

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF BLUEGRASS GAS SALES, INC.)	2026-00047

ORDER

On February 27, 2026, Bluegrass Gas Sales, Inc. (Bluegrass) filed its proposed Gas Cost Recovery (GCR) rate report to be effective April 1, 2026. Bluegrass's previous GCR rate was approved in Case No. 2025-00378.¹

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.²

¹ Case No. 2025-00378, *Electronic Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc.* (Ky. PSC Dec. 19, 2025).

² 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 \$5.6251 per Mcf, which is a decrease of \$0.3731 per Mcf from its previous EGC of \$5.9982 per Mcf. Bluegrass's report sets out no Refund Adjustment. Bluegrass's report sets out a current quarter Actual Cost Adjustment (ACA) of (\$0.0763) per Mcf. In calculating its current quarter ACA, Bluegrass incorrectly calculated its "Unit Cost of Gas." Correcting this error results in a current quarter ACA of (\$0.0764). Bluegrass's total ACA after correcting this error is \$0.2714, which is a decrease of \$0.3346 per Mcf from its previous total ACA of \$0.6060 per Mcf. Bluegrass's report sets out a current quarter Balance Adjustment (BA) of \$0.0006 per Mcf. Bluegrass's total BA is (\$0.0372) per Mcf, which is unchanged from its previous total BA of (\$0.0372) per Mcf.³

Based on the corrected calculations above, the Commission finds that Bluegrass's corrected GCR rate is 5.8593, which is a decrease of \$0.7077 from its previous GCR rate of \$6.5670. The Commission finds that the inputs, resulting components and calculation of Bluegrass's revised GCR rate of \$5.8593 per Mcf to be reasonable. 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 April 1, 2026.

³ The previous BA quarter of \$0.0006 per Mcf approved in Case No. 2025-00051 has expired in the current case for the reporting period ended December 31, 2025. The current BA quarter as proposed in the current case is \$0.0006 per Mcf. This results in no change from the previous total BA.

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 April 1, 2026.
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



Commissioner



Commissioner

ATTEST:



Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00047 DATED MAR 27 2026

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	\$5.8593	\$12.4215

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