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PUBLIC SERVICE  
COMMISSION



September 26, 2018

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 November 1, 2018  
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. A \$0.0285 per Mcf factor will be added to Frontier's customer PGA and a factor of (\$0.2334) per Mcf will be applied to Public's customer PGA to adjust for premerger unexpired AA's and BA's.

Sincerely,

KENTUCKY FRONTIER GAS, LLC

A handwritten signature in blue ink that reads "Dennis R. Horner".

Dennis R. Horner  
Enclosures



## 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	\$	5.6293
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(0.0620)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)		\$	5.5673

N/A until 11/1/19

GCR to be effective for service rendered from:

November 1, 2018

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 2,241,245
/	Sales for the 12 months ended July 31, 2018	Mcf	398,138
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.6293
<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 <b>Current</b> Reporting Period (Sch. IV)	\$/Mcf	\$ (0.1428)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0808
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.0620)
<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	\$ -

Revised 02-26-04

**Kentucky Frontier Gas, LLC - Unified**

**SCHEDULE II  
EXPECTED GAS COST**

APPENDIX B

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MCF Purchases for 12 months ended:

July 31, 2018

Supplier	10% LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,770	\$ 5.2686	\$56,743
Cumberland Valley (Auxier)		1.2190	86,250	\$ 4.1871	\$361,141
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2190	2,793	\$ 5.4371	\$15,186
EQT (EKU, Price)		1.2480	94	\$ 5.7784	\$543
** HI-Energy		1.0031	6,649	\$ 4.0124	\$26,678
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	2,119	\$ 5.5532	\$11,767
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	0	\$ 7.9348	\$0
Jefferson (Public)		1.1184	120,896	\$ 6.9507	\$840,308
Magnum Drilling, Inc.		N/A	3,859	\$ 10.5000	\$40,520
Nytis (Auxier)		1.0962	7,020	\$ 3.2502	\$22,817
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	9,009	\$ 3.8502	\$34,686
Quality (Belfry)		1.1979	49,811	\$ 3.6716	\$182,884
* Slone Energy		1.0428	9,650	\$ 4.6926	\$45,284
Southern Energy (EKU, MLG, Price)		1.2690	63,132	\$ 5.2029	\$328,469
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2690	34,674	\$ 6.4529	\$223,748
** Spirit		1.1178	17,869	\$ 4.4712	\$79,896
<b>Totals</b>			<b>424,595</b>	<b>\$ 5.3478</b>	<b>\$2,270,670</b>

Line loss 12 months ended: Jul-18 based on purchases of 424,595 Mcf  
and sales of 398,138 Mcf. 6.2% L&U

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 2,270,670
/ Mcf Purchases (4)	Mcf	424,595
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.3478
x Allowable Mcf Purchases (5% Limiter)	Mcf	419,093
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 2,241,245

Estimated Avg TCo for Nov, Dec, Jan = \$3.1650/Dth (NYMEX Avg + \$-0.2000/Dth (TCo Appal Basis) = **\$2.9650/Dth**

EQT = \$2.9650/Dth (TCo) + \$0.4151 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$4.6301/Dth**

Jefferson contract = \$2.9650/Dth (TCo) + \$3.25/Dth cost factor = **\$6.2150/Dth**

CVR = \$2.9650 (TCo) + \$0.0592/Dth (1.996% Fuel), \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$3.4349/Dth**

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

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

Nytis (Auxier) = **\$2.9650/Dth** (TCo)

Nytis (Sigma) = \$2.9650/Dth (TCo) x .8 = **\$2.3720/Dth**

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

Southern Energy = \$2.9650/Dth (TCo) + \$1.1500/Dth = **\$4.1000/Dth**

Quality (Belfry) = \$2.9650/Dth (TCo) + \$0.10 = **\$3.0650/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 = \$2.9650/Dth x .8 = \$2.1818/Dth < \$4.50/Dth; **\$4.50/Dth**

\*\* Estimated 3 mo. TCo = \$2.9650/Dth x .8 = \$2.1818/Dth < \$4.00/Dth; **\$4.00/Dth**

\*\*\* Estimated 3 mo. TCo = \$2.9650/Dth x .8 = \$2.1818/Dth < \$3.00/Dth; **\$3.00/Dth**

## KFG Unified

Schedule IV  
Actual Adjustment

For the 3 month period ending:

July 31, 2018

<u>Particulars</u>	<u>Unit</u>	5% LIMITER			
		<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>
Total Supply Volumes Purchased	Mcf	32,854	14,253	9,990	9,561
Total Cost of Volumes Purchased	\$	\$ 144,313	\$ 67,605	\$ 39,222	\$ 42,641
(divide by) Total Sales (5% Limiter)	Mcf	31,211	20,182	9,491	9,083
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.3926	\$ 4.7432	\$ 3.9261	\$ 4.4599
(minus) EGC in effect for month	\$/Mcf	\$ 5.4899	\$ 5.3831	\$ 5.3831	\$ 5.3831
(equals) Difference	\$/Mcf	\$ (1.0973)	\$ (0.6399)	\$ (1.4570)	\$ (0.9232)
(times) Actual sales during month	Mcf	23,447	20,182	8,037	7,036
(equals) Monthly cost difference	\$	\$ (25,729)	(12,914)	(11,710)	(6,496)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (56,849.08)
(divide by) Sales for 12 Months ended: <u>July 31, 2018</u>	Mcf	398,138
(equals) Actual Adjustment for the Reporting Period		\$ (0.1428)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.1428)