

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
NATURAL ENERGY UTILITY CORPORATION) 2014-00185

ORDER

On May 20, 2002, Natural Energy Utility Corporation (“Natural Energy”) adopted the tariffs, including a Purchased Gas Cost Adjustment Clause, for furnishing gas service to the customers previously served by American Natural Gas Corporation.¹

On June 3, 2014, Natural Energy filed its Gas Cost Recovery (“GCR”) rate application to become effective July 1, 2014.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy’s notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy’s notice sets out an Expected Gas Cost (“EGC”) of \$4.9470 per Mcf. Natural Energy miscalculated its Total Expected Gas Cost by unnecessarily adjusting its allowable purchase volumes. Correcting this produces an EGC of \$4.9712 per Mcf, which is an increase of \$.2649 per Mcf from the previous EGC of \$4.7063 per Mcf.
3. Natural Energy’s notice sets out no current quarter or total supplier Refund Adjustment.

¹ Natural Energy Utility Corporation Tariff, PSC Ky. No. 1, First Revised Sheet No. 17 (effective Apr. 15, 2006).

4. Natural Energy's notice sets out a current quarter Actual Cost Adjustment ("ACA") of \$.4738 per Mcf. Due to Natural Energy filing its last GCR application with less than 30 days' notice, the \$.4738 per Mcf EGC in effect for the month of January was approved effective January 11, 2014 instead of January 1, 2014. The EGC in effect from January 1, 2014 through January 10, 2014 was \$.0543 per Mcf. Correcting the ACA calculation to pro-rate the EGCs in effect during the month of January produces a current quarter ACA of \$.5189 per Mcf. Natural Energy's corrected total ACA is \$.8600 per Mcf, which is an increase of \$.3455 per Mcf from the previous total ACA of \$.5145 per Mcf.

5. Natural Energy's GCR is \$5.8312 per Mcf, which is an increase of \$.6104 per Mcf from the previous GCR of \$5.2208 per Mcf.

6. The rate in the Appendix to this Order is fair, just, and reasonable, and should be approved for service rendered by Natural Energy on and after July 2, 2014. Natural Energy did not provide the 30 days' notice required for its increase in rates to become effective July 1, 2014.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Natural Energy is denied.
2. The rate in the Appendix, attached hereto and incorporated herein, is approved for service rendered on and after July 2, 2014.
3. Within 20 days of the date of this Order, Natural Energy shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

By the Commission

ENTERED
JUN 27 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST

Executive Director

Case No. 2014-00185

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00185 DATED JUN 27 2014

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$5.8312	\$10.0712

Minimum Bill

The minimum bill shall be \$10.0712.

H. Jay Freeman
General Manager
Natural Energy Utility Corporation
2560 Hoods Creek Pike
Ashland, KY 41102