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OCT 25 2018

PUBLIC SERVICE
COMMISSION

October 24, 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, please see attached Revised Expected Gas Cost for the combined Frontier and Public Gas systems effective November 1, 2018. Total Expected Gas Cost and Total Actual Adjustment for the Reporting Period were revised due to calculation errors.

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

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	\$	5.6339
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(0.1107)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
<hr/>			
= Gas Cost Recovery Rate (GCR)		\$	5.5232

N/A unitl 11/1/19

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

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 2,243,082
/	Sales for the 12 months ended <u>July 31, 2018</u>	Mcf	398,138
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=	Expected Gas Cost (EGC)	\$/Mcf	\$ 5.6339

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	\$ -
<hr/>			
=	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	\$ (0.1915)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0808
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
<hr/>			
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.1107)

D	<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	\$ -
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=	Balance Adjustment (BA)	\$/Mcf	\$ -

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II
EXPECTED GAS COST

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 (EQU, 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 (EQU, MLG, Price)		1.2690	63,132	\$ 5.2219	\$329,671
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2690	34,674	\$ 6.4719	\$224,408
** Spirit		1.1178	17,869	\$ 4.4712	\$79,896
Totals			424,595	\$ 5.3522	\$2,272,532

Line loss 12 months ended: and sales of	Jul-18 398,138	based on purchases of Mcf.	424,595 6.2%	Mcf L&U	Unit	Amount
Total Expected Cost of Purchases (6)					\$	\$ 2,272,532
/ Mcf Purchases (4)					Mcf	424,595
= Average Expected Cost Per Mcf Purchased					\$/Mcf	\$ 5.3522
x Allowable Mcf Purchases (5% Limiter)					Mcf	419,093
= Total Expected Gas Cost (to Schedule 1A)					\$	\$ 2,243,082

- 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	\$ 4.6237	\$ 3.3498	\$ 4.1325	\$ 4.6946
(minus) EGC in effect for month	\$/Mcf	\$ 5.4899	\$ 5.3831	\$ 5.3831	\$ 5.3831
(equals) Difference	\$/Mcf	\$ (0.8662)	\$ (2.0333)	\$ (1.2506)	\$ (0.6885)
(times) Actual sales during month	Mcf	23,447	20,182	8,037	7,036
(equals) Monthly cost difference	\$	\$ (20,309)	(41,037)	(10,051)	(4,844)

	<u>Unit</u>	<u>Amount</u>
Total cost difference for the 12 months ended July 31, 2018	\$	\$ (76,240.55)
(divide by) Sales for 12 Months ended: <u>July 31, 2018</u>	Mcf	398,138
(equals) Actual Adjustment for the Reporting Period	\$	(0.1915)
(plus) Over-recovery component from collections through expired AAs	\$	-
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)	\$	(0.1915)