

**BLUEGRASS GAS SALES**

September 23, 2011

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

**RECEIVED**

SEP 26 2011

PUBLIC SERVICE  
COMMISSION

RE: Case No. 2011-00364  
Filing Deficiencies  
Correspondence dated September 16, 2011

Dear Mr. Derouen:

We are responding to your notice of deficiencies for the Alternative Rate Filing (case number noted above) that our company submitted September 1, 2011. Please note that our company has filed the public notice with newspapers located in each county our company serves. Below I have listed the newspapers that have published our public notice submitted in our original filing:

<i>County</i>	<i>Newspaper</i>	<i>Dates Published</i>
Logan	News Democrat & Leader	9/13, 9/19, & 9/26
Barren	Glasgow Daily Times	9/12, 9/19, & 9/26
Allen	The Citizen-Times	9/15, 9/22, & 9/29
Metcalfe	The Herald News	9/14, 9/21, & 9/28
Hart	The News Herald	9/14, 9/21, & 9/28
Ohio	Ohio County Times	9/15, 9/22, & 9/29

We have requested that all newspapers send us "tear sheets" and an Affidavit of Publication. Once the proof has been provided, we will forward all necessary documentation to the Public Service Commission.

P. O. Box 23539  
Anchorage, Kentucky 40223

Phone: 502-228-9698  
Fax: 502-228-7016

In addition to the proof of notice, we are asking for relief of the requirement that the first advertisement be published prior to the filing of our rate request. On the original filing, we had requested that the new rate go into effect as of October 1, 2011 or the date approved by the PSC. Therefore, it was our understanding that the advertisements needed to be published prior to that date.

If you have any questions concerning this request, please don't hesitate to contact our management company at 502-228-9698. We appreciate your consideration in this matter and look forward to finalizing our request.

Respectfully:

A handwritten signature in black ink, appearing to read "Mark H. O'Brien". The signature is written in a cursive style with a small superscript "1" above the final letter.

Mark H. O'Brien  
President

Enclosure

**BLUE GRASS GAS SALES**  
**NOTICE TO CUSTOMERS**  
**GAS RATE ADJUSTMENT**

Pursuant to the regulations of the Public Service Commission (Commission), Bluegrass Gas Sales, Inc. (BGS) gives notice that it intends to increase its gas rates. The rates listed below, which are approximately a 24.35% average increase over the current rates, are to be effective October 1, 2011, or sooner if approved by the Commission. The average customer bill will increase from \$71.26 per month to \$88.61 per month. Further information may be obtained from the Commission or BGS. The Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice, which may be higher or lower than those proposed by BGS.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. Intervention beyond the 30 day period may be granted for good cause shown. The Motion must be submitted to the Public Service Commission, 211 Sower Blvd., Box 615, Frankfort, Ky. 40602 and should state the grounds for the request, including the interest and status of the party. Intervenors may obtain copies of the Application and any testimony filed by contacting BGS at the address below. A copy of the Application is available for public review at the office of BGS and at the Public Service Commission, 211 Sower Blvd., Frankfort, Ky. 40601, (502) 564-3940.

Bluegrass Gas Sales, Inc.  
3620 Rockland Mills Road  
Center City, KY 42214  
(270) 565-5757

Current Rates:

Customer Charge None

Per MCF \$4.6137

Proposed Rates:

Customer Charge \$10.00

Per MCF \$5.5102

Percentage increase in MCF charge 20.5%