

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2009-00355

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 September 1, 2009, Bluegrass filed its proposed GCA to be effective October 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 \$6.3747 per Mcf, which is a decrease of \$.1330 per Mcf from its previous EGC of \$6.5077 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 (\$.1321) per Mcf. Bluegrass's total AA is (\$3.9327) per Mcf, which is a decrease of \$.3376 per Mcf from its previous total AA of (\$3.5951) per Mcf.

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 (Ky. PSC May 31, 1996).

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of (\$.2933) per Mcf. In calculating its current quarter BA, Bluegrass did not use the "Total balance adjustment" under-recovery of \$9,795 for the prior quarter beginning July 1, 2009. Correcting for this produces a current quarter BA of (\$.0992) per Mcf. Bluegrass's total approved BA is (\$.0569) per Mcf, which is a decrease of \$.1510 per Mcf from its previous total BA of \$.0941 per Mcf.

6. Bluegrass's GCA is \$2.3851 per Mcf, which is a decrease of \$.6216 per Mcf from its previous rate of \$3.0067 per Mcf.

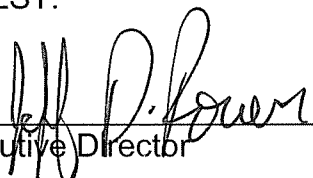
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after October 1, 2009.

IT IS THEREFORE ORDERED that:

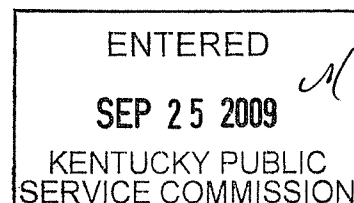
1. Bluegrass's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after October 1, 2009.
3. Within 20 days of the date of this Order, Bluegrass shall file with the Commission its revised tariffs setting out the rates approved herein.

By the Commission

ATTEST:



Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00355 DATED **SEP 25 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 | \$2.3851 | \$6.9988 |

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