

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2010-00214

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, 2010, Bluegrass filed its proposed GCA to be effective July 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 \$6.3225 per Mcf, which is a decrease of \$.6254 per Mcf from its previous EGC of \$6.9479 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 \$.1829 per Mcf. Bluegrass's total AA is (\$.0313) per Mcf, which is an increase of \$2.5667 per Mcf from its previous total AA of (\$2.5980) 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 \$.1562 per Mcf. Bluegrass calculated its current quarter BA using the proposed BA of (\$.0190) from Case No. 2009-00203² instead of the approved BA of \$.0309 per Mcf. Correcting this produces a current quarter BA of \$.1758 per Mcf. Bluegrass's total BA is \$.0422 per Mcf, which is an increase of \$.1449 per Mcf from its previous total BA of (\$.1027) per Mcf.

6. Bluegrass's GCA is \$6.3334 per Mcf, which is an increase of \$2.0862 per Mcf from its previous rate of \$4.2472 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 July 1, 2010.

IT IS THEREFORE ORDERED that:

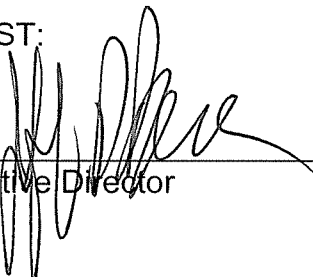
1. Bluegrass's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after July 1, 2010.
3. Within 20 days of the date of this Order, Bluegrass shall file its revised tariffs with the Commission setting out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

² Case No. 2009-00203, Purchased Gas Adjustment Filing of Bluegrass Gas Sales, Inc. (Ky. PSC Jun. 16, 2009).

By the Commission

ENTERED *EW*
JUN 25 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2010-00214

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00214 DATED **JUN 25 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	\$6.3334	\$10.9471

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