

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
RECOVERY FILING OF)	CASE NO. 2006-00505
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 November 30, 2006, Bluegrass filed its proposed GCA to be effective January 1, 2007.

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 \$9.7973 per Mcf, which is a decrease of 70.65 cents per Mcf from its previous EGC of \$10.5038.
3. Bluegrass's notice sets out no current quarter refund adjustment.
4. Bluegrass's notice sets out a current quarter actual adjustment ("AA") of (15.02) cents per Mcf. Bluegrass's total AA is (\$1.4222) per Mcf, which is a decrease of 19.31 cents per Mcf from its previous total AA.

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.

5. Bluegrass's notice sets out a current quarter balance adjustment ("BA") of 1.05 cent per Mcf. Bluegrass's total BA is (1.73) cent per Mcf, which is an increase of .21 cent per Mcf from its previous total BA.

6. Bluegrass's GCA is \$8.3578 per Mcf, which is a decrease of 89.74 cents per Mcf from its previous rate of \$9.2552.

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 January 1, 2007.

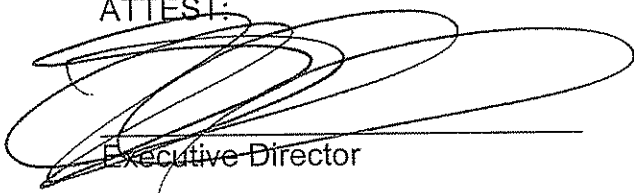
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2007.

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 14th day of December, 2006.
By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00505 DATED December 14, 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	\$8.3578	\$12.9715