

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-G

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

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

1. In its notice of February 25, 1998, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale increase in gas costs. Bluegrass' proposed expected gas cost ("EGC") is \$3.8147 per Mcf.
2. Bluegrass' notice of February 25, 1998 set out no current quarter refund adjustment.
3. Bluegrass' notice of February 25, 1998 set out a current quarter actual adjustment ("AA") of 7.48 cents per Mcf to collect underrecoveries of October, November, and December gas cost from its customers. The total AA of 22.65 cents per Mcf includes the current as well as the previous quarter AAs.

4. Bluegrass' notice of February 25, 1998 set out a balance adjustment ("BA") of (1.44) cents per Mcf to reconcile an over-recovery from expired AAs. Bluegrass had filed to reconcile two AAs; for this filing, however, the BA should reflect only a reconciliation of the AA which expired December 31, 1997. Including only this expired AA in the balance adjustment for the reporting period results in a current BA of (.52) cent per Mcf, which is also the total BA.

5. Bluegrass' GCR is \$4.0360 per Mcf, 12.12 cents per Mcf more than the previously authorized rate.

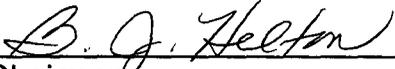
6. Bluegrass' adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after April 1, 1998.

IT IS THEREFORE ORDERED that:

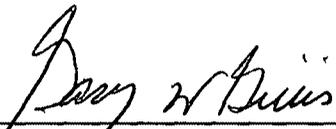
1. The rates proposed by Bluegrass are hereby denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are effective for service rendered on and after April 1, 1998.
3. Within 30 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 31st day of March, 1998.

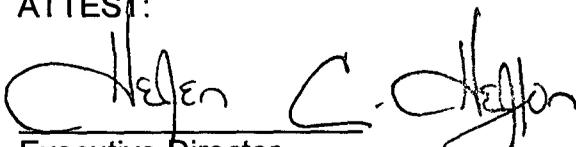
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 94-433-G DATED MARCH 31, 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	\$4.0360	\$7.1563