



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

Mr. Jeff Derouen

Executive Director

Kentucky Public Service Commission

211 Sower Blvd.

Frankfort, KY. 40602

March 01, 2011

Case # 2011-?????

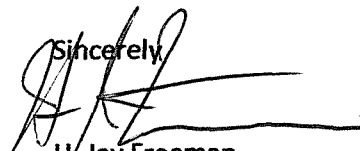
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**PUBLIC SERVICE
COMMISSION**

Natural Energy Utility Corporation is providing the following information in filing its quarterly gas cost report with the Kentucky Public Service Commission (PSC). The enclosed report has a case number of 2011-00???. The calculated gas cost recovery rate for this reporting period is \$4.2814. The base rate remains \$4.24. The minimum billing rate starting January 01, 2011 should be \$8.5214 for all MCF.

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

Sincerely,

H. Jay Freeman
President



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. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

2) RATES:

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

Minimum bill: \$8.5214 - covers 0-1 MCF

Cost Per MCF: \$8.5214

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 03/01/2011 DATE EFFECTIVE 04/01/11
MONTH DAY YEAR MONTH DAY YEAR

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

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/MCF	\$4.5989
Refund Adjustment (RA)	\$/MCF	\$0.0000
Actual Adjustment (AA)	\$/MCF	(\$0.3175)
Balance Adjustment (BA)	\$/MCF	<u>\$0.0000</u>
Gas Cost Recovery Rate (GCR)	\$/MCF	\$4.2814

to be effective for service rendered from: 04-01-2011 to 06-30-2011

A) EXPECTED GAS COST CALCULATION	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (SCH II)	\$/MCF	\$483,750.00
/ Sales for the 12 Months ended: December-10	\$/MCF	<u>105,189</u>
= Expected Gas Cost (EGC)	\$/MCF	\$4.5989

B) REFUND ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Supplier refund adjustment for reporting period (SCH III)	\$/MCF	\$0.0000
+ Previous Quarter Supplier Refund Adjustment	\$/MCF	\$0.0000
+ Second Previous Quarter Supplier Refund Adjustment	\$/MCF	\$0.0000
+ Third Previous Quarter Supplier Refund Adjustment	\$/MCF	<u>\$0.0000</u>
= Refund Adjustment (RA)	\$/MCF	\$0.0000

C) ACTUAL ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (SCH IV)	\$/MCF	(\$0.3745)
+ Previous Quarter Reported Actual Adjustment	\$/MCF	(\$0.0003)
+ Second Previous Quarter Reported Actual Adjustment	\$/MCF	(\$0.0923)
+ Third Previous Quarter Reported Actual Adjustment	\$/MCF	<u>\$0.1496</u>
= Actual Adjustment (AA)	\$/MCF	(\$0.3175)

D) BALANCE ADJUSTMENT CALCULATION	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (SCH V)	\$/MCF	\$0.0000
+ Previous Quarter Reported Balance Adjustment	\$/MCF	\$0.0000
+ Second Previous Quarter Reported Balance Adjustment	\$/MCF	\$0.0000
+ Third Previous Quarter Reported Balance Adjustment	\$/MCF	<u>\$0.0000</u>
= Balance Adjustment (BA)	\$/MCF	\$0.0000

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended 12/31/2010

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5) Rate	(6) (4) X (5) Cost	
Marathon Petroleum	110,725		1.03	107,500	\$4.50	\$483,750

Totals				107,500		\$483,750.00
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Line loss for 12 months ended 12/31/2010 is based on purchase of 107,000
and sales of 105,189 Mcf

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)		\$483,750.00
<u>/ Mcf Purchases (4)</u>		<u>107,000</u>
= Average Expected Cost Per Mcf Purchased		\$4.52
<u>x Allowable Mcf Purchases (must not exceed Mcf sales / .95)</u>		<u>105,189</u>
= Total Expected Gas Cost (to Schedule I A)		\$475,562.42

SCHEDULE III

REFUND ADJUSTMENTS

	<u>Unit</u>	<u>Amount</u>
Total Supplier Refuds Received	\$	\$0.00
+ INTEREST	\$	\$0.00
= Refund Adjustment including Interest	\$	\$0.00
/ Sales for 12 Months Ended Dec-10	Mcf	105,189
= Supplier Refund Adjustment for the Reporting Period (To Schedule IB)	\$/Mcf	\$0.00

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended: Dec-10

<u>Particulars</u>	<u>Unit</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>
Total Supply Volumes Purchased	Mcf	4,900	10,650	20,000
Total Cost of Volumes Purchased	\$	\$17,376	\$38,821	\$86,708
/ Total Sales	Mcf	4,785	10,404	19,645
= Unit Cost of Gas	\$/Mcf	\$3.6314	\$3.7314	\$4.4137
- EGC in Effect fo Month	\$/Mcf	\$5.2333	\$5.2333	\$5.2333
= Difference	\$/Mcf	(\$1.6019)	(\$1.5019)	(\$0.8196)
X Actual Sales during Month	Mcf	4,785	10,404	19,645
= Monthly Cost Difference	\$	(\$7,665)	(\$15,626)	(\$16,100)

	<u>Unit</u>	<u>Amount</u>
Total Cost Difference	\$	(\$39,391)
/ Sales for 12 Months ended Sep-10	Mcf	105,189
= Actual Adjustment for the Reporting Period (to SCH IC)	\$	(\$0.3745)

****May not be less than 95% of Supply Volume****