

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)

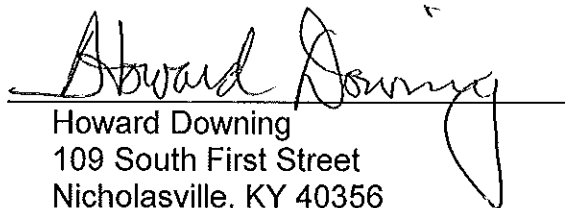
Confidential protection for responses to PSC Item 16 and AG Item 55 is required to prevent unfair commercial advantage to competitors of BGE. The Compensation Plans reveal highly sensitive proprietary information which is necessary to compete in the utility market for qualified employees with competitive 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.


Howard Downing
109 South First Street
Nicholasville, KY 40356
Telephone: 859-885-4619
Fax: 859-885-1127
hdowning@windstream.net
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 4th 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
Case No. 2014-00339
Response to Attorney General Initial Request for Information

1. Please reference the Blue Grass Energy ["BGE"] application generally. Please provide all tables and exhibits referenced in or supporting the application and testimony in their native electronic format (i.e. Microsoft Word, Microsoft Excel), with data including formulae in all cells and rows fully intact and fully accessible.
 - a. Please provide all relevant and supporting worksheets in electronic format with data including formulas in all cells and rows fully intact and fully accessible.

See response to Commissions Second Request for Information Item 4.

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

2. Provide all invoices from outside experts, consultants, and legal counsel related to the current rate case. Please provide these on an ongoing basis.

RESPONSE:

Refer to PSC 2nd data request item 20.

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

3. Provide board of directors meeting minutes for every BOD meeting between January 2008 and September, 2014 where rates were discussed.

RESPONSE:

Each month as part of our Board of Director financial review, rates are discussed as part of our general discussion. Included in Exhibit F of the application is a copy of the resolution giving the President and CEO authorization to file a rate structure change and increase with the Kentucky Public Service Commission. Below is a copy of the June 16, 2014 Board of Director minutes approving the rate case application.

D. Approval of Rate Case

Jane Smith moved to approve the resolution stating the intent to file for a rate increase. Jane Smith's motion included that the rate increase would be filed with the intent of a two-step process. Motion seconded by Doug Fritz. Motion approved.

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

4. Please provide copies of any and all documents, agendas, meeting notices, and/or annual reports relating to or distributed at any and all annual meetings of the members of the cooperative between 2010 and 2014, which address or otherwise discuss the need for a rate adjustment.

RESPONSE:

This is mainly a rate design change rate case with only a maintenance increase. No documents were presented at any annual meeting between 2010 and 2014 concerning a rate increase.

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

5. Please provide copies of any and all documents, correspondence, newsletters, and/or annual reports mailed or provided electronically to the members of the cooperative between 2010 and 2014, which address or otherwise discuss the need for a rate adjustment.

RESPONSE:

Since we are filing this case primarily for a rate structure change and only a maintenance increase, we have advertised in the newspaper for 17 county and mailed letters to members in 6 counties as required by the PSC in notifying our members about this rate case. We had one article in our Kentucky Living magazine insert in November 2014 (attached) related to this rate case filing and one article on our web site (attached).

Item 5
Page 2 of 3

What can you do?

Currently there is no practical way to prevent the EAB from spreading. Most of the spreading is caused by people moving infested firewood and nursery stock.

"The main thing you can do to help stop the spread of the beetle is to not move firewood or wood of any type," said Duncan. "The entire state of Kentucky is under a federal quarantine issued by the United States Department of Agriculture."

So remember, if you experience an interruption in service it could be caused by something no bigger than a penny.

For more information on the EAB, visit Kentucky's Office of the State Entomologist at www.uky.edu/Ag/NurseryInspection.

BGEnergy applies for rate adjustment

While today's cost-of-living continues to rise, electric rates remain steady. Technology and other cost-cutting measures have allowed the cooperative to save more than \$1.5 million in the last three years.

However, as we have maintained our rates, many of our costs are rising. Last month, an application was filed with Kentucky's Public Service Commission requesting an inflationary rate adjustment.

The adjustment is needed to maintain the quality and reliability of the service you receive. If approved, members can expect to see the adjusted pricing in the spring.

Blue Grass Energy encourages members to participate in our many energy-efficiency programs to assist in keeping the impact of the rate adjustment as minimal as possible. A full listing of these programs is available on our Web site www.bgenenergy.com.

Reliability, affordability... what is the future for electricity in Kentucky?

Electricity has a big impact on our lives in Kentucky.

For decades, our state has had some of the lowest electricity rates in the nation because we have ready access to an abundant coal supply. Recently, there has been much activity in Washington, D.C., specifically by the Environmental Protection Agency (EPA), which could have an impact on the reliability and affordability of electricity.

This summer, the EPA released pieces of its plan to control carbon dioxide from power plants. In the past, East Kentucky Power Cooperative (EKPC) (BGEnergy, along with 15 other co-ops own EKPC) has invested nearly \$1.7 billion to improve emissions from its fleet of coal-fired power plants. However, some coal-fired power plants will close due to previously passed federal pollution regulations intended to cut emissions of mercury, chlorine, and other pollutants. EKPC will close Dale Power Station in 2015. This will reduce generation by 196 megawatts.

The new plan proposes to reduce emissions even further.

What does this mean?

- These rules, should they pass, have the potential to eliminate coal from being a viable fuel source for power generation in Kentucky.

- It appears natural gas will become the preferred fuel source for large power generation. The challenge is the lack of gas pipeline infrastructure that would reliably supply generation facilities with gas.
- Natural gas prices have shown to be volatile in the past.

Blue Grass Energy, along with EKPC, continues to investigate other renewable technologies, like the EnviroWatts program, as part of a diverse power portfolio. This program offers members the opportunity to purchase power generated by solar, wind, hydro, or landfill gas.

We are also investigating the potential of a community solar project. This concept would allow members to lease a solar panel that is part of a larger solar farm. Energy generated by their panel would then be applied to their Blue Grass Energy account.

As fellow members, we too are concerned with the importance of clean air and clean water. We also recognize the importance of affordable and reliable electricity. We are committed to continuing our quest in finding a balance between these important issues.

If you would like to send a message to the EPA on these issues, visit www.action.coop.

Blue Grass Energy files for rate adjustment

November 10, 2014

On Tuesday, Nov. 18, Blue Grass Energy will officially submit a request to the Kentucky Public Service Commission (PSC) to adjust their rate structure. This adjustment will take place in two separate phases, a year apart. The overall effect of the rate adjustment is an increase of 2.17 percent.

Blue Grass Energy's current cost per kwh is 9.72 cents—well below the national average of 12.12 cents (*U.S. Energy Information Administration*).

Under the proposed rate adjustment, the average residential member will pay 9.96 cents per kwh. The average residential member on Blue Grass Energy's system uses 1,271 kwh per month. Under this scenario, the average residential member's monthly bill will change from \$123.76 to \$126.97. This is an increase of \$3.21 per month, or 10.7 cents per day.

Reliable service for members is a critical area of emphasis at Blue Grass Energy. We have, and will continue, to invest money to improve our infrastructure, ensuring system reliability. Members see the benefits of these investments in less outages and shorter outage times. The improvements are partially attributed to BGEnergy's proactive tree trimming program, and their preventive approach of replacing equipment.

Blue Grass Energy has utilized technology and other cost-cutting measures to save the cooperative over \$1.5 million in the last three years. They have also utilized technology to lower wholesale power costs by reducing peak demand. The cooperative has been aggressively promoting the direct load control program, Simple Saver. Now with more than 8,000 members participating, this further reduces peak demand.

"We are vigilant in controlling costs at the cooperative," said Mike Williams, Blue Grass Energy's President and CEO. "It is our intent to provide the highest quality of service in the most efficient way."

Members are encouraged to take advantage Blue Grass Energy's free energy audits and other tools available at www.bgenergy.com in order to minimize the impacts of the proposed rate adjustments.

If approved by the Kentucky Public Service Commission, the rate adjustment is expected to take effect in spring of 2015.

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

6. Reference Application, paragraph 1. For each of the 23 counties where BGE operates, provide the median and average income, the average BGE bill during the test period, and the average bill should the proposed rates go into effect.

RESPONSE:

County	Per Capital Income*	Medium Income*
Anderson	\$24,161	\$52,646
Bourbon	\$24,161	\$52,646
Bracken	\$20,918	\$39,196
Estill	\$16,435	\$29,184
Fayette	\$29,251	\$48,398
Franklin	\$26,243	\$46,071
Garrard	\$21,341	\$44,652
Grant	\$19,829	\$46,159
Harrison	\$21,424	\$36,048
Henry	\$21,923	\$46,016
Jackson	\$15,880	\$26,156
Jessamine	\$25,637	\$49,024
Madison	\$21,800	\$42,312
Mercer	\$24,138	\$45,396
Nelson	\$23,545	\$43,833
Nicholas	\$20,450	\$43,081
Pendleton	\$23,122	\$45,480
Robertson	\$17,641	\$31,786
Scott	\$27,802	\$61,893
Shelby	\$27,039	\$57,298
Spencer	\$26,666	\$65,209
Washington	\$19,837	\$40,845
Woodford	\$29,277	\$57,580

*Source: <http://quickfacts.census.gov/qfd/states/21000.html>

The test year and proposed average bill is below. This can also be found in the original application, Exhibits D and J.

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

	<u>Test Year</u> <u>Average</u> <u>Bill</u>	<u>Phase 1</u> <u>Proposed</u> <u>Average</u> <u>Bill</u>	<u>Phase 2</u> <u>Proposed</u> <u>Average</u> <u>Bill</u>
-			
<u>Rate Class</u>			
GS-1 Residential and Farm	\$ 123.76	\$ 126.97	\$ 126.97
GS-3 Residential and Farm TOD	\$ 83.96	\$ 86.14	\$ 86.14
SC-1 General Service (0-100 KW)	\$ 259.46	\$ 268.54	
SC-2 General Service (0-100 KW) TOD	\$ 242.25	\$ 250.72	
LP-1 Large Power (101KW - 500 KW)	\$ 4,536.29	\$ 4,536.29	
LP-2 Large Power (over 500 KW)	\$ 20,192.09	\$ 20,192.09	
B-1 Large Industrial Rate (100KW - 4999 KW)	\$ -	\$ -	
B-2 Large Industrial Rate (over 5000 KW)	\$ 195,099.12	\$ 195,120.82	
G-1 Large Industrial Rate (over 1500 KW)	\$ 1,050,445.70	\$ 1,050,445.70	
Outdoor Lighting	\$ 11.31	\$ 12.19	
CATV	\$ 3.12	\$ 3.78	
Non-Recurring Charges			
Disconnect Charge	\$ 72.00	\$ 85.00	
Collection Fee	\$ 25.00	\$ 30.00	
Overtime Disconnect	\$ 50.00	\$ 75.00	
Remote Disconnect	\$ 20.00	\$ 25.00	
Reconnect Fee	\$ 25.00	\$ 30.00	
Over Time Reconnect	\$ 50.00	\$ 75.00	
Returned Check	\$ 20.00	\$ 25.00	
Meter Reader Charge	\$ 25.00	\$ 35.00	
Temporary Service	\$ -	\$ 35.00	

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

7. Has BGE conducted a study to compare the Company's salary, benefits, and raises per employee with the standard salary, benefits, and raises by the workforce in the counties which it services, including but not limited to the following counties: Anderson, Garrard, Madison, Robertson, Woodford, Bourbon, Harrison, Mercer, Scott, Bracken, Henry, Nelson, Shelby, Estill, Jackson, Nicholas, Spenser, Fayette, Jessamine, Pendleton, and Washington county? If so, please provide copies of all such studies.

RESPONSE:

No.

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

8. Please reference BGE's application, paragraph 5. Please confirm that it is an accurate statement that BGE is requesting "this rate adjustment in order to meet the terms of the mortgage agreement..."
 - a. Provide specific examples and explain in detail how BGE is not currently meeting the mortgage agreement requirements, if any exist.

RESPONSE:

Blue Grass Energy is meeting its mortgage agreement requirements. The primary reason we have filed this case is due to a rate structure change. The rate increase portion is for a small maintenance increase due to inflation since our 2008 case and as a proactive step to maintain a strong financial condition especially since interest rates are anticipated to start increasing the second half of 2015 and since our OTIER is below 2.0. This hopefully, would allow us to proceed several years before another rate case would be needed. We want to maintain a financial condition that exceeds the mortgage minimum requirements so we do not have to seek large increases. We adhere to the philosophy of filing smaller rate increases over a shorter time period vs. filing a larger increase over a longer time period. Since we decided to file a rate structure change and due to the cost of filing a rate case we felt it prudent to seek a small maintenance increase.

- b. According to the application, BGE has to maintain a Net TIER of 1.25 and an OTIER of 1.10 based on an average of two of the three most current years. Please provide BGE's Net TIER for 2014, 2013, 2012, 2011, and 2010 and explain how the Net TIER is calculated.

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

RESPONSE:

Net Tier is Total margins plus interest expense divided by interest expense.

	<u>Total TIER</u>	<u>Total TIER</u> <u>Excluding G&T Patronage</u>	<u>OTIER</u>
2014	Not available	Not available	Not available
2013	3.54	1.68	1.55
2012	2.75	1.46	1.30
2011	3.34	1.96	1.84
2010	2.63	1.86	1.75

- c. Per the information provided, BGE has maintained its TIER, Net TIER, and OTIER well above the mortgage mandatory requirements, so why is BGE asserting that it is filing for a rate increase to meet the terms of the mortgage agreement?

RESPONSE:

See a. above.

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

9. Reference Exhibit G. Provide the percentage increase each class received as a result of the last rate case before the PSC.

RESPONSE:

Please see pages 2 - 3 of this response for the requested information.

RESPONSE TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

	Normalized Revenue	Increase Amount	Percent Increase	Distribuiion Coop	Proposed	
					Amount	Percent
Schedule GS-1	\$ 31,359,435	\$ 4,584,731	14.6%	BGE		
Schedule R	\$ 13,531,599	\$ 1,433,222	10.6%	FC		
Schedule A	\$ 15,852,091	\$ 337,125	2.1%	HC		
Total Residential	\$ 60,743,125	\$ 6,355,078	10.5%		\$ 2,006,534	2.60%
Schedule GS2-ETS	\$ 28,031	\$ 3,377	12.0%	BGE		
Schedule R2 ETS	\$ 7,605	\$ 388	5.1%	FC		
Rate 1 ETS	\$ 87,869	\$ 2,437	2.8%	HC		
Total ETS	\$ 123,505	\$ 6,202	5.0%			
Schedule C-1	\$ 3,002,036	\$ 488,730	16.3%	BGE		
Schedule C	\$ 788,156.00	\$ 101,331	12.9%	FC		
Schedule Rate 2	\$ 580,565	\$ 56,497	9.7%	HC		
Total Small Commercial	\$ 4,370,757	\$ 646,558	14.8%		\$ 279,345	3.50%
LP-1 Large Power	\$ 3,073,385.00	\$ 50,680	1.6%	BGE		
Schedule L Large Power Service	\$ 250,019.00	\$ (59,644)	-23.9%	FC		
Rate 6 Large Power	\$ 568,326.00	\$ (40,204)	-7.1%	HC		
Total LP-1	\$ 3,891,730	\$ (49,168)	-1.3%			
Schedule LP-2	\$ 3,618,310.00	\$ 60,380	1.7%	BGE		
Schedule N	\$ 759,277.00	\$ (35,874)	-4.7%	FC		
LPT1 Rate 8	\$ 412,778.00	\$ (51,901)	-12.6%	HC		
Total LP-2 Over 500 kW	\$ 4,790,365	\$ (27,395)	-0.6%			

RESPONSE TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

	Normalized			Distribuiion Coop	Proposed	
	Revemie	Increase Amount	Percent Increase		Amount	Percent
Schedule B-1	\$ 1,212,640.00	\$ (20)	0.0%	BG		
Schedule B-2	\$ 7,770,800.00	\$ 110,755	1.4%	BGE &FC		
LPR2 Rate 8 (B-2)	\$ 2,707,108.00	\$ (111,680)	-4.1%	HC		
Total B-2	\$ 10,477,908.00	\$ (925)	-2.7%		\$ 1,302	0.00%
Street Lighting	\$ 167,348	\$ 56,239	33.6%	All		
Outdoor Lighting	\$ 1,214,223	\$ 415,854	34.2%	All		
Total Lighting	\$ 1,381,571	\$ 472,093	34.2%		\$ 159,581	7.80%
	\$ 86,991,601	\$ 7,402,423	8.5%			
New Schedules Since Last Case						
GS! Residential & Farm TOD					\$ 974	2.60%
SC-2 General Service TOD					\$ 2,738	3.50%
					\$ 2,450,474	2.10%

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

10. Reference Exhibit H-1, page 3. Please explain how much of the \$2,452,901 revenue request increase does the increased customer charge constitute?

RESPONSE:

The increase in the customer charge has nothing specific to do with the overall requested increase. The primary reason for this application is for a change in the rate structure of Blue Grass to better align rates with cost. The purpose of rate design is to develop a cost/rate structure consistent with those functions that causes cost to be incurred. The second reason is the maintenance type increase that Blue Grass is seeking in this application so that it maintains an appropriate financial condition consistent with the seven principles of cooperatives.

- a. What percentage does the customer charge constitute of the \$2,452,901 revenue increase?

RESPONSE:

Please see the response provided to the first part of this request.

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

11. Reference Exhibit H-1, pages 3-4.

- a. Provide a clear and detailed breakdown of the \$129,304 increase in revenue requirements for wages and salaries.

RESPONSE:

Please see Exhibit 1, pages 1 through 5 of the application.

- b. Provide a clear and detailed breakdown of the \$22,760 increase in payroll taxes.

RESPONSE:

Please see Exhibit 2, pages 1 through 3 of the application.

- c. Provide a clear and detailed breakdown of the \$134,874 increase in revenue requirements for depreciation expense.

RESPONSE:

Please see Exhibit 3, pages 1 through 6 of the application.

- d. Provide a clear and detailed breakdown of the \$482,472 increase in revenue requirements for interest expense.

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

RESPONSE:

Please see Exhibit 4, pages 1 through 4 of the application.

- e. Provide a clear and detailed breakdown of the \$103,186 increase in revenue requirements for R&S Retirement.

RESPONSE:

Please see Exhibit 5, pages 1 through 11 of the application.

- f. Provide a clear and detailed breakdown of the \$16,889 increase in revenue requirements for property taxes.

RESPONSE:

Please see Exhibit 6, pages 1 through 8 of the application.

- g. Provide a clear and detailed breakdown of the \$30,000 increase in revenue requirements for rate case expense.

RESPONSE:

Please see Exhibit 11, page 1 of the application.

- h. Provide a clear and detailed breakdown of the \$7,776,965 increase in revenue requirements for GTCCs.

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

RESPONSE:

It has been a standard procedure of this Commission to exclude East Kentucky Power Cooperative (“EKPC”) Capital Credits (GTCC’s) from the determination of revenue.

- i. Provide a clear and detailed breakdown of the \$29,130 decrease in revenue requirements for professional fees.

RESPONSE:

Please see Exhibit 8, pages 1 through 12 of the application.

- j. Provide a clear and detailed breakdown of the \$2,987 decrease in revenue requirements for donations.

RESPONSE:

It is a standard practice of this Commission to exclude donations from the determination of revenue requirements.

- k. Provide a clear and detailed breakdown of the \$17,612 decrease in revenue requirements for director fees.

RESPONSE:

Please see Exhibit 9, pages 1 through 12 of the application.

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

- l. Provide a clear and detailed breakdown of the \$75,550 decrease in revenue requirements for miscellaneous expenses.

RESPONSE:

Please see Exhibit 10, pages 1 through 10 of the application.

- m. Provide a clear and detailed breakdown of the \$17,885 decrease in revenue requirements for CATV Rate Revenue.

RESPONSE:

Please see Exhibit 13, pages 1 through 5 of the application.

- n. Provide a clear and detailed breakdown of the \$76,995 decrease in revenue requirements for nonrecurring charge revenue.

RESPONSE:

Please see Exhibit 22, pages 1 through 7 of the application.

- o. Provide a clear and detailed breakdown of the \$86,517 decrease in revenue requirements for year-end customer adjustment.

RESPONSE:

Please see Exhibit 15, page 1 of the application.

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

- p. Provide a clear and detailed breakdown of the \$229,194 decrease in revenue requirements for normalization of purchased power.

RESPONSE:

Please see Exhibit 20, pages 1 through 7 of the application.

- q. Provide a clear and detailed breakdown of the \$112,225 decrease in revenue requirements for normalization of base rate revenue.

RESPONSE:

Please see Exhibit 16, pages 1 of the application.

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

12. Reference Exhibit H-1, page 5. Why was the date of September 25, 2014 chosen to pick the FFB ten year rate BGE intends to use?

RESPONSE:

The date of September 25, 2014 was selected because this was a day when Blue Grass was finalizing its revenue requirements and the amount of increase to be requested in this rate application.

- a. Why didn't BGE obtain a more recent interest rate before filing the application in November 2014? For example the FFB ten year interest rate hovered around 2.31% (2.24% approximate FFB quarterly rate) in November 2014, which is lower than the proposed rate from September 2014.

RESPONSE:

The process for developing an application for an adjustment of rates takes time and is a sequential process for the most part. After the determination of revenue requirements of which interest expense is a significant item, comes the development and completion of a cost of service study, selection of rate design, writing testimony, and compilation of the rest of the filing.

- b. What was the average FFB ten year rate during the test period?

RESPONSE:

The requested data is unavailable because rates change at least weekly and Blue Grass

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

has not maintained a file on this matter so that such an average rate could be developed.

- c. Please provide an archive of all FFB rates for 2014, 2013, and 2012.

RESPONSE:

- d. Does BGE admit that the FFB ten year interest rate on January 16, 2015 was 1.77% (1.72% approximate FFB quarterly rate)? If so, please explain how BGE can assert that interest rates will only rise in the future? If not, please explain why not.

RESPONSE:

Blue Grass will accept the fact that the FFB ten year interest rate of January 16, 2015 was 1.77%. Blue Grass continues to believe that interest rates will rise based on the idea that they cannot go much lower than current rates and more importantly, most finance experts such as the Chair of the Federal Reserve System have state their anticipation that rates will rise in the second half of 2015. The Federal Reserve System has held interest rates artificially low in an attempt to stimulate the economy.

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

13. Please reference the application generally. Provide a detailed breakdown and summary of all of BGE's loans, as well as the current interest rate, principal, variable or fixed, current interest payment, current principal payment, etc.

RESPONSE:

See Response to Commission Staff's Second Request for Information Item 6.

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

14. Please reference the application generally. Provide the average interest rate/cost of debt that BGE has paid for each of the last ten (10) years.

RESPONSE:

Interest Rate / Cost of Debt

2013	3.51%
2012	3.64%
2011	3.76%
2010	3.77%
2009	3.77%
2008	4.05%
2007	4.82%
2006	4.61%
2005	4.10%
2004	3.68%

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

15. Reference Exhibit H-1, page 5, Q9 where it states that "the adjustment for interest expense has been developed in a manner that is slightly different than the standard normalization approach."

- a. Explain in detail what approach BGE used for the adjustment of interest expense and how it is different than the standard normalization approach.

RESPONSE:

The approach that Blue Grass used was to use a longer term interest rate for all short term interest rates on Federal Financing Bank ("FFB") loans instead of using the actual short term interest rates at the test year end. A ten year rate of 2.5% was used.

- b. Explain why BGE did not use the standard normalization approach.

RESPONSE:

Blue Grass chose a different approach for several reasons. One, short term interest rates are not indicative of future interest rates while utility rates are developed for longer term purposes. Two, the Times Interest Earned Ratio ("TIER") does not adequately provide for a reasonable level of margins in times of low interest rates or high interest rates and TIER has been the primary tool of this Commission for providing for the level of margins by distribution cooperatives in Kentucky. Third, an acceptable, alternative means of providing for reasonable levels of margins have not been accepted by those providing oversight in this process. And four, it is a means to provide for some measure of regulatory lag that exists between the end of a test year and the approval of new rates.

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

- c. Please explain in detail why BGE should obtain an increase in rates based upon a non-existent interest rate that BGE does not currently pay.

RESPONSE:

The interest rate used is a real interest rate that would exist if a loan was taken out at that time. I do not believe that the FFB would put out such information if not factual. Please see the response to part b of this item for reasons as to why it has been used in this case.

- d. Please advise why does not wait until the interest rates are actually raised, and then request the additional monies as a rate increase instead of attempting to guess as to what the interest increase may be in the future.

RESPONSE:

Two primary reasons exist as to why Blue Grass has filed an application at this time. One, Blue Grass has filed this application primarily for a change in its rate structure to increase its customer charges. With the volatility in sales for electric cooperatives, an increase in the customer charge would be beneficial to help stabilize its revenue. Since this structure change does cost money to complete, Blue Grass decided to file for a maintenance type increase at the same time. Two, a forecasted test year was looked but was rejected for a couple of significant reasons. One was concern with the sales forecast that comes as a part of a forecasted test year. Second, the quantity and type of data and information required to be filed in forecasted test year rate application.

- e. If BGE currently has an extremely low rate on its cost of debt, then should the

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

ratepayers not benefit from this by paying lower rates?

RESPONSE:

The ratepayers are benefitting at the current time from these rates through a reduction in cost and resulting larger margins. Larger margins become equity for the cooperative and are eventually paid back to its members in the return of capital credits. I believe that the last thing we want to do is to cause a cooperative to move all its debt to long term interest rates so that it can receive a more favorable treatment in rate application proceedings. The basis for the determining of margins needs to move from a TIER basis to another basis with a return on equity being the most likely at the current situation.

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

16. Reference Exhibit H-1, page 5, Q9. Confirm that BGE is using the standard normalization approach for interest expense adjustment on all loans (i.e. using the actual interest rates of the loans), except for the Federal Financing Bank loans that have variable interest.

RESPONSE:

Yes, we are using the standard normalization approach for interest rate adjustment for all loans except for the FFB variables and one CFC variable.

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

17. Reference Exhibit H-1, page 5, Q9. Provide all data and information upon which BGE relied in forming the conclusion that it is appropriate to use a longer term interest rate for the FFB loans.

RESPONSE:

Please see the response to Item 15 in this Request for Information.

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

18. Reference Exhibit H-1, page 5, Q9. Explain when BGE plans to refinance the variable rate interest loans.

RESPONSE:

We will refinance the variable interest rate loans to a fixed rate when we feel the interest rate curve starts moving upward on the long end. We have maintained a mixture of variable to fixed ratio to maximize savings on the short end and minimize risk on the long end

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

19. Please provide any and all citations to base rate cases utilizing a historic test year in which the rate approved by the Kentucky PSC for a jurisdictional electric cooperative were premised upon an assumption that longer term interest rates will be higher than those existing during the preparation of the application. Please explain your answer.

RESPONSE:

Please see the response to Item No. 5 of the Commission Staff's Second Request for Information.

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

20. Please provide any and all citation to prior base rate cases in which the rate approved by the Kentucky PSC for a jurisdictional electric cooperative used the "different" normalization of interest approach that BGE uses in this application? Please explain your answer.

RESPONSE:

This Commission has not approved the approach used in this case in regards to interest rate normalization in any other case. However, in the Case No, 2014-00339 – Application of Cumberland Valley Electric for an Adjustment in Retail Electric Rates, this Commission did allow an interest rate percent higher than the year end interest rates for FFB loans in the normalization of interest expense. Blue Grass has provided a method different than the normal Times Interest Earned Ratio (“TIER”) because the current situation on interest rates very plainly presents a major shortcoming to the use of the TIER method for establishing margins. Low interest rates leads to low interest expense which is good and to low margins without any relationship to the margin needs of a cooperative.

Please see the response to Item 5 of the Commission Staff’s Second Request for Information for further information on this matter.

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

21. Please reference the application generally and provide what BGE's rate increase request would be if the normal approach were taken to interest expense adjustment which used the actual interest rates of the loans?

RESPONSE:

Please see page 2 of this response.

Blue Grass Energy
Case No. 2014-00339

Item 21
page 2 of 2

Statement of Operations, Adjusted

Witness: Jim Adkins

Interest Expense Based On Test Year End Rates

	Actual <u>Test Year</u>	Normalized <u>Adjustments</u>	Normalized <u>Test Year</u>	Proposed <u>Increase</u>	Proposed <u>Test Year</u>
Operating Revenues:					
Base rates	112,934,101	114,566	113,048,667	1,374,381	114,423,048
Fuel and surcharge	12,071,811	(12,071,811)	-		-
Other electric revenue	3,034,467	181,397	3,215,864		3,215,864
	<u>128,040,379</u>	<u>(11,775,848)</u>	<u>116,264,531</u>	<u>1,374,381</u>	<u>117,638,912</u>
Operating Expenses:					
Cost of power:					
Base rates	84,333,727	(229,194)	84,104,533		84,104,533
Fuel and surcharge	11,736,595	(11,736,595)	-		-
Distribution - operation	2,697,746	38,579	2,736,325		2,736,325
Distribution - maintenance	6,175,084	71,054	6,246,138		6,246,138
Consumer accounts	2,862,998	42,367	2,905,365		2,905,365
Customer service	993,181	31,792	1,024,973		1,024,973
Sales	-	-	-		-
Administrative and general	4,404,713	(323)	4,404,390		4,404,390
Total operating expenses	<u>113,204,044</u>	<u>(11,782,320)</u>	<u>101,421,724</u>	<u>-</u>	<u>101,421,724</u>
Depreciation	8,253,042	131,252	8,384,294		8,384,294
Taxes - other	160	-	160		160
Interest on long-term debt	4,219,323	(55,617)	4,163,706		4,163,706
Interest expense - other	2,879	-	2,879		2,879
Other deductions	23,098	(2,987)	20,111		20,111
Total cost of electric service	<u>125,702,546</u>	<u>(11,709,672)</u>	<u>113,992,874</u>	<u>-</u>	<u>113,992,874</u>
Utility operating margin	<u>2,337,833</u>	<u>(66,176)</u>	<u>2,271,657</u>	<u>1,374,381</u>	<u>3,646,039</u>
Nonoperating margins, interest	260,389	-	260,389		260,389
Nonoperating margins, other	86,005	-	86,005		86,005
G & T capital credits	7,776,965	(7,776,965)	-		-
Other capital credits	171,273	-	171,273		171,273
Net Margins	<u>10,632,465</u>	<u>(7,843,141)</u>	<u>2,789,324</u>	<u>1,374,381</u>	<u>4,163,706</u>
TIER, total	3.52		1.67		2.00
TIER, exclude G&T	1.68				

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

22. Reference Exhibit H-1, page 6, R10. Provide a chart with BGE's proposed allocations and percentage increases compared to the recommendations in the COSS. This chart should compare the applied for allocations with the recommended allocations in the COSS.

RESPONSE:

The requested chart is provided below.

COSS RESULTS COMPARED WITH PROPOSED INCREASE AMOUNTS				
Rate Class	COSS Suggested Increase		Proposed Increase	
	Amount	Percent	Amount	Percent
GS-1, Residential and Farm	\$ 2,368,652	3.06%	\$ 2,010,129	2.60%
GS-1, Residential and Farm T-O-D	25,013	66.65%	976	2.60%
SC-1, General Service (0-100 KW)	489,805	6.14%	279,315	3.50%
SC-2, General Service (0-100 KW T-O-D)	43,142	55.14%	2,739	3.50%
LP-1, Large Power (under 500KW)	(320,291)	-10.49%		
LP-2, Large Power (over 500KW)	(27,367)	-0.49%		
B-2, Large Industrial Rate	(532,533)	-4.55%		
G-1, Large Industrial	(28,281)	-0.54%		
Outdoor Lights	435,984	21.31%	159,741	7.81%
Envirowatts	(1,223)	-15.93%		
	2,452,901	2.17%	2,452,900	2.17%

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

23. Provide any documents, reports, or calculations supporting that were used to prepare the Cost of Service Study.

RESPONSE:

The documents that support the Cost of Service Study (“COSS”) include the following ones:

- Exhibit J – Revenue Analysis
- Exhibit G- Effect of new Rates on Revenues of Blue Grass Energy
- Exhibit K – Various Ratios
- Exhibit Q – Monthly Managerial Reports
- Exhibit S – Statement of Operations and Balance Sheet
- Exhibit Y – Trial Balance for the Test Year
- Exhibit 1 – Adjustment for Wages & Salaries
- Exhibit 2 – Adjustment for Payroll Taxes
- Exhibit 3 – Adjustment for Depreciation
- Exhibit 4 – Adjustment for Interest Expense
- Exhibit 5 – Adjustment for Retirement & Security
- Exhibit 6 – Adjustment for Taxes
- Exhibit 7 – Adjustment for Donations
- Exhibit 8 – Adjustment for Professional Fees
- Exhibit 9 – Adjustment for Director Expenses
- Exhibit 10 – Adjustment for Miscellaneous Expenses
- Exhibit 11 – Adjustment for Rate Case Expense
- Exhibit 12 - Adjustment for GTCC’s
- Exhibit 13 – Adjustment for CATV Revenue
- Exhibit 14 – Adjustment for Disconnect Switch Revenue

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

- Exhibit 15 - Adjustment for End of Year Customers
- Exhibit 16 – Adjustment for Normalized Revenues
- Exhibit 19 - Equity Management Plan
- Exhibit 20 - Adjustment for Purchased Power
- Exhibit 21 – Adjustment for Post-Retirement Benefits
- Exhibit 22 – Adjustment for Nonrecurring Charges Revenue

All of these exhibits listed above are a part of the application.

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

24. Reference Exhibit H-1, page 8, R14. Why is BGE proposing to consolidate the lighting offerings? Please explain the reasoning in full detail.

RESPONSE:

Blue Grass is proposing to consolidate its light offerings from 16 down to 12 because it has several lights that provide the same basic function. One of the reasons is to simplify what is being offered to its members. Second, Blue Grass is proposing to have its rate for lights based on Lumens and not on the specific type of light. Today, if a consumer orders an outdoor light, Blue Grass wishes to price that light on the basis of the lumens whether the light is mercury vapor, sodium vapor or LED. One situation of concern with distribution cooperatives is offer a LED light rate that is different from another type of light with customers calling and wanting their light changed out so that they can have the new type of light. This would cause the cooperative to incur a trip charge and should be able to impose it in these types of situations.

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

25. Reference Exhibit H-1, page 7, R11 and Exhibit H-2, page 2, A6. Verify that phase I means the year immediately following the PSC's approval of rates and phase 2 is the second year following rate approval. If this is incorrect, please clarify the meaning of phase 1 and phase 2.

RESPONSE:

Refer to PSC 2nd data request no. 7.

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

26. Reference Exhibit H-2, page 2, A6.

- a. Please provide a copy of the KAEC Statistical Analysis cited in the answer.

RESPONSE:

- a. Refer to the PSC application exhibit 17.
- b. Please explain if BGE has conferred with the EKPC distribution coops that have a lower average expense per customer to determine how to bring BGE's costs down further.

RESPONSE:

BGE confers periodically with our other coops to identify best practices. We have several KAEC accounting association meetings annually to discuss these types of issues.

- c. What is the "need" that requires BGE to move member related costs to the customer charge, thus more than doubling the customer charge over two years and completely rejecting the notion of gradualism?

RESPONSE:

The purpose and principle behind Blue Grass's proposal to move more of the customer related costs into the customer charge is to better align costs with rates. Customer related costs are costs that are not incurred as a function of the demand level or the

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

usage of energy. They are costs that are incurred due the location of and number of customers. The more appropriate rate design is one where rate design is based on costs. The customer/facility related costs are recovered through a customer/facility type charge. The demand related costs are recovered through a demand charge. And energy related costs are recovered through a demand charge.

- d. Does BGE agree that by placing a large percentage of the rate increase upon the customer charge it will prevent its customers from having the ability to reduce their bills through less energy usage?

RESPONSE:

Customers will still have the ability to reduce their energy bill by using less energy. With this proposed approach to rates, members will have more appropriate price signals than they currently have and the matching of costs with the appropriate rate structure should provide for optimal efficiency of the utilization of the Cooperative's assets. We believe this is a more appropriate rate design in today's business environment.

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

27. Reference Exhibit H-2, page 2, A7. If there is no benefit derived by BGE, then why shift the customer related cost from energy charge to customer charge?

RESPONSE:

The benefit derived is a more appropriate rate design where costs are better aligned with the proper rate charge.

- a. How does shifting the majority of the customer cost from the energy charge to the customer charge "minimize the financial impact, on an annual basis, to individual member within each rate class" when the proposed plan would completely remove the easiest way for customers to control their electric expense - conserving energy and reducing usage?

RESPONSE:

Completely removing the easiest way for customers to control their electric expense is not a true statement. Most of the revenue that Blue Grass will derive from any customer will be a result of the energy charge. Thusly, customers will still have the ability to reduce their power bill by using less energy.

- b. Reference testimony stating "[w]e will also be offering an optional rate for Residential members which would allow an additional rate offering to our membership given the consideration that Blue Grass Energy already offers several energy efficiency and demand response programs." Explain in detail what the optional rate for Residential members will entail and how it is designated on the tariff sheets.

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

RESPONSE:

This optional rate is an inclining block rate and that was failed to be filed with this rate application. Blue Grass is in the process of developing and filing this as a separate item in the near future.

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

28. Reference Exhibit H-2, pages 2-3, A7. How does removing any monetary incentive to conserve energy assist members with energy efficiency efforts in managing their monthly electric bill? Please explain this statement generally, as it is contradictory.

RESPONSE:

See Item 26c and d of Attorney General Initial Request for Information.

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

29. Reference Exhibit H-2, pages 3, A8. Why did BGE decide to use the twelve months ending December 31, 2013 as the test year?

RESPONSE:

Blue Grass Energy decided that a rate structure change was needed for the reason stated in testimony. As part of the implementation of this plan a decision was made to file after the financial closing of the December 31, 2013 calendar year.

- a. Why not use the twelve months ending December 31, 2014?

RESPONSE:

This time period was not used because the case was filed before December 2014.

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

30. Reference Exhibit I. Provide the same information for the proposed \$20.00 customer charge in an identical format.

RESPONSE:

See chart on page 2 of this response.

		Present	Proposed 1	Proposed 2				
Customer Charge		\$ 9.73	\$ 15.00	\$ 20.00				
Energy Charge per kWh		0.08951	0.08783	0.08384				
kWh Usage	Current	Proposed	Increase - Phase 1		Proposed	Increase - Phase 2		
	Rates	Rates -1	Amount	Percent	Rates -2	Amount	Percent	
0	\$ 9.73	\$ 15.00	\$ 5.27	54.2%	\$ 20.00	\$ 10.27	105.5%	
25	11.97	17.20	\$ 5.23	43.7%	22.10	\$ 10.13	84.6%	
50	14.21	19.39	\$ 5.19	36.5%	24.19	\$ 9.99	70.3%	
100	18.68	23.78	\$ 5.10	27.3%	28.38	\$ 9.70	51.9%	
150	23.16	28.17	\$ 5.02	21.7%	32.58	\$ 9.42	40.7%	
200	27.63	32.57	\$ 4.93	17.9%	36.77	\$ 9.14	33.1%	
250	32.11	36.96	\$ 4.85	15.1%	40.96	\$ 8.85	27.6%	
300	36.58	41.35	\$ 4.77	13.0%	45.15	\$ 8.57	23.4%	
350	41.06	45.74	\$ 4.68	11.4%	49.34	\$ 8.29	20.2%	
400	45.53	50.13	\$ 4.60	10.1%	53.54	\$ 8.00	17.6%	
450	50.01	54.52	\$ 4.51	9.0%	57.73	\$ 7.72	15.4%	
500	54.49	58.92	\$ 4.43	8.1%	61.92	\$ 7.44	13.6%	
600	63.44	67.70	\$ 4.26	6.7%	70.30	\$ 6.87	10.8%	
700	72.39	76.48	\$ 4.09	5.7%	78.69	\$ 6.30	8.7%	
800	81.34	85.26	\$ 3.93	4.8%	87.07	\$ 5.73	7.0%	
900	90.29	94.05	\$ 3.76	4.2%	95.46	\$ 5.17	5.7%	
1000	99.24	102.83	\$ 3.59	3.6%	103.84	\$ 4.60	4.6%	
1100	108.19	111.61	\$ 3.42	3.2%	112.22	\$ 4.03	3.7%	
1200	117.14	120.40	\$ 3.25	2.8%	120.61	\$ 3.47	3.0%	
1300	126.09	129.18	\$ 3.09	2.4%	128.99	\$ 2.90	2.3%	
1400	135.04	137.96	\$ 2.92	2.2%	137.38	\$ 2.33	1.7%	
1500	144.00	146.75	\$ 2.75	1.9%	145.76	\$ 1.76	1.2%	
1600	152.95	155.53	\$ 2.58	1.7%	154.14	\$ 1.20	0.8%	
1700	161.90	164.31	\$ 2.41	1.5%	162.53	\$ 0.63	0.4%	
1800	170.85	173.09	\$ 2.25	1.3%	170.91	\$ 0.06	0.0%	
1900	179.80	181.88	\$ 2.08	1.2%	179.30	\$ (0.50)	-0.3%	
2000	188.75	190.66	\$ 1.91	1.0%	187.68	\$ (1.07)	-0.6%	
1271	123.50	126.63	\$ 3.13	2.5%	126.56	\$ 3.06	2.5%	
Average usage amount								

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

31. Reference Exhibit K. For all pages in exhibit K, provide the information for calendar year 2013 and 2014.

RESPONSE:

Calendar year 2013 is referenced as Actual Test Year in Exhibit K of the application.
Information for 2014 calendar year is not available at this time.

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

32. Reference Exhibit L. Provide the information for calendar years 2014, 2013, 2012.

RESPONSE:

2013 is the same as Test Year in Exhibit L of the application and is also on page 2 of this item. Exhibit L for 2012 is on page 2 of this item. Information for 2014 is not available at this time.

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

Blue Grass Energy Cooperative
Case No. 2014-00339
Reconciliation of Rate Base and Capital
December 31, 2013

Reconciliation of Rate Base and Capital used to determine revenue requirements are as follows:

	<u>2013</u>	<u>2012</u>
Equity Capitalization, with		
G&T capital credits	209,997,097	198,281,730
G&T capital credits	<u>(45,257,860)</u>	<u>(39,571,114)</u>
	164,739,237	158,710,616
Reconciling items:		
Capital credits from associated organizations		
(Allocated but unpaid)	(4,579,384)	(2,484,256)
Working capital requirements	2,141,715	2,125,982
Material and supplies, 13 month average	1,348,602	1,465,617
Prepayments, 13 month average	759,293	270,643
Cash and temporary investments	(8,311,060)	(7,857,034)
Accounts receivable	(15,616,931)	(14,745,844)
Material and supplies	(1,370,925)	(1,465,617)
Prepayments	(301,267)	(270,643)
Deferred plant retirements	(4,130,265)	(102,971)
Accumulated operating provisions	9,203,752	7,617,097
Accounts payable	12,213,462	11,097,780
Short term borrowings	0	0
Consumer deposits	1,831,336	1,891,681
Accrued expenses	1,166,613	1,228,510
Net Rate Base	<u><u>159,094,178</u></u>	<u><u>157,481,561</u></u>

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

33. Reference Exhibit N, page 5. Please explain the influx of an additional cash and cash equivalents of approximately \$3,000,000 from 2013 to 2014.

RESPONSE:

The two (2) major reasons for the increase are due to paying \$4,342,389 to NRECA as described in Note 7 of Exhibit N and advancing \$1.8 million more long-term debt in 2014 compared to 2013.

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

34. Reference Exhibit N, page 12. Please explain the increase of approximately \$11,000,000 in patronage capital from 2013 to 2014.

RESPONSE:

The increase is due to East Kentucky capital credits.

- a. Has this patronage capital been distributed to the members? If not, why not?

RESPONSE:

Yes.

- b. What level of patronage capital is required by BGE?

RESPONSE:

The mortgage agreement states equity must exceed 30% before capital credits can be paid. The Equity Management Plan also states an equity to asset ratio of 30%. The equity to asset ratio with East Kentucky Power Cooperative (“EKPC”) patronage capital is 38%, and without EKPC capital credits is 23%. The calculations are as follows:

	w/ EKPC	w/o EKPC
Total assets	234,973,051	189,715,191
Equity	88,475,697	43,217,837
Ratio	38%	23%

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

35. Reference Exhibit N, page 6. Please explain the approximately \$6,000,000 in cost of power.

RESPONSE:

Exhibit N, page 6 does not list cost of power as approximately \$6 million, but rather \$99 million for 2014 and \$93 million for 2013. The difference between the 2 years is \$6 million. The years listed for 2014 and 2013 are for the years ended April 30 of each year. The test year of 2013 is a calendar year. The main reason for the increase in power cost for the 12 months ended 2014 over 2013 is an increase in kWh purchases of approximately 92 million. At approximately 7 cents per kWh purchased this would result in an increase of approximately \$6.5 million.

- a. If this is due to fuel costs, please explain if this expense is recovered through an FAC?

RESPONSE:

Please see response above.

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

36. Reference Exhibit N, page 7. Please verify that the 3,785 and 7,507 net change in memberships is 3,785 and 7,507 additional customers.

RESPONSE:

This is not necessarily true. During 2013 Blue Grass made an adjustment to memberships for accounts that have not been active and had not had the membership applied to their final bill.

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

37. Reference Exhibit N, page 13.
- a. Verify that BGE has not refinanced its RUS loans since 2006. Please explain why BGE has not refinanced its RUS loans since 2006?

RESPONSE:

Correct. RUS offers discounts for early payoff of certain loans. Blue Grass refinanced the loans that RUS offered this early discount. The remaining loans do not offer a discount that makes refinancing them financially feasible.

- b. Please provide a narrative explaining the increase from 2013 to 2014 in total comprehensive income of approximately \$1,000,000.

RESPONSE:

The increase is due to actuarial losses related to FAS No. 106 calculations.

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

38. Reference Exhibit P, page 1. Please provide detailed breakdowns of the costs for each meeting in the years 2014, 2013, 2012, 2011, and 2010.

RESPONSE:

YEAR	2014	2013	2012	2011	2010
Labor	\$25,000	\$25,319	\$34,158	\$30,685	\$26,380
Expenses	\$80,291	\$76,436	\$71,417	\$71,711	\$73,855
Benefits	\$13,300	\$16,048	\$23,817	\$18,025	\$15,888
Transportation	\$ 2,700	\$ 2,731	\$ 3,201	\$ 3,190	\$ 2,854
Scholarships	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total	\$131,291	\$130,534	\$142,593	\$133,611	\$128,977

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

39. Reference Exhibit R, pages 26-27. Provide percentage of total kWh used by each class.

RESPONSE:

Energy Sales for Test Year		
<u>Rate Class</u>	<u>Energy Sales kWh</u>	<u>Percent of Total</u>
GS-1, Residential and Farm	793,939,806	61.84%
GS-1, Residential and Farm T-O-D	437,447	0.03%
SC-1, General Service (0-100 KW)	70,405,905	5.48%
SC-2, General Service (0-100 KW T-O-D)	659,159	0.05%
LP-1, Large Power (under 500KW)	37,501,047	2.92%
LP-2, Large Power (over 500KW)	80,741,257	6.29%
B-2, Large Industrial Rate	198,304,474	15.45%
G-1, Large Industrial	92,572,452	7.21%
Outdoor Lights	9,008,707	0.70%
Envirowatts	271,800	0.02%
Total	1,283,842,054	100.00%

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

40. Reference Exhibit R, pages 34-35. Why have classes LP1, B-2, and G-1 not been allocated any of the rate increase?

RESPONSE:

The Cost of Service Study indicates that these three rate classes are over recovering their revenue requirements and a reduction in their rates might be in order. However, any reduction in rates could result in an increase in another rate class.

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

41. Reference exhibit S, pages 1-2. Provide the information on pages 1-2 for the calendar year 2014.

RESPONSE:

This information is not available yet.

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

42. Reference exhibit S, page 1. Explain what the \$131,252 depreciation being adjusted and added to the test year represents.

RESPONSE:

All the detail information for the depreciation adjustment is included with Exhibit 3 of the application.

- a. Please also explain what the \$131,252 depreciation being adjusted and subtracted from the test year represents.

RESPONSE:

All the detail information for the depreciation adjustment is included with Exhibit 3 of the application.

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

43. Reference exhibit S, page 1. Explain what the \$5,930,670 depreciation being adjusted and subtracted to both lines of patronage capital represents, and why it is being deducted.

RESPONSE:

Exhibit S does not reflect a depreciation adjustment of \$5,930,670. The depreciation adjustment reflects \$131,252. The adjustment to patronage capital is a summary of adjustments to the balance sheet.

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

44. Reference exhibit S, page 4. Provide a breakdown of Christmas bonuses that were given to all employees for the past five (5) years.

RESPONSE:

- a. Please also explain if the Christmas bonuses have been removed for ratemaking purposes.

Christmas bonuses have been removed for rate-making purposes, as fully explained in Exhibit 1 of the application.

RESPONSE:

- b. Provide a breakdown of all general bonuses that have been given to all employees for the past five (5) years, and advise if the bonuses, if any, have been removed for ratemaking purposes.

RESPONSE:

Please see page 2 of this response.

Item No. 44

- a. Christmas Bonus are removed for ratemaking purposes.

2013 \$14,610

2012 \$14,605

2011 \$14,585

2010 \$14,445

2009 \$14,225

- b. General Bonuses are not removed for ratemaking purposes due to performance and storm outage situations.

2013 \$ 6,823

2012 \$ 2,441

2011 \$ 9,832

2010 \$ 2,529

2009 \$83,343

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

45. Reference exhibit S, page 4. Provide a breakdown of donations that were given for the past five (5) years.

RESPONSE:

Please see pages 2 -13 of this response.

SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK	PT/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	02	16		725	01/01/13	VN		.00	8.48	.00	PRIZES/BOURBON MIDDLE SCHOOL
JE	49	0.00	MEMB	02	16		2101	01/02/13	V	M-03	.00	.00	.00	DONATIONS
AP	1	232.10	MEMB	02	50		13	02/07/13	VN		.00	500.00	.00	2013 LEADERSHIP KY CONTRIBUTION
AP	1	232.10	MEMB	02	50		725	07/26/13	VN		.00	700.00	.00	DONATION/E A GILBERT
AP	1	232.10	MEMB	02	20		13	10/09/13	VN		.00	100.00	.00	SPONSOR/SPECIAL OLYMPICS KY-MDO
AP	1	232.10	MEMB	02	30		13	12/20/13	VN		.00	664.05	.00	ELECTRIC RANGE COST-FOOD LAB

NUMBER OF RECORDS FOUND - 6

TOTAL QTY .00

TOTAL DEBIT 1,972.53

TOTAL CREDIT 8.48-

NET BALANCE 1,964.05

6666.10

8,630.15

TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK PT/VHR/VND/VEH.	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	08	16	13	01/13/12	VN	.00	25.00	.00	SPONSORSHIPS
AP	1	232.10	MEMB	08	16	13	01/18/12	VN	.00	50.00	.00	SPONSORSHIP/RENAISSANCE PROGRAM
AP	1	232.10	MEMB	08	16	13	01/19/12	VN	.00	25.00	.00	BUSINESS CARD AD/YEAR BOOK
AP	1	232.10	MEMB	08	16	13	01/19/12	VN	.00	800.00	.00	SPONSOR JESS CHAMBER ANNUAL MTG
AP	1	232.10	MEMB	08	16	13	01/26/12	VN	.00	250.00	.00	MERCER APES COME CONTRIBUTION
AP	1	232.10	MEMB	08	16	13	02/13/12	VN	.00	250.00	.00	SPONSOR/GEORGETOWN-SCOTT CHAMBER
AP	1	232.10	MEMB	08	16	13	02/16/12	VN	.00	350.00	.00	SPONSOR/WOODFORD CO REALITY STOR
AP	1	232.10	MEMB	08	16	13	02/20/12	VN	.00	150.00	.00	OUTFIELD SIGN RENEWAL 3/12-2/13
AP	1	232.10	MEMB	08	16	725	02/28/12	VN	.00	350.00	.00	BILBOARD SIGN/HARRISON SCH-2012
AP	1	232.10	MEMB	08	16	13	03/01/12	VN	.00	250.00	.00	BASEBALL FIELD BILBOARD SIGNAGE
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	PROJECT GRAD/MODEL LABORATORY HI
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	PROJECT GRAD/MCHS
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	2012 PROJECT GRADUATION
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	PROJECT GRAD/PENDLETON
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	PROJECT GRAD/BEREA
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	PROJECT GRAD/SCOTT
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	50.00	.00	PROJECT GRAD/MSHS
AP	1	232.10	MEMB	08	16	13	03/02/12	VN	.00	250.00	.00	PROJECT GRAD/SCOTT
AP	1	232.10	MEMB	08	16	13	03/14/12	VN	.00	150.00	.00	WHITE RIBBON SPONSOR/KAED
AP	1	232.10	MEMB	08	16	13	03/14/12	VN	.00	50.00	.00	BASEBALL FIELD SIGN
AP	1	232.10	MEMB	08	16	13	03/15/12	VN	.00	50.00	.00	ANNUAL PROJECT PROM
AP	1	232.10	MEMB	08	16	13	03/15/12	VN	.00	50.00	.00	MT OLIVER/ROBERTSON CO 4TH JULY
AP	1	232.10	MEMB	08	16	13	03/19/12	VN	.00	100.00	.00	HELP FUND THE FIRST LEGO LEAGUE
AP	1	232.10	MEMB	08	16	13	04/04/12	VN	.00	200.00	.00	ANNUAL TV/RADIO CHARITY AUCTION
AP	1	232.10	MEMB	08	20	13	04/09/12	VN	.00	100.00	.00	GOLF SCRAMBLE SPONSOR/KINGSTON L
AP	1	232.10	MEMB	08	16	13	04/10/12	VN	.00	150.00	.00	JESSAMINE YOUTH SOCCER ASSN
AP	1	232.10	MEMB	08	16	13	04/10/12	VN	.00	100.00	.00	JESS CO LIBRARY/SUMMER READING
AP	1	232.10	MEMB	08	16	13	04/10/12	VN	.00	25.00	.00	FEA ANNUAL BANQUET
AP	1	232.10	MEMB	08	16	13	04/10/12	VN	.00	50.00	.00	2012 PROJECT GRADUATION/HARRISON
AP	1	232.10	MEMB	08	16	13	05/07/12	VN	.00	50.00	.00	FOCIA PENDLETON NATL COMPETITION
AP	1	232.10	MEMB	08	16	13	05/07/12	VN	.00	125.00	.00	BEREA CHAMBER GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	13	05/07/12	VN	.00	100.00	.00	ANNUAL GOLF SCRAMBLE/HOLE SPONSO
AP	1	232.10	MEMB	08	16	13	05/07/12	VN	.00	50.00	.00	2012 PROJECT GRADUATION/NICHOLAS
AP	1	232.10	MEMB	08	16	13	05/07/12	VN	.00	100.00	.00	ANDERSON CO CHAMBER GOLF CLASSIC
AP	1	232.10	MEMB	08	16	13	05/14/12	VN	.00	220.00	.00	RELAY FOR LIFE GOLF SCRAMBLE SPO
AP	1	232.10	MEMB	08	16	2010	05/14/12	VN	.00	220.00	.00	RELAY FOR LIFE GOLF SCRAMBLE SPO
AP	1	232.10	MEMB	08	16	13	05/14/12	VN	.00	500.00	.00	RELAY FOR LIFE GOLF SCRAMBLE SPO
AP	1	232.10	MEMB	08	20	725	05/16/12	VN	.00	250.00	.00	HOLE SPONSOR/RICHMOND CHAMBER
AP	1	232.10	MEMB	08	16	13	05/23/12	VN	.00	340.00	.00	GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	13	05/23/12	VN	.00	250.00	.00	HOLE SPONSOR
AP	1	232.10	MEMB	08	16	13	05/23/12	VN	.00	340.00	.00	GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	13	05/25/12	VN	.00	125.00	.00	2012 CONTRIBUTION
AP	1	232.10	MEMB	08	16	13	05/25/12	VN	.00	125.00	.00	GOLF TEAM SPONSOR/FARMER
AP	1	232.10	MEMB	08	16	13	05/25/12	VN	.00	125.00	.00	GOLF TEAM SPONSOR/HALL
AP	1	232.10	MEMB	08	16	13	05/25/12	VN	.00	125.00	.00	GOLF TEAM SPONSOR/SMOTHERS
AP	1	232.10	MEMB	08	16	13	05/31/12	VN	.00	100.00	.00	GOLF TEAM SPONSOR/C BREWER
AP	1	232.10	MEMB	08	16	13	05/31/12	VN	.00	100.00	.00	PAINT THE TOWN BANNER PROJECT
AP	1	232.10	MEMB	08	16	13	06/05/12	VN	.00	80.00	.00	TROPHY & RIBBONS SPONSORSHIPS
AP	1	232.10	MEMB	08	16	13	06/05/12	VN	.00	50.00	.00	HARRISON CO VOLLEYBALL FUNDRAISE
AP	1	232.10	MEMB	08	16	13	06/05/12	VN	.00	100.00	.00	FARM CITY FIELD DAY SPONSORSHIP
AP	1	232.10	MEMB	08	30	13	06/12/12	VN	.00	150.00	.00	GOLF SCRAMBLE HOLE SPONOR
AP	1	232.10	MEMB	08	16	13	06/15/12	VN	.00	100.00	.00	GOLF SCRAMBLE HOLE SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	06/15/12	VN	.00	100.00	.00	FABULOUS 4TH CELEBRATION

TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CR/JOB/REC/TSK	PJ/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	08	16	13	06/25/12	VN	18990	.00	50.00	.00	JOE MOONEY INV GOLF TOURNAMENT
AP	1	232.10	MEMB	08	16	725	06/26/12	VN	16224	.00	420.00	.00	SPONSORSHIP/GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	725	06/26/12	VN	8164	.00	400.00	.00	REG/KEENE RUN GOLF CLASSIC
AP	1	232.10	MEMB	08	30	13	07/11/12	VN	18536	.00	100.00	.00	GOLF SCRAMBLE HOLE SPONSORSHIP
AP	1	232.10	MEMB	08	30	13	07/17/12	VN	19017	.00	100.00	.00	HUNT ETHICS LESS FORTUNATE CHILD
AP	1	232.10	MEMB	08	16	13	07/19/12	VN	181	.00	225.00	.00	HBA OF IEX GOLF SPONSOR
AP	1	232.10	MEMB	08	16	13	07/19/12	VN	181	.00	59.82	.00	LUNCH SPONSOR/HBAL
AP	1	232.10	MEMB	08	16	13	07/25/12	VN	13188	.00	500.00	.00	DONATION/NW GOVATEMATA-VOJUNTERS
AP	1	232.10	MEMB	08	16	13	07/26/12	VN	15310	.00	320.00	.00	GOLF SCRAMBLE REGISTRATION FEE
AP	1	232.10	MEMB	08	16	13	07/27/12	VN	8210	.00	150.00	.00	AD/FALL SPORTS PROGRAM
JE	40	912.40	MEMB	08	16	13	09/12/12	VN	m-19	.00	250.00	.00	Bluegrass State games sponsorship
AP	1	232.10	MEMB	08	16	13	10/10/12	VN	8611	.00	250.00	.00	SILVER SPONSOR
AP	1	232.10	MEMB	08	16	13	10/10/12	VN	8611	.00	300.00	.00	SUPPORTING SPONSOR
AP	1	232.10	MEMB	08	20	725	10/11/12	VN	8611	.00	75.00	.00	GOLF SCRAMBLE/BEREA CHAMBER
AP	1	232.10	MEMB	08	16	13	10/29/12	VN	18127	.00	50.00	.00	UR ACHIEVEMENT CYNTHIANA-HARRISO
AP	1	232.10	MEMB	08	16	13	10/29/12	VN	3027	.00	150.00	.00	FRIEND SPONSOR-ANNUAL XMAS GALA
AP	1	232.10	MEMB	08	20	2008	10/30/12	VN	8611	.00	.00	.00	GOLF SCRAMBLE/BEREA CHAMBER
AP	1	232.10	MEMB	08	16	13	10/31/12	VN	11415	.00	150.00	.00	REALITY T-SHIRT SPONSORSHIP
AP	1	232.10	MEMB	08	30	725	12/01/12	VN	19162	.00	650.00	.00	NEED WORKSHOP/2 TEACHERS
AP	1	232.10	MEMB	08	30	13	12/26/12	VN	60	.00	625.00	.00	2012 HONOR FLIGHT SPONSORSHIP

NUMBER OF RECORDS FOUND - 71

TOTAL QTY .00
 TOTAL DEBIT 13,064.82
 TOTAL CREDIT 295.00
 NET BALANCE 12,769.82

Item 45
 Page 6 of 10

SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	02	50		13	03/23/12	VN	117	500.00	.00	2012 LEADERSHIP KY CONTRIBUTION
AP	1	232.10	MEMB	02	16		13	04/10/12	VN	14150	50.00	.00	2012 PROJECT GRADUATION/HARRISON
AP	1	232.10	MEMB	02	16		2010	04/10/12	VN	14150	.00	50.00	2012 PROJECT GRADUATION/HARRISON
AP	1	232.10	MEMB	02	50		725	05/22/12	VN	12	70.83	.00	DONATION-GIFT BASKET
AP	1	232.10	MEMB	02	20		13	07/17/12	VN	15292	100.00	.00	FIRE PUP PROGRAM
AP	1	232.10	MEMB	02	20		13	09/17/12	VN	19068	100.00	.00	DONATIONS
AP	1	232.10	MEMB	02	20		13	11/18/12	VN	181	90.08	.00	DOOR PRIZES/SPECIAL OLYMPICS-MDO
AP	1	232.10	MEMB	02	50		13	11/18/12	VN	528	68.90	.00	KAEC GIFT FOR AUCTION
AP	1	232.10	MEMB	02	20		725	11/20/12	VN	9739	100.00	.00	DONATION/KY STATE POLICE-MDO

NUMBER OF RECORDS FOUND - 9

TOTAL QTY .00
 TOTAL DEBIT 1,079.81
 TOTAL CREDIT 50.00
 NET BALANCE 1,029.81

12,769.82
13,799.63

TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CR/JOB/REC/TSK	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	08	16	13	02/01/11	VN	.00	22,500.00	.00	.11 SPONSORSHIP/LEX LEGENDS
AP	1	232.10	MEMB	08	16	13	02/18/11	VN	.00	25.00	.00	SPONSOR/KICK BIUEGRASS TOURNAMEN
AP	1	232.10	MEMB	08	16	13	02/24/11	VN	.00	250.00	.00	KARD ANNUAL GOLF TOURNAMENT
AP	1	232.10	MEMB	08	16	13	02/24/11	VN	.00	100.00	.00	UCPL SUMMER READING SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	03/01/11	VN	.00	150.00	.00	SIGNAGE BASEBALL FIELD/E JESSAMT
AP	1	232.10	MEMB	08	16	13	03/02/11	VN	.00	325.00	.00	2011 ANNUAL REALITY STORE/WOODFO
AP	1	232.10	MEMB	08	16	13	03/02/11	VN	.00	30.00	.00	SUMMER LIGRARY PROGRAM/CYNTHIANA
AP	1	232.10	MEMB	08	16	13	03/16/11	VN	.00	150.00	.00	BASEBALL FIELD SIGN RENEWAL/W JE
AP	1	232.10	MEMB	08	16	13	03/17/11	VN	.00	50.00	.00	HARRICYN COMMUNITY THEATRE
AP	1	232.10	MEMB	08	16	13	03/17/11	VN	.00	400.00	.00	BASEBALL FIELD SIGNAGE
AP	1	232.10	MEMB	08	16	13	03/11/11	VN	.00	50.00	.00	FEA BANQUET SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	04/06/11	VN	.00	50.00	.00	ANNUAL KITE & CULTURAL FESTIVAL
AP	1	232.10	MEMB	08	16	13	04/21/11	VN	.00	80.00	.00	SPONSORSHIP/MERCER CO FAIR & HOR
AP	1	232.10	MEMB	08	16	13	04/28/11	VN	.00	230.00	.00	.11 ST JUDE GOLF SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	05/17/11	VN	.00	100.00	.00	DONATION
AP	1	232.10	MEMB	08	16	13	05/19/11	VN	.00	125.00	.00	GOLF SCRAMBLE HOLE SPONSOR/BERRA
AP	1	232.10	MEMB	08	16	13	05/25/11	VN	.00	30.00	.00	HOLE SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	06/10/11	VN	.00	420.00	.00	4 PLAYERS/HOLE SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	06/13/11	VN	.00	100.00	.00	BIRDIE SPONSOR FOR GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	13	06/16/11	VN	.00	250.00	.00	TEAM REGISTRATION/HOLE SPONSOR
AP	1	232.10	MEMB	08	16	13	06/30/11	VN	.00	250.00	.00	HOLE SPONSOR/ALUMNI GOLF CUTTING
AP	1	232.10	MEMB	08	20	13	06/30/11	VN	.00	50.00	.00	2011 SPONSORSHIP/MSHS CHEERLEADE
AP	1	232.10	MEMB	08	16	13	07/15/11	VN	.00	100.00	.00	HOLE SPONSOR/BCC GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	13	07/19/11	VN	.00	400.00	.00	2011 CHAMBER GOLF CLASSIC TEAMS
AP	1	232.10	MEMB	08	16	13	07/20/11	VN	.00	250.00	.00	SPONSOR/MADISON SOUTHERN SOCCER
AP	1	232.10	MEMB	08	16	13	07/20/11	VN	.00	.00	.00	CHECK VOIDED
AP	1	232.10	MEMB	08	16	13	07/20/11	VN	.00	250.00	.00	SPONSOR/MADISON SOUTHERN SOCCER
AP	1	232.10	MEMB	08	16	2010	07/20/11	VN	.00	.00	.00	CHECK VOIDED
AP	1	232.10	MEMB	08	16	2010	07/20/11	VN	.00	250.00	.00	SPONSORSHIP
AP	1	232.10	MEMB	08	16	2010	07/20/11	VN	.00	1,595.00	.00	SPONSORSHIP
AP	1	232.10	MEMB	08	16	2010	07/31/11	V	.00	250.00	.00	SPONSOR/BOYS SOCCER
AP	1	232.10	MEMB	08	16	13	08/01/11	VN	.00	250.00	.00	SPONSOR/GIRLS SOCCER
AP	1	232.10	MEMB	08	16	13	08/01/11	VN	.00	420.00	.00	HOLE SPONSOR & TEAM REGISTRATION
AP	1	232.10	MEMB	08	16	13	08/17/11	VN	.00	300.00	.00	SPONSORSHIP/HC BAND BOOSTERS
AP	1	232.10	MEMB	08	16	13	08/19/11	VN	.00	250.00	.00	2011 GOLF FUNDRAISER/WILLIAMS
AP	1	232.10	MEMB	08	16	13	08/24/11	VN	.00	500.00	.00	SCHOLARSHIP/CASSANDRA FANNIN
AP	1	232.10	MEMB	08	16	13	09/21/11	VN	.00	50.00	.00	DISK REQUEST
AP	1	232.10	MEMB	08	16	13	09/27/11	VN	.00	1,500.00	.00	MSHS SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	09/29/11	VN	.00	90.00	.00	MSHS SPONSORSHIP
AP	1	232.10	MEMB	08	16	13	09/29/11	VN	.00	150.00	.00	SPONSORSHIP
AP	1	236.50	MEMB	08	16	13	09/29/11	VN	.00	150.00	.00	SPONSORSHIP
AP	1	236.50	MEMB	08	16	13	09/29/11	VN	.00	150.00	.00	SPONSORSHIP
JE	49	0.00	MEMB	08	16	13	10/12/11	VN	.00	2.00	.00	KIDS MATTER GOLD HOLES SPONSOR
JE	49	0.00	MEMB	08	16	13	10/24/11	VN	.00	1,000.00	.00	2011 HONOR FLIGHT SUPPORT
AP	1	232.10	MEMB	08	16	13	10/24/11	VN	.00	1,000.00	.00	SHOP AT HOME BAGS
AP	1	232.10	MEMB	08	40	13	10/24/11	VN	.00	500.00	.00	SPONSORSHIP
JE	49	0.00	MEMB	08	16	13	11/07/11	V	.00	100.00	.00	DONATION/UNIFORMS
AP	1	232.10	MEMB	08	16	13	11/28/11	VN	.00	150.00	.00	2011 ANNUAL CHRISTMAS GALA/SPONS
AP	1	232.10	MEMB	08	16	13	11/28/11	VN	.00	150.00	.00	Ky affordable homes sponsorship
JE	40	912.40	MEMB	08	50	2101	11/30/11	V	.00	500.00	.00	

NUMBER OF RECORDS FOUND - 47

TOTAL QTY 503.00
 TOTAL DEBIT 34,180.00
 TOTAL CREDIT 700.00
 NET BALANCE 33,480.00

1 Rem 45
Page 8 of 13

TR	RAOCT	ITEM	ID	DEPT	WH	BH	DATE	PK/JOB/REC/TSK	PT/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	02	50	1206	01/04/11	VN		.00	300.00	.00	DANIEL FLEMING MEMORIAL FUND
JE	49	0.00	MEMB	02	50	2101	01/04/11	V	m-27	.00	.00	300.00-	Daniel Fleming memorial fund
AP	1	232.10	MEMB	02	16	13	01/25/11	VN		.00	50.00	.00	ROTHARY PANGARE SPONSORSHIP
AP	1	232.10	MEMB	02	16	13	02/06/11	VN		.00	200.00	.00	CYNTHIANA L C/CHARITY AUCTION
AP	1	232.10	MEMB	02	16	13	02/10/11	VN		.00	250.00	.00	DONATION/KY VETERANS & FAMILIES
AP	1	232.10	MEMB	02	16	13	02/24/11	VN		.00	15681	.00	DONATION/MAYSVILLE COMM COLLEGE
AP	1	232.10	MEMB	02	16	13	03/23/11	VN		.00	117	.00	2011 LEADERSHIP KY CONTRIBUTION
AP	1	232.10	MEMB	02	16	13	04/08/11	VN		.00	500.00	.00	2011 DONATION/BEREA COMMUNITY
AP	1	232.10	MEMB	02	16	13	04/08/11	VN		.00	13070	.00	2011 DONATION/HARRISON
AP	1	232.10	MEMB	02	16	13	04/08/11	VN		.00	14150	.00	2011 DONATION/HARRISON
AP	1	232.10	MEMB	02	16	13	04/08/11	VN		.00	12305	.00	2011 DONATION/WOODFORD
AP	1	232.10	MEMB	02	16	13	04/08/11	VN		.00	8569	.00	2011 DONATION/MCHS
AP	1	232.10	MEMB	02	16	13	04/08/11	VN		.00	18366	.00	2011 DONATION/BEREA COMMUNITY
AP	1	232.10	MEMB	02	16	13	05/10/11	VN		.00	565	.00	2011 DONATION/MODEL
AP	1	232.10	MEMB	02	16	13	05/13/11	VN		.00	18437	.00	DONATION/FOLEY BASKETBALL
AP	1	232.10	MEMB	02	16	13	05/13/11	VN		.00	18437	.00	2011 PROJECT GRADUATION/NICHOLAS
AP	1	232.10	MEMB	02	16	13	05/13/11	VN		.00	13073	.00	PROJECT GRADUATION/NICHOLAS CO
AP	1	232.10	MEMB	02	16	13	05/13/11	VN		.00	18437	.00	2011 PROJECT GRADUATION/NICHOLAS
AP	1	232.10	MEMB	02	16	13	05/13/11	VN		.00	18437	.00	FLIGHT 5191 MEMORIAL/DONATION
AP	1	232.10	MEMB	02	16	13	05/27/11	VN		.00	18447	.00	2011 PROJECT GRADUATION/NICHOLAS
AP	1	232.10	MEMB	02	16	13	06/06/11	VN		.00	8179	.00	DONATION/BUY IN THE BLUEGRASS
AP	1	232.10	MEMB	02	16	13	06/10/11	VN		.00	14086	.00	FABULOUS 4TH CELEBRATION
AP	1	232.10	MEMB	02	16	13	06/30/11	VN		.00	18510	.00	DONATION/SWEET BLESSINGS
AP	1	232.10	MEMB	02	16	13	06/30/11	VN		.00	17966	.00	2ND SUNDAY EVENT 2011/DONATION
AP	1	232.10	MEMB	02	16	13	08/10/11	VN		.00	17560	.00	DONATION/MADISON SOUTHERN DANCE
AP	1	232.10	MEMB	02	16	13	08/16/11	VN		.00	8477	.00	GOLF CLASSICE MULLIGANS/GIBSON
AP	1	232.10	MEMB	02	16	13	08/19/11	VN		.00	16359	.00	DONATION/FILLIES SOCCER
AP	1	232.10	MEMB	02	16	13	08/19/11	VN		.00	18576	.00	EJHS VOLLEYBALL TEAM EXPENSES
AP	1	232.10	MEMB	02	16	13	08/19/11	VN		.00	181	.00	PRIZE COVERAGE/VUS HOLE IN ONE
AP	1	232.10	MEMB	02	16	13	09/06/11	VN		.00	11368	.00	DONATION/SPOONHEAD FESTIVAL
AP	1	232.10	MEMB	02	16	725	09/06/11	VN		.00	18617	.00	DONATION/4H-FFA LIVESTOCK SHOW/
AP	1	232.10	MEMB	02	16	725	09/07/11	VN		.00	18606	.00	WOODFORD CO HS CHERLEADING
AP	1	232.10	MEMB	02	16	2101	09/30/11	V	m-40	.00	.00	.00	Hole in one ins-key accs golf t
JE	49	0.00	MEMB	02	16	13	10/04/11	VN		.00	17954	.00	GOLF HOLE SPONSORSHIP
AP	1	232.10	MEMB	02	16	13	10/10/11	VN		.00	15544	.00	CYNTHIANA FIRE DEPT/CHILD PROGRA
AP	1	232.10	MEMB	02	16	13	10/10/11	VN		.00	18633	.00	DONATION/HARRISON CROSS COUNTRY
AP	1	232.10	MEMB	02	16	13	11/15/11	VN		.00	8647	.00	POINTSETTS/ND0
AP	1	232.10	MEMB	02	16	13	11/15/11	VN		.00	8647	.00	POINTSETTS/ND0
AP	1	236.50	MEMB	02	16	13	11/16/11	VN		.00	17750	.00	2011 DONATION
AP	1	232.10	MEMB	02	16	13	11/16/11	VN		.00	17332	.00	2011 DONATION
AP	1	232.10	MEMB	02	16	13	11/16/11	VN		.00	9540	.00	2011 FARM CITY BANQUET TICKETS
AP	1	232.10	MEMB	02	20	13	11/20/11	VN		.00	9739	.00	SHOP WITH A TROOPER SPONSORSHIP
AP	1	232.10	MEMB	02	20	13	11/28/11	VN		.00	181	.00	FARMER OF THE YEAR PLAQUE
AP	1	232.10	MEMB	02	16	13	12/08/11	VN		.00	181	.00	DONATIONS/AAMM PROGRAM
AP	1	232.10	MEMB	02	20	13	12/08/11	VN		.00	54.01	.00	SUPPLIES FOR CHAMBER WREATH ENTR
AP	1	232.10	MEMB	02	40	13	12/08/11	VN		.00	181	.00	DOOR PRIZE-CHAMBER OF COMMERCE
AP	1	232.10	MEMB	02	30	13	12/08/11	VN		.00	18733	.00	DONATION/HARRISON CO SENIOR CITI
JE	49	0.00	MEMB	02	16	2101	12/31/11	V	m-29	.00	100.00	.00	DONATIONS

NUMBER OF RECORDS FOUND - 46

TOTAL QTY 17.00
TOTAL DEBIT 6,317.67
TOTAL CREDIT 597.00-
NET BALANCE 5,720.67

33,480.00
39,200.67

TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK PT/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	08	13	02/01/10	VN		13028	0.00	22,500.00	SPONSORSHIP/LEXINGTON LEGENDS
AP	1	232.10	MEMB	08	16	02/25/10	VN		8179	0.00	800.00	SPONSOR/JESS CO CHAMBER ANNUAL M
AP	1	232.10	MEMB	08	16	03/01/10	VN		17847	0.00	150.00	SPONSORSHIP/W JESS BASEBALL BOOS
AP	1	232.10	MEMB	08	16	03/09/10	VN		16028	0.00	325.00	ANNUAL REALITY STORE-SPONSORSHIP
AP	1	232.10	MEMB	08	16	03/16/10	VN		16994	0.00	250.00	HOLE SPONSORSHIP/KARD GOLF SCRAM
AP	1	232.10	MEMB	08	16	03/18/10	VN		8611	0.00	125.00	HOLE SPONOR/BEREA GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	04/05/10	VN		14801	0.00	341.61	BREAKFAST SPONSORSHIP
AP	1	232.10	MEMB	08	16	04/12/10	VN		15976	0.00	150.00	SPONSOR-LIONS CHARITY AUCTION
AP	1	232.10	MEMB	08	16	04/22/10	VN		11368	0.00	250.00	CONTRIBUTION/SPOONHEAD FESTIVAL
AP	1	232.10	MEMB	08	16	05/03/10	VN		17911	0.00	160.00	SPONSORSHIP/KINCAID THEATRE
AP	1	232.10	MEMB	08	16	05/03/10	VN		17911	0.00	90.00	SPONSORSHIP/KINCAID THEATRE
AP	1	232.10	MEMB	08	16	05/03/10	VN		8647	0.00	50.00	FEA AWARDS
AP	1	232.10	MEMB	08	16	05/14/10	VN		8179	0.00	400.00	SPONSOR GOLF TEAM/GIBSON/HALL/BR
AP	1	232.10	MEMB	08	16	05/17/10	VN		17944	0.00	300.00	SPONSORSHIPS
AP	1	232.10	MEMB	08	20	05/27/10	VN		11277	0.00	75.00	SHOP WITH A COP SCHOOL PROGRAM
AP	1	232.10	MEMB	08	20	05/27/10	VN		17961	0.00	50.00	GOLF HOLE SPONSORSHIP
AP	1	232.10	MEMB	08	16	06/01/10	VN		3027	0.00	100.00	BIRDIE SPONSOR/GOLF SCRAMBLE
AP	1	232.10	MEMB	08	40	06/10/10	VN		12633	0.00	250.00	GOLF SCRAMBLE SPONSORSHIP
AP	1	232.10	MEMB	08	40	06/10/10	VN		14086	0.00	100.00	FABULOUS 4TH SPONSORSHIP
AP	1	232.10	MEMB	08	40	06/10/10	VN		12633	0.00	250.00	GOLF SCRAMBLE SPONSORSHIP
AP	1	232.10	MEMB	08	40	06/10/10	VN		17966	0.00	150.00	2ND SUNDAY LUNCHEON
JE	49	0.00	MEMB	08	16	06/10/10	V		m-28	0.00	250.00	Cynthiana Chamber of Commerce
JE	49	0.00	MEMB	08	40	06/10/10	V		m-28	0.00	150.00	Cynthiana Chamber of Commerce
JE	49	0.00	MEMB	08	40	06/10/10	V		m-28	0.00	150.00	Community health partnership
AP	1	232.10	MEMB	08	16	06/14/10	VN		9293	0.00	150.00	Cynthiana Rotary
AP	1	232.10	MEMB	08	20	06/25/10	VN		18000	0.00	100.00	FUNDRAISER-GOLF SCRAMBLE THE BUL
AP	1	232.10	MEMB	08	16	07/16/10	VN		8477	0.00	700.00	SPONSORSHIP/MADISON SOUTHERN HTG
AP	1	232.10	MEMB	08	16	07/19/10	VN		181	0.00	22.88	2010 GOLF CLASSIC/LEX CHAMBER
AP	1	232.10	MEMB	08	16	07/19/10	VN		181	0.00	22.88	BREAKFAST SPONSORSHIP-JESS CHAMB
AP	1	232.10	MEMB	08	16	07/19/10	VN		181	0.00	360.00	KAEC-ANNUAL GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16	07/20/10	VN		16706	0.00	350.00	RICHMOND PARKS/SPONSOR SOFTBALL
AP	1	232.10	MEMB	08	16	08/04/10	VN		16224	0.00	400.00	HOLE SPONSOR/REG-MCJMC
AP	1	232.10	MEMB	08	16	08/17/10	VN		18057	0.00	300.00	SPONSOR/THOROUGHBERED CLASSIC MAR
AP	1	232.10	MEMB	08	50	08/19/10	VN		8477	0.00	500.00	BUDG A BETTER BLUEGRASS SPONSOR
AP	1	232.10	MEMB	08	16	08/20/10	VN		15310	0.00	300.00	HOSPICE OF THE BLUEGRASS/GOLF SC
AP	1	232.10	MEMB	08	16	08/26/10	VN		16773	0.00	300.00	SPONSOR/IE JESS HIGH BAND BOOSTER
AP	1	232.10	MEMB	08	16	08/27/10	VN		16027	0.00	250.00	LEADERSHIP KY ALUMI GOLF OUTING
AP	1	232.10	MEMB	08	16	09/20/10	VN		18096	0.00	150.00	KHAKY SPONSORSHIP
CS	80	131.02	MEMB	08	50	09/23/10	VN		12206	0.00	500.00	SCHOLARSHIP/ALESHA OBRVAN
AP	1	232.10	MEMB	08	16	10/20/10	VN		18232	0.00	500.00	BUDS A BETTER BG/CANCEL
AP	1	232.10	MEMB	08	16	11/01/10	VN		8179	0.00	800.00	2010 KY HOUSING CONF SPONSOR
AP	1	232.10	MEMB	08	16	12/15/10	VN		8179	0.00	800.00	2011 GOLD SPONSOR/JESS CHAMBER

NUMBER OF RECORDS FOUND - 43

TOTAL DEBIT 32,799.49
 TOTAL CREDIT 1,250.00
 NET BALANCE 31,549.49

SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CR/JOB/REC/TSK	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	08	16			02/18/09	VN	9540	400.00	.00	SPONSORSHIP/HOME ENERGY EXPO
AP	1	232.10	MEMB	08	16			02/19/09	VN	3027	130.00	.00	BOTH REG/TICKETS-BUSINESS EXPO
AP	1	232.10	MEMB	08	16			02/19/09	VN	10232	600.00	.00	HALE SPONSOR/KY HIGH RODEO ASSN
AP	1	232.10	MEMB	08	16			02/23/09	VN	16621	100.00	.00	2009 SPONSORSHIP-BEREA INTL FEST
AP	1	232.10	MEMB	08	16			02/24/09	VN	13028	3,250.00	.00	SPONSORSHIPS
AP	1	232.10	MEMB	08	16			02/24/09	VN	8179	800.00	.00	GOLD SPONSOR/CHAMBER ANNUAL MTG
AP	1	232.10	MEMB	08	16			04/14/09	VN	8647	25.00	.00	SPONSORSHIP/OUTSTANDING COMM CHA
AP	1	232.10	MEMB	08	16			05/01/09	VN	181	525.00	.00	CYTHIANA H & G SHOW
AP	1	232.10	MEMB	08	16			05/13/09	VN	8611	100.00	.00	BEREA CHAMBER HOLE SPONSOR
AP	1	232.10	MEMB	08	16			05/22/09	VN	3027	100.00	.00	GOLF SCRAMBLE SPONSORSHIP
AP	1	232.10	MEMB	08	16			06/02/09	VN	17517	25.00	.00	SPONSORSHIP/GIANTS T-BALL EQUIPM
AP	1	232.10	MEMB	08	16			06/10/09	VN	12663	50.00	.00	HOLE SPONSORSHIP/GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16			06/12/09	VN	12663	200.00	.00	TEAM REG/CHAMBER GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16			06/16/09	VN	181	360.00	.00	KAED GOLF SCRAMBLE/GIBSON-D BREW
AP	1	232.10	MEMB	08	16			06/17/09	VN	12545	300.00	.00	TEAM FEE/GOLF SCRAMBLE HOLE SPON
JE	49	0.00	MEMB	08	16			06/30/09	V	m-35	.00	.00	SPONSORSHIPS
JE	49	0.00	MEMB	08	16			06/30/09	V	m-35	.00	.00	SPONSORSHIPS
AP	1	232.10	MEMB	08	16			07/06/09	VN	8477	600.00	.00	REGIST FEES/GIBSON-WMS-HALL/D BR
AP	1	232.10	MEMB	08	16			07/20/09	VN	16224	400.00	.00	HOLE SPONSOR/REG FEES
AP	1	232.10	MEMB	08	16			07/23/09	VN	17590	1,000.00	.00	BASEBALL FIELD SCOREBOARD SPONSO
AP	1	232.10	MEMB	08	16			08/05/09	VN	13028	750.00	.00	GROUP TICKETS/HALL OF FAME NIGHT
AP	1	232.10	MEMB	08	16			08/11/09	VN	17585	200.00	.00	DONATION/AC LITTLE LEAGUE BASEBA
AP	1	232.10	MEMB	08	16			08/25/09	VN	393	1,000.00	.00	SPONSORSHIP/NEW SIGN TO PARK
AP	1	232.10	MEMB	08	16			09/01/09	VN	8031	200.00	.00	SPONSORSHIP/ANNUAL GOLF OUTING
AP	1	232.10	MEMB	08	16			09/09/09	VN	8031	170.00	.00	SPONSOR PLAYERS/C REILLY-GIBSON
AP	1	232.10	MEMB	08	16			09/10/09	VN	12804	100.00	.00	GOLF SCRAMBLE-ASPUNDAH/TOUCHSTON
AP	1	232.10	MEMB	08	16			09/17/09	VN	11368	250.00	.00	SPONSORSHIP/BEREA SPOONBREAD FES
AP	1	232.10	MEMB	08	16			09/21/09	VN	17642	200.00	.00	PINK TIE GALA SPONSORSHIP
AP	1	232.10	MEMB	08	16			09/21/09	VN	9304	100.00	.00	JC BROWN AWARD ENTRY FEE
JE	40	912.40	MEMB	08	16			09/30/09	V	m-28	100.00	.00	HOLE SPONSORSHIP/FOX 56 GOLF SCR
AP	1	232.10	MEMB	08	16			10/09/09	VN	17685	100.00	.00	SPONSORSHIPS
CS	80	131.02	MEMB	08	16			10/13/09	VN	181	2,500.00	.00	SCHOOL SPONSOR/LEXINGTON BALLETT
AP	1	232.10	MEMB	08	16			10/16/09	VN	181	400.00	.00	EKP/REIMB GOLF SCRAMBLE
AP	1	232.10	MEMB	08	16			11/17/09	VN	181	58.09	.00	TESS CO GOLF OUTING REGISTRATION
AP	1	232.10	MEMB	08	16			11/19/09	VN	17716	20.00	.00	PLAQUE-SPONSORSHIP MADISON FARM
CS	80	131.02	MEMB	08	50			12/14/09	VN	1206	100.00	.00	FARM CITY BANQUET/MAUPIN & SPOUS
AP	1	232.10	MEMB	08	20			12/17/09	VN	181	583.00	.00	SERCO/GOLF SPONSORSHIP
AP	1	232.10	MEMB	08	16			12/29/09	VN	17785	100.00	.00	MADISON CO REALTORS-PRESENTATION
													DISTRICT CHAMPION FOOTBALL/KING

NUMBER OF RECORDS FOUND - 39

TOTAL QTY 8.00
 TOTAL DEBIT 15,796.09
 TOTAL CREDIT 855.00-
 NET BALANCE 14,941.09

TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK	QTY	DEBIT	CREDIT	DESCRIPTION
AP	1	232.10	MEMB	02	17	13	01/05/09	VN	17349	100.00	.00	DONATION-HEALTH FAIR
AP	1	232.10	MEMB	02	16	13	01/14/09	VN	13025	150.00	.00	SIGN RENEWAL 3/09-2/10-BASEBALL
AP	1	232.10	MEMB	02	16	13	01/16/09	VN	181	105.44	.00	GIFT CARD/JASON SCHAEFFER
AP	1	232.10	MEMB	02	16	13	01/16/09	VN	181	245.00	.00	DONATIONS
AP	1	232.10	MEMB	02	16	13	02/02/09	VN	14289	50.00	.00	SILVER SPONSORSHIP BFKS 2009
AP	1	232.10	MEMB	02	16	13	02/23/09	VN	17400	100.00	.00	DONATION/MANDY KAISER
AP	1	232.10	MEMB	02	16	13	02/24/09	VN	14872	50.00	.00	DONATION/APES CONFERENCE
AP	1	232.10	MEMB	02	20	13	03/09/09	VN	16533	50.00	.00	FRIENDS SPONSORSHIP
AP	1	232.10	MEMB	02	50	13	03/09/09	VN	17419	65.00	.00	AD IN CALANDER
AP	1	232.10	MEMB	02	16	13	03/11/09	VN	1117	500.00	.00	2009 LEADERSHIP KY CONTRIBUTION
AP	1	232.10	MEMB	02	16	13	03/12/09	VN	17427	500.00	.00	DONATION/CHLD OF DECEASED LINEM
AP	1	232.10	MEMB	02	16	13	03/17/09	VN	17400	250.00	.00	DONATION/MANDY KAISER
AP	1	232.10	MEMB	02	16	13	04/16/09	VN	181	25.00	.00	DOOR PRIZE
AP	1	232.10	MEMB	02	16	13	04/20/09	VN	17334	50.00	.00	DONATION/SUMMER CAMP SLEM STUDEN
AP	1	232.10	MEMB	02	16	13	04/22/09	VN	17184	100.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	04/23/09	VN	16559	25.00	.00	DONATION-CAPS TESTING GIFTS
AP	1	232.10	MEMB	02	16	13	04/28/09	VN	16028	325.00	.00	SPONSORSHIP/REALTY STORE 2009
AP	1	232.10	MEMB	02	16	13	04/30/09	VN	17496	25.00	.00	CONTRIBUTION/2009 MARCHING BAND
AP	1	232.10	MEMB	02	16	13	05/05/09	VN	17497	25.00	.00	QUARTER PAGE AD
AP	1	232.10	MEMB	02	16	13	05/22/09	VN	8677	50.00	.00	DONATIONS
AP	1	232.10	MEMB	02	16	13	05/22/09	VN	13070	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	05/22/09	VN	13071	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	05/22/09	VN	14150	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	05/26/09	VN	8569	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	05/26/09	VN	16124	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	05/26/09	VN	16594	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	05/26/09	VN	12305	50.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	06/01/09	VN	14086	75.00	.00	2009 DONATION
AP	1	232.10	MEMB	02	16	13	06/01/09	VN	13681	50.00	.00	DONATION/FABULOUS FOURTH EXP
AP	1	232.10	MEMB	02	16	13	06/29/09	VN	8454	50.00	.00	DONATION/KIDS COLLEGE
AP	1	232.10	MEMB	02	16	13	06/30/09	VN	17560	50.00	.00	2009 DONATION/HEROES CAMPALGN
JE	49	0.00	MEMB	02	16	2101	06/30/09	V	17561	50.00	.00	DONATION/MS DANCE TEAM
AP	1	232.10	MEMB	02	16	13	07/01/09	VN	17561	1,000.00	.00	DONATIONS
AP	1	232.10	MEMB	02	16	13	07/23/09	VN	17589	50.00	.00	DONATION/ENERGY EFFICIENT APPLIA
AP	1	232.10	MEMB	02	16	13	08/31/09	VN	17622	50.00	.00	DONATION/BEREA YOUTH LEAGUE
AP	1	232.10	MEMB	02	16	13	08/31/09	VN	14786	25.00	.00	FALL FESTIVAL DONATION/WESTSIDE
AP	1	232.10	MEMB	02	16	13	08/31/09	VN	17625	50.00	.00	DONATION/PROVIDENCE SCHOOL
AP	1	232.10	MEMB	02	16	13	09/16/09	VN	17651	50.00	.00	DONATION/CHP WELLNESS COMMITTEE
AP	1	232.10	MEMB	02	20	13	09/17/09	VN	181	50.00	.00	DONATION/CYNTHIANA-HARRISON
AP	1	232.10	MEMB	02	40	13	09/17/09	VN	181	200.00	.00	GIFT CARDS/JACKSON ENERGY TOURNA
AP	1	232.10	MEMB	02	16	13	09/22/09	VN	12	50.00	.00	FOODS/ELECTRIC CONTRACTORS MTG
AP	1	232.10	MEMB	02	16	13	09/22/09	VN	17659	100.00	.00	TARGET GIFT CARD/FAMILY VIOLENCE
AP	1	232.10	MEMB	02	16	13	10/08/09	VN	234	50.00	.00	DONATION/2ND SUNDAY EVENT
AP	1	232.10	MEMB	02	16	13	10/31/09	V	17710	1,500.00	.00	CORPORATE DONATION/UNITED WAY
JE	40	143.00	MEMB	02	20	2101	10/31/09	V	17710	25.00	.00	Robt Farmer-Fishing Tournament
AP	1	232.10	MEMB	02	16	13	11/12/09	VN	17332	500.00	.00	DONATION/W JESS BOWLING CLUB
AP	1	232.10	MEMB	02	16	13	12/07/09	VN	17750	500.00	.00	DONATION/GODS PANTRY FOOD BANK
AP	1	232.10	MEMB	02	16	13	12/09/09	VN	181	80.00	.00	DONATION/TOYS FOR TOTS
AP	1	232.10	MEMB	02	16	13	12/17/09	VN	17590	4.00	.00	GIFTCARDS-STONEY FALLS XMAS PART
AP	1	232.10	MEMB	02	16	13	12/31/09	VN	17590	1,000.00	.00	SPONSOR/MERCER CO SCOREBOARD

12m 45
 Page 12 of 13

172m 45
Page 13 of 13

PRIME GRASS ENERGY
PRG. ACCTANAL (ANLA)

ACCOUNT ANALYSIS
FOR ACCT: 912.30 COMMUNICATIONS/PUBLIC RELATIONS
DATE RANGE FROM 01/01/09 TO 12/31/09

PAGE 2
RUN DATE 01/23/15 04:51 PM

SO	TR	RACCT	ITEM	ID	DEPT	WH	BH	DATE	CK/JOB/REC/TSK	PT/VHR/VND/VEH	QTY	DEBIT	CREDIT	DESCRIPTION	
NUMBER OF RECORDS FOUND - 50															
TOTAL QTY												8.00			
TOTAL DEBIT												10,081.34			
TOTAL CREDIT												265.00-			
NET BALANCE												9,816.34			

14941.09

24757.43

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

46. Reference exhibit V. Provide this information for calendar year 2014 and 2011.

RESPONSE:

Statement of Operations

2011

Operating Revenue	\$122,395,041
Operating Expenses:	
Cost of Power	88,640,890
Distribution – Operations	2,728,963
Distribution – Maintenance	5,769,969
Consumer Accounts	2,941,502
Consumer Service	1,696,246
Sales	0
Administrative and general	4,406,172
	106,183,742
Depreciation and amortization	7,681,803
Taxes-other	0
Interest on long term Debt	4,552,109
Other interest expense	108,372
Other deductions	5,475
	118,567,161
Utility Operating Margins	\$3,827,879
Nonoperating margins, interest	319,015
Nonoperating margins, other	38,987
G & T capital credits	6,289,027
Other capital credits	198,352
Net margins	10,673,259
	1.96

2014 is not available at this time.

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

47. Reference exhibit Z. Provide this information for calendar year 2014.

RESPONSE:

2014 not available at this time.

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

48. Reference Exhibit I, page 1 of the Application that refers to payroll adjustments.
- a. Please confirm that all employees have received continuous and systematic pay raises since 2010.

RESPONSE:

No, they have not. Our wage and salary plan is based on performance.

- b. Please provide the pay raises BGE provided in 2008 and 2009, when the economic recession began.

RESPONSE:

2008 total salary increases were 3.5%

2009 total salary increases were 4.0%

- c. Please explain why continued pay raises between 2.5% and 3% have been given continuously and systemically given since 2010?

RESPONSE:

Blue Grass Energy has a pay plan that tracks the utility labor market and ensures that compensation rates are similar to comparable electric utilities. In the following table, annual changes within the electric cooperative and utility sector are presented. Pay raises between 2.5% and 3.0% since 2010 are well within the values experienced by the

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

electric distribution cooperative and utility sector and necessary to remain competitive within the BGE utility labor market.

Year	Overall Average Electric Cooperative Change*	BLS Employment Cost Index Utility Sector Change**
2011	3.4%	2.8%
2012	3.5%	2.4%
2013	3.5%	2.9%
2014	3.1%	2.7%

* Source: NRECA National Compensation Survey (electric distribution cooperative survey) annual change for all participants (>40,000 employees)

**Source: Bureau of Labor Statistics. Table 9. Utility sector Employment Cost Index for wages and salaries, for private industry workers, by occupational group and industry, December 2011, December 2012, December 2013, and September 2014

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

49. Reference Exhibit 1, page 3 of the Application.

- a. Please provide a list of each BGE salaried employee's job title with salary, including all benefits, bonuses, etc.

RESPONSE:

See Exhibit 1 of the application for salaries, Page 3 of 5, 4 of 5, and 5 of 5 and Exhibit 18 of the application.

- b. Please provide a list of each BGE hourly employee's job title with salary, including all benefits, bonuses, etc.

RESPONSE:

See Exhibit 1 of the application for salaries, Page 3 of 5, 4 of 5, and 5 of 5.

- c. Please provide a list of each BGE BOD's salary, including all benefits, bonuses, etc.

RESPONSE:

See Exhibit 9 of the application.

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

- d. Please provide a list of each BGE officer's salary, including all benefits, bonuses, etc.

RESPONSE:

See item 27 PSC 1st data request.

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

50. Reference exhibit 11. Explain what the advertising expenses were used for and why BGE should recover these costs.

RESPONSE:

Exhibit 11 advertising is the estimated cost to publish the rate case notification in the newspaper to our membership as required by PSC regulations.

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

51. Reference Exhibit 17. Provide this information for calendar year 2014.

RESPONSE:

2014 not available at this time.

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

52. Reference BGE response to PSC RFI 1-18. Please provide the information contained on pages 2-3 for the year 2014.

RESPONSE:

Please see page 2 of this response.

Rate Schedule	Title	Year End Number Customers	Energy Sales KWH	Percentage Of Energy Sales KWH	Total Revenue	Percentage of Total Revenue
GS-1	Residential and Farm	53,261	831,299,145	61.93%	\$89,462,125	68.60%
GS-1	Residential and Farm TOD	33	453,523	0.03%	\$42,004	0.03%
SC-1	General Service (0-100 KW)	2,566	71,193,459	5.30%	\$8,920,912	6.84%
SC-2	General Service (0-100 KW) TOD	46	1,313,105	0.10%	\$166,564	0.13%
LP-1	Large Power (under 500 kw)	61	37,651,500	2.81%	\$3,427,041	2.63%
LP-2	Large Power (over 500 kw)	24	84,694,788	6.31%	\$6,572,361	5.04%
B-2	Large Industrial Rate	5	200,466,426	14.94%	\$13,125,426	10.06%
G-1	Large Industrial	1	105,874,511	7.89%	\$6,646,854	5.10%
	Outdoor lights	154	9,039,818	0.67%	\$2,041,283	1.57%
	Envirowatts		269,500	0.02%	\$6,401	0.00%
	Total	56,151	1,342,255,775	100.00%	\$130,410,971	100.00%

Class Peak Demands is load research data from our wholesale supplier, East Kentucky Power, which is not available at this time.

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

53. Reference BGE response to PSC RF1 1-19. Please provide the information contained on page 2 for the year 2014.

RESPONSE:

2014 Purchase Power Cost

	<u>Demand kW</u>	<u>Energy kWh</u>	<u>Purchased Power</u>
January	381,244	173,523,575	\$ 11,986,721
February	345,776	138,170,231	9,875,209
March	308,988	126,183,056	8,514,021
April	232,321	88,538,107	6,608,956
May	196,638	97,915,233	7,066,332
June	236,569	108,870,180	8,200,208
July	244,750	110,144,609	8,311,528
August	234,425	116,192,826	8,488,028
September	231,890	96,217,316	7,181,396
October	182,352	91,062,311	6,215,760
November	293,123	122,252,322	8,564,023
December	<u>259,093</u>	<u>129,308,458</u>	<u>9,035,555</u>
	3,147,169	1,398,378,224	\$100,047,737

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

54. Reference BGE response to PSC RF1 1-21. Please provide the information contained on page 2 for the year 2014.

RESPONSE:

2014 Analysis of Wage and Salary

Wages charged to Expense	
Distribution expense	\$1,895,448
Customer accounts expense	760,804
Consumer service and information	533,001
Sales Expense	
Administrative and General:	
Administrative and General expense	1,215,504
Employee hospitalization & benefits	669,297
Miscellaneous & general	13,304
Maintenance of general plant	18,656
Total Administrative and general	1,916,761
Charged to clearing and others	686,578
Total salaries and wages charged to expense	5,792,592
Wages capitalized	1,628,330
Total salaries and wages	\$7,420,922
Ratio of salaries and wages charge to Expense to total wages	78%
Ratio of salaries and wages capitalized To total wages	22%
Overtime wages	\$ 425,146
Overtime hours	10,030

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
Case No. 2014-00339
Response to Attorney General Initial Request for Information

56. Provide copies of all studies BGE conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Please provide detailed information for each specified group.

RESPONSE:

There are no studies.

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

57. Does BGE anticipate any changes in any existing contracts as a result of the new rates it seeks to implement in this filing (e.g., engineering, information technology, maintenance, etc.)? If so, please identify each such change.

RESPONSE:

No, BGE does not anticipate any changes.

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

58. Does BGE maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to BGE's officers, members of its Board, its employees, its independent contractors or consultants? If yes:

RESPONSE:

No.

- a. Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and

RESPONSE:

- b. Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.

RESPONSE:

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

59. Does BGE have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.

RESPONSE:

Please see pages 2-3 of this response.

BLUE GRASS ENERGY COOPERATIVE CORPORATION

POLICY NO. 4-14

NEPOTISM

I. OBJECTIVE

To define the policy of the Cooperative with regard to the employment of relatives of Board Members or employees.

II. POLICY CONTENT

- A. The Cooperative may not employ relatives of Cooperative employees when such employment would create a conflict of interest.
- B. The Cooperative may not employ relatives, or any relative living in the household of, a Board Member or the President/CEO on a part-time, temporary or regular basis.
- C. For the purposes of this policy, "relative" refers to a spouse, child, brother, sister, parent, grandparent, aunt, uncle, nephew or niece (by blood, marriage, in-law or adoption) of a Board Member, the President/CEO or any employee of Blue Grass Energy.
- D. If, through his/her own marriage or because of a Cooperative board election, an employee becomes a relative of a Board Member or the President/CEO, one of the affected parties must submit their resignation within 30 days of the marriage or election.
- E. If through his/her own marriage, an employee creates a violation of this policy, such employee may transfer to a position that does not create a conflict of interest if a vacancy exists for which the employee is qualified. If no such vacancy exists, the employee must resign from employment or he/she will be discharged.
- F. Job vacancies are filled on the basis of relevant criteria believed essential to the selection of the best-qualified candidate. However, an otherwise qualified candidate is excluded from consideration for a vacancy if a potential conflict of interest involving a relative would be created.
- G. Candidates are ineligible for employment, promotion, or transfer to a job where an employee who is a relative would recommend or approve hiring, termination, performance appraisals, pay changes, disciplinary actions, promotions, etc., for the candidate.

- H. No employee shall lose his/her position with the cooperative due to becoming a close relative of a board member or employee because of a marriage to which he/she was not a party.
- I. Should a conflict of interest arise between relatives employed by the Cooperative not specifically covered in this policy, the discretion of the President/CEO shall resolve the issue in the best interest of the Cooperative.

III. RESPONSIBILITY

The President/CEO shall be responsible for the administration of this policy.

Adopted: January 1, 2002 Amended: E. A. Gilbert, Chairman
Amended: September 16, 2004

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

60. Does BGE employ the relatives, by blood or marriage, of:

a. Any BGE board member;

RESPONSE:

No.

b. Any BGE officer;

RESPONSE:

No.

c. Any BGE contractor;

RESPONSE:

No.

d. Any BGE consultant; and/or

RESPONSE:

No.

e. Any other BGE employee?

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

RESPONSE:

Yes.

- f. If so, please provide specific details.

RESPONSE:

Please see response to Item 59 of the Attorney General Initial Request for Information.

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

61. Please provide a schedule listing all CWIP projects, if any, included in the rate base. For each project, provide the scheduled completion date, projected cost at completion, and identify any and all PSC orders allowing BGE to include CWIP in the rate base.

RESPONSE:

All open work orders are in the normal course of construction and retirement. Information regarding the scheduled completion date and projected cost at completion are not readily available. Please note that the revenue requirements associated with this proceeding are TIER-based. Rate base is presented in the case as required by regulation; CWIP is a component of rate base.

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

62. Please reference Exhibit 8, p. 1 of the Application and clarify what the monthly retainer fee is for the attorney, if any, and how services are billed since certain language has been stricken.

RESPONSE:

Attorney 1 bills \$550 per month

Attorney 2 bills \$140 per hour