



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

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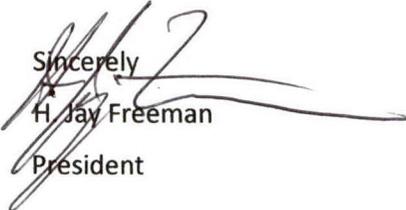
Leah F. Faulkner
Division of Financial Analysis
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY. 4060

February 24, 2016

Case # 2016-?????

Natural Energy Utility Corporation is providing the following information in filing its quarterly gas cost report with the Kentucky Public Service Commission (PSC). The enclosed report has a case number of 2016-?????. The calculated gas cost recovery rate for this reporting period is \$ 2.7223. The base rate remains \$4.24. The minimum billing rate starting April 1, 2016 should be \$ 6.9623 for all MCF.

Thank you for your cooperation and please call me if you have any questions.

Sincerely

H. Jay Freeman

President

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/MCF	\$3.7135
Refund Adjustment (RA)	\$/MCF	\$0.0000
Actual Adjustment (AA)	\$/MCF	(\$0.9912)
Balance Adjustment (BA)	\$/MCF	\$0.0000

Gas Cost Recovery Rate (GCR)	\$/MCF	\$2.7223
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to be effective for service rendered from: 04/01/2016 to 06/30/2016

A) EXPECTED GAS COST CALCULATION			<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (SCH II)			\$/MCF	\$391,771.80
/ Sales for the 12 Months ended:	Dec-15		\$/MCF	105,500
= Expected Gas Cost (EGC)			\$/MCF	\$3.7135

B) REFUND ADJUSTMENT CALCULATION			<u>Unit</u>	<u>Amount</u>
Supplier refund adjustment for reporting period (SCH III)			\$/MCF	\$0.0000
+ Previous Quarter Supplier Refund Adjustment			\$/MCF	\$0.0000
+ Second Previous Quarter Supplier Refund Adjustment			\$/MCF	\$0.0000
+ Third Previous Quarter Supplier Refund Adjustment			\$/MCF	\$0.0000
= Refund Adjustment (RA)			\$/MCF	\$0.0000

C) ACTUAL ADJUSTMENT CALCULATION			<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (SCH IV)			\$/MCF	(0.2744)
+ Previous Quarter Supplier Refund Adjustment			\$/MCF	(0.0309)
+ Second Previous Quarter Supplier Refund Adjustment			\$/MCF	(0.1577)
+ Third Previous Quarter Supplier Refund Adjustment			\$/MCF	(0.5282)
= Actual Adjustment (AA)			\$/MCF	(0.9912)

D) BALANCE ADJUSTMENT CALCULATION			<u>Unit</u>	<u>Amount</u>
+ Previous Quarter Supplier Refund Adjustment			\$/MCF	\$0.0000
+ Second Previous Quarter Supplier Refund Adjustment			\$/MCF	\$0.0000
+ Third Previous Quarter Supplier Refund Adjustment			\$/MCF	\$0.0000
= Balance Adjustment (BA)				\$0.0000

SCHEDULE II
EXPECTED GAS COST

Actual MCF Purchases for 12 months ended:

			Dec-15		
(1)	(2)	(3) BTU	(4)	(5)	(6) '(4)X(5)
Supplier	DTH's	Conv Factor	MCF	Rate	Cost
Marathon Petroleum	113,990	1.03	110,670	\$3.54	\$391,771.80

Totals	110,670	\$391,771.80
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Line loss for 12 months ended 12/31/2015 is based on purchases of 110,670
and sales of 105,500

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$391,771.80
/ MCF Purchases (4)		110,670
= Average Expected Cost Per MCF Purchased		\$3.54
X Allowable MCF Purchases (must not exceed MCF sales / .95)		110,670
= Total Expected Gas Cost (to SCH I A)		\$391,771.80

SCHEDULE III

REFUND ADJUSTMENTS

		<u>Unit</u>	<u>Amount</u>
Total Supplier Refunds Received		\$\$\$	\$0.00
+ Interest		\$\$\$	\$0.00
= Refund Adjustment including Interest		\$\$\$	\$0.00
<u>/ Sales for 12 Months Ended</u>	<u>Dec-15</u>	<u>MCF</u>	<u>105,500</u>
= Supplier Refund Adjustment for the Reporting Period (to Schedule I B)		\$/MCF	\$0.0000

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 months ended: Dec-15

<u>Particulars</u>	<u>Unit</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>
Total Supply Volumes Purchased	MCF	5,750	11,000	10,750
Total Cost of Volumes Purchased	\$\$\$	\$17,275	\$29,253	\$26,450
/ Total Sales	MCF	5,487	10,591	10,379
= Unit Cost of Gas	\$/MCF	\$3.1484	\$2.7621	\$2.5484
- EGC in Effect for Month	\$/MCF	\$3.8526	\$3.8526	\$3.8526
= Difference	\$/MCF	(\$0.7042)	(\$1.0905)	(\$1.3042)
X Actual Sales during Month	\$/MCF	5,487	10,591	10,379
= Monthly Cost Difference	\$\$\$	(\$3,864)	(\$11,550)	(\$13,536)

	<u>Unit</u>	<u>Amount</u>
Total Cost Difference	\$\$\$	(\$28,950)
/ Sales for 12 Months ended: <u>Dec-15</u>	MCF	105,500
= Actual Adjustment for the reporting period (to SCH I C)	\$\$\$	(\$0.2744)

May not be less than 95% of Supply Volume