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September 25, 2006

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

CERTIFICATE OF SERVICE

RE: Case No. 2006-00397  
Natural Energy Utility Corporation

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 25, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS	)	
ADJUSTMENT FILING OF NATURAL	)	CASE NO. 2006-00397
ENERGY UTILITY CORPORATION	)	

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation ("Natural Energy"), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with Natural Energy's gas cost adjustment ("GCA").<sup>1</sup>

On September 1, 2006, Natural Energy filed its proposed GCA to be effective October 1, 2006.

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

1. Natural Energy's notice includes revised rates 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 \$7.0759 per Mcf. Natural Energy incorrectly adjusted its EGC for line loss. Correcting for this error produces an EGC of \$6.7579, which is a decrease of .89 cents per Mcf from the previous EGC of \$6.7668.

3. Natural Energy's notice sets out no current quarter supplier refund adjustment ("RA"). Natural Energy's notice sets out no total RA.

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<sup>1</sup> Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company, Order dated December 18, 1991.

4. Natural Energy's notice sets out a current quarter Actual Adjustment ("AA") of (1.37) cent per Mcf. Natural Energy's notice sets out a total AA of (23.57) cents per Mcf. Natural Energy carried forward two incorrect prior period AAs. Correcting for this produces a total AA of (33.86) cents per Mcf, which is a decrease of 8.81 cents per Mcf from the previous total AA.

5. Natural Energy's GCA is \$6.4193 per Mcf, which is a decrease of 9.7 cents per Mcf from the previous GCA of \$6.5163.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after October 1, 2006.

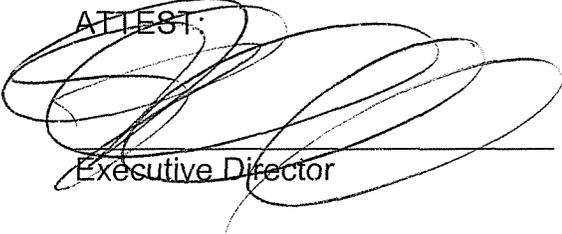
IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2006.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of September, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2006-00397 DATED September 25, 2006.

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	\$6.4193	\$10.6593

Minimum Bill

The minimum bill shall be \$10.6593