

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 97-389-A
NATURAL GAS COMPANY, INC.)	

O R D E R

On April 24, 1998, in Case No. 97-389, 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 June 2, 1998, Mt. Olivet filed its GCA proposed 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. 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 \$3.7691 was based on an average of its actual gas cost for January, February, and March 1998. Because of the current lower levels of gas prices, the EGC should be estimated using more current NYMEX information for July, August, and September. The EGC should be \$3.4799 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 (10.29) cents per Mcf to reconcile gas cost from January, February, and March 1998. Mt. Olivet's reported over-recovery should be adjusted to correct for an error made in setting out the gas cost recovery rate for the quarter beginning October 1, 1997. The current AA should be (6.01) cents per Mcf. The total AA of (45.10) cents per Mcf reflects the current over-collection, the previous quarter correction, and under- and over-collections from previous quarters.

4. These adjustments produce a gas cost recovery rate of \$3.0289 per Mcf, 11.53 cents per Mcf less than the prior rate.

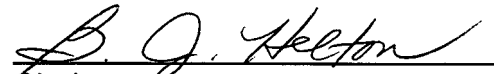
5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved with gas supplied on and after July 1, 1998.

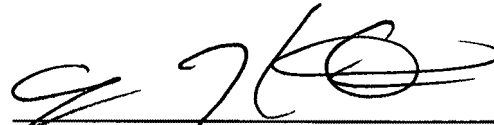
IT IS THEREFORE ORDERED that:

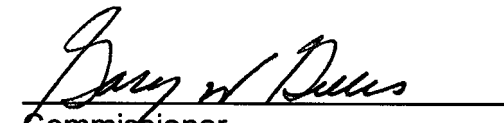
1. The rates proposed by Mt. Olivet are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after July 1, 1998.
3. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting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

Done at Frankfort, Kentucky, this 25th 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. 97-389-A DATED JUNE 25, 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	\$3.1996	\$3.0289	\$6.2285
Next 4,000 cu. ft. per 1,000 cu. ft.	1.4143	3.0289	4.4432
Next 5,000 cu. ft. per 1,000 cu. ft.	1.2095	3.0289	4.2384
Next 10,000 cu. ft. per 1,000 cu. ft.	1.0578	3.0289	4.0867
Over 20,000 cu. ft. per 1,000 cu. ft.	0.8501	3.0289	3.8790