

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 97-389-C
NATURAL GAS COMPANY, INC.)	

O R D E R

On April 24, 1998, in Case No. 97-389, 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 November 30, 1998, Mt. Olivet filed its GCA proposed to be effective from January 1, 1999 to April 1, 1999.

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 expected wholesale increase in gas costs to its customers. Mt. Olivet's proposed expected gas cost ("EGC") was based on an average of its actual gas cost for July, August, and September 1998. The current level of gas prices as reported by NYMEX for January, February, and March is not substantially different from the gas cost used by Mt. Olivet in calculating its proposed EGC of \$3.4056, which is reasonable to be used as the estimate for this quarter's gas cost. The proposed EGC of \$3.4056 per Mcf is 33.85 cents per Mcf less than its prior EGC.

2. Mt. Olivet has no current supplier refunds to return to its customers.

3. The notice set out a current quarter actual adjustment ("AA") of .09 cent per Mcf to reconcile gas cost from July, August, and September 1998. The total AA of (32.95) cents per Mcf reflects the current under-collection as well as under- and over-collections from previous quarters. The total AA represents a decrease of 1.79 cents per Mcf from the previous total AA.

4. These adjustments produce a gas cost recovery rate of \$3.0761 per Mcf, 35.64 cents per Mcf less than the prior rate of \$3.4325.

5. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved with gas supplied on and after January 1, 1999.

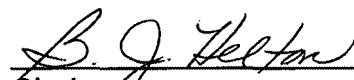
IT IS THEREFORE ORDERED that:

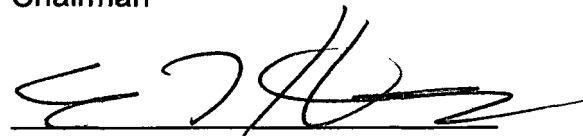
1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after January 1, 1999.

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 in this Order.

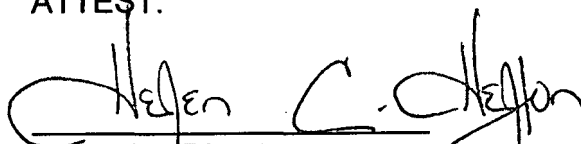
Done at Frankfort, Kentucky, this 17th day of December, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-389-C DATED DECEMBER 17, 1998

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	\$3.1996	\$3.0761	\$6.2757
Next 4,000 cu. ft. per 1,000 cu. ft.	1.4143	3.0761	4.4904
Next 5,000 cu. ft. per 1,000 cu. ft.	1.2095	3.0761	4.2856
Next 10,000 cu. ft. per 1,000 cu. ft.	1.0578	3.0761	4.1339
Over 20,000 cu. ft. per 1,000 cu. ft.	0.8501	3.0761	3.9262