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Gregory Coker
Commissioner

February 24, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00064
Bluegrass Gas Sales, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on February 24, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)
RECOVERY FILING OF) CASE NO. 2006-00064
BLUEGRASS GAS SALES, INC.)

O R D E R

On May 31, 1996, in Case No. 1994-00433, 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 February 13, 2006, Bluegrass filed its proposed GCA to be effective April 1, 2006.

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 \$10.5598 per Mcf, which is a decrease of \$2.6192 per Mcf from its previous EGC of \$13.1790.
3. Bluegrass's notice sets out no current quarter refund adjustment.

¹ Case No. 1994-00433, The Petition of Bluegrass Gas Sales, Inc. for Approval of a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System, Order dated May 31, 1996.

4. Bluegrass's notice sets out a current quarter actual adjustment ("AA") of 61.82 cents per Mcf. Bluegrass's total AA is 40.03 cents per Mcf, which is an increase of 52.51 cents per Mcf from its previous total AA.

5. Bluegrass's notice sets out a current quarter balance adjustment ("BA") of (.91) cent per Mcf. Bluegrass's total BA is 9.44 cents per Mcf, which is an increase of .69 cent per Mcf from its previous total BA.

6. Bluegrass's GCA is \$11.0545 per Mcf, which is a decrease of \$2.0872 per Mcf from its previous rate of \$13.1417.

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 April 1, 2006.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after April 1, 2006.

2. Within 20 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of February, 2006.

By the Commission

~~ATTEST:~~

~~Executive Director~~

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00064 DATED February 24, 2006.

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 this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$4.6137	\$11.0545	\$15.6682