

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-R

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 Bluegrass's approved gas cost adjustment ("GCA") clause.

On August 31, 2000, Bluegrass filed its quarterly GCA filing to be effective October 1, 2000, and to remain in effect until December 31, 2000.

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

1. In its notice of August 31, 2000, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale increase in gas costs. Bluegrass's proposed expected gas cost ("EGC") is \$5.6204 per Mcf, an increase of 61.09 cents per Mcf from its previous EGC of \$5.0095.

2. Bluegrass's notice of August 31, 2000 set out no current quarter refund adjustment.

3. Bluegrass's notice of August 31, 2000 set out a current quarter actual adjustment ("AA") of 16.01 cents per Mcf to collect under-recoveries of April, May and June 2000 gas cost to its customers. Bluegrass's proposed total AA of 33.49 cents per

Mcf includes the current, as well as the previous quarter AAs, and represents an increase of 16.49 cents per Mcf from the previous quarter total AA.

4. Bluegrass's notice of August 31, 2000 set out a proposed balance adjustment ("BA") of 2.61 cents per Mcf to reconcile an under-recovery from expired AAs. The total BA of 4.18 cents per Mcf is 2.72 cents per Mcf less than the previous quarter total BA.

5. Bluegrass's GCR is \$5.9971 per Mcf, 74.86 cents per Mcf more than the previously authorized rate of \$5.2485.

6. Bluegrass's 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 October 1, 2000.

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 October 1, 2000.

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 12th day of September, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-433-R DATED SEPTEMBER 12, 2000

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)	\$4.6137	\$5.9971	\$10.6108

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING

Case No. 94-433-R

Filing Date August 31, 2000

Utility Bluegrass Gas Sales, Inc.

Proposed Effective Date October 1, 2000

Wholesale Gas Supplier Sirius Energy Management

Wholesale Cost Change 61.09 cents per Mcf Increase

Total filing reflects an increase in retail rates due to changes in the expected gas cost and actual adjustments.

Retail Rate Change 74.86 cents/Mcf Increase
(Net effect of all adjustments)

Gas Cost Adjustment Components:

EGC	\$5.6204
RA	
AA	.3349
BA	<u>.0418</u>
GCR Rate	\$5.9971

Prepared By: Dawn McGee

Date: September 6, 2000