

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-NN  
NATURAL GAS COMPANY, INC.                )

O R D E R

On August 10, 1987, the Commission issued its Order in Case No. 9918 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 December 4, 1989, Mt. Olivet Natural Gas Company, Inc. ("Mt. Olivet") notified the Commission that its wholesale cost of gas was increased by its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective November 1, 1989, 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 otherwise sufficiently advised, the Commission finds that:

(1) Mt. Olivet's notice of December 4, 1989 set out certain revisions in rates which Mt. Olivet proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier.

(2) In calculating its proposed rates, Mt. Olivet did not use its current approved retail rate schedule nor the correct

Transmission rate. The rates approved in Case No. 9918-LL should be used as the basis for calculating Mt. Olivet's proposed adjustment. Mt. Olivet also incorrectly excluded its take-or-pay charges in the calculation of its current purchased gas expense. The resulting increase in rates is \$3,532 or 8.99 cents per Mcf.

(3) Transmission applied with the Federal Energy Regulatory Commission for increased rates to become effective November 1, 1989. Mt. Olivet requested a waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Mt. Olivet's showing of good cause, Mt. Olivet's effective date for the increase should be 20 days from the filing date, or December 24, 1989. Transmission's rates are subject to refund; therefore, Mt. Olivet's rates should be subject to refund.

(4) Mt. Olivet's corrected adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9918 dated August 10, 1987 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after December 24, 1989, subject to refund.

(5) Mt. Olivet has based its rate adjustment on gas purchases for calendar year 1987. Mt. Olivet should use purchases data for the most recently available 12-month period in calculating its next and future purchased gas adjustments.

IT IS THEREFORE ORDERED that:

(1) The rates proposed by Mt. Olivet in its notice of adjustment are denied.

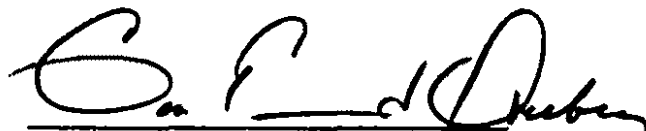
(2) The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with gas supplied on and after December 24, 1989, subject to refund.


(3) Mt. Olivet shall use current data in calculating all future purchased gas adjustments.

(4) Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 15th day of December, 1989.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

\_\_\_\_\_  
Commissioner

ATTEST:

\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 9918-NN DATED 12/15/89

The following rates are prescribed for the customers 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 the Commission prior to the effective date of this Order.

Rates: Monthly

First	1,000 cu. ft. or less	\$6.77	(Minimum Bill)
Next	4,000 cu. ft. per 1,000 cu. ft.	5.0407	
Next	5,000 cu. ft. per 1,000 cu. ft.	4.8407	
Next	10,000 cu. ft. per 1,000 cu. ft.	4.6907	
Over	20,000 cu. ft. per 1,000 cu. ft.	4.4907	

The base rate for the future application of the purchased gas adjustment clause of Mt. Olivet Natural Gas Company, Inc. shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	-	\$3.5755 per Dth