

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF KENTUCKY FRONTIER GAS, LLC)	2024-00081

ORDER

On April 1, 2024, Kentucky Frontier Gas, LLC (Kentucky Frontier) filed a quarterly Gas Cost Recovery (GCR) rate report with a proposed effective date of May 1, 2024. On April 30, 2024, the Commission suspended the effective date of the proposed GCR rates for one day, up to and including May 2, 2024, pursuant to KRS 278.190(2). Kentucky Frontier filed notice of its intent to place the proposed rates into effect, subject to refund, on and after May 3, 2024.¹ On May 14, 2024, Kentucky Frontier responded to one request for information from Commission Staff.² Included in the response, Kentucky Frontier filed an amended GCR rate report which corrected for calculation errors found in the original report.³ Kentucky Frontier's previous GCR rate was placed into effect in Case No. 2023-00427.⁴

¹ Notice of Implementation (filed May 2, 2024).

² Kentucky Frontier's Response to Commission Staff's First Request for Information (Staff's First Request) (filed May 14, 2024).

³ Kentucky Frontier's Response to Staff's First Request.

⁴ Case No. 2023-00427, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Ky. PSC Jan. 30, 2024), Order.

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.⁵

DISCUSSION

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that Kentucky Frontier's amended report includes revised rates designed to meet its expected change in wholesale gas costs. Kentucky Frontier's amended report sets out an Expected Gas Cost (EGC) of \$6.0069 per Mcf, which is a decrease of \$0.4633 per Mcf from its previous EGC of \$6.4702 per Mcf. Kentucky Frontier's amended report sets out no Refund Adjustment. Kentucky Frontier's amended report sets out a current quarter AA of \$0.1053 per Mcf. Kentucky Frontier's total AA is (\$2.1940) per Mcf, which is an increase of \$1.2724 per Mcf from the previous total AA of (\$3.4664) per Mcf. Kentucky Frontier's amended report sets out a current quarter BA of (\$0.0224) per Mcf. Kentucky Frontier's total BA is \$0.0107 per Mcf, which is a decrease of \$0.0240 per Mcf from the previous total BA of \$0.0347 per Mcf.

⁵ KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

Based upon the calculations of the amended GCR rate discussed above, the Commission finds that Kentucky Frontier's GCR rate is \$0.38237 per 100 cubic feet, or \$3.8237 per Mcf, which is an increase of \$0.7852 per Mcf from the previous GCR of \$3.0385 per Mcf. Kentucky Frontier notified the Commission of its intension to place its proposed GCR rate, into effect, subject to refund, pursuant to KRS 278.190(2), beginning on and after May 3, 2024.⁶

On June 29, 2024, Kentucky Frontier filed its next quarterly GCR rate report for rates effective August 1, 2024, in Case No. 2024-00210.⁷ The Commission issued an Order in that proceeding suspending the rates for one day, to August 2, 2024, subject to refund.⁸ Kentucky Frontier filed notice of its intent to place the Case No. 2024-00210 proposed rates into effect, subject to refund, on and after August 2, 2024.⁹

The Commission finds that the proposed revised GCR rate and its components as established in this proceeding have already been charged to Kentucky Frontier customers for the period of May 3, 2024, through August 1, 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.

⁶ Notice of Implementation (filed May 2, 2024).

⁷ Case No. 2024-00210, *Electronic Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (filed June 29, 2024).

⁸ Case No. 2024-00210, July 31, 2024 Order.

⁹ Case No. 2024-00210, Aug. 1, 2024 Notice of Implementation.

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 May 3, 2024, through August 1, 2024, are approved.

2. The GCR rate placed into effect subject to refund pursuant to KRS 278.190(2) beginning on and after May 3, 2024, through August 1, 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 the May 3, 2024, through August 1, 2024.

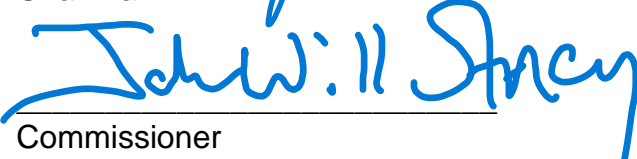
6. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ENTERED
OCT 30 2024
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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