

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF KENTUCKY)	2021-00408
FRONTIER GAS, LLC)	

ORDER

On October 27, 2021, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a Gas Cost Adjustment (GCA) rate report for its Farm Tap customers taking service pursuant to KRS 278.485 from the gas gathering systems it operates for rates to become effective December 1, 2021. On May 30, 2012, in Case No. 2011-00513 the Commission approved a GCA mechanism to be established for Kentucky Frontier’s Farm Tap customers and approved a Farm Tap GCA rate to be charged.¹ It was discovered in that case that Kentucky Frontier purchases the gas to supply its Farm Tap customers from another source, and a GCA would be needed to pass through the cost of gas to those customers. The Commission ordered Kentucky Frontier to incorporate a GCA Clause into its Farm Tap Tariff that establishes the approved GCA rate and the filing requirements for Kentucky Frontier to request an adjustment to its Farm Tap GCA rate. Upon review of Kentucky Frontier’s GCA Clause for Farm Tap customers, the Commission finds that some required information is missing from the filed Farm Tap GCA rate report for rates effective December 1, 2021. The Commission finds that supplemental information is

¹ Case No. 2011-00513, *Application of Kentucky Frontier Gas Company, LLC for Approval of Adjustment of Farm Tap Rates* (Ky. PSC May 30, 2012).

necessary for the approval of Kentucky Frontier's current Farm Tap GCA rate report and that the proposed rate should be suspended so further investigation can be conducted.

Having reviewed the proposed Farm Tap GCA rate report and Farm Tap Tariff GCA Clause and being otherwise sufficiently advised, the Commission finds that additional discovery will be necessary and the Farm Tap GCA rate cannot be reviewed and approved by the requested effective date of December 1, 2021. In accordance with KRS 278.190(2), the Commission will suspend the effective date of the proposed Farm Tap GCA rate for five months, up to and including April 30, 2022.

In addition, Kentucky Frontier should file on or before December 13, 2021, its responses to the Commission's request for information, attached to this Order as an Appendix. The Commission directs Kentucky Frontier to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission.

IT IS THEREFORE ORDERED that:

1. Kentucky Frontier's proposed rates are suspended for five months from November 30, 2021, up to and including April 30, 2022.
2. Kentucky Frontier shall file its responses to Commission's request for information, attached as Appendix to this Order, by December 13, 2021.
 - a. Electronic documents filed in response to requests for information shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. Each response shall include the question to which the

² 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).

response is made, and shall include the name of the witness responsible for responding to the questions related to the information provided.

b. 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.

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.

3. Nothing contained herein shall prevent the Commission from issuing an Order prior to the end of the suspension period.

By the Commission



ATTEST:


Executive Director

Case No. 2021-00408

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00408 DATED NOV 29 2021

1. Refer to Kentucky Frontier's Farm Tap Gas Cost Adjustment Clause in its Tariff, Sheet No. 24, regarding the filing requirements for a change in a supplier's wholesale gas rate.
 - a. Provide a copy of the contract or wholesale supplier notification effecting the change in rate and a statement relative to the effective date of such proposed change.
 - b. Provide a statement setting out gas sales for the most recent 12 months.
 - c. Provide a statement setting out the details of gas purchased for the most recent 12 months, showing billing from the supplier under the most recent rate and under the proposed supplier rate.
2. Provide the history of Kentucky Frontier's provision of farm tap service beginning with its earliest provision of gas to customers served pursuant to KRS 278.485.
3. Provide either a listing of locations or a map showing where farm tap services are being provided by Kentucky Frontier, and the associated source and ownership of gas supply and transmission for each. The information provided should indicate the proximity to Kentucky Frontier's regulated utility system.
4. State whether any farm tap customers are supplied from wells in which Kentucky Frontier has ownership interest. If yes, provide details.

5. Describe the quality of gas supplied to farm tap customers. The response should include but not be limited to the following: whether any dehydration equipment is used, whether the gas is odorized, and whether compression equipment is used for the purpose of delivering gas to farm tap customers.

6. State whether the character of service to any farm tap customers has changed over time. The response should include but not be limited to the following: whether any previous farm tap customer lost service due to inadequate gas supply or for any other reason related to availability of gas or transmission service, whether Kentucky Frontier has contracted for gas to supply farm tap customers because of a loss of previous supply, and whether Kentucky Frontier has changed the designation of any customer from farm tap to regulated utility customer.

7. Explain whether Kentucky Frontier believes its farm tap customers receive a relatively comparable level of gas supply and service as its regulated utility customers, and why.

8. Provide the number of farm tap customers Kentucky Frontier has served annually for the last ten years and the number it is currently serving.

9. State whether Kentucky Frontier serves any “free gas” customers who receive gas in exchange for pipeline crossing their property. If so, state how many and where they are located.

10. State whether Kentucky Frontier contracts for any gas to serve farm tap customers. If yes, explain why Kentucky Frontier considers those customers to be farm tap customers.

11. State who owns the lines from which Kentucky Frontier's farm tap customers are served.

12. Describe the transactions involved in the provision of farm tap gas supply and transmission service to the individual Kentucky Frontier's delivery points.

13. Describe any differences in Kentucky Frontier's actions in responding to an 811 locate request for an underground facility considered to be a farm tap, and an underground facility operated by Kentucky Frontier that is not considered to be a farm tap.

14. Explain whether Kentucky Frontier separately accounts for farm tap revenues, expenses, and utility plant in a way that enables Kentucky Frontier to produce financial statements that exclude farm tap activities.

15. Explain whether Kentucky Frontier includes revenues or expenses from farm tap customers in its annual financial report filed with the Commission.

16. Explain whether Kentucky Frontier includes farm tap revenues in the gross revenue report filed with the Commission. If so, explain whether Kentucky Frontier's PSC assessment fees include farm tap revenues.

*Dennis R Horner
Kentucky Frontier Gas, LLC
2963 KY RT 321
P. O. Box 408
Prestonsburg, KY 41653

*Kentucky Frontier Gas, LLC
111 W 2nd Street
Glenwood Springs, CO 81601