

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MIKE) CASE NO. 93-400-Q
LITTLE GAS COMPANY, INC.)

O R D E R

On December 17, 1993, in Case No. 93-400, the Commission approved the merger of Elzie Neeley Gas Company, Inc. ("Elzie Neeley") and Phelps Gas Company, Inc. ("Phelps") into Mike Little Gas Company, Inc. ("Mike Little") and provided for the adjustment of rates of the merged companies on a quarterly basis in accordance with the provisions of Mike Little's gas cost adjustment ("GCA") clause.

On December 22, 1997, Mike Little filed its GCA to be effective February 1, 1998 until April 30, 1998.

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

1. Mike Little's notice proposed revised rates designed to pass on its expected wholesale increase in gas cost to its customers. Mike Little's proposed expected gas cost ("EGC") for the quarter is \$4.9810 per Mcf. The EGC calculation should be adjusted, however, to reflect a decrease in wholesale gas cost expected for the month of April. Mike Little's EGC should be \$4.8565 per Mcf.

2. Mike Little's notice set out no current quarter refund adjustment ("RA"), and it had no RAs remaining from previous quarters.

3. Mike Little's notice set out a current quarter actual adjustment ("AA") of 2.99 cents per Mcf to collect under-recovered gas cost from August, September, and October 1997. The total AA of (6.40) cents per Mcf reflects the net over-recovery of the combined system for the current and previous three quarters.

4. These adjustments produce a gas cost recovery rate ("GCR") of \$4.7925 per Mcf, 50.33 cents per Mcf more 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 effective for gas supplied on and after February 1, 1998.

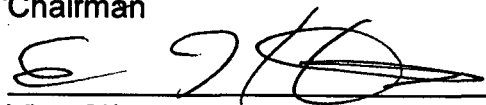
IT IS THEREFORE ORDERED that:

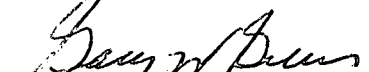
1. The rates proposed by Mike Little are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are effective for gas supplied on and after February 1, 1998.
3. Within 30 days of the date of this Order, Mike Little shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 28th day of January, 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. 93-400-Q DATED JANUARY 28, 1998

The following rates and charges are prescribed for the customers in the area served by Mike Little 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 date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf - Minimum Bill	\$2.8211	\$4.7925	\$7.6136
Over 1 Mcf	2.6040	4.7925	6.3965

RATES FOR CUSTOMERS FORMERLY SERVED BY
ELZIE NEELEY GAS COMPANY

Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf - Minimum Bill	\$3.4984	\$4.7925	\$8.2909
Over 1 Mcf	2.4658	4.7925	7.2583

RATES FOR CUSTOMERS FORMERLY SERVED BY PHELPS GAS COMPANY

Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf - Minimum Bill	\$4.3971	\$4.7925	\$9.1896
Over 1 Mcf	2.7670	4.7925	7.5595