COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2014-00418

ORDER

On July 17, 2012, in Case No. 2011-00364,¹ 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 purchased gas cost adjustment clause.

On December 1, 2014, Bluegrass filed its proposed Gas Cost Recovery rate ("GCR") application to be effective January 1, 2015. Bluegrass supplemented its application on December 12, 2014.

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

- Bluegrass's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
- Bluegrass's notice sets out an Expected Gas Cost ("EGC") of \$5.7379 per
 Mcf, which is a decrease of \$.1226 per Mcf from its previous EGC of \$5.8605 per Mcf.
 - 3. Bluegrass's notice sets out no current quarter Refund Adjustment.
- 4. Bluegrass's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0105) per Mcf. Bluegrass did not use the correct "EGC in effect for month" for July through September 2014 in calculating its monthly cost difference for each

¹ Case No. 2011-00364, Alternative Rate Filing Adjustment of Bluegrass Gas Sales, Inc. (Ky. PSC July 17, 2012).

month. Correcting this produces a current quarter ACA of (\$.0332) per Mcf. Bluegrass's corrected total ACA is \$.6192 per Mcf, which is a decrease of \$.0063 per Mcf from its previous total ACA of \$.6255 per Mcf.

- 5. Bluegrass's notice sets out a current quarter Balance Adjustment of (\$.0038) per Mcf. Bluegrass used an incorrect expired previous quarter ACA and BA in calculating its current quarter BA. The calculation should be revised to reflect the correct expired ACA of \$.0609 per Mcf, and the correct expired BA of \$.1647 per Mcf. Bluegrass's corrected current quarter BA is (\$.0383) per Mcf. Bluegrass's corrected total BA is (\$.0413) per Mcf, which reflects a correction to the previous quarter BA that was incorrectly revised in the Commission's Order in Case No. 2014-00310.² The previous quarter BA should have been \$.0422 per Mcf instead of (\$.0364) per Mcf, based on an expired ACA of (\$.2106) per Mcf and an expired BA of (\$.0058) per Mcf from Case No. 2013-00211.³ The (\$.0413) total BA is an increase of \$.0197 per Mcf from its previous total BA of (\$.0610) per Mcf. In Bluegrass's filing of December 1, 2015, for rates effective January 1, 2016, Bluegrass should reflect the under-recovery experienced during the months October through December 2014 that resulted from the incorrect previous quarter BA.
- Bluegrass's GCR is \$6.3158 per Mcf, which is a decrease of \$.1092 per
 Mcf from its previous rate of \$6.4250 per Mcf.

² Case No. 2014-00310, Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc. (Ky. PSC Sept. 29, 2014).

³ Case No. 2013-00211, Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc. (Ky. PSC June 17, 2013).

7. The rate in the Appendix to this Order is fair, just, and reasonable, and should be approved for service rendered by Bluegrass on and after January 1, 2015.

IT IS THEREFORE ORDERED that:

- The rate proposed by Bluegrass is denied.
- 2. The rate in the Appendix to this Order is approved for service rendered on and after January 1, 2015.
- 3. Within 20 days of the date of this Order, Bluegrass shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED

DEC 1 9 2014

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00418 DATED

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	<u>Total</u>
Customer Charge All Mcf	\$10.00 \$ 5.1416	\$6.3158	\$ 11.4574

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