

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION FOR REVISED)	
QUARTERLY GAS COST RECOVERY)	CASE NO.
SCHEDULES OF KENTUCKY)	2023-00067
FRONTIER GAS, LLC)	

NOTICE

Comes now Kentucky Frontier Gas, LLC (“Kentucky Frontier”) by and through the undersigned counsel, and does hereby state as follows for its Notice to correct statements made in the Informal Conference (“IC”) memorandum entered into this case record on February 7, 2024, and Kentucky Frontier respectfully states as follows:

1. The Commission deemed Kentucky Frontier’s revised Purchased Gas Cost Adjustment Tariff that changes the calculation methodology of its Gas Cost Recovery (GCR) rate accepted for filing as of June 5, 2023.

2. The Commission suspended Kentucky Frontier’s effective date of the proposed tariff for five months, up to and including December 5, 2023 pursuant to KRS 278.190(2).

3. An IC was held on December 14, 2023 during which Commission Staff and representatives of Kentucky Frontier discussed the proposed changes to the calculation methodology of its GCR.

4. Pursuant to KRS 278.190(2), Kentucky Frontier filed its Notice to put its proposed tariff into effect as of December 28, 2023, subject to refund, as no final Order had been issued.

5. On December 29, 2023, Kentucky Frontier filed supplemental information requested during the IC on December 14, 2023.

6. On February 1, 2024, Commission Staff requested Kentucky Frontier file the handouts provided to the attendees of the IC on December 14, 2023, due to a new policy that Commission Staff will not attach documents to the IC memorandum, even if provided at the IC if those documents were not provided by the Commission.

7. On February 1, 2024, Kentucky Frontier filed the handouts provided to the attendees to the IC on December 14, 2023.

8. On February 7, 2024, Commission Staff entered a memorandum to commemorate the discussion at the IC on December 14, 2023 and requested comment within 5 days of any changes to the memorandum.

9. Regarding the statement made on page 3 of the IC memorandum, first paragraph on the page, last sentence, which states:

The resulting difference in expected gas cost (EGC) is that Kentucky Frontier's preferred method would result in an EGC of \$6.649 per Mcf versus \$3.61 per Mcf under the existing method for the period ending October 31, 2023.

Kentucky Frontier does not believe this is an accurate statement. On September 30, 2023, Kentucky Frontier filed its quarterly GCR filing in Case No. 2023-00329 for rates to be effective from November 1 2023 through December 31, 2023. That filing used the old AA+BA math. The EGC in that case was \$6.26 with (3.24) AA+BA adjustments, which resulted in a GCR rate of \$3.02.

The excel spreadsheet entitled, "PSC 23-0329 GBA compare Oct23.xlsx", which was provided during the IC and was also filed into the record of this proceeding,¹ provided an analysis that directly compared the GBA method or "Kentucky Frontier's preferred method"

¹ December 14, 2023 Informal Conference Handouts, filed February 1, 2024, also included as part of the Response to IC Requests Exhibit A as pdf as part of a listing spanning November 2020-January 2024, filed December 29, 2023.

with the old method. In that spreadsheet, the EGC was \$6.65 (as stated), because it did not contain the pre-penalty for 5% L&U. However, the GBA includes only a (1.40) BA, resulting in a \$5.25 rate. Kentucky Frontier is unable to locate the \$3.61 stated in the IC memorandum. The rates that are used in the IC memorandum imply a \$3.03 difference in the two methods, where the analysis shown in the “PSC 23-0329 GBA compare Oct23.xlsx” spreadsheet example resulted in a difference of \$2.23. A significant point to make is that the huge difference in the two methods is not the EGC but is the difference in the AA+BA calculation.

Kentucky Frontier proposes the following correction to the IC memorandum:

The resulting difference ~~in expected gas cost (EGC)~~ is that Kentucky Frontier’s preferred method would result in ~~an EGC a Gas Recovery Rate (GCR) of \$5.25 per Mcf~~ versus ~~\$3.02 per Mcf~~ under the existing method for the period ending October 31, 2023.

10. Regarding the statement made on page 3 of the IC memorandum, second paragraph on the page which states:

Regarding the line loss limiter, Mr. Shute recommended two changes. First, he asked the Commission to increase the line loss limiter to 7.5 percent. He stated that Kentucky Frontier should not be limited to the same five percent line loss limiter as LDCs with more urban customers because Kentucky Frontier would necessarily have more gas leaks because the relative remoteness of its customers means it has significantly more pipeline per customer and therefore more gas loss.

Mr. Shute disputes having explained his reasoning as reported in the IC memorandum filed on February 7, 2024, and states that a more accurate representation of the basis of his recommendation is as follows:

He stated that Kentucky Frontier should not be limited to the same five percent line loss limiter as LDCs with more urban customers because Kentucky Frontier would ~~not necessarily have more gas leaks because the relative remoteness of its customers,~~ but it has significantly more pipeline per customer and therefore more ~~relative~~ gas loss.

WHEREFORE, based on the foregoing, Kentucky Frontier gives the Commission notice of the corrections to be made to the IC memorandum entered into this case record on February 8, 2024, and requests that the changes be made to more accurately explain the recommendations made by Kentucky Frontier.

Dated this 8th day of February, 2024.

Respectfully submitted,

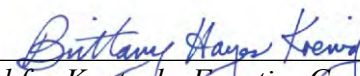


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CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on February 8, 2024; 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