

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF NATURAL ENERGY UTILITY)	2025-00149
CORPORATION)	

ORDER

On May 19, 2025, Natural Energy Utility Corporation (Natural Energy) filed its proposed Gas Cost Recovery (GCR) rate report to be effective July 1, 2025. Natural Energy's previous GCR rate report was suspended in Case No. 2025-00049,¹ due to the ongoing discovery in Case No. 2024-00369.²

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.

¹ Case No. 2025-00049, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Mar. 31, 2025), Order. The GCR rates were suspended for one day subject to refund in this order and will be used for GCR calculations until an order addressing the ongoing issue is issued. Since the GCR is a rolling calculation based on quarterly reports, any effect on rates that result from the Commission's determination will be trued up in future quarters. Case No. 2025-00049 was suspended due to the ongoing discovery in Case No. 2024-00369.

² Case No. 2024-00369, *Electronic Purchased Gas Adjustment Filing of Natural Energy Utility Corporation* (Ky. PSC Dec. 26, 2024), Order.

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.³

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 \$3.6494 per Mcf, which is a decrease of \$1.0432 per Mcf from its previous EGC of \$4.6926 per Mcf. Natural Energy's report sets out no Refund Adjustment. Natural Energy's report sets out a current quarter Actual Adjustment (AA) of \$0.2242 per Mcf. Natural Energy's total AA is (\$0.8675) per Mcf, which is an increase of \$1.0644 per Mcf from its previous total AA of (\$1.9319) per Mcf.

Based on the calculations above, Natural Energy's proposed GCR rate is \$2.7819 per Mcf. Because Case Nos. 2024-00369 and 2025-00049 are ongoing proceedings, the Commission's final Order in that case would determine the impact the GCR rate components for Natural Energy GCR and, if a charge or credit is ordered in Case No. 2024-00369 a charge or credit would need to be provided in this proceeding and in Case No. 2025-00049 as well.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed the proposed GCR rate report and being otherwise sufficiently advised, the Commission

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

finds that a final Order in Case No. 2025-00149 cannot be completed before July 1, 2025. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the effective date of the proposed GCR rates for one day, until July 2, 2025, to give the Commission time to investigate the proposed GCR rates, and to allow Natural Energy to begin charging the GCR rates, subject to refund, pending a final Order, once Natural Energy provides written notice to the Commission of its intention to do so as required by KRS 278.190(2).

The Commission directs Natural Energy to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ in which the Commission mandated the use of electronic filing procedures listed in 807 KAR 5:001, Section 8. The Commission finds that electronic filing procedures should be used, consistent with the filing procedures set forth in Case No. 2020-00085.

IT IS THEREFORE ORDERED that:

1. Natural Energy's proposed GCR rates are suspended for one day, until July 2, 2025.
2. Natural Energy's proposed GCR rates may be placed in effect by Natural Energy on or after July 2, 2025, pending the final Order in this matter and subject to refund, provided Natural Energy files written notice to the Commission of its intention to do so as required by KRS 278.190(2).
3. If Natural Energy files notice of its intention to place the proposed GCR rates into effect after the end of the suspension period, Natural Energy shall maintain its records

⁴ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).


in such manner as will allow it, the Commission, or any customer to determine the amounts to be refunded and to whom in the event a refund is ordered upon final resolution of this matter.

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PUBLIC SERVICE COMMISSION


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ATTEST:


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