

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS                    )  
ADJUSTMENT FILING OF KENTUCKY            )    Case No. 2021-00408  
FRONTIER GAS, LLC                                )

MOTION FOR INTERIM RATE

Kentucky Frontier Gas, LLC, by counsel, moves for an order allowing the gas cost recovery rates filed on October 27, 2021, to be placed into effect subject to refund pending a final order in this matter.

The rate proposed were to have gone into effect on December 1, 2021. The order of November 29, 2021, suspended those rate until April 30, 2022. This suppliers' cost is being billed to and being paid by Frontier. The suppliers are not regulated by the Commission and can terminate gas sales to Frontier for non-payment. The additional gas cost will be un-reimbursed and paid out of the company's operating funds.

The attached financial statement shows the impact of the lost revenue due to the suspended farm tap gas cost adjustment. The company cash flow may be significantly impaired due to the losses being currently incurred.

The company has responded to the data request of November 29<sup>th</sup> . Most of the information requested is unrelated to the actual gas cost and deals with the historical

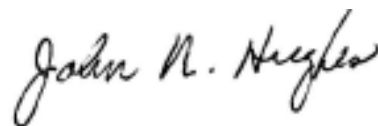
operations of the farm tap system. Frontier asserts that the Commission can complete its review of the farm tap operations during the suspension but allow the company to charge the proposed rate subject to refund.

If the proposed rates are not allowed to be collected, the financial impact on the company will be significant. The company has no control over the gas suppliers' pricing and because of the location of the farm taps, there is no alternative supplier. The contracts, gas bills, gas payments and cash flow information has been provided to show that the gas costs are being incurred and the impact on Frontier's operating funds.

The suspension of the rate for five months is unnecessary. The rates can be approved for the term of the suspension and any excess cost that is recovered can be refunded through future gas cost adjustment filings. Frontier can file the monthly invoices for the cast costs to assure that the customers are only being billed the actual cost of gas.

For these reasons, Frontier moves for an order allowing the recovery of the proposed gas cost rate during the suspension period.

Submitted By:

A handwritten signature in black ink that reads "John N. Hughes". The signature is written in a cursive style with a large, looped initial "J".

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Kentucky Frontier Gas, LLC

**Attachment 1**

**Kentucky Frontier Gas projected losses due to suspended GCR.**

From the spreadsheet of Gas Purchases for 12 months ending 10/31 (see attached), the weighted average for costs of all suppliers is \$4.59/Mcf and the proposed (average estimated gas cost based on the futures market for Dec, Jan, Feb) is \$5.26/Mcf. Volumes for estimated sales are the same as purchases, e.g., L&U is zero.

Estimated purchases for Dec is 7,719 Mcf, Jan is 5,931 Mcf and Feb is 7,116 Mcf for a total of 20,766 Mcf.

Losses would be \$0.67/Mcf (\$5.26 - \$4.59) per month. Estimated Dec loss \$5,172 (\$0.67 x 7719), estimated Jan loss \$3,974 (\$0.67 x 5931), estimated Feb loss \$4,768 (\$0.67 x 7,116) and for a three month total estimated loss of \$13,914.

| <b>Kentucky Frontier Gas, LLC - Farm Taps</b> |               |                    |                  |                      |                      |
|-----------------------------------------------|---------------|--------------------|------------------|----------------------|----------------------|
| <b>Gas Purchases 12 months ended 10/31/21</b> |               |                    |                  |                      |                      |
| <b>Supplier</b>                               | <b>Mcf</b>    | <b>Recent Rate</b> | <b>Cost</b>      | <b>Proposed Rate</b> | <b>Proposed Cost</b> |
| Quality                                       | 12,375        | \$5.0400           | \$62,370         | \$ 6.3186            | \$78,193             |
| AOG                                           | 11,248        | \$4.1200           | \$46,342         | \$ 4.0730            | \$45,813             |
| KLC                                           | 8,192         | \$4.7300           | \$38,748         | \$ 5.6186            | \$46,028             |
| Nytis                                         | 3,958         | \$4.2200           | \$16,703         | \$ 4.6253            | \$18,307             |
| ING                                           | 692           | \$4.2200           | \$2,920          | \$ 5.0911            | \$3,523              |
| Slone Energy                                  | 791           | \$5.2500           | \$4,153          | \$ 5.6249            | \$4,449              |
| Tackett                                       | 260           | \$3.5000           | \$910            | \$ 3.7608            | \$978                |
| Sonny Hall                                    | 69            | \$4.9300           | \$340            | \$ 5.5440            | \$383                |
| <b>Totals</b>                                 | <b>37,585</b> | <b>\$4.5892</b>    | <b>\$172,486</b> | <b>\$ 5.2594</b>     | <b>\$197,673</b>     |