

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MT. OLIVET) CASE NO. 7800-CCC
NATURAL GAS COMPANY, INC.)

O R D E R

On October 13, 1980, the Commission issued its Order in Case No. 7800 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On June 23, 1987, the Commission issued its Order in Case No. 7800-BBB allowing Mt. Olivet Natural Gas Company, Inc., ("Mt. Olivet") to pass on a decrease in rates from its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective April 1, 1987, and ordered Mt. Olivet to report to the Commission any excess revenues collected along with a plan to refund these excess revenues to its customers. On July 6, 1987, Mt. Olivet submitted its excess revenues and refund plan to the Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mt. Olivet's notice of July 6, 1987, set out a refund factor which Mt. Olivet proposed to place into effect, said refund factor being designed to pass on excess revenues in the amount of \$698 or 52 cents per Mcf.

(2) The refund factor should remain in effect for three months or until such time as the full amount plus interest has been returned to Mt. Olivet's customers.

(3) The refund should begin with meter readings taken on July 1, 1987, or as soon as practical thereafter.

(4) Mt. Olivet should refund the amount reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

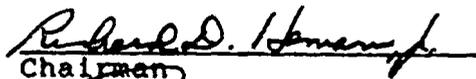
IT IS THEREFORE ORDERED that:

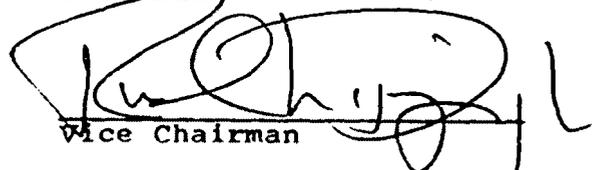
(1) Mt. Olivet shall apply a 52 cents per Mcf refund factor as a reduction in the approved purchased gas adjustment beginning with meter readings taken on July 1, 1987, or as soon as practical thereafter, and this refund factor shall remain in effect until such time as necessary so that the total amount refunded will, as nearly as possible, reflect the amount received. The refund factor will terminate when the amount refunded equals the amount herein reported plus interest.

(2) Within 30 days of the date the refund factor is terminated, Mt. Olivet shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

Done at Frankfort, Kentucky, this 21st day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director