

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 9546-F
MOUNTAIN UTILITIES, INC.)

O R D E R

On October 20, 1986, the Commission issued its Order in Case No. 9546 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On November 3, 1988, Mountain Utilities, Inc. ("Mountain"), notified the Commission that its wholesale cost of gas was decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective November 2, 1988, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mountain's notice of November 3, 1988 set out certain revisions in rates which Mountain proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$8,991 or 15.57 cents per Mcf.

(2) Kentucky West has filed an application for decreased rates to become effective November 2, 1988 with the Federal Energy Regulatory Commission.

(3) In determining the allowable decrease per Mcf, Mountain adjusted for line loss by deducting 5 percent from the wholesale decrease in gas costs. This has the effect of understating the decrease. The adjustment for line loss should be made by adding 5 percent to the wholesale decrease in gas costs. This should be done whether the change in wholesale gas costs is a decrease or an increase. In future filings Mountain should adjust for line loss by adding 5 percent to the change in wholesale gas costs.

(4) Mountain should report to the Commission the amount of excess revenues collected from November 2, 1988 to the date the proposed rates are implemented, along with a refund plan.

(5) Mountain's corrected adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9546 dated October 20, 1986 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after November 2, 1988.

IT IS HEREBY ORDERED that:

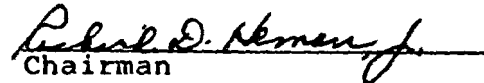
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after November 2, 1988.

(2) Within 30 days of the date of this Order Mountain shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) Within 30 days of the date of this Order Mountain shall report the amount of excess revenues collected, along with a refund plan.

Done at Frankfort, Kentucky, this 22nd day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9546-F DATED 11/22/88

The following rates and charges are prescribed for the customers served by Mountain Utilities, 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

First	1 Mcf	\$7.0324 per Mcf
All Over	1 Mcf	6.2724 per Mcf

Minimum Bill: \$7.03
(When less than 1 Mcf is used)

The base rate for the future application of the purchased gas adjustment clause of Mountain Utilities, Inc., shall be:

Commodity

Kentucky West Virginia Gas Company	\$2.6355/Dth*
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*Including Gas Research Institute Funding Charge of \$0.0151 per Dth and annual charge adjustment of \$0.0018 per Dth.