

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS            )  
ADJUSTMENT OF NATURAL                    )    CASE NO. 2008-00509  
ENERGY UTILITY CORPORATION            )

ORDER

On December 9, 2008, Natural Energy Utility Corporation ("Natural Energy") filed its proposed Gas Cost Adjustment ("GCA") to be effective January 1, 2009. Natural Energy's tariff requires it to file at least 30 days in advance of the proposed effective date for its GCA; therefore, the effective date will be January 8, 2009, rather than the proposed January 1, 2009.

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 \$6.4687 per Mcf, which is a decrease of \$1.4782 per Mcf from the previous EGC of \$7.9469.
3. Natural Energy's notice sets out no current quarter supplier Refund Adjustment ("RA"). Natural Energy's notice sets out no total RA.
4. Natural Energy's notice sets out a current quarter Actual Adjustment ("AA") of \$.1350 per Mcf. Natural Energy incorrectly used the EGC from Case No.

2008-00366<sup>1</sup> rather than the EGC for July from Case No. 2008-00189<sup>2</sup> and the EGC for August and September from Case No. 2008-00268<sup>3</sup> in calculating the monthly cost difference. In addition, Natural Energy carried forward an incorrect amount from its prior GCA filing. Correcting for these errors produces a current quarter AA of (\$.1188) per Mcf. Natural Energy's total AA is \$1.1304 per Mcf, which is a decrease of \$.0455 per Mcf from the previous total AA of \$1.1759. The recalculation of Schedule IV is set forth in Appendix B.

5. Natural Energy's GCA is \$7.5991 per Mcf, which is a decrease of \$1.5237 per Mcf from the previous GCA of \$9.1228.

6. The rates in Appendix A to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after January 8, 2009.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in Appendix A, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 8, 2009.
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.

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<sup>1</sup> Case No. 2008-00366, The Notice of Purchased Gas Adjustment Filing of Natural Energy Utility Corporation, Order dated September 25, 2008.

<sup>2</sup> Case No. 2008-00189, The Notice of Purchased Gas Adjustment Filing of Natural Energy Utility Corporation, Order dated June 12, 2008.

<sup>3</sup> Case No. 2008-00268, The Notice of Purchased Gas Adjustment Filing of Natural Energy Utility Corporation, Order dated July 29, 2008.

Done at Frankfort, Kentucky, this 5th day of January, 2009.

By the Commission

ATTEST:

  
Executive Director

Case No. 2008-00509

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00509 DATED JANUARY 5, 2009

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	\$7.5991	\$11.8391

Minimum Bill

The minimum bill shall be \$11.8391

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00509 DATED JANUARY 5, 2009

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended Sept. 30, 2008

Particulars	Unit	July '08	Aug. '08	Sept. '08
Total Supply Volumes Purchased	Mcf	2500	2500	2500
Total Cost of Volumes Purchased	\$	\$29,760.00	\$21,657.00	\$19,230.00
/ Total Sales *	Mcf	2,500.0	2,623.0	2,375.0
= Unit Cost of Gas	\$/Mcf	\$11.9040	\$8.2566	\$8.0968
- EGC in Effect for Month	\$/Mcf	\$8.7535	\$11.8547	\$11.8547
= Difference	\$/Mcf	\$3.1505	(\$3.5981)	(\$3.7579)
x Actual Sales during Month	Mcf	2,500.0	2,623.0	2,305.0
= Monthly Cost Difference	\$	\$7,876.25	(\$9,437.88)	(\$8,661.86)
Total Cost Difference			\$	(\$10,223.49)
/ Sales for 12 months ended Sept. 30, 2008			Mcf	86,076.0
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$0.1188)

\* May not be less than 95% of supply volume

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