

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF)	2021-00377
KENTUCKY FRONTIER GAS, LLC)	

ORDER

On September 29, 2021, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed its Gas Cost Recovery (GCR) rate report for rates effective November 1, 2021. Kentucky Frontier's previous GCR rate was approved in Case No. 2021-00262.¹

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

¹ Case No. 2021-00262, *Electronic Purchased Gas Adjustment Filing Of Kentucky Frontier Gas, LLC* (Ky. PSC July 16, 2021).

² KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

1. Kentucky Frontier's report includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Kentucky Frontier's report sets out an Expected Gas Cost (EGC) of \$8.3379 per Mcf, which is an increase of \$1.6662 per Mcf from its previous EGC of \$6.6717 per Mcf.

3. Kentucky Frontier's report sets out no Refund Adjustment.

4. Kentucky Frontier's report sets out a current quarter Actual Adjustment (AA) of \$0.0394 per Mcf and a total AA of \$0.2004 per Mcf, which is an increase of \$0.0944 per Mcf from the previous total AA of \$0.1060 per Mcf.

5. Kentucky Frontier's report sets out a current quarter Balance Adjustment (BA) of \$0.0178 per Mcf and a total BA of \$0.0221 per Mcf, which is a decrease of \$0.0869 per Mcf from the previous total BA of \$0.1090 per Mcf.

6. Kentucky Frontier's report sets out a GCR rate of \$0.85603 per Ccf. Due to a spreadsheet rounding error, Kentucky Frontier erroneously set out an incorrect GCR rate. Kentucky Frontier's corrected GCR rate is \$0.85604 per Ccf or \$8.5604 per Mcf, which is an increase of \$1.6737 per Mcf from its previous rate of \$6.8867 per Mcf.

7. The rates set forth in Appendix A to this Order are fair, just and reasonable, and should be approved for service rendered by Kentucky Frontier on and after November 1, 2021.

8. Should Kentucky Frontier purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

9. The Commission finds that Kentucky Frontier should file responses to the requests for information set forth in Appendix B to this Order when it files its next GCR report.

a. The Commission directs Kentucky Frontier to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

b. Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Kentucky Frontier shall make timely amendment to any prior response if it obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which Kentucky Frontier fails or refuses to furnish all or part of the requested information, Kentucky Frontier shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. When filing a paper containing personal information Kentucky Frontier shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Kentucky Frontier are denied.
2. The rates set forth in Appendix A to this Order are approved for final meter readings by Kentucky Frontier on and after November 1, 2021.
3. Within 20 days of the date of entry of this Order, Kentucky Frontier shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
4. Kentucky Frontier shall file responses to the requests for information set forth in Appendix B to this Order when it files its next GCR report.
5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

Linda C. Bridwell

Executive Director

Case No. 2021-00377

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00377 DATED OCT 26 2021

The following rates and charges are prescribed for the customers in the area served by Kentucky Frontier Gas, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$.85604 per Ccf for service rendered on and after November 1, 2021.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00377 DATED OCT 26 2021

1. Refer to the GCR rate report, Schedule 2, The Expected Gas Cost Calculation sheet, regarding DLR transportation.

a. Confirm whether DLR is an affiliate of Kentucky Frontier pursuant to KRS 278.274.

b. Explain when the \$1.25 per Mcf transportation fee was established and how the transportation rate was determined.

c. Explain if DLR provides any additional services to Kentucky Frontier besides the transportation of natural gas.

d. Explain if DLR provides transportation services to other entities besides Kentucky Frontier.

2. Refer to the GCR rate report, Schedule 2, The Expected Gas Cost Calculation sheet. A statement near the bottom of the page states “DLR Trans for Cow Creek (Sigma) = \$1.25/Mcf on volumes from CVR, EQT, HTC, ING, Jefferson, Nytis, Plateau, Southern Energy.”

a. Explain what the “Cow Creek (Sigma)” is referencing.

b. For the suppliers listed that include the \$1.25 per Mcf transportation fee from DLR explain if DLR is the sole option for transportation of gas into Kentucky Frontiers system or if there are other options available to Kentucky Frontier.

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