

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-L

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 March 2, 1999, Bluegrass filed its quarterly GCA filing to be effective April 1, 1999, and to remain in effect until July 1, 1999.

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

1. In its notice of March 2, 1999, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale decrease in gas costs. Bluegrass's proposed expected gas cost ("EGC") is \$3.3161 per Mcf, a decrease of 46.81 cents per Mcf from its previous EGC.

2. Bluegrass's notice of March 2, 1999 set out no current quarter refund adjustment.

3. Bluegrass's notice of March 2, 1999 set out a current quarter actual adjustment ("AA") of (11.67) cents per Mcf to return over-recoveries of October, November and December gas cost to its customers. The total AA of (1.34) cents per

Mcf includes the current as well as the previous quarter AAs, and represents a decrease of 19.15 cents per Mcf from the previous quarter total AA.

4. Bluegrass's notice of March 2, 1999 set out a proposed balance adjustment ("BA") of (.26) cent per Mcf to reconcile an over-recovery from expired AAs. In calculating its proposed total BA of (19.73) cents per Mcf, Bluegrass included the previous quarter BA of 1.54 cents per Mcf as set out by the Commission previous GCA Order. That BA component should have been (1.54) cents per Mcf, however, to collect a remaining over-recovery of \$333. The corrected current total BA of (22.81) includes the previous quarter BA at the appropriate (1.54) cents per Mcf amount. It is 2.82 cents per Mcf less than the previous quarter total BA.

5. Bluegrass's GCR is \$3.0746 per Mcf, 68.78 cents per Mcf less than the previously authorized rate of \$3.7624.

6. Bluegrass's corrected 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, 1999.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Bluegrass are 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, 1999.
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 31<sup>st</sup> day of March, 1999.

By the Commission

ATTEST:

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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 94-433-L DATED MARCH 31, 1999

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	\$3.0746	\$6.1949