

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF NATURAL) CASE NO. 2007-00083
ENERGY UTILITY CORPORATION)

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation ("NEUC"), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with NEUC's gas cost adjustment ("GCA").¹

On February 26, 2007, NEUC filed its proposed GCA to be effective April 1, 2007.

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

1. NEUC's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. NEUC's notice sets out an expected gas cost ("EGC") of \$7.8652 per Mcf. NEUC incorrectly calculated the adjustment for its line loss in the calculation of the total expected gas cost. Correcting for this produces an EGC of \$7.6316 per Mcf, which is a decrease of 65.89 cents per Mcf from the previous EGC of \$8.2905.

3. NEUC's notice sets out no current quarter supplier refund adjustment ("RA"). NEUC's notice sets out no total RA.

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company.

4. NEUC's notice sets out a current quarter actual adjustment ("AA") of 30.58 cents per Mcf. NEUC incorrectly used its gas cost adjustment ("GCA") rather than its EGC in calculating its monthly cost difference. Correcting for this produces a current quarter AA of 19.99 cents per Mcf, NEUC's total AA is (96.07) cents per Mcf, which is a decrease of 37.61 cents per Mcf from the previous total AA.

5. NEUC's GCA is \$6.6709 per Mcf, which is a decrease of \$1.0350 per Mcf from the previous GCA of \$7.7059.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by NEUC on and after April 1, 2007.

IT IS THEREFORE ORDERED that:

1. The rates proposed by NEUC are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after April 1, 2007.
3. Within 20 days of the date of this Order, NEUC shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 27th day of March, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00083 DATED MARCH 27, 2007

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 the 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	\$6.6709	\$10.9109

Minimum Bill

The minimum bill shall be \$10.9109