

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-U4
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 October 27, 1997, Mt. Olivet filed its GCA proposed to be effective from October 1, 1997 to January 1, 1998.

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 June billings from Natural Gas Clearinghouse. Because of the current higher levels of gas prices, the EGC should be estimated using the more current November billing rate. The EGC should be \$4.6004 per Mcf.
2. Mt. Olivet has no current supplier refunds to return to its customers. The total refund adjustment is .05 cent per Mcf.

3. The notice set out a current quarter actual adjustment ("AA") of (16.49) cents per Mcf to reconcile gas cost from April, May, and June 1997. The total AA of 12.13 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 \$4.7212 per Mcf, 71.89 cents per Mcf more than the prior rate.

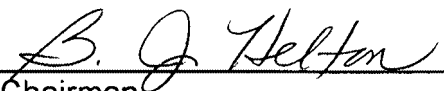
5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved with gas supplied on and after the date of this Order. Mt. Olivet did not give the 30 days notice required for rates to be effective October 1, 1997.

IT IS THEREFORE ORDERED that:

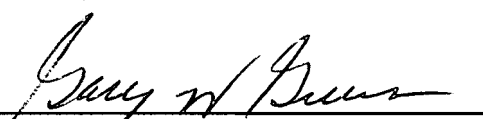
1. The rates proposed by Mt. Olivet are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.
3. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 5th day of December, 1997.

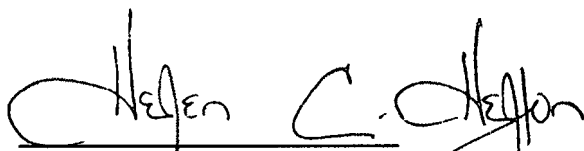
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9918-U4 DATED DECEMBER 5, 1997

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 | \$4.6004 | \$7.5804 |
| Next 4,000 cu. ft. per 1,000 cu. ft. | 1.2613 | 4.6004 | 5.8617 |
| Next 5,000 cu. ft. per 1,000 cu. ft. | 1.0613 | 4.6004 | 5.6617 |
| Next 10,000 cu. ft. per 1,000 cu. ft. | 0.9113 | 4.6004 | 5.5117 |
| Over 20,000 cu. ft. per 1,000 cu. ft. | 0.7113 | 4.6004 | 5.3117 |