

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF BLUE)	
GRASS ENERGY COOPERATIVE)	CASE NO. 2002-00437
CORPORATION FROM NOVEMBER 1,)	
2000 TO OCTOBER 31, 2002)	

O R D E R

This case was established to review and evaluate the operation of the fuel adjustment clause (FAC) of Blue Grass Energy Cooperative Corporation (Blue Grass) for the 2 years ended October 31, 2002. In our April 23, 2003 Order, Blue Grass was authorized to transfer (roll-in) a 2.45 mills per KWH increase in fuel costs to its base rates to reflect, as adjusted for line loss, a 2.31 mills per KWH increase in wholesale power costs from East Kentucky Power Cooperative, Inc. (EKPC), Blue Grass s wholesale supplier.

In response to a Commission information request, Blue Grass submitted, among other things, a side-by-side comparison of its present and proposed rates. On May 1, 2003 Blue Grass notified the Commission that its response inadvertently included an incorrect present rate of \$.05598 per KWH for Schedule R Residential for its Fox Creek District. This error resulted in an incorrect proposed rate of \$.05843, which was approved in our April 23, 2003 Order.¹ The correct proposed rate is \$.05976 per KWH,

¹ Blue Grass has charged the correct rate of \$.05731 to the customers in its Fox Creek District.

which reflects the approved increase of \$.00245 per KWH due to the fuel adjustment roll-in.

Blue Grass's rate for Schedule R2 - Residential Marketing Rate is 60 percent of the Schedule R rate. Therefore, the rate for Schedule 2 Residential Marketing Rate, Fox Creek District authorized by our Order dated April 23, 2003 is also incorrect. The correct rate for Schedule R2 - Residential Marketing Rate, Fox Creek District is \$.03586 per KWH.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Blue Grass should be authorized to transfer (roll-in) a 2.45 mills per KWH increase in fuel costs to its corrected current base rate of \$.05731 for Schedule R Residential, Fox Creek District tariff. The rate for Schedule R2 Residential Marketing Rate, Fox Creek District should be calculated as 60 percent of the Schedule R, Fox Creek District rate.

2. The corrected rates and charges proposed by Blue Grass that reflect the transfer of fuel costs to Blue Grass's base rates, are fair, just, and reasonable, as set out in Appendix A to this Order.

3. The rates and charges in Appendix A should supersede the rates approved in our April 23, 2003 Order.

IT IS THEREFORE ORDERED that:

1. Blue Grass is authorized to transfer to base rates the EKPC increase in fuel costs (as adjusted for line-loss).

2. The rates in Appendix A are approved for Blue Grass effective June 1, 2003 to match EKPC's fuel roll-in date.

3. Within 20 days of the date of this Order, Blue Grass shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 12th day of May, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00437 DATED May 12, 2003

The following rates and charges are prescribed for the customers in the area served by Blue Grass Energy Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE R
RESIDENTIAL SERVICE

Rate per kWh \$.05976

SCHEDULE R2
RESIDENTIAL MARKETING RATE

Rate per kWh \$.03586