

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT )  
FILING OF JOHNSON COUNTY GAS ) CASE NO. 10415-EE  
COMPANY, INC. )

O R D E R

On April 24, 1991, in Case No. 91-004, the Commission approved adjustments to the rates of Johnson County Gas Company, Inc. ("Johnson County") on a quarterly basis in accordance with the Gas Cost Adjustment ("GCA") Clause set forth in the Order.

On September 2, 1997, Johnson County filed its GCA to become 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. Johnson County's notice of September 2, 1997 proposed rates designed to pass on its increased wholesale gas costs to its customers. Johnson County's proposed expected gas cost ("EGC") is \$3.8104 per Mcf.
2. Johnson County's notice set out no refund adjustment.
3. Johnson County's notice set out a current quarter actual adjustment ("AA") of (2.9) cents per Mcf to return over-recovered gas cost from April, May, and June 1997. In computing its current AA, Johnson County did not use the EGC of \$3.7625 which was

in effect for these months. Correcting for this error produces an AA of (2.7) cents per Mcf. The corrected total AA of (15.5) cents per Mcf reflects the current over-recovery as well as under- and over-recoveries from previous quarters.

4. Johnson County's notice set out a current quarter balance adjustment ("BA") of 7.5 cents per Mcf. Johnson County's calculation of its BA contained a mathematical error; correcting for this error produces a current BA of 16.9 cents per Mcf. Johnson County's corrected total BA of 18.97 cents per Mcf reflects the current and three previous quarters' BAs.

5. These adjustments produce a gas cost recovery rate of \$3.8451 per Mcf, 30.67 cents per Mcf more than the prior rate.

6. The corrected rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after October 2, 1997. Johnson County 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 Johnson County are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after October 2, 1997.
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 2nd day of October, 1997.

PUBLIC SERVICE COMMISSION

Jinda K. Breathitt  
Chairman

E. J. Allen  
Vice Chairman

B. G. Helton  
Commissioner

ATTEST:

Don Mills  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 10415-EE DATED OCTOBER 2, 1997

The following rates and charges are prescribed for the customers served by Johnson County 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:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.00
All Mcf	\$2.9871	\$3.8451	\$6.8322

A surcharge of \$.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged, or is recalculated.