

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF BLUE GRASS) CASE NO. 96-527-B
RURAL ELECTRIC COOPERATIVE)
CORPORATION FROM MAY 1, 1997)
TO OCTOBER 31, 1997)

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 11, 1997 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Blue Grass Rural Electric Cooperative Corporation ("Blue Grass") for the 6 months ended October 31, 1997.

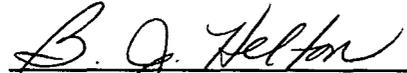
As part of this review, the Commission ordered Blue Grass to submit certain information concerning its compliance with Commission Regulation 807 KAR 5:056. Blue Grass has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Blue Grass has properly calculated and applied its FAC charge.

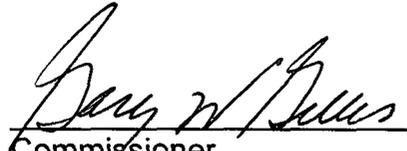
IT IS THEREFORE ORDERED that the charges and credits applied by Blue Grass through the FAC for the period May 1, 1997 through October 31, 1997 are approved.

Done at Frankfort, Kentucky, this 30th day of March, 1998.

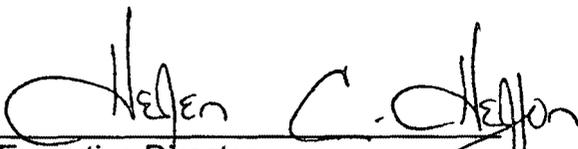
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director