

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-B

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 December 2, 1996, Bluegrass filed its quarterly GCA filing to be effective January 1, 1997, and to remain in effect until April 1, 1997.

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

1. Bluegrass' notice of December 2, 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 \$4.404 per Mcf; carrying the EGC computation out to four places past the decimal point yields an EGC of \$4.4043.

2. Bluegrass' notice of December 2, 1996 set out no current quarter refund adjustment.

3. Bluegrass' notice of December 2, 1996 set out a current quarter actual adjustment ("AA") of .011 cent per Mcf to recoup undercollections of July, August, and September 1996 gas cost from its customers. Carrying the AA calculation out four places

yields a current AA of .0106 cent per Mcf. The total AA should be .0185 cent per Mcf, which includes the current as well as the previous quarter AA of .0079 cent per Mcf.

4. Bluegrass' gas cost recovery rate ("GCR") is \$4.4228 per Mcf, 72.28 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 January 1, 1997.


IT IS THEREFORE ORDERED that:


1. The rates proposed by Bluegrass are hereby 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 January 1, 1997.
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 16th day of December, 1996.

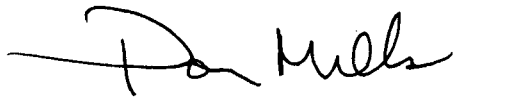
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-433-B DATED DECEMBER 16, 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	4.4228	7.5431