

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF NATURAL ENERGY UTILITY)	2021-00122
CORPORATION)	

ORDER

The Commission, on its own motion, hereby closes this case and removes it from the Commission's docket. On March 3, 2021, Natural Energy Utility Corporation (Natural Energy) filed its Gas Cost Recovery (GCR) rate report to become effective April 1, 2021. In its March 31, 2021 Order filed in this proceeding the Commission found that an investigation of Natural Energy's GCR rate report was necessary due to the GCR calculation including the gas cost purchase and sales data related to a special contract customer that is not charged the GCR rate.

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the

rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.¹

BACKGROUND

Natural Energy indicated that prior GCR rate reports erroneously included sales of a special contract customer since June 2017.² Natural Energy also included supplemental information to reflect the special contract quarterly and annual sales in prior quarter Actual Adjustment (AA) calculations. The Commission opened an investigation into the GCR rates for Natural Energy and their GCR rates were suspended up to and including September 2, 2021. After the suspension date passed, Natural Energy filed on September 29, 2021, an updated GCR rate report and charged customers this GCR rate for service on and after October 1, 2021, which excluded the special contract customer in its calculation.

In case No. 2021-00446, Natural Energy provided updated sales and purchased gas data for the remaining months in which the special contract customer was included in its previously approved AA quarters.³ Using the quarterly AAs from Natural Energy's previous GCR rate cases, the updated monthly gas costs information, and the special contract invoices provided as supplemental information, the Commission was able to calculate the total gas cost under recovery related to the inclusion of the special contract customer. The recovery amount was included in the current quarter AA rate of \$0.1741

¹ KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

² Natural Energy's Response to Commission Staff's First Request for Information (filed Apr. 20, 2021), Item 1(c).

³ Case No. 2021-00446, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Dec. 27, 2021).

per Mcf which is to be included in Natural Energy's GCR rate calculation until it drops off after January 1, 2023.⁴

DISCUSSION

The Commission finds that the issues related to the special contract customer in the GCR rate mechanism were addressed in Case No. 2021-00446 and this case is no longer necessary. The Commission finds that this case should be closed and removed from the Commission's docket.

IT IS THEREFORE ORDERED THAT this case is closed and removed from the Commission's docket.

⁴ Case No. 2021-00446, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Dec. 27, 2021), at 4. It was determined that approximately \$15,529.63 was under recovered by the GCR due to the inclusion of the special contract customer. The Commission ordered that this amount be added to the calculation of the AA which produced a current quarter AA of \$0.1741 per Mcf. This will be in effect for 12 months following the January 1, 2022 effective date.

PUBLIC SERVICE COMMISSION


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ATTEST:


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