

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF BLUE GRASS ENERGY )  
COOPERATIVE CORPORATION FOR AN ) Case No. 2014-00339  
ADJUSTMENT OF RATES )

**MOTION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION  
FOR CONFIDENTIAL TREATMENT OF MATERIAL UNDER  
807 KAR 5:001 SECTION 13 AND KRS 61.878**

Blue Grass Energy Cooperative Corporation ("BGE") moves the Kentucky Public Service Commission pursuant to 807 KAR 5:001, Section 13 and KRS 61.878 to grant confidential protection for material provided in movant's responses to (1) Item 16 of "Commission Staff's Second Request for Information" (PSC Item 16) and (2) Item 55 of "Attorney General Initial Request for Information" (AG Item 55).

**SPECIFIC GROUNDS PURSUANT TO KRS 61.878  
FOR CLASSIFICATION OF MATERIAL AS CONFIDENTIAL**

The specific grounds for confidentiality protection are based upon KRS 61.878(1)(a) (unwarranted invasion of personal privacy) and KRS 61.878(1)(c)(1) (generally recognized as confidential permitting unfair commercial advantage to competitors).

**DISCUSSION**

I. **CONFIDENTIAL PERSONAL PRIVACY KRS 61.878(1)(a).**

The BGE responses to PSC Item 16 and AG Item 55 reveal wage compensation which can be used to easily identify individual employees and officers of BGE. Compensation by category or office can be easily linked to the names of employees of the organization. BGE treats the compensation of each employee as confidential to protect

the personal privacy of the employees. The compensation of each employee is not publicly disclosed and is not subject to the Kentucky Open Records law. KRS 61.878(1)(a) protects such material as confidential by excluding from open records, as follows:

(a) Public records containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy.

The Kentucky Public Service Commission in Case No. 2013-00167 (application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas Service) granted confidential protection indefinitely for a specific employee's compensation. That PSC order noted the significance of privacy with a statement from Zink v. Department of Worker's Claims, Labor Cabinet, 902 SW 2d 825, 828 (Ky. Ct. App. 1994) as follows:

information such as . . . wage rate . . . [is] generally accepted by society as [a] detail in which an individual has at least some expectation of privacy.

The court in Zink, supra, also stated at page 829, as follows:

Further, few things in our society are deemed of a more intimate nature than one's income.

The disclosures in responses to PSC Item 16 and AG Item 55 would violate the privacy expectations of employees and officers by revealing compensation which could be easily linked and attributed to the names of individuals. BGE is obligated to protect the personal privacy of its employees and officers.

## **II. CONFIDENTIAL AND PROPRIETARY COMMERCIAL INFORMATION KRS 61.878(1)(c)(1)**

KRS 61.878(1)(c)(1) provides confidentiality protection to certain business records and information, as follows:

(c)1. Upon and after July 15, 1992, records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized

as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records: (Emphasis Added).

PSC Item 16 includes employee benefits, studies, analysis and surveys from a consultant (Intanden LLC) who was commissioned and paid by BGE. AG Item 55 contains officers' compensation and percentages of increase.

Wage and compensation plans, survey studies, evaluations, projections and forecasts have been given confidential protection by PSC. See PSC Case No. 2012-00520 (Application of Kentucky-American Water Company) and PSC Case No. 2013-00199 (Big Rivers Electric Corporation)

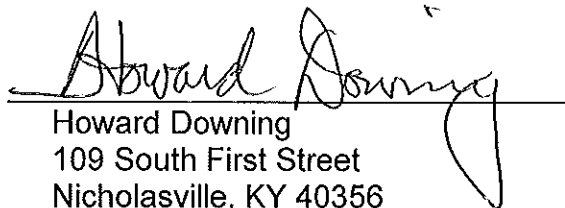
Confidential protection for responses to PSC Item 16 and AG Item 55 is required to prevent unfair commercial advantage to competitors of BGE. The Compensation Plans reveal highly sensitive proprietary information which is necessary to compete in the utility market for qualified employees with competitive compensation. The rates of compensation and consultant's analysis for compensation plans must be confidential in this highly competitive business.

### **CONCLUSION**

1. BGE requests confidential treatment of all response material for PSC Item 16 and AG Item 55 as set forth above.
2. The requested time period for the material to be treated as confidential is indefinite. This period of time should avoid any violation of personal privacy and prevent any proprietary and business disadvantage from revealing the wage compensation payments and plans of BGE.
3. Attached are ten (10) copies of the material in paper medium with request for


confidential treatment of all the responses to PSC Item 16 and AG Item 55 and, in a separate sealed envelope marked "CONFIDENTIAL", one (1) copy of the material in paper medium being responses to PSC Item 16 and AG Item 55 which disclose confidential material.

Dated: February 4, 2015.

  
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Attorney for Blue Grass Energy  
Cooperative Corporation

**CERTIFICATE**

This is to certify that the electronic filing of "Motion of Blue Grass Energy Cooperative Corporation for Confidential Treatment of Material under 807 KAR 5:00 Section 13 and KRS 61.878" is a true and accurate copy of the same document being filed in paper medium, that the electronic filing has been transmitted to the Public Service Commission on February 4, 2015, that there are no parties that the Commission has excused from participation by electronic means in this proceeding, that an original in paper medium of the Motion and a copy of the material for which confidentiality is requested sealed in an opaque envelope are being delivered to the Commission on February 4, 2015 and that a true copy of the Motion has been mailed to Hon. Gregory T. Dutton, Assistant Attorney General, Utility & Rate Office, 1024 Capital Center Drive, Suite 200, Frankfort, KY 40601-8204 this 4<sup>th</sup> day of February, 2015.

  
ATTORNEY FOR BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY )  
COOPERATIVE CORPORATION FOR AN )  
ADJUSTMENT OF RATES )

Case No. 2014-00339

WRITTEN NOTIFICATION OF CONFIDENTIALITY  
FOR ENTIRE DOCUMENT - 807 KAR 5:001 SECTION 13(2)(9)(3)(6)

This is to notify that confidential treatment is sought for the entire response to PSC  
Item 16 attached hereto.

  
\_\_\_\_\_  
ATTORNEY FOR BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

Item 16

Witness: Donald Smothers

**Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information**

NOTE: CONFIDENTIAL TREATMENT IS REQUESTED FOR  
ENTIRE 22 PAGES OF RESPONSE TO THIS PSC ITEM 16  
807 KAR 5:001 SECTION 13(2)(a)(3)(b)

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

APPLICATION OF BLUE GRASS ENERGY )  
COOPERATIVE CORPORATION FOR AN )  
ADJUSTMENT OF RATES )

Case No. 2014-00339

WRITTEN NOTIFICATION OF CONFIDENTIALITY  
FOR ENTIRE DOCUMENT - 807 KAR 5:001 SECTION 13(2)(9)(3)(6)

This is to notify that confidential treatment is sought for the entire response to AG  
Item 55 attached hereto.

  
\_\_\_\_\_  
ATTORNEY FOR BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

Item 55

Witness: Donald Smothers

**Blue Grass Energy Cooperative Corporation**  
**Case No. 2014-00339**  
**Response to Attorney General Initial Request for Information**

NOTE: CONFIDENTIAL TREATMENT IS REQUESTED FOR  
ENTIRE TWO (2) PAGES OF RESPONSE TO THIS PSC ITEM 16  
807 KAR 5:001 SECTION 13(2)(a)(3)(b)



Blue Grass Energy Cooperative Corporation  
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1. Refer to paragraph 25 of the application. This passage refers to a depreciation study filed in Case 2008-00011.<sup>1</sup> In that Order, the Commission approved a settlement among parties which included revised depreciation rates to be implemented effective September 1, 2008. The revisions modified the December 31, 2006 depreciation study performed by Jim Adkins and Associates.
  - a. Are the depreciation rates reflected in this filing Identical to those in the revised depreciation study approved in the above mentioned case?

RESPONSE:

The depreciation rates used in this filing are the same as those approved in Case No. 2008-00011.

- b. If not, provide the depreciation study that supports the current rates.

RESPONSE:

See response to part a in this item.

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<sup>1</sup> Case No. 2008-00011, The Application of Blue Grass Energy Cooperative Corporation for an Adjustment in Its Electric Rates (Ky. PSC Aug. 28. 2008).

Blue Grass Energy Cooperative Corporation  
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2. Refer to the proposed changes to Tariff Sheet No. 11 filed In Exhibit C to the Application.
  - a. Per the proposed tariff, a remote disconnection switch may be attached to a customer's meter at the discretion of Blue Grass. What criteria does Blue Grass use to decide whether to place a remote disconnection switch on a customer's meter?

RESPONSE:

Currently all prepay accounts have a meter with a remote disconnection switch built in the meter. This is a billing option as selected by the member. Other meters with a remote disconnect switch added to the meter have been installed at some locations at the discretion of Blue Grass Energy due to the member being disconnected habitually, an environmental situation such as inaccessibility of the meter due to locked gate etc. or safety issue including threatening communications or physical violence. These are installed due to safety concerns of our employees and to reduce cost.

- b. How many customers currently have a remote disconnect switch installed on their meter? What percentage of customers have a remote disconnect switch installed, as compared to the total number of customers served by Blue Grass?

RESPONSE:

We have approximately 2,918 meters that include a remote disconnect switch of which 1,750 are prepay accounts and 1,168 are other. We have approximately 55,825 meters. Meters with a disconnect switch represents 5.2% of the total meters billed.

Blue Grass Energy Cooperative Corporation  
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- c. Does Blue Grass perform remote reconnection service after business hours? If so, state whether Blue Grass charges the same amount for after- hours reconnection as for reconnection during business hours?

RESPONSE:

Yes, Blue Grass Energy performs remote reconnection service after business hours. Blue Grass Energy charges the same amount for after-hours reconnection as for reconnection during business hours for remote reconnection service.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
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3. Refer to the Blue Grass's proposed tariff at Sheet No. 35, In which Blue Grass proposed adding the following text: "or decline AMR. . . ."
  - a. State whether Bluegrass is requesting the Commission to rule on whether a customer can decline an Advanced Meter Reading ("AMR") meter in this case when that issue is being addressed In Case No. 2012-00428.<sup>1</sup>

RESPONSE:

Blue Grass is not specifically requesting a ruling from the Commission on this matter in this case. However, whether a customer can decline an AMR meter is certainly an issue facing each distribution cooperative at the current time. It is Blue Grass Energy's position that if any customer has the privilege of declining a AMR meter, then that customer should be charged for the additional costs that Blue Grass would incur due to sending a service person to manually read that meter. This position rests on the principle of cost causation where those customers creating the need for additional costs to be incurred become responsible for the payment of that cost.

- b. Explain whether the charge for reading a meter when a customer has declined an AMR meter would be charged each month, or is a one-time fee. If the fee is to be charged each month, explain why It Is Included as a non-recurring charge.

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<sup>2</sup> Case No. 2012-00428, Consideration of the Implementation of Smart Grid and Smart Meter Technologies (Ky. PSC Oct. 1, 2012).

Blue Grass Energy Cooperative Corporation  
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RESPONSE:

This fee is not and should not be considered a one-time fee nor considered a nonrecurring charge. It may be a monthly fee or it may not be one. It is a fee that is to be charged when Blue Grass Energy sends a service person out to do a manual meter reading.

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4. Provide an electronic copy of Exhibits G, J, and R in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible. If it is necessary to update the exhibits in response to questions contained in this information request, provide the updated version instead of the original version in both paper copy and electronically.

RESPONSE:

Enclosed in the attached CD ROM is Exhibits G, J, R, and S in electronic form. All are in their original format except for the Exhibit J which has been revised.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
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5. Refer to Exhibit G of the application, page 1 of 1. Blue Grass's Schedule B-1, Large Industrial Rate, Is not listed on this exhibit. Confirm there are currently no customers taking service under this schedule.

RESPONSE:

It is confirmed that there is currently no customers that taking service under this schedule.

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6. Refer to the response to question 9 In the Direct Testimony of James R. Adkins in Exhibit H where it states, "Since the FFB loan rates are . . . variable ones, management thought It to be appropriate to use a longer term Interest rate for these loan [sic]."
- a. Provide any authority, regulatory precedent, or other justification for using interest rates for the Federal Financing Bank ("FFB") loans that differ from those in place at the end of the test year.

RESPONSE:

This Commission in Case No. 2014-00159, Application of Cumberland Valley Electric, used a five year average of interest rates which was higher than the average cost of debt for the test year. This was a very appropriate position taken by this Commission because it recognized that the use of the TIER approach to the determination of margin amounts has significant shortcomings when interest rates are very low and very high.

- b. Provide a schedule that shows the 2014 FFB loans' interest rate and interest paid. Consider this an ongoing request and provide updates on a monthly basis.

RESPONSE:

Please see pages 2 – 4 of this response



Blue Grass Energy Cooperative Corporation  
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Summary of BGE Loans

	<u>Balance</u>	<u>Rate</u>	<u>Type</u>	<u>Principal</u>	<u>Interest</u>
RUS					
1B280	\$ 764,557.71	5.750%	F	\$ 2,589.43	\$ 3,625.57
1B281	\$ 258,357.30	6.000%	F	\$ 851.08	\$ 1,278.29
1B285	\$ 689,260.53	5.500%	F	\$ 2,353.53	\$ 3,126.47
1B286	\$ 314,037.27	5.125%	F	\$ 1,108.39	\$ 1,327.49
1B520	\$ 501,846.14	5.750%	F	\$ 1,800.75	\$ 2,380.25
1B521	\$ 337.10	5.750%	F	\$ 1.23	\$ 1.60
1B525	\$ 502,183.39	5.750%	F	\$ 1,801.99	\$ 2,381.84
1B530	\$ 3,721,518.26	5.000%	F	\$ 10,512.89	\$ 15,337.11
1B531	\$ 1,340,922.96	2.3750%	F	\$ 4,845.73	\$ 2,627.01
1B532	\$ 1,900,321.24	3.625%	F	\$ 6,088.46	\$ 5,680.06
1B870	\$ 6,760,159.94	3.500%	F	\$ 14,609.70	\$ 19,489.07
1B871	\$ 4,308,502.85	4.250%	F	\$ 8,470.16	\$ 15,079.84
1B872	\$ 5,170,203.36	4.250%	F	\$ 10,164.20	\$ 18,095.80
1B873	\$ 4,335,871.59	4.500%	F	\$ 8,232.76	\$ 16,067.24
1B874	\$ 4,565,025.93	4.125%	F	\$ 9,101.28	\$ 15,508.18
1B890	\$10,639,425.93	3.490%	F	\$ 24,370.98	\$ 30,589.02
1B891	\$ 8,112,672.80	4.430%	F	\$ 16,391.31	\$ 29,598.69
1B892	\$ 5,353,070.79	3.846%	F	\$ 11,721.38	\$ 16,958.62
1B893	\$ 4,564,624.12	4.636%	F	\$ 9,022.53	\$ 17,427.47
1B894	\$ 4,636,388.95	4.568%	F	\$ 9,208.02	\$ 17,441.98
1B895	\$ 5,360,303.20	3.230%	F	\$ 12,700.30	\$ 14,264.22

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FFB

H0010	\$ 2,957,896.86	0.030%	V	\$ 36,897.66	\$ 173.44
H0015	\$ 1,478,948.63	0.030%	V	\$ 18,448.83	\$ 75.49
H0020	\$ 3,337,946.81	0.030%	V	\$ 41,638.51	\$ 170.37
H0025	\$ 636,442.80	0.030%	V	\$ 8,357.87	\$ 32.51
H0030	\$ 572,798.55	0.030%	V	\$ 7,522.09	\$ 29.25
H0035	\$ 640,736.67	0.030%	V	\$ 8,414.26	\$ 32.72
H0040	\$ 1,044,823.99	0.030%	V	\$ 13,720.80	\$ 53.36
H0045	\$ 1,124,880.46	0.030%	V	\$ 14,772.12	\$ 57.45
H0050	\$ 1,333,518.37	0.030%	V	\$ 16,634.70	\$ 68.06
H0055	\$ 2,278,001.18	4.906%	F	\$ 17,862.49	\$ 28,390.21
H0060	\$ 3,398,083.84	0.030%	V	\$ 42,388.67	\$ 173.44
H0065	\$ 3,468,404.64	0.030%	V	\$ 43,265.88	\$ 177.03
H0070	\$ 2,016,909.59	0.030%	V	\$ 25,159.51	\$ 102.94
H0075	\$ 2,726,610.07	4.904%	F	\$ 13,588.22	\$ 33,870.95
H0080	\$ 4,850,935.72	2.628%	F	\$ 25,018.36	\$ 32,298.32
H0085	\$ 6,488,243.38	0.030%	V	\$ 52,158.51	\$ 329.71
2015	\$ 5,000,000.00	2.127%	F		

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CFC

9007001	\$ 44,860.00	4.750%	F	\$ 14,603.77	\$ 706.13
9008001	\$ 100,246.80	3.150%	F	\$ 7,935.67	\$ 851.94
9009001	\$ 287,322.37	3.600%	F	\$ 13,809.61	\$ 2,710.19
9010001	\$ 877,315.58	7.10%	F	\$ 16,677.38	\$ 15,868.38
9011001	\$ 437,831.53	7.100%	F	\$ 3,862.80	\$ 7,840.07
9011002	\$ 480,492.97	7.100%	F	\$ 4,239.18	\$ 8,604.00
9017001	\$ 9,223.02	2.550%	F	\$ 9,162.65	\$ 117.21
9018001	\$ 97,823.24	3.600%	F	\$ 4,446.05	\$ 920.42
9019001	\$ 117,209.46	7.100%	F	\$ 3,210.89	\$ 2,137.46
9020001	\$ 354,801.12	7.100%	F	\$ 5,125.52	\$ 6,388.70
9021001	\$ 425,234.06	5.650%	F	\$ 4,486.91	\$ 6,069.81
9031001	\$ 39,361.21	4.750%	F	\$ 7,596.88	\$ 557.63
9032001	\$ 59,885.22	5.650%	F	\$ 3,844.27	\$ 900.18
9033001	\$ 111,601.49	5.650%	F	\$ 4,300.09	\$ 1,637.11
9034001	\$ 148,553.81	5.650%	F	\$ 3,652.48	\$ 2,149.91
9035001	\$ 286,259.87	5.650%	F	\$ 5,476.07	\$ 4,120.77
9036001	\$ 582,882.02	5.650%	F	\$ 6,802.67	\$ 8,329.30
9037012	\$ 554,496.90	5.300%	F	\$271,822.14	\$ 10,948.73
9037013	\$ 1,094,586.64	5.400%	F		\$ 14,736.43
9037014	\$ 1,094,586.14	5.350%	F		\$ 14,599.99
9037015	\$ 1,094,586.64	5.450%	F		\$ 14,872.88
9037026	\$ 273,646.66	5.650%	F		\$ 3,865.26
9037027	\$ 273,646.66	3.900%	F		\$ 2,668.05
9037028	\$ 273,646.66	5.65%	F		\$ 3,865.26
9037029	\$ 273,646.66	5.45%	F		\$ 3,728.44
9040001	\$ 998,821.50	2.90%	V	\$24,205.98	\$ 7,396.63

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

7. Refer to the response to question 6 of the Direct Testimony of J. Donald Smothers ("Smothers Testimony") In Exhibit H where it states, in relevant part, that the proposed increase is spread over a two-year period. Confirm that, according to Blue Grass's proposal, the two steps will occur over a period of one year, as opposed to two years as stated in the Smothers Testimony.

RESPONSE:

Our main purpose for filing this rate case is to change our rate structure. We have a small proposed maintenance increase included in step one. If approved at the end of the suspension period this maintenance increase would affect bills starting with June 1, 2014 billing. If the second step is approved approximately one year later, June 1, 2015, only a rate structure change occurs with a revenue neutral effect for the rate class.

Blue Grass Energy Cooperative Corporation  
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8. Refer to Exhibit J of the application.
- a. Refer to page 6 of 12. Although it does not appear to be included in the "Revenues" column, explain the reason for the second customer charge listed at an amount of \$1,199.14.

RESPONSE:

Please see Exhibit J, page 8 of 12, in the application. Page 8 of 12 of Exhibit J in the application represents the billing/revenue analysis for Schedule G1. G1 is a rate schedule which is applied to the one customer billed under this rate. This customer went on this rate schedule in the second half of the test year. This customer, Wausau, had two separate billing meters and was billed under two different rate schedules during the test. One billing meter came under Schedule LP-2., Large Power – over 500kW while the other billing meter was billed under Schedule B-1, Large Industrial Rate. In the G1 billing analysis on page 8 of 12, the loads, rates and revenues billed under Schedules LP-2 and B-1 are separately identified.

- b. Refer to page 8 of 12.
- (1) This schedule shows a line called "January thru July Schedule PP-2." Explain what "Schedule PP-2" refers to.

RESPONSE:

The label "Schedule PP-2" is in error and should read as LP-(2).

- (2) Explain why the billing determinants for "January thru July Schedule PP-2" is 12.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
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RESPONSE:

The proper amount should read as 7 instead of 12.

- (3) Explain why there are two sections on this schedule covering the period January through July 2013.

RESPONSE:

This one customer was provided service under two different rate schedules during the first seven of 2013 – LP-2 and B-1. The response to 8a above provides additional details on this situation.

- (4) Explain why the revenues for "August thru December on Schedule G1" are shown as \$65,448, when the billing determinants are given as 5, and the rate is given as \$5,454.00

RESPONSE:

The \$65,448 is the product of the rate multiplied by the sum of 5 amount in the question above plus the 7 amount listed under Schedule B-2.

- (5) Explain why the billing determinants of 322 kW for "Excess of contract demand" are not included in the calculation of the proposed demand revenues.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
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RESPONSE:

It was left out in error.

- (6) Provide a revised page 8 of 12 which Includes a section showing the total for each billing determinant for the test year (customer charge, kW, and kWh) for this customer.

RESPONSE:

The requested data is contained on page 9 of 13 of the 1st Revised Exhibit J filed on pages 4 - 16 of this item.

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Billing Analysis  
December 31, 2013

First Revised Exhibit J  
Page 1 of 13  
Witness: Jim Adkins

GS-1, Residential and Farm

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed-Phase 1		Proposed-Phase 2	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	624,720	\$6,078,526	\$9.73	\$6,078,526	\$15.00	\$9,370,800	\$ 20.00	12,494,400
Customer Charge, Prepay	9,123	168,593	\$18.48	168,593	\$23.75	216,671	28.75	262,286
Energy charge per kWh	793,939,806	71,033,158	\$0.08951	71,065,552	\$0.08783	69,731,733	0.08384	66,563,913
Total from base rates		<u>77,280,277</u>		<u>\$77,312,671</u>		<u>\$79,319,204</u>		<u>79,320,600</u>
Fuel adjustment		(142,183)						
Environmental surcharge		<u>8,637,210</u>						
Total revenues		<u>\$85,775,304</u>						
Amount				\$32,394		\$2,006,534		
Percent				0.0%		2.60%		
Average monthly bill		\$123.70		\$123.76		\$126.97		
Amount				\$0.05		\$3.21		
Percent				0.0%		2.6%		



Blue Grass Energy Cooperative  
Case No. 2014-00339  
Billing Analysis  
December 31, 2013

First Revised Exhibit J  
Page 2 of 13  
Witness: Jim Adkins

GS-1, Residential and Farm T-O-D

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed - Phase 1		Proposed - Phase 2	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	447	\$6,969	\$15.59	\$6,969	\$20.00	\$8,940	\$ 25.00	11,175
Energy charge per kWh								
On-peak energy	58,291	9,192	\$0.15770	9,192	\$0.14060	8,196	0.10228	<b>5,962</b>
Off-peak energy	379,156	21,369	\$0.05636	21,369	\$0.05636	21,369	\$0.05636	21,369
	<u>437,447</u>							
Total from base rates		37,530		<u>\$37,530</u>		<u>\$38,505</u>		<u>38,506</u>
Fuel adjustment		(56)						
Environmental surcharge		<u>4,099</u>						
Total revenues		<u>\$41,574</u>						
Amount				\$0		\$974		
Percent				0.0%		2.6%		
Average monthly bill		\$83.96		\$83.96		\$86.14		
Amount				\$0.00		\$2.18		
Percent				0.0%		2.6%		

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Billing Analysis  
December 31, 2013

First Revised Exhibit J  
Page 3 of 13  
Witness: Jim Adkins

SC-1, General Service ( 0-100 KW )

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Customer Charge	30,758	\$854,765	\$27.79	\$854,765	\$32.50	\$999,635
Demand charge	157,176	1,222,829	\$7.78	1,222,829	\$7.78	1,222,829
Energy charge	70,405,905	5,902,831	\$0.08384	5,902,831	\$0.08575	6,037,306
Total from base rates		7,980,425		<u>\$7,980,425</u>		<u>\$8,259,771</u>
Fuel adjustment		(16,840)				
Environmental surcharge		886,081				
Total revenues		<u>\$8,849,666</u>				
Amount				\$0		\$279,345
Percent				0.0%		3.5%
Average monthly bill		\$259.46		\$259.46		\$268.54
Amount				\$0.00		\$9.08
Percent				0.0%		3.5%

Blue Grass Energy Cooperative  
Case No. 2014-00339  
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First Revised Exhibit J  
Page 4 of 13  
Witness: Jim Adkins

SC-2, General Service ( 0-100 KW T-O-D )

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Customer Charge	323	\$11,305	\$35.00	\$11,305	\$40.00	\$12,920
Energy charge per kWh						
On-peak energy	368,140	46,570	\$0.12650	46,570	\$0.12955	47,693
Off-peak energy	291,019	20,371	\$0.07000	20,371	\$0.07000	20,371
	<u>659,159</u>					
Total from base rates		<u>78,246</u>		<u>\$78,246</u>		<u>\$80,984</u>
Fuel adjustment		(574)				
Environmental surcharge		<u>8,699</u>				
Total revenues		<u>\$86,371</u>				
Amount				\$0		\$2,738
Percent				0.0%		3.5%
Average monthly bill		\$242.25		\$242.25		\$250.72
Amount				\$0.00		\$8.48
Percent				0.0%		3.5%

Blue Grass Energy Cooperative  
Case No. 2014-00339  
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First Revised Exhibit J  
Page 5 of 13  
Witness: Jim Adkins

LP-1, Large Power ( 101 KW to 500 KW )

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Customer Charge	673	\$37,399	\$55.57	\$37,399	\$55.57	\$37,399
Demand Charge	110,568	922,137	\$8.34	922,137	\$8.34	922,137
Secondary meter charge per kwh	34,051,767	1,909,623	\$0.05608	1,909,623	\$0.05608	1,909,623
Primary meter charge per kwh	3,449,280	193,436	\$0.05608	193,436	\$0.05608	193,436
5% primary meter discount		(9,672)		(9,672)		(9,672)
	<u>37,501,047</u>					<u>0</u>
Total from base rates		3,052,923		<u>\$3,052,923</u>		<u>\$3,052,923</u>
Fuel adjustment		(10,609)				
Environmental surcharge		<u>332,669</u>				
Total revenues		<u>\$3,374,983</u>				
Amount				\$0		\$0
Percent				0.0%		0.0%
Average monthly bill		\$4,536.29		\$4,536.29		\$4,536.29
Amount				\$0.00		\$0.00
Percent				0.0%		0.0%

Blue Grass Energy Cooperative  
Case No. 2014-00339  
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First Revised Exhibit J  
Page 6 of 13  
Witness: Jim Adkins

LP-2, Large Power ( over 500 KW )

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Customer Charge	276	\$30,675	\$111.14	\$30,675	\$111.14	\$30,675
Customer Charge	5	\$5,996	\$1,199.14	\$5,996	\$1,199.14	\$5,996
Demand Charge	208,910	1,742,310	\$8.34	1,742,310	\$8.34	1,742,310
Energy charge	80,741,257	4,032,218	\$0.04994	4,032,218	\$0.04994	4,032,218
5% primary meter discount		(232,186)		(232,186)		(232,186)
						0
Total from base rates		5,579,013		<u>\$5,579,013</u>		<u>\$5,579,013</u>
Fuel adjustment		(3,948)				-
Environmental surcharge		<u>884,318</u>				
Total revenues		<u>\$6,459,384</u>				
Amount				\$0		\$0
Percent				0.0%		0.0%
Average monthly bill		\$20,213.82		\$20,213.82		\$20,213.82
Amount				\$0.00		\$0.00
Percent				0.0%		0.0%

Blue Grass Energy Cooperative  
Case No. 2014-00339  
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First Revised Exhibit J  
Page 7 of 13  
Witness: Jim Adkins

B-2, Large Industrial Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Customer Charge	60	\$133,371	\$2,222.85	\$133,371	\$2,222.85	\$133,371
Demand Charge						
Contract demand	363,601	2,512,483	\$6.91	2,512,483	\$7.17	2,607,019
Excess of contract demand	15,994	153,705	\$9.61	153,705	\$9.98	159,623
Interruptible Credit	24,928	(139,595)	(\$5.60)	(139,595)	(\$5.60)	(139,595)
Energy charge	198,304,474	9,034,752	\$0.04556	9,034,752	\$0.04506	8,935,600
Interruptible Service		11,232		11,232		11,232
Total from base rates		11,705,947		<u>\$11,705,947</u>		<u>\$11,707,249</u>
Fuel adjustment		(65,638)				
Environmental surcharge		<u>1,271,218</u>				
Total revenues		<u>\$12,911,527</u>				
Amount				\$0		\$1,302
Percent				0.0%		0.0%
Average monthly bill		\$195,099.12		\$195,099.12		\$195,120.82
Amount				\$0.00		\$21.70
Percent				0.0%		0.0%

Blue Grass Energy Cooperative  
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First Revised Exhibit J  
Page 8 of 13  
Witness: Jim Adkins

G1, Large Industrial Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
<b>August thru December on Schedule G1</b>						
Customer Charge	5	\$27,270	\$5,454.00			
Demand Charge	75,675	528,211	\$6.98			
Energy charge	43,361,268	1,879,581	\$0.043347			
<b>January thru July on Schedule B-1</b>						
Customer Charge	7	\$7,780	\$1,111.43			
Demand Charge						
Contract demand	20,200	139,582	\$6.91			
Excess of contract demand	322	3,095	\$9.61			
Energy charge	12,698,636	641,281	\$0.05050			
5% primary discount		(32,064)				
<b>January thru July Schedule LP-2</b>						
Customer Charge			\$111.14			
Customer Charge	7	\$8,394	\$1,199.14			
Demand Charge	72,326	\$603,199	\$8.34			
Energy Charge	36,512,548	\$1,823,437	\$0.05			

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Blue Grass Energy Cooperative  
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First Revised Exhibit J  
Page 9 of 13  
Witness: Jim Adkins

G1, Large Industrial Rate

Description	Billing Determinants	Test Year Revenues	Normalized Normalized		Proposed	
			Rates	Revenues	Rates	Revenues

**Schedule G1-Normalized for Test Year**

Customer Charge	12	\$ 5,454.00	65,448	5,454	\$ 65,448
Demand Charge	168,523	\$ 6.98	1,176,291	\$ 6.98	\$ 1,176,291
Energy charge	92,572,452	\$ 0.043347	4,012,738	\$ 0.043347	\$ 4,012,738
Total from base rates		5,629,766	<u>\$5,254,477</u>		<u>\$5,254,477</u>
Fuel adjustment		(88,825)			
Environmental surcharge		<u>331,577</u>			
Total revenues	92,572,452	<u>\$5,872,517</u>			
Amount			(\$375,289)		\$0
Percent			-6.7%		0.0%
Average monthly bill		\$1,125,953	1,050,895		\$1,050,895
Amount			(75,058)		\$0.00
Percent			-6.7%		0.0%



First Revised Exhibit J  
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Witness: Jim Adkins

Blue Grass Energy Cooperative  
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**Outdoor Lights - Part One**

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
175 Watt MV	33,173	361,254	\$10.89	361,254		
400 Watt MV	854	15,210	\$17.81	15,210		
400 Watt Metal Hallide Directional Flood	5,739	96,587	\$16.83	96,587		
400 Watt HPS Directional Flood	483	8,530	\$17.66	8,530		
100 Watt HPS - Shoebox Fixtur (Metal Pole)	419	7,894	\$18.84	7,894		
100 Watt HPS - Acorn Fixture (Fiberglass Pole)	429	7,829	\$18.25	7,829		
100 Watt HPS - Colonial Fixture	3,319	51,212	\$15.43	51,212		
400 Watt HPS - Cobra Head (Aluminum Pole)	242	5,658	\$23.38	5,658		
70 Watt HPS (Ornamental)	8,376	84,681	\$10.11	84,681		
100 Watt HPS (Ornamental)	6,516	73,435	\$11.27	73,435		
250 Watt HPS (Ornamental)	2,369	35,961	\$15.18	35,961		
70 Watt HPS Colonial (15' mounting height)	5,257	49,363	\$9.39	49,363		
200 Watt HPS Cobra (Aluminum Pole)	2,606	40,080	\$15.38	40,080		
100 Watt HPS Cobra (Aluminum Pole)	4,470	50,377	\$11.27	50,377		
100 Watt HPS Open Bottom	104,540	1,123,805	\$10.75	1,123,805		
250 Watt HPS Open Bottom	2,070	33,782	\$16.32	33,782		
	<u>180,862</u>					
kWh	<u>9,008,707</u>					
Total from base rates		2,045,660		<u>\$2,045,660</u>		<u>\$0</u>

Blue Grass Energy Cooperative  
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Billing Analysis  
December 31, 2013

**Outdoor Lights - Part Two**

	Billing		
	Determinants	Rates	Revenue
Open Bottom Light Approximate lumens 6000-9500 - <b>replaces 1,15</b>	137,713	\$ 11.60	\$1,597,471
Open Bottom light Approximate Lumens 25,000 – <b>replaces 2,16</b>	2,924	\$ 18.06	\$52,807
Directional Flood Light Approximate Lumens 50,000 - <b>replaces 3,4</b>	6,222	\$ 18.21	\$113,303
Shoobox Fixture (metal pole) Approximate Lumens 6000 -9500 – <b>replaces 5</b>	419	\$ 20.32	\$8,514
Acorn Fixture (fiberglass pole) Approximate Lumens 6000- 9500 - <b>replaces 6</b>	429	\$ 19.68	\$8,443
Colonial Fixture Approximate Lumens 6000-9000 – <b>replaces 7</b>	3,319	\$ 16.64	\$55,228
Cobra Head (aluminum pole) Approximate Lumens 50,000 – <b>replaces 8</b>	242	\$ 25.21	\$6,101
Ornamental Light Approximate Lumens 6000-9500 – <b>replaces 9,10</b>	14,892	\$ 11.45	\$170,513
Ornamental Light Approximate Lumens 25,000 – <b>replaces 11</b>	2,369	\$ 16.37	\$38,781
Colonial Fixture (15 Ft. mounting height) Approximate Lumens 6000-9500 -	5,257	\$ 10.12	\$53,201
Cobra Head (aluminum pole) Approximate Lumens 25,000 - <b>replaces 13</b>	2,606	\$ 17.87	\$46,569
Cobra Head (aluminum pole) Approximate Lumens 6000-9500 – <b>replaces 14</b>	4,470	\$ 12.15	\$54,311
			\$2,205,241
Amount			\$159,581
Percent			7.80%
Fuel adjustment	(445)		
Environmental surcharge	<u>45,057</u>		
Total revenues			<u>\$2,090,272</u>
Average Bill	50	\$ 11.31	\$ 12.19
Amount		\$ -	\$ 0.88
Percent		0.00%	7.80%

Blue Grass Energy Cooperative  
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First Revised Exhibit J  
Page 12 of 13  
Witness: Jim Adkins

Envirowatts

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Envirowatts		7,678	\$0.02825	7,678	\$0.02825	7,678
kWh	<u>271,800</u>					
Billing adjustments				<u>0</u>		<u>0</u>
Total from base rates		7,678		<u>\$7,678</u>		<u>\$7,678</u>
Fuel adjustment						
Environmental surcharge						
Total revenues		<u>\$7,678</u>				
Amount				\$0		\$0
Percent				0.0%		0.0%

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Billing Analysis  
December 31, 2013  
Summary

First Revised Exhibit J  
Page 13 of 13  
Witness: Jim Adkins

Billing Determinants	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Total from base rates	1,283,842,054	113,397,466		113,054,571		115,505,046
Fuel adjustment		(329,117)				
Environmental surcharge		12,400,928				
Total revenues		100,184,275				
Per Form 7 Difference Increase	1,283,842,054	113,397,467				
Amount	-	0		(342,895)		2,450,474
Percent				-0.3%		2.17%
						(549,454)
Per billing summary						
Fuel adjustment		(329,117)				
Environmental surcharge		12,400,928				
Difference						
Fuel adjustment		-				
Environmental surcharge		-				

Blue Grass Energy Cooperative Corporation  
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Commission Staff's Second Request For Information

9. Refer to Exhibit R of the application, pages 12 and 13 of 35. Explain how footnote 4, "General Plant Allocation," is calculated, and how it differs from footnote 7, "Admin. & General Expense Allocation except General Plant," given that the percentages are virtually identical.

RESPONSE:

The percentages are the same and have the same basis which is found in footnote 4.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

10. Refer to Exhibit R of the application, page 17 of 35. The calculation in part 1 of the table shows a total Investment for conductors as \$42,882,578. Explain why in the calculation of Demand and Consumer Investment Percents, the Total Investment for conductors is shown as \$26,753,135. If a correction is necessary, provide a corrected Cost of Service Study.

RESPONSE:

The amount of \$26,753,135 amount is the total investment in conductor while the \$42,882,578 represents the total for Account 365 which includes conductor plus other items accounted for in that account. This account has been has used appropriately. When the zero intercept method is used, the consumer component considers only the investment in conductor, and not devices such as circuit breakers, insulators, switches, etc.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

11. Refer to Exhibit R of the application, page 27 of 35. State under which of East Kentucky Power Cooperative's rate schedules customers in the B-2, Large Industrial Rate, and G-1, Large Industrial Rate, take service.

RESPONSE:

Retail customers in Schedule B-2, Large Industrial Rate, take service under East Kentucky Power Cooperative's Rate Schedule B and retail customers in Schedule G-1 take service under East Kentucky Power Cooperative's Rate Schedule G.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

12. Refer to Exhibit R of the application, page 31 of 35. Explain how the amounts in the Billing Factor and Multiplier columns were calculated.

RESPONSE:

Billing Factors are based on the number items in electric bill. As an example, residential service has a customer charge, an energy charge, a fuel adjustment clause charge, and environmental surcharge for a total of four. The multiplier is based on a judgment of bill complexity. Normally, residential bills are not as complex as small commercial bills and larger industrial customer bills are the most complex. More complex bills also require more time at times of complaints and when key accounts are visited.



Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

13. Refer to Exhibit R of the application, pages 34 and 35 of 35. Provide an update to these sheets showing both the rates of return by class and the relative rates of return by class.

RESPONSE:

See page 2 of this response.

RESPONSE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Jim Adkins

	Enviro watts	GS 1 Residential & Farm	GS 1 Residential & Farm TO	SC1 Gen Service 0-100 kW	SC2 Gen Service 100 kW TO	LP1 Large Power Under 500 kW
Revenue from Rates	\$ 7,678	\$ 77,312,671	\$ 37,530	\$ 7,980,425	\$ 78,246	\$ 3,052,923
Purchased Power	6,455	54,097,149	38,084	5,831,175	63,680	2,411,301
Distribution Operations		1,932,431	1,712	239,264	4,175	27,937
Distribution Maintenance		4,943,745	4,612	541,306	12,543	88,914
Consumer Accounts		2,622,966	2,354	197,753	3,329	7,062
Customer Service		925,347	830	69,765	1,175	2,491
Administrative & General		3,555,659	3,243	357,489	7,239	43,115
Depreciation		6,664,444	6,096	704,413	14,969	119,821
Miscellaneous		16,107	15	1,705	36	292
Interest on Long Term Debt		3,735,901	3,417	395,352	8,411	67,710
Short Term Interest		2,288	2	242	5	41
Total Costs	6,455	78,496,036	60,365	8,338,462	115,561	2,768,684
Margins before Other Revenue	\$ 1,223	\$ (1,183,366)	\$ (22,835)	\$ (358,037)	\$ (37,315)	\$ 284,238
Other Revenue	-	2,553,544	1,240	263,584	2,584	100,834
Net Margins	\$ 1,223	\$ 1,370,179	\$ (21,595)	\$ (94,453)	\$ (34,731)	\$ 385,073
TIER		1.37	(5.32)	0.76	(3.13)	6.69
Net Investment Rate Base	-	125,304,095	114,597	13,257,554	282,041	2,244,592
Return on Rate Base		4.07%	-15.86%	2.27%	-9.33%	20.17%
Increase in Revenue		2,010,129	976	279,315	2,739	-
Return on Rate Base		5.68%	-15.01%	4.38%	-8.36%	20.17%

RESPONSE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Jim Adkins

	LP2	Outdoor	Total	B-2	G-1	Total
	Large Power	Lights	EKPC Sched	Large Indust.	Large Indust.	for All
	over 500 kW		E Rates	Rate	Rate	Rate Classes
Revenue from Rates	\$ 5,573,018	\$ 2,045,660	\$ 96,088,151	\$ 11,705,947	\$ 5,252,228	\$ 113,046,327
Purchased Power	5,155,022	619,362	68,222,228	10,823,450	5,058,856	84,104,533
Distribution Operations	37,198	414,991	2,657,707	53,818	24,798	2,736,324
Distribution Maintenance	120,911	277,450	5,989,481	175,655	81,002	6,246,138
Consumer Accounts	2,973	55,920	2,892,357	9,291	3,717	2,905,365
Customer Service	1,049	19,728	1,020,384	3,278	1,311	1,024,973
Administrative & General	55,301	261,985	4,284,030	82,558	37,802	4,404,390
Depreciation	167,376	424,515	8,101,633	193,473	89,187	8,384,294
Miscellaneous	408	1,022	19,584	470	217	20,271
Interest on Long Term Debt	94,712	237,047	4,542,550	108,994	50,251	4,701,795
Short Term Interest	58	145	2,781	67	31	2,879
Total Costs	5,635,008	2,312,163	97,726,282	11,451,054	5,347,171	114,530,962
Margins before Other Revenue	\$ (61,991)	\$ (266,503)	\$ (1,638,131)	\$ 254,893	\$ (94,943)	\$ (1,484,635)
Other Revenue	184,070	67,566	3,173,422	386,633	173,475	3,733,530
Net Margins	\$ 122,079	\$ (198,938)	\$ 1,535,291	\$ 641,527	\$ 78,532	\$ 2,248,895
TIER	2.29	0.16	1.34	6.89	2.56	1.48
Net Investment Rate Base	3,499,291	7,625,768	152,327,939	3,654,958	1,685,088	157,667,984
Return on Rate Base	6.20%	0.50%	3.99%	20.53%	7.64%	4.41%
Increase in Revenue	-	159,741	2,452,900	-	-	2,452,900
Return on Rate Base	6.20%	2.59%	5.60%	20.53%	7.64%	5.96%

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

14. Refer to Exhibit W of the Application, which provides a comparison of balance sheet account balances for the test period and the 12 months proceeding the test year. Account 21400, Accumulated Comprehensive Income Increased from \$1,102,085 in the year preceding the test year to \$2,355,762 in the test year. Provide a detailed explanation as to why this income increased in the test year.

RESPONSE:

As detailed in item 21 of the application, an updated study of SFAS No. 106 was included resulting in an increase in the accrual.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

15. Refer to Exhibit X of the Application, which provides a comparison of income statement account levels for the test period and the 12 months preceding the test period.
- a. Account 58600, Meter Expense, increased from \$255,896 in the year preceding the test year to \$517,710 in the test year. Provide a detailed explanation for why this expense increased significantly in the test year.

RESPONSE:

The 58600 expense for 2013 did not increase significantly, instead 2012 decreased. The 2012 decrease was due to an increase in the special equipment labor credit, a refund of faulty meters by our meter vendor, and a decrease in Contractor cost due to their employee turnover issue.

<u>Years</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expense	\$544,612	\$255,896	\$518,910

- b. Account 59300, Maintenance Overhead Lines Expense, decreased from \$1,994,326 in the 12 months preceding the test year to \$1,416,757 in the test year. Provide a detailed explanation for why this expense decreased in the test year.

RESPONSE:

The 59300 expense for 2013 decreased due to outage maintenance cost was separated into a subaccount 59320.

<u>Years</u>	<u>2013</u>	<u>2012</u>
59300	\$1,416,757	\$1,994,328
59320	\$ 572,738	\$ 121,232
Total	\$1,989,495	\$2,115,560

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

- c. Account 59310, Maintenance Right of Way, increased from \$2,468,254 in the 12 months preceding the test year to \$2,823,570 in the test year. Provide a detailed explanation for why this expense increased in the test year.

RESPONSE:

The 59310 expense for 2012 was under approximately \$300,000 from due to contractors not completing the project. 2013 is consistent with our overall right-away maintenance plan.

<u>Years</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
59310	\$2,908,261	\$2,468,254	\$2,823,570

- d. Account 59320, Outages-Maint-OH, Increased from \$121,232 in the 12 months preceding the test year to \$572,738 in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

RESPONSE:

The 59320 account increase due to the same response as b. above.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY )  
COOPERATIVE CORPORATION FOR AN )  
ADJUSTMENT OF RATES )

Case No. 2014-00339

WRITTEN NOTIFICATION OF CONFIDENTIALITY  
FOR ENTIRE DOCUMENT - 807 KAR 5:001 SECTION 13(2)(9)(3)(6)

This is to notify that confidential treatment is sought for the entire response to PSC  
Item 16 attached hereto.

  
\_\_\_\_\_  
ATTORNEY FOR BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

Item 16

Witness: Donald Smothers

**Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information**

NOTE: CONFIDENTIAL TREATMENT IS REQUESTED FOR  
ENTIRE 22 PAGES OF RESPONSE TO THIS PSC ITEM 16  
807 KAR 5:001 SECTION 13(2)(a)(3)(b)



Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

17. Refer to page 1 of Exhibit 3 of the Application where it states that "Blue Grass Energy has had a depreciation study performed as of December 31, 2004 and was submitted and approved by this Commission In Case No. 2005-00187." Confirm the correct reference should be Case No. 2008-00011.

RESPONSE:

It is confirmed that the correct case is Case No. 2008-00011.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

18. Refer to Exhibit 6 of the Application.

- a. Confirm that the property taxes paid in 2013 are included in the test-year expenses.

RESPONSE:

Yes, 2013 property tax is included in the test year expenses.

- b. Provide an update to Exhibit 6 that compares 2014 property taxes paid to those paid in 2013.

RESPONSE:

Please see pages 2 - 7 of this response.

Blue Grass Energy  
Case No. 2014-00339  
December 31, 2013

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Taxing District	Assessment for 2014 Taxes			Assessment for 2013 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Anderson County</b>							
Real Estate - County	637,404	0.1290	822.25	660,195	0.1270	838.45	(16)
Real Estate - Common Sch	637,404	0.5850	3,728.81	660,195	0.5520	3,644.28	85
Real Estate - Fire	637,404	0.0670	427.06	660,195	0.0660	435.73	(9)
Real Estate - Library	637,404	0.0840	535.42	660,195	0.0860	567.77	(32)
Real Estate - Health	637,404	0.0300	191.22	660,195	0.0300	198.06	(7)
Real Estate - Extension	637,404	0.0140	89.24	660,195	0.0140	92.43	(3)
Tangible - County	12,754,614	0.1368	17,448.31	12,741,173	0.1415	18,028.76	(580)
Tangible - Common School	12,754,614	0.5850	74,614.49	12,741,173	0.5700	72,624.69	1,990
Tangible - Library	12,754,614	0.0840	10,713.88	12,741,173	0.0850	10,830.00	(116)
Tangible - Health	12,754,614	0.0300	3,826.38	12,741,173	0.0300	3,822.35	4
Tangible - Fire	12,754,614	0.0670	8,545.59	12,741,173	0.0660	8,409.17	136
Tangible - Extension	12,754,614	0.0140	1,785.65	12,741,173	0.0144	1,834.73	(49)
<b>Bourbon County</b>							
Tangible - County	6,180,623	0.1280	7,911.20	6,148,066	0.1290	7,931.01	(20)
Tangible - School	6,180,623	0.5730	35,414.97	6,148,066	0.5760	35,412.86	2
Tangible - Library	6,180,623	0.1170	7,231.33	6,148,066	0.1263	7,765.01	(534)
Tangible - Health	6,180,623	0.0460	2,843.09	6,148,066	0.0460	2,828.11	15
Tangible - Extension	6,180,623	0.0360	2,225.02	6,148,066	0.0387	2,379.30	(154)
<b>Bracken County</b>							
Tangible - County	4,752,431	0.3980	18,914.68	4,592,824	0.4010	18,417.22	497
Tangible - School	4,752,431	0.3690	17,536.47	4,592,824	0.3650	16,763.81	773
Tangible - Health	4,752,431	0.0480	2,281.17	4,592,824	0.0480	2,204.56	77
Tangible - Ambulance	4,752,431	0.0830	3,944.52	4,592,824	0.0800	3,674.26	270
Tangible - Extension	4,752,431	0.0670	3,184.13	4,592,824	0.0672	3,086.38	98
Tangible - Library	4,752,431	0.0836	3,973.03	4,592,824	0.0920	4,225.40	(252)
<b>Estill County</b>							
Tangible - County	24,624	0.1050	25.86	24,301	0.1050	25.52	0
Tangible - School	24,624	0.4510	111.05	24,301	0.4550	110.57	0
Tangible - Health	24,624	0.0800	19.70	24,301	0.0800	19.44	0
Tangible - Ambulance	24,624	0.1000	24.62	24,301	0.1000	24.30	0
Tangible - Extension	24,624	0.1745	42.97	24,301	0.1745	42.41	1
Tangible - Library	24,624	0.1300	32.01	24,301	0.1330	32.32	(0)

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Taxing District	Assessment for 2014 Taxes			Assessment for 2013 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Fayette County</b>							
Tangible - County	3,669,738	0.0931	3,416.53	3,663,416	0.0990	3,626.78	(210)
Tangible - School	3,669,738	0.7190	26,385.42	3,663,416	0.6960	25,497.38	888
Tangible - Extension	3,669,738	0.0038	139.45	3,663,416	0.0038	139.21	0
Tangible - Health	3,669,738	0.0280	1,027.53	3,663,416	0.0280	1,025.76	2
Tangible - LexTran	3,669,738	0.0600	2,201.84	3,663,416	0.0600	2,198.05	4
<b>Franklin County</b>							
Tangible - County	6,106,751	0.2350	14,350.86	6,002,262	0.2400	14,405.43	(55)
Tangible - School	6,106,751	0.6530	39,877.08	6,002,262	0.6230	37,394.09	2,483
Tangible - Extension	6,106,751	0.0260	1,587.76	6,002,262	0.0260	1,560.59	27
Tangible - Health	6,106,751	0.0575	3,511.38	6,002,262	0.0575	3,451.30	60
Tangible - Library	6,106,751	0.1155	7,053.30	6,002,262	0.1221	7,328.76	(275)
<b>Garrard County</b>							
Tangible - County	98,496	0.1020	100.47	97,203	0.1020	99.15	1
Tangible - School	98,496	0.6400	630.37	97,203	0.6400	622.10	8
Tangible - Extension	98,496	0.1178	116.03	97,203	0.1178	114.51	2
Tangible - Health	98,496	0.0400	39.40	97,203	0.0400	38.88	1
Tangible - Library	98,496	0.1835	180.74	97,203	0.1835	178.37	2
Tangible - Fire Dist	0	0.0690	0.00	97,203	0.0690	67.07	(67)
<b>Grant County</b>							
Tangible - County	837,216	0.1470	1,230.71	801,922	0.1480	1,186.84	44
Tangible - School	837,216	0.5610	4,696.78	801,922	0.5610	4,498.78	198
Tangible - Library	837,216	0.1396	1,168.75	801,922	0.1355	1,086.60	82
Tangible - Health	837,216	0.0280	234.42	801,922	0.0280	224.54	10
Tangible - Extension	837,216	0.1091	913.40	801,922	0.0995	797.91	115
Tangible - Mental Health	837,216	0.0160	133.95	801,922	0.0160	128.31	6
<b>Henry County</b>							
Tangible - County	221,616	0.1590	352.37	218,706	0.1590	347.74	5
Tangible - School	221,616	0.6850	1,518.07	218,706	0.6570	1,436.90	81
Tangible - Library	221,616	0.1290	285.88	218,706	0.1286	281.26	5
Tangible - Health	221,616	0.0400	88.65	218,706	0.0400	87.48	1
Tangible - Extension	221,616	0.0711	157.57	218,706	0.0744	162.72	(5)

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Taxing District	Assessment for 2014 Taxes			Assessment for 2013 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Jackson County</b>							
Tangible - County	24,624	0.0690	16.99	24,301	0.0680	16.52	0
Tangible - School	24,624	0.6060	149.22	24,301	0.5970	145.08	4
Tangible - Extension	24,624	0.0782	19.26	24,301	0.0870	21.14	(2)
Tangible - Health	24,624	0.0600	14.77	24,301	0.0500	12.15	3
Tangible - Library	24,624	0.1200	29.55	24,301	0.1200	29.16	0
Tangible - Ambulance	24,624	0.0610	15.02	24,301	0.0600	14.58	0
<b>Harrison County</b>							
Real Estate - County	2,250,423	0.1020	2,295.43	2,325,948	0.1020	2,372.47	(77)
Real Estate - Common Sch	2,250,423	0.4720	10,622.00	2,325,948	0.4520	10,513.28	109
Real Estate - Library	2,250,423	0.0700	1,575.30	2,325,948	0.0700	1,628.16	(53)
Real Estate - Health	2,250,423	0.0475	1,068.95	2,325,948	0.0500	1,162.97	(94)
Real Estate - Extension	2,250,423	0.0500	1,125.21	2,325,948	0.0500	1,162.97	(38)
Real Estate - Conservation	2,250,423	0.0110	247.55	2,325,948	0.0110	255.85	(8)
Real Estate - Fire Dist	2,250,423	0.0630	1,417.77	2,325,948	0.0630	1,465.35	(48)
Tangible - County	17,598,128	0.1290	22,701.59	17,548,026	0.1290	22,636.95	65
Tangible - Common Schoo	17,598,128	0.4720	83,063.16	17,548,026	0.4520	79,317.08	3,746
Tangible - Library	17,598,128	0.1445	25,429.29	17,548,026	0.1445	25,356.90	72
Tangible - Health	17,598,128	0.0475	8,359.11	17,548,026	0.0500	8,774.01	(415)
Tangible - Extension	17,598,128	0.1009	17,756.51	17,548,026	0.1009	17,705.96	51
Tangible - Fire Dist	17,351,888	0.0630	10,931.69	17,305,019	0.0630	10,902.16	30
<b>Jessimine County</b>							
Real Estate - County	2,055,986	0.0640	1,315.83	2,120,000	0.0640	1,356.80	(41)
Real Estate - Common Sch	2,055,986	0.6440	13,240.55	2,120,000	0.6440	13,652.80	(412)
Real Estate - Library	2,055,986	0.0920	1,891.51	2,120,000	0.0920	1,950.40	(59)
Real Estate - Health	2,055,986	0.0190	390.64	2,120,000	0.0190	402.80	(12)
Real Estate - Fire Dist	1,775,638	0.0520	923.33	1,839,652	0.0520	956.62	(33)
Tangible - County	16,606,164	0.1300	21,588.01	16,708,718	0.1300	21,721.33	(133)
Tangible - Common Schoo	16,606,164	0.6440	106,943.70	16,708,718	0.6440	107,604.14	(660)
Tangible - Library	16,606,164	0.1836	30,488.92	16,708,718	0.1836	30,677.21	(188)
Tangible - Health	16,606,164	0.0230	3,819.42	16,708,718	0.0230	3,843.01	(24)
Tangible - County Fire	15,054,853	0.0480	7,226.33	15,177,776	0.0480	7,285.33	(59)
Tangible - No Jessamine Fl	1,551,312	0.0460	713.60	1,530,941	0.0460	704.23	9

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Taxing District	Assessment for 2014 Taxes			Assessment for 2013 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Madison County</b>							
Real Estate - County	406,545	0.0830	337.43	404,758	0.0830	335.95	1
Real Estate - School	406,545	0.6010	2,443.34	404,758	0.6010	2,432.60	11
Real Estate - Health	406,545	0.0500	203.27	404,758	0.0500	202.38	1
Real Estate - Extension	406,545	0.0150	60.98	404,758	0.0150	60.71	0
Real Estate - Ambulance	406,545	0.0490	199.21	404,758	0.0480	194.28	5
Real Estate - Library	406,545	0.0560	227.67	404,758	0.0560	226.66	1
Tangible - County	18,415,255	0.1000	18,415.26	18,056,747	0.0830	14,987.10	3,428
Tangible - School	18,366,007	0.6010	110,379.70	18,008,146	0.6010	108,228.96	2,151
Tangible - Berea School	49,248	0.8710	428.95	48,601	0.8710	423.31	6
Tangible - Health	18,415,255	0.0500	9,207.63	18,056,747	0.0500	9,028.37	179
Tangible - Extension	18,415,255	0.0325	5,984.96	18,056,747	0.0325	5,868.44	117
Tangible - Ambulance	18,415,255	0.0600	11,049.15	18,056,747	0.0600	10,834.05	215
Tangible - Library	18,415,255	0.0850	15,652.97	18,056,747	0.0850	15,348.23	305
<b>Mercer County</b>							
Tangible - County	8,396,783	0.1356	11,386.04	8,335,126	0.1260	10,502.26	884
Tangible - School	8,396,783	0.6490	54,495.12	8,335,126	0.6260	52,177.89	2,317
Tangible - Extension	8,396,783	0.0856	7,187.65	8,335,126	0.0766	6,384.71	803
Tangible - Health	8,396,783	0.0400	3,358.71	8,335,126	0.0400	3,334.05	25
Tangible - Library	8,396,783	0.0850	7,137.27	8,335,126	0.0850	7,084.86	52
Tangible - Fire	8,396,783	0.0610	5,122.04	8,335,126	0.0610	5,084.43	38
<b>Nelson County</b>							
Tangible - County	24,624	0.1540	37.92	24,301	0.1610	39.12	(1)
Tangible - School	24,624	0.7140	175.82	24,301	0.6900	167.68	8
Tangible - Library	24,624	0.0818	20.14	24,301	0.0853	20.73	(1)
Tangible - Extension	24,624	0.0100	2.46	24,301	0.0100	2.43	0
<b>Nicholas County</b>							
Tangible - County	5,565,023	0.1520	8,458.83	5,564,851	0.1520	8,458.57	0
Tangible - School	5,565,023	0.3870	21,536.64	5,564,851	0.3870	21,535.97	1
Tangible - Health	5,565,023	0.0500	2,782.51	5,564,851	0.0500	2,782.43	0
Tangible - Library	5,565,023	0.1221	6,794.89	5,564,851	0.1053	5,859.79	935
Tangible - Fire	5,565,023	0.0530	2,949.46	5,564,851	0.0520	2,893.72	56

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Taxing District	Assessment for 2014 Taxes			Assessment for 2013 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b><i>Pendelton County</i></b>							
Tangible - County	6,943,967	0.6893	47,864.76	6,609,779	0.6709	44,345.01	3,520
Tangible - School	6,943,967	0.6120	42,497.08	6,609,779	0.6120	40,451.85	2,045
<b><i>Robertson County</i></b>							
Tangible - County	1,132,704	0.1594	1,805.53	1,117,830	0.1672	1,869.01	(63)
Tangible - School	1,132,704	0.6040	6,841.53	1,117,830	0.5660	6,326.92	515
Tangible - Health	1,132,704	0.0800	906.16	1,117,830	0.0400	447.13	459
Tangible - Extension	1,132,704	0.1961	2,221.23	1,117,830	0.2000	2,235.66	(14)
Tangible - Library	1,132,704	0.1870	2,118.16	1,117,830	0.1937	2,165.24	(47)
<b><i>Scott County</i></b>							
Tangible - County	5,023,298	0.0670	3,365.61	4,933,037	0.1094	5,396.74	(2,031)
Tangible - School	5,023,298	0.4760	23,910.90	4,933,037	0.4720	23,283.93	627
Tangible - Library	5,023,298	0.0600	3,013.98	4,933,037	0.0600	2,959.82	54
Tangible - Health	5,023,298	0.0220	1,105.13	4,933,037	0.0220	1,085.27	20
Tangible - Extension	5,023,298	0.0320	1,607.46	4,933,037	0.0299	1,474.98	132
<b><i>Shelby County</i></b>							
Tangible - County	221,616	0.1050	232.70	218,706	0.1050	229.64	3
Tangible - School	221,616	0.7150	1,584.55	218,706	0.7150	1,563.75	21
Tangible - Extension	221,616	0.0200	44.32	218,706	0.0200	43.74	1
Tangible - Health	221,616	0.0375	83.11	218,706	0.0375	82.01	1
Tangible - Library	221,616	0.0350	77.57	218,706	0.0350	76.55	1
<b><i>Spencer County</i></b>							
Tangible - County	1,280,448	0.0880	1,126.79	1,287,935	0.0880	1,133.38	(7)
Tangible - School	1,280,448	0.6140	7,861.95	1,287,935	0.6150	7,920.80	(59)
Tangible - Library	1,280,448	0.1123	1,437.94	1,287,935	0.1131	1,456.65	(19)
Tangible - Extension	1,280,448	0.1782	2,281.76	1,287,935	0.1782	2,295.10	(13)
Tangible - Health	1,280,448	0.0400	512.18	1,287,935	0.0400	515.17	(3)
Tangible - Mt Eden FD	1,280,448	0.0700	896.31	1,287,935	0.0700	901.55	(5)





Blue Grass Energy Cooperative Corporation  
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19. Refer to Exhibit 7 of the Application and Adjustment 7 on Exhibit S, page 3, in the amount of \$2,987. Provide a schedule that how the amount of unallowable donations was determined.

RESPONSE:

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Account 426.00

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
<u>Jury Duty</u>				
LABOR			\$1,494.00	Jury duty
BENEFITS			\$1,478.77	Jury duty
		NRTC Education fund		
JE	Cont.		\$13.91	NRTC education fund
Subtotal			\$2,986.68	
12/31/2007	JE		<u>\$20,111.08</u>	Abandoned Jobs
Total expense			<u>\$23,097.76</u>	
Remove for rate-making purposes			\$2,986.68	

Blue Grass Energy Cooperative Corporation  
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20. Refer to Exhibit 11 of the Application where Blue Grass estimates the expenses associated with this rate case. On a monthly basis, beginning in January 2014, provide the amount of Blue Grass's actual rate expenses, by category, as was done in the estimate. Consider this an ongoing request which is to be updated monthly.

RESPONSE:

As of December 31, 2014:

Consulting	\$ 50,248
Advertising	\$ 99,938
Supplies and miscellaneous	\$ 439
Total	\$150,624

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

21. Refer to Exhibit 13 of the application.

- a. Refer to page 2 of 5, Section A. State whether ground wiring costs are included in the pole costs shown in this section. If so, state whether \$12.50 should have been subtracted from the weighted average cost when calculating the pole charges in Section B.1 on this page as required by the Commission in Administrative Case 251<sup>3</sup>. If a correction is necessary, file an updated Exhibit 13.

RESPONSE:

The ground wiring costs have not been removed in the application. Attached are the calculations reflecting the removal of the \$12.50.

- b. Refer to page 3 of 5, which lists the amount for Customer Service and Informational Expense as \$993,181. Refer also to Blue Grass's 2013 Annual Report filed with the Commission, which lists the same expense as \$944,348. Explain the discrepancy and state which amount is correct.

RESPONSE:

The application included Customer Service and Sales together. The following reflects the individual amounts and the total used in the application.

Customer service	944,348
Sales expense	<u>48,833</u>
Total used in application	<u><u>993,181</u></u>

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<sup>3</sup> Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments (Ky. PSC Sept. 17, 1982).

Blue Grass Energy Cooperative  
CATV Pole Attachments  
as of December 31, 2013

*Additional revenues generated*

Attachment Description

	Number	Rates		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole	11,613	\$5.70	\$6.77	\$66,194	\$78,605	\$12,411	19%
3 party Pole	1,373	4.72	5.56	6,481	7,636	\$1,156	18%
2 party Anchor	656	9.80	11.33	6,429	7,433	\$1,004	16%
3 party Anchor	258	6.47	7.48	1,669	1,929	\$260	16%
2 party Ground	11,613	0.26	0.27	3,019	3,176	\$156	5%
3 party Ground	1,373	0.16	0.17	220	233	\$13	6%
Total				\$83,792	\$98,779	\$14,987	18%

Blue Grass Energy Cooperative  
CATV Pole Attachments  
as of December 31, 2013

A. 1. Two-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
35' and under poles	35,343	\$6,746,445	
40' - 45' poles	55,439	\$27,431,997	
	<u>90,782</u>	<u>\$34,178,442</u>	<u>\$376.49</u>

2. Three-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
40' - 45' poles	<u>55,439</u>	<u>\$27,431,997</u>	<u>\$494.81</u>

3. Average cost of anchors \$126.79

B. 1. Pole Charge:

a. Two party =	\$376.49	85%	\$12.50	17.87%	0.1224	\$6.77
b. Three party =	\$494.81	85%	\$12.50	17.87%	0.0759	\$5.56

2. Pole Charge, with ground attachments:

a. Two party =	\$376.49	85%	\$12.50	17.87%	0.1224	\$0.27
b. Three party =	\$494.81	85%	\$12.50	17.87%	0.0759	\$0.17

3. Anchor Charge:

a. Two party =	\$126.79			17.87%	0.50	\$11.33
b. Three party =	\$126.79			17.87%	0.33	\$7.48

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Blue Grass Energy Cooperative  
CATV Pole Attachments  
as of December 31, 2013

Fixed charges on investment from PSC Annual Report at December 31, 20013.

Total Distribution Expense	8,872,830	
Reference Page 14		
Customer Accounts Expense	2,862,998	
Reference Page 15		
Customer Service and Informational Exp	944,348	
Reference Page 15		
Sales Expense	48,833	
Reference Page 15		
Administrative and General	4,404,713	
Reference Page 15		
Depreciation Expense	8,253,042	
Reference Page 13		
Taxes Other than Income Taxes	160	
Reference Page 13		
Sub total	25,386,924	
Divided by Total Utility Plant	189,082,373	13.43%
Line 2, Page 1		
Cost of Money		
Rate of Return on Investment allowed in the last General		
Rate Request, Case No. 2008-00011	6.24%	
Net plant ratio for distribution plant:		
Distribution plant	202,713,184	
Accumulated depreciation	58,235,294	28.7%
Rate of return ( times 1 minus reserve ratio)		4.45%
Annual carrying charges		17.87%

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

22. Refer to Exhibit 14 of the application, and the markup version of Sheet No. 11 of Blue Grass's proposed tariff. Sheet No. 11 shows an Increase from \$20.00 to \$25.00 in both the remote meter disconnect charge and the remote meter reconnect charge. Exhibit 14 shows the proposed remote meter charges as \$30.00. State which charge is correct and provide an updated Exhibit 14 If necessary.

RESPONSE:

The costs justified a rate of \$30.00 for the remote disconnect and reconnect, however, Blue Grass made the decision to charge \$25.00 per occurrence. The amount listed on the proposed tariff is the correct amount to use.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

23. Refer to Exhibit 22 of the application, page 2 of 7.

- a. Explain what "OEC" is as used on this sheet.

RESPONSE:

An old version of the narrative for another cooperative was inadvertently used in this application. Please see b below for revision.

- b. The explanation of Temporary Services lists several charges for various rental units supplied by Blue Grass. Explain why these charges are not listed in Blue Grass's tariff.

RESPONSE:

Please see the following narrative. An old version of the narrative for another cooperative was inadvertently used in this application.

The cost justification for a Temporary Service is the same as for the Reconnect/Disconnect of \$36.56. Blue Grass proposes a charge of \$35.00. The revised narrative found in Blue Grass's Rules and Regulations Sheet No 15 (37) Temporary Service found in Exhibits B and C of the Application.

Per discussions with the parties involved, it takes the construction crews approximately 30 minutes for each trip, including the time to prepare the completed paperwork. The CSR spend approximately 15-20 minutes to prepare paperwork and key charges and payments.



Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

24. Refer to Exhibit 22 of the application, page 5 of 7.
- a. The charge for Temporary Service Includes revenues in the test year of \$4,240. Explain why Blue Grass collected amounts related to Temporary Service that are not included in its tariff. If the charge was approved by the Commission but inadvertently omitted from the tariff, provide a reference to the Commission's Order in which this rate was approved.

RESPONSE:

Blue Grass ability to charge for temporary service has always been available. To facilitate the process of supplying Temporary Services, a charge of \$20 was selected to make it uniform for all consumers. Blue Grass has included the cost justification in this application. The existing tariff or allow for charging for a temporary service is included in the Rules and Regulations, PSC No. 1, sheet No. 15, item (37).

- b. Provide a description of each of the charges listed as "Overtime."

RESPONSE:

The Overtime for a Collection and Reconnect are synonymous. The reason for the two (2) listed on page 5 of 7, Exhibit 22, are that each nonrecurring charge is identified with a charge code in the consumer records. Some were coded as Overtime for Collection and some coded as Overtime for Reconnect. Consumers are charged an Overtime charge for either a Collection or a Reconnect, not both.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

25. Refer to Exhibit 22 of the application, page 5 of 7, and the markup version of P.S.C. Sheet No. 35 of Blue Grass's proposed tariff. The tariff sheet indicates an Increase in the Meter Reading Charge from \$25.00 to \$30.00; however, Exhibit 22 does not show any cost support for the increase. Likewise, Exhibit 22 does not include any Information showing the current and proposed revenues generated from this increase. Provide a revised Exhibit 22 including cost support for the Increase in this charge, and showing the current and proposed revenues from the Meter Reading Charge.

RESPONSE:

The cost support for a Meter Reading charge would be identical to the time and cost for the Collection charge, which is approximately 30 minutes for the FSR and 10 minutes for the CSR.

There were no instances of Meter Readings during the test year, therefore, Exhibit 22 would not need to be revised as there are not current or proposed revenues.

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Commission Staff's Second Request For Information

26. Refer to Exhibit 22 of the application, pages 5-7 of 7, and the markup version of P.S.C. Sheet No. 11 of Blue Grass's proposed tariff. The tariff sheet indicates an increase in the Remote Reconnect charge from \$20.00 to \$25.00; however, no information is shown listing the current and proposed revenues generated from this charge on Exhibit 22. Provide a revised Exhibit 22 including the current and proposed revenues from Remote Reconnects.

RESPONSE:

The coding for a Remote Disconnect is the same as for a Remote Reconnect. The cost justification for both are the same. The Remote Disconnect is included with the 368 instances of Remote Reconnects as listed on page 5 of 7 of Exhibit 22 of the application. As such, Exhibit 22 would not need to be revised as there would be no change. The cost justifications are as follows: