



December 30, 2024

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 2024 (former entity, specific area):

Public Gas in Jackson: replaced old steel mains with 2- and 4-inch PE, aprx 1150 ft of 1-inch main; 290 ft of 1.25-inch, 714 ft of 2-inch and 5520 ft of 4-inch. These projects also replaced about 750 ft in 9 service lines. All meters in low-pressure sections in Jackson now have service regulators. Some 2000 ft of this replacement was done by a highway contractor on a large Ky DOT project. The cost of moving the utilities was borne by the state and not charged to Frontier PRP.

Belfry Gas: replaced corroding steel section of Forest Hills with 200 ft of 2-inch PE and 120 ft of 1-inch PE for 3 service lines.

BTU Gas: replaced the Lick Creek crossing (off old bridge near Brushy) with 130 ft of 2-inch PE.

Pipeline Replacement Projects for 2024 totaled 8,000 ft of new PE mains and 870 ft of service lines. Aprx cost was estimated at \$260,000, not yet finalized. All of these projects retired & abandoned a similar footage of old steel mains & services.

PRP surcharges for 2024 were collected at about \$260,000 on billings.

PRP 2025

The early PRP years replaced 2-4 miles of pipe in very rural areas. 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 paved road along a creek with little working room. Much of this work requires directional drilling.

Priority is given to areas identified in recent leakage surveys. On systems with frequent leak history, Frontier does leak surveys more often than required by DOT Part 192. Frontier's crews keep pace with new leak projects as they are discovered. Nearly all PRPs are replacing corroding bare steel systems.

Frontier still has a few *low-pressure* sections, where the pressure in mains is regulated to ½ psi, and some customers have no house regulators. These are also given priority for replacement and conversion.

Cost of individual projects is not estimated. PRP investment significantly exceeded PRP revenues in 2018-20, so 2023-24 PRP were kept closer to actual PRP collections. Most of the accrued back-charges will be caught up in 2024, and 2025 will try to match costs to revenues. Frontier has done nearly all the work with company forces, at 50-60% of the cost of contractors.

The following PRP segments are currently planned for 2025:

Public Gas in Jackson: replace 4-inch main from Court St to Railroad St, to abandon 1900 ft of steel main. Replace 250 ft of 4-inch from Quicksand to Hurst Ln, and 250 ft of 2-inch from Quicksand to Highland. Replace 550 ft of 4-inch steel along Hargis Ln. The KyDOT project will continue and replace 2000 ft of 4-inch. Each project could include service line replacements, and will convert sections from low pressure to high pressure. Most of these customers already have service regulators.

Belfry Gas: Forest Hills is the toughest segment in Belfry, with a narrow roadway adjacent the creek and no working room around water lines and other utilities. Much of Forest Hills is done, but will likely find a couple of short projects to replace 500 ft. Replace 300 ft of 1-inch main on Ky Rte 319 at the beginning of Narrows Branch. Replace 200 ft of 3-inch main at Cow Branch.

Mike Little Gas

Replace 750 ft of 1-inch PE and 2-inch steel main in a low-pressure system near Osborn School in Bevinville.

Salyersville Sigma / BTU: at the intersection of Ky Rte 7 and Mountain Parkway, project to reconnect Sigma and BTU systems, to better serve Lakeville Rd and KY Rte 7 customers. The 3400 ft of new 3-inch PE will replace a combination of corroding steel and brittle black PE oil & gas pipe that was torn out by the Parkway rebuild project in 2018. The Frontier has a new potential source of gas from the south that would greatly improve supply in Salyersville, connecting mostly through this new segment.

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.

A handwritten signature in black ink, appearing to read 'Steven Shute'.

Steven Shute, PE
Managing Member

Belfry mouth of Narrows Branch was incl in 2023

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.”*