

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF KENTUCKY FRONTIER GAS, LLC)	2025-00403

ORDER

On December 29, 2025, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of February 1, 2026. Kentucky Frontier's previous GCR rate was placed into effect in Case No. 2025-00320.¹

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case No. 2025-00320, *Electric Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Ky. PSC Oct. 21, 2025), Order.

² KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Kentucky Frontier's report, as corrected herein, includes revised rates designed to meet its expected change in wholesale gas costs. Kentucky Frontier's report sets out an incorrect Expected Gas Cost (EGC) of \$6.7833 per Mcf. In calculating the EGC, Kentucky Frontier used a previous Columbia Gas of Kentucky Intrastate Utility Sales Service (IUS) rate instead of its currently approved IUS rate to determine the Total Expected Cost of Purchases. After correcting the rate from \$7.5007 per Mcf to \$8.0295 per Mcf as approved in Case No. 2025-00350³, the Total Expected Cost of Purchases is \$2,508,259.00, compared to the proposed \$2,502,810.00. This results in a revised EGC of \$6.7981 per Mcf, which is an increase of \$0.2211 per Mcf from its previous EGC of \$6.5770 per Mcf. Kentucky Frontier's report sets out no Refund Adjustment. Kentucky Frontier's report sets out an incorrect current quarter Actual Adjustment (AA) of (\$0.1640) per Mcf. Kentucky Frontier incorrectly applied the 7.5 percent line loss limiter in calculating its total sales for the individual months of August and October. Kentucky Frontier reported a total quarter cost difference of (\$60,498), whereas the corrected cost difference, based on the sum of monthly cost differences, is (\$66,221.50). This results in a corrected current quarter AA of (\$0.1795) per Mcf. In calculating its Total AA, Kentucky Frontier erroneously included its proposed (\$0.1698) AA from its previous case as opposed to the quarterly AA approved by the Commission in Case No. 2025-00320. The approved previous quarter AA was (\$0.1738). Correcting

³ Case No. 2025-00350, *Electronic Purchased Gas Adjustment Filing of Columbia Gas of Kentucky, Inc.* (Ky. PSC Nov. 21, 2025), Order at 2.

this error results in a total AA of (\$0.3059), which is a decrease of \$0.0354 per mcf from the previous total AA of (\$0.2705). Kentucky Frontier's report sets out the current quarter Balance Adjustment (BA) of \$0.0015 per Mcf. Kentucky Frontier's total BA is \$0.0066 per Mcf, which is a decrease of \$0.0020 per Mcf from the previous total BA of \$0.0086 per Mcf.

Based upon the corrected calculations of the AA discussed above, the Commission finds that Kentucky Frontier's corrected GCR rate is \$0.64988 per 100 cubic feet, or \$6.4988 per Mcf, which is an increase of \$0.1837 per Mcf from the previous GCR of \$6.3151 per Mcf. The Commission finds that the inputs, resulting components and calculation of Kentucky Frontier's corrected GCR rate of \$6.4988 per Mcf to be reasonable. The Commission further finds that the rates set forth in the Appendix to this Order are fair, just and reasonable and are approved for service rendered by Kentucky Frontier on and after February 1, 2026.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Kentucky Frontier should submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Kentucky Frontier purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Kentucky Frontier are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after February 1, 2026.


3. Kentucky Frontier shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.

4. Should Kentucky Frontier purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount shall be documented in its cover letter to the Commission.


5. Within 20 days of the date of service of this Order, Kentucky Frontier shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00403 DATED JAN 26 2026

The following rates and charges are prescribed for the customers in the area served by Kentucky Frontier Gas, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$0.64988 per Ccf for service rendered on and after February 1, 2026.

*Dennis R Horner
Kentucky Frontier Gas, LLC
2963 Ky Rte 321 North
PO Box 408
Prestonsburg, KY 41653

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2963 Ky Rte 321 North
PO Box 408
Prestonsburg, KY 41653