

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Application of	)	
Kentucky Frontier Gas, LLC	)	Case No.
for Approval of Financing	)	2021-00466

**APPLICATION**

Kentucky Frontier Gas, LLC (Kentucky Frontier), by counsel, petitions the Commission for an order approving the assumption of debt for the financing of three trucks as required by KRS 278.300.

1. Kentucky Frontier Gas, LLC is a Colorado company in good standing authorized to do business in Kentucky. It was organized in Kentucky on August 25, 2005. A copy of its articles of organization was filed in Case No. 2005-00348. Frontier attests that it is in good standing to operate and transact business in Kentucky.

2. Kentucky Frontier is a natural gas utility as defined by KRS 278.010(3). Its owner and managing member is Steven Shute.

Its Prestonsburg office address is:

2963 KY Rt. 321  
P. O. Box 408  
Prestonsburg, KY 41653  
Phone (606) 886-2431  
Fax (606) 889-9196  
[www.kyfrontiergas.com](http://www.kyfrontiergas.com)  
[steve@kyfrontiergas.com](mailto:steve@kyfrontiergas.com)

3. A description of the original cost of Frontier's property is in the PSC Annual Report, incorporated by reference.

4. The proceeds of the financing will be used for the acquisition of three new service trucks. The approximate total cost of the three vehicles is expected to be \$140,000. The company expects to finance \$125,000 at 3% for 60 months, which is approximately \$2,250 per month. Terms and conditions of the purchases are stated in exhibit1. Frontier will finance through Toyota or Community Trust Bank, depending on the most favorable terms available at the time of closing. The terms and conditions are time sensitive and may vary at the time of closing of the purchases. No amortization schedule or interest rate is available until the loan is approved.

Frontier will take the best financing package available at the time of purchase. Financing might be through Toyota Financial Services or directly through the dealer and a local bank. Several auto loans have been purchased from auto dealers by Frontier's primary financier Community Trust. The finance packages offered by auto manufacturers vary by model and change almost weekly as do the terms offered by banks.

Frontier is a small company and cannot risk making an open-ended commitment to a dealer before the PSC approves a purchase. The specifics of which truck is purchased, the sale price, the amount financed, the lender, the APR and monthly payments etc. are all unknowable, due to the uncertainty of when or even whether the PSC will give approval.

5. The proceeds of the financing are not being used to refund any outstanding obligations.

6. Kentucky Frontier is an LLC and has no stock. There is no preferred stock issued. No stock is to be issued in conjunction with this financing.
7. No other debt is to be issued
8. There are no trust deeds.
9. The current mortgages, notes and other debt are listed in exhibit 2. Mortgages were previously filed in Case Nos. 2005-00348; 2005-00426; 20008-00394; 2009-00492; 2010-00076; 2012-00099; and 2015-00299.
10. No dividends have been paid by Kentucky Frontier in the last five years.
11. A balance sheet and income statement are included in exhibit 2.
12. The USoA account is 392 – motor truck.
13. 807 KAR 5:001: Section 18 (1) (c) – If Bonds or Notes or Other

Indebtedness is proposed requires:

(1) If Bonds or Notes or Other Indebtedness is proposed: Full description of all terms; Interest rates(s); whether the debt is to be secured and if so a description of how it is to be secured.

(2) 807 KAR 5:001: Section 18 (1) (e) - If proceeds will be used to acquire, construct, improve, or extend property, provide a detailed description and all contracts

The terms and interest rate for the proposed notes to finance three trucks cannot be known until the loans are executed. The notes cannot be executed until Frontier has received approval to incur the debt as required by KRS 278.300.

The proposed terms were included in exhibit 1 of the application. Frontier cannot obtain the final terms and interest rate unless and until it executes the notes.

Toyota does not have a sales contract that is contingent on third party approval.

The purchase contract is final when signed. This cost is subject to change at the time the loans are signed. Because Frontier cannot execute the notes prior to Commission approval, it cannot provide the information requested.

14. These trucks replace three existing trucks with mileage in excess of 150,000 miles, all of which require extensive maintenance.

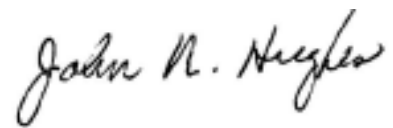
15. The contracts for the purchase of the trucks cannot be provided until executed. The final sales documents will not be available until Frontier is authorized to incur the debt associated with the purchase of the trucks. Frontier will submit the final documents when the sales are finalized.

16. If the information provided is inadequate to meet the requirements of the regulations, Frontier requests a deviation from 807 KAR 5:001(18)(1) (c) and (e) pursuant to 807 KAR 5:001(22).

17. Based on this information, the Applicant believes the financing is in the public interest, for a lawful purpose, is necessary for the proper performance of the utility to serve its customers and is reasonably necessary as required by KRS 278.300. Frontier was granted approval for similar loans in Case No. 2019-00379 and 2020-00400.

For these reasons, Kentucky Frontier requests that the Commission issue an order approving the financing of approximately \$140,000.00 and any other approvals necessary to complete the transactions related to the financing of the vehicles.

Submitted By:

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

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Attorney for  
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