

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF AN)	
ALTERNATIVE RATE ADJUSTMENT FOR BLUE)	CASE NO.
GRASS ENERGY COOPERATIVE)	2025-00103
CORPORATION PURSUANT TO 807 KAR 5:078)	

ORDER

On May 7, 2025,¹ Blue Grass Energy Cooperative Corporation (Blue Grass Energy) filed an application seeking an alternative rate adjustment pursuant to 807 KAR 5:078, with a proposed effective date of June 1, 2025.² The Commission notes that since the application was deemed filed May 7, 2025, the soonest the new rates could be effective is June 6, 2025.³ By Order dated May 2, 2025, the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention (Attorney General), was granted intervention following the utility's notice of intent⁴ but prior to the application being accepted for filing, and is the only intervenor in the case.⁵ By Order dated May 14,

¹ The Application was tendered on May 1, 2025. A deficiency letter was issued on May 7, 2025; the deficiency was resolved that date, and the application was deemed filed.

² Commission regulation 807 KAR 5:078 establishes an alternative procedure for rural electric cooperatives to apply for rate adjustments. It was codified in July 2024 as a regulation following a Pilot Program period established in Case No. 2018-00407, A Review of the Rate Case Procedure for Electric Distribution Cooperatives (Ky. PSC Dec. 20, 2019).

³ 807 KAR 5:011, KRS 278.190, and KRS 278.180.

⁴ Blue Grass Energy's Notice of Intent (filed Apr. 1, 2025).

⁵ Order (Ky. PSC May 2, 2025).

2025,⁶ the Commission accepted Blue Grass Energy's application pursuant to 807 KAR 5:078 and established a procedural schedule for processing this case.

Blue Grass Energy responded to one request for information⁷ from Commission Staff and one request for information⁸ from the Attorney General. On June 20, 2025, both the Attorney General⁹ and Blue Grass Energy¹⁰ filed comments on Blue Grass Energy's application.

BACKGROUND

Blue Grass Energy is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Blue Grass Energy is engaged in the business of distributing retail power to 64,328 members in the Kentucky counties of Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington, and Woodford.¹¹ Blue Grass Energy owns no electric generating facilities and is one of the 16-member cooperatives that own and receive wholesale power from East Kentucky Power Cooperative, Inc. (EKPC). Blue Grass

⁶ Order (Ky. PSC, May 14, 2025).

⁷ Blue Grass Energy's Response to Commission Staff's First Request for Information (Response to Staff's First Request) (filed June 12, 2025).

⁸ Blue Grass Energy's Response to the Attorney General's First Request for Information (Response to Attorney General's First Request) (filed June 12, 2025).

⁹ Attorney General's Comments (filed June 20, 2025).

¹⁰ Blue Grass Energy's Comments (filed June 20, 2025).

¹¹ *Annual Report of Blue Grass Energy Cooperative Corporation to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2024*, at 44 and 52.

Energy's last general rate adjustment was effective May 31, 2015, in Case No. 2014-00339.¹²

TEST PERIOD

Blue Grass Energy used a historical test year ending on December 31, 2024,¹³ which corresponds with the most recent annual report filed with the Commission, pursuant to 807 KAR 5:078 Section 2(8). .

BLUE GRASS ENERGY'S PROPOSAL

Blue Grass Energy requested an overall increase of 1.96 percent, or \$3,186,466, to its revenue requirement to achieve an OTIER not to exceed 1.85.¹⁴ along with the application, Blue Grass Energy filed a cost of service study (COSS).¹⁵ Blue Grass Energy relied on this COSS to allocate the proposed revenue to the rate classes.¹⁶ Blue Grass Energy proposed allocating the requested rate increase to the Residential Service and Outdoor Lights.¹⁷ Blue Grass Energy requested an increase in the Residential and Farm (GS-1) facility charge by \$6.50 from \$17.10 to \$23.60 per month and to decrease the energy charge from \$0.09598 to \$0.09387 per kWh.¹⁸ Blue Grass Energy proposed to increase the Residential and Farm Inclining Block (GS-2) facility charge by the same increment as GS-1 because the cost of service study supported that this class of

¹² Case No. 2014-00339, *Application of Blue Grass Energy Cooperative Corporation for an Adjustment of Rates* (Ky. PSC May 29, 2015), final Order.

¹³ Application at 3.

¹⁴ Application at 3.

¹⁵ Application, Exhibit JW-4.

¹⁶ Application, Exhibit JW-5.

¹⁷ Application, Exhibit 33, Direct Testimony of John Wolfram (Wolfram Testimony) at 22.

¹⁸ Wolfram Testimony at 23.

customers was also being subsidized.¹⁹ Blue Grass Energy proposed to increase the On-Peak Energy charge for Residential and Farm Time-of-Day (GS-3) by 0.05679 per kWh, from \$0.11357 to \$0.17036 per kWh.²⁰ Blue Grass Energy also proposed increasing all Outdoor Lights charges by approximately 10 percent.²¹

Blue Grass Energy cited increased business costs, including material and labor, as support for its requested increase.²² Blue Grass Energy also asserted that it had experienced flat sales volumes since the last general rate adjustment in Case No. 2014-00339.²³ Blue Grass Energy stated that, without an adjustment of rates as reflected in the application, Blue Grass Energy's insufficient rate structure would continue to put it at risk of non-compliance with its debt covenants, and could impair its ability to provide safe and reliable service to its members.²⁴

INTERVENOR COMMENTS

On June 20, 2025, the Attorney General submitted comments regarding Blue Grass Energy's proposed rate adjustment.²⁵ The Attorney General expressed several concerns regarding the revenue requirement and rate design elements of the proposal. Specifically, the Attorney General questioned whether it was appropriate for the proposed

¹⁹ Wolfram Testimony at 23.

²⁰ Wolfram Testimony at 23.

²¹ Wolfram Testimony at 23.

²² Application, Exhibit 2.

²³ Application, Exhibit 2, referencing Case No. 2014-00339 *Application of Blue Grass Energy Cooperative Corporation for an Adjustment of Rates*, which approved rates with an effective date of May 31, 2015 (Ky. PSC May 29, 2025) Order.

²⁴ Application, Exhibit 2.

²⁵ Attorney General's Comments.

revenue requirement to reflect costs associated with vacant employee positions and recommended further scrutiny of the Blue Grass Energy's staffing levels.²⁶ Additionally, the Attorney General noted that Blue Grass Energy received \$347,000 in FEMA funding at the end of the test year and urged the Commission to ensure those funds were credited correctly to prevent ratepayers from bearing costs already reimbursed.²⁷ With respect to rate design, the Attorney General opposed the 38.01 percent increase that Blue Grass Energy proposed to the Residential and Farm (GS-1) fixed monthly facility charge, cautioning that such an abrupt increase could result in rate shock.²⁸ The Attorney General emphasized the Commission's historical reliance on the principle of gradualism in ratemaking and recommended that any approved increase to the facility charge be limited in accordance with that principle.²⁹ While the Attorney General did not oppose the need for additional revenue in concept, it requested that the Commission carefully scrutinize the proposal and ensure that any rate adjustments are fair and appropriately allocated.³⁰

BLUE GRASS ENERGY'S COMMENTS

On June 20, 2025,³¹ Blue Grass Energy filed comments supporting its rate adjustment application, emphasizing its efforts to maintain financial stability while managing necessary cost increases. Blue Grass Energy stated that inflationary pressures, rising labor and material costs, and ongoing economic challenges, including

²⁶ Attorney General's Comments at 3.

²⁷ Attorney General's Comments at 3-4.

²⁸ Attorney General's Comments at 4.

²⁹ Attorney General's Comments at 4.

³⁰ Attorney General's Comments at 4-5.

³¹ Blue Grass Energy's Comments.

those stemming from the COVID-19 pandemic, have significantly impacted its ability to maintain financial health.³² The cooperative emphasized that it had not filed for a general rate adjustment in over a decade and had implemented multiple cost-saving measures, including staff reductions, refinancing of loans, transitioning to a self-insured health plan, and converting to a 401(k) retirement model.³³ Blue Grass Energy also defended its proposed increase to the Residential and Farm (GS-1) fixed monthly facility charge as being supported by the cost-of-service study, which calculated a cost-based charge of \$23.60.³⁴ The cooperative asserted that shifting revenue recovery to the fixed charge would reduce volatility in revenues and customer bills and better reflect actual service costs.³⁵ Blue Grass Energy further noted that its proposed rate design would result in an average residential bill increase of only 2.78 percent and would partially correct subsidization among rate classes.³⁶ The cooperative requested that the Commission approve its application as filed and, in the event that any costs are disallowed, allow Blue Grass Energy to adjust rates as necessary to achieve the requested OTIER of 1.85, thereby remaining in compliance with its debt covenants.³⁷

³² Blue Grass Energy's Written Comments at 2-3.

³³ Blue Grass Energy's Written Comments at 2-3.

³⁴ Blue Grass Energy's Written Comments at 4-5.

³⁵ Blue Grass Energy's Written Comments at 5.

³⁶ Blue Grass Energy's Written Comments at 4-5.

³⁷ Blue Grass Energy's Written Comments at 8.

DISCUSSION

Revenue and Expense Adjustments

Blue Grass Energy proposed 14 adjustments to normalize its test-year operating revenues and expenses in the streamlined application. The Commission finds that 13 of the 14 adjustments originally proposed by Blue Grass Energy are reasonable and should be accepted without change. The Commission's one change relates to Rate Case Expense as explained below. Shown in the table below are the 13 adjustments approved by the Commission:

Adj. No.	Item	Revenue	Expense	Non-Operating Income	Net Margin
1	Fuel Adjustment Clause	\$ (6,921,346)	\$ (6,921,346)	\$ -	\$ -
2	Environmental Surcharge	(17,673,115)	(17,673,115)	-	-
3	Year-End Customer Normalization	1,156,970	838,571	-	318,400
4	GTCC	-	-	(772,944)	(772,944)
5	Retirement Plans	-	(53,149)	-	53,149
6	Depreciation Expense Normalization	-	294,695	-	(294,695)
7	Donations, Advertising & Dues	-	(591,747)	-	591,747
8	Directors Expense	-	(24,087)	-	24,087
9	Life Insurance Premiums	-	(23,543)	-	23,543
10	Interest Expense	-	432,949	-	(432,949)
11	Wages & Salaries	-	318,895	-	(318,895)
12	Payroll Taxes	-	16,573	-	(16,573)
13	Professional Services	-	(3,326)	-	3,326
Total		\$ (23,437,490)	\$ (23,388,630)	\$ (772,944)	\$ (821,804)

Rate Case Expense – In its application, Blue Grass Energy proposed a total Rate Case Expense of \$70,000 amortized over three years for \$23,333 per year.³⁸ On June 27, 2025, Blue Grass Energy filed its updated Rate Case Expense, which included the most recent invoice from June 6, 2025, for a total amount of \$40,627.³⁹

³⁸ Application Exhibit 19.

³⁹ Update to Exhibit 19 (filed June 27, 2025).

The Commission finds that Blue Grass Energy's originally proposed total Rate Case Expense \$70,000 is not reasonable, and that a total Rate Case Expense of \$40,627 should be used because that amount is supported by actual, invoiced amounts. The \$40,627 amortized over three years equates to \$13,542 per year and is accepted because it accurately reflects the Rate Case Expense incurred in this case.

Rate Case Expenses

Line	Item	Expense
1	Legal - Honaker Law Office	\$ 21,856
2	Consulting - Catalyst Consulting LLC	17,468
3	Printing & Mail	1,303
4	Subtotal	40,627
5		
6	Total Amount	40,627
7	Amortization Period (Years)	3
8	Annual Amortization Amount	13,542
9		
10	Test Year Amount	-
11		
12	Pro Forma Year Amount	13,542
13		
14	Adjustment	\$ 13,542

Pro Forma Adjustments Summary

The 14 pro forma adjustments are found in Appendix A to this Order and summarized in the chart below. The effects of the approved adjustments on Blue Grass Energy's net income results in utility operating margins of \$3,132,833 based upon a total revenue of \$137,168,131, a total cost of electric service of \$134,035,299, and resulting net margins of \$4,121,468. The resulting credit metrics of the approved adjustments are

a 2.12 TIER, a 1.85 OTIER, and a debt service coverage ratio of 2.04. The Commission finds that a revenue increase of \$3,182,481 or 2.07 percent is reasonable.⁴⁰

	<u>Blue Grass Energy</u>	<u>Final</u>
Revenues		
Fuel Adjustment Clause	\$ (6,921,346)	\$ (6,921,346)
Environmental Surcharge	(17,673,115)	(17,673,115)
Year End Customer Normalization	<u>1,156,970</u>	<u>1,156,970</u>
Sub Total	(23,437,490)	(23,437,490)
Operating Expenses		
Fuel Adjustment Clause	(6,921,346)	(6,921,346)
Environmental Surcharge	(17,673,115)	(17,673,115)
Rate Case Expense	23,333	13,542
Year End Customer Normalization	838,571	838,571
Retirement Plans	(53,149)	(53,149)
Depreciation Expense Normalization	294,695	294,695
Donations, Advertising & Dues	(591,747)	(591,747)
Directors Expense	(24,087)	(24,087)
Life Insurance Premiums	(23,543)	(23,543)
Interest Expense	432,949	432,949
Wages & Salaries	318,895	318,895
Payroll Taxes	16,573	16,573
Professional Services	<u>(3,326)</u>	<u>(3,326)</u>
Sub Total	(23,365,297)	(23,375,088)
Operating Margins Impact	(72,193)	(62,402)
Generation and Transmission Capital Credits	(772,944)	(772,944)
Net Margins Impact	<u>\$ (845,137)</u>	<u>\$ (835,346)</u>

Cost of Service Study (COSS)

Blue Grass Energy filed a fully allocated COSS based on the 12 Coincident Peak (12 CP) methodology, mirroring the cost allocation basis used in the applicable EKPC

⁴⁰ See Wolfram testimony at 6-7. Blue Grass Energy is requesting an OTIER of 1.85 with a revenue deficiency of \$3,192,272 for an increase of 2.07 percent. Due to the rounding of actual per-unit rates in the tariff, Blue Grass Energy's request is for an increase of \$3,186,466 or 1.96 percent.

wholesale tariff.⁴¹ The Attorney General did not comment on the COSS. With the 12 CP methodology, Blue Grass Energy explained that power supply and transmission costs are allocated on the basis of the demand for each rate class at the time of EKPC's system peak for each of the twelve months and customer-related costs are allocated based on the average number of customers served in each rate class during the test year.⁴² Distribution demand-related costs are allocated based on the relative demand levels of each class by the maximum class demands for primary and secondary voltage and by the sum of individual customer demands for secondary voltage.⁴³

The zero-intercept method was used for the distribution components to classify customer-related costs of the overhead conductor, underground conductor, and line transformers.⁴⁴ The COSS determined Blue Grass Energy's overall rate of return (ROR) on the rate base and used it to determine the relative rates of return that Blue Grass Energy earns from each rate class. Having reviewed Blue Grass Energy's COSS, the Commission finds Blue Grass Energy's proposal to use the 12 CP method as a guide to determine revenue allocation to be reasonable.

Revenue Allocation and Rate Design

Based on the results of the COSS, there is an indication that the current rates illustrate a certain degree of subsidization between the rate classes, and, at current rates, the Residential and Farm Rate, Residential and Farm Inclining Block Rate, Residential

⁴¹ Application, Wolfram Testimony at 18.

⁴² Application, Wolfram Testimony at 18.

⁴³ Application, Wolfram Testimony at 18.

⁴⁴ Application, Wolfram Testimony at 16.

and Farm Time-of-Day Rate, and the Outdoor Lights Rates are providing less revenues relative to the cost to serve each class. Blue Grass Energy explained that in the proposal the increase to Outdoor Lights rates were limited to 10 percent per lighting type, then the revisions to the Residential and Farm rates were calculated. The proposed revenue allocation with the ROR is illustrated below:⁴⁵

Rate Class	Revenue Increase	Return on Rate Base	Return After Rate Revision
GS-1 Residential and Farm	\$2,930,372	0.81%	2.60%
GS-2 Residential and Farm Inclining Block	\$9,159	-1.76%	3.41%
GS-3 Residential and Farm Time-of-Day	\$2,876	-14.38%	-13.88%
SC-1 General Service (0-100 KW)	\$0	38.98%	38.98%
SC-2 General Service 0-100 KW Time-of-Day	\$0	1.88%	1.88%
LP-1 Large Power (101 KW to 500 KW)	\$0	24.83%	24.83%
LP-2 Large Power (over 500 KW)	\$0	3.39%	3.39%
Large Industrial Rate – Schedule B-1	\$0	3.42%	3.42%
Large Industrial Rate – Schedule B-2	\$0	4.05%	4.05%
Large Industrial Rate – Schedule G-1	\$0	NA	NA
Outdoor Lights	\$244,059	-6.09%	-5.04%
Total	\$2,248,438	1.95%	3.48%

Blue Grass Energy asserted that the COSS supports a fixed facility charge of \$23.61 for Residential and Farm and proposed to increase the facility charge from \$17.10

⁴⁵ Application, Wolfram Testimony, Exhibit JW-3 at 1, and Exhibit JW-9 at 1.

per month (\$0.85 per day) to \$23.60 per month (\$1.06 per day).⁴⁶ Additionally, Blue Grass Energy stated that the increase to the Residential and Farm facility charge is not only gradual, but also fair, just and reasonable, as the residential class would only see an increase of approximately 2.78 percent.⁴⁷

The Attorney General raised concerns regarding the 38.01 percent increase in the Residential and Farm facility charge. The Attorney General states that the increase could come as a shock to residential customers.⁴⁸ Additionally, the Attorney General requested that the Commission continue to rely upon the principle of gradualism when awarding an increase to the Residential and Farm facility charge.⁴⁹

The Commission finds the COSS supports an increase to the Residential and Farm facility rate because, at the current rates, the Residential and Farm facility rate is contributing to the rate of return less than the utility's cost to serve customers. The Commission also recognizes that, for an electric distribution cooperative, there is merit in providing a means to guard against revenue erosion. However, the Commission agrees with the Attorney General that a 38.01 percent increase to the Residential and Farm facility charge could present financial hardships for Blue Grass Energy's customers.

Based upon the Commission-approved revenue increase of \$3,182,481, the Commission finds the proposed allocation of revenue to be unreasonable. The Commission notes that it has consistently been in favor of raising the facility charge in

⁴⁶ Blue Grass Energy's Comments at 4-5.

⁴⁷ Blue Grass Energy's Comments at 5.

⁴⁸ Attorney General's Comments at 4.

⁴⁹ Attorney General's Comments at 4.

utility rate cases to better reflect the fixed costs inherent in providing utility service. However, the Commission is also in favor of the principle of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers and benefits the utility by maintaining the economic stability of its rate payers. Therefore, the Commission finds the proposed 38.01 percent increase in the Residential and Farm (GS-1) facility charge unreasonable. However, the Commission finds that an increase in the Residential and Farm facility charge from \$17.10 per month (\$0.85 per day) to \$21.38 per month (\$0.99 per day) in addition to a slight decrease of the residential energy charge from \$0.09598 per kWh to \$0.09578 to be reasonable. The adjustment to the facility charge allows Blue Grass Energy to earn approximately an additional \$2,949,502 in fixed revenue, while the adjustment to the energy charge allows a Residential and Farm (GS-1) customer to have more control over their monthly bill through the volumetric charge. The expected impact on the average Residential and Farm customer (GS-1) using 1,163 kWh⁵⁰ per month is \$4.24 or 2.78 percent, from \$152.62 to \$156.86.

Regarding the Residential and Farm Incline Block rate (GS-2), the Commission finds the revisions to the facility charge⁵¹ of \$14.36 per month to \$20.86 per month to be unreasonable. The percentage increase of the proposed \$20.86 per month facility charge is approximately 45.26 percent. According to the COSS, the Residential and Farm Incline Block rate (GS-2) contributes 0.03 percent of Blue Grass Energy's revenue.⁵²

⁵⁰ Application, Wolfram Testimony, Exhibit JW-9 at 2.

⁵¹ Note that the Residential and Farm Incline Block rate tariff is the only one that lists the facility charge as a customer charge. For consistency in the Order, facility charge refers to the customer charge.

⁵² Application, Wolfram Testimony, Exhibit JW-6 at 2.

Additionally, the COSS supported a facility charge of \$23.42⁵³, however, due to the Residential and Farm Incline Block Rate (GS-2) contributing only 0.03 percent to Blue Grass Energy's revenue, the Commission finds the proposed facility charge to be unreasonable. The COSS did show a negative ROR for the Residential and Farm Incline Block rate (GS-2), so an increase to the rates is justified. Therefore, the Commission finds that an increase of 29.77 percent to \$18.64 per month is reasonable. The increase moves the Residential and Farm Incline Block rate (GS-2) facility charge closer to cost-based rates by 20.08 percent, while still falling in line with the principle of gradualism.

The Residential and Farm Time-of-Day (GS-3) on-peak energy charges were proposed to increase from \$0.11357 per kWh to \$0.17036 per kWh. Blue Grass Energy explained that, because the Residential and Farm Time-of-Day rate (GS-3) is under-performing, as shown through the ROR of (14.38) percent and the COSS did not support an increase to the facility charge, the on-peak energy charges were adjusted to decrease the level of subsidization between the Residential and Farm Time-of-Day (GS-3) class and the over-performing rate classes.⁵⁴ The COSS did support an increase to the energy charge of \$0.57625 per kWh.⁵⁵ Therefore, the Commission finds the revisions to the Residential and Farm Time-of-Day (GS-3) on-peak energy charges to be reasonable, as the Residential and Farm Time-of-Day (GS-3) is the class with the most severe level of subsidization.

⁵³ Application, Wolfram Testimony, Exhibit JW-3 at 2.

⁵⁴ Application, Wolfram Testimony at 24.

⁵⁵ Application, Wolfram Testimony, Exhibit JW-3 at 2.

In regard to the Outdoor Lights rates, Blue Grass Energy proposed an approximate 10 percent increase to each lighting rate.⁵⁶ The 10 percent increase would increase each light by approximately \$1 to \$3.⁵⁷ The COSS supported an increase to the charges through the ROR. The COSS shows that before revisions to rates, Outdoor Lighting had a ROR of (6.09) percent, and after revisions of rates, a ROR of (5.04) percent. However, the COSS also shows that the Outdoor Lights rate contributes 1.61 percent of revenue, and less than 1 percent of total kWh usage. Therefore, Blue Grass Energy proposed to limit the increase to approximately 10 percent to avoid rate shock to the Outdoor Lights customers,⁵⁸ while still moving revenues closer to the Outdoor Lights rates cost to serve.⁵⁹ The Commission finds the proposed Outdoor Lights rates to be reasonable and are reflected in Appendix B to this Order.

SUMMARY

As set forth above, following review of the administrative record, the Commission found a revenue increase of 2.07 percent or \$3,182,481 to be reasonable. To achieve this increase and reduce rate class subsidization, the Commission found it reasonable to increase the monthly residential facility charge in Residential and Farm (GS-1) from \$17.10 to \$21.38, the monthly facility charge in Residential and Farm Inclining Block Rate (GS-2) from \$14.36 to \$18.64, the On-Peak Energy Charge in Residential and Farm

⁵⁶ Application, Wolfram Testimony at 23.

⁵⁷ The approximate dollar amount increase was calculated by subtracting proposed rates from present rates for each lighting type.

⁵⁸ Application, Wolfram Testimony at 23.

⁵⁹ Application, Exhibit 32, Direct Testimony of Lauren Logan at 5.

Time-of-Day Rate (GS-3) from \$0.11357 to \$0.17036, and an increase in overall Outdoor Lights charges by approximately 10 percent.

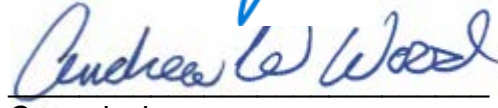
After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the rates proposed by Blue Grass Energy should be denied. The rates set forth in Appendix B to this Order are approved pursuant to 807 KAR 5:078 for Blue Grass Energy to charge for services rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Blue Grass Energy are denied.
2. The rates set forth in Appendix B to this Order are approved for services rendered by Blue Grass Energy on and after the date of service of this Order.
3. Within 20 days of the date of service of this Order, Blue Grass Energy shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and reflecting its effective data and that it was authorized by this Order.
4. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00103 DATED JUL 21 2025

Description	Actual Test Year	Pro Forma Adjustments	Pro Forma Test Year	Proposed Rates
<u>Operating Revenues</u>				
Total Sales of Electric Energy	\$ 154,067,757	\$ (23,437,490)	\$ 130,630,267	\$ 133,812,748
Other Electric Revenue	3,355,383	-	3,355,383	3,355,383
Total Operating Revenue	157,423,140	(23,437,490)	133,985,650	137,168,131
<u>Operating Expenses:</u>				
Purchased Power	119,810,459	(23,755,890)	96,054,569	96,054,569
Distribution Operations	3,365,333	-	3,365,333	3,365,333
Distribution Maintenance	9,769,934	-	9,769,934	9,769,934
Customer Accounts	3,053,626	-	3,053,626	3,053,626
Customer Service	357,987	-	357,987	357,987
Sales Expense	-	-	-	-
A&G	4,601,389	(346,843)	4,254,547	4,254,547
Total O&M Expense	140,958,727	(24,102,732)	116,855,995	116,855,995
Depreciation	12,787,114	294,695	13,081,809	13,081,809
Taxes - Other	160	-	160	160
Interest on LTD	3,252,736	432,949	3,685,686	3,685,686
Interest - Other	386,829	-	386,829	386,829
Other Deductions	24,820	-	24,820	24,820
Total Cost of Electric Service	157,410,387	(23,375,088)	134,035,299	134,035,299
Utility Operating Margins	12,754	(62,402)	(49,649)	3,132,833
Non-Operating Margins - Interest	194,032	-	194,032	194,032
Income(Loss) from Equity Investments	-	-	-	-
Non-Operating Margins - Other	104,733	-	104,733	104,733
G&T Capital Credits	772,944	(772,944)	-	-
Other Capital Credits	689,871	-	689,871	689,871
Net Margins	1,774,333	(835,346)	938,987	4,121,468
Cash Receipts from Lenders	-	-	-	-
OTIER	1.00		0.99	1.85
TIER	1.55		1.25	2.12
TIER excluding GTCC	1.31		1.25	2.12
Target OTIER	1.85		1.85	1.85
Margins at Target OTIER	4,526,405		4,121,468	4,121,468
Revenue Requirement	161,936,792		138,156,767	138,156,767
Revenue Deficiency (Excess)	2,752,072		3,182,481	0
Increase \$			\$ 3,182,481	\$ 3,182,481
Increase %			2.07%	2.07%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00103 DATED JUL 21 2025

The following rates and charges are prescribed for the customers served by Blue Grass Energy Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

GS-1 Residential and Farm

Facility Charge	\$21.38 per Meter per Month
	\$0.99 per Day
Energy Charge	\$0.09578 per kWh

GS-2 Residential and Farm Inclining Block

Facility charge	\$18.64 per Meter per Month
-----------------	-----------------------------

GS-3 Residential and Farm Time-of-Day

On-Peak Energy Charge	\$0.17036 per kWh
-----------------------	-------------------

Outdoor Lights

Open Bottom Light	Approximate Lumens 6000-9500	\$13.48
Open Bottom Light	Approximate Lumens 25,000	\$20.97
Directional Flood Light	Approximate Lumens 50,000	\$21.45
Shoebox Fixture (metal pole)	Approximate Lumens 6000-9500	\$23.54
Acorn Fixture (fiberglass pole)	Approximate Lumens 6000-9500	\$22.71

Colonial Fixture	Approximate Lumens 6000-9000	\$19.24
Cobra Head (aluminum pole)	Approximate Lumens 50,000	\$29.27
Ornamental Light	Approximate Lumens 6000-9500	\$13.31
Ornamental Light	Approximate Lumens 25,000	\$19.04
Colonial Fixture (15ft mounting height)	Approximate Lumens 6000-9500	\$11.70
Cobra Head (aluminum pole)	Approximate Lumens 25,000	\$20.76
Cobra Head (aluminum pole)	Approximate Lumens 6000-9500	\$14.03

*L. Allyson Honaker
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Michael Williams
Senior Vice President
Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

*Heather Temple
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

*John Horne
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Toland Lacy
Office of the Attorney General
700 Capital Avenue
Frankfort, KY 40601

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Lauren Logan
Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

*Meredith L. Cave
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509