

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2010-00345

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 August 31, 2010, Bluegrass filed its proposed GCA to be effective October 1, 2010.

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 \$6.1068 per Mcf, which is a decrease of \$.2157 per Mcf from its previous EGC of \$6.3225 per Mcf.
3. Bluegrass's notice sets out no current quarter Refund Adjustment.
4. Bluegrass's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0277) per Mcf. In calculating its current quarter AA, Bluegrass failed to use the

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 (May 31, 1996).

\$6.9479 EGC that was in effect during the months of April, May, and June. Correcting this produces a current quarter AA of (\$.0643) per Mcf. Bluegrass's total AA is \$.0365 per Mcf, which is an increase of \$.0678 per Mcf from its previous total AA of (\$.0313) per Mcf.

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of \$.0063 per Mcf. In calculating its total BA, BA incorrectly included its previous quarter BA as \$.1756 instead of \$.1758. Correcting for this produces a total BA of \$.1477 per Mcf, which is an increase of \$.1055 per Mcf from its previous total BA of \$.0422 per Mcf.

6. Bluegrass's GCA is \$6.2910 per Mcf, which is a decrease of \$.0424 per Mcf from its previous rate of \$6.3334 per Mcf.

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 October 1, 2010.

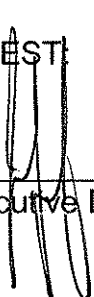
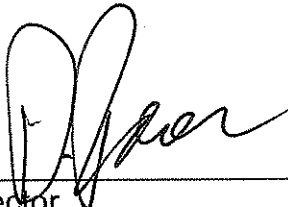
IT IS THEREFORE ORDERED that:

1. Bluegrass's proposed rates are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2010.
3. Within 20 days of the date of this Order, Bluegrass shall file with the Commission its revised tariffs setting out the rates approved herein, reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED *M*
SEP 27 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Executive Director

Case No. 2010-00345

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00345 DATED **SEP 27 2010**

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 the 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	\$6.2910	\$10.9047

Mark H O'Brien
President
Bluegrass Gas Sales, Inc.
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