

FOR \_\_\_\_\_ Entire Service Area \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 1 \_\_\_\_\_

1<sup>st</sup> Revised \_\_\_\_\_ SHEET NO. \_\_\_\_\_ 17 \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_ 1 \_\_\_\_\_

Original \_\_\_\_\_ SHEET NO. \_\_\_\_\_ 17 \_\_\_\_\_

Bluegrass Gas Sales, Inc.  
(Name of Utility)

**RULES AND REGULATIONS**

**PURCHASED GAS COST ADJUSTMENT CLAUSE**

**Determination of GCR**

The Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing for service rendered on or after the first day of each calendar quarter.

The Gas Cost Recovery Rate is composed of:

1. The expected gas cost component (EGC) on a dollar-per-Mcf basis, which represents the average expected cost of purchased gas.
2. The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, compensates for over- or under-collection of gas cost resulting from differences between expected gas cost and the actual cost of gas. For purposes of determining the GCR, the ACA for the application period shall equal the sum of the ACA for the reporting period and for the three (3) preceding calendar quarters. This may also be used to compensate for any over or under recoveries remaining from previous actual and/or refund adjustments after a 12 month period.
3. The supplier refund adjustment (RA) on a dollar-per-Mcf basis, which reflects the refunds received from suppliers during the reporting period plus interest at a rate equal to one-half of one percent below the average 90-day commercial paper rate for the twelve-month period. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.
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. (N)

(N)  
(N)

DATE OF ISSUE \_\_\_\_\_ December 10, 2014 \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_ October 1, 2014 \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_ *[Signature]* \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_ *President* \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ 2014-00310 \_\_\_\_\_ DATED \_\_\_\_\_ September 29, 2014 \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH  <i>[Signature]</i>
EFFECTIVE <b>10/1/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

1<sup>st</sup> Revised SHEET NO. 18

CANCELLING P.S.C. KY. NO. 1

Original SHEET NO. 18

Bluegrass Gas Sales, Inc.  
(Name of Utility)

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE  
(Continued)

Billing

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$GCR = EGC + RA + ACA + BA$$
 (T)

The GCR will be added to or subtracted from the tariff rates prescribed by the Commission Order on the Company's latest general rate case or last legally effective rate and will be included in the tariff rates stated on each applicable rate sheet within this tariff.

Definitions

For the purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes for the most recently available twelve-month period, divided by the corresponding sales volume. In the event that line loss exceeds 5 percent, purchased volumes for the twelve-month period shall be calculated as: sales volumes divided by 0.95. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report. (T)

DATE OF ISSUE December 10, 2014

Month / Date / Year

DATE EFFECTIVE October 1, 2014

Month / Date / Year

ISSUED BY [Signature]

(Signature of Officer)

TITLE

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00310 DATED September 29, 2014

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE <b>10/1/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

1<sup>st</sup> Revised SHEET NO. 19

CANCELLING P.S.C. KY. NO. 1

Original SHEET NO. 19

Bluegrass Gas Sales, Inc.  
(Name of Utility)

RULES AND REGULATIONS

PURCHASED GAS COST ADJUSTMENT CLAUSE

(Continued)

- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balance adjustment; i.e.,  $GCR = EGC + RA + ACA + BA$ . (T)
- c. "Calendar quarters" means each of the four three-month periods of (1) January, February, and March; (2) April, May, and June; (3) July, August, and September; (4) October, November, and December.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates, i.e., the calendar quarters ended March 31, June 30, September 30, and December 31 of each year.

DATE OF ISSUE December 10, 2014  
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DATE EFFECTIVE October 1, 2014  
Month / Date / Year

ISSUED BY Mark D  
(Signature of Officer)

TITLE PRESIDENT

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2014-00310 DATED September 29, 2014

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN  
EXECUTIVE DIRECTOR**

TARIFF BRANCH

*Brent Kirtley*

EFFECTIVE

**10/1/2014**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)