COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMI	ENT)	
FILING OF BLUEGRASS GAS	SALES, INC.	CASE NO. 2011-00467

ORDER

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.¹

On November 30, 2011, Bluegrass filed its proposed GCA to be effective January 1, 2012.

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 \$5.8759 per Mcf, which is a decrease of \$.0690 per Mcf from its previous EGC of \$5.9449 per Mcf.
 - 3. Bluegrass's notice sets out no current quarter Refund Adjustment.

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).

- 4. Bluegrass's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0241) per Mcf. Bluegrass's total AA is (\$.0709) per Mcf, which is a decrease of \$.0077 per Mcf from its previous total AA of (\$.0632) per Mcf.
- 5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of \$.0003 per Mcf, which includes a correction for a previous Commission Staff calculation error. In calculating its total BA, Bluegrass used the \$.0179 previous quarter BA it had proposed rather than the \$.0169 per Mcf BA approved by the Commission in Case No. 2011-00357. Bluegrass's total BA should be \$.0197 per Mcf, which is a decrease of \$.0057 per Mcf from its previous total BA of \$.0254 per Mcf.
- 6. Bluegrass's GCA is \$5.8247 per Mcf, which is a decrease of \$.0824 per Mcf from its previous rate of \$5.9071 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, 2012.

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 effective January 1, 2012.
- 3. Within 20 days of the date of this Order, Bluegrass shall file with the Commission its revised tariffs setting out the rates approved herein, reflecting that they were approved pursuant to this Order.

² Case No. 2011-00357, Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc. (Ky. PSC Sept. 19, 2011).

By the Commission

ENTERED

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KENTUCKY PUBLIC SERVICE COMMISSION

Executive Director

Case No. 2011-00467

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00467 DATED DEC 2 0 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.

	Gas Cost Recovery		
	Base Rate	_Rate_	<u>Total</u>
All Mcf (Minimum Bill)	\$4.6137	\$5.8247	\$10.4384

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