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PUBLIC SERVICE
COMMISSION

December 27, 2019

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 February 1, 2020
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.

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

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 4.4864
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ 0.0456
+ Balance Adjustment (BA)	\$/Mcf	\$ (0.0113)
= Gas Cost Recovery Rate (GCR)		\$ 4.5207

GCR to be effective for service rendered from: February 1, 2020

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 1,675,669
/	Sales for the 12 months ended <u>October 31, 2019</u>	Mcf	373,498
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.4864

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>(Revised)</u>	<u>Amount</u>
	Actual Adjustment for the Current Reporting Period (Sch. IV)	\$/Mcf	\$ (0.0785)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0146)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.3492)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.4879
=	Actual Adjustment (AA)	\$/Mcf	\$ 0.0456

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ (0.0126)
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0013
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
=	Balance Adjustment (BA)	\$/Mcf	\$ (0.0113)

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended:

October 31, 2019

Supplier	5% LIMITER Dth	Btu Factor	Mcf	Rate	(4) x (5) Cost
Columbia (Goble Roberts, Peoples)		N/A	10,316	\$ 5.6324	\$58,104
Cumberland Valley (Auxier)		1.2190	91,831	\$ 2.8609	\$262,717
Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans		1.2190	25,105	\$ 4.1109	\$103,203
EQT (181-S Garrett)		1.2480	719	\$ 4.2608	\$3,064
** HI-Energy		1.0031	6,055	\$ 4.0124	\$24,295
** HTC (Sigma) includes \$1.25/Mcf DLR trans		1.0758	3,140	\$ 5.5532	\$17,437
Jefferson (Sigma) rate includes \$1.25/Mcf DLR trans		1.1184	0	\$ 7.0077	\$0
Jefferson (Public)		1.1184	108,212	\$ 5.7577	\$623,053
Magnum Drilling, Inc.		N/A	3,060	\$ 10.5000	\$32,130
Nytis (Auxier)		1.0962	6,688	\$ 2.0809	\$13,917
Nytis (Sigma) includes \$1.25/Mcf DLR trans		1.0962	12,656	\$ 2.9147	\$36,888
Quality (Belfry)		1.2000	19,394	\$ 2.3980	\$46,506
* Slone Energy		0.9920	8,863	\$ 4.4640	\$39,564
Southern Energy (EQU,MLG,Price)		1.2699	61,627	\$ 3.8710	\$238,560
Southern Energy (Sigma) includes \$1.25/Mcf DLR trans		1.2670	25,105	\$ 5.1122	\$128,342
** Spirit		1.1178	17,350	\$ 4.4712	\$77,575
Totals			400,121	\$ 4.2621	\$1,705,356

Line loss 12 months ended: and sales of	<u>Oct-19</u> 373,498	based on purchases of Mcf.	<u>400,121</u> 6.7%	Mcf L&U	Unit	Amount
Total Expected Cost of Purchases (6)					\$	\$ 1,705,356
/ Mcf Purchases (4)					Mcf	400,121
= Average Expected Cost Per Mcf Purchased					\$/Mcf	\$ 4.2621
x Allowable Mcf Purchases (5% Limiter)					Mcf	393,156
= Total Expected Gas Cost (to Schedule 1A)					\$	\$ 1,675,669

Estimated Avg TCo for Feb, Mar, Apr = \$2.2383/Dth (NYMEX Avg + \$-0.340/Dth (TCo Appal Basis) = **\$1.8983/Dth**

EQT = \$1.8983/Dth (TCo) + \$0.2658 (14% Fuel) + \$1.05 (Commodity) + \$0.20 (Demand) = **\$3.4141/Dth**

Jefferson contract = \$1.8983/Dth (TCo) + \$3.25/Dth cost factor = **\$5.1483/Dth**

CVR = \$1.8983 (TCo) + \$0.0379/Dth (1.996% Fuel) + \$0.0190/Dth Commodity + \$0.3417/Dth (TCo Demand) + \$0.05/Dth CVR Fee = **\$2.3469/Dth**

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

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

Nytis (Auxier) = **\$1.8983/Dth** (TCo)

Nytis (Sigma) = \$1.8983/Dth (TCo) x .8 = **\$1.5186/Dth**

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

Southern Energy = \$1.8983/Dth (TCo) + \$1.1500/Dth = **\$3.0483/Dth**

Quality (Belfry) = \$1.8983/Dth (TCo) + \$0.10 = **\$1.9983/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 = \$2.6097/Dth x .8 = \$2.0878/Dth < \$4.50/Dth; **\$4.50/Dth**

** Estimated 3 mo. TCo = \$2.6097/Dth x .8 = \$2.0878/Dth < \$4.00/Dth; **\$4.00/Dth**

*** Estimated 3 mo. TCo = \$2.6097/Dth x .8 = \$2.0878/Dth < \$3.00/Dth; **\$3.00/Dth**

KFG Unified

Schedule IV
Actual Adjustment

For the 3 month period ending:

October 31, 2019

<u>Particulars</u>	<u>Unit</u>	<u>5% LIMITER</u>		
		<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>
Total Supply Volumes Purchased	Mcf	8,668	8,306	17,012
Total Cost of Volumes Purchased	\$	\$ 38,527	\$ 29,316	\$ 63,625
(divide by) Total Sales (5% Limiter)	Mcf	8,235	7,891	16,161
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.6787	\$ 3.7153	\$ 3.9368
(minus) EGC in effect for month	\$/Mcf	\$ 5.0596	\$ 5.0596	\$ 5.0596
(equals) Difference	\$/Mcf	\$ (0.3809)	\$ (1.3443)	\$ (1.1228)
(times) Actual sales during month	Mcf	7,613	7,287	14,813
(equals) Monthly cost difference	\$	\$ (2,900)	\$ (9,796)	\$ (16,631)

	<u>Unit</u>	<u>Amount</u>
Total cost difference for the 12 months ended October 31, 2019	\$	\$ (29,327.51)
(divide by) Sales for 12 Months ended: October 31, 2019	Mcf	373,498
(equals) Actual Adjustment for the Reporting Period		\$ (0.0785)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0785)

SCHEDULE V

BALANCE ADJUSTMENT
For the Effective Date February 1, 2020

<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	\$	\$ (76,241)
Less: Dollar amount resulting from the AA of (0.1915) \$/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 373,498 Mcf during the 12 month period the AA was in effect	\$	<u>(\$71,525)</u>
Equals: Balance Adjustment of the AA	\$	<u><u>(\$4,716)</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	\$	<u>\$0</u>
Equals: Balance Adjustment of the BA	\$	<u><u>\$0</u></u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	(\$4,716)
Divide: Sales for 12 months ended October, 2019	Mcf	<u>373,498</u>
Equals: Balance Adjustment for the reporting period (to Schedule I, part D)	\$/Mcf	<u><u>(\$0.0126)</u></u>