



RECEIVED

JAN 3 2017

PUBLIC SERVICE
COMMISSION

December 29, 2016

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

Re: Gas Cost Adjustment
Effective Date of February 1, 2017
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 April 30, 2013 in Case No. 2011-00443. Please see attached Expected Gas Cost for the combined systems.

Frontier is continuing its intensive effort to reduce L&U. The Belfry system continues to be an area of major concern and effort. KFG is requesting an extension of the deviation from its PGA tariff in passing through line losses greater than 5 percent granted in Case No. 2014-00477. The attached EGC was calculated using a 10% L&U. 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

FOR ENTIRE AREA SERVED
KENTUCKY FRONTIER GAS, LLC

APPENDIX B

Page 1

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


	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 10.0000		\$ 10.0000
ALL CCF	\$ 0.42023	\$ 0.65094	\$ 1.07117

Large Commercial

	<u>Base Rate</u>	<u>Rate</u>	<u>Total</u>
CUSTOMER CHARGE	\$ 50.0000		\$ 50.0000
ALL CCF	\$ 0.34454	\$ 0.65094	\$ 0.99548

DATE OF ISSUE December 29, 2016
Month/Date/Year

DATE EFFECTIVE February 1, 2017

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

Page 2

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 6.2939
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ 0.3065
+ Balance Adjustment (BA)	\$/Mcf	\$ (0.0910)
= Gas Cost Recovery Rate (GCR)		\$ 6.5094

GCR to be effective for service rendered from: February 1, 2017

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>	
	Total Expected Gas Cost (Schedule II)	\$	\$ 1,570,863	
	/ Sales for the 12 months ended <u>October 31, 2016</u>	Mcf	249,585	
	= Expected Gas Cost (EGC)	\$/Mcf	\$ 6.2939	
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	\$ 0.3207	expires 1/31/2018
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0583	expires 10/31/17
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0417)	expires 7/31/17
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0308)	expires 4/30/2017
	= Actual Adjustment (AA)	\$/Mcf	\$ 0.3065	
D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>	
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ 0.0604	expires 1/31/2018
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0274)	expires 10/31/17
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.1263)	expires 7/31/17
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0023	expires 4/30/2017
	= Balance Adjustment (BA)	\$/Mcf	\$ (0.0910)	

Kentucky Frontier Gas, LLC - Unified

APPENDIX B

SCHEDULE II

Page 3

EXPECTED GAS COST

MCF Purchases for 12 months ended:

October 31, 2016

Supplier	NO LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
AEI-KAARS		N/A	2,257	\$ 3.1000	\$6,997
Chesapeake		N/A	0	\$ -	\$0
Columbia (Goble Roberts,Peoples)		N/A	10,841	\$ 5.5259	\$59,906
Cumberland Valley (Auxier)		1.2089	92,686	\$ 4.8784	\$452,159
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2122	1,419	\$ 6.1417	\$8,715
EQT (EQU,MLG,Price)		1.2756	54,283	\$ 6.8266	\$370,570
EQT (Sigma) rate includes \$1.25/Mcf DLR trans		1.2756	2,938	\$ 8.0766	\$23,729
* Gray		1.0595	4,304	\$ 4.7678	\$20,520
** HI-Energy		0.9953	3,889	\$ 3.9812	\$15,483
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.1079	2,628	\$ 5.6816	\$14,931
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.2310	44,142	\$ 8.1411	\$359,366
Magnum Drilling, Inc.		N/A	2,613	\$10.5000	\$27,437
Nytis (Auxier)		1.0000	7,737	\$ 2.8784	\$22,270
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0000	10,442	\$ 4.1284	\$43,109
** Plateau (Sigma) includes \$1.25/Mcf DLR trans		1.1200	0	\$ 5.7300	\$0
Quality (Belfry)		1.2000	50,384	\$ 4.4376	\$223,584
* Slone Energy		1.1670	7,977	\$ 5.2515	\$41,891
Southern Energy (EQU,MLG,Price)		1.2517	3,032	\$ 5.9431	\$18,019
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2517	153	\$ 7.1931	\$1,101
** Spirit		1.2997	898	\$ 5.1988	\$4,669
** Tackett & Sons Drilling		1.0790	180	\$ 4.3160	\$777
Totals			302,803	\$ 5.6645	\$1,715,233

Line loss 12 months ended:	<u>Oct-16</u>	based on purchases of	<u>302,803</u>	Mcf
and sales of	<u>249,585</u>	Mcf.	<u>18%</u>	L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 1,715,233
/ Mcf Purchases (4)	Mcf	302,803
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.6645
x Allowable Mcf Purchases (10% L&U)	Mcf	277,316
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 1,570,863

Estimated Avg TCo for Feb, Mar, Apr = \$3.760/Dth (NYMEX Avg + \$-0.162/Dth (TCo Appal Basis) = **\$3.5980/Dth**

AEI-KAARS contract = **\$3.10/Mcf**

EQT = \$3.5980/Dth (TCo) + \$0.5037 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$5.3517/Dth**

Jefferson contract = \$3.5980/Dth (TCo) + \$2.00/Dth cost factor = **\$5.5980/Dth**

CVR = \$3.5980 (TCo) + \$0.0190/Dth Commodity + \$0.2935/Dth TCo Demand + \$0.0749/Dth Fuel + \$0.05/Dth CVR Fee = **\$4.0354/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 = \$3.598/Dth (TCo) x .8 = **\$2.8784/Dth**

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

Southern Energy = \$3.5980/Dth (TCo) + \$1.15/Dth = **\$4.7480/Dth**

Quality (Belfry) = \$3.5980/Dth (TCo) + \$0.10 = **\$3.6980/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 = \$2.9957/Dth x .8 = \$2.3966/Dth < \$4.50/Dth; \$4.50/Dth

** Estimated 3 mo. TCo = \$2.9957/Dth x .8 = \$2.3966/Dth < \$4.00/Dth; \$4.00/Dth

*** Estimated 3 mo. TCo = \$2.9957/Dth x .8 = \$2.3966/Dth < \$3.00/Dth; \$3.00/Dth

Revised 02-26-04

KFG Unified

Schedule IV
Actual Adjustment

For the 3 month period ending:

October 31, 2016

<u>Particulars</u>	<u>Unit</u>	NO LIMITER		
		<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>
Total Supply Volumes Purchased	Mcf	14,298	9,839	14,049
Total Cost of Volumes Purchased	\$	\$ 54,914	\$ 66,126	\$ 69,288
(divide by) Total Sales	Mcf	6,339	5,894	10,680
(equals) Unit Cost of Gas	\$/Mcf	\$ 8.6628	\$ 11.2192	\$ 6.4876
(minus) EGC in effect for month	\$/Mcf	\$ 4.8134	\$ 4.8134	\$ 4.8134
(equals) Difference	\$/Mcf	\$ 3.8494	\$ 6.4058	\$ 1.6742
(times) Actual sales during month	Mcf	6,339	5,894	10,680
(equals) Monthly cost difference	\$	\$ 24,401	\$ 37,755.82	\$ 17,880.89

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ 80,038.07
(divide by) Sales for 12 Months ended: <u>October 31, 2016</u>	Mcf	249,585
(equals) Actual Adjustment for the Reporting Period		\$ 0.3207
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.3207

SCHEDULE V

BALANCE ADJUSTMENT

For the 12 month period ended: October 31, 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	\$	\$ (10,458)	May 15 - July 15 with no 5% limiter
Less: Dollar amount resulting from the AA of (0.0340) \$/Mcf as used to compute the GCR in effect Case No. 2015-00330 four quarters prior to the effective date of the currently effective GCR times the sales of 249,585 Mcf during the 12 month period the AA was in effect	\$	<u>(\$8,486)</u>	
Equals: Balance Adjustment of the AA	\$	<u><u>(\$1,972)</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	\$	\$90,014	
Less: Dollar amount resulting from the BA of 0.2924 \$/Mcf as used to compute the GCR in effect 2015-00330 four quarters prior to the effective date of the currently effective GCR times the sales of 249,585 Mcf during the 12 month period the BA was in effect	\$	<u>\$72,979</u>	
Equals: Balance Adjustment of the BA	\$	<u><u>\$17,035</u></u>	
Total Balance Adjustment Amount (1) + (2) + (3)	\$	\$15,063	
Divide: Sales for 12 months ended July 31, 2016	Mcf	<u>249,585</u>	
Equals: Balance Adjustment for the reporting period (to Schedule I, part D)	\$/Mcf	<u><u>\$0.0604</u></u>	

COLUMBIA GAS OF KENTUCKY, INC.

GAS TARIFF
PSC KY NO. 5
ONE HUNDRED TENTH REVISED SHEET NO. 5
CANCELLING PSC KY NO. 5
ONE HUNDRED NINTH REVISED SHEET NO. 5

CURRENTLY EFFECTIVE BILLING RATES

<u>SALES SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Demand</u> \$	<u>Adjustment^{1/} Commodity</u> \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE GSR</u>					
Customer Charge per billing period	15.00			15.00	
Delivery Charge per Mcf	2.2666	1.8111	2.8998	6.9775	I
<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	1.8111	2.8998	6.9775	I
Next 350 Mcf per billing period	1.7520	1.8111	2.8998	6.4629	I
Next 600 Mcf per billing period	1.6659	1.8111	2.8998	6.3768	I
Over 1,000 Mcf per billing period	1.5164	1.8111	2.8998	6.2273	I
<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		2.8998 ^{2/}	3.4441	R
Over 30,000 Mcf per billing period	0.2890		2.8998 ^{2/}	3.1888	R
Firm Service Demand Charge					
Demand Charge times Daily Firm					
Volume (Mcf) in Customer Service Agreement		6.8133		6.8133	
<u>RATE SCHEDULE IUS</u>					
Customer Charge per billing period	477.00			477.00	
Delivery Charge per Mcf					
For All Volumes Delivered	0.8150	1.8111	2.8998	5.5259	I

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 \$4.9740 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 November 30, 2016
DATE EFFECTIVE November 29, 2016 (Unit 1 December)
ISSUED BY /s/ Herbert A. Miller, Jr.
TITLE President

Jalina R. Mathews

Issued pursuant to an Order of the Public Service Commission in Case No. 2016-00381 dated November 21, 2016