

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC PURCHASED GAS ADJUSTMENT FILING)	CASE NO.
OF KENTUCKY FRONTIER GAS, LLC)	2022-00327

And

IN THE MATTER OF:

ELECTRONIC TARIFF FILING OF KENTUCKY FRONTIER)	CASE NO.
GAS, LLC TO IMPLEMENT A GAS COST RECONCILIATION)	2022-00428
CHARGE)	

NOTICE

Comes now Kentucky Frontier Gas, LLC (“Kentucky Frontier”) by and through the undersigned counsel, and does hereby state as follows for its Notice that Kentucky Frontier filed a proposed revised tariff through the electronic tariff filing system for the Commission’s consideration and approval on November 30, 2022 and on December 30, 2022, and furthermore, Kentucky Frontier respectfully states as follows:

1. Kentucky Frontier filed its Notice of Election to Use Electronic Filing Procedures in this case on September 26, 2022.
2. Kentucky Frontier discovered that it has under-recovered gas costs by about \$600,000 since November 2020.
3. Kentucky Frontier requested to shorten the notice period from thirty days to twenty days for the current purchased gas adjustment filing in its Motion for Deviation filed October 2, 2022.

4. On October 6, 2022, Kentucky Frontier filed a motion to schedule an Informal Conference (IC) with Commission Staff. The IC was held on October 7, 2022, and Kentucky Frontier informed Commission Staff that it has been running a deficit in recovering its gas costs through its GCR rate mechanism and that the cumulative deficit since November 2020 is approximately \$600,000.

5. On October 10, 2022, Kentucky Frontier filed its GCR rate report for rates effective November 1, 2022.

6. On October 31, 2022, the Commission's Order denied Kentucky Frontier's Motion for Deviation, found that an investigation into the rates should be established, and stated that the Commission suspended the rates until on or after November 10, 2022.

7. Pursuant to the Commission's October 31, 2022 and November 9, 2022 Orders, Kentucky Frontier put its proposed GCR rates into effect subject to refund based upon the proposed rates in the record on November 10, 2022 of \$1.21678 per Ccf, which is an increase of \$0.20283 per Ccf from Kentucky Frontier's previous rate of \$1.01395 per Ccf.

8. On November 30, 2022, Kentucky Frontier filed a revision to its tariff through the electronic tariff filing system including an emergency gas reconciliation adjustment to address the failure to recover approximately \$600,000.00 through the current gas cost recovery mechanism that has created a financial challenge for this small gas company.

9. On December 28, 2022, the Commission entered an Order to open Case No. 2022-00428, *An Electronic Tariff Filing of Kentucky Frontier, LLC to Implement a Gas Cost Reconciliation Charge*, suspending the tariff filing through May 29, 2023 for investigation and joining the case to the already pending Case No. 2022-00327, which is this matter.

10. On December 30, 2022, Kentucky Frontier filed its quarterly Purchased Gas Cost Adjustment ("PGA") filing with the Commission in Case No. 2022-00434, *In the Matter of:*

Electronic Purchased Gas Cost Adjustment Filing of Kentucky Frontier Gas, LLC. As part of the filing in Case No. 2022-00434, Kentucky Frontier is proposing to revise the calculation for the Balancing Adjustment (“BA”) portion of its PGA.

11. Since the November 30, 2022 tariff filing, Kentucky Frontier has continued to review its PGA calculations to determine any necessary changes, other than the one proposed in the November 30, 2022 tariff filing, to help with the huge under-recovery of its gas costs. Although the proposed change in the November 30, 2022 filing would have assisted Kentucky Frontier to begin to recover from this huge deficient, Kentucky Frontier determined that additional changes were necessary to ensure that this amount of under-recovery did not occur in the future. Therefore, in addition to the PGA filing in Case No. 2022-00434, Kentucky Frontier filed a tariff filing, through the Commission’s electronic tariff filing system, on December 30, 2022 for the revised BA calculation. This revision will allow the Commission to more accurately review the actual over- or under-recovery of the gas costs by showing the balance of gas costs. Kentucky Frontier is a small gas company that cannot continue to under collect its gas costs by these large amounts.

12. Kentucky Frontier will continue to maintain its records in a manner that will enable it, or the Commission, or any of Kentucky Frontier’s customers, to determine the amounts to be refunded and to whom the refunds are due in the event a refund of the rates put into effect subject to refund is ordered.

13. Kentucky Frontier will maintain its records to provide an accounting to recover the critical funds and to alert the company to when the Gas Balancing Account has recovered sufficiently to revoke the gas reconciliation adjustment to prevent over recovery. The company will also be closely monitoring the accounting for the data needed to reconfigure its gas cost recovery formula to prevent the current failure of the formula that allowed the approximate \$600,000.00 under recovery.

WHEREFORE, based on the foregoing, Kentucky Frontier gives the Commission notice of the pending tariff filing currently under review.

Dated this 30th of December, 2022.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on November 30, 2022; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of the filing will be made.



Counsel for Kentucky Frontier Gas, LLC