

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-F

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 25, 1997, Bluegrass filed its quarterly GCA filing to be effective January 1, 1998, and to remain in effect until April 1, 1998.

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

1. In its notice of November 25, 1997, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale decrease in gas costs. Bluegrass' proposed expected gas cost ("EGC") is \$3.2308 per Mcf.

2. Bluegrass' notice of November 25, 1997 set out no current quarter refund adjustment.

3. Bluegrass' notice of November 25, 1997 set out a current quarter actual adjustment ("AA") of (.80) cent per Mcf to return overcollections of July, August, and September 1997 gas cost from its customers. The total AA of 68.40 cents per Mcf includes the current as well as the previous quarter AAs.

4. Bluegrass' notice of November 25, 1997 set out no balance adjustment ("BA".) Bluegrass' next filing, for rates to be effective April 1, 1998, should include a BA to reconcile AAs which were effective December 1, 1996 through September 30, 1997, and January 1, 1997 through December 31, 1997.

5. Bluegrass' GCR is \$3.9148 per Mcf, \$1.0277 per Mcf less than the previously authorized rate.

6. 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, 1998.


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 January 1, 1998.

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 23rd day of December, 1997.

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-F DATED DECEMBER 23, 1997

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	\$3.9148	\$7.0351