COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)FILING OF BLUEGRASS GAS SALES)CASE NO. 2013-00328

ORDER

On July 17, 2012, in Case No. 2011-00364 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, 2013, Bluegrass filed its proposed GCA to be effective October 1, 2013.

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 \$5.5310 per Mcf, which is a decrease of \$.4219 per Mcf from its previous EGC of \$5.9529 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 (\$.0192) per Mcf. Bluegrass did not use the correct "EGC in effect for month" for April through June 2013 in calculating its monthly cost difference for each month. Correcting this produces a current quarter AA of \$.0609 per Mcf. Bluegrass did not use the correct

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

Previous Quarter Actual Adjustment in calculating its total AA. Correcting this produces a total AA of (\$.0098) per Mcf, which is an increase of \$.2193 per Mcf from its previous total AA of (\$.2291) per Mcf.

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of \$.0286 per Mcf. Bluegrass did not use the correct expired AA of (\$.8436) per Mcf or the correct expired BA of (\$.0388) per Mcf in calculating its current BA. Correcting this produces a current BA of \$.1647 per Mcf. Revising the total BA calculation to correct the incorrectly calculated Third Previous Quarter Balance Adjustment from Case No. 2012-00527,² which should have been \$.0086 instead of \$.0076, produces a total BA of \$.1609 per Mcf, which is an increase of \$.1451 per Mcf from its previous total BA of \$.0158 per Mcf. The under-recovery of gas cost which occurred due to the miscalculation of the BA in Case No. 2012-00527 will be reconciled in Bluegrass's next GCA filing for rates effective January 1, 2014.

6. Bluegrass's GCA is \$5.6821 per Mcf, which is a decrease of \$.0575 per Mcf from its previous rate of \$5.7396 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, 2013.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Bluegrass are denied.

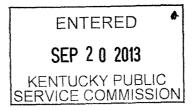
2. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after October 1, 2013.

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² Case No. 2012-00527, Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc. (Ky. PSC Dec. 11, 2012).

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



ATTEST:

univell for **Executive Director**

Case No. 2013-00328

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2013-00328 DATED SEP 2 0 2013

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
Customer Charge All Mcf	\$10.00 \$5.1416	\$5.6821	\$ 10.8237

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