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PUBLIC SERVICE
COMMISSION

September 30, 2015

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Gas Cost Adjustment
Kentucky Frontier Gas, LLC

Case No. 2015-00330

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, we are filing a unified GCA application pursuant to the Commission's order of April 30, 2013 in Case No. 2011-00443. Please see attached Expected Gas Cost for the combined systems.

Frontier's line loss for the twelve month period ending July 2015 is slightly less than the twelve month period ending April 2015. However, it remains around 12%. Primary areas of line loss continue to be localized in Belfry and Phelps and to a lesser degree in the Mike Little system. Frontier recently replaced 3,500 feet of pipe in Belfry.

Frontier request an extension of the deviation from its PGA tariff in passing through line losses greater than 5 percent granted in Case No. 2014-00477. Our estimate of L&U below 10% continues to be this time next year and near 5% by this time in 2017. The attached EGC and AA calculations did not use a limiter and the BA is calculated to recover amounts formerly returned to customers due to using the limiter. The Commission's consideration of this request is very much appreciated.

If you have any questions, please call me at 303-422-3400.

Sincerely,
KENTUCKY FRONTIER GAS, LLC

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 \$	4.8385
+ Refund Adjustment (RA)	\$/Mcf \$	-
+ Actual Adjustment (AA)	\$/Mcf \$	(1.0243)
+ Balance Adjustment (BA)	\$/Mcf \$	1.4579
= Gas Cost Recovery Rate (GCR)		5.2721

GCR to be effective for service rendered from: November 1, 2015

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$ \$	1,489,590
/	Sales for the 12 months ended <u>July 31, 2015</u>	Mcf	307,865
=	Expected Gas Cost (EGC)	\$/Mcf \$	4.8385

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 \$	(0.0340) expires 10/31/2016
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.4108) expires 7/31/2016
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf \$	(0.5936) expires 4/30/2016
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf \$	0.0141 expires 1/31/2016
=	Actual Adjustment (AA)	\$/Mcf \$	(1.0243)

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf \$	0.3257 expires 7/31/2016
+	Previous Quarter Reported Balance Adjustment	\$/Mcf \$	0.9611 expires 7/31/2016
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf \$	0.1542 expires 4/30/2016
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf \$	0.0169 expires 1/31/2016
=	Balance Adjustment (BA)	\$/Mcf \$	1.4579

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended:

July 31, 2015

Supplier	NO LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
AEI-KAARS		N/A	1,259	\$ 3.1000	\$ 3,903
** Chattaco		1.0916	0	\$ 4.3664	\$ -
Chesapeake		N/A	0	\$ -	\$ -
Columbia (Goble Roberts, Peoples)		N/A	13,592	\$ 3.5340	\$ 48,034
Cumberland Valley (Auxier)		1.2378	97,661	\$ 3.6649	\$ 357,916
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2378	12,143	\$ 4.9149	\$ 59,681
EQT (EQU,MLG,Price)		1.2668	77,084	\$ 5.4019	\$ 416,399
* Gray		1.0595	9,947	\$ 4.7678	\$ 47,425
** HI-Energy		0.9953	6,908	\$ 3.9812	\$ 27,502
** HTC		1.1079	1,938	\$ 4.4316	\$ 8,588
** Interstate NG (Sigma) rate includes \$1.25/Mcf DLR trans			0	\$ -	\$ -
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1404	18,038	\$ 5.9758	\$ 107,792
Magnum Drilling, Inc.		N/A	3,447	\$ 10.5000	\$ 36,194
Nytis (Auxier)		1.0962	8,532	\$ 2.3187	\$ 19,783
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	17,629	\$ 3.5687	\$ 62,912
** Plateau		1.1200	279	\$ 4.4800	\$ 1,250
Quality (Belfry)		1.2000	62,154	\$ 3.2928	\$ 204,661
* Slone Energy		1.0793	12,405	\$ 4.8569	\$ 60,249
** Spirit		1.1178	2,988	\$ 4.4712	\$ 13,360
** Tackett & Sons Drilling		1.0790	3,230	\$ 4.3160	\$ 13,941
Totals			349,234	\$ 4.2653	\$ 1,489,590

Line loss 12 months ended: Jul-15 based on purchases of 349,234 Mcf
and sales of 307,865 Mcf. 12% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,489,590
/ Mcf Purchases (4)	Mcf	349,234
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.2653
x Allowable Mcf Purchases (w/o 5% Limiter)	Mcf	349,234
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,489,590

Estimated Avg TCo for Nov, Dec, Jan = \$2.744/Dth (NYMEX Avg - \$0.10/Dth (TCo Appal Basis) = \$2.644/Dth

AEI-KAARS contract = \$3.10/Mcf

EQT = \$2.644/Dth (Tco) + \$0.3702 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = \$4.2642/Dth

Jefferson contract = \$2.644/Dth (Tco) + \$1.50/Dth cost factor = \$4.144/Dth

CVR = \$2.644 (Tco) + \$0.0190/Dth Commodity + \$0.1923/Dth TCo Demand + \$0.0555/Dth Fuel + \$0.05/Dth CVR Fee = \$2.9608/Dth

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

Gray, contract = \$4.50/Dth or 80% of TCo, whichever is greater

Magnum Drilling contract = \$10.50/Mcf

Nytis contract = .8 x \$2.644/Dth (Tco) = \$2.1152/Dth

Slone contract = \$4.50/Dth or 80% of TCo, whichever is greater

Quality (Belfry) = \$2.644/Dth (TCo) + \$0.10 = \$2.744/Dth

DLR Transportation for Cow Creek (Sigma) = \$1.25/Mcf on volumes from Auxier,ING,Jefferson,Nytis

* Estimated 3 mo. TCo = \$2.644/Dth x .8 = \$2.1152/Dth < \$4.50/Dth; \$4.50/Dth

** Estimated 3 mo. TCo = \$2.644/Dth x .8 = \$2.1152/Dth < \$4.00/Dth; \$4.00/Dth

*** Estimated 3 mo. TCo = \$2.7063/Dth x .8 = \$2.1650/Dth < \$3.00/Dth; \$3.00/Dth

KFG Unified

Schedule IV
Actual AdjustmentFor the 3 month period ending: July 31, 2015

Particulars	Unit	NO LIMITER		
		May-15	Jun-15	Jul-15
Total Supply Volumes Purchased	Mcf	12,316	8,853	8,668
Total Cost of Volumes Purchased	\$	\$ 44,263	\$ 38,060	\$ 34,927
(divide by) Total Sales	Mcf	10,461	6,999	5,932
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.2312	\$ 5.4379	\$ 5.8878
(minus) EGC in effect for month	\$/Mcf	\$ 5.4594	\$ 5.4594	\$ 5.4594
(equals) Difference	\$/Mcf	\$ (1.2282)	\$ (0.0215)	\$ 0.4284
(times) Actual sales during month	Mcf	10,461	6,999	5,932
(equals) Monthly cost difference	\$	\$ (12,848)	\$ (150.82)	\$ 2,541.35

	Unit	Amount
Total cost difference	\$	\$ (10,457.36)
(divide by) Sales for 12 Months ended: <u>July 31, 2015</u>	Mcf	307,865
(equals) Actual Adjustment for the Reporting Period		\$ (0.0340)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0340)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended: April 30, 2014

<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	\$	** \$ 303,183
		Underrecovery for Feb - Apr 2014 with no five percent limiter
Less: Dollar amount resulting from the AA of 0.6591 \$/Mcf as used to compute the GCR in effect Case No. 2014-00158 & four quarters prior to the effective date of the Case No. 2014-00216 currently effective GCR times the sales of 307,865 Mcf during the 12 month period the AA was in effect	\$	<u>\$202,914</u>
Equals: Balance Adjustment of the AA	\$	<u><u>\$100,269</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

\$ \$0

Equals: Balance Adjustment of the BA

\$ \$0

Total Balance Adjustment Amount (1) + (2) + (3)

\$ \$100,269

Divide: Sales for 12 months ended July 31, 2015

Mcf 307,865

Equals: Balance Adjustment for the reporting period (to Schedule I, part D)

\$/Mcf \$0.3257

**** \$220,926 Case No. 2014-00158 and 2014-00216
Underrecovery Calculated with 5 percent limiter**

KFG Unified

Case No. 2014-00116

Schedule IV
Actual Adjustment

For the 3 month period ending: April 30, 2014

<u>Particulars</u>	<u>Unit</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>
Total Supply Volumes Purchased	Mcf	60,895	51,668	24,476
Total Cost of Volumes Purchased	\$	\$ 456,797	\$ 320,397	\$ 154,273
(divide by) Total Sales (not less than 95% of supply)	Mcf	57,850	49,085	23,252
(equals) Unit Cost of Gas	\$/Mcf	\$ 7.8962	\$ 6.5274	\$ 6.6348
(minus) EGC in effect for month	\$/Mcf	\$ 5.3162	\$ 5.3162	\$ 5.3162
(equals) Difference	\$/Mcf	\$ 2.5800	\$ 1.2112	\$ 1.3186
(times) Actual sales during month	Mcf	55,051	40,526	22,606
(equals) Monthly cost difference	\$	\$ 142,033.32	\$ 49,084.74	\$ 29,808.88

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$220,926.94
(divide by) Sales for 12 Months ended: <u>April 30, 2014</u>	Mcf	335,180
(equals) Actual Adjustment for the Reporting Period		\$ 0.65913
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.6591

WITH NO LIMITER

<u>Particulars</u>	<u>Unit</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>
Total Supply Volumes Purchased	Mcf	60,895	51,668	24,476
Total Cost of Volumes Purchased	\$	\$ 456,797	\$ 320,397	\$ 154,273
(divide by) Total Sales (not less than 95% of supply)	Mcf	55,051	40,526	22,606
(equals) Unit Cost of Gas	\$/Mcf	\$ 8.2977	\$ 7.9060	\$ 6.8244
(minus) EGC in effect for month	\$/Mcf	\$ 5.3162	\$ 5.3162	\$ 5.3162
(equals) Difference	\$/Mcf	\$ 2.9815	\$ 2.5898	\$ 1.5082
(times) Actual sales during month	Mcf	55,051	40,526	22,606
(equals) Monthly cost difference	\$	\$ 164,134.87	\$ 104,952.68	\$ 34,094.98

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$303,182.54

CURRENTLY EFFECTIVE BILLING RATES

<u>SALES SERVICE</u>	<u>Base Rate</u>	<u>Gas Cost Adjustment^{1/}</u>		<u>Total</u>	
	<u>Charge</u>	<u>Demand</u>	<u>Commodity</u>	<u>Billing</u>	
	\$	\$	\$	\$	
<u>RATE SCHEDULE GSR</u>					
Customer Charge per billing period	15.00			15.00	
Delivery Charge per Mcf	2.2666	1.2776	1.4414	4.9856	R
<u>RATE SCHEDULE GSO</u>					
<u>Commercial or Industrial</u>					
Customer Charge per billing period	37.50			37.50	
Delivery Charge per Mcf -					
First 50 Mcf or less per billing period	2.2666	1.2776	1.4414	4.9856	R
Next 350 Mcf per billing period	1.7520	1.2776	1.4414	4.4710	R
Next 600 Mcf per billing period	1.6659	1.2776	1.4414	4.3849	R
Over 1,000 Mcf per billing period	1.5164	1.2776	1.4414	4.2354	R
<u>RATE SCHEDULE IS</u>					
Customer Charge per billing period	1,007.05			1007.05	
Delivery Charge per Mcf					
First 30,000 Mcf per billing period	0.5443		1.4414 ^{2/}	1.9857	R
Over 30,000 Mcf per billing period	0.2890		1.4414 ^{2/}	1.7304	R
Firm Service Demand Charge					
Demand Charge times Daily Firm					
Volume (Mcf) in Customer Service Agreement		6.7720		6.7720	
<u>RATE SCHEDULE IUS</u>					
Customer Charge per billing period	477.00			477.00	
Delivery Charge per Mcf					
For All Volumes Delivered	0.8150	1.2776	1.4414	3.5340	R

- 1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS or IUS and received service under Rate Schedule SVGTS shall be \$4.6522 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS.
- 2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

DATE OF ISSUE August 31, 2015
 DATE EFFECTIVE August 28, 2015 (Unit 1 September)
 ISSUED BY Herbert A. Miller, Jr. /s/
 TITLE President

Issued pursuant to an Order of the Public Service Commission in Case No. 2015-00270 dated August 11, 2015

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE 8/28/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)