

The logo for Bluegrass Gas Sales features a stylized crosshair design with blue and green squares at the intersections. A black diagonal banner with the text "BLUEGRASS GAS SALES" in white, uppercase letters is positioned across the center of the crosshair.

BLUEGRASS GAS SALES

RECEIVED

DEC 1 2014

**PUBLIC SERVICE
COMMISSION**

November 28, 2014

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

Dear Mr. Derouen:

Enclosed is the Quarterly Report of Gas Cost Recovery Rate Calculation for the quarter ended September 30, 2014 for Bluegrass Gas Sales, Inc.

Please call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark H. O'Brien", with a small superscript "1" above the end of the signature.

Mark H. O'Brien

Enclosure

P. O. Box 23539
Anchorage, Kentucky 40223
Phone: 502-228-9698
Fax: 502-228-7016

BLUEGRASS GAS SALES, INC.

Case Number

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

DATE FILED: November 28, 2014

DATE RATES TO BE EFFECTIVE: January 1, 2015

REPORTING PERIOD IS CALENDAR QUARTER ENDED: September 30, 2014

Submitted By:

Mark H. O'Brien, President
BlueGrass Gas Sales, Inc.
P.O. Box 23539
Anchorage, KY 40223
(502)228-9698
(502)228-7016 fax

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$5.7379
+ Refund Adjustment (RA)	\$/Mcf	\$0.0000
+ Actual Adjustment (AA)	\$/Mcf	\$0.6419
+ Balance Adjustment (BA)	\$/Mcf	(\$0.0854)
= Gas Cost Recovery Rate (GCR)	\$/Mcf	<u>\$6.2945</u>

GCR to be effective for service rendered from January 1, 2015 to March 31, 2015

A. Expected Gas Cost Calculation

Total Expected Gas Cost (from Schedule II)	\$	\$345,914
/ Sales for 12 months ended September 30, 2015	Mcf	<u>60,285</u>
= Expected Gas Cost (EGC)	\$/Mcf	<u>\$5.7379</u>

B. Refund Adjustment Calculation

Supplier Refund Adjustment for reporting period (from Schedule III)	\$/Mcf	\$0.0000
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$0.0000</u>
= Refund Adjustment (RA)	\$/Mcf	<u>\$0.0000</u>

C. Actual Adjustment Calculation

Actual Adjustment for reporting period (from Schedule IV)	\$/Mcf	\$ (0.0105)
+ Previous Quarter Actual Adjustment	\$/Mcf	(0.0176)
+ Second Previous Quarter Actual Adjustment	\$/Mcf	0.6626
+ Third Previous Quarter Actual Adjustment	\$/Mcf	<u>0.0074</u>
= Actual Adjustment (AA)	\$/Mcf	<u>\$0.6419</u>

D. Balance Adjustment Calculation

Balance Adjustment for the Reporting Period (from Schedule V)	\$/Mcf	\$ (0.0038)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0364)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0451)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>(0.0001)</u>
= Balance Adjustment (BA)	\$/Mcf	<u>(\$0.0854)</u>

SCHEDULE II

EXPECTED GAS COST

Projected Purchases for 12 months ended: September 30, 2015

<u>Supplier</u>	<u>Dth</u>	<u>Btu Factor</u>	<u>Mcf</u>	<u>Rate</u>	<u>Cost</u>
Home Office, Inc.	63,562	1.028	61,831	\$5.5945	\$345,914
	0		0		\$0
	0		0		\$0
	0		0		\$0
	0		0		\$0
	0		0		\$0
	0		0		\$0
	0		0		\$0
	0		0		\$0
Totals	<u>63,562</u>		<u>61,831</u>		<u>\$345,914</u>

	<u>Unit</u>	<u>Amount</u>
Projected purchases for 12 months ended September 30, 2015	Mcf	61,831
- Projected sales for 12 months ended September 30, 2015	Mcf	<u>60,285</u>
= Projected line loss for 12 months ended September 30, 2015		<u>1,546</u>
Total expected cost of purchases	\$	\$345,914
/ Mcf purchases	Mcf	<u>61,831</u>
= Average expected cost per Mcf	\$/Mcf	\$5.5945
x Allowable Mcf purchases (not to exceed 95% of Mcf sales)	Mcf	<u>61,831</u>
= Total Expected Gas Cost (to Schedule I, part A)	\$	<u>\$345,914</u>

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

For the 3 month period ended: September 30, 2014

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$0
+ Interest		<u>\$0</u>
= Refund Adjustment including interest		\$0
/ Sales for 12 months ended September 30, 2014	Mcf	<u>60,285</u>
Supplier Refund Adjustment for the reporting period (to Schedule I, part B)	\$/Mcf	<u><u>\$0.0000</u></u>

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended: September 30, 2014

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> (July)	<u>Month 2</u> (Aug)	<u>Month 3</u> (Sept)
Total supply volume purchased	Mcf	756	600	1,024
Total cost of volumes purchased	\$	\$4,228	\$3,135	\$5,608
/ Total sales (may not be less than 95% of supply volumes)	Mcf	737	585	999
= Unit cost of gas	\$/Mcf	5.7370	5.3564	5.6161
- EGC in effect for month	\$/Mcf	\$5.8605	\$5.8605	\$5.8605
= Difference [(over)/under-recovery]	\$/Mcf	(\$0.1235)	(\$0.5041)	(\$0.2444)
x Actual sales during month	Mcf	737	585	999
= Monthly cost difference	\$	(\$91)	(\$295)	(\$244)
Total cost difference (Month 1+2+3)			(\$630)	
/ Sales for 12 months ended September 30, 2011	Mcf	60,285		
Actual Adjustment for the reporting period (to Schedule I, part C)	\$/Mcf	(\$0.0105)		