



# 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

Case No. 2005-00194

May 9, 2005

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Case #: 2005-00000

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PUBLIC SERVICE  
COMMISSION

FINANCIAL ANALYSIS

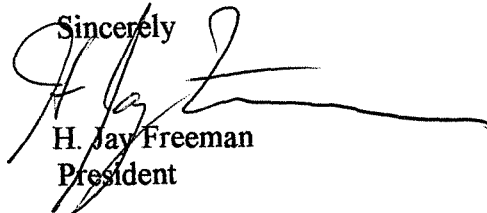
Dear Ms. O'Donnell

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 2005-00000. The calculated gas cost recovery rate enclosed in this report is \$6.4233 and the base rate is \$4.24. The minimum billing rate starting July 01, 2005 should be \$10.6633 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	\$6.6690
+ REFUND ADJUSTMENT (RA)	\$/MCF	\$0.0000
+ ACTUAL COST ADJUSTMENTS (ACA)	\$/MCF	(\$0.2457)
= GAS COST RECOVERY RATE (GCRR)	\$/MCF	<b>\$6.4233</b>

GCRR to be effective for service rendered from July 1, 2005 to Sept. 30, 2005

A.	EXPECTED GAS COST CALCULATION	UNIT	AMOUNT
	TOTAL EXPECTED GAS COST ( SCHEDULE II)	\$	\$592,920.78
	/ SALES FOR THE 12 MONTHS ENDED _____ Mar-05	MCF	88,907
	<hr/> = EXPECTED GAS COST ADJUSTMENT (ECA)	\$/MCF	\$6.6690

B.	REFUND ADJUSTMENT CALCULATION	UNIT	AMOUNT
	SUPPLIER REFUND ADJUSTMENT FOR REPORTING PERIOD(SCHIII)	\$/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	(\$0.4282)
	+ PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$0.0823
	+ SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0160)
	+ THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$0.1162
	= ACTUAL COST ADJUSTMENT (ACA)	\$/MCF	(\$0.2457)

SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED (1)	(2)	(3)	Mar-05 (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.	93,589	1.0300	90,863	\$6.500	\$590,610
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
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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
<b>TOTALS</b>	<b>93,589</b>	<b>1.0300</b>	<b>90,863</b>	<b>\$6.50</b>	<b>\$590,609.50</b>

TOTAL EXPECTED COST OF PURCHASES (6)	UNIT	AMOUNT
/ MCF PURCHASES (4)	\$	\$590,609.50
= AVERAGE EXPECTED COST PER MCF PURCHASED	MCF	90,863
* ALLOWABLE MCF PURCHASES	\$/MCF	\$6.5000
(MUST NOT EXCEED MCF SALES / .95)	MCF	91,219
= TOTAL EXPECTED GAS COST (TO SCHEDULE IA.)	\$	\$592,920.78

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Mar-05

PARTICULARS	UNIT	AMOUNT
TOTAL SUPPLIER REFUNDS RECEIVED	\$	\$0.00
+ INTEREST	\$	\$0.00
= REFUND ADJUSTMENT INCLUDING INTEREST	\$	\$0.00
/ SALES FOR 12 MONTHS ENDED	MCF	88,907
= SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD		\$0.00

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended:	Mar-05				
Particulars		Unit	(Jan-05)	(Feb-05)	(Mar-05)
Total Supply Volumes Purchased		Mcf	14,449	14,493	14,746
Total Cost of Volumes Purchased		\$	\$93,994	\$92,815	\$114,969
Total Sales (may not be less than 95% of supply volumes)		Mcf	14,849	14,030	14,386
Unit cost of Gas		\$/Mcf	\$6.3300	\$6.6154	\$7.9917
EGC in effect for month		\$/Mcf	\$7.8550	\$7.8550	\$7.8550
Difference [(Over-)/Under-Recovery]		\$/Mcf	(\$1.5250)	(\$1.2396)	\$0.1367
Actual sales during month		Mcf	14,849	14,030	14,386
Monthly cost difference		\$	(\$22,645.26)	(\$17,391.03)	\$1,966.63
			Unit	Amount	
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(\$38,069.66)	
Sales for 12 Months ended			Mcf	88,907	
Actual Adjustment for the Reporting Period			\$/Mcf	(\$0.4282)	