

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MT. OLIVET) CASE NO. 9918-S4
NATURAL GAS COMPANY, INC.)

O R D E R

On August 10, 1987, in Case No. 9918, the Commission approved certain adjusted rates for Mt. Olivet Natural Gas Company, Inc. ("Mt. Olivet") and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On May 22, 1997, Mt. Olivet filed its GCA proposed to be effective from April 1, 1997 to July 1, 1997.

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

1. Mt. Olivet's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs to its customers. Mt. Olivet's proposed expected gas cost ("EGC") was based on December billings from Natural Gas Clearinghouse. Because of the current lower levels of gas prices, the EGC should be estimated using Nymex futures prices. The EGC should be \$3.5474 per Mcf.

2. Mt. Olivet has current supplier refunds of \$21.45, or .05 cents per Mcf, to return to its customers. The total refund adjustment is also .05 cents per Mcf.

3. The notice set out a current quarter actual adjustment ("AA") of 2.18 cents per Mcf to reconcile gas cost from October, November, and December 1996. Correcting the current AA calculation to show the EGC of \$3.9202 that was in effect for these months, and adjusting the sales figure by which the total cost difference is divided to compensate for Mt. Olivet's out of time filing, yields a current AA of 24.64 cents per Mcf. The total AA of 41.36 cents per Mcf reflects the current under-collection as well as under- and over-collections from previous quarters.

4. These adjustments produce a gas cost recovery rate of \$3.9605 per Mcf, 75.25 cents per Mcf less than the prior rate.

5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved with gas supplied on and after the date of this Order. Mt. Olivet did not give the 30 day notice required to implement rates on April 1, 1997.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Mt. Olivet be and they hereby are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.
3. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 19th day of June, 1997.

PUBLIC SERVICE COMMISSION

Aida K. Breathitt
Chairman

Elmer J. Wilson
Vice Chairman

B. G. Helton
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9918-S4 DATED JUNE 19, 1997

The following rates and charges are prescribed for the customers in the area served by Mt. Olivet Natural Gas Company, Inc. 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: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cu. ft. or less	\$2.98	\$3.9605	\$6.9405
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	3.9605	5.2218
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	3.9605	5.0218
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	3.9605	4.8718
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	3.9605	4.6718