

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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

SUPPLEMENTAL INFORMATION OF
KENTUCKY FRONTIER GAS, LLC REQUESTED BY COMMISSION STAFF IN
INFORMAL CONFERENCE DATED DECEMBER 15, 2023

Filed: December 29, 2023

KENTUCKY FRONTIER GAS, LLC
PSC CASE NO. 2023-00067
RESPONSE TO INFORMAL CONFERENCE REQUEST

In response to requests made by Commission Staff in an information conference held virtually on December 14, 2023, Kentucky Frontier Gas, LLC (“Frontier”) submits this response to specific inquiries, which includes its regularly scheduled Gas Cost Adjustment or GCA using a revised calculation method in the excel spreadsheets uploaded separately in the electronic filing system that show the old method compared to the proposed method, Schedule III is Exhibit A to this Response, a comparison of the data from Delta, Burkesville, and Atmos to the provided metrics of density at the tab marked “Metrics” to the excel spreadsheet and Exhibit B, attached, and billing summaries at the indicated tab and Exhibit C, attached.

This new method is explained in previous filings in Case Nos. 2022-00327; 2022-00428, 2023-00049 and 2023-00067. It tracks all gas cost expenses and recoveries in a Gas Balancing Account (“GBA”) that always shows the current balance. With each quarterly GCA filing, the updated GBA balance, whether under- or over-recovered, is amortized over the next 12 months of sales volume with a single Balance Adjustment.

With this quarterly GCA filing, it is critical to change to the new Gas Balancing method for rates effective February 2024. With the actual current balance projected to be slightly under-recovered, the new GBA would result in a Balance Adjustment of +\$0.14 per MCF, to zero the balance over the next year.

In comparison, the old GCA method would carry 2 old adjustments for \$3 then \$2 per MCF, for another 6 months. Frontier sells about 53% of its annual volume in Dec-Jan-Feb. Using this old method, Frontier would collect \$3.57 *per MCF less* than expected gas costs, which wipes out

Frontier's \$4 per MCF margin for the entire winter. This deficit will come out of savings that are needed for operating funds for the rest of the year. The old GCA method will dig yet another deep hole before the rates become positive again in August. Balancing gas costs to consumers should not threaten a utility with bankruptcy.

The old GCA system has many adjustments to track: adjustments for Actual recent results, for Refunds, and 4 past quarterly Balance Adjustments that are each carried for 4 quarters. There is no apparent means to correct old figures, as when adjustments are made to past sales and to gas purchase volumes and costs.

This old method has been a disaster for Frontier customers. Since November 2020, the old GCA method resulted in wild swings in rate adjustments. Since the actual Gas Balance was never calculated, the scale of under- or over-recoveries was not apparent. Frontier alerted the Commission to this issue in the Third Quarter of 2022.

The Balance started at about Zero in November 2020, sank to almost \$800k under-recovered in September 2022, then rose to \$550k over in June 2023, now it is back to zero. Frontier sells about 53% of its annual volume in Dec-Jan-Feb. Using this old method, Frontier will collect \$3 per MCF less than expected gas costs, which nearly wipes out Frontier's \$4 per MCF margin for the entire winter. This deficit will come out of savings that are needed for operating funds for the rest of the year. If the large past quarterly adjustments still lurk using the old method, the Balance will again plunge to \$600k under-recovered. The actual Balance will have never spent much time near zero, but fluctuated by \$3 million.

The new GBA method looks *forward* instead of backward. Instead of repeating adjustments from the past 15 months, some of which were disastrous, the GBA method starts from today and reacts much more quickly to current market conditions and forecast volumes.

Two Informal Conferences were held with Staff on this same issue, in October 2022, in Case No. 2022-00327, and December 2023 in this matter. Frontier has explained the new, simpler method in person in the Informal Conferences, and in detail in numerous filings and data requests.

Limit on Lost & Unaccounted for Gas

After 10 years of filing GCAs, the Commission levied a “standard” 5% limit on Frontier for rates starting November 2018. There is no such actual standard given in any policy-statute-rule pertaining to Commission jurisdiction. There is no such limit in the Frontier tariff.

Frontier explained in Case 2023-00067 that it operates gas systems that are far more rural than most other utilities in Kentucky. (Steven Shute Direct Testimony, and response to Staff’s First Request, Item 3.) Frontier cited some comparison metrics, which show why a “standard” 5% limit, if it exists, cannot be applied equally to Frontier as with the larger utilities of the state. These metrics are expanded in excel spreadsheet uploaded separately with this supplemental filing, at the tab marked Metrics and Exhibit B attached.

Here are some contrasts:

- Frontier has about 13 customers per mile, where Atmos has 44 and LG&E has 69
- Frontier sells about 1000 MCF per mile, with LG&E at 9x that
- (Atmos reports a huge Transport figure which, if correct, is 43 times Frontier)
- Delta is more rural than the other Big 5, but is 2x Frontier in meters & volume / mile
- Even tiny, rural Burkesville is more than 2x more dense than Frontier

Density of meters & sales volume have a big effect on L&U. All of these systems but Burkesville have corroded, leaking steel pipe. The same, exact corrosion pinhole that leaks 1 MCF per week on the Frontier system, has 2-4-9x impact on the *percentage* of L&U on that mile of Frontier main, than for those systems with higher volumes per mile.

With 2-9 times the volume per mile of pipe, a 5% limit is 2-9 times easier for Burkesville-Delta-Louisville to achieve than Frontier. These systems are not equal for “standard” treatment, if that is actually a thing. Similarly, gas loss due to measurement error and parasites stealing gas, is also worse for the less-dense, lower-volume Frontier system.

Frontier has made significant progress on reducing gas losses. In its Annual Report to DOT PHMSA, Frontier disclosed 24% lost gas in 2010, then 9.8% in 2015 and 6.2% in 2022. Losses have averaged 7.5% since 2020.

Most of this progress has been from the Pipeline Replacement Program, with aggressive leak surveying and replacement of rotten steel pipe from the 1960s. The Automated Meter Reading program led to testing and upgrading all the meters in the system, with radio reads and automated billing inputs. Frontier has also found and eliminated dozens of parasites that were

stealing gas from systems that were primarily gathering systems owned by producers. All of these changes are evident in the trend for L&U.

But there is a practical limit. Frontier operates gas systems in very rural areas. With only 15 customers and low sales volume per mile of main, it's not really possible to achieve 5% losses. The same "standard" can't be imposed equally on Frontier as on large urban gas utilities. Frontier will stipulate to a 7.5% limit on gas losses attributable to future Gas Cost Adjustments. Frontier will ask for deviation only for identifiable major incidents such as the one described in 2023-00067, Staff's Second Data Request, item #2. This was a callous act by an excavator without an 811 locate, where the digger pulled out a gas service line, then covered up the blowing leak. The land-owner was either digging or watching, and nobody reported it. Frontier had no means to detect the leak when nobody called it in. It wasn't enough to affect pressures on the system, and wasn't evident until the delivery meters started to show more volume than expected for a summer month. This event wasted 3000 MCF or more over several weeks, and Frontier did nothing wrong. This and other such incidents will be reported to PSC for further prosecution, but Frontier shouldn't be penalized for bad acts by others.

GBA Starting Point

As a starting point, in the analysis of the failure of the old GCA method, Frontier went back to January 2018, the first monthly billing of rates established under the last general rate action ("GR17") in case 2017-00263. For better accuracy, Frontier analyzed gas losses on 12-month basis (not quarterly) for a Gas Year starting each November 1.

Gas costs are shown separately for the former Public Gas system. The assets of Public were merged into Frontier in December 2015 and rates and gas costs unified in January 2018 under Case 2017-00263. But with the extreme escalation in gas costs from Jefferson Gas and EKM as discussed in Case 2022-00238, the average cost to supply former Public customers is \$7.00 per MCF higher than for the rest of Frontier customers. Although this is nearly all FERC-jurisdictional gas off Columbia, the upcharge on unregulated EKM is 75% higher than the tariffed margin Frontier is allowed to recover. Part of the failure in the old GCA system was not tracking this escalation that started about the same time (November 2020).

In addition, gas losses on the former Public system are always under 5%. The 5% limit imposed on losses was calculated on the average Frontier gas cost, which further penalized Frontier with the \$7 higher cost of Public gas supply. All of the Frontier gas losses are on systems with much cheaper gas. Segregating the gas costs significantly reduces the 5% reduction.

Going forward, the GBA tracking should start when the Gas Balance approaches zero, so that neither customers nor Frontier are significantly affected. Frontier found such a point where the Balance was near zero, for the Gas Year ending October 2020. This case assumed a 6.5% limit on L&U since Jan18, which is an appropriate compromise between the unrealistic forced 5% limit and the achievable 7.5% limit. Frontier proposes to set the Gas Balancing Account to Zero balance as of November 1, 2020. Going forward, Frontier will stipulate to a 7.5% limit on L&U.

EXHIBIT A

| Kentucky Frontier Gas | | SCHEDULE III | | | GAS BALANCING ACCOUNT | | | | | Expected | | | |
|---|--------|----------------|--------------|-----------------|-----------------------|------|--------------|-------------------|---------------------------------|--------------------|-----------------------|-------------------------|--------------------|
| Month | System | Purch Mcf | Purch | Purch \$/Mcf | Sales Mcf | L&U | Gas Sales | O/U Recov Cost | Cum O/U Recov GBA Balance | Gas Cost \$/MCF | AA + BA Adjst | Gas Cost Reconci'l'n | GCA Rate \$/Mcf |
| Gas Balancing Account stipulated balance | | | | | | | | | \$0 | | | | |
| Nov-20 | KFG | 29,545 | \$105,289 | \$ 3.564 | 20,509 | 31% | \$102,481 | (\$2,808) | | \$ 5.442 | \$ (0.445) | | \$ 4.997 |
| | PGC | 9,674 | \$86,553 | \$ 8.947 | 8,590 | 11% | \$42,923 | (\$43,630) | | | | | |
| | Total | 39,219 | \$191,842 | \$ 4.892 | 29,099 | 26% | | (\$46,437) | (\$46,437) | | | | |
| Dec-20 | KFG | 48,493 | \$169,717 | \$ 3.500 | 44,603 | 8% | \$222,877 | \$53,160 | | | | | |
| | PGC | 22,609 | \$197,225 | \$ 8.723 | 22,622 | 0% | \$113,040 | (\$84,185) | | | | | |
| | Total | 71,102 | \$366,942 | \$ 5.161 | 67,225 | 5% | | (\$31,025) | (\$77,463) | | | | |
| Jan-21 | KFG | 52,694 | \$179,379 | \$ 3.404 | 49,939 | 5% | \$249,540 | \$70,161 | | | | | |
| | PGC | 22,378 | \$194,959 | \$ 8.712 | 22,055 | 1% | \$110,207 | (\$84,752) | | | | | |
| | Total | 75,072 | \$374,338 | \$ 4.986 | 71,994 | 4% | | (\$14,591) | (\$92,054) | | | | |
| Feb-21 | KFG | 51,356 | \$211,230 | \$ 4.113 | 51,733 | -1% | \$254,154 | \$42,924 | | \$ 5.309 | \$ (0.396) | | \$ 4.913 |
| | PGC | 27,523 | \$252,711 | \$ 9.182 | 25,666 | 7% | \$126,094 | (\$126,617) | | | | | |
| | Total | 78,879 | \$463,941 | \$ 5.882 | 77,399 | 2% | | (\$83,693) | (\$175,747) | | | | |
| Mar-21 | KFG | 31,995 | \$120,767 | \$ 3.775 | 31,563 | 1% | \$155,063 | \$34,296 | | | | | |
| | PGC | 13,893 | \$128,340 | \$ 9.238 | 13,572 | 2% | \$66,675 | (\$61,665) | | | | | |
| | Total | 45,888 | \$249,107 | \$ 5.429 | 45,135 | 2% | | (\$27,370) | (\$203,117) | | | | |
| Apr-21 | KFG | 23,097 | \$72,299 | \$ 3.130 | 22,735 | 2% | \$111,693 | \$39,394 | | | | | |
| | PGC | 9,247 | \$95,076 | \$ 10.282 | 8,986 | 3% | \$44,146 | (\$50,930) | | | | | |
| | Total | 32,344 | \$167,375 | \$ 5.175 | 31,721 | 2% | | (\$11,536) | (\$214,653) | | | | |
| May-21 | KFG | 14,410 | \$63,361 | \$ 4.397 | 10,473 | 27% | \$56,657 | (\$6,704) | | \$ 5.654 | \$ (0.244) | | \$ 5.410 |
| | PGC | 3,360 | \$34,193 | \$ 10.176 | 3,263 | 3% | \$17,652 | (\$16,541) | | | | | |
| | Total | 17,770 | \$97,554 | \$ 5.490 | 13,736 | 23% | | (\$23,245) | (\$237,898) | | | | |
| Jun-21 | KFG | 8,491 | \$39,510 | \$ 4.653 | 7,577 | 11% | \$40,987 | \$1,477 | | | | | |
| | PGC | 2,400 | \$24,661 | \$ 10.275 | 1,927 | 20% | \$10,423 | (\$14,238) | | | | | |
| | Total | 10,891 | \$64,171 | \$ 5.892 | 9,503 | 13% | | (\$12,761) | (\$250,659) | | | | |
| Jul-21 | KFG | 6,629 | \$43,249 | \$ 6.524 | 5,433 | 18% | \$29,388 | (\$13,861) | | | | | |
| | PGC | 2,126 | \$23,127 | \$ 10.878 | 1,404 | 34% | \$7,595 | (\$15,532) | | | | | |
| | Total | 8,755 | \$66,376 | \$ 7.582 | 6,837 | 22% | | (\$29,393) | (\$280,051) | | | | |
| Aug-21 | KFG | 6,096 | \$46,911 | \$ 7.696 | 5,445 | 11% | \$37,500 | (\$9,411) | | \$ 6.672 | \$ 0.215 | | \$ 6.887 |
| | PGC | 1,761 | \$19,591 | \$ 11.125 | 1,300 | 26% | \$8,955 | (\$10,636) | | | | | |
| | Total | 7,857 | \$66,502 | \$ 8.465 | 6,746 | 14% | | (\$20,047) | (\$300,098) | | | | |
| Sep-21 | KFG | 7,794 | \$36,623 | \$ 4.699 | 6,279 | 19% | \$43,242 | \$6,619 | | | | | |
| | PGC | 2,065 | \$24,112 | \$ 11.677 | 1,565 | 24% | \$10,778 | (\$13,334) | | | | | |
| | Total | 9,859 | \$60,735 | \$ 6.161 | 7,844 | 20% | | (\$6,716) | (\$306,814) | | | | |
| Oct-21 | KFG | 12,478 | \$103,658 | \$ 8.307 | 8,492 | 32% | \$58,483 | (\$45,175) | | | | | |
| | PGC | 3,127 | \$41,142 | \$ 13.157 | 2,409 | 23% | \$16,590 | (\$24,552) | | | | | |
| | Total | 15,605 | \$144,800 | \$ 9.279 | 10,901 | 30% | | (\$69,727) | (\$376,541) | Sales/limtr | Excess L&U | | |
| L&U Limit calcs | | 293,077 | \$ 1,191,993 | \$ 4.07 | 264,781 | 9.7% | \$ 1,362,065 | \$ 18,059 | Excess L&U | 286,250 | 6,828 | | |
| | PGC | 120,163 | \$ 1,121,690 | \$ 9.33 | 113,359 | 5.7% | \$ 575,078 | | | 122,550 | (2,387) | | |
| | Total | 413,240 | \$ 2,313,683 | \$ 5.60 | 378,140 | 8.5% | \$ 1,162,888 | \$ 18,059 | (\$358,482) | 408,800 | 4,440 | | |

| Kentucky Frontier Gas | | SCHEDULE III | | | GAS BALANCING ACCOUNT | | | | | Expected | | | |
|----------------------------|--------|----------------|---------------------|-----------------|-----------------------|--------------|---------------------|-------------------|---------------------------------|--------------------|------------------|------------------------|--------------------|
| Month | System | Purch Mcf | Purch | Purch \$/Mcf | Sales Mcf | L&U | Gas Sales | O/U Recov Cost | Cum O/U Recov GBA Balance | Gas Cost \$/MCF | AA + BA Adjst | Gas Cost Reconcil'n | GCA Rate \$/Mcf |
| Nov-21 | KFG | 36,248 | \$277,809 | \$ 7.664 | 28,082 | 23% | \$240,393 | (\$37,415) | | \$ 8.338 | \$ 0.223 | | \$ 8.560 |
| | PGC | 14,788 | \$208,825 | \$ 14.121 | 11,273 | 24% | \$96,501 | (\$112,324) | | | | | |
| | Total | 51,036 | \$486,634 | \$ 9.535 | 39,355 | 23% | | (\$149,739) | (\$508,221) | | | | |
| Dec-21 | KFG | 36,233 | \$267,227 | \$ 7.375 | 36,613 | -1% | \$313,422 | \$46,195 | | | | | |
| | PGC | 14,143 | \$188,557 | \$ 13.332 | 16,395 | -16% | \$140,348 | (\$48,209) | | | | | |
| | Total | 50,376 | \$455,784 | \$ 9.048 | 53,008 | -5% | | (\$2,014) | (\$510,235) | | | | |
| Jan-22 | KFG | 59,512 | \$301,604 | \$ 5.068 | 48,801 | 18% | \$417,756 | \$116,152 | | | | | |
| | PGC | 22,438 | \$255,305 | \$ 11.378 | 22,579 | -1% | \$193,285 | (\$62,020) | | | | | |
| | Total | 81,950 | \$556,909 | \$ 6.796 | 71,380 | 13% | | \$54,133 | (\$456,102) | | | | |
| Feb-22 | KFG | 50,129 | \$403,246 | \$ 8.044 | 47,902 | 4% | \$336,004 | (\$67,242) | | \$ 6.713 | \$ 0.302 | | \$ 7.014 |
| | PGC | 16,910 | \$241,973 | \$ 14.309 | 21,543 | -27% | \$151,111 | (\$90,862) | | | | | |
| | Total | 67,039 | \$645,219 | \$ 9.624 | 69,445 | -4% | | (\$158,104) | (\$614,206) | | | | |
| Mar-22 | KFG | 35,838 | \$182,376 | \$ 5.089 | 32,920 | 8% | \$230,914 | \$48,538 | | | | | |
| | PGC | 12,923 | \$161,126 | \$ 12.468 | 15,106 | -17% | \$105,960 | (\$55,166) | | | | | |
| | Total | 48,761 | \$343,502 | \$ 7.045 | 48,026 | 2% | | (\$6,628) | (\$620,834) | | | | |
| Apr-22 | KFG | 24,399 | \$119,075 | \$ 4.880 | 21,173 | 13% | \$148,516 | \$29,441 | | | | | |
| | PGC | 8,382 | \$102,511 | \$ 12.230 | 8,472 | -1% | \$59,426 | (\$43,085) | | | | | |
| | Total | 32,781 | \$221,586 | \$ 6.760 | 29,645 | 10% | | (\$13,644) | (\$634,478) | | | | |
| May-22 | KFG | 10,852 | \$95,047 | \$ 8.758 | 9,515 | 12% | \$79,314 | (\$15,732) | | \$ 8.075 | \$ 0.261 | | \$ 8.336 |
| | PGC | 2,573 | \$37,756 | \$ 14.674 | 2,427 | 6% | \$20,231 | (\$17,525) | | | | | |
| | Total | 13,425 | \$132,803 | \$ 9.892 | 11,942 | 11% | | (\$33,258) | (\$667,735) | | | | |
| Jun-22 | KFG | 7,311 | \$63,736 | \$ 8.717 | 6,459 | 12% | \$53,840 | (\$9,896) | | | | | |
| | PGC | 2,117 | \$35,203 | \$ 16.629 | 1,673 | 21% | \$13,946 | (\$21,257) | | | | | |
| | Total | 9,428 | \$98,939 | \$ 10.494 | 8,132 | 14% | | (\$31,153) | (\$698,888) | | | | |
| Jul-22 | KFG | 6,836 | \$49,484 | \$ 7.239 | 4,801 | 30% | \$40,020 | (\$9,464) | | | | | |
| | PGC | 1,549 | \$21,055 | \$ 13.593 | 1,376 | 11% | \$11,470 | (\$9,585) | | | | | |
| | Total | 8,385 | \$70,539 | \$ 8.413 | 6,177 | 26% | | (\$19,049) | (\$717,938) | | | | |
| Aug-22 | KFG | 7,136 | \$66,417 | \$ 9.307 | 5,528 | 23% | \$56,051 | (\$10,366) | | \$ 9.596 | \$ 0.544 | | \$ 10.140 |
| | PGC | 1,415 | \$23,042 | \$ 16.284 | 1,344 | 5% | \$13,627 | (\$9,415) | | | | | |
| | Total | 8,551 | \$89,459 | \$ 10.461 | 6,872 | 20% | | (\$19,780) | (\$737,718) | | | | |
| Sep-22 | KFG | 7,885 | \$95,522 | \$ 12.114 | 6,132 | 22% | \$62,175 | (\$33,347) | | | | | |
| | PGC | 1,833 | \$30,224 | \$ 16.489 | 1,520 | 17% | \$15,412 | (\$14,812) | | | | | |
| | Total | 9,718 | \$125,746 | \$ 12.940 | 7,652 | 21% | | (\$48,159) | (\$785,876) | | | | |
| Oct-22 | KFG | 19,438 | \$122,783 | \$ 6.317 | 16,518 | 15% | \$167,484 | \$44,701 | | | | | |
| | PGC | 6,809 | \$85,493 | \$ 12.556 | 6,003 | 12% | \$60,867 | (\$24,626) | | | | | |
| | Total | 26,247 | \$208,276 | \$ 7.935 | 22,521 | 14% | | \$20,076 | (\$765,801) | | | | |
| L&U Limit calcs | | 301,817 | \$ 2,044,324 | \$ 6.77 | 264,444 | 12.4% | \$ 2,145,890 | \$ 21,711 | Excess L&U | 285,885 | 15,932 | | |
| PGC | | 105,880 | \$ 1,391,070 | \$ 13.14 | 109,711 | -3.6% | \$ 882,184 | | | 118,606 | (12,726) | | |
| Total | | 407,697 | \$ 3,435,394 | \$ 8.43 | 374,155 | 8.2% | \$ 3,028,074 | \$ 21,711 | (\$744,090) | 404,492 | 3,205 | | |

| Kentucky Frontier Gas | | SCHEDULE III | | | GAS BALANCING ACCOUNT | | | | | Expected | | | |
|----------------------------|--------|----------------|---------------------|-----------------|-----------------------|-------------|---------------------|--------------------|---------------------------------|--------------------|------------------|-------------------------|--------------------|
| Month | System | Purch Mcf | Purch | Purch \$/Mcf | Sales Mcf | L&U | Gas Sales | O/U Recov Cost | Cum O/U Recov GBA Balance | Gas Cost \$/MCF | AA + BA Adjst | Gas Cost Reconci'l'n | GCA Rate \$/Mcf |
| Nov-22 | KFG | 31,812 | \$184,231 | \$ 5.791 | 30,535 | 4% | \$350,841 | \$166,611 | | | | | \$ 11.490 |
| | PGC | 14,117 | \$161,867 | \$ 11.466 | 12,948 | 8% | \$148,777 | (\$13,090) | | | | | |
| | Total | 45,929 | \$346,097 | \$ 7.535 | 43,483 | 5% | | \$153,521 | (\$590,568) | | | | |
| Dec-22 | KFG | 45,376 | \$345,573 | \$ 7.616 | 45,474 | 0% | \$553,321 | \$207,748 | | \$ 11.504 | \$ 0.664 | | \$ 12.168 |
| | PGC | 20,145 | \$295,862 | \$ 14.687 | 20,016 | 1% | \$243,545 | (\$52,318) | | | | | |
| | Total | 65,521 | \$641,436 | \$ 9.790 | 65,490 | 0% | | \$155,430 | (\$435,138) | | | | |
| Jan-23 | KFG | 45,650 | \$284,853 | \$ 5.760 | 39,064 | 14% | \$475,323 | \$190,470 | | | | | |
| | PGC | 16,655 | \$189,292 | \$ 12.210 | 16,495 | 1% | \$200,703 | \$11,411 | | | | | |
| | Total | 62,305 | \$474,145 | \$ 7.610 | 55,559 | 11% | | \$201,881 | (\$233,257) | | | | |
| Feb-23 | KFG | 35,399 | \$168,540 | \$ 4.761 | 36,289 | -3% | \$441,557 | \$273,017 | | \$ 11.504 | \$ 0.664 | | \$ 12.168 |
| | PGC | 17,270 | \$164,703 | \$ 9.537 | 16,600 | 4% | \$201,987 | \$37,284 | | | | | |
| | Total | 52,669 | \$333,243 | \$ 6.327 | 52,889 | 0% | | \$310,301 | \$77,044 | | | | |
| Mar-23 | KFG | 33,734 | \$134,469 | \$ 3.986 | 31,900 | 5% | \$388,148 | \$253,679 | | | | | |
| | PGC | 13,312 | \$120,290 | \$ 9.036 | 12,851 | 3% | \$156,366 | \$36,076 | | | | | |
| | Total | 47,046 | \$254,759 | \$ 5.415 | 44,750 | 5% | | \$289,755 | \$366,799 | | | | |
| Apr-23 | KFG | 18,452 | \$66,181 | \$ 3.587 | 17,384 | 6% | \$211,525 | \$145,345 | | | | | |
| | PGC | 7,372 | \$63,291 | \$ 8.585 | 6,381 | 13% | \$77,643 | \$14,351 | | | | | |
| | Total | 25,824 | \$129,472 | \$ 5.014 | 23,765 | 8% | | \$159,696 | \$526,495 | | | | |
| May-23 | KFG | 15,731 | \$49,090 | \$ 3.121 | 11,914 | 24% | \$65,416 | \$16,326 | | \$ 5.932 | \$ (0.441) | | \$ 5.491 |
| | PGC | 2,879 | \$24,898 | \$ 8.648 | 3,296 | -14% | \$18,097 | (\$6,800) | | | | | |
| | Total | 18,610 | \$73,988 | \$ 3.976 | 15,210 | 18% | | \$9,526 | \$536,020 | | | | |
| Jun-23 | KFG | 8,235 | \$24,722 | \$ 3.002 | 7,770 | 6% | \$42,663 | \$17,941 | | | | | |
| | PGC | 2,296 | \$19,166 | \$ 8.348 | 1,954 | 15% | \$10,729 | (\$8,437) | | | | | |
| | Total | 10,531 | \$43,888 | \$ 4.168 | 9,724 | 8% | | \$9,503 | \$545,524 | | | | |
| Jul-23 | KFG | 6,775 | \$22,793 | \$ 3.364 | 5,958 | 12% | \$32,713 | \$9,920 | | | | | |
| | PGC | 1,838 | \$15,484 | \$ 8.424 | 1,459 | 21% | \$8,009 | (\$7,474) | | | | | |
| | Total | 8,613 | \$38,277 | \$ 4.444 | 7,417 | 14% | | \$2,445 | \$547,969 | | | | |
| Aug-23 | KFG | 7,140 | \$21,668 | \$ 3.035 | 6,558 | 8% | \$23,708 | \$2,040 | | \$ 6.531 | \$ (2.916) | | \$ 3.615 |
| | PGC | 1,803 | \$14,314 | \$ 7.939 | 1,951 | -8% | \$7,051 | (\$7,262) | | | | | |
| | Total | 8,943 | \$35,982 | \$ 4.023 | 8,508 | 5% | | (\$5,222) | \$542,747 | | | | |
| Sep-23 | KFG | 7,798 | \$19,487 | \$ 2.499 | 7,092 | 9% | \$25,639 | \$6,152 | | | | | |
| | PGC | 1,922 | \$14,963 | \$ 7.785 | 1,514 | 21% | \$5,473 | (\$9,490) | | | | | |
| | Total | 9,720 | \$34,450 | \$ 3.544 | 8,606 | 11% | | (\$3,338) | \$539,409 | | | | |
| Oct-23 | KFG | 14,044 | \$52,897 | \$ 3.767 | 12,600 | 10% | \$45,550 | (\$7,347) | | | | | |
| | PGC | 4,784 | \$39,031 | \$ 8.159 | 3,886 | 19% | \$14,048 | (\$24,984) | | | | | |
| | Total | 18,828 | \$91,929 | \$ 4.883 | 16,485 | 12% | | (\$32,331) | \$507,078 | Sales/limtr | Excess L&U | | |
| L&U Limit calcs | | 270,146 | \$ 1,374,504 | \$ 5.09 | 252,537 | 6.5% | \$ 2,656,405 | \$ (29,909) | Excess L&U | 273,013 | (2,867) | | |
| | PGC | 104,393 | \$ 1,123,161 | \$ 10.76 | 99,349 | 4.8% | \$ 1,092,428 | | | 107,405 | (3,012) | | |
| | Total | 374,539 | \$ 2,497,665 | \$ 6.67 | 351,886 | 6.0% | \$ 3,748,833 | \$ (29,909) | \$477,169 | 380,417 | (5,878) | | |

Kentucky Frontier Gas

SCHEDULE III

GAS BALANCING ACCOUNT

| Month | System | Purch Mcf | Purch | Purch \$/Mcf | Sales Mcf | L&U | Gas Sales | O/U Recov Cost | Cum O/U Recov GBA Balance | Expected | AA + BA | Gas Cost | GCA Rate |
|--------|--------------|---------------|------------------|-----------------|---------------|-----------|-----------|--------------------|---------------------------------|--------------------|------------|------------|----------|
| | | | | | | | | | | Gas Cost \$/MCF | Adjst | Reconcil'n | \$/Mcf |
| Nov-23 | KFG | 31,000 | \$116,250 | \$ 3.750 | 28,422 | 8% | \$85,711 | (\$30,539) | | \$ 6.259 | \$ (3.244) | | \$ 3.016 |
| | PGC | 12,627 | \$112,045 | \$ 8.873 | 13,082 | -4% | \$39,452 | (\$72,592) | | | | | |
| | Total | 43,627 | \$228,295 | \$ 5.233 | 41,504 | 5% | | (\$103,132) | \$374,037 | | | | |
| Dec-23 | KFG | 46,000 | \$175,720 | \$ 3.820 | 42,000 | 9% | \$126,659 | (\$49,061) | | | | | |
| | PGC | 21,000 | \$215,670 | \$ 10.270 | 20,000 | 5% | \$60,314 | (\$155,356) | | | | | |
| | Total | 67,000 | \$391,390 | \$ 5.842 | 62,000 | 7% | | (\$204,417) | \$169,621 | | | | |
| Jan-24 | KFG | 50,000 | \$200,000 | \$ 4.000 | 46,000 | 8% | \$138,722 | (\$61,278) | | | | | |
| | PGC | 21,000 | \$219,450 | \$ 10.450 | 20,000 | 5% | \$60,314 | (\$159,136) | | | | | |
| | Total | 71,000 | \$419,450 | \$ 5.908 | 66,000 | 7% | | (\$220,414) | (\$50,793) | | | | |

EXHIBIT B

L&U Comparison

relative effects of Lost & Unaccounted-for Gas per Annual Reports to PSC & DOT

| | KyFrontier | Burkesville | Delta | Atmos | Louisville |
|--|--------------|--------------|--------------|---|--------------|
| Utility Customers | 4,600 | 535 | 44,600 | 185,000 | 330,000 |
| Miles of Mains | 350 | 18 | 1,921 | 4,185 | 4,800 |
| Annual MCF volume <i>incl Transport</i> | 360,000 | 41,000 | 3,600,000 | 180,000,000 <i>as reported, seems high</i> | 45,000,000 |
| Leaks Reported | 57 | 5 | 206 | 707 | 2,412 |
| <u>Metrics</u> | | | | | |
| Meters per Mile | 13 | 30 | 23 | 44 | 69 |
| MCF per Mile | 1,029 | 2,278 | 1,874 | 43,011 | 9,375 |
| Miles per Leak | 6.1 | 3.6 | 9.3 | 5.9 | 2.0 |



A leak like this on the Frontier system has 4 to 9x the effect on Frontier L&U as the same exact leak has on Atmos or LG&E or 2x as Burkesville or Delta

A 5% limit on Frontier L&U is equivalent to 1/2% to LG&E

EXHIBIT C

| | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|

BSUM Billing Summary from Caselle billing software

| Utility Sales MCF | <i>with Public Gas, excluding Farm Taps</i> | | | | | | | | | | | | Total CCF |
|-----------------------------------|---|---------|---------|---------|---------|--------|--------|--------|--------|---------|---------|--------------------|----------------------------|
| | | | | | | | | | | | | | <i>with Public Gas, ex</i> |
| Calendar 2013 | 831,570 | 723,800 | 669,260 | 375,570 | 172,520 | 86,600 | 96,260 | 82,360 | 88,830 | 176,780 | 434,950 | 704,480 | 4,442,980 |
| Calendar 2014 | 983,140 | 788,960 | 561,950 | 361,980 | 149,090 | 97,740 | 79,800 | 77,920 | 69,910 | 207,570 | 479,100 | 598,970 | 4,456,130 |
| Calendar 2015 | 826,790 | 909,850 | 593,896 | 314,984 | 151,215 | 87,405 | 75,861 | 68,000 | 88,550 | 145,016 | 306,198 | 432,348 | 4,000,112 |
| Calendar 2016 | 710,261 | 762,647 | 388,042 | 258,190 | 153,847 | 83,609 | 67,639 | 71,530 | 71,634 | 132,440 | 332,381 | 585,217 | 3,617,436 |
| Calendar 2017 | 573,204 | 483,413 | 436,327 | 232,212 | 113,645 | 79,467 | 62,108 | 73,551 | 78,360 | 144,984 | 401,690 | 649,627 | 3,328,588 |
| Calendar 2018 | 905,340 | 523,770 | 522,549 | 229,996 | 199,737 | 77,282 | 70,334 | 87,079 | 91,847 | 184,452 | 494,095 | 621,921 | 4,008,400 |
| Calendar 2019 | 662,642 | 601,149 | 541,507 | 310,576 | 111,826 | 81,518 | 71,588 | 76,291 | 72,876 | 148,363 | 422,991 | 634,157 | 3,735,484 |
| Calendar 2020 | 620,793 | 569,340 | 422,689 | 228,856 | 197,721 | 88,117 | 70,316 | 65,747 | 79,460 | 152,931 | 291,000 | 672,539 | 3,459,507 |
| Calendar 2021 | 720,116 | 774,212 | 451,437 | 266,917 | 137,408 | 95,057 | 68,350 | 67,469 | 78,457 | 109,034 | 392,432 | 530,156 | 3,691,045 |
| Calendar 2022 | 713,896 | 694,645 | 480,273 | 248,458 | 119,434 | 81,328 | 61,774 | 68,726 | 76,542 | 225,226 | 434,757 | 654,850 | 3,859,910 |
| Calendar 2023 | 552,457 | 525,492 | 444,868 | 236,044 | 152,219 | 99,039 | 74,166 | 85,084 | 86,059 | 164,854 | 415,039 | 623,000 <i>est</i> | 3,458,320 |
| Average since GR17 | 695,874 | 614,768 | 477,220 | 253,474 | 153,057 | 87,057 | 69,421 | 75,066 | 80,873 | 164,143 | 408,386 | 621,680 | 3,701,020 |
| <i>month vs annual</i> | 19% | 17% | 13% | 7% | 4% | 2% | 2% | 2% | 2% | 4% | 11% | 17% | |
| Utility volume fcst GR17 | 712,600 | 692,900 | 464,400 | 270,400 | 136,700 | 88,800 | 69,400 | 72,000 | 78,500 | 160,400 | 342,900 | 529,100 | 3,618,100 |
| This Year vs Forecast GR17 | | | 81.4% | | | 85.0% | | | 87.2% | | | 95.6% | |
| Utility volume fcst GR12 | | | | | | | | | | | | | |
| <i>Frontier GR12</i> | 536,800 | 484,300 | 366,300 | 210,700 | 119,700 | 68,500 | 53,200 | 59,200 | 63,800 | 127,700 | 321,300 | 438,500 | 2,850,000 |
| <i>Public Gas purch 2015</i> | 234,100 | 207,000 | 151,500 | 79,800 | 44,600 | 29,500 | 25,600 | 24,400 | 29,300 | 63,400 | 129,600 | 181,200 | 1,200,000 |
| <i>Total fcst 2016+</i> | 770,900 | 691,300 | 517,800 | 290,500 | 164,300 | 98,000 | 78,800 | 83,600 | 93,100 | 191,100 | 450,900 | 619,700 | 4,050,000 |