

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF KENTUCKY-)	CASE NO.
OHIO GAS COMPANY)	91-138-J

ORDER

On December 18, 1991, the Commission issued its Order in Case No. 91-138 approving certain adjustments in rates for Kentucky-Ohio Gas Company ("KOG") and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On June 2, 1998, KOG filed its quarterly gas cost adjustment ("GCA") to be 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. KOG's notice of June 2, 1998 proposed revised rates to pass on its expected decrease in gas costs to its customers. KOG's proposed expected gas cost ("EGC") is \$2.45 per Mcf.
2. KOG's notice set out no refund adjustment.
3. KOG's proposed actual adjustment ("AA") is (11) cents per Mcf. KOG calculated its AA by dividing its total cost of volumes purchased by its supply volumes purchased instead of by its sales. It also used incorrect EGCs in effect for the months

of January, February, and March. Correcting for these errors produces a current AA of (.26) cents per Mcf, based on an over-recovery for January, February, and March 1998 of \$384. The total AA of 1.16 cents per Mcf includes the current AA, the previous AA of (17.58) cents per Mcf, and the third previous quarter AA of 19 cents per Mcf.

4. KOG's corrected gas cost recovery rate is \$2.4616 per Mcf, 6.26 cents per Mcf less than the previous rate.

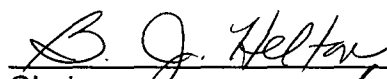
5. KOG's corrected adjustment in rates is fair, just, and reasonable, in the public interest, and should be effective with service rendered on after July 1, 1998.

IT IS THEREFORE ORDERED that:

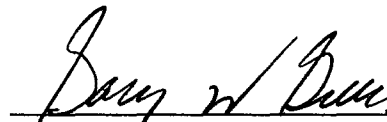
1. The rates proposed by KOG are denied.
2. The rates in the Appendix are fair, just, and reasonable and are approved effective for final meter readings on and after July 1, 1998.
3. Within 30 days of the date of this Order, KOG shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

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 KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-138-J DATED JUNE 29, 1998

The following rates and charges are prescribed for the customers in the area served by Kentucky-Ohio Gas Company. 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>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$2.4616	\$6.7016

Minimum Bill

The minimum bill shall be \$6.70