

August 15, 2012

Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
P O Box 615  
Frankfort Kentucky 40602

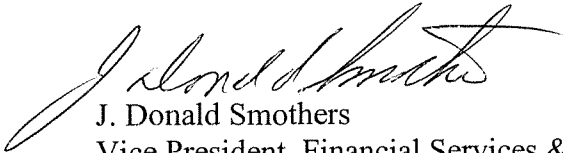
RECEIVED  
AUG 15 2012  
PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen,

We are filing our Prepay Metering Program tariff showing the date issued of August 10, 2012 and that it was issued by authority of Case No. 2012-00260 as ordered.

If you have any questions, please contact me at 859-885-2118.

Respectfully submitted,

  
J. Donald Smothers  
Vice President, Financial Services & CFO



**PREPAY METERING PROGRAM – CONTINUED**

(N)

5. If a member elects to enroll an account in prepay and has a deposit on the account, the deposit will be applied to the account before the account changes to prepay. Any credit remaining on the account will be applied to the prepay account. However, if the member has another account(s) which does not have a satisfactory credit history, the remaining credit will be transferred as a deposit to the unsecured account(s). The deposit will only be refunded by applying it to the member's account(s) as described.
6. If a member elects to enroll an account in prepay, the total amount of any existing payment arrangements/contracts will be applied to the account so the full unpaid balance will be reflected on the prepay account.
7. Once enrolled in the prepay service, no additional payment arrangements will be made.
8. If a member's post pay account has been disconnected for non-payment and the member chooses the prepay option for the account to be reconnected, the member will be subject to a prepayment plan whereas future payments will be split 30/70 until the unpaid debt is retired. Under this provision, the member will be applying 30% of any funds paid on the prepay account to the unpaid debt. The remaining 70% of the funds will be applied to daily usage on the account.
9. A new member, who previously received service from Blue Grass Energy and discontinued service without paying his/her final bill, (i.e. an uncollectible account) will be required to pay their past due amount prior to establishing prepay service.
10. Prepay accounts will be billed at least once a day to show the remaining funds on the account. If a meter reading is not available, the account will be estimated for that day. In addition a month end billing will be done for any unbilled miscellaneous charges such as green power. Charges such as program fee, customer charge, kWh, fuel adjustment, environmental surcharge, applicable taxes, franchise fees and security lights will be prorated daily.
11. Prepay accounts will not be subject to deposits, late fees, disconnect fees, and reconnect fees.
12. For a member who request their account to be changed from prepay to post pay a deposit will be required or waived based on their credit report received from the credit agency as determined by Blue Grass Energy at the time of the request..
13. If a payment on a prepay account is returned for any reason, the account is subject to the service charge listed in Blue Grass Energy's Rules and Regulations, original sheet 12, item 34. In addition if an outstanding balance is transferred from another account, the amount of the transfer will be debited to the prepay account. The member will have to apply funds to the account to cover the transfer to keep the account from disconnecting due to a negative balance.

DATE OF ISSUE: August 10, 2012

DATE EFFECTIVE: August 10, 2012

ISSUED BY  TITLE Vice President & CFO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2012-00260 Dated August 10, 2012.

**PREPAY METERING PROGRAM – CONTINUED**

- 14. If a prepay account is disconnected due to lack of funds or any other reason, the Cooperative shall be held harmless for any damages due to loss of energy services. Likewise, if the account is disconnected and the member applies funds to the prepay account thus causing the account to be reconnected, the member accepts full responsibility for any damages to the location caused by the account being disconnected.
- 15. A monthly paper bill will not be mailed to members who receive prepay service. However, they may request a copy of their monthly bill or may view it online through Blue Grass Energy’s website. Blue Grass Energy requests a deviation from 807 KAR 5:006, Section 6 for this Prepay Metering Program rider only.
- 16. Due to the prepay status of an account, a delinquent notice will not be mailed on prepay accounts as the account should never be in arrears. Blue Grass Energy requests a deviation from 807 KAR 5:006, Section 14 for this Prepay Metering Program rider only.
- 17. When the amount of funds remaining on a prepay account reaches the established threshold of \$25 an automated message will be sent to the member rather than a written notice sent by U.S. Mail.
- 18. All voluntary prepay accounts will not be eligible for a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as outlined in 807 KAR 5:006, Sections 13, 14, and 15. If a member on a prepay account presents a Certificate of Need, a Medical Certificate or qualifies for a Winter Hardship Reconnect, the member will be required to transfer to a post pay account.
- 19. A prepay account will be disconnected if the balance of the account becomes negative. The account will be disconnected regardless of weather/temperature as the member is responsible for ensuring that the prepay account is adequately funded. If the member cannot ensure proper funding, Blue Grass Energy recommends the member not utilize the prepay service.
- 20. A prepay account will be disconnected immediately in cases of theft, tampering, or hazardous code violation.
- 21. Members who voluntarily choose the prepay service are subject to all rules and regulations outlined in the Cooperative’s tariffs and bylaws unless specifically noted above.

(N)

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