

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF KENTUCKY FRONTIER GAS, LLC	)	2025-00067

ORDER

On March 27, 2025, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of May 1, 2025. Kentucky Frontier's previous GCR rate was placed into effect in Case No. 2024-00394.<sup>1</sup>

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.<sup>2</sup>

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<sup>1</sup> Case No. 2024-00394, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Ky. PSC Jan 28, 2024), Order.

<sup>2</sup> KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

## DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Kentucky Frontier's report includes revised rates designed to meet its expected change in wholesale gas costs. Kentucky Frontier's report sets out an Expected Gas Cost (EGC) of \$7.8495 per Mcf, which is an increase of \$1.1502 per Mcf from its previous EGC of \$6.6993 per Mcf. Kentucky Frontier's report sets out no Refund Adjustment. Kentucky Frontier's report sets out a current quarter Actual Adjustment (AA) of 0.0569 per Mcf. Kentucky Frontier's total AA is \$(0.6926) per Mcf, which is a decrease of \$(0.0484) per Mcf from the previous total AA of \$(0.6442) per Mcf. Kentucky Frontier's report sets out a current quarter Balance Adjustment (BA) of \$0.0035 per Mcf. Kentucky Frontier's total BA is \$0.0963 per Mcf, which is an increase of \$0.0259 per Mcf from the previous total BA of \$0.0704 per Mcf.

Based upon the calculations of the GCR rate discussed above, the Commission finds that Kentucky Frontier's GCR rate is \$0.72532 per 100 cubic feet, or \$7.2532 per Mcf, which is an increase of \$1.1277 per Mcf from the previous GCR of \$6.1255 per Mcf. The Commission further finds that the rates set forth in the Appendix to this Order are fair, just, and reasonable and are approved for service rendered by Kentucky Frontier on and after May 1, 2025.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Kentucky Frontier shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Kentucky Frontier purchase sustainable natural gas

from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

On October 29, 2024, the Commission issued its final Order in Case No. 2023-00427 approving the proposed Amended Plan of Refund submitted by Kentucky Frontier in that proceeding.<sup>3</sup> The Amended Plan of Refund was approved to return to customers the over collection related to the proposed suspended GCR rate report in that proceeding which used the GCR methodology as initially proposed by Kentucky Frontier in Case No. 2023-00067.<sup>4</sup> In addition to approving the proposed Amended Plan of Refund, the Commission also ordered Kentucky Frontier to file as supplemental information, in its proceeding GCR rate report filings, an update to the Amended Refund Plan process with the estimated completion date and to notify the Commission by letter once the amount over collected has been fully refunded.<sup>5</sup> The proceeding GCR rate report filing cases are Case No. 2024-00394, and this proceeding. In both instances Kentucky Frontier failed to provide the required information as ordered by the Commission. Therefore, the Commission finds that Kentucky Frontier should comply with the Commission's directive and file the necessary information as ordered in Case No. 2023-00427. Pursuant to KRS 278.390, every order entered by the Commission shall continue in force until revoked or modified by the commission, unless the order is suspended, or vacated in whole or in part, by order or decree of a court of competent jurisdiction. Failure to comply

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<sup>3</sup> Case No. 2023-00427, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Oct. 29, 2024), final Order ordering paragraph 3.

<sup>4</sup> See Case No. 2023-00427, Dec. 29, 2023, GCR rate report; and Case No. 2023-00427, Feb. 8, 2024, Notice of Intent.


<sup>5</sup> Case No. 2023-00427, Oct. 29, 2024, ordering paragraphs 4 and 5.

with a Commission Order may impede the Commission's ability to timely process Kentucky Frontier's quarterly GCR rate report filings and may lead the Commission to open an investigation into noncompliance. The Commission reserves its right to initiate an investigation to determine whether Kentucky Frontier reasonably collected monies resulting in any over- or under-recoveries that resulted in the suspension of Case No. 2023-00427 should the Commission deem it necessary.


IT IS THEREFORE ORDERED that:

1. The rates proposed by Kentucky Frontier and set forth in the Appendix to this Order are approved for service rendered on and after May 1, 2025.
2. Kentucky Frontier shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
3. Kentucky Frontier shall comply with all Ordering paragraphs of the Commission's October 29, 2024 final Order issued in Case No. 2023-00427.
4. Should Kentucky Frontier purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount shall be documented in its cover letter to the Commission.
5. Within 20 days of the date of service of this Order, Kentucky Frontier shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
Chairman

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Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director



## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00067 DATED APR 23 2025

The following rates and charges are prescribed for the customers in the area served by Kentucky Frontier Gas, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

#### Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$0.72532 per Ccf for service rendered on and after May 1, 2025

\*Dennis R Horner  
Kentucky Frontier Gas, LLC  
2963 Ky Rte 321 North  
PO Box 408  
Prestonsburg, KY 41653

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2963 Ky Rte 321 North  
PO Box 408  
Prestonsburg, KY 41653