

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2014-00310

ORDER

On July 17, 2012, in Case No. 2011-00364¹ 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 August 29, 2014, Bluegrass filed its proposed Gas Cost Recovery rate ("GCR") application to be effective October 1, 2014.

Bluegrass proposes that the Commission allow it to utilize a Balance Adjustment ("BA") in calculating its GCR, although there is not a provision for a BA in its tariff. Bluegrass has used a BA as part of its gas cost reconciliation mechanism since Case No. 94-433-G.²

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.

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

² Case No. 94-433-G, The Notice of Gas Cost Recovery Filing of Bluegrass Gas Sales, Inc. (Ky. PSC Mar. 31, 1998).

2. Bluegrass's notice sets out an Expected Gas Cost ("EGC") of \$5.8605 per Mcf, which is a decrease of \$.5898 per Mcf from its previous EGC of \$6.4503 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 (\$.0003) per Mcf. Bluegrass did not use the correct "EGC in effect for month" for April through June 2014 in calculating its monthly cost difference for each month. Correcting this produces a current quarter ACA of (\$.0176) per Mcf. Bluegrass's corrected total ACA is \$.6255 per Mcf, which is a decrease of \$.0785 per Mcf from its previous total ACA of \$.7040 per Mcf.

5. Bluegrass's proposal to use a BA in calculating its GCR is reasonable and should be approved.

6. Bluegrass's notice sets out a current quarter Balance Adjustment of \$.0162 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 (\$.0364) per Mcf. Bluegrass's corrected total BA is (\$.0610) per Mcf, which is a decrease of \$.2011 per Mcf from its previous total BA of \$.1401 per Mcf.

7. Bluegrass's GCR is \$6.4250 per Mcf, which is a decrease of \$.8694 per Mcf from its previous rate of \$7.2944 per Mcf.

8. 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 October 1, 2014.

9. Bluegrass's tariff should be revised to include a provision for the use of the BA component in its GCR calculation. Sheet No. 17 of Bluegrass's tariff should be amended to include the following language:

4. The balance adjustment (BA) on a dollar per Mcf basis, which compensates for any under- or over-collections which have occurred as a result of prior adjustments.

The GCR equation on Sheet Nos. 18 and 19 of Bluegrass's tariff should likewise be revised to include the BA component in the equation. The equation should be set out as: $GCR=EGC+RA+ACA+BA$.

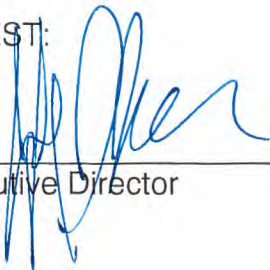
IT IS THEREFORE ORDERED that:

1. The rate proposed by Bluegrass is denied
2. The rate in the Appendix is approved for service rendered on and after October 1, 2014.
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.
4. 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 amendment to its tariff set out in finding paragraph 9 above and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED
SEP 29 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00310 DATED **SEP 29 2014**

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>
Customer Charge	\$10.00		
All Mcf	\$ 5.1416	\$6.4250	\$11.5666

Mark H O'Brien
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