

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MT. OLIVET)
NATURAL GAS COMPANY, INC.) CASE NO. 9918-H4

O R D E R

On August 10, 1987, in Case No. 9918, 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 December 2, 1993, Mt. Olivet filed its GCA to be effective from January 1, 1994 to April 1, 1994. On December 27, 1993, the Commission requested additional information and suspended the proposed rates. On January 10, 1994, Mt. Olivet provided supplemental information. The Commission issued another information request on February 10, 1994, to which Mt. Olivet responded on March 18, 1994.

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 wholesale gas costs to its customers. Based on all the information provided by Mt. Olivet, its expected gas cost ("EGC") should be \$3.5817 per Mcf as proposed by Mt. Olivet.

2. Mt. Olivet's notice set out a current quarter refund adjustment of 6.94 cents per Mcf to return refunds of \$3,006, including interest, to its customers. The total refund adjustment of 9.9 cents per Mcf includes this adjustment and a previous quarter adjustment.

3. The notice set out a current quarter actual adjustment ("AA") of 3.16 cents per Mcf corresponding to April, May, and June 1993, with a proposed total AA of (47.74) cents per Mcf. The current quarter AA should be recalculated to correct past errors in the AA calculation. The AA of (58.46) cents per Mcf reconciles under- and over-collections from the period of October 1, 1991 through June 30, 1993, and replaces all previous AAs.

4. These adjustments produce a gas cost recovery rate of \$2.8981 per Mcf, 5.49 cents per Mcf less than the prior rate.

5. The corrected rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved effective for gas supplied on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Mt. Olivet be and they hereby 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 the date of this Order.

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 9918-H4 DATED May 26, 1994.

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.

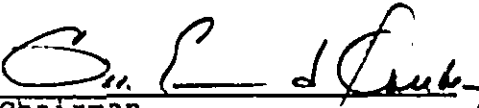
Rates: Monthly

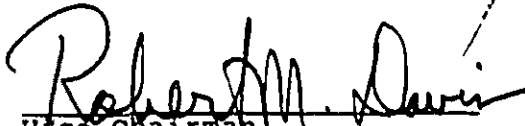
	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cu. ft. or less	\$2.98	\$2.8981	\$5.8781
Next 4,000 cu. ft. per 1,000 cu. ft.	1.2613	2.8981	4.1594
Next 5,000 cu. ft. per 1,000 cu. ft.	1.0613	2.8981	3.9594
Next 10,000 cu. ft. per 1,000 cu. ft.	0.9113	2.8981	3.8094
Over 20,000 cu. ft. per 1,000 cu. ft.	0.7113	2.8981	3.6094

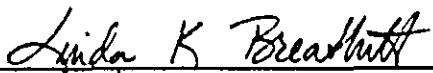
3. Within 30 days of the date of this Order, Mt. Olivet shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 26th day of May, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director