

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 West Todd Street
Frankfort, Kentucky 40601

Telephone: (502) 227-7270

inhughes@johnnhughespsc.com

June 30, 2017

RECEIVED

JUN 30 2017

PUBLIC SERVICE
COMMISSION

Talina Mathews
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

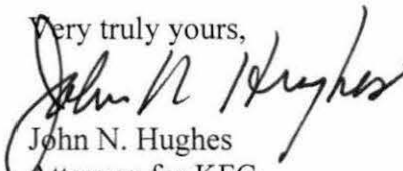
Re: KY Frontier Gas

Dear Ms. Mathews:

Attached is the application of Kentucky Frontier Gas, LLC for a rate adjustment filed pursuant to 807 KAR 5:076. Included is a petition for confidentiality for the state and federal tax returns.

Please contact me if you have any questions about this matter.

Very truly yours,



John N. Hughes
Attorney for KFG

Attachments

Cc: Attorney General

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF KENTUCKY FRONTIER
GAS LLC FOR AN ADJUSTMENT OF RATES
PURSUANT TO 807 KAR 5:076

CASE NO. 2017-00

RECEIVED

JUN 30 2017

PUBLIC SERVICE
COMMISSION

PETITION FOR CONFIDENTIALITY

Kentucky Frontier Gas, LLC, (Frontier) by counsel, moves for confidential treatment of the tax returns required to be filed with the application for an adjustment of rates. Section 16(c) of the filing requirements require the submission of state and federal tax returns.

This portion of Frontier's application contains proprietary information that would aid competitors of Frontier and such proprietary information is subject to protection from disclosure pursuant to Kentucky law. The Open Records Act exempts from disclosure certain confidential or proprietary information. KRS 61.878(1)(c). To qualify for exemption from public disclosure, it must be shown that disclosure of the information would permit an unfair commercial advantage to competitors of the party seeking confidentiality.

The information sought in the data request is commercial information that if disclosed could cause substantial competitive harm to Frontier. This information is not publicly available. It would be difficult or impossible for someone to discover this information from other sources. If this information were available to competitors in this form, they could use it to the competitive detriment of Frontier.

This information is not generally disclosed to non-management employees of

Frontier and is protected internally by the Company as proprietary information. The disclosure of this proprietary information would result in significant or irreparable competitive harm to Frontier by providing its competitors with non-reciprocal competitive advantage. No public purpose is served by the disclosure of such information.

KRS 61.878(1)(k) exempts from public disclosure "all public records or information the disclosure of which is prohibited by federal law or regulation." Federal law codified in 26 U.S.C.A. 5 6103(a), prohibits state officials from publicly disclosing any federal income tax return or its contents, making the requested federal income tax return exempt.

Returns and return information shall be confidential, and except as authorized by this title ... no officer or employee of any State ... shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this section....

The term "return information" means a taxpayer's identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing, or any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense.

The effect of these two statutes is to preclude disclosure of the federal tax return. Additionally, KRS 131.190(1) requires that all income tax information filed with the Kentucky Revenue Cabinet be treated in a confidential manner:

131.190 Information acquired in tax administration not to be divulged -- Exceptions.

(1) (a) No present or former commissioner or employee of the Department of Revenue, present or former member of a county board of assessment appeals, present or former property valuation administrator or employee, present or former secretary or employee of the Finance and Administration Cabinet, former secretary or employee of the Revenue Cabinet, or any other person, shall intentionally and without authorization inspect or divulge any information acquired by him of the affairs of any person, or information regarding the tax schedules, returns, or reports required to be filed with the department or other proper officer, or any information produced by a hearing or investigation, insofar as the information may have to do with the affairs of the person's business.

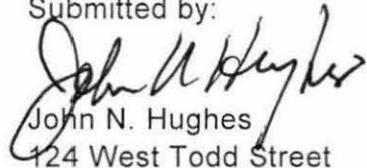
Thus, the requested state income tax return is also confidential and protected from disclosure by KRS 61.878(1)(1), which exempts from the Kentucky Open Records Act

...public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly

Frontier requests that the information be held confidentially indefinitely. The statutes cited above do not allow for disclosure at any time. Given the competitive nature of the natural gas business and the efforts of non-regulated competitors to encroach upon traditional markets, it is imperative that regulated information remain protected and that the integrity of the tax filings remain secure.

For these reasons, Frontier requests that the items identified in this petition be treated as confidential. Should the Commission determine that some or all of the material is not to be given confidential protection, Frontier requests a hearing prior to any public release of the information to preserve its rights to notice of the grounds for the denial and to preserve its right of appeal of the decision.

Submitted by:

A handwritten signature in black ink, appearing to read "John N. Hughes". The signature is written in a cursive style with a large initial "J".

John N. Hughes

124 West Todd Street

Frankfort, KY 40601

502 227 7270

Fax: none

jnhughes@johnnhughespsc.com

Attorney for Kentucky Frontier Gas
LLC

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

RECEIVED

JUN 30 2017

PUBLIC SERVICE
COMMISSION

Kentucky Frontier Gas LLC

(Name of Utility)

PO Box 408

(Business Mailing Address - Number and Street, or P.O. Box)

Prestonsburg, KY 41653

(Business Mailing Address - City, State, and Zip)

606-886-2431

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Steven Shute

(Name)

PO Box 1054

(Address - Number and Street or P.O. Box)

Glenwood Springs, CO 81602

(Address - City, State, Zip)

970-928-9208

(Telephone Number)

pipeline@rof.net

(Email Address)

(For each statement below, the Applicant should check either "YES" or "NO".)

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 4. a. Applicant is a corporation. A certified copy of its articles of incorporation and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant is a limited liability company. A certified copy of its articles of organization and all amendments are attached to this application or were filed with the Public Service Commission in Case No. <u>2008-00394</u> . | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Applicant is a limited partnership. A certified copy of its limited partnership agreement and all amendments thereto are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. Applicant is a sole proprietorship or partnership. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. Applicant is a water district organized pursuant to KRS Chapter 74. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f. Applicant is a water association organized pursuant to KRS Chapter 273. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. a. Applicant has 20 or fewer customers or is a sewer utility and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant has more than 20 customers, is not a sewer utility, and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant has more than 20 customers, is not a sewer utility, and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." (Attach completed "Reasons for Application" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|--|-------------------------------------|--------------------------|
| 8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." (Attach completed "Current and Proposed Rates" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, <u>2016</u> . | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." (Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ <u>603,810</u> and total revenues from service rates of \$ <u>3,726,920</u> . The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. (Attach a completed "Revenue Requirement Calculation" Attachment.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. As of the date of the filing of this application , Applicant had <u>5050</u> customers. | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. A billing analysis of Applicant's current and proposed rates is attached to this application. (Attach a completed "Billing Analysis" Attachment.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Applicant's depreciation schedule of utility plant in service is attached. (Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|--|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant is required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 17. Approximately _____ (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed 
 Officer of the Company/Authorized Representative

Title STEVEN SHUTE, Member-Manager

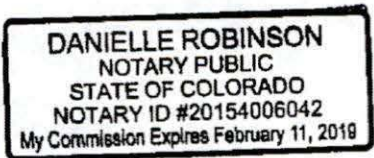
STATE COLORADO
 COMMONWEALTH OF KENTUCKY
 COUNTY OF GARFIELD

Date JUNE 28, 2017

Before me appeared Steve Shute, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.


 Notary Public

My commission expires: 2/11/19



LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- All amendments to Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- "Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- "Billing Analysis" Attachment
- Depreciation Schedule
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

Table of Contents

Alternative Rate Filing Application ARF Form 1

These documents are tied to the section number of the Application:

6.	Notice to customers	Frontier form
7.	Reasons for Application	Frontier narrative
8.	Current & Proposed Rates	Frontier form
10.	Stmt of Adjusted Operat'ns	Attachment SAO-G
	References	to SAO-G, details on known & measurable changes
11.	Revenue Requirement	Attachment RR-OR
	Rate Design	narrative on RR-OR assumptions & rate determinants
	Revenue Requirement	detail worksheet on Operating Ratio calculations
	Meters & Volumes history	Sales volume history worksheet
	Meters & Volumes proj'n	Volume projection for cost allocation to rates
	Cost of Service Study	simple worksheet for model cost allocation by rate class
	COSS Rate Comparison	effect on average customer of Proposed vs Current rates
	Rates & Revenues by Class	financial proforma with proposed rates
12.	Number of Customers	Frontier explanation
13.	Billing Analysis	Frontier narrative
14.	Depreciation schedule	Frontier form
15.	Outstanding indebtedness	Frontier form
	Long Term Debt Financing	summary sheet
	Evidence of indebtedness	original loan docs and loan statements from bank
16.c.	State & Federal tax returns	2016 for Ky Frontier Gas LLC and Auxier Road Gas
18.	Statement of Disclosure	ARF Form 3 for related party transactions

NOTICE OF APPLICATION OF KENTUCKY FRONTIER GAS, LLC
TO ADJUST RATES FOR NATURAL GAS SERVICE

Pursuant to the Kentucky Public Service Commission's regulation 807 KAR 5:076, Kentucky Frontier Gas (KFG), LLC gives notice that an application has been filed on June 30, 2017, with the Kentucky Public Service Commission seeking approval to adjust its rates for natural gas service. This rate adjustment will apply to all KFG's customers. The rates for former Public Gas customers will be consolidated into one rate for all KFG customers. The proposed rates will produce additional annual revenue of approximately \$373,000. The change in rates for KFG and former Public Gas customers differs based on current rate differences, which existed at the time of KFG's acquisition of Public Gas. The increase is to be effective in SIX MONTHS or January 1, 2018, or sooner if approved by the Kentucky Public Service Commission. If KFG's application is approved, monthly natural gas bills will increase as follows:

Customer Class	Total \$ Change	Percentage Change
KFG Customers		
Residential & Commercial	\$165,968	+14%
Large Commercial	-\$2,898	-1%
Former Public Gas Customers		
All Customers	\$209,179	+38%

Customer Class KFG	Existing customer charge	Proposed customer charge	Proposed Increase Amount	% of Proposed Increase
Residential	\$10.00	\$16.00	\$6.00	60%
Commercial	\$10.00	\$16.00	\$6.00	60%
Large Commercial	\$50.00	\$50.00	\$0	0%
Former Public Gas Customers				
Residential	\$10.00	\$16.00	\$6.00	60%
Commercial	\$10.00	\$16.00	\$6.00	60%

Customer Class KFG Customers	Existing Gas Base Rates	Proposed Gas Base Rates	Proposed reduction	% of Proposed change
Residential	\$.42023 /ccf	\$.3843 /ccf	-\$.0359 /ccf	-9%
Commercial	\$.42023 /ccf	\$.3843 /ccf	-\$.0359 /ccf	-9%
Large Commercial	\$.34454 /ccf	\$.3397 /ccf	-\$.0048 /ccf	-1%
Former Public Gas Customers			Proposed increase	
Residential	\$.30914ccf	\$.3843 /ccf	+\$.0752 /ccf	+24%
Commercial	\$.30914ccf	\$.3843 /ccf	+\$.0752 /ccf	+24%

Customer Class KFG Customers	2016 average usage per customer	Average customer monthly cost, Current rate*	Average customer monthly cost, Proposed rate	Proposed change in Average Monthly Cost
Residential	445 ccf	\$25.58	\$30.25	+\$4.67
Commercial	1600 ccf	\$66.03	\$67.24	+\$1.21
Large Commercial	120,000 ccf	\$3460.40	\$3412.00	(\$48.40)
Former Public Gas Customers		Average monthly cost current rate	Average monthly cost per customer proposed rate	Average Monthly Cost Increase Proposed
Residential	445 ccf	\$21.46	\$30.25	+\$8.79

**Base rates only, no Gas Cost included.*

KFG proposed to increase its current Pipeline Replacement Program (PRP) fee from \$1.25 to \$2.00 for existing KFG customers.

Special charge	Current KFG fee	Proposed KFG fee	\$ change for KFG	% change for KFG
PRP	\$1.25 /month	\$2.00 /month	\$0.75 /month	60%

KFG also proposes to adopt its existing tariffs for the former Public Gas customers. These changes below are increases or new charges only to former Public Gas customers and will conform Public rates to existing and proposed KFG rates. The rates affected by this change are:

Special Charge	Current Public Charge	Current KFG Charge	Proposed Public Charge	\$ change for Public customers	% change for Public customers
Returned Check fee	\$20.00	\$30.00	\$30.00	\$10.00	50%
Turn on fee	\$40.00	\$50.00	\$50.00	\$10.00	25%
Customer deposit	\$100.00	2/12 annual bill	2/12 annual bill	n/a	n/a
Special Meter read	\$10.00	\$50.00	\$50.00	\$40.00	500%
Late payment	10%	10%	10%	0	0
Relocate meter	0	\$150.00	\$150.00	\$150.00	n/a
Transfer service	0	\$30.00	\$30.00	\$30.00	n/a
Trip charge	0	\$50.00	\$50.00	\$50.00	n/a
Meter test fee	0	\$225.00	\$225.00	\$225.00	n/a
Reconnection fee	\$40.00	\$50.00	\$50.00	\$10.00	25%
PRP	\$1.25 /month	\$1.25 /month	\$2.00 /month	\$0.75 /month	60%
AMR	\$1.00 /month	\$1.00 /month	\$1.00 /month	\$1.00 /month	0

The rates contained in this notice are the rates proposed by KFG however, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates that are higher or lower than those proposed by KFG.

A person may submit a timely written request to intervene to the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party. If the Kentucky Public Service Commission does not receive a request to intervene within thirty (30) days of the initial publication or mailing of this notice, the Kentucky Public Service Commission may take final action on the application. Comments regarding this application may be submitted through the Commission's Web site at <http://psc.kv.gov>; or by mail to P.O. Box 615, Frankfort, Kentucky 40602. Copies of the KFG application may be obtained or viewed from KFG: Kentucky Frontier Gas 2963 Ky Route 321 North, Prestonsburg, KY 41653, 606-886-2431, <http://kyfrontiergas.com/> Monday through Friday from 8:30 a.m. to 4:30 p.m. The application and all documents filed with the Kentucky Public Service Commission may be viewed and downloaded at the Kentucky Public Service Commission's Web site at <http://psc.ky.gov> or a copy can be obtained from the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 Monday through Friday between the hours of 8:00 a.m. to 4:00 p.m.

7. Reasons for Application

There are two primary issues in this case.

The first is the unification of rates for the customers acquired with the former Public Gas Company (“Public”) effective December 1, 2015 under Case No. 2015-00299. Public Gas has about 1800 customers in 8 counties of Eastern Kentucky, serving the communities of Jackson, Campton, Hazel Green, Lee City, Canton and others along the Mountain Parkway. Frontier adopted the rates and tariffs of Public Gas (“Public”) and has been charging separate rates and operating under separate tariffs. This case proposes to unify rates and non-recurring charges and tariffs for all Frontier and Public customers. Included in the consolidation is the adjustment of the rates to reflect current operating costs and revenues.

The other issue related to the rates is to continue and accelerate the Pipeline Replacement Program (PRP) project and surcharges.

Q 1 How has Frontier integrated Public Gas into its operations?

A. Frontier maintains the former Public office in Jackson, and has integrated the former Public customers into its billing system under the Frontier brand. Since the merger in December 2015, Frontier has billed Public customers under the Public Gas tariffs for gas rates and special charges as approved March 27, 2013 in Case No. 2012-00431.

Frontier has put together 10 small gas systems, and the operation of these as a group has made Frontier a more economically viable company. Frontier has about 3400 utility customers and 700 farm tap customers under its current rate tariffs. Most Frontier utility customers are concentrated in compact areas of Floyd-Pike-Magoffin counties. Most of Public’s 1800 customers are in Breathitt-Morgan-Wolfe counties. Frontier now has customers in 13 counties. The Public Gas service territory abuts Frontier’s territory in Magoffin County, and many of the outlying Public customers are close by Frontier customers. Office and field employees are traded regularly between the offices and systems, especially for meter reading and billing. Frontier has consolidated the operation of all of its gas systems into one operating company – Kentucky Frontier Gas, LLC.

Frontier has filed separate quarterly Purchased Gas Adjustment filings for the former Public Gas, with the most recent Case No. 2017-00158 effective May 1, 2017. With this application, Frontier proposes to consolidate the Public Gas rates and charges into Frontier, with a single rate structure, tariffs and operating procedures for all customers. Frontier also proposes to incorporate the Public gas

costs into the quarterly PGA filings by Frontier. With these proposed changes, the former Public Gas customers will be fully integrated into a single Frontier utility rate structure.

We have already realized the benefit of economies of scale. We unified billing, bookkeeping, recordkeeping and reporting functions. We upgraded broadband connections and phone systems in Prestonsburg and Jackson offices, connected to a shared offsite server, and are able to take a phone call or serve a customer regardless of location. We routinely share field workers and equipment between systems. We have consolidated gas supply purchase practices and eliminated higher cost suppliers. We have one management team with a great deal of experience in financial, regulatory and safety matters. All of these enhance the consolidation of these small companies and will ultimately be reflected in lower operating costs and lower rates than otherwise would have been experienced.

Q 2 What is the benefit of consolidating rates and tariffs for all Frontier customers?

A. To equalize the rates of all of the customers who are receiving the same level of service, including non-gas rates and Gas Cost Recovery Rates and non-recurring charges; to simplify the record keeping and regulatory costs of multiple rates and tariffs, to eliminate confusion among customers of inconsistent tariffs and to reduce the administrative burden of multiple rates and tariffs.

Q 3 Why is there disparity in the rate adjustment for some customers?

A. Frontier and Public currently have different rate schedules. The cost study indicates the required revenue to be collected from all customers. When these costs are allocated among all customers of the same size and type of service, some customers will pay more, and some less than currently paying, depending on annual gas usage. See the following narrative on the overall effect of the proposed rates, since there are substantial offsetting changes for all customers.

Q 4 Does that mean now that, after this proceeding, all customers will be paying the same rate for the same amount of gas and for the same service?

A. Yes.

Q 5 What is the benefit of a single tariff for all customers?

A. The service standards, conditions for service, deposits, special charges and all other rules will be uniform throughout Frontier. All customers will have the same level of service and everyone will be subject to the same standards. This will eliminate any differences in service and any confusion among the customers about the applicable rules.

Q 6 Please explain the objective of the Pipe Replacement Program.

A. Frontier proposes to accelerate its Pipeline Replacement Program (PRP) and increase the surcharge, as approved in Case No. 2011-00443 for Frontier, then extended to Public customers in Case

No. 2016-00132 effective October 6, 2016. The PRP project has made good progress since 2013, with the replacement of several miles of leaking bare steel pipe, focused attention to problem areas identified by increased leak surveys, and installation of gas odorizers to better draw attention to leaks.

Frontier inherited several systems with decades of leak history. The worst was the Belfry system, now (after years of replacement projects) with 16 miles of unprotected steel pipe at least 40 to 50 years old. The former owner filed DOT and PSC reports showing virtually zero L&U, but we quickly discovered it was actually 35-50%. Frontier has extensively leak surveyed and replaced at least 5 miles of pipe, and has noticeably reduced the gas losses. There are other segments of bare steel and other marginal pipe in the former Mike Little, BTU and Public Gas systems that are planned for systematic replacement.

The PRP provides a mechanism to recover more currently the cost of replacing all existing bare steel and marginal pipe within Frontier, including replacement of service lines, curb valves, meter loops, and any mandated relocates. Frontier expects to enhance the safety of its system by replacement of facilities with new, longer lasting and safer materials. Replacement cost varies from year-to-year depending on size and location and digging conditions of the pipe replaced.

The cost of this program has been recovered through a \$1.25 monthly surcharge on each utility customer's bill (not applicable to farm taps). After review of results from 2013-16, Frontier proposes to continue the PRP project at an accelerated pace. Frontier has done most PRP work to date with internal forces at very low costs of \$5 to \$10 per foot, but has limited ability on difficult or extended projects. Frontier has identified a contractor that could do more extensive and complicated projects, but the resulting cost will be higher at \$12 to 15 per foot. Frontier proposes to increase the monthly PRP surcharge from \$1.25 to \$2.00 per customer, both to accelerate the progress of PRP and to reflect higher per-foot construction costs.

Q 7 Please describe in more detail the pipe replacement components that Frontier proposes to include in its PRP.

A Frontier proposes to include in the PRP all of the planning, design, replacement construction, investment and retirement costs related to the replacement of the following categories of bare steel (which cannot be effectively cathodically protected); coated steel without CP, and ineffectively coated steel (whether or not CP'ed). Also, as a part of the PRP Frontier proposes to include all of the planning, design, replacement construction, investment and retirement costs related to the replacement of all piping from the main to the customer's meter including curb valves, service risers, meter sets and all other related appurtenances that do not meet current material and construction standards or pose other operational issues. Finally, Frontier will be taking steps to ensure that the newly installed facilities are appropriately designed and sized. This may necessitate in certain circumstances the

replacement of facilities other than bare steel mains and services and those planning, design, replacement construction, investment and retirement costs will be included in the PRP as well.

Q 8 What types of materials will be used to replace the bare steel?

A In nearly all cases replacement piping will be polyethylene PE plastic where the system pressure and conditions allow. Some projects may require coated steel pipe with cathodic protection, but that is not expected.

Q 9 Will corrosion leaks on bare steel increase in the future and how would this affect the risk to public safety?

A Bare steel pipe cannot be effectively protected with anodes, as coated pipe can. Corrosion leaks on bare steel main will increase as corrosion becomes more general and severe on the pipe wall. The combined effects of aging pipe and continuous corrosion increases the potential of an incident occurring. Each leak found on the system increases the risk to public safety.

Q 10 What is the economic justification for PRP?

A Frontier plans to complete the AMR (Automated Meter Reading) and PRP projects within 5-7 years. Frontier started both programs in May 2013, then added Public systems in October 2016. Total surcharges for AMR+PRP in 2016 (with a partial year for Public) were \$102,000 and Frontier spent about \$150,000. Current annual surcharges are about \$60,000 for AMR and \$74,000 for PRP. The proposal would increase PRP to \$118,000 per year.

Frontier inherited high L&U up to 50% on some systems, mostly Belfry, BTU and Peoples Gas. Commission rules allow no more than 5% lost and unaccounted-for gas (L&U) to be included in the cost of gas. Any excess gas cost above 5% losses must be absorbed as a loss by Frontier, which losses can be greater than the utility's operating margin. The Commission has granted waivers for some of these losses over the past 3 years. Frontier has found and fixed many metering, billing and pressure errors and has repaired or replaced pipe on innumerable leaks. On most of its systems, Frontier has found very few leaks and has significantly reduced L&U. But none of our systems consistently runs under 5% L&U, and overall losses continue to run well over 10%.

The AMR program is going very well at the current pace and surcharge. Frontier proposes to continue and to accelerate its efforts to reduce L&U through PRP.

8. Current and Proposed Rates

Current Rates	Mo Charge	Commodity
Frontier Residential & Commercial	\$10.00	\$4.2023 per MCF
Frontier Large Commercial	\$50.00	\$3.4454 per MCF
Public All Customers	\$10.00	\$3.0914 per MCF

Proposed Rates

Frontier Residential & Commercial	\$16.00	\$3.843 per MCF
Frontier Large Commercial	\$50.00	\$3.397 per MCF

Effect on average customer

see Cost of Service Study for calculations	44.5 MCF /yr for average Residential customer	
Frontier rates	+\$ 4.67 per month	18% on rates 11% on total bill incl gas cost
Public Gas rates	+\$ 8.79 per month	41% on rates 24% on total bill incl gas cost

Frontier proposes to consolidate gas cost accounting across all Frontier & Public customers, which will reduce gas costs for Public customers and increase for Frontier.

CURRENT TARIFF – PUBLIC GAS

P.S.C. Ky. Adoption Notice No. _____

ADOPTION NOTICE

The undersigned Kentucky Frontier Gas, LLC of 4891 Independence Street, Suite 200, Wheat Ridge, CO 80033 hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas service in Breathitt, Jackson, Lawrence, Lee, Magoffin, Morgan, and Wolfe Counties in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Public Gas Company and in effect on the 11th day of December, 2015, the date on which the public service business of the said Public Gas Company was taken over by it.

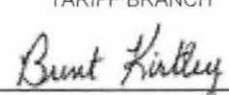
This notice is issued on the 18th day of December, 2015, in conformity with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.



Robert J. Oxford

By Managing Member

Authorized by Ky. P.S.C. Order No. 2015-00299

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 12/18/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area

PSC KY NO. 1

80th Revised Sheet NO. 1

CANCELLING PSC KY NO. 1

79th Revised Sheet NO. 1

Public Gas Company
(NAME OF UTILITY)

Applies to All Customers:
Rate, Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Rate per Unit (CCF)</u>	
Customer Charge:	\$10.00			
All Ccf	\$ 0.30914	\$0.67057	\$0.97971	(1)
AMR Surcharge	\$1.00 per month			
PRP Surcharge	\$1.25 per month			

DATE OF ISSUE December 29, 2016

MONTH / DATE / YEAR

DATE EFFECTIVE February 1, 2017

MONTH / DATE / YEAR

ISSUED BY

SIGNATURE OF OFFICER

TITLE Managing Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION -

IN CASE NO. 2017-00026 DATED January 20, 2017

**KENTUCKY
PUBLIC SERVICE COMMISSION**

**Talina R. Mathews
EXECUTIVE DIRECTOR**

Talina R. Mathews

EFFECTIVE

2/1/2017

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. 1

1st Revised SHEET NO. 1.1

Public Gas Company
(Name of Utility)

P.S.C. KY. NO. 1

Original SHEET NO. 1.1

RATES & CHARGES

NON-RECURRING CHARGES:

Returned Check Charge	\$20.00	
Turn-On/Reconnect Charge	\$40.00	(T)
Customer Deposit	\$100.00	
Special Meter Reading Charge	\$10.00	(T)
Late Payment Charge	10%	

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE June 15, 2014
Month / Date / Year

ISSUED BY *James A. Whitman*
(Signature of Officer)

TITLE CORPORATE CONTROLLER

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 6/15/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Form for filing Rate Schedules

For Service Area, Jackson, KY
Community, Town or City

P.S.C. NO. 1

original SHEET NO. 1

CANCELLING P.S.C. NO. _____

_____ SHEET NO. _____

Public Gas Company
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

N
RATE
PER UNIT

Where a customer has installed a gas light (s) for outdoor lighting using lighting devises approved by seller of gas, and gas is unmetered, the gas consumed by such light(s) shall be assumed to be one thousand (1,000) cubic feet per month when the BTU/hour input rating is 2,250 or less. For each additional 1,250 BTU/hour input or fraction thereof, the assumed consumption shall be increased by 500 cubic feet per month. Such assumed consumption shall be billed under the rates contained herein.

Billing rate per month
All mcf's

\$6.0078

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 17 1992

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: George Deller
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE 25 August, 1992

DATE EFFECTIVE 1 October, 1992

ISSUED BY Ken Baker
Name of Officer

TITLE President

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Public Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1

_____ SHEET NO. _____

RULES AND REGULATIONS

Customer Deposits.

- (T) 1. Deposits to secure payment. The utility may require a minimum cash deposit or other guaranty to secure payment of bills prior to initiation of service.
2. The amount of one hundred (\$100) dollars may be charged for all customers. All large volume commercial customers will be reviewed on an individual basis. A receipt will be issued to each customer upon payment of deposit, showing the name of the customer, address, date of payment, and amount of deposit.
- (N) 3. Waiver of Deposits. The deposit may be waived upon a customer's showing of satisfactory credit or payment history. In determining whether a deposit will be required or waived, the following criteria will be considered:
- a) Previous payment history with the utility. If the customer has no previous history with the utility, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
 - b) Whether the customer has an established income or line of credit.
 - c) Length of time the customer has resided or been located in the area.
 - d) Whether the customer owns the property to be served.
 - e) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.
- (T) 4. Interest on deposits. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the utility will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

DATE OF ISSUE 11/8/06
Month / Date / Year

DATE EFFECTIVE 12/8/06
Month / Date / Year

ISSUED BY Bert R Layne
(Signature of Officer)

TITLE Treas.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
12/8/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. 1

3rd Revised SHEET NO. 2

Public Gas Company
(Name of Utility)

P.S.C. KY. NO. 1

2nd Revised SHEET NO. 2

RATES & CHARGES

Special Charges

The following special charges shall be applied uniformly throughout the area served by Public Gas Company and yield only enough revenue to pay the expenses incurred in rendering the services, in accordance with 807 KAR 5:006.

Turn-On/Reconnect Charge

A turn-on/reconnect charge will be assessed for a new service turn-on, seasonal turn-on, reconnection service or temporary service. (T)

Special Meter Reading Charge

A special meter reading charge will be assessed when a customer requests that a meter be reread and the second reading shows the original reading was correct. (T)

Late Payment Charge

A late payment charge will be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The charge shall be assessed only once on any bill for rendered services. Additional late charges shall not be assessed on unpaid late charges. (T)

Meter Test Charge

If a test of a meter's accuracy is requested by a customer, the customer will be required to pay the vendor for the meter test if the meter is not more than two percent (2%) fast.

DATE OF ISSUE _____
Month / Date / Year
DATE EFFECTIVE June 15, 2014
Month / Date / Year
ISSUED BY *James R. Williams*
(Signature of Officer)
TITLE CORPORATE CONTROLLER
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 6/15/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Area Served

E.R.C. Ky. No. 1

Original Sheet No. 3

Cancelling E.R.C. Ky. No.

 Sheet No.

Public Gas Company, Inc.

RULES AND REGULATIONS

BUDGET BILLING

The purpose of this optional plan is to permit any customer the opportunity to equalize payment of natural gas bills rendered during a year.

This plan is available to any customer at his request under the following conditions:

1. A customer shall request budget billing and begin payments thereunder on the bill rendered for August deliveries (September billing).

Upon request by the customer the company will calculate the budget amount based on past usage at current rates, inform and secure from the customer his acceptance of the budget amount.

2. No customer in arrears shall be eligible for the budget plan until all past due accounts are paid or other wise satisfied.

3. The budget amount may be adjusted to reflect increased rates.

4. The budget balance and the actual bill will be shown on each billing.

Energy Regulatory Commission
 JUL 29 1980
 by B. Beckman
 RATES AND TARIFFS

DATE OF ISSUE June 20 1980 DATE EFFECTIVE April 1 1980
 Month Day Year Month Day Year

ISSUED BY Edsel McCow General Manager Jackson, Kentucky
 Name of Officer Title Address

FOR Entire Area Served

E.R.C. Ky. No. 1

Original Sheet No. 4

Cancelling E.R.C. Ky. No. _____

Sheet No. _____

Public Gas Company, Inc.

RULES AND REGULATIONS

5. A budget customer shall be a twelve (12) month customer.

6. The budget amount shall be the previous twelve (12) months divided by eleven (11).

The billings in the months of July and August shall be "catch up" bills, during which any balance or overpayment will be adjusted so that the September billing the balance is zero.

CHECKED
Energy Regulatory Commission
JUL 25 1980
by B. Redmond
RATES AND TARIFFS

DATE OF ISSUE June 20 1980 DATE EFFECTIVE April 1 1980
Month Day Year Month Day Year
ISSUED BY Edred M. C. General Manager Jackson, Kentucky
Name of Officer Title Address

FOR Entire Area Served

E.R.C. Ky. No. 1

Original Sheet No. 5

Cancelling E.R.C. Ky. No.

Sheet No.

Public Gas Company, Inc.

RULES AND REGULATIONS

DISTCONTINUANCE OF SERVICE:

The Company may refuse or discontinue service to an applicant or customer for the following reasons:

1. For noncompliance with its rules and regulations, the regulations of the Energy Regulatory Commission or state, municipal and Federal codes applying to such service. The company shall make an effort to induce compliance, however after ten (10) days written notice service will be denied if compliance is not forth coming.
2. When a dangerous condition is found to exist, service will be denied without notice. The customer or applicant will be notified of the corrective action to be taken.
3. When reasonable access to premises is denied the company to carry out its responsibilities a fifteen (15) days notice will be given prior to termination of service.
4. For fradulent of illegal use of service.
5. For nonpayment of bills. A ten (10) day written notice shall be mailed prior to termination which shall not occur sooner the twenty-seven (27) days after the mailing date of the original bill. A residential customer may, prior to discontinuance, present a written certificate from a health official that discontinuance of service on the affected premises will result in aggravation of an existing illness or infirmity. The company will notify the customer in writing the address of state and federal programs designed to aid in payment of bills and that service will be terminated in thirty (30) days in absence of payment of all amounts due as stated in prior billings.

CHECKED
 Energy Regulatory Commission
 JUL 29 1980
 by *B. Redmond*
 RATES AND TARIFFS

DATE OF ISSUE	June	20	1980	DATE EFFECTIVE	April	1	1980
	Month	Day	Year		Month	Day	Year
ISSUED BY	<i>Paul McCall</i>			General Manager	Jackson, Kentucky		
	Name of Officer			Title	Address		

FOR Entire Area Served

1 C. Ky. No. 1

Original 46 Sheet No. 46

Cancelling C. Ky. No.

 Sheet No.

Public Gas Company

RULES AND REGULATIONS

1. The Company will endeavor to supply gas continuously and without interruption, and adopts a standard pressure at the outlet side of the meter of 4 ounces.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 17 1983

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Campbell

DATE OF ISSUE 7 17 83 DATE EFFECTIVE 8 17 83
Month Day Year Month Day Year

ISSUED BY Edie McParrin General Manager Jackson, Ky
Name of Officer Title Address

FOR All Service Areas

P.S.C. Ky. No. 1

Original Sheet No. 7

PUBLIC GAS COMPANY, INC.

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

1. COMPANY OWNED SERVICE LINES

The Company will install, own, operate and maintain the service line at the premises of residential and commercial customers, if such premises are not connected to a Company main by a service line. With respect to residential and commercial customers that occupy premises already connected to a Company main by a service line, the Company shall be responsible for operating and maintaining the customer service line and when the Company determines that replacement of such customer service line is necessary the Company shall be responsible for installing the service line and shall thereafter own the service line.

Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property other than the premises of the building to be supplied with gas, except after special investigation and approval by the Company.

When the length of the service pipe required between the property line and the meter is 100 feet or less, the Company will assess no charge for the service pipe installation.

When the length of required service pipe exceeds 100 feet, the Company may require the applicant to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service beyond 100 feet. Contributions by customers toward the Company's cost of furnishing and installing service lines in accordance with this section are non-refundable.

In the event that the Company is required to undertake any excavation on a customer's property in connection with the installation, repair, maintenance or replacement of a service line, the Company shall make reasonable efforts

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 15 1994

DATE OF ISSUE 08 17 93
Month Day Year

DATE EFFECTIVE 02 15 94
Month Day Year

ISSUED BY Ken Bahur
Name of Officer

President POBBE 19, Charlotteville 41339
Title PUBLIC SERVICE COMMISSION MANAGER

1994 KAR 5-011
SECTION 9(1)

FOR All Service Areas

P.S.C. Ky. No. 1

Original Sheet No. 8

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

PUBLIC GAS COMPANY, INC.

RULES AND REGULATIONS

property to its original condition pursuant to generally accepted utility standards for such construction operations.

2. COMPANY'S EQUIPMENT AND INSTALLATION

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, meter stand (including meter riser), regulator and connections which will be located at or near the main service connection, property line or near the building, at the discretion or judgment of the Company. Suitable site or location for the meter, meter stand, (including meter riser), regulator and connections shall be provided by the customer and the title to this equipment shall remain in the Company with the right to install, operate, maintain and remove same and no charge shall be made by the customer for use of the premises as occupied or used.

3. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 15 1994

DATE OF ISSUE			PURSUANT TO 807 KAR 5.011,		
<u>08</u>	<u>17</u>	<u>93</u>	SECTION 9 (1)		
Month	Day	Year	DATE EFFECTIVE	<u>02</u>	<u>15</u>
			Month	Day	Year
ISSUED BY <u>Ken Baker</u>			PUBLIC SERVICE COMMISSION MANAGER		
Name of Officer			President	POB 619, Jackson, KY 41339	
			Title	Address	

Form for filing Rate Schedules

For Breathitt Co. & Vicinity
Community, Town or City

P.S.C. NO. 1

Original SHEET NO. 8

CANCELLING P.S.C. NO. _____

_____ SHEET NO. _____

Public Gas Company
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Gas Service to Customers Connected Directly to Jefferson Gas
Transmission's Pipeline

RATE
PER UNIT

Requested provisions:

1. Jefferson Gas Transmission Company (Jefferson) shall be responsible for providing a permanent supply of gas up to the metered valve where gas is sold to Public Gas Company (Public);
2. Public shall be responsible for all meter installations, meter reading, etc.;
3. No "laterals" or "mains" will be installed by Public. Lines to be laid by Public will be service lines only;
4. Public shall furnish Jefferson with regular meter readings to measure the amount of gas purchased at the metered tap-in point, and Jefferson shall have the right to verify such readings;
5. Jefferson shall invoice Public for gas purchased at the current contract rate, this agreement incorporates that purchase contract by reference;
6. Jefferson shall designate which areas of its gathering line it will make available to Public under this tariff, as not all areas will be guaranteed a sustainable gas supply for the foreseeable future;
7. In the unlikely event the wells go dry in an area that Jefferson has allowed Public to tap-in, and it becomes necessary to "back-flow" gas to a Public tap-in, Jefferson customers in the area will have the option to become Public customers;
8. Any customers qualified to receive service under KRS 278.485 that become Public customers pursuant to this contract can become Jefferson farm-tap customers by purchasing the hook-up from Public at its depreciated cost.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DATE OF ISSUE _____

DATE EFFECTIVE JAN 13 1996

ISSUED BY _____
Name of Officer

TITLE _____
PURSUANT TO 807 KAR 5011,
SECTION 9(1)

Issued by authority of an Order of the Public Service Commission
in Case No. _____ dated _____

BY: Jordan C. Heel
Public Service Commission

FOR ENTIRE SERVICE AREA _____

PSC KY NO. 1

ORIGINAL SHEET NO. 9

CANCELLING PSC KY NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY _____
(NAME OF UTILITY)

See Attached Sample Bill

DATE OF ISSUE <u>December 14, 2012</u> MONTH / DATE / YEAR	KENTUCKY PUBLIC SERVICE COMMISSION JEFF R. DEROUEN EXECUTIVE DIRECTOR TARIFF BRANCH <i>Brent Kirtley</i> EFFECTIVE 1/13/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)
DATE EFFECTIVE _____ MONTH / DATE / YEAR	
ISSUED BY <u>Thomas J. Smith</u> SIGNATURE OF OFFICER	
TITLE <u>President</u>	
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. _____ DATED _____	

Service Address:

Account No:

Billing Inquiries:

In Case of Emergency Call:

ACCOUNT SUMMARY

Previous Balance	\$16.79
Payments	-0.00
Late Charges	0.00
Other Charges	0.00
Other Credits	0.00
Current Charges	
Monthly Service Fee	0.00
Gas Usage 2.0 @ \$2.71	5.42
Gas Cost Recovery 2.0 @ \$5.44	10.88
Gross Receipts Tax	0.49
Excise Tax	0.00
Other Charges	0.00
Total Current Charges	\$16.79
Total Account Balance	\$33.58

Bill Date Sep 13 2012

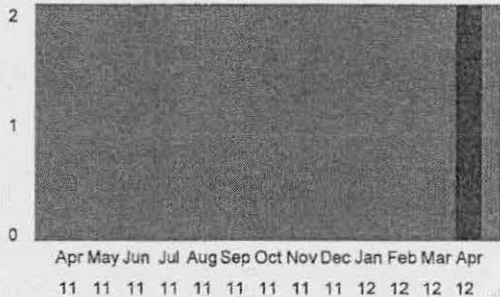
Total Due By September 27, 2012	\$33.58
Total Due After October 4, 2012	\$36.94

Meter (P) Information

Meter (S) Information

Account #:	P00029	Account #:	
Meter #:	97Y300828	Meter #:	
Rate	SGS	Rate	
Service From:	Mar 27 2012	Service From:	
Service To:	Apr 27 2012	Service To:	
Number of Days:	31	Number of Days:	
Meter Read Prior:	859	Meter Read Prior:	
Meter Read Current:	861	Meter Read Current:	
MCF Usage:	2.0	MCF Usage:	
Multiplier	1	Multiplier	
Type of Reading:	Actual	Type of Reading:	

13 Month Consumption History (P)



Annual Usage	2.0 MCF
Average Monthly Usage	0.2 MCF

MESSAGES:

SEE BACK FOR ADDITIONAL INFORMATION

Billing Address:

Total Due By September 27, 2012	\$33.58
Total Due After October 4, 2012	\$36.94

BILL DATE
Sep 13 2012
ACCOUNT NUMBER
P00029
AMOUNT ENCLOSED

KENTUCKY PUBLIC SERVICE COMMISSION
 PUBLIC GAS COMPANY
JEFF R. DEROUEN
 EXECUTIVE DIRECTOR
 TARIFF BRANCH

Brent Kirtley

EFFECTIVE
1/13/2013

TO AVOID ADDITIONAL EXPENSE, YOUR PAYMENT MUST BE RECEIVED BY THE DUE DATE.
 Return this stub with payment in the enclosed envelope.
 Please write your account number on your check.

ACTUAL

Actual Gas Bill, means your meter was read by a Public Gas Company Employee.

ADDITIONAL CHARGES

If your gas service is disconnected for nonpayment, you must pay the following charges prior to reconnection.

- 1) Pay your account balance in full.
- 2) Pay \$35.00 reconnection fee.

EMERGENCY SERVICE

We consider it an emergency when you smell a gas odor or, when your appliances are not working.

IN CASE OF EMERGENCY Call 1-888-453-9255 If you call after business hours, a recording tells you that our offices are closed. It instructs you to stay on the line to report an emergency. Our 24 hour emergency personnel will take your call. If you smell gas – Leave the building immediately, leave the door open. Do not light matches, flip electrical switches on or start engines. Call our offices immediately from a nearby telephone.

EST

Estimated Gas Bill, means your bill for this month was estimated. Your estimated bill is based on previous usage gas rates and weather conditions. An estimated bill will be verified the following month when your meter is read.

GAS COST RECOVERY (GCR)

This is the average cost (per thousand cubic feet) of gas purchased by Public Gas Company for sale to customers. Additional rate information is available upon request.

GAS METER

Tampering with your meter is illegal and can cause property damage and serious injury. If you suspect that your meter has been tampered with please report it to us.

HEALTH

If you believe disconnection would be dangerous to your health, certification of such condition must be made by a licensed physician on forms provided by your gas utility company.

MCF

Mcf means 1000 cubic feet. It is an abbreviation for the standard measure of gas.

METER MAINTENANCE

Trimming of shrubs and bushes and clearing away around the meter is the customer's responsibility. Please do not tie pets near the meter.

MONTHLY SERVICE CHARGE

The monthly service charge is a fee that covers such costs as the maintenance of the gas meter, meter reading, billing and record keeping.

PAYMENT ASSISTANCE – LIHEAP

Customers may negotiate a payment plan with the company for reconnection during the months of November through March if they are "income qualified" for certain public assistance programs and they secure and present an official "Certificate of Need" from the state social services office by calling 502-564-3940 or 800-772-4636. Assistance may also be available through the local community action agency.

PAYMENT OPTIONS

Payments must be received by the due date or late charges will be assessed. Detach and return stub with payment in the enclosed envelope. Make checks or money orders payable to Public Gas Company. Write your account number on all checks or money orders to assure proper credit to your account. When paying multiple accounts identify dollar amounts to be credited to each account.

PAYMENT PLANS

The Budget Payment is available. The budget starts with the bill due in August. This plan spreads your winter heating bills over an 11 month period. If you have a problem paying your bill, there are special payment plans available. Call today for more information.

SAFETY CALL BEFORE YOU DIG –If you're planning any construction or landscaping project, call the Kentucky811 1-800-752-6007.

WEATHERIZATION

You may also be eligible for assistance to weatherize your home. Weatherization program is available by contacting the local community action agency (weatherization office).

If your complaint is not resolved after you have called Public Gas Company, or for general utility information, residential and business customers may contact the Kentucky Public Service Commission for assistance at 1-800-772-4636 (press 1 when you hear the recording) from 8:00 a.m. to 5:00 p.m. weekdays, or at <http://ky.psc.gov>.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 1/13/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

For Entire service area
Community, Town or City

P.S.C. NO. _____

SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE

Determination of GCR

The Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing for service rendered on or after the first day of each calendar quarter.

The Gas Cost Recovery Rate is comprised of:

1. The expected gas cost component (EGC) on a dollar-per-Mcf basis, which represents the average expected cost of purchased gas.
2. The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, compensates for over- or under-collection of gas cost resulting from differences between expected gas cost and the actual cost of gas. For purposes of determining the GCR, the ACA for the application period and for the three (3) preceding calendar quarters. This may also be used to compensate for any over or under recoveries remaining from previous actual and/or refund adjustments after a 12 month period.
3. The supplier refund adjustment (RA) on a dollar-per-Mcf basis, which reflects the refunds received from suppliers during the reporting period plus interest at a rate equal to one-half of one percent below the average 90-day commercial paper rate for the twelve-month period. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

DATE OF ISSUE 8-22-2000

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Mark G. Enderle

SEP 25 2000

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY Stephan O. Bue
SECRETARY OF THE COMMISSION

For Entire service area
Community, Town or City

P.S.C. NO. _____

SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation

RULES AND REGULATIONS

Billing

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$\text{GCR} = \text{EGC} + \text{RA} + \text{ACA}$$

The GCR will be added to or subtracted from the tariff rates prescribed by the Commission Order on the Company's latest general rate case and will be included in the tariff rates stated on each applicable rate sheet within this tariff.

Definitions

For the purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes for the most recently available twelve-month period, divided by the corresponding sales volume. In the event that line loss exceeds 5 percent, purchased volumes for the twelve-month period shall be calculated as: sales volumes divided by .95. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment; i.e., $\text{GCR} = \text{EGC} + \text{RA} + \text{ACA}$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) November, December, and January; (2) February, March, and April; (3) May, June, and July; (4) August, September, and October.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates, i.e., the calendar quarters ended January, July 31, and October 31 of each year.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DATE OF ISSUE _____

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer SEP 25 2000

PURSUANT TO 807 KAR 5:011.
SECTION 9(1)
BY Stephan O. Bee
SECRETARY OF THE COMMISSION

For Entire service area
Community, Town or City

P.S.C. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. NO. _____

_____ SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation

RULES AND REGULATIONS

Interim Gas Cost Adjustment

The Company may apply to the Public Service Commission for an interim PGA in addition to the quarterly GCA should any significant change in supplier rates occur.

DATE OF ISSUE _____

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 25 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY Stephan O Bell
SECRETARY OF THE COMMISSION

ADOPTION NOTICE

The undersigned Public Gas Company
 (Name of Utility)
 of Jackson, Kentucky hereby adopts, ratifies, and
 makes its own, in every respect as if the same had been originally
 filed and posted by it, all tariffs and supplements containing rates,
 rules and regulations for furnishing natural gas
 (Nature of Service)
 service at Jackson, Kentucky in the Commonwealth of Kentucky,
 filed with the Energy Regulatory Commission by Panbowl Gas Company
 of Jackson, Kentucky,
 (Name of Predecessor)
 and in effect on the 31st day of March, 19 80,
 the date on which the public service business of the said _____
Panbowl Gas Company was taken over by it.
 (Name of Predecessor)

This notice is issued on the 16 day of June,
 19 80, in conformity with 807 KAR 25:030, Section 9 of the Regula-
 tions for the filing of Tariffs of Public Utilities with the Energy
 Regulatory Commission.

CHECKED
 Energy Regulatory Commission
 JUL 7 1980
 by B. Beckman
 RATES AND TARIFFS

Public Gas Company
 By Edsel M. Owen

CURRENT TARIFF – KENTUCKY FRONTIER GAS

KENTUCKY FRONTIER GAS, LLC

RATES,

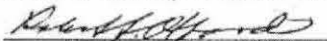
RULES

AND

REGULATIONS

DISTRIBUTION SYSTEM

DATE OF ISSUE June 21, 2013
DATE EFFECTIVE June 21, 2013
ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
Public Service Commission of KY
in Case No. 2011-00443 dated June 21, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

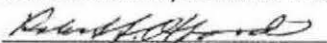
INDEX

Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities suppliers in Kentucky. This tariff details the conditions of service for all distribution (non-farm tap) Customers served by Kentucky Frontier Gas operations.

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 - A. Applicability
 - B. Monthly Charges and Commodity Rates
 - C. Other Charges
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 - General Rules Applicable to All Natural Gas Services
 - A. General Statement
 - B. Application for Gas Service
 - C. Choice of Rates
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DATE OF ISSUE June 21, 2013
 DATE EFFECTIVE June 21, 2013
 ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
 Public Service Commission of KY
 in Case No. 2011-00443 dated June 21, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 6/21/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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- Z. Liability
- AA. Indemnity to Company
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- CC. Complaints

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 - A. Residential Service
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 - C. Large Commercial Service
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[Reserved]

DATE OF ISSUE June 21, 2013
 DATE EFFECTIVE June 21, 2013
 ISSUED BY Robert Oxford, Member-Manager

Robert Oxford

Issued by Authority of an Order of the
 Public Service Commission of KY
 in Case No. 2011-00443 dated June 21, 2013

KENTUCKY
 PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
 EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

EFFECTIVE

6/21/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

RULES & REGULATIONS

I. RATES AND CHARGES

A. APPLICABILITY

For all non-farm tap Residential and Commercial customers in all areas served by Kentucky Frontier Gas distribution systems, including in Floyd County the communities of Auxier, Cliff and around Prestonsburg; Price, Cow Creek, Endicott, Allen, Dwale, Estill, Garrett, Hueysville, Lackey, Middle Creek, Minnie and Wayland; Melvin, Bevinsville, Bypro, Weeksbury, Langley and Goble Roberts; in Pike County the communities of Belfry and Forest Hills, Toler, Hardy, Sharondale, Jerry Bottom, Leckieville, Murphys Bottom, Huddy, Stone and Phelps; in Magoffin County the communities of Salyersville, Mashfork, Falcon, Marshallville, Ivyton, Burning Fork and along Abbott Creek; and Elk Creek, Lickburg, Wheelersburg, Flat Fork, Jellicoe, Mine Fork, Maggard, Coon Creek, Buffalo Creek, Lakeville, Sublett, Royalton, Oakley, Swampton and Half Mountain; the Blaine community in Lawrence County; the Dema community in Knott County; the Oil Springs community in Johnson County; and other customers in surrounding areas of Johnson, Knott, Letcher, Martin and Perry counties.

B. MONTHLY CHARGES & COMMODITY RATES

	<u>Base Rate</u>	<u>GCRR Gas Cost</u>	<u>Total</u>	
Residential & Commercial				
Monthly Customer charge	\$10.00			
All Ccf	\$0.42023	\$0.65234	\$ 1.07257	(I)
Large Commercial				
Monthly Customer charge	\$50.00			
All Ccf	\$0.34454	\$0.65234	\$ 0.99688	(I)

DATE OF ISSUE December 29, 2016
 DATE EFFECTIVE February 1, 2017
 ISSUED BY Robert Oxford, Member-Manager

Issued by Authority of an Order of the
 Public Service Commission of KY
 in Case No. 2017-00027 dated January 26, 2017

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR 
EFFECTIVE 2/1/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00159 DATED **APR 27 2017**

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 authority of the Commission prior to the effective date of this Order.

Residential and Small Commercial

	<u>Base Rate</u>	<u>Gas Cost Rate</u>	<u>Total</u>
Customer Charge	\$10.00		
All Ccf	\$.42023	\$.61761	\$1.03784

Large Commercial

	<u>Base Rate</u>	<u>Gas Cost Rate</u>	<u>Total</u>
Customer Charge	\$50.00		
All Ccf	\$.34454	\$.61761	\$.96215

RULES & REGULATIONS

Gas Cost Reconciliation Rates

Beginning November 1, 2013 through October 31, 2014, the following gas cost reconciliation rates will be added to the PGA rates for customers in the indicated service areas:

Auxier Road	(\$ 0.2666) per MCF	(N)
Belfry	\$ 0.3115 per MCF	
Cow Creek/Sigma	(\$ 0.1377) per MCF	
BTU	(\$ 1.0690) per MCF	
East Kentucky	\$ 0.2348 per MCF	
Mike Little	\$ 0.0661 per MCF	
Peoples	\$ 0.0762 per MCF	

DATE OF ISSUE January 30, 2014
 DATE EFFECTIVE November 1, 2013
 ISSUED BY Robert Oxford, Member-Manager
Robert Oxford by JMA
 Issued by Authority of an Order of the
 Public Service Commission of KY
 in Case No. 2013-00364 dated October 30, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 11/1/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

RATES & CHARGES

C. OTHER CHARGES

Turn On Fee	\$50.00 to initiate service at a location for seasonal/temporary turn on.
Reconnection Fee	\$50.00 to restore service within 12 months of disconnection/termination for non-payment;
Relocate Meter	\$150.00 – move meter at customer request.
Transfer Service Fee	\$30.00 to change tenants (change to new customer).
Returned Check Charge	\$30.00 for a check returned for insufficient funds
Late Payment Charge	10% of the current monthly charges.
Service (Trip) Charge	\$50.00 for any special trip made to collect delinquent bills/terminate service.
Special Meter Reading Chg	\$50.00 for reread
Meter Test fee	\$225.00 for customer requested immediate test if the test shows that the meter is within the limits established by 807 KAR 5:022(8)(3)(a)1
Pipeline Replacement Pgm	\$1.25 per meter per distribution customer per month
AMR surcharge	\$1.00 per meter per customer (distribution and farm tap) per month

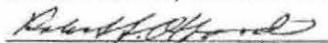
D. DEPOSITS

Residential Customer A deposit equal to two-twelfths of the estimated annual bill is required of all new customers unless waived as specified in Section II E. The deposit shall be refunded after the first 12 months of service if the customer has no more than two late payments within that period and no delinquency resulting in the issuance of a written Notification of Discontinuation of Service.

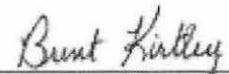
Commercial Customer A deposit of two twelfths of the annual estimated bill.

Seasonal Customer Any customer requesting seasonal service, that is service for only a portion of a calendar year, shall be charged a deposit equal to two twelfths of the estimated annual bill of a similar full time residential or commercial customer.

DATE OF ISSUE June 21, 2013
 DATE EFFECTIVE June 21, 2013
 ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
 Public Service Commission of KY
 in Case No. 2011-00443 dated June 21, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Kentucky Frontier Gas LLC

For Entire Service Area

PSC No. 3

Sheet Original No. 6


Canceling

PSC No. 2 (entire)

RATES & CHARGES

Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposit or the last interest payment date, the payment or credit shall be on a prorated basis.

DATE OF ISSUE June 21, 2013
DATE EFFECTIVE June 21, 2013
ISSUED BY Robert Oxford, Member-Manager

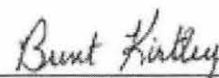


Issued by Authority of an Order of the
Public Service Commission of KY
in Case No. 2011-00443 dated June 21, 2013

KENTUCKY
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH



EFFECTIVE

6/21/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

RULES & REGULATIONS

II. RULES AND REGULATIONS – ALL CUSTOMERS

A. GENERAL STATEMENT

Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities in Kentucky. This tariff details the conditions of service for all Customers served by Kentucky Frontier Gas operations.

The following Rules and Regulations are filed with the Public Service Commission of Kentucky, referred to as "PSC" or "Commission", as part of the natural gas tariff of the gas utility operations of Kentucky Frontier Gas, LLC, hereinafter "Company" or "the utility". These Rules and Regulations set forth the terms and conditions under which natural gas service is supplied and govern all classes of service in all systems and territories served by the utility. Service furnished by the Company is also subject to the Rules of the PSC. Copies of this tariff are available for any Customer's inspection at the offices of the Company. They are subject to termination, change, or modification, in whole or in part, at any time. Any waiver at any time of the Company's rights or privileges under these Rules & Regulations will not be deemed a waiver as to any later breach of these rules.


1) **COMMISSION'S RULES & REGULATIONS** All gas service rendered by the Company shall be in accordance with the Administrative Regulations by which gas utilities are governed by the Public Service Commission of Kentucky and all amendments thereto and modifications thereof which may be made by the Commission.

2) **COMPANY'S RULES & REGULATIONS** In addition to the Rules & Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the Rules and Regulations adopted by the Company.

3) **REFUSAL OF SERVICE** The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

B. APPLICATION FOR GAS SERVICE

Application for natural gas service may be made at the office of the Company. The Company may refuse service to any Customer who fails to comply with these Rules & Regulations. The

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KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

RULES & REGULATIONS

Company will not furnish service to any applicant who owes the Company any past due amount for service at any location, until all such indebtedness is paid in full.

The Company may require any applicant to sign a Service Contract before service is supplied. The use of natural gas service constitutes an agreement under which the Customer receives natural gas service, agrees to pay the Company therefore in accordance with the applicable Tariff rate schedule, and agrees to comply with the Rules and Regulations of the utility. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

A Customer is defined as any individual, enterprise or legal entity classified as either a Residential or Commercial purchasing natural gas from the Company at each point of delivery, under each rate classification, contract or schedule.

In cases where the Applicant for new service is in default of payment of bills for any service previously rendered to Applicant, a settlement of the old account, or arrangement satisfactory to the Company for its settlement, will be required before the new service is rendered.

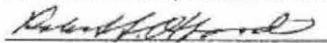
C. CHOICE OF RATES

A schedule of rates is available at the office of the Company. When two or more rate schedules apply to a customer's service requirements, the Company will assist in selecting the most suitable rate. Applicant is responsible for the final selection of said rate, and Company assumes no liability for that selection.

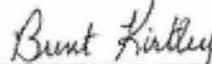
D. TEMPORARY OR INTERMITTENT SERVICE

If service to Customer is to be temporary or intermittent in usage, service will be supplied in accordance with the applicable rate schedule. Service to mobile homes and trailers may be considered by the Company as temporary. All costs of main or service construction will be paid in advance by the Customer. If service is provided for more than 24 months the Company will refund any construction costs in excess of those allowed under the Service Extension Policy.

DATE OF ISSUE June 21, 2013
DATE EFFECTIVE June 21, 2013
ISSUED BY Robert Oxford, Member-Manager



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KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

RULES & REGULATIONS

E. DEPOSITS

The Company requires Customers to make a minimum cash deposit to initiate or re-establish gas service. The Company may waive the deposit upon a Customer's showing of satisfactory credit and payment histories with Company and others, established income or local property ownership and no recent bankruptcy, or a suitable co-signor. Such deposit is not an advance payment or partial payment of any bill for any bill for service, but is security for payment of bills for service to be applied against any unpaid bills only in the event service is discontinued.

If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit will be required. If a customer has a substantial change in usage, an additional deposit will be required. An additional or subsequent deposit will not be required of a residential customer whose payment record is satisfactory unless the customer's classification of service changes or the deposit is recalculated at the customer's request in accordance with Public Service Commission rules and regulations.

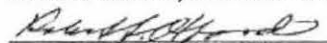
Interest on such deposits will be calculated at a rate prescribed by the PSC for the period elapsed from date of deposit to date refunded. Interest will be paid annually and upon refund of deposit.

Deposits will be refunded when service is discontinued, or at the end of the one year deposit holding period as specified in Section 1D, upon proof that person claiming deposit is legally entitled to same. On discontinuance of service, the Company reserves the right to apply the Customer's deposit and any interest accrued thereon against unpaid bills for service, and only the remaining balance of the deposit, if any, will be refunded.

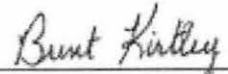
F. MONTHLY BILLS

Bills for service will be rendered monthly. The term "month" for billing purposes means the period between any two consecutive regular readings by the Company of the meters at the Customer's premises, such readings to be taken as nearly as may be practicable every thirty days. The timing of the meter cycle is selected by the Company.

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JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

RULES & REGULATIONS

If an initial or final bill is for a period less than the monthly billing period described above, the billing will include the monthly minimum charge plus actual gas usage from the prior meter reading.

If the Company is unable to read a meter after reasonable effort, the Customer will be billed on an estimated usage based on the best available information. When Company for any reason submits a bill to a Customer for utility service which contains an estimated reading or a no-charge, Company will include on such bill a notice informing Customer that the bill contains an estimate or no-charge.

All bills for service, including any excise tax, sales tax, franchise fee or the like imposed by governmental authority, are due and payable at the office of the Company, or to an authorized agent of the Company, not later than the due date shown on the bill. All bills are due upon presentation.

The bill will be considered as received by the Customer when mailed to, or left at, the location where service is used or at some other location that has been mutually agreed upon. If the Customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the Customer from payment, before delinquent date, for service rendered.

Customer usage is monitored during the billing process and any significant deviation from normal usage pattern will be assessed. Company will re-read or test meters and review billing calculations as part of its investigation. Company will inform Customer if any significant billing adjustment is needed.

If a Customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons, the Company will investigate the complaint. The Company shall maintain the account pursuant to 807 KAR 5:006(12).

G. BUDGET BILLING PLAN

Residential customers may elect at their option to pay monthly bills for service on a Budget Billing Plan. Customers indebted to Company shall not qualify until arrearage is paid in full. Customer shall make an application and sign a payment agreement for Budget Billing, acknowledging average usage and the calculated monthly payment.

DATE OF ISSUE June 21, 2013
DATE EFFECTIVE June 21, 2013
ISSUED BY Robert Oxford, Member-Manager

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Public Service Commission of KY
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KENTUCKY
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

EFFECTIVE

6/21/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

RULES & REGULATIONS

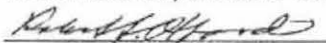
The monthly amount to be paid under Budget Billing is calculated from the past twelve months' gas usage at the current gas rates rate, divided by 11 and rounded to the nearest dollar. When the past twelve month's gas usage is unavailable, the calculation will be made using an estimate of twelve months of gas usage for a similarly situated customer. Said monthly payment shall be made for eleven successive months beginning with the July billing month. The twelfth month's payment is a settlement amount equal to the difference between the total of the prior eleven months' payments and the actual billings for the twelve month period.

If the settlement amount is a credit balance the Company will issue a check to the Customer in the amount of the credit balance, or the Customer may elect to have the credit applied to future billings. If the settlement amount is a debit balance owed by the Customer, the total balance will be due and payable on the due date shown on the bill for the settlement month, except that in the event the debit balance exceeds \$100, the Customer may elect to pay the debit over a two month period with at least one half of the total debit balance payable in the settlement month. The Customer may continue on the Budget Billing Plan for succeeding years, in which case the settlement month for each year will occur in twelve month cycles starting with the beginning month.

If a Customer electing Budget Billing Plan fails to pay the budget billing obligation in any month, normal collection procedures shall be applicable for the outstanding budget billing amount. Upon termination of service of a Customer on the Budget Billing Plan, the entire balance amount of the account for actual usage shall be due and payable by Customer to Company if a debit balance exists or shall be refunded by Company to Customer if a credit balance exists.

The monthly budget billing amount will be adjusted for changes in the Company's base rates and for unusual changes in Purchased Gas Cost Adjustment due to major purchase gas cost changes from the Company's gas suppliers. No adjustment in monthly budget billing amounts will be made for normal Gas Cost Adjustment changes. Changes in Gas Cost Adjustment levels shall be considered unusual when such changes would result in a 10% or more increase or decrease in Customer's anticipated annual billing for gas service.

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TARIFF BRANCH 
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H. PARTIAL PAYMENT PLAN

Qualifying customers may enter into a partial payment plan in accordance with 807 KAR 5:006(14)(2).

I. WINTER HARDSHIP RECONNECTION

Qualifying customers may have service reconnected pursuant to 807 KAR 5:006 (15) and (16) if conditions of the regulation are met.

J. MEASUREMENT OF GAS SERVICE

All deliveries of gas through Company facilities shall be metered.

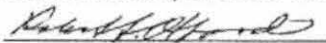
The Company will install, own and maintain suitable metering equipment necessary for measuring the natural gas supplied. The Point of Delivery to the Customer is the outlet of the Company's meter.

Each class of natural gas service supplied will be metered and billed separately. All service to a Customer under one applicable rate schedule will be measured by a single meter installation and meter readings of one meter installation shall not be combined with meter readings of another meter installation for billing purposes, unless specifically allowed under the applicable tariff. Adjoining properties may be combined on a single meter installation at the Customer's expense, and served as a single Customer where such properties are controlled, occupied, and used for commercial purposes by a single enterprise engaged in the pursuit of a single business.

Service to the same Customer at different premises will be considered as service to separate Customers.

Standard delivery pressure and temperature of natural gas supplied by the Company is four (4) ounces per square inch above average atmospheric pressure, which is assumed to be 14.73 psia in the Company service area and sixty (60) degrees Fahrenheit. All meters shall be temperature-compensated. Where necessary, the volume of gas as registered on the service meter shall be adjusted to the foregoing conditions for billing purposes.

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Customer shall not bypass, adjust, alter or tamper with Company meters or regulators for any reason, such actions being cause for immediate discontinuance of service. Customer shall not construct any addition or structure over utility-owned mains, service lines, or meters, and shall not enclose exposed portion of gas service facilities with any unventilated enclosure. Customer shall immediately notify Company of any leak or defect observed in Company's facilities.

K. DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST

A Customer wishing to discontinue or transfer service should give at least three days' notice to Company to that effect, unless otherwise specified in the rate or contract applicable, in order to allow time for final meter reading and disconnection of service. Where such notice is not received by the Company, the Customer will be liable for service until final reading of the meter. Notice to discontinue service will not relieve a Customer from any minimum or guaranteed payment under any contract or applicable rate.

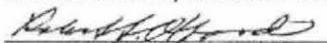
L. DISCONTINUANCE OF SERVICE BY COMPANY

Company may discontinue service upon not less than ten days' written notice to Customer, and to any Customer designated third party, of Company's intention to discontinue service:

- 1) If Customer fails to pay, or make arrangements for payment of, bills for service rendered as provided in these rules.
- 2) If Customer fails to comply with Company's Rules and Regulations after due notice of such failure is given by Company and reasonable time is allowed for compliance.
- 3) If Customer's use of service is detrimental to the natural gas service being furnished by Company to other Customers in the immediate vicinity or supplied from the same distribution system.

If discontinuance is for nonpayment of bills, the customer shall be given at least 10 days written notice, separate from the original bill, and cut-off shall be effected not less than twenty seven (27) days after the mailing date of the original bill, unless, prior to discontinuance, a residential customer presents to the utility a written certificate, signed by a physician, registered nurse, or

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public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than thirty (30) days from the date the utility notifies the customer, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

Discontinuance of service under (1) will not occur if: Customer makes full payment of outstanding bill, such payment to be made by cash or bona fide check to a Company representative or field employee unless Customer has twice previously tendered payment with check which was returned to the Company by the banking institution unpaid, and the second such check was returned within the most recent twelve month period, in which cases payment by cash or certified check is required to avoid termination.

Discontinuance of service shall only occur between 8:00 am and 4:00 pm, Monday through Thursday. Service may not be terminated on the day prior to, or the day of, a legal holiday.

Company may discontinue service at any time without notice:

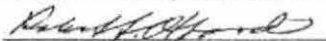
- 1) If a condition or installation of any part of the Customers' gas piping or any appliance is found to be dangerous to life, health, or safety of any person. Company does not assume responsibility for, and will not be held liable for, ascertaining such condition.
- 2) If service is found to have been restored by someone other than Company and the original cause for the discontinuance has not been cured. The Company does not assume responsibility and will not be held responsible for ascertaining such condition.
- 3) If Company metering and regulating equipment has been bypassed, adjusted, altered or tampered with.

M. RESTORATION OF SERVICE

Service which has been terminated due to failure to pay or make arrangements for payment of bills for service rendered will be restored if Customer pays all applicable collection and/or reconnection charges as stated in Charges for Rendering Service.

Where service has been discontinued as set forth in these rules, Company shall restore such service within 24 hours after elimination by Customer of the cause for discontinuance, unless

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extenuating circumstances prevent restoration. Extenuating circumstances includes, but is not limited to, the requirement that the Customer or a responsible individual designated by the Customer be at the premises at the time of restoration of service.

N. CONNECTION & RECONNECTION FEE

The Company shall charge the Customer a Connection or Reconnection Fee as set forth herein for the following services:

- 1) Initial Connection of gas service to a Customer;
- 2) Reconnection of gas service to a Customer who has requested discontinuance of service at the same premises within the past twelve months; and
- 3) Reconnection of gas service to a Customer whose service has been discontinued by the Company for any reason stated herein within the past twelve months.

O. METER TRANSFER FEE

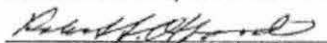
The Company shall charge a Meter Transfer Fee as set forth herein:

- 1) For transfer of service at the same premises from one tenant to another, when the gas service is not otherwise changed or interrupted. Such Fee will be charged to the new Customer.
- 2) For transfer of service to a Customer from one premises to another.

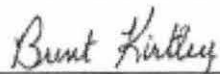
P. RETURNED CHECK CHARGE

The Company shall charge a Returned Check Charge as set forth herein for each check that is returned to the Company as uncollectable by its bank.

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Q. LATE PAYMENT CHARGE

The Company shall charge a Late Payment Charge on all bills not paid within 15 days of the billing date. Charges are assessed only once on a past due amount.

R. DIVERSION OF NATURAL GAS


The existence of natural gas consuming devices installed ahead of the meter or any tampering or interfering with pipes, regulators or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals and increasing regulator pressure) which will permit or make possible the use of natural gas without its proper registration on Company's meter shall constitute prima facie evidence of diversion of natural gas by the Customer in whose name service is being rendered, or by the person benefiting from the use of such diverted natural gas. In the event that a Company check meter registers more natural gas in the same interval of time than does the meter installed at Customer's premises after such meters have been tested and found to be registering within the limits of accuracy prescribed by the PSC, such fact shall also constitute prima facie evidence of diversion of natural gas.

In such instances, Company will, in any reasonable manner, compute the amount of diverted natural gas and shall have the right to enter Customer's premises and make an actual count of all natural gas consuming devices to aid in such computation. Where Company is unable to make such count, the computation will be based on any other available information, or estimated. Such computation will be made for the period beginning with the date on which Customer began using natural gas at the location where the diversion occurred, unless evidence proves the diversion commenced a later date, and ending with the date on which said diversion ceases. Bills for natural gas diverted, based upon the aforesaid computation, under the applicable rate effective during the period of diversion, plus the cost of investigating and confirming such diversion and disconnecting service, shall be due and payable upon presentation.

If service has been discontinued for diversion of natural gas, Company will not render service to Customer, or to any other person for Customer's use, at the same or any other location until:

- 1) Customer has paid all bills as set forth preceding, and

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2) Customer has paid to Company or others the installation cost of such entrance and service equipment as is necessary to prevent further diversion of natural gas.

The foregoing rules pertaining to diversion of natural gas are not in any way intended to affect or modify any action or prosecution under the statutes of the Commonwealth of Kentucky.

S. EASEMENTS

Receipt of natural gas service by Customer shall be construed as an agreement with the property owner, granting to Company an easement for gas mains, services, meters, and other equipment of Company necessary to render service to Customer. If requested by Company and before or after service is connected, Customer will execute Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by Customer, and will furnish space and shelter satisfactory to Company for all apparatus of Company located on Customer's premises. In the event that Customer shall divide premises by sale in such manner that one parcel shall be isolated from streets where Company's gas mains are accessible, Customer shall grant or reserve an easement for gas service over parcel having access to gas mains for the benefit of the isolated parcel.

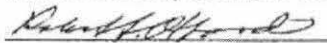
T. ACCESS FOR COMPANY'S EMPLOYEES AND AGENTS

Customer will provide access to its premises at all reasonable times for authorized employees and agents of the Company for any proper purpose incidental to the supplying of natural gas service. An employee of the Company whose duties require him to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying him as an employee of the utility, and show a badge or other identification that shall identify him as an employee of the Company.

U. REALLOCATION OR RESALE OF NATURAL GAS

Natural gas service supplied by the Company is for the exclusive use of the customer. The customer is expressly forbidden to re-allocate or resell gas for any purpose.

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V. CUSTOMER'S INSTALLATION

The customer shall furnish, install, own and maintain at his expense the necessary customer's service line extending from the Company's service disconnect at the customer's property to the meter riser at the inlet side of the meter. Company shall have no responsibility or liability for piping on the outlet side of the meter

The materials, installation, location and testing of the house line downstream of the outlet side of the KFG meter must meet the requirements and specifications contained in the National Fuel Gas Code, ANSI Z223.1-Section 5.7, NFPA 54.

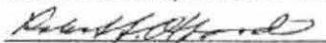
The Customer, before purchasing equipment or beginning construction of a proposed installation, shall confer with the Company to determine if the type of service, capacity, and pressure desired by Customer is available, to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the Company's meter and point of delivery. The Company must also be notified in advance before any additions to or alterations of existing installations which will materially affect the existing gas consumption.

If required, any Customer-installed buried line shall be at least 1-inch diameter pipe (only API-rated coated steel or PE) from the meter to all appliances, without reduction in size except it may be reduced at the entrance to the room to the same size as the appliance connection. A stopcock shall be installed at the building wall if applicable, and at each appliance.

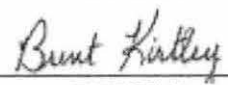
All gas piping and other natural gas appliances and equipment on the Customer's side of the point of delivery will be furnished, installed and maintained at all times by the Customer in conformity with good practice, the requirements of any public body having jurisdiction or appropriate gas piping codes, and in accordance with the Company's Rules and Regulations. However, Company accepts no liability for injury or damage caused by defects in Customer's piping or equipment.

No equipment or apparatus will be connected to Company's distribution system, the operation of which may cause such an abnormal pressure variation in said system as to impair or endanger the natural gas service supplied to other customers on said system or to adversely affect operation of Company's metering or pressure regulating equipment. In the event that equipment having a high instantaneous demand such as a gas engine is to be connected, Customer shall provide adequate pulsation or surge tank, shut off valves and other protective devices as may be required

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by Company. Customer shall, in every case, confer with Company before any equipment or apparatus requiring extremely close regulation of pressure or quality of gas is connected to Company's distribution systems.

When the Company is required by order of proper authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service line and the point of delivery, the Company will designate a new point of delivery to which the Customer, at its expense, will bring the customer-owned piping.

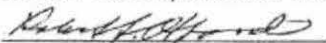
Service will be delivered to the Customer for each premise at one point of delivery to be designated by the Company. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make connections between the Company's facilities and the Customer's gas service piping.

The Company reserves the right to require the Customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their locations made at the request of the Customer. Meters and other Company equipment will be removed or relocated only by Company employees.

W. COMPANY FURNISHED EQUIPMENT:

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company. The Company will furnish, install, and maintain at its expense the necessary meter, meter stand (including meter riser), regulators, and connections which will be located at or near the main service connection, property line or near the building, at the discretion or Judgment of the Company. Whenever practical, in the judgment of the Company, the location will be as near the supply main as possible and outside of buildings. Suitable sites or location for the meter, meter stand, including meter riser, regulator, and connections shall be provided by the customer, and the title to this equipment shall remain in the company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises

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X. PROTECTION OF SUB-SURFACE FACILITIES

Customer shall consult Company regarding necessity of changing location of gas service before building any improvement, addition, or structure over the gas service pipe. Customer shall notify the Company or the appropriate One-Call center before excavating (with hand and/or power equipment) in the proximity of Company's underground gas service on Customer's premises.

Y. SHORTAGE OF NATURAL GAS SUPPLY

In case of emergency causing a shortage of supply, Company shall have the right to grant preference to that service, which, in its sole opinion, is most essential to the public welfare. In general, the curtailment sequence would normally be:

- 1) Industrial and Commercial customers, except schools.
- 2) Schools.
- 3) Residential Customers.

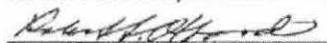
Z. LIABILITY

All mains, services, apparatus, instruments, meters, regulators, and materials supplied by Company at its expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by Customer or other unauthorized person.

The Customer shall be responsible for any damage to or loss of Company's property located on Customer's premises, caused by or arising out of the acts, omissions or negligence of Customer or others, or the misuse or unauthorized use of Company's property by Customer or others. The cost of making good such loss and/or repairing such damage shall be paid by the Customer. Customer shall be held responsible for injury to Company's employees if caused by Customer's act, omissions or negligence.

The Customer shall be responsible for any injury to persons or damage to property occasioned or caused by the acts, omissions or negligence of the Customer or any of its agents, employees, or licensees, in installing, maintaining, operating, or using any of the Customer's piping, equipment, machinery, or apparatus and for injury and damage caused by defects in same.

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Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

AA. INDEMNITY TO COMPANY

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from the facilities located on Customer's side of the point of delivery, unless caused by the negligence or wrongful acts of Company's agents or employees.

BB. INSIDE GAS SERVICES RENDERED BY COMPANY

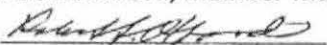
The Company will not perform installation or maintenance services on customer facilities downstream of the meter. Some health- and safety-related services are provided by Company free of charge to its customers. Such services are limited to the following:

- 1) Response to gas leak complaints regardless of cause.
- 2) Response to fires regardless of cause.
- 3) Restore service when outage is caused by Company.
- 4) Bill investigations, meter and meter reading investigations, and routine maintenance of Company facilities.

CC. COMPLAINTS

The Company will investigate promptly all complaints made by its Customers and will keep a record of all written complaints which record will include: name and address of complainant, date, nature of complaint, and adjustment or disposition made. This record will be kept at least three years after the date of the complaint.

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III. TYPES OF SERVICE

A. RESIDENTIAL SERVICE

Residential Service is the furnishing of natural gas for the exclusive use of the individual customer for domestic purposes: for cooking, water heating, space heating, clothes drying, and incineration, in a private home or individual living unit where only one household is served through a single meter. Service to buildings adjacent to the residence including garages, barns, and other minor buildings for use of the residents may also be served through the residential meter. Each family dwelling place or housekeeping unit shall be considered as a separate living unit if separately metered.

Where two or more separate living units in a private residence or apartment building are offered for rent and the entire building is supplied through one meter, such building shall be classified as a commercial establishment and shall not be entitled to a residential schedule, if different.

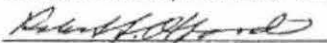
Rates specific to Residential Service are not applicable to service for commercial enterprises.

B. COMMERCIAL SERVICE

Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments, regardless of volumetric gas usage.

Any entity engaged in the operation of an enterprise, whether or not for profit, shall be considered a Commercial customer. Such enterprises will include but not be limited to retail and wholesale merchants, professional services, offices, restaurants, clubs, lodges, hotels and motels; apartment buildings, rooming houses, assisted living and multi-unit dwellings where more than one living unit is served through one meter; schools, government, churches and charitable institutions; mobile home parks, camp grounds, greenhouses, dairies, manufacturing, agriculture, livestock production, mining, oil and gas extraction, construction, communication, transportation, natural gas engine service, gas-fired power back-up service, and other uses. These enterprises may also be supplied under an industrial or large commercial rate if such exists.

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Where the total load of a customer served at one point of delivery cannot be combined under one classification for billing purposes due to restrictions in the applicable schedule, customer shall so arrange the piping so that each class of service can be separately metered and billed under the applicable schedule.

C. LARGE COMMERCIAL SERVICE

Large Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments with large gas requirements.

A Large Commercial customer is defined as a Commercial entity which has historically used, or could reasonably be expected to use, more than 12,000 MCF of gas per year.

The total load of a customer served to a building or group of contiguous and related buildings may be combined under this classification for billing purposes. Such building groups will include but not be limited to a school campus, a courthouse complex, a correctional facility and a medical or long-term care facility.

D. TRANSPORTATION SERVICE

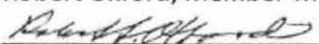
Transportation Service is available to any person whose facilities connect or can be made to connect with the Company's facilities or who can cause their natural gas to be delivered to the company's facilities and who desires gas to be transported by the Company to a place of utilization not connected to the Company's facilities. Further, the person or persons desiring such transportation shall have executed a contract with the Company specifying the terms, rates and conditions of service.

RATE

The charge for service under this tariff shall be set forth in the contract for service.

TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

DATE OF ISSUE June 21, 2013
DATE EFFECTIVE June 21, 2013
ISSUED BY Robert Oxford, Member-Manager

Issued by Authority of an Order of the
Public Service Commission of KY
in Case No. 2011-00443 dated June 21, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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The Company reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery point less applicable transportation charges, shrinkage and compressor fuel cost.

Delivery of gas transported will be effected as nearly as practicable on the same day as the receipt.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

The Company reserves the right to refuse to accept gas that does not meet quality specifications.


The Company shall have the right at any time to curtail or interrupt the transportation or delivery of gas when, in the company's sole judgment, such curtailment or interruption is necessary to enable the Company to maintain deliveries to retail customers of higher priority or to respond to any emergency.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the company) which averages a minimum of 25 Mcf of gas per day for the billing period.

E. SPECIAL CONTRACTS

Commercial or industrial customers using 500 MCF per month or more may have service provided by special contract specifying all terms and conditions for service and rates, subject to approval by the PSC. Any Commercial or industrial customer without a special contract shall be charged the applicable tariff rate.

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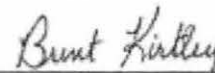


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**KENTUCKY
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**

TARIFF BRANCH



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PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

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IV. STANDARDS OF SERVICE

A. UTILITY SYSTEM OPERATION & MAINTENANCE

The Company will construct, operate, and maintain its natural gas delivery systems in such manner as to furnish safe, adequate, and continuous natural gas service in accordance with the Rules & Regulations and the Operations & Maintenance Plan of the Company.

The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of natural gas and to avoid any shortage or interruption. However, the Company shall not be liable for interruption, shortage, or insufficiency in the supply of natural gas, or for any injury, loss, or damage caused thereby, if same is due to causes beyond the control of the Company. These causes include but are not limited to accidents, breakdown of equipment, operations of supply pipelines and gas production facilities, storms and acts of God, civil disorders and authority and orders of government.

The Company will have the right to temporarily suspend the delivery of natural gas whenever necessary for the purpose of making repairs or improvements to its system. Whenever possible, the utility shall plan its work to minimize the disruption of service.

Interruptions of service will not relieve Customer from any charges for service actually provided by Company, nor will accidents to or failures of Customer's equipment or facilities not due to fault of Company, relieve Customer of payment of minimum charges under the rate or contract applicable.

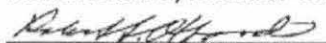
B. TESTING EQUIPMENT

Meters will be tested using a certified bell prover. Pressure gauges used for gas measurement will be verified annually. The reference instruments used in calibrating the bell prover, pressure gauges, and other equipment shall have a higher degree of accuracy than the equipment being tested, which accuracy shall be traceable to the National Bureau of Standards.

C. METER ACCURACY

The Company will exercise reasonable means to determine and maintain the general accuracy of all natural gas meters in use. All meters will be tested for accuracy of adjustment and registration before installation and will be tested periodically in accordance with the test schedule set forth by the Company and in accordance with applicable regulations. If inaccuracy is found such meters shall be adjusted to register within one-half (1/2) of one (1) percent, plus or

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minus when passing gas at twenty (20) percent of its rated capacity at one-half inch of water column differential pressure.

D. ROUTINE METER TEST SCHEDULES

The Company will routinely test its natural gas meters in accordance with the following schedule in accordance with applicable regulations:

- 1) Diaphragm meters for Residential and small Commercial service (capacity smaller than 500 cfh) will be tested at least once every ten (10) years.
- 2) All larger meters (capacity 500 cfh or more) will be tested at least once every five (5) years.

E. OTHER METER TESTS

The Company may test any of its meters at any time.

Upon written request of a Customer, the Company will test the accuracy of the service meter installed at Customer's premises. Any meter so tested will be considered accurate for the purposes of the customer request test if the accuracy of the meter complies with 807 KAR 5:022(8)(3)(a)1.

If any meter so tested is found to be more than 2% fast, the Company will adjust the natural gas used, as measured by such meter, by such percentage that the meter was found to be in error. The Company will re-bill the adjusted amount for a period of one-half the elapsed time since the last previous test, but not for more than six months. The Company will refund to Customer the difference between the amount paid by the Customer and the adjusted bills. There will be a fee of \$225.00 charged to a customer who requests an immediate test of a meter if that meter is found to be operating within the allowable limits of 807 KAR 5:022(8)(3)(a)1.

If any meter so tested is found to be more than 2% slow, the Company will similarly adjust the natural gas used for one-half the untested period up to six months, and may collect from the Customer the difference between the amount paid by the Customer and the adjusted bills.

If any meter is found not to register any gas usage for any period, the Company may collect for the natural gas estimated to be used but not registered on the meter. Estimated use shall be calculated by averaging the amounts used under similar weather or operating conditions during the period immediately preceding or subsequent to the period of non-registration, or over a corresponding period in a previous year. The period of time for which collection for non-

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EFFECTIVE 6/21/2013 <small>PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</small>

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registered gas service may be made shall be limited only by the date on which the meter is determined to have become defective.

F. BILLING

The Company will exercise all reasonable means to assure accurate computation of all bills for natural gas service. If billing errors occur, Company shall refund to Customer the amount of any overcharge and shall have the right to collect from Customer the amount of any undercharge due to the billing error in accordance with Public Service Commission rules and regulations.

G. DEFINITION OF A CUBIC FOOT OF GAS

1) For purpose of testing natural gas, a standard cubic foot of gas shall be taken to be that amount of gas which occupies a volume of one cubic foot, dry, at a temperature of 60 degrees Fahrenheit and under an absolute pressure of 14.73 pounds per square inch.

2) For the purpose of volumetric measurement of gas to a Customer, a cubic foot of gas shall be taken to be the amount of gas which occupies a volume of 1 cubic foot under the conditions existing in such Customer's meter as and where installed. When gas is metered at a pressure in excess of 4 ounces above average local atmospheric pressure, a suitable correction factor shall be applied to provide for measurement of gas as if delivered and metered at a pressure of 4 ounces above average local atmospheric pressure.

H. HEATING VALUE

The Company will endeavor to maintain a consistent average heating value of natural gas sold by the Company. Each individual system has different sources of supply which range in heating value from 1,000 to 1,200 BTU per standard cubic foot. If necessary to supplement the supply of natural gas, the Company may, at its sole discretion, supply a mixture of liquefied natural gas, liquefied petroleum gases and air to deliver a mixture compatible with the gas-using equipment in each system.

I. THERM BILLING**[Reserved]**

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 EXECUTIVE DIRECTOR**

TARIFF BRANCH

Brent Kirtley

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J. DELIVERY PRESSURE

The Company will maintain the gas pressure at the outlet of the meter with as little variation as practicable. For most customers, gas will be delivered at a pressure as close as practicable to 4 ounces per square inch above the average local atmospheric pressure.

Gas may be delivered at higher pressure at Customer's request or where operating conditions are such that the Company deems a higher pressure is necessary. Each Customer shall install and maintain at its expense any such additional pressure or flow-regulating equipment. Company reserves the right to specify the pressure at the delivery meter.

K. SERVICE EXTENSION POLICY

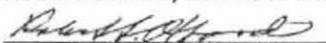
All extensions of Company systems to serve new Customers or to increase gas deliveries to existing Customers shall be made under the Rules and Regulations of the PSC.

The Company will make extensions from its existing distribution mains in all of its service areas in accordance with 807 KAR 5:022, Section 9. All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions shall be and remain with the Company. In the event a deposit is placed with the Company, the amount of the refund shall not exceed the original deposit. Nothing shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable terms than prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

L. LOCAL FRANCHISE TAX

There shall be added to the customer's bill as a separate item an amount equal to the proportionate part of any license, occupation, franchise or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

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JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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V. PURCHASED GAS COST ADJUSTMENT (Non-farm tap rates)

A. PROCEDURE

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

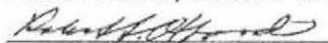
The gas cost recovery rates are comprised of:

EGC - the Expected Gas Cost component, on a dollar per MCF basis, which represents the average expected cost of gas supplies and may include fixed price, forward price and indexed price purchases. The purchases are reduced by any amounts injected into underground storage. The EGC includes withdrawals from underground storage at the average unit cost of working gas. The EGC includes the uncollectible gas costs portion of bad debt. In an effort to mitigate price volatility, the Company may contract with gas suppliers at fixed prices, at locked-in prices for gas to be delivered at future dates (forward price) and at index-based prices. These efforts can include the monthly or periodic layering of forward purchase volumes to help moderate the volatility of gas prices. The Company may consider published futures prices as well as price trends and price expectations at the time such decisions are made. Depending upon the circumstances, this volume can be up to the annual projected system requirements including storage needs.

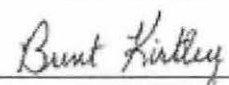
RA - The supplier Refund Adjustment, on a dollar per MCF basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

AA - The Actual Adjustment, on a dollar per MCF basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

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TARIFF BRANCH 
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BA - The Balancing Adjustment, on a dollar per MCF basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

B. BILLING CALCULATION

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following:

$$GCR = EGC + RA + AA + BA$$

C. DEFINITIONS

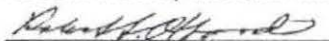
“Average Expected Cost” means the cost of gas supplies, for injections/withdrawals into storage and the uncollectible gas costs portion of bad debt. Cost of gas supplies include associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

“GCR” means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment; i.e., $GCR = EGC + RA + AA + BA$).

“Calendar Quarters” means each of the four three-month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

“Reporting Period” means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

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JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 6/21/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Kentucky Frontier Gas LLC

For Entire Service Area

PSC No. 3

Sheet Original No. 31

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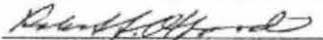
PSC No. 2 (entire)

RULES & REGULATIONS

D. INTERIM GAS COST ADJUSTMENT

Should any significant change in supplier rate occur between the regularly-scheduled quarterly adjustments, the Company may apply to the Commission for an interim purchased gas cost adjustment.

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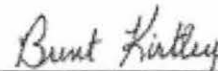


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**KENTUCKY
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**

TARIFF BRANCH



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6/21/2013

PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

RULES & REGULATIONS

VI. PIPELINE REPLACEMENT PROGRAM (PRP)

Applicable to all utility customers receiving service from Kentucky Frontier Gas, LLC

(T)

A. CALCULATION OF PIPELINE REPLACEMENT RIDER SURCHARGE:

The PRP surcharge is based on the annual cost of replacing older metal pipe on the Frontier distribution systems.

B. PIPELINE REPLACEMENT PROGRAM FACTORS

All customers receiving service from Frontier, except farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the pipeline replacement program.

(T)

The PRP Rider will be updated annually in order to reflect the impact of net plant additions from pipeline replacements. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of May, and will reflect allocation of the required increase based on the distribution approved by the Commission.

VII. AMR & METER UPGRADE PROGRAM

Applicable to all utility customers receiving service from Kentucky Frontier Gas LLC.

(T)

All customers receiving service from Frontier, including farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the Automated Meter Reading (AMR) and meter upgrade program .

(T)

Date Issued: October 6, 2016
Date Effective: October 6, 2016
Issued By: /s/ Steve Shute, managing member

Issued by Authority of
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in Case No 2016-00132 dated October 6, 2016

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR <i>Talina R. Mathews</i>
EFFECTIVE 10/6/2016 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

PROPOSED TARIFF – CONSOLIDATED KENTUCKY FRONTIER
GAS AND PUBLIC GAS COMPANY

KENTUCKY FRONTIER GAS, LLC

RATES,

RULES

AND

REGULATIONS

DISTRIBUTION SYSTEM

DATE OF ISSUE June 30, 2017
DATE EFFECTIVE January 1, 2018
ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
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Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities suppliers in Kentucky. This tariff details the conditions of service for all distribution (non-farm tap) Customers served by Kentucky Frontier Gas operations.

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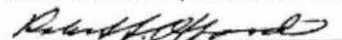
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- D. Deposits

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DATE EFFECTIVE **January 1, 2018**
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in Case No.

RATES & CHARGES

I. RATES AND CHARGES

A. APPLICABILITY

For all non-farm tap Residential and Commercial customers in all areas served by Kentucky Frontier Gas distribution systems, including ~~in Floyd County the communities of Auxier, Cliff and around Prestonsburg; Price, Cow Creek, Endicott, Allen, Dwale, Estill, Garrett, Hueysville, Lackey, Middle Creek, Minnie and Wayland; Melvin, Bevinsville, Bypro, Weeksbury, Langley and Goble Roberts; in Pike County the communities of Belfry and Forest Hills, Toler, Hardy, Sharondale, Jerry Bottom, Leekieville, Murphys Bottom, Huddy, Stone and Phelps; in Magoffin County the communities of Salyersville, Mashfork, Falcon, Marshallville, Ivyton, Burning Fork and along Abbott Creek; and Elk Creek, Lickburg, Wheelersburg, Flat Fork, Jellicoe, Mine Fork, Maggard, Coon Creek, Buffalo Creek, Lakeville, Sublett, Royalton, Oakley, Swampton and Half Mountain; the Blaine community in Magoffin, Lawrence County; Knott County; Johnson County; Letcher, Martin, Perry, Lee, Morgan, Wolfe, Jackson, and Breathitt counties.~~
 T

B. MONTHLY CHARGES & COMMODITY RATES

	<u>Base Rate</u>		<u>GCRG Gas Cost</u>		<u>Total</u>
Residential & Commercial					
Monthly Customer charge					\$16.00 per month <u>I</u>
All ccf	\$.3843	*	\$.61761		\$ per ccf *
Large Commercial					
Monthly Customer charge					\$50.00 per month
All ccf	\$.3397		\$.61761		\$ per <u>D</u>

* Rates for KFG customers decrease and rates for Public Gas Customers increase

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C. OTHER CHARGES

Turn On Fee	\$50.00 to initiate service at a location for seasonal/temporary turn on.
Reconnection Fee	\$50.00 to restore service within 12 months of disconnection/termination for non-payment;
Relocate Meter	\$150.00, plus costs – move meter at customer request.
Transfer Service Fee	\$30.00 to change tenants (change to new customer).
Returned Check Charge	\$30.00 for a check returned for insufficient funds
Late Payment Charge	10% of the current monthly charges.
Service (Trip) Charge	\$50.00 for any special trip made to collect delinquent bills/terminate service.
Special Meter Reading Chg	\$100.00 for reread
Meter Test fee	\$225.00 for customer requested immediate test if meter fails standard of 807 KAR 5:022(8)(3)(a)1
Pipeline Replacement Pgm	\$2.00 per distribution customer per month I (all customers)
AMR surcharge	\$1.00 per customer (distribution and farm tap) per month

D. DEPOSITS

Residential Customer A deposit equal to two-twelfths of the estimated annual bill is required of all new customers that do not have an acceptable credit rating. The deposit shall be refunded after the first 12 months of service if the customer has no more than two late payments within that period.

Commercial Customer A deposit not to exceed two twelfths annual estimated bill.

Seasonal Customer Any customer requesting seasonal service, that is service for only a portion of a calendar year, shall be charged a deposit not to exceed one-half of the estimated annual bill of a similar full time residential or commercial customer.

Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer’s bill on an annual basis. If interest is paid or credited to the customer’s bill prior to twelve (12) months

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Kentucky Frontier Gas LLC

For Entire Service Area

PSC No. 2

Sheet Original No. 6

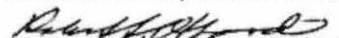
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PSC No. 1 (entire)

RATES & CHARGES

from the date of deposit or the last interest payment date, the payment or credit shall be on a prorated basis.

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RULES & REGULATIONS

II. RULES AND REGULATIONS – ALL CUSTOMERS**A. GENERAL STATEMENT**

Kentucky Frontier Gas, LLC has consolidated the operations of several natural gas utilities in Kentucky. This tariff details the conditions of service for all Customers served by Kentucky Frontier Gas operations.

The following Rules and Regulations are filed with the Public Service Commission of Kentucky, referred to as “PSC” or “Commission”, as part of the natural gas tariff of the gas utility operations of Kentucky Frontier Gas, LLC, hereinafter “Company” or “the utility”. These Rules and Regulations set forth the terms and conditions under which natural gas service is supplied and govern all classes of service in all systems and territories served by the utility. Service furnished by the Company is also subject to the Rules of the PSC. Copies of this tariff are available for any Customer's inspection at the offices of the Company. They are subject to termination, change, or modification, in whole or in part, at any time. Any waiver at any time of the Company's rights or privileges under these Rules & Regulations will not be deemed a waiver as to any later breach of these rules.

1) **COMMISSION'S RULES & REGULATIONS** All gas service rendered by the Company shall be in accordance with the Administrative Regulations by which gas utilities are governed by the Public Service Commission of Kentucky and all amendments thereto and modifications thereof which may be made by the Commission.

2) **COMPANY'S RULES & REGULATIONS** In addition to the Rules & Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the Rules and Regulations adopted by the Company.

3) **REFUSAL OF SERVICE** The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

B. APPLICATION FOR GAS SERVICE

Application for natural gas service may be made at the office of the Company. The Company may refuse service to any Customer who fails to comply with these Rules & Regulations. The

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Company will not furnish service to any applicant who owes the Company any past due amount for service at any location, until all such indebtedness is paid in full.

The Company may require any applicant to sign a Service Contract before service is supplied. The use of natural gas service constitutes an agreement under which the Customer receives natural gas service, agrees to pay the Company therefore in accordance with the applicable Tariff rate schedule, and agrees to comply with the Rules and Regulations of the utility. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

A Customer is defined as any individual, enterprise or legal entity classified as either a Residential or Commercial purchasing natural gas from the Company at each point of delivery, under each rate classification, contract or schedule.

C. CHOICE OF RATES

A schedule of rates is available at the office of the Company. When two or more rate schedules apply to a customer's service requirements, the Company will assist in selecting the most suitable rate. Applicant is responsible for the final selection of said rate, and Company assumes no liability for that selection.

D. TEMPORARY OR INTERMITTENT SERVICE

If service to Customer is to be temporary or intermittent in usage, service will be supplied in accordance with the applicable rate schedule. Service to mobile homes and trailers may be considered by the Company as temporary. All costs of main or service construction will be paid in advance by the Customer. If service is provided for more than 24 months the Company will refund any construction costs in excess of those allowed under the Service Extension Policy.

E. DEPOSITS

The Company requires each Customer to make a minimum cash deposit to initiate or re-establish gas service, or if there is a substantial increase in usage. Except as established in 807 KAR 5:006(8)(1)(d)3 or unless the customer's classification of service changes, an additional or

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subsequent deposit will not be required from a residential customer with a satisfactory payment record who has a substantial increase in usage. Such deposit is not an advance payment or partial payment of any bill for service, but is security for payment of bills for service to be applied against unpaid bills only in event service is discontinued.

Interest on such deposits will be calculated at a rate prescribed by the PSC for the period elapsed from date of deposit to date refunded. Interest will be paid upon refund of deposit.

Deposits shall be refunded after a one year period if the Customer has had no delinquency resulting in the issuance of a written Notification of Discontinuance of Service or no more than two late payments within any calendar year.

Deposits will be refunded when service is discontinued, or at the end of the one year deposit holding period, upon proof that person claiming deposit is legally entitled to same. On discontinuance of service, the Company reserves the right to apply the Customer's deposit and any interest accrued thereon against unpaid bills for service, and only the remaining balance of the deposit, if any, will be refunded.

In cases where the Applicant for new service is in default of payment of bills for any service previously rendered to Applicant, a settlement of the old account, or arrangement satisfactory to the Company for its settlement, will be required before the new service is rendered.

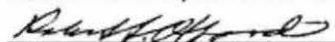
The Company may waive the deposit upon a Customer's showing of satisfactory credit and payment histories with Company and others, established income or local property ownership and no recent bankruptcy, or a suitable co-signor.

F. MONTHLY BILLS

Bills for service will be rendered monthly. The term "month" for billing purposes means the period between any two consecutive regular readings by the Company of the meters at the Customer's premises, such readings to be taken as nearly as may be practicable every thirty days. The timing of the meter cycle is selected by the Company.

If an initial or final bill is for a period less than the monthly billing period described above, the billing will include the monthly minimum charge plus actual gas usage from the prior meter reading.

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If the Company is unable to read a meter after reasonable effort, the Customer will be billed on an estimated usage based on the best available information. When Company for any reason submits a bill to a Customer for utility service which contains an estimated reading or a no-charge, Company will include on such bill a notice informing Customer that the bill contains an estimate or no-charge.

All bills for service, including any excise tax, sales tax, franchise fee or the like imposed by governmental authority, are due and payable at the office of the Company, or to an authorized agent of the Company, not later than the due date shown on the bill. All bills are due upon presentation.

The bill will be considered as received by the Customer when mailed to, or left at, the location where service is used or at some other location that has been mutually agreed upon. If the Customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the Customer from payment, before delinquent date, for service rendered.


Customer usage is monitored during the billing process and any significant deviation from normal usage pattern will be assessed. Company will re-read or test meters and review billing calculations as part of its investigation. Company will inform Customer if any significant billing adjustment is needed.

If a Customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons, the Company will investigate the complaint. However, such notice disputing correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Company will refund the amount of overpayment or credit the amount of overpayment to the next bill rendered.

G. BUDGET BILLING PLAN

Customers may elect at their option to pay monthly bills for service on a Budget Billing Plan. This option is available to Residential customers at the option of the Company, which customers have a suitable 12-month payment history and all accounts are paid in full. Customer shall make an application and sign a payment agreement for Budget Billing, acknowledging average usage and the calculated monthly payment.

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The monthly amount to be paid under Budget Billing is calculated from the past twelve months' gas usage at the current gas rates rate, divided by 11 and rounded to the nearest dollar. Said monthly payment shall be made for eleven successive months beginning with the July billing month. The twelfth month's payment is a settlement amount equal to the difference between the total of the prior eleven months' payments and the actual billings for the twelve month period.

If the settlement amount is a credit balance the Company will issue a check to the Customer in the amount of the credit balance, or the Customer may elect to have the credit applied to future billings. If the settlement amount is a debit balance owed by the Customer, the total balance will be due and payable on the due date shown on the bill for the settlement month, except that in the event the debit balance exceeds \$100, the Customer may elect to pay the debit over a two month period with at least one half of the total debit balance payable in the settlement month. The Customer may continue on the Budget Billing Plan for succeeding years, in which case the settlement month for each year will occur in twelve month cycles starting with the beginning month.

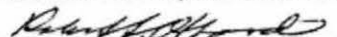
If a Customer electing Budget Billing Plan fails to pay the budget billing obligation in any month, normal collection procedures shall be applicable for the outstanding budget billing amount. Upon termination of service of a Customer on the Budget Billing Plan, the entire balance amount of the account for actual usage shall be due and payable by Customer to Company if a debit balance exists or shall be refunded by Company to Customer if a credit balance exists.

The monthly budget billing amount will be adjusted for changes in the Company's base rates and for unusual changes in Purchased Gas Cost Adjustment due to major purchase gas cost changes from the Company's gas suppliers. No adjustment in monthly budget billing amounts will be made for normal Gas Cost Adjustment changes. Changes in Gas Cost Adjustment levels shall be considered unusual when such changes would result in a 10% or more increase or decrease in Customer's anticipated annual billing for gas service.

H. PARTIAL PAYMENT PLAN

Qualifying customers may enter into a partial payment plan in accordance with 807 KAR 5:006(13)(2).

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I. WINTER HARDSHIP RECONNECTION

Qualifying customers may have service reconnected pursuant to 807 KAR 5:006 (14) and (15) if conditions of the regulation are met.

J. MEASUREMENT OF GAS SERVICE

All deliveries of gas through Company facilities shall be metered.

The Company will install, own and maintain suitable metering equipment necessary for measuring the natural gas supplied. The Point of Delivery to the Customer is the outlet of the Company's meter.

Each class of natural gas service supplied will be metered and billed separately. All service to a Customer under one applicable rate schedule will be measured by a single meter installation and meter readings of one meter installation shall not be combined with meter readings of another meter installation for billing purposes, unless specifically allowed under the applicable tariff. Adjoining properties may be combined on a single meter installation at the Customer's expense, and served as a single Customer where such properties are controlled, occupied, and used for commercial purposes by a single enterprise engaged in the pursuit of a single business.

Service to the same Customer at different premises will be considered as service to separate Customers.

Standard delivery pressure and temperature of natural gas supplied by the Company is four (4) ounces per square inch above average atmospheric pressure, which is assumed to be 14.40 psia in the Company service area and sixty (60) degrees Fahrenheit. All meters shall be temperature-compensated. Where necessary, the volume of gas as registered on the service meter shall be adjusted to the foregoing conditions for billing purposes.

Customer shall not bypass, adjust, alter or tamper with Company meters or regulators for any reason, such actions being cause for immediate discontinuance of service. Customer shall not construct any addition or structure over utility-owned mains, service lines, or meters, and shall not enclose exposed portion of gas service facilities with any unventilated enclosure. Customer shall immediately notify Company of any leak or defect observed in Company's facilities.

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K. DISCONTINUANCE OF SERVICE AT CUSTOMER'S REQUEST

A Customer wishing to discontinue or transfer service should give at least three days' notice to Company to that effect, unless otherwise specified in the rate or contract applicable, in order to allow time for final meter reading and disconnection of service. Where such notice is not received by the Company, the Customer will be liable for service until final reading of the meter. Notice to discontinue service will not relieve a Customer from any minimum or guaranteed payment under any contract or applicable rate.

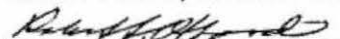
L. DISCONTINUANCE OF SERVICE BY COMPANY

Company may discontinue service upon not less than seven days' written notice to Customer, and to any Customer designated third party, of Company's intention to discontinue service:

- 1) If Customer fails to pay, or make arrangements for payment of, bills for service rendered as provided in these rules.
- 2) If Customer fails to comply with Company's Rules and Regulations after due notice of such failure is given by Company and reasonable time is allowed for compliance.
- 3) If Customer's use of service is detrimental to the natural gas service being furnished by Company to other Customers in the immediate vicinity or supplied from the same distribution system.

If discontinuance is for nonpayment of bills, the customer shall be given at least 10 days written notice, separate from the original bill, and cut-off shall be effected not less than twenty seven (27) days after the mailing date of the original bill, unless, prior to discontinuance, a residential customer presents to the utility a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may be effected not less than thirty (30) days from the date the utility notifies the customer, in writing, of state and federal programs which may be available to aid in payment of bills and the office to contact for such possible assistance.

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Discontinuance of service under (1) will not occur if: Customer makes full payment of outstanding bill, such payment to be made by cash or bona fide check to a Company representative or field employee unless Customer has twice previously tendered payment with check which was returned to the Company by the banking institution unpaid, and the second such check was returned within the most recent twelve month period, in which cases payment by cash or certified check is required to avoid termination.

Discontinuance of service shall only occur between 8:00 am and 4:00 pm, Monday through Thursday. Service may not be terminated on the day prior to, or the day of, a legal holiday.

Company may discontinue service at any time without notice:

- 1) If a condition or installation of any part of the Customers' gas piping or any appliance is found to be dangerous to life, health, or safety of any person. Company does not assume responsibility for, and will not be held liable for, ascertaining such condition.
- 2) Upon the receipt of a lawful request or order of the properly constituted authority applicable to Customer's gas service.
- 3) If service is found to have been restored by someone other than Company and the original cause for the discontinuance has not been cured. The Company does not assume responsibility and will not be held responsible for ascertaining such condition.
- 4) If Company metering and regulating equipment has been bypassed, adjusted, altered or tampered with.

M. RESTORATION OF SERVICE

Service which has been terminated due to failure to pay or make arrangements for payment of bills for service rendered will be restored if Customer pays all applicable collection and/or reconnection charges as stated in Charges for Rendering Service.

Where service has been discontinued as set forth in these rules, Company shall restore such service within 24 hours after elimination by Customer of the cause for discontinuance, unless extenuating circumstances prevent restoration. Extenuating circumstances includes, but is not

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limited to, the requirement that the Customer or a responsible individual designated by the Customer be at the premises at the time of restoration of service.

N. CONNECTION & RECONNECTION FEE

The Company shall charge the Customer a Connection or Reconnection Fee as set forth herein for the following services:

- 1) Initial Connection of gas service to a Customer;
- 2) Reconnection of gas service to a Customer who has requested discontinuance of service at the same premises within the past twelve months; and
- 3) Reconnection of gas service to a Customer whose service has been discontinued by the Company for any reason stated herein within the past twelve months.

O. METER TRANSFER FEE

The Company shall charge a Meter Transfer Fee as set forth herein:

- 1) For transfer of service at the same premises from one tenant to another, when the gas service is not otherwise changed or interrupted. Such Fee will be charged to the new Customer.
- 2) For transfer of service to a Customer from one premises to another.

P. RETURNED CHECK CHARGE

The Company shall charge a Returned Check Charge as set forth herein for each check that is returned to the Company as uncollectable by its bank, up to the maximum amount allowed under the statutes of the Commonwealth of Kentucky and any charges assessed by the bank.

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Q. LATE PAYMENT CHARGE

The Company shall charge a Late Payment Charge on all bills not paid within 15 days of the billing date. Charges are assessed only once on a past due amount.

R. DIVERSION OF NATURAL GAS


The existence of natural gas consuming devices installed ahead of the meter or any tampering or interfering with pipes, regulators or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals and increasing regulator pressure) which will permit or make possible the use of natural gas without its proper registration on Company's meter shall constitute prima facie evidence of diversion of natural gas by the Customer in whose name service is being rendered, or by the person benefiting from the use of such diverted natural gas. In the event that a Company check meter registers more natural gas in the same interval of time than does the meter installed at Customer's premises after such meters have been tested and found to be registering within the limits of accuracy prescribed by the PSC, such fact shall also constitute prima facie evidence of diversion of natural gas.

In such instances, Company will, in any reasonable manner, compute the amount of diverted natural gas and shall have the right to enter Customer's premises and make an actual count of all natural gas consuming devices to aid in such computation. Where Company is unable to make such count, the computation will be based on any other available information, or estimated. Such computation will be made for the period beginning with the date on which Customer began using natural gas at the location where the diversion occurred, unless evidence proves the diversion commenced a later date, and ending with the date on which said diversion ceases. Bills for natural gas diverted, based upon the aforesaid computation, under the applicable rate effective during the period of diversion, plus the cost of investigating and confirming such diversion and disconnecting service, shall be due and payable upon presentation.

If service has been discontinued for diversion of natural gas, Company will not render service to Customer, or to any other person for Customer's use, at the same or any other location until:

- 1) Customer has paid all bills as set forth preceding, and

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- 2) Customer has paid to Company or others the installation cost of such entrance and service equipment as is necessary to prevent further diversion of natural gas.

The foregoing rules pertaining to diversion of natural gas are not in any way intended to affect or modify any action or prosecution under the statutes of the Commonwealth of Kentucky.

S. EASEMENTS

Receipt of natural gas service by Customer shall be construed as an agreement with the property owner, granting to Company an easement for gas mains, services, meters, and other equipment of Company necessary to render service to Customer. If requested by Company and before or after service is connected, Customer will execute Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by Customer, and will furnish space and shelter satisfactory to Company for all apparatus of Company located on Customer's premises. In the event that Customer shall divide premises by sale in such manner that one parcel shall be isolated from streets where Company's gas mains are accessible, Customer shall grant or reserve an easement for gas service over parcel having access to gas mains for the benefit of the isolated parcel.

T. ACCESS FOR COMPANY'S EMPLOYEES AND AGENTS

Customer will provide access to its premises at all reasonable times for authorized employees and agents of the Company for any proper purpose incidental to the supplying of natural gas service.

U. REALLOCATION OR RESALE OF NATURAL GAS

Natural gas service supplied by the Company is for the exclusive use of the customer. The customer is expressly forbidden to re-allocate or resell gas for any purpose.

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V. CUSTOMER'S INSTALLATION

The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the main or property line to the meter riser at the inlet side of the meter or place of utilization of the gas.

The installation of the customer's service line shall be made in accordance with the requirements of the PSC and the Company's specifications covering location, installation, kind and size of pipe, type of pipe coating and method of connecting the joints of pipe.

The Customer, before purchasing equipment or beginning construction of a proposed installation, shall confer with the Company to determine if the type of service, capacity, and pressure desired by Customer is available, to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the Company's meter and point of delivery. The Company must also be notified in advance before any additions to or alterations of existing installations which will materially affect the existing gas consumption.

If required, any Customer-installed buried line shall be at least 1-inch diameter pipe (only API-rated coated steel or PE) from the meter to all appliances, without reduction in size except it may be reduced at the entrance to the room to the same size as the appliance connection. A stopcock shall be installed at the building wall if applicable, and at each appliance.

All gas piping and other natural gas appliances and equipment on the Customer's side of the point of delivery will be furnished, installed and maintained at all times by the Customer in conformity with good practice, the requirements of any public body having jurisdiction or appropriate gas piping codes, and in accordance with the Company's Rules and Regulations. However, Company accepts no liability for injury or damage caused by defects in Customer's piping or equipment.

No equipment or apparatus will be connected to Company's distribution system, the operation of which may cause such an abnormal pressure variation in said system as to impair or endanger the natural gas service supplied to other customers on said system or to adversely affect operation of Company's metering or pressure regulating equipment. In the event that equipment having a high instantaneous demand such as a gas engine is to be connected, Customer shall provide adequate pulsation or surge tank, shut off valves and other protective devices as may be required by Company. Customer shall, in every case, confer with Company before any equipment or

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apparatus requiring extremely close regulation of pressure or quality of gas is connected to Company's distribution systems.

When the Company is required by order of proper authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service line and the point of delivery, the Company will designate a new point of delivery to which the Customer, at its expense, will bring the customer-owned piping.

Service will be delivered to the Customer for each premise at one point of delivery to be designated by the Company. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make connections between the Company's facilities and the Customer's gas service piping.

The Company reserves the right to require the Customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their locations made at the request of the Customer. Meters and other Company equipment will be removed or relocated only by Company employees.

W. COMPANY FURNISHED EQUIPMENT:

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company. The Company will furnish, install, and maintain at its expense the necessary meter, meter stand (including meter riser), regulators, and connections which will be located at or near the main service connection, property line or near the building, at the discretion or Judgment of the Company. Whenever practical, in the judgment of the Company, the location will be as near the supply main as possible and outside of buildings. Suitable sites or location for the meter, meter stand, including meter riser, regulator, and connections shall be provided by the customer, and the title to this equipment shall remain in the company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises

X. PROTECTION OF SUB-SURFACE FACILITIES

Customer shall consult Company regarding necessity of changing location of gas service before building any improvement, addition, or structure over the gas service pipe. Customer shall

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notify Company or the appropriate One-Call center before operating or permitting the operation of any power excavating or ditching equipment in the proximity of Company's underground gas service on Customer's premises.

Y. SHORTAGE OF NATURAL GAS SUPPLY

In case of emergency causing a shortage of supply, Company shall have the right to grant preference to that service, which, in its sole opinion, is most essential to the public welfare. In general, the curtailment sequence would normally be:

- 1) Industrial and Commercial customers, except schools.
- 2) Schools.
- 3) Residential Customers.

Z. LIABILITY


All mains, services, apparatus, instruments, meters, regulators, and materials supplied by Company at its expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by Customer or other unauthorized person.

The Customer shall be responsible for any damage to or loss of Company's property located on Customer's premises, caused by or arising out of the acts, omissions or negligence of Customer or others, or the misuse or unauthorized use of Company's property by Customer or others. The cost of making good such loss and/or repairing such damage shall be paid by the Customer. Customer shall be held responsible for injury to Company's employees if caused by Customer's act, omissions or negligence.

The Customer shall be responsible for any injury to persons or damage to property occasioned or caused by the acts, omissions or negligence of the Customer or any of its agents, employees, or licensees, in installing, maintaining, operating, or using any of the Customer's piping, equipment, machinery, or apparatus and for injury and damage caused by defects in same.

Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

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AA. INDEMNITY TO COMPANY

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from the facilities located on Customer's side of the point of delivery, unless caused by the negligence or wrongful acts of Company's agents or employees.

BB. INSIDE GAS SERVICES RENDERED BY COMPANY

The Company will not perform installation or maintenance services on customer facilities downstream of the meter. Some health- and safety-related services are provided by Company free of charge to its customers. Such services are limited to the following:

- 1) Response to gas leak complaints regardless of cause.
- 2) Response to fires regardless of cause.
- 3) Restore service when outage is caused by Company.
- 4) Bill investigations, meter and meter reading investigations, and routine maintenance of Company facilities.

CC. COMPLAINTS

The Company will investigate promptly all complaints made by its Customers and will keep a record of all written complaints which record will include: name and address of complainant, date, nature of complaint, and adjustment or disposition made. This record will be kept at least three years after the date of the complaint.

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III. TYPES OF SERVICE

A. RESIDENTIAL SERVICE

Residential Service is the furnishing of natural gas for the exclusive use of the individual customer for domestic purposes: for cooking, water heating, space heating, clothes drying, and incineration, in a private home or individual living unit where only one household is served through a single meter. Service to buildings adjacent to the residence including garages, barns, and other minor buildings for use of the residents may also be served through the residential meter. Each family dwelling place or housekeeping unit shall be considered as a separate living unit if separately metered.

Where two or more separate living units in a private residence or apartment building are offered for rent and the entire building is supplied through one meter, such building shall be classified as a commercial establishment and shall not be entitled to a residential schedule, if different.

Rates specific to Residential Service are not applicable to service for commercial enterprises.

B. COMMERCIAL SERVICE

Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments, regardless of volumetric gas usage.

Any entity engaged in the operation of an enterprise, whether or not for profit, shall be considered a Commercial customer. Such enterprises will include but not be limited to retail and wholesale merchants, professional services, offices, restaurants, clubs, lodges, hotels and motels; apartment buildings, rooming houses, assisted living and multi-unit dwellings where more than one living unit is served through one meter; schools, government, churches and charitable institutions; mobile home parks, camp grounds, greenhouses, dairies, manufacturing, agriculture, livestock production, mining, oil and gas extraction, construction, communication, transportation, natural gas engine service, gas-fired power back-up service, and other uses. These enterprises may also be supplied under an industrial or large commercial rate if such exists.

Where the total load of a customer served at one point of delivery cannot be combined under one classification for billing purposes due to restrictions in the applicable schedule, customer shall so

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arrange the piping so that each class of service can be separately metered and billed under the applicable schedule.

C. LARGE COMMERCIAL SERVICE

Large Commercial Service is the furnishing of natural gas for the exclusive use of the individual customer for cooking, water heating, space heating, heat applications, and miscellaneous purposes to commercial establishments with large gas requirements.

A Large Commercial customer is defined as a Commercial entity which has historically used, or could reasonably be expected to use, more than 12,000 MCF of gas per year.

The total load of a customer served to a building or group of contiguous and related buildings may be combined under this classification for billing purposes. Such building groups will include but not be limited to a school campus, a courthouse complex, a correctional facility and a medical or long-term care facility.

D. TRANSPORTATION SERVICE

Transportation Service is available to any person whose facilities connect or can be made to connect with the Company's facilities or who can cause their natural gas to be delivered to the company's facilities and who desires gas to be transported by the Company to a place of utilization not connected to the Company's facilities. Further, the person or persons desiring such transportation shall have executed a contract with the Company specifying the terms, rates and conditions of service.

RATE

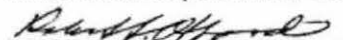
The charge for service under this tariff shall be set forth in the contract for service.

TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

The Company reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery point less applicable transportation charges, shrinkage and compressor fuel cost.

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Delivery of gas transported will be effected as nearly as practicable on the same day as the receipt.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

The Company reserves the right to refuse to accept as that does not meet quality specifications.

The Company shall have the right at any time to curtail or interrupt the transportation or delivery of gas when, in the company's sole judgment, such curtailment or interruption is necessary to enable the Company to maintain deliveries to retail customers of higher priority or to respond to any emergency.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the company) which averages a minimum of 25 Mcf of gas per day for the billing period.

E. SPECIAL CONTRACTS

Commercial or industrial customers using 500 MCF per month or more may have service provided by special contract specifying all terms and conditions for service and rates, subject to approval by the PSC. Any Commercial or industrial customer without a special contract shall be charged the applicable tariff rate.

DATE OF ISSUE June 30, 2017
DATE EFFECTIVE January 1, 2018
ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
Public Service Commission of KY
in Case No.

RULES & REGULATIONS

IV. STANDARDS OF SERVICE

A. UTILITY SYSTEM OPERATION & MAINTENANCE

The Company will construct, operate, and maintain its natural gas delivery systems in such manner as to furnish safe, adequate, and continuous natural gas service in accordance with the Rules & Regulations and the Operations & Maintenance Plan of the Company.

The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of natural gas and to avoid any shortage or interruption. However, the Company shall not be liable for interruption, shortage, or insufficiency in the supply of natural gas, or for any injury, loss, or damage caused thereby, if same is due to causes beyond the control of the Company. These causes include but are not limited to accidents, breakdown of equipment, operations of supply pipelines and gas production facilities, storms and acts of God, civil disorders and authority and orders of government.

The Company will have the right to temporarily suspend the delivery of natural gas whenever necessary for the purpose of making repairs or improvements to its system. Whenever possible, the utility shall plan its work to minimize the disruption of service.

Interruptions of service will not relieve Customer from any charges for service actually provided by Company, nor will accidents to or failures of Customer's equipment or facilities not due to fault of Company, relieve Customer of payment of minimum charges under the rate or contract applicable.

B. TESTING EQUIPMENT

Meters will be tested using a certified bell prover. Pressure gauges used for gas measurement will be verified annually. The reference instruments used in calibrating the bell prover, pressure gauges, and other equipment shall have a higher degree of accuracy than the equipment being tested, which accuracy shall be traceable to the National Bureau of Standards.

C. METER ACCURACY

The Company will exercise reasonable means to determine and maintain the general accuracy of all natural gas meters in use. All meters will be tested for accuracy of adjustment and registration before installation and will be tested periodically in accordance with the test schedule set forth by the Company. If inaccuracy is found such meters shall be adjusted to

DATE OF ISSUE June 30, 2017
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RULES & REGULATIONS

register within one per cent of accuracy when metering gas at twenty per cent (20%) of its rated capacity at one-half inch of water column differential pressure.

D. ROUTINE METER TEST SCHEDULES

The Company will routinely test its natural gas meters in accordance with the following schedule:

- 1) Diaphragm meters for Residential and small Commercial service (capacity smaller than 500 cfh) will be tested at least once every ten (10) years.
- 2) All larger meters (capacity 500 cfh or more) will be tested at least once every five (5) years.

Alternatively, the Company may use a statistical sampling method to test meters.

E. OTHER METER TESTS

The Company may test any of its meters at any time.

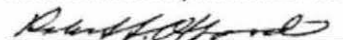
Upon written request of a Customer, the Company will test the accuracy of the service meter installed at Customer's premises. Any meter so tested will be considered accurate if the accuracy of the meter is within 2% plus or minus the calibrated test meter. There will be no charge to the Customer if the meter has not been tested within the past 12-month period, or if the meter proves to be inaccurate.

If any meter so tested is found to be more than 2% fast, the Company will adjust the natural gas used, as measured by such meter, by such percentage that the meter was found to be in error. The Company will re-bill the adjusted amount for a period of one-half the elapsed time since the last previous test, but not for more than six months. The Company will refund to Customer the difference between the amount paid by the Customer and the adjusted bills. There will be a fee of \$225.00 charged to a customer who requests an immediate test of a meter if that meter is found to be operating within the allowable limits of 807 KAR 5:022(8)(3)(a)1.

If any meter so tested is found to be more than 2% slow, the Company will similarly adjust the natural gas used for one-half the untested period up to six months, and may collect from the Customer the difference between the amount paid by the Customer and the adjusted bills.

If any meter is found not to register any gas usage for any period, the Company may collect for the natural gas estimated to be used but not registered on the meter. Estimated use shall be calculated by averaging the amounts used under similar weather or operating conditions during

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Issued by Authority of an Order of the
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the period immediately preceding or subsequent to the period of non-registration, or over a corresponding period in a previous year. The period of time for which collection for non-registered gas service may be made shall be limited only by the date on which the meter is determined to have become defective.

F. BILLING

The Company will exercise all reasonable means to assure accurate computation of all bills for natural gas service. If billing errors occur, Company shall refund to Customer the amount of any overcharge and shall have the right to collect from Customer the amount of any undercharge prior to the date of such billing error.

G. DEFINITION OF A CUBIC FOOT OF GAS

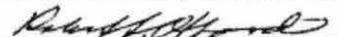
1) For purpose of testing natural gas, a standard cubic foot of gas shall be taken to be that amount of gas which occupies a volume of one cubic foot, dry, at a temperature of 60 degrees Fahrenheit and under an absolute pressure of 14.73 pounds per square inch.

2) For the purpose of volumetric measurement of gas to a Customer, a cubic foot of gas shall be taken to be the amount of gas which occupies a volume of 1 cubic foot under the conditions existing in such Customer's meter as and where installed. When gas is metered at a pressure in excess of 4 ounces above average local atmospheric pressure, a suitable correction factor shall be applied to provide for measurement of gas as if delivered and metered at a pressure of 4 ounces above average local atmospheric pressure.

H. HEATING VALUE

The Company will endeavor to maintain a consistent average heating value of natural gas sold by the Company. Each individual system has different sources of supply which range in heating value from 1,000 to 1,200 BTU per standard cubic foot. If necessary to supplement the supply of natural gas, the Company may, at its sole discretion, supply a mixture of liquefied natural gas, liquefied petroleum gases and air to deliver a mixture compatible with the gas-using equipment in each system.

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DATE EFFECTIVE January 1, 2018
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in Case No.

RULES & REGULATIONS

I. THERM BILLING

[Reserved]

J. DELIVERY PRESSURE

The Company will maintain the gas pressure at the outlet of the meter with as little variation as practicable. For most customers, gas will be delivered at a pressure as close as practicable to 4 ounces per square inch above the average local atmospheric pressure.

Gas may be delivered at higher pressure at Customer's request or where operating conditions are such that the Company deems a higher pressure is necessary. Each Customer shall install and maintain at its expense any such additional pressure or flow-regulating equipment. Company reserves the right to specify the pressure at the delivery meter.

K. SERVICE EXTENSION POLICY

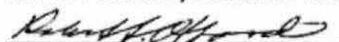
All extensions of Company systems to serve new Customers or to increase gas deliveries to existing Customers shall be made under the Rules and Regulations of the PSC.

The Company will make extensions from its existing distribution mains in all of its service areas in accordance with 807 KAR 5:022, Section 9. All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions shall be and remain with the Company. In the event a deposit is placed with the Company, the amount of the refund shall not exceed the original deposit. Nothing shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable terms than prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

L. LOCAL FRANCHISE TAX

There shall be added to the customer's bill as a separate item an amount equal to the proportionate part of any license, occupation, franchise or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

DATE OF ISSUE June 30, 2017
DATE EFFECTIVE January 1, 2018
ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
Public Service Commission of KY
in Case No.

RULES & REGULATIONS

V. PURCHASED GAS COST ADJUSTMENT (Non-farm tap rates)

A. PROCEDURE

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

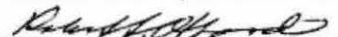
The gas cost recovery rates are comprised of:

EGC - the Expected Gas Cost component, on a dollar per MCF basis, which represents the average expected cost of gas supplies and may include fixed price, forward price and indexed price purchases. The purchases are reduced by any amounts injected into underground storage. The EGC includes withdrawals from underground storage at the average unit cost of working gas. The EGC includes the uncollectible gas costs portion of bad debt. In an effort to mitigate price volatility, the Company may contract with gas suppliers at fixed prices, at locked-in prices for gas to be delivered at future dates (forward price) and at index-based prices. These efforts can include the monthly or periodic layering of forward purchase volumes to help moderate the volatility of gas prices. The Company may consider published futures prices as well as price trends and price expectations at the time such decisions are made. Depending upon the circumstances, this volume can be up to the annual projected system requirements including storage needs.

RA - The supplier Refund Adjustment, on a dollar per MCF basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

AA - The Actual Adjustment, on a dollar per MCF basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

DATE OF ISSUE June 30, 2017
DATE EFFECTIVE January 1, 2018
ISSUED BY Robert Oxford, Member-Manager



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BA - The Balancing Adjustment, on a dollar per MCF basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

B. BILLING CALCULATION

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following:

$$\text{GCR} = \text{EGC} + \text{RA} + \text{AA} + \text{BA}$$

C. DEFINITIONS


“Average Expected Cost” means the cost of gas supplies, for injections/withdrawals into storage and the uncollectible gas costs portion of bad debt. Cost of gas supplies include associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

“GCR” means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment; i.e., $\text{GCR} = \text{EGC} + \text{RA} + \text{AA} + \text{BA}$).

“Calendar Quarters” means each of the four three-month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

“Reporting Period” means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

DATE OF ISSUE	June 30, 2017
DATE EFFECTIVE	January 1, 2018
ISSUED BY	Robert Oxford, Member-Manager



Issued by Authority of an Order of the
Public Service Commission of KY
in Case No.

RULES & REGULATIONS

D. INTERIM GAS COST ADJUSTMENT

Should any significant change in supplier rate occur between the regularly-scheduled quarterly adjustments, the Company may apply to the Commission for an interim purchased gas cost adjustment.

DATE OF ISSUE June 30, 2017
DATE EFFECTIVE January 1, 2018
ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
Public Service Commission of KY
in Case No.

RULES & REGULATIONS

VI. PIPELINE REPLACEMENT PROGRAM (PRP)

Applicable to all utility customers receiving service under the Company's Rate Schedules.

A. CALCULATION OF PIPELINE REPLACEMENT RIDER SURCHARGE:

The PRP surcharge is based on the annual cost of replacing older metal pipe on the Frontier distribution systems.

B. PIPELINE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Frontier's Rate Schedules, except farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the pipeline replacement program.

The PRP Rider will be updated annually in order to reflect the impact of net plant additions from pipeline replacements. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of May, and will reflect allocation of the required increase based on the distribution approved by the Commission.

VII. AMR & METER UPGRADE PROGRAM

Applicable to all customers receiving service under the Company's Rate Schedules.

All customers receiving service under Frontier's Rate Schedules, including farm tap customers, shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the Automated Meter Reading (AMR) and meter upgrade program.

DATE OF ISSUE June 30, 2017
DATE EFFECTIVE January 1, 2018
ISSUED BY Robert Oxford, Member-Manager



Issued by Authority of an Order of the
Public Service Commission of KY
in Case No.

P.S.C. Ky. Adoption Notice No. _____

~~ADOPTION NOTICE~~

D

~~_____ The undersigned Kentucky Frontier Gas, LLC of 4891 Independence Street, Suite 200, Wheat Ridge, CO 80033 hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas service in Breathitt, Jackson, Lawrence, Lee, Magoffin, Morgan, and Wolfe Counties in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Public Gas Company and in effect on the 11th day of December, 2015, the date on which the public service business of the said Public Gas Company was taken over by it.~~

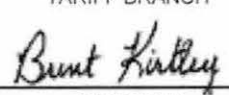
~~This notice is issued on the 18th day of December, 2015, in conformity with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.~~



Robert J. Oxford

By Managing Member

Authorized by Ky. P.S.C. Order No. 2015-00299

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
 EFFECTIVE
12/18/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area

PSC KY NO. 1

80th Revised Sheet NO. 1

CANCELLING PSC KY NO. 1

79th Revised Sheet NO. 1

Public Gas Company
(NAME OF UTILITY)

Applies to All Customers:
Rate, Monthly

D

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Rate per Unit (CCF)</u>	
Customer Charge:	\$10.00			
All Ccf	\$ 0.30914	\$0.67057	\$0.97974	(1)
AMR Surcharge	\$1.00 per month			
PRP Surcharge	\$1.25 per month			

DATE OF ISSUE December 29, 2016
MONTH / DATE / YEAR

DATE EFFECTIVE February 1, 2017
MONTH / DATE / YEAR

ISSUED BY
SIGNATURE OF OFFICER

TITLE Managing Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION -
IN CASE NO. 2017-00026 DATED January 20, 2017

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR
EFFECTIVE 2/1/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. 1

1st Revised SHEET NO. 1,1

P.S.C. KY. NO. 1

Original SHEET NO. 1,1

Public Gas Company
(Name of Utility)

RATES & CHARGES

NON-RECURRING CHARGES:

Returned Check Charge	\$20.00	
Turn-On/Reconnect Charge	\$40.00	(T)
Customer Deposit	\$100.00	
Special Meter Reading Charge	\$10.00	(T)
Late Payment Charge	10%	

D

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE June 15, 2014
Month / Date / Year

ISSUED BY *Arnold A. Whitman*
(Signature of Officer)

TITLE CORPORATE CONTROLLER

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 6/15/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Form for filing Rate Schedules

For Service Area, Jackson, KY
Community, Town or City

P.S.C. NO. 1

original SHEET NO. 1

CANCELLING P.S.C. NO. _____

_____ SHEET NO. _____

Public Gas Company
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

N
RATE
PER UNIT

~~Where a customer has installed a gas light (s) for outdoor lighting using lighting devices approved by seller of gas, and gas is unmetered, the gas consumed by such light (s) shall be assumed to be one thousand (1,000) cubic feet per month when the BTU/hour input rating is 2,250 or less. For each additional 1,250 BTU/hour input or fraction thereof, the assumed consumption shall be increased by 500 cubic feet per month. Such assumed consumption shall be billed under the rates contained herein.~~

D

~~Billing rate per month
All mcf's~~

\$6.0078

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 17 1992

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Chap Deller
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE 25 August, 1992

DATE EFFECTIVE 1 October, 1992

ISSUED BY Ken Baker
Name of Officer

TITLE President

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Public Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1

_____ SHEET NO. _____

RULES AND REGULATIONS

Customer Deposits

- (T) 1. Deposits to secure payment. The utility may require a minimum cash deposit or other guaranty to secure payment of bills prior to initiation of service.
2. The amount of one hundred (\$100) dollars may be charged for all customers. All large volume commercial customers will be reviewed on an individual basis. A receipt will be issued to each customer upon payment of deposit, showing the name of the customer, address, date of payment, and amount of deposit.
- (N) 3. Waiver of Deposits. The deposit may be waived upon a customer's showing of satisfactory credit or payment history. In determining whether a deposit will be required or waived, the following criteria will be considered:
- a) Previous payment history with the utility. If the customer has no previous history with the utility, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
 - b) Whether the customer has an established income or line of credit.
 - c) Length of time the customer has resided or been located in the area.
 - d) Whether the customer owns the property to be served.
 - e) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.
- (T) 4. Interest on deposits. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the utility will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

DATE OF ISSUE 11/8/06
Month / Date / Year

DATE EFFECTIVE 12/8/06
Month / Date / Year

ISSUED BY Bert R Layne
(Signature of Officer)

TITLE Treas.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
12/8/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. 1

3rd Revised SHEET NO. 2

Public Gas Company
(Name of Utility)

P.S.C. KY. NO. 1

2nd Revised SHEET NO. 2

RATES & CHARGES

Special Charges

The following special charges shall be applied uniformly throughout the area served by Public Gas Company and yield only enough revenue to pay the expenses incurred in rendering the services, in accordance with 807 KAR 5:006. D

Turn-On/Reconnect Charge

A turn-on/reconnect charge will be assessed for a new service turn-on, seasonal turn-on, reconnection service or temporary service. (T)

Special Meter Reading Charge

A special meter reading charge will be assessed when a customer requests that a meter be reread and the second reading shows the original reading was correct. (T)

~~**Late Payment Charge**~~

A late payment charge will be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The charge shall be assessed only once on any bill for rendered services. Additional late charges shall not be assessed on unpaid late charges. (T)

~~**Meter Test Charge**~~

If a test of a meter's accuracy is requested by a customer, the customer will be required to pay the vendor for the meter test if the meter is not more than two percent (2%) fast.

DATE OF ISSUE _____
Month / Date / Year
DATE EFFECTIVE June 15, 2014
Month / Date / Year
ISSUED BY *James R. Williamson*
(Signature of Officer)
TITLE CORPORATE CONTROLLER
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 6/15/2014 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Area Served

E.R.C. Ky. No. 1

Original Sheet No. 3

Cancelling E.R.C. Ky. No. _____

Sheet No. _____

Public Gas Company, Inc.

RULES AND REGULATIONS

BUDGET BILLING

~~The purpose of this optional plan is to permit any customer the opportunity to equalize payment of natural gas bills rendered during a year.~~

~~This plan is available to any customer at his request under the following conditions:~~

~~1. A customer shall request budget billing and begin payments thereunder on the bill rendered for August deliveries (September billing).~~

~~Upon request by the customer the company will calculate the budget amount based on past usage at current rates, inform and secure from the customer his acceptance of the budget amount.~~

~~2. No customer in arrears shall be eligible for the budget plan until all past due accounts are paid or otherwise satisfied.~~

~~3. The budget amount may be adjusted to reflect increased rates.~~

~~4. The budget balance and the actual bill will be shown on each billing.~~

Energy Regulatory Commission

JUL 29 1980

by *B. Bestman*
RATES AND TARIFFS

DATE OF ISSUE June 20 1980
Month Day Year

DATE EFFECTIVE April 1 1980
Month Day Year

ISSUED BY *Edsel McCowan*
Name of Officer

General Manager
Title

Jackson, Kentucky
Address

FOR Entire Area Served

E.R.C. Ky. No. 1

Original Sheet No. 4

Cancelling E.R.C. Ky. No. _____

Sheet No. _____

Public Gas Company, Inc.

RULES AND REGULATIONS

5. A budget customer shall be a twelve (12) month D
customer.

6. The budget amount shall be the previous twelve (12)
months divided by eleven (11).

The billings in the months of July and August shall be
"catch up" bills, during which any balance or overpayment will
be adjusted so that the September billing the balance is zero.

COMMERCIAL
Energy Regulatory Commission
JUL 29 1980
by [Signature]
RATES AND TARIFFS

DATE OF ISSUE June 20 1980 DATE EFFECTIVE April 1 1980
Month Day Year Month Day Year

ISSUED BY [Signature] General Manager Jackson, Kentucky
Name of Officer Title Address

FOR Entire Area Served

E.R.C. Ky. No. 1

Original Sheet No. 5

Cancelling E.R.C. Ky. No. _____

Sheet No. _____

Public Gas Company, Inc.

RULES AND REGULATIONS

~~DISTCONTINUANCE OF SERVICE:~~

~~The Company may refuse or discontinue service to an applicant or customer for the following reasons:~~

~~1. For noncompliance with its rules and regulations, the regulations of the Energy Regulatory Commission or state, municipal and Federal codes applying to such service. The company shall make an effort to induce compliance, however after ten (10) days written notice service will be denied if compliance is not forth coming.~~

~~2. When a dangerous condition is found to exist, service will be denied without notice. The customer or applicant will be notified of the corrective action to be taken.~~

~~3. When reasonable access to premises is denied the company to carry out its responsibilities a fifteen (15) days notice will be given prior to termination of service.~~

~~4. For fradulent of illegal use of service.~~

~~5. For nonpayment of bills. A ten (10) day written notice shall be mailed prior to termination which shall not occur sooner the twenty-seven (27) days after the mailing date of the original bill. A residential customer may, prior to discontinuance, present a written certificate from a health official that discontinuance of service on the affected premises will result in aggravation of an existing illness or infirmity. The company will notify the customer in writing the address of state and federal programs designed to aid in payment of bills and that service will be terminated in thirty (30) days in absence of payment of all amounts due as stated in prior billings.~~

CHECKED
Energy Regulatory Commission

JUL 29 1980

by

S. Redmond
RATES AND TARIFFS

DATE OF ISSUE June 20 1980
Month Day Year

DATE EFFECTIVE April 1 1980
Month Day Year

ISSUED BY

Paul McCall
Name of Officer

General Manager
Title

Jackson, Kentucky
Address

FOR Entire Area Served

.C. Ky. No. 1

Original Sheet No. 46

Cancelling .C. Ky. No.

Sheet No.

Public Gas Company

RULES AND REGULATIONS

1. The Company will endeavor to supply gas continuously and without interruption, and adopts a standard pressure at the outlet side of the meter of 4 ounces.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 17 1983

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Campbell

DATE OF ISSUE 7 17 83 DATE EFFECTIVE 8 17 83
Month Day Year Month Day Year

ISSUED BY Edie McPain General Manager Jackson, Ky.
Name of Officer Title Address

FOR All Service Areas

P.S.C. Ky. No. 1

Original Sheet No. 7

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

PUBLIC GAS COMPANY, INC.

RULES AND REGULATIONS

1. ~~COMPANY OWNED SERVICE LINES~~

The Company will install, own, operate and maintain the service line at the premises of residential and commercial customers, if such premises are not connected to a Company main by a service line. With respect to residential and commercial customers that occupy premises already connected to a Company main by a service line, the Company shall be responsible for operating and maintaining the customer service line and when the Company determines that replacement of such customer service line is necessary the Company shall be responsible for installing the service line and shall thereafter own the service line.

Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property other than the premises of the building to be supplied with gas, except after special investigation and approval by the Company.

When the length of the service pipe required between the property line and the meter is 100 feet or less, the Company will assess no charge for the service pipe installation.

When the length of required service pipe exceeds 100 feet, the Company may require the applicant to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service beyond 100 feet. Contributions by customers toward the Company's cost of furnishing and installing service lines in accordance with this section are non-refundable.

In the event that the Company is required to undertake any excavation on a customer's property in connection with the installation, repair, maintenance or replacement of a service line, the Company shall make reasonable efforts

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 15 1994

DATE OF ISSUE 08 17 93
Month Day Year

DATE EFFECTIVE 02 15 94
Month Day Year
SUBJECT TO 807 KAR 5:011
SECTION 9(1)

ISSUED BY Ken Baher
Name of Officer

Title POBBS 19, 41339
PUBLIC SERVICE COMMISSION MANAGER

FOR All Service Areas

P.S.C. Ky. No. 1

Original Sheet No. 8

PUBLIC GAS COMPANY, INC.

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

property to its original condition pursuant to generally accepted utility standards for such construction operations.

2. ~~COMPANY'S EQUIPMENT AND INSTALLATION~~

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, meter stand (including meter riser), regulator and connections which will be located at or near the main service connection, property line or near the building, at the discretion or judgment of the Company. Suitable site or location for the meter, meter stand, (including meter riser), regulator and connections shall be provided by the customer and the title to this equipment shall remain in the Company with the right to install, operate, maintain and remove same and no charge shall be made by the customer for use of the premises as occupied or used.

3. ~~PROTECTION OF COMPANY'S PROPERTY~~

All meters, piping and other appliances and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 15 1994

PURSUANT TO 807 KAR 5.011, SECTION 9(1)

DATE OF ISSUE 08 17 93 DATE EFFECTIVE 02 15 94
 Month Day Year Month Day Year

ISSUED BY Ken Baker President POB 619, Jackson, KY 41339
 Name of Officer Title Address

PUBLIC SERVICE COMMISSION MANAGER

Form for filing Rate Schedules

For Breathitt Co. & Vicinity
Community, Town or City

P.S.C. NO. 1

Original SHEET NO. 8

CANCELLING P.S.C. NO. _____

_____ SHEET NO. _____

Public Gas Company
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

~~Gas Service to Customers Connected Directly to Jefferson Gas
Transmission's Pipeline~~

RATE
PER UNIT

Requested provisions:

1. Jefferson Gas Transmission Company (Jefferson) shall be responsible for providing a permanent supply of gas up to the metered valve where gas is sold to Public Gas Company (Public);
2. Public shall be responsible for all meter installations, meter reading, etc.;
3. No "laterals" or "mains" will be installed by Public. Lines to be laid by Public will be service lines only;
4. Public shall furnish Jefferson with regular meter readings to measure the amount of gas purchased at the metered tap-in point, and Jefferson shall have the right to verify such readings;
5. Jefferson shall invoice Public for gas purchased at the current contract rate, this agreement incorporates that purchase contract by reference;
6. Jefferson shall designate which areas of its gathering line it will make available to Public under this tariff, as not all areas will be guaranteed a sustainable gas supply for the foreseeable future;
7. In the unlikely event the wells go dry in an area that Jefferson has allowed Public to tap-in, and it becomes necessary to "back-flow" gas to a Public tap-in, Jefferson customers in the area will have the option to become Public customers;
8. Any customers qualified to receive service under KRS 278.485 that become Public customers pursuant to this contract can become Jefferson farm-tap customers by purchasing the hook-up from Public at its depreciated cost.



PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DATE OF ISSUE _____

DATE EFFECTIVE JAN 13 1996

ISSUED BY _____
Name of Officer

TITLE PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Neel

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____

FOR ENTIRE SERVICE AREA _____

PSC KY NO. 1

ORIGINAL SHEET NO. 9

PUBLIC GAS COMPANY _____
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____

SHEET NO. _____

See Attached Sample Bill

D

DATE OF ISSUE <u>December 14, 2012</u> MONTH / DATE / YEAR	KENTUCKY PUBLIC SERVICE COMMISSION JEFF R. DEROUEN EXECUTIVE DIRECTOR TARIFF BRANCH <i>Brent Kirtley</i> EFFECTIVE 1/13/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)
DATE EFFECTIVE _____ MONTH / DATE / YEAR	
ISSUED BY <u>Thomas J. Smith</u> SIGNATURE OF OFFICER	
TITLE <u>President</u>	
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. _____ DATED _____	

Service Address:

Account No:



Billing Address:



Billing Inquiries:

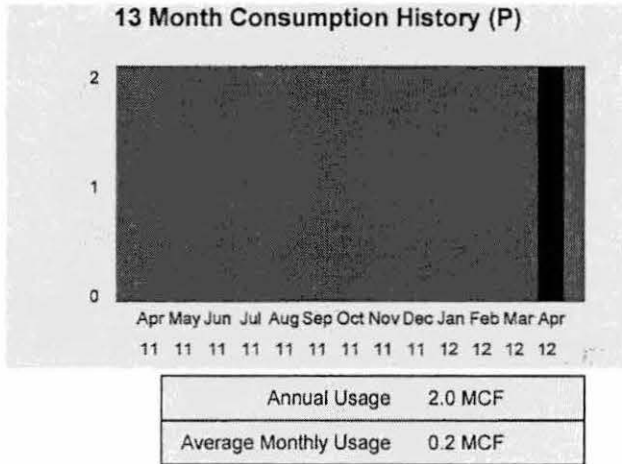
In Case of Emergency Call:

ACCOUNT SUMMARY

Previous Balance	\$16.79
Payments	-0.00
Late Charges	0.00
Other Charges	0.00
Other Credits	0.00
Current Charges	
Monthly Service Fee	0.00
Gas Usage 2.0 @ \$2.71	5.42
Gas Cost Recovery 2.0 @ \$5.44	10.88
Gross Receipts Tax	0.49
Excise Tax	0.00
Other Charges	0.00
Total Current Charges	\$16.79
Total Account Balance	\$33.58

Bill Date Sep 13 2012

Total Due By September 27, 2012	\$33.58
Total Due After October 4, 2012	\$36.94



Meter (P) Information

Meter (S) Information

Account #:	P00029	Account #:	
Meter #:	97Y300828	Meter #:	
Rate	SGS	Rate	
Service From:	Mar 27 2012	Service From:	
Service To:	Apr 27 2012	Service To:	
Number of Days:	31	Number of Days:	
Meter Read Prior:	859	Meter Read Prior:	
Meter Read Current:	861	Meter Read Current:	
MCF Usage:	2.0	MCF Usage:	
Multiplier	1	Multiplier	
Type of Reading:	Actual	Type of Reading:	

MESSAGES:

SEE BACK FOR ADDITIONAL INFORMATION

Billing Address:

Total Due By September 27, 2012	\$33.58
Total Due After October 4, 2012	\$36.94

BILL DATE	Sep 13 2012
ACCOUNT NUMBER	P00029
AMOUNT ENCLOSED	

KENTUCKY PUBLIC SERVICE COMMISSION
 PUBLIC GAS COMPANY
JEFF R. DEROUEN
 EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

EFFECTIVE
1/13/2013

TO AVOID ADDITIONAL EXPENSE YOUR PAYMENT MUST BE RECEIVED BY THE DUE DATE.
 Return this stub with payment in the enclosed envelope.
 Please write your account number on your check.

ACTUAL

Actual Gas Bill, means your meter was read by a Public Gas Company Employee.

ADDITIONAL CHARGES

If your gas service is disconnected for nonpayment, you must pay the following charges prior to reconnection.

- 1) Pay your account balance in full.
- 2) Pay \$35.00 reconnection fee.

EMERGENCY SERVICE

We consider it an emergency when you smell a gas odor or, when your appliances are not working.

IN CASE OF EMERGENCY Call 1-888-453-9255 If you call after business hours, a recording tells you that our offices are closed. It instructs you to stay on the line to report an emergency. Our 24 hour emergency personnel will take your call. If you smell gas – Leave the building immediately, leave the door open. Do not light matches, flip electrical switches on or start engines. Call our offices immediately from a nearby telephone.

EST

Estimated Gas Bill, means your bill for this month was estimated. Your estimated bill is based on previous usage gas rates and weather conditions. An estimated bill will be verified the following month when your meter is read.

GAS COST RECOVERY (GCR)

This is the average cost (per thousand cubic feet) of gas purchased by Public Gas Company for sale to customers. Additional rate information is available upon request.

GAS METER

Tampering with your meter is illegal and can cause property damage and serious injury. If you suspect that your meter has been tampered with please report it to us.

HEALTH

If you believe disconnection would be dangerous to your health, certification of such condition must be made by a licensed physician on forms provided by your gas utility company.

MCF

Mcf means 1000 cubic feet. It is an abbreviation for the standard measure of gas.

METER MAINTENANCE

Trimming of shrubs and bushes and clearing away around the meter is the customer's responsibility. Please do not tie pets near the meter.

MONTHLY SERVICE CHARGE

The monthly service charge is a fee that covers such costs as the maintenance of the gas meter, meter reading, billing and record keeping.

PAYMENT ASSISTANCE – LIHEAP

Customers may negotiate a payment plan with the company for reconnection during the months of November through March if they are "income qualified" for certain public assistance programs and they secure and present an official "Certificate of Need" from the state social services office by calling 502-564-3940 or 800-772-4636. Assistance may also be available through the local community action agency.

PAYMENT OPTIONS

Payments must be received by the due date or late charges will be assessed. Detach and return stub with payment in the enclosed envelope. Make checks or money orders payable to Public Gas Company. Write your account number on all checks or money orders to assure proper credit to your account. When paying multiple accounts identify dollar amounts to be credited to each account.

PAYMENT PLANS

The Budget Payment is available. The budget starts with the bill due in August. This plan spreads your winter heating bills over an 11 month period. If you have a problem paying your bill, there are special payment plans available. Call today for more information.

SAFETY CALL BEFORE YOU DIG –If you're planning any construction or landscaping project, call the Kentucky811 1-800-752-6007.

WEATHERIZATION

You may also be eligible for assistance to weatherize your home. Weatherization program is available by contacting the local community action agency (weatherization office).

If your complaint is not resolved after you have called Public Gas Company, or for general utility information, residential and business customers may contact the Kentucky Public Service Commission for assistance at 1-800-772-4636 (press 1 when you hear the recording) from 8:00 a.m. to 5:00 p.m. weekdays, or at <http://ky.psc.gov>.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 1/13/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

For Entire service area
 Community, Town or City

P.S.C. NO. _____

SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE

Determination of GCR

The Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing for service rendered on or after the first day of each calendar quarter.

The Gas Cost Recovery Rate is comprised of:

1. The expected gas cost component (EGC) on a dollar-per-Mcf basis, which represents the average expected cost of purchased gas.
2. The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, compensates for over- or under-collection of gas cost resulting from differences between expected gas cost and the actual cost of gas. For purposes of determining the GCR, the ACA for the application period and for the three (3) preceding calendar quarters. This may also be used to compensate for any over or under recoveries remaining from previous actual and/or refund adjustments after a 12 month period.
3. The supplier refund adjustment (RA) on a dollar-per-Mcf basis, which reflects the refunds received from suppliers during the reporting period plus interest at a rate equal to one-half of one percent below the average 90-day commercial paper rate for the twelve-month period. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

DATE OF ISSUE 8-22-2000

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

M G E

SEP 25 2000

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY Stephan Bue
SECRETARY OF THE COMMISSION

For Entire service area
Community, Town or City

P.S.C. NO. _____

SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation _____

RULES AND REGULATIONS

Billing

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$GCR = EGC + RA + ACA$$

The GCR will be added to or subtracted from the tariff rates prescribed by the Commission Order on the Company's latest general rate case and will be included in the tariff rates stated on each applicable rate sheet within this tariff.

Definitions

For the purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes for the most recently available twelve-month period, divided by the corresponding sales volume. In the event that line loss exceeds 5 percent, purchased volumes for the twelve-month period shall be calculated as: sales volumes divided by .95. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment; i.e., $GCR = EGC + RA + ACA$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) November, December, and January; (2) February, March, and April; (3) May, June, and July; (4) August, September, and October.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates, i.e., the calendar quarters ended January 31, July 31, and October 31 of each year.

DATE OF ISSUE _____

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer SEP 25 2000

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY Stephan Bui
SECRETARY OF THE COMMISSION

For Entire service area
Community, Town or City

P.S.C. NO. _____

SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

PUBLIC GAS COMPANY

Name of Issuing Corporation

RULES AND REGULATIONS

Interim Gas Cost Adjustment

The Company may apply to the Public Service Commission for an interim PGA in addition to the quarterly GCA should any significant change in supplier rates occur.



DATE OF ISSUE _____

DATE EFFECTIVE September 25, 2000

ISSUED BY Mark G. Enderle
Name of Officer

TITLE Treasurer
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 25 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY Stephan O. Bell
SECRETARY OF THE COMMISSION

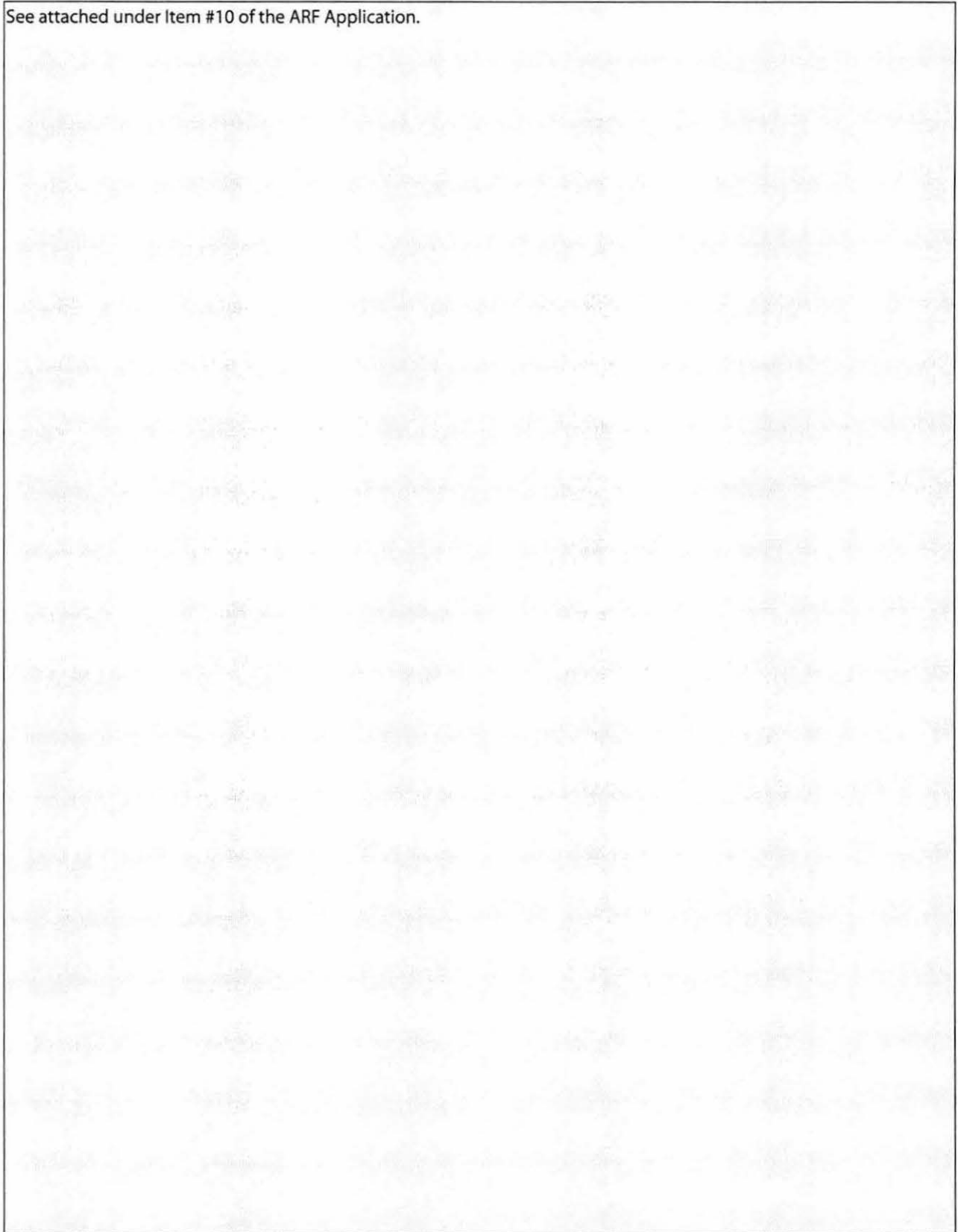
SCHEDULE OF ADJUSTED OPERATIONS - GAS UTILITY

TYE 12/31/20 16

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Gas				
Residential	2,617,619.08		RCI	2,617,619.08
Commercial & Industrial	505,491.00		RCI	505,491.00
Interdepartmental				0.00
Sales for Resale				0.00
Total Sales of Gas	3,123,110.08	0.00		3,123,110.08
Other Operating Revenues				
Forfeited Discounts	71,626.92			71,626.92
Miscellaneous Service Revenues	40,055.00			40,055.00
Rent from Gas Property				0.00
Other Gas Revenues	689,061.71	-94,877.61	OGR	594,184.10
Total Operating Revenues	3,923,853.71	-94,877.61		3,828,976.10
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Manufactured Gas Production Expenses	0.00			0.00
Natural Gas Production Expenses	0.00			0.00
Exploration and Development Expenses	0.00			0.00
Storage Expenses	0.00			0.00
Other Gas Supply Expenses	1,984,808.29			1,984,808.29
Transmission Expenses	0.00	-150,850.00	TRX	-150,850.00
Distribution Expenses	133,391.90			133,391.90
Customer Accounts Expenses	69,722.67	14,432.00	CAX	84,154.67
Customer Service and Informational Expenses	6,474.48		CSX	6,474.48
Administrative and General Expenses	1,293,939.73	122,117.00	AGX	1,416,056.73
Total Operation and Maintenance Expenses	3,488,337.07	-14,301.00		3,474,036.07
Depreciation Expense	357,013.00	-115,978.70	DPX	241,034.30
Amortization Expense		166,062.35	AMX	166,062.35
Taxes Other Than Income	92,462.42	10,610.00	TXO	103,072.42
Income Tax Expense				0.00
Total Operating Expenses	3,937,812.49	46,392.65		3,984,205.14
Utility Operating Income	-13,958.78	-141,270.26		-155,229.04

References

See attached under Item #10 of the ARF Application.



Kentucky Frontier Gas LLC
References for Adj-Ops Form

Item	Adjustment	Detail	Totals
OGR (other gas revenues)	-\$4,000.00	capital gain from sale of old equipment, non-recurring	
	-\$84,332.00	reimbursement from Ky DOT for highway projects, non-recurring	
	-\$6,546.00	residual sales tracker for gas cost, now elapsed	
			-\$94,878.00
TRX (transmission expense)	-\$150,850.00	farm tap expense allocation from rate Case No 2011-00513	
			-\$150,850.00
CAX (customer accounts expense)	\$14,432.00	adjustment to uncollectable accounts to bring in line with 5 yr average	
			\$14,432.00
AGX (administrative and general expense)	\$7,051.00	payroll adjustment to match actuals on W-2's	
	\$8,851.00	normalize payroll for partial year workers	
	\$5,442.00	normalization for worker W	
	\$25,000.00	HR consultant hired as employee, offset in adjustment to outside services	
	-\$29,196.00	outside services reduced for temp worker and hr contractor	
	\$40,689.00	Frontier wage increase effective July 28th	
	\$30,000.00	rate case expenses amortized over 3 yrs	
	-\$13,725.00	AD&D insurance reduction due to replacement	
	\$10,109.00	Benefits (SEP / insurance / CERS adjustment	
	\$37,896.00	added employees to medical / life / disability / dental insurance	
			\$122,117.00
DPX (depreciation)	-\$81,489.00	depreciation re-categorized as AA amortization for EKV-MLG-Belfry-BTU	
	-\$8,333.00	depreciation proposed as AA amortization for Public Gas	
	-\$26,157.00	depreciation adjustments (Itron-AMR, Cow Creek, etc)	
			-\$115,979.00
AMX (amortization)	\$81,489.00	depreciation re-categorized as AA amortization for EKV-MLG-Belfry-BTU	
	\$63,196.00	Auxier acquisition adjustment (not shown on annual report)	
	\$3,644.00	Public Gas proposed loan fees amortization	
	\$5,233.00	Loan fees amortization for Auxier etal	
	\$12,500.00	Public Gas proposed acquisition adjustment	
			\$166,062.00
TXO (taxes other than income)	\$10,610.00	estimated increase in property taxes	
			\$10,610.00

10. Statement of Adjusted Operations References

Known & Measurable adjustments, with References to Attachment SAO-G and USOA accounts:

RCI Residential-Commercial-Industrial

- Frontier has a single tariff to cover “Residential and Commercial” customers. The Public Gas tariff is simply “All Customers”.
- Frontier tracks revenues separately for Residential and Commercial classes, but for the purposes of this form, Commercial revenues are included in the “Residential” line.
- Frontier has 3 meters in the Large Commercial class, and these revenues are entered on the “Commercial & Industrial” line of this form.

OGR Other Gas Revenues

- This item includes mostly Monthly Charges of \$593,680
- There were several non-recurring items in 2016: \$4000 capital gain from the sale of old equipment; \$84,332 reimbursement from Ky DOT for highway projects; and \$6546 residual sales tracker for gas cost, now elapsed; total adjustment (\$94,878)

TRX Transmission Expense

- This adjustment is not actually related to Transmission Expense, but would abnormally skew any other category. In the Farm Tap rate Case No. 2011-00513, Frontier attributed \$150,850 or 12% of then-operating costs to the farm taps. In keeping with that case, and to simplify this case without revisiting farm tap rates, Frontier allocates \$150,850 of shared operating costs to farm taps, thus reducing expenses for the consolidated utility operations. This method preserves the intent of cost allocation between FTs and utility customers, which Frontier will revisit in a future rate case.

DRX Distribution Expense

- No adjustments

CAX Customer Accounts Expense

- 904 Uncollectible Accounts was \$35,701; this should have been higher in 2016 due to retirement of the keeper of Bad Debts and some Public Gas and old Frontier holdovers that weren't timely disposed; increase to the 5-year average by adjusting this category by + \$14,432

CSX Customer Service Expense

- No adjustments

AGX Administrative & General Expense

- 920 Labor: the P&L had gross wages of \$602,648 net after \$45,995 capitalized for PRP projects. The gross figure was adjusted by the tax CPA from the actual W-2 total of \$655,694, which is more accurate for the Test Year; so \$7,051 is added back in; payroll taxes are ok as is; Labor is adjusted by + \$7,051
- 920 Labor: Normalize for partial-year workers: Worker D was out on disability for 2 months, then left; Worker C came in as a temp then replaced Worker D, add \$8169 wages plus 8.35% gross-up Fed-Med-UI; offset with credit to Outside Services; adjust by + \$8,851
- Worker W left in October and replaced in 2017; to normalize for 12 months add + \$5,442
- Worker P was an HR contractor now hired part time; offset with credit to Outside Services; adjustment to Labor is + \$25,000
- Frontier has announced wage increases to be effective July 28; most workers had no wage change since mid-2015; net annual increase is \$34,380; with tax, gross-up is + \$40,689
- 923 Outside Services reduced by \$4,086 for temp worker and \$25,110 for HR contractor, both now allocated to Labor; (\$29,196)
- 923 Outside Services increased by \$30,000 for rate case expenses, which are expected at \$90k and will be amortized over 3 years; + \$30,000
- 924 Insurance in 2016 is reduced by \$13,725 for AD&D insurance that is replaced with a new package for 2017 see 926 Benefits below; (\$13,725)
- 926 Benefits includes \$58,091 in Simplified Employee Pension and remainder in insurance. The SEP is paid at 10% of pre-tax payroll, compared with the Kentucky County Employee Retirement System (CERS) at about 19%. This increases to \$68,200 for the new base wages and full-year workers, adjust by +\$10,109
- 926 Benefit; the Medical insurance policy renewed for the same coverage and added some employees who hadn't taken coverage before; the cost is about \$14,000 more; Frontier added Life-Disability-Dental coverage for about \$16,000 (offset by AD&D reduction above) or \$850 per employee; this was their choice, instead of increasing the retirement benefit 2-3% as offered. The new rates are projected at \$110,839 per year. This item is adjusted by + \$37,896

DPX Depreciation

- 932 Depreciation of Plant includes all rate-base and depreciable utility mains-services-meters, vehicles and other equipment.
- The acquisition of Public Gas assets in Dec15 added about \$1.65 million of depreciable assets, addressed for this first time in this rate case. Frontier proposes to add these assets to the rate base.
- Frontier has included several items in 932 Depreciation on its annual reports that should be re-categorized as 935 Amortization expenses, see discussion below, adjust by (\$115,979)

AMX Amortization

Acquisition Adjustments prior to 2015

- Frontier has included several items in 932 Depreciation on its annual reports that should be re-categorized as 935 Amortization expenses for ratemaking purposes.
- In the last consolidation Case No. 2011-00443 the Commission approved acquisition adjustments for the systems of Auxier Road Gas, Belfry Gas, BTU Gas, Dema Gas, EKV, Mike Little Gas, and Peoples Gas. The adjustments for Belfry-BTU-EKV-MLG have been included in Depreciation on the subsequent annual reports, but should be categorized as Amortization totaling \$81,489
- In an oversight due to the differences in tax vs PSC rate accounting, the AA for Auxier Road Gas was never included on an annual report as either amortization or depreciation; this adjustment should be amortized at \$63,196

Financing Costs

- Related to the Public Gas purchase in Dec15, Frontier incurred financing fees and costs of \$54,665 in securing the SBA loan. Frontier proposes to add this amount to the rate base and amortize these financing costs over 15 years, as a component of 935 Amortization Expense. The \$8,877 figure reported for Amortization includes for Public loan fees \$3,644
- In the consolidation Case No. 2011-00443, Frontier had incurred financing fees and costs of \$40,391 for its original 2008 financing, and \$17,763 for the 2010 acquisitions. Staff noted that had Frontier neglected to ask for amortization of these fees in "its acquisition and financing cases". Frontier hadn't filed for fees in the prior cases, which didn't involve ratemaking changes. Frontier introduced these charges in the consolidation case but didn't specifically ask

for amortization, so these were denied and deducted from the proposed expenses. None of those charges have been recovered by rates. Frontier proposes to recover these fees as a component of 935 Amortization Expense. The \$8,877 figure reported for Amortization in the annual report includes this figure for pre-Public loan fees \$5,233

Acquisition Adjustment for Public Gas asset purchase

- The purchase of Public Gas assets in Dec15 included \$250,000 attributed to Acquisition Adjustment, for purchase price exceeding depreciated rate base. Frontier proposes to add this item to the rate base and amortize it over 20 years as a component of 935 Amortization Expense. This adjustment was reported as Depreciation but should be categorized as Amortization; increase by \$12,500

The following Q&A has further explanation:

Q 1 Is Frontier proposing an acquisition adjustment for the recovery of costs associated with the purchase of assets of Public Gas?

A. Yes. Frontier paid more than the book value. In order to fully recover the investment in the facilities, it is necessary to include a plant acquisition adjustment in the rates.

Q 2 Did Frontier address this issue previously with the Commission?

A. Yes, in the Public Gas transfer Case 2015-00299, with order dated November 24, 2015 the Commission noted:

8. Nothing in this Order shall be construed as authorizing ratemaking treatment of the difference between their net book value and the purchase price of the assets Frontier is acquiring from Public. The issue of ratemaking treatment is deferred until a future Frontier rate proceeding.

Q 3 Please address each of the Commission's five criteria for approval of the adjustment, as established in Case No. 1998-00613?

A. 1) The acquisition was arms-length. Frontier had no ownership, investment or other financial interest with Public Gas or its parent Gas Natural Inc. The negotiations were conducted with a willing seller and were conducted in a manner fair to all parties. The transfer agreement reflects the terms of the acquisition and was filed in the public records of the Commission.

2) The purchase price will not adversely affect customer rates. The cost of acquisition was estimated to be a market based price which will allow Frontier to recover its investment at reasonable rates to the customers. In this rate application, the rate increase for Public Gas

customers is mostly due to increased general operating costs since the last rate case, and less from an acquisition adjustment. Over the long term, as replacements and improvements are made to Frontier and Public to modernize and stay in DOT compliance, investments will be stretched out to avoid undue rate impact to any set of customers.

3) We have already seen the benefit of economies of scale by merging Frontier and Public. We unified our billing, bookkeeping, recordkeeping and reporting functions. We upgraded broadband connections and phone systems in both Prestonsburg and Jackson offices, connected to a shared offsite server, and are able to take a phone call or serve a customer regardless of location. We routinely share field workers and equipment between systems. We have consolidated gas supply purchase practices and eliminated higher cost suppliers. We have one management team with a great deal of experience in financial, regulatory and safety matters. The 2 former parent companies had no such operations to generate as much synergy. All of these enhance the consolidation of these small companies and will ultimately be reflected in lower operating costs and lower rates than otherwise would have been experienced.

4) There was no non-utility property among the Public assets.

5) The acquisitions will benefit all customers of Frontier and Public by providing long term financial, managerial and regulatory stability. Customers can be assured of timely response to requests for service, safe facilities, uninterrupted gas supply and fair rates.

Based on these criteria, we think Frontier should be allowed to recover the plant acquisition adjustment for the Public Gas asset purchase.

Acquisition Adjustment for Cow Creek Gas

- In the consolidation Case No. 2011-00443 the Commission approved acquisition adjustments (AA) for several systems consolidated into Kentucky Frontier Gas. We have incorporated these AAs into this rate case, at the amounts approved by the Commission.
- The AA for Cow Creek Gas was the topic of a single-issue re-hearing and subsequent order. The purchase transaction was very complicated: the former Sigma Gas system had gone through bankruptcy, was re-constituted as a tiny utility (Cow Creek) with a large non-regulated gathering pipeline ("DLR"); Frontier purchased all the pieces and partially re-assembled it into a third configuration.
- Frontier had proposed using the depreciated net book value (NBV) \$424,293 brought in from Cow Creek, with AA of \$105,707 to get to the \$530,000 purchase price.
- In the original Order, as modified by the re-hearing Order, the Commission added \$278,000 of NBV attributed from the un-regulated DLR pipeline. The Commission took the position that

Frontier had paid \$530,000 for 2 systems with total NBV of \$702,263, thus under-paying. The result was a negative AA of (\$172,263) and reduced Amortization. This was partially offset by the rate base being over-valued by the same amount, with higher Depreciation.

- At the time of the re-hearing, it wasn't apparent where the Commission had found these figures, which didn't comport with our figures for the other entity that we now owned. Frontier elected not to further litigate the issue, because the financial impact was only \$4600. We suggested a minor correction to one of the assumptions in this calculation, and did not object to the order from the re-hearing.
- This sequence of events was lost in history until preparation for this rate case. We spent 3 days trying to discern what happened and why.
- In an effort to simplify this matter for current rate treatment, and future annual reports and cases, Frontier proposes these changes for forward-looking depreciation & amortization of the Cow Creek assets:
 - The cost basis for Cow Creek depreciation will be adjusted back from \$702,293 to the actual purchase price of \$530,000, with the entries
 - \$335,224 Mains Sigma 30 yr life
 - \$105,707 Mains DLR 30 yr life
 - (and all other 12/2012 entries to add to \$530k)
 - The acquisition adjustment will be eliminated, with no amortization.
- Frontier reported Depreciation of \$30,493 on the last annual report, based on the \$530k purchase price.
- Using the scheme from the 2013 Re-hearing order, the total Depreciation + Amortization for the Cow Creek acquisition would be \$25,856 per year.
- Using the simplified Frontier scheme as proposed, total D+A is \$28,728 per year.

TXO Taxes Other Than Income

- 408 Taxes Other Than Income included \$63,308 for Property Taxes accrued for 2016. These taxes are levied by each county of operation using the Ky Dept of Revenue tax assessment (based on 2015 results). This was an estimate we made in early 2017 based on last year, but 5 of these counties are new to Frontier with Public Gas. By early June, 8 of 13 counties have now levied their taxes. Based on similar counties we can now estimate these property taxes at \$73,918 and this adjustment is + \$10,610

REVENUE REQUIREMENT CALCULATION - OPERATING RATIO METHOD

(Method commonly used by investor owned utilities and/or non-profit entities that do not have long-term debt outstanding.)

Pro forma Operating Expenses Before Income Taxes	\$1,999,396.85
Operating Ratio	0.88
Sub-Total	2,272,041.88
Less: Pro forma Operating Expenses Before Income Taxes	-1,999,396.85
Net Income Allowable	272,645.03
Add: Provision for State and Federal Income Taxes, if Applicable (see footnote)	
Interest Expense	175,936.25
Pro forma Operating Expenses Before Taxes	1,999,396.85
Cost of Natural Gas (water utilities should leave this blank)	1,984,808.29
Total Revenue Requirement	4,432,786.42
Less: Other Operating Revenue	594,184.10
Non-operating Revenue	111,682.00
Interest Income	
Total Revenue Required from Rates for Service	3,726,920.32
Less: Revenue from Sales at Present Rates	3,123,110.08
Required Revenue Increase	603,810.24

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	19.33%
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Provision for Income Taxes - Calculation of Tax Gross-Up Factor

Revenue	1
Less: 5% State Tax	-0.05
Sub-Total	0.95
Less: Federal Tax, 15% of Sub-Total	-0.1425
Percent Change in NOI	0.8075
Factor (Revenue of 1 divided by change in NOI)	1.23839
Times: Allowable Net Income	272,645.03
Net Income Before Taxes	337,640.90
Difference Equals Provision for State and Federal Income Taxes	64,995.87

Notes: (1) Natural gas utilities should deduct their cost of natural gas from pro forma operating expenses before performing the operating ratio calculation. The cost of natural gas should be added back and included in pro forma operating expenses when determining the total revenue requirement. (2) A provision for state and federal income taxes should only be included in the calculation of revenue requirements for utilities that file income tax returns and are liable for the payment of state and federal income taxes. Utilities whose income flows through to its owner's income tax returns for tax purposes should not include a provision for income taxes. (3) The conversion factor above is calculated using the minimum federal tax rate. Adjustment may be warranted where the actual federal tax rate exceeds the minimum federal tax rate.

11. Revenue Requirement Calculation RR-OR (Operating Ratio)

- 427 Interest on Long Term Debt in 2016 was \$198,700 on SBA and USDA system expansion loans (not including auto loans); this figure is adjusted for reduced loan balances but rising interest rates; to \$179,415;

Required Revenue Increase is very misleading; Frontier is not proposing a \$600,000 or 20% increase in revenue from current rates. The proposed increase is far less.

The inclusion of Gas Cost makes this calculation inaccurate, for 2 large reasons:

- When Frontier purchased Public Gas assets in 2015, there was a large outstanding back-bill to the Wolfe County school district for a substantial past billing error from past years. Public had booked this as revenue in March 2015, but never collected it from the schools. Frontier didn't take the Account Receivable, and Parent GNI wrote it off in late 2016. However, the gas cost balancing account still included \$58,200 in gas costs that were booked as "collected" when billed as part of the back-bill. Since that wasn't apparent until late in 2016, Frontier was stuck with the under-collection that was never corrected.
- As discussed several times in this filing, Frontier inherited several systems in bad condition with very high gas losses (L&U). The Commission has allowed pass-through of part of the L&U above its 5% limit. Frontier has been forced to swallow the remaining Gas Costs, which in 2016 were about \$90,000 and caused a large operating loss.

RATE DESIGN

Q 1 Explain the overall strategy used to determine the revenue requirement in this case.

A For its rate calculations, Frontier used consolidated financials for the fiscal and calendar year ending 12/31/16. These consolidated financials included full-year operating costs for Frontier including the assets and customers of the former Public Gas. The Public acquisition was made effective December 1, 2015 so calendar 2016 is the only full operating year of the combined utility.

A portion of Frontier operating expense was segregated in the Farm Tap rate Case No. 2011-00513. In that case, Frontier attributed 12% of operating costs or \$150,850 to operating the farm taps. In keeping with that case, and to simplify this case without revisiting farm tap rates, Frontier allocates \$150,850 of shared operating costs to farm taps, thus reducing expenses for the consolidated utility operations. This method preserves the intent of cost allocation between FTs and utility customers, which Frontier will revisit in a future rate case.

Since the Public Gas acquisition, Frontier has maintained the Jackson office for customer service, collections and as a base for operating technicians. The overall number of field and office workers has not changed since the acquisition, although there is significant cross-utilization of workers to run the combined utility more efficiently. For example, the Jackson office staff can field all calls when Prestonsburg is busy, and can access the same customer database. Field workers from Jackson assist with Frontier projects in Magoffin County because they are equidistant. Prestonsburg technicians read all AMR meters in Public Gas areas. Both former entities have benefited from combination and cooperation, and Frontier does not expect any significant changes to staffing levels.

Using the combined results from 2016, Frontier made adjustments for Known & Measurable changes to these consolidated financials to arrive at a Test Year pro forma cost schedule. The Test Year is adjusted for full-year effect of any known changes.

Q 2 How has the rate design changed?

A With this rate case, Frontier will combine the Frontier and Public rate structures into one. Frontier proposes no substantive changes to general rate design. Frontier proposes an increase in monthly charge to \$16.00 for Residential (and commercial) customers, in line with the larger Kentucky gas utilities.

Frontier is too small for many layers of customers and has a very thin "middle class". Frontier has up to 5250 utility customers in the winter peak period, before the seasonal customers with no water heaters disconnect for the summer. Of those, there are roughly 4800 residential and small commercials (91%) that use less than 100 MCF per year, with an average of 45 MCF. There are about

300 customers, mostly small commercial, from 100-200 MCF. Frontier has about 150 commercial meters sized >500cfh with annual loads of 200-2000 MCF per year.

In the last rate case 2011-00443, Frontier created a new class for very Large Commercial customers. Frontier has two industrial-size customers - the Big Sandy Federal prison and the Highlands Regional Hospital and its adjoining medical office building. These 3 meters account for about 16% of Frontier's utility load. Both of these users are industrial-type loads with seasonal space heating for a campus, but also institutional hot water and laundry and food preparation that use gas every day. These base loads make a much more level monthly load pattern, quite different than smaller users.

Frontier has analyzed various "slices" of larger customers and finds that none of them approach the flatter load pattern of the Large Commercial customers. Frontier finds no clear and compelling reason to create another rate class.

Q 3 Explain the proposal to increase the Monthly Charge.

A. Operating costs for most customers are not seasonal or dependent on sales volume. A zero-use customer costs about the same as serving 100 MCF to a large school, with monthly meter readings and billings, and maintaining gas facilities. Only the largest customers require significantly larger facilities designed to carry peak day capacity. Frontier has a separate Large Commercial rate for the two largest customers, the Highlands Regional Hospital (2 meters) and the Big Sandy Federal Prison, including a monthly customer charge of \$50.00.

When most operating costs are incurred per-month and per-meter, the rate design should be allocated mostly to Fixed costs by the monthly charge, rather than Variable costs by MCF volume used. However, that is politically impractical because most gas customers expect to pay more in the winter and almost nothing in summer. Frontier proposes a monthly charge of \$16.00 that will generate enough cash flow in summer to meet fixed payroll and financing costs that are a challenge to meet with the current rate.

The 4 large gas utilities in Kentucky have an average \$16.98 monthly charge for Residential customers. These entities charge an average of \$40.10 per month for small Commercial (or non-residential) customers. These 4 utilities serve about 640,000 small Residential & Commercial customers, whose weighted average charge is about \$17.72 per month. Frontier has a single Residential & Commercial rate class, and this proposed \$16 monthly charge is slightly below the average of the Big Four.

The Large Commercial class has a \$50 monthly charge reflective of the larger cost of the meter facilities. Charges for such large customers among the Big Four are quite higher; but with only 2 customers in this class in Frontier, there is little evidence or justification to change this monthly charge.

Q 4 What are the key determinants in these rate calculations?

A. The rate calculations include hundreds of expenses and parameters. The most influential determinants are:

Farm tap expenses are assumed to be \$150,850 as allocated in Case No. 2011-00513; these are removed from the utility rate calculations.

Non-recurring charges are about \$111,700 from late payment penalties and other charges. These revenues are deducted from total allowable revenue to get revenue from rates.

Labor related expenses are expected to be stable going forward and similar to the Test Year. Frontier has the same number of employees as in the last general rate cases for Frontier and Public Gas in 2011-12. Wages have risen moderately but are still below the area market for similar companies. Health insurance cost has risen faster than inflation but is not threatening.

Customer Count is fairly stable and predictable from year to year. The COSS model uses the average 5050 number of Residential & Commercial customers billed monthly during the Test Year 2016 for rate & revenue calculations. The actual number of bills ranged from 4888 to 5246 as seasonal customers went on and off.

Sales Volume is the most significant parameter of all, and most difficult to forecast. The past 2 non-existing winters have been devastating to Frontier and its Kentucky brethren. The climate has been much warmer than "normal" in 2015-16, and Frontier gas volume is off 20% compared with 2014. The Big 4 gas utilities in Kentucky are off by exactly the same ratio.

In its last general rate Case No 2011-00443 (order Apr13), Frontier rates were based on annual sales of 292,882 MCF (Order, pg 9). Public Gas rates in Case No 2012-0431 (order Jun13) were based on 109,621 MCF. Combined sales would be 394,600 MCF.

As Frontier went through due diligence in 2015 for its purchase of Public Gas, gas sales for 2013-15 indicated the combined utility would sell 412,500 MCF per year.

For the first combined year of operations (the 2016 Test Year), sales were only 361,700 MCF or 12% less. And the trend is grim: Last 24 months were 341k or 17% less, and Last 12 months were 319k or 23% less than forecast just 18 months ago. If the rest of 2017 is "average", sales will be 320k MCF this year, or 12% below an already terrible year.

The Big 4 gas utilities use Weather Normalization to smooth out weather anomalies. They can bill the precise days of multiple meter cycles, and adjust rates based on Heating Degree Days. Frontier's AMR and billing system is not robust enough to do this.

Frontier must choose an annual MCF sales figure for setting general rates, and suffer through periods like the last 28 months. Obviously, we cannot use a long-term historical average, or repeats of the last 2 years will quickly endanger the company. The Test Year volume 361,700 MCF is the only practical figure to use.

Q 5 How was the remaining cost of service developed?

A Frontier is under the size threshold for requiring an extensive Cost of Service Study (COSS), but must have a method for allocating costs among different rate classes. In the 2011-00443 case Frontier used an allocation method as we used to establish a new rate class with the Wyoming PSC for Pinedale Natural Gas. Like Frontier, Pinedale is a very small utility with no large customers and limited volume data. The parties in that case agreed to use the Atlantic Seaboard method to allocate costs among rate classes. Under this scheme, the Revenue Requirement is allocated to each rate class, about half based on their Peak Period utilization of the utility system (or demand), and the other half allocated to Monthly Costs and MCF usage.

In this case, Frontier proposes an improvement to the method we used in 2012. We have identified certain segments of operating costs that are clearly attributed to customer service. All other costs are allocated 30% to Demand and 70% to Commodity. This is a very simplified COSS method, but Frontier is a very simple utility, with only Distribution systems and no transmission, compression, storage or other segments operated by the 4 large utilities. All Frontier operating and capital expenses are attributed to non-interruptible, full-service distribution customers that are very similar in nature.

In a recent Delta rate case 2010-00116, the COSS (Seelye Exhibit 5) ran 30 pages of dense spreadsheets with thousands of allocation calculations. But on page 25 of 30, the Functional Assignment Vectors for Distribution Mains expenses are split 33% by Demand and 67% by Customer. The Meter and Service Line expenses are allocated 100% to Customers.

In its recent rate case 2016-00371 Louisville Gas & Electric identified 51% costs specifically to customer service, and split the remaining system costs at 40% to demand and 60% to customers. The Atmos Energy case 2015-00343 has a similar mix of customer-related expenses, then 38+62% split on system costs.

The Delta and LG&E and Atmos studies are infinitely more complicated, but in the end the allocations are very similar to the method proposed by Frontier. The identified customer service costs, then other costs allocated about 1/3 to Demand and 2/3 to Commodity, are very similar to the Big Four methods.

Q 6 What is the result of cost allocation among rate classes ?

A. As in the last rate case, Frontier compared the usage patterns of the Large Commercial customers versus all others in Frontier. We compared the average usage during the Peak Month (January) with the annual usage:

- Large Commercials used 10.6% of January and 15.9% of the year's gas sales;
- All others used 89.4% of January and 84.1% of the year's sales.

Clearly, the larger loads with their every-day industrial uses have a higher load factor than small users, many of whom have no gas water heater or other gas appliances. Working through the allocation spreadsheet results in a Large Commercial rate \$0.45 per MCF lower than the Residential-Commercial rate. The old differential was \$0.76 per MCF, and was likely too high since fixed customer costs were not carved out before the demand-commodity allocation.

Q 7 How does Gas Cost enter into this analysis?

A. Gas costs do not affect a typical General Rate case, since gas costs are passed through directly, and added to the general rates.

However, there is a significant change to gas costs in this consolidation rate case, when all Frontier (including Public) gas costs are analyzed together in a single GCR filing.

Public Gas has a single supplier of gas, its former parent company Jefferson Gas. Frontier has multiple suppliers including producers and pipelines, with a wider mix of gas pricing. For 2016, the average cost of gas was \$4.02 per MCF for Frontier and \$4.77 for Public customers. The weighted average is about \$4.19 per MCF.

Frontier has higher General Commodity rates than Public by \$1.11 per MCF, but in 2016 its Gas Cost was \$0.75 per MCF less than Public. When the two rate structures and gas costs are consolidated, there are largely offsetting costs & benefits for both sets of customers.

Q 8 What is the overall effect on the average customer?

A. See Exhibit 8 Current & Proposed Rates

More than 90% of Frontier's customers use less than 100 MCF per year. The average small customer will use about 44.5 MCF per year, which is the basis for rate change comparisons.

The typical Frontier customer would pay \$72 more in Monthly charges. The proposed commodity rates are \$0.36 less per MCF, or about \$0.19 less including current gas cost. The average bill would increase by \$4.67 per month.

The typical customer now on Public Gas rates would pay \$72 more in Monthly charges. The proposed commodity rates are \$0.75 per MCF higher, offset by lower gas cost to a net increase of \$0.17 including current gas cost. The average bill would increase by \$8.79 per month.

Q 9 Can you explain the major reasons for the increase?

A. In the last GR cases 2011-00443 for Frontier and 2012-00431 for Public Gas, the Commission approved \$2,111,100 to be recovered through rates.

In its last 3 years that Public Gas was stand-alone, it lost an average of \$135,000 per year. Clearly, the current Public rates are too low to sustain financial viability.

Frontier did only slightly better. The Commission allowed Frontier to recover excessive gas losses in 2014-15, which helped Frontier have its only profitable year since 2011. Over 2013-16 with the current rates in effect and one good year (2015), Frontier made a small average profit of \$34,000 per year. However, in preparation for this rate case, we discovered that the \$63,000 Auxier acquisition adjustment approved by the Commission hadn't been accounted for. Over that period, Frontier actually lost about \$30,000 per year on a \$5 million investment.

Frontier proposes \$2,336k recovery from rates. The total increase of \$225k is about 2.7% increase per year since the last rate case. Of this, the combined companies needed \$127k per year to break even over the past 4 years, and \$30k is the expected cost of this rate case.

Of the major inputs, Labor has not changed significantly, but cost of Benefits is quite higher with only a little trickle-down to the employees. Interest rates have risen, but overall Interest cost has not. Depreciation & Amortization of system investment per customer is not much changed.

The biggest factor for changing the rates is the projected gas Volume. The 2012 rates were based on 402,500 mcf annual sales. We haven't seen that level in more than 2 years. The Test Year 2016 was 10% below that, and current trends are worse. The gas rates are adjusted as much by the lower denominator (Sales) as they are by the higher numerator (Expenses).

Kentucky Frontier Gas - 2017 Rate Case	
Alternative Rate Filing - Revenue Requirement	
	2016
Eastern Kentucky Utility Operations	Test Year
	Calendar Year 2016, as adjusted
<i>Natural Gas Costs are excluded from these calculations</i>	
Pro forma Operating Expenses Before Depreciation & Income Taxes	\$ 1,592,300
Depreciation & Amortization Expense	\$ 407,097
ProForma Operating Expenses	\$ 1,999,397
	<i>Divide by Operating Ratio</i> 88%
Revenue to cover Operating Ratio	\$ 2,272,042
Provision for State and Federal Income Taxes (not allowed on LLC)	\$ -
add Interest Expense on Long Term Debt	\$ 175,936
Total Revenue Requirement	\$ 2,447,979
less Revenue from Non-Recurring Charges	\$ 111,682
Total Revenue Required from Rates for Service	\$ 2,336,297

**Kentucky Frontier Gas LLC
Meters & Volumes History**

Rate Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<u>Gas Volume, Therms</u>	<i>CCF by month</i>											
RESIDENTIAL												
2017	323,940	269,829	242,957	89,338	45,429							
2016	404,238	441,033	204,837	133,962	69,621	26,143	20,333	18,025	22,853	55,423	194,006	338,230
2015	472,161	511,767	335,777	167,040	70,074	27,911	21,678	20,269	24,613	66,221	176,050	241,327
Average	400,113	407,543	261,190	130,113	61,708	27,027	21,006	19,147	23,733	60,822	185,028	289,779
Percent of Annual	21.2%	21.6%	13.8%	6.9%	3.3%	1.4%	1.1%	1.0%	1.3%	3.2%	9.8%	15.4%
COMMERCIAL												
2017	184,096	151,739	141,024	101,524	34,860							
2016	230,819	238,340	119,918	79,513	39,039	24,298	21,430	20,258	22,298	42,781	90,410	185,262
2015	313,824	245,543	171,707	109,986	35,135	32,470	20,330	27,708	22,183	84,045	134,917	179,331
Average	242,913	211,874	144,216	97,008	36,345	28,384	20,880	23,983	22,240	63,413	112,664	182,297
Percent of Annual	20.5%	17.9%	12.2%	8.2%	3.1%	2.4%	1.8%	2.0%	1.9%	5.3%	9.5%	15.4%
	20.9%	20.2%	13.2%	7.4%	3.2%	1.8%	1.4%	1.4%	1.5%	4.0%	9.7%	15.4%
												<i>Combined Resl + Coml</i>
LARGE COMMERCIAL												
2017	67,916	62,062	52,346	41,350	33,403							
2016	75,204	83,274	63,287	44,715	45,188	33,168	25,875	33,247	26,483	34,236	47,964	61,725
2015	84,450	93,350	73,760	50,820	41,090	35,100	30,430	25,740	39,890	40,894	48,539	61,675
Average	75,857	79,562	63,131	45,628	39,894	34,134	28,153	29,494	33,187	37,565	48,252	61,700
Percent of Annual	13.2%	13.8%	10.9%	7.9%	6.9%	5.9%	4.9%	5.1%	5.8%	6.5%	8.4%	10.7%
Total Averages	718,882	698,979	468,538	272,749	137,946	89,545	70,038	72,624	79,160	161,800	345,943	533,775
	19.7%						1.9%					
Total 2017	575,952	483,630	436,327	232,212	113,692							
Total 2016	710,261	762,647	388,042	258,190	153,847	83,609	67,639	71,530	71,634	132,440	332,381	585,217
Total 2015	870,435	850,660	581,244	327,846	146,299	95,481	72,438	73,717	86,686	191,161	359,506	482,334
Annual Averages												
					Low							
					High							

Rate Class	Annual	% Total Volume	Meters	Ave CCF/Yr	PkMo / Yr
<u>Gas Volume, Therms</u>					
RESIDENTIAL					
2017			4,292		
2016	1,928,705	52.8%	4,351	443	
2015	2,134,888	58.5%	4,091	522	
Average	1,887,209		4,245	445	21.2%
<i>Percent of Annual</i>					
COMMERCIAL					
2017			698		
2016	1,114,365	30.5%	693	1,608	
2015	1,377,179	37.7%	666	2,068	
Average	1,186,216		686	1,730	20.5%
<i>Percent of Annual</i>					
	3,073,425		4,930		20.9%
LARGE COMMERCIAL					
2017			3		
2016	574,366	15.7%	3	191,455	
2015	625,739	17.1%	3	208,580	
Average	576,555		3	192,185	13.2%
<i>Percent of Annual</i>					
Total Averages	3,649,980		4,933	<i>averages</i>	19.7%
		0	0		
Total 2017					
Total 2016	3,617,436				
Total 2015	4,137,806				
Annual Averages	3,877,621				

Kentucky Frontier Gas - 2017 Rate Case



Development of Meters and Volumes for Cost Allocation and Rate Design

	2015	2016	Adjusted
Eastern Kentucky Utility Operations	Calendar Year	Test Year	
	Actuals	Actuals	
Residential Meters	4,098	4,351	4,355
Commercial Meters	664	693	695
Total Resl/Coml Meters	4,762	5,044	5,050
Large Commercial Meters	3	3	3
Total Meters	4,765	5,047	5,053
Residential Consumption - Dth	213,489	192,870	192,900
Commercial Consumption - Dth	137,718	111,436	111,400
Total Resl / Coml Consumption - Mcf	351,207	304,307	304,300
Large Commercial Consumption - Mcf	62,574	57,437	57,500
Total Consumption - Dth	413,781	361,744	361,800

Kentucky Frontier Gas
GR17 Simplified Cost of Service Study (COSS)

Customer Classes						Pk Mo/Yr	Old Rate
	Average No of Meters	Annual Use MCF	% of Total	Peak Month	% of Total	Average Res'l	
Residential & Commercial	5,050	304,300	84.1%	63,666	89.4%	20.9%	445 ccf
Large Commercial usage > 10k mcf/yr	3	57,500	15.9%	7,565	10.6%	13.2%	
Totals	5,053	361,800 MCF		71,231 MCF		xxx	input value
						xxx	calc'd value

Cost Allocation Annual Allocation Rates

Revenue Requirement \$2,336,297

Monthly Meter Charges by Customer Annual % totl

Residential & Commercial	\$ 971,400	42%	of total by Monthly charge per meter	\$969,600	\$ 16.00	per Month
Large Commercial				\$1,800	\$ 50.00	per Month
				\$971,400		

Cost allocation by Demand Annual % totl

Revenue Requirement \$ 409,469 18% of total by Demand 30% split remaining Rev Reqmt by peak demand

Residential & Commercial	89.4%	\$365,981	\$1.203	per MCF
Large Commercial	10.6%	\$43,488	\$0.756	per MCF
		\$409,469		

Cost allocated by Commodity Annual % totl

\$ 955,428 41% of total by Commodity usage 70% split remaining Rev Reqmt by commodity usage

Residential & Commercial	84.1%	\$803,584	\$2.641	per MCF
Large Commercial	15.9%	\$151,844	\$2.641	per MCF
		\$955,428		

Kentucky Frontier Gas
GR17 Simplified Cost of Service Study (COSS)

Cost Allocation & Total Rate	Demand	Mtr / Vol	Allocation	%	Rates	New Rate	Old Rate	Pub new	Pub old
Residential & Commercial		\$969,600	\$969,600	42%	\$ 16.00				per Month
	\$365,981	\$803,584	\$1,169,565	50%	\$3.843				per MCF
Large Commercial		\$1,800	\$1,800	0.1%	\$ 50.00				per Month
	\$43,488	\$151,844	\$195,332	8%	\$3.397				per MCF
	18%	82%	\$2,336,297	100%					

Rate Comparison		Old Rate	New Rate	Old Rate	monthly change	
<i>Effects of the rate change on typical customers</i>		gas cost	\$4.190	per MCF	average annual cost	
Frontier Residential	44.5 MCF/yr for average Residential	\$4.202	per MCF	\$ 549	\$ 493	incl Gas 11.4%
				\$ 363	\$ 307	no Gas 18.2%
Commercial	160 MCF/yr for average Commercial	\$4.202	per MCF	\$ 1,477	\$ 1,463	incl Gas 1.0%
				\$ 807	\$ 792	no Gas 1.8%
Large Commercial	12000 MCF/yr for Large Commercial	\$3.445	per MCF	\$ 91,224	\$ 91,805	incl Gas -0.6%
				\$ 40,944	\$ 41,525	no Gas -1.4%
Public Residential	44.5 MCF/yr for average Residential	\$3.091	per MCF	\$ 549	\$ 444	incl Gas 23.7%
				\$ 363	\$ 258	no Gas 40.9%

Kentucky Frontier Gas - 2017 Rate Case

Pro-Forma Rate, Revenue and Income Reconciliation

			Proposed New Rates				Old Rates	Increase or (Decrease)
			Test Period					
			Calendar Year 2016, as adjusted					
Eastern Kentucky Utility Operations								
Rates and Revenues by Customer Class - Total	Count / Volume	Rate	\$ 2,336,152	Count / Volume	Rate	\$ 1,963,324	\$ 372,828	
Residential & Commercial			<i>current Frontier customers</i>					
Customer Charge	5,050	\$ 16.00	\$ 969,600	3,278	\$ 10.00	\$ 393,360		
Volumetric Charge	304,300	\$ 3.843	\$ 1,169,425	195,500	\$ 4.20	\$ 821,550		
Total Revenue			\$ 2,139,025			\$ 1,214,910		
			<i>current Public customers</i>					
				1,768	\$ 10.00	\$ 212,160		
				108,800	\$ 3.09	\$ 336,344		
						\$ 548,504	\$ 375,611	
Large Commercial								
Customer Charge	3	\$ 50.00	\$ 1,800	3	\$ 50.00	\$ 1,800		
Volumetric Charge	57,500	\$ 3.397	\$ 195,328	57,500	\$ 3.45	\$ 198,111		
Total Revenue			\$ 197,128			\$ 199,911	\$ (2,783)	
Total Non-Gas Cost of Service			\$ 1,592,300					
Annual Depreciation + Amortization Expense			\$ 407,097					
Other Income from Non-Recurring Charges			\$ 111,682					
Income Before Interest and Income Taxes			\$ 448,437					
Total Annual Interest Expense			\$ 175,936					
Income Before Income Taxes			\$ 272,501					
Total Revenue Requirement (ARF)			\$ 2,447,979					
<i>Check Figure</i>			\$ 2,447,834					

rounding difference in final rate

12. Number of Customers

- The combined May cycles sent bills to 4898 utility customers.
- The number of customers varies widely during the year, as customers without water heaters disconnect for the summer. The actual number of monthly bills ranged from 4888 to 5246 in 2016.
- The COSS model uses 5050 Resl/Coml customers for rate & revenue calculations. This is the average number of bills sent monthly during the Test Year 2016.

13. Billing Analysis

- The proposed new rates are shown on the Cost of Service Study.
- The effects on a typical Residential-Commercial-Large Coml customer are shown on the COSS.
- The effects of the new rates on revenues and income are shown on the Pro-Forma Rate, Revenue and Income Reconciliation.

14. Depreciation & Amortization Schedule

- The current Depreciation & Amortization schedule as of 2017 is attached. It differs slightly from the 2016 schedule as filed with the annual financial report.
- Adjustments are explained as items AMX and DPX in the References section for the ARF Adjusted Operations form.

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
Alert Distrib Meters	12/19/2012	\$130.00	10	S/L		\$13.00	
Alert Mains	12/31/2010	\$2,255.00	10	S/L		\$226.00	
Alert Mains	1/26/2011	\$346.00	30	S/L		\$12.00	
Alert Meters	11/5/2011	\$75.00	10	S/L		\$8.00	
Alert Meters	9/26/2012	\$150.00	30	S/L		\$5.00	
Alert Services	11/18/2011	\$560.00	30	S/L		\$19.00	
Alert Services	10/31/2012	\$2,390.00	30	S/L		\$80.00	
Belfry Gas Line Replacement	12/31/2013	\$44,776.00	30	S/L		\$1,493.00	
Belfry Gas Line Replacement	6/30/2014	\$31,384.00	30	S/L		\$1,046.00	
Belfry Gas Line Replacement	12/31/2015	\$2,986.00	30	S/L		\$100.00	
Belfry Gas Line Replacement	12/31/2016	\$110,206.00	30	S/L		\$3,674.00	
Belfry Construction - Mains	7/31/2009	\$18,538.00	20	S/L		\$927.00	
Belfry Construction - Mains	2/26/2010	\$600.00	15	S/L		\$40.00	
Belfry Gas Mains	9/30/2009	\$30,300.00	15	S/L		\$2,020.00	
Belfry Gas Mains	12/31/2010	\$16,359.00	10	S/L		\$1,636.00	
Belfry Gas Mains	12/16/2011	\$24,498.00	30	S/L		\$817.00	
Belfry Gas Mains	10/19/2012	\$21,689.00	30	S/L		\$723.00	
Belfry Gas Mains	4/30/2013	\$18,668.00	30	S/L		\$622.00	
Belfry Gas Mains	12/31/2013	\$7,093.00	30	S/L		\$236.00	
Belfry Gas Meters	2/25/2011	\$1,925.00	10	S/L		\$193.00	
Belfry Gas Meters	12/31/2013	\$34,112.00	10	S/L		\$3,411.00	
Belfry Gas Meters and Reg FSM	10/31/2013	\$4,676.00	5	S/L		\$935.00	
Belfry Gas Regulators	12/31/2013	\$3,075.00	5	S/L		\$615.00	
Belfry Gas Services	12/31/2010	\$271.00	10	S/L		\$27.00	
Belfry Gas Services	11/4/2011	\$4,148.00	30	S/L		\$138.00	
Belfry Gas Services	11/30/2012	\$3,889.00	30	S/L		\$130.00	
Belfry Gas Services	12/31/2013	\$1,923.00	30	S/L		\$64.00	
Belfry Gas Services	6/30/2014	\$2,415.00	30	S/L		\$81.00	
Belfry Gas Services	9/30/2016	\$590.00	30	S/L		\$20.00	
Blaine Meters	6/30/2016	\$3,825.00	30	S/L		\$128.00	
Blaine Services	12/31/2016	\$653.00	30	S/L		\$22.00	
BTU Drip Tank Meter	1/17/2014	\$1,010.00	10	S/L		\$101.00	

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
BTU Mains	10/19/2012	\$1,608.00	30	S/L		\$53.60	
BTU Mains	12/31/2012	\$700.00	30	S/L		\$23.00	
BTU Main Replacements	8/31/2015	\$41,888.00	30	S/L		\$1,396.00	
BTU Mains / ELKCR Bridge Proj	12/31/2016	\$14,406.00	30	S/L		\$480.00	
BTU Regulators	10/31/2012	\$816.00	5	S/L		\$163.00	
BTU Services	11/30/2012	\$5,036.00	30	S/L		\$168.00	
BTU Services	12/14/2012	\$7,387.00	30	S/L		\$246.00	
BTU Services	11/30/2013	\$4,139.00	30	S/L		\$138.00	
BTU Services	2/28/2014	\$200.00	30	S/L		\$7.00	
BTU Services	11/24/2014	\$481.00	30	S/L		\$16.00	
BTU Services	12/31/2016	\$1,180.00	30	S/L		\$39.00	
CC AC250 Meter	12/31/2012	\$1,701.00	5	S/L		\$340.00	
CC AC250 Meter	12/31/2012	\$1,604.00	5	S/L		\$320.00	
CC AC250 Meter	12/31/2012	\$1,283.00	5	S/L		\$255.00	
CC H Thompson MTR	12/31/2013	\$6,523.00	7	S/L		\$932.00	
CC H Thompson MTR Set	1/31/2014	\$1,700.00	7	S/L		\$243.00	
CC Mains Sigma	12/31/2012	\$335,224.00	30	S/L		\$11,174.13	
CC Mains Sigma	12/31/2012	\$5,425.00	30	S/L		\$181.00	
CC Mains DLR	12/31/2012	\$105,707.00	30	S/L		\$3,523.57	added DLR figure to comply with Staff calcs of Jun1
CC Meter Orifice	12/31/2012	\$2,775.00	5	S/L		\$555.00	
CC Meter Orifice	12/31/2012	\$1,818.00	5	S/L		\$364.00	
CC Meters	12/31/2012	\$8,400.00	5	S/L		\$1,680.00	
CC Meters	12/2/2015	\$1,876.00	30	S/L		\$63.00	
CC Meters/Sigma	12/31/2012	\$27,017.00	5	S/L		\$5,403.00	
CC Oderant Level Detector	12/31/2012	\$3,273.00	5	S/L		\$653.00	
CC Odometer	12/31/2012	\$2,003.00	5	S/L		\$401.00	
CC Regulators/Sigma	12/31/2012	\$16,539.00	5	S/L		\$3,307.00	
CC Services	12/31/2012	\$532.00	30	S/L		\$18.00	
CC Services	12/31/2013	\$6,534.00	30	S/L		\$218.00	
CC Services	2/25/2014	\$2,388.00	30	S/L		\$80.00	
CC Services	12/31/2015	\$595.00	30	S/L		\$20.00	
CC Services	11/30/2016	\$2,982.00	30	S/L		\$99.00	
CC Utility Plant	12/31/2012	\$16,699.00	30	S/L		\$557.00	
EKU H2S Monitors	12/19/2014	\$891.00	10	S/L		\$89.00	

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
EKU Line Replacement	9/14/2014	\$650.00	30	S/L		\$22.00	
EKU Mains	12/31/2010	\$3,108.00	10	S/L		\$311.00	
EKU Mains	11/23/2011	\$1,182.00	30	S/L		\$39.00	
EKU Mains	10/19/2012	\$1,608.00	30	S/L		\$54.00	
EKU Mains	10/16/2015	\$3,618.00	30	S/L		\$121.00	
EKU Meas and Reg Station Equip	10/7/2015	\$5,980.00	5	S/L		\$1,196.00	
EKU Meters	12/16/2011	\$338.00	10	S/L		\$34.00	
EKU Meters	12/31/2013	\$15,893.00	10	S/L		\$1,589.00	
EKU Meters	10/15/2015	\$1,882.00	30	S/L		\$63.00	
EKU Services	12/31/2010	\$1,370.00	10	S/L		\$137.00	
EKU Services	12/30/2011	\$1,716.00	30	S/L		\$57.00	
EKU Services	10/31/2012	\$3,756.00	30	S/L		\$125.00	
EKU Services	11/30/2012	\$8,792.00	30	S/L		\$293.00	
EKU Services	12/31/2015	\$343.00	30	S/L		\$11.00	
EKU Services	06/60/2016	\$1,180.00	30	S/L		\$39.00	
MLG Garage Tools and Equip	6/23/2015	\$989.00	5	S/L		\$198.00	
MLG Line Replacement	1/16/2014	\$365.00	30	S/L		\$12.00	
MLG Line Replacement	9/3/2015	\$1,696.00	30	S/L		\$57.00	
MLG Mains	12/31/2010	\$2,361.00	10	S/L		\$236.00	
MLG Mains	11/23/2011	\$12,851.00	30	S/L		\$428.00	
MLG Mains	9/30/2012	\$202.00	30	S/L		\$7.00	
MLG Mains	12/31/2013	\$13,070.00	30	S/L		\$436.00	
MLG Meas/Reg Equip	6/27/2016	\$4,985.00	30	S/L		\$166.00	
MLG Meters	12/31/2013	\$15,893.00	10	S/L		\$1,589.00	
MLG Meters	8/10/2016	\$1,787.00	30	S/L		\$60.00	
MLG Services	11/18/2011	\$970.00	30	S/L		\$32.00	
MLG Services	11/30/2012	\$2,216.00	30	S/L		\$74.00	
MLG Services	12/31/2015	\$3,630.00	30	S/L		\$121.00	
MLG Services	12/31/2016	\$3,400.00	30	S/L		\$113.00	
People's Gas - Mains Added by KFG	12/31/2010	\$895.00	30	S/L		\$30.00	
People's Gas - Mains as acq	4/15/2010	\$11,248.00	30	S/L		\$375.00	
People's Gas Acquisition - KFG	4/15/2010	\$6,420.00	20	S/L		\$321.00	
People's Gas Acquisition - Prior	4/15/2010	\$2,332.00	20	S/L		\$117.00	
People's Mains	10/28/2011	\$12,195.00	30	S/L		\$407.00	

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
People's Mains	4/6/2012	\$2,084.00	30	S/L		\$208.00	
Peoples Main Repl Phelps	12/31/2013	\$20,838.00	30	S/L		\$695.00	
People's Meters	3/11/2011	\$115.00	10	S/L		\$12.00	
People's Services	11/18/2011	\$855.00	30	S/L		\$29.00	
People's Services	1/3/2012	\$342.00	30	S/L		\$11.00	
PGUP ACQ Meter SYS	11/30/2015	\$175,118.00	30	S/L		\$5,837.00	
PGUP ACQ Pipeline SYS	11/30/2015	\$1,100,264.00	30	S/L		\$36,675.00	
PGUP ACQ Pipeline SYS	11/30/2015						See \$250k Public AA below
PGUP ACQ Regulator SYS	11/30/2015	\$31,583.00	30	S/L		\$1,053.00	
PGUP Backhoe	11/30/2015	\$12,103.00	7	S/L		\$1,729.00	
PGUP Boring Mole	11/30/2015	\$3,456.00	7	S/L		\$494.00	
PGUP Chain Link Fence	11/30/2015	\$7,254.00	15	S/L		\$484.00	
PGUP Equipment	11/30/2015	\$4,572.00	7	S/L		\$653.00	
PGUP Equipment	11/30/2015	\$822.00	7	S/L		\$117.00	
PGUP Equipment	11/30/2015	\$2,093.00	7	S/L		\$299.00	
PGUP Equipment	11/30/2015	\$309.00	7	S/L		\$44.00	
PGUP Excavator U55R3AP	11/30/2015	\$33,215.00	7	S/L		\$4,745.00	
PGUP Flame Pack Model 400	11/30/2015	\$2,187.00	7	S/L		\$312.00	
PGUP Furnace/Central Air	11/30/2015	\$3,327.00	39	S/L		\$85.00	
PGUP Fusion Heaters	11/30/2015	\$94.00	5	S/L		\$19.00	
PGUP Fusion Machine	11/30/2015	\$269.00	5	S/L		\$54.00	
PGUP GMI 6-500 HPN	11/30/2015	\$1,555.00	7	S/L		\$222.00	
PGUP Indexes	11/30/2015	\$1,010.00	5	S/L		\$202.00	
PGUP Itron FC300SR Handheld	11/30/2015	\$2,856.00	7	S/L		\$408.00	
PGUP Loader/Fork/Auger	11/30/2015	\$31,230.00	7	S/L		\$4,461.00	
PGUP Meters	7/31/2016	\$4,844.00	30	S/L		\$161.00	
PGUP Meter Install	7/31/2016	\$332.00	30	S/L		\$11.00	
PGUP Oderator	11/30/2015	\$1,705.00	7	S/L		\$244.00	
PGUP Painting	11/30/2015	\$1,120.00	15	S/L		\$75.00	
PGUP Pipe Cutter	11/30/2015	\$263.00	7	S/L		\$38.00	
PGUP Pipe Cutter 5301PD	11/30/2015	\$2,641.00	7	S/L		\$377.00	
PGUP Pipeline Locator	11/30/2015	\$536.00	5	S/L		\$107.00	
PGUP Propane Tank/Pump	11/30/2015	\$15,761.00	7	S/L		\$2,252.00	
PGUP Public BLDG IMPR	11/30/2015	\$34,497.00	39	S/L		\$885.00	
PGUP Services	12/31/2016	\$4,130.00	30	S/L		\$138.00	

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
PGUP Shelves	11/30/2015	\$1,166.00	7	S/L		\$167.00	
PGUP Sign/Jackson BLDG	11/30/2015	\$2,028.00	7	S/L		\$290.00	
PGUP Software	11/30/2015	\$2,623.00	3	S/L		\$874.00	
PGUP Squeeze Tool	11/30/2015	\$232.00	5	S/L		\$46.00	
PGUP Sure Lock AP Line Locator	11/30/2015	\$2,332.00	7	S/L		\$333.00	
PGUP Sure Lock AP Line Locator	11/30/2015	\$2,335.00	7	S/L		\$334.00	
PGUP 2012 Ford F150	11/30/2015	\$19,280.00	5	S/L		\$3,856.00	
PGUP 2012 Ctrail 16-12	11/30/2015	\$1,695.00	5	S/L		\$339.00	
PGUP 2012 Ford F550 Dump	11/30/2015	\$28,330.00	5	S/L		\$5,666.00	
PGUP 2006 Ford F3D DRW Superduty	11/30/2015	\$7,140.00	7	S/L		\$1,428.00	
PGUP Jeep Wrangler	11/30/2015	\$15,190.00	5	S/L		\$3,038.00	
PGUP Gator Flatbed Trlr	11/30/2015	\$5,686.00	7	S/L		\$812.00	
PGUP Pipe Trailer (Big Oats)	11/30/2015	\$1,914.00	7	S/L		\$273.00	
PGUP 2013 Nissan Frontier	11/30/2015	\$15,648.00	5	S/L		\$3,130.00	
PGUP Filing Cabinet	11/30/2015	\$73.00	7	S/L		\$10.00	
PGUP Filing Cabinet	11/30/2015	\$175.00	7	S/L		\$25.00	
PGUP Office Fixtures	11/30/2015	\$739.00	7	S/L		\$106.00	
PGUP Office Furniture	11/30/2015	\$2,430.00	7	S/L		\$347.00	
PGUP Dell Laptop	11/30/2015	\$831.00	5	S/L		\$166.00	
Consol Meter Sets	2/21/2014	\$13,978.00	10	S/L		\$1,398.00	
Consol Meter Sets	12/30/2015	\$12,360.00	30	S/L		\$412.00	
Consol Meter Sets	6/30/2016	\$10,954.00	30	S/L		\$365.00	
Consol Meters	3/19/2012	\$941.00	10	S/L		\$94.00	
Consol Meters	12/30/2015	\$19,590.00	30	S/L		\$653.00	
Consol Meters	4/30/2016	\$9,213.00	30	S/L		\$307.00	
Consol Meters 0011980	7/25/2014	\$4,477.00	10	S/L		\$448.00	
Consol Meters 8 AC630 2 AC800	2/21/2014	\$6,292.00	10	S/L		\$629.00	
Consol Meters 80 AC250	12/3/2014	\$6,055.00	10	S/L		\$606.00	
Consol Meters/AMR	1/1/2014	\$15,000.00	10	S/L		\$1,500.00	
Consol Regulators	6/11/2014	\$2,957.00	5	S/L		\$591.00	
Odorizer System	9/30/2016	\$12,897.00	30	S/L		\$430.00	
ITRON auto meter reading system	12/31/2013	\$15,000.00	7	S/L		\$2,143.00	net plant additions after AMR surcharges as CIAC
ITRON auto meter reading system	12/31/2014	\$4,340.00	7	S/L		\$620.00	net plant additions after AMR surcharges as CIAC
ITRON auto meter reading system	12/31/2015	\$7,814.00	7	S/L		\$1,114.00	net plant additions after AMR surcharges as CIAC

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
ITRON auto meter reading system	12/31/2016	\$14,881.00	7	S/L		\$2,126.00	net plant additions after AMR surcharges as CIAC
Service Truck Aux Fuel Tank	3/27/2015	\$610.00	5	S/L		\$122.00	
Generator	3/5/2015	\$1,643.00	7	S/L		\$235.00	
Shop Tools	6/30/2013	\$10,273.00	5	S/L		\$2,055.00	
Ohio Power Tool	2/24/2012	\$663.00	5	200DB		\$9.00	
Caselle Billing Software	6/11/2015	\$32,650.00	3	S/L		\$10,883.00	
Caselle Billing S/W Dbase	3/10/2016	\$10,730.00	3	S/L		\$3,577.00	
Dell Computer	2/19/2015	\$1,862.00	5	S/L		\$372.00	
Laptop Computer	2/18/2015	\$620.00	5	S/L		\$124.00	
Computer H Powers	2/20/2015	\$1,300.00	5	S/L		\$260.00	
Conference Room Chairs	2/2/2015	\$1,154.00	7	S/L		\$165.00	
2 Office Chairs	1/15/2015	\$454.00	7	S/L		\$65.00	
Dell Computer	10/22/2014	\$689.00	5	S/L		\$138.00	
Dell Computer	8/21/2014	\$1,302.00	5	S/L		\$260.00	
Computer KC	8/21/2014	\$1,712.00	5	S/L		\$342.00	
Dell Computer (LR)	2/20/2014	\$1,360.00	5	S/L		\$272.00	
Computer - Tablet	2/6/2013	\$620.00	5	S/L		\$124.00	
2015 Toyota Tacoma	5/1/2015	\$26,111.00	5	S/L		\$5,222.00	
2016 Tacoma SR4x4	1/14/2016	\$26,656.00	5	S/L		\$5,331.00	
2017 Tacoma 4XR	12/6/2016	\$27,323.00	5	S/L		\$5,465.00	
Trailer	4/6/2015	\$3,656.00	5	S/L		\$731.00	
2015 Ford F350 W/Service Bed	3/25/2015	\$41,339.00	5	S/L		\$8,268.00	
2015 Chevy Silverado	1/31/2015	\$33,695.00	5	S/L		\$6,739.00	
2012 Toyota Tundra PU	5/22/2012	\$29,687.00	5	200DB		\$1,265.00	
2012 Toyota Tacoma PU	6/13/2012	\$23,655.00	5	200DB		\$1,006.00	
2012 Toyota Tacoma PU	5/17/2012	\$26,225.00	5	200DB		\$1,116.00	
2005 Toyota Tacoma PU	11/6/2009	\$12,500.00	5	200DB		\$1,875.00	
2007 Cat 303.5c excavator	4/30/2011	\$33,781.00	7	200DB		\$3,017.00	
Other Transportation - GPS	5/15/2012	\$3,239.00	5	200DB		\$138.00	
HP Printer	4/2/2012	\$590.00	5	200DB		\$25.00	
Tools - Odorator	10/31/2012	\$3,164.00	10	S/L		\$316.00	
Ricoh Copier	11/18/2016	\$4,784.00	5	S/L		\$957.00	
Phone Sys/integration	1/31/2016	\$12,877.00	7	S/L		\$1,840.00	
Network Integration	1/31/2016	\$12,050.00	7	S/L		\$1,721.00	
HP Storeever LT06	12/31/2016	\$1,665.00	5	S/L		\$333.00	

**Kentucky Frontier Gas LLC
Depreciation & Amortization**

2017 Asset Description	Date	Cost	Life	Method	2017 Amort	2017 Depr	Comment
ESRI GIS S/W	4/25/2016	\$2,500.00	3	S/L		\$833.00	
Total Utility Depreciation					\$0.00	\$224,650.30	
Wholly-owned subs for GR calcs							
Auxier depreciation						\$15,296.00	
Dema depreciation						\$1,088.00	
SBA Origination Fees	12/30/2008	\$40,391.00	10	S/L	\$4,039.00		
Startup Costs (bank loan orig fees)	3/10/2010	\$299.00	15	S/L	\$30.00		
USDA Origination Fees	4/14/2010	\$17,464.00	15	S/L	\$1,164.00		
SBA Origination Fees PubGas acq	12/11/2015	\$54,665.00	15		\$3,644.00		proposed for Public acq
Depr for subsidiaries & Loan fees					\$8,877.00	\$16,384.00	
Auxier Investment	4/15/2010	\$1,263,911.00	20	S/L	\$63,196.00		per GR12 Order, amortization of Acq Adjustmts
Cow Creek Investment	4/15/2010		20	S/L	\$0.00		Proposed simplify Jun13 Order (see CC mains)
EKU Acquisition	12/1/2008	\$767,480.00	20	S/L	\$38,374.00		GR12 Order
MLG Acquisition	12/1/2008	\$250,866.00	20	S/L	\$12,543.30		GR12 Order
Belfry Acquisition	12/1/2008	\$348,941.00	20	S/L	\$17,447.05		GR12 Order
BTU Acquisition	7/31/2012	\$262,500.00	20	S/L	\$13,125.00		GR12 Order
PubGas Acquisition	11/30/2015	\$250,000.00	20	S/L	\$12,500.00		proposed
Acquisition Adjmt Amortization					\$157,185.35		
					\$166,062.35	\$241,034.30	
Total Depreciation + Amortization		\$6,595,398.00				\$407,096.65	D&A for GR17 filing

GR17

**Kentucky Frontier Gas LLC
Long Term Debt Financing**

Loan Description	Issue Date	Maturity Date	Interest Rate	Original Loan	Current Loan Balance	Monthly P&I Pmt	Monthly Interest
System Loans with Community Trust Bank			4.25%	<i>WSJ APR</i>	<i>projected for July 2017 pmt</i>		
SBA #1 Bel-EKU-MLG	12/30/2008	12/30/2018	4.75%	\$1,525,000	\$327,500	\$19,870	\$1,296 / mo
USDA #1 Aux-Sig	4/13/2010	4/13/2025	6.00%	\$1,571,760	\$990,000	\$13,277	\$4,950
USDA #2 Aux-Sig	4/13/2010	4/13/2025	6.00%	\$160,431	\$110,000	\$1,475	\$550
SBA #2 - BTU	7/23/2012	7/23/2027	6.00%	\$237,000	\$178,000	\$1,883	\$890
SBA #3 - Public	11/2/2015	11/2/2030	6.00%	\$1,500,000	\$1,395,000	\$12,127	\$6,975
Totals				\$4,994,191	\$3,000,500	\$546,590	\$175,936 / yr
<i>wtd ave</i>			5.86%			\$48,633	\$14,661 / mo

Auto Loans with Community Trust Bank

not included in Interest on LT Debt

2017 Tacoma			2.99%		\$26,037	\$496	\$65
2015 Tacoma			2.99%		\$13,218	\$365	\$33
2015 Chev 2500			2.99%		\$19,863	\$610	\$49
2016 Ford F350			2.99%		\$20,566	\$614	\$51
2016 Tacoma			2.99%		\$16,694	\$377	\$42
Totals					\$96,378	\$29,547	\$2,882 / yr
						\$2,462	\$240 / mo

15. Evidences of outstanding indebtedness

These are the outstanding long term debts for Frontier:

SBA #1	original EKU-Belfry-MLG	Dec08	\$1,525,000	Acct [REDACTED]
USDA #1	Auxier-Sigma	Apr10	\$1,571,760	Acct [REDACTED]
USDA #2	Auxier-Sigma	Apr10	\$ 174,640	Acct [REDACTED]
SBA #2	BTU Gas	Jul12	\$ 237,000	Acct [REDACTED]
SBA #3	Public Gas	Dec15	\$1,500,000	Acct [REDACTED]

Community Trust Bank does not have amortization tables for these loans, since they have variable interest rates tied to the Fed. Attached are evidences of these loans, along with the payment histories, from which the loan amortizations can be estimated.

ACCOUNT # [REDACTED]



U.S. Small Business Administration

NOTE

SBA Loan #	[REDACTED]
SBA Loan Name	KENTUCKY FRONTIER GAS, LLC
Date	December 30, 2008
Loan Amount	\$1,525,000.00
Interest Rate	WALL STREET JOURNAL PRIME + .50%
Borrower	KENTUCKY FRONTIER GAS, LLC, a Colorado Limited Liability Company INDUSTRIAL GAS SERVICES, INC., a Colorado Corporation
Operating Company	
Lender	COMMUNITY TRUST BANK, INC.

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of

One Million Five Hundred Twenty Five Thousand and 00/100 Dollars,

interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

ACCOUNT

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

The interest rate on this Note will fluctuate. The initial interest rate is 5.00% per year. This initial rate is the prime rate in effect on the first business day of the month in which SBA received the loan application, plus .50%. The initial interest rate must remain in effect until the first change period begins.

Borrower must pay a total of 2 payments of interest only on the disbursed principal balance beginning one month from the month this Note is dated and every month thereafter; payments must be made on the same day as the date of this Note in the months they are due.

Borrower must pay principal and interest payments of \$17,500.00 every month, beginning three months from the month this Note is dated; payments must be made on the first calendar day in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

The interest rate will be adjusted monthly (the "change period").

The "Prime Rate" is the prime rate in effect on the first business day of the month (as published in the Wall Street Journal) in which SBA received the application, or any interest rate change occurs.

The adjusted interest rate will be 0.50% above the Prime Rate. Lender will adjust the interest rate on the first calendar day of each change period. The change in interest rate is effective on that day whether or not Lender gives Borrower notice of the change.

Lender must adjust the payment amount at least annually as needed to amortize principal over the remaining term of the Note.

If SBA purchases the guaranteed portion of the unpaid principal balance, the interest rate becomes fixed at the rate in effect at the time of the earliest uncured payment default. If there is no uncured payment default, the rate becomes fixed at the rate in effect at the time of purchase.

Loan Prepayment:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20% or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20% and the Loan has been sold on the secondary market, Borrower must:

a. Give Lender written notice;

b. Pay all accrued interest; and

c. If the prepayment is received less than 21 days from the date Lender received the notice, pay an amount equal to 21 days' interest from the date Lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice Borrower must give Lender a new notice.

All remaining principal and accrued interest is due and payable 10 years from date of Note.

Late Charge: If a payment on this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5.00%

ACCOUNT # [REDACTED]

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

ACCOUNT

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forego enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

ACCOUNT

10. STATE-SPECIFIC PROVISIONS:

[Empty rectangular box for state-specific provisions]

ACCOUNT

II. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

KENTUCKY FRONTIER GAS, LLC

BY: *Robert J. Oxford*
Robert J. Oxford

TITLE: Managing Member

INDUSTRIAL GAS SERVICES, INC.

BY: *Robert J. Oxford*
Robert J. Oxford

TITLE: President

Frontier Gas LL

Rate - 10 Year 551

Special Other WAR

17 items: Life-to-date beginning 12/30/2008

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
05/25/2017	610 - Regular	19,869.96	18,528.54	1,341.42	345,993.46
05/25/2017	payment				
04/27/2017	610 - Regular	19,869.96	18,413.81	1,456.15	364,522.00
04/27/2017	payment				
04/01/2017	400 - Rate change	4.500000%	0.00	0.00	382,935.81
03/31/2017					
03/29/2017	610 - Regular	19,869.96	18,467.80	1,402.16	382,935.81
03/29/2017	payment				
02/28/2017	610 - Regular	17,426.89	16,022.90	1,403.99	401,403.61
02/28/2017	payment				
01/27/2017	610 - Regular	17,426.89	15,870.80	1,556.09	417,426.51
01/27/2017	payment				
01/01/2017	400 - Rate change	4.250000%	0.00	0.00	433,297.31
12/30/2016					
12/29/2016	610 - Regular	17,426.89	15,953.94	1,472.95	433,297.31
2016	payment				
2016	610 - Regular	17,426.89	15,849.41	1,577.48	449,251.25
1/30/2016	payment				
0/31/2016	610 - Regular	17,426.89	15,850.00	1,576.89	465,100.66
0/31/2016	payment				
9/30/2016	610 - Regular	17,426.89	15,744.10	1,682.79	480,950.66
9/30/2016	payment				
8/30/2016	610 - Regular	17,426.89	15,690.94	1,735.95	496,694.76
8/30/2016	payment				
7/27/2016	612 - User defined	1,679.96	0.00	1,679.96	512,385.70
7/28/2016	reg payment				
3/28/2016	612 - User defined	1,727.36	0.00	1,727.36	512,385.70
3/29/2016	reg payment				
3/25/2016	610 - Regular	17,426.89	15,709.07	1,717.82	512,385.70
3/25/2016	payment				
1/22/2016	610 - Regular	17,426.89	15,598.50	1,828.39	528,094.77
1/22/2016	payment				
1/22/2016	610 - Regular	17,426.89	15,598.07	1,828.82	543,693.27
1/22/2016	payment				
1/26/2016	610 - Regular	16,889.17	15,011.10	1,878.07	559,291.34
1/26/2016	payment				
1/27/2016	610 - Regular	16,889.17	14,900.68	1,988.49	574,302.44
1/27/2016	payment				
1/16	400 - Rate change	4.000000%	0.00	0.00	589,203.12
31/2015					
30/2015	610 - Regular	16,889.17	15,026.82	1,862.35	589,203.12
30/2015	payment				

J/2015	610 - Regular	16,889.17	14,918.76	1,970.41	604,229.94
0/2015	payment				
9/2015	610 - Regular	16,889.17	14,934.80	1,954.37	619,148.70
10/29/2015	payment				
09/30/2015	610 - Regular	16,889.17	14,822.45	2,066.72	634,083.50
09/30/2015	payment				
08/21/2015	612 - User defined	2,066.72	0.00	2,066.72	648,905.95
08/24/2015	reg payment				
07/21/2015	610 - Regular	1,993.98	0.00	1,993.98	648,905.95
07/21/2015	payment				
06/26/2015	613 - User defined	16,889.17	14,779.94	2,109.23	648,905.95
06/29/2015	reg payment				
05/27/2015	610 - Regular	16,889.17	14,806.98	2,082.19	663,685.89
05/27/2015	payment				
04/24/2015	610 - Regular	16,889.17	14,690.49	2,198.68	678,492.87
04/24/2015	payment				
03/24/2015	610 - Regular	16,889.17	14,708.76	2,180.41	693,183.36
03/24/2015	payment				
02/27/2015	610 - Regular	16,221.10	14,075.74	2,145.36	707,892.12
02/27/2015	payment				
01/26/2015	610 - Regular	16,221.10	13,878.90	2,342.20	721,967.86
01/26/2015	payment				
12/29/2014	610 - Regular	16,221.10	13,917.27	2,303.83	735,846.76
12/29/2014	payment				
12/29/2014	610 - Regular	16,221.10	13,793.49	2,427.61	749,764.03
12/29/2014	payment				
11/25/2014	610 - Regular	16,221.10	13,825.05	2,396.05	763,557.52
11/25/2014	payment				
10/27/2014	610 - Regular	16,221.10	13,825.05	2,396.05	763,557.52
10/27/2014	payment				
09/30/2014	610 - Regular	16,221.10	13,705.75	2,515.35	777,382.57
09/30/2014	payment				
08/27/2014	610 - Regular	16,221.10	13,658.04	2,563.06	791,088.32
08/27/2014	payment				
7/28/2014	610 - Regular	2,480.38	0.00	2,480.38	804,746.36
7/28/2014	payment				
3/26/2014	610 - Regular	2,553.21	0.00	2,553.21	804,746.36
3/26/2014	payment				
5/23/2014	610 - Regular	16,221.10	13,699.88	2,521.22	804,746.36
5/23/2014	payment				
4/29/2014	610 - Regular	16,221.10	13,578.16	2,642.94	818,446.24
4/29/2014	payment				
4/25/2014	610 - Regular	16,221.10	13,620.07	2,601.03	832,024.40
4/25/2014	payment				
2/24/2014	610 - Regular	15,719.45	13,164.66	2,554.79	845,644.47
2/24/2014	payment				
2/27/2014	610 - Regular	15,719.45	12,941.65	2,777.80	858,809.13
2/27/2014	payment				
2/13/2014	610 - Regular	15,719.45	12,989.87	2,729.58	871,750.78
2/13/2014	payment				
3/31/2013	610 - Regular	15,719.45	12,860.65	2,858.80	884,740.65
02/2013	payment				
02/2013	610 - Regular	15,719.45	12,860.65	2,858.80	884,740.65
02/2013	payment				

01/01/2013	610 - Regular payment	15,719.45	12,913.07	2,806.38	897,601.30
01/01/2013	610 - Regular payment	15,719.45	12,781.43	2,938.02	910,514.37
09/30/2013	610 - Regular payment	15,719.45	12,738.25	2,981.20	923,295.80
08/28/2013	610 - Regular payment	2,885.04	0.00	2,885.04	936,034.05
07/23/2013	610 - Regular payment	2,978.57	0.00	2,978.57	936,034.05
07/02/2013	610 - Regular payment	15,719.45	12,800.16	2,919.29	936,034.05
05/28/2013	610 - Regular payment	15,719.45	12,662.38	3,057.07	948,834.21
04/26/2013	610 - Regular payment	15,719.45	12,720.54	2,998.91	961,496.59
03/26/2013	610 - Regular payment	15,322.11	12,383.83	2,938.28	974,217.13
02/25/2013	610 - Regular payment	15,322.11	12,144.24	3,177.87	986,600.96
01/29/2013	610 - Regular payment	15,322.11	12,218.35	3,103.76	998,745.20
12/28/2012	610 - Regular payment	15,322.11	12,062.80	3,259.31	1,010,963.55
11/27/2012	610 - Regular payment	15,322.11	12,129.21	3,192.90	1,023,026.35
11/07/2012	610 - Regular payment	15,322.11	11,996.12	3,325.99	1,035,155.56
10/09/2012	730 - Loan extension	1	0.00	0.0000000	1,047,151.68
09/06/2012	612 - User defined reg payment	3,325.99	0.00	3,325.99	1,047,151.68
08/28/2012	610 - Regular payment	3,229.74	0.00	3,229.74	1,047,151.68
08/06/2012	730 - Loan extension	1	0.00	0.0000000	1,047,151.68
07/30/2012	610 - Regular payment	15,322.11	11,965.51	3,356.60	1,047,151.68
07/09/2012	610 - Regular payment	15,322.11	12,036.94	3,285.17	1,059,117.19
05/24/2012	610 - Regular payment	15,322.11	11,890.68	3,431.43	1,071,154.13
04/24/2012	610 - Regular payment	15,322.11	11,958.77	3,363.34	1,083,044.81
04/23/2012	610 - Regular payment	15,322.11	11,924.49	3,397.62	1,095,003.58
03/27/2012	610 - Regular payment	15,322.11	11,769.46	3,552.65	1,106,928.07
02/26/2012	610 - Regular payment	15,322.11	11,829.20	3,492.91	1,118,697.53
02/29/2011	610 - Regular payment				
02/29/2011	610 - Regular payment				

J7/2011	620 - Regular	15,322.11	11,690.27	3,631.84	1,130,526.73
07/2011	payment				
05/2011	620 - Regular	15,322.11	11,759.37	3,562.74	1,142,217.00
10/25/2011	payment				
10/05/2011	620 - Regular	15,322.11	11,594.41	3,727.70	1,153,976.37
10/05/2011	payment				
09/12/2011	620 - Regular	15,322.11	11,562.24	3,759.87	1,165,570.78
09/12/2011	payment				
08/08/2011	620 - Regular	15,322.11	11,660.38	3,661.73	1,177,133.02
08/08/2011	payment				
06/28/2011	620 - Regular	15,322.11	11,502.82	3,819.29	1,188,793.40
06/28/2011	payment				
05/27/2011	620 - Regular	15,322.11	11,591.54	3,730.57	1,200,296.22
05/27/2011	payment				
04/26/2011	620 - Regular	15,322.11	11,428.30	3,893.81	1,211,887.76
04/26/2011	payment				
03/28/2011	620 - Regular	15,322.11	11,514.93	3,807.18	1,223,316.06
03/28/2011	payment				
03/01/2011	620 - Regular	15,322.11	11,604.93	3,717.18	1,234,830.99
03/01/2011	payment				
02/02/2011	620 - Regular	15,322.11	11,318.59	4,003.52	1,246,435.92
02/02/2011	payment				
12/28/2010	620 - Regular	15,322.11	11,401.09	3,921.02	1,257,754.51
12/28/2010	payment				
12/08/2010	620 - Regular	15,322.11	11,233.69	4,088.42	1,269,155.60
12/08/2010	payment				
11/08/2010	620 - Regular	15,322.11	11,327.03	3,995.08	1,280,389.29
11/08/2010	payment				
10/12/2010	620 - Regular	15,322.11	11,161.10	4,161.01	1,291,716.32
10/12/2010	payment				
09/09/2010	620 - Regular	15,322.11	11,130.16	4,191.95	1,302,877.42
09/09/2010	payment				
08/05/2010	620 - Regular	15,322.11	11,230.65	4,091.46	1,314,007.58
08/05/2010	payment				
07/06/2010	620 - Regular	15,322.11	11,062.64	4,259.47	1,325,238.23
07/06/2010	payment				
06/02/2010	620 - Regular	15,322.11	11,173.46	4,148.65	1,336,300.87
06/02/2010	payment				
04/26/2010	620 - Regular	15,322.11	10,992.06	4,330.05	1,347,474.33
04/26/2010	payment				
04/02/2010	620 - Regular	15,322.11	11,113.17	4,208.94	1,358,466.39
04/02/2010	payment				
2/19/2010	610 - Regular	17,500.00	13,371.51	4,128.49	1,369,579.56
2/19/2010	payment				
2/05/2010	610 - Regular	17,500.00	13,055.17	4,444.83	1,382,951.07
2/05/2010	payment				
2/09/2009	610 - Regular	18,375.00	13,138.09	4,361.91	1,396,006.24
2/09/2009	payment				
2/14/2009	610 - Regular	17,500.00	12,970.66	4,529.34	1,409,144.33
2/14/2009	payment				

0/2009	610 - Regular	17,500.00	13,079.10	4,420.90	1,422,114.99
0/2009	payment				
8/2009	610 - Regular	17,500.00	12,886.64	4,613.36	1,435,194.09
09/28/2009	payment				
08/31/2009	610 - Regular	17,500.00	12,851.03	4,648.97	1,448,080.73
08/31/2009	payment				
07/27/2009	610 - Regular	17,500.00	12,949.35	4,550.65	1,460,931.76
07/27/2009	payment				
07/06/2009	610 - Regular	17,500.00	12,762.49	4,737.51	1,473,881.11
07/06/2009	payment				
06/01/2009	610 - Regular	17,500.00	12,872.99	4,627.01	1,486,643.60
06/01/2009	payment				
05/04/2009	610 - Regular	17,500.00	12,683.75	4,816.25	1,499,516.59
05/04/2009	payment				
03/30/2009	610 - Regular	17,500.00	12,799.66	4,700.34	1,512,200.34
03/30/2009	payment				
03/03/2009	610 - Regular	4,543.67	0.00	4,543.67	1,525,000.00
03/03/2009	payment				
02/03/2009	610 - Regular	4,803.71	0.00	4,803.71	1,525,000.00
02/03/2009	payment				
01/21/2009	800 - Reversal	-599.07	-599.07	0.00	1,525,000.00
01/28/2009					
01/21/2009	800 - Reversal	-4,803.71	0.00	-4,803.71	1,525,000.00
01/21/2009					
01/21/2009	* 668 - System-generated payment	599.07	599.07	0.00	1,525,000.00
01/21/2009	* 610 - Regular payment	4,803.71	0.00	4,803.71	1,525,000.00
01/21/2009					
01/09/2009	400 - Rate change	3.750000%	0.00	0.00	1,525,000.00
01/15/2009					
01/09/2009	400 - Rate change	5.000000%	0.00	0.00	1,525,000.00
01/09/2009					
01/01/2009	400 - Rate change	3.750000%	0.00	0.00	1,525,000.00
01/15/2009					
12/31/2008	750 - Note increase	250,000.00	250,000.00	0.00	1,525,000.00
01/09/2009					
12/31/2008	750 - Note increase	700,000.00	700,000.00	0.00	1,275,000.00
01/09/2009					
12/31/2008	750 - Note increase	353,000.00	353,000.00	0.00	575,000.00
01/09/2009					
12/30/2008	310 - New note	222,000.00	222,000.00	0.00	222,000.00
01/09/2009					

ACCOUNT

TERM NOTE

(the "Note")

\$1,571,760 00 **KENTUCKY FRONTIER GAS, LLC**
a Colorado limited liability company
4891 Independence St, Ste 200
Wheat Ridge, Colorado 80033-6714 ("MAKER")

DATED EFFECTIVE April 13, 2010

FOR VALUE RECEIVED, the undersigned, **KENTUCKY FRONTIER GAS, LLC**, a Colorado limited liability company (the "Maker"), promises to pay to the order of **COMMUNITY TRUST BANK, INC.**, a Kentucky corporation, and its successors and assigns, P O Box 2947, 346 North Mayo Trail, Pikeville, Pike County, Kentucky 41502-2947 (the "Bank"), or at such place as the holder hereof may designate in writing, the principal sum of One Million Five Hundred Seventy-One Thousand Seven Hundred Sixty Dollars (\$1,571,760 00), or the amount actually disbursed and outstanding from time to time, together with interest on the outstanding principal sum, computed and payable as hereinafter provided, in lawful money of the United States of America. The unpaid principal balance of, and all accrued and unpaid interest on, the Note, unless sooner paid, shall be due and payable in full on April 13, 2025 (the "Maturity Date")

1 All capitalized terms used in this Note, unless otherwise defined herein, shall have the same meaning in this Note as in the Loan Agreement of even date herewith between (i) Bank, (ii) Maker, (iii) Industrial Gas Services, Inc, a Colorado corporation ("Industrial Gas"), (iv) Robert J Oxford ("Oxford"), (v) Steven E Shute ("Shute") and (v) Larry Rich ("Rich", and collectively with Industrial Gas, Oxford and Shute, the "Guarantors"), as the same may be amended from time to time (hereinafter called the "Loan Agreement") This Note is made pursuant to the Loan Agreement and the indebtedness evidenced by this Note and the obligations created hereby are secured by the "Loan Documents", as that term is defined in the Loan Agreement. Any references in this Note to the Loan Agreement or the Loan Documents shall be deemed to be references to such agreements, instruments and documents as they now exist or are hereafter modified in writing by the parties hereto

2 The proceeds of this Note shall be used only in accordance with the Loan Agreement

3 The outstanding principal balance of this Note, as it may exist from time to time, subject to the applicability of the "Default Rate" (as hereinafter

defined) shall bear interest from the date disbursed to Maker, until paid, at the "Borrowing Rate" as that term is defined in the Loan Agreement. As of the day on which this Note is executed, the Borrowing Rate is six percent (6.0%). The Borrowing Rate shall be adjusted quarterly to reflect changes in the "Prime Rate" (as hereinafter defined) to ensure complete amortization of the Loan over the remaining term of the Note. The "Prime Rate" means at any time, the interest rate per annum most recently quoted or the highest of any range quoted from time to time by The Wall Street Journal ("WSJ") as the "Prime Rate" or base rate on corporate loans in effect at large U.S. money center commercial banks. In the event the WSJ ceases to publish a "Prime Rate," the "Prime Rate" shall be the interest rate designated and announced from time to time by the Lender as its "Prime Rate" in effect at its principal office, although such rate may not be the lowest rate available at that particular time on loans of a similar nature. The Borrowing Rate during the term of the Note is subject to a floor of six percent (6.0%). All interest on this Note shall be computed on the basis of the actual number of days elapsed over an assumed year of 360 days.

4 Borrower shall make monthly installment payments of principal and interest (the "Monthly Installment") in the initial amount of \$13,500.00; which is based on a fifteen year amortization at an initial Borrowing Rate of six percent (6.0%), beginning on the 13 day of May, 2010, and continuing on the same day of each month thereafter until the 13th day of Apr, 2025. Bank shall adjust the amount of the Monthly Installment annually effective on each anniversary date of the Note to reflect changes in the Prime Rate to ensure complete amortization of the Loan over the remaining term of the Note. All unpaid accrued interest and principal shall be due and payable in full on the maturity date which is April 13, 2025. Borrower hereby authorizes Bank to charge against any account of Borrower with Bank containing unrestricted funds any amount so due.

5 It is agreed that all matured interest installments shall also bear interest until paid.

6 Maker represents and warrants that Bank is entitled to enforce this Note and the Loan Documents strictly in accordance with their terms, and Bank anticipates the indebtedness evidenced by this Note will be fully paid in accordance with its terms and on or before maturity.

7 If any installment of interest or principal is not paid by the end of ten (10) calendar days after the date it is due, a late charge equal to five (5) percent of such past due payment shall be assessed on each past due installment and be immediately due and payable without action of the Bank. Further, if any installment of interest or principal is not timely paid and remains unpaid for a period of thirty (30) days or upon the occurrence of an "Event of Default" (as hereinafter defined), other than a default in the payment

of principal and/or interest as and when the same becomes due hereunder or within any applicable grace period, the Bank may, at any time thereafter, increase the interest rate applicable to the outstanding principal balance of this Note and matured but unpaid interest installments to a rate which is two percent (2%) in excess of the rate specified above otherwise applicable to the principal of this Note (the "Default Rate"). The assessment or collection of Default Rate of interest shall not constitute a waiver of any default resulting from any failure to timely pay any payment due pursuant to this Note.

8 Except as specifically permitted by this Note or required by this Note, prior to the fifth anniversary date of this Note (the "Prepayment Premium Period"), Maker shall not have the right to prepay, and Bank shall have no obligation to accept tendered prepayments of, any portion of the principal balance outstanding hereunder. During the Prepayment Premium Period, the principal of this Note may be prepaid in whole or in part on any payment date herein, provided that not less than thirty (30) days prior to prepayment, Maker delivers written notice to Bank that Maker intends to prepay the Note in full or in part on the payment date specified in such notice, and Maker pays to Bank at the time of such prepayment, an amount equal to the following percentage of the principal amount being prepaid (the "Prepayment Premium") during the first year of the Note five percent (5%), during the second year of the note four percent (4%), during the third year of the Note three percent (3%), during the fourth year of the Note two percent (2%), and during the fifth year of the Note one percent (1%). In the event of acceleration of this Note during the Prepayment Premium Period and subsequent involuntary or voluntary prepayment, the Prepayment Premium shall be payable. Notwithstanding any of the foregoing to the contrary, in no event shall the Prepayment Premium exceed an amount equal to the excess, if any, of interest calculated at the highest applicable rate permitted by applicable law, as construed by courts having jurisdiction thereof, on the principal balance of this Note from time to time outstanding from the date of funding by Bank to the date of such acceleration, over interest theretofore paid and accrued on this Note. Upon the occurrence of an Event of Default under this Note, the Loan Agreement and/or the Security Instruments, and acceleration of the indebtedness hereunder during the Prepayment Premium Period, any tender of payment by or on behalf of Maker of the amount necessary to satisfy all of such indebtedness at any time before or at any foreclosure sale shall constitute an evasion of the payment terms of this Note and shall be deemed to be a voluntary prepayment, and such payment shall be accompanied by the Prepayment Premium provided for in this Note; and Bank shall not be obligated to accept any such tender of payment unless such tender of payment includes the Prepayment Premium. After expiration of the Prepayment Premium Period, this Note may be prepaid in whole or in part without the payment of a premium. Provided, however, no partial prepayment shall postpone the due date of or reduce the amount of any installment of interest and/or principal due on this Note unless and until this Note is paid and performed in full.

9 Any default in the payment of principal and/or interest as and when the same becomes due hereunder and the same continues for a period of ten (10) days after such due date or any Event of Default which occurs under the Loan Agreement or any of the other Loan Documents, or any other document executed in connection with the loan which is evidenced by this Note, shall constitute an "Event of Default" under this Note. Upon the occurrence of any Event of Default under this Note, the Bank or any subsequent holder of this Note may, without notice or demand declare all sums of principal and interest evidenced hereby to be accelerated and immediately due and payable in full and Bank may pursue any and all remedies available at law and equity and under the Loan Agreement and other Loan Documents. Upon any Event of Default under this Note, the undersigned Maker agrees to pay all costs of collection and/or costs relating to modifying or further securing the Note when incurred by the Bank, including, but not limited to, attorney's fees. If any suit or action is instituted to enforce this Note, the undersigned Maker agrees to pay to the Bank, in addition to the costs and disbursements otherwise allowed by law, such sums as may be adjudged attorney's fees in such suit or action. All such expenses incurred by the Bank shall bear interest from the date incurred until paid at the Default Rate defined herein.

10 The delay or failure of Bank or the holder hereof to insist upon strict performance of any of the terms of this Note, or to exercise any rights or remedies shall not be construed as a waiver or relinquishment to any extent of Bank's or the holder's right to assert or rely upon such terms or rights at any subsequent time or in any other instance. All rights and remedies of Bank under this Note, the Loan Agreement and other Loan Documents, and under any other applicable law or at equity, are and shall be cumulative to the greatest extent permitted by law.

11 Time is of the essence in the payment and performance of all of Maker's obligations under this Note and all documents securing this Note or relating hereto.

12 The undersigned Maker, and all endorsers or Guarantors hereof and each of them, hereby expressly waive presentment, demand, notice of dishonor, protest, notice of protest and nonpayment and further waive all exemptions to which they may now or hereafter be entitled under the laws of Kentucky or any other state or of the United States, and further agree that the Bank or any subsequent holder hereof shall have the right, without notice, to deal in any way, at any time, with the Maker, endorsers, or Guarantors hereof, and to grant the Maker hereof any extension of time for payment of this Note, or any other indulgence or forbearance whatsoever, and may release any security for the payment of this Note, and/or modify the terms of the Loan Agreement or any other Loan Documents and may release the Maker, endorser or any guarantor of this Note from liability for payment hereof, in every

instance without the consent of the Maker, endorsers or Guarantors hereof and without in any manner affecting the liability of the Maker hereunder or any of the Guarantors or endorsers hereof, and all without waiving any rights the Bank or any subsequent holder of this Note may have hereunder or by virtue of the laws of Kentucky or of any other state or of the United States. The liability of the Maker hereunder and in connection herewith shall not in any way be diminished, released, voided or adversely affected as a result of the invalidity of any document relating to the loan evidenced hereby, including any document or instrument purporting to secure the indebtedness evidenced by this Note, or by the release of any or all of the security for the indebtedness evidenced by this Note or as a result of the Bank not requiring any or all of the Loan Documents to be executed or properly perfected and filed or as a result of any other defect in the lien or security interest of the Bank on any or all of the security for this Note even if through the fault or negligence of the Bank. Maker and any Guarantor acknowledge that the Bank may perfect its security interest and/or lien on some, but not all, of the collateral described in the Loan Agreement and other Loan Documents and may or may not, at its sole option, require any other or further security in connection herewith. Maker and any Guarantor hereby waive any and all claims and defenses arising out of, or in any way relating to, such failure on the part of the Bank to perfect its security interest in, and/or lien on, all, or any portion of, any collateral intended to secure this Note. This Note is a full recourse obligation of the Maker and Guarantors.

13 Bank shall have the right to set off, at all times and without notice to Maker, and Maker hereby grants Bank a security interest in, any and all deposits, credits, accounts, securities, certificates of deposit, cash, instruments, documents, general intangibles and any other property or other sums of Maker at any time or times held by Bank or credited by or due from Bank to Maker, except those documents which are held by Bank in a fiduciary capacity, and all product and proceeds thereof, as additional security for all sums due hereunder and all other liabilities of Maker to Bank, whether now existing or hereinafter arising or acquired and whether absolute or contingent.

14 This Note shall be governed and construed in accordance with the laws of the Commonwealth of Kentucky.

15 All payments due on this Note shall be paid to the Bank in immediately available funds, at its principal place of business in Pikeville, Kentucky, or to such other person or at such other address as the Bank or any subsequent holder hereof may specify in writing from time to time.

16 The invalidity or unenforceability of any provision of this Note in general or in any particular circumstance shall not affect the validity or enforceability of any one or more of the other provisions of this Note or the validity of such provision as applied to any other circumstance. The Maker

agrees that this Note and all provisions hereof shall be interpreted so as to give effect and validity to all the provisions hereof to the fullest extent permitted by law

17 Maker agrees that Bank has structured this transaction, at least partially, so as to meet Maker's requests. Maker hereby waives any defense which Maker may have against Bank arising in any way out of the structure of this Note, including, but not limited to, the payment of interest, the payment of principal, the term, the calculation of installment payments, the calculation of the Prime Rate, the choosing of the Prime Rate or the changing of the Prime Rate. Maker also agrees to hold Bank harmless from and indemnify Bank for any loss, including reasonable attorneys' fees, suffered by Bank because of Bank's inability to enforce any part of the terms of this Note, including, but not limited to, the items recited in the foregoing sentence. Maker is also represented by counsel and Maker represents that the terms of this Note have been negotiated. Maker also agrees that this loan is not made pursuant to Kentucky Revised Statute 286.3-215. Further, Maker agrees that this is not a consumer loan. Should this Note be construed, Maker agrees that it be construed in favor of, and to protect, the Bank. Maker has consulted with an attorney and/or accountant before signing this Note.

18 MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS WHETHER ORAL OR WRITTEN) OR ACTIONS OF BANK AND MAKER, MAKER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK

19 This Note cannot be modified, altered or amended except by an agreement in writing duly signed and acknowledged by authorized representatives of Bank and Maker

20 This Note shall bind the successors and assigns of Maker and shall inure to the benefit of Bank and its successors and assigns, Maker shall not assign or allow the assumption of its rights and obligations hereunder without Bank's prior written consent

21 This Note shall be negotiable

DATED as of the day and year first above written

ACCOUNT #



KENTUCKY FRONTIER GAS, LLC
a Colorado liability company

BY *[Signature]*

ITS *Member*

ky Frontier Gas LL

Note - 15 Year 551

Commercial other VAR

Items: Life-to-date beginning 04/13/2010

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
05/10/2017	610 - Regular	13,277.26	8,243.99	5,033.27	998,677.87
05/10/2017	payment				
04/12/2017	610 - Regular	13,277.26	8,033.32	5,243.94	1,006,921.86
04/12/2017	payment				
03/13/2017	610 - Regular	13,277.26	8,501.13	4,776.13	1,014,955.18
03/13/2017	payment				
02/13/2017	610 - Regular	13,277.26	7,950.96	5,326.30	1,023,456.31
02/13/2017	payment				
01/11/2017	610 - Regular	13,277.26	7,908.80	5,368.46	1,031,407.27
01/11/2017	payment				
12/12/2016	610 - Regular	13,277.26	8,039.18	5,238.08	1,039,316.07
12/12/2016	payment				
1/14/2016	610 - Regular	13,277.26	7,826.81	5,450.45	1,047,355.25
1/14/2016	payment				
0/12/2016	610 - Regular	13,277.26	7,961.54	5,315.72	1,055,182.06
0/12/2016	payment				
9/13/2016	610 - Regular	13,277.26	7,745.62	5,531.64	1,063,143.60
9/13/2016	payment				
3/12/2016	610 - Regular	13,277.26	7,704.53	5,572.73	1,070,889.22
3/12/2016	payment				
7/13/2016	610 - Regular	13,277.26	7,845.06	5,432.20	1,078,593.75
7/13/2016	payment				
5/13/2016	610 - Regular	13,277.26	7,629.76	5,647.50	1,086,438.81
5/13/2016	payment				
1/09/2016	610 - Regular	13,277.26	7,774.33	5,502.93	1,094,068.57
1/09/2016	payment				
1/08/2016	610 - Regular	13,277.26	7,550.65	5,726.61	1,101,842.90
1/08/2016	payment				
1/09/2016	610 - Regular	13,277.26	7,880.84	5,396.42	1,109,393.55
1/09/2016	payment				
1/10/2016	610 - Regular	13,277.26	7,466.10	5,811.16	1,117,274.39
1/10/2016	payment				
1/13/2016	610 - Regular	13,277.26	7,431.49	5,845.77	1,124,740.49
1/13/2016	payment				
1/10/2015	610 - Regular	13,277.26	7,578.51	5,698.75	1,132,171.98
1/10/2015	payment				
1/13/2015	610 - Regular	13,277.26	7,350.57	5,926.69	1,139,750.49
1/13/2015	payment				
1/13/2015	610 - Regular	13,277.26	7,503.03	5,774.23	1,147,101.06
1/13/2015	payment				
4/2015	610 - Regular	13,277.26	7,275.42	6,001.84	1,154,604.09
4/2015	payment				

2/2015	610 - Regular	13,277.26	7,236.82	6,040.44	1,161,879.51
2/2015	payment				
3/2015	610 - Regular	13,277.26	7,398.27	5,878.99	1,169,116.33
07/13/2015	payment				
06/10/2015	610 - Regular	13,277.26	7,168.89	6,108.37	1,176,514.60
06/10/2015	payment				
05/07/2015	610 - Regular	13,277.26	7,326.94	5,950.32	1,183,683.49
05/07/2015	payment				
04/09/2015	610 - Regular	13,277.26	7,090.90	6,186.36	1,191,010.43
04/09/2015	payment				
03/10/2015	610 - Regular	13,277.26	7,655.07	5,622.19	1,198,101.33
03/10/2015	payment				
02/09/2015	610 - Regular	13,277.26	7,012.45	6,264.81	1,205,756.40
02/09/2015	payment				
01/12/2015	610 - Regular	13,277.26	6,978.80	6,298.46	1,212,768.85
01/12/2015	payment				
12/10/2014	610 - Regular	13,277.26	7,143.95	6,133.31	1,219,747.65
12/10/2014	payment				
11/12/2014	610 - Regular	13,277.26	6,901.49	6,375.77	1,226,891.60
11/12/2014	payment				
10/14/2014	610 - Regular	13,277.26	7,074.06	6,203.20	1,233,793.09
10/14/2014	payment				
09/12/2014	800 - Reversal	-1,475.26	-1,475.26	0.00	1,240,867.15
09/12/2014					
09/12/2014	800 - Reversal	0.00	0.00	0.00	1,240,867.15
09/15/2014					
09/12/2014	* 668 - System-generated	1,475.26	1,475.26	0.00	1,240,867.15
09/12/2014	payment				
09/12/2014	* 610 - Regular	0.00	0.00	0.00	1,240,867.15
09/12/2014	payment				
09/12/2014	610 - Regular	13,277.26	6,831.95	6,445.31	1,240,867.15
09/12/2014	payment				
03/12/2014	610 - Regular	13,277.26	6,794.54	6,482.72	1,247,699.10
03/12/2014	payment				
07/14/2014	610 - Regular	13,277.26	6,969.95	6,307.31	1,254,493.64
07/14/2014	payment				
07/13/2014	610 - Regular	13,277.26	6,724.95	6,552.31	1,261,463.59
07/13/2014	payment				
07/13/2014	610 - Regular	13,277.26	6,905.12	6,372.14	1,268,188.54
07/13/2014	payment				
07/10/2014	610 - Regular	13,277.26	6,657.30	6,619.96	1,275,093.66
07/10/2014	payment				
07/11/2014	610 - Regular	13,277.26	7,268.43	6,008.83	1,281,750.96
07/11/2014	payment				
07/07/2014	610 - Regular	13,277.26	6,586.57	6,690.69	1,289,019.39
07/07/2014	payment				
10/2014	610 - Regular	13,277.26	6,552.80	6,724.46	1,295,605.96
10/2014	payment				
10/2013	610 - Regular	13,277.26	6,732.81	6,544.45	1,302,158.76

10/2013	payment				
13/2013	610 - Regular	13,277.26	6,484.48	6,792.78	1,308,891.57
13/2013	payment				
10/10/2013	610 - Regular	13,277.26	6,668.11	6,609.15	1,315,376.05
10/10/2013	payment				
09/12/2013	610 - Regular	13,277.26	6,412.50	6,864.76	1,322,044.16
09/12/2013	payment				
08/14/2013	610 - Regular	13,277.26	6,381.69	6,895.57	1,328,456.66
08/14/2013	payment				
07/12/2013	610 - Regular	13,277.26	6,572.32	6,704.94	1,334,838.35
07/12/2013	payment				
06/11/2013	610 - Regular	13,277.26	6,318.33	6,958.93	1,341,410.67
06/11/2013	payment				
05/09/2013	610 - Regular	13,277.26	6,510.38	6,766.88	1,347,729.00
05/09/2013	payment				
04/09/2013	610 - Regular	13,500.00	6,472.03	7,027.97	1,354,239.38
04/09/2013	payment				
03/11/2013	610 - Regular	13,500.00	7,116.80	6,383.20	1,360,711.41
03/11/2013	payment				
02/13/2013	610 - Regular	13,500.00	6,401.93	7,098.07	1,367,828.21
02/13/2013	payment				
01/11/2013	610 - Regular	13,500.00	6,368.01	7,131.99	1,374,230.14
01/11/2013	payment				
1 2012	610 - Regular	13,500.00	6,563.14	6,936.86	1,380,598.15
1 2012	payment				
11/14/2012	610 - Regular	13,500.00	6,295.06	7,204.94	1,387,161.29
11/14/2012	payment				
10/18/2012	610 - Regular	13,500.00	6,500.22	6,999.78	1,393,456.35
10/18/2012	payment				
09/13/2012	610 - Regular	13,500.00	6,232.62	7,267.38	1,399,956.57
09/13/2012	payment				
08/15/2012	610 - Regular	13,500.00	6,202.64	7,297.36	1,406,189.19
08/15/2012	payment				
07/13/2012	610 - Regular	13,500.00	6,403.97	7,096.03	1,412,391.83
07/13/2012	payment				
06/15/2012	610 - Regular	13,500.00	6,139.95	7,360.05	1,418,795.80
06/15/2012	payment				
5/11/2012	610 - Regular	13,500.00	6,344.61	7,155.39	1,424,935.75
5/11/2012	payment				
4/12/2012	610 - Regular	13,500.00	6,073.67	7,426.33	1,431,280.36
4/12/2012	payment				
3/13/2012	800 - Reversal	-1,500.00	-1,500.00	0.00	1,437,354.03
3/20/2012					
3/13/2012	* 668 - System-	1,500.00	1,500.00	0.00	1,437,354.03
3/13/2012	generated				
	payment				
3/12	610 - Regular	12,000.00	6,521.27	5,478.73	1,437,354.03
3/12/2012	payment				
3/13/2012	610 - Regular	1,500.00	0.00	1,500.00	1,443,875.30
3/13/2012	payment				

3/2012	610 - Regular	13,500.00	6,002.99	7,497.01	1,443,875.30
3/2012	payment				
9/2012	610 - Regular	13,500.00	5,971.92	7,528.08	1,449,878.29
01/19/2012	payment				
12/19/2011	610 - Regular	13,500.00	6,187.84	7,312.16	1,455,850.21
12/19/2011	payment				
11/15/2011	620 - Regular	13,500.00	5,914.56	7,585.44	1,462,038.05
11/15/2011	payment				
10/14/2011	620 - Regular	13,500.00	6,123.77	7,376.23	1,467,952.61
10/14/2011	payment				
09/19/2011	620 - Regular	13,500.00	5,849.83	7,650.17	1,474,076.38
09/19/2011	payment				
08/17/2011	620 - Regular	13,500.00	5,822.62	7,677.38	1,479,926.21
08/17/2011	payment				
07/14/2011	620 - Regular	13,500.00	6,038.18	7,461.82	1,485,748.83
07/14/2011	payment				
06/16/2011	620 - Regular	13,500.00	5,765.64	7,734.36	1,491,787.01
06/16/2011	payment				
05/10/2011	620 - Regular	13,500.00	5,977.59	7,522.41	1,497,552.65
05/10/2011	payment				
04/18/2011	620 - Regular	13,500.00	5,704.43	7,795.57	1,503,530.24
04/18/2011	payment				
03/11/2011	620 - Regular	13,500.00	6,424.11	7,075.89	1,509,234.67
03/11/2011	payment				
02/16/2011	620 - Regular	13,500.00	5,635.31	7,864.69	1,515,658.78
02/16/2011	payment				
01/18/2011	620 - Regular	13,500.00	5,610.02	7,889.98	1,521,294.09
01/18/2011	payment				
12/14/2010	620 - Regular	13,500.00	5,834.46	7,665.54	1,526,904.11
12/14/2010	payment				
1/15/2010	620 - Regular	13,500.00	5,547.37	7,952.63	1,532,738.57
1/15/2010	payment				
01/18/2010	620 - Regular	13,500.00	5,778.76	7,721.24	1,538,285.94
01/18/2010	payment				
01/14/2010	620 - Regular	13,500.00	5,495.76	8,004.24	1,544,064.70
01/14/2010	payment				
03/11/2010	620 - Regular	13,500.00	5,459.09	8,040.91	1,549,560.46
03/11/2010	payment				
1/20/2010	620 - Regular	13,500.00	5,694.62	7,805.38	1,555,019.55
1/20/2010	payment				
1/15/2010	620 - Regular	13,500.00	5,404.63	8,095.37	1,560,714.17
1/15/2010	payment				
1/17/2010	612 - User	13,500.00	5,641.20	7,858.80	1,566,118.80
1/17/2010	defined reg				
1/17/2010	payment				
2/2/2010	402 - FASB fee	6.168790%	0.00	0.0000000	1,571,760.00
2/2/2010	rate chg - sys gen				
2/2/2010	400 - Rate	6.000000%	0.00	0.00	1,571,760.00
2/2/2010	change				
2/2/2010	400 - Rate	6.000000%	0.00	0.00	1,571,760.00

.3/2010	change					
2/2010	402 - FASB fee	6.168790%	0.00	0.0000000	1,571,760.00	
2/2010	rate chg - sys gen					
04/13/2010	310 - New note	1,571,760.00	1,571,760.00	0.00	1,571,760.00	
04/22/2010						

TERM NOTE**(the "Note")**

\$174,640 00 **KENTUCKY FRONTIER GAS, LLC**
a Colorado limited liability company
4891 Independence St, Ste 200
Wheat Ridge, Colorado 80033-6714 ("MAKER")

DATED EFFECTIVE April 13, 2010

FOR VALUE RECEIVED, the undersigned, **KENTUCKY FRONTIER GAS, LLC**, a Colorado limited liability company (the "Maker"), promises to pay to the order of **COMMUNITY TRUST BANK, INC.**, a Kentucky corporation, and its successors and assigns, P O Box 2947, 346 North Mayo Trail, Pikeville, Pike County, Kentucky 41502-2947 (the "Bank"), or at such place as the holder hereof may designate in writing, the principal sum of One Hundred Seventy-Four Thousand Six Hundred Forty Dollars (\$174,640 00), or the amount actually disbursed and outstanding from time to time, together with interest on the outstanding principal sum, computed and payable as hereinafter provided, in lawful money of the United States of America. The unpaid principal balance of, and all accrued and unpaid interest on, the Note, unless sooner paid, shall be due and payable in full on April 13, 2025 (the "Maturity Date")

1 All capitalized terms used in this Note, unless otherwise defined herein, shall have the same meaning in this Note as in the Loan Agreement of even date herewith between (i) Bank, (ii) Maker, (iii) Industrial Gas Services, Inc, a Colorado corporation ("Industrial Gas"), (iv) Robert J Oxford ("Oxford"), (v) Steven E Shute ("Shute") and (v) Larry Rich ("Rich", and collectively with Industrial Gas, Oxford and Shute, the "Guarantors"); as the same may be amended from time to time (hereinafter called the "Loan Agreement") This Note is made pursuant to the Loan Agreement and the indebtedness evidenced by this Note and the obligations created hereby are secured by the "Loan Documents", as that term is defined in the Loan Agreement. Any references in this Note to the Loan Agreement or the Loan Documents shall be deemed to be references to such agreements, instruments and documents as they now exist or are hereafter modified in writing by the parties hereto

2 The proceeds of this Note shall be used only in accordance with the Loan Agreement

3 The outstanding principal balance of this Note, as it may exist from time to time, subject to the applicability of the "Default Rate" (as hereinafter defined) shall bear interest from the date disbursed to Maker, until paid, at the

"Borrowing Rate" as that term is defined in the Loan Agreement. As of the day on which this Note is executed, the Borrowing Rate is six percent (6.0%). The Borrowing Rate shall be adjusted quarterly to reflect changes in the "Prime Rate" (as hereinafter defined) to ensure complete amortization of the Loan over the remaining term of the Note. The "Prime Rate" means at any time, the interest rate per annum most recently quoted or the highest of any range quoted from time to time by The Wall Street Journal ("WSJ") as the "Prime Rate" or base rate on corporate loans in effect at large U.S. money center commercial banks. In the event the WSJ ceases to publish a "Prime Rate," the "Prime Rate" shall be the interest rate designated and announced from time to time by the Lender as its "Prime Rate" in effect at its principal office, although such rate may not be the lowest rate available at that particular time on loans of a similar nature. The Borrowing Rate during the term of the Note is subject to a floor of six percent (6.0%). All interest on this Note shall be computed on the basis of the actual number of days elapsed over an assumed year of 360 days.

4 Borrower shall make monthly installment payments of principal and interest (the "Monthly Installment") in the initial amount of \$1,500.00, which is based on a fifteen year amortization at an initial Borrowing Rate of six percent (6.0%), beginning on the 13 day of May, 2010, and continuing on the same day of each month thereafter until the 13 day of April, 2025. Bank shall adjust the amount of the Monthly Installment annually effective on each anniversary date of the Note to reflect changes in the Prime Rate to ensure complete amortization of the Loan over the remaining term of the Note. All unpaid accrued interest and principal shall be due and payable in full on the maturity date which is April 13, 2025. Borrower hereby authorizes Bank to charge against any account of Borrower with Bank containing unrestricted funds any amount so due.

5 It is agreed that all matured interest installments shall also bear interest until paid.

6 Maker represents and warrants that Bank is entitled to enforce this Note and the Loan Documents strictly in accordance with their terms, and Bank anticipates the indebtedness evidenced by this Note will be fully paid in accordance with its terms and on or before maturity.

7 If any installment of interest or principal is not paid by the end of ten (10) calendar days after the date it is due, a late charge equal to five (5) percent of such past due payment shall be assessed on each past due installment and be immediately due and payable without action of the Bank. Further, if any installment of interest or principal is not timely paid and remains unpaid for a period of thirty (30) days or upon the occurrence of an "Event of Default" (as hereinafter defined), other than a default in the payment of principal and/or interest as and when the same becomes due hereunder or

within any applicable grace period, the Bank may, at any time thereafter, increase the interest rate applicable to the outstanding principal balance of this Note and matured but unpaid interest installments to a rate which is two percent (2%) in excess of the rate specified above otherwise applicable to the principal of this Note (the "Default Rate"). The assessment or collection of Default Rate of interest shall not constitute a waiver of any default resulting from any failure to timely pay any payment due pursuant to this Note.

8. Except as specifically permitted by this Note or required by this Note, prior to the fifth anniversary date of this Note (the "Prepayment Premium Period"), Maker shall not have the right to prepay, and Bank shall have no obligation to accept tendered prepayments of, any portion of the principal balance outstanding hereunder. During the Prepayment Premium Period, the principal of this Note may be prepaid in whole or in part on any payment date herein, provided that not less than thirty (30) days prior to prepayment, Maker delivers written notice to Bank that Maker intends to prepay the Note in full or in part on the payment date specified in such notice, and Maker pays to Bank at the time of such prepayment, an amount equal to the following percentage of the principal amount being prepaid (the "Prepayment Premium") during the first year of the Note five percent (5%), during the second year of the note four percent (4%), during the third year of the Note three percent (3%), during the fourth year of the Note two percent (2%), and during the fifth year of the Note one percent (1%). In the event of acceleration of this Note during the Prepayment Premium Period and subsequent involuntary or voluntary prepayment, the Prepayment Premium shall be payable. Notwithstanding any of the foregoing to the contrary, in no event shall the Prepayment Premium exceed an amount equal to the excess, if any, of interest calculated at the highest applicable rate permitted by applicable law, as construed by courts having jurisdiction thereof, on the principal balance of this Note from time to time outstanding from the date of funding by Bank to the date of such acceleration, over interest theretofore paid and accrued on this Note. Upon the occurrence of an Event of Default under this Note, the Loan Agreement and/or the Security Instruments, and acceleration of the indebtedness hereunder during the Prepayment Premium Period, any tender of payment by or on behalf of Maker of the amount necessary to satisfy all of such indebtedness at any time before or at any foreclosure sale shall constitute an evasion of the payment terms of this Note and shall be deemed to be a voluntary prepayment, and such payment shall be accompanied by the Prepayment Premium provided for in this Note, and Bank shall not be obligated to accept any such tender of payment unless such tender of payment includes the Prepayment Premium. After expiration of the Prepayment Premium Period, this Note may be prepaid in whole or in part without the payment of a premium. Provided, however, no partial prepayment shall postpone the due date of or reduce the amount of any installment of interest and/or principal due on this Note unless and until this Note is paid and performed in full.

9 Any default in the payment of principal and/or interest as and when the same becomes due hereunder and the same continues for a period of ten (10) days after such due date or any Event of Default which occurs under the Loan Agreement or any of the other Loan Documents, or any other document executed in connection with the loan which is evidenced by this Note, shall constitute an "Event of Default" under this Note. Upon the occurrence of any Event of Default under this Note, the Bank or any subsequent holder of this Note may, without notice or demand declare all sums of principal and interest evidenced hereby to be accelerated and immediately due and payable in full and Bank may pursue any and all remedies available at law and equity and under the Loan Agreement and other Loan Documents. Upon any Event of Default under this Note, the undersigned Maker agrees to pay all costs of collection and/or costs relating to modifying or further securing the Note when incurred by the Bank, including, but not limited to, attorney's fees. If any suit or action is instituted to enforce this Note, the undersigned Maker agrees to pay to the Bank, in addition to the costs and disbursements otherwise allowed by law, such sums as may be adjudged attorney's fees in such suit or action. All such expenses incurred by the Bank shall bear interest from the date incurred until paid at the Default Rate defined herein.

10 The delay or failure of Bank or the holder hereof to insist upon strict performance of any of the terms of this Note, or to exercise any rights or remedies shall not be construed as a waiver or relinquishment to any extent of Bank's or the holder's right to assert or rely upon such terms or rights at any subsequent time or in any other instance. All rights and remedies of Bank under this Note, the Loan Agreement and other Loan Documents, and under any other applicable law or at equity, are and shall be cumulative to the greatest extent permitted by law.

11 Time is of the essence in the payment and performance of all of Maker's obligations under this Note and all documents securing this Note or relating hereto.

12 The undersigned Maker, and all endorsers or Guarantors hereof and each of them, hereby expressly waive presentment, demand, notice of dishonor, protest, notice of protest and nonpayment and further waive all exemptions to which they may now or hereafter be entitled under the laws of Kentucky or any other state or of the United States, and further agree that the Bank or any subsequent holder hereof shall have the right, without notice, to deal in any way, at any time, with the Maker, endorsers, or Guarantors hereof, and to grant the Maker hereof any extension of time for payment of this Note, or any other indulgence or forbearance whatsoever, and may release any security for the payment of this Note, and/or modify the terms of the Loan Agreement or any other Loan Documents and may release the Maker, endorser or any guarantor of this Note from liability for payment hereof, in every instance without the consent of the Maker, endorsers or Guarantors hereof and

ACCOUNT # [REDACTED]

without in any manner affecting the liability of the Maker hereunder or any of the Guarantors or endorsers hereof, and all without waiving any rights the Bank or any subsequent holder of this Note may have hereunder or by virtue of the laws of Kentucky or of any other state or of the United States. The liability of the Maker hereunder and in connection herewith shall not in any way be diminished, released, voided or adversely affected as a result of the invalidity of any document relating to the loan evidenced hereby, including any document or instrument purporting to secure the indebtedness evidenced by this Note, or by the release of any or all of the security for the indebtedness evidenced by this Note or as a result of the Bank not requiring any or all of the Loan Documents to be executed or properly perfected and filed or as a result of any other defect in the lien or security interest of the Bank on any or all of the security for this Note even if through the fault or negligence of the Bank. Maker and any Guarantor acknowledge that the Bank may perfect its security interest and/or lien on some, but not all, of the collateral described in the Loan Agreement and other Loan Documents and may or may not, at its sole option, require any other or further security in connection herewith. Maker and any Guarantor hereby waive any and all claims and defenses arising out of, or in any way relating to, such failure on the part of the Bank to perfect its security interest in, and/or lien on, all, or any portion of, any collateral intended to secure this Note. This Note is a full recourse obligation of the Maker and Guarantors.

13 Bank shall have the right to set off, at all times and without notice to Maker, and Maker hereby grants Bank a security interest in, any and all deposits, credits, accounts, securities, certificates of deposit, cash, instruments, documents, general intangibles and any other property or other sums of Maker at any time or times held by Bank or credited by or due from Bank to Maker, except those documents which are held by Bank in a fiduciary capacity, and all product and proceeds thereof, as additional security for all sums due hereunder and all other liabilities of Maker to Bank, whether now existing or hereinafter arising or acquired and whether absolute or contingent.

14 This Note shall be governed and construed in accordance with the laws of the Commonwealth of Kentucky.

15 All payments due on this Note shall be paid to the Bank in immediately available funds, at its principal place of business in Pikeville, Kentucky, or to such other person or at such other address as the Bank or any subsequent holder hereof may specify in writing from time to time.

16 The invalidity or unenforceability of any provision of this Note in general or in any particular circumstance shall not affect the validity or enforceability of any one or more of the other provisions of this Note or the validity of such provision as applied to any other circumstance. The Maker agrees that this Note and all provisions hereof shall be interpreted so as to give

effect and validity to all the provisions hereof to the fullest extent permitted by law

17 Maker agrees that Bank has structured this transaction, at least partially, so as to meet Maker's requests. Maker hereby waives any defense which Maker may have against Bank arising in any way out of the structure of this Note, including, but not limited to, the payment of interest, the payment of principal, the term, the calculation of installment payments, the calculation of the Prime Rate, the choosing of the Prime Rate or the changing of the Prime Rate. Maker also agrees to hold Bank harmless from and indemnify Bank for any loss, including reasonable attorneys' fees, suffered by Bank because of Bank's inability to enforce any part of the terms of this Note, including, but not limited to, the items recited in the foregoing sentence. Maker is also represented by counsel and Maker represents that the terms of this Note have been negotiated. Maker also agrees that this loan is not made pursuant to Kentucky Revised Statute 286 3-215. Further, Maker agrees that this is not a consumer loan. Should this Note be construed, Maker agrees that it be construed in favor of, and to protect, the Bank. Maker has consulted with an attorney and/or accountant before signing this Note.

18 MAKER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS WHETHER ORAL OR WRITTEN) OR ACTIONS OF BANK AND MAKER, MAKER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK.

19 This Note cannot be modified, altered or amended except by an agreement in writing duly signed and acknowledged by authorized representatives of Bank and Maker.

20 This Note shall bind the successors and assigns of Maker and shall inure to the benefit of Bank and its successors and assigns, Maker shall not assign or allow the assumption of its rights and obligations hereunder without Bank's prior written consent.

21 This Note shall be negotiable.

DATED as of the day and year first above written.

ACCOUNT #



KENTUCKY FRONTIER GAS, LLC
a Colorado liability company

BY *[Handwritten Signature]*

ITS *Member*

Frontier Gas LL

Note - 15 Year 551

Commercial other VAR

Items: Life-to-date beginning 04/13/2010

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
05/10/2017	610 - Regular	1,475.26	916.01	559.25	110,963.27
05/10/2017	payment				
04/12/2017	610 - Regular	1,475.26	892.61	582.65	111,879.28
04/12/2017	payment				
03/13/2017	610 - Regular	1,475.26	944.58	530.68	112,771.89
03/13/2017	payment				
02/13/2017	610 - Regular	1,475.26	883.45	591.81	113,716.47
02/13/2017	payment				
01/11/2017	610 - Regular	1,475.26	878.77	596.49	114,599.92
01/11/2017	payment				
12/12/2016	610 - Regular	1,475.26	893.26	582.00	115,478.69
12/12/2016	payment				
11/14/2016	610 - Regular	1,475.26	869.66	605.60	116,371.95
11/14/2016	payment				
10/12/2016	610 - Regular	1,475.26	884.63	590.63	117,241.61
10/12/2016	payment				
09/13/2016	610 - Regular	1,475.26	860.63	614.63	118,126.24
09/13/2016	payment				
08/12/2016	610 - Regular	1,475.26	856.07	619.19	118,986.87
08/12/2016	payment				
7/13/2016	610 - Regular	1,475.26	871.69	603.57	119,842.94
7/13/2016	payment				
6/13/2016	610 - Regular	1,475.00	847.76	627.24	120,714.63
6/13/2016	payment				
5/13/2016	610 - Regular	0.26	0.00	0.26	121,562.39
5/13/2016	payment				
5/09/2016	610 - Regular	1,475.26	863.83	611.43	121,562.39
5/09/2016	payment				
4/08/2016	610 - Regular	1,475.26	838.98	636.28	122,426.22
4/08/2016	payment				
4/09/2016	610 - Regular	1,475.26	875.66	599.60	123,265.20
4/09/2016	payment				
4/10/2016	610 - Regular	1,475.26	829.58	645.68	124,140.86
4/10/2016	payment				
4/13/2016	610 - Regular	1,475.26	825.73	649.53	124,970.44
4/13/2016	payment				
4/10/2015	610 - Regular	1,475.26	842.07	633.19	125,796.17
4/10/2015	payment				
4/13/2015	610 - Regular	1,475.26	816.74	658.52	126,638.24
4/13/2015	payment				
4/13/2015	610 - Regular	1,475.26	834.09	641.17	127,454.98
4/13/2015	payment				

09/11/2015	610 - Regular	1,475.26	808.39	666.87	128,289.07
09/11/2015	payment				
08/12/2015	610 - Regular	1,475.26	804.10	671.16	129,097.46
08/12/2015	payment				
07/13/2015	610 - Regular	1,475.26	822.04	653.22	129,901.56
07/13/2015	payment				
06/10/2015	610 - Regular	1,475.26	796.55	678.71	130,723.60
06/10/2015	payment				
05/07/2015	610 - Regular	1,475.26	814.12	661.14	131,520.15
05/07/2015	payment				
04/09/2015	610 - Regular	1,475.26	787.88	687.38	132,334.27
04/09/2015	payment				
03/10/2015	610 - Regular	1,475.26	850.58	624.68	133,122.15
03/10/2015	payment				
02/09/2015	610 - Regular	1,475.26	779.17	696.09	133,972.73
02/09/2015	payment				
01/12/2015	610 - Regular	1,475.26	775.43	699.83	134,751.90
01/12/2015	payment				
12/10/2014	610 - Regular	1,475.26	793.78	681.48	135,527.33
12/10/2014	payment				
11/12/2014	610 - Regular	1,475.26	766.84	708.42	136,321.11
11/12/2014	payment				
10/14/2014	610 - Regular	1,475.26	786.02	689.24	137,087.95
10/14/2014	payment				
09/12/2014	612 - User defined	1,475.26	759.12	716.14	137,873.97
09/15/2014	reg payment				
08/12/2014	610 - Regular	1,475.26	754.95	720.31	138,633.09
08/12/2014	payment				
07/14/2014	610 - Regular	1,475.26	774.45	700.81	139,388.04
07/14/2014	payment				
06/13/2014	610 - Regular	1,475.26	747.23	728.03	140,162.49
06/13/2014	payment				
05/13/2014	610 - Regular	1,475.26	767.24	708.02	140,909.72
05/13/2014	payment				
04/10/2014	610 - Regular	1,475.26	739.71	735.55	141,676.96
04/10/2014	payment				
03/11/2014	610 - Regular	1,475.26	807.62	667.64	142,416.67
03/11/2014	payment				
02/07/2014	610 - Regular	1,475.26	731.85	743.41	143,224.29
02/07/2014	payment				
01/10/2014	610 - Regular	1,475.26	728.09	747.17	143,956.14
01/10/2014	payment				
12/10/2013	610 - Regular	1,475.26	748.10	727.16	144,684.23
12/10/2013	payment				
11/13/2013	610 - Regular	1,475.26	720.51	754.75	145,432.33
11/13/2013	payment				
11/10/2013	610 - Regular	1,475.26	740.91	734.35	146,152.84
11/10/2013	payment				
09/12/2013	610 - Regular	1,475.26	712.51	762.75	146,893.75
09/12/2013	payment				

14/2013	610 - Regular	1,475.26	709.09	766.17	147,606.26
14/2013	payment				
12/2013	610 - Regular	1,475.26	730.26	745.00	148,315.35
07/12/2013	payment				
06/11/2013	610 - Regular	1,475.26	702.05	773.21	149,045.61
06/11/2013	payment				
05/09/2013	610 - Regular	1,475.26	723.38	751.88	149,747.66
05/09/2013	payment				
04/09/2013	610 - Regular	1,500.00	719.12	780.88	150,471.04
04/09/2013	payment				
03/11/2013	610 - Regular	1,500.00	790.75	709.25	151,190.16
03/11/2013	payment				
02/13/2013	610 - Regular	1,500.00	711.33	788.67	151,980.91
02/13/2013	payment				
01/11/2013	610 - Regular	1,500.00	707.55	792.45	152,692.24
01/11/2013	payment				
12/12/2012	610 - Regular	1,500.00	729.24	770.76	153,399.79
12/12/2012	payment				
11/14/2012	610 - Regular	1,500.00	699.45	800.55	154,129.03
11/14/2012	payment				
10/18/2012	610 - Regular	1,500.00	722.25	777.75	154,828.48
10/18/2012	payment				
09/13/2012	610 - Regular	1,500.00	692.51	807.49	155,550.73
09/13/2012	payment				
08/15/2012	610 - Regular	1,500.00	689.19	810.81	156,243.24
08/15/2012	payment				
07/13/2012	610 - Regular	1,500.00	711.55	788.45	156,932.43
07/13/2012	payment				
06/15/2012	610 - Regular	1,500.00	682.21	817.79	157,643.98
06/15/2012	payment				
05/11/2012	610 - Regular	1,500.00	704.96	795.04	158,326.19
05/11/2012	payment				
04/12/2012	610 - Regular	1,500.00	674.85	825.15	159,031.15
04/12/2012	payment				
03/13/2012	612 - User defined	1,500.00	724.59	775.41	159,706.00
03/20/2012	reg payment				
02/13/2012	610 - Regular	1,500.00	667.00	833.00	160,430.59
02/13/2012	payment				
01/19/2012	610 - Regular	1,500.00	663.54	836.46	161,097.59
01/19/2012	payment				
12/19/2011	610 - Regular	1,500.00	687.54	812.46	161,761.13
12/19/2011	payment				
11/15/2011	620 - Regular	1,500.00	657.18	842.82	162,448.67
11/15/2011	payment				
11/14/2011	620 - Regular	1,500.00	680.41	819.59	163,105.85
11/14/2011	payment				
11/11/2011	620 - Regular	1,500.00	649.99	850.01	163,786.26
11/11/2011	payment				
11/19/2011	620 - Regular	1,500.00	646.95	853.05	164,436.25
11/19/2011	payment				

04/2011	620 - Regular	1,500.00	670.91	829.09	165,083.20
04/14/2011	payment				
05/16/2011	620 - Regular	1,500.00	640.63	859.37	165,754.11
05/16/2011	payment				
05/10/2011	620 - Regular	1,500.00	664.18	835.82	166,394.74
05/10/2011	payment				
04/18/2011	620 - Regular	1,500.00	633.82	866.18	167,058.92
04/18/2011	payment				
03/11/2011	620 - Regular	1,500.00	713.79	786.21	167,692.74
03/11/2011	payment				
02/16/2011	620 - Regular	1,500.00	626.15	873.85	168,406.53
02/16/2011	payment				
01/18/2011	620 - Regular	1,500.00	623.33	876.67	169,032.68
01/18/2011	payment				
12/14/2010	620 - Regular	1,500.00	648.28	851.72	169,656.01
12/14/2010	payment				
11/15/2010	620 - Regular	1,500.00	616.37	883.63	170,304.29
11/15/2010	payment				
10/18/2010	620 - Regular	1,500.00	642.08	857.92	170,920.66
10/18/2010	payment				
09/14/2010	620 - Regular	1,500.00	610.64	889.36	171,562.74
09/14/2010	payment				
08/11/2010	620 - Regular	1,500.00	606.57	893.43	172,173.38
08/11/2010	payment				
07/15/2010	620 - Regular	1,500.00	632.74	867.26	172,779.95
07/15/2010	payment				
06/15/2010	620 - Regular	1,500.00	600.51	899.49	173,412.69
06/15/2010	payment				
05/17/2010	612 - User-defined	1,500.00	626.80	873.20	174,013.20
05/17/2010	reg payment				
04/23/2010	402 - FASB fee rate	5.908806%	0.00	0.0000000	174,640.00
04/23/2010	chg - sys gen				
04/23/2010	400 - Rate change	6.0000000%	0.00	0.00	174,640.00
04/23/2010					
04/23/2010	400 - Rate change	6.0000000%	0.00	0.00	174,640.00
04/23/2010					
01/22/2010	402 - FASB fee rate	5.908806%	0.00	0.0000000	174,640.00
01/22/2010	chg - sys gen				
01/13/2010	310 - New note	174,640.00	174,640.00	0.00	174,640.00
01/22/2010					



U.S. Small Business Administration

NOTE

SBA Loan #	[REDACTED]
SBA Loan Name	Kentucky Frontier Gas, LLC
Date	July 21, 2012
Loan Amount	Two Hundred Thirty-Seven Thousand and 00/100 Dollars (\$237,000.00)
Interest Rate	5.00% Fixed for 5 years, then converting to "Prime Rate" (as defined below) + 1.75%
Borrower	Kentucky Frontier Gas, LLC, a Colorado limited liability company
Operating Company	Not applicable
Lender	Community Trust Bank, Inc., a Kentucky banking corporation

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of
Two Hundred Thirty-Seven Thousand and 00/100 Dollars _____ Dollars,
interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

- "Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.
- "Guarantor" means each person or entity that signs a guarantee of payment of this Note.
- "Loan" means the loan evidenced by this Note.
- "Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.
- "SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

The initial interest rate is 5.00% per year for 5 years. This initial rate is the Prime Rate in effect on the first business day of the month in which SBA received the loan application, plus 1.75%. The interest rate on this Note will then begin to fluctuate as described below. The initial interest rate must remain in effect until the first change period begins unless reduced in accordance with SOP 50 10.

Borrower must pay principal and interest payments of \$1,883.00 every month, beginning one month from the month this Note is dated; payments must be made on the 21 calendar day in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

The interest rate will be adjusted monthly (the "change period").

The "Prime Rate" is the Prime Rate in effect on the first business day of the month (as published in the Wall Street Journal newspaper) in which SBA received the application, or any interest rate change occurs. Base Rates will be rounded to two decimal places with .004 being rounded down and .005 being rounded up.

The adjusted interest rate will be 1.75% above the Prime Rate. Lender will adjust the interest rate on the first calendar day of each change period. The change in interest rate is effective on that day whether or not Lender gives Borrower notice of the change.

The spread as identified in the Note may not be changed during the life of the Loan without the written agreement of the Borrower.

For variable rate loans, the interest rate adjustment period may not be changed without the written consent of the Borrower.

Lender must adjust the payment amount at least annually as needed to amortize principal over the remaining term of the Note.

If SBA purchases the guaranteed portion of the unpaid principal balance, the interest rate becomes fixed at the rate in effect at the time of the earliest uncured payment default. If there is no uncured payment default, the rate becomes fixed at the rate in effect at the time of purchase.

Loan Prepayment:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20 percent or less of the unpaid principal balance at anytime without notice.

If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must: a. Give Lender written notice; b. Pay all accrued interest; and c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

Subsidy Recoupment Fee. When in any one of the first three years from the date of initial disbursement Borrower voluntarily prepays more than 25% of the outstanding principal balance of the loan, Borrower must pay to Lender on behalf of SBA a prepayment fee for that year as follows: a. During the first year after the date of initial disbursement, 5% of the total prepayment amount; b. During the second year after the date of initial disbursement, 3% of the total prepayment amount; and c. During the third year after the date of initial disbursement, 1% of the total prepayment amount.

All remaining principal and accrued interest is due and payable 15 years from date of Note.

Late Charges: If a payment on this Note is more than 10 days later, Lender may charge Borrower a late fee of up to 5.00% of the unpaid portion of the regularly scheduled payment.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

The obligations of each Borrower hereunder are joint and several.

Each Borrower acknowledges that this Note evidences a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family or household purposes.

All agreements herein made are expressly limited so that in no event whatsoever, whether by reason of advancement of proceeds hereof, acceleration of maturity of the unpaid balance hereof, or otherwise, shall the interest and loan charges agreed to be paid to Lender for the use of the money advanced or to be advanced hereunder exceed the maximum amount collectible under applicable laws in effect from time to time. If for any reason whatsoever the interest or loan charges paid or contracted to be paid in respect of the indebtedness evidenced hereby shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then, ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by Lender that exceed such maximum amounts shall be applied to the reduction of the principal balance remaining unpaid hereunder, and if such amounts exceed the principal balance then due hereunder, such amounts shall be refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of the indebtedness evidenced hereby exceed the maximum amounts permitted from time to time by applicable law. This provision shall control every other provision in any and all other agreements and instruments now existing or hereafter arising between Borrower and Lender with respect to the indebtedness evidenced hereby.

If at any time all or any part of any payment or transfer of any kind received by Lender with respect to all or any part of this Note is repaid, set aside or invalidated by reason of any judgment, decree or order of any court or administrative body, or by reason of any agreement, settlement or compromise of any claim made at any time with respect to the repayment, recovery, setting aside or invalidation of all or any part of such payment or transfer, Borrower's obligations under this Note will continue (and/or be reinstated) and Borrower will be and remain liable, and will indemnify, defend and hold harmless Lender for, the amount or amounts so repaid, recovered, set aside or invalidated and all other claims, demands, liabilities, judgments, losses, damages, costs and expenses incurred in connection therewith. The provisions of this Section will be and remain effective notwithstanding any contrary action which may have been taken by Borrower in reliance upon such payment or transfer, and any such contrary action so taken will be without prejudice to Lender's rights hereunder and will be deemed to have been conditioned upon such payment or transfer having become final and irrevocable. The provisions of this Section will survive any termination, cancellation or discharge of this Note.

11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

KENTUCKY FRONTIER GAS, LLC,
a Colorado limited liability company.

By:  _____

Its: Member-Manager

Lucky Frontier Gas LL

Note - 15 Year 551

Commercial other VAR

60 items: Life-to-date beginning 07/21/2012

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
05/18/2017	610 - Regular	1,883.00	1,131.94	751.06	179,195.01
05/18/2017	payment				
04/19/2017	610 - Regular	1,883.00	1,102.50	780.50	180,326.95
04/19/2017	payment				
03/17/2017	610 - Regular	1,883.00	1,172.88	710.12	181,429.45
03/17/2017	payment				
02/21/2017	610 - Regular	1,883.00	1,092.69	790.31	182,602.33
02/21/2017	payment				
01/17/2017	610 - Regular	1,883.00	1,087.56	795.44	183,695.02
01/17/2017	payment				
12/20/2016	610 - Regular	1,883.00	1,108.46	774.54	184,782.58
12/20/2016	payment				
11/21/2016	610 - Regular	1,883.00	1,078.30	804.70	185,891.04
11/21/2016	payment				
10/19/2016	610 - Regular	1,883.00	1,100.12	782.88	186,969.34
10/19/2016	payment				
09/16/2016	610 - Regular	1,883.00	1,068.95	814.05	188,069.46
09/16/2016	payment				
08/19/2016	610 - Regular	1,883.00	1,064.07	818.93	189,138.41
08/19/2016	payment				
07/21/2016	610 - Regular	1,883.00	1,086.84	796.16	190,202.48
07/21/2016	payment				
06/15/2016	610 - Regular	1,883.00	1,056.49	826.51	191,289.32
06/15/2016	payment				
05/10/2016	610 - Regular	1,883.00	1,078.09	804.91	192,345.81
05/10/2016	payment				
04/14/2016	610 - Regular	1,883.00	1,046.76	836.24	193,423.90
04/14/2016	payment				
03/14/2016	610 - Regular	1,883.00	1,095.88	787.12	194,470.66
03/14/2016	payment				
2/17/2016	610 - Regular	1,883.00	1,036.80	846.20	195,566.54
2/17/2016	payment				
1/19/2016	610 - Regular	1,883.00	1,032.65	850.35	196,603.34
1/19/2016	payment				
2/17/2015	610 - Regular	1,883.00	1,055.54	827.46	197,635.99
2/17/2015	payment				
1/18/2015	610 - Regular	1,883.00	1,023.41	859.59	198,691.53
1/18/2015	payment				
1/19/2015	610 - Regular	1,883.00	1,046.35	836.65	199,714.94
1/19/2015	payment				
1/22/2015	610 - Regular	1,883.00	1,014.67	868.33	200,761.29
1/22/2015	payment				

08/18/2015	610 - Regular	1,883.00	1,009.89	873.11	201,775.96
07/18/2015	payment				
07/21/2015	610 - Regular	1,883.00	1,034.17	848.83	202,785.85
07/21/2015	payment				
06/18/2015	610 - Regular	1,883.00	1,001.41	881.59	203,820.02
06/18/2015	payment				
05/19/2015	610 - Regular	1,883.00	1,025.86	857.14	204,821.43
05/19/2015	payment				
04/17/2015	610 - Regular	1,883.00	992.59	890.41	205,847.29
04/17/2015	payment				
03/20/2015	610 - Regular	1,883.00	1,074.17	808.83	206,839.88
03/20/2015	payment				
02/23/2015	610 - Regular	1,883.00	984.26	898.74	207,914.05
02/23/2015	payment				
01/16/2015	610 - Regular	1,883.00	980.05	902.95	208,898.31
01/16/2015	payment				
12/16/2014	610 - Regular	1,883.00	1,004.73	878.27	209,878.36
12/16/2014	payment				
11/18/2014	610 - Regular	1,883.00	970.85	912.15	210,883.09
11/18/2014	payment				
10/21/2014	610 - Regular	1,883.00	996.39	886.61	211,853.94
10/21/2014	payment				
09/19/2014	610 - Regular	1,883.00	962.28	920.72	212,850.33
09/19/2014	payment				
08/22/2014	610 - Regular	1,883.00	959.11	923.89	213,812.61
08/22/2014	payment				
07/15/2014	610 - Regular	1,883.00	984.55	898.45	214,771.72
07/15/2014	payment				
06/17/2014	610 - Regular	1,883.00	950.63	932.37	215,756.27
06/17/2014	payment				
05/16/2014	610 - Regular	1,883.00	976.77	906.23	216,706.90
05/16/2014	payment				
04/15/2014	610 - Regular	1,883.00	942.27	940.73	217,683.67
04/15/2014	payment				
03/17/2014	613 - User defined	1,883.00	1,029.04	853.96	218,625.94
03/18/2014	reg payment				
02/19/2014	610 - Regular	1,883.00	933.25	949.75	219,654.98
02/19/2014	payment				
01/21/2014	610 - Regular	1,883.00	929.77	953.23	220,588.23
01/21/2014	payment				
02/17/2013	610 - Regular	1,883.00	956.28	926.72	221,518.00
02/17/2013	payment				
01/19/2013	612 - User defined	1,883.00	921.81	961.19	222,474.28
01/20/2013	reg payment				
01/16/2013	610 - Regular	1,883.00	948.74	934.26	223,396.09
01/16/2013	payment				
01/13/2013	610 - Regular	1,883.00	913.90	969.10	224,344.83
01/13/2013	payment				
01/15/2013	610 - Regular	1,883.00	909.74	973.26	225,258.73
01/15/2013	payment				

07/17/2013	610 - Regular	1,883.00	936.85	946.15	226,168.47
07/17/2013	payment				
3/20/2013	610 - Regular	1,883.00	901.30	981.70	227,105.32
06/20/2013	payment				
05/21/2013	610 - Regular	1,883.00	929.72	953.28	228,006.62
05/21/2013	payment				
04/16/2013	610 - Regular	1,883.00	893.59	989.41	228,936.34
04/16/2013	payment				
03/20/2013	610 - Regular	1,883.00	986.12	896.88	229,829.93
03/20/2013	payment				
02/15/2013	613 - User defined	1,883.00	886.01	996.99	230,816.05
02/19/2013	reg payment				
01/16/2013	610 - Regular	1,883.00	881.98	1,001.02	231,702.06
01/16/2013	payment				
12/18/2012	610 - Regular	1,883.00	910.35	972.65	232,584.04
12/18/2012	payment				
11/19/2012	610 - Regular	1,883.00	873.79	1,009.21	233,494.39
11/19/2012	payment				
10/22/2012	610 - Regular	1,883.00	903.18	979.82	234,368.18
10/22/2012	payment				
09/17/2012	610 - Regular	1,883.00	866.06	1,016.94	235,271.36
09/17/2012	payment				
08/23/2012	610 - Regular	1,883.00	862.58	1,020.42	236,137.42
3/2012	payment				
3/2012	402 - FASB fee rate	5.382583%	0.00	0.0000000	237,000.00
07/26/2012	chg - sys gen				
07/21/2012	310 - New note	237,000.00	237,000.00	0.00	237,000.00
07/26/2012					

A/N [REDACTED]



U.S. Small Business Administration

NOTE

SBA Loan #	[REDACTED]
SBA Loan Name	Kentucky Frontier Gas
Date	December 4, 2015
Loan Amount	One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00)
Interest Rate	"Prime Rate" (as defined below) + 1.75%
Borrower	Kentucky Frontier Gas, LLC, a Colorado limited liability company
Operating Company	Not applicable.
Lender	Community Trust Bank, Inc., a Kentucky banking corporation

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of
One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) Dollars,
interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

The interest rate on this Note will fluctuate. The initial rate is 5.00% per year. This initial rate is the Prime Rate in effect on the first business day of the month in which SBA received the loan application, plus 1.75%. The initial interest rate must remain in effect until the first change period begins unless reduced in accordance with SOP 5010.

Borrower must pay principal and interest payments of \$11,861.90 every month, beginning one month from the month this Note is dated; payments must be made on the 1 calendar day in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

The interest rate will be adjusted monthly (the "change period").

The "Prime Rate" is the Prime Rate in effect on the first business day of the month (as published in the Wall Street Journal newspaper) in which SBA received the application, or any interest rate change occurs. Base Rates will be rounded to two decimal places with .004 being rounded down and .005 being rounded up.

The adjusted interest rate will be 1.75% above the Prime Rate. Lender will adjust the interest rate on the first calendar day of each change period. The change in interest rate is effective on that day whether or not Lender gives Borrower notice of the change.

The spread as identified in the Note may not be changed during the life of the Loan without the written agreement of the Borrower.

For variable rate loans, the interest rate adjustment period may not be changed without the written consent of the Borrower.

Lender must adjust the payment amount at least annually as needed to amortize principal over the remaining term of the Note.

If SBA purchases the guaranteed portion of the unpaid principal balance, the interest rate becomes fixed at the rate in effect at the time of the earliest uncured payment default. If there is no uncured payment default, the rate becomes fixed at the rate in effect at the time of purchase.

Loan Prepayment:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20 percent or less of the unpaid principal balance at anytime without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must: a. Give Lender written notice; b. Pay all accrued interest; and c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date Lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

Subsidy Recoupment Fee. When in any one of the first three years from the date of initial disbursement Borrower voluntarily prepays more than 25% of the outstanding principal balance of the loan, Borrower must pay to Lender on behalf of SBA a prepayment fee for that year as follows: a. During the first year after the date of initial disbursement, 5% of the total prepayment amount; b. During the second year after the date of initial disbursement, 3% of the total prepayment amount; and c. During the third year after the date of initial disbursement, 1% of the total prepayment amount.

All remaining principal and accrued interest is due and payable 15 years from date of Note.

Late Charges: If a payment on this Note is more than 10 days later, Lender may charge Borrower a late fee of up to 5.00% of the unpaid portion of the regularly scheduled payment.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

Borrower acknowledges that this Note evidences a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family or household purposes.

All agreements herein made are expressly limited so that in no event whatsoever, whether by reason of advancement of proceeds hereof, acceleration of maturity of the unpaid balance hereof, or otherwise, shall the interest and loan charges agreed to be paid to Lender for the use of the money advanced or to be advanced hereunder exceed the maximum amount collectible under applicable laws in effect from time to time. If for any reason whatsoever the interest or loan charges paid or contracted to be paid in respect of the indebtedness evidenced hereby shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then, ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by Lender that exceed such maximum amounts shall be applied to the reduction of the principal balance remaining unpaid hereunder, and if such amounts exceed the principal balance then due hereunder, such amounts shall be refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of the indebtedness evidenced hereby exceed the maximum amounts permitted from time to time by applicable law. This provision shall control every other provision in any and all other agreements and instruments now existing or hereafter arising between Borrower and Lender with respect to the indebtedness evidenced hereby.

If at any time all or any part of any payment or transfer of any kind received by Lender with respect to all or any part of this Note is repaid, set aside or invalidated by reason of any judgment, decree or order of any court or administrative body, or by reason of any agreement, settlement or compromise of any claim made at any time with respect to the repayment, recovery, setting aside or invalidation of all or any part of such payment or transfer, Borrower's obligations under this Note will continue (and/or be reinstated) and Borrower will be and remain liable, and will indemnify, defend and hold harmless Lender for, the amount or amounts so repaid, recovered, set aside or invalidated and all other claims, demands, liabilities, judgments, losses, damages, costs and expenses incurred in connection therewith. The provisions of this Section will be and remain effective notwithstanding any contrary action which may have been taken by Borrower in reliance upon such payment or transfer, and any such contrary action so taken will be without prejudice to Lender's rights hereunder and will be deemed to have been conditioned upon such payment or transfer having become final and irrevocable. The provisions of this Section will survive any termination, cancellation or discharge of this Note.

II. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

KENTUCKY FRONTIER GAS, LLC,
a Colorado limited liability company

By: *Robert D. [Signature]*

Its: *Member Manager*

Kentucky Frontier Gas

[REDACTED] Note - 15 Year 551

Commercial other VAR

27 items: Life-to-date beginning 12/04/2015

<u>Effective / Posted</u>	<u>Type</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Part or Fee</u>
06/02/2017	610 - Regular	12,126.77	5,835.26	6,291.51	1,400,962.83
06/02/2017	payment				
05/05/2017	610 - Regular	12,126.77	4,911.36	7,215.41	1,406,798.09
05/05/2017	payment				
04/03/2017	610 - Regular	12,126.77	5,395.53	6,731.24	1,411,709.45
04/03/2017	payment				
04/01/2017	400 - Rate	5.750000%	0.00	0.00	1,417,104.98
03/31/2017	change				
03/31/2017	402 - FASB fee	5.755028%	0.00	0.0000000	1,417,104.98
03/31/2017	rate chg - sys gen				
03/03/2017	610 - Regular	12,126.77	6,038.87	6,087.90	1,417,104.98
03/03/2017	payment				
02/03/2017	610 - Regular	12,126.77	5,578.46	6,548.31	1,423,143.85
02/03/2017	payment				
01/04/2017	610 - Regular	12,126.77	5,196.17	6,930.60	1,428,722.31
01/04/2017	payment				
01/01/2017	400 - Rate	5.500000%	0.00	0.00	1,433,918.48
12/30/2016	change				
12/30/2016	402 - FASB fee	5.505087%	0.00	0.0000000	1,433,918.48
12/30/2016	rate chg - sys gen				
12/02/2016	610 - Regular	11,861.90	5,982.30	5,879.60	1,433,918.48
12/02/2016	payment				
11/04/2016	610 - Regular	11,861.90	5,328.26	6,533.64	1,439,900.78
11/04/2016	payment				
10/04/2016	610 - Regular	11,861.90	6,147.11	5,714.79	1,445,229.04
10/04/2016	payment				
09/07/2016	610 - Regular	11,861.90	4,642.47	7,219.43	1,451,376.15
09/07/2016	payment				
08/04/2016	610 - Regular	11,861.90	4,407.64	7,454.26	1,456,018.62
08/04/2016	payment				
06/30/2016	610 - Regular	11,861.90	5,874.51	5,987.39	1,460,426.26
06/30/2016	payment				
06/02/2016	610 - Regular	11,861.90	5,423.11	6,438.79	1,466,300.77
06/02/2016	payment				
05/03/2016	610 - Regular	11,861.90	5,613.99	6,247.91	1,471,723.88
05/03/2016	payment				
04/04/2016	610 - Regular	11,861.90	5,159.77	6,702.13	1,477,337.87
04/04/2016	payment				
03/04/2016	610 - Regular	11,861.90	5,136.56	6,725.34	1,482,497.64
03/04/2016	payment				
02/02/2016	610 - Regular	11,861.90	7,066.40	4,795.50	1,487,634.20
02/02/2016	payment				

01/11/2016	610 - Regular	11,861.90	5,299.40	6,562.50	1,494,700.60
01/11/2016	payment				
01/01/2016	400 - Rate	5.250000%	0.00	0.00	1,500,000.00
12/31/2015	change				
12/31/2015	402 - FASB fee	5.255051%	0.00	0.000000	1,500,000.00
12/31/2015	rate chg - sys gen				
12/15/2015	402 - FASB fee	5.005064%	0.00	0.000000	1,500,000.00
12/15/2015	rate chg - sys gen				
12/11/2015	750 - Note	1,500,000.00	1,500,000.00	0.00	1,500,000.00
12/15/2015	increase				
12/04/2015	310 - New note	0.00	0.00	0.00	0.00
12/15/2015					

ITEM 16 C: STATE AND FEDERAL TAX RETURNS
CONFIDENTIAL

18. Statement of Disclosure of Related Party Transactions

Disclosure lists the total payments to LLC members over the last 24 months. The members are not employees of Frontier. The 3 individual members work as consultants for Frontier, along with corporate member IGS's 2 employees and several employees of other member ventures.

The members function as executives and managers for the utility. They and the others perform part-time and specialized tasks such as engineering, regulatory compliance, rates & tariffs, gas supply, gas cost filings, human resources, payroll, corrosion control, GIS & mapping, odorization and directional drilling. For most of these tasks, there is no Frontier employee with the expertise or time to do this work.

After a good year in 2015, Frontier intended to make a dividend / distribution to the members in Apr16, which would have been the first in company history. But after paying out \$39,300 (total) to 2 of the members, the summer cash flow was worse than expected, and we could not complete the distribution. This past winter was far worse than early 2016, and no further distributions were made or contemplated any time soon.

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**


I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Kentucky Frontier Gas LLC ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members^{1*} of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Steven Shute	PSI - util consulting, engg, mgmt	\$108,700
Robert Oxford	IGS - gas supply, engg, mgmt	\$64,700
Larry Rich	Management	\$4,200
Industrial Gas Services	Gas supply, filings; admin-HR	\$169,412

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

Steven Shute
(Print Name)


(Signature)

Member-Manager
Position/Office

^{1*} "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

~~COMMONWEALTH~~ ^{STATE} OF COLORADO

COUNTY OF GARFIELD

Subscribed and sworn to before me by Steve Shute
(Name)

this 28th day of June, 2017.

DANIELLE ROBINSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID #20154006042
My Commission Expires February 11, 2019

Danielle Robinson
NOTARY PUBLIC
State-at-Large