

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DECREASE IN RATES OF BLUE)	
GRASS ENERGY COOPERATIVE)	CASE NO. 99-311
CORPORATION)	

O R D E R

IT IS ORDERED that Blue Grass Energy Cooperative Corporation (Blue Grass Energy) shall file the original and 12 copies of the following request for information with the Commission, with a copy to all parties of record, no later than 10 days after the date of this Order. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this Order.

1. Expand Exhibit G, Page 1, to show the following:
 - a. Number of customers served for each increment of KWH usage.
 - b. Current and proposed revenue for each increment of KWH usage.
2. Blue Grass Energy has filed this case as a rate decrease. However, the change in rate structure eliminating the inclusion of 30 KWH of usage in the base charge results in a rate increase for customers using 575 KWH or less per month.

a. While still achieving an overall rate reduction in Fox Creek's residential rate of \$206,304, provide the effect on Fox Creek's existing energy charge if the customer charge included up to 30 KWH usage.

b. Provide an updated Exhibit G and H to reflect this.

3. Explain why it would not be feasible to retain the 30 KWH as part of the customer charge until the last step of the phase in to avoid some customers getting an increase in rates. Provide the resulting TIER if the proposed energy charge was implemented with the retention of the 30 KWH usage.

4. Reconcile test year revenues shown in Exhibit E with the operating revenues in Exhibit M.

5. Refer to Exhibit M, Page 3 of 3.

a. How did Blue Grass Energy determine that an adjusted test year TIER of 1.32 was necessary?

b. In Item 2 of a letter to the Commission's Executive Director in case No. 97-424¹ dated February 18, 1999, Blue Grass Energy stated that a TIER of 1.8 was achieved for 1998. Explain the reason for the decrease in the TIER to 1.44 for the test year.

c. How will Rural Utilities Service (RUS) calculate the average TIER for mortgage purposes for the merged cooperative; i.e., since the merged utility does not have three years of financial statements, how will RUS decide if the utility meets the 1.5 average for the best two of the last three calendar years?

¹ Case No. 97-424, The Application of Blue Grass Rural Electric Cooperative Corporation and Fox Creek Rural Electric Cooperative Corporation for an Order Approving Consolidation of the Two (2) Named Rural Electric Cooperatives.

6. Would Blue Grass Energy consider revising its application to provide the same decrease in revenue but structure rates so that no customer has a revenue increase, or retain the proposed rate structure and absorb a larger decrease in revenue so that all customers receive a rate reduction? If yes, provide the proposed rates that would accomplish either of these objectives. In no, explain.

Done at Frankfort, Kentucky, this 1st day of October, 1999.

By the Commission

ATTEST:

Executive Director