

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF KENTUCKY FRONTIER GAS, LLC)	2022-00196

ORDER

On July 1, 2022, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a motion to amend its current unified Gas Cost Recovery (GCR) mechanism and to schedule an Informal Conference (IC) with Commission Staff. The IC was held on July 13, 2022, and Commission Staff and Kentucky Frontier discussed the possibility of bi-furcating its GCR rate mechanism and any additional supplemental information required for the modification to its GCR rate mechanism. Kentucky Frontier's previous GCR rate was approved in Case No. 2022-00110.¹

LEGAL STANDARD

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

¹ Case No. 2022-00110, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Ky. PSC Apr. 29, 2022).

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

DISCUSSION

Following the IC, Kentucky Frontier filed a motion on July 17, 2022, to withdraw its motion to amend its current unified GCR rate report and requested that the Commission use the unified GCR rate report for its GCR rates filed as Exhibit A to its initial motion to amend. The Commission finds that Kentucky Frontier's GCR rate report filed as Exhibit A to the motion to amend shall be used in determining Kentucky Frontier's GCR rates in this case proceeding. The unified GCR rate report filed on July 1, 2022, requests GCR rates to be effective August 1, 2022.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Kentucky Frontier's report includes revised rates designed to pass on to its customers its expected change in wholesale gas costs. Kentucky Frontier's report sets out an Expected Gas Cost (EGC) of \$9.5959 per Mcf, which is an increase of \$1.5210 per Mcf from its previous EGC of \$8.0749 per Mcf. Kentucky Frontier's report sets out no Refund Adjustment. Kentucky Frontier's report sets out a current quarter Actual Adjustment (AA) of \$0.5462 per Mcf and a total AA of \$0.5459 per Mcf, which is an increase of \$0.2897 per Mcf from the previous total AA of \$0.2562 per Mcf. Kentucky Frontier's report sets out a current quarter Balance Adjustment (BA) of \$0.0010 per Mcf and a total BA of (\$0.0023) per Mcf, which is a decrease of \$0.0069 per Mcf from the previous total BA of \$0.0046 per Mcf. Kentucky Frontier's report sets out a GCR rate of

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

\$0.101394 per Ccf or \$10.1394 per Mcf. Due to a spreadsheet rounding error, Kentucky Frontier erroneously set out an incorrect GCR rate.

Based upon the calculations above, the Commission finds that Kentucky Frontier's corrected GCR rate is \$0.101395 per Ccf or \$10.1395 per Mcf, which is an increase of \$1.8038 per Mcf from its previous rate of \$8.3357 per Mcf. The Commission further finds that the rates set forth in the Appendix to this Order are fair, just and reasonable, and are approved for service rendered by Kentucky Frontier on and after August 1, 2022.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Kentucky Frontier shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. 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.

IT IS THEREFORE ORDERED that:

1. Kentucky Frontier's motion to withdraw its motion to amend the current unified GCR is granted.
2. Kentucky Frontier's request to use the GCR rate report, Exhibit A as the proposed GCR rate report for review by the Commission in this case proceeding is approved.
3. The rates as proposed by Kentucky Frontier are denied.
4. The rates set forth in the Appendix to this Order are approved for final meter readings by Kentucky Frontier on and after August 1, 2022.

5. Kentucky Frontier shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.

6. 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.

7. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION

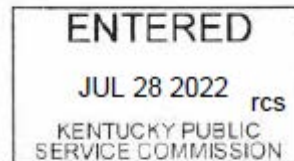


Chairman

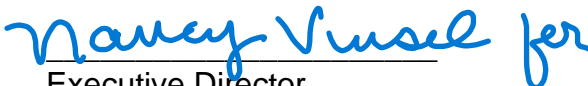
Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00196 DATED JUL 28 2022

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 \$.101395 per Ccf for service rendered on and after August 1, 2022.

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