

HOWARD DOWNING
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109 South First Street
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March 31, 2009

RECEIVED

MAR 31 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: PSC Case No. 2008-00128

Dear Mr. Derouen:

Pursuant to Commission Order in Case No. 2008-00128 dated August 20, 2008, attached for filing is an original and six copies of a update to Blue Grass Energy Cooperative Corporation Tariff for Qualified Cogeneration and Small Power Production Facilities.

Yours truly,



Howard Downing
109 South First Street
Nicholasville, KY 40356
Phone: 859-885-4619
Attorney for Blue Grass Energy
Cooperative Corporation

COGENERATION AND SMALL POWER PRODUCTION
POWER PURCHASE RATE SCHEDULE OVER 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with Blue Grass Energy Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054.

1. Capacity

- a. \$50.36 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.005851 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (R)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

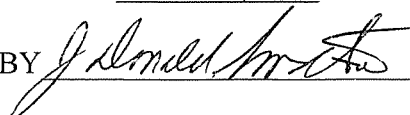
Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2009	\$0.06185	\$0.04866	\$0.05010	\$0.02755	(I)
2010	\$0.06360	\$0.04895	\$0.05801	\$0.03125	(I)
2011	\$0.06471	\$0.05037	\$0.06050	\$0.03358	(I)
2012	\$0.07310	\$0.05610	\$0.06526	\$0.03541	(I)
2013	\$0.06613	\$0.04911	\$0.07532	\$0.04113	(I)

b. Non-Time Differentiated Rates:

Year	2009	2010	2011	2012	2013	
Rate	\$0.04876	\$0.05186	\$0.05361	\$0.05916	\$0.05847	(I)

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2009

ISSUED BY  TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2008-00128 Dated April 28, 2008

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

On-Peak 7:00 a.m. - 12:00 noon
5:00 p.m. - 10:00 p.m.

Off-Peak 12:00 noon - 5:00 p.m.
10:00 p.m. - 7:00 a.m.

Summer (May - September)

On-Peak 10:00 a.m. - 10:00 p.m.

Off-Peak 10:00 p.m. - 10:00 a.m.

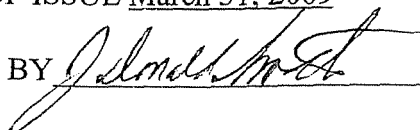
TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Blue Grass Energy Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Blue Grass Energy Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

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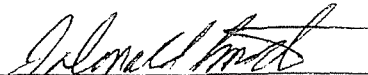


TITLE: Vice President & CFO

6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
 - a. Public Liability for Bodily Injury - \$1,000,000.00
 - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years.
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff.
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year.

DATE OF ISSUE March 31, 2009

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Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2008-00128 Dated April 28, 2008

COGENERATION AND SMALL POWER PRODUCTION
POWER PURCHASE RATE SCHEDULE
LESS THAN 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Blue Grass Energy Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

1. Capacity

- a. \$50.36 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
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a. Time Differentiated Rates:

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	On-Peak	Off-Peak	On-Peak	Off-Peak	
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Year	2009	2010	2011	2012	2013	
Rate	\$0.04876	\$0.05186	\$0.05361	\$0.05916	\$0.05847	(I)

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ISSUED BY *J. Lane Smith* TITLE: Vice President & CFO

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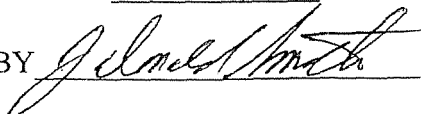
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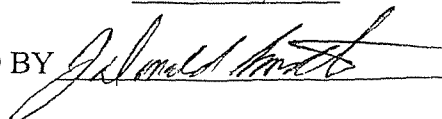
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