

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2011-00357

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 August 30, 2011, Bluegrass filed its proposed GCA to be effective October 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 \$5.9449 per Mcf, which is a decrease of \$.4417 per Mcf from its previous EGC of \$6.3866 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 \$.0058 per Mcf. Bluegrass mistakenly included an expired (\$.0643) previous quarter

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).

adjustment instead of the third previous quarter adjustment of (\$.0164) per Mcf. Correcting for this produces a total AA of (\$.0632) per Mcf, which is an increase of \$.0701 per Mcf from its previous total AA of (\$.1333) per Mcf.

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of \$.0179 per Mcf. Bluegrass incorrectly used an expired BA of \$.1758 instead of \$.1562 in the calculation of its current BA. Correcting this produces a current BA of \$.0169 per Mcf. Bluegrass's total BA is \$.0254 per Mcf, which is an increase of \$.0106 per Mcf from its previous total BA of \$.0148 per Mcf.

6. Bluegrass's GCA is \$5.9071 per Mcf, which is a decrease of \$.3610 per Mcf from its previous rate of \$6.2681 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 October 1, 2011.

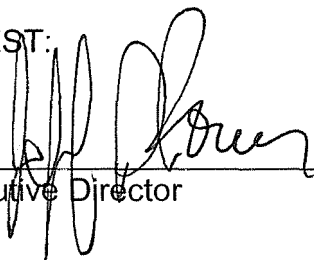
IT IS THEREFORE ORDERED that:

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 October 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

ENTERED *As*
SEP 20 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00357 DATED **SEP 20 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.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$4.6137	\$5.9071	\$10.5208

Mark O'Brien
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