

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2010-00096

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.¹

On March 1, 2010, Bluegrass filed its proposed GCA to be effective April 1, 2010.

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 \$6.9479 per Mcf, which is an increase of \$.1358 per Mcf from its previous EGC of \$6.8121 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 (\$.0124) per Mcf. On Schedule I, Bluegrass mistakenly set out its Third Previous Quarter AA as (\$2.3380) instead of (\$2.3838). Correcting this error produces a total AA

¹ Case No. 1994-00433, 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).

of (\$2.5980) per Mcf, which is an increase of \$1.0936 per Mcf from its previous total AA of (\$3.6916) per Mcf.

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0219) per Mcf. Bluegrass's total BA is (\$.1027) per Mcf, which is a decrease of \$.0219 per Mcf from its previous total BA of (\$.0808) per Mcf.

6. Bluegrass's GCA is \$4.2472 per Mcf, which is an increase of \$1.2075 per Mcf from its previous rate of \$3.0397 per Mcf.

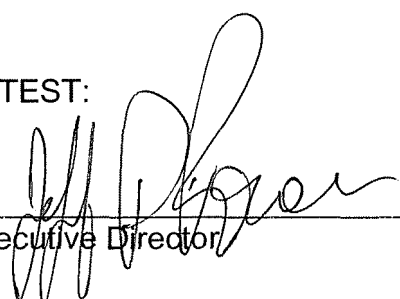
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after April 1, 2010.

IT IS THEREFORE ORDERED that:

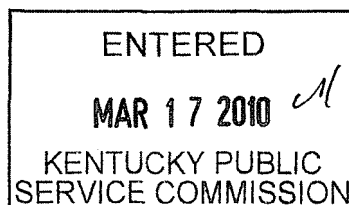
1. Bluegrass's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after April 1, 2010.
3. Within 20 days of the date of this Order, Bluegrass shall file its revised tariffs with the Commission, setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ATTEST:



Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00096 DATED MAR 17 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	\$4.2472	\$8.8609

Mark H O'Brien
President
Bluegrass Gas Sales, Inc.
P.O. Box 23539
Anchorage, KY 40223-0539