


BLUE GRASS ENERGY COOPERATIVE
CORPORATION

PSC CASE 2006-00475
FILING FOR PASS-THROUGH OF EAST
KENTUCKY POWER COOPERATIVE, INC.
WHOLESALE RATE ADJUSTMENT
IN PSC CASE NO. 2006-00472

FILED 1/29/07



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 29, 2007

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

JAN 29 2007

PUBLIC SERVICE
COMMISSION

Re: Blue Grass Energy Pass-Through of East Kentucky Power Cooperative, Inc.
Wholesale Rate Adjustment- PSC Case No. 2006-00475

Dear Ms. O'Donnell:

Blue Grass Energy Cooperative Corporation ("Blue Grass Energy") hereby submits to the Public Service Commission (the "Commission"), its Proposed Tariffs and other information required by 807 KAR 5:007 in regard to the pass-through of any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc., ("EKPC") in PSC Case No. 2006-00472. This filing includes the following:

1. Blue Grass Energy's Proposed Tariffs are attached as Exhibit I.
2. The name and filing address of the filing cooperative is:
Blue Grass Energy Cooperative Corporation
1201 Lexington Road
P.O. Box 990
Nicholasville, KY 40356
3. In accordance with the provisions of KRS 278.455(2), Blue Grass Energy hereby states that the effects of the increase in rates from its wholesale supplier, EKPC, is being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.
4. A comparison of the current and proposed rates of Blue Grass Energy is attached as Exhibit II.
5. Attached as Exhibit III is a billing analysis which shows the existing and proposed rates for each rate class. EKPC's proposed rate increase to Blue Grass Energy was developed by allocating the proposed wholesale increase on a proportional basis to each major group of customer classes. The proposed increase for EKPC's "B" and "C"

Ms. Elizabeth O'Donnell
Page 2
January 29, 2007

industrial classes, and its large load special contracts, was applied to the demand charge for those customers. The remainder of the proposed increase was applied to the energy charge for the "E" customer class. Blue Grass Energy, in turn, followed the same process by first increasing the demand charges for its industrial "B" and "C" rates, as applicable, and then allocating the remaining dollar increase to all remaining classes and increasing the energy charges for those rate schedules. In each instance, the retail rates for a particular class have been developed in a manner that is consistent with the method proposed by EKPC. The proposed rate design structure at retail does not change the rate design currently in effect and is consistent with the rate design methodology used at wholesale.

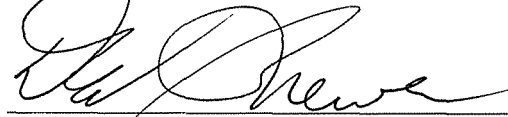
6. A certification that a copy this filing has been filed with the Office of Rate Intervention, Office of the Attorney General, and is attached as Exhibit IV.

7. Notice of the proposed rate change has been given, not more than thirty (30) days prior to January 29, 2007, by publication in a newspaper of general circulation in the affected area of Blue Grass Energy. A copy of this notice is attached as Exhibit V.

Blue Grass Energy hereby requests that the Commission accept this filing and allow the pass-through to its retail rates of the wholesale rate adjustment granted to EKPC as of the effective date of such adjustment.

Respectfully submitted,

BLUE GRASS ENERGY COOPERATIVE CORPORATION



President and Chief Executive Officer

**BLUE GRASS ENERGY
COOPERATIVE CORPORATION**

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 4

CLASSIFICATION OF SERVICE

GS-2 Off-Peak Retail Marketing Rate (ETS)

AVAILABILITY

Available to consumers eligible for Tariff GS-1, Residential, Farm and Non-Farm Schedule. The electric power and energy furnished under Tariff GS-2, Off Peak Retail Marketing Rate shall be separately metered for each point of delivery. Other power and energy furnished will be billed under GS-1, Residential, Farm and Non-Farm Schedule.

RATES

All kWh/Month: .03849 kWh (I)

SCHEDULE OF HOURS

This rate is only applicable for the below listed off-peak hours:

<u>Months</u>	<u>Off-Peak Hours - EST</u>
October through April	12:00 noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 p.m. to 10:00 a.m.

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

ISSUED BY: _____ TITLE: President/CEO
(Name of Officer)

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No.: _____ Dated: _____

**BLUE GRASS ENERGY
COOPERATIVE CORPORATION**

FOR Nicholasville & Madison Districts

P.S.C. KY NO. 1

ORIGINAL SHEET NO. 6

CLASSIFICATION OF SERVICE

GS-1 (Residential, Farm and Non-Farm)

APPLICABLE

Entire Territory Served

AVAILABILITY

Available to all consumers of the Cooperative for service including lighting, incidental appliances, refrigeration, cooking, laundry, heating, cooling, and power for motors up to and including 10 horsepower motors; subject to the established rules and regulations.

A farm dwelling and its appurtenances including barns, domestic servant quarters and out-buildings, which processes its own products shall be considered a domestic farm and be classified for the residential rate for all its power requirements.

Individual consumers with a pump-house or other outbuildings located at such a distance from the residence as to make it impractical to supply service through the residential meter, and requiring a separate meter to measure the service, will be billed as a separate meter service under the GS-1 Rate.

TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage.

RATES

Customer Charge (No Usage)

\$5.30 per meter, per month

Energy Charge per kWh

.06414 (I)

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 10

CLASSIFICATION OF SERVICE

GS-3 (Residential, Farm and Non-Farm Time-of-Day Rate)

APPLICABLE

Entire Territory Served

AVAILABILITY

Available to all consumers eligible for the Tariff GS-1, Residential, Farm and Non-Farm.

TYPE OF SERVICE

Single-phase, to cycles, at available secondary voltage.

RATES:

Customer Charge (No Usage)	\$10.48 per meter, per month
Energy Charge per kWh	
On-peak energy	0.07929 (I)
Off-peak energy	0.04179 (I)

On-Peak Hours and Off-Peak Hours

Months	On-Peak Hours	Off-Peak Hours
May through September	10:00 a.m. to 10:00 p.m.	10:00 p.m. to 10:00 a.m.
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	10:00 p.m. to 7:00 a.m. 12:00 noon to 5:00 p.m.

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 12

CLASSIFICATION OF SERVICE

C-1 Commercial and Industrial Lighting & Power

APPLICABLE

Entire territory served

AVAILABILITY

Available for commercial, industrial, and three-phase farm service under 50 kW for all uses including lighting, heating and power, subject to the established rules and regulations.

TYPE OF SERVICE

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase.

RATE

Demand Charge

First 10 kW of billing demand	No charge
Over 10 kW of billing demand	\$ 6.23

Energy Charge (Under 50 kW)

First 3,000 kWh	.06839 (I)
All Over 3,000 kWh	.06359 (I)

<u>Customer Charge</u>	\$ 6.95
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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 17

CLASSIFICATION OF SERVICE

LP-1 Large Power - Continued

RATE

Maximum Demand Charge

\$6.23 per month per kW of billing demand

Energy Charge (51-500 kW)

Customer Charge	\$24.00
First 10,000 kWh	.05331 (I)
Next 15,000 kWh	.04661 (I)
Next 50,000 kWh	.04101 (I)
Next 75,000 kWh	.03871 (I)
All Over 150,000 kWh	.03701 (I)

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 21

CLASSIFICATION OF SERVICE

LP-2 Large Power - Continued

RATE

Maximum Demand Charge

\$6.23 per month per kW of billing demand

Energy Charge (over 500 kW)

Customer Charge	\$24.00
First 3,500 kWh	.05414 (I)
Next 6,500 kWh	.04587 (I)
Next 140,000 kWh	.04074 (I)
Next 200,000 kWh	.03919 (I)
Next 400,000 kWh	.03827 (I)
Next 550,000 kWh	.03735 (I)
All Over 1,300,000 kWh	.03208 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville Madison & Fox Creek Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 25

CLASSIFICATION OF SERVICE

SECURITY LIGHTS

APPLICABLE

Entire territory served

AVAILABILITY

Available to all consumers of the Cooperative subject to its established rules and regulations.

RATE PER LIGHT PER MONTH

175 Watt Mercury Vapor	\$ 5.33 (I)
400 Watt Mercury Vapor	\$ 8.30 (I)
100 Watt High Pressure Sodium	\$ 5.27 (I)
250 Watt High Pressure Sodium	\$ 7.90 (I)
400 Watt Metal Halide Directional Flood	\$12.02 (I)
400 Watt High Pressure Sodium Directional Flood	\$13.05 (I)
100 Watt High Pressure Sodium – Shoebox Fixture	\$16.28 (I)
100 Watt High Pressure Sodium – Acorn Fixture (Fiberglas Pole)	\$15.76 (I)
100 Watt High Pressure Sodium – Colonial Fixture	\$13.30 (I)
400 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$19.48 (I)

ADDITIONAL ORNAMENTAL SERVICE

The Cooperative will, upon request, furnish ornamental poles/fixtures not listed in our current rates of the Cooperative's choosing, together with overhead wiring and all other equipment as needed. The Member will pay this additional cost prior to installation.

DATE OF ISSUE: January 29, 2007

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ISSUED BY: _____ TITLE: President/CEO
(Name of Officer)

Issued by authority of an Order of the Public Service Commission of Kentucky
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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville Madison & Fox Creek Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 27

CLASSIFICATION OF SERVICE

STREET LIGHTING

APPLICABLE

Entire territory served

AVAILABILITY

State and local governments subject to established rules and regulations.

RATES PER LIGHT PER MONTH

70 Watt High Pressure Sodium (Ornamental)	\$ 5.30 (I)
100 Watt High Pressure Sodium (Ornamental)	\$ 6.88 (I)
250 Watt High Pressure Sodium (Ornamental)	\$ 9.64 (I)
70 Watt High Pressure (Colonial) (15-foot mounting height)	\$ 8.08 (I)
200 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.69 (I)
100 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.61 (I)
100 Watt High Pressure Sodium – Shoebox Fixture	\$16.28 (I)
100 Watt High Pressure Sodium – Acorn Fixture (Fiberglass Pole)	\$15.76 (I)
100 Watt High Pressure Sodium – Colonial Fixture	\$13.30 (I)
400 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$19.48 (I)

ADDITIONAL ORNAMENTAL SERVICE

The Cooperative will, upon request, furnish ornamental poles/fixtures not listed in our current rates of the Cooperative's choosing, together with overhead wiring and all other equipment as needed. The Member will pay this additional cost prior to installation.

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 26

CLASSIFICATION OF SERVICE

Large Industrial Rate - Schedule C-1

AVAILABILITY

Applicable to contracts with demands of 1,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand. The contracts will be a two-party contract between the Seller and the ultimate consumer.

MONTHLY RATE

Consumer Charge	\$ 535.00
Demand Charge per kW of billing demand	7.29 (I)
Energy Charge per kWh	.03556

BILLING DEMAND

The monthly billing demand shall be the greater of (a) or (b) listed below:

(a) The contract demand

(b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen-minute intervals in the below listed hours for each month and adjust for power factors as provided herein:

DATE OF ISSUE: January 29, 2007

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ISSUED BY: _____ TITLE: President/CEO
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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 30

CLASSIFICATION OF SERVICE

Large Industrial Rate - Schedule C-2

AVAILABILITY

Applicable to contracts with demands of 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand. These contracts will be a two-party contract between the Seller and the ultimate consumer.

MONTHLY RATE

Consumer Charge	\$1,069.00
Demand Charge per kW of billing demand	7.29 (I)
Energy Charge per kWh	.03056

BILLING DEMAND

The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand.
- (b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen minute intervals in the below listed hours for each month and adjust for power factor as provided herein:

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 34

CLASSIFICATION OF SERVICE

Large Industrial Rate - Schedule C-3

AVAILABILITY

Applicable to contracts with demands of 10,000 kW and over with a monthly energy usage equal to or greater than 425 hours per kW of billing demand. These contracts will be a two-party contract between the Seller and the ultimate consumer.

MONTHLY RATE

Consumer Charge	\$1,069.00
Demand Charge per kW of billing demand	7.29 (I)
Energy Charge per kWh	.02956

BILLING DEMAND

The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand.
- (b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen minute intervals in the below listed hours for each month and adjust for power factor as provided herein:

DATE OF ISSUE: January 29, 2007

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ISSUED BY: _____ TITLE: President/CEO
(Name of Officer)

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in Case No.: _____ Dated: _____

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 38

CLASSIFICATION OF SERVICE

Large Industrial Rate - Schedule B-1

AVAILABILITY

Applicable to contracts with demands of 1,000 kW to 3,999 kW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand.

MONTHLY RATE

Consumer Charge	\$535.00
Demand Charge per kW of Contract Demand	7.29 (I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	9.72 (I)
Energy Charge per kWh	.03577

BILLING DEMAND

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10 p.m.

DATE OF ISSUE: January 29, 2007

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ISSUED BY: _____ TITLE: President/CEO
(Name of Officer)

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in Case No.: _____ Dated: _____

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Nicholasville & Madison Districts
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 42

CLASSIFICATION OF SERVICE

Large Industrial Rate - Schedule B-2

AVAILABILITY

Applicable to contracts with demands of 4,000 kW and greater with a monthly energy usage equal to or greater than 425 hours per kW of contract demand.

MONTHLY RATE

Consumer Charge	\$1,069.00
Demand Charge per kW of Contract Demand	7.29 (I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	9.72 (I)
Energy Charge per kWh	.03077

BILLING DEMAND

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10 p.m.

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Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No.: _____ Dated: _____

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 58

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

SCHEDULE R RESIDENTIAL RATE
PER UNIT
Availability of Service

Available in all territory served by the Cooperative, in accordance with the Cooperative's Service Rules and Regulations.

Applicability

Applicable for residential use and for use incidental thereto supplied through one meter to each individual unit where the load requirements can be met by transformers having a capacity not to exceed 25 kVA. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower.

Type of Service

Single-phase, 60 hertz, at 120/240 standard secondary voltage, or where available, three phase, 60 hertz, 4 wire 120/240 standard secondary voltage.

Monthly Rate

Minimum bill first 30 kwh per month \$5.39 per month
All over 30 kwh per month 0.06853 (I)

Minimum Monthly

The minimum monthly charge under the above rate shall be \$.90 per KVA of transformer capacity but in no case less than \$5.39.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

ISSUED BY _____ TITLE President/CEO
Name of Officer

Issued by authority of an Order of the Public Service Commission of KY
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For Fox Creek District
Community, Town or City

P.S.C. No. 1
Original Sheet No. 60

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

SCHEDULE C COMMERCIAL AND SMALL POWER RATE
PER UNIT
Availability

Available in all territory served by the Cooperative in accordance with the Cooperative's Service Rules and Regulations.

Applicability

Applicable to all commercial and industrial consumers for all uses including lighting and power where the load requirements can be met by transformers having a capacity less than 50 kva.

Type of Service

Single-phase and three-phase, 60 hertz, at available secondary voltages. Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity in excess of ten (10) horsepower.

Monthly Rate

First	10 kw of billing demand	No Charge
Over	10 kw of billing demand	\$3.18 per kw
Minimum Bill	First 30 kwh per month	\$5.39 per month
All Over	30 kwh per month	0.07285 per kwh (I)

Minimum Monthly

The minimum monthly charge under the above rate shall be \$.90 per kva of transformer capacity but in no case less than \$5.39.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

ISSUED BY _____ TITLE President/CEO
Name of Officer

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For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 62

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

	RATE PER UNIT
SCHEDULE L LARGE POWER SERVICE (50 TO 200 kw)	
<u>Availability</u>	

Available to consumers located on or near the Cooperative's three phase lines for all types of usage, in accordance with the Cooperative's Service Rules and Regulations.

Applicability

Applicable to all electric service where the load requirements make necessary transformers having a capacity equal to or in excess of 50 kva.

Type of Service

Single-phase or multi-phase, 60 hertz, at standard voltage.

Monthly Rate

Demand Charge per kw of billing demand	\$3.18
First 50 kwh per kw of billing demand	0.07586 per kwh (I)
Next 100 kwh per kw of billing demand	0.07186 per kwh (I)
Over 150 kwh per kw of billing demand	0.06196 per kwh (I)

Monthly Minimum

- (1) Contract minimum
- (2) \$.90 per kva of transformer capacity
- (3) \$30.00

Determination of Billing Demand

The billing demand shall be the maximum kilowatt demand established by the consumer for any period for fifteen (15) consecutive minutes during the month for which the bill is rendered by a demand meter and adjusted for power factor as follows.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

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For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 67

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

SCHEDULE R2 RESIDENTIAL MARKETING RATE RATE
PER UNIT
Availability of Service

This special marketing rate is available for specific marketing programs as approved by Blue Grass Energy's Board of Directors. The electric power furnished under this marketing program shall be separately metered for each point of delivery and is applicable during the below listed off-peak hours. This rate is available to customers already receiving service under the Schedule R Residential Rate. This marketing rate applies only to programs which are expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule A.

<u>Months</u>	<u>Off Peak Hours - Est</u>
May through September	10:00 p.m. to 10:00 a.m.
October through April	12:00 noon to 5:00 p.m. 10:00 p.m. to 10:00 a.m.

Rates

The energy rate for this program is as listed below.

All kwh 0.04112 (I)

Terms of Payment

In the event the current monthly bill is not paid within fifteen (15) days from the date of the bill, five percent (5%) shall be added to the bill.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

ISSUED BY _____ TITLE President/CEO
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For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 69
Cancelling P.S.C. No. _____
Sheet No. _____

Blue Grass Energy
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

SCHEDULE C1	LARGE INDUSTRIAL RATE (1,000 to 4,999 kw)	RATE PER UNIT
<u>Availability</u>		

Applicable to contracts with demand of 1,000 to 4,999 kw with a monthly energy usage equal to or greater than 425 hours per kw of billing demand. These contracts will be between the cooperative association and the ultimate consumer subject to the approval of East Kentucky Power Cooperative. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Monthly Rate

Consumer Charge	\$535.00 per month
Demand Charge (per kw of billing demand)	\$7.29 per kw (I)
Energy Charge	\$0.03537 per kwh

Billing Demand

The monthly billing demand shall be the greater of (a) or (b) listed below.

- (a) The contract demand
- (b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable For Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

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in Case No. _____ Dated _____

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 72

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

SCHEDULE C2	LARGE INDUSTRIAL (5,000 TO 9,999 KW)	RATE
<u>Availability</u>		PER UNIT

Applicable to contracts with demand of 5,000 to 9,999 kw with a monthly energy usage equal to greater than 425 hours per kw of billing demand. These contracts will be between the cooperative association and the ultimate consumer subject to the approval of East Kentucky Power Cooperative. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Monthly Rate

Consumer Charge	\$1,069.00 per month
Demand Charge per kw of billing demand	\$7.29 per kw (I)
Energy Charge	\$0.03037

Billing Demand

The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

<u>Months</u>	<u>Hour Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

ISSUED BY _____ TITLE President/CEO
Name of Officer

Issued by authority of an Order of the Public Service Commission of KY
in Case No. _____ Dated _____

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 75

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

<u>SCHEDULE C3</u>	<u>LARGE INDUSTRIAL (Over 10,000 kw)</u>	<u>RATE</u>
<u>Availability</u>		<u>PER UNIT</u>

Applicable to contracts with demand of 10,000 kw and over with a monthly energy usage equal to or greater than 425 hours per kw of billing demand. These contracts will be between the cooperative association and the ultimate consumer subject to the approval of East Kentucky Power Cooperative. The electric power and energy furnished hereunder shall be separately metered for each point of delivery.

Monthly Rate

Consumer Charge	\$1,069.00 per month
Demand Charge (per kw of billing demand)	\$7.29 per kw (I)
Energy Charge	\$0.02937 per kwh

Billing Demand

The monthly billing demand shall be the greater of (a) or (b) below:

- (a) The contract demand
- (b) The ultimate consumer's peak demand during the current month of preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

DATE OF ISSUE January 29, 2007 Date EFFECTIVE April 1, 2007

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Issued by authority of an Order of the Public Service Commission of KY
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For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 78

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

SCHEDULE M COMMERCIAL & INDUSTRIAL POWER SERVICE (201-500) RATE
Availability PER UNIT

Available to consumers located on or near the cooperative's three phase lines for all types of usage, in accordance with the Cooperative's Service Rules and Regulations.

Applicability

Applicable to all electric service where the load requirements make necessary transformers having a capacity equal to or in excess of 200 kva.

Type of Service

Multi-phase, 60 hertz, at standard voltage.

Monthly Rate

Consumer Charge		\$135.00	
Demand Charge		4.34	
Energy Charge			
First	425 kwhs per kw of billing demand	0.05062	per kwh (I)
All Over	425 kwhs per kw of billing demand	0.04273	per kwh (I)

Monthly Minimum

- (1) Contract minimum
- (2) \$.90 per kva of transformer capacity plus \$135.00

Determination of Billing Demand

The billing demand shall be the maximum kilowatt demand established by the consumer for any period for fifteen (15) consecutive minutes during the month for which the bill is rendered by a demand meter and adjusted for power factor as follows.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

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Issued by authority of an Order of the Public Service Commission of KY
in Case No. _____ Dated _____

For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 81

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

	INDUSTRIAL & LARGE COMMERCIAL	RATE
SCHEDULE N	POWER SERVICE (Over 500 kw)	PER UNIT

Availability

Available to consumers located on or near the Cooperative's three phase lines for all types of usage, in accordance with the Cooperative's Service Rules and Regulations.

Applicability

Applicable to all electric service where the load requirements make necessary transformers having a capacity in excess of 500 kva.

Type of Service

Multi-phase, 60 hertz, at standard voltage.

Monthly Rate

Consumer Charge	\$270.00
Demand Charge	4.34 per kw of billing
demand	
Energy Charge	
First	425 kwhs of billing demand 0.04662 per kwh (I)
All Over	425 kwhs of billing demand 0.03873 per kwh (I)

Monthly Minimum

- (1) Contract minimum
- (2) \$.90 per kva of transformer capacity plus \$270.

Determination of Billing Demand

The billing demand shall be the maximum kilowatt demand established by the consumer for any period for fifteen (15) consecutive minutes during the month for which the bill is rendered by a demand meter and adjusted for power factor in

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

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Issued by authority of an Order of the Public Service Commission of KY
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For Fox Creek District
Community, Town or City
P.S.C. No. 1
Original Sheet No. 84

Blue Grass Energy
Name of Issuing Corporation

Cancelling P.S.C. No. _____
Sheet No. _____

CLASSIFICATION OF SERVICE

SCHEDULE B1	LARGE INDUSTRIAL RATE	RATE PER UNIT
<u>Availability</u>		

Applicable to contracts with demand of 1,000 to 4,999 kw with a monthly energy usage equal to or greater than 425 hours per kw of contract demand.

Monthly Rate

Consumer Charge	\$565.00
Demand Charge per kw of contract demand	\$7.29 (I)
Demand Charge per kw of billing demand in excess of contract demand	\$9.72 (I)
Energy Charge per kwh	\$0.03537

Billing Demand

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand during the current month exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

<u>Months</u>	<u>Hours Applicable for Demand Billing -</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

DATE OF ISSUE January 29, 2007 DATE EFFECTIVE April 1, 2007

ISSUED BY _____ TITLE President/CEO
Name of Officer

Issued by authority of an Order of the Public Service Commission of KY
in Case No. _____ Dated _____ -

**BLUE GRASS ENERGY
COOPERATIVE CORPORATION**

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 98

CLASSIFICATION OF SERVICE

FARM AND HOME SERVICE SCHEDULE A (RATE 1)

AVAILABILITY

Available to members of the Cooperative for all farm, home, school and church uses. Subject to its established rules and regulations. Service under this schedule is limited to individual motors up to and including ten horsepower (10 HP).

TYPE OF SERVICE

Single-phase at available voltage.

RATES

Consumer Charge (No usage)	\$8.86 per month
All kWh Used	0.07016 per kWh (I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

TERMS OF PAYMENT

The rates are net. In the event the current monthly bill is not paid within 15 days from the billing date of the bill the gross rates, being 5% higher, shall apply.

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DATE EFFECTIVE: April 1, 2007

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 99

CLASSIFICATION OF SERVICE

FARM AND HOME SERVICE OFF-PEAK RETAIL MARKETING RATE
(RATE 1 ETS)

AVAILABILITY

This special marketing rate is available for specific marketing programs as approved by Blue Grass Energy's Board of Directors. The electric power furnished under this marketing program shall be separately metered for each point of delivery and is applicable during the below listed off-peak hours. This rate is available to customers already receiving service under the Schedule A Residential Rate. This marketing rate applies only to programs which are expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule A.

RATES

All kWh Used .04209 per kWh (I)

SCHEDULE OF HOURS

This rate is only applicable for the below listed off-peak hours:

Months	Off-Peak Hours (Eastern Standard Time)
October thru April	12 noon to 5:00 pm 10:00 pm to 7:00 am
May thru September	10:00 pm to 10:00 am

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

TERMS OF PAYMENT

The rates are net. In the event the current monthly bill is not paid within 15 days from the billing date of the bill the gross rates, being 5% higher, shall apply.

DATE OF ISSUE: January 29, 2007

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BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 100

CLASSIFICATION OF SERVICE

COMMERCIAL AND SMALL POWER SERVICE 0 TO 50 KW DEMAND (RATE 2)

AVAILABILITY

Available to commercial consumers and small industrial consumers for all uses including lighting, appliances, cooking and heating; all subject to the established rules and regulations of the Cooperative covering this service.

Service under this schedule is limited to consumers whose load requirements do not exceed 50 KVA of transformer capacity.

Consumers having their homes on the same premises with their business establishments may include service to both on the same meter, in which case all service will be billed under this schedule, using the rate set out below. If the consumer prefers he may make provision for two meters, in which case his usage for residential purposes will be billed under the appropriate residential schedule and his usage for business purposes will be billed under this schedule and rate.

TYPE OF SERVICE

Single-phase and three phase are available at available voltage.

RATES

Consumer Charge (No Usage)	\$23.87 per month
All kWh Used	0.07175 per kWh (I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

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TITLE: President/CEO

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 102

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE 50 TO 500 KW DEMAND (RATE 8)

AVAILABILITY

Available to consumers located on or near Seller's Distribution Lines for all types of usage, subject to the established rules and regulations of Seller.

RATES

Consumer Charge (No Usage)	\$28.68 per month
All kWh Used	0.04715 per kWh (I)
All KW Demand Used	7.82 per KW

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter which may be adjusted for power factor as follows:

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Demand charges will be adjusted for consumers with 50 KW or more of measured demand to correct for average power factors lower than 85%, and may be so adjusted for other consumers if and when the Seller deems necessary. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 85% lagging.

OPTIONAL TIME-OF-DAY SERVICE

Consumers may qualify for the time-of-day provisions of this rate schedule. The consumer must pay for any special metering equipment necessary to measure the proper billing units for this rate schedule. The consumer will pay the consumer charge and the energy rate listed above and with the above demand rate being applied to the maximum demand in the below listed hours:

Month	Hours Applicable for Demand Billing-EST
July thru September	10:00 am to 10:00 pm
October thru April	7:00 am to 12 noon; 5:00 pm to 10:00 pm

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

ISSUED BY: _____

TITLE: President/CEO

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 105

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE OVER 500 KW DEMAND (LPR 1, RATE 8)

AVAILABILITY

Available to all commercial and industrial consumers whose kilowatt demand shall be over 500 KW for lighting and/or heating and/or power.

CONDITIONS

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60-cycle, alternating current and at available nominal voltage.

RATES

Consumer Charge (No Usage)	\$40.16 per month
All kWh Used	0.04463 per kWh (I)
All KW Demand Used	7.82 per KW

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter which may be adjusted for power factor as follows:

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than 85%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 85% and divided by the percent power factor.

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

ISSUED BY: _____

TITLE: President/CEO

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 108

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE 1,000 TO 4,999 KW DEMAND (LPR 2, RATE 8)

AVAILABILITY

Available to contracts with demands of 1,000 to 4,999 KW demand with a monthly energy usage equal to or greater than 425 hours per KW of billing demand. These contracts will be 'two-party' contracts with the first being between the Seller and the Cooperative and the second one being between the Seller and the ultimate consumer.

RATES

Consumer Charge (No Usage)	\$40.16 per month
All kWh Used	0.03992 per kWh
All KW Demand Used	7.29 per KW (I)

DETERMINATION OF BILLING DEMAND

The monthly billing demand shall be the greater of (a) or (b) listed below:

- a. The contract demand
- b. The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

Months	Hours Applicable for Demand Billing - EST
October thru April	7:00 am to 12 noon 5:00 pm to 10:00 pm
May thru September	10:00 am to 10:00 pm

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (a) and (b) below:

- a. The product of the billing demand multiplied by the demand charge, plus;
- b. The product of the billing demand multiplied by 425 hours and the energy charge per kWh.

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

ISSUED BY: _____ TITLE: President/CEO

**BLUE GRASS ENERGY
COOPERATIVE CORPORATION**

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 111

CLASSIFICATION OF SERVICE

LARGE POWER SERVICE 5,000 TO 9,999 KW (LPR 2, RATE 8)

AVAILABILITY

Available to contracts with demands of 5,000 to 9,999 KW with a monthly energy usage equal to or greater than 425 hours per KW of billing demand. These contracts will be between the Seller and the ultimate consumer and will require a minimum energy usage of 425 kWh per KW billing demand.

RATES

Consumer Charge (No Usage)	\$2,373.00 per month
Energy Charge	0.03735 for the first 425 kWh per KW of billing demand 0.02983 for all remaining kWh
Demand Charge	7.29 per KW (I)

BILLING DEMAND

The monthly billing demand shall be the greater of (a) or (b) listed below:

- c. The contract demand
- d. The ultimate consumer's peak demand during the current month. The peak demand shall be the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

Months	Hours Applicable for Demand Billing - EST
October thru April	7:00 am to 12 noon 5:00 pm to 10:00 pm
May thru September	10:00 am to 10:00 pm

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

ISSUED BY: _____

TITLE: President/CEO

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

FOR Harrison District
P.S.C. KY NO. 1
ORIGINAL SHEET NO. 114

CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE (SECURITY LIGHTS)

AVAILABILITY

Available to individuals, towns, villages and others for controlled single or multiple outdoor lighting from dusk to dawn. Service under this schedule is for a term of not less than one year and is subject to the rules and regulations of the Seller.

RATES

Lamp Size	Monthly Charge
175 Watt	\$ 9.09 per month (I)
400 Watt	\$14.61 per month (I)
200 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.69 per month (I)
100 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.61 per month (I)
100 Watt High Pressure Sodium Shoebox Fixture	\$16.28 (I)
100 Watt High Pressure Sodium Acorn Fixture (Fiberglas Pole)	\$15.76 (I)
100 Watt High Pressure Sodium Colonial Fixture	\$13.30 (I)
400 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$19.48 (I)
400 Watt Metal Halide Directional Flood	\$12.02 (I)
400 Watt High Pressure Sodium Directional Flood	\$13.05 (I)
Lights Requiring Separate Transformer	\$1.00 per month in addition to monthly charge

CONDITIONS OF SERVICE

The Cooperative will furnish, install and maintain at no extra expense to the consumer, a lighting unit in accordance with the rate schedule above on existing Cooperative owned poles. If the consumer desires a light other than on an existing Cooperative pole, he shall pay the total additional cost of the installation including pole(s), conductor and labor. Such work is to be done by Cooperative personnel with the payment in advance being in the form of a contribution to cover these costs and title to such installations must remain with the Cooperative.

DATE OF ISSUE: January 29, 2007

DATE EFFECTIVE: April 1, 2007

ISSUED BY: _____

TITLE: President/CEO

**Blue Grass Energy
EXHIBIT II**

The present and proposed rates structures of Blue Grass Energy are listed below:

For the Nicholasville & Madison Districts

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>GS-1 (Residential, Farm & Non-farm)</i>		
Customer Charge per Month	\$5.30	\$5.30
Energy Charge per kWh	\$0.06028	\$0.06414
<i>GS-2 (Off-Peak Marketing Rate - ETS)</i>		
Energy Charge per kWh	\$0.03617	\$0.03849
<i>GS-3 (Residential, Farm & Non-Farm TOD)</i>		
Customer Charge per Month	\$10.48	\$10.48
Energy Charge per kWh		
On-peak	\$0.07543	\$0.07929
Off-peak	\$0.03793	\$0.04179
<i>C-1 Commercial & Industrial Lighting & Pwr</i>		
Demand Charge per kW		
First 10 kW of billing demand	No charge	No charge
Over 10 kW of billing demand per kW	\$6.23	\$6.23
Energy Charge		
First 3,000 kWh	\$0.06453	\$0.06839
All over 3,000 kWh	\$0.05973	\$0.06359
Customer Charge per Month	\$6.95	\$6.95
<i>LP-1 Large Power</i>		
Demand Charge per kW per month	\$6.23	\$6.23
Energy Charge (51-500 kW)		
First 10,000 kWh	\$0.04945	\$0.05331
Next 15,000 kWh	\$0.04275	\$0.04661
Next 50,000 kWh	\$0.03715	\$0.04101
Next 75,000 kWh	\$0.03485	\$0.03871
All over 150,000	\$0.03315	\$0.03701
Customer Charge per month	\$24.00	\$24.00
<i>LP-2 Large Power</i>		
Demand Charge per kW per month	\$6.23	\$6.23
Energy Charge (over 500 kW)		
First 3,500 kWh	\$0.05028	\$0.05414
Next 6,500 kWh	\$0.04201	\$0.04587
Next 140,000 kWh	\$0.03688	\$0.04074
Next 200,000 kWh	\$0.03533	\$0.03919
Next 400,000 kwh	\$0.03441	\$0.03827
Next 550,000 kWh	\$0.03349	\$0.03735
All over 1,300,000 kWh	\$0.02822	\$0.03208
Customer Charge per month	\$24.00	\$24.00
<i>Security Lights – Rate per Light per Month</i>		
175 w Mercury Vapor	\$ 5.06	\$5.33
400 w Mercy Vapor	\$ 7.69	\$8.30
100 w High Pressure Sodium	\$ 5.13	\$5.27
250 w High Pressure Sodium	\$ 7.51	\$7.90
400 w Metal Halide-Directional Flood	\$11.41	\$12.02

400 w High Pressure Sodium Directional Flood	\$12.44	\$13.05
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium – Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
400 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$18.87	\$19.48
<i>Street Lighting</i>		
70 w High Pressure Sodium (Ornamental)	\$ 5.21	\$5.30
100 w High Pressure Sodium (Ornamental)	\$ 6.74	\$6.88
250 w High Pressure Sodium (Ornamental)	\$ 9.25	\$9.64
70 w High Pressure (Colonial) (15-foot mounting height)	\$ 7.99	\$8.08
200 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.37	\$11.69
100 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.47	\$8.61
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
400 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$18.87	\$19.48
<i>Large Industrial Rate C-1</i>		
Consumer Charge per Month	\$535.00	\$535.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.03556	\$0.03556
<i>Large Industrial Rate C-2</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.03056	\$0.03056
<i>Large Industrial Rate C-3</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.02956	\$0.02956
<i>Large Industrial Rate B-1</i>		
Consumer Charge per Month	\$535.00	\$535.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03577	\$0.03577
<i>Large Industrial Rate B-2</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03077	\$0.03077
<i>For the Fox Creek District</i>		
<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>Sch R Residential</i>		
Customer Charge per month	\$5.39	\$5.39
All kWh over 30 per month	\$0.06467	\$0.06853
<i>Sch R2 Residential Marketing Rate</i>		
All kWh	\$0.03880	\$0.04112
<i>Sch C Commercial & Small Pwr</i>		
Over 10 kW of Billing Demand Per Month	\$3.18	\$3.18
Minimum Bill First 30 kWh per month	\$5.39	\$5.39
All kWh over 30 kWh per month	\$0.06899	\$0.07285
<i>Sch L Large Pwr Service (50-200 kW)</i>		
Demand charge per kW per month	\$3.18	\$3.18
First 50 kWh/kW of billing demand	\$0.07200	\$0.07586
Next 100 kWh/kW of billing demand	\$0.06800	\$0.07186
Over 150 kWh/kW of billing demand	\$0.05810	\$0.06196

<i>Sch C1 Large Industrial Rate (1,000-4,999 kW)</i>		
Consumer Charge per month	\$535.00	\$535.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.03537	\$0.03537
<i>Sch C2 Large Industrial (5,000-9,999 kW)</i>		
Consumer Charge per month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.03037	\$0.03037
<i>Sch C3 Large Industrial (Over 10,000 kW)</i>		
Consumer Charge per month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.02937	\$0.02937
<i>Sch M Commercial & Industrial (201-500 kW)</i>		
Consumer Charge	\$135.00	\$135.00
Demand Charge per kW	\$4.34	\$4.34
Energy Charge		
First 425 kWh/kW of billing demand	\$0.04676	\$0.05062
All over 425 kWh/kW of billing demand	\$0.03887	\$0.04273
<i>Sch N Industrial & Lrg Commercial (Over 500 kw)</i>		
Consumer Charge	\$270.00	\$270.00
Demand Charge per kW	\$4.34	\$4.34
Energy Charge		
First 425 kWh/kW	\$0.04276	\$0.04662
All over 425 kWh/kW	\$0.03487	\$0.03873
<i>Sch B1 Large Industrial Rate</i>		
Consumer Charge	\$565.00	\$565.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03537	\$0.03537
 <i>For the Harrison District</i>		
<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>Farm & Home Sch A (Rate 1)</i>		
Consumer Charge per month	\$8.86	\$8.86
All kWh used	\$0.06628	\$0.07016
<i>Farm & Home Off-Peak Mkt. Rate (Rate 1, ETS)</i>		
All kWh used	\$0.03977	\$0.04209
<i>Commercial & Small Pwr 0-50 Demand (Rate 2)</i>		
Consumer Charge per month	\$23.87	\$23.87
All kWh used	\$0.06789	\$0.07175
<i>Large Power Service 50-500 kW (Rate 8)</i>		
Consumer Charge per month	\$28.68	\$28.68
All kWh	\$0.04329	\$0.04715
Demand Charge per kW	\$7.82	\$7.82
<i>Large Power Service Over 500 kW (LPR 1, Rate 8)</i>		
Consumer Charge per month	\$40.16	\$40.16
All kWh	\$0.04077	\$0.04463
Demand charge per kW	\$7.82	\$7.82
<i>Large Power Service 1,000 – 4,999 kW (LPR 2, Rate8)</i>		
Consumer Charge per month	\$40.16	\$40.16
All kWh	\$0.03992	\$0.03992
Demand charge per kW	\$5.39	\$7.29

Large Power Service 5,000 – 9,999 kW (LPR 2, Rate8)

Consumer Charge per month	\$2,373.00	\$2,373.00
Energy Charge		
First 425 kWh per kW of billing demand	\$0.03735	\$0.03735
All remaining kWh	\$0.02983	\$0.02983
Demand charge per kW	\$5.39	\$7.29

Outdoor Lighting Service (monthly charge)

175 watt	\$ 8.81	\$9.09
400 watt	\$14.02	\$14.61
200 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.37	\$11.69
100 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.47	\$8.61
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
Lights Requiring Separate Transformer (in addition to monthly chg.)	\$1.00	\$1.00

Blue Grass Energy

Billing Analysis

for the 12 months ending September 30, 2006

Rate & Schedule	Total Present Annualized Revenues	Total Proposed Revenues	\$ Increase	% Increase
Rate 11: GS-1	\$31,326,257	\$32,879,817	\$1,553,560	4.96%
Rate 12: Schedule R	\$14,018,608	\$14,669,642	\$651,034	4.64%
Rate 13: Schedule A - Rate 1	\$16,223,639	\$16,928,385	\$704,745	4.34%
Rate 16: GS-2	\$34,727	\$36,396	\$1,669	4.81%
Rate 17: Schedule R-2	\$8,618	\$9,016	\$398	4.62%
Rate 18: Rate 1 ETS	\$110,057	\$114,968	\$4,911	4.46%
Rate 21: C1	\$2,434,234	\$2,523,852	\$89,618	3.68%
Rate 22: C-1	\$769,428	\$804,031	\$34,603	4.50%
Rate 23: Schedule C	\$528,468	\$549,786	\$21,318	4.03%
Rate 24: Schedule C	\$285,981	\$298,258	\$12,278	4.29%
Rate 25: Comm & Sm Pwr - Rate 2	\$298,364	\$311,124	\$12,760	4.28%
Rate 26: Comm & Sm Pwr - Rate 2	\$287,238	\$297,414	\$10,176	3.54%
Rate 31: LP1	\$3,012,827	\$3,174,371	\$161,544	5.36%
Rate 32: LP2	\$3,919,597	\$4,159,153	\$239,556	6.11%
Rate 33: Schedule L	\$209,815	\$218,988	\$9,172	4.37%
Rate 35: Schedule N	\$169,452	\$178,461	\$9,009	5.32%
Rate 39: Lrg Pwr Srvc - Rate 8	\$576,646	\$604,073	\$27,428	4.76%
Rate 40: Large Ind - Rate 8	\$325,858	\$343,136	\$17,278	5.30%
Rate 44: Large Ind - Rate B-2	\$1,127,711	\$1,218,911	\$91,200	8.09%
Rate 45: Large Ind - Rate B-2	\$1,991,254	\$2,109,435	\$118,181	5.93%
Rate 46: B-1	\$1,217,390	\$1,284,529	\$67,139	5.52%
Rate 47: Large Ind B-2	\$1,162,923	\$1,256,403	\$93,480	8.04%
Rate 48: Large Ind Rate B-2	\$1,922,356	\$2,058,786	\$136,430	7.10%
Rate 49: Large Ind Rate B-2	\$2,236,000	\$2,378,971	\$142,971	6.39%
Rate 50: Large Pwr Srvc, LPR 2 - Rate 8	\$3,112,228	\$3,296,589	\$184,361	5.92%
Total - Excluding Lights	\$87,309,677	\$91,704,495	\$4,394,819	5.03%
Lights:				
175 WATT MERCURY VAPOR	\$26,919	\$28,356	\$1,437	5.34%
175 WATT MERCURY VAPOR	\$474,348	\$489,516	\$15,168	3.20%
400 WATT MERCURY VAPOR	\$6,175	\$6,668	\$493	7.98%
400 WATT MERCURY VAPOR	\$10,725	\$11,180	\$455	4.24%
100 WATT HIGH PRESSURE SODIUM	\$461,895	\$474,751	\$12,856	2.78%
175 WATT MERCURY VAPOR -SEPARATE TRANSFORMER	\$1,501	\$1,544	\$43	2.87%
70 WATT HIGH PRESSURE SODIUM - ORNAMENTAL	\$43,639	\$44,382	\$743	1.70%
400 WATT MERCURY VAPOR -SEPARATE TRANSFORMER	\$541	\$562	\$21	3.96%
100 WATT HIGH PRESSURE SODIUM - ORNAMENTAL	\$46,344	\$47,326	\$982	2.12%
250 WATT HIGH PRESSURE SODIUM - ORNAMENTAL	\$22,283	\$23,231	\$948	4.26%
250 WATT HIGH PRESSURE SODIUM	\$16,041	\$16,882	\$841	5.24%
200 WATT HIGH PRESSURE SODIUM - COBRA HEAD	\$10,256	\$10,548	\$292	2.85%
70 WATT HIGH PRESSURE SODIUM - COLONIAL	\$44,776	\$45,273	\$497	1.11%
400 WATT METAL HALIDE DIRECTIONAL FLOOD	\$37,585	\$39,606	\$2,021	5.38%
400 WATT HIGH PRESSURE SODIUM DIRECTIONAL FLOOD	\$6,631	\$6,958	\$327	4.93%
100 WATT HIGH PRESSURE SODIUM - COBRA HEAD	\$15,941	\$16,209	\$269	1.69%
100 WATT HIGH PRESSURE SODIUM - SHOEBOX FIXTURE	\$1,985	\$2,003	\$18	0.88%
100 WATT HIGH PRESSURE SODIUM - ACORN FIXTURE	\$1,687	\$1,702	\$15	0.91%
100 WATT HIGH PRESSURE SODIUM - COLONIAL FIXTURE	\$13,450	\$13,595	\$146	1.08%
400 WATT HIGH PRESSURE SODIUM - COBRA HEAD	\$94	\$97	\$3	3.25%
Total - Lights	\$1,242,815	\$1,280,391	\$37,576	3.02%
Grand Total	\$88,552,492	\$92,984,886	\$4,432,394	5.01%

Blue Grass Energy
Rate 11: GS-1

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	297,501	\$ 5.30	\$ 1,576,755	\$ 5.30	\$1,576,755	\$0
Energy Charge per kWh	402,289,057	\$ 0.06028	\$ 24,249,984	\$ 0.06414	\$25,803,544	\$1,553,560
Billing Adjustments					\$ -	\$0
Total from Base Rates		\$ 25,826,740		\$ 27,380,300	\$ 1,553,560	
Plus Fuel Adjustment		\$ 3,363,259		\$ 3,363,259	\$ -	
Plus Environmental Surcharge		\$ 2,136,259		\$ 2,136,259	\$ -	
Green Power		\$ -		\$ -	\$ -	
Total Revenues		\$ 31,326,257		\$ 32,879,817	\$ 1,553,560	
Average Customer		\$ 105.30		110.52	\$ 5.22	
Percent						4.96%

Blue Grass Energy
Rate 12: Schedule R

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	140,644	\$ 5.39	\$ 758,071	\$ 5.39	\$758,071	\$0
Energy Charge per kWh	168,635,183	\$ 0.06467	\$ 10,905,637	\$ 0.06853	\$11,556,671	\$651,034
Billing Adjustments					\$ -	\$0
Total from Base Rates		\$ 11,663,708		\$ 12,314,742	\$ 651,034	
Plus Fuel Adjustment		\$ 1,414,264		\$ 1,414,264	\$ -	
Plus Environmental Surcharge		\$ 940,636		\$ 940,636	\$ -	
Green Power		\$ -		\$ -	\$ -	
Total Revenues		\$ 14,018,608		\$ 14,669,642	\$ 651,034	
Average Customer		\$ 99.67		104.30	\$ 4.63	
Percent						4.64%

Blue Grass Energy
Rate 13: Schedule A - Rate 1

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	168,703	\$ 8.86	\$ 1,494,709	\$ 8.86	\$1,494,709	\$0
Energy Charge per kWh	181,781,760	\$ 0.06628	\$ 12,048,495	\$ 0.07016	\$12,753,240	\$704,745
Billing Adjustments					\$ -	\$0
Total from Base Rates		\$ 13,543,204		\$ 14,247,949	\$ 704,745	
Plus Fuel Adjustment		\$ 1,555,282		\$ 1,555,282	\$ -	
Plus Environmental Surcharge		\$ 1,125,154		\$ 1,125,154	\$ -	
Green Power		\$ -		\$ -	\$ -	
Total Revenues		\$ 16,223,639		\$ 16,928,385	\$ 704,745	
Average Customer		\$ 96.17		100.34	\$ 4.18	
Percent						4.34%

Blue Grass Energy
Rate 16: GS-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	1,376	\$ 0.00	\$ -	\$ 0.00	\$0	\$0
Energy Charge per kWh	720,916	\$ 0.03617	\$ 26,076	\$ 0.03849	\$27,745	\$1,669
Billing Adjustments					\$ -	\$0
Total from Base Rates		\$ 26,076		\$ 27,745	\$ 1,669	
Plus Fuel Adjustment		\$ 6,484		\$ 6,484	\$ -	
Plus Environmental Surcharge		\$ 2,167		\$ 2,167	\$ -	
Green Power		\$ -		\$ -	\$ -	
Total Revenues		\$ 34,727		\$ 36,396	\$ 1,669	
Average Customer		\$ 25.24		26.45	\$ 1.21	
Percent						4.81%

Blue Grass Energy
Rate 17: Schedule R-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	295	\$ 0.00	\$ -	\$ 0.00	\$0	\$0
Energy Charge per kWh	171,632	\$ 0.03880	\$ 6,659	\$ 0.04112	\$7,057	\$398
Billing Adjustments		\$ 0			\$0	\$0
Total from Base Rates		\$ 6,659		\$ 7,057	\$ 398	
Plus Fuel Adjustment		\$ 1,439		\$ 1,439	\$ -	
Plus Environmental Surcharge		\$ 519		\$ 519	\$ -	
Green Power		\$ -		\$ -	\$ -	
Total Revenues		\$ 8,618		\$ 9,016	\$ 398	
Average Customer		\$ 29.21		30.56	\$ 1.35	
Percent						4.62%

Blue Grass Energy
Rate 40: Large Ind - Rate 8

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	24	\$40.16 \$ 964	\$40.16	\$964	\$0	
Energy Charge	4,477,200	\$0.04077 \$ 182,535	\$0.04463	\$199,813	\$17,278	
Demand Charge	10,765.68	\$7.82 \$ 84,188	\$7.82	\$84,188	\$0	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 267,687		\$ 284,965	\$ 17,278	
Plus Fuel Adjustment		\$ 35,722		\$ 35,722	\$ -	
Plus Environmental Surcharge		\$ 22,449		\$ 22,449	\$ -	
Total Revenues		\$ 325,858		\$ 343,136	\$ 17,278	
Average		\$ 13,577		\$ 14,297	\$ 720	
Percent						5.30%

Blue Grass Energy
Rate 44: Large Ind - Rate B-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$1,069 \$ 12,828	\$1,069	\$12,828	\$0	
Energy Charge	19,819,200	\$0.03077 \$ 609,837	\$0.03077	\$609,837	\$0	
Demand Charge - Contract	48,000	\$5.39 \$ 258,720	\$7.29	\$349,920	\$91,200	
Demand Charge - Excess of Contract	0	\$7.82 \$ -	\$9.72	\$0	\$0	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 881,385		\$ 972,585	\$ 91,200	
Plus Fuel Adjustment		\$ 160,484		\$ 160,484	\$ -	
Plus Environmental Surcharge		\$ 85,842		\$ 85,842	\$ -	
Total Revenues		\$ 1,127,711		\$ 1,218,911	\$ 91,200	
Average		\$ 93,976		\$ 101,576	\$ 7,600	
Percent						8.09%

Blue Grass Energy
Rate 45: Large Ind - Rate B-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$1,069.00 \$ 12,828	\$1,069	\$12,828	\$0	
Energy Charge	38,653,200	\$0.03077 \$ 1,189,359	\$0.03077	\$1,189,359	\$0	
Demand Charge - Contract	60,000.00	\$5.39 \$ 323,400	\$7.29	\$437,400	\$114,000	
Demand Charge - Excess of Contract	2,200.40	\$7.82 \$ 17,207	\$9.72	\$21,388	\$4,181	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 1,542,794		\$1,660,975	\$118,181	
Plus Fuel Adjustment		\$ 313,835		\$ 313,835	\$ -	
Plus Environmental Surcharge		\$ 134,625		\$ 134,625	\$ -	
Total Revenues		\$ 1,991,254		\$ 2,109,435	\$ 118,181	
Average		\$ 165,938		\$ 175,786	\$ 9,848	
Percent						5.93%

Blue Grass Energy
Rate 46: B-1

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$565.00 \$ 6,780	\$565	\$6,780	\$0	
Energy Charge	21,805,200	\$0.03537 \$ 771,250	\$0.03537	\$771,250	\$0	
Demand Charge - Contract	35,100.00	\$5.39 \$ 189,189	\$7.29	\$255,879	\$66,690	
Demand Charge - Excess of Contract	236.388	\$7.82 \$ 1,849	\$9.72	\$2,298	\$449	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 969,067		\$ 1,036,207	\$ 67,139	
Plus Fuel Adjustment		\$ 167,967		\$ 167,967	\$ -	
Plus Environmental Surcharge		\$ 80,356		\$ 80,356	\$ -	
Total Revenues		\$ 1,217,390		\$ 1,284,529	\$ 67,139	
Average		\$ 101,449		\$ 107,044	\$ 5,595	
Percent						5.52%

Blue Grass Energy
Rate 47: Large Ind B-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$1,069 \$ 12,828	\$1,069	\$12,828	\$0	
Energy Charge	20,508,000	\$0.03077 \$ 631,031	\$ 0.03077	\$631,031	\$0	
Demand Charge - Contract	49,200.00	\$5.39 \$ 265,188	\$7.29	\$358,668	\$93,480	
Demand Charge - Excess of Contract		7.82 \$ -	\$9.72	\$0	\$0	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 909,047		\$ 1,002,527	\$ 93,480	
Plus Fuel Adjustment		\$ 165,771		\$ 165,771	\$ -	
Plus Environmental Surcharge		\$ 88,105		\$ 88,105	\$ -	
Total Revenues		\$ 1,162,923		\$ 1,256,403	\$ 93,480	
Average		\$ 96,910		\$ 104,700	\$ 7,790	
Percent						8.04%

Blue Grass Energy
Rate 48: Large Ind Rate B-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$1,069 \$ 12,828	\$1,069	\$12,828	\$0	
Energy Charge	35,685,600	\$0.03077 \$ 1,098,046	\$ 0.03077	\$1,098,046	\$0	
Demand Charge - Contract	68,400.00	\$5.39 \$ 368,676	\$7.29	\$498,636	\$129,960	
Demand Charge - Excess of Contract	3405	7.82 \$ 26,627	\$9.72	\$33,097	\$6,470	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 1,506,177		\$ 1,642,607	\$ 136,430	
Plus Fuel Adjustment		\$ 285,662		\$ 285,662	\$ -	
Plus Environmental Surcharge		\$ 130,517		\$ 130,517	\$ -	
Total Revenues		\$ 1,922,356		\$ 2,058,786	\$ 136,430	
Average		\$ 160,196		\$ 171,565	\$ 11,369	
Percent						7.10%

Blue Grass Energy
Rate 49: Large Ind Rate B-2

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$1,069 \$ 12,828	\$1,069	\$12,828	\$0	
Energy Charge	42,588,000	\$0.03077 \$ 1,310,433	\$ 0.03077	\$1,310,433	\$0	
Demand Charge - Contract	72,000.00	\$5.39 \$ 388,080	\$7.29	\$524,880	\$136,800	
Demand Charge - Excess of Contract	3247.984	7.82 \$ 25,399	\$9.72	\$31,570	\$6,171	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 1,736,740		\$ 1,879,711	\$ 142,971	
Plus Fuel Adjustment		\$ 349,036		\$ 349,036	\$ -	
Plus Environmental Surcharge		\$ 150,224		\$ 150,224	\$ -	
Total Revenues		\$ 2,236,000		\$ 2,378,971	\$ 142,971	
Average		\$ 186,333		\$ 198,248	\$ 11,914	
Percent					6.39%	6.39%

Blue Grass Energy
Rate 50: Large Pwr Svc, LPR 2 - Rate 8
5% Discount for 3M

Billing Determinants (1)	Rate (2)	Actual Revenues (3)=(1)*(2)	Rate (4)	Proposed Revenues (5)=(1)*(4)	Dollar Increase (6)	Percent Increase (7)
Customer Charge	12	\$2,373 \$ 28,476	\$2,373	\$28,476	\$0	
Energy Charge-First 425 kWh/kw	41,238,678	\$0.03735 \$ 1,540,265	\$ 0.03735	\$1,540,265	\$0	
Energy Charge-All remaining kWh	12,473,322	\$0.02983 \$ 372,079	\$0.02983	\$372,079	\$0	
Demand	97,032.18	\$5.39 \$ 523,003	\$7.29	\$707,365	\$184,361	
Billing Adjustments				\$ -	\$0	
Total from Base Rates		\$ 2,463,823		\$ 2,648,184	\$ 184,361	
Plus Fuel Adjustment		\$ 434,810		\$ 434,810	\$ -	
Plus Environmental Surcharge		\$ 213,594		\$ 213,594	\$ -	
Total Revenues		\$ 3,112,228		\$ 3,296,589	\$ 184,361	
Average		\$ 259,352		\$ 274,716	\$ 15,363	
Percent						5.92%

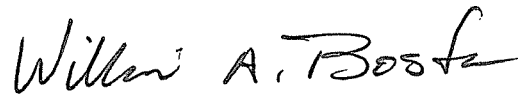
Blue Grass Energy: Test Year Ending September 30, 2006

Description	TYPE/ Rate	Annual Billing Units	Rate per Lamp	Normalized Annual Revenue	Assigned kWh per Light	Total kWh assigned to Lights	Proposed Rate per Light	Proposed Light Revenues	Dollar Change	Percentage Change
		(1)	(2)	(3)=(1)*(2)	(4)	(5)=(1)*(4)	(6)	(7)=(6)*(1)	(8)=(7)-(3)	(9)=(7)/(3)-1x100
175 WATT MERCURY VAPOR	11	5,320	\$5.06	\$26,919	70	372,400	\$5.33	\$28,356	\$1,437	5.34%
175 WATT MERCURY VAPOR	14	53,842	\$8.81	\$474,348	73	3,930,466	\$9.09	\$489,516	\$15,168	3.20%
400 WATT MERCURY VAPOR	21	803	\$7.69	\$6,175	159	127,677	\$8.30	\$6,668	\$493	7.98%
400 WATT MERCURY VAPOR	24	765	\$14.02	\$10,725	154	117,810	\$14.61	\$11,180	\$455	4.24%
100 WATT HIGH PRESSURE SODIUM	31	90,038	\$5.13	\$461,895	37	3,331,406	\$5.27	\$474,751	\$12,856	2.78%
175 WATT MERCURY VAPOR -SEPARATE TRANSFORMER	34	153	\$9.81	\$1,501	73	11,169	\$10.09	\$1,544	\$43	2.87%
70 WATT HIGH PRESSURE SODIUM - ORNAMENTAL	41	8,376	\$5.21	\$43,639	23	192,648	\$5.30	\$44,382	\$743	1.70%
400 WATT MERCURY VAPOR -SEPARATE TRANSFORMER	44	36	\$15.02	\$541	154	5,544	\$15.61	\$562	\$21	3.96%
100 WATT HIGH PRESSURE SODIUM - ORNAMENTAL	51	6,876	\$6.74	\$46,344	37	254,412	\$6.88	\$47,326	\$982	2.12%
250 WATT HIGH PRESSURE SODIUM - ORNAMENTAL	61	2,409	\$9.25	\$22,283	102	245,718	\$9.64	\$23,231	\$948	4.26%
250 WATT HIGH PRESSURE SODIUM	71	2,136	\$7.51	\$16,041	102	217,872	\$7.90	\$16,882	\$841	5.24%
200 WATT HIGH PRESSURE SODIUM - COBRA HEAD	74	902	\$11.37	\$10,256	84	75,768	\$11.69	\$10,548	\$292	2.85%
70 WATT HIGH PRESSURE SODIUM - COLONIAL	81	5,604	\$7.99	\$44,776	23	128,892	\$8.08	\$45,273	\$497	1.11%
400 WATT METAL HALIDE DIRECTIONAL FLOOD	91	3,294	\$11.41	\$37,585	159	523,746	\$12.02	\$39,606	\$2,021	5.38%
400 WATT HIGH PRESSURE SODIUM DIRECTIONAL FLOOD	111	533	\$12.44	\$6,631	159	84,747	\$13.05	\$6,958	\$327	4.93%
100 WATT HIGH PRESSURE SODIUM - COBRA HEAD	124	1,882	\$8.47	\$15,941	37	69,634	\$8.61	\$16,209	\$269	1.69%
100 WATT HIGH PRESSURE SODIUM - SHOEBOX FIXTURE	133	123	\$16.14	\$1,985	37	4,551	\$16.28	\$2,003	\$18	0.88%
100 WATT HIGH PRESSURE SODIUM - ACORN FIXTURE	143	108	\$15.62	\$1,687	37	3,996	\$15.76	\$1,702	\$15	0.91%
100 WATT HIGH PRESSURE SODIUM - COLONIAL FIXTURE	153	1,022	\$13.16	\$13,450	37	37,814	\$13.30	\$13,595	\$146	1.08%
400 WATT HIGH PRESSURE SODIUM - COBRA HEAD	163	5	\$18.87	\$94	159	795	\$19.48	\$97	\$3	3.25%
TOTAL		184,227		\$1,242,815		9,737,065		\$1,280,391	\$37,576	3.02%
Average				\$6.75				\$6.95	\$0.20	3.02%

BLUE GRASS ENERGY COOPERATIVE CORPORATION

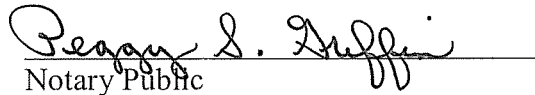
CASE NO. 2006-00475

I, William A. Bosta, hereby certify that a complete copy of the filing provided to the Kentucky Public Service Commission has been sent to the Office of Rate Intervention, Office of the Attorney General.

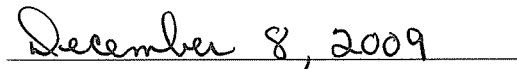


William A. Bosta
East Kentucky Power Cooperative, Inc.

Subscribed and sworn before me on this 29th day of January, 2007.


Notary Public

My Commission expires



NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Blue Grass Energy Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on January 29, 2007, Case No. 2006-00475. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Blue Grass Energy Cooperative Corporation. The amount and percent of increase by rate class are listed below.

For Nicholasville & Madison Districts

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
GS-1 (Residential, Farm & Non-farm)	\$1,553,560	4.96%
GS-2 (Off-Peak Marketing Rate - ETS)	\$1,669	4.81%
C-1 Commercial & Industrial Lighting & Pwr	\$124,221	3.88%
LP-1 Large Power	\$161,544	5.36%
LP-2 Large Power	\$239,556	6.11%
Large Industrial Rate B-2	\$582,261	6.90%

For the Fox Creek District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
Sch R Residential	\$651,034	4.64%
Sch R2 Residential Marketing Rate	\$398	4.62%
Sch C Commercial & Small Pwr	\$33,595	4.12%
Sch L Large Pwr Service (50-200 kW)	\$9,172	4.37%
Sch N Industrial & Lrg Commercial (Over 500 kW)	\$9,009	5.32%
Sch B1 Large Industrial Rate	\$67,139	5.52%

For the Harrison District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent</u>
Farm & Home Sch A (Rate 1)	\$704,745	4.34%
Farm & Home Off-Peak Mkt. Rate (Rate 1 ETS)	\$4,911	4.46%
Commercial & Small Pwr 0-50 Demand (Rate 2)	\$22,937	3.92%
Large Power Service 50-500 kW (Rate 8)	\$27,428	4.76%
Large Power Service Over 500 kW (LPR 1, Rate 8)	\$17,278	5.30%
Large Power Service 5,000 – 9,999 kW (LPR, Rate 8)	\$184,361	5.92%

For All Territories Served

<u>Rate Class</u>	<u>Increase</u>	<u>Percent</u>
Security, Street, and Outdoor Lighting	\$37,576	3.02%

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

For the Nicholasville & Madison Districts

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
GS-1 (Residential, Farm & Non-farm)	\$5.22	4.96%
GS-2 (Off-Peak Marketing Rate - ETS)	\$1.21	4.81%
C-1 Commercial & Industrial Lighting & Pwr	\$8.28	3.88%
LP-1 Large Power	\$162.00	5.36%
LP - 2 Large Power	\$1,470.00	6.11%

Large Industrial Rate B-2	\$9,704.00	6.90%
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For the Fox Creek District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Sch R Residential	\$4.63	4.64%
Sch R2 Residential Marketing Rate	\$1.35	4.62%
Sch C Commercial & Small Pwr	\$6.86	4.12%
Sch L Large Pwr Service (50-200 kW)	\$76.00	4.37%
Sch N Industrial & Lrg Commercial (Over 500 kw)	\$360.00	5.32%
Sch B1 Large Industrial Rate	\$5,595.00	5.52%

For the Harrison District

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Farm & Home Sch A (Rate 1)	\$4.18	4.34%
Farm & Home Off-Peak Mkt. Rate (Rate 1 ETS)	\$1.71	4.46%
Commercial & Small Pwr 0-50 Demand (Rate 2)	\$5.95	3.92%
Large Power Service 50-500 kW (Rate 8)	\$118.00	4.76%
Large Power Service Over 500 kW (LPR 1, Rate 8)	\$720.00	5.30%
Large Power Service 5,000 – 9,999 kW (LPR, Rate 8)	\$15,363.00	5.92%

For All Territories Served

<u>Rate Class</u>	<u>\$ Increase</u>	<u>Percent Increase</u>
Security, Street, and Outdoor Lighting	\$0.20	3.02%

The present and proposed rates structures of Blue Grass Energy are listed below:

For the Nicholasville & Madison Districts

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>GS-1 (Residential, Farm & Non-farm)</i>		
Customer Charge per Month	\$5.30	\$5.30
Energy Charge per kWh	\$0.06028	\$0.06414
<i>GS-2 (Off-Peak Marketing Rate - ETS)</i>		
Energy Charge per kWh	\$0.03617	\$0.03849
<i>GS-3 (Residential, Farm & Non-Farm TOD)</i>		
Customer Charge per Month	\$10.48	\$10.48
Energy Charge per kWh		
On-peak	\$0.07543	\$0.07929
Off-peak	\$0.03793	\$0.04179
<i>C-1 Commercial & Industrial Lighting & Pwr</i>		
Demand Charge per kW		
First 10 kW of billing demand	No charge	No charge
Over 10 kW of billing demand per kW	\$6.23	\$6.23
Energy Charge		
First 3,000 kWh	\$0.06453	\$0.06839
All over 3,000 kWh	\$0.05973	\$0.06359
Customer Charge per Month	\$6.95	\$6.95
<i>LP-1 Large Power</i>		
Demand Charge per kW per month	\$6.23	\$6.23
Energy Charge (51-500 kW)		
First 10,000 kWh	\$0.04945	\$0.05331
Next 15,000 kWh	\$0.04275	\$0.04661
Next 50,000 kWh	\$0.03715	\$0.04101

Next 75,000 kWh	\$0.03485	\$0.03871
All over 150,000	\$0.03315	\$0.03701
Customer Charge per month	\$24.00	\$24.00
<i>LP –2 Large Power</i>		
Demand Charge per kW per month	\$6.23	\$6.23
Energy Charge (over 500 kW)		
First 3,500 kWh	\$0.05028	\$0.05414
Next 6,500 kWh	\$0.04201	\$0.04587
Next 140,000 kWh	\$0.03688	\$0.04074
Next 200,000 kWh	\$0.03533	\$0.03919
Next 400,000 kWh	\$0.03441	\$0.03827
Next 550,000 kWh	\$0.03349	\$0.03735
All over 1,300,000 kWh	\$0.02822	\$0.03208
Customer Charge per month	\$24.00	\$24.00
<i>Security Lights – Rate per Light per Month</i>		
175 w Mercury Vapor	\$ 5.06	\$5.33
400 w Mercy Vapor	\$ 7.69	\$8.30
100 w High Pressure Sodium	\$ 5.13	\$5.27
250 w High Pressure Sodium	\$ 7.51	\$7.90
400 w Metal Halide-Directional Flood	\$11.41	\$12.02
400 w High Pressure Sodium Directional Flood	\$12.44	\$13.05
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium – Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
400 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$18.87	\$19.48
<i>Street Lighting</i>		
70 w High Pressure Sodium (Ornamental)	\$ 5.21	\$5.30
100 w High Pressure Sodium (Ornamental)	\$ 6.74	\$6.88
250 w High Pressure Sodium (Ornamental)	\$ 9.25	\$9.64
70 w High Pressure (Colonial) (15-foot mounting height)	\$ 7.99	\$8.08
200 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.37	\$11.69
100 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.47	\$8.61
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
400 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$18.87	\$19.48
<i>Large Industrial Rate C-1</i>		
Consumer Charge per Month	\$535.00	\$535.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.03556	\$0.03556
<i>Large Industrial Rate C-2</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.03056	\$0.03056
<i>Large Industrial Rate C-3</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge per kWh	\$0.02956	\$0.02956
<i>Large Industrial Rate B-1</i>		
Consumer Charge per Month	\$535.00	\$535.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03577	\$0.03577
<i>Large Industrial Rate B-2</i>		
Consumer Charge per Month	\$1,069.00	\$1,069.00

Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03077	\$0.03077

For the Fox Creek District

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>Sch R Residential</i>		
Customer Charge per month	\$5.39	\$5.39
All kWh over 30 per month	\$0.06467	\$0.06853
<i>Sch R2 Residential Marketing Rate</i>		
All kWh	\$0.03880	\$0.04112
<i>Sch C Commercial & Small Pwr</i>		
Over 10 kW of Billing Demand Per Month	\$3.18	\$3.18
Minimum Bill First 30 kWh per month	\$5.39	\$5.39
All kWh over 30 kWh per month	\$0.06899	\$0.07285
<i>Sch L Large Pwr Service (50-200 kW)</i>		
Demand charge per kW per month	\$3.18	\$3.18
First 50 kWh/kW of billing demand	\$0.07200	\$0.07586
Next 100 kWh/kW of billing demand	\$0.06800	\$0.07186
Over 150 kWh/kW of billing demand	\$0.05810	\$0.06196
<i>Sch C1 Large Industrial Rate (1,000-4,999 kW)</i>		
Consumer Charge per month	\$535.00	\$535.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.03537	\$0.03537
<i>Sch C2 Large Industrial (5,000-9,999 kW)</i>		
Consumer Charge per month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.03037	\$0.03037
<i>Sch C3 Large Industrial (Over 10,000 kW)</i>		
Consumer Charge per month	\$1,069.00	\$1,069.00
Demand Charge per kW of billing demand	\$5.39	\$7.29
Energy Charge	\$0.02937	\$0.02937
<i>Sch M Commercial & Industrial (201-500 kW)</i>		
Consumer Charge	\$135.00	\$135.00
Demand Charge per kW	\$4.34	\$4.34
Energy Charge		
First 425 kWh/kW of billing demand	\$0.04676	\$0.05062
All over 425 kWh/kW of billing demand	\$0.03887	\$0.04273
<i>Sch N Industrial & Lrg Commercial (Over 500 kw)</i>		
Consumer Charge	\$270.00	\$270.00
Demand Charge per kW	\$4.34	\$4.34
Energy Charge		
First 425 kWh/kW	\$0.04276	\$0.04662
All over 425 kWh/kW	\$0.03487	\$0.03873
<i>Sch B1 Large Industrial Rate</i>		
Consumer Charge	\$565.00	\$565.00
Demand Charge per kW – Contract	\$5.39	\$7.29
Demand Charge per kW – Excess	\$7.82	\$9.72
Energy Charge per kWh	\$0.03537	\$0.03537

For the Harrison District

<u>Rate Class</u>	<u>Present</u>	<u>Proposed</u>
<i>Farm & Home Sch A (Rate 1)</i>		
Consumer Charge per month	\$8.86	\$8.86
All kWh used	\$0.06628	\$0.07016
<i>Farm & Home Off-Peak Mkt. Rate (Rate 1, ETS)</i>		

All kWh used	\$0.03977	\$0.04209
Commercial & Small Pwr 0-50 Demand (Rate 2)		
Consumer Charge per month	\$23.87	\$23.87
All kWh used	\$0.06789	\$0.07175
Large Power Service 50-500 kW (Rate 8)		
Consumer Charge per month	\$28.68	\$28.68
All kWh	\$0.04329	\$0.04715
Demand Charge per kW	\$7.82	\$7.82
Large Power Service Over 500 kW (LPR 1, Rate 8)		
Consumer Charge per month	\$40.16	\$40.16
All kWh	\$0.04077	\$0.04463
Demand charge per kW	\$7.82	\$7.82
Large Power Service 1,000 – 4,999 kW (LPR 2, Rate8)		
Consumer Charge per month	\$40.16	\$40.16
All kWh	\$0.03992	\$0.03992
Demand charge per kW	\$5.39	\$7.29
Large Power Service 5,000 – 9,999 kW (LPR 2, Rate8)		
Consumer Charge per month	\$2,373.00	\$2,373.00
Energy Charge		
First 425 kWh per kW of billing demand	\$0.03735	\$0.03735
All remaining kWh	\$0.02983	\$0.02983
Demand charge per kW	\$5.39	\$7.29
Outdoor Lighting Service (monthly charge)		
175 watt	\$ 8.81	\$9.09
400 watt	\$14.02	\$14.61
200 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$11.37	\$11.69
100 w High Pressure Sodium Cobra Head (Aluminum Pole)	\$ 8.47	\$8.61
100 w High Pressure Sodium Shoebox Fixture	\$16.14	\$16.28
100 w High Pressure Sodium Acorn Fixture (Fiberglass Pole)	\$15.62	\$15.76
100 w High Pressure Sodium Colonial Fixture	\$13.16	\$13.30
Lights Requiring Separate Transformer (in addition to monthly chg.)	\$1.00	\$1.00

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

Any person may examine the rate application at the main office of Blue Grass Energy Cooperative Corporation at the following address:

Blue Grass Energy Cooperative Corporation
P.O. Box 990, 1201 Lexington Road
Nicholasville, KY 40356
859-885-4191
www.bgenergy.com

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.