

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-N4
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 December 11, 1995, Mt. Olivet filed its GCA proposed to be effective from January 1, 1996 to April 1, 1996.

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 September billings from Natural Gas Clearinghouse and did not reflect expected increases for winter billings. Using an average of NYMEX gas futures prices for the quarter beginning January 1, 1996 results in an EGC of \$3.8872 per Mcf.

2. Mt. Olivet has current supplier refunds of \$1,469, including interest, to return to its customers. The current refund adjustment is 3.79 cents per Mcf. The total refund adjustment of 3.90 cents per Mcf reflects a previous quarter adjustment, as well as the current adjustment.

3. The notice set out a current quarter actual adjustment ("AA") of .41 cent per Mcf to reconcile gas cost from July, August, and September 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 1.13 cents per Mcf. The total AA of (\$1.0283) 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 \$2.8199 per Mcf, 79.30 cents per Mcf more 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.

IT IS THEREFORE ORDERED that:

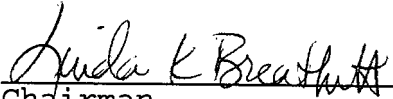
1. The rates proposed by Mt. Olivet be and they hereby are denied.

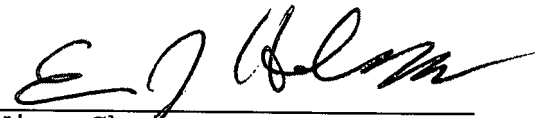
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.


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 18th day of January, 1996.

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-N4 DATED JANUARY 18, 1996

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	\$2.8199	\$5.7999
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	2.8199	4.0812
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	2.8199	3.8812
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	2.8199	3.7312
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	2.8199	3.5312