

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
RECOVERY FILING OF)	CASE NO. 2003-00329
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 August 26, 2003, Bluegrass filed its proposed GCA to be effective October 1, 2003.

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 \$7.0281 per Mcf, 78.03 cents per Mcf less than its previous EGC of \$7.8084.
3. Bluegrass's notice sets out no current quarter refund adjustment.
4. Bluegrass's notice sets out a current quarter actual adjustment (AA) of (9.77) cents per Mcf. Bluegrass s notice sets out a total AA of \$1.2792 per Mcf, which is a decrease of 16.8 cents per Mcf from the previous total AA.
5. Bluegrass's notice sets out a current quarter balance adjustment (BA) of 18.9 cents per Mcf. Bluegrass incorrectly calculated the dollar amount resulting from

the expired BA during the 12-month period the BA was in effect. Correcting for this produces a current quarter BA of 3.07 cents per Mcf. The total BA of 6.4 cents per Mcf represents a decrease of 35.35 cents per Mcf from the previous total BA.

6. Bluegrass's GCA is \$8.3713 per Mcf, which is \$1.3018 per Mcf less than the previous rate of \$9.6731.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after October 1, 2003.

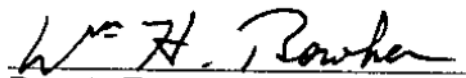
IT IS THEREFORE ORDERED that:

1. The rates proposed by Bluegrass are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2003.
3. 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 22nd day of September, 2003.

By the Commission

ATTEST:


Deputy Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00329 DATED September 22, 2003

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	\$8.3713	\$12.9850