

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-B
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 September 8, 1998, Mt. Olivet filed its GCA proposed to be 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. 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") was based on an average of its actual gas cost for April, May, and June 1998. The current level of gas prices as reported by NYMEX for October, November, and December is not substantially different from Mt. Olivet's proposed EGC of \$3.7441, which is reasonable to be used as the estimate for this quarter's gas cost. The proposed EGC of \$3.7441 per Mcf is 26.42 cents per Mcf more than its prior EGC.

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 (2.55) cents per Mcf to reconcile gas cost from April, May, and June 1998. The total AA of (31.16) cents per Mcf reflects the current over-collection as well as under- and over-collections from previous quarters, and corrects an addition error made in calculating the total AA. The total AA represents an increase of 13.94 cents per Mcf from the previous total AA.

4. These adjustments produce a gas cost recovery rate of \$3.4325 per Mcf, 40.36 cents per Mcf more than the prior rate of \$3.0289.

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 October 8, 1998. Mt. Olivet did not give the 30 days notice required for rates to be effective October 1, 1998.

IT IS THEREFORE ORDERED that:

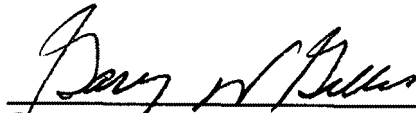
1. The rates proposed by Mt. Olivet are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after October 8, 1998.
3. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 8th day of October, 1998.

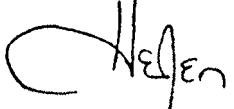
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-389-B DATED OCTOBER 8, 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	\$3.4325	\$6.6321
Next 4,000 cu. ft. per 1,000 cu. ft.	1.4143	3.4325	4.8468
Next 5,000 cu. ft. per 1,000 cu. ft.	1.2095	3.4325	4.6420
Next 10,000 cu. ft. per 1,000 cu. ft.	1.0578	3.4325	4.4903
Over 20,000 cu. ft. per 1,000 cu. ft.	0.8501	3.4325	4.2826