

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| 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 |) | |

KENTUCKY FRONTIER GAS, LLC POST-HEARING BRIEF

Comes now Kentucky Frontier Gas, LLC, (“Kentucky Frontier” or the “Company”) by and through the undersigned counsel, pursuant to the Kentucky Public Service Commission’s (“Commission”) February 6, 2026 Order setting forth a post-hearing procedural schedule and respectfully states as follows:

I. INTRODUCTION

On August 29, 2025, the Company submitted an Application for an alternative rate filing pursuant to 807 KAR 5:076. Kentucky Frontier respectfully requests that the Commission approve the full relief requested in Kentucky Frontier’s Application and rebuttal testimony as the requested relief is fair, just and reasonable both in terms of the revenue request and rate design.

II. BACKGROUND

On August 29, 2025, the Company submitted an Application for an alternative rate filing pursuant to 807 KAR 5:076.¹ The Commission issued an Order for the processing of the case on September 26, 2025.² The Attorney General, by and through the Office of Rate Intervention

¹ Application (filed August 29, 2025).

² Case No. 2025-00277, September 26, 2025 Order. Amended by December 4, 2025 Order.

(“Attorney General”) was granted intervention on September 11, 2025.³ Kentucky Frontier responded to four requests for information from Commission Staff and three requests for information from the Attorney General.⁴ The Attorney General filed Direct Testimony of one witness.⁵ The Attorney General responded to requests for information.⁶ Kentucky Frontier provided rebuttal testimony.⁷

On February 3, 2026, the Commission held a formal hearing.⁸ Kentucky Frontier presented one witness for cross-examination at the hearing. The Attorney General also presented one witness for cross-examination. Subsequent to the hearing, the Commission established a post-hearing procedural schedule.⁹ Post-Hearing requests for information were filed and Kentucky Frontier filed its responses to the requests on February 16, 2026.¹⁰

³ Order (September 11, 2025).

⁴ Kentucky Frontier’s Response to Commission Staff’s First Request for Information (filed October 17, 2025)(“Staff’s First Request”); Kentucky Frontier’s Response to Commission Staff’s Second Request for Information (filed November 19, 2025)(“Staff’s Second Request”); Kentucky Frontier’s Response to Commission Staff’s Third Request for Information (filed December 12, 2025)(“Staff’s Third Request”); Kentucky Frontier’s Response to Commission Staff’s Post-Hearing Request for Information (filed February 16, 2026)(“Staff’s Post-Hearing Request”); Kentucky Frontier’s Response to AG’s First Request for Information (filed November 19, 2025)(“AG’s First Request”); Kentucky Frontier’s Response to AG’s Second Request for Information (filed December 12, 2025)(“AG’s Second Request”); and, Kentucky Frontier’s Response to AG’s Post-Hearing Request for Information (filed February 16, 2026)(“AG Post-Hearing Request”).

⁵ AG Direct Testimony (filed December 19, 2025).

⁶ Responses of the Attorney General to Kentucky Frontier’s First Set (filed January 16, 2026).

⁷ Kentucky Frontier’s Rebuttal Testimony (filed January 23, 2026).

⁸ Hearing Video Transcript (“HVT”) of the February 3, 2026 Formal Hearing.

⁹ February 6, 2026 Order.

¹⁰ AG Post-Hearing Request and Staff’s Post-Hearing Request.

III. ARGUMENT

The Commission should approve the full relief requested in Kentucky Frontier's Application as the requested relief is fair, just and reasonable both in terms of 1) the revenue request and 2) rate design.

1. **Kentucky Frontier's Revenue Requirement is Fair, Just, and Reasonable.**

This is Kentucky Frontier's first general rate case in almost ten years.¹¹ The last general rate case was filed in 2017. Since 2017, the consumer price index has risen more than 30% making it essential that Kentucky Frontier increase its rates.¹² Kentucky Frontier has seen significant increases in costs, some of the most noteworthy being a) labor cost increases, including payroll and benefits and b) insurance costs for auto and general liability insurance.¹³ After labor and insurance, income tax is the third largest non-gas operating expense which and significantly impacts Kentucky Frontier's revenue requirement as discussed below.

a. Increasing Rates is Essential for Keeping Skilled Workers.

Labor costs have increased significantly since the last general rate case in 2017 with the consumer price index increasing by 34%.¹⁴ Perhaps one of the greatest pressures that Kentucky Frontier faces is its inability to pay competitive wages to retain skilled employees.¹⁵ The current average wage of a typical Frontier gas worker is about \$23 per hour, after a substantial increase in January 2026 from \$20 per hour when this case was filed. Other gas utility companies are able to

¹¹ Supplemental Information to Support Application and Additional Requests (filed August 19, 2025) p. 1 ("Supplemental Information").

¹² Supplemental Information p. 1.

¹³ Supplemental Information p. 1.

¹⁴ Supplemental Information p. 1.

¹⁵ Supplemental Information p. 1.

pay higher wages to urban-based, unionized workers.¹⁶ For example, Columbia Gas filed a copy of its union contract in its most recent general rate case which showed personnel of similar status of Kentucky Frontier’s employees, such as Customer Service A-B, General utility A-B, Leakage Inspector A-B, and Meter Readers are making wages from \$39.40-\$43.26 per hour.¹⁷ Similarly, Duke Energy also filed a copy of its union contract in its most recent general rate case which showed employee wages through 2020 and expected increases through 2025.¹⁸ The charts show Construction Assistants, Service Mechanics A-B, and Gas System Operations Mechanics I-II-III from Levels 507 making \$29.33 - \$31.32 in May of 2020 and predicted to escalate by 3.5% in 2022-2025 resulting in about \$35.70 to \$38.13 per hour being paid to these workers.¹⁹

Kentucky Frontier proposes the wages shown in its response to Commission Staff’s First Request for Information (“Staff’s First Request”) Item 9 spreadsheet for Calendar Year 2026. Kentucky Frontier Gas Technicians would start at \$22/hour and Gas Technicians with five years of experience would be a at \$28.00/hour with the average of all Gas Technicians being about \$25.50/hour.²⁰ These hourly rates will still be far below the regional companies in wages but will allow Kentucky Frontier to be able to at least compete to recruit and retain valued employees.²¹

¹⁶ Supplemental Information p. 1.

¹⁷ Kentucky Frontier Rebuttal Testimony (filed January 30, 2026); *Electronic Application of Columbia Gas of Kentucky, Inc. For an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; and other Relief*, Case No. 2024-00092.

¹⁸ Kentucky Frontier Rebuttal Testimony (filed January 30, 2026); *Electronic Application of Duke Energy Kentucky, Inc. for 1) an Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief*, Case No. 2025-00125.

¹⁹ Kentucky Frontier Rebuttal Testimony p. 3 (filed January 30, 2026); *Electronic Application of Duke Energy Kentucky, Inc. for 1) an Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief*, Case No. 2025-00125.

²⁰ Kentucky Frontier Rebuttal Testimony p. 4 (filed January 30, 2026).

²¹ Kentucky Frontier Rebuttal Testimony p. 4 (filed January 30, 2026).

Kentucky Frontier runs a lean operation with very few workers.²² As such, the technicians employed by Kentucky Frontier are not just trained in one, specific area; rather, each Kentucky Frontier technician is broadly trained to perform a multitude of jobs that allows Kentucky Frontier to employ fewer persons with broader skills.²³ Kentucky Frontier operates under Federal gas pipeline safety regulations at 49 CFR Part 192 et. al. which requires pipeline operators be qualified for each task they perform by completing elements of learning and practical testing to achieve Operator Qualification (“OQ”) for that task.²⁴ Kentucky Frontier is a smaller gas utility so it has few workers, but those workers are qualified through OQs to do a multitude of tasks, unlike the larger companies that can hire more workers that have to be qualified in fewer tasks.²⁵ And yet, Kentucky Frontier is unable to pay these highly skilled workers competitive wages and is investing considerable time and resources into training these technicians only to have them leave to work at a higher paying gas company taking the skills they learned at Kentucky Frontier with them.²⁶

Kentucky Frontier has experienced the loss of employees to competitors who are able to offer higher hourly payrates to employees.²⁷ In order to retain its qualified, skilled, and competent workforce, Kentucky Frontier needs to be able to increase wages.²⁸ For example, Kentucky Frontier lost a young employee to a large local producer in September.²⁹ The employee received a

²² Supplemental Information p. 2.

²³ Supplemental Information p. 2.

²⁴ Kentucky Frontier’s Responses to Staff’s 2nd Request for Information, Item 12 (filed November 19, 2025).

²⁵ Kentucky Frontier’s Responses to Staff’s 2nd Request for Information, Item 12 (filed November 19, 2025).

²⁶ Supplemental Information p. 2

²⁷ Kentucky Frontier’s Response to Staff’s 2nd Request for Information, Item 26 (filed November 19, 2025).

²⁸ Kentucky Frontier’s Response to Staff’s 2nd Request for Information, Item 26 (filed November 19, 2025).

²⁹ Kentucky Frontier’s Response to Staff’s 2nd Request for Information, Item 26 (filed November 19, 2025).

63% increase upon hiring by the large local producer, with the promise of a bump to 90% in six months.³⁰ This new job requires fewer of the OQ tasks than this employee was trained for with Kentucky Frontier.³¹ Kentucky Frontier must raise wages to hire and retain qualified gas workers, but any such wage adjustment must be covered by increased rates.³²

For these reasons, effective in the first pay period in January 2026, Kentucky Frontier raised overall wages by approximately 13%.³³ Under these interim wages, a worker with five years of experience will be making \$24.75/hour and Gas Technicians will start at \$22/hour.³⁴ Kentucky Frontier's plan is to implement the second phase of the wage increases upon the approval of a sufficient revenue requirement in this proceeding.³⁵ However, if the Commission accepts the Attorney General's recommendation for no increase due to wages, Kentucky Frontier will be at risk of losing skilled workers, that Kentucky Frontier has spent the time, money and effort to train, to competitors who are more capable of paying higher wages.³⁶

b. Increased Rates are Essential to Cover Rising Insurance Costs.

In addition to rising labor costs, one of the greatest threats to Kentucky Frontier is the rising cost of insurance coverage.³⁷ Kentucky Frontier's insurance cost has increased to five times the

³⁰ Kentucky Frontier's Response to Staff's 2nd Request for Information, Item 26 (filed November 19, 2025).

³¹ Kentucky Frontier's Response to Staff's 2nd Request for Information, Item 26 (filed November 19, 2025).

³² Kentucky Frontier's Response to Staff's 2nd Request for Information, Item 26 (filed November 19, 2025).

³³ Kentucky Frontier Rebuttal Testimony, p. 5 (Filed January 30, 2026).

³⁴ Kentucky Frontier Rebuttal Testimony, p. 5 (Filed January 30, 2026).

³⁵ Kentucky Frontier Rebuttal Testimony, p. 5 (Filed January 30, 2026).

³⁶ Kentucky Frontier Rebuttal Testimony, p. 5 (Filed January 30, 2026).

³⁷ Supplemental Information p. 2.

value used in the last rate case in 2017.³⁸ When Kentucky Frontier’s previous carrier declined to renew coverage, Kentucky Frontier sought quotes from other carriers with the best quote being 227% of the costs to renew Kentucky Frontier’s policies in December 2022.³⁹ That quote was not only radically more expensive, but also reduced Kentucky Frontier’s coverage leaving only half of the previous umbrella coverage and no coverage for liability due to fire.⁴⁰ Auto insurance doubled, general liability insurance increased by 120%, and total 2024 insurance costs were 224% of the previous five year average.⁴¹ Quotes for renewal in December 2025 show a cost increase of 14% or about \$37,000.⁴² This brings the final total increase to \$42,917 over the estimated cost as-filed in August.⁴³ Kentucky Frontier exhausted its efforts to find alternate insurance coverage with thirteen insurances company declining to provide a quote.⁴⁴ This is a detrimental financial impact to Kentucky Frontier; however, Kentucky Frontier must stay insured in order to continue to provide safe and reliable service to its customers.

c. Kentucky Frontier’s Pro-forma Adjustment for Income Taxes is Reasonable.

Kentucky Frontier included a pro-forma adjustment for income taxes reflected in Kentucky Frontier’s rebuttal testimony.⁴⁵ Kentucky Frontier is a Sub S Corp and does not pay income tax; however, the witness for the Attorney General pointed out that Kentucky Frontier did not adjust

³⁸ Supplemental Information p. 2.

³⁹ Supplemental Information p. 2.

⁴⁰ Kentucky Frontier’s Responses to AG’s 1st Request for Information, Item 97 (filed November 19, 2025).

⁴¹ Supplemental Information p. 2.

⁴² Kentucky Frontier’s Responses to AG’s 2nd Request for Information, Item 4 (filed Dec. 12, 2026).

⁴³ Kentucky Frontier Rebuttal Testimony, p. 7 (Filed Jan. 30, 2026).

⁴⁴ Kentucky Frontier’s Responses to Commission Staff’s Post-Hearing Data Requests, Item 16, (Filed Feb. 16, 2026).

⁴⁵ Kentucky Frontier’s Responses to AG’s Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

its test year income taxes for its pro forma adjustments and therefore Kentucky Frontier included the adjustment in its rebuttal testimony.⁴⁶ The ARF form RR-OR calculated \$88,713 provision for State and Federal income taxes, which was carried to the SAO-G form.⁴⁷ At \$88,713, the provision for income taxes is the third largest non-gas operating expense after labor and insurance.⁴⁸ Kentucky Frontier files state and local income tax returns and passes through its tax liability to the owner's personal income taxes.⁴⁹ The RR-OR form uses a minimal 15% Federal rate, which is lower than the actual rate paid for Frontier income.⁵⁰ This is a significant cost of business that all other for-profit utilities include in their rates.⁵¹

Due to the increased expenses caused by increased labor costs, insurance premiums, and income taxes, Kentucky Frontier's proposed revenue requirement is fair, just and reasonable and should be approved by the Commission.⁵²

2. Kentucky Frontier's Rate Design is Fair, Just, and Reasonable.

The Commission should approve Kentucky Frontier's proposed rate design as being fair, just and reasonable in terms of a) consolidating and equalizing rates, b) the customer charge, and

⁴⁶ Kentucky Frontier's Responses to AG's Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

⁴⁷ Kentucky Frontier's Responses to AG's Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

⁴⁸ Kentucky Frontier's Responses to AG's Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

⁴⁹ Kentucky Frontier's Responses to AG's Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

⁵⁰ Kentucky Frontier's Responses to AG's Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

⁵¹ Kentucky Frontier's Responses to AG's Post Hearing Data Requests, Item 3 (filed Feb. 16, 2026).

⁵² In determining Kentucky Frontier's revenue requirement and rate design, Kentucky Frontier used the assistance of a part time financial analyst employed by Pinedale Natural Gas and paid him as a consultant. At the hearing on this matter, Commission Staff directed Kentucky Frontier's Witness, Steve Shute to the Commission's final order in Case No. 2017-00263, paragraph 5 and asked why Kentucky Frontier did not consider requesting a deviation or waiver of a particular transaction or class of transactions involving Pinedale Natural Gas. Kentucky Frontier does not believe it has conducted any affiliate transactions with Pinedale in the course of this rate case and has filed a motion for deviation pursuant to KRS 278.2207 and gives more details of the changes in business structure that have occurred since the Commission's order in 2017 in that Motion.

c) maintaining two simple rate classes rather than creating a separate class for commercial customers.

a. Kentucky Frontier’s Rates Should be Equalized and Consolidated.

Kentucky Frontier proposes to equalize the rates of all customers receiving the same level of service.⁵³ This includes both non-gas rates and gas cost recovery rates to simplify administrative and regulatory costs of multiple rates and tariffs.⁵⁴ Most of Kentucky Frontier’s customers are served under its utility customer rate schedule.⁵⁵ This tariff has been effective since January 2018.⁵⁶ Kentucky Frontier has approximately 400 farm taps which are served under the Kentucky Frontier Farm Tap tariff which has remained unchanged since its effective date in May 2012.⁵⁷ Kentucky Frontier has thirty-eight customers in Daysboro which were acquired from West Liberty in 2019 and have continued under the West Liberty municipal rates, with two rate classes.⁵⁸ These different rate schedules are unnecessary for identical gas service and create unnecessary administrative burdens for Kentucky Frontier.⁵⁹ Kentucky Frontier utilized the Commission’s ARF procedures and forms along with its cost study in determining the required revenue to be collected from all customers.⁶⁰ When these costs are updated for 8-13 years of inflation, and allocated among all customers of the same size and type of service, the increase will be similar

⁵³ Supplemental Information p. 2.

⁵⁴ Supplemental Information p. 2.

⁵⁵ Supplemental Information p. 3.

⁵⁶ Supplemental Information p. 3.

⁵⁷ Supplemental Information p. 3.

⁵⁸ Supplemental Information p. 3.

⁵⁹ Supplemental Information p. 3.

⁶⁰ Supplemental Information p. 3.

among all customers and maintains the current dollar amount difference in rate classes.⁶¹ With this change, the service standards, conditions for service, deposits, special charges, and all other rules will be uniform throughout the system.⁶² All customers will have the same level of service with one exception for Farm Taps, discussed below.

Farm tap rates were established in Case No. 2011-00513 and attributed 12% of the overall operating expenses for Kentucky Frontier.⁶³ Kentucky Frontier extended the allocation of shared operating costs to farm taps, deducted from operating costs for utility customers in Case Nos. 2011-00443 and 2017-00263.⁶⁴ The farm taps are scattered across the 13 counties served by Frontier⁶⁵ with the average customer estimated to be about 22 miles from the nearest Frontier office in Prestonsburg or Jackson, with some customers being as far as 40 miles out, thus requiring longer drives to reach the more spread out meters.⁶⁶ Operating tasks, like meter reading or service calls, are more difficult to conduct given the rural nature of each tap⁶⁷ and service calls are more challenging, with more calls for gas outages in winter due to wet gas and freeze-offs. The farm taps are all supplied by producer pipelines not controlled by Kentucky Frontier.⁶⁸ As it currently stands, the farm tap rate is much less than the utility rate, but farm taps are considerably more

⁶¹ Supplemental Information p. 3.

⁶² Supplemental Information p. 3.

⁶³ Supplemental Information p. 3.

⁶⁴ Supplemental Information p. 3.

⁶⁵ Supplemental Information p. 3.

⁶⁶ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 19 (filed December 12, 2025).

⁶⁷ Supplemental Information p. 3.

⁶⁸ Supplemental Information p. 3.

expensive to operate.⁶⁹ Kentucky Frontier proposes to place the farm taps into the ratemaking class of like-sized residential and commercial customers.⁷⁰ Under the original farm tap tariff, the farm tap class was assigned a GCR rate of \$3.60 per mcf. That cost has not been updated since its inception in 2012.⁷¹ Kentucky Frontier attempted to revise the farm tap GCR rate in 2021.⁷² The case was pending for more than two years before Kentucky Frontier ultimately filed a motion to dismiss and informed the Commission it planned to address the farm tap rates in this proceeding.⁷³ Frontier proposes to include Farm Taps in the entire company pool of gas purchases and sales in determining a unified GCR.⁷⁴

b. Kentucky Frontier’s Customer Charge is Reasonable.

Kentucky Frontier proposes a \$25 customer charge.⁷⁵ The percentage increase in the customer charge is mitigated by the proposed decreases to the AMR (\$1.00) and PRP (\$2.50) surcharges.⁷⁶ For about 4,300 customers, the minimum monthly bill will increase from \$19.00 to \$27.50 or 45%.⁷⁷ The requested monthly charge is in line with recent awards to Atmos Energy Corporation and Delta Natural Gas, Inc. in which the Commission explained, “fixed costs can be higher for a utility that primarily serves rural customers... due to serving low density areas where

⁶⁹ Supplemental Information p. 4.

⁷⁰ Supplemental Information p. 3-4.

⁷¹ Supplemental Information p. 4.

⁷² *Electronic Purchased Gas Adjustment Filing of Kentucky /frontier Gas, LLC*, Case No. 2021-00408.

⁷³ Cite to Motion to Dismiss in 21-408.

⁷⁴ Supplemental Information p. 4.

⁷⁵ Kentucky Frontier’s Response to AG’s 1st Request for Information, Item 10 (filed November 19, 2025).

⁷⁶ Kentucky Frontier’s Response to AG’s 1st Request for Information, Item 10 (filed November 19, 2025).

⁷⁷ Kentucky Frontier’s Response to AG’s 1st Request for Information, Item 10 (filed November 19, 2025).

the number of meters per mile would be lower than those in higher density areas.”⁷⁸ Kentucky Frontier is considerably more rural than Atmos and/or Delta and therefore, Kentucky Frontier’s customer charge is reasonable and supported by Commission precedent.

c. An Additional Rate Class for Commercial Customers is Unreasonable.

At the hearing on this matter, Commission Staff asked if Kentucky Frontier had thought about creating an additional rate class for commercial or non-residential customers.⁷⁹ As it currently stands, Kentucky Frontier only has two classes of customers.⁸⁰ Kentucky Frontier has had this same rate design since its original rate filing in Case No. 2011-00443, in which Kentucky Frontier created the second class for large commercial customers.⁸¹ Kentucky Frontier is too small for many layers of customers and has a very thin “middle class.”⁸² Of the 4300 utility and 400 farm tap customers, all but just a few are residential customers and small commercial customers that use less than 100 Mcf per year, with an annual average of 45 Mcf.⁸³ Kentucky Frontier has about 70 commercial meters with annual loads of 200-2000 Mcf per year. Kentucky Frontier has two industrial-size users: a federal prison and two meters on the regional hospital and its adjoining

⁷⁸ Kentucky Frontier’s Response to AG’s 1st Request for Information, Item 10 (filed November 19, 2025); *In the Matter of: Electronic Application of Atmos Energy Corporation for an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief*, Case No. 2024-00276, Order p. 54 (Ky. P.S.C. Aug. 11, 2025); *In the Matter of: Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Gas Rates*, Case No. 2024-00346, Order p. 23 (Ky. P.S.C. July 1, 2025).

⁷⁹ February 3, 2026 Hearing Video Record 2:03:00-2:03:30. (“HVR”)

⁸⁰ Supplemental Information p. 4.

⁸¹ *In the matter of: 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*, Case No. 2011-00443, Order, (Ky. P.S.C. Apr. 30, 2013).

⁸² Supplemental Information p. 4.

⁸³ Supplemental Information p. 4-5.

office building.⁸⁴ These three meters account for 19% of Kentucky Frontier’s annual load. The next largest customer is 3000 Mcf.⁸⁵ The middle-class and most smaller users are predominately for space heating.⁸⁶ Kentucky Frontier has analyzed various “slices” of larger and smaller customers and finds that none of the remaining customers approach the flatter load pattern of the Large Commercial hospital and prison.⁸⁷ Kentucky Frontier finds no clear compelling reason to create another rate class.⁸⁸ As discussed by Mr. Shute at the hearing, most of Kentucky Frontier’s small commercial customers are small businesses such as beauty shops that operate out of homes.⁸⁹ Mr. Shute also testified at the hearing that if the residential and small commercial customers were discernably different then maybe they could be separated.⁹⁰ However, in the case of Kentucky’s Frontier’s customers, they are not discernably different in the demand curve and the only real difference is the meter size.⁹¹ All but a dozen residential customers, and 660 commercials have the smallest 250 size meter. Another 100 have a 425 meter for which annual loads are not much different from a 250 meter.⁹² Those with a larger meter have more annual usage, but aren’t much different in load demand curve. For these reasons, Kentucky Frontier is not requesting to add a third class of customers.⁹³

⁸⁴ Supplemental Information p. 5.

⁸⁵ Supplemental Information p. 5.

⁸⁶ Supplemental Information p. 5.

⁸⁷ Supplemental Information p. 5.

⁸⁸ Supplemental Information p. 5.

⁸⁹ HVT 5:14:30-5:14:48.

⁹⁰ HVT 5:11:40-5:14:20.

⁹¹ *Id.*

⁹² HVR 5:15:34-5:17:10.

⁹³ HVR 5:14:50-5:15:25.

3. Kentucky Frontier's Proposals Regarding Surcharges and Costs are Fair, Just and Reasonable

As part of this application, Kentucky Frontier has discussed various surcharges and costs. Kentucky Frontier proposes 1) to end Kentucky Frontier's AMR surcharge, 2) to continue Kentucky Frontier's PRP surcharge; and to 3) consider under-recovery on GCA as it impacts Kentucky Frontier's revenue requirement.

a. Kentucky Frontier's AMR Program was Successful.

Kentucky Frontier installed an AMR for remote radio reading following the Commission's approval in Case No. 2011-00443, and extended to Public Gas customers in Case No. 2016-00132.⁹⁴ Kentucky Frontier's system is now standardized and updated.⁹⁵ Kentucky Frontier has retired nearly all 175-size meters that are 42-65 years old from an original count of about 800 small 175 meters, there are about 87 meters left, mostly on farm taps.⁹⁶ The new meters are modernized and should last 20-40 years.⁹⁷ Kentucky Frontier proposes to end the AMR program and surcharges after the June 2026 billing cycle.⁹⁸

Kentucky Frontier has provided evidence to show the amounts it has collected and spent through the AMR surcharge.⁹⁹ When the AMR program was authorized and later extended, Kentucky Frontier estimated the amount needed to complete the program.¹⁰⁰ At the time the cost

⁹⁴ Supplemental Information p. 8.

⁹⁵ Supplemental Information p. 8.

⁹⁶ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 21 (filed December 12, 2026).

⁹⁷ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 22 (filed December 12, 2026).

⁹⁸ Supplemental Information p. 8.

⁹⁹ Kentucky Frontier's Responses to Staff's Post Hearing Data Requests, Item 11 (filed February 16, 2026).

¹⁰⁰ *Application of Kentucky Frontier Gas, LLC for Approval of Modification of AMR and Pipeline Replacement Programs, Surcharges and Tariffs to Include the Former Public Gas System*, Case No. 2016-00132 (Final Order dated

estimates were made, a new AMR reader was \$10,000 in 2017 and now they are \$25,000.¹⁰¹ The initial estimates were made more than a decade ago and at a time that nobody could predict the increase in inflation that would occur or the global COVID-19 pandemic that drastically increased the lead times and costs for the equipment needed to complete the AMR program. By the time the program finishes this year, the amount collected via the AMR surcharge will have been spent completing all necessary AMR projects.¹⁰²

b. The Commission Should Approve the Continuation of the PRP Surcharge

Kentucky Frontier proposes to continue its PRP surcharge approved in Case No. 2011-00443, extended to Public Gas customers in Case No. 2016-00132.¹⁰³ The PRP program has made great progress since 2013 with the replacement of miles of leaking bare steel pipe, focused attention to problem areas identified by leak surveys, and installation of gas odorizers to better draw attention to leaks.¹⁰⁴ Under the PRP, Kentucky Frontier purchased better leak detection equipment, a directional drilling rig, a hydro-vac trailer for exposing lines, and other tools for finding, replacing and upgrading facilities.¹⁰⁵ The cost of this program was initially recovered through a \$1.25 monthly surcharge on each utility customer's bill (not applicable to farm taps).¹⁰⁶

October 6, 2016); and *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*, Case No. 2011-00443 (Final Order dated July 16, 2013).

¹⁰¹ HVT 2:45:00-2:47:00.

¹⁰² HVT 2:47:00-2:49:00.

¹⁰³ Supplemental Information p. 8.

¹⁰⁴ Supplemental Information p. 8.

¹⁰⁵ Supplemental Information p. 9.

¹⁰⁶ Supplemental Information p. 9.

The Commission raised the PRP surcharge to \$5.00 per month in Case No. 2017-00263.¹⁰⁷ Kentucky Frontier proposes to maintain about the same annual PRP expenditure, but change to a hybrid surcharge of \$2.50 per meter per month, or half of the present surcharge; and \$0.037 per ccf volume.¹⁰⁸ Having a volumetric based PRP charge would require more PRP contribution from the larger customers who have higher supply demands and having a portion of the PRP fee recoverable through a fixed charge will allow Kentucky Frontier to recover an appropriate amount of PRP fees throughout the year, even in the summer months when there are less volumes sold.¹⁰⁹ ¹¹⁰ Therefore, Kentucky Frontier believes the proposed hybrid PRP fee structure would be the best for Kentucky Frontier and its customers.¹¹¹

Kentucky Frontier started the PRP in 2013 with the most pressing projects in the Belfry Gas system and a few other short segments.¹¹² Kentucky Frontier added BTU Gas in 2012 but did not fully grasp the scope of replacements needed on that outdated line.¹¹³ Public Gas was added in 2015 and also had several significant projects.¹¹⁴ Now, the Fontaine-Williams Gas pipeline presents an opportunity for long-term supply to Magoffin County, but will require some projects that will add to the PRP workload.¹¹⁵ At this point, Kentucky Frontier estimates seven more years

¹⁰⁷ Supplemental Information p. 9.

¹⁰⁸ Supplemental Information p. 9.

¹⁰⁹ Supplemental Information p. 9.

¹¹⁰ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 26 (Filed Dec. 12, 2025).

¹¹¹ HVR 4:32:00-4:35:50.

¹¹² Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 24 (Filed Dec. 12, 2025).

¹¹³ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 24 (Filed Dec. 12, 2025).

¹¹⁴ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 24 (Filed Dec. 12, 2025).

¹¹⁵ Kentucky Frontier's Responses to Staff's 3rd Request for Information, Item 24 (Filed Dec. 12, 2025).

of PRP work at the present level, to complete the necessary projects.¹¹⁶ For these reasons, Kentucky Frontier proposes continuing the PRP surcharge and modifying it to a hybrid surcharge of \$2.50 per meter per month, or half of the present surcharge; and \$0.037 per ccf volume.

c. GCA Calculations Result in Under-Recover for Kentucky Frontier that Impact Kentucky Frontier’s Revenue Requirement.

Kentucky Frontier is negatively impacted by the way the GCA calculations force Lost and Unaccounted For Gas (“L&U”) to a 7.5% *monthly* limit.¹¹⁷ Kentucky Frontier’s analysis shows that, for a complete “Gas Year” ending each October, Frontier averaged 6.4%, 5.6%, and 6.7% L&U respectively for the last three Gas Years.¹¹⁸ This 6.2% average is below the approved 7.5% L&U.¹¹⁹ In 2018-22, Kentucky Frontier recovered from customers about 96% of what was paid for gas.¹²⁰ But in 2023, the GCR mechanism over corrected, both positively and negatively in several cycles.¹²¹ The 2023 GCR was \$8.03 per Mcf versus actual gas cost of \$5.44.¹²² In 2024 the GCR was \$4.73 per Mcf versus an actual gas cost of \$5.47.¹²³ Although GCAs are filed quarterly, the GCA mechanism carries out adjustments for more than a year.¹²⁴ As such, Kentucky Frontier is often penalized for monthly L&U when its quarterly or annual L&U is within the limiter and

¹¹⁶ Kentucky Frontier’s Responses to Staff’s 3rd Request for Information, Item 24 (Filed Dec. 12, 2025).

¹¹⁷ Kentucky Frontier’s Responses to Staff’s Post Hearing Data Requests, Item 26 (Filed February 16, 2026).

¹¹⁸ Kentucky Frontier’s Responses to Staff’s Post Hearing Data Requests, Item 26 (Filed February 16, 2026).

¹¹⁹ Kentucky Frontier’s Responses to Staff’s Post Hearing Data Requests, Item 26 (Filed February 16, 2026).

¹²⁰ Kentucky Frontier’s Responses to Staff’s 3rd Request for Information, Item 39 (Filed Dec. 12, 2026).

¹²¹ Kentucky Frontier’s Responses to Staff’s 3rd Request for Information, Item 39 (Filed Dec. 12, 2026).

¹²² Kentucky Frontier’s Responses to Staff’s 3rd Request for Information, Item 39 (Filed Dec. 12, 2026).

¹²³ Kentucky Frontier’s Responses to Staff’s 3rd Request for Information, Item 39 (Filed Dec. 12, 2026).

¹²⁴ Kentucky Frontier’s Responses to Staff’s Post Hearing Data Requests, Item 26 (Filed February 16, 2026).

would not incur a penalty.¹²⁵ The GCA mechanism artificially under-recovered or penalized Kentucky Frontier by \$33,000 in 2024-25 due to the monthly limit.¹²⁶

CONCLUSION

Kentucky Frontiers' revenue requirement and rate design are fair, just and reasonable and is necessary for Kentucky Frontier to be able to hire and retain qualified skilled workers, to obtain insurance coverage and to cover the necessary operating expenses to continue to provide safe and reliable service to its customers. For the foregoing reasons, Kentucky Frontier respectfully requests that the Commission approve the full relief requested in Kentucky Frontier's Application and rebuttal testimony.

Respectfully submitted,



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¹²⁵ Kentucky Frontier's Responses to Staff's Post Hearing Data Requests, Item 26 (Filed February 16, 2026).

¹²⁶ Kentucky Frontier's Responses to Staff's Post Hearing Data Requests, Item 26 (Filed February 16, 2026).

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing was transmitted to the Commission on February 20, 2026, and that there are no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to prior Commission Orders, no paper copies of this filing will be made.



Counsel for Kentucky Frontier Gas, LLC