

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Joint Application of Kentucky Frontier Gas, LLC)
and Its individual Members Steven Shute,) 2020-00241
Robert Oxford and IGS, Inc, for Approval of Transfer)
of Ownership of Oxford's and IGS's Interest)
to Steven Shute)

APPLICATION

Kentucky Frontier Gas, LLC (Frontier), and its members, Steven Shute, Robert Oxford and IGS, Inc (Joint Applicants), by counsel, petition the Commission for an order approving the acquisition and transfer of approximately 5.9% interest in Frontier owned by IGS and approximately 19.6% interest in Frontier owned by Robert Oxford to Steven Shute pursuant to KRS 278.020(4) and (5).

KRS 278.020(4) provides that "[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission ... without prior approval by the commission."

KRS 278.020(5) provides that "[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an "acquirer"), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission."

1. Frontier is a Colorado company authorized to do business in Kentucky. Its address is 4891 Independence Avenue #260, Wheat Ridge CO 80033. Frontier attests that it is currently in good standing and authorized to conduct business in Kentucky. It was initially incorporated August 25, 2005.

The contact information and local office address for Frontier is:

Kentucky Frontier Gas
2963 KY Rt. 321
P. O. Box 408
Prestonsburg, KY 41653
Phone (606) 886-2431
Fax (606) 889-9196
steve@kyfrontiergas.com

2. Frontier currently operates a natural gas distribution system subject to Commission regulation. Frontier has been operating local distribution companies in Kentucky since 2005. It has consolidated twelve natural gas companies into Frontier. Frontier has approximately 5500 distribution and farm tap customers in Breathitt, Floyd, Johnson, Knott, Lawrence, Lee, Letcher, Magoffin, Martin, Morgan, Perry, Pike and Wolfe counties.

3. Shute, who currently owns 74% of Frontier, has entered into purchase agreements with IGS and Oxford for the acquisition of all of their interests in Frontier, which is approximately 6% and 20% respectively. The proposed acquisition will occur subject to the approval of the Commission under the terms of the Purchase Agreements attached as exhibit 1.

4. No rate adjustment is being proposed and no acquisition adjustment will be made as a result of the transfer of interest. Current rates and tariffs will remain unchanged.

5. Frontier's remaining member, Steven Shute, will continue as the company's member and manager. He has been a member/owner of Frontier since its inception and has been the managing partner for Frontier for the last several years.

6. The transfer of member interests will have no effect on the daily operations of Frontier. All current employees will remain and all operations will continue as currently managed.

7. The acquisition will be financed personally by Shute with no financial liability or obligations assumed by Frontier.

8. Frontier and Shute have the necessary financial ability to operate the utility. There is no change to the financial status of Frontier or its ability to finance its operations. The current rates provide sufficient revenue to continue to operate efficiently and the attached financial statement supports the viability of the company's financial status, exhibit 2. Frontier's cash flow has been sufficient to permit the utility to provide reasonable service. Frontier will utilize the revenue that is generated through the sale of natural gas to continue and maintain the operation of the company.

9. Shute has proven that he has the ability to manage and finance a complex utility consisting of multiple acquisitions resulting in stable rates, improved service and efficient operations. He has been the managing partner providing day to day oversight of the company for the last several years. His management will continue subsequent to the transfer. All current employees will remain and current operations will not change due to this transfer. The current

employees have the proven experience and knowledge to operate the company under Shute's long-term management.

10. The transfer is in the public interest to allow Frontier to continue to operate effectively. Because of Mr. Oxford's age and the limited ownership of IGS, neither has had as active a role in the management of the company as they had in prior years. The transfer of these member shares will allow Shute to act more efficiently. The transaction will result in the transfer of control of Frontier to an existing member who will continue to focus on maintaining safe, reliable natural gas distribution. Frontier will continue to be owned by a current member who has the knowledge of and interest in the communities it serves.

11. The proposed transaction will be made in accordance with the law. The proposed transaction has been approved by Frontier's members as reflected in the Purchase Agreements. The Commission's regulatory approval is required for the closing. There are no other regulatory approvals necessary for the closing.

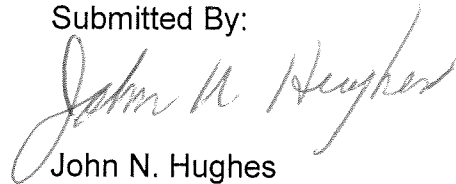
12. The proposed transaction is for a proper purpose. The proposed transaction will maintain current ownership of Frontier that will continue to have the resources to enable it to provide reasonable service to its customers. The experience of the remaining member of Frontier as well as the financial resources provide the ability to continue existing services and the potential to expand and improve service.

Based on this information, the Joint Applicants believe the transfer to Shute is in the public interest and will not adversely affect the current level of

customer service or rates. As required of KRS 278.020 (6), the management of Frontier subsequent to the transfer will continue to have “the financial, technical and managerial abilities” to guide Frontier to provide reasonable service.

For these reasons, the Joint Applicants request an order finding that the acquisition and transfer is in the public interest and in accordance with law pursuant to KRS 278.020 and that IGS is granted approval to transfer approximately 6% member ownership to Shute; Oxford is granted approval to transfer approximately 20% member ownership to Shute and Shute is granted approval to acquire ownership of IGS’s and Oxford’s interests pursuant to the terms of the Purchase Agreements.

Submitted By:



John N. Hughes
124 West Todd St.
Frankfort, KY 40601
502 227 7270
jnhughes@johnnhughespsc.com

Attorney for: Joint Applicants

DECLARATION OF STEVEN SHUTE

I, Steven Shute, am a Member of Kentucky Frontier Gas, LLC, the Applicant in the referenced matter. I have read the application and I have full authority to sign this declaration. The facts set forth therein are true and correct to the best of my knowledge, information and belief. Pursuant to KRS 523.020-040, I certify under penalty of false swearing that the foregoing is true and correct.

Dated this 30th day of July 2020.

A handwritten signature in black ink, appearing to read 'Steven Shute', is written over a horizontal line.

Steven Shute, Member,
Kentucky Frontier Gas, LLC

EXHIBIT 1

REDACTED

Sales Agreements:

Shute-IGS

Shute-Oxford

MEMORANDUM of AGREEMENT for SALE of INTEREST in KENTUCKY FRONTIER GAS

This memorandum captures our agreement to transfer to Steven Shute, individually, the ownership interest of Industrial Gas Services, Inc. ("IGS") in Kentucky Frontier Gas LLC and subsidiaries (collectively "Frontier").

This Agreement is by and between Industrial Gas Services, Inc. and Steven Shute individually, with consent of Kentucky Frontier Gas LLC.

This Agreement covers the sale of an interest in Frontier and subsidiaries.

RECITALS

- **Kentucky Frontier Gas LLC** is a Colorado entity formed in 2005 to operate natural gas utilities and pipelines in Eastern Kentucky, operating and doing business in Prestonsburg and Jackson, Kentucky.
- **Auxier Road Gas, Inc.** ("Auxier") was purchased by Frontier in 2010 and is operated as a 100% owned subsidiary of Frontier. Another small utility Dema Gas was merged into Auxier. This entire subsidiary is wholly owned by Frontier so is included in the transfer of interest addressed in this Agreement.
- **IGS** and **Robert Oxford** and **Steven Shute** are three of the original founders, and all the current members of Frontier.
- This Agreement memorializes the sale of the IGS interest in Frontier.

SALE OF INTEREST IN FRONTIER

1. Industrial Gas Services, Inc. ("IGS" or "Seller") shall sell and assign its entire interest in Frontier to Steven Shute ("Shute" or "Purchaser"). The IGS interest is 5.98% of the LLC. Oxford is president and the principle shareholder of IGS. Oxford also individually holds 19.6% of Frontier and will contemporaneously sell his interest to Shute, who holds the remaining LLC interest.
2. The effective date of the transaction is June 30, 2020.
3. The value of the 6% IGS interest in Frontier is agreed to be \$ [REDACTED]. Upon execution of this Agreement, a payment of \$ [REDACTED] shall be paid by Shute to IGS.
4. IGS's liability as a guarantor on loans held at Community Trust Bank (CTB) on behalf of Frontier shall be released by the bank and/or assumed by Steven Shute at closing. As provided

in the Articles of Organization dated August 4, 2005, Frontier agrees to indemnify and hold IGS harmless on any liabilities of Frontier asserted against IGS after June 30, 2020, including any effort of CTB to collect any outstanding debt and any liability Frontier may have with regard to the current Belfry v. Southside litigation or any other contingent litigation, known or unknown to the parties as of the date of this agreement.

5. IGS, which is controlled by Oxford, has one voting interest in the Frontier LLC. Oxford has one vote individually and Shute two votes. After this transfer of the IGS interests, remaining LLC members Shute and Oxford are undersigned and agree to vote on subsequent LLC matters with equal 1:1 votes. Since this transaction involves a small minority interest and does not change the current voting control of the LLC, this IGS transaction is not believed to be subject to approval by the Kentucky Public Service Commission ("PSC").

The contemporaneous sale of Oxford's interest in Frontier will be a change of control and subject to PSC approval. Out of caution, Frontier will timely file with PSC both IGS and Oxford agreements to sell.

6. The Parties intend the effective date of the transaction to be June 30, 2020. If PSC approval for either the IGS or Oxford sales is denied or substantially altered or delayed past December 31, 2020 and the current tax year, the parties shall make every practical effort to adjust the terms of this Agreement to meet the PSC requirements, rather than to rescind the entire Agreement.

7. Upon closing of this agreement, the appropriate changes in ownership in Frontier shall be noted in the books of the company.

The Parties agree to the transfer of interest in the Frontier in the manner here described, with this Agreement executed this 30th day of July, 2020 and made to be effective June 30, 2020 subject to approval by the Public Service Commission.



Robert Oxford, as President
of Industrial Gas Services, Inc., Seller



Steven Shute, individually as Purchaser



Robert Oxford, individually and as Member-
Manager of Kentucky Frontier Gas LLC



Steven Shute, as Member-Manager
of Kentucky Frontier Gas LLC



Robert Oxford, as President
of Industrial Gas Services, Inc.,
Member of Kentucky Frontier Gas LLC



Steven Shute, as President
Auxier Road Gas Company, Inc.,
wholly-owned subsidiary of
Kentucky Frontier Gas, LLC

Kentucky Frontier Gas LLC
Auxier Road Gas Inc.
2963 Kentucky Rte 321 North
Prestonsburg, KY 41653
606-886-2431



**Kentucky Frontier Gas LLC
Member Manager meeting**

The LLC meeting was held July 30, 2020 between Steven Shute and Robert Oxford in Denver, Colorado, designated as the 2020 annual meeting, with notice to the members, Shute, Oxford and IGS.

The members discussed and agreed by majority vote to continue the operations management by Shute with discretion to provide for day to day decision making; for retention and renewal of the current registered agent; and for distribution of funds to members as available for payment of taxes.

The members discussed and agreed by majority vote to approve the sale of Robert Oxford's and Industrial Gas Services' entire interests in Frontier (19.62% and 5.98%, respectively) to the remaining member Steve Shute.

The IGS sale is neither a significant change in ownership or change of control in Frontier, since Shute and Oxford have run Frontier as co-equal members for several years, regardless of ownership interest.

The Oxford sale is considered significant and subject to approval by Kentucky PSC. Upon satisfactory completion of the various sale agreements, an application for transfer will be submitted to the PSC.

In the interim period before PSC approval and finalization of the transfers, the members discussed and agreed by majority vote to approve 1:1 co-equal voting by Shute and Oxford in any business requiring LLC approval.

The meeting was adjourned.

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

Steven Shute,
Member-Manager

A handwritten signature in black ink, appearing to read "Robert Oxford".

Robert Oxford,
Member-Manager

A handwritten signature in black ink, appearing to read "Robert Oxford".

Robert Oxford, President of
Industrial Gas Services, Inc., Member

Kentucky Frontier Gas LLC

PO Box 408 • 2963 Kentucky Rte 321N • Prestonsburg KY 41653 • 606-886-2431 • www.kyfrontiergas.com

MEMORANDUM of AGREEMENT for SALE of INTEREST in KENTUCKY FRONTIER GAS

This memorandum captures our agreement to transfer to Steven Shute, individually, the ownership interest held by Robert Oxford in Kentucky Frontier Gas LLC and subsidiaries (collectively "Frontier").

This Agreement is by and between Kentucky Frontier Gas LLC, Robert Oxford and Steven Shute, both individually and as members of Frontier.

This Agreement covers the sale of an interest in Frontier and subsidiaries.

RECITALS

- Kentucky Frontier Gas LLC is a Colorado entity formed in 2005 to operate natural gas utilities and pipelines in Eastern Kentucky, operating and doing business in Prestonsburg and Jackson, Kentucky.
- Auxier Road Gas, Inc. ("Auxier") was purchased by Frontier in 2010 and is operated as a 100% owned subsidiary of Frontier. Another small utility Dema Gas was merged into Auxier. This entire subsidiary is wholly owned by Frontier so is included in the transfer of interest addressed in this Agreement.
- Robert Oxford and Steven Shute are two of the original founders, and are now the entire membership of Frontier.
- This Agreement memorializes the sale of Oxford's entire interest in Frontier to Shute.

SALE OF INTEREST IN FRONTIER

1. Robert Oxford ("Oxford" or "Seller") shall sell and assign his entire 19.6% interest in Frontier to Steven Shute ("Shute" or "Purchaser"), who holds the remaining LLC interest.
2. The effective date of the transaction is June 30, 2020.
3. The value of the Oxford interest in Frontier is agreed to be \$ [REDACTED]. Upon execution of this Agreement, a down payment of \$ [REDACTED] shall be paid to Oxford, and the remaining balance shall be paid as set forth in the Financing Agreement.
4. Oxford's liability as a guarantor on loans held at Community Trust Bank (CTB) on behalf of Frontier shall be released by the bank and/or assumed by Steven Shute at closing. As provided in the Articles of Organization dated August 4, 2005, Frontier agrees to indemnify and hold Oxford harmless on any liabilities of Frontier asserted against Oxford after June 30, 2020,


including any effort of CTB to collect any outstanding debt and any liability Frontier may have with regard to the current Belfry v. Southside litigation or any other contingent litigation, known or unknown to the parties as of the date of this agreement.


5. This Agreement and the change in ownership and control of the utility are subject to the consideration and approval by the Kentucky Public Service Commission ("PSC"). Frontier shall file with PSC for approval of the Agreement on or before September 1, 2020. Parties intend the effective date of the transaction to be June 30, 2020. If PSC approval is denied or substantially altered or delayed past December 31, 2020 and the current tax year, the parties shall make every practical effort to adjust the terms of this Agreement to meet the PSC requirements, rather than to rescind the entire Agreement.


In the unlikely event the PSC rejects the transaction completely, the entire 19.6% interest in Frontier shall revert back to Robert Oxford and any payments made under the Financing Agreement shall be returned to Frontier.


6. Upon closing of this agreement, the appropriate changes in ownership in Frontier shall be noted in the books of the company.

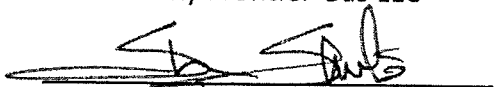
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Robert Oxford, individually as Seller


Steven Shute, individually as Purchaser


Robert Oxford, as Member-Manager
of Kentucky Frontier Gas LLC


Steven Shute, as Member-Manager
of Kentucky Frontier Gas LLC


Steven Shute, as President
of Auxier Road Gas Company, Inc.,
wholly-owned subsidiary of
Kentucky Frontier Gas, LLC

Kentucky Frontier Gas LLC
Auxier Road Gas Inc.
2963 Kentucky Rte 321 North
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Steven Shute,
Member-Manager

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Robert Oxford,
Member-Manager

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Robert Oxford, President of
Industrial Gas Services, Inc., Member

Kentucky Frontier Gas LLC

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EXHIBIT 2

KFG Balance Sheet; Income Statement

Kentucky Frontier Gas, LLC Profit & Loss YTD Comparison March 2020

	Mar 20	Jan - Mar 20
Income		
405 - Management Fee Income		
405.1 - Management Fee Income - Auxlier	-10,543.17	15,660.97
Total 405 - Management Fee Income	-10,543.17	15,660.97
419 - Interest Income	29.48	35.07
480 - Residential Sales	194,492.56	754,760.66
481 - Commercial & Industrial Sales	74,461.52	246,304.37
482 - Commercial Tax Exempt	56,209.44	225,987.74
487 - Penalties & Forfeited Discounts	-157.60	19,850.31
488 - Miscellaneous Service Revenues		
488.11 - Reconnection Fee	672.00	1,945.00
488.12 - Transfer Fee	90.00	840.00
488.14 - Damaged Meter Fee	0.00	100.00
488.3 - Reimbursed Expenses - Income	0.00	443.00
488.4 - Service Charges	850.00	2,750.00
488.6 - Relocate Meter Chg	150.00	485.00
488.7 - NSF	60.00	330.00
488.8 - Connection Fee	325.00	1,675.00
Total 488 - Miscellaneous Service Revenues	2,147.00	8,568.00
489 - Sales Tax Commission	50.00	150.00
490 - Other Income	2,439.80	2,444.80
491 - Customer Charge	57,983.90	174,137.82
Total Income	377,112.93	1,447,899.74
Cost of Goods Sold		
800 - Gas Supply Expenses		
804 - Natural Gas Purchases & Transp		
804.1 - Gas Purch - Quality	17,855.36	70,451.28
804.10 - Gas Purch-Hi Energy Gas	4,513.40	14,039.05
804.11 - Gas Purch - Jefferson Gas	79,089.34	295,217.84
804.12 - Gas Purch - Nyttis Exploration	2,135.97	11,449.48
804.13 - Gas Purch - HTC Gas Company	1,303.32	6,006.75
804.14 - Gas Purch - Interstate Natural	-213.87	-213.87
804.16 - Southern Energy, LLC	32,402.70	144,838.31
804.17 - Gas Purch - Spirit Energy	1,493.45	8,020.33
804.18 - Alternative Capital Partners	1,493.47	8,020.35
804.2 - Gas Purch - Columbia	7,068.26	28,585.78
804.24 - Gas Purch-Diversified Energy	19.73	520.61
804.3 - Gas Purch - KLC	2,398.59	9,127.26
804.6 - Gas Purch - Tackett & Sons	3,011.24	10,268.68
804.9 - Gas Purch - Magnum Drilling	3,927.00	10,903.20
Total 804 - Natural Gas Purchases & Transp	156,497.96	617,235.05

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Accrual Basis

Kentucky Frontier Gas, LLC

Profit & Loss YTD Comparison

March 2020

	Mar 20	Jan - Mar 20
Total 800 - Gas Supply Expenses	156,497.96	617,235.05
Total COGS	156,497.96	617,235.05
Gross Profit	220,614.97	830,664.69
Expense		
408 - Taxes Other Than Income Taxes	0.00	8,299.79
408.3 - Property Tax	0.00	0.00
408 - Taxes Other Than Income Taxes - Other	0.00	0.00
Total 408 - Taxes Other Than Income Taxes	0.00	8,299.79
427 - Interest on Long-Term Debt		
427.12 - Int Exp- CTB SBA #3	4,205.00	10,861.39
427.13 - Int Exp-2016 Tacoma Access	34.76	53.48
427.15 - Int Exp-CTB (2017 Tacoma)	40.19	122.83
427.16 - INT EXP- 2018 CHEVY 2500 HD	103.26	309.78
427.17 - INT EXP-2019 TACOMA	68.36	206.08
427.18 - INT EXP-2019 TUNDRA	28.70	82.10
427.2 - Interest on USDA Loan #1	0.00	0.00
427.21 - Int Exp-CTB 20 TACOMA ACCESS	131.38	268.76
427.23 - Int Exp-CTB 20 Tacoma ACAB/SR5	132.10	270.20
427.24 - Int Exp-CTB on Vermeer Hydro Ex	175.53	348.25
427.3 - Interest on USDA Loan #2	397.02	1,182.64
427.8 - Interest on SBA Loan #2	733.14	2,323.02
Total 427 - Interest on Long-Term Debt	6,049.44	16,028.53
806 - Gas Purch-Aei Kaars	880.40	2,557.50
809 - Gas Purch-Cumberland Valley	0.00	0.00
849 - TRANSMISSION EXPENSES		
861 - MAINTENANCE		
867 - Maint of Other Equipment	0.00	1,288.97
Total 861 - MAINTENANCE	0.00	1,288.97
Total 849 - TRANSMISSION EXPENSES	0.00	1,288.97
870 - DISTRIBUTION EXPENSES		
871 - DISTRIBUTION OPERATION		
874 - Mains & Services Expenses	818.06	2,862.38
878 - Meter & House Regulator Exp		
878.2 - Uniforms	0.00	338.16
Total 878 - Meter & House Regulator Exp	0.00	338.16
880 - Other Expenses		
880.11 - PSC 811 FINES	25,000.00	25,000.00
880.3 - Drug Testing	95.55	95.55

Kentucky Frontier Gas, LLC

Profit & Loss YTD Comparison

March 2020

	Mar 20	Jan - Mar 20
880.4 - Licenses & Permits	71.53	3,363.39
880.6 - Training	945.00	5,463.20
Total 880 - Other Expenses	<u>26,112.08</u>	<u>33,922.14</u>
Total 871 - DISTRIBUTION OPERATION	26,930.14	37,142.68
884 - DISTRIBUTION MAINTENANCE		
893 - Maint of Meters & House Reg	0.00	3,135.62
894 - Maint of Other Equipment	159.64	675.23
Total 884 - DISTRIBUTION MAINTENANCE	<u>159.64</u>	<u>3,810.85</u>
Total 870 - DISTRIBUTION EXPENSES	27,089.78	40,953.53
900 - CUSTOMER ACCOUNTS EXPENSES		
900.1 - CUSTOMER ACCT OPERATION		
905 - Misc Customer Accounts Exp		
905.2 - Postage and Delivery	1,627.83	5,385.23
905.3 - Printing and Reproduction	462.41	1,383.38
Total 905 - Misc Customer Accounts Exp	<u>2,090.24</u>	<u>6,768.61</u>
Total 900.1 - CUSTOMER ACCT OPERATION	2,090.24	6,768.61
Total 900 - CUSTOMER ACCOUNTS EXPENSES	2,090.24	6,768.61
906 - CUSTOMER SERVICE & INFORMATION		
906.1 - C S & I OPERATION		
909 - Inform & Instruc Advert Exp		
909.1 - Web Support	195.43	907.03
Total 909 - Inform & Instruc Advert Exp	<u>195.43</u>	<u>907.03</u>
Total 906.1 - C S & I OPERATION	195.43	907.03
Total 906 - CUSTOMER SERVICE & INFORMATION	195.43	907.03
918 - ADMINISTRATIVE & GENERAL EXP		
919 - ADMIN & GEN OPERATION		
920 - Admin & General Salaries		
920.2 - Payroll Administration Expenses	385.96	1,497.72
Total 920 - Admin & General Salaries	<u>385.96</u>	<u>1,497.72</u>
921 - Office Supplies and Expenses		
921.11 - Travel	546.79	7,593.98
921.12 - Credit Cd Charges	2,481.55	7,039.20
921.2 - Office Supplies & Expense	1,400.94	4,903.00
921.3 - Bank Service Charges	13.00	44.00
921.4 - Computer Software	3,920.94	11,830.07

Kentucky Frontier Gas, LLC

Profit & Loss YTD Comparison

March 2020

	Mar 20	Jan - Mar 20
921.7 - Dues and Subscriptions	0.00	386.23
921.8 - Telephone and Fax	2,545.95	7,686.05
921.9 - Utilities	651.98	2,130.88
921 - Office Supplies and Expenses - Other	0.00	0.00
Total 921 - Office Supplies and Expenses	11,561.15	41,613.41
923 - Outside Services Employed		
923.6 - OUTSIDE SERV-GO HIRE EMPLOYMENT	1,392.80	3,847.95
Total 923 - Outside Services Employed	1,392.80	3,847.95
924 - Insurance		
924.1 - Auto Insurance	3,784.69	16,354.52
924.3 - Life Insurance	718.38	718.38
924.4 - Property Insurance	404.95	2,793.98
924.5 - Worker's Compensation	2,136.68	13,411.58
Total 924 - Insurance	7,044.70	33,278.46
926 - Employee Pensions & Benefits		
930.2 - Miscellaneous General Expenses	9,680.66	28,755.78
	270.72	361.25
931 - Rents	2,730.00	8,190.00
Total 919 - ADMIN & GEN OPERATION	33,065.99	117,544.57
Total 918 - ADMINISTRATIVE & GENERAL EXP	33,065.99	117,544.57
932 - MAINTENANCE OF GENERAL PLANT		
932.0 - Maint of General Plant - Garage	0.00	60.29
932.1 - Repairs		
Building Repairs	265.20	265.20
Equipment Repairs		
Transportation Equipment	711.42	2,441.01
Equipment Repairs - Other	665.03	4,282.52
Total Equipment Repairs	1,376.45	6,723.53
Total 932.1 - Repairs	1,641.65	6,988.73
932.2 - Depreciation Expense	82,560.00	82,560.00
932.3 - Tools & Equipment	0.00	693.74
932.4 - Transportation Equipment Fuel	3,269.63	10,309.95
Total 932 - MAINTENANCE OF GENERAL PLANT	87,471.28	100,612.71
981 - Interest Expense-Meter Deposit	15.52	24.35
990 - PAYROLL		

Kentucky Frontier Gas, LLC Profit & Loss YTD Comparison

March 2020

	Mar 20	Jan - Mar 20
Employer CO State Unemployment		
991 - Employee Wages	37.06	129.71
992 - Employer Social Security	51,236.93	179,309.55
993 - Employer Medicare	3,268.45	11,388.77
994 - Employer FUTA	764.43	2,663.63
995 - Employer KY State Unemployment	55.10	745.46
996 - Garnishment	555.28	2,452.52
	120.00	420.00
Total 990 - PAYROLL	56,037.25	197,109.64
Total Expense	212,895.33	492,095.23
Net Income	7,719.64	338,569.46

Kentucky Frontier Gas, LLC
Balance Sheet
 As of March 31, 2020

	Mar 31, 20
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash - Bank Accounts	
131.0 · Petty Cash	707.18
131.10 · CTB PRP Surcharge Account	23,785.70
131.2 · Comm Trust Bank Oper 4002506337	160,065.65
131.3 · Comm Trust Payroll #4002507509	1,293.44
131.7 · CTB Savings #5001856760	110,202.67
131.8 · Citizens Bank of Jackson	7,699.40
Total 131 · Cash - Bank Accounts	303,753.94
Total Checking/Savings	303,753.94
Accounts Receivable	
142 · Customer Accounts Receivable	483,825.21
143 · Other Accounts Receivable	45,096.75
Total Accounts Receivable	528,921.96
Other Current Assets	
108.09 · CC - Accum Deprac	-184,192.00
108.11 · BTU-Accumulated Depr	-109,159.00
115.0 · Consol - Acc Depreciation	-59,455.00
147 · N/R - Fontaine Williams	984.54
153 · Prepaid Nonresident WH Tax	24,208.00
173 · Organizational Account	
Start Up Costs	
SBA Origination Fees	95,056.13
USDA Origination Fees	17,464.00
115 · Accumulated Amort - Start Up	-66,972.00
Start Up Costs - Other	298.98
Total Start Up Costs	45,847.11
Total 173 · Organizational Account	45,847.11
Total Other Current Assets	-281,766.35
Total Current Assets	650,909.55
Fixed Assets	
101 · Utility Plant	
101.0 · Utility Plant - consolidated	
376 · Meters - Consolidated	134,392.63
376.0 · Itrons	
376.001 · CIAC/Itrons -Contrib In Aid Con	-239,100.00
376.0 · Itrons - Other	219,458.10
Total 376.0 · Itrons	-19,641.90
377 · Meter Sets	56,022.13
378 · Regulators	13,133.84
379 · Odorant System	36,385.64
381 · ESRI SYSTEM	7,694.20
382 · TD4 METER	1,378.00
Total 101.0 · Utility Plant - consolidated	229,364.54
101.1 · East Kentucky Utility Plant	
General Plant	
394.1 · Tools, Shop & Garage Equip	891.00
Total General Plant	891.00
108.1 · Accumulated Depreciation	
101.5 · Balne-Accum Dep	-644.00

Kentucky Frontier Gas, LLC

Balance Sheet

As of March 31, 2020

	Mar 31, 20
Total 108.1 · Accumulated Depreciation	-644.00
114.1 · Gas Plant Acquisition Adj	
376.01 · Mains	9,515.91
37601 · Meas & Reg Station Eq	5,980.39
380.01 · Services	16,220.74
380.02 · EKU-CIAC(Contrib in aid Constr)	-8,230.00
381.01 · Meters	17,868.69
382.01 · New Meter Install	589.97
382.02 · EKU - Line Replacement	650.00
114.1 · Gas Plant Acquisition Adj - Other	955,369.74
Total 114.1 · Gas Plant Acquisition Adj	997,965.44
115.1 · Accumulated Provision for Amort	-570,822.00
Total 101.1 · East Kentucky Utility Plant	427,390.44
101.12 · Blaine Utility Plant	
380.04 · Meters	6,393.29
380.12 · Services	653.39
380.120 · Blaine-CIAC(contrib in aid con)	-1,200.00
Total 101.12 · Blaine Utility Plant	5,846.68
101.2 · Mike Little Gas Plant	
General Plant Assets	
394.2 · Tools, Shop & Garage Equip	9,258.56
Total General Plant Assets	9,258.56
Transmission Plant	
369.2 · Meas & Reg Sta Equip	4,984.97
Total Transmission Plant	4,984.97
114.2 · Gas Plant Acquisition Adj	
376.22 · Mains	28,484.44
380.22 · Services	10,216.10
380.23 · MLG-CIAC(Contrib in aid of const)	-4,400.00
381.22 · Meters	17,766.95
381.23 · Line Replacement	2,060.52
114.2 · Gas Plant Acquisition Adj - Other	481,044.76
Total 114.2 · Gas Plant Acquisition Adj	635,172.77
115.2 · Accum Prov for Amort of Gas Pl	-299,470.00
Total 101.2 · Mike Little Gas Plant	249,946.30
101.3 · Belfry Utility Plant	
114.3 · Gas Plant Acquisition Adj	
376.33 · Mains	118,607.16
376.331 · Mains · Comp Const	28,661.96
376.34 · Mains Belf - Line Replacement	731,713.15
380.33 · Services	14,367.14
380.34 · BUP-CIAC(contrib in aid const)	-720,933.17
381.32 · Regulators	3,075.00
381.33 · Meters	36,394.86
381.34 · Meter & Regulator - FSM	4,675.82
382.22 · New Meter Installation	2,423.84
114.3 · Gas Plant Acquisition Adj - Other	480,342.00
Total 114.3 · Gas Plant Acquisition Adj	699,327.76
115.3 · Accum Prov for Amort of Gas Pl	-505,388.00
Total 101.3 · Belfry Utility Plant	193,939.76
101.4 · Alert Farm Taps Utility Plant	
Distribution Plant	

Kentucky Frontier Gas, LLC

Balance Sheet

As of March 31, 2020

	Mar 31, 20
381.4 · Meters	130.00
Total Distribution Plant	130.00
114.4 · Gas Plant Acquisition Adj	
376.44 · Mains	2,600.29
380.44 · Services	2,950.40
381.44 · Meters	312.42
382.44 · New Meter Installation	111.00
Total 114.4 · Gas Plant Acquisition Adj	5,974.11
115.4 · Accum Prov for Amort of Gas Pl	-3,293.00
Total 101.4 · Alert Farm Taps Utility Plant	2,811.11
101.8 · Peoples Gas Utility Plant	
114.81 · Gas Plant Acq Adj - KFG	
376.88 · Mains	14,279.82
377.88 · Main Replacement - Phelps	20,837.63
380.88 · Services	1,196.90
382.88 · New Meter Install	114.75
114.81 · Gas Plant Acq Adj - KFG - Other	25,541.00
Total 114.81 · Gas Plant Acq Adj - KFG	61,970.10
115.8 · Accum Amortization - Acquisitio	-26,455.00
Total 101.8 · Peoples Gas Utility Plant	35,515.10
Total 101 · Utility Plant	1,144,813.93
101.11 · BTU Purchase	
380.10 · Mains	15,105.65
380.11 · Services	14,536.81
380.121 · BTU-CIAC(contri in aid constr)	-6,728.00
380.13 · Regulators	815.90
380.14 · Main Replacement - BTU	41,888.01
380.16 · Drip Tank	1,010.03
101.11 · BTU Purchase - Other	262,500.00
Total 101.11 · BTU Purchase	329,128.40
101.13 · Public Gas Utility Plant	
114.13 · PGUP- Util Plant-Other	4,074.00
115.13 · PGUP-Accum Depreciation	-268,650.00
154.13 · PGUP- Inventory	2,000.00
376.13 · Mains	1,350,264.00
376.14 · New Services	11,931.76
376.15 · Meters	189,266.27
376.16 · PGUP - Regulators	31,583.00
376.17 · Meter Installation	332.12
376.18 · PGUP-CIAC(contri in aid constr)	-29,772.62
376.35 · Line Replacement-PGUP	15,103.74
391.13 · PGUP- Office Equip	4,248.00
392.14 · Transp Equip- PGUP	53,273.00
Total 101.13 · Public Gas Utility Plant	1,363,653.27
101.9 · COW CREEK UTILITY PLANT	
376.09 · Mains	446,356.00
376.25 · LINE REPLACEMENT- CC	13,800.00
380.09 · Services	16,908.08
380.100 · CC-CIAC(contri in aid constr)	-18,410.00
381.09 · Meters	46,473.56
383.09 · Regulators/Detectors	21,815.00
101.9 · COW CREEK UTILITY PLANT - Other	16,699.00
Total 101.9 · COW CREEK UTILITY PLANT	543,441.64

Kentucky Frontier Gas, LLC
Balance Sheet
 As of March 31, 2020

	Mar 31, 20
154 · Inventory	14,140.52
380 · General Plant Assets	
391 · Office Furniture & Equipment	
391.1 · Office Furniture & Equipment	54,394.52
391.11 · Office Equip - Folder/Inserter	10,270.34
Total 391 · Office Furniture & Equipment	64,664.86
392 · Transportation Equipment	
108 · Gen Utility Plant - Accum Depn	-462,582.00
392.11 · Transportation Eq- Other	3,657.00
392.13 · 2016 Tacoma SR 4X4 Access Cab	26,656.51
392.15 · 2017 Toyota Tacoma	27,322.68
392.16 · Homestead Traller 7x14	4,346.00
392.17 · 2018 2500 HD CHEV UTILITY	46,169.00
392.18 · Traller 82x16	3,922.00
392.19 · 2019 TACOMA	36,351.36
392.20 · 19 TOYOTA TUNDRA	37,913.83
392.21 · 2020 TOYOTA TACOMA ACCESS CAB	34,684.14
392.23 · 2020 TACOMA ACAB/SR5	34,722.64
392.6 · 2015 Chevy Silverado	33,695.08
392.7 · 2015 F350	41,338.81
392.9 · 2015 Tacoma	26,110.74
392 · Transportation Equipment - Other	4,913.83
Total 392 · Transportation Equipment	-100,778.38
394 · Tools, Shop & Garage Equip	24,363.54
396 · Power Operated Equipment	
396.3 · CAT Mini Excavator	33,780.90
396.4 · Boring Machine	25,000.00
396.5 · CAT MINI EXCAVATOR 303.5E CR	31,270.00
396.6 · CAT 303.5E CR MINI EXCAVATOR	31,270.00
396.7 · Vermeer Vactron Hydro Excavator	59,479.40
Total 396 · Power Operated Equipment	180,800.30
397 · Tools & Equipment	17,245.82
Total 380 · General Plant Assets	186,296.14
380.15 · Meter- H Thompson	8,222.69
385.13 · DGUP MAINS	24,855.00
385.15 · DGUP METERS	1,560.00
385.16 · DGUP REGULATORS	585.00
385.99 · DGUP ACCUM DEPRECIATION	-167.00
394.13 · PGUP- Tools, Shop, & Garage Eq	124,199.00
398 · Leasehold Improvements	24,032.43
Total Fixed Assets	3,764,761.02
Other Assets	
123 · Investment in Subsidiary Compan	
123.1 · Investment - Auxler Rd	1,695,459.23
123.3 · Investment - DEMA	10,000.00
123.4 · Investment - Interstate FT	10,000.00
Total 123 · Investment In Subsidiary Compan	1,715,459.23
125 · CASELLE Billing Software	43,380.00
126 · Esri- GIS Software	2,500.00
155 · Utility Deposits	1,524.00
Total Other Assets	1,762,863.23
TOTAL ASSETS	6,078,533.80
LIABILITIES & EQUITY	
Liabilities	

Kentucky Frontier Gas, LLC

Balance Sheet

As of March 31, 2020

	Mar 31, 20
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	437,479.35
Total Accounts Payable	437,479.35
Other Current Liabilities	
233 · Notes Payable - Assoc Co's	
233.1 · N/P IGS	27,602.80
233.2 · N/P DLR	21,673.25
233.9 · CC- N/P Auxler	275,603.17
Total 233 · Notes Payable - Assoc Co's	324,879.22
235 · Customer Deposits/Retainers	
235.1 · CC- Cust Deposits	17,015.00
235.13 · PGUP- Cust Deposits	85,825.00
235.131 · PGUP- Cust Credits	20,157.00
237 · Accrued Interest Deposits	0.44
235 · Customer Deposits/Retainers - Other	133,485.76
Total 235 · Customer Deposits/Retainers	256,483.20
239 · Accrued Other State Income Tax	175.00
241 · Sales Tax Payable	3,822.70
242 · Utility Tax Payable	15,467.48
Total Other Current Liabilities	600,827.60
Total Current Liabilities	1,038,306.95
Long Term Liabilities	
224 · Long Term Liability	
224.12 · CTB Loan - SBA #3	1,200,205.74
224.13 · CTB LOAN-2016 TACOMA SR 4X4	3,810.97
224.15 · 2017 Toyota Tacoma 4x4 Access	10,292.73
224.16 · CTB LOAN-2018 CHEVY 2500 HD	23,955.83
224.17 · 19 TACOMA-TOYOTA FINANCIAL SERV	17,703.28
224.18 · 19 TUNDRA-TOYOTA FINANCIAL SERV	31,105.91
224.2 · USDA Loan #1	694,045.76
224.21 · 2020 TACOMA ACCESS-CTB LOAN	33,646.14
224.23 · 2020 TACOMA ACAB/SR5-CTB	33,684.64
224.24 · CTB-Vermeer Hydro Excavator	38,325.71
224.3 · USDA Loan #2	77,114.74
224.8 · CTB Loan - SBA #2	139,127.90
Total 224 · Long Term Liability	2,303,019.35
Total Long Term Liabilities	2,303,019.35
Total Liabilities	3,341,326.30
Equity	
211.1 · Partner One Equity - RJO	371,159.26
211.2 · Partner Two Equity - SS	1,407,055.15
211.4 · Partner Four Equity - IGS	
208.4 · Partner Four Investments	121,580.82
211.4 · Partner Four Equity - IGS - Other	-8,385.00
Total 211.4 · Partner Four Equity - IGS	113,195.82
216 · Retained Earnings	507,227.81
Net Income	338,569.46
Total Equity	2,737,207.50

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Accrual Basis

Kentucky Frontier Gas, LLC
Balance Sheet
As of March 31, 2020

TOTAL LIABILITIES & EQUITY

Mar 31, 20

6,078,533.80