



December 29, 2023

Linda Bridwell, Executive Director  
Kentucky Public Service Commission  
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 2023 (former entity, specific area):

**Belfry Gas: Ky Rte 119 near Honda Shop, and to Pegs Branch; Beech Hollow off Forest Hills; Toler Rd to Varney Dr:** replaced corroding steel sections with 888 ft of 2-inch PE, 3270 ft of 3-inch PE, and 2110 ft of 1-inch PE service main, 10 service line at 246 ft of 1-inch PE. This completes Beech Hollow and Varney Dr. Average 3-yr Belfry L&U is about 12%, after Frontier found losses at 30-50% after purchase in 2008.

**Phelps (Peoples Gas) in Pike County:** replaced corroding steel section in an alley way between 5<sup>th</sup> Street and Sycamore St. with 436 ft of 3-inch PE pipe, and 3 service lines with 16 ft of 1-inch PE.

**BTU Gas at Sublett, KY Rte 867 or River Road / S Arnett Br:** replaced corroding steel running along the hillside with 6172 ft of 2-inch PE pipe, and 8 service lines with 823 ft of 1-inch PE. This project clipped off several gas users who were suspected of stealing gas, claiming supply from nearby gas wells.

**Public Gas in Jackson:** replaced corroding steel pipe with 79 ft of 2-inch PE main and 3 service lines with 170 ft of 1-inch PE pipe. Installed about 90 service regulators on meters in low-pressure sections.

Pipeline Replacement Projects for 2023 totaled 14,210 ft of new PE mains and 24 service lines, at aprx cost of \$277,000. All of these projects retired & abandoned a similar footage of old steel mains & services.

PRP surcharges for 2023 were collected at \$259,100 on billings that were slightly higher. The 2024 project will be similar in scope.

Kentucky Frontier Gas LLC

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## **PRP 2024**

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 a narrow road along a creek with little working room. Much of this work requires directional drilling.

PRP costs significantly exceeded PRP revenues in 2018-20, so the 2023 PRP was kept closer to actual PRP collections, and 2024 will be similar. Frontier has done most of the work with company forces, at 50-60% of the cost of contractors.

Priority is given to areas identified in recent leakage surveys, mostly in systems with chronically bad leak history. Frontier's crews keep pace with new leak projects as they are discovered. Nearly all PRPs are replacing corroding bare steel systems. Jackson still has low-pressure sections to convert, where the pressure in mains is regulated to ½ psi with no house regulators.

The following PRP segments are currently planned for 2024:

**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. Replace 1700 ft of 1-inch service main along Church House Hollow, and KY Rte 319 at the beginning of Narrows Branch to replace 300 ft of 1-inch service main.

**Salyersville Sigma / BTU:** along KY Rte 7 and the Mountain Parkway, replace 2700 ft of a combination of corroding steel, and old brittle black PE oil & gas pipe, with 3-inch PE to better serve the area of Lakeville Rd and KY Rte 7 customers.

**Public Gas in Jackson:** replace main & service lines along Cherry, Hogg, Hawk and Sycamore Streets; convert from low pressure to high pressure to better safely serve the community.

Frontier's PRP has produced tangible results in retiring old leaky pipe and 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.”*