

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)
FILING OF JOHNSON COUNTY GAS) CASE NO. 10415-FF
COMPANY, INC.)

O R D E R

On April 24, 1991, in Case No. 91-004, the Commission approved adjustments to the rates of Johnson County Gas Company, Inc. ("Johnson County") on a quarterly basis in accordance with the Gas Cost Adjustment ("GCA") Clause set forth in the Order.

On December 4, 1997, Johnson County filed its GCA to become effective from January 1, 1998 to April 1, 1998. On December 23, 1997, Johnson County amended its filing to revise its actual adjustment.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. In its notice of December 4, 1997, Johnson County proposed rates designed to pass on its increased wholesale gas costs to its customers. Johnson County's proposed expected gas cost ("EGC") is \$4.5979 per Mcf. The EGC calculation included projected gas cost from Kentucky West Virginia Gas Company; according to Johnson County, however, it will only be purchasing gas from Interstate Natural Gas in the future. Correcting the EGC calculation to show only purchases from Interstate Natural Gas, and using in the calculation only the 35,850 Mcf purchases that Johnson County has reported during the

twelve months ended September 30, 1997, results in an EGC of \$3.8421 per Mcf.

2. Johnson County's notice set out no refund adjustment.

3. Johnson County's amended notice set out a current quarter actual adjustment ("AA") of \$1.1957 per Mcf to collect under-recovered gas cost from July, August, and September 1997, as well as \$38,459 of unrecovered gas cost from January and February of 1997 which is owed to Cenerprise, Inc., a former supplier.

Johnson County's AA should be recalculated so that it is collected over 15 months instead of 12 months, because this will more closely match the payment schedule that it has from Cenerprise, Inc. This recalculation produces an AA of 80.16 cents per Mcf. The total AA of 67.66 cents per Mcf reflects the current under-recovery as well as under- and over-recoveries from previous quarters.

4. Johnson County's notice set out a current quarter balance adjustment ("BA") of (1.64) cents per Mcf. Johnson County's total BA of 17.43 cents per Mcf reflects the current and three previous quarters' BAs.

5. These adjustments produce a gas cost recovery rate of \$4.6930 per Mcf, 84.79 cents per Mcf more than the prior rate.

6. The corrected rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

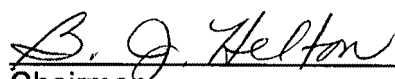
1. The rates proposed by Johnson County are hereby denied.

2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after the date of this Order.

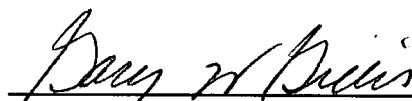
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 21st day of January, 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. 10415-FF DATED JANUARY 21, 1998

The following rates and charges are prescribed for the customers served by Johnson County 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:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.00
All Mcf	\$2.9871	\$4.6930	\$7.6801

A surcharge of \$.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged, or is recalculated.