

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
NATURAL ENERGY UTILITY CORPORATION) 2014-00428

ORDER

On May 20, 2002, Natural Energy Utility Corporation (“Natural Energy”) adopted the tariffs, including a Purchased Gas Cost Adjustment Clause,¹ for furnishing gas service to the customers previously served by American Natural Gas Corporation.

On December 8, 2014, Natural Energy filed its Gas Cost Recovery (“GCR”) rate application to become effective January 1, 2015.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy’s notice includes a revised rate 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 \$4.7317 per Mcf. Natural Energy miscalculated its EGC by using incorrect purchase volumes and sales volumes. On Schedule II of its application, Natural Energy’s sales and purchases for the 12 months ended September 30, 2014, do not match the sum of the monthly sales and purchases provided in Schedule IV of this application and Natural Energy’s three previous applications. Correcting this produces sales volumes of 117,103 Mcf instead of 116,897 Mcf, and purchase volumes of 119,075 Mcf instead of

¹ Natural Energy Utility Corporation Tariff, PSC Ky. No. 1, First Revised Sheet No. 17 (effective Apr. 15, 2006).

119,200 Mcf. Natural Energy's corrected EGC is \$4.7283 per Mcf, which is a decrease of \$.3264 per Mcf from the previous EGC of \$5.0547 per Mcf.

3. Natural Energy's notice sets out no current quarter or total supplier Refund Adjustment.

4. Natural Energy's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0132) per Mcf. Correcting the ACA to use 117,103 Mcf rather than 116,897 for its sales for the 12 months ended September 30, 2014 produces a corrected current quarter ACA of (\$.0131) per Mcf. Natural Energy's corrected total ACA is \$.7518 per Mcf, which is a decrease of \$.0483 per Mcf from the previous total ACA of \$.8001 per Mcf.

5. Natural Energy's corrected GCR rate is \$5.4801 per Mcf, which is a decrease of \$.3747 per Mcf from the previous GCR rate of \$5.8548 per Mcf. Although Natural Energy's GCR rate filing did not provide 30 days' notice to the Commission as required by Natural Energy's tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

6. The rate in Appendix A to this Order is fair, just, and reasonable and should be approved for service rendered by Natural Energy on and after January 1, 2015.

7. Natural Energy should file responses to the questions in Appendix B to this Order to provide information concerning its consistent late filing of GCR rate applications with less than 30 days' notice as required in its tariff.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Natural Energy is denied.

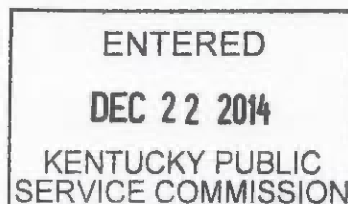
2. The rate set forth in Appendix A to this Order is approved for service rendered on and after January 1, 2015.

3. Within 20 days of the date of this Order, Natural Energy shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.


4. Within 30 days of the date of this Order, Natural Energy shall file with this Commission its responses to the questions attached as Appendix B to this Order.

5. Any document filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00428 DATED **DEC 22 2014**

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 | \$5.4801 | \$9.7201 |

Minimum Bill

The minimum bill shall be \$9.7201.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00428 DATED **DEC 22 2014**

1. In Case No. 2014-00320,¹ ordering paragraph 4, the Commission directed Natural Energy to file certain information concurrent with its GCR application for rates effective January 1, 2015. Explain why Natural Energy failed to provide the information as requested.

2. State whether Natural Energy bills all of its customers subject to the GCR rate on the same date each month, or whether Natural Energy uses cycle billings.

a. If Natural Energy bills all of its customers on the same date, provide the date of the month Natural Energy bills its sales customers subject to the GCR rate.

b. Provide a copy of monthly bills for one customer for each of the months of January 2014 through December 2014. Ensure that all personal information, including name, address, account numbers, etc., has been redacted.

c. If Natural Energy uses cycle billing, provide the dates of each of the billing cycles for the months of January 2014 through December 2014. The response should include the billing period and the billing date for each cycle.

3. Explain how customer bills and Natural Energy's recovery of gas cost are affected by the approval of the GCR rate after the proposed effective dates in Case Nos. 2014-00320, 2014-00095,² and 2013-00438.³

¹ Case No. 2014-00320, Purchased Gas Adjustment Filing of Natural Energy Utility Corporation (Ky. PSC Sep. 29, 2014).

² Case No. 2014-00095, Purchased Gas Adjustment Filing of Natural Energy Utility Corporation (Ky. PSC Mar. 28, 2014).

³ Case No. 2013-00438, Purchased Gas Adjustment Filing of Natural Energy Utility Corporation (Ky. PSC Jan. 6, 2014).

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