

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2009-00203

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 June 1, 2009, Bluegrass filed its proposed GCA to be effective July 1, 2009.

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 \$6.5077 per Mcf, which is a decrease of \$.0208 per Mcf from its previous EGC of \$6.5285 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 (\$2.1988) per Mcf. Bluegrass failed to use the correct "EGC in effect for month" of \$11.1759 in calculating its current quarter AA. Correcting this produces a current quarter AA of (\$2.3838). Bluegrass's total approved AA is (\$3.5951) per Mcf, which is a

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.

decrease of \$2.9702 per Mcf from its previous total AA of (\$.6249) per Mcf. Revisions to Schedules I and IV are attached as Appendix B.

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0190) per Mcf for the three-month period ended March 31, 2009. Under/over-recoveries resulting from the AA of (\$.1183) and BA of \$.0239 which were charged during the 15 months ended March 31, 2009 should also be included in the current quarter BA. The current quarter BA should therefore be \$.0309 per Mcf. Bluegrass's total approved BA is \$.0941 per Mcf, which is a decrease of \$.1867 per Mcf from its previous total BA of \$.2808 per Mcf. Revisions to the BA are attached as Appendix B.

6. Bluegrass's GCA is \$3.0067 per Mcf, which is a decrease of \$3.1777 per Mcf from its previous rate of \$6.1844 per Mcf.

7. The rates in Appendix A to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after July 1, 2009.

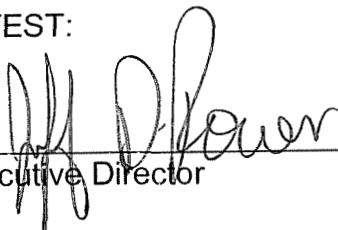
IT IS THEREFORE ORDERED that:

1. Bluegrass's proposed rates are denied.
2. The rates in Appendix A, attached hereto and incorporated herein, are approved for billing for service rendered on and after July 1, 2009.
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.

ENTERED
JUN 16 2009 *EW*
KENTUCKY PUBLIC
SERVICE COMMISSION

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00203 DATED **JUN 16 2009**

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	\$3.0067	\$7.6204

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00203 DATED **JUN 16 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$6.5077
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$3.5951)
Balance Adjustment (BA)	\$/Mcf	\$0.0941
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.0067

To be effective for service rendered from July 1, 2009 to September 30, 2009

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$333,558.00
/Sales for the 12 months ended March 31, 2010	\$/Mcf	51,256.00
Expected Gas Cost	\$/Mcf	\$6.5077

B. REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=Refund Adjustment (RA)	\$ Mcf	\$0.0000

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$2.3838)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$1.1060)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.3108)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.2055
=Actual Adjustment (AA)	\$ Mcf	(\$3.5951)

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	\$0.0309
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0114
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0518
=Balance Adjustment (BA)	\$ Mcf	\$0.0941

ACTUAL ADJUSTMENT

For the 12 month period ended March 31, 2009

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>January</u>	<u>February</u>	<u>March</u>
Total Supply Volumes Purchased	Mcf	13,450	8,316	5,633
Total Cost of Volumes Purchased	\$	\$94,058	\$51,258	\$31,055
<u>/ Total Sales *</u>	<u>Mcf</u>	<u>13,114.0</u>	<u>8,108.0</u>	<u>5,492.0</u>
= Unit Cost of Gas	\$/Mcf	\$7.1723	\$6.3219	\$5.6546
- EGC in Effect for Month	\$/Mcf	\$11.1759	\$11.1759	\$11.1759
= Difference	\$/Mcf	(\$4.0036)	(\$4.8540)	(\$5.5213)
x Actual Sales during Month	Mcf	13,114	8,108	5,492
= Monthly Cost Difference	\$	(\$52,503)	(\$39,356)	(\$30,323)
Total Cost Difference			\$	(\$122,182)
<u>/ Sales for 12 months ended March 31, 2009</u>			<u>Mcf</u>	<u>51256</u>
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$2.3838)

* May not be less than 95% of supply volume

Schedule V

ADDITION TO BALANCE ADJUSTMENT

For the 3 month period ended: March 31, 2009

<u>Particulars</u>	<u>Amount</u>
(1) Total cost difference used to compute AA of the GCR effective 5 quarters prior to the effective date of the currently effective GCR	(\$4,261)
Less: Dollar amount resulting from the AA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 15 month period the AA was in effect	<u>(\$0.1183)</u> <u>76,373</u> <u>(\$9,035)</u>
Equals: Balance Adjustment of the AA	<u><u>\$4,774</u></u>
(2) Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$0
Less: Dollar amount resulting from the RA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 15 month period the RA was in effect	<u>\$0.0000</u> <u>_____</u> <u>\$0</u>
Equals: Balance Adjustment of the RA	\$0
(3) Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$861
Less: Dollar amount resulting from the BA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 15 month period the BA was in effect	<u>\$0.0239</u> <u>76,373</u> <u>\$1,825</u>
Equals: Balance Adjustment of the BA	<u>(\$964)</u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$3,810
Divide: Mcf Sales for 15 months ended	<u>76,373</u>
Equals: Balance Adjustment for the reporting period	<u><u>\$0.0499</u></u>
Added to current quarter BA	<u>(\$0.0190)</u>
Total BA for the reporting period (to Schedule I, part D)	\$0.0309

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