

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION KENTUCKY)	
FRONTIER GAS, LLC FOR AN ALTERNATIVE)	CASE NO.
RATE FILING PURSUANT TO 807 KAR 5:076)	2025-00277
AND OTHER GENERAL RELIEF)	

RESPONSES TO STAFF’S THIRD INFORMATION REQUEST
TO KENTUCKY FRONTIER GAS, LLC
DATED DECEMBER 4, 2025



KENTUCKY FRONTIER GAS, LLC

CASE NO. 2025-00277

THIRD REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 4, 2025

REQUEST 1

RESPONSIBLE PARTY: Steven Shute

Request 1. Refer to Kentucky Frontier's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1c, page 3 of 69. Provide evidence to support the claim that,

Due to having less customers per mile of pipeline, Kentucky Frontier's cost to serve its customers is higher. Therefore, Kentucky Frontier's monthly charge should be higher than Delta or Atmos, since Kentucky Frontier is much more spread out and more expensive to operate per meter than those more urban systems.

Response 1. From Response 2 to Staff First Data Request:

Frontier is more rural than any of the five major Kentucky gas utilities, with 50 to 80% fewer meters and MCF sales *per mile of main*. Frontier has 4,700 customers spread over 13 counties, with few of them in an actual town, or near a Frontier office.

The evidence is somewhat self-explanatory. The urban gas utilities have the same 5,000 customers in a few square miles of a single city, not scattered over 13 counties. If you have customers that are more spread out, that means there will be greater distance of line that needs to be serviced and maintained and fewer customers taking gas off that line to be paying bills to cover the costs to maintain said line. Companies like Delta or Atmos have lower cost of service when their service areas are more densely populated meaning that there are multiple customers paying bills to cover the costs for the service and maintenance of the same line.

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REQUEST 2

RESPONSIBLE PARTY: Steven Shute

Request 2. Refer to Kentucky Frontier's response to Commission Staff's Second Request for Information, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-5 SAO KFG24 Tab.

- a. Confirm amounts for interest totaling \$97,948.87 on Long-Term Debt in Account Number 427 were included in test year amounts. If not confirmed, explain the amount included, if any, as well as the response.
- b. State whether these amounts should be removed from pro forma expenses and should be included in the Revenue Requirement Calculation of interest expense.
- c. If not confirmed, explain why this amount should be included as an operation and maintenance expense.

Response 2.

- a. Yes, these amounts were included in the Admin and General Expenses in the test year. Column F on this spreadsheet denotes the place in the SAO each item was placed.

b. They are in the RR-OR. In the RR-OR form these interest expenses were removed along with Income tax/gas cost and other interest expenses to arrive at the \$2.7M number that was put into the top of the form. These numbers were then added back in the lines of the form where they were supposed to be added.

c. N/A

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REQUEST 3

RESPONSIBLE PARTY: Steven Shute

Request 3. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KRG24 Tab Account 909.2, Public Awareness Exp. Provide a description for the expenses listed in this account.

Response 3. These are expenses for enhancing Public Awareness as required by PHMSA under 49 CFR §192.616. The Kentucky Press Service sends the public awareness notice to all local newspapers. Frontier uses Paradigm Alliance for the production, sorting, and mailing Frontier-specific public awareness notices to all Frontier customers and to the affected public.

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REQUEST 4

RESPONSIBLE PARTY: Steven Shute

Request 4. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KFG24 Tab, Account 921.12, Credit Cd Charges.

- a. Provide a detailed explanation of the nature, purpose and number of occurrences of the credit card fees recorded during the test year.
- b. State whether Kentucky Frontier receives reimbursement from its customers for the credit card fees.
- c. If the credit card fees are recovered from customers, identify and cite to the specific provision(s) in the Kentucky Frontier's filed tariff that authorizes such recovery.

Response 4. See Response 18 to the Attorney General's First Request for Information. Frontier does not charge the customer extra for any form of payment, including credit card fees, so there is no fee to state in the tariffs.

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REQUEST 5

RESPONSIBLE PARTY: Steven Shute

Request 5. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KFG24 Tab, Account 921.2 Office Supplies and Expense. Specifically, refer to the various charges identified as meals for trainings, office parties, and other gifts totaling approximately \$4,949.

- A. Provide an explanation of the business purpose of each of these expenditures.
- B. Provide any written procedures and policies authorizing each of these expenditures.
- C. State how many authorized credit cards were active for Kentucky Frontier's employees during 2024.
- D. Provide the written policies and procedures for the employee use of authorized Kentucky Frontier's credit cards.

Response 5.

a. Frontier provides lunch for field technicians and instructor during Operator Qualification training onsite at the Prestonsburg office. Office parties consist of Thanksgiving, Christmas, and occasionally birthdays for office staff. Frontier has an annual Employee Appreciation party around

the 4th of July. In extreme cases such as line breaks and gas outages, Frontier will supply meals to field techs if after closing hours.

b. Frontier has no written procedures but carefully monitors all credit card charges.

c. Frontier issues fleet cards for fuel to twelve field employees assigned a company vehicle. Card holders bring their receipts to the two offices, which keep detailed records on operating costs for each vehicle. The purchasing agent in the main Prestonsburg office has a credit card for occasional charges such as office supplies. The card is also sent with employees for lodging and meals to travel overnight, such as for training and KGA meetings.

d. Frontier has no written procedures but carefully monitors all credit card charges.

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REQUEST 6

RESPONSIBLE PARTY: Steven Shute

Request 6. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KFG24 Tab, Account 923.3 Outside Services – Engineering and the chart below.

- a. Provide an explanation for each of the amounts listed in the table below.
- b. Provide an explanation for why each of these amounts is recorded in outside services.

Date	Payee	Description	Amount
04/10/2024	Steven Shute	CASH DISTRIBUTION	45,000.00
04/10/2024	ALPINE BANK (STEVEN SHUTE)	CASH DISTRIBUTION	5,000.00
09/16/2024	ALPINE BANK (STEVEN SHUTE)	CASH DISTRIBUTION TO STEVE SHUTE	5,000.00

Response 6. See Response 120 to OAG First Data Request. Steven Shute is the Managing Member of the Frontier enterprise and sole owner since 2020. Frontier pays Mr. Shute a flat fee for work on Frontier issues, somewhat like a consultant. Mr. Shute is not an employee, so receives no benefits, insurance or SEP, or tax withholding or payroll taxes. These transactions are fees paid to Mr. Shute for 2024. In early 2025, Frontier realized the 2024 payments were \$5,000 short of the intended fee, and the difference was made up in 2025.

b. In ARF Case 2017-00263, the Commission ordered the then-owners to invoice their time directly to Frontier, not through their personal service corporations as they did as consultants to other clients. Since then, Frontier has paid Mr. Shute directly, not through another company. Since there is no employee or affiliate relationship, these are booked as Outside Services.

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REQUEST 7

RESPONSIBLE PARTY: **Steven Shute**

Request 7. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KFG23 Tab, Account 923.3 Outside Services – Engineering and the chart below.

- a. Provide an explanation for each of the amounts listed in the table below.
- b. Provide an explanation for why each of these amounts is recorded in outside services.

Date	Payee	Description	Amount
1/18/2023	ALPINE BANK (STEVEN SHUTE)	FOR 2023 BILLED HOURS	5,000.00
02/01/2023	ALPINE BANK (STEVEN SHUTE)	FOR 2023 BILLED HOURS	5,000.00
02/17/2023	ALPINE BANK (STEVEN SHUTE)	FOR 2023 BILLED HOURS	5,000.00
04/18/2023	Steven Shute	2023 BILLED HOURS	45,000.00

Response 7. Please see Response 6 above. These transactions are fees paid to Mr. Shute for 2023.

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REQUEST 8

RESPONSIBLE PARTY: Steven Shute

Request 8. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KFG24 Tab, Account 923.3 Outside Services – Consulting and the chart below. Provide an explanation for each of the amounts listed in the table below.

Date	Payee	Description	Amount
12/31/2024	PINEDALE-WALLEN	INV #2360, TIME FOR DUSTIN BRAEGER JAN-DEC 2024	4,855.61
12/31/2024	PINEDALE-WALLEN	INV #2360, TIME FOR DUSTIN BRAEGER JAN-DEC 2024	49,095.64

Response 8. Please see the Responses to the Attorney General's First Request for Information Items 35 and 120. This financial analyst is an employee of Pinedale Natural Gas and performs periodic work for Frontier, including monthly reporting, year-end analysis and annual reports. He spent substantial time on this ARF rate case.

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REQUEST 9

RESPONSIBLE PARTY: Steven Shute

Request 9. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 2, Excel Document PSC 25-00277 GR DR2, DR2-2 GenLdg KFG24 Tab, Account 923.3 Miscellaneous General Expenses – Other. Provide an explanation for the entries in the account for donations and how those expenses relate to Kentucky Frontier's ability to provide adequate service to its customers.

Response 9. See Response 47 to OAG First Request. Frontier donates to some veteran organizations and Kentucky Sheriffs' Boys and Girls Ranch for opportunities for underserved kids. Frontier donated a limited amount to a few groups within its gas service area and community, often with some personal reference from an employee. Even though \$1200 of \$4M revenue has little effect on the operation of Frontier, Frontier sees it as a gesture of appreciation and goodwill to Frontier's community.

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REQUEST 10

RESPONSIBLE PARTY: Steven Shute

Request 10.

c. Confirm the amount indicated on the Dental Invoice is inclusive of costs to be allocated to Pinedale.

Response 10. The reference section and a. and b. are completely redacted and not discernible. This appears to pertain to the response to the Attorney General's First Request for Information Item 14. Frontier would need to be provided an unredacted version of the request in order to respond.

c. All insurance costs for Pinedale Natural Gas were omitted from the Pro Forma case.

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REQUEST 11

RESPONSIBLE PARTY: Steven Shute

Request 11. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 7, that states the calculation of pro forma wages is included in Kentucky Frontier's Excel Attachment for Response to DR1. The Tab DR DR1-9 Payroll at the row indicated lists current and new wage rates but does not provide a calculation of the total pro forma wages.

- a. Provide the expected regular hours and any overtime hours used for each position to calculate the pro forma wages.
- b. Confirm no other amounts were included in pro forma wages than hours worked times wage rates. If not confirmed, provide those amounts and a description.

Response 11.

- a. Wages are multiplied by 2080 hours for annual salary. Overtime for 2024 was about 2% for field workers and is included in the proposed annual pay scale.
- b. No other amounts.

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REQUEST 12

RESPONSIBLE PARTY: Steven Shute

Request 12. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 13b, page 2 of 3. Kentucky Frontier states: "On the basis of cost-per-customer-month, there is hardly any difference between farm taps and utility customers." Provide a breakdown of the cost-per-customer-month for farm taps and residential utility customers, by individual customer group.

Response 12.

Frontier has no cost data on operating farm taps vs utility customers. Although the farm taps require no O&M on mains and services, they are far more spread out over 13 counties, compared with utility customers. The avoided system O&M is offset by extra time and driving to read farm tap meters, to maintain meters and regulators, and to respond to leak calls and outages.

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REQUEST 13

RESPONSIBLE PARTY: Steven Shute

Request 13. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 13b, page 2 of 3. Explain whether the Electronic Meter Reader (EMR) system is the same as the Automated Meter Reading (AMR) system or is a different system all together.

Response 13. An electronic meter reader or EMR is part of the AMR system.

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REQUEST 14

RESPONSIBLE PARTY: Steven Shute

Request 14. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 13c, page 2 of 3. For each separate farm tap system with a different gathering line owner, provide the monthly cost of the natural gas Kentucky Frontier pays the gathering line owner, by owner, since January 2023.

Response 14. Please see attached summary of gas cost by producer / supplier.

Staff DR3-14 Farm Tap Gas Cost

Producer	MCF	Cost	\$ per MCF
2023			
Quality	10,353	\$ 32,552	\$ 3.14
Alert	9,261	\$ 38,006	\$ 4.10
KLC	6,721	\$ 31,635	\$ 4.71
Nytis	3,755	\$ 7,012	\$ 1.87
Total	30,090	\$ 109,205	\$ 3.63
		<i>wtd ave Index</i>	<i>\$ 2.27</i>
2024			
Quality	10,805	\$ 34,643	\$ 3.21
Alert	8,916	\$ 36,542	\$ 4.10
KLC	6,779	\$ 31,891	\$ 4.70
Nytis	3,722	\$ 5,703	\$ 1.53
Total	30,222	\$ 108,780	\$ 3.60
		<i>wtd ave Index</i>	<i>\$ 1.96</i>
2025 to October			
Quality	8,304	\$ 34,213	\$ 4.12
Alert	6,894	\$ 28,320	\$ 4.11
KLC	5,393	\$ 25,367	\$ 4.70
Nytis	2,020	\$ 5,110	\$ 2.53
Total	22,611	\$ 93,010	\$ 4.11
		<i>wtd ave Index</i>	<i>\$ 2.99</i>

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REQUEST 15

RESPONSIBLE PARTY: Steven Shute

Request 15. Refer to Kentucky Frontier's response to Commission Staff's Second Request, Item 4, Nonrecurring Charge Cost Justification sheets. For each charge:

- a. Provide a breakdown of how often the labor related to Field Expense occurs during normal business hours or outside of normal business hours.
- b. Provide a breakdown of how often the labor related to Clerical and Office Expense occurs during normal business hours or outside of normal business hours
- c. Provide updated Nonrecurring charge Cost Justification sheet that include removal of labor expense that occurred during normal business hours. Provide an explanation for how Kentucky Frontier recalculated the changes made.

Response 15. Frontier has no data on these items. After-hours work is not significant, with 2024 overtime at 2.1% for field workers and none for office workers.

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REQUEST 16

RESPONSIBLE PARTY: Steven Shute

Request 16. Refer to the Application, Cost of Service Allocation, unnumbered PDF page 15. Provide the monthly usage data for 2024, in Mcf, for each customer class – Residential & Commercial, Farm Taps, and Large Commercial.

Response 16. Please see attached.

Staff DR3-16
2024 Gas Sales MCF

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals kM
INDUSTRIAL	10,889	8,767	7,147	6,990	4,281	3,257	3,610	3,202	3,155	4,391	4,994	8,320	69.0
COMMERCIAL	32,017	19,769	13,290	8,471	3,224	2,486	2,513	2,585	2,564	6,135	8,612	23,621	125.3
RESIDENTIAL	41,571	26,594	17,687	10,943	3,178	2,022	1,704	1,761	1,993	7,731	11,804	31,368	158.4
FARM TAPS paying	5,901	3,989	2,540	1,804	991	649	552	652	721	1,479	1,732	4,415	25.4
GRAND TOTAL	90,378	59,119	40,663	28,208	11,673	8,413	8,379	8,201	8,433	19,736	27,142	67,724	378.1

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REQUEST 17

RESPONSIBLE PARTY: Steven Shute

Request 17. Refer to the Application, ARF FORM-1, Cost of Service Allocation, unnumbered PDF page 16. Also, refer to the Application, ARF FORM-1, Revenue from proposed rates, unnumbered PDF page 20. Explain why \$4.6492 per Mcf is used for Residential and Commercial in the Cost of Service Allocation sheet, while \$5.0784 per McF is used for Revenue from Proposed Rates.

Response 17. The Revenue Table in the application with \$5.0874 appears to have been an interim draft, before the final \$4.6492 rate was set for the application. The underlying Excel file was produced in response to the Attorney General's First Request for Information Item 31, which was the updated and correct version and was dated September 1, 2025.

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REQUEST 18

RESPONSIBLE PARTY: Steven Shute

Request 18. Refer to the Application, Supplemental Information, page 2.

- a. Provide justification and proof supporting the cost of the renewal of insurance policies increasing 227 percent.
- b. Provide justification and explain the insurance forecast increase by 15 percent.

Response 18.

- a. Please see the Responses to the Attorney General's First Request for Information Items 64 and 97 and the Response to the Attorney General's Second Request for Information Item 6.
- b. Please see the Response to the Attorney General's Second Request for Information Item 4.

Staff DR3-18

	GR17	GR25	Renew Dec25	
Business Insurance				
Auto	\$ 25,600	\$ 92,615	\$ 104,235	13 trucks
Liability	\$ 13,000	\$ 86,518	\$ 104,285	
Workers Comp	\$ 15,100	\$ 13,523	\$ 15,987	
Umbrella	\$ 3,500	\$ 49,043	\$ 52,000	\$1M vs \$2M
Prop-InlandMar-EPLI	\$ 5,000	\$ 13,940	\$ 15,924	
Total	\$ 62,200	\$ 255,639	\$ 292,431	
			\$ 36,792	14%
	^\$2M umbrella			
		^\$2M umbrella \$286k		

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REQUEST 19

RESPONSIBLE PARTY: Steven Shute

Request 19. Refer to the Application, Supplemental Information, page 3, Proposal for Farm Taps.

- a. Explain the specific operational challenges in serving these Farm Tap customers, including meter reading and service calls.
- b. Explain how the specific operational challenges in serving these Farm Tap customers, may differ from Kentucky Frontier's utility customers .
- c. Explain how the distance and isolation of these Farm Tap customers impacts operational efficiency and staffing .

Response 19.

a. Farm Taps (FT) are scattered throughout 13 counties served by Frontier. Meter reading is more time-consuming for FT meters, only a few of which are in clumps, compared with utility customers in systems of 10 to 500 meters. The AMR technology has greatly reduced reading time, but cannot eliminate the long drive. Service calls are more challenging, with more calls for gas outages in the winter due to wet gas and freeze-offs and other things not controlled by Frontier.

With a far-flung FT, it's less likely to combine other service calls or tasks for other customers that might not be anywhere close.

b. Please see Response 12 above.

c. The average Frontier customer is estimated to be about 22 miles from the nearest Frontier office in Prestonsburg or Jackson. This average includes hundreds of utility customers nearby the two shops and is higher for FTs. Staffing has not changed much since the acquisition of Public Gas in 2015. Frontier operates about 500 meters per field worker (excluding construction), where a more urban utility can average 700 to 1000 meters.

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REQUEST 20

RESPONSIBLE PARTY: Steven Shute

Request 20. Refer to the Application, Supplemental Information, page 3.

- a. Identify whether Kentucky Frontier incurs additional operational costs (e.g., travel, dispatch time) when serving these isolated customers.
- b. If so, explain whether these costs are recovered through current rates/current proposed rates or a separate mechanism.

Response 20.

- a. The typical farm tap is 30-40-50 miles from an office. Any touch with a FT customer is a likely 2-hour drive and response if easily handled, and several more man-hours and trucks and miles if more complicated. These trips can rarely be combined with other work for other customers, who will not be nearby as in a larger utility system.
- b. There is no other mechanism for cost recovery.

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REQUEST 21

RESPONSIBLE PARTY: Steven Shute

Request 21. Refer to Application, Supplemental Information, page 8, Proposal to end the AMR program.

- a. Explain what Temperature Compensation (TC) is and its function.
- b. Provide the number of 175-size meters currently in service.
- c. Provide the expected useful life of Kentucky Frontier's currently installed AMR readers and an explanation of how that amount was determined.

Response 21.

a. Temperature Compensation (TC) is an automated mechanical corrector on the meter index that corrects the meter reading to 60°F standard temperature, adjusting measurement for gas expansion or contraction. Nearly all meters that supply gas to Frontier are corrected to standard temperature. For an example of the value of TC: in bitterly cold periods when most of the gas is consumed, an uncompensated meter at 30°F gas temperature would indicate 94% of corrected volume.

b. Frontier has retired nearly all 175-size meters that are 42 to 65 years old. From an original count of about 800 small 175 meters, there are 87 left, mostly on farm taps.

c. See Response 22 on lifetime of AMR radios. The mobile readers have been “improved” several times by the manufacturer, each time replacing the entire unit with something that looked the same but cost \$20 to \$25,000 each. At the same time, the maker has ended support on older collector units, forcing an eventual change. This endless upgrade scheme may be interrupted by other makers, who now make reader units that read several brands of radios.

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REQUEST 22

RESPONSIBLE PARTY: Steven Shute

Request 22. Refer to the Application, Supplemental Information, page 8, Proposal to end the AMR program. Explain if Kentucky Frontier has any future plans to replace existing AMR meters that have either failed or in the normal course of business through length of service replacements with Advanced Metering Infrastructure (AMI) meters.

Response 22.

The meters have been modernized and should last 20-40 years. The AMR radios are good for about 20 years of battery life, at which point the batteries can be replaced, or the radio transmitters replaced with newer technology. Advanced Metering Infrastructure (AMI) or “smart meters” will not likely be feasible for Frontier: customers are spread out over dozens of separate distribution systems and farm taps on pipelines, and any interruption of flow with a “smart” meter and control is not feasible in bitter cold periods. Frontier does not have gas supplies with frequent critical flow constraints that would benefit from load shaving, nor customers with 100% electronic re-light.

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REQUEST 23

RESPONSIBLE PARTY: Steven Shute

Request 23. Refer to the Application, Supplemental Information, page 8, Proposal to end the AMR Program. Also, refer to Kentucky Frontier's Tariff for Farm Tap service, PSC KY No. 2, Sheet No. 25, AMR & Meter Upgrade Program.

- a. Explain if Kentucky Frontier is proposing to revise its Farm Tap Tariff sheets to reflect the removal of the AMR program and surcharge.
- b. Provide updated proposed Farm Tap tariff sheets that include the proposed end date of the AMR program and surcharges to match the June 2026 billing cycle as proposed by Kentucky Frontier.

Response 23.

- a and b. Please see that attached updated proposed tariff sheet.

RULES & REGULATIONS

3. In the event of any large or unusual refunds, Kentucky Frontier may apply to the Commission for the right to depart from the refund procedure set forth herein.

Upon receipt of the required information, the Commission shall review the proposed increase, reduction, or refund and, within 30 days from receipt of the information required, issue its Order setting out the proper revised farm tap rates or otherwise acting to investigate or suspend the proposed rates.

VI. AMR & METER UPGRADE PROGRAM

Application to all customer receiving service under the Company's Rate Schedules.

All customer receiving service under Frontier's Rate Schedules, including farm tap customers, shall be assess a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the Automated Meter Reading (AMR) and meter upgrade program. This charge will continue through the June 2026 billing cycle. (T)

DATE OF ISSUE December 12, 2025
DATE EFFECTIVE *January 12, 2026*
ISSUED BY /s/ Steve Shute

Issued by Authority of an Order of the
Public Service Commission of KY
in Case No. 2025-00277 dated _____

RULES & REGULATIONS

3. In the event of any large or unusual refunds, Kentucky Frontier may apply to the Commission for the right to depart from the refund procedure set forth herein.

Upon receipt of the required information, the Commission shall review the proposed increase, reduction, or refund and, within 30 days from receipt of the information required, issue its Order setting out the proper revised farm tap rates or otherwise acting to investigate or suspend the proposed rates.

VI. AMR & METER UPGRADE PROGRAM

Application to all customer receiving service under the Company's Rate Schedules.

All customer receiving service under Frontier's Rate Schedules, including farm tap customers, shall be assess a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the Automated Meter Reading (AMR) and meter upgrade program. *This charge will continue through the June 2026 billing cycle.* (T)

DATE OF ISSUE ~~June 21, 2013~~ *December 12, 2025*

DATE EFFECTIVE ~~June 21, 2013~~ *January 12, 2026*

ISSUED BY */s/ Steve Shute*

Issued by Authority of an Order of the
Public Service Commission of KY

in Case No. ~~2011-00443~~ *2025-00277* dated ~~June 21, 2013~~

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REQUEST 24

RESPONSIBLE PARTY: **Steven Shute**

Request 24. Refer to the Application, Supplemental Information, pages 8-9, Proposal to continue the Pipeline Replacement Program. Since the Commission's determination in Case Nos. 2011-00443¹ and 2016-00132,² explain if Kentucky Frontier has included any additional projects into its Pipeline Replacement Program (PRP). If so, then provide a breakdown of each project detailing:

- A. When the additional project was included in its PRP;
- B. The expected completion of the project;
- C. How much of the project has been completed as of the date of this request for Information;
and
- D. The overall expected cost of the project along with the annual cost of the project.

¹ Case No. 2011-00443, *Application of Kentucky Frontier Gas, LLC for Approval of Consolidation of and Adjustment of Rates, Approval of Amr Equipment and a Certificate of Convenience and Necessity for Installation of Amr, Pipeline Replacement Program, Revision of Non-Recurring Fees and Revision of Tariffs*, (Ky. PSC June 21, 2013).

² Case No. 2016-00132, *Application of Kentucky Frontier Gas, LLC for Approval of Modification of Amr Pipeline Replacement Programs, Surcharges and Tariffs to Include the Former Public Gas System*, (Ky. PSC Oct. 6, 2016).

Response 24.

a. Frontier started the PRP in 2013, with most pressing projects in the Belfry Gas system and a few other short segments. Frontier added BTU Gas in 2012 but did not fully grasp the scope of all shortcuts taken by the developer. Public Gas was added in 2015 and has several significant projects. Now Fontaine-Williams Gas (related to BTU) presents an opportunity for long-term supply to Magoffin County, but will require some rehab work. All of these projects added to the PRP workload.

b. At this point, Frontier estimates 7 years or more of PRP work.

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REQUEST 25

RESPONSIBLE PARTY: Steven Shute

Request 25. Refer to the Application, Supplemental Information, page 9, Proposal to continue the Pipeline Replacement Program.

- a. State for how many years Kentucky Frontier expects the PRP to continue.
- b. Provide a detailed breakdown for how Kentucky Frontier came to determine that the acceptable annual level of projects equates to \$250,000 per year. Include in the response any workpapers or supporting documentation.

Response 25.

- a. At this point, Frontier estimates 7 years or more of PRP work.
- b. Frontier has the capacity to do about \$250,000 of PRP work each year, using internal forces and equipment. Any more than that would require hiring contractors at about double the cost per unit, and would still require Frontier inspectors. As shown over the decade of PRP work, Frontier is comfortable with the present level of PRP.

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REQUEST 26

RESPONSIBLE PARTY: Steven Shute

Request 26. Refer to the Application, Supplemental Information, page 9. Provide reasoning for proposing a hybrid PRP surcharge of \$2.50 per meter per month and \$0.037 per ccf volume instead implementing a fully volumetric PRP surcharge.

Response 26.

Frontier has had a fixed per-meter, per-month PRP charge since inception. After consultation with present counsel, Frontier has become aware that some PRP charges are volumetric based or a hybrid of fixed and volumetric based. Frontier believes that having a volumetric based PRP charge will allow Frontier to recover an appropriate amount of PRP fees throughout the year, even in the summer months when there are less volumes sold.

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REQUEST 27

RESPONSIBLE PARTY: Steven Shute

Request 27. Refer to the Application, Revenue Requirement Calculation at 14. Refer also to Kentucky Frontier's response to the Attorney General's First Request for Information (Attorney General's First Request), Item 63.

- a. Provide an explanation of how the Provision for State and Federal Income Taxes of \$30,673 was calculated when the calculation at the bottom indicates the amount should have been \$87,772.23.
- b. Provide an explanation of how interest expense of \$108,482.78 was calculated. Based on the information provided in the application, the average annual interest expense over the next five years is approximately \$15,863. Confirm there are no other amounts that should be included in this expense or reconcile the difference to Kentucky Frontier's proposed amount. If not confirmed, provide a detailed description of the expense and how it was calculated.

Response 27.

a. The \$30,673 figure was the actual income tax paid in the test year 2024. Auxier Road is a C-corporation and pays taxes directly, as evidenced by tax returns produced in this case. Kentucky Frontier is treated as an S-corporation and is taxed on the personal return of the owner, which amount cannot be clearly demonstrated. Disregarding those taxes is a significant disadvantage to small business ownership, but Frontier followed the form. The \$87k figure is much closer to the actual income tax paid.

b. The \$108,483 is the actual 2024 number at Cell Q134 in the Excel file for AG DR1-91 OpsRvExp. Frontier cannot find this \$15,863 number. Interest expense is from long-term acquisition funding and truck loans.

REVENUE REQUIREMENT CALCULATION - OPERATING RATIO METHOD

(Method commonly used by investor owned utilities and/or non-profit entities that do not have long-term debt outstanding.)

Pro forma Operating Expenses Before Income Taxes	\$2,700,041.06
Operating Ratio	0.88
Sub-Total	3,068,228.48
Less: Pro forma Operating Expenses Before Income Taxes	-2,700,041.06
Net Income Allowable	368,187.42
Add: Provision for State and Federal Income Taxes, if Applicable (see footnote)	30,673.00
Interest Expense	108,482.78
Pro forma Operating Expenses Before Taxes	2,700,041.06
Cost of Natural Gas (water utilities should leave this blank)	2,233,755.38
Total Revenue Requirement	5,441,139.64
Less: Other Operating Revenue	115,680.00
Non-operating Revenue	
Interest Income	
Total Revenue Required from Rates for Service	5,325,459.64
Less: Revenue from Sales at Present Rates	4,163,435.21
Required Revenue Increase	1,162,024.43

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	27.91%
--	--------

Provision for Income Taxes - Calculation of Tax Gross-Up Factor

Revenue	1
Less: 5% State Tax	-0.05
Sub-Total	0.95
Less: Federal Tax, 15% of Sub-Total	-0.1425
Percent Change in NOI	0.8075
Factor (Revenue of 1 divided by change in NOI)	1.23839
Times: Allowable Net Income	368,187.42
Net Income Before Taxes	455,959.65
Difference Equals Provision for State and Federal Income Taxes	87,772.23

Notes: (1) Natural gas utilities should deduct their cost of natural gas from pro forma operating expenses before performing the operating ratio calculation. The cost of natural gas should be added back and included in pro forma operating expenses when determining the total revenue requirement. (2) A provision for state and federal income taxes should only be included in the calculation of revenue requirements for utilities that file income tax returns and are liable for the payment of state and federal income taxes. Utilities whose income flows through to its owner's income tax returns for tax purposes should not include a provision for income taxes. (3) The conversion factor above is calculated using the minimum federal tax rate. Adjustment may be warranted where the actual federal tax rate exceeds the minimum federal tax rate.

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REQUEST 28

RESPONSIBLE PARTY: **Steven Shute**

Request 28. Refer to the Application, Redline Proposed Tariff, PSC KY No. 3, First revised sheet No. 5, Other Charges. Also, refer to the Application, Supplemental Information, page 8, Proposal to end the AMR program.

- a. Explain why Kentucky Frontier is proposing to remove the AMR program and surcharge from its proposed tariff while also proposing to continue the AMR program and surcharges until after the June 2026 billing cycle.
- b. Provide updated proposed tariff sheets that include the proposed end date of the AMR program and surcharges to match the June 2026 billing cycle as proposed by Kentucky Frontier.

Response 28.

- a. As explained earlier, Frontier has a few remaining AMR projects to complete, including purchase of another mobile reader, see Response 21. The new revised tariff will include the AMR charge with an end date of the June 2026 billing cycle.
- b. Please see attached.

RULES & REGULATIONS

VI. PIPELINE REPLACEMENT PROGRAM (PRP)

Applicable to all utility customers receiving service from Kentucky Frontier Gas, LLC.

A. CALCULATION OF PIPELINE REPLACEMENT RIDER SURCHARGE:

The PRP surcharge is based on the annual cost of replacing older metal pipe on the Frontier distribution systems.

B. PIPELINE REPLACEMENT PROGRAM FACTORS

All customers receiving service from Frontier, except farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the pipeline replacement program.

The PRP Rider will be updated annually in order to reflect the impact of net plant additions from pipeline replacements. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle in May, and will reflect allocation of the required increase based on the distribution approved by the Commission.

VII. AMR & METER UPGRADE PROGRAM

Applicable to all utility customers receiving service from Kentucky Frontier Gas LLC.

All customer receiving service from Frontier, including farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the Automated Meter Reading (AMR) and meter upgrade program. This charge (T)
will continue through the June 2026 billing cycle. (T)

DATE OF ISSUE December 12, 2025

DATE EFFECTIVE January 12, 2026

ISSUED BY /s/ Steve Shute

Issued by Authority of an Order of the
Public Service Commission of KY
in Case No. 2025-00277 dated _____

RULES & REGULATIONS

VI. PIPELINE REPLACEMENT PROGRAM (PRP)

Applicable to all utility customers receiving service from Kentucky Frontier Gas, LLC.

A. CALCULATION OF PIPELINE REPLACEMENT RIDER SURCHARGE:

The PRP surcharge is based on the annual cost of replacing older metal pipe on the Frontier distribution systems.

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The PRP Rider will be updated annually in order to reflect the impact of net plant additions from pipeline replacements. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle in May, and will reflect allocation of the required increase based on the distribution approved by the Commission.

VII. AMR & METER UPGRADE PROGRAM

Applicable to all utility customers receiving service from Kentucky Frontier Gas LLC.

All customer receiving service from Frontier, including farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the Automated Meter Reading (AMR) and meter upgrade program. *This charge will continue through the June 2026 billing cycle.* (T)
(T)

DATE OF ISSUE ~~October 6, 2016~~

December 12, 2025

DATE EFFECTIVE ~~October 6, 2016~~

January 12, 2026

ISSUED BY /s/ Steve Shute

Issued by Authority of an Order of the
Public Service Commission of KY

in Case No. 2016-00132 ~~2025-00277~~ dated October 6, 2016R

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REQUEST 29

RESPONSIBLE PARTY: Steven Shute

Request 29. Refer to Kentucky Frontier's Tariff, PSC KY No. 3, 1st revised sheet no. 5, Deposits. Provide the Number of Seasonal Customers in the 2024 Test Year.

Response 29. Frontier has no formal tariff or rate for a Seasonal Customer. There are about 209 customers without gas water heaters that shut off in late spring and come back for heating season.

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REQUEST 30

RESPONSIBLE PARTY: Steven Shute

Request 30. Refer to Kentucky Frontier's Tariff, PSC KY No. 3, 1st revised sheet No. 5, Deposits. Explain whether a Commercial or Seasonal Customer is eligible for a refund similar to a Residential Customer.

- a. If yes, then explain the criteria under which Commercial or Seasonal Customers will receive a refund.
- b. If no, then explain why a Commercial or Seasonal Customer is not eligible for a refund similar to a Residential Customer.

Response 30. Commercial or Seasonal customers are eligible for a deposit refund similar to a Residential customer. Customers may receive a refund upon request after a year of good credit history with no late payments. If the account is closed and final billed, the remaining balance will be taken out of the deposit and any remaining balance will be refunded.

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REQUEST 31

RESPONSIBLE PARTY: Steven Shute

Request 31. Refer to Kentucky Frontier's Tariff, PSC KY No. 3, Original Sheet No. 20, Shortage of Natural Gas Supply. Explain how often Kentucky Frontier has experienced a shortage of natural gas supply that resulted in Kentucky Frontier having to curtail its customer's usage.

Response 31. Emergency curtailment could happen any day on any system, but most curtailments are in Magoffin County. The former BTU and Sigma Gas systems are not anywhere close to a reliable pipeline supply, after Jefferson Gas sold its system to EKM Midstream. The local production can sustain gas supply for the warmer seasons, but are inadequate for bitter cold periods. When temperatures are at 5-10°F less for several days, Frontier has run short at the ends of the BTU system and lost a few customers. These outages occur on average every 2-3 years and usually affect a dozen or two customers for less than 48 hours.

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REQUEST 32

RESPONSIBLE PARTY: Steven Shute

Request 32. Refer to Kentucky Frontier's Tariff, Ky. PSC No. 3, 1st Revised Sheet No. 32, Pipeline Replacement Program, Section B, Pipeline Replacement Program Factors. The Tariff states,

The PRP Rider will be updated annually in order to reflect the impact of net plant additions from pipeline replacements. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of May, and will reflect allocation of the required increase based on the distribution approved by the commission.

- a. Explain when Kentucky Frontier last filed an annual update to its PRP Rider to reflect the impact of net plant additions from pipeline replacements.
- b. Explain how Kentucky Frontier interprets the tariff language in regard to how the PRP Rider is to be updated annually.

Response 32. The PRP surcharge has never been revised except by Commission order in ARF Case 2017-00263. The surcharge is a fixed amount per meter per month and raises an appropriate annual amount (see Response 25), so nobody at Frontier or the Commission has raised this issue.

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REQUEST 33

RESPONSIBLE PARTY: Steven Shute

Request 33. Refer to Case No. 2017-00263, April 15, 2024 Order, ordering paragraph 1.³ Explain where Kentucky Frontier submitted the required reports summarizing the PRP projects planned for 2024 and a detailed report listing actual PRP projects completed during 2022 and 2023. If Kentucky Frontier did not submit the required reports, then explain why Kentucky frontier failed to do so.

Response 33. The required reports were filed pursuant to the Commission's April 15, 2024 Order in Case No. 2017-00263, by counsel, on April 19, 2024. Since the case record was closed, the reports automatically went into the post-case reference folder. In addition, the 2024 PRP Annual Report was filed, by counsel, on December 31, 2024. The 2024 PRP Report also automatically went into the post-case reference folder of Case No. 2017-00263.

³ Case No. 2017-00263, *Electronic Application of Kentucky Frontier Gas, LLC for Alternative Rate Adjustment*, (Ky. PSC Apr. 15, 2024), Order, ordering paragraph 1.

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REQUEST 34

RESPONSIBLE PARTY: Steven Shute

Request 34. Refer to Case No. 2017-00263, April 15, 2024 Order, ordering paragraph 2.⁴ Explain where Kentucky Frontier submitted the required explanation why it did not timely file the required documents. If Kentucky Frontier did not submit the required explanation, then explain why Kentucky Frontier failed to do so.

Response 34. Please see Response 33 above. In addition to filing the 2022 and 2023 PRP Annual Reports on April 19, 2024, Frontier also filed a response to the Commission's April 15, 2024, Order and a motion for an extension of time regarding the PRP Annual Reports. As part of the motion, Frontier requested to move the due date of the PRP Annual Reports to April 15th of each year. That motion is still outstanding.

⁴ Case No. 2017-00263, (Ky. PSC Apr. 15, 2024), Order, ordering paragraph 2.

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REQUEST 35

RESPONSIBLE PARTY: Steven Shute

Request 35. Refer to Case 2017-00263, in Post Case Correspondence, the 2024 Annual PRP Report and 2025 Planned Project Summary,⁵ unnumbered page 2. Provide the most recent status for the PRP segments identified in that report that have been completed or are currently in the process of being completed for the year 2025.

Response 35. The end-of-year report is in progress. Frontier replaced about 8,000 feet of pipe in several projects outside the normal scope:

- Kentucky Department of Transportation had a massive relocation project in Jackson that affected the main feeder for Frontier (Public), relocating and replacing several segments of steel pipe mains and associated services;
- Daysboro (Public) replaced a segment of PVC pipe after damage by an excavator;
- Lakeville (BTU) at Salyersville had a long 4-lane bore to replace critical segment lost along Route 7 during the parkway project; this ties BTU and Sigma systems together;
- Levisa Fork (Auxier) had a river crossing washed out in a big flood which did not break the line but caused a leak;
- There were also several shorter replacements.

⁵ Case No. 2017-00263, (filed Dec. 31, 2024) Post Case Correspondence, 2024 Annual PRP Report and 2025 Planned Project Summary.

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REQUEST 36

RESPONSIBLE PARTY: Steven Shute

Request 36. Refer to Case No. 2011-00443, April 30, 2013 final Order, ordering paragraph 5.⁶ Also, refer to Case No. 2011-00443, Post Case Correspondence folder.⁷ Explain where Kentucky Frontier submitted the required annual reports for its AMR Program for the calendar year period of 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. If Kentucky Frontier did not submit these required annual reports for its AMR Program, then explain why Kentucky Frontier failed to do so.

Response 36. The AMR summaries were submitted as a line item in the annual PRP financial report e-filed by the CFO.

⁶ Case No. 2011-00443, (Ky. PSC Apr 30, 2013), final Order, ordering paragraph 5.

⁷ Case No. 2011-00443, Post Case Correspondence.

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REQUEST 37

RESPONSIBLE PARTY: Steven Shute

Request 37. Refer to Case No. 2011-00443, April 30, 2013 final Order, ordering paragraph 5. Also, refer to Case No. 2011-00443, Post Case Correspondence folder. For each year since Kentucky Frontier's AMR Program has been active up to and including the present day, provide in detail:

- a. How many meters have been replaced and how many meters were remaining to be replaced;
- b. How much money was collected through the AMR surcharge; and
- c. How much money was spent in regard to Kentucky Frontier's AMR Program.

Response 37.

- a. Under the AMR project, Frontier replaced more than 2000 small domestic meters and 50 larger ones. Another 2000 in-service meters were refurbished and a large fraction of these were converted to TC. Frontier has standardized on a single manufacturer for diaphragm meters, that are all compatible with a single AMR transmitter, instead of having a dozen different options. There are about 100 meters left to replace, and more to refurb and TC.
- b. Surcharge collections and expenditures are attached.

Staff DR3-37 b&C AMR funding

	AMR SURCHARGE	AMR PLANT ADDNS	NET AMR ADDITIONS
2013	\$ 29,968	\$ 44,968	\$ 15,000
2014	\$ 44,337	\$ 48,677	\$ 4,340
2015	\$ 43,012	\$ 50,827	\$ 7,815
2016	\$ 48,390	\$ 63,271	\$ 14,881
2017	\$ 60,022	\$ 63,319	\$ 3,297
2018	\$ 56,915	\$ 53,569	\$ (3,346)
2019	\$ 58,924	\$ 61,790	\$ 2,866
2020	\$ 59,368	\$ 63,914	\$ 4,546
2021	\$ 58,538	\$ 57,707	\$ (831)
2022	\$ 57,664	\$ 54,793	\$ (2,871)
2023	\$ 57,114	\$ 56,808	\$ (306)
2024	\$ 56,698	\$ 43,990	\$ (12,708)
TOTAL	\$ 630,950	\$ 663,633	\$ 32,683

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REQUEST 38

RESPONSIBLE PARTY: Steven Shute

Request 38. Refer to Case No. 2024-00081, May 14, 2024, Amended Gas Cost Recovery (GCR) rate report,⁸ Schedule IV, Actual Sales for January 2024; Case No. 2024-00210, June 29, 2024, GCR rate report,⁹ Schedule IV, Actual Sales for February, March, and April 2024; Case No. 2024-00316, September 27, 2024, GCR rate report,¹⁰ Schedule IV, Actual Sales for May, June, and July 2024; Case No. 2024-00394, December 20, 2024, GCR rate report,¹¹ Schedule IV, Actual Sales for August, September and October 2024; and Case No. 2025-00067, March 27, 2025, GCR rate report,¹² Schedule IV, Actual Sales for November and December 2024.¹³ Also, refer to

⁸ Case No. 2024-00081, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed. May 14, 2024), GCR rate report.

⁹ Case No. 2024-00210, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed. June 29, 2024), GCR rate report.

¹⁰ Case No. 2024-00316, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed Sept. 14, 2024), GCR rate report.

¹¹ Case No. 2024-00394, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed Dec. 20, 2024), GCR rate report.

¹² Case No. 2025-00067, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed Mar. 27, 2024), GCR rate report.

¹³ Monthly Actual Sales in Mcf as reported in Kentucky Frontier's GCR rate report filings:

Case No	Month	Actual Sales in Mcf
2024-00081	January 2024	84,663
2024-00210	February 2024	55,312
	March 2024	38,124
	April 2024	26,420
2024-00316	May 2024	10,682
	June 2024	7,844

the 2024 Annual Report,¹⁴ page 5 of 131. The Monthly Actual Sales in Mcf as reported in Kentucky Frontier's GCR rate report filings equals an annual amount of 353,107 Mcf for 2024. However, the 2024 Annual Report shows the annual amount of natural gas sold to be 281,806 Mcf for 2024. Reconcile these differences and explain why the 2024 Annual Report shows a lower volume of Mcf sold for 2024.

Response 38. On review of the 2024 Annual Report, the pg 5 Revenues, Customers and MCF Sales section did not include Industrial sales to two large public complexes. Those figures are as follows:

Industrial \$557,897 69,003 MCF

Adding this figure to 281,806 MCF equals 350,809 MCF, which is much closer to the volume in the GCR filings.

	July 2024	7,827
2024-00394	August 2024	7,549
	September 2024	7,711
	October 2024	18,257
2025-00067	November 2024	25,409
	December 2024	63,309
Total		353,107

¹⁴ *Annual Report of Kentucky Frontier to the Public Service Commission for the Year Ending December 31, 2024* (2024 Annual Report).

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REQUEST 39

RESPONSIBLE PARTY: Steven Shute

Request 39. Refer to Kentucky Frontier's 2023 Annual Report,¹⁵ page 5, and 2024 Annual Report, page 5. The 2023 Annual Report indicates \$3,241,378 in Revenues with 271,674 Mcf of Natural Gas Sold to 4,385 Customers. The 2024 Report indicates \$2,426,917 in Revenues with 281,806 Mcf of Natural Gas Sold to 4,337 Customers. Provide an explanation for the decrease in revenues with similar Mcf sold and customers.

Response 39. Under the Gas Cost Recovery (GCR) calculations prescribed by the Commission, Frontier had wild fluctuations in its Gas Balancing Account that tracks gas purchases and sales. In 2018-22, Frontier recovered from customers about 96% of what was paid for gas. But in 2023 the GCR mechanism over-corrected wildly, both positively and negatively in several cycles. The 2023 GCR was \$8.03 per MCF vs actual gas cost of \$5.44, then in 2024 swung to \$4.73 /MCF for GCR on gas cost of \$5.47. The stated disparity is a result of those GCR fluctuations.

¹⁵ *Annual Report of Kentucky Frontier to the Public Service Commission for the Year Ending December 31, 2023* (2023 Annual Report).

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REQUEST 40

RESPONSIBLE PARTY: Steven Shute

Request 40. Provide a list of entities that have a common ownership, and affiliate relationship with Kentucky Frontier as defined by KRS 278.010(18). For each entity state:

- a. The name of the entity;
- b. What factors contribute to the common ownership between Kentucky Frontier and the entity;
- c. Any services and charges between the entity and Kentucky Frontier;
- d. How Kentucky Frontier and the entity ensure there is an arm's length transaction between the two as defined by KRS 278.010(25); and
- e. Provide a copy of the contract between Kentucky Frontier and the affiliated entity, if one should be in effect.

Response 40.

See the organizational chart in Response 1.b to OAG First Request.

- a. Pinedale Natural Gas has the same owner but no other affiliation.
- b. Common ownership, only.

- c. Please see Response 8 above. Outside Services from Pinedale Natural Gas are limited to financial analysis and assistance with PHMSA-related reporting. Frontier will not likely provide services to PNG.
- d. These transactions are limited in scope and are paid at less than the market rate for similar services.
- e. The PNG work for Frontier is limited and no contract is needed.

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REQUEST 41

RESPONSIBLE PARTY: Steven Shute

Request 41. Provide the following information for each pipeline material in Kentucky Frontier's gas system: Aldyl-A pipe, Appalachian Oil & Gas black plastic pipe, and any other legacy plastic materials with known long-term performance issues. Confirm whether these pipe types are present in Kentucky Frontier's gas system. If confirmed, then provide the following;

- a. Location of the pipeline material;
- b. The approximate amount of the pipeline material remaining in Kentucky Frontier's gas system;
- c. Whether the pipeline material is already included in the scope of Kentucky Frontier's PRP; and
- d. If not already included in the scope of Kentucky Frontier's PRP, then explain if Kentucky Frontier considered expanding its PRP to include these pipeline materials.

Response 41.

- a. Frontier found some Aldyl-A pipe in a few places in the old Auxier and ECU systems, but not enough connected dots to suspect widespread use. Most of the BTU system was built with an

unmarked and unidentified black PE pipe, although “Appalachian O&G” is not a term known to Frontier.

b. Aldyl-A seems to be limited to small sections, not widespread enough to make an estimate of mileage. BTU has about 90 miles of pipe, most of which is suspected to be unmarked black PE pipe, possibly “Appalachian O&G”.

c. These pipe materials are not included in the PRP plans, which are mostly for corroding bare steel pipe and occasional water crossing replacements. These segments have not experienced failures except a few bad joints. The black PE pipe cannot be squeezed or it will leak at the squeeze point.

d. When the steel pipe is mitigated, Frontier may consider replacing the PE pipe, although not likely unless problems arise.

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REQUEST 42

RESPONSIBLE PARTY: Steven Shute

Request 42. Refer to Kentucky Frontier's response to the Attorney General's First Request, Items 64 and 97.

- a. Explain why insurance costs started increasing faster in 2023 when lawsuits were filed against Kentucky Frontier starting in 2008.
- b. State whether other affiliates have experienced the same increase as Kentucky Frontier.

Response 42.

- a. The first personal injury lawsuit was filed in 2014. The liability and auto policies were canceled in December 2023 due to lawsuits filed in 2021 and 2023.
- b. Pinedale Natural Gas is not legally affiliated with Frontier. Pinedale and three other utilities associated with Steven Shute have not had numerous, spurious personal injury lawsuits, and have had no such catastrophic increases in insurance costs. As stated in Response 6 to OAG Second Request, Frontier will pay \$8000 next year to insure a \$20,000 truck, where Pinedale will pay \$1700 per truck for exactly the same fleet. Basic auto, general liability and umbrella coverage is precisely *7 times higher* in Kentucky for similar exposure.

KENTUCKY FRONTIER GAS, LLC
CASE NO. 2025-00277
THIRD REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 4, 2025

REQUEST 43

RESPONSIBLE PARTY: **Steven Shute**

Request 43. State whether Kentucky Frontier uses any depreciation guides when calculating the estimated useful life of its assets. If yes, state the name of the guide and provide an explanation of why Kentucky Frontier chose to use this guide.

Response 43. Frontier has no such depreciation guide. Depreciable lives for regulatory purposes were given by the Commission. Federal and State tax returns are prepared by a CPA, including the depreciation schedules that conform to tax law.