

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-I
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 28, 1995, Mike Little filed its GCA to be effective February 1, 1996 until April 30, 1996.

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. There was a mathematical error in Mike Little's expected gas cost ("EGC") calculation of \$3.6782 per Mcf. Mike Little's EGC for the quarter should be \$3.6884 per Mcf.

2. Mike Little's notice set out a refund adjustment ("RA") of .12 cent per Mcf to return refunds of \$70.41 to its customers. The total RA is also .12 cent per Mcf.

3. Mike Little's notice set out a current quarter actual adjustment ("AA") of (2.23) cents per Mcf to return over-recovered gas cost from August, September, and October 1995. The total AA of (1.42) cents per Mcf reflects the net over-recovery of the combined system for the current and previous three quarters, and corrects for errors in the representation of previous quarter adjustments.

4. These adjustments produce a gas cost recovery rate ("GCR") of \$3.6730 per Mcf, 1.78 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 effective for gas supplied on and after February 1, 1996.

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, 1996.

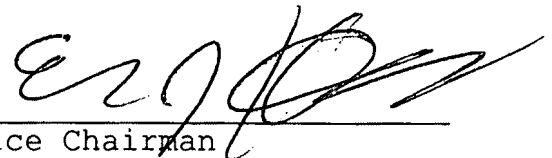
3. Within 30 days of the date of this Order, Mike Little shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

4. In its April 1, 1996 filing for rates effective May 1, 1996, Mike Little shall include a report of additional customers receiving service on the new Joint Venture supply line, along with a comparison of the IUS rate to other available rates.

Done at Frankfort, Kentucky, this 1st day of February, 1996.

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-I DATED FEBRUARY 1, 1996.

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	\$3.6730	\$6.4941
Over 1 Mcf	2.6040	3.6730	6.2770

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	\$3.6730	\$7.1714
Over 1 Mcf	2.4658	3.6730	6.1388

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	\$3.6730	\$8.0701
Over 1 Mcf	2.7670	3.6730	6.4400