

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MT. OLIVET)
NATURAL GAS COMPANY, INC.) CASE NO. 9918-W4

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 February 26, 1998, Mt. Olivet filed its GCA proposed to be effective from April 1, 1998 to July 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") of \$4.5762 was based on an average of its actual gas cost for October, November, and December. Because of the current lower levels of gas prices, the EGC should be estimated using more current NYMEX information for April, May, and June. The EGC should be \$3.4610 per Mcf.
2. Mt. Olivet has no current supplier refunds to return to its customers.

3. The notice set out a current quarter actual adjustment ("AA") of (24.48) cents per Mcf to reconcile gas cost from October, November, and December 1997. The total AA of (31.68) 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 \$3.1442 per Mcf, 30.30 cents 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 April 1, 1998.

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 April 1, 1998.

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.

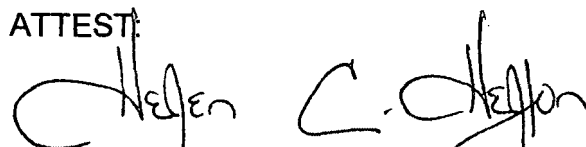
Done at Frankfort, Kentucky, this 31st day of March, 1998.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9918-W4 DATED MARCH 31, 1998

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	\$3.1442	\$6.1242
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	3.1442	4.4055
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	3.1442	4.2055
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	3.1442	4.0555
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	3.1442	3.8555