



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

March 21, 2005

Case #: ~~2004-00456~~

2005-00120

RECEIVED

MAR 22 2005

PUBLIC SERVICE
COMMISSION

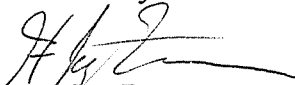
Dear Ms. O'Donnell

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 2004-00456. The calculated gas cost recovery rate enclosed in this report is \$6.8440 and the base rate is \$4.24. The minimum billing rate starting January 01, 2005 should be \$11.0840 for all MCF.

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

Sincerely



H. Jay Freeman
President

Enclosure

FOR Entire Service Area

P.S.C. KY. NO. 2002-00192

ORIGINAL SHEET NO. 2

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. K

SHEET NO. L

RULES AND REGULATIONS

2) RATES:

The following rates are applicable for service rendered on a monthly basis:

Minimum bill: \$11.08 - covers 0-1 MCF

Cost Per MCF: \$11.08

A copy of the Company's billing format is attached on Sheet 21.

2(A) Any customer complaining to the Company about a bill or service shall be notified of his right to file a complaint with the PSC and with all other information required by 807 KAR 5:006(9).

3) CUSTOMER CLASSIFICATIONS:

Residential: Service to customers who consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial: Service to customers engaged primarily in the sale of goods or service including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.

a) Small Commercial: up to 50MCF/day

b) Large Commercial: more than 50MCF/day

DATE OF ISSUE 05/20/02 DATE EFFECTIVE 04/01/05
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY H. JAY FREEMAN MGR. President
NAME OF OFFICER TITLE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

COMPONENT	UNIT	AMOUNT
EXPECTED GAS COST ADJUSTMENT (EGCA)	\$/MCF	\$6.6690
+ REFUND ADJUSTMENT (RA)	\$/MCF	\$0.0000
+ ACTUAL COST ADJUSTMENTS (ACA)	\$/MCF	\$0.1750
= GAS COST RECOVERY RATE (GCRR)	\$/MCF	\$6.8440

GCRR to be effective for service rendered from Apr. 1, 2005 to June 30, 2005

A.	EXPECTED GAS COST CALCULATION	UNIT	AMOUNT
	TOTAL EXPECTED GAS COST (SCHEDULE II)	\$	\$576,961.87
	/ SALES FOR THE 12 MONTHS ENDED _____ Dec. 04	MCF	86,514
	<hr/> = EXPECTED GAS COST ADJUSTMENT (ECA)	\$/MCF	\$6.6690

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	\$0.0823
	+ PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0160)
	+ SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$0.1162
	+ THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0075)
	= ACTUAL COST ADJUSTMENT (ACA)	\$/MCF	\$0.1750

SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED	Dec. 04				
(1)	(2)	(3)	(4)	(5)	(6)
SUPPLIER	DTH	BTU CONVERSION FACTOR	MCF	RATE	(4)*(5) COST
North Coast Energy	0	1.0740	0	\$5.500	\$0
MARATHON PETROLEUM CORP.	92,669	1.0300	89,970	\$6.500	\$584,805
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
COASTAL GAS MARKETING	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
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	92,669	1.0300	89,970	\$6.50	\$584,805.00

TOTAL EXPECTED COST OF PURCHASES (6)	UNIT	AMOUNT
/ MCF PURCHASES (4)	\$	\$584,805.00
= AVERAGE EXPECTED COST PER MCF PURCHASED	MCF	89,970
* ALLOWABLE MCF PURCHASES	\$/MCF	\$6.5000
(MUST NOT EXCEED MCF SALES / .95)	MCF	88,763
= TOTAL EXPECTED GAS COST (TO SCHEDULE IA.)	\$	\$576,961.87

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Dec. 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	86,514
= SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD (TO SCHEDULE IB.)	\$/MCF	\$0.00

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended:	Dec. 04				
Particulars		Unit	(Oct-04)	(Nov-04)	(Dec-04)
Total Supply Volumes Purchased		Mcf	4,402	7,998	14,977
Total Cost of Volumes Purchased		\$	\$26,766	\$50,035	\$104,779
Total Sales (may not be less than 95% of supply volumes)		Mcf	4,389	7,780	14,671
Unit cost of Gas		\$/Mcf	\$6.0985	\$6.4312	\$7.1419
EGC in effect for month		\$/Mcf	\$6.5000	\$6.5000	\$6.5000
Difference [(Over-)/Under-Recovery]		\$/Mcf	(\$0.4015)	(\$0.0688)	\$0.6419
Actual sales during month		Mcf	4,389	7,780	14,671
Monthly cost difference		\$	(\$1,762.14)	(\$535.31)	\$9,417.59

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$7,120.14
Sales for 12 Months ended	Mcf	86,514
Actual Adjustment for the Reporting Period	\$/Mcf	\$0.0823