

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY)	
FILING OF BLUEGRASS GAS SALES, INC.)	CASE NO. 94-433-J

O R D E R

On May 31, 1996, in Case No. 94-433, the Commission approved certain rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided by tariff for their further adjustment on a quarterly basis in accordance with its approved gas cost adjustment ("GCA") clause.

On October 22, 1998, Bluegrass filed an interim GCA to pass through on a more timely basis an increase in gas cost from its supplier.

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

1. In its notice of October 22, 1998, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale increase in gas costs. Bluegrass's proposed expected gas cost ("EGC") is \$3.9077 per Mcf, an increase of 17.29 cents per Mcf from its previous EGC.
2. Bluegrass's notice of October 22, 1998 set out no current quarter refund adjustment.
3. Bluegrass's notice of October 22, 1998 included no schedule proposing a change in its AA; however, it set out its current quarter AA as (2.85) cents per Mcf

instead of the (3.07) cents per Mcf AA which was included in its last GCA filing. Bluegrass's total AA should be 19.52 cents per Mcf.

4. Bluegrass's notice of October 22, 1998 set out no change in its balance adjustment.

5. Bluegrass's GCR is \$3.8876 per Mcf, 17.29 cents per Mcf more than the previously authorized rate of \$3.3.7147 per Mcf.

6. Bluegrass's corrected adjustment in rates contained 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. Bluegrass asked for a waiver of the 30-day notice requirement.

IT IS THEREFORE ORDERED that:

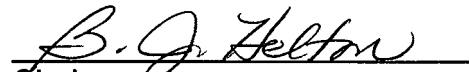
1. The rates proposed by Bluegrass are denied.


2. The rates in the Appendix, attached hereto and incorporated herein, 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, Bluegrass shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 19th day of November, 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. 94-433-J DATED NOVEMBER 19, 1998

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, 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.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$3.1203	\$3.8876	\$7.0079