

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-GG
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 April 13, 1998, Johnson County filed its GCA to become effective from April 1, 1998 to July 1, 1998.

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

1. In its notice of April 13, 1998, Johnson County proposed rates designed to pass on its decreased wholesale gas costs to its customers. Johnson County's proposed expected gas cost ("EGC") is \$3.42 per Mcf. The EGC calculations as performed by Johnson County did not carry figures out to four places past the decimal point. Correcting for this results in an EGC of \$3.4303 per Mcf.

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

3. Johnson County's notice set out a current quarter actual adjustment ("AA") of 71 cents per Mcf to collect under-recovered gas cost from October, November, and

December 1997. Johnson County's AA should be recalculated so that it reflects the EGC of \$3.8104 that was in effect during those months. This produces a total cost difference of \$1,275.84. Dividing this amount by Johnson's County's twelve months sales of 31,811 Mcf produces an AA of 4.01 cents per Mcf. The total AA of 72.07 cents per Mcf reflects the current under-recovery as well as under- and over-recoveries from previous quarters. Johnson County had incorrectly set out the Previous Quarter Reported Actual Adjustment as \$1.1957, instead of the correct adjustment of 80.16 cents per Mcf.

4. Johnson County's notice set out a current quarter balance adjustment ("BA") of 45.7 cents per Mcf. Johnson County failed to multiply the expired AA of (3.0) cents per Mcf by its twelve months sales of 31,811. The total balance adjustment amount to be returned to customers is (\$191), which yields a Balance Adjustment for the Reporting Period of (.60) cents per Mcf. Johnson County's total BA of 17.03 cents per Mcf reflects the current and three previous quarters' BAs.

5. These adjustments produce a corrected gas cost recovery rate of \$4.3213 per Mcf, 37.17 cents per Mcf less 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.

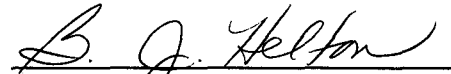
IT IS THEREFORE ORDERED that:

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 7th day of May, 1998.

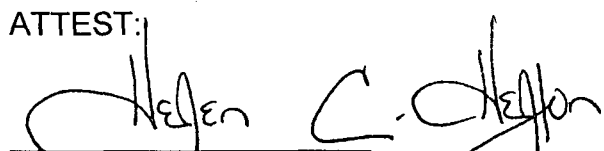
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10415-GG DATED MAY 7, 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	\$4.3213	\$7.3084

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.