COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT FILING OF KENTUCKY FRONTIER GAS, LLC	))	CASE NO. 2025-00320

ORDER

On September 30, 2025, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of November 1, 2025. Kentucky Frontier's previous GCR rate was placed into effect in Case No. 2025-00207.[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 rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.[2]

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[1] Case No. 2025-00207, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Ky. PSC July. 31, 2025), Order.

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

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 $6.5770 per Mcf, which is a decrease of $0.5180 per Mcf from its previous EGC of $7.0950 per Mcf. Kentucky Frontier's report sets out no Refund Adjustment. Kentucky Frontier's report sets out a current quarter Actual Adjustment (AA) of ($0.1698) per Mcf based on its addition of a Total column in Schedule IV to calculate line loss and resulting gas cost difference on a quarterly instead of a monthly basis. Because Kentucky Frontier has used monthly line loss in its previous AA calculations and did not request a deviation from that methodology in this case, the Commission will re-calculate the AA based on previously approved standard methodology for the calculation of line loss-adjusted sales. Kentucky Frontier may propose a change in AA calculation methodology in a future application if it desires to do so. Based on the standard calculation of monthly line loss-adjusted sales using the 7.5 percent limiter, the Current quarter AA is ($0.1738) per Mcf. Kentucky Frontier's resulting total AA is ($0.2705) per Mcf, which is a decrease of $0.0772 per Mcf from the previous total AA of ($0.1933) per Mcf. Kentucky Frontier's report sets out a current quarter Balance Adjustment (BA) of $0.0011 per Mcf. Kentucky Frontier's total BA is $0.0086 per Mcf, which is a decrease of $0.0796 per Mcf from the previous total BA of $0.0882 per Mcf.

Based upon the corrected calculations of the AA discussed above, the Commission finds that Kentucky Frontier's GCR rate is $0.63151 per 100 cubic feet, or $6.3151 per Mcf, which is a decrease of $0.6748 per Mcf from the previous GCR of

$6.9899 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 November 1, 2025.

The Commission finds that for the purpose of transparency and to maintain a record of information for future use, Kentucky Frontier should 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 rates proposed by Kentucky Frontier are denied.

2. The rates set forth in the Appendix to this Order are approved for service rendered on and after November 1, 2025.

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.

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

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PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

ATTEST:

RP

Executive Director

ENTERED

OCT 21 2025

AD

KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00320 DATED OCT 21 2025

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 $0.63151 per Ccf for service rendered on and after November 1, 2025

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