




A Touchstone Energy Cooperative 

P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990  
Phone: (859) 885-4191 • Fax: (859) 885-2854 • www.bgenergy.com

January 19, 2007

RECEIVED

JAN 19 2007

Beth O'Donnell Executive Director  
Kentucky Public Service Commission  
P O Box 615  
Frankfort, Kentucky 40602

PUBLIC SERVICE  
COMMISSION

Dear Ms. O'Donnell,

*Case No. 2007-00031*

We are refilling an application and supporting exhibits for case no. TFS2006-01600. This filing is for the purpose of requesting permission from the Kentucky Public Service Commission to approve a new nonrecurring charge of \$25.00 for the use of an automated meter reading (AMR) remote disconnect. This charge is for the extra service rendered when a remote switch is used to disconnect or reconnect a service for non-payment of their electric bill. Original and 10 copies are included for your review.

If you have any questions, please contact me at (859) 885-2118. As always, your continued assistance and cooperation is appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Donald Smothers".

J. Donald Smothers  
Vice President, Financial Services

CC: Attorney General

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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JAN 19 2007

PUBLIC SERVICE  
COMMISSION

In the Matter of:

BLUE GRASS ENERGY COOPERATIVE  
CORPORATION FOR NEW NONRECURRING  
CHARGE, AN AMR REMOTE DISCONNECT SWITCH  
FEE.

CASE NO. 2007-00031  
~~PFS2006-01600-~~

**APPLICATION**

Comes Blue Grass Energy Cooperative Corporation (hereafter referred to as "Blue Grass Energy") for an Application to establish a new non recurring charge on January 15, 2007, or such other time as the Commission allows.

1. Blue Grass Energy is filing this Application for the purpose of requesting permission from the Commission to establish a charge for an automated meter reading (AMR) remote disconnect.
2. The full name of Blue Grass Energy is "Blue Grass Energy Cooperative Corporation", and its address is 1201 Lexington Road, Nicholasville, Kentucky 40356, (807 KAR 5:001, Section 8(1)).
3. The Articles of Incorporation and all amendments thereto for Blue Grass Energy were filed with the Commission in PSC Case No. 97-424, (807 KAR 5:001, Section 8(3)).
4. This Application is supported by a 12 month historical test period ending October 31, 2006. There are no proposed adjustments or changes. (807 KAR 5:001, Section 10(1)).
5. Blue Grass Energy's annual reports, including the annual report for the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1). (807 KAR 5:001, Section 10(1)(b)2.)
6. Blue Grass Energy is not a limited partnership. (807 KAR 5:001, Section 10(1)(b)4.)
7. Blue Grass Energy has requested a waiver for providing a Certificate of Good Standing with this Application since Blue Grass Energy is only requesting to establish a new non recurring charge. (807 KAR 5:001, Section 10(1)(b)6.)
8. Blue Grass Energy does not conduct business under an assumed name and thus no Certificate of Assumed Name is needed for this Application. (807 KAR 5:001, Section 10(1)(b)6.)
9. Blue Grass Energy has attached proposed tariffs as Exhibit 1. (807 KAR 5:001, Section 10(1)(b)7.)

10. Blue Grass Energy has not presented the present and proposed tariffs in comparative form since this is a new proposed charge. (807 KAR 5:001, Section 10(1)(b)8.)
11. Blue Grass Energy states that its members have been given notice of the filing of this Application in compliance with 807 KAR 5:001, Section 3-10(3)-(4). A copy is attached as Exhibit 4. (807 KAR 5:001, Section 10(1)(b)9.)
12. Blue Grass Energy requests a waiver from providing written notice of intent to file this Application since it is only proposing to establish a new non recurring charge. Blue Grass Energy's Application is based on a fiscal year of October 31, 2006 (807 KAR 5:001, Section 10(2)). Blue Grass Energy's reasons for filing this Application is to establish a new non recurring charges to recover the cost of providing this service pursuant to the requirements of 807 KAR 5:001, Section 10(1)(s)1, are as follows:
  - a. Blue Grass Energy, and its predecessor cooperatives (Blue Grass Rural Electric, Fox Creek Rural Electric and Harison Rural Electric) have neither filed for a rate increase in the past 10 years. Since Blue Grass Energy has not had a general rate increase since that time, the Board of Directors decided to review the charges, and if necessary, propose an increase in the rates and charges to recover the cost of providing this service.

Since this is a new service in conjunction with automated meter reading devices that Blue Grass Energy is installing, it is requested that this charge be approved at this time by the Commission.
13. A complete description and quantified explanation for proposed adjustments with support for changes in price and activity levels, and other factors affecting the adjustment are presented as Exhibit 2. The only adjustment is for this new charge. (807 KAR 5:001, Section 10(6)(a).)
14. Blue Grass Energy is requesting a waiver from providing prepared testimony since a new non recurring charge is the only rate being requested to be established. (807 KAR 5:001, Section 10(6)(b).)
15. The estimate of effect that new rates will have on revenues including total revenues resulting from increases or decreases and percentage of increase or decrease is shown as Exhibit 3. (807 KAR 5:001, Section 10(6)(d)).
16. The requirement to show the effect upon the average bill for each customer classification does not apply since the proposed changes are only for a non recurring charge. (807 KAR 5:001, Section 10(6)(e)).

17. Blue Grass Energy has not included an analysis of customer's bill since the proposed changes are for a nonrecurring charge only. (807 KAR 5:001, Section 10(6)(g).)
18. Blue Grass Energy requests a waiver from providing schedules displaying its determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules. However, an impact statement showing the proposed increase on margins and TIER as shown as Exhibit 3. (807 KAR 5:001, Section 10(6)(h).)
19. Blue Grass Energy requests a waiver from providing a calculation of its rate base and capital used to determine its revenue requirements. (807 KAR 5:001, Section 10(6)(i).)
20. Blue Grass Energy has not included a current chart of accounts since no adjustments were proposed. (807 KAR 5:001, Section 10(6)(j).)
21. Blue Grass Energy has not included the independent auditor's annual report since no adjustment were proposed. (807 KAR 5:001, Section 10(6)(k).)
22. Blue Grass Energy states that the Federal Energy Regulatory Commission or Federal Communication Commission has not conducted any audits, and therefore, no reports are available. (807 KAR 5:001, Section 10(6)(l).)
23. Blue Grass Energy requests a waiver from providing a depreciation study since no adjustments are proposed. (807 KAR 5:001, Section 10(6)(n).)
24. Blue Grass Energy used Microsoft Excel and Word for all schedules. (807 KAR 5:001, Section 10(6)(o).)
25. Blue Grass Energy has made no stock or bond offerings. (807 KAR 5:001, Section 10(6)(p).)
26. Blue Grass Energy has not attached its annual report to members since no adjustments were proposed.. (807 KAR 5:001, Section 10(6)(q).)
27. Blue Grass Energy has not included its monthly managerial reports providing financial results of operations since no adjustments were proposed. (807 KAR 5:001, Section 10(6)(r).)
28. Blue Grass Energy requests a waiver of the requirement for filing Securities and Exchange Commission reports because Blue Grass Energy is not regulated by the SEC. (807 KAR 5:001, Section 10(6)(s).)

29. Blue Grass Energy requests a waiver for any amounts charged or allocated to it by an affiliate or general or home office or paid any moneys to an affiliate or general or home office during the test period or during the previous three (3) calendar years since no adjustments were proposed. (807 KAR 5:001, Section 10(6)(t).)
30. Blue Grass Energy has not included a cost of service study since there are no proposed changes to the revenues, rates or usages. (807 KAR 5:001, Section 10(6)(u)).
31. Blue Grass Energy states that the requirements of 807 KAR 5:001, Section 10(6)(f) and (v) are not applicable to Blue Grass Energy.
32. The detailed income statement and balance sheet reflecting impact of all proposed adjustments and impact statement are shown as Exhibit 3. (807 KAR 5:001, Section 10,(7)(a)).
33. Blue Grass Energy requests a waiver from providing its capital construction budget since no adjustments are being proposed. (807 KAR 5:001, Section 10(7)(b).)
34. Blue Grass Energy states that the requirements of 807 KAR 10(7)(c) are not applicable.
35. Blue Grass Energy has not included the operating budget for each month of the period encompassing the Test Year since no adjustments were proposed.. (807 KAR 5:001, Section 10(7)(d).)
36. See paragraph number 33 herein for compliance with the requirements of 807 KAR 5:001, Section 10(7)(e).

Blue Grass Energy Cooperative Corporation



Dan Brewer, President & CEO

January 19, 2007



Remote Disconnect

Hardware

1 Install Substation Equipment:			
Substation Processing Unit		\$10,000.00	
Transformer Cuppling Unit		\$14,000.00	
Transformer		\$3,800.00	
Communication Equipment		<u>\$17,000.00</u>	
Total Hardware			\$44,800.00
Contract Labor		\$3,800.00	
BGE Labor & OH		\$2,920.00	
Total Cost of Sustation Equipment			\$51,520.00
No of units estimated for Disconnection on Regular Basis per Month.			
	335	0.5	168
Cost per Unit.			\$307.58
2 Cost of Remote Disconnect			
Tax		\$250.00	
Handling		\$15.00	
total cost of Unit		\$25.00	\$290.00
Installation:			
1 hr. Labor		\$22.50	
OH		\$22.50	
Total			\$45.00
Total Unit Cost & Installation			\$335.00
Total Hardware and Installation Cost			\$642.58
Amortized over 60 months			\$10.71
3 Dispatch Labor to operate switch and communicate with member.			
1 hr labor		\$17.65	
OH	50%	\$8.83	
Total			\$26.48
1/4 hr			\$6.62
4 CSR to process service order			
1 hr labor		\$16.71	
OH	50%	\$8.36	
Total			\$25.07
1/4 hr			\$6.27
Total Cost			\$23.59
5 Interest 6%			\$1.42
6 Margin for 2.0 TIER			\$1.67
7 Total Cost to Disconnect or Reconnect for Non-Pay Remotely			\$26.68
8 Requesting service fee			\$25.00

Blue Grass Energy Cooperative  
Income Statement, twelve months ended  
October 31, 2006

Operating Revenues:	
Electric revenues	\$87,299,562
Other electric revenues	<u>2,570,921</u>
	<u>89,870,483</u>
Operating Expenses:	
Cost of power	67,683,465
Distribution - operations	2,485,990
Distribution - maintenance	3,338,853
Consumer accounts	2,514,249
Customer service and information	899,666
Administrative and general	<u>4,027,667</u>
	80,949,890
Depreciation	4,979,302
Tax expense - other	2,430
Interest on long-term debt	4,275,981
Other interest charges	163,627
Other deductions	<u>31,883</u>
	<u>90,403,113</u>
Patronage capital	(532,630)
Non operating margins - interest	114,784
Non operating margins - other	436,937
G & T capital credits	0
Other capital credits	<u>433,175</u>
Net margins	<u><u>\$452,266</u></u>



Blue Grass Energy Cooperative  
Balance Sheet  
October 31, 2006

Assets

Electric Plant:	
In service	\$164,327,354
Under construction	5,393,251
	<u>169,720,605</u>
Less accumulated depreciation	36,216,392
	<u>133,504,213</u>
Investments	<u>21,346,308</u>
Current Assets:	
Cash and cash equivalents	1,184,913
Accounts receivables - consumers	3,864,559
Accounts receivables - others	1,858,096
Material and supplies	1,206,135
Prepayments	242,351
	<u>8,356,054</u>
Deferred Charges	<u>558,637</u>
Total Assets	<u>\$163,765,212</u>

Liabilities and Equities

Members' Equities:	
Memberships	1,001,163
Patronage capital	40,488,956
Other equities	4,767,062
	<u>46,257,181</u>
Long-Term Debt	<u>99,280,592</u>
Accumulated operating provisions	<u>5,193,744</u>
Current Liabilities:	
Accounts payable	7,733,547
Short term debt	1,400,000
Consumer deposits	1,228,511
Other current and accrued expenses	1,960,575
	<u>12,322,633</u>
Consumer Advances for Construction	<u>711,062</u>
Total Members' Equities and Liabilities	<u>\$163,765,212</u>

Blue Grass Energy Cooperative  
Impact Statement of Additional Revenues  
October 31, 2006

Computation of Miscellaneous and Non Recurring Charge limitation amount:

Other electric revenues	\$2,570,921
Percentage limitation	<u>5%</u>
Limitation amount	<u>\$128,546</u>
Proposed additional revenues	
Number of instances, estimated	2,016
Monthly charge	\$25.00
	<u>\$50,400</u>

	<u>Existing</u>	<u>Proposed</u>
Net margins	\$452,266	\$502,666
Interest on long-term debt	4,275,981	4,275,981
TIER	<u>1.1</u>	<u>1.1</u>

As indicated by the results of the new non recurring charge, the effect on the TIER is minimal.

**Official Notice**

Blue Grass Energy Cooperative Corporation, with its principal office at Nicholasville, Kentucky and with its address at 1201 Lexington Road, Nicholasville, Kentucky 40356, intends to file with the Kentucky Public Service Commission in Case No. TFS2006-1600 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member- consumers of Blue Grass Energy Cooperative Corporation.

The rates proposed in this application are the rates proposed by Blue Grass Energy Cooperative Corporation. 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, Kentucky 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>Dollar</u>	<u>Percent</u>
<b>Non Recurring Charges</b>		
Automatic Meter Reading (AMR) Remote Disconnect	\$25.00	100%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

<u>Rate Class</u>	<u>Increase</u>	
	<u>Dollar</u>	<u>Percent</u>
<b>Non Recurring Charges</b>		
Automatic Meter Reading (AMR) Remote Disconnect	\$25.00	100%

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

<u>Rate Class</u>	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
<b>Non Recurring Charges</b>		
Automatic Meter Reading (AMR) Remote Disconnect	\$0.00	\$25.00