COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

			AUG 18 2008
IN THE MATTER OF ADJUSTMENT OF RATES)		PUBLIC SERVICE COMMISSION
OF BLUE GRASS ENERGY)		
COOPERATIVE CORPORATION)	NO. 2008-00011	

SUPPLEMENT AND ADDENDUM TO SETTLEMENT STIPULATION AND RECOMMENDATION

This "Supplement and Addendum to Settlement Stipulation and Recommendation" is filed to supplement and add to the previously filed "Settlement Stipulation and Recommendation:" (which is incorporated by reference herein), as follows:

- (1) The parties note and agree that the depreciation rates and amounts utilized in this application are in accordance with the methods sanctioned by the Commission and are fair, reasonable, just and should be adopted and implemented.
- (2)The parties note and agree that the Rate Schedule "GS-3 (Residential and Farm Time-of-Day Rate)" filed with the Commission on August 12, 2008 is in accordance and consistent with the changes in revenue requirements in the Settlement Stipulation and Recommendation.

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