

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	
FILING OF NATURAL ENERGY UTILITY)	CASE NO.
CORPORATION)	2021-00446

ORDER

On November 30, 2021, Natural Energy Utility Corporation (Natural Energy) filed its proposed Gas Cost Recovery (GCR) rate report to be effective January 1, 2022. Natural Energy's previous GCR rate was provided in Case No. 2021-00122.¹

In Case No. 2021-00122, Natural Energy stated that since June 2017, their special contract customer has been erroneously included in the calculation of its GCR rate reports. Natural Energy also included supplemental information to reflect the special contract quarterly and annual sales in prior quarter Actual Adjustment (AA) calculations. The Commission opened an investigation into the GCR rates for Natural Energy and their GCR rates were suspended up to and including September 2, 2021. After the suspension date passed, Natural Energy filed on September 29, 2021, an updated GCR rate report and charged customers this GCR rate for October 1, 2021, which excluded the special contract customer in its calculation.

KRS 278.225 establishes a two year limitation on customer liability for unbilled service. Applying the two-year limitation on recovery of unbilled service, Natural Energy can recover unbilled service between January 1, 2020, through January 1, 2022, based

¹ Case No. 2021-00122, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (filed Sept. 29, 2021).

upon the effective date of the proposed GCR rate of January 1, 2022. The Commission approved GCR rates for January 1, 2020, in Case No. 2019-00432.² Using the quarterly AAs from Natural Energy's previous GCR rate reports since January 1, 2020, and the special contract invoices provided as supplemental information in Case No. 2021-00122, the Commission is able to calculate the total gas cost under recovery related to the inclusion of the special contract customer.

Quarter AA of (\$0.0181) per Mcf, which was set out in Case No. 2019-00432 credited customers a total of (\$932.35), accounting for the special contract customer shows a corrected amount of \$5,228.37 that should have been collected. Of that total approximately \$6,160.72 is related to uncollected due to the special contract customer.

Quarter AA of (\$0.0005) per Mcf, which was set out in Case No. 2020-00063³ credited customers a total of (\$10.13), accounting for the special contract customer shows a corrected amount of \$9,104.62 that should have been collected. Of that total approximately \$9,114.75 is related to uncollected due to the special contract customer.

Quarter AA of (\$0.1835) per Mcf, which was set out in Case No. 2020-00162⁴ credited customers a total of (\$2,071.90), accounting for the special contract customer shows a corrected amount of (\$2,117.06) that should have been collected. Of that total approximately (\$45.16) is related to uncollected due to the special contract customer.

² Case No. 2019-00432, *Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Dec. 18, 2019).

³ Case No. 2020-00063, *Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Mar. 26, 2020).

⁴ Case No. 2020-00162, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC June 19, 2020).

Quarter AA of (\$0.0957) per Mcf, which was set out in Case No. 2020-00293⁵ credited customers a total of (\$3,910.11), accounting for the special contract customer shows a corrected amount of (\$3,812.05) that should have been collected. Of that total approximately (\$98.06) is related to uncollected due to the special contract customer.

Quarter AA of (\$0.0614) per Mcf, which was set out in Case No. 2020-00374⁶ charged customers a total of \$12,610.50, accounting for the special contract customer shows a corrected amount of \$12,811.77 that should have been collected. Of that total approximately \$201.27 is related to uncollected due to the special contract customer.

Summing the above amounts indicates that approximately \$21,215.65 should have been recovered from customers due to the inclusion of the special contract customer in the GCR rate calculation since January 1, 2020. Based on the monthly sales information approximately \$5,686.01 was collected. This results in an under collected total amounting to \$15,529.63 over the previous two-year period. The Commission has examined Natural Energy's recent GCR rate reports and finds that the amounts had been calculated to be an under collection should be charged through the use of the AA component. For simplicity, the Commission will include the under recovery amount of \$15,529.63 to be recovered from customers through the current quarter AA rate. This amount will be used to calculate a new quarter AA which will be in effect for 12 months following the January 1, 2022 effective date.

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

⁵ Case No. 2020-00293, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Sept. 25, 2020).

⁶ Case No. 2020-00374, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Dec. 18, 2020).

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.⁷

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

1. Natural Energy's report includes revised rates designed to pass on to its customers its expected change in gas costs.
2. Natural Energy's report sets out an Expected Gas Cost (EGC) of \$6.7383 per Mcf, which is an increase of \$1.0194 per Mcf from its previous EGC of \$5.7189 per Mcf.
3. Natural Energy's report sets out no Refund Adjustment.
4. Natural Energy's report sets out a current quarter AA of \$0.0614 per Mcf.

The under collected amount of \$15,529.63 added to Total Cost Difference of \$8,461.00 for the July, August, and September 2021 true up quarter produces a current quarter AA of \$0.1741 per Mcf.⁸ Natural Energy's total AA is \$0.6100 per Mcf, which is an increase of \$0.1127 per Mcf from its previous total AA of \$0.4973 per Mcf.

⁷ KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

⁸ Natural Energy's 12 month sales ended September 30, 2021, is reported as 137,794 Mcf. The addition of the \$15,529.63 amount to the Total Cost Difference of \$8,461.00 gives a total amount to be refunded of 23,990.63. This amount divided by the 12-month sales produces a current quarter AA of \$0.1741 per Mcf.

5. Natural Energy's corrected GCR is \$7.3483 per Mcf, which is an increase of \$1.1321 per Mcf from its previous GCR of \$6.2162 per Mcf.

6. The rates set forth in the Appendix to this Order are fair, just and reasonable and should be approved for final meter readings by Natural Energy on and after January 1, 2022.

7. Should Natural Energy purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates set forth in the Appendix to this Order are approved for final meter readings on and after January 1, 2022.
3. Within 20 days of the date of entry of this Order, Natural Energy shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
4. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00446 DATED DEC 27 2021

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 the 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	\$4.2400	\$7.3483	\$11.5883

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