

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-L4
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 31, 1995, Mt. Olivet filed its GCA proposed to be effective from July 1, 1995 to October 1, 1995.

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 decrease in gas costs to its customers. Mt. Olivet's proposed expected gas cost ("EGC") did not include all pipeline transportation rates. Using the rates currently effective for its pipeline transporters and converting its calculations to a Mmbtu basis result in an EGC of \$2.6652 per Mcf.

2. Mt. Olivet has no current refunds. The total refund adjustment of .87 cent per Mcf reflects previous quarter adjustments.

3. The notice set out a current quarter actual adjustment ("AA") of (1.75) cents per Mcf to reconcile gas cost from January, February, and March 1995. Mt. Olivet did not use the EGCs which were actually in effect for these months in its current AA calculation. Correcting this error yields a current AA of (92.65) cents per Mcf. The total AA of (45.21) cents per Mcf reflects the current over-collection as well as under- and over-collections from previous quarters. It also corrects an error in the calculation of the previous quarter's AA, changing it from (3.85) cents per Mcf to (3.11) cents per Mcf.

4. These adjustments produce a gas cost recovery rate of \$2.2044 per Mcf, \$1.3657 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 July 1, 1995.

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 July 1, 1995.

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 30th day of June, 1995.

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-L4 DATED JUNE 30, 1995.

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	\$2.2044	\$5.1844
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	2.2044	3.4657
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	2.2044	3.2657
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	2.2044	3.1157
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	2.2044	2.9157