

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF NATURAL)	CASE NO. 2002-00329
ENERGY UTILITY CORPORATION)	

ORDER

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

On September 5, 2002, Natural Energy filed its proposed GCA to be effective October 1, 2002.

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 proposed an expected gas cost (EGC) of \$4.6536 per Mcf. Natural Energy incorrectly used its adjusted sales rather than its actual purchases in calculating its expected gas cost. Correcting for this produces an EGC of \$4.5064 per Mcf, which is 8.14 cents per Mcf more than the previous EGC of \$4.4250.
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 (3.35) cents per Mcf. Natural Energy incorrectly used its EGC from its last filing rather than the EGC for the period April through June 2002 to calculate its current quarter AA. Correcting for this error produces a current quarter AA of (9.05) cents per Mcf. Natural Energy's notice sets out a total AA of (86.45) cents per Mcf. Correcting for the current quarter AA results in a total AA of (\$1.0261), which is 3.78 cents per Mcf more than the previous total AA.

5. Natural Energy's revised GCA is \$3.4803 per Mcf, which is 11.92 cents per Mcf more than the previous GCA of \$3.3611.

6. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered by Natural Energy on and after October 5, 2002. Natural Energy did not give sufficient notice for rates to be effective October 1, 2002.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after October 5, 2002.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 26th day of September, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00329 DATED September 26, 2002

The following rates and charges are prescribed for the customers in the area served by Natural Energy Natural Gas 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	\$3.4803	\$7.7203

Minimum Bill

The minimum bill shall be \$7.72