

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )	CASE NO.
FILING OF BLUEGRASS GAS SALES, INC. )	2025-00161

ORDER

On May 28, 2025, Bluegrass Gas Sales, Inc. (Bluegrass) filed its proposed Gas Cost Recovery (GCR) rate report to be effective July 1, 2025. Bluegrass's previous GCR rate was approved in Case No. 2025-00051.<sup>1</sup>

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.<sup>2</sup>

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<sup>1</sup> Case No. 2025-00051, *Electronic Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc.* (Ky. PSC Mar. 31, 2025).

<sup>2</sup> KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

## DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Bluegrass's report includes revised rates designed to pass on to its customers an expected change in gas costs. Bluegrass's report sets out an Expected Gas Cost (EGC) of \$5.9257 per Mcf, which is a decrease of \$0.3408 per Mcf from its previous EGC of \$6.2665 per Mcf. Bluegrass's report sets out no Refund Adjustment. Bluegrass's report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.4126 per Mcf. Bluegrass's total ACA is \$0.6334 per Mcf, which is a decrease of \$0.4487 per Mcf from its previous total ACA of \$1.0821 per Mcf. Bluegrass's report sets out a current quarter Balance Adjustment (BA) of (\$0.0267) per Mcf. In calculating its total BA, Bluegrass erroneously included an incorrect amount of \$0.0240 per Mcf for the Third Previous Quarter BA. The correct Third Previous Quarter BA is \$0.0241 per Mcf as approved in Case No. 2024-00274.<sup>3</sup> Correcting this produces a total BA of \$0.0087 per Mcf, which is an increase of \$0.1211 per Mcf from its previous total BA of (\$0.1124) per Mcf.

Bluegrass's report sets out a GCR rate of \$6.5677 per Mcf. Correcting the BA results in a corrected GCR rate of \$6.5678 per Mcf, which is a decrease of \$0.6684 per Mcf from its previous GCR rate of \$7.2362 per Mcf. The Commission further finds that the rates set forth in the Appendix to this Order are fair, just and reasonable and should be approved for service rendered by Bluegrass on and after July 1, 2025.

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<sup>3</sup> Case No. 2024-00274, *Electronic Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc.* (Ky. PSC Sept. 30, 2024).

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Bluegrass should submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Bluegrass purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Bluegrass are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after July 1, 2025.
3. Bluegrass shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
4. Should Bluegrass purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount shall be documented in its cover letter to the Commission.
5. Within 20 days of the date of service of this Order, Bluegrass shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner



ATTEST:

 RP  
Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00161 DATED JUN 27 2025

The following rates and charges are prescribed for the customers in the area served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the 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	\$6.5622	\$6.5678	\$ 13.1300

\*Julie Parsons  
Bluegrass Gas Sales, Inc.  
3620 Rockland Mills Road  
Center City, KY 42214

\*Bluegrass Gas Sales, Inc.  
3620 Rockland Mills Road  
Center City, KY 42214

\*Mark O'Brien  
Bluegrass Gas Sales, Inc.  
3620 Rockland Mills Road  
Center City, KY 42214

\*Teresa Florence  
Bluegrass Gas Sales, Inc.  
3620 Rockland Mills Road  
Center City, KY 42214