



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

RECEIVED

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

JUN 1 2004

PUBLIC SERVICE
COMMISSION

May 28, 2004

2004-00208

RECEIVED

JUN 7 - 2004

Case #: 2004-00???

FINANCIAL ANALYSIS

Dear Mr. Dorman

Please be advised that Natural Energy Utility Corporation (NEUC) has acquired the assets of American Natural Gas Corporation (ANGC) pursuant to the Order issued in Case # 2002-00050. NEUC is adopting the Rules, Rates and Regulations enforced by ANGC pursuant to Administrative Regulation 807 KAR 5:011, Section 15(6).

Natural Energy Utility Corporation is filing its quarterly gas cost report with the Kentucky PSC. The enclosed report has a case number of 2004-00???. The calculated gas cost recovery rate enclosed in this report is \$6.0540 and the base rate is \$4.24. The minimum billing rate starting July 01, 2004 should be \$10.2940 for all MCF.

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

Sincerely

H. Jay Freeman
President

Enclosure



SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

COMPONENT	UNIT	AMOUNT
EXPECTED GAS COST ADJUSTMENT (EGCA)	\$/MCF	\$6.4125
+ REFUND ADJUSTMENT (RA)	\$/MCF	\$0.0000
+ ACTUAL COST ADJUSTMENTS (ACA)	\$/MCF	(\$0.3585)
= GAS COST RECOVERY RATE (GCRR)	\$/MCF	\$6.0540

GCRR to be effective for service rendered from July 1, 2004 to September 30, 2004

A.	EXPECTED GAS COST CALCULATION	UNIT	AMOUNT
	TOTAL EXPECTED GAS COST (SCHEDULE II)	\$	\$556,919.21
	/ SALES FOR THE 12 MONTHS ENDED _____ Mar-04	MCF	86,849
	<hr/>		
	= EXPECTED GAS COST ADJUSTMENT (ECA)	\$/MCF	\$6.4125

B.	REFUND ADJUSTMENT CALCULATION	UNIT	AMOUNT
	SUPPLIER REFUND ADJUSTMENT FOR REPORTING PERIOD(SCH III)	\$/MCF	\$0.00
	+ PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ SECOND PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ THIRD PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	= REFUND ADJUSTMENT (RA)	\$/MCF	\$0.00

C.	ACTUAL COST ADJUSTMENT CALCULATION	UNIT	AMOUNT
	ACTUAL COST ADJ. FOR THE REPORTING PERIOD (SCH. IV)	\$/MCF	(\$0.0075)
	+ PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.2360)
	+ SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0253)
	+ THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0897)
	= ACTUAL COST ADJUSTMENT (ACA)	\$/MCF	(\$0.3585)



SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED (1)	(2)	Mar-04 (3) BTU CONVERSION FACTOR	(4) MCF	(5) RATE	(6) (4)*(5) COST
SUPPLIER	DTH				
North Coast Energy	0	1.0740	0	\$5.500	\$0
MARATHON PETROLEUM CORP.	89,328	1.0300	86,726	\$6.250	\$542,038
TENNESSEE GAS PIPELINE	0	1.0300		\$0.000	\$0
COLUMBIA GAS	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
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COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
KOG	0	1.1000	0	\$0.000	\$0
<i>ADJUSTMENT FOR ANTICIPATION OF DECREASED PURCHASE REQUIREMENTS</i>					
MARKETER	0	1.0350	0	\$0.00	\$0
TOTALS	89,328	1.0300	86,726	\$6.25	\$542,037.50

	UNIT	AMOUNT
TOTAL EXPECTED COST OF PURCHASES (6)	\$	\$542,037.50
/ MCF PURCHASES (4)	MCF	86,726
= AVERAGE EXPECTED COST PER MCF PURCHASED	\$/MCF	\$6.2500
* ALLOWABLE MCF PURCHASES	MCF	89,107
(MUST NOT EXCEED MCF SALES / .95)		
= TOTAL EXPECTED GAS COST (TO SCHEDULE IA.)	\$	\$556,919.21



SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Mar-04

PARTICULARS	UNIT	AMOUNT
TOTAL SUPPLIER REFUNDS RECEIVED	\$	\$0.00
+ INTEREST	\$	\$0.00
= REFUND ADJUSTMENT INCLUDING INTEREST	\$	\$0.00
/ SALES FOR 12 MONTHS ENDED	MCF	86,849
= SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD (TO SCHEDULE IB.)	\$/MCF	\$0.00



SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended:	Particulars	Mar-04	Unit	(Jan-04)	(Feb-04)	(Mar-04)
	Total Supply Volumes Purchased		Mcf	16,786	14,942	9,540
	Total Cost of Volumes Purchased		\$	\$104,886	\$85,373	\$52,958
	Total Sales (may not be less than 95% of supply volumes)		Mcf	16,408	14,625	9,840
	Unit cost of Gas		\$/Mcf	\$6.3923	\$5.8374	\$5.3820
	EGC in effect for month		\$/Mcf	\$5.9664	\$5.9664	\$5.9664
	Difference [(Over-)/Under-Recovery]		\$/Mcf	\$0.4259	(\$0.1290)	(\$0.5844)
	Actual sales during month		Mcf	16,408	14,625	9,840
	Monthly cost difference		\$	\$6,988.95	(\$1,885.99)	(\$5,750.93)

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(\$647.97)
Sales for 12 Months ended	Mcf	86,849
Actual Adjustment for the Reporting Period	\$/Mcf	(\$0.0075)
