COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS   )
ADJUSTMENT FILING OF MT. OLIVET   )   CASE NO. 7800-ZZ
NATURAL GAS COMPANY, INC.   )

O R D E R

On October 13, 1980, the Commission issued its Order in Case No. 7800 approving certain adjustments in rates 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 April 15, 1987, Mt. Olivet Natural Gas Company, Inc., ("Mt. Olivet") notified the Commission that it received an increase in rates from its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective April 1, 1987, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mt. Olivet's notice of April 15, 1987, set out certain revisions in rates which Mt. Olivet proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of $2,905 or 7.37 cents per Mcf. Mt. Olivet incorrectly calculated the increase based on Mcf sales instead of Mcf purchases, in accordance with its purchased gas adjustment clause.

(2) Transmission filed revised rates with the Federal Energy Regulatory Commission to be effective April 1, 1987. This increase is subject to refund.

(3) A legislative change in KRS Chapter 278, effective July 15, 1986, requires 30-days' notice of a change in rates with the Commission having the discretion to shorten the required period to 20 days upon showing of good cause. Reduction in rates will, as always, be made effective with the date of the supplier decrease. Increases in rates will be effective with 20-days' notice providing that: 1) the effective date from the supplier is not more than 20 days in the future, in which case the actual effective date will be used, and 2) the company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause for 20-days' notice. Mt. Olivet included no request for a showing of good cause for 20-days' notice. The effective date will, therefore, be 30 days after Mt. Olivet's notice, or May 15, 1987.

(4) Mt. Olivet's adjustments in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 7800 dated October 13, 1980, are fair, just and reasonable and in the public interest and should be effective with gas supplied on and after May 15, 1987. Mt. Olivet's increase should be subject to refund because Transmission's is subject to refund.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after May 15, 1987.

(2) Within 30 days of the date of this Order Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 30th day of April, 1987.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7800-ZZ DATED 4/30/87

The following rates are prescribed for the customers 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 the Commission prior to the effective date of this Order.

Rates: Monthly

First	1,000 cu. ft. or less	$6.47	(Minimum Bill)
Next	4,000 cu. ft. per 1,000 cu. ft.	4.7229	
Next	5,000 cu. ft. per 1,000 cu. ft.	4.5229	
Next	10,000 cu. ft. per 1,000 cu. ft.	4.3729	
Over	20,000 cu. ft. per 1,000 cu. ft.	4.1729	

The base rate for the future application of the purchased gas adjustment clause of Mt. Olivet Natural Gas Company, Inc., shall be:

	Demand	Commodity
Columbia Gas Transmission Corporation	–	$3.4182 per Dth