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February 14, 2011

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

**RECEIVED**

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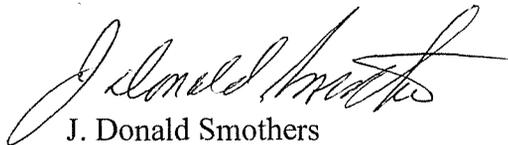
PUBLIC SERVICE  
COMMISSION

Mr. Derouen,

I am requesting that the Kentucky Public Service Commission approve the deletion of tariff GS-2 Off-Peak Retail Marketing Rate (ETS) from Blue Grass Energy's tariffs. This has been replaced with the GS-3 (Residential and Farm Time-of-Day Rate).

If you have any questions, please contact me at (859) 885-2118. As always, your continued assistance and cooperation is appreciated.

Sincerely,



J. Donald Smothers  
Vice President, Financial Services

Delet

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
FIRST ORIGINAL SHEET NO. 5  
CANCELING P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 5

**CLASSIFICATION OF SERVICE**

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

**AVAILABILITY**

Available to consumers eligible for Tariff GS-1, Residential and 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 and Farm Schedule.

**RATES**

All kWh/Month: \$0.05772 kWh

(D)

**SCHEDULE OF HOURS**

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

<u>Months</u>	<u>Hours Applicable for Demand Billing - 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.

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and 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 loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**DELAYED PAYMENT CHARGE**

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

**TERMS AND CONDITIONS**

This Tariff is subject to the same terms and conditions as described in Tariff GS-1, Residential and Farm. This rate applies to only 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. Effective January 1, 2009 all consumers under this rate will be switched to the GS-3 Residential and Farm Time-of Day Rate or the GS-1 Residential and Farm Rate. This tariff is no longer available for new installations.

DATE OF ISSUE: May 27, 2010    DATE EFFECTIVE: Service Rendered on and after January 14, 2011

ISSUED BY: J. Schmets    TITLE: Vice President & CFO  
(Name of Officer)

Issued by authority of an Order of the Public Service Commission of Kentucky  
in Case No.: 2010-00169    Dated: January 14, 2011