COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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PURCHASED GAS ADJUSTMENT)	
FILING OF BLUEGRASS GAS SALES, INC.)	CASE NO. 2011-00193

ORDER

On May 31, 1996, in Case No. 1994-00433,¹ 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 June 1, 2011, Bluegrass filed its proposed GCA to be effective July 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 \$6.3866 per Mcf, which is an increase of \$.4791 per Mcf from its previous EGC of \$5.9075 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 \$.0743 per Mcf. Bluegrass's total AA is (\$.1333) per Mcf, which is a decrease of \$.1086 per Mcf from its previous total AA of (\$.0247) per Mcf.

¹ Case No. 1994-00433, The Petition of Bluegrass Gas Sales, Inc. for Approval of a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System (Ky. PSC May 31, 1996).

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0005). Bluegrass incorrectly set out (\$.0030) instead of \$.0030 per Mcf as its previous quarter BA in calculating its total BA. Bluegrass's total BA should be \$.0148 per Mcf, which is a decrease of \$.1703 per Mcf from its previous total BA of \$.1851 per Mcf.

6. Bluegrass's GCA is \$6.2681 per Mcf, which is an increase of \$.2002 per Mcf from its previous rate of \$6.0679 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 July 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 July 1, 2011.

3. Within 20 days of the date of this Order, Bluegrass shall file its revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED

JUN 23 2011

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Dawn Dreenwell for Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00193 DATED JUN 2 3 2011

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.

	Base Rate	Gas Cost Recovery Rate	Total
All Mcf (Minimum Bill)	\$4.6137	\$6.2681	 \$10.8818
All Mcf (Minimum Bill)	\$4.6137	\$6.2681	\$10.8810

Mark H O'Brien Bluegrass Gas Sales P.O. Box 23539 Anchorage, KENTUCKY 40223