

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF KENTUCKY FRONTIER GAS, LLC)	2024-00210

ORDER

On June 29, 2024, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of August 1, 2024. On July 31, 2024, the Commission suspended the effective date of the proposed GCR rates for one day, up to August 2, 2024, pursuant to KRS 278.190(2). On August 1, 2024, Kentucky Frontier filed notice of its intent to place the proposed rates into effect, subject to refund, on and after August 2, 2024.¹ Kentucky Frontier's previous GCR rate was placed into effect in Case No. 2024-00081.²

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.

¹ Kentucky Frontier's Notice of Putting Rates into Effect (filed Aug. 1, 2024).

² Case No. 2024-00081, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed May 2, 2024), Notice to Put Rates into Effect.

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.³

DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Kentucky Frontier's report includes revised rates designed to meet its expected change in wholesale gas costs. Kentucky Frontier's report sets out an Expected Gas Cost (EGC) of \$6.2746 per Mcf, which is an increase of \$0.2677 per Mcf from its previous EGC of \$6.0069 per Mcf. Kentucky Frontier's report sets out no Refund Adjustment. Kentucky Frontier's report sets out a current quarter AA of (\$0.5088) per Mcf. Kentucky Frontier's total AA is (\$0.7540) per Mcf, which is an increase of \$1.4400 per Mcf from the previous total AA of (\$2.1940) per Mcf. Kentucky Frontier's report sets out a current quarter BA of \$0.0086 per Mcf. Kentucky Frontier's total BA is \$0.0283 per Mcf, which is an increase of \$0.0176 per Mcf from the previous total BA of \$0.0107 per Mcf.

Based upon the calculations of the GCR rate discussed above, the Commission finds that Kentucky Frontier's GCR rate is \$0.55488 per 100 cubic feet, or \$5.5488 per Mcf, which is an increase of \$1.7251 per Mcf from the previous GCR of \$3.8237 per Mcf. Kentucky Frontier notified the Commission of its intention to place its proposed GCR rate,

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

into effect, subject to refund, pursuant to KRS 278.190(2), beginning on and after August 2, 2024.⁴

On September 27, 2024, Kentucky Frontier filed its next quarterly GCR rate report for rates effective November 1, 2024, in Case No. 2024-00316.⁵ The Commission finds that the proposed revised GCR rate and its components as established in this proceeding have already been charge to Kentucky Frontier customers on and after August 2, 2024. Therefore, the Commission finds, without additional inquiry, that the GCR rate as filed in the revised GCR rate report facially appears to be correctly calculated based on the information provided, and follows the Commission's preferred GCR methodology; thus, does not require the issuance of a refund or recredit for the period the rate was in effect pursuant to KRS 278.190.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, 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. The component charges and credits applied by Kentucky Frontier through its GCR mechanism, as proposed in the amended GCR rate report, beginning on and after August 2, 2024, are approved.

⁴ Kentucky Frontier's Notice of Putting Rates into Effect (filed Aug. 1, 2024).

⁵ Case No. 2024-00316, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed Sept. 27, 2024). The Commission has yet to issue an Order in this proceeding.

2. The GCR rate placed into effect subject to refund pursuant to KRS 278.190(2) beginning on and after August 2, 2024, does not require the issuance of a refund or recredit for the period the rate was placed into effect.

3. 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.

4. 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 shall be documented in its cover letter to the Commission.

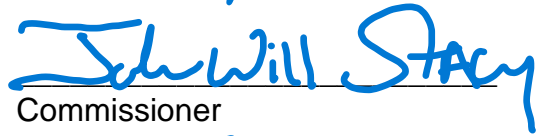
5. Within 20 days of the date of service of this Order, Kentucky Frontier shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order and effective on and after August 2, 2024.

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

PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ENTERED
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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