

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MOUNTAIN UTILITIES,)
INC. FOR AN ORDER AUTHORIZING A RATE)
INCREASE AND CHANGES OF RULES AND) CASE NO. 10398
REGULATIONS)

O R D E R

On September 30, 1988, Mountain Utilities, Inc. ("Mountain") filed its application seeking an increase in its rates for gas service effective October 30, 1988. In order to determine the reasonableness of the request, the Commission suspended the rates until March 30, 1989. The proposed rates would generate additional revenues of \$59,560 annually, representing an increase of 20.64 percent.

On January 13, 1989, the Commission Staff ("Staff") issued its Staff Report ("Report") recommending that Mountain's annual operating revenues be increased by \$23,883. On January 19, 1989, Mountain filed its response to the Report objecting to the Staff's recommendations on wages, management expense, outside services expense, employee health insurance, other income - Pratt Judgment, and interest expense.

On February 6, 1989, an informal conference was held in the Commission's offices. On March 3, 1989, after consideration of Mountain's response and based on information gathered at the informal conference, the Staff amended its Report with respect to

the outside services expense, and Other Income - Pratt Judgment. Staff also amended its Report to reflect the fact that Mountain experienced a reduction in sales revenue as a result of the loss of the Johnson County Regional Jail as a customer.

In its Amended Report, Staff recommended an increase in revenues of \$47,263 annually. On March 7, 1989, Mountain submitted a letter wherein it accepted the Staff's recommendations as amended.


After a review of the record in this matter, the Commission is of the opinion and finds that the Report, as amended, recommends reasonable revenue requirements for Mountain and adequate rates to allow Mountain adequate cash flow to meet its allowed operating expenses, service its debt, and provide for future equity growth. Therefore, the Commission hereby adopts Staff's recommended increase in revenues of \$47,263.

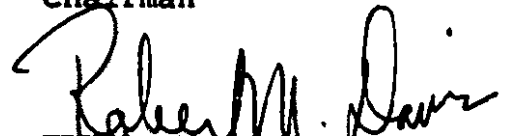
IT IS THEREFORE ORDERED that:

1. Mountain be and hereby is granted rates to produce additional annual operating revenues of \$47,263.
2. The rates in Appendix A, attached and incorporated hereto, have incorporated the rates and charges in the Commission's Order in Purchased Gas Adjustment Case No. 9546-I, and are the fair, just, and reasonable rates to be charged by Mountain for service rendered on and after the date of this Order.
3. Within 30 days from the date of this Order, Mountain shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 21st day of March, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10398 DATED 3/21/89

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. The following rates and charges have incorporated all adjustments through the Commission's Order in PGA Case 9546-I.

RATES: Monthly

First	1 Mcf	\$8.5548 Per Mcf
All Over	1 Mcf	7.7948 Per Mcf

Minimum Bill: \$8.55
(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:

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$2.9367/Dth*

*Including Gas Research Institute Funding Charge of \$0.0151 per Dth and annual charge adjustment of \$0.0018 per Dth.