

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-R4
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 6, 1996, Mt. Olivet filed its GCA proposed to be effective from January 1, 1997 to April 1, 1997.

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. Because of the current high levels of gas prices, the EGC should be estimated using Nymex futures prices. The EGC should be \$4.5083 per Mcf.
2. Mt. Olivet has no current supplier refunds. The total refund adjustment of 9.32 cents per Mcf reflects a previous quarter adjustment.

3. The notice set out a current quarter actual adjustment ("AA") of (3.85) cents per Mcf to reconcile gas cost from July, August, and September 1996. Correcting the current AA calculation to show the EGC of \$3.7862 that was in effect for these months yields a current AA of (3.43) cents per Mcf. The total AA of 29.79 cents per Mcf reflects the current over-collection as well as under- and over-collections from previous quarters.

4. These adjustments produce a gas cost recovery rate of \$4.7130 per Mcf, 58.04 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 January 5, 1997. Mt. Olivet did not give the 30 day notice required to implement rates on January 1, 1997.

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 January 5, 1997.
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 26th day of December, 1996.

PUBLIC SERVICE COMMISSION

Linda K Breathitt
Chairman

Elmer H. Hines
Vice Chairman

B. J. Helton
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9918-R4 DATED DECEMBER 26, 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	\$4.7130	\$7.6930
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	4.7130	5.9743
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	4.7130	5.7743
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	4.7130	5.6243
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	4.7130	5.4243