

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-A

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 November 1, 1996, Bluegrass filed its first GCA, an interim filing, to be effective December 1, 1996.

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

1. Bluegrass' notice of November 1, 1996 proposed revised rates designed to pass on to its customers its expected wholesale increase in gas costs. Bluegrass' proposed expected gas cost ("EGC") is \$3.69 per Mcf; carrying the EGC computation out to four places past the decimal point yields an EGC of \$3.6921.
2. Bluegrass' notice of November 1, 1996 set out no current quarter refund adjustment.
3. Bluegrass' notice of November 1, 1996 set out a current quarter actual adjustment ("AA") of .01 cent per Mcf to recoup undercollections of June 1996 gas cost

from its customers. Carrying the AA calculation out four places yields a current and total AA of .79 cent per Mcf.

4. Bluegrass' gas cost recovery rate ("GCR") is \$3.7000 per Mcf, 55 cents per Mcf more than the previously authorized rate.

5. Bluegrass' 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 December 1, 1996.


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 December 1, 1996.

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 25th day of November, 1996.

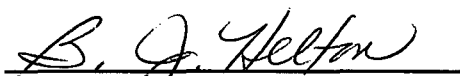
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-433-A DATED NOVEMBER 25, 1996

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	3.7000	6.8203