

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|------------|
| ELECTRONIC PURCHASED GAS ADJUSTMENT |) | CASE NO. |
| FILING OF NATURAL ENERGY UTILITY |) | 2024-00295 |
| CORPORATION |) | |

ORDER

On September 11, 2024, Natural Energy Utility Corporation (Natural Energy) filed its proposed Gas Cost Recovery (GCR) rate report to be effective October 1, 2024. Natural Energy's previous GCR rate was provided in Case No. 2024-00169.¹

LEGAL STANDARD

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

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.²

¹ Case No. 2024-00169, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC June 28, 2024).

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

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Natural Energy's report includes revised rates designed to pass on to its customers its expected change in gas costs. Natural Energy's report sets out an Expected Gas Cost (EGC) of \$3.9098 per Mcf, which is a decrease of \$0.0013 per Mcf from its previous EGC of \$3.9111 per Mcf. Natural Energy's report sets out no Refund Adjustment. Natural Energy's report sets out a current quarter Actual Adjustment (AA) of (\$0.4253) per Mcf. Natural Energy's total AA is (\$2.0797) per Mcf, which is a decrease of \$0.0760 per Mcf from its previous total AA of (\$2.0037) per Mcf.

Based on the calculations above, the Commission finds that Natural Energy's GCR is \$1.8301 per Mcf, which is a decrease of \$0.0773 per Mcf from its previous GCR of \$1.9074 per Mcf. The Commission further finds that the rates as proposed by Natural Energy and set forth in Appendix A to this Order are fair, just and reasonable and should be approved for service rendered on and after October 1, 2024.

Upon review of Natural Energy's GCR rate reports, and Case No. 2018-00164, the Commission has determined that further discovery is necessary to gather information pertaining to Natural Energy's future GCR rate reports. Therefore, the Commission finds that Natural Energy should file responses to the Request for Information attached herein as Appendix B of this Order, when it files its next GCR report for rates effective for the January 2025 billing cycle.

The Commission finds that Natural Energy should file its quarterly GCR rate reports to the Commission with at least 30 days' notice pursuant to its Purchased Gas Cost Adjustment Clause Tariff so that it may be processed in a timely manner. Failure to

file quarterly GCR rate reports in a timely manner in future filings may adversely affect the timely processing of Natural Energy's GCR rate reports and may result in a possible investigation due to failing to comply with its Tariff.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Natural Energy should submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. 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 and set forth in the Appendix to this Order are approved for final meter readings on and after October 1, 2024. Although Natural Energy's GCR rate report did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

2. Natural Energy shall file with the Commission its subsequent quarterly GCR rate report filings with at least 30 days' notice prior to the beginning of each calendar as established in its Gas Cost Recovery tariff.

3. Natural Energy shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.

4. 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 shall be documented in its cover letter to the Commission.

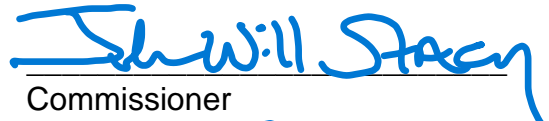
5. Within 20 days of the date of service of this Order, Natural Energy shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.


6. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ENTERED
OCT 9 2024 AH
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00295 DATED OCT 9 2024

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> | Gas Cost Recovery <u>Rate</u> | <u>Total Rate</u> |
|----------------|------------------|-------------------------------------|-----------------------|
| All Mcf | \$4.2400 | \$1.8301 | \$6.0701 |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00295 DATED OCT 9 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO NATURAL ENERGY UTILITY CORPORATION

Natural Energy Utility Corporation (Natural Energy), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due when it files its next GCR report for rates effective for the January 2025 billing cycle. The Commission directs Natural Energy to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, Mar. 24, 2020 Order at 1-3.

Natural Energy shall make timely amendments to any prior response if Natural Energy obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Natural Energy fails or refuses to furnish all or part of the requested information, Natural Energy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Natural Energy shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Case No. 2018-00164⁴ and TFS 2024-00212⁵ regarding the Contract Customer identified in these proceedings.

a. Provide the monthly usage for the Contract Customer for years 2018 through year-to-date 2024.

⁴ Case No. 2018-00164, *The Filing of a Special Contract by Natural Energy Utility Corporation* (filed. June 7, 2018).

⁵ TFS 2024-00212, Natural Energy Utility Corporation Contract Amendment (filed May 8, 2024); the tariff was accepted for filing by the Commission by letter dated June 6, 2024.

b. Provide a copy of the monthly bills issued to the Contract Customer for the years 2018 through year-to-date 2024.

c. Explain why the contract, as approved in Case No. 2018-00164, was amended in TFS 2024-00212 before the original contract expiration date.

d. Explain how TFS 2024-00212 will impact Natural Energy's Gas Cost Recovery (GCR) rate reports and how Natural Energy plans to account for the Contract Customer in its future GCR rate reports.

2. Explain why Natural Energy was unable to file its GCR rate report for a proposed effective date of October 1, 2024, without providing the Commission the 30 days' notice pursuant to Natural Energy's Purchased Gas Cost Adjustment Clause Tariff.

3. Refer to the GCR rate report, Schedule IV, Actual Adjustment sheet, the Total Supply Volumes Purchased in Mcf. For the April, May and June 2024 period explain how each amount was determined and how the invoice provided as supplemental documentation support each amount.

4. Refer to the GCR rate report, Schedule IV, Actual Adjustment sheet, the Total Cost of Volumes Purchased in dollar amount. For the April, May and June 2024 period explain how each amount was determined and how the invoice provided as supplemental documentation support each amount.

5. Refer to the GCR rate report, Schedule IV, Actual Adjustment sheet, the Actual Sales during month in Mcf. For the April, May and June 2024 period explain how each amount was determined and how the invoice provided as supplemental documentation support each amount.

6. Refer to the GCR rate report, unnumbered page 6.

- a. Explain in detail the purpose of the information provided on the page and how it is incorporated into the GCR rate report.
 - b. Provide the table in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.
 - c. Provide an unaltered version of the page with all information fully visible.
7. Refer to the GCR rate report, unnumbered page 11.
 - a. Explain in detail the purpose of the information provided on the page and how it is incorporated into the GCR rate report.
 - b. Provide the table in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.
 - c. Provide an unaltered version of the page with all information fully visible.

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