

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2010-00471

O R D E R

On May 31, 1996, in Case No. 1998-00305, 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.¹

On December 2, 2010, Bluegrass filed its proposed GCA to be effective January 1, 2011.

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 notice sets out an Expected Gas Cost ("EGC") of \$5.8276 per Mcf, which is a decrease of \$.2792 per Mcf from its previous EGC of \$6.1068 per Mcf.
3. Bluegrass's notice sets out no current quarter Refund Adjustment.
4. Bluegrass's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0151) per Mcf. In calculating its current quarter AA, Bluegrass failed to use the

¹ Case No. 1998-00305, In the Matter of the Alternative Rate Filing for Bluegrass Gas Sales, Inc. (Ky. PSC Jan. 7, 1999).

\$6.3225 per Mcf EGC that was in effect during the months of July, August, and September. Correcting for this, as well as for mathematical discrepancies in the calculation of the "Unit cost of gas" for each month, produces a current quarter AA of (\$.0164) per Mcf. Bluegrass's total AA is \$.0898 per Mcf, which is an increase of \$.0533 per Mcf from its previous total AA of \$.0365 per Mcf.

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of \$.0060 per Mcf. Bluegrass's total BA is \$.1662 per Mcf, which is an increase of \$.0185 per Mcf from its previous total BA of \$.1477 per Mcf.

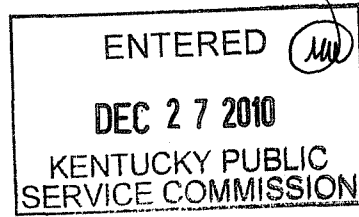
6. Bluegrass's GCA is \$6.0836 per Mcf, which is a decrease of \$.2074 per Mcf from its previous rate of \$6.2910 per Mcf.

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 January 1, 2011.

IT IS THEREFORE ORDERED that:

1. Bluegrass's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after January 1, 2011.
3. Within 20 days of the date of this Order, Bluegrass shall file its revised tariffs with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

Jeff Perren by Stephanie Bees

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00471 DATED DEC 27 2010

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 the 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	\$6.0836	\$10.6973

Mark H O'Brien
President
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