

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST )  
RECOVERY FILING OF ) CASE NO. 2002-00325  
BLUEGRASS GAS SALES, INC. )

O R D E R

On May 31, 1996, in Case No. 1994-00433, the Commission approved rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided for their further adjustment on a quarterly basis in accordance with Bluegrass's gas cost adjustment ("GCA") clause.

On September 3, 2002, Bluegrass filed its proposed GCA to be effective October 1, 2002.

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

1. Bluegrass's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Bluegrass's expected gas cost ("EGC") is \$5.2997 per Mcf, (15.56) cents per Mcf less than its previous EGC of \$5.4553.
3. Bluegrass's notice sets out no current quarter refund adjustment.
4. Bluegrass's notice sets out a current quarter actual adjustment ( AA ) of 7.03 cents per Mcf. Bluegrass's notice includes a total AA of (41.89) cents per Mcf, which is an increase of 11.82 cents per Mcf from the previous total AA.

5. Bluegrass's notice sets out a current quarter balance adjustment ( BA ) of 38.42 cents per Mcf. The total BA of 51.72 cents per Mcf represents an increase of 43.51 cents per Mcf from the previous total BA.

6. Bluegrass's GCA is \$5.3980 per Mcf, which is 39.77 cents per Mcf more than the previous rate of \$5.0003.

7. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered by Bluegrass on and after October 3, 2002. Bluegrass did not provide sufficient notice for the rates to be effective October 1, 2002.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after October 3, 2002.

2. Within 20 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this September, 2002.

By the Commission

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2002-00325 DATED September 26, 2002

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	\$5.3980	\$10.0117