

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-HH
COMPANY, INC.)	

ORDER

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 June 3, 1998, Johnson County filed its GCA to become effective from July 1, 1998 to October 1, 1998.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. In its notice of June 3, 1998 Johnson County proposed rates designed to pass on its increased wholesale gas costs to its customers. Johnson County's proposed expected gas cost ("EGC") is \$3.7601 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 13.83 cents per Mcf to reconcile gas cost from January, February, and March 1998. Johnson County's AA should be recalculated so that it reflects the EGC of \$3.8421 that

was in effect during those months. This produces a total cost difference of (\$1,236). Dividing this amount by Johnson County's twelve months sales of 31,689 Mcf produces an AA of (3.90) cents per Mcf. The total AA of 77.57 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 4.01 cents per Mcf. Johnson County used a figure of four cents per Mcf instead of the correct expired AA of (.4) cents per Mcf in the calculation, and did not use the correct original total cost difference of (\$130). Correcting for these errors produces a remaining over-recovery of \$3.00, a de minimis amount yielding no current BA. The total BA of 14.66 cents per Mcf is composed of previous quarter BAs.

5. These adjustments produce a corrected gas cost recovery rate of \$4.6824 per Mcf, an increase of 36.11 cents per Mcf over the prior rate.

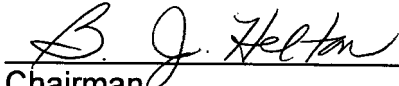
6. The corrected rate adjustment in the Appendix to this Order is fair, just and reasonable, in the public interest, and should be approved for service rendered on and after July 3, 1998. Johnson County did not give the 30 days notice required for rates to be effective July 1, 1998.

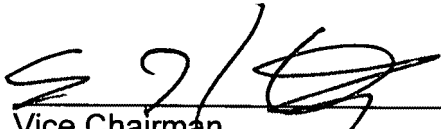
IT IS THEREFORE ORDERED that:

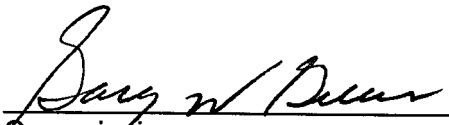
1. The rates proposed by Johnson County are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after July 3, 1998.
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 29th day of June, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 10415-HH DATED JUNE 29, 1998

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 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	\$4.6824	\$7.6695

A surcharge in the amount 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.