,568 | \$ 4.2980 | \$6,739 |
| Totals | | | 383,299 | \$ 3.6792 | \$1,410,218 |

Line loss 12 months ended: Jan-20 based on purchases of 383,299 Mcf
and sales of 360,254 Mcf. 6.0% L&U

| | Unit | Amount |
|--|--------|--------------|
| Total Expected Cost of Purchases (6) | \$ | \$ 1,410,218 |
| / Mcf Purchases (4) | Mcf | 383,299 |
| = Average Expected Cost Per Mcf Purchased | \$/Mcf | \$ 3.6792 |
| x Allowable Mcf Purchases (5% Limiter) | Mcf | 379,215 |
| = Total Expected Gas Cost (to Schedule 1A) | \$ | \$ 1,395,191 |

Estimated Avg TCo for May, June, July = \$1.8547/Dth (NYMEX Avg + \$-0.271/Dth (TCo Appal Basis) = **\$1.5837/Dth**

EQT = \$1.5837/Dth (TCo) + \$0.2217 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$3.0554/Dth**

Jefferson contract = \$1.5837/Dth (TCo) + \$3.25/Dth cost factor = **\$4.8337/Dth**

CVR = \$1.5837 (TCo) + \$0.0316/Dth (1.996% Fuel) + \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$2.0260/Dth**

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

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

Nytis (Auxier) = **\$1.5837/Dth** (TCo)

Nytis (Sigma) = \$1.5837/Dth (TCo) x .8 = **\$1.2670/Dth**

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

Southern Energy = \$1.5837/Dth (TCo) + \$1.1500/Dth = **\$2.7337/Dth**

Quality (Belfry) = \$1.5837/Dth (TCo) + \$0.10 = **\$1.6837/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 = \$1.5837/Dth x .8 = \$1.2670/Dth < \$4.50/Dth; **\$4.50/Dth**

** Estimated 3 mo. TCo = \$1.5837/Dth x .8 = \$1.2670/Dth < \$4.00/Dth; **\$4.00/Dth**

*** Estimated 3 mo. TCo = \$1.5837/Dth x .8 = \$1.2670/Dth < \$3.00/Dth; **\$3.00/Dth**

KFG Unified

Schedule IV
Actual Adjustment

For the 3 month period ending:

January 31, 2020

| <u>Particulars</u> | <u>Unit</u> | <u>5% LIMITER</u> | | |
|--------------------------------------|-------------|-------------------|---------------|---------------|
| | | <u>Nov-19</u> | <u>Dec-19</u> | <u>Jan-20</u> |
| Total Supply Volumes Purchased | Mcf | 52,435 | 61,926 | 64,445 |
| Total Cost of Volumes Purchased | \$ | \$ 215,392 | \$ 245,368 | \$ 275,577 |
| (divide by) Total Sales (5% Limiter) | Mcf | 49,813 | 58,830 | 61,223 |
| (equals) Unit Cost of Gas | \$/Mcf | \$ 4.3240 | \$ 4.1708 | \$ 4.5012 |
| (minus) EGC in effect for month | \$/Mcf | \$ 4.7664 | \$ 4.7664 | \$ 4.7664 |
| (equals) Difference | \$/Mcf | \$ (0.4424) | \$ (0.5956) | \$ (0.2652) |
| (times) Actual sales during month | Mcf | 42,305 | 62,483 | 62,088 |
| (equals) Monthly cost difference | \$ | \$ (18,716) | \$ (37,214) | \$ (16,465) |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|----------------|
| Total cost difference for the 12 months ended January 31, 2020 | \$ | \$ (72,394.43) |
| (divide by) Sales for 12 months ended January 31, 2020 | Mcf | 360,254 |
| (equals) Actual Adjustment for the Reporting Period | | \$ (0.2010) |
| (plus) Over-recovery component from collections through expired AAs | | \$ - |
| (equals) Total Actual Adjustment for the Reporting Period (to Schedule I C) | | \$ (0.2010) |

SCHEDULE V
BALANCE ADJUSTMENT
For the Effective Date May 1, 2020

| <u>Particulars</u> | <u>Unit</u> | <u>Amount</u> |
|---|-------------|------------------------|
| Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | \$ | \$ (34,979) |
| Less: Dollar amount resulting from the AA of (0.1915) \$/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 360,254 Mcf during the 12 month period the AA was in effect | \$ | <u>(\$68,989)</u> |
| Equals: Balance Adjustment of the AA | \$ | <u><u>\$34,010</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 |
| Less: 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> |
| Equals: 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 | \$ | |
| Less: Dollar amount resulting from the BA 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 BA was in effect | \$ | <u>\$0</u> |
| Equals: Balance Adjustment of the BA | \$ | <u><u>\$0</u></u> |
| Total Balance Adjustment Amount (1) + (2) + (3) | \$ | \$34,010 |
| Divide: Sales for 12 months ended January, 2020 | Mcf | <u>360,254</u> |
| Equals: Balance Adjustment for the reporting period (to Schedule I, part D) | \$/Mcf | <u><u>\$0.0944</u></u> |