



Blue Grass Energy

A Touchstone Energy Cooperative 

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April 15, 2008

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PUBLIC SERVICE
COMMISSION

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

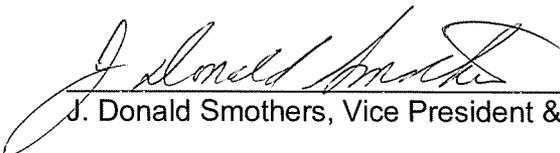
RE: **Case No. 2008-00011**
Correction in Application of Blue Grass Energy for Adjustment in its
Electric rates

Dear Ms. Stumbo:

Attached are an original and ten copies of a correction for Blue Grass Energy's application for adjustment.

The correction is for Schedule F, Official Notice due to kwh being listed as kHz and an incorrect amount under Schedule C-1.

If you have any questions in regards to this correction, please contact us at your convenience.


J. Donald Smothers, Vice President & CFO

cc: General Jack Conway
Attorney General
Utility Intervention and Rate Division
1024 Capitol Center Drive
Frankfort KY 40601

revised 4/14/2008

Official Notice

Blue Grass Energy Cooperative, with its principle office at Nicholasville, Kentucky and with its address at 1201 Lexington Road, Nicholasville, KY 40356, intends to file with the Kentucky Public Service Commission in Case No. 2008-00011 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the membership of Blue Grass Energy Cooperative. The increase amount is an increase in annual revenue of approximately \$7.84 million and results in an average increase in base electric energy rates of 9%.

The rates proposed in this application are the rates proposed by Blue Grass Energy Cooperative. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602 and shall set forth the grounds for the request including the status and interest of the party. A copy of the application and testimony shall be available for public inspection at Blue Grass Energy's offices.

The amount and percent of increase are listed below:

<u>Rate Class</u>	<u>Increase</u>	
	<u>Amount</u>	<u>Percent</u>
Schedule GS-1		
Residential, Farm and Non-Farm	\$ 4,722,998	15.1%
Schedule R		
Residential	\$ 1,548,287	11.4%
Schedule A		
Farm and Home Service	\$ 517,912	3.3%
Schedule GS-2		
Residential Marketing (ETS)	\$ 2,570	9.2%
Schedule R2		
Residential Marketing (ETS)	\$ 183	2.4%
Schedule Rate 1		
Residential Marketing (ETS)	\$ 118	0.1%
Schedule C-1		
Commercial and Industrial Lighting	\$ 343,298	11.4%
Schedule C-1		
Small Commercial	\$ 64,275	8.2%

Schedule Rate 2			
Commercial and Small Power	\$	30,796	5.3%
Schedule LP-1			
Large Power	\$	50,680	1.6%
Schedule L			
Large Power	\$	(59,644)	-23.9%
Schedule Rate 8			
Large Power Service	\$	(40,204)	-7.1%
Schedule LP-2			
Large Power	\$	60,380	1.7%
Schedule N			
Industrial & Large Power (Over 500 kW)	\$	(35,745)	-4.7%
Schedule LPR1			
Large Power Service (Over 500 kW)	\$	(51,901)	-12.6%
Schedule B-1			
Large Industrial Rate	\$	(20)	0.0%
Schedule B-2			
Large Industrial Rate	\$	110,755	1.4%
Schedule LPR2			
Large Power (5,000 to 9,999 kW)	\$	(111,680)	-4.1%
Street Lighting	\$	56,239	33.6%
Outdoor Lighting	\$	416,074	34.2%

The effect of the proposed rates on the average monthly bill by rate class is provided below:

<u>Rate Class</u>	<u>Increase</u>	
	<u>Increase</u>	<u>Percent</u>
Schedule GS-1		
Residential, Farm and Non-Farm	\$ 15.50	15.1%
Schedule R		
Residential	\$ 10.80	11.4%
Schedule A		
Farm and Home Service	\$ 3.03	3.3%
Schedule C-1		
Commercial and Industrial Lighting	\$ 22.27	11.4%
Schedule C-1		
Small Commercial	\$ 12.60	8.2%
Schedule Rate 2		
Commercial and Small Power	\$ 7.58	5.3%
Schedule LP-1		
Large Power	\$ 47.28	1.6%
Schedule L		
Large Power	\$ 505.46	-23.9%
Schedule Rate 8		
Large Power Service	\$ (174.04)	-7.1%
Schedule LP-2		
Large Power	\$ 387.05	1.7%
Schedule N		
Industrial & Large Power (Over 500 kW)	\$ (717.49)	-4.7%
Schedule LPR1		
Large Power Service (Over 500 kW)	\$ (2,162.66)	-12.6%
Schedule B-1		
Large Industrial Rate	\$ (1.65)	0.0%
Schedule B-2		
Large Industrial Rate	\$ 1,845.92	1.4%
Schedule LPR2		
Large Power (5,000 to 9,999 kW)	\$ (9,306.69)	-4.1%
Street Lighting	\$ 2.41	33.6%
Outdoor Lighting	\$ 2.48	34.2%

The present and proposed rate structure of Blue Grass Energy Cooperative are listed below

Rate Class	Increase	
	Present	Proposed
Schedule GS-1, Residential, Farm and Non-Farm		
Customer Charge	\$ 5.44	\$ 12.00
Energy Charge	\$ 0.06835	\$ 0.07462
Schedule R, Residential		
Customer Charge	\$ 5.53	\$ 12.00
Energy Charge	\$ 0.07286	\$ 0.07462
Schedule A, Farm and Home Service		
Customer Charge	\$ 9.10	\$ 12.00
Energy Charge	\$ 0.07451	\$ 0.07462
Schedule GS-2, Residential Marketing (ETS)		
Energy Charge	\$ 0.04101	\$ 0.04477
Schedule R2, Residential Marketing (ETS)		
Energy Charge	\$ 0.04372	\$ 0.04477
Schedule Rate 1, Residential Marketing (ETS)		
Energy Charge	\$ 0.04471	\$ 0.04477
Schedule C-1, Commercial and Industrial Lighting		
Customer Charge	\$ 7.13	\$ 25.00
Demand Charge - First 10 kW	\$ -	\$ -
Demand Charge - Over 10 kW	\$ 6.40	\$ 7.00
Energy Charge - First 3,000 kWh	\$ 0.07272	\$ 0.07148
Energy Charge - Over 3,000 kWh	\$ 0.06779	\$ 0.07148
Schedule C, Small Commercial		
Customer Charge	\$ 5.53	\$ 25.00
Demand Charge - First 10 kW	\$ -	\$ -
Demand Charge - Over 10 kW	\$ 6.40	\$ 7.00
Energy Charge	\$ 0.07729	\$ 0.07148
Schedule Rate 2, Commercial and Small Power		
Customer Charge	\$ 24.50	\$ 25.00
Demand Charge - First 10 kW	\$ -	\$ -
Demand Charge - Over 10 kW	\$ -	\$ 7.00
Energy Charge	\$ 0.07617	\$ 0.07148

<u>Rate Class</u>	<u>Increase</u>	
	<u>Present</u>	<u>Proposed</u>
Schedule LP-2, Large Power		
Customer Charge	\$ 24.64	\$ 50.00
Demand Charge	\$ 6.40	\$ 7.50
Energy Charge		
First 10,000 kWh	\$ 0.05723	\$ 0.04650
Next 15,000 kWh	\$ 0.05036	\$ 0.04650
Next 50,000 kWh	\$ 0.04461	\$ 0.04650
Next 75,000 kWh	\$ 0.04225	\$ 0.04650
All over 150,000 kWh	\$ 0.04050	\$ 0.04650
Schedule L, Large Power Service		
Customer Charge	\$ 30.00	\$ 50.00
Demand Charge	\$ 3.26	\$ 7.50
Energy Charge		
First 50 kWh per kW of billing demand	\$ 0.08038	\$ 0.04650
Next 100 kWh per kW of billing demand	\$ 0.07628	\$ 0.04650
Over 150 kWh per kW of billing demand	\$ 0.06611	\$ 0.04650
Schedule Rate 8, Large Power Service		
Customer Charge	\$29.44	\$ 50.00
Demand Charge	\$8.03	\$ 7.50
Energy Charge	\$0.05091	\$ 0.04650
Schedule LP-2, Large Power		
Customer Charge	\$ 24.64	\$ 100.00
Demand Charge	\$ 6.40	\$ 7.50
Energy Charge		
First 3,500 kWh	\$ 0.05809	\$0.04098
Next 6,500 kWh	\$ 0.04960	\$0.04098
Next 140,000 kWh	\$ 0.04433	\$0.04098
Next 200,000 kWh	\$ 0.04274	\$0.04098
Next 400,000 kWh	\$ 0.04179	\$0.04098
Next 550,000 kWh	\$ 0.04085	\$0.04098
All over 1,300,000 kWh	\$ 0.03544	\$0.04098
Schedule N, Industrial and Large Power		
Customer Charge	\$ 277.18	\$ 100.00
Demand Charge	\$ 4.46	\$ 7.50
Energy Charge		
First 425 kWh per kW of billing demand	\$0.05037	\$0.04098
Over 425 kWh per kW of billing demand	\$0.04227	\$0.04098

<u>Rate Class</u>	<u>Increase</u>	
	<u>Present</u>	<u>Proposed</u>
Schedule LPR1, Large Power Service		
Customer Charge	\$ 41.23	\$ 100.00
Demand Charge	\$ 8.03	\$ 7.50
Energy Charge	\$0.04832	\$0.04098
Schedule B1, Large Industrial Rate		
Customer Charge	580.22	\$1,000.00
Demand Charge		
Contract demand	\$5.53	\$6.22
Excess demand	\$8.03	\$8.65
Energy charge	\$0.04278	\$0.04148
Schedule B-2, Large Industrial Late		
Customer Charge	\$1,097.42	\$2,000.00
Demand Charge		
Contract demand	\$5.53	\$6.22
Excess demand	\$8.03	\$8.65
Energy charge	\$0.03806	\$0.03703
Schedule LPR-2, Large Power		
Customer Charge	\$2,436.09	\$2,000.00
Demand Charge		
Contract demand	\$5.53	\$6.22
Excess demand		\$8.65
Energy charge		
First 425 kWh per kW billing demand	\$0.04481	\$0.03703
All over 425 kWh per kW billing demand	\$0.03709	\$0.03703
Schedule Street Lighting		
<u>High Pressure Sodium</u>		
70 W Ornamental	\$5.50	\$9.00
100 W Ornamental	\$7.16	\$10.00
250 W Ornamental	\$10.16	\$13.25
70 W Colonial		
(15 foot mounting height)	\$8.35	\$8.35
200 W Cobra Head		
(Aluminum pole)	\$12.21	\$13.50
100 W Cobra Head		
(Aluminum pole)	\$8.94	\$10.00
100 W Shoebox Fixture	\$16.81	\$16.81
100 W Acorn Fixture		
(Fiberglass pole)	\$16.28	\$16.28
100 W Colonial Fixture	\$13.75	\$13.75
400 W Cobra head		
(Aluminum pole)	\$20.40	\$20.40

<u>Rate Class</u>	<u>Increase</u>	
	<u>Present</u>	<u>Proposed</u>
Schedule Outdoor Lighting Service		
<u>Mercury Vapor</u>		
175 W	\$5.64	\$9.51
400 W	\$8.92	\$15.39
<u>High Pressure Sodium</u>		
100 W	\$5.51	\$9.53
250 W	\$8.37	\$14.28
400 W Halide Directional Flood	\$12.74	\$14.50
400 W Directional Flood	\$13.80	\$15.25
100 W Shoebox Fixture	\$16.81	\$16.81
100 W Acorn Fixture (Fiberglass Pole)	\$16.28	\$16.28
100 W Colonial Fixture	\$13.75	\$13.75
400 W Cobra Head (Aluminum pole)	\$20.40	\$20.40
<u>High Pressure Sodium</u>		
175 W	\$9.51	\$9.51
400 W	\$15.39	\$15.39
200 W Cobra Head (Aluminum Pole)	\$12.21	\$13.50
100 W Cobra Head (Aluminum Pole)	\$8.94	\$10.00
100 W Shoebox Fixture	\$16.81	\$16.81
100 W Acorn Fixture (Fiberglass Pole)	\$16.28	\$16.81
100 W Colonial	\$13.75	\$13.75
400 W Cobra Head (Aluminum Pole)	\$20.40	\$20.40
400 W Metal Halide Directional	\$12.74	\$14.50
400 W Directional Flood	\$13.80	\$15.25
100 W Open Bottom	\$9.53	\$9.53
250 W Open Bottom	\$14.28	\$14.28
Lights Requiring Separate Transformer	\$1.00	\$0.00