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PUBLIC SERVICE
COMMISSION

July 19, 2018

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

Re: Case No. 2018-00232
Purchased Gas Adjustment
Effective Date of August 1, 2018
Kentucky Frontier Gas, LLC

Dear Mr. Derouen:

Please see revised Purchased Gas Adjustment for Case No. 2018-00232. Revision includes sales and purchases for 12 months ending March 31, 2018

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	\$	5.6550
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(0.1572)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)		\$	5.4978

N/A unitl 11/1/19

GCR to be effective for service rendered from: August 1, 2018

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 2,118,446
/	Sales for the 12 months ended <u>March 31, 2018</u>	Mcf	374,613
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.6550
<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>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Current Reporting Period (Sch. IV)	\$/Mcf	\$ (0.1572)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.1572)
<u>D</u>	<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:

March 31, 2018

Supplier	10% LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,588	\$ 6.5320	\$69,161
Cumberland Valley (Auxier)		1.2112	81,699	\$ 3.8666	\$315,900
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2090	2,871	\$ 5.1096	\$14,670
EQT (EQU, Price)		1.2470	90	\$ 5.4358	\$489
** HI-Energy		1.0031	7,534	\$ 4.0124	\$30,229
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	4,116	\$ 5.5532	\$22,857
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	0	\$ 7.9348	\$0
Jefferson (Public)		1.1184	117,660	\$ 6.6848	\$786,537
Magnum Drilling, Inc.		N/A	3,625	\$10.5000	\$38,063
Nytis (Auxier)		1.0962	7,991	\$ 2.9897	\$23,890
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	9,592	\$ 3.6417	\$34,931
Quality (Belfry)		1.2000	48,817	\$ 3.3928	\$165,624
* Slone Energy		1.0940	9,335	\$ 4.9230	\$45,956
Southern Energy (EQU, MLG, Price)		1.2690	60,044	\$ 4.9203	\$295,434
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2690	32,495	\$ 6.1703	\$200,504
** Spirit		1.1178	16,595	\$ 4.4712	\$74,200
Totals			413,052	\$ 5.1288	\$2,118,446

Line loss 12 months ended: Mar-18 based on purchases of 413,052 Mcf
and sales of 374,613 Mcf. 9.3% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 2,118,446
/ Mcf Purchases (4)	Mcf	413,052
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.1288
x Allowable Mcf Purchases (10% Limiter)	Mcf	413,052
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 2,118,446

Estimated Avg TCo for Aug, Sep, Oct = \$2.9523/Dth (NYMEX Avg + \$-0.2250/Dth (TCo Appal Basis) = **\$2.7273/Dth**

EQT = \$2.7273/Dth (TCo) + \$0.3818 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.3591/Dth**

Jefferson contract = \$2.7273/Dth (TCo) + \$3.25/Dth cost factor = **\$5.9773/Dth**

CVR = \$2.7273 (TCo) + \$0.0544/Dth (1.996% Fuel), \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$3.1924/Dth**

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

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

Nytis (Auxier) = **\$2.7273/Dth** (TCo)

Nytis (Sigma) = \$2.7273/Dth (TCo) x .8 = **\$2.1818/Dth**

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

Southern Energy = \$2.7273/Dth (TCo) + \$1.1500/Dth = **\$3.8773/Dth**

Quality (Belfry) = \$2.7273/Dth (TCo) + \$0.10 = **\$2.8273/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 = \$2.7273/Dth x .8 = \$2.1818/Dth < \$4.50/Dth; **\$4.50/Dth**

** Estimated 3 mo. TCo = \$2.7273/Dth x .8 = \$2.1818/Dth < \$4.00/Dth; **\$4.00/Dth**

*** Estimated 3 mo. TCo = \$2.7273/Dth x .8 = \$2.1818/Dth < \$3.00/Dth; **\$3.00/Dth**

KFG Unified

Schedule IV
Actual Adjustment

For the 3 month period ending:

March 31, 2018

<u>Particulars</u>	<u>Unit</u>	<u>10% LIMITER</u>		
		<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>
Total Supply Volumes Purchased	Mcf	93,318	49,454	56,882
Total Cost of Volumes Purchased	\$	\$ 481,690	\$ 281,867	\$ 268,805
(divide by) Total Sales (10% Limiter)	Mcf	90,533	51,772	52,412
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.1618	\$ 5.6996	\$ 4.7257
(minus) EGC in effect for month	\$/Mcf	\$ 5.4899	\$ 5.4899	\$ 5.4899
(equals) Difference	\$/Mcf	\$ (0.3281)	\$ 0.2097	\$ (0.7642)
(times) Actual sales during month	Mcf	90,533	51,772	52,412
(equals) Monthly cost difference	\$	\$ (29,703)	10,856	(40,055)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (58,902.58)
(divide by) Sales for 12 Months ended: <u>March 31, 2018</u>	Mcf	374,613
(equals) Actual Adjustment for the Reporting Period	\$	(0.1572)
(plus) Over-recovery component from collections through expired AAs	\$	-
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)	\$	(0.1572)