



December 31, 2022

Linda Bridwell, Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

Re: Status of Pipeline Replacement Project (PRP)

Kentucky Frontier Gas first established a PRP in Case 2011-00443, then extended it to the former Public Gas in Case 2016-00132. Frontier expanded the program with a higher surcharge in Case 2017-00263. In that Order, the Commission requires that Frontier submit an end of year status report, with plans for the following year.

These PRP segments were completed in 2022 (former system name, specific area):

Belfry Gas: Pecco Hollow, Doyle Mt, and Reedy Rd.: replaced corroding steel sections with 1320 ft of 2-inch, and 1735 ft of smaller mains and 8 PE service lines at 543 ft. This completes replacement in Pecco Hollow; and Reedy Rd and Doyle Mt. in the Jerry Bottom area. Belfry is now at 5% L&U or less, after starting at 30-50% with Frontier purchase in 2008;

Public Gas system in Jackson: Armory Dr, Brewer Dr. off Hwy 15: replaced corroding steel on Armory Dr. off of Town Hill Rd with about 3055 ft, and 500 ft off Brewer Dr. with 2-inch PE mains. Also replaced 9 service lines with 1-inch PE at 426 ft on Broadway St. and Court St.

Phelps (Peoples Gas System): replaced corroding steel section along KY RT 194 with 470 ft of 1-inch PE main with no services.

Mike Little Gas System: Weeksbury, Osborne School, Upper Burton, and Hen Pen: replaced corroding steel pipe with 2730 ft of 2-inch main and 4 service with 1-inch PE pipe.

Pipeline Replacement Projects for 2022 totaled 10720 ft of new PE mains and 22 service lines, at aprx cost of \$263,790. All of these projects retired & abandoned a similar footage of old steel mains & services. A detailed summary will be filed in 1Q23.

PRP surcharges for 2022 were billed at \$260,842 but collections were slightly lower. The 2023 projects will be similar in scope.

Kentucky Frontier Gas LLC

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PRP 2023

Most of the remaining PRP segments are in densely populated areas like Jackson and Forest Hills (Belfry), where progress is slow and expensive, through city streets and paving and small yards, or in narrow rural roads along a creek. Much of this work requires directional drilling.

PRP costs significantly exceeded PRP revenues in 2018-20, so the 2021-22 PRP was kept closer to actual PRP collections, and 2023 will be similar. Priority is given to sections identified in recent leakage surveys, mostly in systems with chronically bad leak history. Nearly all PRPs to date are replacing corroding bare steel systems. Jackson still has a section of low-pressure system to convert.

The following PRP segments are currently planned for 2023:

Belfry Gas, Forest Hills: 3200 ft of 2-inch PE mains with associated PE service lines; this is the toughest segment in Belfry, with a narrow roadway adjacent the creek and no working room around water lines and other utilities;

Peoples Gas, Phelps: continue work along the main road with 900 ft of main and associated PE service lines;

Public Gas, Jackson system, Main-Lincoln-Highland project: continue work on the *low-pressure* sections; replace steel with PE as needed; pressure test good sections then increase working pressure to 20 psi; install house regulators and convert customers from low pressure;

Frontier's PRP has produced tangible results in retiring old leaky pipe and significantly improving the overall L&U. We will continue this effort as long as it shows positive cost-benefit.



Steven Shute, PE
Managing Member

From Order:

“The Commission agrees with the AG’s conclusion in his brief regarding the need for higher scrutiny of the PRP, and finds that Frontier should be required to submit detailed reports for each upcoming year summarizing the projects it expects to replace in that year. At a minimum, the reports should show plant additions, retirements, and removals for each year, separately identified, and including their locations, length and size of mains and services lines, and associated Coast. Frontier should submit these reports for Commission review by Dec. 31 each year.”