



September 27, 2024

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC - Case No. 2024-00316*

Dear Ms. Bridwell:

Enclosed, please find for filing, Kentucky Frontier Gas, LLC's Purchased Gas Adjustment Application, and supporting documents in the above referenced matter. Please note that this is being filed pursuant to the Commission's March 28, 2024 Order in Case No. 2023-00067, *Electronic Application for Revised Quarterly Gas Cost Recovery Schedules for Kentucky Frontier Gas, LLC*, stating

Therefore, the Commission finds that Kentucky Frontier should be granted an interim increase to its line loss limiter from 5 percent to 7.5 percent for a period of up to two years. The deviation should be included in the next GCR rate report filed by Kentucky Frontier with a proposed effective date of August 1, 2024, and should remain in effect up to and including the GCR rate report with the 12-month reporting period ended April 30, 2026.

This is to certify that the electronic filing has been transmitted to the Commission on September 27, 2024 and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085 no paper copies of this filing will be made.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

KENTUCKY FRONTIER GAS, LLC

Dennis R. Horner
Enclosures

Kentucky Frontier Gas, LLC
2963 Ky Rt. 321, P.O. Box 408, Prestonsburg, KY 41653
(606) 886-2431

KFG UNIFIED GAS COST RECOVERY RATE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | <u>Amount</u> |
|--------------------------------|-------------|---------------|
| Expected Gas Cost (EGC) | \$/Mcf \$ | 6.6492 |
| + Refund Adjustment (RA) | \$/Mcf \$ | - |
| + Actual Adjustment (AA) | \$/Mcf \$ | (0.7050) |
| + Balance Adjustment (BA) | \$/Mcf \$ | 0.0906 |
| = Gas Cost Recovery Rate (GCR) | \$ | 6.0348 |

GCR to be effective for service rendered from: November 1, 2024

| A | <u>EXPECTED GAS COST CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
|---|---|-------------|---------------|
| | Total Expected Gas Cost (Schedule II) | \$ | \$ 2,415,034 |
| / | Sales for the 12 months ended July 31, 2024 | Mcf | 363,208 |
| = | Expected Gas Cost (EGC) | \$/Mcf \$ | 6.6492 |

| B | <u>REFUND ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
|---|--|-------------|---------------|
| | Supplier Refund Adjustment for Reporting Period (Sch. III) | \$ | - |
| + | Previous Quarter Supplier Refund Adjustment | \$/Mcf \$ | - |
| + | Second Previous Quarter Supplier Refund Adjustment | \$/Mcf \$ | - |
| + | Third Previous Quarter Supplier Refund Adjustment | \$/Mcf \$ | - |
| = | Refund Adjustment (RA) | \$/Mcf \$ | - |

| C | <u>ACTUAL ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
|---|---|-------------|---------------|
| | Actual Adjustment for the Current Reporting Period (Sch. IV) | \$/Mcf \$ | (0.0966) |
| + | Previous Quarter Reported Actual Adjustment | \$/Mcf \$ | (0.5088) |
| + | Second Previous Quarter Reported Actual Adjustment | \$/Mcf \$ | 0.1053 |
| + | Third Previous Quarter Reported Actual Adjustment | \$/Mcf \$ | (0.2049) |
| = | Actual Adjustment (AA) | \$/Mcf \$ | (0.7050) |

| D | <u>BALANCE ADJUSTMENT CALCULATION</u> | <u>Unit</u> | <u>Amount</u> |
|---|--|-------------|---------------|
| | Balance Adjustment for the Reporting Period (Sch. V) | \$/Mcf \$ | 0.0807 |
| + | Previous Quarter Reported Balance Adjustment | \$/Mcf \$ | 0.0086 |
| + | Second Previous Quarter Reported Balance Adjustment | \$/Mcf \$ | (0.0224) |
| + | Third Previous Quarter Reported Balance Adjustment | \$/Mcf \$ | 0.0237 |
| = | Balance Adjustment (BA) | \$/Mcf \$ | 0.0906 |

Kentucky Frontier Gas, LLC - Unified

SCHEDULE II
EXPECTED GAS COST

MCF Purchases for 12 months ended:

July 31, 2024

| Supplier | Dth | Btu Factor | Mcf | Rate | (4) x (5) Cost |
|---|-----|------------|----------------|------------------|--------------------|
| Columbia (Goble Roberts, Peoples) | | N/A | 9,750 | \$ 5.3287 | \$51,955 |
| Cumberland Valley (Auxier) | | 1.1750 | 106,128 | \$ 3.8978 | \$413,666 |
| Cumberland Valley (Sigma) includes \$1.25/Mcf DLR trans | | 1.1750 | 1,241 | \$ 5.1478 | \$6,388 |
| Diversified Energy (39-E, 181-S) | | 1.0000 | 58 | \$ 4.4987 | \$261 |
| * HI-Energy | | 1.1340 | 7,380 | \$ 4.8195 | \$35,568 |
| ** HTC (Sigma) includes \$1.25/Mcf DLR trans | | 1.0622 | 4,727 | \$ 5.4988 | \$25,993 |
| EKM (Sigma) rate includes \$1.25/Mcf DLR trans | | 1.1184 | 222 | \$ 12.0396 | \$2,673 |
| EKM (Public and Daysboro) | | 1.1184 | 106,412 | \$ 10.7896 | \$1,148,141 |
| Magnum Drilling, Inc. | | N/A | 1,875 | \$ 10.5000 | \$19,688 |
| Nytis (Auxier) | | 1.2000 | 253 | \$ 3.4196 | \$865 |
| Nytis (Sigma) includes \$1.25/Mcf DLR trans | | 1.2000 | 7,968 | \$ 3.9857 | \$31,758 |
| Quality (Belfry) | | 1.1999 | 34,254 | \$ 3.5393 | \$121,237 |
| ** Slone Energy | | 1.0762 | 2,649 | \$ 4.3048 | \$11,403 |
| Southern Energy (EQU, MLG, Price) | | 1.2676 | 52,911 | \$ 5.0700 | \$268,260 |
| Southern Energy (Sigma) includes \$1.25/Mcf DLR trans | | 1.2676 | 40,766 | \$ 6.3200 | \$257,642 |
| ** Spirit | | 1.1619 | 3,186 | \$ 4.6476 | \$14,807 |
| ** Tacket | | N/A | 1,351 | \$ 3.5000 | \$4,729 |
| Totals | | | 381,131 | \$ 6.3365 | \$2,415,034 |

Line loss 12 months ended: Jul-24 based on purchases of 381,131 Mcf
and sales of 363,208 Mcf 4.7% L&U

| | Unit | Amount |
|--|--------|--------------|
| Total Expected Cost of Purchases (6) | \$ | \$ 2,415,034 |
| / Mcf Purchases (4) | Mcf | 381,131 |
| = Average Expected Cost Per Mcf Purchased | \$/Mcf | \$ 6.3365 |
| x Allowable Mcf Purchases (7.5% Limiter) | Mcf | 381,131 |
| = Total Expected Gas Cost (to Schedule 1A) | \$ | \$ 2,415,034 |

| | |
|--|----------------------|
| Est Avg NYMEX Nov, Dec, Jan = \$3.2247/Dth + (\$-0.3750/Dth (TCo Appal Basis) | \$2.8497 Dth |
| Columbia of KY (Case No. 2024-00121) | \$5.3287 Mcf |
| Diversified = TCo Appal + 14% Fuel + \$1.05 Commodity + \$0.20 Demand | \$4.4987 Dth |
| EKM (Jefferson) = TCo Appal + \$5.75 cost factor + \$0.4479 L&U + \$0.60 FT/Mkt | \$9.6476 Dth |
| CVR = TCo Appal + 1.996% Fuel + \$0.0190 Commodity + \$0.3417 Demand + \$0.05 CVR Fee | \$3.3173 Dth |
| * HI-Energy contract | \$4.2500 Dth |
| ** HTC, Spirit contract | \$4.0000 Dth |
| Magnum Drilling contract | \$10.5000 Mcf |
| Nytis (Auxier) = TCo Appal | \$2.8497 Dth |
| Nytis (Sigma) = TCo Appal. x .8 | \$2.2798 Dth |
| ** Slone contract | \$4.0000 Dth |
| Southern Energy = TCo Appal + \$1.1500/Dth | \$3.9997 Dth |
| Quality (Belfry) = TCo Appal+ \$0.10 | \$2.9497 Dth |
| * Est 3 mo. TCo Appal x .8 = \$1.7074 < \$4.25/Dth; \$4.2500/Dth | \$4.2500 Dth |
| ** Est 3 mo. TCo Appal x .8 = \$1.7074 < \$4.00/Dth; \$4.0000/Dth | \$4.0000 Dth |
| Tacket contract | \$3.5000 Mcf |
| DLR Trans Cow Creek (Sigma) \$1.25/Mcf on Mcf from CVR, EQT, HTC, ING, EKM, Nytis, Plateau, So. Energy | |

KFG UnifiedSchedule IV
Actual Adjustment

For the 3 month period ending:

July 31, 2024

7.5% LIMITER

| <u>Particulars</u> | <u>Unit</u> | <u>May-24</u> | <u>Jun-24</u> | <u>Jul-24</u> |
|--|-------------|---------------|---------------|---------------|
| Total Supply Volumes Purchased | Mcf | 12,194 | 9,215 | 8,529 |
| Total Cost of Volumes Purchased | \$ | \$50,576 | \$39,144 | \$ 40,014 |
| (divide by) Total Sales (7.5% Limiter) | Mcf | 11,279 | 8,524 | 7,889 |
| (equals) Unit Cost of Gas | \$/Mcf | \$4.4839 | \$4.5923 | \$5.0719 |
| (minus) EGC in effect for month | \$/Mcf | \$6.0220 | \$6.0220 | \$6.0220 |
| (equals) Difference | \$/Mcf | (\$1.5381) | (\$1.4297) | (\$0.9501) |
| (times) Actual sales during month | Mcf | 10,682 | 7,844 | 7,827 |
| (equals) Monthly cost difference | \$ | (\$16,430) | (\$11,215) | (\$7,436) |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total cost difference | \$ | (\$35,081) |
| (divide by) Sales for 12 months ended July 31, 2024 | Mcf | 363,208 |
| (equals) Actual Adjustment for the Reporting Period | | (\$0.0966) |
| (plus) Over-recovery component from collections through expired AAs | | \$0.0000 |
| (equals) Total Actual Adjustment for the Reporting Period (to Schedule I C) | | (\$0.0966) |

2024-00316

SCHEDULE V
BALANCE ADJUSTMENT
For the Effective Date November 1, 2024

| <u>Particulars</u> | <u>Unit</u> | <u>Amount</u> |
|--|-------------|----------------------|
| Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | \$ | (\$678,317) |
| Less: Dollar amount resulting from the AA of _____ (1.9488) \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ 363,208 Mcf during the 12 month period the AA was in effect | \$ | (<u>\$707,820</u>) |
| Equals: Balance Adjustment of the AA | \$ | <u>\$29,503</u> |
| Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | \$ | \$0 |
| Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12 month period the RA was in effect | \$ | <u>\$0</u> |
| Equals: Balance Adjustment of the RA | \$ | <u>\$0</u> |
| Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | \$ | \$14,886 |
| Less: Dollar amount resulting from the BA of _____ 0.0415 \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ 363,208 Mcf during the 12 month period the BA was in effect | \$ | <u>\$15,073</u> |
| Equals: Balance Adjustment of the BA | \$ | <u>(\$187)</u> |
| Total Balance Adjustment Amount (1) + (2) + (3) | \$ | \$29,316 |
| Divide: Sales for 12 months ended July, 2024 | Mcf | <u>363,208</u> |
| Equals: Balance Adjustment for the reporting period | \$/Mcf | \$0.0807 |