

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-II
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 August 27, 1998, Johnson County filed its GCA to become effective from October 1, 1998 to January 1, 1999.

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

1. In its notice of August 27, 1998 Johnson County proposed rates designed to pass on its change in wholesale gas costs to its customers. Johnson County's proposed expected gas cost ("EGC") is \$3.7506 per Mcf. Johnson County multiplied by sales volumes instead of allowable Mcf purchases in its calculation of Total Expected Gas Cost. Correcting this produces an EGC of \$3.7825 per Mcf, an increase of 2.24 cents per Mcf over the prior EGC.
2. Johnson County's notice set out no refund adjustment.

3. Johnson County's notice set out a current quarter actual adjustment ("AA") of 4.99 cents per Mcf to reconcile gas cost from April, May, and June 1998. The total AA of 85.26 cents per Mcf reflects the current under-recovery as well as under- and over-recoveries from previous quarters. The total AA represents an increase of 7.69 cents per Mcf over the total AA previously in effect. Johnson County had calculated a total AA of \$1.0299 by including the previous quarter AA at the 13.83 cents per Mcf proposed by Johnson County in its previous filing rather than the (3.90) cents per Mcf as recalculated by the Commission.

4. Johnson County's notice set out a current quarter balance adjustment ("BA") of (19.24) cents per Mcf. Johnson County added the original total cost difference to the dollar amounts resulting from the expired AA instead of netting these amounts against each other, producing a Balance Adjustment for the AA of (\$5,716.83) instead of (\$131). Correcting for this error produces a current BA of (.44) cent per Mcf. The total BA of 2.68 cents per Mcf is composed of the current and previous quarter BAs, and correctly sets out the previous quarter BA at 0 cents per Mcf as approved by the Commission instead of 4.01 cents per Mcf as proposed by Johnson County in its last filing. The total BA represents a decrease of 11.98 cents per Mcf from the total BA previously in effect.

5. These adjustments produce a corrected gas cost recovery rate of \$4.6619 per Mcf, a decrease of 2.05 cents per Mcf from the prior rate of \$4.6824 per Mcf.

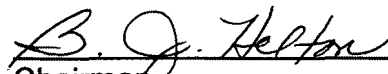
6. The corrected rate adjustment in the Appendix to this Order is fair, just and reasonable, in the public interest, and should be approved for service rendered on and after October 1, 1998.


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 October 1, 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 September, 1998.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10415-II DATED SEPTEMBER 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	\$4.6619	\$7.6490

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.