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August 23, 2012

RECEIVED

AUG 27 2012

PUBLIC SERVICE
COMMISSION

Mr. Jeff R. Derouen
Executive Director
Public Service Commission
211 Sowers Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Application for approval of time
of day tariff

Dear Mr. Derouen:

Please find enclosed an original and ten copies of Bluegrass Energy Cooperative Corporation's Application for approval of a time of day tariff. Should you need anything further regarding this matter, please let me know.

Sincerely yours,



Ralph K. Combs
Attorney for Bluegrass Energy Cooperative Corporation

RKC/cme
Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION
FOR APPROVAL OF A SC-2 (GENERAL SERVICE 0-100 KW TIME OF DAY
TARIFF)**

APPLICATION

Blue Grass Energy Cooperative Corporation, hereinafter called the
“APPLICANT”, respectfully advises the Commission that:

1. APPLICANT is engaged in the sale of electric power over its 4,659 miles of line at retail rates to its approximately 55,201 meters in Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington, and Woodford Counties, Kentucky.
2. The address of APPLICANT is P O Box 990, 1201 Lexington Road, Nicholasville, KY 40340-0990, and its Articles of Consolidation are on file with the Commission in Case No. 2008-00011, styled “ADJUSTMENT OF RATES OF BLUE GRASS ENERGY COOPERATIVE CORPORATION”.
3. This Application is for the purpose of requesting approval of a SC-2 (General Service 0-100 kW Time of Day Rate) in accordance with the terms set forth in the proposed tariff filed herewith as “Exhibit A”.
4. The SC-2 (General Service 0-100 kW Time of Day Rate) shall be a completely voluntary program. A copy of the Explanation of the Purpose of this tariff is filed herewith as “Exhibit B”.

5. Exhibit C provides a hourly loads by month and by season from which the Applicant determined its on and off-peak energy kWh usage.
6. Exhibit D provides the revenue from the current rates applicable to Schedule SC-2 (General Service 0-100 kW) and the development of the rates for the proposed tariff.

WHEREFORE, the APPLICANT now moves the Public Service Commission of the Commonwealth of Kentucky to grant approval this proposed time of day tariff applicable to Applicant' general service members as outlined in the tariff attached hereto as "Exhibit A".

Witness the hand of the duly authorized Vice President of the APPLICANT
this 23 day of August, 2012.

BLUE GRASS ENERGY

COOPERATIVE CORPORATION

BY: J. Donald Smothers

J. DONALD SMOTHERS

Vice President, Financial Services

BY: Ralph K. Combs

RALPH K. COMBS

ATTORNEY FOR APPLICANT

100 UNITED DRIVE, SUITE 4 B,

VERSAILLES, KY. 40383

STATE OF KENTUCKY

COUNTY OF JESSAMINE

I the undersigned, a Notary Public, do hereby certify that on this 23
day of Aug., 2012, personally appeared before me **J. DONALD SMOTHERS**, who
being by me first duly sworn, subscribed to and acknowledged that he is the **Vice
President of Financial, Services of Blue Grass Energy Cooperative Corporation**, a
Kentucky corporation, that he signed the foregoing document as Vice President
of the corporation, and that the statements therein contained are true.

Harold Corbett

NOTARY PUBLIC, State of Kentucky

At Large

My commission expires July 31, 2016.

1. **Exhibit A** – SC-2 (General Service 0-100 kW Time of Day Rate)
2. **Exhibit B** – Brief Explanation of Proposed Tariff
3. **Exhibit C** – Applicant’s Hourly Energy Usage for Each Month
4. **Exhibit D** – Development of Proposed Time of Day Tariff

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVICED
P.S.C. KY NO. 2
FIRST ORIGINAL SHEET NO. 17
CANCELING P.S.C. KY NO. 2
ORIGINAL SHEET NO. 17

CLASSIFICATION OF SERVICE

SC-2 (General Service 0-100 KW Time of Day Rate)

(N)

APPLICABLE

Entire Territory Served

AVAILABILITY

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW. Consumers will not exceed 100 KW for any month to qualify. They must remain on this rate schedule for one (1) year.

TYPE OF SERVICE

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

RATES:

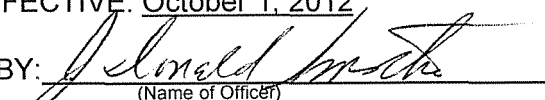
Customer Charge	\$35.00 per meter, per month
<u>Energy Charge per kWh</u>	
<u>On-peak energy</u>	<u>\$0.12650</u>
<u>Off-peak energy</u>	<u>\$0.07000</u>

On-Peak Hours and Off-Peak Hours
Local Prevailing Time

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
May through September	10:00 a.m. to 10:00 p.m.	10:00 p.m. to 10:00 a.m.
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	12:00 noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.

DATE OF ISSUE: August 24, 2012

DATE EFFECTIVE: October 1, 2012

ISSUED BY: 
(Name of Officer)

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service
Commission of Kentucky in Case No. _____

Dated: _____

CLASSIFICATION OF SERVICE

SC-2 (General Service 0-100 KW Time of Day Rate)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

(N)

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be the customer charge.

DELAYED PAYMENT CHARGE

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid 15 days from the date of the bill, the gross rates shall apply.

TEMPORARY SERVICE

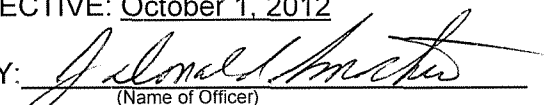
Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting and disconnecting service. A deposit in advance may be required for the full amount of the estimated bill for service, including the cost of connection and disconnection.

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Power Factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor. The additional demand for billing purposes will be billed at the demand rate for Schedule SC-1, General Service Rate of \$7.78 per kW of additional demand kW.

DATE OF ISSUE: August 24, 2012

DATE EFFECTIVE: October 1, 2012

ISSUED BY: 
(Name of Officer)

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service
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Dated: _____

BLUE GRASS ENERGY COOPERATIVE

Development of SC-2 (General Service 0-100 kW Time of Day Rate)

Proposed Rate:

Blue Grass Energy (“BGE”) has developed this proposed SC-2 (General Service 0-100 kW Time of Day Rate) rate to provide its members a choice in electric rates with the potential to reduce their electric bill. The tariff for the proposed rate is Exhibit A in this filing. The purpose of this rate proposal is to provide options and choices to all members in the current Schedule SC-2 (Small Commercial 0-100 kW). This rate eliminates the demand rate and allows a customer the potential to lower his current electric bill by shifting energy usage to the off-peak hours.

Designed and Development of Proposed TOD Rate:

The billing determinants for all customers whose demand is less than 100 kW were identified in Bluegrass’s current Schedule SC-2 – Small Commercial. Next, the data was normalized to determine the revenue from current rates. This normalization is presented in Exhibit C. Once the revenue was normalized for these customers, TOD rates could be determined.

First step was to determine the on and off peak times. The times chosen are the same as East Kentucky Power Cooperative with the following peak and on peak hours for weekdays and weekends.

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
May through September	10:00 a.m. to 10:00 p.m.	10:00 p.m. to 10:00 a.m.
October through March	7:00 a.m. to 12:00 p.m. 5:00 p.m. to 10:00 p.m.	12:00 p.m. to 5:00 p.m. 10:00 p.m. to 7:00 a.m.

This rate will contain a customer charge and energy component and has been developed in a manner consistent with the way the Blue Grass Energy developed their residential TOD rate. A customer charge of \$35.00 was selected to cover any possible costs plus some of the demand costs. Next, energy rates were developed. The first step in the development of the energy rates is the selection of the on and off- peak hours and the energy kWh for both categories. An off peak energy rate of \$0.07 per kWh was established and the remainder of the revenue requirements needed to maintain revenue neutrality is placed on the on-peak energy rate. This off-peak energy rate amounts to \$0.12650. The rate development is seen in Exhibit D.

BLUE GRASS ENERGY COOPERATIVE

HOURLY ENERGY USAGE (KWH) FOR EACH MONTH

WINTER SEASON ENERGY KWH														
	Jan		Feb		Mar		Apr		Oct		Nov		Dec	
	WkDay	WkEnd	WkDay	WkEnd	WkDay	WkEnd	WkDay	WkEnd	WkDay	WkEnd	WkDay	WkEnd	WkDay	WkEnd
1	138,349.48	46,571.26	140,137.64	58,376.83	115,944.88	51,387.35	102,784.43	41,536.96	104,254.38	52,884.89	117,330.67	43,831.40	117,432.54	51,019.03
2	136,867.28	46,015.43	134,153.11	57,074.64	113,941.12	50,094.02	100,231.49	36,960.07	99,455.43	49,366.73	114,035.08	43,895.14	114,330.48	50,022.64
3	136,833.60	44,314.28	134,901.18	54,775.03	112,265.25	48,399.93	100,001.50	36,408.09	97,099.30	48,434.56	112,141.70	40,888.63	112,405.49	48,960.15
4	137,018.87	44,196.38	133,515.87	55,079.80	113,777.17	47,106.59	100,967.47	36,132.10	97,870.28	47,829.98	110,910.96	40,651.54	112,348.29	48,124.96
5	139,090.58	44,230.06	136,037.13	53,583.67	118,968.74	47,452.70	105,245.37	37,581.06	103,287.98	47,837.62	112,764.04	40,489.99	111,373.77	48,196.00
6	148,000.59	45,543.83	141,190.47	55,495.39	134,215.53	49,948.29	119,505.01	38,478.04	117,108.14	49,317.60	118,540.56	41,346.63	117,171.97	48,332.33
7	166,258.55	47,379.73	162,718.14	55,356.86	157,003.76	52,917.50	148,323.29	39,651.01	148,453.33	52,134.18	137,186.85	42,465.78	130,738.68	49,781.07
8	193,072.81	51,961.06	185,160.11	57,850.41	173,744.27	54,192.62	174,588.63	41,835.95	174,390.91	52,835.06	164,600.98	43,678.82	157,898.51	51,365.44
9	216,451.08	52,921.12	206,687.77	57,157.76	187,260.54	56,305.67	182,615.43	44,480.89	183,065.54	55,240.36	189,571.41	43,736.27	183,372.64	53,046.41
10	221,773.51	53,864.33	211,868.82	59,097.19	193,144.31	58,309.44	182,983.42	45,009.87	187,650.21	58,245.00	196,618.50	46,173.32	191,900.40	54,291.47
11	220,577.65	54,605.43	212,977.07	58,543.07	195,366.66	59,147.37	182,684.43	45,285.87	190,639.90	59,489.61	198,318.68	48,580.66	198,916.47	57,320.39
12	215,423.65	53,628.53	201,977.73	57,573.35	192,324.59	57,216.48	175,945.60	43,767.90	188,527.88	58,140.91	194,204.80	48,584.33	190,495.34	55,845.04
13	207,204.20	49,990.41	193,139.47	55,606.21	191,869.19	56,506.05	178,245.54	43,537.91	196,420.83	58,859.11	193,037.25	48,460.37	181,178.13	52,573.01
14	202,336.54	49,080.88	188,651.08	53,611.37	193,235.39	56,251.03	180,246.49	43,376.91	201,591.82	58,844.36	190,648.69	47,695.95	176,986.16	48,813.27
15	199,860.60	49,872.51	187,681.36	52,087.54	196,915.03	55,631.68	184,225.39	43,560.91	204,685.29	59,698.82	190,490.45	47,467.33	176,748.75	48,393.66
16	196,744.62	48,306.10	185,492.58	50,785.35	188,863.55	54,884.83	171,897.70	43,560.91	195,966.25	58,962.48	186,551.04	46,420.77	174,617.41	47,900.46
17	183,236.42	47,952.39	173,440.41	50,148.11	171,412.62	54,119.75	142,435.43	43,721.91	170,492.03	58,555.63	173,852.65	45,572.75	165,108.46	46,407.23
18	169,610.33	50,697.83	154,600.24	50,979.29	159,153.24	54,502.29	131,717.70	44,388.89	149,287.79	59,020.39	156,642.15	46,479.63	150,365.39	50,032.21
19	174,983.29	54,032.77	158,063.51	56,104.93	151,466.09	55,996.00	132,844.67	44,894.88	147,804.55	61,305.81	150,882.03	49,267.24	142,358.32	54,456.09
20	165,955.37	53,830.65	163,632.44	57,822.71	152,704.78	59,347.75	137,582.56	45,722.86	145,114.70	60,331.04	148,600.31	49,176.28	142,499.59	54,213.85
21	163,412.06	53,291.67	162,496.49	58,266.00	143,924.66	57,617.23	135,374.61	46,366.84	145,365.82	59,084.98	147,039.67	48,268.24	139,314.25	54,537.26
22	154,771.53	50,613.61	158,811.57	56,021.81	135,636.38	55,431.31	125,737.85	43,238.92	130,529.15	54,037.47	140,485.67	47,086.68	133,784.28	53,277.75
23	150,291.26	49,316.69	151,081.56	54,442.56	129,697.96	53,646.14	121,620.96	40,731.98	125,183.42	52,394.04	131,293.75	43,513.01	124,757.32	50,831.52
24	148,994.34	47,986.08	148,227.83	52,447.72	121,263.95	51,478.43	114,813.13	40,156.99	115,904.18	50,276.74	125,294.32	41,589.60	119,955.86	49,203.38

BLUE GRASS ENERGY COOPERATIVE

HOURLY ENERGY USAGE (KWH) FOR EACH MONTH

TOTAL ENERGY KWH FOR EACH SEASON						
Winter			Summer			
WkDay	WkEnd	Total	WkDay	WkEnd	Total	
1	836,234.01	345,607.73	1,181,841.73	758,945.82	321,742.41	1,080,688.23
2	813,014.00	333,428.68	1,146,442.68	719,585.08	290,070.63	1,009,655.71
3	805,648.00	322,180.67	1,127,828.68	707,858.58	281,723.11	989,581.69
4	806,408.92	319,121.35	1,125,530.27	701,663.20	278,075.09	979,738.28
5	826,767.60	319,371.10	1,146,138.70	733,137.65	276,757.31	1,009,894.96
6	895,732.28	328,462.10	1,224,194.38	819,256.25	276,223.56	1,095,479.81
7	1,050,682.59	339,686.12	1,390,368.71	951,744.59	283,209.26	1,234,953.85
8	1,223,456.22	353,719.36	1,577,175.58	1,125,464.05	304,748.83	1,430,212.88
9	1,349,024.42	362,888.47	1,711,912.89	1,248,654.15	338,753.89	1,587,408.04
10	1,385,939.17	374,990.62	1,760,929.79	1,326,954.73	367,351.15	1,694,305.87
11	1,399,480.85	382,972.39	1,782,453.25	1,358,768.15	381,540.05	1,740,308.20
12	1,358,899.60	374,756.54	1,733,656.14	1,361,623.81	388,158.24	1,749,782.05
13	1,341,094.62	365,533.08	1,706,627.70	1,401,005.31	403,324.23	1,804,329.55
14	1,333,696.17	357,673.78	1,691,369.95	1,427,879.72	410,751.10	1,838,630.82
15	1,340,606.86	356,712.46	1,697,319.33	1,454,497.06	417,118.86	1,871,615.92
16	1,300,133.13	350,820.90	1,650,954.03	1,409,802.18	414,462.23	1,824,264.41
17	1,179,978.03	346,477.77	1,526,455.80	1,271,682.14	421,696.35	1,693,378.49
18	1,071,376.86	356,100.52	1,427,477.38	1,158,659.98	421,829.00	1,580,488.98
19	1,058,402.47	376,057.72	1,434,460.19	1,123,389.41	413,327.70	1,536,717.11
20	1,056,089.75	380,445.12	1,436,534.87	1,086,432.97	398,867.25	1,485,300.22
21	1,036,927.56	377,432.21	1,414,359.77	1,114,383.16	417,014.96	1,531,398.12
22	979,756.44	359,707.55	1,339,463.99	1,002,849.89	377,502.72	1,380,352.62
23	933,926.22	344,875.93	1,278,802.15	932,527.15	352,003.49	1,284,530.64
24	894,453.61	333,138.95	1,227,592.56	851,692.24	330,830.80	1,182,523.03
	26,277,729.38	8,462,161.13	34,739,890.51	26,048,457.28	8,567,082.22	34,615,539.49

BLUE GRASS ENERGY COOPERATIVE

DEVELOPMENT OF SC-1 (GENERAL SERVICE 0-100 KW TIME OF DAY RATE)

A. NORMALIZATION OF REVENUE			
BILLING ANALYSIS - REVENUE FROM CURRENT SC-2 RATES			
<u>Component</u>	<u>Billing Units</u>	<u>Rates</u>	<u>Revenue</u>
Customer Charge	30,631	27.79	\$ 851,235
Energy Rate	69,355,430	\$ 0.08384	\$ 5,814,759
Demand Rate	163,952	7.78	\$ 1,275,550
			\$ 7,941,544
B. SELECTION OF PEAK AND OFF-PEAK HOURS			
BREAK DOWN OF ON AND OFF-PEAK HOURS BY SEASON			
	<u>On-Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Winter	15,618,424	19,121,467	34,739,891
Summer	20,036,566	14,578,973	34,615,539
Total	35,654,990	33,700,440	69,355,430
C. DEVELOPMENT OF NEW RATES			
PROPOSED SC-2 (GENERAL SERVICE 0-100 KW TIME OF DAY RATES)			
<u>Component</u>	<u>Billing Units</u>	<u>Rates</u>	<u>Revenue</u>
Customer Charge	30,631	\$ 35.00	\$ 1,072,085
Energy Charges			
On-Peak kWh	35,654,990	\$ 0.12650	\$ 4,510,429
Off-Peak kWh	33,700,440	\$ 0.07000	\$ 2,359,031
			\$ 7,941,544