

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-P

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 March 2, 2000, Bluegrass filed its quarterly GCA filing to be effective April 1, 2000, and to remain in effect until July 1, 2000.

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

1. In its notice of March 2, 2000, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale decrease in gas costs. Bluegrass's proposed expected gas cost ("EGC") is \$3.3846 per Mcf, a decrease of 28.42 cents per Mcf from its previous EGC.

2. Bluegrass's notice of March 2, 2000 set out no current quarter refund adjustment.

3. Bluegrass's notice of March 2, 2000 set out a current quarter actual adjustment ("AA") of 23.76 cents per Mcf to collect under-recoveries of October, November, and December 1999 gas cost to its customers. Bluegrass miscalculated its

current AA by using sales for July, August, and September in calculating its under-recovery. Using the correct Mcf sales for these months of October, November and December, as supplied by Bluegrass, yields a current AA of 1.27 cents per Mcf. The corrected total AA of (26.04) cents per Mcf includes the current as well as the previous quarter AAs, and represents an increase of 12.94 cents per Mcf from the previous quarter total AA.

4. Bluegrass's notice of March 2, 2000 set out a proposed balance adjustment ("BA") of .08 cent per Mcf to reconcile an under-recovery from expired AAs. The total BA of 5.64 cents per Mcf is .34 cent per Mcf more than the previous quarter total BA.

5. Bluegrass's corrected GCR is \$3.1806 per Mcf, 15.14 cents per Mcf less than the previously authorized rate of \$3.3320.

6. Bluegrass's 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 April 1, 2000.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are effective for service rendered on and after April 1, 2000.

2. 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 20th day of March, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-433-P DATED MARCH 20, 2000

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)	\$4.6137	\$3.1806	\$7.7943