

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of Adjustment of Rates     )**  
**of Blue Grass Energy Cooperative         )**  
**Corporation                                     )**

**Case No. 2014-00339**

**APPLICATION**

Blue Grass Energy Cooperative Corporation (herein designated as “Blue Grass Energy”) hereby makes application for an adjustment of rates, as follows:

1. Blue Grass Energy informs the commission that it is engaged in the business of operation of a retail electric distributions system in portions of twenty-three (23) counties in Kentucky and does hereby propose to adjust rates, effective **December 18, 2014** in conformity with the attached schedule. In this proposed adjustment of rates, Blue Grass Energy is proposing to increase its rates by \$2,450,474. [807 KAR 5:0001, Section 14]
2. The name and post office address of the applicant is Blue Grass Energy Cooperative Corporation, PO Box 990 1201 Lexington Road Nicholasville, KY 40340. Blue Grass Energy’s email and web addresses are donalds@bgenergy.com and [www.bgenergy.com](http://www.bgenergy.com), respectively. [807 KAR 5:001, Section 14(1)].
3. The Articles of Consolidation for Blue Grass Energy are as identified in Case No. 2011-000246 and Case No. 2008-00011, Application for Adjustment of Rates, are on file with the Commission [807 KAR 5:001, Section 14(2)].
4. The application is supported by a twelve month historical test period ending December 31, 2013 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 16(1)(a)1].
5. Blue Grass Energy states that the reasons the rate adjustment are required pursuant to 807 KAR Section 16(1)(b)1 are as follows:
  - a. Blue Grass Energy’s last filed an increase in rates in Case No. 2008-00011. Since then, Blue Grass Energy has incurred increases in the cost of power, materials, equipment, labor, taxes, interest, and other fixed and variable costs.

- b. The financial condition of Blue Grass Energy has been less than optimal during the test year, and continues on this trend.
  - c. Blue Grass Energy had a Times Interest Earned Ratio (“TIER”) of 3.52X [a TIER of 1.68X excluding G&T capital credits], for the test year ending December 31, 2013 and Operating Times Interest Earned Ratio (“OTIER”) of 1.55. The TIER was 2.75X for calendar year of 2012 [a TIER of 1.46X excluding G&T capital credits] and an OTEIR of 1.30 for the same calendar year. Blue Grass Energy is required under its mortgage agreement to maintain both a Net TIER of 1.25 and an OTIER of 1.10, based on an average of two of the three most current years.
  - d. Blue Grass Energy requests this rate adjustment in order to meet the terms of the mortgage agreement and to maintain its financial stability and integrity.
6. The Board of Directors of Blue Grass Energy at its meeting on **June 6, 2014**, received the current financial condition of Blue Grass Energy and the need for a rate adjustment to maintain the financial stability and integrity of the Cooperative. The Board of Directors adopted a motion directing the administrative staff and consultants to proceed with the necessary application and filings with the Public Service Commission to adjust the rates of Blue Grass Energy. A copy of the motion is attached as Exhibit F.
  7. Blue Grass Energy is neither a limited partnership nor a limited liability company [807 KAR 5:001, Section 14(3) and Section 14(4)].
  8. Blue Grass Energy files with this application a Certificate of Good Standing dates within 60 days of the date of this application and attached as Exhibit A. [807 KAR 5:001, Section 14(2)].
  9. Blue Grass Energy does not conduct business under an assumed name [807 KAR 5:001, Section 16(1)(b)2].
  10. The proposed tariff is attached as Exhibit B in a form that complies with 807 KAR 5:011 with an effective date not less than 30 days from the date of this application [807 KAR 5:001, Section 16(1)(b)3].
  11. The proposed tariff changes, identified in compliance with 807 KAR 5:011, are shown by providing the present and proposed tariffs in comparative form on the same sheet, side by side, or on facing sheets, side by side, as Exhibit C [807 KAR 5:001, Section 16(1)(b)4b].

12. Blue Grass Energy has given notice to its members of the filing of this application in accordance with 807 KAR 5:001, Section 17. A copy of the notice is attached as Exhibit D [807 KAR 5:001, Section 16(1)(b)5]
13. Blue Grass Energy filed with the Commission a written notice of intent to file a rate application at least 30 days prior to filing this application. The notice of intent stated the rate application would be supported by a historical test period and was served upon the Office of the Attorney General (“OAG”), Utility Intervention and Rate Division is shown as Exhibit E [807 KAR 5:001, Section 16(2) and 807 KAR 5:001, Section 16(2)(a) and Section 16(2)(c)].
14. A complete description and qualified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment, including a Revenue Analysis shown as Exhibit J. [807 KAR 5:001, Section (16)(4)(a)].
15. The prepared testimony of each witness supporting the application are attached as Exhibits H [807 KAR 5:001, Section 16(4)(b)].
16. A statement estimating the effect the new rates will have upon the revenues of Blue Grass Energy, including, at a minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increases or decreases and the percentage of the increase or decrease is shown by Exhibit G [807 KAR 5:001, Section 16(4)(d)].
17. The effect upon the average bill for each customer classification to which the proposed rate change will apply is shown by Exhibits I [807 KAR 5:001, Section 16(4)(e)].
18. An analysis of customers’ bills in such detail that revenues from present and proposed rates can be readily determined for each customer class is shown by Exhibit J [807 KAR 5:001, Section 16(4)(g)].
19. A summary of the Cooperative’s determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules is shown by Exhibit K [ 807 KAR 5:001, Section 16(4)(h)].
20. A reconciliation of the rate base and capital used to determine its revenue requirements is shown by Exhibit L [807 KAR 5:001, Section 16(4)(i)].

21. A current chart of accounts is shown by Exhibit M [807 KAR 5:001, Section 16(4)(j)].
22. The independent auditor's report is attached as Exhibit N [807 KAR 5:001, Section 16(4)(k)].
23. The Federal Energy Regulatory Commission or Federal Communications Commission have not audited Blue Grass Energy and no audit reports exist [807 KAR 5:001, Section 16(4)(l)].
24. No Federal Energy Regulatory Commission Form 1 exists for Blue Grass Energy [807 KAR 5:001, Section 16(4)(m)].
25. Blue Grass Energy filed a depreciation study in PSC Case No 2008-00011. 807 KAR 5:001, Section 16(4)(n)].
26. A list of commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of this application are attached as Exhibit O [807 KAR 5:001, Section 16(4)(o)].
27. No stock or bond offerings have been made by Blue Grass Energy [807 KAR 5:001, Section 16(4)(p)].
28. Annual Reports to members for 2013 and 2012 are attached as Exhibit P [807 KAR 5:001, Section 16(4)(q)].
29. The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period are attached as Exhibit Q [807 KAR 5:001, Section 16(4)(r)].
30. No Securities and Exchange Commission Annual Reports exist as to Blue Grass Energy because it is not regulated by that regulated body [807 KAR 5:001, Section 16(4)(s)].
31. Blue Grass Energy had no amounts charged or allocated to it by an affiliate or general or home office and did not pay monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years [807 KAR 5:001, Section 16(4)(t)].
32. A cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period is attached as Exhibit R [807 KAR 5:001, Section 16(4)(u)].

33. Blue Grass Energy is not a Local Exchange Carrier or Company as set forth in 807 KAR 5:001, Section 16(4)(v)].
34. A detailed income statement and balance sheet reflecting the impact of all proposed adjustments is attached as Exhibit S [807 KAR 5:001, Section 16(5)(a)].
35. No “proposed pro forma adjustments reflecting plant additions” exist or apply to Blue Grass Energy [807 KAR 5:001, Section 16(5)(b) and Section 16(5)(c)].
36. The operating budget for each month of the period encompassing the pro forma adjustments is attached as Exhibit T [807 KAR 5:001, Section (16)(5)(d)].
37. Additional financial exhibits required by 807 KAR 5:001, Section 16, financial information covering twelve (12) month historical test period ending December 31, 2013, and other information required to be filed is attached by exhibits, as follows:

Exhibit U	By-Laws
Exhibit V	Detailed comparative income statement, statement of cash flows and balance sheet
Exhibit W	Schedule showing monthly comparison of balance sheet accounts from test year to preceding year.
Exhibit X	Monthly comparison on income statement accounts from test year to proceeding year
Exhibit Y	Trail Balance at end of test year
Exhibit Z	Capital structure
Exhibit 1	Adjustments for salaries and wages
Exhibit 2	Adjustments for payroll taxes
Exhibit 3	Adjustment for depreciation
Exhibit 4	Adjustment for long term and short term interest
Exhibit 5	Adjustment for Retirement and Security (R&S)
Exhibit 6	Adjustment for postretirement benefits
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 costs
Exhibit 12	Adjustment for G&T capital credits

- Exhibit 13 Adjustment for purchase power
- Exhibit 14 Adjustment for normalized revenue
- Exhibit 15 Adjustment for end of year customers
- Exhibit 16 Adjustment for CATV
- Exhibit 17 KAEC Statistical Comparison
- Exhibit 18 Capitalization policies and employee benefits
- Exhibit 19 Equity Management Plan

The undersigned, Donald Smothers, as Vice President Financial Services and CFO, being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: November 10, 2014

BLUE GRASS ENERGY COOPERATIVE  
CORPORATION

By: Donald Smothers  
DONALD SMOTHERS, VICE PRESIDENT  
FINANCIAL SERVICES AND CFO

Subscribed, sworn to, and acknowledged before me by Donald Smothers, as Vice President Financial Services and CFO for Blue Grass Energy Cooperative Corporation on behalf of said Corporation this 10 day of November, 2014.

Cristal Barnes 515651  
Notary Public, Kentucky State At Large

My Commission Expires: July 21, 2018

The undersigned, Jim Adkins, as Consultant for Blue Grass Energy Cooperative Corporation being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: November \_\_\_\_, 2014

By: James R. Adkins  
JIM ADKINS, CONSULTANT

Subscribed, sworn to, and acknowledged before me by Jim Adkins, as Consultant for Blue Grass Energy Cooperative Corporation on behalf of said Corporation this 10~~th~~ day of November, 2014.

James R. Adkins 489485  
Notary Public, Kentucky State At Large  
My Commission Expires: June 6, 2017



**Commonwealth of Kentucky**  
**Alison Lundergan Grimes, Secretary of State**

Alison Lundergan Grimes  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 156411  
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**BLUE GRASS ENERGY COOPERATIVE CORPORATION**

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 279, whose date of incorporation is January 1, 2002 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 27<sup>th</sup> day of October, 2014, in the 223<sup>rd</sup> year of the Commonwealth.



*Alison Lundergan Grimes*  
Alison Lundergan Grimes  
Secretary of State  
Commonwealth of Kentucky  
156411/0526514

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 9  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 9

**RULES AND REGULATIONS**

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will be connected, as required by local or state laws.

(2) **DISCONTINUANCE OF SERVICE**

The Cooperative may refuse or discontinue service to a member under the following conditions:

- a. Non-payment of bills
- b. Fraudulent or illegal use of service  
If the meter or other equipment belonging to the Cooperative is tampered or interfered with or the appearance of current-theft devices on the premises of the member, the customer supplied shall pay the amount the Cooperative estimates is due for service rendered but not registered on the Cooperative's meter and for such repairs and replacements as are necessary. In discontinuing the illegal service, actual cost to disconnect will be charged if it is required to be discontinued at the transformer. This estimated cost is \$85.00 based on (I) the following detail.

Labor	\$53.81	(T)
Overhead	\$31.19	(I)
Total	\$85.00	(I)
- c. When dangerous conditions exist, service shall be discontinued.
- d. When applicant or member is indebted to the Cooperative for services furnished until indebtedness is paid.
- e. When applicant or member refuses to provide reasonable access to premises.
- f. Non-compliance with state, local, or other codes, rules and regulations that are applicable to providing service.

If discontinuance is for non-payment of bills, the customer shall be given at least ten (10) days written notice, separate from the original bill, disconnect shall be effected not less than twenty-seven (27) days after the original bill unless, prior to discontinuance, a residential consumer presents to the Cooperative a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity

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DATE OF ISSUE: November 18, 2014

DATE EFFECTIVE: December 18, 2014

ISSUED BY: \_\_\_\_\_

TITLE: Vice President and CFO

ADDRESS: P. O. Box 990, Nicholasville, KY 40340-0990

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2014-00339  
Dated:

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
**P.S.C. KY No.** 1  
1<sup>st</sup> Original SHEET NO 11  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 11

**RULES AND REGULATIONS**

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(3) **RELOCATION OF LINES**

When Blue Grass Energy is requested or required to relocate its facilities for any reason, any expense involved will be paid by the firm, person, or persons requesting the relocation, unless one or more of the following conditions are met.

1. The relocation is made for the convenience of Blue Grass Energy.
2. The relocation will result in a substantial improvement in Blue Grass Energy's facilities.
3. That the relocation is associated with other regularly scheduled conversion or construction work and can be done at the same time.

(4) **VOLTAGE FLUCTUATIONS CAUSED BY THE CONSUMER**

Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to the Distribution System. Blue Grass Energy may require the consumer, at his/her own expense, to install suitable apparatus which will reasonably limit such fluctuation.

(5) **COLLECTION OF DELINQUENT ACCOUNTS**

Should it become necessary for Blue Grass Energy to send a representative to the member's premises for collecting a delinquent account or to disconnect for non-payment, a charge of \$30.00 will be applied to the member's account for the extra service rendered, due and payable (I) at the time such delinquent account is collected. Only one field collection charge will be applied to a customer's account in any one billing period. If service is discontinued for non-payment, an additional charge of \$30.00 will be added for reconnecting service during regular working (I) hours. If the member requests reconnection after regular working hours, the charge will be (I) \$75.00 in accordance with 807 KAR 5:006, Section 8(3)(c).

In some instances, solely at the discretion of Blue Grass Energy, a remote disconnect switch will be installed. If service is disconnected for non-payment with the switch a fee of \$25.00 (I) will be applied to the member's account for the extra service rendered, due and payable (I) At the time such delinquent account is collected. An additional fee of \$25.00 will be (I) added for reconnecting the service with the remote switch.

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**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 12  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 12

**RULES AND REGULATIONS**

**(6) CONNECT AND RECONNECT CHARGE**

Blue Grass Energy will make no charge for connecting service to the member's premises for the initial installation of service, provided the connection is made during regular working hours.

Blue Grass Energy may make a service charge of \$30.00 for reconnecting the service of a member whose service has been connected one or more times within the preceding twelve (12) months. The service charge will be \$75.00 if made after regular working hours. Any service charge will be due and payable prior to time of connection. (I)

**(7) CHECKS RETURNED UNHONORED BY BANK**

If a check is returned from a member's banking institution due to insufficient funds or any other reason, a charge of \$25.00 will be added to the member's account for processing and handling. If a trip to collect the check has to be made by a cooperative representative, an additional \$30.00 charge will be added. These charges will be due and payable at the time the returned check amount is collected. (I)

The cooperative shall have the right to refuse to accept checks in payment of an account from any member that has demonstrated poor credit risk by having two or more checks within a six month period which are returned unpaid from a bank to the cooperative for any reason until such time as the member's six month billing history does not reflect two returned checks. The cooperative shall not accept a check to pay for and redeem another check or accept a two-party check for cash or payment of an account.

If a member has been mailed a notice of termination for non-payment and subsequently presents an insufficient check as payment, the original termination date will remain unchanged. The presentation of an insufficient funds check does not constitute payment of the account. The cooperative will attempt to contact the member by telephone or mail to request payment, but no further time for payment will be extended beyond that stated on the original termination notice.

**(8) COLLECTION AGENT PROCESSING**

All collection and/or legal fees incurred in the collection of any unpaid debt, will be the sole responsibility of and payable by the member or the person in whose name the account is billed.

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Dated:

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 15  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 15

**RULES AND REGULATIONS**

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7. For illegal use or theft of service. The cooperative may terminate service to a member without advance notice if it has evidence that a member has obtained unauthorized service by illegal use or theft. Within twenty-four (24) hours after such termination, the cooperative shall send written notification to the member of the reasons for termination or refusal of service upon which the cooperative relies and of the member's right to challenge the termination by filing a formal complaint with the commission. This right of termination is separate from and in addition to any other legal remedies which the cooperative may pursue for illegal use or theft of service. The cooperative shall not be required to restore service until the customer has complied with all tariffed rules of the cooperative and laws and regulations of the Public Service Commission.

(1) **TEMPORARY SERVICE**

A member requesting temporary service will be required to pay a temporary service connect (T) fee of \$35 and may be required to pay all cost of constructing, removing, (T) (I) connecting and disconnecting service. Facilities that are temporary in nature such as construction contractors, sawmills, carnivals, fairs, camp meetings, etc., will be provided to members making application for same, provided they pay an advance fee equal to the reasonable cost of constructing and removing such facilities along with a deposit (amount to be determined by Blue Grass Energy), for estimated kwh usage. Upon termination of temporary service, the payment made on estimated usage will be adjusted to actual usage and either a refund or additional billing will be issued to such temporary member.

(2) **DISTRIBUTION LINE EXTENSIONS**

a. Normal Service Extensions. An extension to a permanent residence of one thousand (1,000) feet or less shall be made by Blue Grass Energy to its existing distribution line without Charge for a prospective member who shall apply for and agree to use the service for one year or more and provides guarantee for such service. The "service drop" to the structure from the distribution line at the last power shall not be included in the foregoing measurements. This distribution line extension shall be limited to service where installed transformer capacity does not exceed 25 kva. Any extensions to a consumer who may required polyphase service or whose installed transformer capacity will exceed 25 kva will

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DATE EFFECTIVE: December 18, 2014

ISSUED BY: \_\_\_\_\_

TITLE: Vice President and CFO

ADDRESS: P. O. Box 990, Nicholasville, KY 40340-0990

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2014-00339  
Dated:

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 22  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 22

**RULES AND REGULATIONS**

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(9) **NEW SERVICES RUN TO BARNES, CAMPS, PUMPS AND MISCELLANEOUS SERVICES NOT CONSIDERED PERMANENT RESIDENCES**

A. Conditions for Overhead Services

1. All wiring must be in accordance with Rules and Regulations of the Cooperative and the National Electrical Code.
2. All extensions 150 feet from the nearest existing facility will be at no charge. Greater than 150 feet and less than 1,000 feet will be considered advance for construction. The cost of advance for construction will be refunded in four (4) equal payments to the member over a period of four (4) years, provided the service stays connected during that time. The advance payment will be forfeited if the service is disconnected or ownership of service is changed during this refundable period.
3. All over 1,000 feet will be considered as PSC Regulation.

B. Condition for Underground Service. Aid to construction payment shall be estimated by the cooperative before construction is begun. When construction is completed, the member shall be billed for the actual cost of construction and credit shall be given for advance payment. This payment shall be considered as aid to construction.

(10) **OUTDOOR LIGHTS**

A. The installation of outdoor lights is available to all Blue Grass Energy members under the following conditions.

1. Outdoor light requests requiring a pole or transformer installation will be required (T) to pay the actual cost of construction from existing facilities to new service in advance. This advance payment shall be considered as an aid to construction.
2. Members are expected to assist in the curtailment of outdoor light vandalism. In the event outdoor light vandalism occurs, the cooperative will bear the cost of repairing or replacing the bulb or fixture the first time. If the outdoor light is damaged again within a year, it will not be repaired or replaced unless the owner bears the cost.

B. The cooperative reserves the right to discontinue service to any location after a fixture has been vandalized.

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**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C.KY No. 1  
1<sup>st</sup> Original Sheet No. 35  
Cancelling P.S.C. No. 1  
Original Sheet No. 35

**RULES AND REGULATIONS**

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(46) **METER READING CHARGE:**

For those meters that are inaccessible or decline AMR as a result of the member's actions, a trip charge shall be imposed in order to obtain an accurate meter reading. Inaccessibility may be due to the member, locked gate, dogs, etc. If this results in an estimation of the meter usage for 3 consecutive months, an attempt to notify the member will be made to obtain a meter reading and/or accessibility to the property. If this is not successful a trip will be made to obtain an accurate meter reading. A \$30.00 trip charge shall be applied to the member's account. (T)  
(I)

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Issued by authority of an Order of the Public Service  
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Dated:

**CLASSIFICATION OF SERVICE**

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**GS-2 (Residential and Farm Inclining Block)**

(N)

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all GS-1 residential and farm consumers. One year minimum commitment required.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES**

Customer Charge	\$13.85 per meter, per month
Energy Charge per kWh:	
First 200 kWh	\$0.07784
Next 300 kWh	\$0.09284
Over 500 kWh	\$0.10284

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge under this tariff shall be the customer charge.

**DELAY PAYMENT CHARGE**

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

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ISSUED BY: \_\_\_\_\_

TITLE: Vice President & CFO

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Dated: \_\_\_\_\_



**CLASSIFICATION OF SERVICE**

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**GS-2 (Residential and Farm Inclining Block)**

(N)

**BUDGET BILLING**

The Cooperative has a levelized billing plan that is available to all residential consumers. Qualified consumers may be placed on or removed from this plan in any month of the year. This is a continuous plan and there is no account settlement (catch-up) month. Monthly payments are based on average kilowatt-hour usage for the past twelve months. Bills may fluctuate each month, according to how the current monthly bill affects the average. Failure to pay the exact amount by the due date each month will result in removal of this account from the levelized billing program.

During the month when the usage is the lowest, monthly payments will be larger than the actual usage and a credit will accumulate. During the months of higher usages, payments will be smaller than actual usage and debits will accumulate. At the time of disconnect or removal of the account from this plan, all accumulated debts shall be refunded and credited to the account.

The Cooperative may cancel a consumer's levelized account of delinquency (untimely payment), or non-payment (returned checks or no payment), or failure to pay the exact amount of the bill.

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TITLE: Vice President & CFO

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Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

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**GS-1 (Residential and Farm)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all residential and farm consumers. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES**

	Phase 1	Phase 2	(T)
Facility Charge	\$15.00 per meter, per month	\$20 per meter, per month	(T)(I)
Energy Charge per kWh	\$0.08783	\$0.08384	(T)(D)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge under this tariff shall be the facility charge. (T)

**DELAY PAYMENT CHARGE**

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

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DATE OF ISSUE: November 18, 2014

DATE EFFECTIVE: December 18, 2014

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

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Dated:

**CLASSIFICATION OF SERVICE**

**GS-3 (Residential and Farm Time-of-Day Rate)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all consumers eligible for the Tariff GS-1, Residential and Farm. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower. Consumers must remain on this rate schedule for one (1) year. This rate is not available for the direct load control credits.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES:**

	Phase 1	Phase 2	(T)
Facility Charge	\$20.00 per meter, per month	\$25 per meter, per month	(T)(I)
Energy Charge per kWh			
On peak energy	\$0.14060	\$0.10228	(T)(D)
Off peak energy	\$0.05636	\$0.05636	(T)

**On-Peak Hours and Off-Peak Hours**  
**Local Prevailing Time**

On-peak hours are applicable to weekdays only. All weekend hours are off-peak hours.

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
May through September	1:00 p.m. to 9:00 p.m.	9:00 p.m. to 1:00 p.m.
October through April	7:00 a.m. to 11:00 a.m. 5:00 p.m. to 9:00 p.m.	11:00 a.m. to 5:00 p.m. 9:00 p.m. to 7:00 a.m.

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGES**

The minimum monthly charge under this tariff shall be the facility charge. (T)

**DELAY PAYMENT CHARGE**

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

DATE OF ISSUE: November 18, 2014

DATE EFFECTIVE: December 18, 2014

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: VICE President and CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2014-00339

Dated:

**CLASSIFICATION OF SERVICE**

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

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Demand Charge**

First 10 KW of Billing Demand	No charge
Over 10 KW of Billing Demand	<u>\$ 7.78</u>

**Energy Charge**

All KWH	<u>\$ 0.08575</u>	(I)
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Facility Charge	<u>\$ 32.50</u>	(T) (I)
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**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**DETERMINATION OF BILLING DEMAND**

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor.

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Issued by authority of an Order of the Public Service  
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Dated:

**CLASSIFICATION OF SERVICE**

---

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

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practical. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of this maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

**MINIMUM CHARGE**

The minimum monthly charge under the above rate shall be the facility charge. (T)

**DELAYED PAYMENT CHARGE**

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

**SPECIAL RATES**

Consumers requiring service only during certain seasons not exceeding 9 months per year may guarantee a minimum annual payment of 12 times the monthly charge determined in accordance with the foregoing section, in which case there shall be no minimum charge.

**TEMPORARY SERVICE**

Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting and disconnecting service. A deposit in advance may be required for the full amount of the estimated bill for service, including the cost of connection and disconnection.

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TITLE: VICE President and CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2014-00339

Dated:

**CLASSIFICATION OF SERVICE**

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

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all consumers whose contracted kilowatt demand shall exceed 100 kW for all usage subject to the established rules and regulations.

**CONDITIONS**

An "Agreement for Electric Service" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available primary or secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specifically approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Maximum Demand Charge**

\$8.34 per month per KW of billing demand

**Energy Charge (101 KW to 500 kW)**

Facility Charge \$55.57

(T)

ALL KWH \$0.05608

**DETERMINATION OF BILLING DEMAND**

The Billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of this maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

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Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2014-00336

Dated:

**CLASSIFICATION OF SERVICE**

**LP-1 (Large Power 101 KW to 500 KW- Time of Day Rate)**

(N)

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available for all LP-1 Large Power 101 KW-500 KW consumers. They must remain on this rate schedule for one (1) year.

**CONDITIONS**

An "Agreement for Electric Service" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATES:**

Customer Charge	\$55.57 per meter, per month
<u>Energy Charge per kWh</u>	
<u>On-peak energy</u>	<u>\$0.09562</u>
<u>Off-peak energy</u>	<u>\$0.06500</u>

**On-Peak Hours and Off-Peak Hours  
Local Prevailing Time**

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
<u>May through September</u>	<u>10:00 a.m. to 10:00 p.m.</u>	<u>10:00 p.m. to 10:00 a.m.</u>
<u>October through April</u>	<u>7:00 a.m. to 12:00 noon</u> <u>5:00 p.m. to 10:00 p.m.</u>	<u>12:00 noon to 5:00 p.m.</u> <u>10:00 p.m. to 7:00 a.m.</u>

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Commission of Kentucky in Case No 2014-00339  
Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

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**LP-1 (Large Power 101 KW to 500 KW- Time of Day Rate)**

(N)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM CHARGE**

The minimum monthly charge under the above rate shall be the customer charge.

**DELAYED PAYMENT CHARGE**

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

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practicable. Power Factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor. The additional demand for billing purposes will be billed at the demand rate for Schedule SC-1, General Service Rate of \$7.78 per kW of additional demand kW.

**SPECIAL PROVISIONS**

1. Delivery Point – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, other electric equipment on the load side of the delivery point shall be owned and maintained by the Consumer.
2. If service is furnished at Seller's primary line voltage, the delivery point shall be the location of the primary metering point. All wiring, pole lines, and other electrical equipment beyond the meter point shall be considered the distribution system of the consumer and shall be furnished and maintained by the consumer.
3. If service is furnished at primary distribution voltage, a discount of 5% shall apply to the energy charge.

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Dated: \_\_\_\_\_



**CLASSIFICATION OF SERVICE**

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**LP-2 Large Power (over 500)**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all commercial and industrial consumers whose contracted kilowatt demand shall exceed 500 kW for all usage subject to the established rules and regulations.

**CONDITIONS**

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary or secondary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Maximum Demand Charge**

\$8.34 per month per kW of billing demand

**Energy Charge (over 500 kW)**

Facility Charge \$ 111.14

ALL KWH \$0.04994

(T)

Special facilities charge as specified in the contract

**DETERMINATION OF BILLING DEMAND**

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practical. Power Factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

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TITLE: Vice President and CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2014-00336

Dated:

**CLASSIFICATION OF SERVICE**

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**OUTDOOR LIGHTS**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all consumers of the Cooperative subject to its established rules and regulations.

**RATE PER LIGHT PER MONTH**

Open Bottom Light	Approximate Lumens 6000-9500	\$11.60	(I) (T)
Open Bottom light	Approximate Lumens 25,000	\$18.06	(I) (T)
Directional Flood Light	Approximate Lumens 50,000	\$18.21	(I) (T)
Shoebox Fixture (metal pole)	Approximate Lumens 6000 -9500	\$20.32	(I) (T)
Acorn Fixture (fiberglass pole)	Approximate Lumens 6000- 9500	\$19.68	(I) (T)
Colonial Fixture	Approximate Lumens 6000-9000	\$16.64	(I) (T)
Cobra Head (aluminum pole)	Approximate Lumens 50,000	\$25.21	(I) (T)
Ornamental Light	Approximate Lumens 6000-9500	\$11.45	(I) (T)
Ornamental Light	Approximate Lumens 25,000	\$16.37	(I) (T)
Colonial Fixture (15 foot mounting height)	Approximate Lumens 6000-9500	\$10.12	(I) (T)
Cobra Head (aluminum pole)	Approximate Lumens 25,000	\$17.87	(I) (T)
Cobra Head (aluminum pole)	Approximate Lumens 6000-9500	\$12.15	(I) (T)

\* All lights are for a minimum of 12 months service. If customer disconnects prior to the completion of the first 12 months of service, the balance of the 12 months must be paid. (T) ↓

**ADDITIONAL ORNAMENTAL SERVICE**

The Cooperative may, upon request, furnish ornamental poles/fixtures not listed in our current rates of the Cooperative's choosing, together with overhead wiring and all other equipment as needed. The Member will pay this additional cost prior to installation.

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Dated:

**CLASSIFICATION OF SERVICE**

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**SC-2 (General Service 0-100 KW Time of Day Rate)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW. Consumers will not exceed 100 KW for any month to qualify. They must remain on this rate schedule for one (1) year.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATES:**

Facility Charge	\$40.00 per meter, per month	(T) (I)
<u>Energy Charge per kWh</u>		
<u>On-peak energy</u>	<u>\$0.12955</u>	(I)
<u>Off-peak energy</u>	<u>\$0.07000</u>	

**On-Peak Hours and Off-Peak Hours  
Local Prevailing Time**

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
<u>May through September</u>	<u>10:00 a.m. to 10:00 p.m.</u>	<u>10.00 p.m. to 10:00 a.m.</u>
<u>October through April</u>	<u>7:00 a.m. to 12:00 noon</u> <u>5:00 p.m. to 10:00 p.m.</u>	<u>12:00 noon to 5:00 p.m.</u> <u>10:00 p.m. to 7:00 a.m.</u>

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Commission of Kentucky in Case No: 2014-000339  
Dated:

**CLASSIFICATION OF SERVICE**

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**SC-2 (General Service 0-100 KW Time of Day Rate)**

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM CHARGE**

The minimum monthly charge under the above rate shall be the facility charge.

(T)

**DELAYED PAYMENT CHARGE**

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

**TEMPORARY SERVICE**

Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting and disconnecting service. A deposit in advance may be required for the full amount of the estimated bill for service, including the cost of connection and disconnection.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practicable. Power Factor may be measured at any time. Should such measurements indicate **that** the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor. The additional demand for billing purposes will be billed at the demand rate for Schedule SC-1, General Service Rate.

(T)

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Dated:

**CLASSIFICATION OF SERVICE**

**Large Industrial Rate - Schedule B-1**

**AVAILABILITY**

Applicable to contracts with demands of 1,000 KW to 3,999 KW with a minimum contracted monthly energy (kwh) of 425 hours per kw of contract demand. To determine the minimum contracted monthly energy usage (kwh), the 425 hours is multiplied by the contract demand.

**MONTHLY RATE**

Facility Charge	\$1,111.43	(T)
Demand Charge per kW of Contract Demand	\$ 7.17	(I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$ 9.98	(I)
Energy Charge per kWh	\$0 .05050	

**BILLING DEMAND**

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing -EPT</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**MINIMUM MONTHLY CHARGE**

- The minimum monthly charge shall not be less than the sum of (a) through (d) below: (T)
- a. Facility Charge
  - b. The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
  - c. The product of the contract demand multiplied by 425 hours and the energy charge per KWH.
  - d. Contract provisions that reflect special facilities requirements.

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**CLASSIFICATION OF SERVICE**

**Large Industrial Rate - Schedule B-2**

**AVAILABILITY**

Applicable to contracts with demands of 4,000 KW and greater with a minimum contracted monthly energy usage (kwh) of 425 hours per kw of contract demand. To determine the minimum contracted monthly energy usage (kwh), the 425 hours is multiplied by the contract demand.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**MONTHLY RATE**

Facility Charge	\$2,222.85	(T)
<u>Demand Charge per kW of Contract Demand</u>	<u>\$7.17</u>	(I)
Demand Charge per kW for Billing Demand		
<u>in Excess of Contract Demand</u>	<u>\$9.98</u>	(I)
<u>Energy Charge per kWh</u>	<u>\$0.04506</u>	(D)

**BILLING DEMAND**

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing -EPT</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- a. Facility Charge (T)
- b. The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
- c. The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- d. Contract provisions that reflect special facilities requirements.

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 Dated:

**CLASSIFICATION OF SERVICE**

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**Cable Television Attachment Rate**

**APPLICABILITY**

In all territory served by the company on poles owned and used by the company for their electric plant.

**AVAILABILITY**

To all qualified CATV operators having the right to receive service.

**RENTAL CHARGE**

The yearly rental charges shall be as follows:

<u>Two-party pole attachment</u>	<u>\$7.00</u>	(I)
<u>Three-party pole attachment</u>	<u>\$5.71</u>	(I)
<u>Two-party anchor attachment</u>	<u>\$11.33</u>	(I)
<u>Three-party anchor attachment</u>	<u>\$7.48</u>	(I)
<u>Two-party grounding attachment</u>	<u>\$0.27</u>	(I)
<u>Three-party grounding attachment</u>	<u>\$0.17</u>	(I)

Pedestal attachment = Same as respective pole charges.

**BILLING**

Rental charges shall be billed yearly based on the number of pole attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current bill is not paid within ten (10) days from the date of the bill, the gross shall apply.

Note: Discount or penalty must apply to all electric consumers, but shall apply to advance billing only if given at least thirty (30) days before the late penalty takes effect.

**SPECIFICATIONS**

- A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except when the lawful requirements of public authorities may be more stringent, in which case the latter will govern.
- B. The strength of poles covered by this treatment shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

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**CLASSIFICATION OF SERVICE**

**Large Industrial Rate –Schedule G1**

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**AVAILABILITY**

Applicable to contracts with demand of 15,000 kW and greater with a monthly energy usage equal to or greater than 438 kWh per kW of contract demand.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary voltages. Consumer’s equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**MONTHLY RATES**

Facility Charge	\$5,454.00	(T)
Demand Charge per Billing kW	\$6.98	
Energy Charge per kWh for all kWh	\$0.043347	

**BILLING DEMAND**

The kW billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The consumer’s highest demand during the current month or preceding eleven (11) months. Demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor use.

<u>Months</u>	<u>Hours Applicable for Demand Billing – ETS</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**MINIMUM MONTHLY BILL**

The minimum monthly charges shall not be less that the sum of (a) through (c) below:

- (a) Customer Charge, plus
  - (b) The product of the billing demand multiplied by the demand charge, plus
  - (c) The product of the billing demand multiplied by 438 kWh multiplied by the energy rate.
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Dated: \_\_\_\_\_



**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 9  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 9

**RULES AND REGULATIONS**

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will be connected, as required by local or state laws.

(2) **DISCONTINUANCE OF SERVICE**

The Cooperative may refuse or discontinue service to a member under the following conditions:

- a. Non-payment of bills
- b. Fraudulent or illegal use of service  
If the meter or other equipment belonging to the Cooperative is tampered or interfered with or the appearance of current-theft devices on the premises of the member, the customer supplied shall pay the amount the Cooperative estimates is due for service rendered but not registered on the Cooperative's meter and for such repairs and replacements as are necessary. In discontinuing the illegal service, actual cost to disconnect will be charged if it is required to be discontinued at the transformer. This estimated cost is ~~\$72.00~~ 85.00 based on the following detail. (I)  
  

<del>Estimated trip time</del> — 1 hour		(T)
<del>2 Man Crew</del> — Labor @ \$18.00 avg. X 2	\$36.00	53.81 (I)(T)
Overhead	\$36.00	31.19 (I)
Total	\$72.00	85.00 (I)
- c. When dangerous conditions exist, service shall be discontinued.
- d. When applicant or member is indebted to the Cooperative for services furnished until indebtedness is paid.
- e. When applicant or member refuses to provide reasonable access to premises.
- f. Non-compliance with state, local, or other codes, rules and regulations that are applicable to providing service.

If discontinuance is for non-payment of bills, the customer shall be given at least ten (10) days written notice, separate from the original bill, disconnect shall be effected not less than twenty-seven (27) days after the original bill unless, prior to discontinuance, a residential consumer presents to the Cooperative a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity

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DATE OF ISSUE ~~February 27, 2012~~ November 18, 2014 DATE EFFECTIVE: ~~January 1, 2002~~ December 18, 2014

ISSUED BY: \_\_\_\_\_ TITLE: Vice President and CFO

ADDRESS: P. O. Box 990, Nicholasville KY 40340-0990

Issued by authority of an Order of the Public Service Commission of Kentucky

In Case No.: ~~2010-00185~~2014-00339 Dated: ~~February 18, 2011~~

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO. 11  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 11

**RULES AND REGULATIONS**

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**(3) RELOCATION OF LINES**

When Blue Grass Energy is requested or required to relocate its facilities for any reason, any expense involved will be paid by the firm, person, or persons requesting the relocation, unless one or more of the following conditions are met.

1. The relocation is made for the convenience of Blue Grass Energy.
2. The relocation will result in a substantial improvement in Blue Grass Energy's facilities.
3. That the relocation is associated with other regularly scheduled conversion or construction work and can be done at the same time.

**(4) VOLTAGE FLUCTUATIONS CAUSED BY THE CONSUMER**

Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to the Distribution System. Blue Grass Energy may require the consumer, at his/her own expense, to install suitable apparatus which will reasonably limit such fluctuation.

**(5) COLLECTION OF DELINQUENT ACCOUNTS**

Should it become necessary for Blue Grass Energy to send a representative to the member's premises for collecting a delinquent account ~~or to disconnect for non-payment~~, a charge of ~~(\$25.00)~~ 30.00 will be applied to the member's account for the extra service rendered, due and payable at the time such delinquent account is collected. Only one field collection charge will be applied to a customer's account in any one billing period. If service is discontinued for non-payment, an additional charge of ~~\$25.00~~ 30.00 will be added for reconnecting service during regular working hours. If the member requests reconnection after regular working hours, the charge will be ~~\$50.00~~ 75.00 in accordance with 807 KAR 5:006, Section 8(3)(c). (I)

In some instances, solely at the discretion of Blue Grass Energy, a remote disconnect switch will be installed. If service is disconnected for non-payment with the switch a fee of ~~\$20.00~~ 25.00 will be applied to the member's account for the extra service rendered, due and payable At the time such delinquent account is collected. An additional fee of ~~\$20.00~~ 25.00 will be added for reconnecting the service with the remote switch. (I)

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In Case No.: ~~2010-00185~~2014-00339 Dated: ~~February 18, 2011~~

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 12  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 12

**RULES AND REGULATIONS**

**(6) CONNECT AND RECONNECT CHARGE**

Blue Grass Energy will make no charge for connecting service to the member's premises for the initial installation of service, provided the connection is made during regular working hours. Blue Grass Energy may make a service charge of ~~\$25.00~~ 30.00 for reconnecting the service of a member whose service has been connected one or more times within the preceding twelve (12) months. The service charge will be ~~\$50.00~~ 75.00 if made after regular working hours. Any service charge will be due and payable prior to time of connection. (I)

**(7) CHECKS RETURNED UNHONORED BY BANK**

If a check is returned from a member's banking institution due to insufficient funds or any other reason, a charge of ~~\$20.00~~ 25.00 will be added to the member's account for processing and handling. If a trip to collect the check has to be made by a cooperative representative, an additional ~~\$25.00~~ 30.00 charge will be added. These charges will be due and payable at the time the returned check amount is collected. (I)

The cooperative shall have the right to refuse to accept checks in payment of an account from any member that has demonstrated poor credit risk by having two or more checks within a six month period which are returned unpaid from a bank to the cooperative for any reason until such time as the member's six month billing history does not reflect two returned checks. The cooperative shall not accept a check to pay for and redeem another check or accept a two-party check for cash or payment of an account.

If a member has been mailed a notice of termination for non-payment and subsequently presents an insufficient check as payment, the original termination date will remain unchanged. The presentation of an insufficient funds check does not constitute payment of the account. The cooperative will attempt to contact the member by telephone or mail to request payment, but no further time for payment will be extended beyond that stated on the original termination notice.

**(8) COLLECTION AGENT PROCESSING**

All collection and/or legal fees incurred in the collection of any unpaid debt, will be the sole responsibility of and payable by the member or the person in whose name the account is billed.

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Issued by authority of an Order of the Public Service Commission of Kentucky

In Case No.: ~~2010-00185~~ 2014-00339 Dated: ~~February 18, 2011~~

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 15  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 15

**RULES AND REGULATIONS**

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7. For illegal use or theft of service. The cooperative may terminate service to a member without advance notice if it has evidence that a member has obtained unauthorized service by illegal use or theft. Within twenty-four (24) hours after such termination, the cooperative shall send written notification to the member of the reasons for termination or refusal of service upon which the cooperative relies and of the member's right to challenge the termination by filing a formal complaint with the commission. This right of termination is separate from and in addition to any other legal remedies which the cooperative may pursue for illegal use or theft of service. The cooperative shall not be required to restore service until the customer has complied with all tariffed rules of the cooperative and laws and regulations of the Public Service Commission.

(1) **TEMPORARY SERVICE**

A member requesting temporary service ~~may~~ will be required to pay a temporary service connection fee of \$35 and may be required to pay all cost of constructing, removing, connecting and disconnecting service. Facilities that are temporary in nature such as construction contractors, sawmills, carnivals, fairs, camp meetings, etc., will be provided to members making application for same, provided they pay an advance fee equal to the reasonable cost of constructing and removing such facilities along with a deposit (amount to be determined by Blue Grass Energy), for estimated kwh usage. Upon termination of temporary service, the payment made on estimated usage will be adjusted to actual usage and either a refund or additional billing will be issued to such temporary member. (T) (I)

(2) **DISTRIBUTION LINE EXTENSIONS**

a. Normal Service Extensions. An extension to a permanent residence of one thousand (1,000) feet or less shall be made by Blue Grass Energy to its existing distribution line without Charge for a prospective member who shall apply for and agree to use the service for one year or more and provides guarantee for such service. The "service drop" to the structure from the distribution line at the last power shall not be included in the foregoing measurements. This distribution line extension shall be limited to service where installed transformer capacity does not exceed 25 kva. Any extensions to a consumer who may required polyphase service or whose installed transformer capacity will exceed 25 kva will

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DATE OF ISSUE: November 18, 2014

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TITLE: Vice President and CFO

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Commission of Kentucky in Case No.: 2014-00339  
Dated:

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
1<sup>st</sup> Original SHEET NO 22  
CANCELLING P.S.C.NO. 1  
Original SHEET NO. 22

**RULES AND REGULATIONS**

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**(9) NEW SERVICES RUN TO BARNES, CAMPS, PUMPS AND MISCELLANEOUS SERVICES NOT CONSIDERED PERMANENT RESIDENCES**

**A. Conditions for Overhead Services**

1. All wiring must be in accordance with Rules and Regulations of the Cooperative and the National Electrical Code.
2. All extensions 150 feet from the nearest existing facility will be at no charge. Greater than 150 feet and less than 1,000 feet will be considered advance for construction. The cost of advance for construction will be refunded in four (4) equal payments to the member over a period of four (4) years, provided the service stays connected during that time. The advance payment will be forfeited if the service is disconnected or ownership of service is changed during this refundable period.
3. All over 1,000 feet will be considered as PSC Regulation.

- B. Condition for Underground Service.** Aid to construction payment shall be estimated by the cooperative before construction is begun. When construction is completed, the member shall be billed for the actual cost of construction and credit shall be given for advance payment. This payment shall be considered as aid to construction.

**(10) OUTDOOR LIGHTS**

- A. The installation of outdoor lights is available to all Blue Grass Energy members under the following conditions.**

1. Outdoor light requests requiring a pole or transformer installation will be required (T) to pay the actual cost of construction from existing facilities to new service in advance. This advance payment shall be considered as an aid to construction.
2. Members are expected to assist in the curtailment of outdoor light vandalism. In the event outdoor light vandalism occurs, the cooperative will bear the cost of repairing or replacing the bulb or fixture the first time. If the outdoor light is damaged again within a year, it will not be repaired or replaced unless the owner bears the cost.

- B. The cooperative reserves the right to discontinue service to any location after a fixture has been vandalized.**

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DATE OF ISSUE February 27, 2012 November 18, 2014 DATE EFFECTIVE: January 1, 2002 December 18, 2014

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Issued by authority of an Order of the Public Service Commission of Kentucky

In Case No.: 2010-001852014-00339 Dated: February 18, 2011

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C.KY No. 1  
1<sup>st</sup> Original Sheet No. 35  
Cancelling P.S.C. No. 1  
Original Sheet No. 35

**RULES AND REGULATIONS**

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(46) **METER READING CHARGE:**

For those meters that are inaccessible or decline AMR as a result of the member's actions, a trip charge shall be imposed in order to obtain an accurate meter reading. Inaccessibility may be due to the member, locked gate, dogs, etc. If this results in an estimation of the meter usage for 3 consecutive months, an attempt to notify the member will be made to obtain a meter reading and/or accessibility to the property. If this is not successful a trip will be made to obtain an accurate meter reading. A ~~\$25.00~~ 30.00 trip charge shall be applied to the member's account. (T)  
(I)

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DATE OF ISSUE ~~February 27, 2012~~ November 18, 2014 DATE EFFECTIVE: ~~January 1, 2002~~ December 18, 2014

ISSUED BY: \_\_\_\_\_ TITLE: Vice President and CFO

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Issued by authority of an Order of the Public Service Commission of Kentucky

In Case No.: ~~2010-00185~~2014-00339 Dated: ~~February 18, 2011~~

**CLASSIFICATION OF SERVICE**

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**GS-1 (Residential and Farm)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all residential and farm consumers. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES**

~~Customer Charge~~ ~~\$9.73 per meter, per month~~

~~Energy Charge per kWh~~ ~~\$0.08951~~

	Phase 1	Phase 2	
Facility Charge	\$15.00 per meter, per month	\$20 per meter, per month	(T)(I)
Energy Charge per kWh	\$0.08783	\$0.08384	(T)(D)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge under this tariff shall be the ~~customer~~ facility charge. (T)

**DELAY PAYMENT CHARGE**

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

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DATE OF ISSUE: ~~March 26, 2009~~ November 18, 2014

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ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: ~~2008-00524~~ 2014-00339  
Dated: ~~July 15, 2009~~

**CLASSIFICATION OF SERVICE**

**GS-3 (Residential and Farm Time-of-Day Rate)**

**APPLICABLE**  
Entire Territory Served

**AVAILABILITY**  
Available to all consumers eligible for the Tariff GS-1, Residential and Farm. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower. Consumers must remain on this rate schedule for one (1) year. This rate is not available for the direct load control credits.

**TYPE OF SERVICE**  
Single-phase, 60 cycles, at available secondary voltage.

**RATES:**

<del>Customer Charge</del>	<del>_____ \$15.59 per meter, per month</del>		
<del>Energy Charge per kWh</del>	<del>_____</del>		
<del>On-peak energy</del>	<del>_____ \$0.15770</del>		
<del>Off-peak energy</del>	<del>_____ \$0.05636</del>		
	Phase 1	Phase 2	(T)
Facility Charge	\$20.00 per meter, per month	\$25 per meter, per month	(T) (I)
Energy Charge per kWh			
On peak energy	\$0.14060	\$0.10228	(T) (D)
Off peak energy	\$0.05636	\$0.05636	(T)

**On-Peak Hours and Off-Peak Hours**  
**Local Prevailing Time**

On-peak hours are applicable to weekdays only. All weekend hours are off-peak hours.

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
May through September	1:00 p.m. to 9:00 p.m.	9:00 p.m. to 1:00 p.m.
October through April	7:00 a.m. to 11:00 a.m. 5:00 p.m. to 9:00 p.m.	11:00 a.m. to 5:00 p.m. 9:00 p.m. to 7:00 a.m.

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based

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(Name of Officer)

TITLE: VICE President and CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: ~~2009-00224~~ 2014-00339  
Dated: ~~October 13, 2009~~



on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGES**

The minimum monthly charge under this tariff shall be the ~~customer~~ facility charge. (T)

**DELAY PAYMENT CHARGE**

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

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DATE OF ISSUE: ~~June 1, 2009~~ November 18, 2014

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(Name of Officer)

TITLE: VICE President and CFO

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Commission of Kentucky in Case No.: ~~2009-00224~~ 2014-00339  
Dated: ~~October 13, 2009~~

**CLASSIFICATION OF SERVICE**

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

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Demand Charge**

First 10 KW of Billing Demand  
Over 10 KW of Billing Demand

No charge  
\$ 7.78

**Energy Charge**

All KWH

~~\$0.08384~~ 0.08575

(I)

~~Customer~~ Facility Charge

~~\$27.79~~ 32.50

(T) (I)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**DETERMINATION OF BILLING DEMAND**

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor.

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DATE OF ISSUE: ~~June 1, 2009~~ November 18, 2014

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(Name of Officer)

TITLE: VICE President and CFO

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Commission of Kentucky in Case No.: ~~2009-00224~~ 2014-00339  
Dated: ~~October 13, 2009~~

**CLASSIFICATION OF SERVICE**

---

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

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practical. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of this maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

**MINIMUM CHARGE**

The minimum monthly charge under the above rate shall be the ~~customer~~ facility charge. (T)

**DELAYED PAYMENT CHARGE**

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

**SPECIAL RATES**

Consumers requiring service only during certain seasons not exceeding 9 months per year may guarantee a minimum annual payment of 12 times the monthly charge determined in accordance with the foregoing section, in which case there shall be no minimum charge.

**TEMPORARY SERVICE**

Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting and disconnecting service. A deposit in advance may be required for the full amount of the estimated bill for service, including the cost of connection and disconnection.

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Dated: ~~October 13, 2009~~

**CLASSIFICATION OF SERVICE**

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

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all consumers whose contracted kilowatt demand shall exceed 100 kW for all usage subject to the established rules and regulations.

**CONDITIONS**

An "Agreement for Electric Service" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available primary or secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specifically approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Maximum Demand Charge**

\$8.34 per month per KW of billing demand

**Energy Charge (101 KW to 500 kW)**

<del>Customer</del> Facility Charge	\$55.57	(T)
<u>ALL KWH</u>	<u>\$0.05608</u>	

**DETERMINATION OF BILLING DEMAND**

The Billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of this maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

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ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President and CFO

Issued by authority of an Order of the Public Service  
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Dated: ~~July 15, 2009~~

**CLASSIFICATION OF SERVICE**

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**LP-2 Large Power (over 500)**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all commercial and industrial consumers whose contracted kilowatt demand shall exceed 500 kW for all usage subject to the established rules and regulations.

**CONDITIONS**

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary or secondary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Maximum Demand Charge**

\$8.34 per month per kW of billing demand

**Energy Charge (over 500 kW)**

~~Customer~~ Facility Charge \$ 111.14 (T)

ALL KWH \$0.04994

Special facilities charge as specified in the contract

**DETERMINATION OF BILLING DEMAND**

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practical. Power Factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

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(Name of Officer)

TITLE: Vice President and CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: ~~2008-00524~~ 2014-00336

Dated: ~~July 15, 2009~~

**CLASSIFICATION OF SERVICE**

**OUTDOOR LIGHTS**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all consumers of the Cooperative subject to its established rules and regulations.

**RATE PER LIGHT PER MONTH**

<del>175 Watt Mercury Vapor*</del>	<del>\$10.89</del>
<del>400 Watt Mercury Vapor*</del>	<del>\$17.81</del>
<del>400 Watt Metal Halide Directional Flood</del>	<del>\$16.83</del>
<del>400 Watt High Pressure Sodium Directional Flood*</del>	<del>\$17.66</del>
<del>100 Watt High Pressure Sodium – Shoebox Fixture (Metal Pole)</del>	<del>\$18.84</del>
<del>100 Watt High Pressure Sodium – Acorn Fixture (Fiberglass Pole)</del>	<del>\$18.25</del>
<del>100 Watt High Pressure Sodium – Colonial Fixture</del>	<del>\$15.43</del>
<del>400 Watt High Pressure Sodium Cobra Head (Aluminum Pole)</del>	<del>\$23.38</del>
<del>70 Watt High Pressure Sodium (Ornamental)*</del>	<del>\$10.11</del>
<del>100 Watt High Pressure Sodium (Ornamental)*</del>	<del>\$11.27</del>
<del>250 Watt High Pressure Sodium (Ornamental)*</del>	<del>\$15.18</del>
<del>70 Watt High Pressure (Colonial) (15-foot mounting height)*</del>	<del>\$ 9.39</del>
<del>200 Watt High Pressure Sodium Cobra Head (Aluminum Pole)</del>	<del>\$15.38</del>
<del>100 Watt High Pressure Sodium Cobra Head (Aluminum Pole)</del>	<del>\$11.27</del>
<del>100 Watt High Pressure Sodium Open Bottom</del>	<del>\$10.75</del>
<del>250 Watt High Pressure Sodium Open Bottom</del>	<del>\$16.32</del>

Open Bottom Light	Approximate Lumens 6000-9500	\$11.60	(I) (T)
Open Bottom light	Approximate Lumens 25,000	\$18.06	(I) (T)
Directional Flood Light	Approximate Lumens 50,000	\$18.21	(I) (T)
Shoebox Fixture (metal pole)	Approximate Lumens 6000 -9500	\$20.32	(I) (T)
Acorn Fixture (fiberglass pole)	Approximate Lumens 6000- 9500	\$19.68	(I) (T)
Colonial Fixture	Approximate Lumens 6000-9000	\$16.64	(I) (T)
Cobra Head (aluminum pole)	Approximate Lumens 50,000	\$25.21	(I) (T)
Ornamental Light	Approximate Lumens 6000-9500	\$11.45	(I) (T)
Ornamental Light	Approximate Lumens 25,000	\$16.37	(I) (T)
Colonial Fixture (15 Ft. mounting height)	Approximate Lumens 6000-9500	\$10.12	(I) (T)
Cobra Head (aluminum pole)	Approximate Lumens 25,000	\$17.87	(I) (T)
Cobra Head (aluminum pole)	Approximate Lumens 6000-9500	\$12.15	(I) (T)

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ISSUED BY: \_\_\_\_\_

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service

Commission of Kentucky in Case No.: ~~2010-00497~~ 2014-00339

Dated: June 1, 2011

~~\*Not available for new installation~~

\* All lights are for a minimum of 12 months service. If customer disconnects prior to the completion of the first 12 months of service, the balance of the 12 months must be paid.

(T)  
↓

**ADDITIONAL ORNAMENTAL SERVICE**

The Cooperative may, upon request, furnish ornamental poles/fixtures not listed in our current rates of the Cooperative's choosing, together with overhead wiring and all other equipment as needed. The Member will pay this additional cost prior to installation.

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Dated: ~~June 1, 2011~~ \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**SC-2 (General Service 0-100 KW Time of Day Rate)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW. Consumers will not exceed 100 KW for any month to qualify. They must remain on this rate schedule for one (1) year.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATES:**

<del>Customer</del> Facility Charge	\$ <del>35.00</del> 40.00 per meter, per month	(T) (I)
<u>Energy Charge per kWh</u>		
On-peak energy	<u>\$<del>0.12650</del> 0.12955</u>	(I)
Off-peak energy	<u>\$0.07000</u>	

**On-Peak Hours and Off-Peak Hours  
Local Prevailing Time**

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
<u>May through September</u>	<u>10:00 a.m. to 10:00 p.m.</u>	<u>10.00 p.m. to 10:00 a.m.</u>
<u>October through April</u>	<u>7:00 a.m. to 12:00 noon</u> <u>5:00 p.m. to 10:00 p.m.</u>	<u>12:00 noon to 5:00 p.m.</u> <u>10:00 p.m. to 7:00 a.m.</u>

DATE OF ISSUE: ~~August 24, 2012~~ November 18, 2014

DATE EFFECTIVE: ~~November 19, 2012~~ December 18, 2014

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No ~~2012-00384~~ 2014-000339  
Dated: ~~November 19, 2012~~



**CLASSIFICATION OF SERVICE**

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**SC-2 (General Service 0-100 KW Time of Day Rate)**

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM CHARGE**

The minimum monthly charge under the above rate shall be the ~~customer~~ facility charge. (T)

**DELAYED PAYMENT CHARGE**

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

**TEMPORARY SERVICE**

Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting and disconnecting service. A deposit in advance may be required for the full amount of the estimated bill for service, including the cost of connection and disconnection.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practicable. Power Factor may be measured at any time. Should such measurements indicate **that** the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor. The additional demand for billing purposes will be billed at the demand rate for Schedule SC-1, General Service Rate ~~of \$7.78 per kW of additional demand kW.~~ (T)

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DATE OF ISSUE: ~~August 24, 2012~~ November 18, 2014

DATE EFFECTIVE: ~~November 19, 2012~~ December 18, 2014

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No ~~2012-00384~~ 2014-000339  
Dated: ~~November 19, 2012~~

**CLASSIFICATION OF SERVICE**

**Large Industrial Rate - Schedule B-1**

**AVAILABILITY**

Applicable to contracts with demands of 1,000 KW to 3,999 KW with a minimum contracted monthly energy (kwh) of 425 hours per kw of contract demand. To determine the minimum contracted monthly energy usage (kwh), the 425 hours is multiplied by the contract demand. (T) ↓

**MONTHLY RATE**

<del>Consumer</del> Facility Charge	\$1,111.43	(T)
Demand Charge per kW of Contract Demand	\$ <del>6.94</del> 7.17	(I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$ <del>9.64</del> 9.98	(I)
Energy Charge per kWh	\$0 .05050	

**BILLING DEMAND**

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing -EPT</u>	(T)
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	
May through September	10:00 a.m. to 10:00 p.m.	

**MINIMUM MONTHLY CHARGE**

- The minimum monthly charge shall not be less than the sum of (a) through (d) below: (T)
- a. ~~Customer~~ Facility Charge
  - b. The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
  - c. The product of the contract demand multiplied by 425 hours and the energy charge per KWH.
  - d. Contract provisions that reflect special facilities requirements.

DATE OF ISSUE: ~~February 8, 2013~~ November 18, 2014

DATE EFFECTIVE: ~~March 15, 2013~~ December 18, 2014

ISSUED BY: \_\_\_\_\_

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service

Commission of Kentucky in Case No.: ~~2010-00497~~2014-00339

Dated: ~~June 1, 2011~~

**CLASSIFICATION OF SERVICE**

**Large Industrial Rate - Schedule B-2**

**AVAILABILITY**

Applicable to contracts with demands of 4,000 KW and greater with a minimum contracted monthly energy usage (kwh) of 425 hours per kw of contract demand. To determine the minimum contracted monthly energy usage (kwh), the 425 hours is multiplied by the contract demand.

(T)  
↓

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**MONTHLY RATE**

<del>Customer</del> Facility Charge	\$2,222.85	(T)
Demand Charge per kW of Contract Demand	<del>\$6.91</del> 7.17	(I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	<del>\$9.61</del> 9.98	(I)
Energy Charge per kWh	<del>\$0.04556</del> 0.04506	(D)

**BILLING DEMAND**

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing -EPT</u>	(T)
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	
May through September	10:00 a.m. to 10:00 p.m.	

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- a. ~~Customer~~ Facility Charge (T)
- b. The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
- c. The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- d. Contract provisions that reflect special facilities requirements.

DATE OF ISSUE: ~~February 8, 2013~~ November 18, 2014

DATE EFFECTIVE: ~~March 15, 2013~~ December 18, 2014

ISSUED BY: \_\_\_\_\_

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service

Commission of Kentucky in Case No.: ~~2010-00497~~2014-00339

Dated: ~~June 1, 2011~~

**CLASSIFICATION OF SERVICE**

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**Cable Television Attachment Rate**

**APPLICABILITY**

In all territory served by the company on poles owned and used by the company for their electric plant.

**AVAILABILITY**

To all qualified CATV operators having the right to receive service.

**RENTAL CHARGE**

The yearly rental charges shall be as follows:

<u>Two-party pole attachment</u>	<u>\$<del>5.70</del>7.00</u>	(I)
<u>Three-party pole attachment</u>	<u>\$<del>4.72</del>5.71</u>	(I)
<u>Two-party anchor attachment</u>	<u>\$<del>9.80</del>11.33</u>	(I)
<u>Three-party anchor attachment</u>	<u>\$<del>6.47</del>7.48</u>	(I)
<u>Two-party grounding attachment</u>	<u>\$<del>0.26</del>0.27</u>	(I)
<u>Three-party grounding attachment</u>	<u>\$<del>0.16</del>0.17</u>	(I)

Pedestal attachment = Same as respective pole charges.

**BILLING**

Rental charges shall be billed yearly based on the number of pole attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current bill is not paid within ten (10) days from the date of the bill, the gross shall apply.

Note: Discount or penalty must apply to all electric consumers, but shall apply to advance billing only if given at least thirty (30) days before the late penalty takes effect.

**SPECIFICATIONS**

- A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except when the lawful requirements of public authorities may be more stringent, in which case the latter will govern.
- B. The strength of poles covered by this treatment shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

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DATE OF ISSUE: ~~June 25, 2010~~ November 18, 2014

DATE EFFECTIVE: ~~February 18, 2011~~ December 18, 2014

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: ~~2010-00185~~2014-00339  
Dated: ~~February 18, 2011~~

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**CLASSIFICATION OF SERVICE**

**Large Industrial Rate –Schedule G1**

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**AVAILABILITY**

Applicable to contracts with demand of 15,000 kW and greater with a monthly energy usage equal to or greater than 438 kWh per kW of contract demand.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary voltages. Consumer’s equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**MONTHLY RATES**

<del>Customer</del> Facility Charge	\$5,454.00	(T)
Demand Charge per Billing kW	\$6.98	
Energy Charge per kWh for all kWh	\$0.043347	

**BILLING DEMAND**

The kW billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The consumer’s highest demand during the current month or preceding eleven (11) months. Demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor use.

<u>Months</u>	<u>Hours Applicable for Demand Billing – ETS</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**MINIMUM MONTHLY BILL**

The minimum monthly charges shall not be less that the sum of (a) through (c) below:

- (a) Customer Charge, plus
- (b) The product of the billing demand multiplied by the demand charge, plus
- (c) The product of the billing demand multiplied by 438 kWh multiplied by the energy rate.

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DATE OF ISSUE: ~~February 8, 2013~~ November 18, 2014  
DATE EFFECTIVE: ~~June 1, 2013~~ December 18, 2014  
ISSUED BY: \_\_\_\_\_  
TITLE: Vice President & CFO  
Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No. 2014-00339  
Dated: \_\_\_\_\_

**Official Notice**

Blue Grass Energy Cooperative Corporation, with its principal office at Nicholasville, Kentucky and with its address at PO Box 990 1201 Lexington Road Nicholasville, Kentucky 40340 has filed with the Kentucky Public Service Commission in Case No. 2014-00339 an application to adjust its retail rates and charges. The need for this adjustment is due to an increase in Blue Grass Energy's expenses in the areas of wholesale power costs, depreciation, and general operating expenses. Blue Grass Energy is proposing to increase its electric rates by \$2,450,474 or 2.17%.

The rates are to be filed with the Kentucky Public Service Commission on November 18, 2014 and are effective December 18, 2014. Phase two for the residential and farm rate classes will become effective approximately one year later. The rates contained in this notice are the rates proposed by Blue Grass Energy, Inc., but the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates contained in this notice. In addition, the Kentucky Public Service Commission may change the effective date.

A person may examine this application at the office of Blue Grass Energy located at 1201 Lexington Road Nicholasville, Kentucky 40340, Monday through Friday, 7:30 a.m. to 4:30 p.m. or at [www.bgenergy.com](http://www.bgenergy.com). A person may also examine this application at the Kentucky Public Service Commission offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>.

Any comments regarding the application may be submitted to the Public Service Commission through its Web site, <http://psc.ky.gov>, or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. A person may submit a timely written request for intervention to the Public Service Commission Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication of the notice, the commission may take final action on the application.

Blue Grass Energy Cooperative Corporation  
1201 Lexington Road  
PO Box 990  
Nicholasville, Kentucky 40340  
888-546-4243  
[www.bgenergy.com](http://www.bgenergy.com)

The present and proposed rate structure of Blue Grass Energy Cooperative Corporation is listed below:

Rate Class	Phase 1		Phase 2 Proposed
	Present	Proposed	
<b>GS-1: Residential and Farm</b>			
Customer charge	\$ 9.73	\$ 15.00	\$ 20.00
Energy Rate per kWh	\$ 0.08951	\$ 0.08783	\$ 0.08384
<b>GS-3: Residential and Farm TOD</b>			
Customer charge	\$ 15.59	\$ 20.00	\$ 25.00
Energy Rate per kWh - On Peak	\$ 0.15770	\$ 0.14060	\$ 0.10228
Energy Rate per kWh - Off Peak	\$ 0.05636	\$ 0.05636	\$ 0.05636
<b>SC-1: General Service 0-100 KW</b>			
Customer charge	\$ 27.79	\$ 32.50	
Energy Rate per kWh	\$ 0.08384	\$ 0.08575	
Demand Rate per KW up to 10 KW	\$ -	\$ -	
Demand Rate per KW over 10 KW	\$ 7.78	\$ 7.78	
<b>SC-2: General Service up to 100 KW TOD</b>			
Customer charge	\$ 35.00	\$ 40.00	
Energy Rate per kWh - On Peak	\$ 0.12650	\$ 0.12955	
Energy Rate per kWh - Off Peak	\$ 0.07000	\$ 0.07000	
<b>LP-1: Large Power 101 - 500 KW</b>			
Customer charge	\$ 55.57	\$ 55.57	
Energy Rate per kWh	\$ 0.05608	\$ 0.05608	
Demand Rate per KW	\$ 8.34	\$ 8.34	
<b>LP-2: Large Power over 500 KW</b>			
Customer charge	\$ 111.14	\$ 111.14	
Energy Rate per kWh	\$ 0.04994	\$ 0.04994	
Demand Rate per kW	\$ 8.34	\$ 8.34	
<b>B-1: Large Industrial Rate (100KW - 4999 KW)</b>			
Customer charge	\$ 1,111.43	\$ 1,111.43	
Energy Rate per kWh	\$ 0.05050	\$ 0.05050	
Demand Rate per kW - Contract	\$ 6.91	\$ 7.17	
Demand Rate per kW - Excess Contract	\$ 9.61	\$ 9.98	
<b>B2: Large Industrial Rate (over 5000 KW)</b>			
Customer charge	\$ 2,222.85	\$ 2,222.85	
Energy Rate per kWh	\$ 0.04556	\$ 0.04506	
Demand Rate per kW - Contract	\$ 6.91	\$ 7.17	
Demand Rate per kW - Excess Contract	\$ 9.61	\$ 9.98	
Interruptible Credit	\$ (5.60)	\$ (5.60)	
<b>G-1</b>			
Customer charge	\$ 5,454.00	\$ 5,454.00	
Energy Rate per kWh	\$ 0.043347	\$ 0.043347	
Demand Rate per kW	\$ 6.98	\$ 6.98	

Rate Class	Present	Phase 1	Phase 2
		Proposed	Proposed
<b>Schedule VI - Outdoor Lighting</b>			
175 Watt MV- Open Bottom Light Approximate lumens 6000-9500	\$ 10.89	\$ 11.60	
400 Watt MV - Open Bottom light Approximate Lumens 25,000	\$ 17.81	\$ 18.06	
400 Watt Metal Hallide - Directional Flood Light Approximate Lumens 50,000	\$ 16.83	\$ 18.21	
400 Watt HPS - Directional Flood Light Approximate Lumens 50,000	\$ 17.66	\$ 18.21	
100 Watt HPS - Shoebox Fixture (Metal Pole) Approximate Lumens 6000 -9500	\$ 18.84	\$ 20.32	
100 Watt HPS - Acorn Fixture (Fiberglass Pole) Approximate Lumens 6000- 9500	\$ 18.25	\$ 19.68	
100 Watt HPS - Colonial Fixture Approximate Lumens 6000-9000	\$ 15.43	\$ 16.64	
400 Watt HPS - Cobra Head (Aluminum Pole) Approximate Lumens 50,000	\$ 23.38	\$ 25.21	
70 Watt HPS - Ornamental Light Approximate Lumens 6000-9500	\$ 10.11	\$ 11.45	
100 Watt HPS - Ornamental Light Approximate Lumens 6000-9500	\$ 11.27	\$ 11.45	
250 Watt HPS - Ornamental Light Approximate Lumens 25,000	\$ 15.18	\$ 16.37	
70 Watt HPS - Colonial Fixture (15 Ft. mounting height) Approximate Lumens 6000-9500	\$ 9.39	\$ 10.12	
200 Watt HPS - Cobra Head (aluminum pole) Approximate Lumens 25,000	\$ 15.38	\$ 17.87	
100 Watt HPS - Cobra Head (aluminum pole) Approximate Lumens 6000-9500	\$ 11.27	\$ 12.15	
100 Watt HPS - Open Bottom Light Approximate lumens 6000-9500	\$ 10.75	\$ 11.60	
250 Watt HPS - Open Bottom light Approximate Lumens 25,000	\$ 16.32	\$ 18.06	
<b>CATV</b>			
2-Party Pole	\$ 5.70	\$ 7.00	
3-Party Pole	\$ 4.72	\$ 5.71	
2-Party Anchor	\$ 9.80	\$ 11.33	
3-Party Anchor	\$ 6.47	\$ 7.48	
2-Party Ground	\$ 0.26	\$ 0.27	
3-Party Ground	\$ 0.16	\$ 0.17	

	Present	Proposed
<b>Non-Recurring Charges</b>		
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
Temporary Service	\$ 20.00	\$ 35.00

The requested dollar amounts and percentage change for Blue Grass Energy Cooperative Corporation is listed below:

Rate Class	Phase 1		Phase 2	
	Increase Dollar	Percent	Increase Dollar	Percent
<b>GS-1</b>				
Residential and Farm	\$ 2,006,534	2.60%	\$ -	0.00%
Marketing Rate	\$ -	0.00%		
<b>GS-3</b>				
Residential and Farm TOD	\$ 974	2.60%	\$ -	0.00%
<b>SC-1</b>				
General Service (0-100 KW)	\$ 279,345	3.50%		
<b>SC-2</b>				
General Service (0-100 KW) TOD	\$ 2,738	3.50%		
<b>LP-1</b>				
Large Power (101KW - 500 KW)	\$ -	0.00%		
<b>LP-2</b>				
Large Power (over 500 KW)	\$ -	0.00%		
<b>B-1</b>				
Large Industrial Rate (100KW - 4999 KW)	\$ -	0.00%		
<b>B-2</b>				
Large Industrial Rate (over 5000 KW)	\$ 1,302	0.01%		
<b>G-1</b>				
Large Industrial Rate (over 1500 KW)	\$ -	0.00%		
Outdoor Lighting	\$ 159,581	7.80%		
CATV	\$ 17,885	21.00%		
<b>Total of all Electric Rate Classes</b>	<b>\$ 2,450,474</b>	<b>2.17%</b>	<b>\$ -</b>	<b>0.00%</b>
<b>Non-Recurring Charges</b>	<b>Increase Dollar</b>	<b>Percent</b>		
Disconnect Charge	\$ -	0.00%		
Collection Fee	\$ 13,670	20.00%		
Overtime Disconnect	\$ 825	50.00%		
Remote Disconnect	\$ 1,840	25.00%		
Reconnect Fee	\$ 13,230	20.00%		
Over Time Reconnect	\$ 23,675	50.00%		
Returned Check	\$ 7,345	25.00%		
Temporary Service	\$ 3,180	75.00%		

The effect of the proposed rates on the average monthly bill by rate class along with average usage are listed below:

Rate Class	Average kWh Usage	Current Dollar Amount of Average Usage	Phase 1			Phase 2		
			Dollar Amount of Average Usage	Proposed		Dollar Amount of Average Usage	Proposed	
				Increase Dollar	Percent		Increase Dollar	Percent
<b>GS-1</b>								
Residential and Farm	1,271	\$ 123.76	\$ 126.97	\$ 3.21	2.6%	\$ 126.97	\$ 0.0	0.0%
<b>GS-3</b>								
Residential and Farm TOD	979	\$ 83.96	\$ 86.14	\$ 2.18	2.6%	\$ 86.14	\$ 0.0	0.0%
<b>SC-1</b>								
General Service (0-100 KW)	2,289	\$ 259.46	\$ 268.54	\$ 9.08	3.5%			
<b>SC-2</b>								
General Service (0-100 KW) TOD	2,041	\$ 242.25	\$ 250.72	\$ 8.48	3.5%			
<b>LP-1</b>								
Large Power (101KW - 500 KW)	55,722	\$ 4,536.29	\$ 4,536.29	\$ -	0.0%			
<b>LP-2</b>								
Large Power (over 500 KW)	292,541	\$ 20,192.09	\$ 20,192.09	\$ -	0.0%			
<b>B-1</b>								
Large Industrial Rate (100KW - 4999 KW)	-	\$ -	\$ -	\$ -	0.0%			
<b>B-2</b>								
Large Industrial Rate (over 5000 KW)	3,305,075	\$ 195,099.12	\$ 195,120.82	\$ 21.70	0.0%			
<b>G-1</b>								
Large Industrial Rate (over 1500 KW)	4,671,659	\$ 1,050,445.70	\$ 1,050,445.70	\$ -	0.0%			
Outdoor Lighting	50	\$ 11.31	\$ 12.19	\$ 0.88	7.8%			
CATV	-	\$ 3.12	\$ 3.78	\$ 0.66	21.2%			
<b>Non-Recurring Charges</b>								
Disconnect Charge	-	\$ 72.00	\$ 85.00	\$ 13.00	18.1%			
Collection Fee	-	\$ 25.00	\$ 30.00	\$ 5.00	20.0%			
Overtime Disconnect	-	\$ 50.00	\$ 75.00	\$ 25.00	50.0%			
Remote Disconnect	-	\$ 20.00	\$ 25.00	\$ 5.00	25.0%			
Reconnect Fee	-	\$ 25.00	\$ 30.00	\$ 5.00	20.0%			
Over Time Reconnect	-	\$ 50.00	\$ 75.00	\$ 25.00	50.0%			
Returned Check	-	\$ 20.00	\$ 25.00	\$ 5.00	25.0%			
Temporary Service	-	\$ 20.00	\$ 35.00	\$ 15.00	75.0%			



P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990  
Phone: 888-546-4243 • Fax: 859-885-2854 • [www.bgenergy.com](http://www.bgenergy.com)

September 19, 2014

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

Dear Mr. Derouen,

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 16(2), that on or about October 20, 2014, Blue Grass Energy Cooperative Corporation (hereinafter Blue Grass Energy) intends to file an application for a rate structure change and rate increase in its retail rates based on a historical test year ending December 31, 2013. Blue Grass Energy Intends to use the electronic filing procedure.

If you have any questions, regarding this matter, please contact me.

Respectfully submitted,



Michael I. Williams  
President & CEO  
Blue Grass Energy

Copy to: Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive  
Frankfort, KY 40601

**NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES**

(Complete All Shaded Areas and Check Applicable Boxes)

In accordance with 807 KAR 5:001, Section 8, Blue Grass Energy Cooperative gives notice of its intent to file an application for a rate structure change and general increase in rates with the Public Service Commission no later than November 1, 2014 and to use the electronic filing procedures set forth in that regulation.

Blue Grass Energy Cooperative further states that:

- |  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Yes                                 | No                                  |
| 1. It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible;   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2. It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission;   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 3. Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment; | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 4. Pursuant to KRS 278.380, it waives any right to service of Public Service Commission orders by mail for purposes of this proceeding only;   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. It or its authorized agents possess the facilities to receive electronic transmissions;   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 6. The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff:                                       |                                     |                                     |

Name	Electronic Mail Address
Jim Adkins	jimadkins25@aol.com
Donald Smothers	donalds@bgenergy.com
Phillip Johnson	phillipj@bgenergy.com

- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
| 7. It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--|-------------------------------------|--------------------------|

Signed 

Name: Michael I Williams  
 Title: President & CEO  
 Address: P O Box 990  
 Nicholasville, KY 40340-0990  
 Telephone Number: 859-885-2155



Steve L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

September 23, 2014

## PARTIES OF RECORD

RE: Case No. **2014-00339**

Blue Grass Energy Cooperative Corp.  
(General Rates)

Notice of Intent to File An Application for A Rate Structure Change and General Increase in Rates Using Electronic Filing Procedures

This letter is to acknowledge receipt of notice of election of use of electronic filing procedures to file an application in the above case. The notice was date-stamped received September 22, 2014, and has been assigned Case No. 2014-00339. In all future correspondence or filings in connection with this case, please reference the above case number.

All documents submitted to the Commission in this proceeding must comply with the rules of procedure adopted by the Commission found in 807 KAR 5:001. Any deviation from these rules must be submitted in writing to the Commission for consideration. Additionally, confidential treatment of any material submitted must follow the requirements found in 807 KAR 5:001 (13).

Materials submitted to the Commission which do not comply with the rules of procedure, or that do not have an approved deviation, are subject to rejection by Commission pursuant to 807 KAR 5:001 (3). In order to insure cases are processed in a timely manner and accurate reliable records are created, please make sure that the rules of procedure are followed. Should you have any questions, please contact Linda Faulkner in the Division of Filings at (502)564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

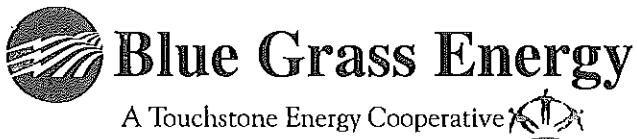
JD/rs

James R Adkins  
Jim Adkins Consulting  
1041 Chasewood Way  
Lexington, KENTUCKY 40513-1731

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

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

J. Donald Smothers  
Vice President, Financial Services  
Blue Grass Energy Cooperative Corp.  
1201 Lexington Road  
P. O. Box 990  
Nicholasville, KY 40340-0990



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P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990  
Phone: 888-546-4243 • Fax: 859-885-2854 • [www.bgenergy.com](http://www.bgenergy.com)

October 30, 2014

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


Re: PSC Case No. 2014-00339

Dear Mr. Derouen,

In reviewing our notice of election of use of electronic filing procedures that was filed with the PSC September 19, 2014 and acknowledged received by the PSC on September 22, 2014 that it states that we intend to file an application no later than November 1, 2014 and to use electronic filing. We are requesting that this date be opened to extend beyond the November 1, 2014 date.

If you have any questions, please contact me at 859-885-2118.

Respectfully submitted,



J. Donald Smothers  
Vice President, Financial Services & CFO

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

**Resolution 2014-06-16**

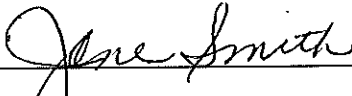
**AUTHORIZATION TO THE PRESIDENT & CEO TO FILE FOR A RATE  
STRUCTURE CHANGE AND INCREASE WITH THE KENTUCKY PUBLIC  
SERVICE COMMISSION**

**WHEREAS**, to provide its members with a reliable source of power it is the opinion of the Board of Directors of Blue Grass Energy that a rate structure change and increase is necessary to maintain Blue Grass Energy in a sound financial condition, and

**WHEREAS**, the Board of Directors of Blue Grass Energy hereby authorizes and directs its President & CEO, Michael I. Williams, to file with the Kentucky Public Service Commission for a rate structure change and increase.

**NOW, THEREFORE BE IT RESOLVED**, that this resolution was properly authorized by the Board of Directors during the regular monthly Board of Directors meeting held June 16, 2014.

I, Jane Smith, Secretary/Treasurer of the Blue Grass Energy Cooperative Corporation hereby certify that the forgoing is a full, true and correct copy of the Resolution duly passed by the Board of Directors of Blue Grass Energy Cooperative at the regular monthly Board of Directors meeting held in compliance with the By-Laws of the Cooperative on the 16<sup>th</sup> day of June 2014, at which meeting a quorum was present, and that the Resolution as set out above appears in the minutes of that meeting in the Minutes Book of the Cooperative dated this 16<sup>th</sup> day of June 2014.

  
\_\_\_\_\_  
Jane Smith, Secretary/Treasurer

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

Exhibit G  
Page 1 of 1  
Witness: Jim Adkins

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Rate Schedule	Kwh Useage	Test Year Revenue	Percent of Total	Normalized Case No. 2040-00497	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Increase Percent
GS-1, Residential and Farm	793,939,806	\$77,280,277	68%	\$77,312,671	68%	\$79,319,204	69%	\$2,006,534	2.6%
GS-1, Residential and Farm T-O-D	437,447	37,530	0%	37,530	0%	38,505	0%	974	2.6%
SC-1, General Service (0-100 KW)	70,405,905	7,980,425	7%	7,980,425	7%	8,259,771	7%	279,345	3.5%
SC-2, General Service (0-100 KW T-O-D)	659,159	78,246	0%	78,246	0%	80,984	0%	2,738	3.5%
LP-1, Large Power (under 500KW)	37,501,047	3,052,923	3%	3,052,923	3%	3,052,923	3%	0	0.0%
LP-2, Large Power (over 500KW)	80,741,257	5,573,018	5%	5,573,018	5%	5,573,018	5%	0	0.0%
B-2, Large Industrial Rate	198,304,474	11,705,947	10%	11,705,947	10%	11,707,249	10%	1,302	0.0%
G-1, Large Industrial	92,572,452	5,635,761	5%	5,252,228	5%	5,252,228	5%	0	0.0%
Outdoor Lights	9,008,707	2,045,660	2%	2,045,660	2%	2,205,241	2%	159,581	7.8%
Envirowatts	271,800	7,678	0%	7,678	0%	7,678	0%	0	0.0%
Rounding differences						0		0	
<b>Total from base rates</b>	<b>1,283,842,054</b>	<b>113,397,466</b>	<b>100%</b>	<b>\$113,046,327</b>	<b>100%</b>	<b>\$115,496,802</b>	<b>100%</b>	<b>\$2,450,474</b>	<b>2.1%</b>
Fuel adjustment billed		(329,117)							
Environmental surcharge billed		12,400,928							
		125,469,277							
<b>Increase (Decrease)</b>				<b>(\$351,139)</b>		<b>\$2,450,474</b>			
Reconciliation to General Ledger:									
Unbilled revenue		(199,841)							
Deferred fuel and surcharge		(263,523)							
<b>Revenue per General Ledger</b>		<b>\$125,005,913</b>							

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE ADJUSTMENT )  
OF RATES OF BLUE GRASS ENERGY ) CASE NO. 2014-00339  
COOPERATIVE CORPORATION )

PREPARED TESTIMONY OF JAMES R. ADKINS

**Q1. State your name and business address.**

R1. I am James R. Adkins and my business address is 2189 Roswell Drive,  
Lexington, KY 40513-1731.

**Q2. What has been your role in this application?**

R2. My role in this application has been to assist Blue Grass Energy Cooperative ("Blue Grass") in the development of this application, to assist in the developed of the test year adjustments along with the revenue requirements, to complete the Cost of Service Study ("COSS"), to assist with the rate design, and to supervise the completion of this Application.

**Q3. What is your professional experience in the area of electric utility rate-making?**

R3. I have spent the last thirty-seven plus years dealing with electric utility rates. I was employed by EKPC as its Pricing Manager for almost twenty-five years. I spent a little over one year with the Prime Group, LLC and I have been self-employed for the twelve years. Prior to my electric utility career, I was employed

in the finance and accounting areas of the medical care field for close to eight years. I also served in the U.S. Army as an infantryman in the Republic of Vietnam in the late 1960s and I am a disabled veteran of that war. I retired from the military after twenty-seven years of active and reserve duty.

**Q4. What is your educational background?**

R4. I received a Bachelor's Degree in Commerce with a major in banking and finance in 1971 and a Master's of Science in Accounting in 1976. Both of my degrees were granted by the University of Kentucky. Since then, I have attended many seminars, conferences and courses on rate-making as well as a presenter at many conferences and seminars on electric utility rate-making, cost of service studies, and rate design.

**Q5. Have you ever appeared as a witness before this Commission?**

R5. I have appeared as a witness before this Commission many times in utility rate applications, applications for certificates of public convenience and necessity, fuel adjustment clause hearings, and administrative cases. I have testified on the behalf of East Kentucky Power Cooperative ("EKPC") and for all of EKPC's member cooperatives and for other distribution cooperatives. I first presented testimony before this Commission in 1978 in the Administrative Case on the fuel adjustment clause.

**Q6. What has been your role in the preparation of this application?**

R6. My role in the preparation of this rate application has been to provide assistance in the development of the billing analysis, to develop many of the test year

adjustments, to complete the Cost of Service Study and to assist in the rate design proposed in this application.

**Q7. What is the amount of increase that Blue Grass is requesting?**

R7. Blue Grass is seeking an increase of \$2,452,901 which amounts to a percentage increase in base rates of 2.17%.

**Q8. Please explain the test year adjustments that are being proposed in this application.**

R8. In the table provided below is a listing of the proposed test year adjustments and the impact of each one upon the revenue requirements of Blue Grass.



TEST YEAR ADJUSTMENTS		
	Increase in Revenue Requirements	Decrease in Revenue Requirements
1 Wages & Salaries Adjustment	\$ 129,304	\$ -
2 Payroll Taxes	22,760	
3 Depreciation Expense	134,874	
4 Interest Expense	482,472	
5 R&S Retirement	103,186	
6 Property Taxes	16,889	
7 Donations		2,987
8 Professional Fees		29,130
9 Director Fees		17,612
10 Miscellaneous Expenses		75,550
11 Rate Case Expenses	30,000	
12 GTCCs	7,776,965	
13 CATV Rate Revenue		17,885
14 Nonrecurring Charge Revenue		76,995
15 Purchased Power (FAC & ESC)		11,965,789
16 Revenue (FAC, ESC & Normalization)	11,959,586	
17 Year End Customer Adjustment		86,517
18 Normalization of Purchased Power		229,194
19 Normalization of Base Rate Revenue		112,225
	\$ 20,656,036	\$ 12,613,883

The test year adjustments for wages and salaries, payroll taxes, depreciation expense, R&S retirement, property taxes, donations, professional fees miscellaneous expenses, rate case expenses, GTCCs, purchased power, revenue and year end customer adjustment have been developed using the standard normalization approach for these types of expenses and revenues. The adjustments for the CATV category and the nonrecurring charges have been developed using the standard methodology.

**Q9. Has any of the test year adjustments been developed any differently than from the standard approach.**

R9. Yes, the adjustment for interest expense has been developed in a manner that is slightly different than the standard normalization approach. All loans for lenders except for the loans from the Federal Financing Bank ("FFB") have used the standard normalization approach – test year end interest rates are multiplied by the test year debt. Since the FFB loan rates are a variable ones, management thought it to be appropriate to use a longer term interest rate for these loan. Management felt that a ten year rate would be the more appropriate one to select since it would most likely use the ten year rate when it converts to longer term debt when interest rates starting trending upward. The rate selected was 2.50% which is the FFB ten year rate on September 25, 2014.

Additionally, the normalization of revenue and the normalization of purchased power both have a significant change. With two smaller loads on different two different retail rate schedules being combined into one load on a third retail rate schedule, the normalization of revenue from base rates had to recognize this situation and it results in a decrease in revenue from base rates of \$351.139. The overall normalization of revenue from base rates has also been impacted by the accrual process that Blue Grass uses for unbilled revenue and for the on the deferral of fuel adjustment and environmental surcharge revenue. Provided below is a table which provides a summary of the normalization adjustment for base rate revenue.

<b>Normalized base rate revenues</b>	<b>\$113,046,327</b>
<b>Test year base rate revenues</b>	<b>113,397,466</b>
<b>Normalized adjustment</b>	<b>(351,139)</b>
<b>Unbilled revenue</b>	<b>199,841</b>
<b>Defer fuel and surcharge</b>	<b>263,523</b>
<b>Total normalized adjustment</b>	<b>112,225</b>

Also, the cost of purchase power for these two loads was based on two different wholesale rate schedules. The combined load will be on a third wholesale rate schedule which will result in a decrease in wholesale purchased power costs of \$229,194

**Q10. How has the Cost of Service Study (“COSS”) utilized in this application?**

R10. The COSS has been used primarily as a guide in the development of the proposed increases in revenue requirements for the rate classes for which rate increased amounts are proposed and as a guide for the customer charge changes that have been filed in this case. Exhibit JRA1 of this testimony provides a summary

of the results of the COSS and the amount of increase being proposed for each rate class.

**Q11. Why is most of the requested increase being placed on the customer charge component of a rate class?**

R11. Most of the requested increase is being placed on the customer charge based on the results of the Cost of Service Study. Most utilities and especially rural electric cooperatives are increasing their customer charge based on cost causation and for revenue stability especially with emphasis on conservation and demand side management. Listed below is a table that shows the present customer charges, the proposed customer charge and the customer-related revenue requirements from the COSS

Rate Class	Current Rates	Proposed		Cost Based
		Phase 1	Phase 2	
<b>GS-1 Residential &amp; Farm</b>				
Facility Charge	\$ 9.73	\$ 15.00	\$ 20.00	\$ 27.30
Prepay Facility Charge	\$ 18.48	\$ 23.75	\$ 28.75	
<b>GS-3 Residential &amp; Farm TOD</b>				
Facility Charge	\$ 15.59	\$ 20.00	\$ 25.00	\$ 29.79
<b>SC-1 General Service (0-100 kW)</b>				
Facility Charge	27.79	\$ 32.50	NA	\$ 38.54
<b>SC-2 General Service TOD (0-100 kW)</b>				
Facility Charge	\$ 35.00	\$ 40.00	NA	\$ 52.69

The amount of the customer charge increase for each rate class has been guided by the current charge compared with the cost based charge.

**Q12. Is BGE proposing to increase the rates for any other rate classes?**

R12. BGE is proposing to increase the rates for two other rate classes: Outdoor Lighting Rate Class and for Schedule B-1 - Large Industrial Rate. A couple of changes are being proposed for the Outdoor Lighting Tariff. One, BGE is proposing to reduce the number of lighting rates from sixteen to twelve by consolidating several schedules. And two, BGE is proposing to change its description of the type of lights it is offering. Blue Grass is also proposing to increase the contract demand charge and the excess demand charge for Schedule B-1 to the contract demand charge and excess demand charge as contained in EKPS's wholesale rate Schedule B. As of the end of the test year, Blue Grass had no customers on Schedule B-1

**Q13. How did BGE determine which rate classes would receive an increase in rates and by how much?**

R13. Information from the COSS has been used as the basis for determining which rate classes would receive an increase in rates and by how much. The COSS served as the general basis along with some judgment for the amount of increase that each rate class.

**Q14. What has been the basis for the increase in the proposed lighting rates?**

R14. Since BGE is proposing some consolidation in its light offerings, a slightly different approach had to be used other than just applying a standard percentage to the current rate of each light. First, the revenue from the current classification of lights at current rates was determined. Then the average rate was determined for each new classification was developed based on the class revenue from the current rates. And finally, a standard percentage increase was applied to the rates for the new classification.

**Q15. Have you applied the Capital Growth Method to Blue Grass Energy?**

R15. Yes, I have applied the Capital Growth Method to Blue Grass Energy's for both the actual test year data and the adjusted test year data. These results are contained in Exhibit JRA2 and provide reasonable assurance to me that the amount of increase requested by Blue Grass is proper and needed.

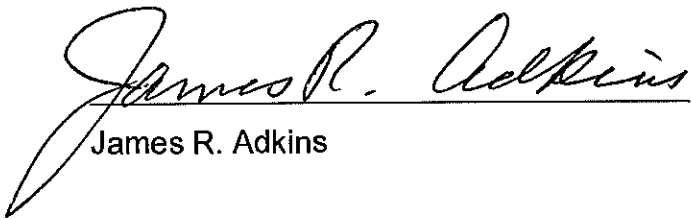
**Q16. Please provide a summary of your testimony?**

R.16 Blue Grass has filed an application for small increase in its revenues from rates for two distinctive reasons. The first reason is the proposed rate design changes in this application for the especially the GS-1 Rate Schedule – Residential and Farm. The second reason is the request for a maintenance increase to maintain the financial integrity of the Cooperative and to put the Cooperative in a reasonable rate design and revenue requirements situation before the upcoming increase in interest rates.

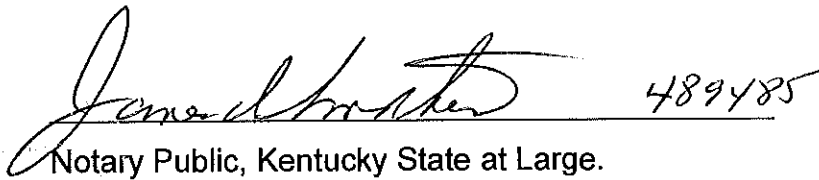
**Q17. Does this conclude your testimony?**

R17. This concludes my testimony.

Affiant, James R. Adkins, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.

  
James R. Adkins

Subscribed and sworn to before me by the affiant, James R. Adkins, this  
14 day of November 2014.

 489485  
Notary Public, Kentucky State at Large.

My Commission Expires June 6, 2017

BLUE GRASS ENERGY COOPERATIVE

CASE NO. 2014-00339

Exhibit JRA-1

Page 1 of 1

SUMMARY OF COST SERVICE STUDY

	Enviro watts	GS 1 Residential & Farm	GS 1 Residential & Farm TOD	SC1 Gen Service 0-100 kW	SC2 Gen Service 0-100 kW TOD	LP1 Large Power under 500 kW	
Total Revenue							
Requirements	6,455	82,234,866	63,783	8,733,814	123,972	2,833,466	
Actual Revenue from Rates	7,678	77,312,671	37,530	7,980,425	78,246	3,052,923	
Under (Over) Recovery	(1,223)	4,922,196	26,252	753,389	45,726	(219,457)	
Rate Revenue Percent		68.39%	0.03%	7.06%	0.07%	2.70%	
Less Other Revenue		2,553,544	1,240	263,584	2,584	100,834	
COSS Suggested Revenue Increase	(1,223)	2,368,652	25,013	489,805	43,142	(320,291)	
Percent		3.06%	66.65%	6.14%	55.14%		
Recommended Increase	-	2,010,129	976	279,315	2,739	-	
Percent Increase	0.00%	2.60%	2.60%	3.50%	3.50%	0.00%	
		LP2 Large Power over 500 kW	- Outdoor Lights	Total EKPC Sched E Rates	B-2 Large Indust. Rate	G-1 Large Indust. Rate	Total for All Rate Classes
Total Revenue							
Requirements	5,729,721	2,549,210	102,275,287	11,560,048	5,397,422	119,232,757	
Actual Revenue from Rates	5,573,018	2,045,660	96,088,151	11,705,947	5,252,228	113,046,327	
Under (Over) Recovery	156,703	503,550	6,187,136	(145,899)	145,194	6,186,430	
Rate Revenue Percent	4.93%	1.81%	85.00%	10.36%	4.65%	100.01%	
Less Other Revenue	184,070	67,566	3,173,422	386,633	173,475	3,733,530	
COSS Suggested Revenue Increase	(27,367)	435,984	3,013,714	(532,533)	(28,281)	2,452,900	
Percent	0.00%	21.31%	3.14%			2.17%	
Recommended Increase	-	159,741	2,452,900	-	-	2,452,900	
Percent Increase	0.00%	7.81%	2.55%	0.00%	0.00%	2.17%	



DIRECT TESTIMONY OF JAMES R. ADKINS

CAPITAL GROWTH METHOD APPLIED TO BLUE GRASS ENERGY COOPERATIVE - ADJUSTED TEST YEAR

<u>Formula</u>	
RORE=(Rng+Rbe+Rep)	Capital
Rng=Normal rate of capital growth	Equity \$ 43,086,837
Rbe=rate of growth required to build equity	Debt 121,523,400
Rep=Rate of Equity payout	<u>Total Capital \$ 164,610,237</u>

Results - Margins

<u>Equity Target &amp; Time Line</u>	Rbe	Rng	Rep	Total	Margins
40% - 10 yr	0.0746	0.030	0.0400	0.1446	\$ 6,231,168
40% - 20 Yr	0.0521	0.030	0.0400	0.1221	\$ 5,259,735
35% - 10 Yr	0.0604	0.030	0.0400	0.1304	\$ 5,617,002
35% - 20 Yr	0.0451	0.030	0.0400	0.1151	\$ 4,958,091
35% - 15 Yr	0.0501	0.030	0.0400	0.1201	\$ 5,176,709
40% - 15 yr	0.0595	0.030	0.0400	0.1295	\$ 5,581,325

Results - Increase Amount

<u>Equity Target &amp; Time Line</u>	TIER	Normalized TY Margins	Amount of Increase
40% - 10 yr	2.33	2,248,894	3,982,274
40% - 20 Yr	2.12	2,248,894	3,010,841
35% - 10 Yr	2.19	2,248,894	3,368,108
35% - 20 Yr	2.05	2,248,894	2,709,197
35% - 15 Yr	2.10	2,248,894	2,927,815
40% - 15 yr	2.19	2,248,894	3,332,431

DIRECT TESTIMONY OF JAMES R. ADKINS

CAPITAL GROWTH METHOD APPLIED TO BLUE GRASS ENERGY COOPERATIVE - ACTUAL TEST YEAR

Formula

$RORE = (Rng + Rbe + Rep)$

Rng = Normal rate of capital growth  
 Rbe = rate of growth required to build equity  
 Rep = Rate of Equity payout

Results - Margins

$Rbe = (1 + Rng)(A/E)^{1/n} - 1$

A = Target Equity as decimal

I = Current Dollar Amount of total Capital

n = years to achieve target equity

E = Current dollar Amount of Equity

Results - Increase Amount

<u>Capital</u>	
Equity	\$ 43,086,837
Debt	121,523,400
<b>Total Capital</b>	<b>\$ 164,610,237</b>

26.18%  
73.82%  
100%

Equity Target & Time Line	Rbe	Rng	Rep	Total	Margins
40% - 10 yr	7.46%	0.03000	0.04	14.46%	6,231,168
40% - 20 Yr	5.21%	0.03000	0.04	12.21%	5,259,735
35% - 10 Yr	6.04%	0.03000	0.04	13.04%	5,617,002
35% - 20 Yr	4.51%	0.03000	0.04	11.51%	4,958,091
35% - 15 Yr	5.01%	0.03000	0.04	12.01%	5,176,709
40% - 15 yr	5.95%	0.03000	0.04	12.95%	5,581,325

Equity Target & Time Line	TIER	Actual TY Margins	Amount of Increase
40% - 10 yr	2.48	2,855,500	3,375,668
40% - 20 Yr	2.25	2,855,500	2,404,235
35% - 10 Yr	2.33	2,855,500	2,761,502
35% - 20 Yr	2.18	2,855,500	2,102,591
35% - 15 Yr	2.23	2,855,500	2,321,209
40% - 15 yr	2.32	2,855,500	2,725,825

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ADJUSTMENT**  
**OF RATES OF BLUE GRASS ENERGY**  
**COOPERATIVE CORPORATION**

**CASE NO. 2014-00339**

PREPARED TESTIMONY OF J. DONALD SMOTHERS

**Q1. Please state your name, business address, and occupation.**

A1. My name is J. Donald Smothers and my business address is 1201 Lexington Road, Nicholasville, Kentucky 40356. I am the Vice President of Financial Services and CFO for Blue Grass Energy Cooperative Corporation ("Blue Grass Energy").

**Q2. Please state your education and professional experience.**

A2. I received a B.S. degree in Accounting from Eastern Kentucky University in 1972. Following graduation, I worked 3 years as a cost accountant for Armour Food Company. Then, I worked for Blue Grass Mental Health Retardation Board as staff accountant until 1980. In February of 1980, I accepted the position of staff accountant for Blue Grass RECC. I was promoted to Office Manager in 1985. Our name was changed to Blue Grass Energy during our first consolidation with Fox Creek RECC on January 1, 1999. I was promoted to Vice President, Financial Services and CFO at that time. We completed our second consolidation with Harrison RECC effective January 1, 2003. I have been employed with Blue Grass for over 34 years. My responsibilities include managing the accounting and finance group as well as the consumer accounting group. I am also responsible for activities including but not limited to budgeting, cash management, work order accounting, rates and tariffs, as well as RUS loan processing.

**Q3. Are you familiar with the accounting work and accounting procedures for rural electric cooperatives?**

A3. Yes. I have over 40 years accounting experience with 34 years of experience in the rural electric accounting area. I have overseen rate consultants in prior rate cases as well as this current case. I am responsible for filing rate tariffs, fuel adjustments, and environmental surcharge data with Kentucky Public Service Commission on a regular basis.

**Q4. Did you prepare or assist in the preparation of the financial exhibits for Blue Grass Energy filed with its Notice Application in this case?**

A4. Yes. I worked with assistance of Jim Adkins, Consultant, in the preparation of these exhibits and am familiar with them. In my opinion, the material contained in these exhibits is correct.

**Q5. Please state whether the statements of facts contained in the Notice are true.**

A5. Yes. To the best of my knowledge and belief, the statements of facts contained in this Application are true.

**Q6. What is the purpose of this Notice of Application of Blue Grass Energy to this Commission?**

A6. To seek an adjustment in retail rate design and increase rates. The rate design is to better align the interest of the Cooperative and its members with respect to energy innovation, efficiency, and demand response efforts. The purpose of the design in base rates is for the cooperative to align, over a period of 2 years, the GS-1 Residential and Farm Rate customer charge with its customer related cost, so that it may promote energy efficiency and demand side management to its entire membership and align revenues with cost as well as minimize weather sensitivity and its effect on margins. The financial maintenance increase is needed to maintain the Cooperatives financial integrity and eliminate the need to file again in the near future when interest rates start increasing. The Federal Reserve has stated interest rates may start increasing by the middle of 2015. Before we requested this financial maintenance increase we implemented cost controls to maintain a strong financial condition starting after December 2010. This extended the date for the need to request an increase. This is reflected in our KAEC statistical analysis. Since December 2010 our number of employees has decreased from 111 to 103 as of August 2014 due to retirements and position elimination. We also have redistributed work to manage cost to be able to extend this rate increase request date. Our average expense per consumer decreased from \$320 ending December 2010 to \$307 ending December 2013. This reflects estimated savings to Blue Grass Energy of approximately \$721,000. Based on the KAEC Statistical Analysis we have dropped from 7<sup>th</sup> highest out of 16 EKPC distribution coops to 12<sup>th</sup> in average expense per consumer. However, based on our need to align our rate structure by moving member related cost to the customer charge we have determined that a financial maintenance increase is needed.

**Q7. What considerations were given to the rate design and increase adjustment that Blue Grass is seeking?**

A7. The rate design and increase being sought by Blue Grass Energy were developed to allow the financial maintenance increase to flow into the customer charge at the effected rate classes during the first step. This should allow the revenue requirement to be a 2.0 OTIER. The second step for the GS-1 Residential and Farm rate would be strictly revenue neutral, moving customer related cost from energy to the customer charge for each of the effected rate classes. Our desire is to align the customer charge with Blue Grass Energy's member related cost over a 2 year period in order to minimize the financial impact, on an annual basis, to individual members within each rate class, as well as to minimize the expense to the Cooperative's members in filing multiple rate cases. We 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. This choice of rate

design assists the member with their energy efficiency efforts in managing their monthly electric bill.

**Q8. What is the Test Year used by Blue Grass Energy for its financial data complied to the Commission in the Application?**

A8. The twelve months ending December 31, 2013 was selected as the Test Year.

**Q9. How was the proposed rate design and increase developed?**

A9. The rate design was developed based upon the Cost of Service Study prepared in conjunction with Jim Adkins, Consultant.

**Q10. How will the proposed rate design and increase be implemented?**

A10. The proposed rate design for base rates will be implemented for the GS-1 Residential and Farm rate over a two year period. The first year the customer charge will increase due to the financial maintenance increase requested and the second year the customer charge will increase and the energy charge will decrease to the amounts proposed in the Application. Additional adjustments in retail rates, due to adjustments passed through by Blue Grass Energy's power supplier, such as increases in wholesale power cost, fuel, or environmental surcharge adjustments etc., will be filed as separate cases as they have been historically. The optional rate offering requested in this Application will be available to Blue Grass Energy members immediately upon approval by the Commission.

**Q11. In your opinion, are the adjusted rates requested in this Case by Blue Grass Energy necessary to achieve the goals of promoting energy efficiency and conservation while maintaining the financial integrity of the Cooperative?**

A11. Yes. It enables Blue Grass Energy to maintain its financial integrity, while promoting energy efficiency and demand side management. It is necessary that it be permitted to adjust its rates as proposed in this Application. Currently, Blue Grass Energy's customer charge of \$9.73 is less than 36% of the required \$27.30 needed to recover the cost of providing service to its Residential Class members. Likewise, the cost of providing service to the Small Commercial Class members is \$38.54, as opposed to the current customer charge of \$27.79. The remainder of the member related cost is currently recovered in the energy charge for both rate classes. A substantial reduction in energy sales results in an under recovery of member related cost and creates a financial hardship to the Cooperative. By approving the rate structure and increase as proposed in the Application, the Commission will enable Blue Grass Energy to recover the majority of its member related costs through the customer charge, and make it possible for the Cooperative to promote reduced energy usage without harm to its financial condition.

**Q12. Does this conclude your testimony in this case?**

A12. Yes, it does.

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Average Bill for Residential Rate Class  
GS-1, Residential and Farm

	<u>Present</u>	<u>Proposed</u>		
Customer charge	\$9.73	\$15.00		
Energy charge	\$0.08951	\$0.08783		
	<u>Existing</u>	<u>Proposed</u>	<u>Increase</u>	
<u>kwh Useage</u>	<u>Rate</u>	<u>Rate</u>	<u>Amount</u>	<u>Percent</u>
0	\$9.73	\$15.00	\$5.27	54.2%
25	11.97	17.20	5.23	43.7%
50	14.21	19.39	5.19	36.5%
100	18.68	23.78	5.10	27.3%
150	23.16	28.17	5.02	21.7%
200	27.63	32.57	4.93	17.9%
250	32.11	36.96	4.85	15.1%
300	36.58	41.35	4.77	13.0%
350	41.06	45.74	4.68	11.4%
400	45.53	50.13	4.60	10.1%
450	50.01	54.52	4.51	9.0%
500	54.49	58.92	4.43	8.1%
600	63.44	67.70	4.26	6.7%
700	72.39	76.48	4.09	5.7%
800	81.34	85.26	3.93	4.8%
900	90.29	94.05	3.76	4.2%
1,000	99.24	102.83	3.59	3.6%
1,100	108.19	111.61	3.42	3.2%
1,200	117.14	120.40	3.25	2.8%
1,300	126.09	129.18	3.09	2.4%
1,400	135.04	137.96	2.92	2.2%
1,500	144.00	146.75	2.75	1.9%
1,600	152.95	155.53	2.58	1.7%
1,700	161.90	164.31	2.41	1.5%
1,800	170.85	173.09	2.25	1.3%
1,900	179.80	181.88	2.08	1.2%
2,000	188.75	190.66	1.91	1.0%
The average monthly useage				
<b>1,271</b>	<b>123.49</b>	<b>126.62</b>	<b>3.13</b>	<b>2.5%</b>

GS-1, Residential and Farm

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

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

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



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

Exhibit J  
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Witness: Jim Adkins

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

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

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

Exhibit J  
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Witness: Jim Adkins

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

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

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

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

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

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

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LP-2, Large Power ( over 500 KW )

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Customer Charge	276	\$30,675	\$111.14	\$30,675	\$111.14	\$30,675
Customer Charge	0	\$0	\$1,199.14	\$0	\$1,199.14	\$0
Demand Charge	208,910	1,742,310	\$8.34	1,742,310	\$8.34	1,742,310
Energy charge	80,741,257	4,032,218	\$0.04994	4,032,218	\$0.04994	4,032,218
5% primary meter discount		(232,186)		(232,186)		(232,186)
						0
Total from base rates		5,573,018		<u>\$5,573,018</u>		<u>\$5,573,018</u>
Fuel adjustment		(3,948)				-
Environmental surcharge		<u>884,318</u>				
Total revenues		<u>\$6,453,388</u>				
Amount				\$0		\$0
Percent				0.0%		0.0%
Average monthly bill		\$20,192.09		\$20,192.09		\$20,192.09
Amount				\$0.00		\$0.00
Percent				0.0%		0.0%

B-2, Large Industrial Rate

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

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

Exhibit J  
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Witness: Jim Adkins

G1, Large Industrial Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
August thru December on Schedule G1						
Customer Charge	5	\$27,270	\$5,454.00	\$65,448	\$5,454.00	\$65,448
Demand Charge	75,675	528,211	\$6.98	1,174,042	\$6.98	1,174,042
Energy charge	43,361,268	1,879,581	\$0.04335	4,012,738	\$0.04335	4,012,738
January thru July on Schedule B-2						
Customer Charge	7	\$7,780	\$1,111.43			
Demand Charge						
Contract demand	20,200	139,582	\$6.91			
Excess of contract demand	322	3,095	\$9.61			
Energy charge	12,698,636	641,281	\$0.05050			
5% primary discount		(32,064)				
January thru July Schedule PP-2						
Customer Charge			\$111.14			
Customer Charge	12	\$14,390	\$1,199.14			
Demand Charge	72,326	\$603,199	\$8.34			
Energy Charge	36,512,548	\$1,823,437	\$0.05			
Total from base rates		5,635,761		<u>\$5,252,228</u>		<u>\$5,252,228</u>
Fuel adjustment		(88,825)				
Environmental surcharge		<u>331,577</u>				
Total revenues	92,572,452	<u>\$5,878,513</u>				
Amount				(\$383,533)		\$0
Percent				-6.8%		0.0%
Average monthly bill		\$1,127,152		1,050,446		\$1,050,446
Amount				(76,707)		\$0.00
Percent				-6.8%		0.0%

Blue Grass Energy Cooperative  
Billing Analysis  
December 31, 2013

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**Outdoor Lights - Part One**

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

Blue Grass Energy Cooperative  
0  
Billing Analysis  
December 31, 2013

**Outdoor Lights - Part Two**

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



Envirowatts

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

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

Exhibit J  
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Witness: Jim Adkins

Billing Determinants	Billing Determinants	Test Year Revenues	Normalized Case No. 2010-00497		Proposed	
			Rates	Revenues	Rates	Revenues
Total from base rates	1,283,842,054	113,397,466		113,046,327		115,496,802
Fuel adjustment		(329,117)				
Environmental surcharge		12,400,928				
Total revenues		100,184,275				
Per Form 7 Difference Increase	1,283,842,054	113,397,467				
Amount	-	0		(351,139)		2,450,474
Percent				-0.3%		2.17%
						(549,454)
Per billing summary						
Fuel adjustment		(329,117)				
Environmental surcharge		12,400,928				
Difference						
Fuel adjustment		-				
Environmental surcharge		-				

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Computation of Rate of Return  
December 31, 2013

	<u>Actual Test Year</u>	<u>Adjusted Test Year</u>
Net margins	\$ 10,632,465	\$ 4,701,795
Non-cash patronage dividends	(7,776,965)	-
Interest on long-term debt	<u>4,219,323</u>	<u>4,701,795</u>
Total	<u>7,074,823</u>	<u>9,403,590</u>
<b>Net rate base</b>	<u>159,094,178</u>	<u>158,985,235</u>
Rate of return	<u>4.45%</u>	<u>5.91%</u>
<b>Equity Capitalization</b>	<u>164,739,237</u>	<u>167,192,138</u>
Rate of return	<u>4.29%</u>	<u>5.62%</u>

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

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$222,003,681	\$222,003,681
Material and supplies (13 months average for test year)	1,348,602	1,348,602
Prepayments (13 months average for test year)	759,293	759,293
Working capital:		
12.5% of operating expense		
less cost of power	<u>2,141,715</u>	<u>2,164,024</u>
	226,253,291	226,275,600
Deductions from rate base:		
Accumulated depreciation	66,598,322	66,729,574
Consumer advances	<u>560,791</u>	<u>560,791</u>
Net rate base	<u><u>\$159,094,178</u></u>	<u><u>\$158,985,235</u></u>

	<u>Material</u>	<u>Prepayments</u>
December 2012	1,465,617	270,643
January	1,469,337	1,079,344
February	1,470,649	1,037,248
March	1,419,866	964,238
April	1,262,310	890,500
May	1,263,834	739,451
June	1,266,086	616,835
July	1,309,401	1,145,046
August	1,295,523	1,048,638
September	1,294,961	796,203
October	1,300,640	608,151
November	1,342,678	373,248
December	1,370,925	301,267
Average	1,348,602	759,293

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Computation of Rate of Return  
December 31, 2013

Test Year	Calendar Year					
	1st	2nd	3rd	4th	5th	
2013	2012	2011	2010	2009	2008	
Net margins	\$10,632,465	\$7,707,463	\$10,673,259	\$7,319,318	\$6,016,890	\$390,880
Interest on long-term debt	4,219,323	4,407,449	4,552,109	4,484,051	4,456,996	4,399,876
<b>Total</b>	<b>14,851,788</b>	<b>12,114,912</b>	<b>15,225,368</b>	<b>11,803,369</b>	<b>10,473,886</b>	<b>4,790,756</b>
Net rate base	159,094,178	157,481,561	156,121,268	155,167,918	152,228,145	149,144,902
<b>Rate of return</b>	<u>9.34%</u>	<u>7.69%</u>	<u>9.75%</u>	<u>7.61%</u>	<u>6.88%</u>	<u>3.21%</u>

Return excluding G & T patronage dividends:	Calendar Year					
	1st	2nd	3rd	4th	5th	
Test Year	2012	2011	2010	2009	2008	
2013	2012	2011	2010	2009	2008	
Net margins	\$10,632,465	\$7,707,463	\$10,673,259	\$7,319,318	\$6,016,890	\$390,880
G & T patronage dividends	7,776,965	5,686,746	6,289,027	3,478,096	3,600,144	1,054,192
Interest on long-term debt	4,219,323	4,407,449	4,552,109	4,484,051	4,456,996	4,399,876
<b>Total</b>	<b>7,074,823</b>	<b>6,428,166</b>	<b>8,936,341</b>	<b>8,325,273</b>	<b>6,873,742</b>	<b>3,736,564</b>
Net rate base	159,094,178	157,481,561	156,121,268	155,167,918	152,228,145	149,144,902
<b>Rate of return, excluding G &amp; T</b>	<u>4.45%</u>	<u>4.08%</u>	<u>5.72%</u>	<u>5.37%</u>	<u>4.52%</u>	<u>2.51%</u>

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

	Calendar Year					
	Test Year 2013	1st 2012	2nd 2011	3rd 2010	4th 2009	5th 2008
<b>Gross rate base:</b>						
Total electric plant	\$222,003,681	\$215,300,386	\$207,942,777	\$201,639,825	\$194,870,618	\$189,002,210
Material and supplies (13 mo. ave test year)	1,348,602	1,465,617	1,245,958	1,176,307	1,048,322	909,767
Prepayments (13 mo. ave test year)	759,293	270,643	518,321	515,667	512,591	483,201
Working capital:						
12.5% of operating expense						
less cost of power	2,141,715	2,125,982	2,192,857	2,202,024	2,076,146	1,988,042
	<u>226,253,291</u>	<u>219,162,628</u>	<u>211,899,913</u>	<u>205,533,823</u>	<u>198,507,677</u>	<u>192,383,220</u>
<b>Deductions from rate base:</b>						
Accumulated depreciation	66,598,322	61,066,869	55,137,707	49,732,049	45,678,882	42,562,140
Consumer advances	560,791	614,198	640,938	633,856	600,650	676,178
	<u>67,159,113</u>	<u>61,681,067</u>	<u>55,778,645</u>	<u>50,365,905</u>	<u>46,279,532</u>	<u>43,238,288</u>
<b>Net rate base</b>	<u>\$159,094,178</u>	<u>\$157,481,561</u>	<u>\$156,121,268</u>	<u>\$155,167,918</u>	<u>\$152,228,145</u>	<u>\$149,144,902</u>

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**Blue Grass Energy Cooperative**  
**Case No. 2014-00339**  
**TIER and DSC Calculations**  
**December 31, 2013**

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b>TIER:</b>		
Margins, excluding G&T capital credits	\$2,855,500	\$4,701,795
Interest on long term debt	4,219,323	4,701,795
TIER	1.68	2.00

<b>DSC:</b>		
Margins, excluding G&T capital credits	\$2,855,500	\$4,701,795
Depreciation expense	8,253,042	8,384,294
Interest on long term debt	4,219,323	4,701,795
Principal payment on long term debt	5,161,554	5,161,554
DSC	1.63	1.80

$$\text{DSC} = \frac{(\text{Margins} + \text{depreciation} + \text{interest})}{(\text{interest} + \text{principal payments})}$$

Blue Grass Energy Cooperative  
Case No. 2014-00339  
TIER and DSC Calculations  
December 31, 2013

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Test Year	Calendar Year					
	1st 2012	2nd 2011	3rd 2010	4th 2009	5th 2008	
<b>TIER calculations:</b>						
Margins, excluding G&T capital credits	2,855,500	2,020,717	4,384,232	3,841,222	2,416,746	(663,312)
Interest on long term debt	4,219,323	4,407,449	4,552,109	4,484,051	4,456,996	4,399,876
<b>Modified TIER</b>	<b>1.68</b>	<b>1.46</b>	<b>1.96</b>	<b>1.86</b>	<b>1.54</b>	<b>0.85</b>
Margins, including G&T capital credits	10,632,465	7,707,463	10,673,259	7,319,318	6,016,890	390,880
Interest on long term debt	4,219,323	4,407,449	4,552,109	4,484,051	4,456,996	4,399,876
<b>TIER</b>	<b>3.52</b>	<b>2.75</b>	<b>3.34</b>	<b>2.63</b>	<b>2.35</b>	<b>1.09</b>
<b>DSC calculations:</b>						
DSC = ((Margins + depreciation + interest) / (interest + principal payments))						
Margins, excluding G&T capital credits	2,855,500	2,020,717	4,384,232	3,841,222	2,416,746	(663,312)
Depreciation expense	8,253,042	8,089,887	7,681,803	7,427,541	7,003,917	6,390,313
Interest on long term debt	4,219,323	4,407,449	4,552,109	4,484,051	4,456,996	4,399,876
Principal payment on long term debt	5,161,554	1,419,538	5,032,499	4,780,347	4,265,926	3,921,124
<b>Modified DSC</b>	<b><u>1.63</u></b>	<b><u>2.49</u></b>	<b><u>1.73</u></b>	<b><u>1.70</u></b>	<b><u>1.59</u></b>	<b><u>1.22</u></b>
Margins, including G&T capital credits	10,632,465	7,707,463	10,673,259	7,319,318	6,016,890	390,880
Depreciation expense	8,253,042	8,089,887	7,681,803	7,427,541	7,003,917	6,390,313
Interest on long term debt	4,219,323	4,407,449	4,552,109	4,484,051	4,456,996	4,399,876
Principal payment on long term debt	5,161,554	5,261,918	5,032,499	4,780,347	4,265,926	3,921,124
<b>DSC</b>	<b><u>2.46</u></b>	<b><u>2.09</u></b>	<b><u>2.39</u></b>	<b><u>2.08</u></b>	<b><u>2.00</u></b>	<b><u>1.34</u></b>



Blue Grass Energy Cooperative  
Case No. 2014-00339  
TIER and DSC Calculations  
December 31, 2013

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	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>TIER calculations:</b>											
Margins, excluding G&T capital credits	1,306,875	1,231,132	1,301,542	1,582,741	1,269,802	1,138,484	400,751	1,156,863	1,205,193	938,655	546,389
Interest on long term debt	1,404,391	1,536,005	1,581,326	1,586,100	1,499,454	1,325,488	1,219,580	1,043,979	1,015,690	959,725	807,272
<b>Modified TIER</b>	1.93	1.80	1.82	2.00	1.85	1.86	1.33	2.11	2.19	1.98	1.68
Margins, including G&T capital credits	1,306,875	1,231,132	1,301,542	1,582,741	1,269,802	1,138,484	400,751	1,156,863	1,205,193	938,655	546,389
Interest on long term debt	1,404,391	1,536,005	1,581,326	1,586,100	1,499,454	1,325,488	1,219,580	1,043,979	1,015,690	959,725	807,272
<b>TIER</b>	1.93	1.80	1.82	2.00	1.85	1.86	1.33	2.11	2.19	1.98	1.68
<b>DSC calculations:</b>											
DSC = ((Margins + depreciation + interest) / (interest + principal payments))											
Margins, excluding G&T capital credits	1,306,875	1,231,132	1,301,542	1,582,741	1,269,802	1,138,484	400,751	1,156,863	1,205,193	938,655	546,389
Depreciation expense	2,023,252	772,795	830,868	696,986	627,027	546,526	499,231	488,541	488,149	450,404	439,712
Interest on long term debt	1,404,391	1,536,005	1,581,326	1,586,100	1,499,454	1,325,488	1,219,580	1,043,979	1,015,690	959,725	807,272
Principal payment on long term debt	2,023,252	772,795	830,868	696,986	627,027	546,526	499,231	488,541	488,149	450,404	439,712
<b>Modified DSC</b>	<u>1.38</u>	<u>1.53</u>	<u>1.54</u>	<u>1.69</u>	<u>1.60</u>	<u>1.61</u>	<u>1.23</u>	<u>1.75</u>	<u>1.80</u>	<u>1.67</u>	<u>1.44</u>
Margins, including G&T capital credits	1,306,875	1,231,132	1,301,542	1,582,741	1,269,802	1,138,484	400,751	1,156,863	1,205,193	938,655	546,389
Depreciation expense	2,023,252	772,795	830,868	696,986	627,027	546,526	499,231	488,541	488,149	450,404	439,712
Interest on long term debt	1,404,391	1,536,005	1,581,326	1,586,100	1,499,454	1,325,488	1,219,580	1,043,979	1,015,690	959,725	807,272
Principal payment on long term debt	2,023,252	772,795	830,868	696,986	627,027	546,526	499,231	488,541	488,149	450,404	439,712
<b>DSC</b>	<u>1.38</u>	<u>1.53</u>	<u>1.54</u>	<u>1.69</u>	<u>1.60</u>	<u>1.61</u>	<u>1.23</u>	<u>1.75</u>	<u>1.80</u>	<u>1.67</u>	<u>1.44</u>

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

	Proposed	Test Year 2013	Calendar Year				
			2012	2011	2010	2009	2008
<b><u>Equity Capitalization:</u></b>							
<b><u>without G&amp;T patronage capital</u></b>							
Total margins and equities	90,928,598	88,475,697	79,217,359	64,220,862	53,550,739	46,187,886	41,606,849
Less G&T Patronage capital	45,257,860	45,257,860	39,571,114	33,282,087	29,803,991	26,203,847	25,149,655
	45,670,738	43,217,837	39,646,245	30,938,775	23,746,748	19,984,039	16,457,194
Long-term debt	121,521,400	121,521,400	119,064,371	123,130,054	118,984,647	118,963,351	117,229,277
Total	167,192,138	164,739,237	158,710,616	154,068,829	142,731,395	138,947,390	133,686,471
Equity capitalization ratio	<u>27%</u>	<u>26%</u>	<u>25%</u>	<u>20%</u>	<u>17%</u>	<u>14%</u>	<u>12%</u>
<b><u>Equity Capitalization:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	90,928,598	88,475,697	79,217,359	64,220,862	53,550,739	46,187,886	41,606,849
Long-term debt	121,521,400	121,521,400	119,064,371	123,130,054	118,984,647	118,963,351	117,229,277
Total	212,449,998	209,997,097	198,281,730	187,350,916	172,535,386	165,151,237	158,836,126
Equity capitalization ratio	<u>43%</u>	<u>42%</u>	<u>40%</u>	<u>34%</u>	<u>31%</u>	<u>28%</u>	<u>26%</u>
<b><u>Equity to Total Assets:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	90,928,598	88,475,697	79,217,359	64,220,862	53,550,739	46,187,886	41,606,849
Total assets	229,042,381	234,973,051	220,730,996	208,826,018	196,335,955	186,179,025	181,878,604
Equity to total asset ratio	<u>40%</u>	<u>38%</u>	<u>36%</u>	<u>31%</u>	<u>27%</u>	<u>25%</u>	<u>23%</u>

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
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**Equity Capitalization:**

**without G&T patronage capital**

Total margins and equities	19,208,836	18,470,849	17,766,967	16,851,711	15,651,417	14,893,784	14,209,771	14,448,356	13,637,844	12,549,250	11,967,312
Less G&T Patronage capit:	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655	25,149,655
	(5,940,819)	(6,678,806)	(7,382,688)	(8,297,944)	(9,498,238)	(10,255,871)	(10,939,884)	(10,701,299)	(11,511,811)	(12,600,405)	(13,182,343)
Long-term debt	38,956,192	36,164,171	36,959,909	32,372,777	29,048,712	25,740,740	24,287,265	20,656,473	18,820,514	18,620,664	16,939,007
Total	33,015,373	29,485,365	29,577,221	24,074,833	19,550,474	15,484,869	13,347,381	9,955,174	7,308,703	6,020,259	3,756,664
Equity capitalization ratio	<u>-18%</u>	<u>-23%</u>	<u>-25%</u>	<u>-34%</u>	<u>-49%</u>	<u>-66%</u>	<u>-82%</u>	<u>-107%</u>	<u>-158%</u>	<u>-209%</u>	<u>-351%</u>

**Equity Capitalization:**

**with G&T patronage capital**

Total margins and equities	19,208,836	18,470,849	17,766,967	16,851,711	15,651,417	14,893,784	14,209,771	14,448,356	13,637,844	12,549,250	11,967,312
Long-term debt	38,956,192	36,164,171	36,959,909	32,372,777	29,048,712	25,740,740	24,287,265	20,656,473	18,820,514	18,620,664	16,939,007
Total	58,165,028	54,635,020	54,726,876	49,224,488	44,700,129	40,634,524	38,497,036	35,104,829	32,458,358	31,169,914	28,906,319
Equity capitalization ratio	<u>33%</u>	<u>34%</u>	<u>32%</u>	<u>34%</u>	<u>35%</u>	<u>37%</u>	<u>37%</u>	<u>41%</u>	<u>42%</u>	<u>40%</u>	<u>41%</u>

**Equity to Total Assets:**

**with G&T patronage capital**

Total margins and equities	19,208,836	18,470,849	17,766,967	16,851,711	15,651,417	14,893,784	14,209,771	14,448,356	13,637,844	12,549,250	11,967,312
Total assets	61,916,128	58,600,742	58,265,269	52,243,971	48,193,455	43,820,838	41,678,530	37,635,992	35,134,408	34,036,218	31,069,920
Equity to total asset ratio	<u>31%</u>	<u>32%</u>	<u>30%</u>	<u>32%</u>	<u>32%</u>	<u>34%</u>	<u>34%</u>	<u>38%</u>	<u>39%</u>	<u>37%</u>	<u>39%</u>



BLUE GRASS ENERGY  
PRG. GLACCTLT (GALA)

ACCOUNT MASTER LISTING  
ALL ACCOUNTS

PAGE 1  
RUN DATE 05/22/14 03:51 PM

Exhibit M  
Page 1 of 16

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
107.00	CONST-WIP-SPREAD	2.00		2.00		107.00				
107.01	CONST-WIP-CLEARING	2.00		2.00		107.01				
107.03	SMART GRID-FED SHARE	2.00		2.00		107.03				
107.04	SMART GRID-BGE SHARE	2.00		2.00		107.04				
107.20	CONSTRUCTION-WORK IN PROGRESS	2.00		2.00		107.20				
107.30	CONSTRUCTION-WIP-SPECIAL EQUIP	2.00		2.00		107.30				
107.31	SPECIAL EQUIP-CONDUCTORS A/C 365	2.00		2.00		107.31				
107.32	SPEC EQUIP-TRANSFORMERS-A/C 368	2.00		2.00		107.32				
107.33	SPEC EQUIP-PADMOUNT TRSF-A/C3681	2.00		2.00		107.33				
107.34	SPEC EQUIP-METERS-A/C 370	2.00		2.00		107.34				
107.35	AUTOMATED METER READING DEVICES	2.00		2.00		107.35				
108.00	RETIREMENT-WIP-SPREAD	4.00		4.00		108.00				
108.54	Acc Depr-AMR meters-a/c 370.01	4.00		4.00		108.54				
108.55	ACCUM DEPR-STORES EQUIP	4.00		4.00		108.55				
108.56	ACC DEPR-STATION EQUIPMENT	4.00		4.00		108.56				
108.57	ACC DEPR-SCADA-R T U	4.00		4.00		108.57				
108.58	ACC DEPR-SCADA-SYSTEM EQUIP	4.00		4.00		108.58				
108.59	ACC DEPR-OFFICE EQUIPMENT	4.00		4.00		108.59				
108.60	ACC DEPR-POLES,TOWERS, FIXTURES	4.00		4.00		108.60				
108.61	ACC DEPR-OVERHEAD LINES	4.00		4.00		108.61				
108.62	ACC DEPR-UNDERGROUND CONDUCTORS	4.00		4.00		108.62				
108.63	ACC DEPR-LINE TRANSFORMERS	4.00		4.00		108.63				
108.64	ACC DEPR-PADMOUNT TRANSFORMERS	4.00		4.00		108.64				
108.65	ACC DEPR-OVERHEAD SERVICES	4.00		4.00		108.65				
108.66	ACC DEPR-UNDERGROUND SERVICES	4.00		4.00		108.66				
108.67	ACC DEPR-METERS	4.00		4.00		108.67				

BLUE GRASS ENERGY  
PRG. GLACCTLT (GALA)

ACCOUNT MASTER LISTING  
ALL ACCOUNTS

RUN DATE 05/22/14 05:02 --

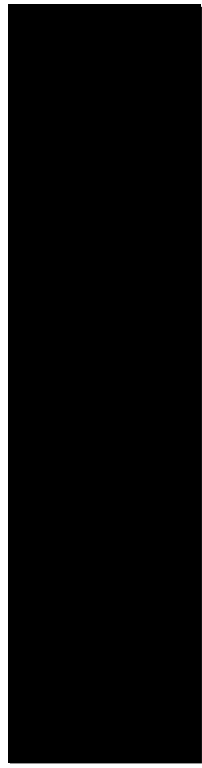
ACCOUNT DESCRIPTION

---RUS---		---TVA---		MARGIN	INACTIVE	BANK TRANSIT	BANK NAME	ACCT LENGTH
B/S	INC	B/S	INC	ACCT		ABA NBR	BANK ACCOUNT	
LINE	LINE	LINE	LINE					
				4.00				108.68
108.68				4.00				108.69
108.69				4.00				108.70
108.70				4.00				108.71
108.71				4.00				108.72
108.72				4.00				108.73
108.73				4.00				108.74
108.74				4.00				108.75
108.75				4.00				108.76
108.76				4.00				108.77
108.77				4.00				108.78
108.78				4.00				108.79
108.79				4.00				108.80
108.80				10.00				123.00
123.00				8.00				123.01
123.01				8.00				123.02
123.02				8.00				123.03
123.03				8.00				123.10
123.10				8.00				123.11
123.11				8.00				123.12
123.12				8.00				123.13
123.13				8.00				123.14
123.14				8.00				123.15
123.15				8.00				123.16
123.16				8.00				123.17
123.17				8.00				123.18
123.18				8.00				

ACCOUNT MASTER LISTING  
ALL ACCOUNTS

ACCOUNT DESCRIPTION

----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR
B/S LINE	INC LINE	B/S LINE	INC LINE			
123.21	10.00		10.00	123.21		
123.22	10.00		10.00	123.22		
123.23	10.00		10.00	123.23		
123.24	10.00		10.00	123.24		
123.25	10.00		10.00	123.25		
123.26	10.00		10.00	123.26		
123.27	10.00		10.00	123.27		
124.00	12.00		12.00	124.00		
131.00	15.00		15.00	131.00	Y	
131.01	15.00		15.00	131.01		
131.02	15.00		15.00	131.02		
131.03	15.00		15.00	131.03		
131.04	15.00		15.00	131.04		
131.05	15.00		15.00	131.05		
131.06	15.00		15.00	131.06		
131.10	15.00		15.00	131.10		
131.15	15.00		15.00	131.15		
131.20	15.00		15.00	131.20		
131.30	15.00		15.00	131.30		
131.31	15.00		15.00	131.31		
131.40	15.00		15.00	131.40		
131.50	15.00		15.00	131.50		
131.60	15.00		15.00	131.60		
131.70	15.00		15.00	131.70		
131.80	15.00		15.00	131.80		
131.85	15.00		15.00	131.85		



BANK NAME  
BANK ACCOUNT ACCT LENGTH

- FIRST NATIONAL BANK
- KENTUCKY BANK
- KENTUCKY BANK
- KY BANK
- KENTUCKY BANK
- KENTUCKY BANK
- 1ST NATL BANK-BROOKSVILLE
- 1ST NATL BANK
- FARMERS BANK-HARRISON CO
- FARMERS BANK
- FIRST NATIONAL-CAP CR REFUND
- KY BANK-CAPITAL CREDIT REF
- PEOPLES BANK
- CENTRAL BANK
- CITIZENS NATIONAL BANK
- ANDERSON NATIONAL BANK
- LAWRENCEBURG NATIONAL BANK
- FARMERS BANK & CAPITAL TRUST

BLUE GRASS ENERGY  
 PRG. GLACCTLT (GALA)

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ACCOUNT DESCRIPTION

		---RUS---		---TVA---		MARGIN	INACTIVE	BANK TRANSIT	BANK NAME	ACCT LENGTH
		B/S	INC	B/S	INC	ACCT		ABA NBR	BANK ACCOUNT	
		LINE	LINE	LINE	LINE					
131.90	CASH-UNITED BANK	15.00		15.00		131.90			UNITED BANK AND TRUST	
131.95	Cash-Town Square Bank	15.00		15.00		131.95			Town Square Bank	
132.10	CASH-RUS CONST FUND--NATL CITY	15.00		15.00		132.10	Y			
132.11	CASH-RUS CONST FUND--KY BANK	15.00		15.00		132.11				
133.00	TRANSFER OF CASH	15.00		15.00		133.00				
135.00	WORKING FUNDS	15.00		15.00		135.00				
136.00	TEMPORARY CASH INVESTMENTS	18.00		18.00		136.00				
136.01	MONEY MKT-ANDERSON BANK	15.00		15.00		136.01				
136.02	CASH-LNB ACCT-CLOSED 12/2010	15.00		15.00		136.02				
142.00	ACCOUNTS RECEIVABLE-CONSUMER	20.00		20.00		142.00				
142.01	A/R-EKP Fuel Adj Recievable	20.00		20.00		142.01				
142.02	A/R-EKP Environmental Surcharge	20.00		20.00		142.02				
142.05	A/R-LONG TERM ARRANGEMENTS	20.00		20.00		142.05				
142.08	PREPAY-DEBT MANAGEMENT	21.00		21.00		142.08				
142.10	RETURNED CHECKS-1ST NATIONAL BNK	21.00		21.00		142.10				
142.11	RETURNED CHECKS-KENTUCKY BANK	21.00		21.00		142.11				
142.12	RETD CHECKS-KY BANK-HARRISON	21.00		21.00		142.12				
142.20	ACCTS REC-EKP ECONOMIC DEV LOAN	21.00		21.00		142.20				
142.50	RETURNED CHECKS-PEOPLES BANK	21.00		21.00		142.50				
142.55	RETD CHECKS-LAWRENCEBURG NATL	21.00		21.00		142.55				
142.60	LOANS TO MEMBERS-ENERGY CONS.	21.00		21.00		142.60				
142.61	LOAN-WATER HEATER/ELEC FIREPLACE	21.00		21.00		142.61				
142.70	A/R--ASSISTANCE VOUCHERS	21.00		21.00		142.70				
142.71	CONSOLIDATE TO A/C 14270	21.00		21.00		142.71				
142.72	CONSOLIDATE TO A/C 14270	21.00		21.00		142.72				
142.73	CONSOLIDATE TO A/C 14270	21.00		21.00		142.73				



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ACCOUNT	DESCRIPTION	---RUS---		---TVA---		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
143.00	ACCOUNTS RECEIVABLE-OTHER	21.00		21.00		143.00				
143.01	FEMA RECEIVABLE	21.00		21.00		143.01				
143.02	OTHER ACC REC-MISCELLANEOUS	21.00		21.00		143.02				
143.03	A/R-EKP-INDUSTRIAL DEV LOAN	21.00		21.00		143.03				
143.04	A/R-BGAD-TRANE CONTRACT	21.00		21.00		143.04				
143.10	A/R-MAJOR MEDICAL AND RET	21.00		21.00		143.10				
143.20	ACCOUNTS RECEIVABLE-OTHER	21.00		21.00		143.20				
143.21	AR-OTHER-STORM ASSISTANCE	21.00		21.00		143.21				
143.30	A/R-BGAD	25.00		24.00		143.30				
144.20	UNCOLLECTABLE ACCOUNTS	20.00		20.00		144.20				
144.30	UNCOLLECTABLE ACCTS-OTHER	21.00		21.00		144.30				
154.00	MATERIALS	23.00		22.00		154.00				
154.01	CONSIGNED POLES	23.00		22.00		154.01				
154.10	GASOLINE-STOCK ACCT	23.00		22.00		154.10				
154.60	DTV INVENTORY	23.00		22.00		154.60				
155.00	MATERIAL-RESALE	23.00		22.00		155.00				
155.01	OTHER SUPPLIES	23.00		22.00		155.01				
163.00	STORES EXPENSE-CLEARING	23.00		22.00		163.00				
165.10	PREPAYMENTS	24.00		23.00		165.10				
165.11	PREPAYMENTS-FEDERATED INSURANCE	24.00		23.00		165.11				
165.12	PREPAYMENTS-EMP INS CONTRIBUTION	24.00		23.00		165.12				
165.13	PREPAYMENT-BILLING SUPPLIES	24.00		23.00		165.13				
165.14	PREPAYMENT-WORKMANS COMP INS	24.00		23.00		165.14				
165.15	Long Term Care Insurance	24.00		23.00		165.15				
165.16	Identity Theft Insurance	24.00		23.00		165.16				
165.17	PREPAYMENT-PENSION CONTRIBUTIONS	24.00		23.00		165.17				

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		B/S LINE	INC LINE	B/S LINE	INC LINE					
165.18	HSA EMPLOYEE CONTRIBUTION	24.00		23.00		165.18				
165.20	PREPAYMENTS-OTHER	24.00		23.00		165.20				
165.21	PREPAYMENT-QEI MAINTENANCE CONT.	24.00		23.00		165.21				
165.22	PREPAYMENT-PORCHE MAINTENANCE	24.00		23.00		165.22				
165.23	PREPAYMENT-E&H-PHONE MAINTENANCE	24.00		23.00		165.23				
165.24	Prepayment-ESRI maint. contract	24.00		23.00		165.24				
165.25	PREPAYMENT-ENG SOFTWARE MAINT	24.00		23.00		165.25				
165.26	PREPAYMENT-UNIFORMS	24.00		23.00		165.26				
165.27	PREPAYMENT-COMSQUARED IMAGING	24.00		24.00		165.27				
171.00	ACCRUED INTEREST AND DIVIDENDS	25.00		24.00		171.00				
176.20	REA CONSTRUCTION NOTES	37.00		36.00		176.20				
176.21	RUS-FFB NOTES	38.00		38.00		176.21				
176.30	CFC CONSTRUCTION NOTES	40.00		40.00		176.30				
181.00	UNAMORTIZED LOAN EXPENSE	28.00		27.00		181.00				
183.00	PREL SURVEY AND INVESTIGATION	28.00		27.00		183.00				
184.00	TRANSPORTATION-OVERHEAD	28.00		27.00		184.00				
184.10	TRANSPORTATION EXPENSE-CLEARING	28.00		27.00		184.10				
186.00	MISC DEFERRED DEBITS	28.00		27.00		186.00				
186.01	MISC DEFERRED DEBITS-LABOR	28.00		27.00		186.01				
186.02	DEF DEBIT-EARLY RETIRE INCENTIVE	28.00		27.00		186.02				
186.03	FIELD INSPECTION-MAPPING SYSTEM	28.00		27.00		186.03				
186.04	DEFERRED DEBIT-R&S PREPAYMENT	28.00		27.00		186.04				
186.07	DEF CHG/PAST SERVICE COST	28.00		27.00		186.07				
186.20	DEF DEBITS-LABOR AND WAGES	28.00		27.00		186.20				
200.10	MEMBERSHIPS	30.00		29.00		200.10				
200.20	INACTIVE MEMBERSHIPS	30.00		29.00		200.20				

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	B/S LINE	INC LINE	B/S LINE	INC LINE					
					201.00				
201.00 PATRONAGE CAPITAL CREDITS	31.00		30.00		201.00				
201.10 PAT CAPITAL CREDITS-ASSIGNED	31.00		30.00		201.10				
201.20 PAT CAPITAL CREDITS-ASSIGNABLE	31.00		30.00		201.20				
201.30 PRIOR YEARS DEFICITS	31.00		30.00		201.30				
208.00 DONATED CAPITAL	35.00		34.00		208.00				
214.00 Accumulated Comprehensive Income	35.00		34.00		214.00				
217.00 RETIRED CAPITAL CREDITS-GAIN	35.00		34.00		217.00				
218.00 CAPITAL GAINS AND LOSSES	35.00		34.00		218.00				
219.10 OPERATING MARGINS	32.00		31.00		219.10				
219.11 OTHER MARGINS-EKP CAPITAL CREDIT	35.00		34.00		219.11				
219.12 OTHER MARGINS-KAEC CAP CREDITS	35.00		34.00		219.12				
219.13 OTHER MARGINS	35.00		34.00		219.13				
219.20 NON OPERATING MARGINS	34.00		33.00		219.20				
219.30 PRIOR YEARS DEFICITS	34.00		33.00		219.30				
224.15 LT DEBT-NRECA-PENSION UPGRADE-FC	40.00		40.00		224.15				
224.20 RUS LONG TERM DEBT	37.00		36.00		224.20				
224.21 RUS-FFB DEBT	38.00		38.00		224.21				
224.60 ADVANCE PAYMENT UNAPPLIED-LTD	42.00		42.00		224.60				
228.20 CFC LONG TERM DEBT	40.00		40.00		228.20				
228.21 CFC DEBT-LINE OF CREDIT	47.00		45.00		228.21				
228.22 EKP DEBT-MARKETING LOANS	47.00		45.00		228.22				
228.30 ACCRUED POSTRETIREMENT BENEFIT	45.00		43.00		228.30				
231.00 NOTES PAYABLE-HARRISON/EKP	47.00		45.00		231.00				
232.01 HARRISON-ACCRUED PAYROLL	48.00		46.00		232.01				
232.10 ACCOUNTS PAYABLE	48.00		46.00		232.10				
232.12 ACCOUNTS PAYABLE WINTERCARE	48.00		46.00		232.12				

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
232.13	CFC-ZTC PAYABLE	48.00		46.00		232.13				
232.15	A/P-AMERICAN EXPRESS	48.00		46.00		232.15				
232.30	ACCOUNTS PAYABLE-OTHER	48.00		46.00		232.30				
232.31	DEFERRED COMPENSATION	48.00		46.00		232.31				
232.32	WAGE GARNISHMENT	48.00		46.00		232.32				
232.33	PUBLIC RELATIONS-BASS TOURNAMENT	48.00		46.00		232.33				
232.34	A/P-HARSHAW TRANE-BGAD PROJECT	48.00		46.00		232.34				
232.35	RETRO LIABILITY-MEDICAL INS	48.00		46.00		232.35				
232.40	ACCOUNTS PAYABLE-CREDIT UNION	48.00		46.00		232.40				
232.50	BOONES TRACE SEWER SYST. PAYABLE	48.00		46.00		232.50				
235.10	CONSUMER DEPOSITS	49.00		47.00		235.10				
236.10	ACCRUED PROPERTY TAX	53.00		51.00		236.10				
236.20	ACCRUED FED UNEMP TAX	53.00		51.00		236.20				
236.30	ACCRUED F.I.C.A.	53.00		51.00		236.30				
236.40	ACCRUED STATE UNEMP TAX	53.00		51.00		236.40				
236.50	ACCRUED KY SALES TAX	53.00		51.00		236.50				
236.60	ACCRUED SCHOOL TAX	53.00		51.00		236.60				
236.70	MADISON CO OCCUPATIONAL TAX	53.00		51.00		236.70				
236.71	LOCAL OCCUPATIONAL TAX PAYABLE	53.00		51.00		236.71				
236.72	RICHMOND CITY OCCUPATIONAL TAX	53.00		51.00		236.72				
236.73	ELECTRICAL INSPECT.FEE PAYABLE	53.00		51.00		236.73				
236.80	ACCRUED FRANCHISE FEE-NICHOLASVI	53.00		51.00		236.80				
236.81	ACCRUED FRANCHISE FEE-L'BURG	53.00		51.00		236.81				
236.82	ACCRUED FRANCHISE FEE-FAYETTE CO	53.00		51.00		236.82				
236.83	Accrued Fran Fee-Harrodsburg	53.00		51.00		236.83				
236.84	ACCRUED FRANCHISE FEE-GEORGETOWN	53.00		51.00		236.84				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
236.90	ACCRUED FRANCHISE FEE-BEREA	53.00		51.00		236.90				
236.91	ACCRUED FRANCHISE TAX-CYNTHIANA	53.00		51.00		236.91				
237.10	ACCRUED INTEREST-REA DEBT	53.00		51.00		237.10				
237.11	ACCRUED INTEREST-RUS FFB LOAN	53.00		51.00		237.11				
237.20	ACCRUED INTEREST-CFC	53.00		51.00		237.20				
237.30	INT PAYABLE-CFC LINE OF CREDIT	53.00		51.00		237.30				
238.10	PATRONAGE CAPITAL PAYABLE	48.00		46.00		238.10				
240.10	ACCRUED INTEREST-CONS DEPOSITS	53.00		51.00		240.10				
241.00	TAX PAYABLE-FEDERAL WITHOLDING	53.00		51.00		241.00				
241.10	TAX PAYABLE-STATE WITHOLDING	53.00		51.00		241.10				
242.05	NRECA/401K LOAN	53.00		51.00		242.05				
242.10	ACCRUED PAYROLL	53.00		51.00		242.10				
242.40	ACCRUED VACATION	53.00		51.00		242.40				
242.50	OTHER CURRENT & ACCRUED LIABILIT	53.00		51.00		242.50				
242.51	ACC LIAB-CTC INV FROM CFC	53.00		51.00		242.51				
242.52	ACC LIAB-CONVERSION FEE CFC LOAN	56.00		54.00		242.52				
242.53	LIABILITY-EARLY RETIRE INCENTIVE	56.00		54.00		242.53				
242.54	ACC LIABILITY-BENCHMARKING	53.00		51.00		242.54				
242.60	ACCRUED SICK LEAVE	56.00		54.00		242.60				
242.70	ACCRUED POSTRETIREMENT BENEFIT	56.00		54.00		242.70				
252.00	MEMBER ADVANCES FOR CONSTRUCTION	56.00		54.00		252.00				
253.00	DEFERRED CREDITS	56.00		54.00		253.00				
253.20	DEF CREDIT-PREPAID SECURITY LGT	56.00		54.00		253.20				
253.50	UNITED WAY PAYROLL DEDUCTION	53.00		51.00		253.50				
253.51	HOSPICE PAYROLL DEDUCTION	53.00		51.00		253.51				
253.60	401 K EMPLOYEE PAY DEDUCTION	53.00		51.00		253.60				

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		B/S LINE	INC LINE	B/S LINE	INC LINE					
253.70	ACRE PAYROLL DEDUCTION	53.00		51.00		253.70				
254.00	DEF CREDIT ANNUAL MEETING	53.00		51.00		254.00				
254.01	ANNUAL MEETING-ELECTION	53.00		51.00		254.01				
254.02	ANNUAL MEETING-SCHOLARSHIP	53.00		51.00		254.02				
362.00	STATION EQUIPMENT	1.00		1.00		362.00				
362.10	SCADA-REMOTE TERMINAL UNITS	1.00		1.00		362.10				
364.00	POLES, TOWERS, FIXTURES	1.00		1.00		364.00				
365.00	OVERHEAD CONDUCTORS & DEVICES	1.00		1.00		365.00				
367.00	UNDERGROUND CONDUCTORS & DEVICES	1.00		1.00		367.00				
368.00	LINE TRANSFORMERS	1.00		1.00		368.00				
368.10	LINE TRANSFORMERS-PADMOUNT	1.00		1.00		368.10				
369.00	OVERHEAD SERVICES	1.00		1.00		369.00				
369.10	UNDERGROUND SERVICES	1.00		1.00		369.10				
370.00	METERS	1.00		1.00		370.00				
370.01	AUTO MTR READING DEVICES-AMR	1.00		1.00		370.01				
371.00	INSTALLATION-CONSUMER PREMISES	1.00		1.00		371.00				
373.00	STREET LIGHTING	1.00		1.00		373.00				
389.00	LAND AND LAND RIGHTS	1.00		1.00		389.00				
390.00	STRUCTURES AND IMPROVEMENTS	1.00		1.00		390.00				
390.50	ASSETS-PROGRESS BILLINGS	1.00		1.00		390.50				
391.00	OFFICE FURNITURE	1.00		1.00		391.00				
391.10	OFFICE EQUIPMENT	1.00		1.00		391.10				
392.00	TRANS EQUIP-LIGHT VEHICLES	1.00		1.00		392.00				
392.10	TRANS EQUIPMENT-HEAVY VEHICLES	1.00		1.00		392.10				
392.20	TRANS EQUIPMENT-OTHER	1.00		1.00		392.20				
393.00	STORES EQUIPMENT	1.00		1.00		393.00				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
394.00	TOOLS	1.00		1.00		394.00				
395.00	LABORATORY EQUIPMENT	1.00		1.00		395.00				
396.00	POWER OPERATED EQUIPMENT	1.00		1.00		396.00				
397.00	COMMUNICATION EQUIPMENT	1.00		1.00		397.00				
398.00	MISCELLANEOUS EQUIPMENT	1.00		1.00		398.00				
403.60	DEPR EXPENSE-DISTRIBUTION PLANT	33.00	13.00	32.00	12.00	219.10				
403.70	DEPR EXPENSE-GENERAL PLANT	33.00	13.00	32.00	12.00	219.10				
408.10	TAXES-PROPERTY	33.00	14.00	32.00	13.00	219.10				
408.20	TAXES-FED UNEMPLOYMENT	33.00	15.00	32.00	14.00	219.10				
408.30	TAXES-FICA	33.00	15.00	32.00	14.00	219.10				
408.40	TAXES-STATE UNEMPLOYMENT	33.00	15.00	32.00	14.00	219.10				
408.50	SALES TAX COMPENSATION	33.00	15.00	32.00	14.00	219.10				
408.70	TAXES-OTHER	33.00	15.00	32.00	14.00	219.10				
415.00	REVENUE FROM MERCHANDISING	33.00	25.00	32.00	24.00	219.20				
415.10	REVENUE-ETS	33.00	25.00	32.00	24.00	219.20				
416.00	COST & EXP OF MERCHANDISING	33.00	25.00	32.00	24.00	219.20				
416.10	COST-ETS	33.00	25.00	32.00	24.00	219.20				
417.10	EXPENSE-KTI-RURAL TV	33.00	25.00	32.00	24.00	219.20				
417.20	PAYABLE-KTI-RURAL TV	33.00	25.00	32.00	24.00	219.20				
417.21	DELETE	33.00	25.00	32.00	24.00	219.10				
417.25	KTI-REVENUE-RTV	33.00	25.00	32.00	24.00	219.20				
417.30	EXPENSE-DIRECT TV	33.00	25.00	32.00	24.00	219.20				
417.40	PAYABLE-KTI-DIRECT TV	33.00	25.00	32.00	24.00	219.20				
417.41	DELETE	33.00	25.00	32.00	24.00	219.20				
417.45	REVENUE KTI-DTV	33.00	25.00	32.00	24.00	219.20				
417.61	REVENUE-DTV BASIC PACKAGE	33.00	25.00	32.00	24.00	219.20				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
417.62	REVENUE-DTV DELUXE PACKAGE	33.00	25.00	32.00	24.00	219.20				
417.63	REVENUE-DTV RECEIVER	33.00	25.00	32.00	24.00	219.20				
417.64	REVENUE-DTV ACCESSORIES	33.00	25.00	32.00	24.00	219.20				
417.65	REVENUE-DTV INSTALLATION	33.00	25.00	32.00	24.00	219.20				
417.69	DTV COST OF GOODS SOLD	33.00	25.00	32.00	24.00	219.20				
417.70	SURGE PROTECTION	33.00	25.00	32.00	24.00	219.20				
417.75	CREDIT CARD BUSINESS	33.00	25.00	32.00	24.00	219.20				
417.80	I-CARE-REVENUE	33.00	25.00	32.00	24.00	219.20				
417.81	I-CARE-EXPENSE	33.00	25.00	32.00	24.00	219.20				
417.85	INTERNET BUSINESS	33.00	25.00	32.00	24.00	219.20				
417.90	BOONES TRACE SEWER SYSTEM	33.00	25.00	32.00	24.00	219.20				
417.91	BATTLEFIELD SEWER SYSTEM	33.00	25.00	32.00	24.00	219.20				
417.92	CYNTHIANA HOUS. AUTH.-EMERGENCY	33.00	25.00	32.00	24.00	219.20				
417.93	CYN HOUSING AUTH-NON EMERGENCY	33.00	25.00	32.00	24.00	219.20				
417.94	BGAD-UESC Project	33.00	25.00	32.00	24.00	219.20				
418.10	EQUITY IN EARNINGS OF SUBSIDIARY	33.00	24.00	32.00	23.00	219.20				
419.00	INTEREST & DIVIDEND INCOME	33.00	22.00	32.00	21.00	219.20				
419.20	INTEREST & DIVIDEND INCOME-KTI	33.00	25.00	32.00	24.00	219.20				
419.60	INTEREST-ENERGY CONSERV. LOANS	33.00	22.00	32.00	21.00	219.20				
421.00	MISCELLANEOUS NONOPERATING INCOME	33.00	25.00	32.00	24.00	219.20				
421.10	GAIN ON DISPOSITION OF PROPERTY	33.00	25.00	32.00	24.00	219.20				
421.20	LOSS ON DISPOSITION OF PROPERTY	33.00	25.00	32.00	24.00	219.20				
423.00	G & T CAPITAL CREDITS	33.00	26.00	32.00	25.00	219.10				
424.00	OTHER CAP CREDITS & PATRONAGE AL	33.00	27.00	32.00	26.00	219.10				
426.10	DONATIONS	33.00	19.00	32.00	18.00	219.10				
426.30	PENALTIES	33.00	19.00	32.00	18.00	219.10				



ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
426.40	EXPENDITURE FOR CIVIC,POLITICAL	33.00	19.00	32.00	18.00	219.10				
426.50	OTHER DEDUCTIONS	33.00	19.00	32.00	18.00	219.10				
426.51	OTHER DEDUCTIONS-NON ELECTRIC	33.00	25.00	32.00	24.00	219.20				
427.10	INTEREST-REA LONG TERM DEBT	33.00	16.00	32.00	15.00	219.10				
427.11	INTEREST-RUS FFB LOAN	33.00	16.00	32.00	15.00	219.10				
427.20	INTEREST-CFC LONG TERM DEBT	33.00	16.00	32.00	15.00	219.10				
428.00	AMORTIZATION OF LOAN EXPENSE	33.00	19.00	32.00	18.00	219.10				
431.00	OTHER INTEREST EXPENSE	33.00	18.00	32.00	17.00	219.10				
434.00	EXTRAORDINARY INCOME	33.00	28.00	32.00	27.00	219.20				
435.00	Extraordinary Deductions	33.00	28.00	32.00	27.00	219.20				
440.10	RESIDENTIAL SALES	33.00	1.00	32.00	1.00	219.10				
442.10	COMMERCIAL SALES < 1000 KVA	33.00	1.00	32.00	1.00	219.10				
442.20	COMMERCIAL SALES > 1000 KVA	33.00	1.00	32.00	1.00	219.10				
444.00	PUBLIC STREET & HIGHWAY LIGHTING	33.00	1.00	32.00	1.00	219.10				
450.00	FORFEITED DISCOUNTS	33.00	1.00	32.00	1.00	219.10				
451.00	MISC SERVICE REVENUES	33.00	1.00	32.00	1.00	219.10				
454.00	RENT FROM ELECTRIC PROPERTY	33.00	1.00	32.00	1.00	219.10				
456.00	OTHER ELECTRIC REVENUE	33.00	1.00	32.00	1.00	219.10				
555.00	PURCHASED POWER	33.00	3.00	32.00	3.00	219.10				
580.00	OPERATION-SUPERVISION & ENGINEER	33.00	6.00	32.00	5.00	219.10				
581.00	LOAD DISPATCHING	33.00	6.00	32.00	5.00	219.10				
582.00	STATION EXPENSE	33.00	6.00	32.00	5.00	219.10				
583.00	OVERHEAD LINE EXPENSE	33.00	6.00	32.00	5.00	219.10				
584.00	UNDERGROUND LINE EXPENSES	33.00	6.00	32.00	5.00	219.10				
585.00	STREET LIGHT EXPENSE	33.00	6.00	32.00	5.00	219.10				
586.00	METER EXPENSE	33.00	6.00	32.00	5.00	219.10				

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCT	INACTIVE	BANK TRANSIT ABA NBR	BANK NAME BANK ACCOUNT	ACCT LENGTH
		B/S LINE	INC LINE	B/S LINE	INC LINE					
587.00	CONSUMER INSTALLATION EXPENSE	33.00	6.00	32.00	5.00	219.10				
588.00	MISCELLANEOUS DISTRIBUTION EXP	33.00	6.00	32.00	5.00	219.10				
590.00	MAINTENANCE-SUPERVISON & ENGINEE	33.00	7.00	32.00	6.00	219.10				
590.10	MAINTENANCE-24 HR DISPATCHING	33.00	7.00	32.00	6.00	219.10				
591.00	MAINTENANCE-STRUCTURES	33.00	7.00	32.00	6.00	219.10				
592.00	MAINTENANCE-STATION EQUIPMENT	33.00	7.00	32.00	6.00	219.10				
593.00	MAINTENANCE OVERHEAD LINES	33.00	7.00	32.00	6.00	219.10				
593.10	MAINTENANCE-RIGHT OF WAY	33.00	7.00	32.00	6.00	219.10				
593.20	OUTAGES-MAINT-OH	33.00	7.00	32.00	6.00	219.10				
593.30	VOLTAGE OPTIMIZATION PROJECT	33.00	7.00	32.00	6.00	219.10				
594.00	MAINTENANCE-UNDERGROUND LINES	33.00	7.00	32.00	6.00	219.10				
594.20	OUTAGES-MAINT-URD	33.00	7.00	33.00	7.00	219.10				
595.00	MAINTENANCE-LINE TRANSFORMERS	33.00	7.00	32.00	6.00	219.10				
596.00	MAINTENANCE-STREET LIGHTING	33.00	7.00	32.00	6.00	219.10				
597.00	MAINTENANCE-METERS	33.00	7.00	32.00	6.00	219.10				
598.00	MAINTENANCE-SECURITY LIGHTS	33.00	7.00	32.00	6.00	219.10				
599.99	DUMMY ACCT	.01	.01	.01	.01	599.99				
901.00	SUPERVISION	33.00	8.00	32.00	7.00	219.10				
902.00	METER READING EXPENSE	33.00	8.00	32.00	7.00	219.10				
903.00	CUSTOMER RECORDS & COLLECTING EX	33.00	8.00	32.00	7.00	219.10				
903.10	CASH OVER/SHORT	33.00	8.00	32.00	7.00	219.10				
904.00	UNCOLLECTABLE ACCOUNTS	33.00	8.00	32.00	7.00	219.10				
908.00	CUSTOMER ASSISTANCE EXPENSE	33.00	9.00	32.00	8.00	219.10				
909.00	INFORMATIONAL ADVERTISING	33.00	9.00	32.00	8.00	219.10				
910.00	MISCELLANEOUS SERVICE EXPENSE	33.00	9.00	32.00	8.00	219.10				
912.00	DEMONSTRATION & SELLING EXPENSE	33.00	9.00	32.00	8.00	219.10				

ACCOUNT	DESCRIPTION	----RUS----	----TVA----	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME	
		B/S	INC	B/S	INC	ACCT	ABA	NR
		LINE	LINE	LINE	LINE		BANK ACCOUNT	ACCT LENGTH
912.10	SCHOOL APPLIANCES	33.00	9.00	32.00	8.00	219.10		
912.30	COMMUNICATIONS/PUBLIC RELATIONS	33.00	9.00	32.00	8.00	219.10		
912.40	MARKETING/ENERGY EFFICIENCY	33.00	9.00	32.00	8.00	219.10		
912.50	KEY ACCOUNTS	33.00	11.00	32.00	10.00	219.10		
913.00	ADVERTISING EXPENSES	33.00	9.00	32.00	8.00	219.10		
916.00	MISCELLANEOUS SALES EXPENSE	33.00	9.00	32.00	8.00	219.10		
920.00	ADMINISTRATIVE & GEN SALARIES	33.00	11.00	32.00	10.00	219.10		
920.10	ADMIN & GENERAL-CONSOLIDATION	33.00	11.00	32.00	10.00	219.10		
920.11	BENCHMARKING	33.00	11.00	32.00	10.00	219.10		
920.12	KEY ACCOUNTS EXPENSE	33.00	11.00	32.00	10.00	219.10		
920.20	Y2K	33.00	11.00	32.00	10.00	219.10		
921.00	OFFICE SUPPLIES AND EXPENSES	33.00	11.00	32.00	10.00	219.10		
923.00	OUTSIDE SERVICES EMPLOYED	33.00	11.00	32.00	10.00	219.10		
925.00	INJURIES AND DAMAGES	33.00	11.00	32.00	10.00	219.10		
926.00	EMPLOYEE PENSIONS & BENEFITS	33.00	11.00	32.00	10.00	219.10		
928.00	REGULATORY COMMISSION EXPENSE	33.00	11.00	32.00	10.00	219.10		
929.00	DUPLICATE CHARGE CREDITS	33.00	11.00	32.00	10.00	219.10		
930.10	GENERAL ADVERTISING EXPENSE	33.00	11.00	32.00	10.00	219.10		
930.20	MISCELLANEOUS GENERAL EXPENSE	33.00	11.00	32.00	10.00	219.10		
930.30	BOARD OF DIRECTORS EXPENSE	33.00	11.00	32.00	10.00	219.10		
930.40	DUES PD ASSOCIATED ORGANIZATIONS	33.00	11.00	32.00	10.00	219.10		
930.50	TRAVEL EXPENSE	33.00	11.00	32.00	10.00	219.10		
930.60	ANNUAL MEETING EXPENSE	33.00	11.00	32.00	10.00	219.10		
932.00	MAINTENANCE OF GENERAL PLANT	33.00	11.00	32.00	10.00	219.10		
932.10	BYPASS IMPACT (HWY 27)	33.00	11.00	33.00	11.00	219.10		
999.99	DUMMY ACCT	.01	.01	.01	.01	999.99		

BLUE GRASS ENERGY  
PRG. GLACCTLT (GALA)

ACCOUNT MASTER LISTING  
ALL ACCOUNTS

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Exhibit M  
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ACCOUNT DESCRIPTION

----RUS---- ----TVA----  
B/S INC B/S INC  
LINE LINE LINE LINE

MARGIN INACTIVE BANK TRANSIT  
ACCT ABA NBR

BANK NAME  
BANK ACCOUNT ACCT LENGTH

TOTAL ACCOUNTS 390

INCOME 125  
BAL/SHEET 265

Kentucky 64  
Blue Grass Energy  
Cooperative Corporation  
Nicholasville, Kentucky  
Audited Financial Statements  
April 30, 2014 and 2013

Alan M. Zumstein  
Certified Public Accountant  
1032 Chetford Drive  
Lexington, Kentucky 40509

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**ALAN M. ZUMSTEIN**  
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MEMBER  
• AMERICAN INSTITUTE OF CPA'S  
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• INDIANA SOCIETY OF CPA'S  
• AICPA DIVISION FOR FIRMS

**Independent Auditor's Report**

To the Board of Directors  
Blue Grass Energy Cooperative  
Nicholasville, Kentucky

**Report on the Financial Statements**

I have audited the accompanying financial statements of Blue Grass Energy Cooperative, which comprise the balance sheets as of April 30, 2014 and 2013, and the related statements of revenue and comprehensive income, changes in equities, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Grass Energy Cooperative as of April 30, 2014 and 2013, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated July 8, 2014, on my consideration of Blue Grass Energy Cooperative's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Alan M. Zumstein*

Alan M. Zumstein, CPA

July 8, 2014



Blue Grass Energy Cooperative Corporation  
Balance Sheets, April 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Electric Plant, at original cost:		
In service	\$ 222,568,749	\$ 215,902,124
Under construction	1,449,355	894,622
	<u>224,018,104</u>	<u>216,796,746</u>
Less accumulated depreciation	68,915,729	62,785,097
	<u>155,102,375</u>	<u>154,011,649</u>
Investments in Associated Organizations	<u>49,779,055</u>	<u>41,980,096</u>
Current Assets:		
Cash and cash equivalents	12,276,512	9,456,967
Accounts receivable, less allowance for 2014 of \$293,956 and 2013 of \$289,485	10,450,051	10,610,977
Other receivables	1,645,712	881,061
Material and supplies, at average cost	1,443,467	1,262,310
Other current assets	856,903	939,864
	<u>26,672,645</u>	<u>23,151,179</u>
Prepaid Pension Costs	<u>3,956,379</u>	<u>4,342,389</u>
Total	<u>\$ 235,510,454</u>	<u>\$ 223,485,313</u>
<u>Members' Equities and Liabilities</u>		
Members' Equities:		
Memberships	\$ 1,047,475	\$ 1,039,968
Patronage capital	88,521,264	77,554,541
Other equities	3,574,552	3,514,547
Accumulated other comprehensive income	(2,328,394)	(1,072,085)
	<u>90,814,897</u>	<u>81,036,971</u>
Long Term Debt	<u>118,254,919</u>	<u>118,614,646</u>
Accumulated Postretirement Benefits	<u>9,243,588</u>	<u>7,611,343</u>
Current Liabilities:		
Accounts payable	7,837,192	7,621,309
Current portion of long term debt	5,000,000	4,000,000
Consumer deposits	1,804,876	1,878,656
Accrued expenses	2,185,320	2,332,774
	<u>16,827,388</u>	<u>17,332,739</u>
Consumer Advances	<u>369,662</u>	<u>389,614</u>
Total	<u>\$ 235,510,454</u>	<u>\$ 223,485,313</u>

The accompanying notes are an integral part of the financial statements.

Statements of Revenue and Patronage Capital  
for the years ended April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Sale of electricity	\$ 128,468,838	\$ 122,495,614
Other electric revenues	<u>3,054,757</u>	<u>3,084,446</u>
	<u>131,523,595</u>	<u>125,580,060</u>
Operating Expenses:		
Cost of power	99,041,253	93,523,721
Distribution - operations	2,698,545	2,469,255
Distribution - maintenance	6,301,759	6,091,468
Consumer accounts	2,795,673	2,812,824
Customer services	931,159	961,104
Sales	247,560	429,943
Administrative and general	4,267,520	4,284,999
Depreciation, excluding \$382,427 in 2014 and \$390,788 in 2013 charged to clearing accounts	8,248,279	8,191,159
Other deductions	<u>18,107</u>	<u>25,052</u>
	<u>124,549,855</u>	<u>118,789,525</u>
Operating margins before interest charges	<u>6,973,740</u>	<u>6,790,535</u>
Interest Charges:		
Long-term debt	4,161,047	4,277,389
Other	<u>2,502</u>	<u>21,157</u>
	<u>4,163,549</u>	<u>4,298,546</u>
Operating margins after interest charges	<u>2,810,191</u>	<u>2,491,989</u>
Nonoperating Margins		
Interest income	318,588	221,341
Others	<u>75,305</u>	<u>96,292</u>
	<u>393,893</u>	<u>317,633</u>
Patronage Capital Credits		
G & T	7,757,442	5,734,905
Others	<u>194,204</u>	<u>170,283</u>
	<u>7,951,646</u>	<u>5,905,188</u>
Net Margins	11,155,730	8,714,810
Other Comprehensive Income:		
Postretirement benefits	<u>(1,256,309)</u>	<u>90,000</u>
Total Comprehensive Income	<u>\$ 9,899,421</u>	<u>\$ 8,804,810</u>

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Members' Equity  
for the years ended April 30, 2013 and 2014

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Other Equity</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Members' Equity</u>
Balance - Beginning of year	\$ 1,036,183	\$ 70,856,371	\$ 3,454,621	\$ (1,162,085)	\$ 74,185,090
Comprehensive income:					
Net margins		8,714,810			8,714,810
Postretirement benefit obligation					
Amortization				90,000	
Adjustments				-	90,000
Total comprehensive income					8,804,810
Net change in memberships	3,785				3,785
Refunds to estates		(127,436)			(127,436)
Other equities		(1,889,204)	59,926		(1,829,278)
Balance - April 30, 2013	1,039,968	77,554,541	3,514,547	(1,072,085)	81,036,971
Comprehensive income:					
Net margins		11,155,730			11,155,730
Postretirement benefit obligation					
Amortization				79,472	
Adjustments				(1,335,781)	(1,256,309)
Total comprehensive income					9,899,421
Net change in memberships	7,507				7,507
Refunds to estates		(189,007)			(189,007)
General refund of capital credits					-
Transfers to other equity and prior year's deficits					-
Other equities			60,005		60,005
Balance - April 30, 2014	\$ 1,047,475	\$ 88,521,264	\$ 3,574,552	\$ (2,328,394)	\$ 90,814,897

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows  
for the years ended April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities:</b>		
Net margins (deficit)	\$ 11,155,730	\$ 8,714,810
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation:		
Charged to expense	8,248,279	8,191,159
Charged to clearing accounts	382,427	390,788
Patronage capital credits assigned	(7,951,646)	(5,905,188)
Accumulated postretirement benefits	375,936	220,152
Change in assets and liabilities:		
Receivables	(603,725)	(1,174,018)
Material and supplies	(181,157)	8,769
Other assets	468,971	(4,386,864)
Payables	215,883	1,147,308
Consumer deposits and advances	(93,732)	(48,405)
Accrued expenses	(147,454)	409,959
	<u>11,869,512</u>	<u>7,568,470</u>
<b>Cash Flows from Investing Activities:</b>		
Plant additions	(9,118,875)	(9,033,708)
Plant removal costs	(657,999)	(813,249)
Salvage recovered from retired plant	55,442	261,557
Receipts from other investments, net	152,687	133,299
	<u>(9,568,745)</u>	<u>(9,452,101)</u>
<b>Cash Flows from Financing Activities:</b>		
Payments on long term debt	(4,017,024)	(5,318,166)
Advances of long term debt	6,800,000	5,000,000
Advance payments of long term debt	(2,142,703)	516,750
Net increase in memberships	7,507	3,785
Refund of patronage capital to members	(189,007)	(127,436)
Increase in other equities	60,005	(1,829,278)
	<u>518,778</u>	<u>(1,754,345)</u>
Net increase in cash	2,819,545	(3,637,976)
Cash and cash equivalents, beginning of year	<u>9,456,967</u>	<u>13,094,943</u>
Cash and cash equivalents, end of year	<u>\$ 12,276,512</u>	<u>\$ 9,456,967</u>
<b>Supplemental cash flows information:</b>		
Interest paid on long-term debt	\$ 4,186,047	\$ 4,292,390

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

**Note 1. Summary of Significant Accounting Policies**

Blue Grass Energy Cooperative Corporation ("Blue Grass") maintains its records in accordance with the policies prescribed or permitted by the Kentucky Public Service Commission ("PSC") and the United States Department of Agriculture, Rural Utilities Service ("RUS"), which conform in all material respects with generally accepted accounting principles. The more significant of these policies are as follows:

**Electric Plant** Electric plant is stated at original cost, which is the cost when first dedicated to public service. Such amount includes applicable supervisory and overhead cost including any construction period interest and taxes. There was no interest required to be capitalized during the year.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to electric plant. The units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation for distribution plant. Gain or loss is recognized on disposition of general plant items. Electric plant consists of:

	<u>2014</u>	<u>2013</u>
Distribution plant	\$204,873,687	\$198,648,571
General plant	<u>17,695,062</u>	<u>17,253,553</u>
Total	<u>\$222,568,749</u>	<u>\$215,902,124</u>

**Depreciation** Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. Depreciation rates range from 2.2% to 6.67%, with a composite rate of 3.81% for distribution plant. General plant rates are as follows:

Structures and improvements	2.5%
Transportation equipment	16%
Other general plant	6% - 16%

**Cash and Cash Equivalents** Blue Grass considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

**Off Balance Sheet Risk** Blue Grass maintains its cash balances, which may exceed the federally insured limit, with several financial institutions. These financial institutions have strong credit ratings and management believes that the credit risk related to the accounts is minimal.

**Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the financial statements.

**Revenue** Blue Grass records revenue as billed to its consumers based on monthly meter-reading cycles. All consumers are required to pay a refundable deposit, however, it may be waived under certain circumstances. Blue Grass's sales are concentrated in a thirteen county area of central Kentucky. Consumers must pay their bill within 20 days of billing, then are subject to disconnect after another 10 days. Accounts are written off when they are deemed to be uncollectible. The allowance for uncollectible accounts is based on the aging of receivables. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at April 30, 2014 or 2013.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies, continued

Blue Grass is required to collect, on behalf of the Commonwealth of Kentucky, sales taxes based on 6 percent of gross sales from non-residential consumers, a 3 percent school tax from certain counties on most gross sales, and franchise fees in certain cities. Blue Grass' policy is to exclude sales tax from revenue when collected and expenses when paid and instead, record collection and payment of sales taxes through a liability account.

**Cost of Power** Blue Grass is one of sixteen (16) members of East Kentucky Power Cooperative ("East Kentucky"). Under a wholesale power agreement, Blue Grass is committed to purchase its electric power and energy requirements from East Kentucky until 2051. The rates charged by East Kentucky are subject to approval of the PSC. The cost of purchased power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky.

**Fair Value Measurements** The Fair Value Measurements and Disclosures Topic of the FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset or liability in an orderly transaction between market participants at the measurement date. The Fair Values Measurements Topic establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs when possible. The three levels of inputs used to measure fair value are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3: Prices or valuations that require inputs that are both significant to the fair value measure and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of Blue Grass's cash and cash equivalents, other receivables, investments, inventories, other assets, trade accounts payable, accrued expenses and liabilities, and other liabilities approximate fair value due to their short maturity. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in associated organizations. Other assets are not considered financial instruments because they represent activities specifically related to Blue Grass. Long term debt cannot be traded in the market, and is specifically for electric cooperatives and, therefore, a value other than its outstanding principal cannot be determined.

Blue Grass may, and also does, invest idle funds in local banks and in National Rural Utilities Cooperative Finance Corporation ("CFC") commercial paper. These investments are classified as held-to-maturity in accordance with provisions of the *Financial Instruments Topic* of FASB ASC 320. Held-to-maturity securities are presented at amortized cost. The fair value of held-to-maturity securities approximates cost at 2014 and 2013.

**Environmental Contingency** Blue Grass from time to time is required to work with and handle PCBs, herbicides, automotive fluids, lubricants, and other hazardous materials in the normal course of business. As a result, there is the possibility that environmental conditions may arise which would require Blue Grass to incur cleanup costs. The likelihood of such an event, or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect Blue Grass's financial position or its future cash flows.

Notes to Financial Statements

**Note 1. Summary of Significant Accounting Policies, continued**

**Risk Management** Blue Grass is exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

**Advertising** Blue Grass expenses advertising costs as incurred.

**Income Tax Status** Blue Grass is exempt from federal and state income taxes under provisions of Section 501(c)(12). Accordingly, the financial statements for Blue Grass include no provision for income taxes. Blue Grass's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management believes Blue Grass has no uncertain tax positions resulting in an accrual of tax expense or benefit. Blue Grass recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Blue Grass did not recognize any interest or penalties during the years ended April 30, 2014 and 2013. Blue Grass's income tax return is subject to possible examination by taxing authorities until the expiration of related statutes of limitations on the return, which is generally three years.

**Comprehensive Income** Comprehensive income includes both net margin and other comprehensive income. Other comprehensive income represents the change in funded status of the accumulated postretirement benefit obligation.

**Reclassifications** Comparative data for the prior year have presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the financial position and operations.

**Subsequent Events** Management has evaluated subsequent events through July 8, 2014, the date the financial statements were available to be issued. There were no significant subsequent events to report.

**Note 2. Investments in Associated Organizations**

Blue Grass records patronage capital assigned by associated organizations in the year in which such assignments are received. The Capital Term Certificates ("CTCs") of CFC are recorded at cost. The CTCs were purchased from CFC as a condition of obtaining long-term financing. The CTCs bear interest at 0%, 3% and 5% and are scheduled to mature at varying times from 2020 to 2080.

Investments in associated organizations consist of:

	<u>2014</u>	<u>2013</u>
East Kentucky, patronage capital	\$45,257,860	\$37,500,418
CFC, patronage capital	756,879	721,709
CFC, CTC's	1,805,494	1,848,107
Others	<u>1,958,822</u>	<u>1,909,862</u>
Total	<u>\$49,779,055</u>	<u>\$41,980,096</u>

Notes to Financial Statements

**Note 3. Patronage Capital**

Patronage capital consisted of:

	<u>2014</u>	<u>2013</u>
Assigned to date	\$101,078,820	\$90,446,355
Assignable margins	2,341,956	1,817,490
Unassigned	158,999	158,999
Retirements to date	<u>(15,058,511)</u>	<u>(14,868,303)</u>
Total	<u>\$88,521,264</u>	<u>\$77,554,541</u>

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total equities and margins to be less than 30% of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed 25% of the net margins for the next preceding year, Blue Grass may distribute the difference between 25% and the payments made to such estates. At April 30, 2014, the equities and margins were 39% of total assets.

**Note 4. Other Equities**

Other equities consist of:

	<u>2014</u>	<u>2013</u>
Donated capital	\$372,764	\$372,884
Retired capital credit gains	3,193,407	3,133,282
Capital credit gains and losses	<u>8,381</u>	<u>8,381</u>
Total	<u>\$3,574,552</u>	<u>\$3,514,547</u>

**Note 5. Long Term Debt**

All assets, except vehicles, are pledged as collateral on the long term debt to RUS, Federal Financing Bank (FFB), and CFC under a joint mortgage agreement. Long term debt consists of:

	<u>2014</u>	<u>2013</u>
RUS, 3.23% to 6.0%	\$74,916,665	\$76,785,778
Advance payment	<u>(2,817,054)</u>	<u>(674,351)</u>
	<u>72,099,611</u>	<u>76,111,427</u>
FFB, 0.41% to 4.906%	<u>39,510,866</u>	<u>34,167,178</u>
CFC:		
2.55% to 7.10% notes	5,892,487	5,326,670
Refinance RUS loans, 5.3% to 5.65%	<u>5,751,955</u>	<u>7,009,371</u>
	<u>11,644,442</u>	<u>12,336,041</u>
	123,254,919	122,614,646
Less current portion	<u>5,000,000</u>	<u>4,000,000</u>
Long term portion	<u>\$118,254,919</u>	<u>\$118,614,646</u>



## Notes to Financial Statements

### Note 5. Long Term Debt, continued

As of April 30, 2014, annual current principal due for the next five years are as follows: 2015 - \$5,000,000; 2016 - \$5,200,000; 2017 - \$5,300,000; 2018 - \$5,400,000; 2019 - \$5,600,000.

The long term debt payable to RUS and CFC are due in quarterly and monthly installments of varying amounts through 2041. During 2004, Blue Grass refinanced \$22,710,297 of 5% RUS loans with funds advanced from CFC. The long term debt to refinance the RUS loans is due in a combination of 14 annual installments of \$1,094,587 and 9 annual installments of \$640,039. During 2006, Blue Grass restructured one of the installments into four (4) installments of \$273,674 to be paid in 2019. Blue Grass has loan funds available from FFB in the amount of \$26,192,000 as of April 30, 2014. RUS assesses 1.25 basis points to administer the FFB loans.

### Note 6. Short Term Borrowings

Blue Grass has executed a twenty-three (23) month line of credit agreement with CFC in the amount of \$16,000,000. At April 30, 2014 Blue Grass had repaid all advances against this line of credit.

### Note 7. Pension Plan

All eligible employees of Blue Grass participate in the NRECA Retirement and Security Plan ("R&S Plan"), a defined benefit pension plan qualified under section 401 and tax exempt under section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The Plan sponsor's identification number is 53-0116145 and the Plan Number is 333. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Blue Grass's contributions to the R&S Plan in 2014 and 2013 represent less than 5 percent of the total contributions made to the plan by all participating employers. Blue Grass made contributions to the plan of \$1,184,068 in 2014 and \$1,677,536 in 2013. There have been no significant changes that affect the comparability of 2014 and 2013.

In the R&S Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act ("PPA") of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the R&S Plan was between 65 percent and 80 percent funded at January 1, 2013 and 2012 based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the R&S Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the Retirement Security ("R&S") Plan ( a defined benefit multiemployer pension plan) to make a prepayment and reduce future required contributions. The prepayment amount is a cooperative share, as of January 1, 2013, of future contributions required to fund the R&S Plan's unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual R&S Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from that expected, plan assumptions changes, and other factors may have an impact on the differential in billing rates and the 15 year period.

Notes to Financial Statements

Note 7. Pension Plan, continued

Two prepayment options were available to participating cooperatives:

1. Use current assets to make the prepayment over a period of not more than 4 years, or,
2. Borrow funds sufficient to make the prepayment in a lump sum, with the prepayment of the borrowed amount determined by the loan's amortization schedule.

On February 14, 2013, RUS issued a memorandum to all of its borrowers regarding the proper accounting treatment of the R&S Plan prepayment. RUS stipulated that the prepayment shall be recorded as a long term prepayment in Account 186, Miscellaneous Deferred Debits. This prepaid expense shall be amortized to Account 926, Employee Pensions and Benefits, over a ten year period. Alternatively, RUS borrowers may calculate the amortization period by subtracting the cooperative's average age of its workforce as provided by NRECA from the cooperative's normal retirement age under the R&S Plan, up to a maximum period of 20 years. If the entity chooses to finance the prepayment, interest expense associated with the loan shall be recorded in the year incurred as is required under the RUS Uniform System of Accounts ("USoA").

Section 6.13(e) of the RUS Loan Contract limits the amount of unsecured debt that a borrower may incur to 15% on Net Utility Plant if the equity level of the borrower, after considering such unsecured debt, is below 30% of its Total Assets, unless the borrower obtains RUS consent. RUS will consider any unsecured debt associated with the R&S Plan prepayment to be "Permitted Debt" and accordingly, it will be excluded from the application of Section 6.13(e). During April, 2013, the Corporation made a prepayment of \$4,342,389 to the R&S Plan. The amount is being amortized over 15 years.

Note 8. Postretirement Benefits

Blue Grass sponsors a defined benefit plan that provides medical insurance coverage for qualified retired employees and their spouses. Blue Grass pays premiums for retirees and their dependents based on years of service. Qualified employees are those that have been hired prior to January 1, 1999. For measurement purposes, an annual rate of increase of 8.5% in 2008, then decreasing by 0.5% per year until 5% per year, in the per capita cost of covered health care benefit was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 5.0% in 2014 and 2013. The funded status of the plan is as follows:

	<u>2014</u>	<u>2013</u>
Projected benefit obligation	(\$9,243,588)	(\$7,611,343)
Plan assets at fair value	<u>-</u>	<u>-</u>
Total	<u>(\$9,243,588)</u>	<u>(\$7,611,343)</u>

The components of net periodic postretirement benefit cost are as follows:

	<u>2014</u>	<u>2013</u>
Benefit obligation at beginning of year	<u>\$7,611,343</u>	<u>\$7,481,191</u>
Components of net periodic benefit cost:		
Service cost	428,772	184,955
Interest cost	463,500	415,045
Net periodic benefit cost	<u>892,272</u>	<u>600,000</u>
Benefits paid	(595,808)	(469,848)
Actuarial gain/loss	<u>1,335,781</u>	<u>-</u>
Benefit obligation at end of year	<u>\$9,243,588</u>	<u>\$7,611,343</u>

## Notes to Financial Statements

### **Note 8. Postretirement Benefits, continued**

Projected retiree benefit payments for the next five years are expected to be as follows: 2015 - \$470,000; 2016 - \$474,000; 2017 - \$490,000; 2018 - \$491,000; 2019 - \$473,000.

### **Note 9. Commitments**

Blue Grass has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to three years.

### **Note 10. Related Party Transactions**

Several of the Directors of Blue Grass and its President & CEO are on the Boards of Directors of various associated organizations.

### **Note 11. Contingencies**

Blue Grass is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

\* \* \* \* \*

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Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Blue Grass Energy Cooperative

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Blue Grass Energy Cooperative, which comprise the balance sheets as of April 30, 2014 and 2013, and the related statements of revenue and comprehensive income, members' equities and cash flows for the years then ended, and related notes to the financial statements, and have issued my report thereon dated July 8, 2014.

**Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Blue Grass Energy's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blue Grass Energy's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Blue Grass Energy's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined previously.

To the Board of Directors  
Blue Grass Energy Cooperative - 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Blue Grass Energy's financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

This report is intended solely for the information and use of the audit committee, management, the Rural Utilities Service, and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties.

*Alan M. Zumstein*  
Alan M. Zumstein, CPA  
July 8, 2014

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**Independent Auditor's Report on Compliance with Aspects of Contractual  
Agreements and Regulatory Requirements for Electric Borrowers**

Board of Directors  
Blue Grass Energy Cooperative

**Independent Auditor's Report**

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Blue Grass Energy Cooperative ("the Cooperative"), which comprise the balance sheet as of April 30, 2014, and the related statements of revenue and comprehensive income, patronage capital, and changes in cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated July 8, 2014. In accordance with *Government Auditing Standards*, we have also issued my report dated July 8, 2014, on my consideration of the Cooperative's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above and my schedule of findings and recommendations related to my audit have been furnished to management.

In connection with my audit, nothing came to my attention that caused me to believe that the Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, my audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had I performed additional procedures, other matters may have come to my attention regarding the Cooperative's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with my audit, I noted no matters regarding the Cooperative's accounting and records to indicate that the Cooperative did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;

Board of Directors  
Blue Grass Energy Cooperative – 2

- Seek approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over material and supplies;
- Prepare accurate and timely Financial and Operating Reports;
- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the electric system;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Record depreciation in accordance with RUS requirements ("See RUS Bulletin 183-1, Depreciation Rates and Procedures");
- Comply with the requirements for the detailed schedule of deferred debits and deferred credits; and
- Comply with the requirements for the detailed schedule of investments.

This report is intended solely for the information and use of the board of directors, management, RUS, and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distributions is not limited.

*Alan Zumstein*

Alan M. Zumstein, CPA  
July 8, 2014

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To the Board of Directors  
Blue Grass Energy Cooperative

I have audited the financial statements of Blue Grass Energy Cooperative for the year ended April 30, 2014, and have issued my report thereon dated July 8, 2014. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on audits of the Rural Utilities Service (RUS) Borrowers. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of the Cooperative for the year ended April 30, 2014, I considered its internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that I consider to be a material weakness.

7 CFR Part 1773.3 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions and other additional matters. I have grouped my comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, I performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, material control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.3(d)(1) related transactions, depreciation rates, a schedule of deferred debits and credits and a schedule of investments, upon which I express an opinion. In addition, my audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. My Objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, I express no opinion thereon.

No reports, other than my independent auditor's report, and my independent auditor's report on internal control over financial reporting and compliance and other matters, all dated July 8, 2014, or summary of recommendations related to my audit have been furnished to management.



To the Board of Directors  
Blue Grass Energy Cooperative – 2

My comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions and other additional matters as required by 7 CFR Part 1773.33 are presented below.

#### **Comments on Certain Specific Aspects of the Internal Control Over Financial Reporting**

I noted no matters regarding the Cooperative's internal control over financial reporting and its operation that I consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- the process for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement, and maintenance and other expense accounts, and;
- the material controls.

#### **Comments on Compliance with Specific RUS Loan and Security Instrument Provisions**

At your request, I have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, and contracts. The procedures I performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of property, or for the use of mortgaged property by others for the year ended April 30, 2014, of the Cooperative.
  1. The Cooperative has not entered into any contract during the year for the operation or maintenance of its property, or for the use of its property by others as defined in 1773.33(e)(1)(i).
- Procedures performed with respect to the requirement to submit RUS Financial and Operating Report, Electric Distribution to RUS:
  1. Agreed amounts reported in RUS Financial and Operating Report, Electric Distribution to the Cooperative's records as of April 30, 2014.

The results of my tests indicate that, with respect to the items tested, the Cooperative complied in all material respects, with the specific RUS loan and security instrument provisions referred to below. With respect to items not tested, nothing came to my attention that caused me to believe that the Cooperative had not complied, in all material respects, with those provisions. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- The borrower has submitted its RUS Financial and Operating Report, Electric Distribution to RUS and the RUS Financial and Operating Report, Electric Distribution, as of April 30, 2014, represented by the borrower as having been submitted to RUS appears to be in agreement with its audited records in all material respects.
- During the period of this review, the Cooperative received no long term advances from CFC on loans controlled by the RUS/CFC Mortgage and Loan Agreement.

#### **Comments on Other Additional Matters**

In connection with my audit of the Cooperative, nothing came to my attention that caused me to believe that the Cooperative failed to comply with respect to:

- The reconciliation of continuing property records to controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);

To the Board of Directors  
Blue Grass Energy Cooperative – 3

- The clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);
- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4);
- Approval of the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR Part 1773.33(c)(5);
- The disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standard No. 57, Related party Transactions, for the year ended April 30, 2014, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f);
- The depreciation rates addressed at 7 CFR Part 1773.33(g);
- The detailed schedule of deferred debits and deferred credits; and
- The detailed schedule of investments.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of deferred debits and deferred credits required by 7 CFR Part 1773(h) and provided below is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The deferred debits are as follows:

Deferred pension costs	<u>\$3,956,379</u>
------------------------	--------------------

The deferred credits are as follows:

Consumer advances for construction	<u>\$369,662</u>
------------------------------------	------------------

This report is intended solely for the information and use of the Board of Directors, management, RUS, and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

*Alan M. Zumstein*  
Alan M. Zumstein, CPA  
July 8, 2014

BLUE GRASS ENERGY  
CASE NO. 2014-00339

Exhibit O  
Page 1 of 1  
Witness: Jim Adkins

COMPUTER SOFTWARE PROGRAMS

Blue Grass Energy has used Microsoft Excel, Microsoft Word, and Adobe Acrobat in preparation of this Application.

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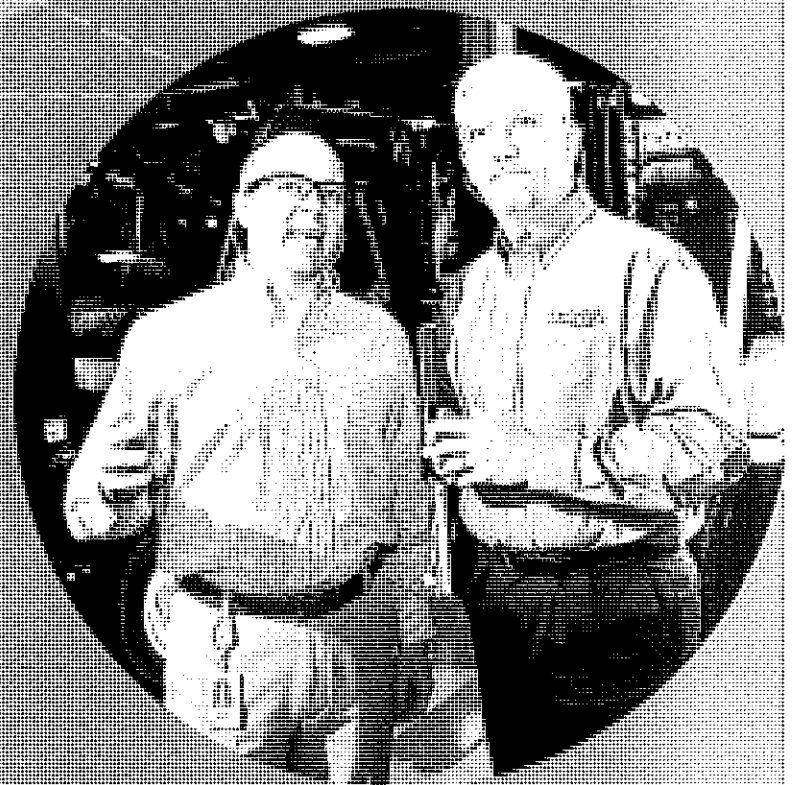
Blue Grass Energy  
Case No. 2014-00339  
**Annual Meeting Information**  
December 31, 2013

The most recent Blue Grass Energy annual meeting was held May 10, 2014. The minutes of that annual meeting are attached, along with the information given to the members attending the annual meeting.

Data for the last five (5) annual meetings are as follows:

<u>Year</u>	<u>Members Attending</u>	<u>Members Voting</u>		<u>Cost</u>
2014	706	-	\$	130,534
2013	712	-	\$	142,593
2012	647	-	\$	133,611
2011	614	-	\$	128,977
2010	641	-	\$	132,625

Making life better, the cooperative way



 **Blue Grass Energy**  
A member of the Energy Cooperative Group

## A Letter from the Chairman and CEO

Electric cooperatives were founded to improve lives. And now more than 75 years since Blue Grass Energy brought light to the countryside of central Kentucky, our purpose remains the same: to make your life better.

During 2012, the cooperative way guided Blue Grass Energy's daily business, as well as the development of our new Strategic Plan.

To better serve our member-owners, your cooperative's board of directors and management team implemented a new Strategic Plan to refocus our staff upon our core mission. Many hours were spent forging a strong plan to carry us forward through the coming years.

During 2012, we restructured our organization to put greater emphasis on reliability, communications, member services, and field operations. We established new goals and implemented detailed business plans to improve the quality of our services and your member experience.

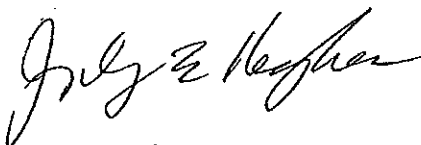
Guided by these initiatives, we also renewed our pledge to pursue energy innovation through new and emerging technologies. We embraced technologies like smartphone apps and social media, allowing you to communicate with us more easily. We also expanded voluntary programs like SimpleSaver, which provides you with bill credits while helping us to better control power costs.

In 2012, your board of directors also set new goals for maintaining equity and general fund levels in order to build the financial strength of your not-for-profit cooperative. We are committed to keeping your electricity affordable by doing everything we can to control costs.

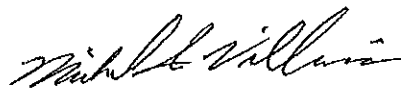
Throughout the year, we supported our local communities and schools through a variety of programs. Our employees spoke before civic groups about energy efficiency. We supported education by sponsoring scholarships and the Touchstone Energy All "A" Classic. We sponsored veterans of the Korean War and World War II on their Honor Flight to Washington, D.C., in October. And we gave safety demonstrations at local schools, because electrical safety is our highest priority.

As we move forward in 2013, please know that our single-minded mission remains focused on providing reliable, affordable power to you. We are here to make your life better, the cooperative way. It is truly our privilege to serve you.

Respectfully submitted,



Jody E. Hughes  
Board Chairman



Michael I. Williams  
President & CEO

## 2013 Annual Meeting

### Official Notice of the Annual Meeting of Blue Grass Energy Keeneland Entertainment Center, Lexington, Kentucky Thursday, May 30, 2013

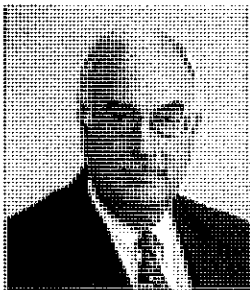
Registration: 4:30 p.m.-6:30 p.m.

Business Meeting: 6:30 p.m.

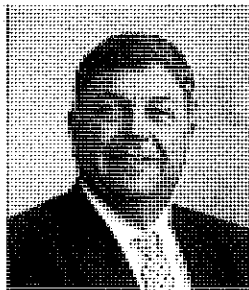
The annual membership of Blue Grass Energy organizes to take action on the following matters:

1. Quorum call.
2. Reading of the notice of the meeting and proof of the due publications or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Considerations of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and actions upon, reports of officers, directors, and committees.
5. Other business.
6. Adjournment.

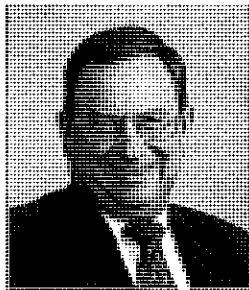
## 2013 Board of Directors



Jody Hughes  
District 6  
Chairman



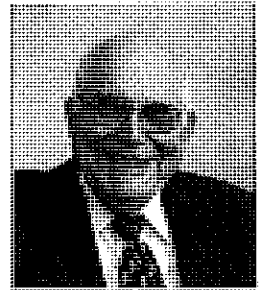
Gary Keller  
District 4  
Vice Chairman



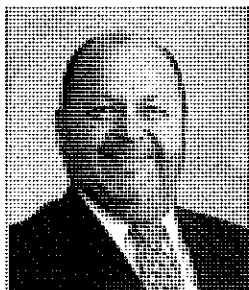
Paul Tucker  
District 1  
Secretary-Treasurer



Danny G. Britt  
District 2



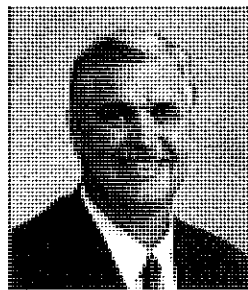
E.A. "Ned" Gilbert  
District 3



Brad Marshall  
District 5



Jane Smith  
District 7



Dennis Moneyhon  
District 8



Michael I. Williams  
President and CEO



### Providing Reliable Power:

Blue Grass Energy places reliability as a top priority. Blue Grass Energy keeps your lights on by making sure trees and other vegetation do not interfere with power lines and by monitoring and maintaining our facilities. To accomplish that, we spend lots of time and effort clearing right-of-ways around poles and trimming trees that could come in contact with wires.

In 2012, Blue Grass Energy tree trimming crews pruned more than 760 miles of line throughout our 23-county service area.

During 2012, Blue Grass Energy also:

- replaced 712 transformers,
- set approximately 1,291 new poles, and
- strung nearly 51 miles of new electrical lines.

### Keeping Costs Low:

Blue Grass Energy continually focuses on keeping the cost of electricity as low as possible. In September of last year, new technology allowed us to offer our members a new money-saving option. Pay as you go, a Prepaid Energy Solution allows members an opportunity to pay for electricity before they use it—eliminating the need for members to pay deposits, late fees, disconnect fees, and reconnect fees.

Blue Grass Energy also aggressively promotes the SimpleSaver program, which helps control peak demand and helps to ensure

the lowest possible power bill. Another improvement added in 2012 was a virtual company computer server project—a multifaceted project combined 33 company servers into three, saving both operational expenses and power costs.

**EnviroWatts™**  
Earth Friendly Energy Alternatives



### Sustaining The Environment:

Care for natural resources is a concern for Blue Grass Energy. In fact, you can contact us and ask to subscribe to EnviroWatts, which is our renewable energy program. This green power is produced by capturing methane at landfills. Although EnviroWatts costs more, it's yet another choice offered to you by Blue Grass Energy. Blue Grass Energy is continuously looking for additional renewable energy resources.

### Energy Efficiency:

Blue Grass Energy wants to help you use electricity as efficiently as possible. We recognize the importance of providing energy-efficiency programs to help our members reduce their electric usage, and ultimately their monthly electric bill.

Last year, our energy advisors performed more than 550 in-home energy evaluations. These free energy evaluations showed participating members how to make their homes more energy efficient and comfortable.

### Caring For Our Communities:

In 2012, our employees volunteered with youth sports leagues, local schools, Boy Scouts, 4-H programs, and many other community events. Our employees also serve as directors on local boards, community Chambers of Commerce, county Cooperative Extension boards, and local Farm Bureaus. As a member-owned cooperative, Blue Grass Energy and our employees are dedicated to its communities.

**Cover Photo:** Michael I. Williams, Blue Grass Energy President/CEO, discusses recent energy-efficiency improvements with Rodney Wilson, Berea plant manager of NACCO Materials Handling Group Inc., which manufactures lift trucks under the Hyster and Yale brands. Working with industry to become more energy efficient is part of how Blue Grass Energy makes life better, the cooperative way. Photo: Tim Webb

**Left:** Shelby Tyler, in his Harrodsburg home, discusses a home energy-efficiency report, including a "blower door test" with Jeff Moberly, energy advisor for Blue Grass Energy. Working with member homeowners to make the most efficient use of appliances and wisest use of electricity is a basic part of Blue Grass Energy's mission. Photo: Tim Webb





Last year, BGEnergy sponsored 10 high school juniors on a trip to our nation's capital where they learned how American government and electric cooperatives work to improve lives. We also awarded 10 \$1,000 scholarships to graduating seniors to help them further their educational goals. Blue Grass Energy is committed to the development of our youth. These students are the future leaders of not only our country, but also our cooperative.

In 2012, employees conducted 80 community and school presentations, which educated more than 7,000 adults and students about energy efficiency, electrical safety, and renewable power.

Blue Grass Energy and Kentucky's Touchstone Energy Cooperatives partnered with the Bluegrass Chapter of the Honor Flight Network in sponsoring our second Honor Flight for 25 veterans who served in World War II or the Korean War. These men visited the World War II Memorial, Korean War Veterans Memorial, and the Iwo Jima Monument in Washington, D.C.

### Staying In Touch:

Blue Grass Energy uses the most modern and the most time-tested techniques to stay in touch with our members.

Since smartphone apps make life easier, in 2012, Blue Grass Energy released a new app that allows members to easily access their accounts and pay their bills anytime. It's all part of providing members with current information and the best, most convenient service possible. Last year, Blue Grass Energy also offered the updated Co-op Connections Card app, which allows members to find discounts anywhere, including a built-in GPS feature that helps members to find local deals nearby.

Our Web site, [www.bgenergy.com](http://www.bgenergy.com), is a great resource for not only communicating with us, but it allows us to communicate with you. There, members can access account information, pay bills, receive updates on outages, and find tools to help save money and energy.

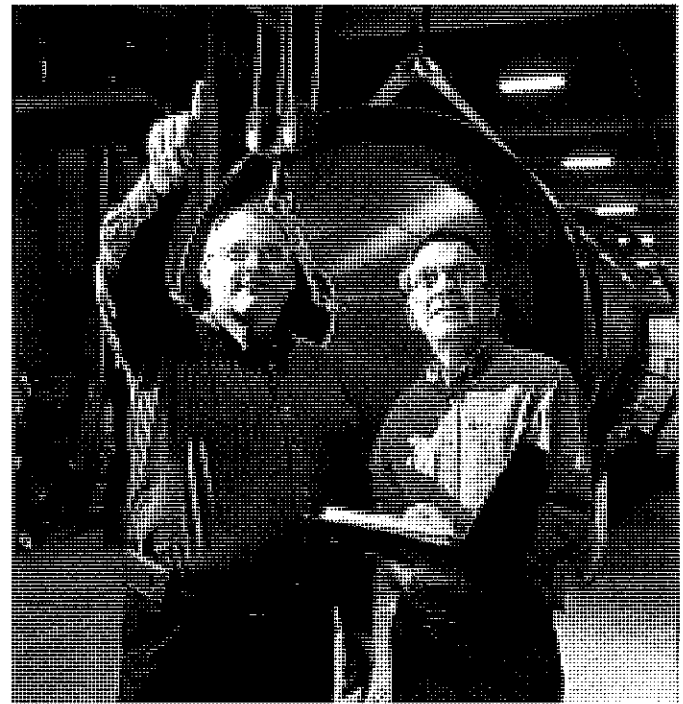
### Keeping Everyone Safe:

During this past year Blue Grass Energy can also report that safety has continued to be our top priority. For employees as well as members, the key to staying safe from the dangers of electricity is constant vigilance.

To keep safety awareness high, every communications medium gets used, from social media, ads and stories in *Kentucky Living* magazine, to regular safety demonstrations around the community, including in schools.

For the high-risk job that utility line technicians work at every day, Blue Grass Energy has made safety a requirement. These dedicated workers are provided with state-of-the-art training techniques developed with resources and support from the Kentucky Association of Electric Cooperatives and the National Rural Electric Cooperative Association.

Keeping employees, and you, safe and healthy will continue as one of the most important parts of our relationship.



**Top:** Honor Flight participant Walker Lee Newsome of Richmond, along with Crystal Raleigh, Blue Grass Energy supervisor, Member Accounting, pose in front of the World War II monument during the 2012 Honor Flight. Photo: Tim Webb

**Bottom:** Harold Cornett, Blue Grass Energy Key Accounts manager, discusses productive energy use practices with Tony James, Nicholasville plant manager of Donaldson, Inc., which specializes in filtration technology for a wide variety of industry around the world. Photo: Tim Webb

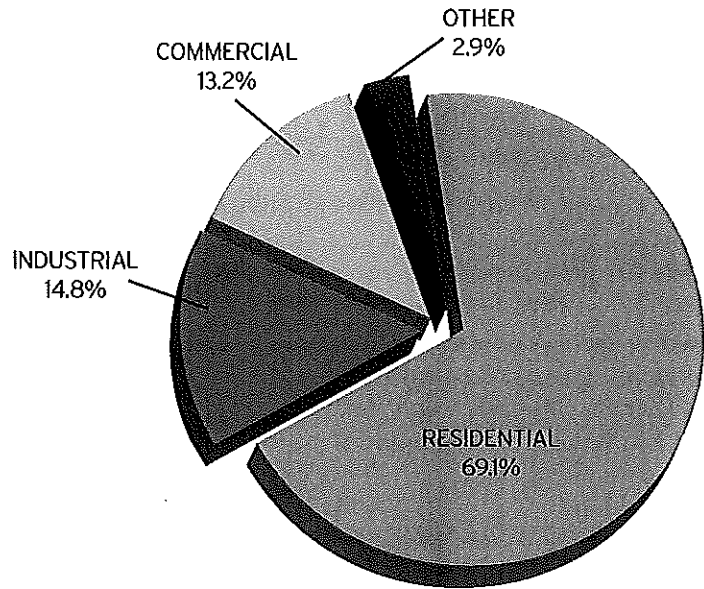
**MEMBERS SERVED  
IN 2012**

Jessamine County.....	10,946
Madison County.....	10,646
Fayette County.....	6,091
Harrison County.....	5,745
Anderson County.....	4,864
Franklin County.....	3,471
Mercer County.....	2,695
Pendleton County.....	2,179
Bourbon County.....	1,741
Scott County.....	1,666
Nicholas County.....	1,579
Bracken County.....	1,538
Woodford County.....	882
Spencer County.....	410
Grant County.....	283
Robertson County.....	242
Washington County.....	177
Shelby County.....	91
Henry County.....	57
Garrard County.....	43
Estill County.....	12
Nelson County.....	10
Jackson County.....	9
Total.....	55,377

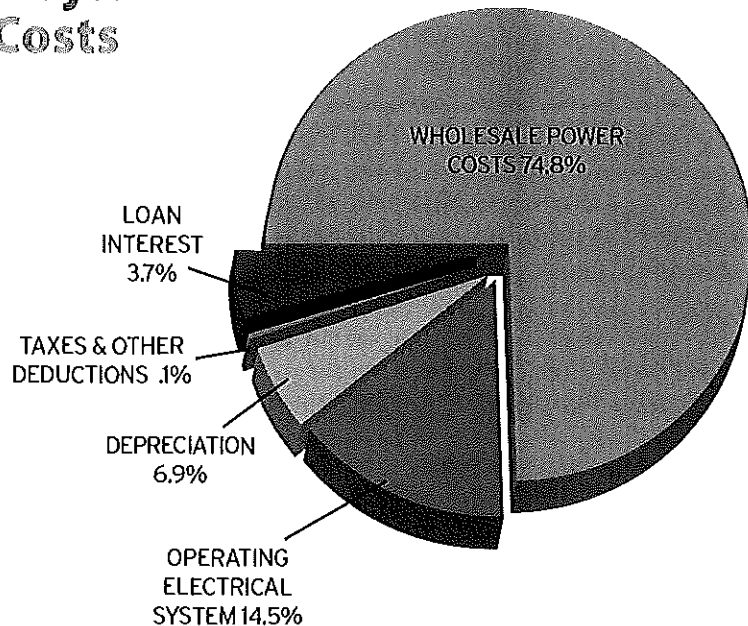
**ACCOUNTS BILLED**

2012.....	55,377
Average Kilowatt-hour Use (Residential per month)	
2012.....	1,205
Miles of Line	
2012.....	4,682
Consumers Per Mile	
2012.....	11.8

**Revenue  
Sources**



**Major  
Costs**



## Statement of Operations

For the Year Ending December 31, 2012

Operating Revenue .....	\$118,940,223
Operating Expense	
Wholesale Power Cost .....	\$88,003,611
Operating the Electrical System .....	17,007,854
Depreciation .....	8,089,887
Interest on Loans .....	4,407,449
Taxes & other Deductions .....	93,761
Total Cost of Electric Service .....	\$117,602,562
Patronage Capital & Operating Margins ..	1,337,661
Non-Operating Margins .....	524,715
Capital Credits assigned from other Cooperative .....	5,845,087
Patronage Capital and Margins .....	7,707,463

## Balance Sheet

For the Year Ending December 31, 2012

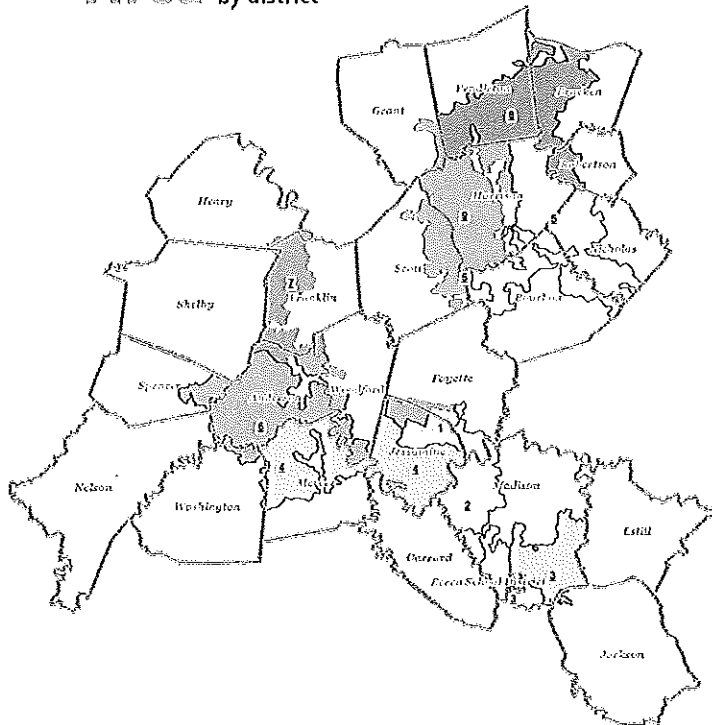
### ASSETS

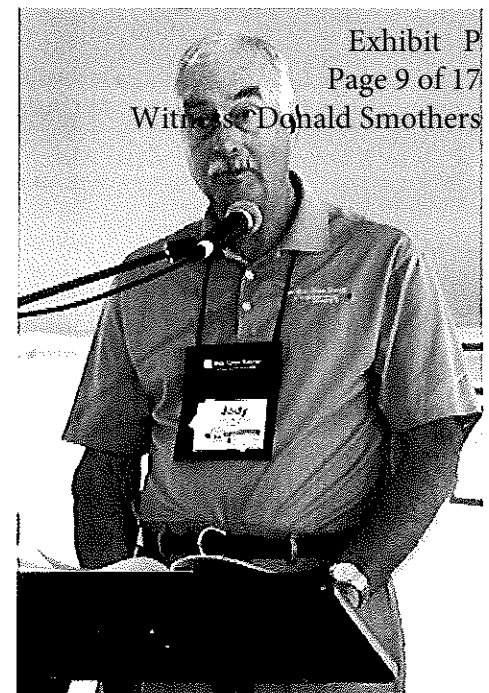
Total Utility Plant .....	\$215,300,386
Less Accumulated Depreciation .....	61,066,869
Net Utility Plant Book Value .....	\$154,233,517
Other Property & Investments .....	\$42,055,370
Cash & Temporary Investments .....	7,857,034
Accounts Receivable .....	14,745,844
Inventory .....	1,465,617
Expenses Paid in Advance .....	270,643
Deferred Debits and Other Assets .....	102,971
Total Assets .....	\$220,730,996

### LIABILITIES

Membership and Other Equities .....	79,217,359
Long-Term Debt .....	119,064,371
Notes and Accounts Payable .....	11,097,780
Other Current & Accrued Liabilities ....	10,737,288
Deferred Credits & Miscellaneous .....	614,198
Total Liabilities .....	\$220,730,996

## Service Area by district





**Blue Grass Energy**

# ANNUAL MEETING

**Thursday, May 30, 2013**

**Keeneland Entertainment Center**

**Registration: 4:30-6:30 p.m.**

**Business meeting: 6:30 p.m.**

- **Free Food**
- **B-I-N-G-O (\$1,000 in prizes)**
- **Bucket of Bulbs**
- **Scholarship Awards**
- **Kids Activities**
- **Energy Saving Information**
- **Oscar the Robot**
- **Caricaturist Denny Whalen**

**GRAND PRIZE**

**John Deere zero-turn lawnmower**

Sponsored in part by Bevins Motor Company  
Georgetown-Mt. Sterling-Paris-Richmond





*Making life better, the cooperative way*



**Blue Grass Energy**

A Fairlane Energy Cooperative 



The founders of Blue Grass Energy pioneered more than an electric cooperative; they created a legacy of making life better, the cooperative way. In the wake of their dedication, our board of directors, staff, and employees are inspired to preserve that legacy and do our part to make life better for your families and communities.

In last year's report, we set the stage for our new Strategic Plan. The objectives outlined in that plan shaped our operational approach and guided our daily decisions. With renewed emphasis on reliability, energy innovation, member satisfaction, and maintaining financial integrity, we hit the ground running in 2013.

We prioritized member-focus and safety every step along the way to ensure we were making life better, the cooperative way, and experienced a 51 percent improvement in our safety metrics from 2012. We focused on promoting energy programs and services to meet the unique needs of your home or business. And close attention was paid to managing the cost of doing business in a fluctuating financial climate.

We concentrated on refining our response to outages and working with members to provide clear and timely information. Our engineers developed a mapping system to more accurately interpret outages, which in turn designs informed solutions and maximizes reliability. As a result, our average outage time for each member was the lowest since 2009.

Leadership in the community continued to be a priority. We served on economic development boards, provided first-class programs and services to help members manage their electric usage, and partnered with schools and other organizations to promote safety education. We invested in our young members through participation in the Washington Youth Tour and scholarship programs. We also had the privilege of sponsoring a World War II veteran on the Honor Flight.

It is truly a pleasure to serve you and your family. We are honored to be part of a cooperative that elevates the value of caring for people in its daily operations. Your generous member feedback was the strongest we've received in our 77-year history and it represents why we do what we do. We appreciate your continued support and encouragement. Thank you.

Respectfully submitted,

Dennis Moneyhon  
Board Chairman

Michael I. Williams  
President & CEO

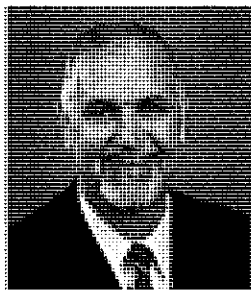
Official Notice of the Annual Meeting of Blue Grass Energy  
Keeneland Entertainment Center, Lexington, Kentucky  
Thursday, June 5, 2014

Registration: 4:30 p.m. - 6:30 p.m.  
Business Meeting: 6:30 p.m.

The annual membership of Blue Grass Energy organizes to take action on the following matters:

1. Quorum call.
2. Reading of the notice of the meeting and proof of the due publications or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Considerations of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and actions upon, reports of officers, directors, and committees.
5. Other business.
6. Adjournment.

2014 Board of Directors



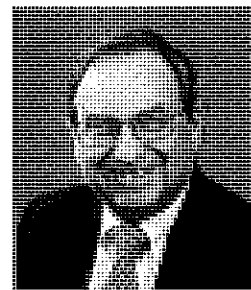
Dennis Moneyhon  
District 8  
Chairman



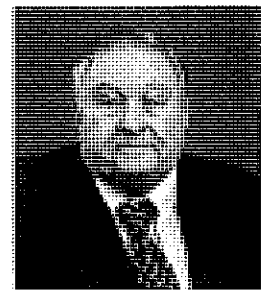
Gary Keller  
District 4  
Vice Chairman



Jane Smith  
District 7  
Secretary-Treasurer



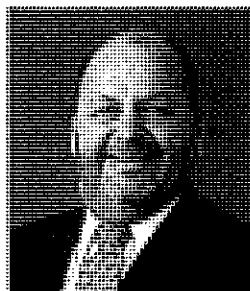
Paul Tucker  
District 1



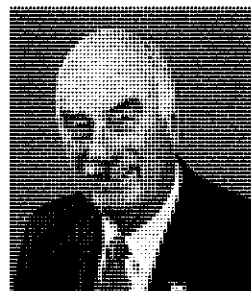
Danny G. Britt  
District 2



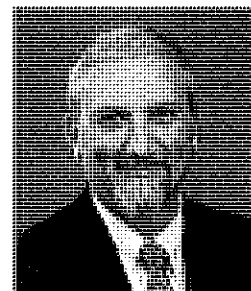
Doug Fritz  
District 3



Brad Marshall  
District 5



Jody Hughes  
District 6



Michael I. Williams  
President and CEO



Left: Tom Castle, system engineer, and Allen Sturgill, manager of reliability, are continually searching for new avenues to improve system stability.

Photo: Tim Webb

Seventy-seven years ago, Blue Grass Energy was created to improve the lives of our rural members. We still strive to do that. Here are some things we've been working on to improve our service to you.

### Reliability:

Reliable electric service requires continuing investment in our infrastructure. Our annual work plan provides improvements to the system by removing aging equipment, such as poles and conductor or adding additional lightning protection. Another effort includes keeping our rights-of-way clear.

Pole inspection and treatment is critical in reliability. We inspect all poles on a two-year cycle. Each year, an independent contractor treats approximately 8,000 poles, ensuring their structural integrity.

All external operations are geared toward removing potential causes

for faults and minimizing the length of an outage when one does occur.

2013 also marked a milestone when the Kentucky Public Service Commission (PSC) approved East Kentucky Power's (EKPC) integration of its system into the PJM Regional Transmission Organization. PJM is a regional transmission grid that coordinates more than 61,500 miles of high-voltage transmission. It is the world's largest centrally dispatched electric grid. The benefits of this interconnection are:

- Competitively priced power
- Access to reserve power plant capacity
- Significant economic benefits
- Avoidance of transmission fees

### Safety:

Safety remains a priority at Blue Grass Energy. Regular training and

daily safety meetings help keep our employees safe. Because of our intense efforts, Blue Grass Energy saw a 51 percent improvement in our safety metrics compared to 2012.

We work to keep employees safe, and we are also concerned about the safety of our members. From articles published in *Kentucky Living* to community presentations, we spread safety reminders to help you remember that safety is a priority everywhere, every day, and to every one.

### Member Satisfaction:

We placed a renewed emphasis on providing our members with the highest levels of service possible. We want to make each contact you have with us easy and helpful. Utilizing technology has allowed us to offer members more ways to interact with us than ever before. Because we are still local, at any time, you can call our office and speak to an employee. Other avenues, such as social media, smartphone apps and a more user-friendly Web site, have allowed us to have additional communication opportunities.

### Affordability

As Kentuckians, we have the third lowest rates in the country and keeping power affordable is a priority. The cost of running the cooperative is paid by each member through electric rates, so we are always conscious of the impact of our expenses. Because of the cooperative business model, our members are owners, and only pay what it costs Blue Grass Energy to deliver power. Nothing more.

2013  
BGEnergy  
by the numbers

- 1,986 new poles
- 48 miles of wire strung
- 932 transformers installed
- 238,000 phone calls were received
- 418 in-home energy audits
- 74 community programs to more than 8,300 people



Utilizing the technology we already have in place, we continue to receive a return on that investment. The use of smart meters continues to save on the costs of personnel, vehicles, fuel, and maintenance. We progressively look at new and emerging technologies that will aid in better managing resources and costs.

In addition to controlling expenses, our affiliation with PJM and programs like SimpleSaver, which helps control peak demand, works to ensure your power bill is as low as possible.

**Community Involvement:**

Blue Grass Energy takes great pride in serving our communities. It is also one of the Seven Guiding Principles that shape the way we do business. At Blue Grass Energy, community involvement goes further than being a good corporate citizen. It means looking beyond

*Continued on next page*



Above left: Sonny Chapman, crew chief, and William G. Hall, first class line technician, represent the many line technicians that work in all weather conditions to keep your power on.  
Photo: Tim Webb

*Continued from previous page*

our business to support other local businesses and communities.

Our employees serve on chambers, school committees, Cooperative Extension boards, local Farm Bureaus, and economic development boards. We coach local sports teams, and teach first responders and school children about electrical safety. We proudly invest in our young members with our Washington Youth Tour and scholarship programs.

Blue Grass Energy and Kentucky's Touchstone Energy Cooperatives partnered with the Bluegrass Chapter of the Honor Flight Network in sponsoring our third Honor Flight for 25 veterans who served in World War II or the Korean War.

We partner with local businesses to bring you savings with the Co-op Connections Card. This program helps you with discounts from dry cleaning to prescriptions. In 2013, Blue Grass Energy members saved more than \$20,000 in prescription costs alone.

Thank you for allowing us to serve you this past year.

## Statement of Operations

For the Year Ending December 31, 2013

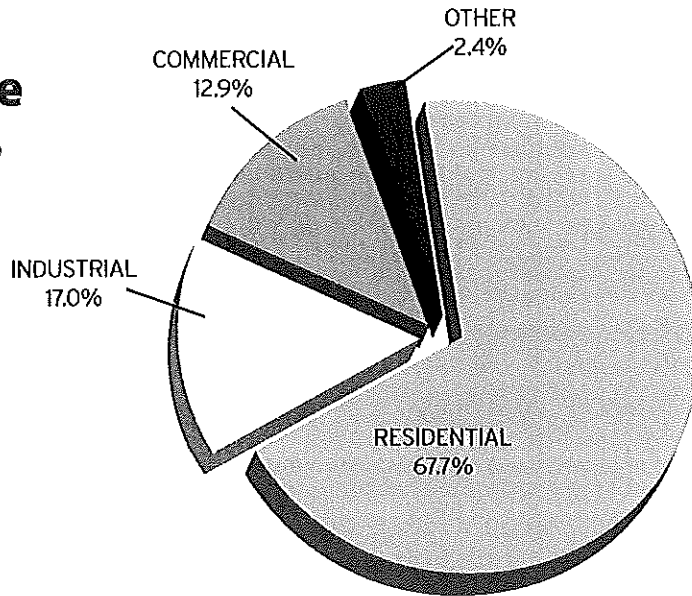
Operating Revenue .....	\$128,040,379
Operating Expense	
Wholesale Power Cost .....	\$96,070,322
Operating the Electrical System.....	17,133,722
Depreciation .....	8,253,042
Interest on Loans.....	4,219,323
Taxes & other Deductions .....	26,136
Total Cost of Electric Service .....	\$125,702,545
Patronage Capital & Operating Margins ..	2,337,834
Non-Operating Margins .....	346,394
Capital Credits assigned from	
other Cooperatives .....	7,948,237
Patronage Capital and Margins .....	10,632,465

## Balance Sheet

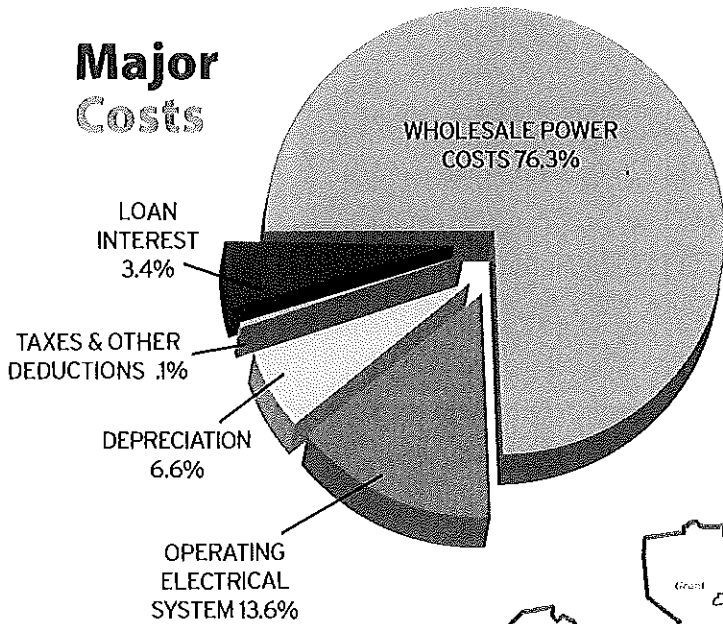
For the Year Ending December 31, 2013

ASSETS	
Total Utility Plant.....	\$222,003,681
Less Accumulated Depreciation .....	66,598,322
Net Utility Plant Book Value.....	\$155,405,359
Other Property & Investments.....	\$49,837,244
Cash & Temporary Investments.....	8,311,060
Accounts Receivable.....	15,616,931
Inventory .....	1,370,925
Expenses Paid In Advance.....	301,267
Deferred Debits and Other Assets .....	4,130,265
Total Assets .....	\$234,973,051
LIABILITIES	
Membership and Other Equities .....	88,475,697
Long-Term Debt .....	121,521,401
Notes and Accounts Payable .....	12,213,462
Other Current & Accrued Liabilities ....	12,201,701
Deferred Credits & Miscellaneous .....	560,790
Total Liabilities .....	\$234,973,051

### Revenue Sources

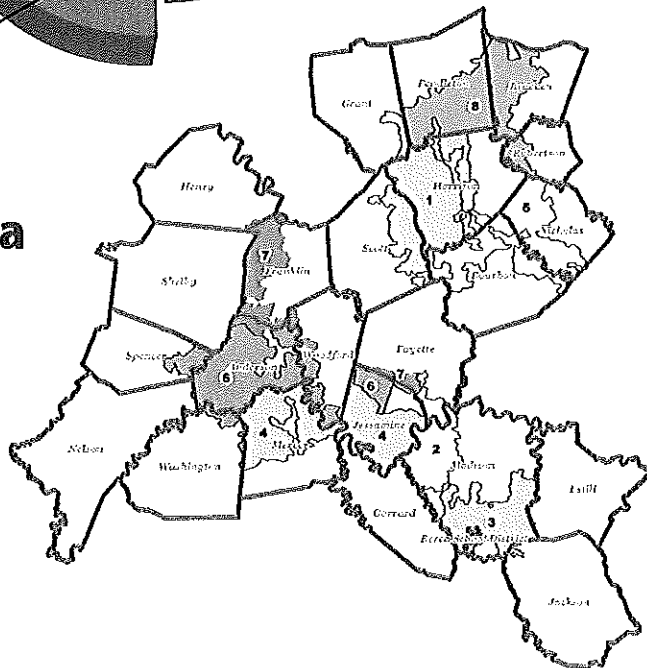
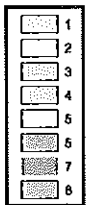


### Major Costs



### Service Area by district

Districts



### MEMBERS SERVED IN 2013

Jessamine County	11,099
Madison County	10,724
Fayette County	6,096
Harrison County	5,758
Anderson County	4,933
Franklin County	3,482
Mercer County	2,680
Pendleton County	2,222
Bourbon County	1,778
Scott County	1,707
Nicholas County	1,587
Bracken County	1,545
Woodford County	892
Spencer County	405
Grant County	278
Robertson County	252
Washington County	171
Shelby County	90
Henry County	53
Garrard County	44
Estill County	12
Nelson County	8
Jackson County	9
<b>Total</b>	<b>55,825</b>

### ACCOUNTS BILLED

2013	55,825
Average Kilowatt-hour Use (Residential per month)	
2013	1,255
Miles of Line	
2013	4,693
Consumers Per Mile	
2013	11.9

# Blue Grass Energy

# ANNUAL MEETING

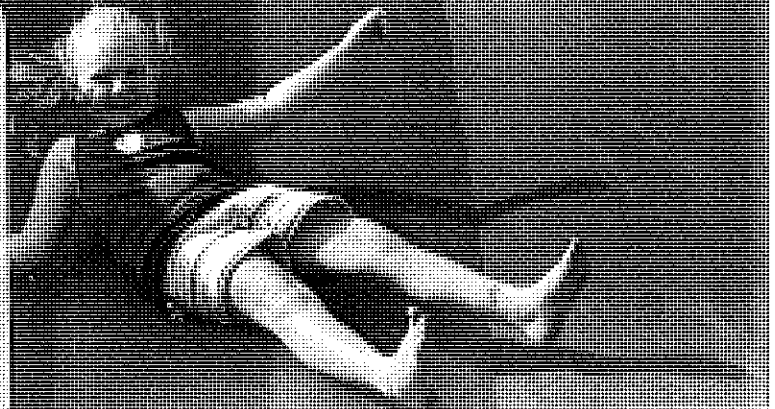
Thursday, June 5, 2014

Keeneland Entertainment Center

Registration: 4:30-6:30 p.m.

Business meeting: 6:30 p.m.

- Free Food
- **B-I-N-G-O** (\$ 1,000 in prizes)
- Bucket of **Bulbs**
- **Scholarship Awards**
- **Kids Activities**
- **Energy Saving Info**
- **Oscar the Robot**
- **Caricaturist Denny Whalen**
- **Balloon Artist**
- **Rolling Video Games**



**GRAND PRIZE**  
John Deere lawn tractor  
48-inch cut • 22 HP

Sponsored in part by Bovine Motor Company  
Georgetown-Mt. Sterling-Faris-Richmond

## SILENT AUCTION

benefiting

**Hospice of the Bluegrass**



BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 01/13

PAGE 1  
RUN DATE 02/22/13 08:19 AM

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR A	THIS YEAR B				
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	12,418,765.57	12,928,231.82	13,228,420.00	12,928,231.82	2.3-	4.1
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	9,150,121.00-	9,591,109.00-	9,756,958.00-	9,591,109.00-	1.7-	4.8
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	215,319.92-	225,952.19-	237,050.00-	225,952.19-	4.7-	4.9
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	465,866.46-	601,676.73-	535,701.00-	601,676.73-	12.3	29.2
8.0	CONSUMER ACCOUNTS EXPENSE.....	243,337.40-	264,473.88-	232,500.00-	264,473.88-	13.8	8.7
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.....	137,620.55-	106,453.06-	116,703.00-	106,453.06-	8.8-	22.6-
10.0	SALES EXPENSE.....	.00	.00	.00	.00	.0	.0
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	408,330.64-	407,302.40-	405,650.00-	407,302.40-	.4	.3-
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	10,620,595.97-	11,196,967.26-	11,284,562.00-	11,196,967.26-	.8-	5.4
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	662,592.97-	691,882.66-	714,600.00-	691,882.66-	3.2-	4.4
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	.00	.00	.00	.00	.0	.0
15.0	TAX EXPENSE - OTHER.....	10.00-	10.00-	100.00-	10.00-	90.0-	.0
16.0	INTEREST ON LONG TERM DEBT.....	400,111.14-	357,712.24-	380,000.00-	357,712.24-	5.9-	10.6-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	9,656.36-	237.81-	18,000.00-	237.81-	98.7-	97.5-
19.0	OTHER DEDUCTIONS.....	26,619.34	435.30-	1,000.00-	435.30-	56.5-	101.6-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	11,666,347.10-	12,247,245.27-	12,398,262.00-	12,247,245.27-	1.2-	5.0
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	752,418.47	680,986.55	830,158.00	680,986.55	18.0-	9.5-
22.0	NON OPERATING MARGINS - INTEREST.....	15,529.57	881.10	13,750.00	881.10	93.6-	94.3-
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	275.00	9,703.94-	.00	9,703.94-	100.0-	3628.7-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0	.0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	.00	.00	.00	.00	.0	.0
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	768,223.04	672,163.71	843,908.00	672,163.71	20.4-	12.5-
RATIOS							
	TIER	2.920	2.879	3.221	2.879		
	MARGINS TO REVENUE	.062	.052	.064	.052		
	POWER COST TO REVENUE	.737	.742	.738	.742		
	INTEREST EXPENSE TO REVENUE	.032	.028	.029	.028		
	CURRENT ASSETS : CURRENT LIABILITIES	2.1438					
	MARGINS & EQUITIES AS % OF ASSETS	.3529					
	LONG TERM DEBT AS % OF PLANT	.5772					
	GENERAL FUNDS TO TOTAL PLANT	5.4570					
	QUICK ASSET RATIO	2.0394					

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 01/13

PAGE 1  
RUN DATE 02/22/13 08:19 AM

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 214,463,737.33	30.0 MEMBERSHIPS 1,039,457.80-
2.0	CONSTRUCTION WORK IN PROGRESS 940,743.26	31.0 PATRONAGE CAPITAL 67,914,858.49-
3.0	TOTAL UTILITY PLANT 215,404,480.59	32.0 OPERATING MARGINS - PRIOR YEAR 7,279,233.45-
4.0	ACCUM PROV FOR DEP & AMORT 61,314,278.01-	33.0 OPERATING MARGINS-CURRENT YEAR 672,163.71-
5.0	NET UTILITY PLANT 154,090,202.58	34.0 NON-OPERATING MARGINS 587,228.21-
		35.0 OTHER MARGINS & EQUITIES 2,401,762.91-
6.0	NON-UTILITY PROPERTY (NET) .00	36.0 TOTAL MARGINS & EQUITIES 79,894,704.57-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	
8.0	INV IN ASSOC ORG - PAT CAPITAL 39,837,882.38	37.0 LONG TERM DEBT - RUS (NET) 77,260,392.70-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 2,209,088.70	38.0 LNG-TERM DEBT-FFB-RUS GUAR 34,473,984.70-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 12,910,586.65-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 42,046,971.08	42.0 PAYMENTS - UNAPPLIED 310,880.82
		43.0 TOTAL LONG TERM DEBT 124,334,083.23-
15.0	CASH - GENERAL FUNDS 504,533.76	
16.0	CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 7,495,218.80-
18.0	TEMPORARY INVESTMENTS 11,250,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 7,495,218.80-
19.0	NOTES RECEIVABLE (NET) .00	
20.0	ACCTS RECV - SALES ENERGY (NET) 14,634,402.81	47.0 NOTES PAYABLE .00
21.0	ACCTS RECV - OTHER (NET) 1,249,000.52	48.0 ACCOUNTS PAYABLE 10,571,294.84-
22.0	RENEWABLE ENERGY CREDITS .00	49.0 CONSUMER DEPOSITS 1,866,556.05-
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,469,336.81	50.0 CURR MATURITIES LONG-TERM DEBT .00
24.0	PREPAYMENTS 1,079,343.81	51.0 CURR MATURIT LT DEBT ECON DEV .00
25.0	OTHER CURRENT & ACCR ASSETS .00	52.0 CURR MATURITIES CAPITAL LEASES .00
26.0	TOTAL CURRENT & ACCR ASSETS 30,186,617.71	53.0 OTHER CURRENT & ACCRUED LIAB 1,643,284.80-
		54.0 TOTAL CURRENT & ACCRUED LIAB 14,081,135.69-
27.0	REGULATORY ASSETS .00	
28.0	OTHER DEFERRED DEBITS 89,528.66	55.0 REGULATORY LIABILITIES .00
		56.0 OTHER DEFERRED CREDITS 608,177.74-
29.0	TOTAL ASSETS & OTHER DEBITS 226,413,320.03	57.0 TOTAL LIABILITIES & OTH CREDIT 226,413,320.03-
	=====	=====
		ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
		58.0 BALANCE BEGINNING OF YEAR .00
		59.0 AMOUNT RECEIVED THIS YEAR (NET) 13,092.30
		60.0 TOTAL CONTRIBUTIONS IN AID OF CONST 13,092.30

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

\_\_\_\_\_  
SIGNATURE OF MANAGER

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 02/13

PAGE 1  
RUN DATE 03/21/13 04:55 PM

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C	THIS MONTH D		
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	23,036,030.89	24,638,760.02	24,469,119.00	11,710,528.20	.7 7.0
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0 .0
3.0	COST OF PURCHASED POWER.....	16,916,062.00-	18,327,995.00-	18,046,631.00-	8,736,886.00-	1.6 8.3
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0 .0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0 .0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	461,147.60-	452,806.62-	474,100.00-	226,854.43-	4.5- 1.8-
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	929,781.61-	1,075,490.02-	1,071,402.00-	473,813.29-	.4 15.7
8.0	CONSUMER ACCOUNTS EXPENSE.....	450,659.05-	468,059.55-	462,000.00-	203,585.67-	1.3 3.9
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.....	232,170.81-	210,808.02-	233,403.00-	104,354.96-	9.7- 9.2-
10.0	SALES EXPENSE.....	.00	.00	.00	.00	.0 .0
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	780,026.64-	768,834.18-	811,300.00-	361,531.78-	5.2- 1.4-
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	19,769,847.71-	21,303,993.39-	21,098,836.00-	10,107,026.13-	1.0 7.8
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	1,326,505.60-	1,385,051.27-	1,429,200.00-	693,168.61-	3.1- 4.4
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	.00	.00	.00	.00	.0 .0
15.0	TAX EXPENSE - OTHER.....	10.00-	10.00-	200.00-	.00	95.0- .0
16.0	INTEREST ON LONG TERM DEBT.....	853,505.05-	676,964.99-	760,000.00-	319,252.75-	10.9- 20.7-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0 .0
18.0	INTEREST EXPENSE - OTHER.....	18,707.73-	470.54-	36,000.00-	232.73-	98.7- 97.5-
19.0	OTHER DEDUCTIONS.....	11,877.39	5,294.01-	2,000.00-	4,858.71-	164.7 144.6-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	21,956,698.70-	23,371,784.20-	23,326,236.00-	11,124,538.93-	.2 6.4
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	1,079,332.19	1,266,975.82	1,142,883.00	585,989.27	10.9 17.4
22.0	NON OPERATING MARGINS - INTEREST.....	47,356.45	16,044.18	27,500.00	15,163.08	41.7- 66.1-
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0 .0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0 .0
25.0	NON OPERATING MARGINS - OTHER.....	10,390.06	11,063.82	.00	20,767.76	100.0 6.5
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	.00	.00	.00	.00	.0 .0
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	2,649.55	159.29	.00	159.29	100.0 94.0-
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0 .0
29.0	PATRONAGE CAPITAL OR MARGINS.....	1,139,728.25	1,294,243.11	1,170,383.00	622,079.40	10.6 13.6
RATIOS						
TIER	2.335	2.912	2.540	2.949		
MARGINS TO REVENUE	.049	.053	.048	.053		
POWER COST TO REVENUE	.734	.744	.738	.746		
INTEREST EXPENSE TO REVENUE	.037	.027	.031	.027		
CURRENT ASSETS : CURRENT LIABILITIES	2.1664					
MARGINS & EQUITIES AS % OF ASSETS	.3578					
LONG TERM DEBT AS % OF PLANT	.5699					
GENERAL FUNDS TO TOTAL PLANT	5.4775					
QUICK ASSET RATIO	2.0566					

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 02/13

PAGE 1  
RUN DATE 03/21/13 04:55 PM

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 214,927,597.56	30.0 MEMBERSHIPS 1,039,305.30-
2.0	CONSTRUCTION WORK IN PROGRESS 868,267.28	31.0 PATRONAGE CAPITAL 67,905,449.68-
3.0	TOTAL UTILITY PLANT 215,795,864.84	32.0 OPERATING MARGINS - PRIOR YEAR 7,279,233.45-
4.0	ACCUM PROV FOR DEP & AMORT 61,907,388.85-	33.0 OPERATING MARGINS-CURRENT YEAR 1,294,243.11-
5.0	NET UTILITY PLANT 153,888,475.99	34.0 NON-OPERATING MARGINS 587,228.21-
6.0	NON-UTILITY PROPERTY (NET) .00	35.0 OTHER MARGINS & EQUITIES 2,411,678.52-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	36.0 TOTAL MARGINS & EQUITIES 80,517,138.27-
8.0	INV IN ASSOC ORG - PAT CAPITAL 39,837,882.38	37.0 LONG TERM DEBT - RUS (NET) 77,088,595.26-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 2,209,247.99	38.0 LNG-TERM DEBT-FEB-RUS GUAR 34,473,984.70-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 12,336,040.86-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 42,047,130.37	42.0 PAYMENTS - UNAPPLIED 909,811.85
15.0	CASH - GENERAL FUNDS 1,820,230.32	43.0 TOTAL LONG TERM DEBT 122,988,808.97-
16.0	CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 7,533,854.45-
18.0	TEMPORARY INVESTMENTS 10,000,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 7,533,854.45-
19.0	NOTES RECEIVABLE (NET) .00	47.0 NOTES PAYABLE .00
20.0	ACCTS RECV - SALES ENERGY(NET) 13,867,845.90	48.0 ACCOUNTS PAYABLE 9,766,306.54-
21.0	ACCTS RECV - OTHER (NET) 818,588.04	49.0 CONSUMER DEPOSITS 1,881,621.37-
22.0	RENEWABLE ENERGY CREDITS .00	50.0 CURR MATURITIES LONG-TERM DEBT .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,470,649.09	51.0 CURR MATURIT LT DEBT ECON DEV .00
24.0	PREPAYMENTS 1,037,247.94	52.0 CURR MATURITIES CAPITAL LEASES .00
25.0	OTHER CURRENT & ACCR ASSETS .00	53.0 OTHER CURRENT & ACCRUED LIAB 1,745,120.67-
26.0	TOTAL CURRENT & ACCR ASSETS 29,014,561.29	54.0 TOTAL CURRENT & ACCRUED LIAB 13,393,048.58-
27.0	REGULATORY ASSETS .00	55.0 REGULATORY LIABILITIES .00
28.0	OTHER DEFERRED DEBITS 76,137.32	56.0 OTHER DEFERRED CREDITS 593,454.70-
29.0	TOTAL ASSETS & OTHER DEBITS 225,026,304.97	57.0 TOTAL LIABILITIES & OTH CREDIT 225,026,304.97-
=====		=====
		ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
		58.0 BALANCE BEGINNING OF YEAR .00
		59.0 AMOUNT RECEIVED THIS YEAR (NET) 30,332.24
		60.0 TOTAL CONTRIBUTIONS IN AID OF CONST 30,332.24

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF MANAGER

\_\_\_\_\_  
DATE



BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 03/13

PAGE 1  
RUN DATE 04/25/13 08:56 AM

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C				
1.0	31,533,737.13	36,753,632.23	33,408,751.00	12,114,872.21	10.0	16.6	
2.0							
3.0	23,162,064.00-	27,212,871.00-	24,632,244.00-	8,884,876.00-	10.5	17.5	
4.0							
5.0							
6.0	666,437.45-	675,621.84-	711,150.00-	222,815.22-	5.0-	1.4	
7.0	1,522,273.25-	1,582,628.75-	1,607,103.00-	507,138.73-	1.5-	4.0	
8.0	663,189.81-	688,342.03-	691,500.00-	220,282.48-	.5-	3.8	
9.0	333,279.06-	346,974.78-	350,103.00-	136,166.76-	.9-	4.1	
10.0							
11.0	1,174,723.79-	1,138,702.61-	1,216,950.00-	369,868.43-	6.4-	3.1-	
12.0	27,521,967.36-	31,645,141.01-	29,209,050.00-	10,341,147.62-	8.3	15.0	
13.0	1,993,851.25-	2,080,043.46-	2,143,800.00-	694,992.19-	3.0-	4.3	
14.0							
15.0	10.00-	10.00-	300.00-	.00	96.7-	.0	
16.0	1,173,100.70-	1,054,536.26-	1,140,000.00-	377,571.27-	7.5-	10.1-	
17.0							
18.0	28,495.06-	714.44-	54,000.00-	243.90-	98.7-	97.5-	
19.0	17,162.42-	6,607.51-	3,000.00-	1,313.50-	120.3	61.5-	
20.0	30,734,586.79-	34,787,052.68-	32,550,150.00-	11,415,268.48-	6.9	13.2	
21.0	799,150.34	1,966,579.55	858,601.00	699,603.73	129.0	146.1	
22.0	59,340.70	17,253.93	41,250.00	1,209.75	58.2-	70.9-	
23.0							
24.0							
25.0	165,738.03	10,629.95	.00	433.87-	100.0	93.6-	
26.0		111,477.20-	.00	111,477.20-	100.0-	100.0-	
27.0	84,286.03	96,228.68	50,000.00	96,069.39	92.5	14.2	
28.0							
29.0	1,108,515.10	1,979,214.91	949,851.00	684,971.80	108.4	78.5	
RATIOS							
TIER	1.945	2.877	1.833	2.814			
MARGINS TO REVENUE	.035	.054	.028	.057			
POWER COST TO REVENUE	.735	.740	.737	.733			
INTEREST EXPENSE TO REVENUE	.037	.029	.034	.031			
CURRENT ASSETS : CURRENT LIABILITIES	1.8904						
MARGINS & EQUITIES AS % OF ASSETS	.3584						
LONG TERM DEBT AS % OF PLANT	.5699						
GENERAL FUNDS TO TOTAL PLANT	4.3562						
QUICK ASSET RATIO	1.7886						

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 03/13

PAGE 1  
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PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 215,463,320.20	30.0 MEMBERSHIPS 1,039,185.30-
2.0	CONSTRUCTION WORK IN PROGRESS 819,784.95	31.0 PATRONAGE CAPITAL 75,603,103.10-
3.0	TOTAL UTILITY PLANT 216,283,105.15	32.0 OPERATING MARGINS - PRIOR YEAR 96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT 62,483,333.37-	33.0 OPERATING MARGINS-CURRENT YEAR 1,979,214.91-
5.0	NET UTILITY PLANT 153,799,771.78	34.0 NON-OPERATING MARGINS 62,513.47-
		35.0 OTHER MARGINS & EQUITIES 2,422,008.04-
		36.0 TOTAL MARGINS & EQUITIES 81,202,510.14-
6.0	NON-UTILITY PROPERTY (NET) .00	37.0 LONG TERM DEBT - RUS (NET) 76,941,744.86-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	(PAYMENTS-UNAPPLIED .00 )
8.0	INV IN ASSOC ORG - PAT CAPITAL 39,761,407.97	38.0 LNG-TERM DEBT-FFB-RUS GUAR 34,473,984.70-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
10.0	INV IN ASSOC ORG - NON GEN FND 2,218,688.16	40.0 LONG TERM DEBT - OTHER (NET) 12,336,040.86-
11.0	INV IN ECON DEVEL PROJECTS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
12.0	OTHER INVESTMENTS .00	42.0 PAYMENTS - UNAPPLIED 495,579.33
13.0	SPECIAL FUNDS .00	43.0 TOTAL LONG TERM DEBT 123,256,191.09-
14.0	TOT OTHER PROP & INVESTMENTS 41,980,096.13	44.0 OBLIGATION UNDER CAPITAL LEASE .00
15.0	CASH - GENERAL FUNDS 1,521,823.98	45.0 ACCUM OPERATING PROVISIONS 7,572,490.10-
16.0	CASH - CONSTRUCTION FUND TRUST .00	46.0 TOTAL OTHER NONCURR LIABILITY 7,572,490.10-
17.0	SPECIAL DEPOSITS .00	47.0 NOTES PAYABLE .00
18.0	TEMPORARY INVESTMENTS 7,900,000.00	48.0 ACCOUNTS PAYABLE 10,144,307.64-
19.0	NOTES RECEIVABLE (NET) .00	49.0 CONSUMER DEPOSITS 1,881,856.37-
20.0	ACCTS RECV - SALES ENERGY (NET) 13,691,878.70	50.0 CURR MATURITIES LONG-TERM DEBT .00
21.0	ACCTS RECV - OTHER (NET) 877,677.91	51.0 CURR MATURIT LT DEBT ECON DEV .00
22.0	RENEWABLE ENERGY CREDITS .00	52.0 CURR MATURITIES CAPITAL LEASES .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,419,866.04	53.0 OTHER CURRENT & ACCRUED LIAB 1,926,277.24-
24.0	PREPAYMENTS 964,238.35	54.0 TOTAL CURENT & ACCRUED LIAB 13,952,441.25-
25.0	OTHER CURRENT & ACCR ASSETS .00	55.0 REGULATORY LIABILITIES .00
26.0	TOTAL CURRENT & ACCR ASSETS 26,375,484.98	56.0 OTHER DEFERRED CREDITS 576,869.96-
27.0	REGULATORY ASSETS .00	57.0 TOTAL LIABILITIES & OTH CREDIT 226,560,502.54-
28.0	OTHER DEFERRED DEBITS 4,405,149.65	
29.0	TOTAL ASSETS & OTHER DEBITS 226,560,502.54	

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0	BALANCE BEGINNING OF YEAR .00
59.0	AMOUNT RECEIVED THIS YEAR (NET) 64,767.59
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST 64,767.59

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

\_\_\_\_\_  
DATE

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SIGNATURE OF MANAGER

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DATE

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 04/13

PAGE 1  
RUN DATE 05/23/13 11:28 AM

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR A	THIS YEAR B				
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	39,146,055.92	45,785,892.53	41,427,255.00	9,032,260.30	10.5	17.0
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	28,493,866.00-	34,013,976.00-	30,244,036.00-	6,801,105.00-	12.5	19.4
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	892,169.63-	914,437.23-	948,200.00-	238,815.39-	3.6-	2.5
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	2,000,444.46-	2,098,129.57-	2,142,804.00-	515,500.82-	2.1-	4.9
8.0	CONSUMER ACCOUNTS EXPENSE.....	889,661.97-	946,752.20-	932,000.00-	258,410.17-	1.6	6.4
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.	462,491.34-	375,465.97-	466,803.00-	28,491.19-	19.6-	18.8-
10.0	SALES EXPENSE.....	.00	.00	.00	.00	.0	.0
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	1,541,710.46-	1,493,431.23-	1,622,600.00-	354,728.62-	8.0-	3.1-
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	34,280,343.86-	39,842,192.20-	36,356,443.00-	8,197,051.19-	9.6	16.2
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	2,663,540.71-	2,764,812.66-	2,858,400.00-	684,769.20-	3.3-	3.8
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	.00	.00	.00	.00	.0	.0
15.0	TAX EXPENSE - OTHER.....	10.00-	10.00-	400.00-	.00	97.5-	.0
16.0	INTEREST ON LONG TERM DEBT.....	1,537,861.05-	1,407,801.66-	1,520,000.00-	353,265.40-	7.4-	8.5-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	38,008.42-	955.17-	72,000.00-	240.73-	98.7-	97.5-
19.0	OTHER DEDUCTIONS.....	17,761.26-	7,263.04-	4,000.00-	655.53-	81.6	59.1-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	38,537,525.30-	44,023,034.73-	40,811,243.00-	9,235,982.05-	7.9	14.2
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	608,530.62	1,762,857.80	616,012.00	203,721.75-	186.2	189.7
22.0	NON OPERATING MARGINS - INTEREST.....	110,811.69	54,958.12	55,000.00	37,704.19	.1-	50.4-
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	166,150.01	14,922.66	.00	4,292.71	100.0	91.0-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	159,635.88-	111,477.20-	.00	.00	100.0-	30.2-
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	84,286.03	96,228.68	50,000.00	.00	92.5	14.2
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	810,142.47	1,817,490.06	721,012.00	161,724.85-	152.1	124.3
RATIOS							
	TIER	1.527	2.291	1.474	.542		
	MARGINS TO REVENUE	.021	.040	.017	.018		
	POWER COST TO REVENUE	.728	.743	.730	.753		
	INTEREST EXPENSE TO REVENUE	.039	.031	.037	.039		
	CURRENT ASSETS : CURRENT LIABILITIES	1.9843					
	MARGINS & EQUITIES AS % OF ASSETS	.3626					
	LONG TERM DEBT AS % OF PLANT	.5656					
	GENERAL FUNDS TO TOTAL PLANT	4.3621					
	QUICK ASSET RATIO	1.8759					

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 215,902,123.98	30.0 MEMBERSHIPS 1,039,967.80-
2.0	CONSTRUCTION WORK IN PROGRESS 894,621.57	31.0 PATRONAGE CAPITAL 75,585,538.52-
3.0	TOTAL UTILITY PLANT 216,796,745.55	32.0 OPERATING MARGINS - PRIOR YEAR 96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT 62,785,097.32-	33.0 OPERATING MARGINS-CURRENT YEAR 1,817,490.06-
5.0	NET UTILITY PLANT 154,011,648.23	34.0 NON-OPERATING MARGINS 62,513.47-
6.0	NON-UTILITY PROPERTY (NET) .00	35.0 OTHER MARGINS & EQUITIES 2,434,976.20-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	36.0 TOTAL MARGINS & EQUITIES 81,036,971.37-
8.0	INV IN ASSOC ORG - PAT CAPITAL 39,761,407.97	37.0 LONG TERM DEBT - RUS (NET) 76,785,777.74-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 2,218,688.16	38.0 LNG-TERM DEBT-FFB-RUS GUAR 34,167,177.68-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 12,336,040.86-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 41,980,096.13	42.0 PAYMENTS - UNAPPLIED 674,350.64
15.0	CASH - GENERAL FUNDS 1,406,967.06	43.0 TOTAL LONG TERM DEBT 122,614,645.64-
16.0	CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 7,611,343.10-
18.0	TEMPORARY INVESTMENTS 8,050,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 7,611,343.10-
19.0	NOTES RECEIVABLE (NET) .00	47.0 NOTES PAYABLE .00
20.0	ACCTS REC - SALES ENERGY(NET) 10,610,976.75	48.0 ACCOUNTS PAYABLE 7,621,309.43-
21.0	ACCTS REC - OTHER (NET) 881,061.20	49.0 CONSUMER DEPOSITS 1,878,656.37-
22.0	RENEWABLE ENERGY CREDITS .00	50.0 CURR MATURITIES LONG-TERM DEBT .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,262,310.21	51.0 CURR MATURIT LT DEBT ECON DEV .00
24.0	PREPAYMENTS 890,500.18	52.0 CURR MATURITIES CAPITAL LEASES .00
25.0	OTHER CURRENT & ACCR ASSETS .00	53.0 OTHER CURRENT & ACCRUED LIAB 2,142,286.24-
26.0	TOTAL CURRENT & ACCR ASSETS 23,101,815.40	54.0 TOTAL CURRENT & ACCRUED LIAB 11,642,252.04-
27.0	REGULATORY ASSETS .00	55.0 REGULATORY LIABILITIES .00
28.0	OTHER DEFERRED DEBITS 4,391,752.79	56.0 OTHER DEFERRED CREDITS 580,100.40-
29.0	TOTAL ASSETS & OTHER DEBITS 223,485,312.55	57.0 TOTAL LIABILITIES & OTH CREDIT 223,485,312.55-
	=====	=====
		ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
		58.0 BALANCE BEGINNING OF YEAR .00
		59.0 AMOUNT RECEIVED THIS YEAR (NET) 77,943.86
		60.0 TOTAL CONTRIBUTIONS IN AID OF CONST 77,943.86

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

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DATE

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SIGNATURE OF MANAGER

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DATE

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 05/13

PAGE 1  
RUN DATE 06/25/13 02:37 PM

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE		BUDGET C	THIS MONTH D	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR A	THIS YEAR B				
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	48,021,845.48	54,990,415.18	50,865,991.00	9,204,522.65	8.1	14.5
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	35,094,772.00-	41,025,139.00-	37,204,068.00-	7,011,163.00-	10.3	16.9
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	1,116,908.67-	1,131,634.07-	1,185,250.00-	217,196.84-	4.5-	1.3
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	2,449,212.01-	2,602,089.34-	2,678,505.00-	503,959.77-	2.9-	6.2
8.0	CONSUMER ACCOUNTS EXPENSE.....	1,141,079.10-	1,213,706.40-	1,191,500.00-	266,954.20-	1.9	6.4
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.	570,751.18-	478,738.11-	583,503.00-	103,272.14-	18.0-	16.1-
10.0	SALES EXPENSE.....	.00	.00	.00	.00	.0	.0
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	1,940,555.78-	1,870,868.74-	2,028,250.00-	377,437.51-	7.8-	3.6-
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	42,313,278.74-	48,322,175.66-	44,871,076.00-	8,479,983.46-	7.7	14.2
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	3,334,673.33-	3,441,858.26-	3,573,000.00-	677,045.60-	3.7-	3.2
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	.00	.00	.00	.00	.0	.0
15.0	TAX EXPENSE - OTHER.....	10.00-	10.00-	500.00-	.00	98.0-	.0
16.0	INTEREST ON LONG TERM DEBT.....	1,906,692.97-	1,758,305.50-	1,900,000.00-	350,503.84-	7.5-	7.8-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	47,884.73-	1,197.49-	90,000.00-	242.32-	98.7-	97.5-
19.0	OTHER DEDUCTIONS.....	17,761.26-	7,355.23-	5,000.00-	92.19-	47.1	58.6-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	47,620,301.03-	53,530,902.14-	50,439,576.00-	9,507,867.41-	6.1	12.4
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	401,544.45	1,459,513.04	426,415.00	303,344.76-	242.3	263.5
22.0	NON OPERATING MARGINS - INTEREST.....	141,553.47	71,569.37	68,750.00	16,611.25	4.1	49.4-
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	173,551.94	15,803.92	.00	881.26	100.0	90.9-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	159,635.88-	111,477.20-	.00	.00	100.0-	30.2-
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	84,286.03	96,228.68	50,000.00	.00	92.5	14.2
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	641,300.01	1,531,637.81	545,165.00	285,852.25-	180.9	138.8
RATIOS							
	TIER	1.336	1.871	1.287	.184		
	MARGINS TO REVENUE	.013	.028	.011	.031		
	POWER COST TO REVENUE	.731	.746	.731	.762		
	INTEREST EXPENSE TO REVENUE	.040	.032	.037	.038		
	CURRENT ASSETS : CURRENT LIABILITIES	1.7084					
	MARGINS & EQUITIES AS % OF ASSETS	.3647					
	LONG TERM DEBT AS % OF PLANT	.5526					
	GENERAL FUNDS TO TOTAL PLANT	3.9601					
	QUICK ASSET RATIO	1.6046					

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 05/13

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RUN DATE 06/25/13 02:37 PM

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
1.0	TOTAL UTILITY PLANT IN SERVICE	216,744,795.52	30.0	MEMBERSHIPS	1,039,957.80-
2.0	CONSTRUCTION WORK IN PROGRESS	921,306.48	31.0	PATRONAGE CAPITAL	75,564,604.71-
3.0	TOTAL UTILITY PLANT	217,666,102.00	32.0	OPERATING MARGINS - PRIOR YEAR	96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT	63,266,530.03-	33.0	OPERATING MARGINS-CURRENT YEAR	1,531,637.81-
5.0	NET UTILITY PLANT	154,399,571.97	34.0	NON-OPERATING MARGINS	62,513.47-
			35.0	OTHER MARGINS & EQUITIES	2,455,096.93-
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0	TOTAL MARGINS & EQUITIES	80,750,296.04-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00			
8.0	INV IN ASSOC ORG - PAT CAPITAL	39,761,407.97	37.0	LONG TERM DEBT - RUS (NET)	76,637,879.18-
9.0	INV IN ASSOC ORG OTHR GEN FND	.00		(PAYMENTS-UNAPPLIED	.00 )
10.0	INV IN ASSOC ORG - NON GEN FND	2,218,688.16	38.0	LNG-TERM DEBT-FFB-RUS GUAR	34,167,177.68-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0	LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	.00	40.0	LONG TERM DEBT - OTHER (NET)	11,750,983.48-
13.0	SPECIAL FUNDS	.00	41.0	LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	41,980,096.13	42.0	PAYMENTS - UNAPPLIED	2,275,621.34
			43.0	TOTAL LONG TERM DEBT	120,280,419.00-
15.0	CASH - GENERAL FUNDS	1,219,736.29	44.0	OBLIGATION UNDER CAPITAL LEASE	.00
16.0	CASH - CONSTRUCTION FUND TRUST	.00	45.0	ACCUM OPERATING PROVISIONS	7,649,512.25-
17.0	SPECIAL DEPOSITS	.00	46.0	TOTAL OTHER NONCURR LIABILITY	7,649,512.25-
18.0	TEMPORARY INVESTMENTS	7,400,000.00			
19.0	NOTES RECEIVABLE (NET)	.00	47.0	NOTES PAYABLE	.00
20.0	ACCTS RECV - SALES ENERGY (NET)	9,436,268.91	48.0	ACCOUNTS PAYABLE	8,379,612.01-
21.0	ACCTS RECV - OTHER (NET)	746,723.72	49.0	CONSUMER DEPOSITS	1,876,795.37-
22.0	RENEWABLE ENERGY CREDITS	.00	50.0	CURR MATURITIES LONG-TERM DEBT	.00
23.0	MATERIAL & SUPPLIES-ELEC & OTH	1,263,833.92	51.0	CURR MATURIT LT DEBT ECON DEV	.00
24.0	PREPAYMENTS	739,451.11	52.0	CURR MATURITIES CAPITAL LEASES	.00
25.0	OTHER CURRENT & ACCR ASSETS	.00	53.0	OTHER CURRENT & ACCRUED LIAB	1,922,497.88-
26.0	TOTAL CURRENT & ACCR ASSETS	20,806,013.95	54.0	TOTAL CURRENT & ACCRUED LIAB	12,178,905.26-
			55.0	REGULATORY LIABILITIES	.00
27.0	REGULATORY ASSETS	.00	56.0	OTHER DEFERRED CREDITS	584,387.62-
28.0	OTHER DEFERRED DEBITS	4,257,838.12	57.0	TOTAL LIABILITIES & OTH CREDIT	221,443,520.17-
29.0	TOTAL ASSETS & OTHER DEBITS	221,443,520.17			

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION		
58.0	BALANCE BEGINNING OF YEAR	.00
59.0	AMOUNT RECEIVED THIS YEAR (NET)	98,216.46
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST	98,216.46

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.  
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

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SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

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DATE

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SIGNATURE OF MANAGER

\_\_\_\_\_  
DATE

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR	THIS YEAR	BUDGET				
	A	B	C	D			
1.0	57,765,237.35	65,371,791.58	61,238,886.00	10,381,376.40		6.7	13.2
2.0	.00	.00	.00	.00		.0	.0
3.0	42,520,019.00-	49,022,311.00-	45,136,999.00-	7,997,172.00-		8.6	15.3
4.0	.00	.00	.00	.00		.0	.0
5.0	.00	.00	.00	.00		.0	.0
6.0	1,338,885.20-	1,355,962.69-	1,422,300.00-	224,328.62-		4.7-	1.3
7.0	2,935,457.34-	3,120,087.30-	3,214,206.00-	517,997.96-		2.9-	6.3
8.0	1,379,416.52-	1,469,028.57-	1,450,000.00-	255,322.17-		1.3	6.5
9.0	698,319.84-	589,343.42-	700,203.00-	110,605.31-		15.8-	15.6-
10.0	.00	.00	.00	.00		.0	.0
11.0	2,336,220.20-	2,229,570.76-	2,433,900.00-	358,702.02-		8.4-	4.6-
12.0	51,208,318.10-	57,786,303.74-	54,357,608.00-	9,464,128.08-		6.3	12.8
13.0	4,007,417.94-	4,130,647.66-	4,287,600.00-	688,789.40-		3.7-	3.1
14.0	.00	.00	.00	.00		.0	.0
15.0	13,796.41-	160.00-	600.00-	150.00-		73.3-	98.8-
16.0	2,259,542.70-	2,114,155.51-	2,280,000.00-	355,850.01-		7.3-	6.4-
17.0	.00	.00	.00	.00		.0	.0
18.0	57,434.61-	1,438.06-	108,000.00-	240.57-		98.7-	97.5-
19.0	17,880.82-	7,898.70-	6,000.00-	543.47-		31.6	55.8-
20.0	57,564,390.58-	64,040,603.67-	61,039,808.00-	10,509,701.53-		4.9	11.3
21.0	200,846.77	1,331,187.91	199,078.00	128,325.13-		568.7	562.8
22.0	157,402.67	72,216.80	82,500.00	647.43		12.5-	54.1-
23.0	.00	.00	.00	.00		.0	.0
24.0	.00	.00	.00	.00		.0	.0
25.0	174,178.97	34,994.88	.00	19,190.96		100.0	79.9-
26.0	159,635.88-	111,477.20-	.00	.00		100.0-	30.2-
27.0	84,657.17	97,361.40	50,000.00	1,132.72		94.7	15.0
28.0	.00	.00	.00	.00		.0	.0
29.0	457,449.70	1,424,283.79	331,578.00	107,354.02-		329.5	211.4
RATIOS							
TIER	1.202	1.674	1.145	.698			
MARGINS TO REVENUE	.008	.022	.005	.010			
POWER COST TO REVENUE	.736	.750	.737	.770			
INTEREST EXPENSE TO REVENUE	.039	.032	.037	.034			
CURRENT ASSETS : CURRENT LIABILITIES	1.6741						
MARGINS & EQUITIES AS % OF ASSETS	.3621						
LONG TERM DEBT AS % OF PLANT	.5527						
GENERAL FUNDS TO TOTAL PLANT	3.8841						
QUICK ASSET RATIO	1.5787						

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 06/13

PAGE 1  
RUN DATE 07/26/13 12:57 PM

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 217,106,117.66	30.0 MEMBERSHIPS 1,041,362.80-
2.0	CONSTRUCTION WORK IN PROGRESS 968,588.32	31.0 PATRONAGE CAPITAL 75,558,543.03-
3.0	TOTAL UTILITY PLANT 218,074,705.98	32.0 OPERATING MARGINS - PRIOR YEAR 96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT 63,727,666.34-	33.0 OPERATING MARGINS-CURRENT YEAR 1,424,283.79-
5.0	NET UTILITY PLANT 154,347,039.64	34.0 NON-OPERATING MARGINS 62,513.47-
6.0	NON-UTILITY PROPERTY (NET) .00	35.0 OTHER MARGINS & EQUITIES 2,465,475.98-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	36.0 TOTAL MARGINS & EQUITIES 80,648,664.39-
8.0	INV IN ASSOC ORG - PAT CAPITAL 39,758,014.90	37.0 LONG TERM DEBT - RUS (NET) 76,480,894.12-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 2,183,995.65	38.0 LNG-TERM DEBT-FFB-RUS GUAR 34,167,177.68-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 11,750,983.48-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 41,942,010.55	42.0 PAYMENTS - UNAPPLIED 1,861,388.82
15.0	CASH - GENERAL FUNDS 920,246.59	43.0 TOTAL LONG TERM DEBT 120,537,666.46-
16.0	CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0	SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 7,687,992.40-
18.0	TEMPORARY INVESTMENTS 7,550,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 7,687,992.40-
19.0	NOTES RECEIVABLE (NET) .00	47.0 NOTES PAYABLE .00
20.0	ACCTS REC - SALES ENERGY (NET) 11,035,131.99	48.0 ACCOUNTS PAYABLE 9,177,931.39-
21.0	ACCTS REC - OTHER (NET) 818,846.57	49.0 CONSUMER DEPOSITS 1,863,531.28-
22.0	RENEWABLE ENERGY CREDITS .00	50.0 CURR MATURITIES LONG-TERM DEBT .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,266,086.40	51.0 CURR MATURIT LT DEBT ECON DEV .00
24.0	PREPAYMENTS 616,835.27	52.0 CURR MATURITIES CAPITAL LEASES .00
25.0	OTHER CURRENT & ACCR ASSETS .00	53.0 OTHER CURRENT & ACCRUED LIAB 2,223,508.22-
26.0	TOTAL CURRENT & ACCR ASSETS 22,207,146.82	54.0 TOTAL CURRENT & ACCRUED LIAB 13,264,970.89-
27.0	REGULATORY ASSETS .00	55.0 REGULATORY LIABILITIES .00
28.0	OTHER DEFERRED DEBITS 4,220,121.58	56.0 OTHER DEFERRED CREDITS 577,024.45-
29.0	TOTAL ASSETS & OTHER DEBITS 222,716,318.59	57.0 TOTAL LIABILITIES & OTH CREDIT 222,716,318.59-
=====		=====
		ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION
		58.0 BALANCE BEGINNING OF YEAR .00
		59.0 AMOUNT RECEIVED THIS YEAR (NET) 101,539.29
		60.0 TOTAL CONTRIBUTIONS IN AID OF CONST 101,539.29

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

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SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

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DATE

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SIGNATURE OF MANAGER

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DATE



BLUE GRASS ENERGY  
W.G. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 07/13

PAGE 1.  
RUN DATE 08/22/13 06:08 PM

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C	THIS MONTH D		
1.0	69,118,098.12	75,935,534.92	73,331,363.00	10,563,743.34	3.6	9.9
2.0	.00	.00	.00	.00	.0	.0
3.0	50,925,782.00-	57,068,583.00-	54,099,203.00-	8,046,272.00-	5.5	12.1
4.0	.00	.00	.00	.00	.0	.0
5.0	.00	.00	.00	.00	.0	.0
6.0	1,558,794.11-	1,578,284.13-	1,659,350.00-	222,321.44-	4.9-	1.3
7.0	3,681,029.29-	3,705,371.62-	3,749,907.00-	585,284.32-	1.2-	.7
8.0	1,600,038.92-	1,716,229.37-	1,692,400.00-	247,200.80-	1.4	7.3
9.0	811,856.64-	623,808.64-	816,903.00-	34,465.22-	23.6-	23.2-
10.0	.00	.00	.00	.00	.0	.0
11.0	2,715,940.94-	2,571,642.21-	2,839,550.00-	342,071.45-	9.4-	5.3-
12.0	61,293,441.90-	67,263,918.97-	64,857,313.00-	9,477,615.23-	3.7	9.7
13.0	4,682,815.08-	4,808,980.33-	5,002,200.00-	678,332.67-	3.9-	2.7
14.0	.00	.00	.00	.00	.0	.0
15.0	13,796.41-	160.00-	700.00-	.00	77.1-	98.8-
16.0	2,626,586.98-	2,471,433.92-	2,660,000.00-	357,278.41-	7.1-	5.9-
17.0	.00	.00	.00	.00	.0	.0
18.0	57,587.32-	1,678.76-	126,000.00-	240.70-	98.7-	97.1-
19.0	18,671.56-	19,006.07-	7,000.00-	11,107.37-	171.5	1.8
20.0	68,692,899.25-	74,565,178.05-	72,653,213.00-	10,524,574.38-	2.6	8.5
21.0	425,198.87	1,370,356.87	678,150.00	39,168.96	102.1	222.3
22.0	170,283.08	73,021.95	96,250.00	805.15	24.1-	57.1-
23.0	.00	.00	.00	.00	.0	.0
24.0	.00	.00	.00	.00	.0	.0
25.0	176,592.41	61,269.94	.00	26,275.06	100.0	65.3-
26.0	159,635.88-	111,477.20-	.00	.00	100.0-	30.2-
27.0	84,657.17	97,361.40	50,000.00	.00	94.7	15.0
28.0	.00	.00	.00	.00	.0	.0
29.0	697,095.65	1,490,532.96	824,400.00	66,249.17	80.8	113.8

RATIOS

TIER	1.265	1.603	1.310	1.185
MARGINS TO REVENUE	.010	.020	.011	.006
POWER COST TO REVENUE	.737	.752	.738	.762
INTEREST EXPENSE TO REVENUE	.038	.033	.036	.034
CURRENT ASSETS : CURRENT LIABILITIES	1.6677			
MARGINS & EQUITIES AS % OF ASSETS	.3608			
LONG TERM DEBT AS % OF PLANT	.5533			
GENERAL FUNDS TO TOTAL PLANT	3.9721			
QUICK ASSET RATIO	1.5736			



BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 08/13

PAGE 1  
RUN DATE 09/20/13 03:46 PM

PART A. STATEMENT OF OPERATIONS

LINE NO		YEAR TO DATE			THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
		LAST YEAR A	THIS YEAR B	BUDGET C			
1.0	OPERATING REVENUE & PATRONAGE CAPITAL....	79,408,658.98	86,512,724.24	84,235,995.00	10,577,189.32	2.7	8.9
2.0	POWER PRODUCTION EXPENSE.....	.00	.00	.00	.00	.0	.0
3.0	COST OF PURCHASED POWER.....	58,459,390.00-	64,989,431.00-	62,144,801.00-	7,920,848.00-	4.6	11.2
4.0	TRANSMISSION EXPENSE.....	.00	.00	.00	.00	.0	.0
5.0	REGIONAL MARKET OPERATIONS EXPENSE.....	.00	.00	.00	.00	.0	.0
6.0	DISTRIBUTION EXPENSE-OPERATION.....	1,766,952.14-	1,828,040.36-	1,896,400.00-	249,756.23-	3.6-	3.5
7.0	DISTRIBUTION EXPENSE-MAINTENANCE.....	4,247,950.29-	4,289,391.63-	4,285,608.00-	584,020.01-	.1	1.0
8.0	CONSUMER ACCOUNTS EXPENSE.....	1,826,782.56-	1,983,105.45-	1,920,800.00-	266,876.08-	3.2	8.6
9.0	CUSTOMER SERVICE & INFORMATIONAL EXPENSE.....	929,359.53-	717,718.58-	933,603.00-	93,909.94-	23.1-	22.8-
10.0	SALES EXPENSE.....	.00	.00	.00	.00	.0	.0
11.0	ADMINISTRATIVE & GENERAL EXPENSE.....	3,116,548.87-	2,943,876.36-	3,245,200.00-	372,234.15-	9.3-	5.5-
12.0	TOTAL OPERATIONS & MAINTENANCE EXPENSE...	70,346,983.39-	76,751,563.38-	74,426,412.00-	9,487,644.41-	3.1	9.1
13.0	DEPRECIATION & AMORTIZATION EXPENSE.....	5,359,850.32-	5,489,662.17-	5,716,800.00-	680,681.84-	4.0-	2.4
14.0	TAX EXPENSE - PROPERTY & GROSS RECEIPTS..	.00	.00	.00	.00	.0	.0
15.0	TAX EXPENSE - OTHER.....	13,796.41-	160.00-	800.00-	.00	80.0-	98.8-
16.0	INTEREST ON LONG TERM DEBT.....	2,981,067.41-	2,818,938.61-	3,040,000.00-	347,504.69-	7.3-	5.4-
17.0	INTEREST CHARGED TO CONSTRUCTION - CREDIT	.00	.00	.00	.00	.0	.0
18.0	INTEREST EXPENSE - OTHER.....	57,714.90-	1,920.54-	144,000.00-	241.78-	98.7-	96.7-
19.0	OTHER DEDUCTIONS.....	19,799.35-	19,180.07-	8,000.00-	174.00-	139.8	3.1-
20.0	TOTAL COST OF ELECTRIC SERVICE.....	78,779,211.78-	85,081,424.77-	83,336,012.00-	10,516,246.72-	2.1	8.0
21.0	PATRONAGE CAPITAL & OPERATING MARGINS....	629,447.20	1,431,299.47	899,983.00	60,942.60	59.0	127.4
22.0	NON OPERATING MARGINS - INTEREST.....	211,758.54	128,090.95	110,000.00	55,069.00	16.4	39.5-
23.0	ALLOW. FOR FUNDS USED DURING CONSTRUCTION	.00	.00	.00	.00	.0	.0
24.0	INCOME (LOSS) FROM EQUITY INVESTMENTS....	.00	.00	.00	.00	.0	.0
25.0	NON OPERATING MARGINS - OTHER.....	242,469.80	70,720.10	.00	9,450.16	100.0	70.8-
26.0	GENERATION & TRANSMISSION CAPITAL CREDITS	159,635.88-	111,477.20-	.00	.00	100.0-	30.2-
27.0	OTHER CAPITAL CREDITS & PATRONAGE DIVID..	84,657.17	97,361.40	50,000.00	.00	94.7	15.0
28.0	EXTRAORDINARY ITEMS.....	.00	.00	.00	.00	.0	.0
29.0	PATRONAGE CAPITAL OR MARGINS.....	1,008,696.83	1,615,994.72	1,059,983.00	125,461.76	52.5	60.2
RATIOS							
	TIER	1.338	1.573	1.349	1.361		
	MARGINS TO REVENUE	.013	.019	.013	.012		
	POWER COST TO REVENUE	.736	.751	.738	.749		
	INTEREST EXPENSE TO REVENUE	.038	.033	.036	.033		
	CURRENT ASSETS : CURRENT LIABILITIES	1.6438					
	MARGINS & EQUITIES AS % OF ASSETS	.3548					
	LONG TERM DEBT AS % OF PLANT	.5508					
	GENERAL FUNDS TO TOTAL PLANT	3.7835					
	QUICK ASSET RATIO	1.5526					

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 218,147,298.65	30.0 MEMBERSHIPS 1,042,685.30-
2.0	CONSTRUCTION WORK IN PROGRESS 1,060,447.35	31.0 PATRONAGE CAPITAL 75,531,963.37-
3.0	TOTAL UTILITY PLANT 219,207,746.00	32.0 OPERATING MARGINS - PRIOR YEAR 96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT 64,739,225.79-	33.0 OPERATING MARGINS-CURRENT YEAR 1,615,994.72-
5.0	NET UTILITY PLANT 154,468,520.21	34.0 NON-OPERATING MARGINS 62,513.47-
		35.0 OTHER MARGINS & EQUITIES 1,147,920.47-
6.0	NON-UTILITY PROPERTY (NET) .00	36.0 TOTAL MARGINS & EQUITIES 79,497,562.65-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	
8.0	INV IN ASSOC ORG - PAT. CAPITAL 39,758,014.90	37.0 LONG TERM DEBT - RUS (NET) 76,182,470.59-
9.0	INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 2,183,995.65	38.0 LNG-TERM DEBT-FFB-RUS GUAR 40,661,760.56-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 11,363,555.69-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 41,942,010.55	42.0 PAYMENTS - UNAPPLIED 7,470,287.03
		43.0 TOTAL LONG TERM DEBT 120,737,499.81-
15.0	CASH - GENERAL FUNDS 1,093,654.88	44.0 OBLIGATION UNDER CAPITAL LEASE .00
16.0	CASH - CONSTRUCTION FUND TRUST .00	45.0 ACCUM OPERATING PROVISIONS 9,043,024.06-
17.0	SPECIAL DEPOSITS .00	46.0 TOTAL OTHER NONCURR LIABILITY 9,043,024.06-
18.0	TEMPORARY INVESTMENTS 7,200,000.00	
19.0	NOTES RECEIVABLE (NET) .00	47.0 NOTES PAYABLE .00
20.0	ACCTS RECV - SALES ENERGY(NET) 10,445,075.71	48.0 ACCOUNTS PAYABLE 10,404,426.93-
21.0	ACCTS RECV - OTHER (NET) 2,279,372.91	49.0 CONSUMER DEPOSITS 1,861,886.28-
22.0	RENEWABLE ENERGY CREDITS .00	50.0 CURR MATURITIES LONG-TERM DEBT .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,295,522.75	51.0 CURR MATURIT LT DEBT ECON DEV .00
24.0	PREPAYMENTS 1,048,637.54	52.0 CURR MATURITIES CAPITAL LEASES .00
25.0	OTHER CURRENT & ACCR ASSETS .00	53.0 OTHER CURRENT & ACCRUED LIAB 1,946,396.61-
26.0	TOTAL CURRENT & ACCR ASSETS 23,362,263.79	54.0 TOTAL CURRENT & ACCRUED LIAB 14,212,709.82-
27.0	REGULATORY ASSETS .00	
28.0	OTHER DEFERRED DEBITS 4,279,337.05	55.0 REGULATORY LIABILITIES .00
29.0	TOTAL ASSETS & OTHER DEBITS 224,052,131.60	56.0 OTHER DEFERRED CREDITS 561,335.26-
		57.0 TOTAL LIABILITIES & OTH CREDIT 224,052,131.60-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0	BALANCE BEGINNING OF YEAR .00
59.0	AMOUNT RECEIVED THIS YEAR (NET) 127,636.78
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST 127,636.78

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.  
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

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SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

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SIGNATURE OF MANAGER

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DATE

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DATE

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 09/13

PAGE 1  
RUN DATE 10/25/13 04:02 PM

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C	THIS MONTH D		
1.0	87,747,565.63	95,583,421.79	93,033,444.00	9,070,697.55	2.7	8.9
2.0						
3.0						
4.0	64,846,373.00	71,926,308.00	68,875,025.00	6,936,877.00	4.4	10.9
5.0						
6.0	2,003,254.82	2,054,478.17	2,133,400.00	226,437.81	3.7	2.6
7.0	4,774,330.19	4,792,295.48	4,821,309.00	502,903.85	.6	.4
8.0	2,037,330.08	2,188,604.13	2,152,200.00	205,498.68	1.7	7.4
9.0	1,028,452.72	799,552.74	1,050,303.00	81,834.16	23.9	22.3
10.0						
11.0	3,465,403.35	3,332,223.22	3,650,850.00	388,346.86	8.7	3.8
12.0	78,155,144.16	85,093,461.74	82,683,087.00	8,341,698.36	2.9	8.9
13.0	6,038,378.35	6,187,308.89	6,431,400.00	697,646.72	3.8	2.5
14.0						
15.0	13,796.41	160.00	900.00	.00	82.2	98.8
16.0	3,338,306.65	3,171,411.28	3,420,000.00	352,472.67	7.3	5.0
17.0						
18.0	57,822.87	2,160.28	162,000.00	239.74	98.7	96.3
19.0	19,799.35	19,645.30	9,000.00	465.23	118.3	.8
20.0	87,623,247.79	94,474,147.49	92,706,387.00	9,392,722.72	1.9	7.8
21.0	124,317.84	1,109,274.30	327,057.00	322,025.17	239.2	792.3
22.0	212,586.94	128,796.83	123,750.00	705.88	4.1	39.4
23.0						
24.0	.00	.00	.00	.00	.0	.0
25.0						
26.0	241,999.06	72,543.07	.00	1,822.97	100.0	70.0
27.0	159,635.88	111,477.20	.00	.00	100.0	30.2
28.0	156,340.32	100,378.39	150,000.00	3,016.99	33.1	35.8
29.0	575,608.28	1,299,515.39	600,807.00	316,479.33	116.3	125.8
RATIOS						
TIER	1.172	1.410	1.176	.102		
MARGINS TO REVENUE	.007	.014	.006	.035		
POWER COST TO REVENUE	.739	.752	.740	.765		
INTEREST EXPENSE TO REVENUE	.038	.033	.037	.039		
CURRENT ASSETS : CURRENT LIABILITIES	1.7206					
MARGINS & EQUITIES AS % OF ASSETS	.3553					
LONG TERM DEBT AS % OF PLANT	.5511					
GENERAL FUNDS TO TOTAL PLANT	3.9303					
QUICK ASSET RATIO	1.6200					

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BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 09/13

PAGE 1  
RUN DATE 10/25/13 04:02 PM

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE 218,639,247.11	30.0 MEMBERSHIPS 1,043,852.80-
2.0	CONSTRUCTION WORK IN PROGRESS 1,116,681.64	31.0 PATRONAGE CAPITAL 75,504,826.95-
3.0	TOTAL UTILITY PLANT 219,755,928.75	32.0 OPERATING MARGINS - PRIOR YEAR 96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT 65,287,129.07-	33.0 OPERATING MARGINS-CURRENT YEAR 1,299,515.39-
5.0	NET UTILITY PLANT 154,468,799.68	34.0 NON-OPERATING MARGINS 62,513.47-
		35.0 OTHER MARGINS & EQUITIES 1,162,652.85-
6.0	NON-UTILITY PROPERTY (NET) .00	36.0 TOTAL MARGINS & EQUITIES 79,169,846.78-
7.0	INVEST IN SUBSIDIARY COMPANIES .00	
8.0	INV IN ASSOC ORG - PAT CAPITAL 39,760,428.48	37.0 LONG TERM DEBT - RUS (NET) 76,023,959.80-
9.0	INV IN ASSOC ORG OTHER GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0	INV IN ASSOC ORG - NON GEN FND 2,183,995.65	38.0 LNG-TERM DEBT-FFB-RUS GUAR 40,278,469.56-
11.0	INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0	OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 11,363,555.69-
13.0	SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0	TOT OTHER PROP & INVESTMENTS 41,944,424.13	42.0 PAYMENTS - UNAPPLIED 6,561,012.57
		43.0 TOTAL LONG TERM DEBT 121,104,972.48-
15.0	CASH - GENERAL FUNDS 1,637,017.33	44.0 OBLIGATION UNDER CAPITAL LEASE .00
16.0	CASH - CONSTRUCTION FUND TRUST .00	45.0 ACCUM OPERATING PROVISIONS 9,094,493.21-
17.0	SPECIAL DEPOSITS .00	46.0 TOTAL OTHER NONCURR LIABILITY 9,094,493.21-
18.0	TEMPORARY INVESTMENTS 7,000,000.00	
19.0	NOTES RECEIVABLE (NET) .00	47.0 NOTES PAYABLE .00
20.0	ACCTS RECV - SALES ENERGY(NET) 9,036,957.99	48.0 ACCOUNTS PAYABLE 9,342,796.86-
21.0	ACCTS RECV - OTHER (NET) 2,380,662.91	49.0 CONSUMER DEPOSITS 1,858,361.28-
22.0	RENEWABLE ENERGY CREDITS .00	50.0 CURR MATURITIES LONG-TERM DEBT .00
23.0	MATERIAL & SUPPLIES-ELEC & OTH 1,294,961.10	51.0 CURR MATURIT LT DEBT ECON DEV .00
24.0	PREPAYMENTS 796,203.23	52.0 CURR MATURITIES CAPITAL LEASES .00
25.0	OTHER CURRENT & ACCR ASSETS .00	53.0 OTHER CURRENT & ACCRUED LIAB 1,670,033.25-
26.0	TOTAL CURRENT & ACCR ASSETS 22,145,802.56	54.0 TOTAL CURRENT & ACCRUED LIAB 12,871,191.39-
27.0	REGULATORY ASSETS .00	
28.0	OTHER DEFERRED DEBITS 4,242,439.85	55.0 REGULATORY LIABILITIES .00
29.0	TOTAL ASSETS & OTHER DEBITS 222,801,466.22	56.0 OTHER DEFERRED CREDITS 560,962.36-
		57.0 TOTAL LIABILITIES & OTH CREDIT 222,801,466.22-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0	BALANCE BEGINNING OF YEAR .00
59.0	AMOUNT RECEIVED THIS YEAR (NET) 149,756.01
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST 149,756.01

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.  
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF MANAGER

\_\_\_\_\_  
DATE

BLUE GRASS ENERGY  
PRG. OPERBSET (OBSSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 10/13

PAGE 1  
RUN DATE 11/21/13 10:37 AM

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C				
1.0	96,233,881.89	104,277,080.64	102,258,730.00	8,693,658.85	2.0	8.4	
2.0	.00	.00	.00	.00	.0	.0	
3.0	71,107,595.00-	78,316,214.00-	75,594,766.00-	6,389,906.00-	3.6	10.1	
4.0	.00	.00	.00	.00	.0	.0	
5.0	.00	.00	.00	.00	.0	.0	
6.0	2,227,490.74-	2,284,595.88-	2,370,400.00-	230,117.71-	3.6-	2.6	
7.0	5,262,041.26-	5,268,313.37-	5,357,110.00-	476,017.89-	1.7-	.1	
8.0	2,275,483.54-	2,407,650.31-	2,382,600.00-	219,046.18-	1.1	5.8	
9.0	1,137,738.11-	892,995.17-	1,167,003.00-	93,442.43-	23.5-	21.5-	
10.0	.00	.00	.00	.00	.0	.0	
11.0	3,863,115.38-	3,758,082.75-	4,056,450.00-	425,859.53-	7.4-	2.7-	
12.0	85,873,464.03-	92,927,851.48-	90,928,329.00-	7,834,389.74-	2.2	8.2	
13.0	6,718,982.69-	6,870,356.35-	7,146,000.00-	683,047.46-	3.9-	2.3	
14.0	.00	.00	.00	.00	.0	.0	
15.0	13,796.41-	160.00-	1,000.00-	.00	84.0-	98.8-	
16.0	3,698,824.61-	3,527,107.76-	3,800,000.00-	355,696.48-	7.2-	4.6-	
17.0	.00	.00	.00	.00	.0	.0	
18.0	57,959.75-	2,401.15-	180,000.00-	240.87-	98.7-	95.9-	
19.0	20,043.24-	20,311.93-	10,000.00-	666.63-	103.1	1.3	
20.0	96,383,070.73-	103,348,188.67-	102,065,329.00-	8,874,041.18-	1.3	7.2	
21.0	149,188.84-	928,891.97	193,401.00	180,382.33-	380.3	722.6-	
22.0	250,278.02	169,196.75	137,500.00	40,399.92	23.1	32.4-	
23.0	.00	.00	.00	.00	.0	.0	
24.0	.00	.00	.00	.00	.0	.0	
25.0	242,572.90	72,723.23	.00	180.16	100.0	70.0-	
26.0	159,635.88-	111,477.20-	.00	.00	100.0-	30.2-	
27.0	156,340.32	170,720.11	150,000.00	70,341.72	13.8	9.2	
28.0	.00	.00	.00	.00	.0	.0	
29.0	340,366.52	1,230,054.86	480,901.00	69,460.53-	155.8	261.4	
RATIOS							
TIER	1.092	1.349	1.127	.805			
MARGINS TO REVENUE	.004	.012	.005	.008			
POWER COST TO REVENUE	.739	.751	.739	.735			
INTEREST EXPENSE TO REVENUE	.038	.034	.037	.041			
CURRENT ASSETS : CURRENT LIABILITIES	1.8319						
MARGINS & EQUITIES AS % OF ASSETS	.3567						
LONG TERM DEBT AS % OF PLANT	.5516						
GENERAL FUNDS TO TOTAL PLANT	4.0544						
QUICK ASSET RATIO	1.7193						

BLUE GRASS ENERGY  
PRG. OPERBSHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 10/13

PAGE 1  
RUN DATE 11/21/13 10:37 AM

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS		
LINE NO				
1.0	TOTAL UTILITY PLANT IN SERVICE	218,962,968.59	30.0 MEMBERSHIPS	1,044,460.30-
2.0	CONSTRUCTION WORK IN PROGRESS	1,057,722.79	31.0 PATRONAGE CAPITAL	75,487,487.03-
3.0	TOTAL UTILITY PLANT	220,020,691.38	32.0 OPERATING MARGINS - PRIOR YEAR	96,485.32-
4.0	ACCUM PROV FOR DEP & AMORT	65,644,757.99-	33.0 OPERATING MARGINS-CURRENT YEAR	1,230,054.86-
5.0	NET UTILITY PLANT	154,375,933.39	34.0 NON-OPERATING MARGINS	62,513.47-
			35.0 OTHER MARGINS & EQUITIES	1,173,589.08-
6.0	NON-UTILITY PROPERTY (NET)	.00	36.0 TOTAL MARGINS & EQUITIES	79,094,590.06-
7.0	INVEST IN SUBSIDIARY COMPANIES	.00		
8.0	INV IN ASSOC ORG - PAT CAPITAL	39,795,599.34	37.0 LONG TERM DEBT - RUS (NET)	75,873,423.76-
9.0	INV IN ASSOC ORG OTHER GEN FND	.00	(PAYMENTS-UNAPPLIED	.00 )
10.0	INV IN ASSOC ORG - NON GEN FND	2,183,995.65	38.0 LNG-TERM DEBT-FFB-RUS GUAR	40,278,469.56-
11.0	INV IN ECON DEVEL PROJECTS	.00	39.0 LONG-TERM DEBT OTHER-RUS GUAR	.00
12.0	OTHER INVESTMENTS	.00	40.0 LONG TERM DEBT - OTHER (NET)	11,363,555.69-
13.0	SPECIAL FUNDS	.00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET	.00
14.0	TOT OTHER PROP & INVESTMENTS	41,979,594.99	42.0 PAYMENTS - UNAPPLIED	6,146,780.05
			43.0 TOTAL LONG TERM DEBT	121,368,668.96-
15.0	CASH - GENERAL FUNDS	670,510.56		
16.0	CASH - CONSTRUCTION FUND TRUST	.00	44.0 OBLIGATION UNDER CAPITAL LEASE	.00
17.0	SPECIAL DEPOSITS	.00	45.0 ACCUM OPERATING PROVISIONS	9,146,423.26-
18.0	TEMPORARY INVESTMENTS	8,250,000.00	46.0 TOTAL OTHER NONCURR LIABILITY	9,146,423.26-
19.0	NOTES RECEIVABLE (NET)	.00		
20.0	ACCTS REC - SALES ENERGY (NET)	7,806,539.62	47.0 NOTES PAYABLE	.00
21.0	ACCTS REC - OTHER (NET)	2,523,286.99	48.0 ACCOUNTS PAYABLE	8,022,207.19-
22.0	RENEWABLE ENERGY CREDITS	.00	49.0 CONSUMER DEPOSITS	1,843,741.28-
23.0	MATERIAL & SUPPLIES-ELEC & OTH	1,300,639.84	50.0 CURR MATURITIES LONG-TERM DEBT	.00
24.0	PREPAYMENTS	608,150.71	51.0 CURR MATURIT LT DEBT ECON DEV	.00
25.0	OTHER CURRENT & ACCR ASSETS	.00	52.0 CURR MATURITIES CAPITAL LEASES	.00
26.0	TOTAL CURRENT & ACCR ASSETS	21,159,127.72	53.0 OTHER CURRENT & ACCRUED LIAB	1,684,426.21-
			54.0 TOTAL CURRENT & ACCRUED LIAB	11,550,374.68-
27.0	REGULATORY ASSETS	.00		
28.0	OTHER DEFERRED DEBITS	4,204,837.51	55.0 REGULATORY LIABILITIES	.00
			56.0 OTHER DEFERRED CREDITS	559,436.65-
29.0	TOTAL ASSETS & OTHER DEBITS	221,719,493.61	57.0 TOTAL LIABILITIES & OTH CREDIT	221,719,493.61-
			ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
			58.0 BALANCE BEGINNING OF YEAR	.00
			59.0 AMOUNT RECEIVED THIS YEAR (NET)	207,483.99
			60.0 TOTAL CONTRIBUTIONS IN AID OF CONST	207,483.99

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF.  
ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF MANAGER

\_\_\_\_\_  
DATE



BLUE GRASS ENERGY  
PRG. OPERESHT (OBSA)

FINANCIAL AND STATISTICAL REPORT  
FROM 01/13 THRU 11/13

PAGE 1  
RUN DATE 12/20/13 02:49 PM

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				THIS MONTH	% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR A	THIS YEAR B	BUDGET C	D			
1.0	106,734,653.56	115,028,560.63	112,433,809.00	10,751,479.99	2.3	7.8	
2.0	.00	.00	.00	.00	.0	.0	
3.0	78,952,111.00-	86,394,581.00-	82,739,503.00-	8,078,367.00-	4.4	9.4	
4.0	.00	.00	.00	.00	.0	.0	
5.0	.00	.00	.00	.00	.0	.0	
6.0	2,320,331.84-	2,533,012.48-	2,607,400.00-	248,416.60-	2.9-	9.2	
7.0	5,743,984.59-	5,766,239.49-	5,892,911.00-	497,926.12-	2.1-	.4	
8.0	2,549,812.70-	2,626,960.32-	2,625,000.00-	219,310.01-	.1	3.0	
9.0	1,240,228.11-	943,782.75-	1,283,603.00-	50,787.58-	26.5-	23.9-	
10.0	.00	.00	.00	.00	.0	.0	
11.0	4,203,834.16-	4,121,081.13-	4,462,050.00-	362,998.38-	7.6-	2.0-	
12.0	95,010,302.40-	102,385,657.17-	99,610,467.00-	9,457,805.69-	2.8	7.8	
13.0	7,402,930.82-	7,552,799.10-	7,860,600.00-	682,442.75-	3.9-	2.0	
14.0	.00	.00	.00	.00	.0	.0	
15.0	13,796.41-	160.00-	1,100.00-	.00	85.5-	98.8-	
16.0	4,044,998.73-	3,864,990.10-	4,180,000.00-	337,882.34-	7.5-	4.5-	
17.0	.00	.00	.00	.00	.0	.0	
18.0	58,067.29-	2,639.12-	198,000.00-	237.97-	98.7-	95.5-	
19.0	21,223.60-	21,922.82-	11,000.00-	1,610.89-	99.3	3.3	
20.0	106,551,319.25-	113,828,168.31-	111,861,167.00-	10,479,979.64-	1.8	6.8	
21.0	183,334.31	1,200,392.32	572,642.00	271,500.35	109.6	554.8	
22.0	276,268.83	256,730.07	151,250.00	87,533.32	69.7	7.1-	
23.0	.00	.00	.00	.00	.0	.0	
24.0	.00	.00	.00	.00	.0	.0	
25.0	237,011.55	75,298.78	.00	2,575.55	100.0	68.2-	
26.0	159,635.88-	111,477.20-	.00	.00	100.0-	30.2-	
27.0	156,340.32	170,720.11	200,000.00	.00	14.6-	9.2	
28.0	.00	.00	.00	.00	.0	.0	
29.0	693,319.13	1,591,664.08	923,892.00	361,609.22	72.3	129.6	
RATIOS							
TIER	1.171	1.412	1.221	2.070			
MARGINS TO REVENUE	.006	.014	.008	.034			
POWER COST TO REVENUE	.740	.751	.736	.751			
INTEREST EXPENSE TO REVENUE	.038	.034	.037	.031			
CURRENT ASSETS : CURRENT LIABILITIES	1.7019						
MARGINS & EQUITIES AS % OF ASSETS	.3548						
LONG TERM DEBT AS % OF PLANT	.5484						
GENERAL FUNDS TO TOTAL PLANT	3.9362						
QUICK ASSET RATIO	1.6031						

PART C. BALANCE SHEET

LINE NO		ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0		TOTAL UTILITY PLANT IN SERVICE 219,705,661.97	30.0 MEMBERSHIPS 1,044,687.80-
2.0		CONSTRUCTION WORK IN PROGRESS 1,197,385.75	31.0 PATRONAGE CAPITAL 75,456,844.01-
3.0		TOTAL UTILITY PLANT 220,903,047.72	32.0 OPERATING MARGINS - PRIOR YEAR 96,485.32-
4.0		ACCUM PROV FOR DEP & AMORT 66,243,320.09-	33.0 OPERATING MARGINS-CURRENT YEAR 1,591,664.08-
5.0		NET UTILITY PLANT 154,659,727.63	34.0 NON-OPERATING MARGINS 62,513.47-
6.0		NON-UTILITY PROPERTY (NET) .00	35.0 OTHER MARGINS & EQUITIES 1,190,068.38-
7.0		INVEST IN SUBSIDIARY COMPANIES .00	36.0 TOTAL MARGINS & EQUITIES 79,442,263.06-
8.0		INV IN ASSOC ORG - PAT CAPITAL 39,795,599.34	37.0 LONG TERM DEBT - RUS (NET) 75,713,877.17-
9.0		INV IN ASSOC ORG OTHR GEN FND .00	(PAYMENTS-UNAPPLIED .00 )
10.0		INV IN ASSOC ORG - NON GEN FND 2,183,995.65	38.0 LNG-TERM DEBT-FFB-RUS GUAR 40,278,469.56-
11.0		INV IN ECON DEVEL PROJECTS .00	39.0 LONG-TERM DEBT OTHER-RUS GUAR .00
12.0		OTHER INVESTMENTS .00	40.0 LONG TERM DEBT - OTHER (NET) 10,971,091.41-
13.0		SPECIAL FUNDS .00	41.0 LNG-TERM DEBT-RUS-ECON DEV NET .00
14.0		TOT OTHER PROP & INVESTMENTS 41,979,594.99	42.0 PAYMENTS - UNAPPLIED 5,816,369.91
15.0		CASH - GENERAL FUNDS 795,218.85	43.0 TOTAL LONG TERM DEBT 121,147,068.23-
16.0		CASH - CONSTRUCTION FUND TRUST .00	44.0 OBLIGATION UNDER CAPITAL LEASE .00
17.0		SPECIAL DEPOSITS .00	45.0 ACCUM OPERATING PROVISIONS 9,193,521.70-
18.0		TEMPORARY INVESTMENTS 7,900,000.00	46.0 TOTAL OTHER NONCURR LIABILITY 9,193,521.70-
19.0		NOTES RECEIVABLE (NET) .00	47.0 NOTES PAYABLE .00
20.0		ACCTS RECV - SALES ENERGY (NET) 10,232,690.03	48.0 ACCOUNTS PAYABLE 10,497,642.86-
21.0		ACCTS RECV - OTHER (NET) 2,471,099.14	49.0 CONSUMER DEPOSITS 1,836,366.28-
22.0		RENEWABLE ENERGY CREDITS .00	50.0 CURR MATURITIES LONG-TERM DEBT .00
23.0		MATERIAL & SUPPLIES-ELEC & OTH 1,342,677.78	51.0 CURR MATURIT LT DEBT ECON DEV .00
24.0		PREPAYMENTS 373,248.35	52.0 CURR MATURITIES CAPITAL LEASES .00
25.0		OTHER CURRENT & ACCR ASSETS .00	53.0 OTHER CURRENT & ACCRUED LIAB 1,247,642.49-
26.0		TOTAL CURRENT & ACCR ASSETS 23,114,934.15	54.0 TOTAL CURRENT & ACCRUED LIAB 13,581,651.63-
27.0		REGULATORY ASSETS .00	55.0 REGULATORY LIABILITIES .00
28.0		OTHER DEFERRED DEBITS 4,167,495.82	56.0 OTHER DEFERRED CREDITS 557,247.97-
29.0		TOTAL ASSETS & OTHER DEBITS 223,921,752.59	57.0 TOTAL LIABILITIES & OTH CREDIT 223,921,752.59-

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
58.0	BALANCE BEGINNING OF YEAR .00
59.0	AMOUNT RECEIVED THIS YEAR (NET) 225,079.36
60.0	TOTAL CONTRIBUTIONS IN AID OF CONST 225,079.36

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

\_\_\_\_\_  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF MANAGER

\_\_\_\_\_  
DATE

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT                  ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION KY0064
	PERIOD ENDED December, 2013
	BORROWER NAME Blue Grass Energy Cooperative Corporation

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Michael Williams

3/10/2014

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	118,940,223	128,040,379	125,136,834	13,011,818
2. Power Production Expense				
3. Cost of Purchased Power	88,003,611	96,070,322	92,048,046	9,675,741
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	2,446,987	2,697,746	2,844,400	165,933
7. Distribution Expense - Maintenance	5,993,783	6,175,084	6,428,700	408,845
8. Customer Accounts Expense	2,755,734	2,862,998	2,889,650	236,038
9. Customer Service and Informational Expense	1,459,697	993,181	1,400,250	49,398
10. Sales Expense				
11. Administrative and General Expense	4,351,652	4,404,713	4,867,650	283,632
12. Total Operation & Maintenance Expense (2 thru 11)	105,011,464	113,204,044	110,478,696	10,819,587
13. Depreciation and Amortization Expense	8,089,887	8,253,042	8,575,200	700,243
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	13,796	160	1,200	
16. Interest on Long-Term Debt	4,407,449	4,219,323	4,560,000	354,333
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	58,210	2,879	216,000	239
19. Other Deductions	21,755	23,098	12,000	1,175
20. Total Cost of Electric Service (12 thru 19)	117,602,561	125,702,546	123,843,096	11,875,577
21. Patronage Capital & Operating Margins (1 minus 20)	1,337,662	2,337,833	1,293,738	1,136,241
22. Non Operating Margins - Interest	277,194	260,389	165,000	3,659
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	247,521	86,005		10,706
26. Generation and Transmission Capital Credits	5,686,746	7,776,965		7,888,442
27. Other Capital Credits and Patronage Dividends	158,340	171,273	4,700,000	553
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	7,707,463	10,632,465	6,158,738	9,039,601

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			KY0064		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2013		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	983	1,013	5. Miles Transmission		
2. Services Retired	373	420	6. Miles Distribution -- Overhead	4,375.00	4,381.00
3. Total Services in Place	59,175	59,822	7. Miles Distribution - Underground	307.00	312.00
4. Idle Services (Exclude Seasonals)	3,798	3,943	8. Total Miles Energized (5 + 6 + 7)	4,682.00	4,693.00
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	220,272,384		30. Memberships	1,044,718	
2. Construction Work in Progress	1,731,297		31. Patronage Capital	75,436,199	
3. Total Utility Plant (1 + 2)	222,003,681		32. Operating Margins - Prior Years	96,485	
4. Accum. Provision for Depreciation and Amort.	66,598,322		33. Operating Margins - Current Year	10,632,465	
5. Net Utility Plant (3 - 4)	155,405,359		34. Non-Operating Margins	62,513	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	1,203,317	
7. Investments in Subsidiary Companies	0		36. Total Margins & Equities (30 thru 35)	88,475,697	
8. Invest. in Assoc. Org. - Patronage Capital	47,684,041		37. Long-Term Debt - RUS (Net)	73,712,267	
9. Invest. in Assoc. Org. - Other - General Funds	0		38. Long-Term Debt - FFB - RUS Guaranteed	38,545,289	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	2,153,203		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	9,021,091	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments - Unapplied	4,907,247	
14. Total Other Property & Investments (6 thru 13)	49,837,244		43. Total Long-Term Debt (37 thru 41 - 42)	116,371,400	
15. Cash - General Funds	1,211,060		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	9,203,752	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	9,203,752	
18. Temporary Investments	7,100,000		47. Notes Payable	0	
19. Notes Receivable (Net)	0		48. Accounts Payable	12,213,462	
20. Accounts Receivable - Sales of Energy (Net)	13,182,260		49. Consumers Deposits	1,831,336	
21. Accounts Receivable - Other (Net)	2,434,671		50. Current Maturities Long-Term Debt	5,150,000	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	0	
23. Materials and Supplies - Electric & Other	1,370,925		52. Current Maturities Capital Leases	0	
24. Prepayments	301,267		53. Other Current and Accrued Liabilities	1,166,613	
25. Other Current and Accrued Assets	0		54. Total Current & Accrued Liabilities (47 thru 53)	20,361,411	
26. Total Current and Accrued Assets (15 thru 25)	25,600,183		55. Regulatory Liabilities	0	
27. Regulatory Assets	0		56. Other Deferred Credits	560,791	
28. Other Deferred Debits	4,130,265		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	234,973,051	
29. Total Assets and Other Debits (5+14+26 thru 28)	234,973,051				

# **BLUE GRASS ENERGY COOPERATIVE**

**CASE NO 2014-00339**

## **COST OF SERVICE STUDY**

**October 2014 - James Adkins & Mary Elizabeth Purvis**

### NARRATIVE ON THE COST OF SERVICE STUDY

The Cost of Service Study ("COSS") contained in Exhibit R of the Application consists of 6 schedules. Schedule one presents the actual test year expenses plus the adjustments to the test year along with margin requirements to determine the total revenue requirements for Blue Grass Energy Cooperative.

Schedules two through four are the primary schedules within the COSS. The COSS is a functionally, unbundled COSS because it provides the revenue requirements by function for each classification within all rate classes. By this is meant that a breakdown of the costs and the margins for a function such as lines can be determined for all three classifications of demand-related, energy-related and consumer-related.

The COSS follows the standard three step process of functionalization, classification and allocation. Schedule 2 is the functionalization of the test year revenue requirements into the following functions.

- Purchased Power
- Stations
- Lines
- Transformers
- Services
- Meters
- Consumer & accounting services

The classification phase categorizes the test year revenue requirements into the three categories mentioned earlier and is contained in Schedule 3. It is easy to see how specific costs may impact a specific segment of each rate schedule. The relationship

between functionalization and classification is better understood through the table presented below.

Function	Demand Related	Energy Related	Consumer Related
Purchased Power	X	X	
Stations	X		
Lines	X		X
Transformers	X		X
Services			X
Meters			X
Consumer & Accounting Services			X

Purchased power costs are considered as either demand-related or energy-related costs based on how purchased power is billed. Purchased power station costs are considered. Most of the distribution costs are consumer related with lines (poles and conductor) and transformers have a demand element. The determination of what portion of line expenses and transformer expenses may be demand-related or consumer related is based on their proportional demand investment and consumer investment.

The determination of the demand related amount and the consumer related amount is based on the concept that a minimal systems exists to provide service to any customer without regards to the demand placed on the system by a consumer. This minimal system becomes the basis for the consumer portion of the investment. Several approaches can be used to determine this consumer investment such as the minimum size, the zero-intercept, or a variation of the zero-intercept method.

Many expenses are directly assigned to function based on all other O&M expenses. Other expenses such as depreciation, interest, margins, taxes, etc. are allocated on the basis of information from the Net Investment Rate Base Schedule (Schedule 2.2). The end result is a revenue requirement for each functional classification which includes all costs and margins.

The next step in the process is the allocation of the revenue requirements to each rate class. Schedule 4 provides the details on this step. Purchased power demand related costs are allocated on the basis of each rate class's contribution to East Kentucky Power Cooperative's ("EKPC") coincident peak demand which is the basis by which a cooperative is billed by EKPC. Purchased power energy costs are allocated to each rate class on the basis of each class's proportional share of retail energy sales for all retail rate classes based on EKPC's Wholesale Power Rate Schedule E. Purchased power costs for EKPC Schedules B and G are directly assigned to the retail rate classes based on these wholesale power rate schedules.

Distribution demand related costs for lines are allocated to rate classes based on each rate classes monthly peak demands while demand related transformer costs are allocated on the basis of the sum of the monthly individual consumers demand for each rate class. Consumer related costs for lines are allocated to rate classes on the basis of number of consumers while the consumer related costs for transformers, services and meters are allocated on the basis of minimum investment for each rate class for each function weighted by number of customers. The consumer related costs for the consumer and accounting service function is based primarily on the basis of the complexity of the bills for a rate class.

Schedule 5 contains the overall results of the COSS. The revenue requirements for each class is presented along with a breakdown into the demand related, the energy



related and the consumer related revenue requirements for each rate class. The revenue requirements for each rate class is matched with the current revenue from each rate class to determine what rate classes need an increase in rates and which do not.. For Blue Grass, the rate schedules that are not meeting revenue requirements are these:

- GS-1 Residential and Farm
- GS-3 Residential and Farm TOD
- SC-1 General Service
- SC-2 General Service TOD
- Outdoor Lighting

The other rate classes are providing revenues in excess of their revenue requirements.

Schedule 6 provides the amount of increase that Blue Grass is seeking for each one of its rate class. Blue Grass is not proposing to increase those rate classes needing an increase to full revenue requirements. Since Blue Grass is not proposing to decrease rates for those classes with some over recovery of revenue requirements, it is able to temper the amount of increase for those for each an increase is being filed. Blue Grass is using the COSS for guidance in its rate design by proposing that most of the increase be placed on the customer/facility charge.

ACTUAL TEST YEAR WITH ADJUSTMENTS

Act No.	Description	Actual Test Year	Wages Adjustment	Payroll Taxes Adjustment	Depreciation Adjustment	Interest Adjustment	Retirement & Security Adjustment	Property Taxes	Donations	Administrative & General	Other Income	G&T Capital Credits Adjustment	Purchased Power Adjustment (a)	Total Amount of Adjustments	Adjusted Test Year
555	Purchased Power	254,905	942	166			752						51,687	51,687	18,577,420
	Demand Charges	-													1,545,482
	Metering Point & Substations Charges	50,572	203	36			162						57,024	57,024	63,975,196
	Energy Charges	1,260,596	5,054	890			4,033						(269,797)	(269,797)	6,455
	Renewable Resource Energy	120,534	483	85			396								84,104,533
	By Thru and Metering Point Charges	26,089	105	18			83								206,764
	Total Purchased Power	517,710	2,076	365			1,656							4,097	521,807
586	Consumer Installations	305,681	1,228	218			979							2,421	308,302
587	Misc. Distribution Exp	181,457	727	128	846		581	16,362						16,665	200,122
588	Rents	-													-
	Total Dist. Operations	2,897,748	10,875	1,904	846		8,631	16,362						36,579	2,736,324
590	Maint Supp. & Eng	304,724	1,796	306			1,387							3,432	308,166
592	Maint of Station Equip	150	1	0			1							2	152
593	Maint Overhead Lines	4,813,085	27,457	4,833			21,911							54,202	4,887,266
594	Maint of Underground Lines	302,435	1,725	304			1,377							3,408	305,841
595	Maint Line Transformers	16,901	96	17			76							189	16,990
596	Maint of Street Lights	185,353	1,114	196			889							2,200	187,553
597	Maintenance of Meters	193,445	1,104	194			881							2,178	195,624
598	Maint Misc. Distrib. Plant	349,101	1,992	351			1,589							5,445	354,546
	Total Dist. Maint.	6,175,984	35,228	6,201	1,513		26,112							71,054	6,246,138
901	Supervision	140,605	1,185	209	389		946							2,729	143,334
902	Meter Reading Expense	100,209	845	149			674							1,688	101,877
903	Cens Recds & Collections	2,281,627	19,235	3,388			15,350							37,971	2,319,797
904	Uncollectible Accounts	340,357													340,357
	Total Consumer Accts	2,862,998	21,265	3,743	389		16,970							42,367	2,905,365
907	Customer Information	-													-
908	Customer Accounting	944,348	16,145	2,842			12,884							31,871	976,219
909	Consumer Information	-			321										321
910	Mis. Customer Information	-													-
912	Key Accounts Expenses	(11,883)	(203)	(36)			(162)							(400)	(12,264)
913	Advertising	60,699													60,699
	Total Customer Serv.	993,181	15,943	2,806	321		12,722							31,792	1,024,973
920	Administrative Salaries	2,590,524	30,660	5,400			24,463							60,593	2,651,087
921	Office Supplies	398,751													398,751
923	Outside Services	131,989													131,989
924	Property Ins	-													-
925	Injuries & Damages	-													-
926	Employ Pensions & Benefit	135,354													135,354
928	Regulatory Exp	(140,016)													(140,016)
929	Duplicate Charges	886,236													886,236
930	Misc. General Exp	-													-
931	Rents	-													-
935	Maintenance of Gen. Plant	408,662	4,842	852	552		3,884							10,111	418,973
	Total Admin & General	4,404,713	48,053	8,106	552		36,751	507		(92,292)				(323)	4,424,390



BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-000339

ALLOCATION OF TEST YEAR ADJUSTMENTS TO VARIOUS ACCOUNTS

	Amount	Percent	Wages & Salaries Adj.	Payroll Tax Adj.	FAS 106 Adj.	Retirement Adj.	Health Insurance Adj.	Total
580.00 Supervision, operations	234,905	8.71%	942	166	0	752	0	1,859
582.00 Station	50,572	1.87%	203	36	0	162	0	400
583.00 Overhead line	1,260,598	46.73%	5,054	890	0	4,033	0	9,976
584.00 Underground Lines	120,534	4.47%	483	85	0	386	0	954
585.00 Street Light Expense	26,089	0.97%	105	18	0	83	0	206
586.00 Meter	517,710	19.19%	2,076	365	0	1,656	0	4,097
587.00 Installations	305,881	11.34%	1,226	216	0	979	0	2,421
588.00 Miscellaneous distribution	181,457	6.73%	727	128	0	581	0	1,436
	2,697,746	100.00%	10,815	1,904	0	8,631	0	21,350
			10,815	1,904	0	8,631	0	21,350
590.00 Supervision, maintenance	304,734	4.93%	1,738	306	0	1,387	0	3,432
592.00 Maintenance Station Equip	150	0.00%	1	0	0	1	0	1
593.00 Maintenance	4,813,065	77.94%	27,457	4,833	0	21,911	0	54,202
594.00 Underground	302,435	4.90%	1,725	304	0	1,377	0	3,406
595.00 Transformers	16,801	0.27%	96	17	0	76	0	189
596.00 Street lights	195,353	3.16%	1,114	196	0	889	0	2,200
597.00 Meters	193,445	3.13%	1,104	194	0	881	0	2,178
598.00 Miscellaneous maintenance	349,101	5.65%	1,992	351	0	1,589	0	3,931
	6,175,084	100%	35,228	6,201	0	28,112	0	69,540
			35,228	6,201	0	28,112	0	69,540
901.00 Supervision	140,605	5.57%	1,185	209	0	946	0	2,340
902.00 Meter reading	100,209	3.97%	845	149	0	674	0	1,668
903.00 Consumer records	2,281,827	90.45%	19,235	3,386	0	15,350	0	37,971
	2,522,641	100%	21,265	3,743	0	16,970	0	41,978
			21,265	3,743	0	16,970	0	41,978
907.00 Supervision, Customer service	-	0.00%	0	0	0	0	0	0
908.00 Consumer accounting	944,348	101.27%	16,145	2,842	0	12,884	0	31,871
909.00 Consumer information	-	0.00%	0	0	0	0	0	0
910.00 Misc Customer Info	-	0.00%	0	0	0	0	0	0
912.00 Key Accounts expenses	(11,863)	-1.27%	(203)	(36)	0	(162)	0	(400)
	932,485	100%	15,943	2,806	0	12,722	0	31,471
			15,943	2,806	0	12,722	0	31,471
920.00 Administrative	2,590,524	66.62%	30,680	5,400	0	24,483	0	60,563
926.00 Employee Benefits	-	0.00%	0	0	0	0	0	0
930.00 Miscellaneous	889,238	22.87%	10,531	1,854	0	8,404	0	20,789
935.00 Maintenance general plant	408,862	10.51%	862	862	0	3,864	0	9,559
	3,888,625	100.00%	46,053	8,106	0	36,751	0	90,911
			46,053	8,106	0	36,751	0	90,911
Total	16,216,581		129,304	22,760	0	103,186	0	255,250
			129,304	22,760	0	103,186	0	255,250

BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339

Exhibit R  
Schedule 2  
Page 9 of 35  
Witness: Jim Adkins

FUNCTIONALIZATION SUMMARY

	Purchased Power	Stations	Lines	Transformers	Services	Meters	Consumer Services & Accounting	Security Lighting	Street Lighting	Total
Expense										
Purchased Power	84,104,533									84,104,533
Distribution Operations		60,657	1,333,889	-	322,660	620,949	-	366,878	31,292	2,736,324
Distribution Maintenance		170	4,659,911	19,007	1,127,206	218,843	-	-	221,001	6,246,138
Consumer Accounts		-	-	-	-	-	2,905,365	-	-	2,905,365
Customer Service		-	-	-	-	-	1,024,973	-	-	1,024,973
Administrative & General		20,747	2,044,408	6,483	494,531	286,442	1,340,588	125,137	86,054	4,404,390
Depreciation		75,944	5,004,878	1,271,407	1,210,651	319,751	150,047	224,969	126,646	8,384,294
Miscellaneous		186	12,166	3,148	2,943	760	221	543	304	20,271
Interest on Long Term Debt		43,087	2,821,896	730,215	682,600	176,226	51,279	125,978	70,513	4,701,795
Short Term Interest		26	1,728	447	418	108	31	77	43	2,879
Total Costs	84,104,533	200,818	15,878,877	2,030,707	3,841,009	1,623,078	5,472,505	843,582	535,854	114,530,962
Margin Requirements	-	43,087	2,821,896	730,215	682,600	176,226	51,279	125,978	70,513	4,701,795
Revenue Requirements	84,104,533	243,905	18,700,773	2,760,921	4,523,609	1,799,304	5,523,784	969,561	606,367	119,232,757

BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339  
FUNCTIONALIZATION OF TEST YEAR EXPENSES

		FUNCTIONALIZATION														
Acct No.	Description	Expenses										Total	Alloc Basis			
		Adjusted Test Year	Purchased Power	Stations	Lines	Transformers	Services	Meters	Consumer Services & Accounting	Security Lighting	Street Lighting					
555	Purchased Power	18,577,420	18,577,420												18,577,420	
	Demand Charges	1,545,492	1,545,492												1,545,492	
	Metering Point & Substations Charges	63,975,166	63,975,166												63,975,166	
	Energy Charges	6,455	6,455												6,455	
	Renewable Resource Energy															
	By Thru and Metering Point Charges															
	Total Purchased Power	84,104,533	84,104,533												84,104,533	DA
580	Operations Supv & Eng	236,764		5,248	115,416		27,919		53,728				31,745	2,708	236,764	2
581	Load Dispatching															DA
582	Station Expense	50,972		50,972											50,972	DA
583	Overhead Line Exp.	1,270,574			1,023,094		247,480								1,270,574	1
584	Underground Line Exp	121,488			97,825		23,663								121,488	1
585	Street Lights	26,296												26,296	DA	
586	Meter Expense	521,807							521,807						521,807	DA
587	Consumer Installations	308,302											308,302		308,302	DA
588	Misc. Distribution Exp	200,122		4,436	97,554		23,598		45,413				26,832	2,289	200,122	2
589	Rents															DA
	Total Dist. Operations	2,736,324		60,657	1,333,889		322,860		620,849				366,878	31,292	2,736,324	
590	Maint Supv & Eng	308,166		8	229,906		55,613		10,797					10,904	308,166	3
592	Maint of Station Equip	152		152											152	DA
593	Maint. Overhead Lines	4,867,266			3,919,228		948,039								4,867,266	1
594	Maint of Underground Lines	305,641			246,269		59,571								305,641	1
595	Maint Line Transformers	16,990						16,990							16,990	DA
596	Maint of Street Lights	197,553												197,553	DA	
597	Maintenance of Meters	195,624							195,624						195,624	DA
598	Maint. Misc Distrib Plant	354,546		10	284,508		63,983		12,422					12,545	354,546	3
	Total Dist. Maint.	6,246,138		170	4,659,911		1,127,206		218,843					221,001	6,246,138	
901	Supervision	143,334							143,334						143,334	DA
902	Meter Reading Expense	101,877							101,877						101,877	DA
903	Cons Recds & Collections	2,319,797							2,319,797						2,319,797	DA
904	Uncollectible Accounts	340,357							340,357						340,357	DA
	Total Consumer Accts	2,905,365							2,905,365						2,905,365	
907	Customer Information															DA
908	Customer Accounting	976,219							976,219						976,219	DA
909	Consumer Information	321							321						321	DA
910	Mis. Customer Information															DA
912	Key Accounts Expenses	(12,264)							(12,264)						(12,264)	DA
913	Advertising	60,696							60,696						60,696	DA
	Total Customer Serv.	1,024,973							1,024,973						1,024,973	DA



BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339  
FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES

1 Line Expenses are Allocated between Lines and Services Based on Plant Investment.

	\$\$\$	%
Poles and Conductor	122,687,776	80.52%
Services	29,877,468	19.48%
Total	<u>152,565,242</u>	<u>100.00%</u>

2 Allocation of Dist. Oper. Supervision & Miscellaneous Expenses

	Actual	%
Stations	50,972	2.22%
Lines	1,120,919	48.75%
Transformers	-	0.00%
Services	271,144	11.79%
Meters	521,807	22.69%
Consumer Services & Acct	-	0.00%
Security Lighting	308,302	13.41%
Street Lighting	26,296	1.14%
	<u>2,299,439</u>	<u>100%</u>

3 Allocation of Dist. Maint. Supervision & Miscellaneous Expenses

	Actual	%
Stations	152	0.00%
Lines	4,165,497	74.60%
Transformers	16,990	0.30%
Services	1,007,610	18.05%
Meters	195,624	3.50%
Consumer Services & Acct	-	0.00%
Security Lighting	-	0.00%
Street Lighting	197,553	3.54%
	<u>5,563,426</u>	<u>100%</u>

4 General Plant Allocation Comes From the Rate Base Schedule Line General Plant Percent

5 Rate Base Allocation Comes from the Rate Base Schedule Line Rate Base Percent.

6 Depreciation Expense Allocation Comes from the Distribution Plant Percent in Rate Base

	Superv	Miscell. Exp.	Rents
	5,248	4,436	-
	115,416	97,554	-
	-	-	-
	27,919	23,598	-
	53,728	45,413	-
	-	-	-
	31,745	26,832	-
	2,708	2,289	-
	<u>236,764</u>	<u>200,122</u>	-
	<u>236,764</u>	<u>200,122</u>	-
	Superv	Misc. Exp.	
	8	10	
	229,906	264,508	
	938	1,079	
	55,613	63,983	
	10,797	12,422	
	-	-	
	-	-	
	10,904	12,545	
	<u>308,166</u>	<u>354,546</u>	
	<u>308,166</u>	<u>354,546</u>	



BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339  
FUNCTIONALIZATION OF TEST YEAR EXPENSES

FOOTNOTES

Acct.	7 Admin. & General Expense Allocation except Stations	General Plant Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting	Street Lighting	Total
580 Operations Supv. & Eng	5,248	115,416	-	27,919	53,728	-	31,745	2,708	236,764
581 Lead Dispatching	-	-	-	-	-	-	-	-	-
582 Station Expense	50,972	-	-	-	-	-	-	-	50,972
583 Overhead Line Exp.	-	1,023,094	-	247,480	-	-	-	-	1,270,574
584 Underground Line Exp	-	97,825	-	23,663	-	-	-	-	121,488
585 Street Lights	-	-	-	-	-	-	-	26,296	26,296
586 Meter Expense	-	-	-	-	521,807	-	-	-	521,807
587 Consumer Installations	-	-	-	-	-	-	308,302	-	308,302
588 Misc. Distribution Exp	4,436	97,554	-	23,598	45,413	-	26,832	2,289	200,122
589 Rents	-	-	-	-	-	-	-	-	-
	60,657	1,333,889	-	322,660	620,949	-	366,878	31,292	2,736,324
590 Maint Supv & Eng	8	229,906	938	55,613	10,797	-	-	10,904	308,186
592 Maint of Station Equip	152	-	-	-	-	-	-	-	152
593 Maint. Overhead Lines	-	3,919,228	-	948,039	-	-	-	-	4,867,266
594 Maint of Underground Lines	-	246,269	-	59,571	-	-	-	-	305,841
595 Maint Line Transformers	-	-	16,990	-	-	-	-	-	16,990
596 Maint of Street Lights	-	-	-	-	-	-	-	197,553	197,553
597 Maintenance of Meters	-	-	-	-	195,624	-	-	-	195,624
598 Maint Misc Distrb Plant	10	284,508	1,079	63,983	12,422	-	-	12,545	354,546
Total Dist. Maint.	170	4,659,911	19,007	1,127,206	218,843	-	-	221,001	6,246,138
901 Supervision	-	-	-	-	-	143,334	-	-	143,334
902 Meter Reading Expense	-	-	-	-	-	101,877	-	-	101,877
903 Cons Reads & Collections	-	-	-	-	-	2,319,797	-	-	2,319,797
904 Uncollectible Accounts	-	-	-	-	-	340,357	-	-	340,357
Total Consum Accts	-	-	-	-	-	2,905,365	-	-	2,905,365
907 Customer Information	-	-	-	-	-	-	-	-	-
908 Customer Accounting	-	-	-	-	-	976,219	-	-	976,219
909 Consumer Information	-	-	-	-	-	321	-	-	321
910 Mis. Customer Information	-	-	-	-	-	-	-	-	-
912 Key Accounts Expenses	-	-	-	-	-	(12,264)	-	-	(12,264)
913 Advertising	-	-	-	-	-	60,696	-	-	60,696
Total Customer Serv.	-	-	-	-	-	1,024,973	-	-	1,024,973
Total all Expenses	60,827	5,993,800	19,007	1,449,866	839,791	3,930,338	366,878	252,293	12,912,800
Functions as % of Total	0.47%	46.42%	0.15%	11.23%	6.50%	30.44%	2.84%	1.95%	100.00%



**BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339**

<u>SUMMARY OF CLASSIFICATION OF EXPENSES</u>						
	Consumer Related Costs	Demand Related Costs	Energy Related Costs	Security Lighting	Street Lighting	Total
Purchased Power	-	20,122,912	63,981,621	-	-	84,104,533
Stations		243,905				243,905
Lines	6,359,168	12,341,604	-	-	-	18,700,773
Transformers	575,269	2,185,653	-	-	-	2,760,921
Services	4,523,609	-	-	-	-	4,523,609
Meters	1,799,304	-		-	-	1,799,304
Consumer Services						-
& Accounting	5,523,784	-	-			5,523,784
Lighting				969,561	606,367	1,575,928
	18,781,134	34,894,074	63,981,621	969,561	606,367	119,232,757

ACCOUNT 364 - POLES

1. Actual Data

Poles	Size	Investment	Number of Units	Unit Cost
35' Pole and under	35	6,746,445	35,343	\$ 190.88
40' -45' Pole	42.5	27,431,997	55,439	\$ 494.81
50' Pole and over	50	2,445,520	3,477	\$ 703.34
<b>Subtotal</b>		36,623,962	94,259	
All other items		18,763,135		
<b>Total Investment in Poles</b>		55,387,098		

2. Determination of Demand and Consumer Related Investment

Linear Curve	Formula	Slope	Y intercept
Use Actual Value to 35 foot poles	$y=mx+b$	34.164	(988.948)
Number of poles			190,8849
Consumer Related Investment			94,259
Total Investment in poles			17,992,620
<b>Percent Customer Related</b>			55,387,098
<b>Percent Demand Related</b>			32.49%
			67.51%

Data For Analysis

Used linear	Size of Pole	Average Cost Per Unit	Predicted Cost
	35.00	190.88	206.79
	43	494.81	463.01
	50	703.34	719.24

LINEAR CURVE DATA	
Formula	$y=mx+b$
SLOPE - m	Zero Intercept - b
34.16380736	-988.9481534
REGRESSION LINE DATA	

BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339

DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 365 - CONDUCTOR					
1. Actual Data					
Conductor	Investment	Number of Units	Unit Cost	Amps	
#2 ACSR	7,377,935	8,599,915	\$ 0.8579	180	
#4 ACSR	2,318,727	13,017,732	\$ 0.1781	140	
#1/0 ACSR	6,432,100	8,842,042	\$ 0.7274	230	
#2/0 ACSR	62,274	189,062	\$ 0.3294	270	
#3/0 ACSR	840,196	1,386,287	\$ 0.6061	300	
#4/0 ACSR	1,944,345	2,590,666	\$ 0.7505	340	
#6 ACWC	(22,217)	(272,425)	\$ 0.0816	140	
#8 ACWC	193,417	3,115,791	\$ 0.0621	100	
336.4 MCM ACSR	7,416,917	4,989,425.00	\$ 1.4865	530	
#556.1 ACSR	189,440	83,755	\$ 2.2618	730	
<b>SUBTOTAL</b>	26,753,135	42,542,250	\$ 0.6289		
All other OH Conductor Inve	16,129,443				
<b>TOTAL</b>	<b>42,882,578</b>		<b>0.63</b>		
2. Demand and Consumer Investment Percents					
Use linefit Line					
Formula	$y=b*m^x$				
Intercept	0.226185906				
Slope	1.001851861				
Use zero intercept	0.22619				
Amount of Conduit	42,542,250				
Consumer Related Investment	9,622,457				
Total Investment in conductor	26,753,135				
<b>Percent Customer Related</b>	<b>35.97%</b>				
<b>Percent Demand Related</b>	<b>64.03%</b>				

BLUE GRASS ENERGY COOPERATIVE  
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DEMAND AND CONSUMER RELATED INVESTMENTS

Data for Analysis			
Conductor	Per Unit Cost	Amp Size	
#4ACSR	\$ 0.1781	140	
#2 ACSR	\$ 0.8579	180	
1/0 ACSR	\$ 0.7274	230	
3/0 ACSR	\$ 0.6061	300	
#4/0 ACSR	\$ 0.7505	340	
336.4 MCM ACSR	\$ 1.4865	530	

Breakdown of Lines into Demand Related and Consumer Related Components

Acct No.	Total Investment	Consumer-Related		Demand-Related	
		Percent	Amount	Percent	Amount
364	55,387,098	32.49%	17,992,619.79	67.51%	37,394,478
365	42,882,578	35.97%	15,423,829.01	64.03%	27,458,749
	98,269,676		33,416,448.80		64,853,227
%	100.00%		34.00%		66.00%

BLUE GRASS ENERGY COOPERATIVE  
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DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 368 - TRANSFORMERS				
Type of Transformer	Size in KVA	Number of Transformers	Total Cost	Per Unit Cost
1.5 KVA CONV	1.5	91	3,611	39.68
1.5 KVA CSP	1.5	460	35,607	77.41
3 KVA CSP	3	882	99,947	113.32
5 KVA CONV	5	1,339	196,857	147.02
5 KVA CSP	5	1,231	202,206	164.26
7.5 KVA CSP	7.5	216	44,478	205.92
10 KVA CSP	10	4,668	1,769,056	378.98
10 KVA CONV	10	1,290	839,958	651.13
10 KVA SP	10	2,789	967,854	347.03
15 KVA CONV	15	3,048	2,446,322	802.60
15 KVA CSP	15	12,284	6,565,864	534.51
15 KVA SP	15	1,483	695,485	468.97
25 KVA CSP	25	6,738	4,683,795	695.13
25 KVA SP	25	304	169,846.57	558.71
25 KVA CONV	25	1,709	1,416,872	829.07
37.5 KVA CSP	37.5	72	56,306	782.03
37.5 KVA CONV	37.5	203	112,393	553.66
50 KVA CSP	50	809	739,693	914.33
50 KVA CONV	50	1,066	1,023,520	960.15
75 KVA CONV	75	181	243,914	1,347.59
100 KVA CONV	100	77	156,789	2,036.22
167 KVA CONV	167	44	93,801	2,131.84
250 KVA CONV	250	4	14,768	3,692.00
300 KVA CONV	300	2	12,539	6,269.32
333 STEP DOWN	333	7	24,073	3,438.99

BLUE GRASS ENERGY COOPERATIVE  
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DEMAND AND CONSUMER RELATED INVESTMENTS

ACCOUNT 368 - TRANSFORMERS CONTINUED				
Type of Transformer	Size In KVA	Number of Transformers	Total Cost	Per Unit Cost
25 KVA URD	25	2	958	478.89
50 KVA URD	50	5	5,054	1,010.82
500 KVA Conv	500	5	25,813	5,162.64
750 KVA CONV	750	2	9,315	4,657.42
500 KVA PAD	500	6	48,148	8,024.71
167 KVA PAD	167	8	24,091	3,011.34
200 KVA PAD	200	1	4,260	4,260.23
1500 KVA PAD	1500	1	7,109	7,108.76
2500 KVA PAD	2500	3	32,023	10,674.46
1000 KVA PAD	1000	16	207,685	12,980.30
15 KVA PAD	15	23	31,338	1,362.54
25 KVA PAD	25	2,476	3,287,784	1,327.86
37.5 KVA PAD	37.5	48	39,712	827.34
50 KVA PAD	50	2,344	3,505,310	1,495.44
75 KVA PAD	75	181	453,994.07	2,508.25
300 KVA PAD	300	48	370,104.65	7,710.51
75 KVA 3 PHASE	75	37	148,797.20	4,021.55
1500 KVA 3 PHASE PAD	1500	9	187,635.61	20,848.40
SubTotal			22,615,552	
All Other Transformer Investment		46,212	(21,819,720)	
Total			795,832	



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DEMAND AND CONSUMER RELATED INVESTMENTS

2. Demand and Consumer Investment Percents			
Regression Equation	$y=mx+b$		
Intercept	147,1738291		
m	28.01996968		
Use Intercept	linear		
Number of Transformers	147.17		
Consumer Related Investment	46,212		
Total Investment in transformers	6,801,197		
Percent Customer Related	32,641,389		
Percent Demand Related	20.84%		
	79.16%		
ACCOUNT 368 - TRANSFORMERS			
Data for Analysis	Transformer Size	Actual Cost Per Un	linear predicted
1.5 kVa	1.50	77.41	189.20
3 kVa	3.00	113.32	231.23
5 kVa	5.00	164.26	287.27
7.5 kVa	7.50	205.92	357.32
10 kVa	10.00	378.98	427.37
15 kVa	15.00	534.51	567.47
25 kVa	25.00	695.13	847.67
37.5 kVa	37.50	782.03	1,197.92
50 kVa	50.00	914.33	1,548.17

**BLUE GRASS ENERGY COOPERATIVE**  
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Revised Exhibit R  
 Schedule 3.2  
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 Witness: Jim Adkins

**CLASSIFICATION OF EXPENSES**

		Consumer Related Costs	Demand Related Costs	
	<b>2</b>			
<u>Expense</u>	<u>Lines</u>	<u>Costs</u>	<u>Costs</u>	<u>Total</u>
Purchased Power	-	-	-	-
Distribution Operations	1,333,889	453,587	880,302	1,333,889
Distribution Maintenance	4,659,911	1,584,596	3,075,316	4,659,911
Consumer Accounts	-	-	-	-
Customer Service	-	-	-	-
Administrative & General	2,044,408	695,198	1,349,211	2,044,408
Depreciation	5,004,878	1,701,901	3,302,977	5,004,878
Miscellaneous	12,166	4,137	8,029	12,166
Interest on Long Term Debt	2,821,896	959,581	1,862,315	2,821,896
Short Term Interest	1,728	588	1,140	1,728
<b>Total Costs</b>	<b>15,878,877</b>	<b>5,399,587</b>	<b>10,479,290</b>	<b>15,878,877</b>
Margin Requirements	2,821,896	959,581	1,862,315	2,821,896
Revenue Requirements	18,700,773	6,359,168	12,341,604	18,700,773
	<b>3</b>	Consumer Related Costs	Demand Related Costs	
<u>Expense</u>	<u>Transformers</u>	<u>Costs</u>	<u>Costs</u>	<u>Total</u>
Purchased Power	-	-	-	-
Distribution Operations	-	-	-	-
Distribution Maintenance	19,007	3,960	15,047	19,007
Consumer Accounts	-	-	-	-
Customer Service	-	-	-	-
Administrative & General	6,483	1,351	5,132	6,483
Depreciation	1,271,407	264,912	1,006,495	1,271,407
Miscellaneous	3,148	656	2,492	3,148
Interest on Long Term Debt	730,215	152,148	578,066	730,215
Short Term Interest	447	93	354	447
<b>Total Costs</b>	<b>2,030,707</b>	<b>423,120</b>	<b>1,607,586</b>	<b>2,030,707</b>
Margin Requirements	730,215	152,148	578,066	730,215
Revenue Requirements	2,760,921	575,269	2,185,653	2,760,921
		Energy Related Costs	Demand Related Costs	
Purchased Power	84,104,533	63,981,621	20,122,912	84,104,533

**BLUE GRASS ENERGY COOPERATIVE**  
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**CLASSIFICATION OF EXPENSES**

Expense	Consumer Related Costs				Total
	Services	Meters	Consumer Services & Accounting		
Purchased Power	-	-	-		-
Distribution Operations	322,660	620,949	-		943,609
Distribution Maintenance	1,127,206	218,843	-		1,346,048
Consumer Accounts	-	-	2,905,365		2,905,365
Customer Service	-	-	1,024,973		1,024,973
Administrative & General	494,531	286,442	1,340,588		2,121,560
Depreciation	1,210,651	319,751	150,047		1,680,450
Miscellaneous	2,943	760	221		3,924
Interest on Long Term Debt	682,600	176,226	51,279		910,106
Short Term Interest	418	108	31		557
<b>Total Costs</b>	<b>3,841,009</b>	<b>1,623,078</b>	<b>5,472,505</b>		<b>10,936,591</b>
Margin Requirements	682,600	176,226	51,279		910,106
Revenue Requirements	4,523,609	1,799,304	5,523,784		11,846,697
Expense	Stations	Outdoor Lighting	Street Lighting	Total	
Purchased Power		-			
Distribution Operations	60,657	366,878	31,292	458,827	
Distribution Maintenance	170	-	221,001	221,171	
Consumer Accounts	-	-	-	-	
Customer Service	-	-	-	-	
Administrative & General	20,747	125,137	86,054	231,939	
Depreciation	75,944	224,969	126,646	427,560	
Miscellaneous	186	543	304	1,033	
Interest on Long Term Debt	43,087	125,978	70,513	239,578	
Short Term Interest	26	77	43	147	
<b>Total Costs</b>	<b>200,818</b>	<b>843,582</b>	<b>535,854</b>	<b>1,580,254</b>	
Margin Requirements	43,087	125,978	70,513	239,578	
Revenue Requirements	243,905	969,561	606,367	1,819,832	

BLUE GRASS ENERGY COOPERATIVE  
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ALLOCATION OF REVENUE REQUIREMENTS TO EACH RATE CLASS

Function	Classification	Amount	Enviro watts	GS 1		GS 1		SC 1		SC 2		LP1	
				Residential & Farm	Residential & Farm TOD	Residential & Farm TOD	0-100 kW	0-100 kW	0-100 kW TOD	0-100 kW	0-100 kW TOD	Large Power under 500 kW	
Purchased Power	Demand	18,577,420	-	11,812,563	14,124	1,996,883	24,718	422,554					
Purchased Power	Energy	63,981,621	6,455	41,269,234	22,739	3,659,720	34,263	1,949,316					
Metering & Substation	Demand	1,545,492		1,015,352	1,221	174,572	4,699	39,431					
Stations	Demand	243,905		173,655	209	29,857	804	6,744					
Lines	Consumer	6,359,168		6,029,505	4,329	290,933	4,898	6,493					
Lines	Demand	12,341,604		8,786,960	10,566	1,510,762	40,666	341,239					
Transformers	Consumer	575,269		540,859	388	26,097	439	1,046					
Transformers	Demand	2,185,653		1,873,547	1,606	176,548	1,804	43,977					
Services	Consumer	4,523,609		4,202,930	3,017	243,357	4,097	6,325					
Meters	Consumer	1,799,304		1,543,385	1,108	249,110	1,254	2,914					
Consumer Services & Accounting	Consumer	5,523,784		4,986,877	4,475	375,975	6,330	13,426					
Lighting	Lighting	1,575,928											
Revenue Requirements		119,232,757	6,455	82,234,866	63,783	8,733,814	123,972	2,833,466					
<b>SUMMARY</b>													
Consumer Related	Demand Related	Amount	Enviro watts	GS 1		GS 1		SC 1		SC 2		LP1	
			-	Residential & Farm	Residential & Farm TOD	Residential & Farm TOD	0-100 kW	0-100 kW	0-100 kW TOD	0-100 kW	0-100 kW TOD	Large Power under 500 kW	
Energy Related	Lighting	18,781,134	-	17,303,556	13,318	1,185,472	17,019	1,570,675					
Revenue Requirements		34,894,074	-	23,662,077	27,727	3,888,622	72,690	853,946					
		63,981,621	6,455	41,269,234	22,739	3,659,720	34,263	1,949,316					
		1,575,928											
		119,232,757	6,455	82,234,866	63,783	8,733,814	123,972	4,373,936					

**BLUE GRASS ENERGY COOPERATIVE**  
**CASE NO. 2014-00339**

Revised Exhibit R  
 Schedule 4  
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 Witness: Jim Adkins

**ALLOCATION OF REVENUE REQUIREMENTS TO EACH RATE CLASS**

Function	Classification	LP2		Outdoor Lights	Total EKPC Sched E Rates		B-2 Large Indust. Rate		G-1 Large Indust. Rate		Total for All Rate Classes
		Large Power over 500 kW	892,233		4,207,350	134,617	15,297,692	2,145,307	1,134,422	18,577,420	
Purchased Power	Demand Energy	4,207,350	892,233	468,275	51,617,352	2,145,307	1,134,422	63,981,621	3,858,986		63,981,621
Metering & Substation Stations	Demand	55,439	892,233	16,470	1,307,184	172,860	65,448	1,545,492	65,448		1,545,492
Lines	Consumer Demand	9,482	892,233	2,817	223,567	13,917	6,421	243,905	6,421		243,905
Lines	Consumer Demand	2,734	892,233	19,593	6,358,485	570	114	6,359,168	114		6,359,168
Transformers	Consumer Demand	479,776	892,233	142,531	11,312,499	704,191	324,914	12,341,604	324,914		12,341,604
Transformers	Consumer Demand	5,955	892,233	483	575,269	-	-	575,269	-		575,269
Services	Consumer Demand	69,872	892,233	18,297	2,185,653	-	-	2,185,653	-		2,185,653
Meters	Consumer	-	892,233	63,883	4,523,609	-	-	4,523,609	-		4,523,609
Consumer Services & Accounting	Consumer	1,227	892,233	-	1,798,997	256	51	1,799,304	51		1,799,304
Lighting	Consumer Lighting	5,653	892,233	106,317	5,499,053	17,665	7,066	5,523,784	7,066		5,523,784
Revenue Requirements		5,729,721	892,233	2,549,210	102,275,287	11,560,048	5,397,422	119,232,757	5,397,422		119,232,757
<b>SUMMARY</b>											
		LP2	Total	Outdoor Lights	EKPC Sched E Rates	B-2 Large Indust. Rate	G-1 Large Indust. Rate	Total for All Rate Classes			
Consumer Related		15,569	18,755,413	190,275	18,755,413	18,490	7,231	18,781,134			18,781,134
Demand Related		1,506,802	16,873,077	1,736,756	16,873,077	3,036,275	1,531,205	34,894,074			34,894,074
Energy Related		4,207,350	112,873,218	2,719,893	112,873,218	8,505,283	3,858,986	63,981,621			63,981,621
Lighting			11,059,630	1,700,542	11,059,630	-	-	1,575,928			1,575,928
Revenue Requirements		5,729,721	108,374,824	6,347,466	108,374,824	11,560,048	5,397,422	119,232,757			119,232,757

ALLOCATION OF PURCHASED POWER COSTS AND OTHER DEMAND RELATED COSTS

Month	Enviro watts	GS 1 Residential & Farm	GS 1 Residential & Farm TOD	SC1 Gen Service 0-100 kW	SC2 Gen Service 0 -100 kW TOD	LP1 Large Power under 500 kW
1 Energy kWh	271,800	793,939,806	437,447	70,405,905	659,159	37,501,047
Percent	0.00%	79.96%	0.04%	7.09%	0.07%	3.78%
2 Contribution to EKPC CP	-	1,931,896	2,310	326,582	4,042	69,107
Percent	-	77.22%	0.09%	13.05%	0.16%	2.76%
3 Sum of Rate Class Peak Demands	-	1,938,444	2,331	333,281	8,971	75,279
Percent	-	71.20%	0.09%	12.24%	0.33%	2.76%
4 Sum of Individual Members Peak Allocation %	-	5,669,068	4,860	534,208	5,460	133,069
		85.72%	0.07%	8.08%	0.08%	2.01%

ALLOCATION OF PURCHASED POWER COSTS AND OTHER DEMAND RELATED COSTS

Month	LP2 Large Power over 500 kW	Outdoor Lights	Total for Sched E Rate Classes	B-2 Large Indust Rate	G-1 Large Indust. Rate	Total for All Rate Classes
1 Energy kWh Percent	80,941,225 8.15%	9,008,707 0.91%	992,893,296 100.00%	198,094,047	104,067,043	1,295,054,386
2 Contribution to EKPC CP Percent	145,921 5.83%	22,016 0.88%	2,501,874 100.00%	281,349	180,000	2,963,223 100.00%
3 Sum of Rate C Peak Demands Percent	105,841 3.89%	31,443 1.15%	2,495,590 0.00%	155,348 5.71%	71,678 2.63%	2,722,615 100.00%
4 Sum of Individ Members Peak Allocation %	211,423 3.20%	55,365 0.84%	6,613,453 100.00%	- 0.00%	180,675 0.00%	6,668,818 100.00%

BLUE GRASS ENERGY COOPERATIVE

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Exhibit R

Schedule 4.1

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Witness: Jim Adkins

ALLOCATION OF PURCHASED POWER COSTS AND OTHER DEMAND RELATED COSTS

- |   |  |
|---|--|
| 1 | Energy kWh is used to allocate purchased power energy costs for EKPC's Schedule E retail rates. Energy Costs for EKPC Schedules B and G are directly assigned.   |
| 2 | Contributions to EKPC CP (Coincident Peak Demand) are used to allocate purchased power energy costs for EKPC's Schedule E retail rates. Purchased demand costs for EKPC for Schedules B and G are directly assigned. |
| 3 | The sum of the individual rate classes monthly peak demands are used to allocate the demand related station costs and the demand related line costs.   |
| 4 | The sum of the individual customers monthly peak demands for each rate class is used to allocate the transformer demand related costs.   |



ALLOCATION OF CONSUMER RELATED COSTS

A. Lines (poles and conduit)

	1	2	3	4	5	6
	Minimum Size Transform.	Cost of Minimum Transform.	Weighted Cost Min = 1	Number of Customers	Relative Weight	Allocation Percent
GS 1 Residential	15 KVA	\$ 534.51	1.00	52,931	52,931	94.82%
GS 1 Residential TOD	15 KVA	\$ 534.51	1.00	38	38	0.07%
SC-1 Small Commercial	15 KVA	534.51	1.00	2,554	2,554	4.58%
SC2 Small Commercial TOD	15 KVA	534.51	1.00	43	43	0.08%
LP1 Large Power (101-500 kW)	50 KVA	960.15	1.80	57	102	0.10%
LP-2 Large Power (>500 kW)	1000 KVA	12,980.30	24.28	24	583	0.04%
B-2 B-2	CUST SUPPL	-	-	5	-	0.01%
G-1 Wausau	CUST SUPPL	-	-	1	-	0.00%
OL Street Lights	5 KVA	147.02	0.28	172	47	0.31%
				55,825	-	100.00%

B. Transformers

	1	2	3	4	5	6
	Minimum Size Transform.	Cost of Minimum Transform.	Weighted Cost Min = 1	Number of Customers	Relative Weight	Allocation Percent
GS 1 Residential	15 KVA	\$ 534.51	1.00	52,931	52,931	94.02%
GS 1 Residential TOD	15 KVA	\$ 534.51	1.00	38	38	0.07%
SC-1 Small Commercial	15 KVA	534.51	1.00	2,554	2,554	4.54%
SC2 Small Commercial TOD	15 KVA	534.51	1.00	43	43	0.08%
LP1 Large Power (101-500 kW)	50 KVA	960.15	1.80	57	102	0.18%
LP-2 Large Power (>500 kW)	1000 KVA	12,980.30	24.28	24	583	1.04%
B-2 B-2	CUST SUPPL	-	-	5	-	0.00%
G-1 Wausau	CUST SUPPL	-	-	1	-	0.00%
OL Street Lights	5 KVA	147.02	0.28	172	47	0.08%
				55,825.00	56,298.53	1.00

ALLOCATION OF CONSUMER RELATED COSTS

C. Services		1	2	3	4	5	6	7
		Minimum Size Service	Cost Per Unit	Average Length of Service	Cost of Service	Number of Customers	Relative Weight	Allocation Percent
GS 1	Residential	2/0 TPX	\$ 0.49	100	48.98	52,931	2,592,349	92.91%
GS 1	Residential TOD	2/0 TPX	\$ 0.49	100	48.98	38	1,861	0.07%
SC-1	Small Commercial	2/0 TPX	\$ 0.49	120	58.77	2,554	150,102	5.38%
SC2	Small Commercial TOD	2/0 TPX	\$ 0.49	120	58.77	43	2,527	0.09%
LP1	Large Power (101-500 kW)	4/0 TPX	\$ 0.57	120	68.44	57	3,901	0.14%
LP-2	Large Power (>500 kW)	CUST SUPPLIED			-	24	-	0.00%
B-2	Wausau	CUST SUPPLIED				5	-	0.00%
G-1	Wausau	CUST SUPPLIED				1	-	0.00%
OL	Street Lights	1/0 TPX	\$ 0.262	10.00	2.62	15,046	39,402	1.41%
				0.26		70,699.00	2,790,142.28	1.00

D. Meters

D. Meters		1	2	3	4	5	6
		Minimum Size Meter	Cost of Minimum Meter	Weighted Cost Meter	Number of Customers	Relative Weight	Allocation Percent
GS 1	Residential	AMR & EP	149.94	1.00	52,931	52,931.00	85.78%
GS 1	Residential TOD	AMR & EP	149.94	1.00	38	38.00	0.06%
SC-1	Small Commercial	DMD AMR AND	501.56	3.35	2,554	8,543.31	13.84%
SC2	Small Commercial TOD	DMD AMR AND	149.94	1.00	43	43.00	0.07%
LP1	Large Power (101-500 kW)	AX MTR	262.9	1.75	57	99.94	0.16%
LP-2	Large Power (>500 kW)	AX MTR	262.9	1.75	24	42.08	0.07%
B-2	Wausau	AX MTR	262.9	1.75	5	8.77	0.01%
G-1	Wausau	AX MTR	262.9	1.75	1	1.75	0.00%
OL	Street Lights	AMR & EP	149.94	1.00	172	-	0.00%
					55,825.00	61,707.86	1.00

ALLOCATION OF CONSUMER RELATED COSTS

E. Consumer & Accounting Services

Rate Class	1 Billing Factor	2 Multiplier	3 1 x 2 Records	4 Number of Customers	5 3 x 4 Total	6 Allocation Percent
GS 1 Residential	4	1.00	4.00	52,931	211,724	90.28%
GS 1 Residential TOD	5	1.00	5.00	38	190	0.08%
SC-1 Small Commercial	5	1.25	6.25	2,554	15,963	6.81%
SC2 Small Commercial TOD	5	1.25	6.25	43	269	0.11%
LP1 Large Power (101-500 kW)	5	2.00	10.00	57	570	0.24%
LP-2 Large Power (>500 kW)	5	2.00	10.00	24	240	0.10%
B-2 B-2	6	25.00	150.00	5	750	0.32%
G-1 Wausau	6	50.00	300.00	1	300	0.13%
OL Street Lights	3	0.10	0.30	15,046	4,514	1.92%
				70,699	234,519	100%

**BLUE GRASS ENERGY COOPERATIVE**  
**CASE NO. 2014-00339 COSTS TO SERVE EACH RATE CLASS AND COST BASED RATES**

Revised Exhibit R  
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 Witness: Jim Adkins

	Envirowatts	GS 1 Residential & Farm	GS 1 Residential & Farm TOD	SC1 Gen Service 0-100 kW	SC2 Gen Service 0-100 kW TOD	LP1 Large Power under 500 kW
Revenue from Rates	7,678	77,312,671	37,530	7,980,425	78,246	3,052,923
Less Purchased Power Costs						
Demand		12,827,915	15,345	2,171,455	29,417	461,985
Energy	6,455	41,269,234	22,739	3,659,720	34,263	1,949,316
Total	6,455	54,097,149	38,084	5,831,175	63,680	2,411,301
Gross Margin	1,223	23,215,522	(553)	2,149,250	14,566	641,622
Less Distribution Costs						
Demand Related						
Stations		173,655	209	29,857	804	6,744
Lines		8,786,960	10,566	1,510,762	40,666	341,239
Transformers		1,873,547	1,606	176,548	1,804	43,977
		10,834,162	12,381	1,717,167	43,274	391,961
Consumer Related						
Lines		6,029,505	4,329	290,933	4,898	6,493
Transformers		540,859	388	26,097	439	1,046
Services		4,202,930	3,017	243,357	4,097	6,325
Meters		1,543,385	1,108	249,110	1,254	2,914
Consumer Svc & Accouting		4,986,877	4,475	375,975	6,330	13,426
Outdoor Lighting						
Total Consumer Related		17,303,556	13,318	1,185,472	17,019	30,204
Total Distribution Costs	-	28,137,717	25,699	2,902,639	60,292	422,165
Income from Rate Revenue	1,223	(4,922,196)	(26,252)	(753,389)	(45,726)	219,457
Other Revenue		2,553,544	1,240	263,584	2,584	100,834
Net Margins	1,223	(2,368,652)	(25,013)	(489,805)	(43,142)	320,291
<b>BILLING UNITS</b>						
Consumer Charge Units		633,843	447	30,758	323	673
Energy kWh		793,939,806	437,447	70,405,905	659,159	37,501,047
Demand kW						110,568
<b>COST BASED RATES</b>						
Customer Charge	\$	27.30	\$ 29.79	\$ 38.54	\$ 52.69	\$ 44.88
Energy Charge	\$	0.08178	\$ 0.11536	\$ 0.10721	\$ 0.16226	\$ 0.07475
Demand Charge						\$ 7.72

	LP2	0	Total	B-2	G-1	Total
	Large Power	Outdoor	EKPC Sched	Large Indust.	Large Indust.	for All
	over 500 kW	Lights	E Rates	Rate	Rate	Rate Classes
Revenue from Rates	5,573,018	2,045,660	96,088,151	11,705,947	5,252,228	113,046,327
Less Purchased Power Costs	-					
Demand	947,672	151,086	16,604,876	2,318,167	1,199,870	20,122,912
Energy	4,207,350	468,275	51,617,352	8,505,283	3,858,986	63,981,621
Total	5,155,022	619,362	68,222,228	10,823,450	5,058,856	84,104,533
Gross Margin	417,996	1,426,298	27,865,923	882,498	193,373	28,941,794
Less Distribution Costs			-			
Demand Related						
Stations	9,482	2,817	223,567	13,917	6,421	243,905
Lines	479,776	142,531	11,312,499	704,191	324,914	12,341,604
Transform	69,872	18,297	2,185,653	-	-	2,185,653
	559,130	163,645	13,721,719	718,108	331,335	14,771,162
Consumer Related						
Lines	2,734	19,593	6,358,485	570	114	6,359,168
Transform	5,955	483	575,269	-	-	575,269
Services	-	63,883	4,523,609	-	-	4,523,609
Meters	1,227	-	1,798,997	256	51	1,799,304
Consumer Svc						
& Accou	5,653	106,317	5,499,053	17,665	7,066	5,523,784
Outdoor Lighting		1,575,928	-			1,575,928
Total Consumer Relk	15,569	1,766,203	20,331,340	18,490	7,231	20,357,062
Total Distribution Costs	574,699	1,929,848	34,053,059	736,598	338,566	35,128,224
Income from Rate Revenue	(156,703)	(503,550)	(6,187,136)	145,899	(145,194)	(6,186,430)
Other Revenue	184,070	67,566	3,173,422	386,633	173,475	3,733,530
Net Margins	27,367	(435,984)	(3,013,714)	532,533	28,281	(2,452,900)
<b>BILLING UNITS</b>						
Consumer Charge Units	276	180,862		60	12	
Energy kWh	80,941,225	9,008,707		198,094,047	104,067,043	
Demand kW	208,911			379,595	181,668	
<b>COST BASED RATES</b>						
Customer Charge	\$ 56.41	\$ 9.77		\$ 308.17	\$ 602.59	
Energy Charge	\$ 0.07060	\$ 0.08692		\$ 0.05826	\$ 0.05180	
Demand Charge	\$ 7.21			\$ 8.00	\$ 8.43	

**BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339**

**DETERMINATION OF INCREASE BY RATE CLASS**

	GS 1		GS 1 Residential & Farm TOD	SC1 Gen Service 0-100 KW	SC2 Gen Service 0-100 KW TOD	LP1 Large Power under 500 KW
	Residential & Farm	Residential & Farm TOD				
Total Revenue Requirements	6,455	63,783	8,733,814	123,972	2,833,466	
Actual Revenue from Rates	7,678	37,530	7,980,425	78,246	3,052,923	
Under (Over)	(1,223)	26,252	753,389	45,726	(219,457)	
Rate Revenue Percent	68.4%	0.0%	7.1%	0.1%	2.7%	
Less Other Revenue	2,553,544	1,240	263,584	2,584	100,834	
COSS Suggested Revenue Increase Percent	2,368,652	25,013	489,805	43,142	(320,291)	
	3.06%	66.65%	6.14%	55.14%		
Recommended Increase	-	2,010,129	279,315	2,739	-	
Percent Increase	0%	2.60%	3.500%	3.50%	0.00%	
New Revenue Require.	79,322,800	38,506	8,259,740	80,985	3,052,923	
Billing Determinants						
Customer Charges	-	447	30,758	323	673	
Energy kWh	633,843	437,447	70,405,905	659,159	37,501,047	
Demand KW	793,939,806				110,568	
Customer Charge Revenue	\$ 15.00		\$ 32.50			
Energy Revenue	9,507,645		999,635			
Energy Rate	69,815,155		7,260,105			
	0.08794		1,222,829			
Customer Charge Revenue	\$ 20.00		6,037,276			
Energy Revenue	12,676,860		0.08575			
Energy Rate	66,645,940					
	0.08394					



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

Exhibit S  
page 1 of 5  
Witness: Jim Adkins

	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
<b>Assets and Other Debits</b>			
Electric Plant:			
In service	220,272,384		220,272,384
Under construction	1,731,297		1,731,297
	<u>222,003,681</u>		<u>222,003,681</u>
Less accumulated depreciation	66,598,322	131,252	66,729,574
	<u>155,405,359</u>	<u>(131,252)</u>	<u>155,274,107</u>
Investments	<u>49,837,244</u>		<u>49,837,244</u>
Current Assets:			
Cash and temporary investments	8,311,060		8,311,060
Accounts receivable, net	15,616,931		15,616,931
Material and supplies	1,370,925		1,370,925
Prepayments and current assets	301,267		301,267
	<u>25,600,183</u>		<u>25,600,183</u>
Deferred debits and net change in assets	<u>4,130,265</u>	<u>(5,799,418)</u>	<u>(1,669,153)</u>
Total	<u>234,973,051</u>	<u>(5,930,670)</u>	<u>229,042,381</u>
<b>Liabilities and Other Credits</b>			
Margins and Equities			
Memberships	1,044,718		1,044,718
Patronage capital	87,430,979	(5,930,670)	81,500,309
	<u>88,475,697</u>	<u>(5,930,670)</u>	<u>82,545,027</u>
Long Term Debt	<u>121,521,400</u>		<u>121,521,400</u>
Accumulated Operating Provisions	<u>9,203,752</u>		<u>9,203,752</u>
Current Liabilities:			
Short term borrowings	-		-
Accounts payable	12,213,462		12,213,462
Consumer deposits	1,831,336		1,831,336
Accrued expenses	1,166,613		1,166,613
	<u>15,211,411</u>		<u>15,211,411</u>
Deferred credits	<u>560,791</u>		<u>560,791</u>
Total	<u>234,973,051</u>	<u>(5,930,670)</u>	<u>229,042,381</u>



Blue Grass Energy  
Case No. 2014-00339  
Statement of Operations, Adjusted

Exhibit S

page 2 of 5

Witness: Jim Adkins

	<u>Actual</u> <u>Test Year</u>	<u>Normalized</u> <u>Adjustments</u>	<u>Normalized</u> <u>Test Year</u>	<u>Proposed</u> <u>Increase</u>	<u>Proposed</u> <u>Test Year</u>
Operating Revenues:					
Base rates	112,934,101	112,225	113,046,326	2,452,901	115,499,227
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>(11,778,189)</u>	<u>116,262,190</u>	<u>2,452,901</u>	<u>118,715,091</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 - operations	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	482,472	4,701,795		4,701,795
Interest expense - other	2,879	-	2,879		2,879
Other deductions	23,098	(2,987)	20,111		20,111
Total cost of electric svc	<u>125,702,546</u>	<u>(11,171,583)</u>	<u>114,530,963</u>	<u>-</u>	<u>114,530,963</u>
Utility operating margins	<u>2,337,833</u>	<u>(606,606)</u>	<u>1,731,227</u>	<u>2,452,901</u>	<u>4,184,128</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><u>10,632,465</u></u>	<u><u>(8,383,571)</u></u>	<u><u>2,248,894</u></u>	<u><u>2,452,901</u></u>	<u><u>4,701,795</u></u>
TIER, total	3.52		1.48		2.00
TIER, exclude G&T	1.68				



BLUE GRASS ENERGY\CASE NO. 2014-00339  
STATEMENT OF OPERATIONS FOR THE TEST YEAR

Exhibit S  
Page 4 of 5  
Witness: Jim Adkins

Explanation of Adjustments

Salaries and wages	Current employees with current pay rates. Exclude Christmas bonus.
Payroll taxes	Payroll taxes on above
Depreciation	End of year balance by proposed rates, increase meters to 6.7%
Property taxes	Current assessments and rates
Interest, long term	End of year balance by proposed rates, some advances in unusual circumstances
Interest, short term	Remove short term interest
FAS 106	Updated study
R & S retirement	Current rates, based on wages
Donations	Remove all donations
Professional fees	Remove non-recurring, attorney at KAEC and NRECA meetings, insurance premiums
Director expenses	Remove health insurance, Legislative conference, per diems, non-KAEC director at annual mtg
Miscellaneous and advertising	Remove church, school, social and sponsorship advertising; employee picnics, flowers,etc;
Annual meeting	chamber of commerce expenses; Washington Youth tour, Scholarships; giveaways; prizes; nominating committee
Rate case	External costs allowed - legal, accounting, advertising, supplies

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

Interest on long term debt	4,701,795
Normalized margins	<u>2,248,894</u>
Proposed increase in revenues over normalized revenues to attain a TIER of 2.0x	<u><u>\$2,452,901</u></u>

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Monthly Operating Budget  
December 31, 2013

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	January	February	March	April	May	June	July	August	September	October	November	December	Total
Operating revenue	13,228,420	11,240,699	8,939,632	8,018,504	9,438,736	10,372,895	12,092,477	10,904,632	8,797,449	9,225,286	10,175,079	12,703,025	125,136,834
Operating expenses:													
Cost of power	9,756,958	8,289,673	6,585,613	5,611,792	6,960,032	7,932,931	8,962,204	8,045,598	6,730,224	6,719,741	7,144,737	9,308,543	92,048,046
Distribution-operations	237,050	237,050	237,050	237,050	237,050	237,050	237,050	237,050	237,000	237,000	237,000	237,000	2,844,400
Distribution-maintenance	535,701	535,701	535,701	535,701	535,701	535,701	535,701	535,701	535,701	535,801	535,801	535,789	6,428,700
Consumer accounts	232,500	229,500	229,500	240,500	259,500	258,500	242,400	228,400	231,400	230,400	242,400	264,650	2,889,650
Customer services	116,703	116,700	116,700	116,700	116,700	116,700	116,700	116,700	116,700	116,700	116,600	116,647	1,400,250
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and genera	405,650	405,650	405,650	405,650	405,650	405,650	405,650	405,650	405,650	405,600	405,600	405,600	4,867,650
Total operation and main	11,284,562	9,814,274	8,110,214	7,147,393	8,514,633	9,486,532	10,499,705	9,569,099	8,256,675	8,245,242	8,682,138	10,868,229	110,478,696
Depreciation	714,600	714,600	714,600	714,600	714,600	714,600	714,600	714,600	714,600	714,600	714,600	714,600	8,575,200
Taxes-other	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Interest on long term debt	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	4,560,000
Interest expense - other	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	216,000
Other deductions	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total cost of electric serv	12,398,262	10,927,974	9,223,914	8,261,093	9,628,333	10,600,232	11,613,405	10,682,799	9,370,375	9,358,942	9,795,838	11,981,929	123,843,096
Utility operating margins	830,158	312,725	(284,282)	(242,589)	(189,597)	(227,337)	479,072	221,833	(572,926)	(133,656)	379,241	721,096	1,293,738
Nonoperating margins, inter	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	165,000
Nonoperating margins, othe	-	-	-	-	-	-	-	-	-	-	-	-	-
Patronage capital:													
G & T	-	-	-	-	-	-	-	-	-	-	-	4,500,000	4,500,000
Others	-	-	50,000	-	-	-	-	-	100,000	-	50,000	-	200,000
	-	-	50,000	-	-	-	-	-	100,000	-	50,000	4,500,000	4,700,000
Net margins	843,908	326,475	(220,532)	(228,839)	(175,847)	(213,587)	492,822	235,583	(459,176)	(119,906)	442,991	5,234,846	6,158,738

BYLAWS  
OF  
BLUE GRASS ENERGY COOPERATIVE CORPORATION

ARTICLE I  
MEMBERSHIP

Section 1. Requirements for Membership. Any person, partnership (but excluding partnerships controlled under Article I, Section 3-b), association, corporation, or body politic or subdivision thereof will become a member of Blue Grass Energy Cooperative Corporation, (hereinafter called the "Cooperative"), proved that he or it has first:

- a. made a written application for membership therein;
- b. agreed to purchase from the Cooperative electric energy as hereinafter specified, and be receiving electric service from the Cooperative;
- c. agreed to comply with and be bound by the Articles of Consolidation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors, and
- d. the legal capacity to enter into a binding contract, and

Notwithstanding that a person, partnership (but excluding partnerships controlled under Article I, Section 3-b), associations, corporation, or body politic may have made application for more than one service connection as provided in Section 5 of this Article, no member shall have more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 2. Membership Application. Membership in the Cooperative shall be evidenced with a copy of the membership application that shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. No membership application shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid.

Section 3. Joint Membership. Members who are husband and wife may constitute a joint membership and subject to their compliance with the requirements set forth in Section 1 of this Article, shall be accepted for such membership. The terms member, applicant, person, his and him, as used in these Bylaws shall be deemed to include a husband and wife and any provisions relating to rights and liabilities of membership, shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a. the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- b. the vote of either separately or both jointly shall constitute one joint vote, or act, or one joint act; except, that each partner of a partnership (including a married couple) shall have one (1) vote each if each partner or spouse owns an interest individually and jointly with a partner in a property served by the cooperative and each partner or spouse is a separate member of the Cooperative.
- c. a waiver of notice signed by either or both shall constitute a joint waiver;
- d. notice to either shall constitute notice to both;
- e. expulsion of either shall terminate the joint membership;
- f. withdrawal of either shall terminate the joint membership;
- g. either but not both may be elected or appointed as an officer or director; provided that the candidate or appointee meets the qualifications of such office.

Section 4. Conversion of Membership.

- a. A membership may be converted to a joint membership upon the marriage of the holder thereof.
- b. Upon the death of either spouse who is a party to the joint membership, such membership may be held solely by the survivor.

Section 5. Membership Fee and Other Deposits or Fees. Any person, partnership, association, corporation or body politic who makes application to and receives electric service from the Cooperative, shall pay a membership fee of \$25.00, provided, however, that an additional fee as determined by the Board shall be required for each additional service connection.

No former member of the Cooperative who is indebted to the Cooperative shall be readmitted to the membership except upon the payment of any outstanding account plus accrued interest thereon at the Kentucky legal rate in effect when such accounts first become overdue, compounded annually, plus any security deposit, service fee, facilities extension deposit or contribution in aid to construction.

Section 6. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefore at the times and in accordance with the rules, regulations, rate classifications and rate schedules established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into.

Production of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Board of Directors. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and pro-ration.

Section 7. Termination of Membership.

- a. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors may, but only after due hearing if such is requested by the member, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board of Directors, expel any member who fails to comply with any of the provisions of the Articles of Consolidation, Bylaws, or Rules and Regulations adopted by the Board of Directors. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who, for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board of Directors.

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- b. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

Section 8. Wiring of Premises; Responsibility therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the National Electrical Code and any applicable state code or local government ordinances. Each member shall be responsible for and shall indemnify the Cooperative, its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in, or improper use or maintenance of such premises and all wiring apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for furnishing and metering electric service and at all reasonable times shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source for reading the meter, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnecting of such facilities. As partial consideration for service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of, or causing damage to, such facilities, and shall use his best efforts to prevent others from so doing. In the event such facilities and their operation are interfered with, impaired or damaged by, the member, or by any other person on the premises, the member shall indemnify the Cooperative, its employees, agents and independent contractors against death, injury, loss or damage resulting there from, including, but not limited to the Cooperative's cost of repairing, replacing or relocating such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative for furnishing electricity extend beyond the point of delivery.

Section 9. Access to Land and Premises. Without being paid compensation therefore each member shall grant and give to the Cooperative free access onto his, her or its land or premises for the purpose of placing, locating, building, constructing, operating, replacing, rebuilding, relocating, repairing, improving, enlarging, extending, and maintaining on, over or under such land and premises, or removing there from its electric distribution system, new or existing lines, wires, poles, anchors, and other necessary or appurtenant parts thereof provided, however, any extensions shall be located along existing exterior boundary lines and interior fence lines when feasible. Any unusual or excessive use of lands are to be compensated for, which compensation shall be voted upon by a majority vote of the Board of Directors. The Board of Directors, after due hearing, may expel from membership and/or discontinue electric service to any member who fails or refuses to comply with the provisions of this Bylaw.

## ARTICLE II

### RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.



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ARTICLE III  
MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held annually on a date set by the Board of Directors at such place within a county served by the Cooperative, as selected by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of reporting on the election of directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Directors, or upon written request signed by a majority of the directors, or by ten per centum or more of all members, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board of Directors and shall be specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, including an agenda, shall be delivered not less than ten (10) days or more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Cooperative with postage thereon prepaid. The failure of the member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at such meeting. Notice published in Kentucky Living or any other Cooperative publication shall be adequate notice of member meetings.

Except as otherwise provided in these bylaws or applicable law, no matter shall be considered at the annual meeting unless it has been placed on the agenda at least 120 days prior to such meeting. Any legitimate matter may be placed on the agenda by any member by filing a copy or summation of the matter with the Secretary within the time allowed with a request it be submitted to the Annual Meeting for consideration.

Section 4. Quorum. A quorum for the transaction of business at meeting of the members shall be the lesser of one half percent (1/2%) of the total number of members as reported on the Financial and Statistical Report of RUS Form 7 as of December 31 of the calendar year preceding the Annual Meeting, or two hundred and fifty (250) members present in person for the transaction of business at all meetings of the members. In case of a joint membership, the presence at a meeting of either husband, wife or both, shall be regarded as the presence of one member.

If less than a quorum is present at any meeting, a majority of members present may without further notice adjourn the meeting to another time and date not more than forty-five (45) days later and to any place in one of the counties in Kentucky within which the

Cooperative serves; provided, that the Secretary shall notify any absent members of the time, date, and place of such adjourned meeting by delivering notice, thereof as provided in Section 3 of this Article.

Section 5. Voting.

- a. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by vote of a majority of the members voting thereon in person, unless otherwise provided in the Bylaws, Articles of Consolidation, or other applicable law. There shall be no voting by proxy.
- b. Except in director election, any member qualified to vote on a matter submitted to the membership for vote, who has not been declared mentally disabled by a Court of competent jurisdiction, and who, on account of age, infirmity or illness, is not able to appear at the meeting at which the vote shall be taken, may vote in the following manner:
  1. At least ten (10) days prior to the date of the meeting and prior to the close of normal business hours, he or she may present to any person in the administrative staff at the Cooperative headquarters, or at a district office, by mail or in person, his or her application for an absentee ballot containing a verified statement that his or her inability to appear at the meeting is due to age, infirmity, or illness.
  2. Upon receipt of the application, the administrative staff person shall immediately mail to the member an absentee ballot, along with an envelope addressed to the Cooperative headquarters or district office, as the case may be, and a smaller, plain envelope.
  3. The member shall mark the ballot, seal it in the smaller, plain envelope, place the plain envelope in the outer envelope addressed to the Cooperative, and mail it to the Cooperative headquarters, or district office, as the case may be. The member shall sign the outer envelope in order to validate the ballot.
  4. Upon receipt of the return envelope, the administrative staff person shall verify the signature on the outer envelope to validate the ballot, and shall then deposit the plain, inner envelope containing the ballot in the ballot box, or some other secure container, to be counted in the pending vote.
  5. In order to be counted, the ballot shall be received by the administrative staff person by the close of business on the last business day prior to the date of the member vote.
- c. Notwithstanding any other provision of these Bylaws, all voting for nominees or candidates for director shall exclusively by mail ballot personally marked by an eligible member and in compliance with the Bylaws. No cumulative voting shall be permitted as to election of the Board, but each member shall have the right to vote for one director in each district in which a director is to be elected.

Section 6. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meetings:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the Notice of the Meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation of reports of officers, directors, and committees.
5. Report on election of directors.
6. Agenda items files under Section 3 of Article III.



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4. Director elections for each district shall be conducted at the following annual meetings:

2013	District 4
2014	Districts 1, 3 and 7
2015	Districts 2, 6 and 5
2016	District 8

All duly elected directors existing on December 13, 2012 shall remain in office to serve the remaining balance of the terms for which each was elected.

Section 3. Election and Tenure. All directors shall be elected for terms of four (4) years beginning at the next regular meeting of the Board of Directors which shall be held not later than the month following the Annual Meeting at which each director is elected.

To comply with Section 279.080 of the Kentucky Revised Statutes, as amended by the 1982 Legislature, and to insure secrecy and anonymity of ballots cast in the election of directors, the election of directors shall be conducted by mail ballot as set forth in these Bylaws; provided, however, that if a nominee of the Nominating Committee is the only nomination for the position of director in a district and no nominating petitions have been filed with the Secretary as provided in these Bylaws, then the Secretary shall so certify and will so announce at the Annual Meeting and such nominee or nominees shall be deemed elected to the Board of Directors without the necessity of a mailed ballot. No write-in votes shall be permitted in election of directors.

The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the Committee or nomination and nominations made by petition, if any.

Section 4. Qualifications. To become or remain a member of the Board of Directors of the Cooperative a person must comply with the following qualifications:

- a. Be an individual.
- b. Have the capacity to enter into legally binding contracts.
- c. Graduate from high school or receive general education degree (GED) before becoming a director.
- d. Be a member and bona fide resident of the directorate district served by the Cooperative.
- e. Be a member of the Cooperative for at least three (3) years prior to becoming a director.
- f. Be willing to promote and safeguard the interests of the Cooperative among the members and the general public.
- g. Represent the membership on an impartial basis for the good of and in the best interest of the entire Cooperative.
- h. Must not be an employee, former employee, retired employee; or an employee or former employee or retired employee of the former Cooperatives that have consolidated into Blue Grass Energy Cooperative Corporation.
- i. Must not be a "close relative" of an employee or director of the Cooperative. ("close relative" means a person who by blood or in-law, including half, foster, step, and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, uncle, aunt, nephew or niece of the principal).
- j. Must not be an employee of nor have a financial interest in a competing enterprise, business or energy source of any kind, i.e. selling electric energy or electrical supplies to the Cooperative.

- k. Be willing to attend regularly scheduled and special meetings of the Board of Directors and to further attend national, state, and local organization meetings, including director training institutes and seminars.
- l. Except as otherwise provided by the Board of Directors for good cause shown, not miss more than three (3) consecutive properly noticed regular Board meetings.
- m. Be willing to become a Certified Director under the Board Management Program of the National Rural Electric Cooperative Association within the first four-year term.
- n. Agree to serve the term of office for which elected until a successor has been appointed or elected.
- o. Not use position as director to further political ambitions.
- p. Not be convicted or plead guilty to a felony while a director or prior to becoming a director
- q. Not have a final judgment entered against them involving civil fraud, ethical violations, discrimination and/or acts of harassment while a director or prior to becoming a director.
- r. Not be a debtor in a federal bankruptcy proceeding or a similar proceeding under applicable state law such as insolvency, liquidation, receivership reorganization, or assignment for the benefit of creditors while a director or seven (7) years immediately before becoming a director.
- s. Not be a party to a foreclosure or other proceeding (judicial or non-judicial), which proceeding is or was instituted because of the director's default on indebtedness while a director or seven (7) years immediately before becoming a director
- t. Not breach the director's fiduciary duties to the Cooperative, violate confidences, or engage in illegal activity under the color of authority as a director while a director.
- u. Comply with other reasonable qualifications determined, made, adopted, amended, and/or promulgated in policies or rules of the Cooperative, not inconsistent with law, the Articles of Incorporation regulations or Bylaws.

When a membership is held jointly by a husband and wife, either one, but not both, may be elected as a member of the Board of Directors.

Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

#### Section 4.01. Director Responsibilities

- a. Understand the Cooperative's business and demonstrate the judgment and acumen required to make decisions in the best interest of the Cooperative.
- b. Support all decisions and actions made or taken by the majority of the Board.
- c. Review and study the information contained in reports submitted to the Board.
- d. Oversee the policy and Bylaws of the Cooperative
- e. Objectively evaluate and consider the challenges and opportunities facing the Cooperative and work with senior management to develop appropriate strategic direction.
- f. Maintain an awareness of the attitudes of the member and general public toward the Cooperative.
- g. Serve as an ambassador for the Cooperative's viewpoints, objectives, programs, and services.
- h. Provide full commitment to carry out the responsibilities of the office.
- i. Represent the total Cooperative membership on an impartial basis not just those in his/her district.

- j. Encouraged to participate in continuing education opportunities in order to stay abreast of Cooperative developments and increase knowledge of the Cooperative program.

Section 5. Nominations. It shall be the duty of the Board of Directors to appoint, not less than fifty (50) days and not more than one hundred, twenty (120) days before the date of a meeting the members at which a report of the election of directors is to be made a committee on nominations consisting of not less than five (5) nor more than ten (10) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting, a list of nominations for Board of Directors.

One-half percent (1/2%) or more of the total number of consumers shown on the Financial and Statistical Report of RUS Form 7 as of December 31 of the calendar year preceding the election may make other nominations in writing over their original dated signatures, signed within 120 days prior to the annual meeting, together with printed names, telephone numbers, and addresses by filing such nominations not more than ninety (90) days and not less than fifty (50) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted, if, after examination of the Provost, it is determined by said Provost that said petitions meet the requirements of the Bylaws, Articles of Consolidation, and the laws of the Commonwealth of Kentucky. In no event shall a member sign more than one petition for the nomination of a director from a district. All nominating petitions shall be submitted on the form of "Nomination Petition" provided by the cooperative. All nominees shall certify their qualifications by signing a "Certification of Candidate for Director" and completing the "Application for Candidate for Director" form provided by cooperative and file same with the cooperative not less than 50 days before the date of the meeting of the members.

The date of the first working day not less than forty-five (45) days prior to the Annual Meeting shall be established as the certificate date which determines whether a member is in good standing and qualified for the purpose of signing a nominating petition and/or voting.

A member in good standing is any active member who is in compliance with the Bylaws, Rules and Regulations of the Cooperative, and Rules and Regulations of the Public Service Commission as of forty-five (45) days prior to the Annual Membership Meeting. The Secretary shall deliver a list of members in good standing on the certification date to the Provost.

Any member, whose service is disconnected for any reason, will automatically become a nonvoting member until said member is reconnected and receiving electrical current.

Section 6. Conduct of Elections. The Board of Directors shall have the duty of naming a Provost in charge of director elections who shall have the responsibilities and duties regarding nominating petitions as well as votes and the counting of same. The duties of the Provost regarding nominating petitions and the conduct of elections shall be as follows:

1. The Provost of the election shall examine and audit the petition or petitions filed by candidates for election to the office of director to determine if the nominee qualifications and petition or petitions comply with the requirements of the Kentucky Revised Statutes, the Articles of Consolidation, and these Bylaws.

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2. The Provost is granted the power and authority to pass upon and determine the validity of qualifications of nominees by petition and validity of the signatures, printed names, and address on the petition or petitions to determine if those signing are qualified members in good standing of the Cooperative and entitled to vote for the election of directors.
3. If the Provost shall disapprove a signature, printed name, and/or address on a petition or petitions, he shall list same in writing giving the reason or reasons why signature, printed name, and/or address was not approved.
4. The Provost shall determine if the required number of qualified voting members have signed the petition or petitions after having deducted from the petition or petitions the names disapproved by him because the names, signatures, printed names, and/or address on said petition or petitions fail to comply with the Kentucky Revised Statutes, the Articles of Consolidation of the Cooperative and these Bylaws. If a petition does not contain the required number of valid signatures, printed names, and addresses of members in good standing, then the Provost shall not certify to the Secretary the name of the nominee as on said petition as a candidate to be placed upon the official ballot.

Upon completion of the examination and audit of the petition or petitions by the Provost, he shall certify to the Secretary of the Cooperative the name or names of those persons properly nominated by petition or petitions so that those nominated may be listed on the official ballot.

After receiving the nominations, the Secretary will contact those persons nominated and give them an opportunity to furnish biographical information. This information is to be included with the official ballot which is sent to all the members as required by the Bylaws. The Secretary shall have the right to require the candidate to limit such biographical information to not more than two hundred (200) words.

5. After the Provost has certified the names of the candidates nominated by petition or petitions to be placed upon the official ballot, it shall be the responsibility of the Secretary to prepare a printed ballot of those persons duly nominated by the Committee and by nominating petition within fifteen (15) days after the nominating petitions are required to be posted. The printed ballot shall show separately those persons nominated by the Nominating Committee and those persons nominated by petition in alphabetical order by district and labeled in such a manner as to note which candidate appears on the ballot by nomination of the Nominating Committee and which appears on the ballot by nomination by petition.

It shall be the further responsibility of the Secretary to see that appropriate official ballots are mailed to each active and qualified member at his last address shown on the Cooperative records, not less than twenty (20) days prior to said Annual Meeting at which the results of said election are to be announced.

The official ballot shall be inscribed with instructions by the Secretary of the Cooperative as to how many candidates may be voted for on each ballot by the member and with instructions that all official ballots must be returned only by U. S. Mail and received not less than ten (10) days prior to the said Annual Meeting. Any ballot not received by mail or received after the time set for receipt thereof, shall not be counted.

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Each official ballot shall be placed with an envelope labeled Ballot Envelope within an Official Return Envelope bearing postage prepaid, addressed to the Provost, Blue Grass Energy Cooperative, Post Office Box 990, Nicholasville, KY 40340-0990.

The official ballot shall be personally marked and voted by the eligible member and then placed in the Ballot Envelope and sealed. The sealed Ballot Envelope, with the official ballot enclosed, shall then be placed in the Official Return Envelope which is addressed to the Provost with postage prepaid. The Official Return Envelope shall then be signed by the member in the space provided thereon so it can be determined by the Provost prior to opening the Official Return Envelope whether the person signing the Official Return Envelope is an eligible voting member of the Cooperative. The member shall then seal and mail the Official Return Envelope to the Provost.

All return envelopes shall be deposited in a locked Ballot Box or Boxes at the Nicholasville Post Office or other secure location as may be designated by the Provost.

6. In the event a voting member in good standing has his, her or its ballot inadvertently destroyed, or the Official Return Envelope inadvertently destroyed, or the cover envelope with the contents therein was not received by the voting member, then, upon the voting member having exhibited to the Provost his driver's license and/or a social security card, the Provost shall check the Cooperative's membership list to determine if he, she or it is a voting member in good standing.

The Provost shall then cause the voting member to execute an Affidavit before a Notary Public at the Office of the Provost, and, if the Provost approves, he may then and there deliver to the voting member a Return Envelope, a Ballot Envelope and a Ballot shall be delivered by the Provost after 4:30 p.m., on the tenth day prior to the Annual Meeting.

7. The Board of Directors shall, at least thirty (30) days before any election of directors appoint an Election Committee. The Committee shall include the Provost and shall consist of an uneven number (including Provost) not less than five (5) members of the Cooperative who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household thereof. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournments of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from the Provost, not less than three (3) days after such protest or objection is filed. The Committee shall hear evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence, and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final.



8. The duties of the Provost and Election Committee regarding votes and counting shall be as follows:
- a. At no later than 9:00 a.m. on the second day prior to the Annual Meeting of members, the Provost shall take the locked Ballot Box or Boxes containing the Return Envelopes and transfer the locked Ballot Box or Boxes to a location of his choosing.
  - b. The Provost and Election Committee shall unlock the Ballot Box or Boxes and examine each Return Envelope to ascertain if it has been properly signed. Signatures on behalf of a corporation, partnership, church or other organization shall be presumed to be by a duly authorized officer, partner or agent of the organization, unless shown otherwise by written notice of the organization by the Provost prior to the count of the vote.
  - c. Any and all Return Envelopes found by the Provost and Election Committee not to conform to the provisions and requirements of these Bylaws shall not be opened but shall immediately be placed in a locked Ballot Box or Boxes for rejected Return Envelopes which shall be retained by the Provost in safekeeping until sixty (60) days after the Annual Meeting.
  - d. When the unopened Return Envelope is found by the Provost and Election Committee to be in conformity with the provisions and requirements of these Bylaws, the Provost and Election Committee shall see that the membership record is marked so as to indicate the member has voted. The Return Envelope shall then be placed in a locked Ballot Box for the accepted Return Envelopes.
  - e. In the event another Return Envelope is found by the Election Committee to be from the same voting member, the Election Committee shall reject the second unopened Return Envelope, state the reason for the rejection and place it in the locked Ballot Box provided for any and all unopened Return Envelopes found not to conform to the provisions and requirements of the Bylaws.
  - f. After all the Return Envelopes have been checked by the Provost and Election Committee for approval or rejection and placed either in the locked Ballot Box or Boxes for accepted Return Envelopes or placed in locked Ballot Box or Boxes for rejected Envelopes, the Provost and Election Committee shall then open the accepted Return Envelopes and remove the unopened Ballot Envelopes therefrom and place same in a locked Ballot Box until all of said Return Envelopes have been opened. The Provost and Election Committee shall then open the locked Ballot Box or Boxes containing the unopened Official Ballot Envelopes and remove same from said Ballot Box or Boxes and open said Official Ballot Envelope and tabulate all valid votes cast on each Official Ballot. Counting of ballots shall be conducted solely by the Provost and Election Committee with the assistance of any personnel necessary for its work. Any nominee or anyone designated in writing by such nominee may be present in the counting room. No other person shall be present in the counting room except the Cooperative Attorney who may be present at any part of the election process.

In addition to the reasons stated elsewhere in Paragraph 8 of Section 6, the following Ballots shall not be counted:

1. A Ballot marked for more than one candidate in each district from which a director is to be elected;
2. Ballots other than the Official Ballot.

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- g. Any Official Ballot deemed invalid by the Provost and Election Committee for reasons set forth in these Bylaws shall be placed in the locked Ballot Box or Boxes containing the rejected Return Envelopes.
- h. The Ballot Box or Boxes shall be kept locked at all times except when the Provost or Election Committee are present.
- i. If the counting of the Official Ballots has not been completed at the time of adjournment of the counting, all Official Ballots unopened and uncounted shall be kept in the locked Ballot Box or Boxes in the Provost's safekeeping until the counting of all Official Ballots is again begun in the presence of the Provost and Election Committee and this procedure shall continue until all valid Official Ballots have been counted and tabulated.
- j. The Provost shall place all official and valid Ballots which have been counted in a locked Ballot Box and shall retain same unopened in safekeeping of the Provost for sixty (60) days after the date of the Annual Meeting.
- k. The Provost shall promptly, upon completion of the counting of the membership votes, certify in writing to the Secretary of the Board the names of the candidates and the number of votes received by each and shall also certify the names and addresses of the candidates receiving the highest number of votes taking into account the number of directors to be elected and the respective districts they are to represent. In case of any tie votes, drawing by lot by the candidates shall resolve any tie votes. The Secretary shall announce the election results at the Annual Meeting.
- l. After sixty (60) days have passed from the day of the Annual Meeting of members, the Provost shall deliver the Ballot Box or Boxes to the Secretary of the Cooperative.

Section 7. Removal of Member of the Board of Directors by Members. Any member may bring charges for cause against a member of the Board of Directors, and, by filing with the Secretary such charges in writing together with a petition signed by ten per centum or more of all the members, may request the removal of such member(s) of the Board of Directors by reason thereof. For the purpose of this Section 7, "cause" shall be defined to mean malfeasance in office, that is, the commission of an act which is unlawful and affects, interrupts or interferes with the performance of official duties. The petition shall call for a special meeting the stated purpose of which shall be to hear and act upon such charge(s), and which requests the board of directors to schedule such meeting at a place, time, and date thereof not sooner than thirty (30) days after the filing of the petition. Each page of the petition shall, in the forepart, thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s), is(are) being made. The petition shall be signed by each member in the same name as he/she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings along with printed name(s), dates of birth and social security numbers. A statement of charge(s) verbatim, the name(s) of director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting; provided, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least thirty (30) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person by witnesses, by counsel or any combination of such and to present evidence in respect to the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately, for each if more than one has

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been charged, be considered and voted upon at such meeting; provided, that the question of removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him/her shall have been presented during the meeting through oral statements, documents or, otherwise, with the ruling concerning same to be made by the chairman of the special meeting. A two-thirds (2/3) majority of members present at the meeting shall be required for removal of a director. The chairman of the said meeting shall be a licensed attorney appointed by the Board of Directors and the Cooperative shall compensate him for his services.

Section 7.01. Removal of Directors for Absence. Any board member who is absent from three consecutive regular meetings of the board, unless excused by the affirmative vote of a majority of the other board members, may be deemed to have vacated his office if so determined by the affirmative vote of a majority of the other board members.

Section 8. Vacancies. Vacancies occurring on the Board of Directors may be filled by the affirmative vote of the majority of the remaining members of the Board of Directors for the unexpired portion of the term, subject however to the terms of the Consolidation Agreement which shall supersede all terms and conditions of the Bylaws. The Board of Directors reserves the right to leave any vacancy or vacancies unfilled, and to alter the number of director districts.

Section 9. Compensation. The members of the Board of Directors shall not receive a salary for their services as such, except that the Board of Director of the Cooperative may by resolution authorize a fixed sum which may include insurance benefits, for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board of Directors. If authorized by the Board of Directors, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board of Directors in lieu of detailed accounting for some of these expenses. No director shall receive compensation for serving the Cooperative, in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the director or his close relative shall have been certified by the Board of Directors as an emergency measure.

## ARTICLE V MEETINGS OF THE BOARD

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board of Directors. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or by a majority of directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or directors calling the meeting shall fix the time and place for the holding of the meeting which shall be held in one of the counties in Kentucky within which the Cooperative serves, unless all directors consent to its being in some other place in Kentucky or elsewhere. Regular meetings and special meetings (upon proper notice as provided in these Bylaws) may also be held via telephone conference call or through any other means of communication by which all Directors participating in the Board

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Meeting may simultaneously hear each other during the Board Meeting, without regard to the actual location of the directors at the time of such meeting, if all directors consent thereto.

Section 3. Notice of Board Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director either personally, by mail, or electronically by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at this address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting. If delivered electronically, such notice may be emailed or posted to a website for review. If such notice is emailed or posted to a website, it shall be deemed delivered when message is sent to the bgenergy.com email addresses provided with date stamp of five (5) days before the date set for the meeting.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Board of Directors is present at said meeting, a majority of the Board of Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws.

## ARTICLE VI OFFICERS

Section 1. Number. The officers of the Cooperative shall be a Chairman of the Board, Vice Chairman of the Board, Secretary and Treasurer, each of whom shall be elected by the Board. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. The Board of Directors of the cooperative shall elect officers annually at the next regular meeting of the Board of Directors to be held not later than the month following each Annual Meeting. Each officer shall be elected by a majority vote (by secret ballot) of the directors in attendance at the meeting. The balloting procedure shall be as follows. All eligible directors and/or candidates for appointment as an officer/director shall be listed on the ballot and voted on. A director may remove his/her name from the ballot at the time of the election by verbally requesting removal prior to the vote. Their name is then removed. The director or other eligible candidate receiving the majority vote shall be seated in the position. Should no one receive a majority of the vote on the first ballot, those receiving votes shall be listed on the ballot and voted on. The director receiving the highest number of votes shall be seated in the position. If no one receives the highest number of votes, the election/appointment shall be decided by lot between or among the two (2) or more candidates with a tie or the two (2) highest number of votes cast at last vote tabulation.

Each officer shall hold office until a successor is duly elected. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term in the same manner as set forth above for the annual election of officers.

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Section 3. Removal of Officers. The Board of Directors may remove any officer elected or appointed by the Board of Directors for cause whenever in its judgment the best interest of the Cooperative will be served thereby. For the purpose of this Section 3, "cause" shall be defined to mean malfeasance in office, that is, the commission of an act which is unlawful and which affects, interrupts or interferes with the performance of official duties. The officer against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the Board Meeting at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; the director or directors bringing the charges against him shall have the same opportunity. The question of the removal of the officer shall be decided by a majority vote of the members of the Board of Directors present.

Section 4. Chairman. The Chairman of the Board shall:

- a. be the principal officer of the Cooperative and unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors;
- b. sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.
- d. while presiding at a meeting of the members or of the Board of Directors, choose to vacate the chair, and the Vice-Chairman is absent or chooses not to preside, the Chairman shall designate another person as Chairman for any part or all of the remainder of the meeting.

Section 5. Vice-Chairman. In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice-Chairman shall perform the duties of the Chairman, and who so acting shall have all the powers of and be subject to all the restrictions upon the

Chairman. The Vice-Chairman shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6. Secretary. The Secretary shall be responsible for:

- a. keeping, or causing to be kept, the minutes of meetings of the members and of the Board of Directors in books provided for that purpose;
- b. seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c. the safekeeping of the corporate books and records and the Seal of the Cooperative and to all documents, the execution of which on behalf of the Cooperative under its Seal is duly authorized with the provisions of these Bylaws.
- d. keeping, or causing to be kept, a register of the names and post office addresses of all members;
- e. keeping, or causing to be kept, on file at all times a complete copy of the Articles of Consolidation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Bylaws and all amendments thereto to any member upon request; and

- f. in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Treasurer. The Treasurer shall be responsible for:

- a. Custody of all funds and securities of the Cooperative;
- b. the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- c. the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the provisions of the duties, responsibilities and authorities of the Secretary and Treasurer hereinbefore provided in Sections 6 and 7, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officers' duties to be one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board of Directors does so delegate the duties, responsibility, or authority of such officer, that officer shall be released from such duties, responsibilities and authorities.

Section 9. President and CEO. The Board of Directors may appoint a President and CEO who may be, but who shall not be required to be, a member of the Cooperative. The President and CEO shall perform the duties of Chief Executive Officer and shall exercise such authority as the Board of Directors may determine. The costs of all such bonds shall be borne by the Cooperative.

Section 10. Bonds of Officers. The Board of Directors in its discretion may require the Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property to be bonded in such sum and with such surety as the Board of Directors may determine. The costs of all such bonds shall be borne by the Cooperative.

Section 11. Compensation. The powers, duties and compensation of officers, agents and directors shall be fixed by the Board of Directors subject to the provision of these Bylaws with respect to compensation of a director.

Section 12. Reports. The officers of the Cooperative shall submit at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

Section 13. Indemnification of Directors, Officers, Employees and Members of Board Committees. Every present or past director, officer, employee, or member of a board committee of the Cooperative shall be indemnified by the Cooperative against all judgments, penalties, fines, settlements and reasonable expenses, including legal fees, incurred by him as a result of or in connection with any threatened, pending or completed civil, criminal, administrative or investigative proceeding to which he may be made a party of by

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reason of his acting or having acted in his official capacity as a director, officer, employee or member of a board committee of the Cooperative, or in any other capacity he may hold at the request of the Cooperative, as its representative in any affiliated organization, subject to the following conditions:

1. Such director, officer, employee, or member of a board committee must have conducted himself in good faith (and reasonably believed his conduct was in the best interests of the Cooperative), and, in the case of criminal proceedings, he (additionally) must have had no reasonable cause to believe that his conduct was unlawful. When acting in his official capacity, he must have reasonably believed that his conduct was in the best interests of the Cooperative, and when acting in any other capacity, he must have reasonably believed that his conduct was at least not opposed to the best interest of the Cooperative.
2. If the proceeding was brought by or on behalf of the Cooperative, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the director, officer, employee, or member of a board committee shall have been adjudged liable to the Cooperative, except that no professional employee shall be liable to the Cooperative for any losses occasioned by his errors or omissions made in his official capacity with the Cooperative unless such losses were the result of his gross negligence or willful misconduct.
3. In no event, however, will indemnification be made with respect to any described proceeding which charges or alleges improper personal benefit to a director, officer, employee, or member of a board committee where liability is imposed upon him on the basis of the receipt of such improper personal benefit.
4. In order for any person to receive indemnification under this bylaw, he shall vigorously assert and pursue any and all defenses to those claims, charges or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Cooperative or any attorneys involved in the defense of any such claim, charges, or proceedings.

No indemnification shall be made in any specific instance until it has been determined by the Cooperative that indemnification is permissible in that specific case under the standards set forth herein and that the expenses claimed are reasonable. These two determinations shall be made by a majority vote of at least a quorum of the Board of Directors consisting solely of directors who were not parties to the proceeding. If such a quorum cannot be obtained, a majority of at least a quorum of the Board of Directors, including directors who are parties, shall designate a Board Committee which shall consist solely of three or more directors who are not parties to the proceeding, and such Committee shall make said determinations by majority vote. If it is not possible to make said determinations by either of the above methods, then a special legal counsel selected by a majority vote of at least a quorum of the Board of Directors, including directors who may be parties, shall make said determinations. However, in making such determinations the termination of any proceeding by judgment, order, settlement, conviction, or upon pleas of nolo contendere or its equivalent shall not, in and of itself, be conclusive that the person did not meet the standards set forth herein.

The reasonable expenses, as shall be determined above that have been incurred by a director, officer, employee, or member of a board committee who has been made a party to a proceeding as defined herein or reimbursed in advance upon a majority vote of a quorum of the full Board of Directors, including those who may be a party to the proceedings. Provided, however, that such director, officer, employee, or member of a board committee shall have provided the Cooperative with a written affirmation under oath that he in good faith believes that he has met the standards of conduct contained herein and a written undertaking that he shall repay any amounts

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advanced with interest accumulated at the legal rate if it is ultimately determined that he has not met such standards of conduct. In addition to the indemnification provided herein, the Board of Directors shall, as part of the ordinary course of business of the Cooperative, direct that insurance or self-funded liability protection shall be purchased or provided, to the extent reasonably practical, by the Cooperative that would protect it, its directors, officers, employees, or members of board committees against liabilities and reasonable expenses arising out of the performance of their duties for the Cooperative.

## ARTICLE VII NON-PROFIT OPERATION

Section 1. Interest on Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefits of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons, except as required by law.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-member alike, will through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to allocate credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. All such amounts credited to the capital account of any patron shall have same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron has then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rate basis before any payments are made on account of property rights of members, provided, that insofar as gains may be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of members.



If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. Provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of capital credited to the accounts of patrons and to descendant's estates which correspond to capital credited to the account of the Cooperative by any organization furnishing services to the Cooperative (including power service to cooperative).

Such rules shall:

- a. establish a method for determining the various portions of capital credits to each patron for each applicable fiscal year;
- b. provide identification on the Cooperative's books of the various portions of capital credited to the Cooperative's patrons;
- c. provide for appropriate notification to patrons with respect to various portions of capital credited to their accounts, and
- d. preclude a general retirement of the various portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Cooperative unless the Board, acting under policies of general applications, shall determine otherwise.

Notwithstanding any other provision of the Bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any patron, a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby; and provided, further that no payment of capital credits to the estate of a deceased member shall be made except to the extent said credits represent receipts in cash to the Cooperative.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Consolidation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of the Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

## ARTICLE VIII FINANCIAL OBLIGATION

Section 1. Bonds, Notes, Debentures, Certificates or Other Evidence of Indebtedness. The Cooperative may issue its obligations and pledge its future revenues for the payment thereof. The obligations may be in the form of bonds, notes, debentures, interim certificates or other evidence of indebtedness. The obligations shall be authorized by the Board of Directors by a resolution which shall fix the dates of issuance and maturity, the rate and time of payment of interest, and denominations, the form (either coupon or

registered), the registration privileges, the manner of execution, the place and medium of payment and the terms of redemption. Any limitation as to interest or term of maturity otherwise provided by the laws of Kentucky shall not be applicable to obligations issued by the Cooperative as provided in Kentucky Revised Statutes, Chapter 279.

Section 2. Sell, Lease, or Dispose of Property. Except as provided in Kentucky Revised Statutes 279.090, 279.120 and 279.130 and in Section 3 of this Article, the Cooperative may not sell, lease or otherwise dispose of any of its property or dissolve the Cooperative unless the Board of Directors is authorized so to do by a two-thirds (2/3) vote of the total membership. Due notice shall be given to all members of the proposed sale, lease or other disposition of such property. The Board of Directors, without authorization by the members, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any or all of, the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, upon such terms and conditions as the Board of Directors shall determine, to secure any obligation of the Cooperative, any provisions of the Articles of Consolidation or Bylaws of the Cooperative notwithstanding.

Section 3. Disposition of Properties and Assets. Supplementary to the first sentence of Section 2 of this Article, and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of any of the Cooperative's properties and assets shall be authorized except in conformity with the following:

1. If the Board of Directors look with favor upon any proposal for such sale, lease, lease-sale exchange, transfer or other disposition, it shall first cause three (3) independent, nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer, or other disposition and as to any other terms and conditions which should be considered.
2. If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any) ultimately determines that the proposal is in the best interests of the Cooperative and its members, it shall first give every other electric cooperative corporately sited and operated in Kentucky (which has not made such an offer for sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperative shall be given not less than thirty (30) days during which to submit competing proposals, and the actual period within which proposals are to be submitted shall be stated in the written notice given to them.
3. If the Board of Directors then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall adopt a resolution recommending the sale and directing the submission of the proposal to a vote of the members at a duly held member meeting, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after the giving of such notice to the members, provided, that consideration and action by the members may be given at the next annual member meeting if the Board of Directors so determines and if such Annual Meeting is held not sooner than ninety (90) days after the giving of such notice.
4. Any one percent (1%) or more of the total number of consumers shown on the Financial and Statistical Report of RUS Form 7 as of December 31 of the calendar year preceding, by so petitioning the Board of Directors not less than twenty

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(20) days prior to the date of special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board of Directors has made.

5. The provisions of this Section shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric cooperatives or if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives.
6. Distribution of surplus assets on dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors, not inconsistently with the provisions of the third paragraph of Article VII, Section 2 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are members of the Cooperative. Provided, however, that, if in the judgment of the Board of Directors the amount of such surplus is too small to justify the expenses of making such distribution, the Board of Directors may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more non-profit charitable or educational organizations that are exempt from Federal income taxation.

Section 4. Property Sales Without Member's Authority. The Board of Directors may sell any of the following property without authority from the members:

1. property that is not necessary in operating and maintaining the system, but sales of such property shall not in any one year exceed ten percent (10%) in value of all the property of the corporation other than merchandise and property acquired for resale;
2. services and electric energy;
3. property acquired for resale; and
4. merchandise.

## ARTICLE IX

### SEAL

The Corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Kentucky".

## ARTICLE X

### FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents,

employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

Section 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## ARTICLE XI MISCELLANEOUS

Section 1. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or director at such meeting shall constitute a Waiver of Notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the expressed purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

Section 2. Policies, Rule and Regulations. The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with the law, the Articles of Consolidation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 3. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to the laws of the Commonwealth of Kentucky and the rules and regulations of any regulatory body thereof, shall conform to such system of accounts as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be available to the members at the corporate offices.

Section 4. Area Coverage. The Board of Directors shall make diligent effort to see that electric service is extended to all unserved person within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 5. Computation of Time. In computing any period of time prescribed or allowed by these Bylaws, the date of the act or event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is Saturday, a Sunday or a legal holiday, in which event the period runs until the end of the next day which is not a Saturday,

a Sunday or a legal holiday. When the period of time prescribed or allowed is less than seven (7) days, intermediate Saturdays, Sundays, and legal holidays shall be excluded in the computation.

ARTICLE XII  
AMENDMENTS

These Bylaws may be altered, amended or repealed by a majority vote of the Board of Directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal; however, such notice and copy of proposed alteration, amendment or repeal, may be waived as provided in Article XI, Section 1, of these Bylaws.

ARTICLE XIII  
RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any Committee provided for in these Bylaws and of any other committee of the members or directors which may from time to time be duly established shall be governed by Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Consolidation or Bylaws.

Adopted: January 1, 1998  
January 1, 2002

Amended: February 19, 1998 (Article IV)  
August 12, 1998 (Article VII, Section 2)  
October 20, 1998 (Article IV, Section 5)  
November 12, 1998 (Article IV, Section 3)  
January 7, 1999 (Article IV, Sections 2 and 3 and Article XII)  
August 12, 1999 (Article VI, Section 2)  
December 9, 1999 (Article IV, Section 2 and 3)  
January 13, 2000 (Article IV, Sections 3 and 5)  
February 10, 2000 (Article IV, Section 5)  
October 19, 2000 (Article IV, Section 2 and 3)  
April 12, 2001 (Article I, Section 10)  
January 1, 2002 (Article I, Sections 1, 5 and 10, Article III, Section 4, Article IV, Section 2-7,  
Article VI, Section 4, and Article VII, Section 2)  
April 22, 2004 (Article IV, Section 6)  
June 10, 2004 (Article IV, Sections 3 and 5)  
August 11, 2004 (Article IV, Section 3)  
September 4, 2008 (Article I, Sections 2, 4, 5; Article IV, Sections 3, 4, 7; Article V, Section 3; Article VI,

	Section 6; Article VII, Section 2)
February 5, 2009	(Article IV, Section 3; Article VI, Section 2)
November 12, 2009	(Article VI, Sections 2, 3; Article XII)
February 11, 2010	(Article V, Section 2)
September 16, 2010	(Article III, Section 3; Article IV, Sections 5 and 6; Article V, Section 1)
September 22, 2011	(Article IV, Section 2)
November 10, 2011	(Article I, Section 4; Article IV, Sections 2, 3; Article VIII, Section 3)
November 8, 2012	(Article IV, Section 6)
December 13, 2012	(Article IV, Section 2)
August 19, 2013	(Article IV, Section 4, 4.01, 5)
January 21, 2014	(Article VI, Section 2)

## Blue Grass Energy Cooperative

Exhibit V

Case No. 2014-00339

page 1 of 3

Statement of Operations

Witness: Jim Adkins

December 31, 2013

	<u>2013</u>	<u>2012</u>
Operating revenue	<u>\$128,040,379</u>	<u>\$118,940,223</u>
Operating expenses:		
Cost of power	96,070,322	88,003,611
Distribution-operations	2,697,746	2,446,987
Distribution-maintenance	6,175,084	5,993,783
Consumer accounts	2,862,998	2,755,734
Consumer service	993,181	1,459,697
Sales	0	0
Administrative and general	<u>4,404,713</u>	<u>4,351,652</u>
	113,204,044	105,011,464
Depreciation and amortization	8,253,042	8,089,887
Taxes-other	160	13,796
Interest on long term debt	4,219,323	4,407,449
Other interest expense	2,879	58,210
Other deductions	<u>23,098</u>	<u>21,755</u>
	<u>125,702,546</u>	<u>117,602,561</u>
Utility operating margins	2,337,833	1,337,662
Nonoperating margins, interest	260,389	277,194
Nonoperating margins, other	86,005	247,521
G & T capital credits	7,776,965	5,686,746
Other capital credits	<u>171,273</u>	<u>158,340</u>
Net margins	<u><u>\$10,632,465</u></u>	<u><u>\$7,707,463</u></u>
	1.68	1.46

1 Blue Grass Energy Cooperative  
2 Case No. 2014-00339  
3 Balance Sheet  
4 December 31, 2013

Exhibit V  
page 2 of 3  
Witness: Jim Adkins

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Electric Plant:		
In service	\$220,272,384	\$212,930,154
Under construction	1,731,297	2,370,232
	<u>222,003,681</u>	<u>215,300,386</u>
Less accumulated depreciation	66,598,322	61,066,869
	<u>155,405,359</u>	<u>154,233,517</u>
Investments	<u>49,837,244</u>	<u>42,055,370</u>
Current Assets:		
Cash and temporary investments	8,311,060	7,857,034
Accounts receivable, net	15,616,931	14,745,844
Material and supplies	1,370,925	1,465,617
Prepayments	301,267	270,643
	<u>25,600,183</u>	<u>24,339,138</u>
Deferred assets	<u>4,130,265</u>	<u>102,971</u>
Total Assets	<u>\$234,973,051</u>	<u>\$220,730,996</u>
<u>MEMBERS' EQUITIES AND LIABILITIES</u>		
Margins and Equities:		
Memberships	\$1,044,718	\$1,038,433
Patronage capital	86,227,662	75,785,971
Other equities	1,203,317	2,392,955
	<u>88,475,697</u>	<u>79,217,359</u>
Long Term Debt	<u>121,521,400</u>	<u>119,064,371</u>
Accumulated Operating Provisions	<u>9,203,752</u>	<u>7,617,097</u>
Current Liabilities:		
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
	<u>15,211,411</u>	<u>14,217,971</u>
Consumer advances	<u>560,791</u>	<u>614,198</u>
Total Members' Equities and Liabilities	<u>\$234,973,051</u>	<u>\$220,730,996</u>



## Blue Grass Energy Cooperative

Exhibit V

Case No. 2014-00339

page 3 of 3

Statement of Cash Flows

Witness: Jim Adkins

December 31, 2013

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margins	\$ 10,632,465	\$ 7,707,463
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	8,253,042	8,089,887
Charged to clearing accounts	382,427	390,788
Patronage capital credits	(7,948,238)	(5,845,086)
Accumulated postretirement benefits	375,936	220,152
Net change in current assets and liabilities:		
Receivables	(871,087)	(336,962)
Material and supplies	94,692	33,556
Prepayments and deferred debits	(4,057,918)	(40,407)
Accounts payables	1,115,682	128,101
Consumer deposits	(60,345)	56,717
Accrued expenses	(61,897)	80,141
Consumer advances	(53,407)	(7,868)
	<u>7,801,352</u>	<u>10,476,482</u>
Cash Flows from Investing Activities:		
Plant additions	(10,084,949)	(9,686,188)
Additional investments, net of receipts	166,364	27,307
	<u>(9,918,585)</u>	<u>(9,658,881)</u>
Cash Flows from Financing Activities:		
Memberships	6,285	6,153
Refund of capital credits	(190,774)	(123,712)
Other equities	60,005	10,553
Advance payments	(2,142,703)	516,750
Additional long-term borrowings	10,000,000	5,000,000
Payments on long-term debt	(5,161,554)	(5,261,918)
	<u>2,571,259</u>	<u>147,826</u>
Net increase in cash	454,026	965,427
Cash balances - beginning	<u>7,857,034</u>	<u>6,891,607</u>
Cash balances - ending	<u>\$ 8,311,060</u>	<u>\$ 7,857,034</u>

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
10700	Const. WIP Spread	\$0	\$0	\$0	\$0	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$17	\$0	\$0	-\$37	\$0	\$0	\$0	\$0
10701	Const. WIP - Clearing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10703	Smart Grid Fed Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$52,525	\$17,740	\$17,740	\$17,440	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	-\$52,525	-\$17,740	-\$17,740	-\$17,440	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10704	Smart Grid BGE Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$202,017	\$207,840	\$228,416	\$235,727	\$239,871	\$241,891	\$245,110	\$245,110	\$245,110	\$245,110	\$0	\$0
	Change	-\$202,017	-\$207,840	-\$228,416	-\$235,727	-\$239,871	-\$241,891	-\$245,110	-\$245,110	-\$245,110	-\$245,110	\$0	\$0
10720	Const. WIP	\$940,743	\$868,267	\$819,785	\$894,622	\$921,290	\$968,588	\$1,090,727	\$1,060,447	\$1,116,682	\$1,057,723	\$1,197,386	\$1,731,297
	Prior Year	\$1,781,011	\$2,042,079	\$1,663,055	\$1,600,159	\$1,739,411	\$1,952,714	\$1,956,991	\$1,939,504	\$2,010,592	\$2,147,464	\$2,406,704	\$2,370,232
	Change	-\$840,268	-\$1,173,811	-\$843,270	-\$705,538	-\$818,121	-\$984,126	-\$866,263	-\$879,057	-\$893,910	-\$1,089,741	-\$1,209,319	-\$638,935
10730	Const. WIP - Special Equip.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10731	Special Equip. - Conductors A/C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10732	Special Equip. - Transformers A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10733	Special Equip. - Padmount Tran:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10734	Spec. Equip - Meters A/C 370	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10735	Automated Meter Reading Devic	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10800	Retirement WIP Spread	\$0	\$0	\$0	\$0	\$0	\$4	\$0	-\$141	\$0	-\$20	\$0	\$0
	Prior Year	\$60	\$0	\$0	\$29	-\$12	\$0	-\$97	\$0	\$0	\$0	\$0	-\$96
	Change	-\$60	\$0	\$0	-\$29	\$12	\$4	\$97	-\$141	\$0	-\$20	\$0	\$96
10854	Acc. Dopr. - AMR meters a/c 370	-\$2,278,867	-\$2,317,006	-\$2,355,165	-\$2,307,074	-\$2,344,783	-\$2,382,492	-\$2,420,239	-\$2,458,069	-\$2,495,899	-\$2,533,729	-\$2,571,559	-\$2,610,146
	Prior Year	-\$1,873,155	-\$1,908,430	-\$1,943,706	-\$1,952,507	-\$1,987,658	-\$2,022,809	-\$2,058,651	-\$2,094,493	-\$2,130,334	-\$2,166,176	-\$2,202,626	-\$2,240,728
	Change	-\$405,712	-\$408,576	-\$411,459	-\$354,567	-\$357,125	-\$359,682	-\$361,588	-\$363,576	-\$365,565	-\$367,553	-\$368,933	-\$369,418
10855	Acc. Dopr. - Stores Equip.	-\$3,131	-\$3,163	-\$3,196	-\$3,228	-\$3,261	-\$3,293	-\$3,326	-\$3,359	-\$3,391	-\$3,424	-\$3,456	-\$3,489
	Prior Year	-\$2,740	-\$2,772	-\$2,805	-\$2,837	-\$2,870	-\$2,902	-\$2,935	-\$2,968	-\$3,000	-\$3,033	-\$3,065	-\$3,098

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description Change	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
		-\$391	-\$391	-\$391	-\$391	-\$391	-\$391	-\$391	-\$391	-\$391	-\$391	-\$391	-\$391
10856	Acc. Depr. - Station Equip.	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449
	Prior Year	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449	-\$7,449
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10857	Acc. Depr. - SCADA -RTU	-\$271,776	-\$273,674	-\$275,573	-\$277,472	-\$279,370	-\$281,269	-\$283,167	-\$285,066	-\$286,965	-\$288,863	-\$290,762	-\$292,660
	Prior Year	-\$256,670	-\$257,715	-\$258,761	-\$259,806	-\$260,852	-\$261,898	-\$262,943	-\$263,989	-\$265,034	-\$266,080	-\$267,979	-\$269,877
	Change	-\$15,106	-\$15,959	-\$16,812	-\$17,665	-\$18,518	-\$19,371	-\$20,224	-\$21,077	-\$21,930	-\$22,783	-\$22,783	-\$22,783
10858	Acc. Depr. - SCADA -System Eq	-\$694,255	-\$699,014	-\$703,773	-\$708,531	-\$713,290	-\$718,049	-\$722,808	-\$727,639	-\$689,779	-\$694,461	-\$699,144	-\$703,827
	Prior Year	-\$705,441	-\$710,244	-\$715,047	-\$719,850	-\$724,653	-\$729,456	-\$734,259	-\$739,062	-\$743,865	-\$748,668	-\$684,737	-\$689,496
	Change	\$11,186	\$11,230	\$11,274	\$11,318	\$11,363	\$11,407	\$11,451	\$11,423	\$54,086	\$54,206	-\$14,407	-\$14,331
10859	Acc. Depr. - Office Equipment	-\$1,597,764	-\$1,620,196	-\$1,642,742	-\$1,665,769	-\$1,688,796	-\$1,711,823	-\$1,734,850	-\$1,757,877	-\$1,683,991	-\$1,686,123	-\$1,688,255	-\$1,701,893
	Prior Year	-\$1,338,315	-\$1,359,237	-\$1,380,348	-\$1,401,537	-\$1,422,861	-\$1,444,335	-\$1,465,891	-\$1,487,447	-\$1,509,003	-\$1,530,888	-\$1,552,958	-\$1,575,353
	Change	-\$259,449	-\$260,958	-\$262,393	-\$262,232	-\$261,700	-\$221,411	-\$199,856	-\$178,924	-\$174,988	-\$155,235	-\$133,165	-\$126,540
10860	Acc. Depr. - Poles, Towers, Fixt	-\$15,482,086	-\$15,574,424	-\$15,659,247	-\$15,679,830	-\$15,729,367	-\$15,828,023	-\$15,951,109	-\$15,989,687	-\$16,091,814	-\$16,173,504	-\$16,284,135	-\$16,403,586
	Prior Year	-\$14,417,295	-\$14,533,215	-\$14,607,104	-\$14,663,323	-\$14,759,111	-\$14,867,150	-\$14,974,397	-\$15,080,912	-\$15,200,319	-\$15,307,451	-\$15,406,887	-\$15,531,731
	Change	-\$1,064,791	-\$1,041,209	-\$1,052,142	-\$1,016,506	-\$970,256	-\$960,873	-\$976,712	-\$908,775	-\$891,495	-\$866,053	-\$877,249	-\$871,855
10861	Acc. Depr. - Overhead Lines	-\$10,532,691	-\$10,669,447	-\$10,761,542	-\$10,848,869	-\$10,942,635	-\$11,079,522	-\$11,224,507	-\$11,326,387	-\$11,463,789	-\$11,558,559	-\$11,702,221	-\$11,845,342
	Prior Year	-\$9,171,344	-\$9,314,017	-\$9,419,348	-\$9,524,177	-\$9,641,027	-\$9,770,188	-\$9,911,353	-\$10,048,586	-\$10,197,795	-\$10,330,057	-\$10,453,437	-\$10,593,089
	Change	-\$1,361,347	-\$1,355,430	-\$1,342,194	-\$1,324,692	-\$1,301,608	-\$1,309,334	-\$1,313,155	-\$1,277,801	-\$1,265,994	-\$1,228,503	-\$1,248,784	-\$1,252,252
10862	Acc. Depr. - Underground Condu	-\$2,851,166	-\$2,890,173	-\$2,927,848	-\$2,983,566	-\$3,030,919	-\$3,084,241	-\$3,137,771	-\$3,194,944	-\$3,248,474	-\$3,301,277	-\$3,354,079	-\$3,411,482
	Prior Year	-\$2,530,179	-\$2,580,948	-\$2,606,010	-\$2,657,475	-\$2,694,214	-\$2,723,177	-\$2,733,749	-\$2,785,172	-\$2,831,880	-\$2,885,472	-\$2,918,251	-\$2,971,104
	Change	-\$320,987	-\$309,225	-\$321,838	-\$326,090	-\$336,705	-\$361,065	-\$404,022	-\$409,172	-\$416,595	-\$415,805	-\$435,829	-\$440,379
10863	Acc. Depr. - Line Transformers	-\$7,425,909	-\$7,480,171	-\$7,531,320	-\$7,545,778	-\$7,595,116	-\$7,650,663	-\$7,705,161	-\$7,755,001	-\$7,812,029	-\$7,706,855	-\$7,756,857	-\$7,773,861
	Prior Year	-\$7,183,763	-\$7,238,500	-\$7,290,813	-\$7,167,817	-\$7,227,625	-\$7,275,986	-\$7,324,482	-\$7,380,329	-\$7,430,706	-\$7,483,704	-\$7,539,235	-\$7,376,984
	Change	-\$242,146	-\$241,671	-\$240,507	-\$377,961	-\$367,491	-\$374,676	-\$380,679	-\$374,672	-\$381,323	-\$223,151	-\$217,622	-\$396,878
10864	Acc. Depr. - Padmount Transfon	-\$2,689,488	-\$2,710,455	-\$2,731,462	-\$2,726,992	-\$2,748,174	-\$2,769,421	-\$2,790,596	-\$2,811,830	-\$2,833,147	-\$2,848,021	-\$2,869,385	-\$2,889,539
	Prior Year	-\$2,518,071	-\$2,538,369	-\$2,558,838	-\$2,560,011	-\$2,580,500	-\$2,601,051	-\$2,621,657	-\$2,642,233	-\$2,663,010	-\$2,683,799	-\$2,704,786	-\$2,668,536
	Change	-\$171,417	-\$172,086	-\$172,625	-\$166,982	-\$167,674	-\$168,370	-\$168,939	-\$169,597	-\$170,137	-\$164,221	-\$164,599	-\$221,001
10865	Acc. Depr. - Overhead Services	-\$2,646,959	-\$2,681,916	-\$2,718,810	-\$2,740,820	-\$2,769,668	-\$2,799,536	-\$2,826,643	-\$2,848,792	-\$2,869,229	-\$2,893,379	-\$2,925,308	-\$2,957,191
	Prior Year	-\$2,308,439	-\$2,341,436	-\$2,373,067	-\$2,399,230	-\$2,423,838	-\$2,452,786	-\$2,473,660	-\$2,499,181	-\$2,531,526	-\$2,558,059	-\$2,588,919	-\$2,618,407
	Change	-\$338,520	-\$340,480	-\$345,742	-\$341,590	-\$345,830	-\$346,750	-\$352,983	-\$349,611	-\$337,703	-\$335,320	-\$336,389	-\$338,784
10866	Acc. Depr. - Underground Servk	-\$6,076,568	-\$6,140,671	-\$6,210,339	-\$6,279,640	-\$6,344,490	-\$6,411,057	-\$6,481,455	-\$6,548,716	-\$6,610,003	-\$6,671,965	-\$6,737,670	-\$6,805,979
	Prior Year	-\$5,286,405	-\$5,350,992	-\$5,423,820	-\$5,494,032	-\$5,560,975	-\$5,618,629	-\$5,681,772	-\$5,748,962	-\$5,811,505	-\$5,875,206	-\$5,943,278	-\$6,003,619
	Change	-\$790,163	-\$789,679	-\$786,519	-\$785,608	-\$783,515	-\$792,428	-\$799,683	-\$799,755	-\$798,498	-\$796,759	-\$794,392	-\$802,361
10867	Acc. Depr. - Meters	-\$313,496	-\$315,202	-\$316,908	-\$318,614	-\$320,320	-\$322,025	-\$323,731	-\$325,437	-\$327,143	-\$328,849	-\$330,555	-\$332,261
	Prior Year	-\$293,025	-\$294,731	-\$296,437	-\$298,143	-\$299,849	-\$301,555	-\$303,261	-\$304,967	-\$306,672	-\$308,378	-\$310,084	-\$311,790
	Change	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471	-\$20,471
10868	Acc. Depr. - InsL On Consumer l	-\$1,022,505	-\$1,024,851	-\$1,033,019	-\$1,028,247	-\$1,037,062	-\$1,042,312	-\$1,047,972	-\$1,052,287	-\$1,058,867	-\$1,059,814	-\$1,069,505	-\$1,079,866
	Prior Year	-\$935,864	-\$944,516	-\$954,273	-\$963,402	-\$971,508	-\$978,579	-\$986,584	-\$995,851	-\$1,002,116	-\$1,006,125	-\$1,015,925	-\$1,025,925
	Change	-\$86,641	-\$80,335	-\$78,746	-\$64,845	-\$65,554	-\$63,733	-\$61,384	-\$56,436	-\$56,751	-\$53,689	-\$57,229	-\$63,940







Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13170	Cash Anderson National	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13180	Cash Lawrenceburg National	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13185	Cash Farmers Bank - Franklin C	\$48,266	\$144,970	\$97,749	\$111,448	\$72,960	\$64,187	\$83,823	\$90,875	\$80,288	\$92,636	\$60,977	\$53,826
	Prior Year	\$165,925	\$79,212	\$66,261	\$139,183	\$73,770	\$93,807	\$92,932	\$56,406	\$68,306	\$45,443	\$112,459	\$120,571
	Change	-\$117,059	\$65,758	\$31,488	-\$27,735	-\$810	-\$29,621	-\$9,109	\$34,469	\$11,982	\$47,193	-\$51,482	-\$66,745
13190	Cash United Bank	\$45,327	\$69,705	\$30,751	\$32,823	\$48,650	\$16,377	\$31,435	\$50,001	\$66,206	\$82,922	\$14,040	\$28,902
	Prior Year	\$59,109	\$26,653	\$28,278	\$46,434	\$62,004	\$76,545	\$93,402	\$115,634	\$29,345	\$48,051	\$16,173	\$24,196
	Change	-\$13,782	\$43,053	\$2,473	-\$13,611	-\$13,354	-\$60,169	-\$61,967	-\$65,633	\$36,860	\$34,871	-\$2,134	\$4,706
13195	Cash Town Square Bank	\$3,663	\$35,302	\$39,737	\$44,798	\$48,441	\$6,895	\$10,592	\$13,938	\$17,127	\$19,958	\$22,422	\$7,744
	Prior Year	\$31,675	\$17,093	\$25,335	\$32,297	\$37,828	\$40,930	\$44,971	\$52,013	\$54,252	\$15,567	\$18,327	\$22,368
	Change	-\$28,012	\$18,209	\$14,401	\$12,501	\$10,614	-\$34,035	-\$34,379	-\$38,074	-\$37,125	\$4,391	\$4,095	-\$14,625
13211	Cash RUS Const Fund Ky Bank	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32
	Prior Year	\$0	\$0	\$0	\$0	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$32
	Change	\$32	\$32	\$32	\$32	-\$18	-\$18	-\$18	-\$18	-\$18	-\$18	-\$18	\$0
13300	Transfer of Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13500	Working funds	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
	Prior Year	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
	Change	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	\$0	\$0	\$0	\$0	\$0	\$0
13600	Temporary Cash Investments	\$11,250,000	\$10,000,000	\$7,900,000	\$8,050,000	\$7,400,000	\$7,550,000	\$7,600,000	\$7,200,000	\$7,000,000	\$8,250,000	\$7,900,000	\$7,100,000
	Prior Year	\$6,483,876	\$8,883,755	\$10,817,814	\$11,571,812	\$11,390,010	\$7,989,104	\$6,650,000	\$6,450,000	\$7,350,000	\$9,100,000	\$7,100,000	\$6,400,000
	Change	\$4,766,124	\$1,116,245	-\$2,917,814	-\$3,521,812	-\$3,990,010	-\$439,104	\$950,000	\$750,000	-\$350,000	-\$950,000	\$800,000	\$700,000
13602	Cash -Lburg Acct	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14200	Accounts Receivable consumer	\$15,131,113	\$15,022,597	\$14,896,738	\$11,714,086	\$10,120,210	\$11,251,755	\$11,833,305	\$11,719,157	\$10,219,409	\$9,042,398	\$11,127,631	\$13,396,963
	Prior Year	\$13,590,449	\$13,872,926	\$12,407,646	\$11,174,197	\$10,779,372	\$11,471,135	\$12,435,873	\$12,052,427	\$10,517,109	\$8,921,489	\$10,769,543	\$13,019,657
	Change	\$1,540,664	\$1,149,671	\$2,489,092	\$539,889	-\$659,162	-\$219,380	-\$602,568	-\$333,269	-\$297,699	\$120,909	\$358,088	\$377,306
14201	A/R EKPC Fuel Adj	\$199,574	-\$590,114	-\$634,105	-\$474,348	-\$131,781	\$26,834	-\$512,127	-\$778,350	-\$766,789	-\$908,393	-\$942,556	-\$586,382
	Prior Year	-\$236,426	-\$390,776	-\$607,162	-\$837,632	-\$1,014,090	-\$965,024	-\$926,361	-\$862,300	-\$636,170	-\$480,790	-\$310,191	\$85,130
	Change	\$436,000	-\$199,338	-\$26,943	\$363,284	\$882,310	\$991,858	\$414,234	\$83,950	-\$130,619	-\$427,602	-\$632,366	-\$671,512
14202	A/R EKP Environmental Surchar	\$15,477	-\$252,794	-\$284,566	-\$352,917	-\$292,380	\$26,583	-\$76,038	-\$187,204	-\$114,507	-\$29,112	\$347,405	\$684,652
	Prior Year	\$205,750	-\$340,357	-\$518,399	-\$470,852	-\$273,617	-\$56,408	-\$82,137	-\$246,964	-\$379,880	-\$215,373	\$10,665	\$276,662
	Change	-\$190,273	\$87,563	\$233,834	\$117,945	-\$18,762	\$82,992	\$6,099	\$59,760	\$265,373	\$186,261	\$336,740	\$407,989

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00399  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
14205	A/R long Term Arrangements	\$12,297	\$11,025	\$10,373	\$11,641	\$11,396	\$12,075	\$11,705	\$12,463	\$11,952	\$11,458	\$10,997	\$11,602
	Prior Year	\$18,802	\$21,807	\$25,219	\$25,912	\$25,333	\$22,860	\$20,535	\$21,949	\$18,733	\$16,323	\$15,554	\$13,828
	Change	-\$6,505	-\$10,782	-\$14,846	-\$14,270	-\$13,937	-\$10,785	-\$8,829	-\$9,486	-\$6,781	-\$4,865	-\$4,556	-\$2,226
14208	Prepay - Debt Management	\$12,229	\$9,999	\$25,135	\$48,960	\$61,667	\$59,266	\$57,205	\$58,277	\$55,188	\$58,471	\$53,809	\$41,815
	Prior Year	\$382	\$262	\$1,199	\$679	\$605	\$314	\$110	\$0	\$5,451	\$9,350	\$14,168	\$9,839
	Change	\$11,847	\$9,737	\$23,936	\$48,281	\$61,062	\$58,952	\$57,095	\$58,277	\$49,737	\$49,122	\$39,641	\$31,976
14211	Returned checks - Kentucky Bar	\$1,292	\$254	\$3,423	\$1,327	\$2,255	\$224	\$1,229	\$930	\$1,353	-\$145	\$3,905	\$1,964
	Prior Year	\$665	\$2,378	\$678	\$826	-\$99	\$1,107	\$723	\$1,641	\$468	\$1,162	\$1,277	\$317
	Change	\$627	-\$2,125	\$2,745	\$501	\$2,354	-\$883	\$506	-\$712	\$885	-\$1,308	\$2,628	\$1,647
14212	Returned Checks - Ky Bank - He	\$0	\$269	\$0	\$0	-\$205	\$61	\$0	\$716	\$199	\$0	\$0	\$165
	Prior Year	\$0	\$324	\$774	\$50	\$180	\$167	\$0	\$462	\$437	\$595	\$384	\$447
	Change	\$0	-\$55	-\$774	-\$50	-\$384	-\$105	\$0	\$254	-\$238	-\$595	-\$384	-\$281
14220	Accts Rec-EKP Economic Dev L	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14250	Returned Checks - Peoples Ban	\$581	\$770	\$709	\$297	\$627	-\$86	\$0	\$653	\$1,016	\$45	\$1,546	\$50
	Prior Year	\$0	\$812	\$64	-\$286	\$400	\$598	\$888	\$1,094	\$276	\$715	\$220	\$264
	Change	\$581	-\$42	\$645	\$583	\$227	-\$683	-\$888	-\$441	\$740	-\$670	\$1,326	-\$214
14255	Returned Checks - Lawrencebur	\$145	\$0	\$1,425	\$180	\$0	\$514	\$0	\$337	\$573	\$0	\$123	\$217
	Prior Year	\$0	\$0	\$515	\$0	\$0	\$165	\$0	\$642	\$563	\$190	\$221	\$0
	Change	\$145	\$0	\$910	\$180	\$0	\$349	\$0	-\$305	\$10	\$0	-\$98	\$217
14260	Loans to members - Energy con	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$1,216	\$1,101	\$986	\$870	\$756	\$636	\$518	\$399	\$301	\$301	\$301	\$0
	Change	-\$1,216	-\$1,101	-\$986	-\$870	-\$756	-\$636	-\$518	-\$399	-\$301	\$0	-\$301	\$0
14261	Loan - water heater/elec fireplac	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$439	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	-\$439	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14270	A/R Assistance Vouchers	\$85,011	\$63,100	\$37,572	\$4,492	\$1,853	\$2,990	\$1,848	\$2,473	\$2,194	\$1,863	\$43,345	\$15,331
	Prior Year	\$118,738	\$137,486	\$64,681	\$10,428	\$1,231	\$1,231	\$1,855	\$1,577	\$2,217	\$2,725	\$52,070	\$51,074
	Change	-\$33,727	-\$74,386	-\$27,110	-\$5,937	\$622	\$1,759	-\$6	\$896	-\$23	-\$862	-\$8,725	-\$35,742
14271	A/R Community Action - Madison	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	-\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14272	A/R Community Action -Fox Cre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14273	A/R Community Action -Harrison	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14300	Accounts Receivable - Other	\$1,054,596	\$675,555	\$718,628	\$809,795	\$690,932	\$785,006	\$939,250	\$1,054,113	\$1,177,186	\$1,349,284	\$1,280,782	\$1,295,403
	Prior Year	\$1,274,201	\$1,329,331	\$856,518	\$761,508	\$870,145	\$967,573	\$1,065,503	\$1,208,892	\$1,309,799	\$1,331,165	\$1,430,355	\$1,646,080



Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description Change	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
		-\$219,605	-\$653,776	-\$137,890	\$48,287	-\$179,213	-\$182,568	-\$126,253	-\$154,779	-\$132,613	\$18,119	-\$149,572	-\$350,677
14301	FEMA Receivable	-\$51,352	-\$51,352	-\$51,352	-\$51,352	-\$51,352	-\$43,952	-\$36,552	-\$29,152	-\$21,752	-\$14,352	-\$6,952	\$0
	Prior Year	\$98,016	\$115,416	-\$138,352	-\$120,952	-\$103,552	-\$86,152	-\$68,752	-\$51,352	-\$51,352	-\$51,352	-\$51,352	-\$51,352
	Change	-\$149,368	-\$166,769	\$87,000	\$69,600	\$52,200	\$42,200	\$32,200	\$22,200	\$29,600	\$37,000	\$44,400	\$51,352
14302	Other A/R -Fox Creek	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14303	A/R EKP- Industrial Dev Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14304	A/R - BGAD-Trane Contract	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,070,918	\$1,070,918	\$1,061,994	\$1,053,069	\$1,044,145
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,070,918	\$1,070,918	\$1,061,994	\$1,053,069	\$1,044,145
14310	A/R Major Med. And Ret.	\$148,500	\$121,994	\$95,645	\$69,363	\$42,947	\$16,823	\$148,948	\$122,108	\$95,789	\$6,817	\$43,472	\$17,285
	Prior Year	\$146,273	\$123,005	\$96,518	\$69,364	\$43,147	\$17,636	\$147,568	\$119,969	\$94,102	\$66,945	\$41,078	\$15,211
	Change	\$2,227	-\$1,011	-\$872	\$0	-\$200	-\$812	\$1,379	\$2,140	\$1,687	-\$60,127	\$2,394	\$2,075
14320	A/R other	\$0	\$0	\$48,493	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,294
	Prior Year	\$0	\$0	\$9,231	-\$2,203	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$39,262	\$2,203	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,294
14321	AR -Other- Storm Assistance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$8,205	-\$2,466	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	-\$8,205	\$2,466	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14330	A/R BGAD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14420	Uncollectible Accounts	-\$324,910	-\$322,969	-\$296,562	-\$287,485	-\$271,876	-\$282,115	-\$297,344	-\$320,990	-\$313,109	-\$309,812	-\$310,787	-\$324,574
	Prior Year	-\$320,075	-\$312,244	-\$304,709	-\$289,411	-\$293,734	-\$308,701	-\$320,566	-\$325,800	-\$315,047	-\$303,715	-\$311,443	-\$319,312
	Change	-\$4,835	-\$10,724	\$8,147	\$1,926	\$21,857	\$26,586	\$23,222	\$4,810	\$1,938	-\$6,097	\$656	-\$5,262
14430	Uncollectible Accts-Other	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000
	Prior Year	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000	-\$2,000
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15400	Material	\$1,475,326	\$1,478,614	\$1,424,880	\$1,266,202	\$1,266,755	\$1,272,893	\$1,316,812	\$1,304,565	\$1,304,619	\$1,306,789	\$1,348,484	\$1,378,197
	Prior Year	\$1,272,886	\$1,290,441	\$1,261,234	\$1,274,327	\$1,253,318	\$1,337,860	\$1,389,993	\$1,546,422	\$1,552,610	\$1,382,330	\$1,402,371	\$1,470,861
	Change	\$202,440	\$188,173	\$163,646	-\$8,125	\$13,436	-\$64,967	-\$73,181	-\$241,857	-\$247,991	-\$75,541	-\$53,887	-\$92,664
15401	Consigned Poles	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172
	Prior Year	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172	-\$22,172
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1	\$0	\$0	\$0	\$0
15410	Gasoline Stock Acct	\$16,182	\$14,207	\$17,158	\$18,280	\$19,251	\$15,366	\$14,762	\$13,129	\$12,514	\$16,023	\$17,632	\$14,899
	Prior Year	\$17,905	\$17,433	\$18,168	\$18,923	\$17,457	\$14,086	\$11,705	\$17,396	\$17,174	\$15,443	\$16,393	\$16,927
	Change	-\$1,723	-\$3,226	-\$1,010	-\$643	\$1,794	\$1,280	\$3,056	-\$4,266	-\$4,660	\$580	\$1,238	-\$2,028

Blue Grass Energy Cooperative Corporation  
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Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
15500	Material Resale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16300	Storos Expensio - Clearing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,266	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,266	\$0
16510	Prepayments	\$447,695	\$358,870	\$269,330	\$179,790	\$90,250	\$0	\$458,790	\$367,031	\$275,272	\$182,513	\$94,044	\$0
	Prior Year	\$427,924	\$342,331	\$256,737	\$171,143	\$85,549	\$0	\$430,125	\$346,101	\$259,575	\$183,550	\$92,025	\$1,630
	Change	\$19,771	\$16,539	\$12,593	\$8,647	\$4,701	\$0	\$28,664	\$20,930	\$15,696	-\$1,038	\$2,019	-\$1,630
16511	Prepayments Federated Insuran	\$251,103	\$228,275	\$205,447	\$182,619	\$159,791	\$136,964	\$114,136	\$91,308	\$68,480	\$45,652	\$22,824	\$0
	Prior Year	\$24,854	\$225,946	\$203,351	\$180,756	\$158,162	\$135,567	\$112,973	\$90,378	\$67,784	\$45,189	\$22,595	\$0
	Change	\$226,249	\$2,330	\$2,096	\$1,863	\$1,630	\$1,396	\$1,163	\$929	\$696	\$463	\$229	\$0
16512	Prepayments Emp Ins. Contribut	-\$128	-\$1,000	-\$1,788	-\$2,616	-\$3,535	-\$4,431	\$100	-\$796	-\$1,866	-\$2,576	-\$3,337	-\$4,257
	Prior Year	\$949	\$77	-\$768	-\$1,613	-\$2,976	-\$3,811	\$318	-\$476	-\$1,277	-\$2,077	-\$2,877	-\$3,675
	Change	-\$1,077	-\$1,077	-\$1,020	-\$1,003	-\$559	-\$620	-\$218	-\$319	-\$569	-\$499	-\$460	-\$563
16513	Prepayment Billing Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$230	\$447	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$230	\$447	\$0	\$0
16514	Prepayment Wokmans Comp Ins	\$144,845	\$131,677	\$123,425	\$109,711	\$95,997	\$82,283	\$68,569	\$54,855	\$41,141	\$27,427	\$12,412	\$179,338
	Prior Year	\$138,010	\$126,012	\$113,466	\$97,457	\$84,910	\$72,364	\$40,287	\$28,227	\$16,166	\$4,105	\$7,955	\$158,013
	Change	\$6,835	\$5,665	\$9,959	\$12,254	\$11,087	\$9,919	\$28,282	\$26,628	\$24,975	\$23,322	\$4,457	\$21,325
16515	Long Term Care Insurance	\$108	\$108	\$108	\$108	\$108	\$108	\$121	\$121	\$121	\$121	\$121	\$121
	Prior Year	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108	\$108
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$13	\$13	\$13	\$13	\$13	\$13
16516	Identity Theft Insurance	-\$220	-\$220	-\$220	-\$221	-\$221	-\$221	-\$208	-\$208	-\$477	-\$687	-\$233	-\$233
	Prior Year	-\$226	-\$194	-\$36	-\$194	-\$194	-\$194	-\$194	-\$194	-\$220	-\$220	-\$220	-\$220
	Change	\$6	-\$27	-\$257	-\$27	-\$27	-\$27	-\$14	-\$14	-\$257	-\$467	-\$13	-\$13
16517	Prepayment Pension Contributic	\$73,412	\$146,825	\$215,501	\$288,914	\$289,914	\$286,914	\$343,811	\$398,214	\$296,966	\$199,717	\$100,468	\$0
	Prior Year	\$70,069	\$140,137	\$204,320	\$271,289	\$337,654	\$404,019	\$470,879	\$536,457	\$402,343	\$268,229	\$134,115	\$0
	Change	\$3,343	\$6,688	\$11,181	\$17,625	-\$47,740	-\$115,105	-\$127,067	-\$138,242	-\$103,377	-\$68,512	-\$33,647	\$0
16520	Prepayments - Other	\$95,958	\$80,242	\$64,525	\$48,809	\$33,093	\$17,376	\$69,894	\$54,117	\$38,461	\$76,354	\$60,514	\$44,674
	Prior Year	\$96,531	\$80,761	\$64,990	\$49,220	\$33,450	\$17,680	\$70,011	\$54,241	\$38,470	\$22,700	\$59,135	\$43,441
	Change	-\$573	-\$519	-\$465	-\$411	-\$357	-\$304	-\$117	-\$123	-\$10	\$53,653	\$1,379	\$1,233
16521	Prepayemtn - QEI Maintenance	\$9,036	\$8,214	\$7,393	\$6,571	\$5,750	\$4,929	\$4,107	\$3,286	\$2,464	\$11,710	\$10,888	\$10,067
	Prior Year	\$8,849	\$8,044	\$7,240	\$6,435	\$5,631	\$4,827	\$4,022	\$3,218	\$2,413	\$11,466	\$10,661	\$9,857
	Change	\$187	\$170	\$153	\$136	\$119	\$102	\$85	\$68	\$51	\$244	\$227	\$210
16522	Prepayment - Porcho Maintenan	\$2,363	\$15,369	\$14,188	\$13,006	\$11,823	\$10,641	\$9,459	\$8,276	\$7,095	\$5,912	\$4,729	\$3,547
	Prior Year	\$1,857	\$15,103	\$14,174	\$12,993	\$11,812	\$10,631	\$9,449	\$8,268	\$7,087	\$5,906	\$4,725	\$3,544
	Change	\$506	\$267	\$14	\$13	\$12	\$11	\$9	\$8	\$8	\$6	\$5	\$4
16523	Prepayment - E & H Phone Mair	\$9,037	\$7,229	\$5,422	\$3,615	\$1,807	\$18,420	\$16,885	\$15,350	\$13,815	\$12,280	\$14,490	\$12,955
	Prior Year	\$14,532	\$11,626	\$8,719	\$5,813	\$2,906	\$21,688	\$19,681	\$18,073	\$16,266	\$14,459	\$12,651	\$10,844

Blue Grass Energy Cooperative Corporation  
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December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
	Change	-\$5,495	-\$4,397	-\$3,297	-\$2,198	-\$1,099	-\$3,268	-\$2,996	-\$2,723	-\$2,451	-\$2,179	\$1,939	\$2,111
16524	Prepayment ESRI Maint. Contra	\$1,463	\$18,545	\$17,079	\$15,533	\$13,987	\$12,442	\$10,896	\$9,350	\$7,804	\$6,259	\$4,713	\$3,167
	Prior Year	\$19,063	\$17,596	\$16,126	\$14,660	\$13,194	\$11,727	\$10,261	\$8,795	\$7,328	\$5,862	\$4,396	\$2,929
	Change	-\$17,600	\$949	\$953	\$873	\$794	\$714	\$635	\$556	\$476	\$397	\$317	\$238
16525	Prepayment UAI Software Maint	\$3,317	\$2,654	\$1,990	\$1,327	\$663	\$7,961	\$7,297	\$6,634	\$5,970	\$5,307	\$4,644	\$3,980
	Prior Year	\$3,317	\$2,654	\$1,990	\$1,327	\$663	\$7,961	\$7,297	\$6,634	\$5,970	\$5,307	\$4,644	\$3,980
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16526	Prepayment - Uniforms	\$30,229	\$30,344	\$32,734	\$35,241	\$33,941	\$35,381	\$36,131	\$36,993	\$35,693	\$34,693	\$33,393	\$35,342
	Prior Year	\$5,716	\$4,916	\$4,949	\$16,147	\$17,380	\$16,580	\$17,574	\$16,774	\$21,683	\$21,925	\$22,890	\$28,053
	Change	\$24,513	\$25,428	\$27,785	\$19,094	\$16,561	\$18,801	\$18,557	\$20,219	\$14,010	\$12,767	\$10,503	\$7,289
16527	Prepayment - Comsquard Imag	\$11,127	\$10,116	\$9,104	\$8,093	\$7,081	\$6,070	\$5,058	\$4,046	\$3,035	\$2,023	\$13,578	\$12,566
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,139	\$12,139	\$12,139
	Change	\$11,127	\$10,116	\$9,104	\$8,093	\$7,081	\$6,070	\$5,058	\$4,046	\$3,035	-\$10,116	\$1,439	\$427
17100	Accrued Interest & Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17620	REA Construction Notes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17621	RUS -FFB Notes	\$32,992,000	\$32,992,000	\$32,992,000	\$32,992,000	\$32,992,000	\$32,992,000	\$26,192,000	\$26,192,000	\$26,192,000	\$26,192,000	\$26,192,000	\$26,192,000
	Prior Year	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000	\$37,992,000
	Change	-\$5,000,000	-\$5,000,000	-\$5,000,000	-\$5,000,000	-\$5,000,000	-\$5,000,000	-\$11,800,000	-\$11,800,000	-\$11,800,000	-\$11,800,000	-\$11,800,000	-\$11,800,000
17630	CFC Construction Notes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18100	Unamortized Loan Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18300	Prel Survey and Investigation	\$32,456	\$30,456	\$28,456	\$26,456	\$24,456	\$22,456	\$20,456	\$18,456	\$16,456	\$14,456	\$12,456	\$10,456
	Prior Year	\$56,456	\$54,456	\$52,456	\$50,446	\$48,456	\$46,456	\$44,456	\$42,456	\$40,456	\$38,456	\$36,456	\$34,456
	Change	-\$24,000	-\$24,000	-\$24,000	-\$23,990	-\$24,000	-\$24,000	-\$24,000	-\$24,000	-\$24,000	-\$24,000	-\$24,000	-\$24,000
18400	Transportation - Overhead	\$0	\$22	\$0	\$0	\$0	\$0	\$0	\$0	\$398	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$22	\$0	\$0	\$0	\$0	\$0	\$0	\$398	\$0	\$0	\$0
18410	Transportation Expense - Cleari	\$14	\$12	\$69	\$84	\$224	\$43	\$8	\$37	\$13	\$80	\$10	\$51
	Prior Year	\$83	\$68	\$75	\$70	\$4	\$1,045	\$31	\$32	\$10	\$4	\$37	\$44
	Change	-\$69	-\$56	-\$5	\$14	\$220	-\$1,002	-\$24	\$4	\$3	\$76	-\$28	\$7
18600	Misc. Deferred Debits	\$57,059	\$45,648	\$34,236	\$22,824	\$11,412	\$0	\$122,618	\$111,471	\$100,324	\$89,177	\$78,030	\$66,883
	Prior Year	\$137,771	\$112,195	\$28,983	\$19,322	\$9,662	\$136,943	\$125,531	\$114,119	\$102,707	\$91,295	\$79,883	\$68,471
	Change	-\$80,712	-\$66,547	\$5,253	\$3,501	\$1,750	-\$136,943	-\$2,913	-\$2,648	-\$2,383	-\$2,118	-\$1,854	-\$1,589

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Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
18601	Misc. Deferred Debits - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18602	Defg Debit Early Retirement Incr	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18603	Field Inspection Mapping System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18604	Deferred Debit - R&S Prepaymo	\$0	\$0	\$4,342,389	\$4,342,389	\$4,221,747	\$4,197,623	\$4,173,498	\$4,149,374	\$4,125,250	\$4,101,125	\$4,077,001	\$4,052,876
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$4,342,389	\$4,342,389	\$4,221,747	\$4,197,623	\$4,173,498	\$4,149,374	\$4,125,250	\$4,101,125	\$4,077,001	\$4,052,876
18620	Def Debits / Wages and Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20010	Memberships	-\$1,028,863	-\$1,028,660	-\$1,028,540	-\$1,029,298	-\$1,029,288	-\$1,030,693	-\$1,031,810	-\$1,031,965	-\$1,033,133	-\$1,033,715	-\$1,033,943	-\$1,033,948
	Prior Year	-\$1,023,010	-\$1,023,945	-\$1,025,183	-\$1,025,813	-\$1,026,523	-\$1,027,793	-\$1,029,450	-\$1,029,063	-\$1,029,358	-\$1,027,490	-\$1,028,860	-\$1,027,888
	Change	-\$5,853	-\$4,715	-\$3,358	-\$3,485	-\$2,765	-\$2,900	-\$2,360	-\$2,903	-\$3,775	-\$6,225	-\$5,083	-\$6,060
20020	Inactive Memberships	-\$10,595	-\$10,645	-\$10,645	-\$10,670	-\$10,670	-\$10,670	-\$10,695	-\$10,720	-\$10,720	-\$10,745	-\$10,745	-\$10,770
	Prior Year	-\$10,320	-\$10,320	-\$10,370	-\$10,370	-\$10,395	-\$10,420	-\$10,520	-\$10,520	-\$10,545	-\$10,545	-\$10,545	-\$10,545
	Change	-\$275	-\$325	-\$275	-\$300	-\$275	-\$250	-\$175	-\$200	-\$175	-\$200	-\$200	-\$225
20100	Patronage Capital Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20110	Pat Capital Credits Assigned	-\$67,981,661	-\$67,972,252	-\$75,603,103	-\$75,578,053	-\$75,564,605	-\$75,558,543	-\$75,540,451	-\$75,531,963	-\$75,504,827	-\$75,487,487	-\$75,456,844	-\$75,436,199
	Prior Year	-\$57,775,664	-\$57,765,373	-\$68,065,139	-\$68,064,828	-\$68,051,803	-\$68,030,482	-\$68,022,318	-\$68,018,787	-\$68,011,501	-\$68,000,539	-\$67,993,592	-\$67,986,312
	Change	-\$10,205,997	-\$10,206,879	-\$7,537,964	-\$7,513,225	-\$7,512,802	-\$7,528,061	-\$7,518,134	-\$7,513,176	-\$7,493,326	-\$7,486,948	-\$7,463,252	-\$7,449,887
20120	Pat Capital Credits Assignable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20130	Prior Years Deficits	\$66,802	\$66,802	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$424,804	\$424,804	\$66,802	\$66,802	\$66,802	\$66,802	\$66,802	\$66,802	\$66,802	\$66,802	\$66,802	\$66,802
	Change	-\$358,002	-\$358,002	-\$66,802	-\$66,802	-\$66,802	-\$66,802	-\$66,802	-\$66,802	-\$66,802	-\$66,802	-\$66,802	-\$66,802
20800	Donated Capital	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,884	-\$372,859	-\$372,859
	Prior Year	-\$358,432	-\$358,501	-\$358,501	-\$358,501	-\$358,501	-\$358,414	-\$358,414	-\$360,266	-\$360,266	-\$372,884	-\$372,884	-\$372,884
	Change	-\$14,452	-\$14,382	-\$14,382	-\$14,382	-\$14,382	-\$14,470	-\$14,470	-\$12,617	-\$12,617	\$0	\$25	\$25
21400	Accumulated Comprehensive Inc	\$1,094,585	\$1,087,085	\$1,079,585	\$1,072,085	\$1,064,585	\$1,057,085	\$1,049,585	\$2,383,130	\$2,376,288	\$2,369,446	\$2,362,604	\$2,355,762
	Prior Year	\$1,184,585	\$1,177,085	\$1,169,585	\$1,162,085	\$1,154,585	\$1,147,085	\$1,139,585	\$1,132,085	\$1,124,585	\$1,117,085	\$1,109,585	\$1,102,085
	Change	-\$90,000	-\$90,000	-\$90,000	-\$90,000	-\$90,000	-\$90,000	-\$90,000	\$1,251,045	\$1,251,703	\$1,252,361	\$1,253,019	\$1,253,677
21700	Retimed Capital Credits - Gain	-\$3,115,083	-\$3,117,499	-\$3,120,328	-\$3,133,283	-\$3,138,417	-\$3,141,296	-\$3,146,311	-\$3,149,786	-\$3,157,676	-\$3,161,770	-\$3,171,433	-\$3,177,839
	Prior Year	-\$3,083,936	-\$3,087,482	-\$3,092,691	-\$3,087,739	-\$3,091,874	-\$3,098,981	-\$3,101,722	-\$3,103,389	-\$3,106,065	-\$3,109,305	-\$3,111,174	-\$3,113,775



Blue Grass Energy Cooperative Corporation  
Case No. 2014-00399  
Comparison of Tost Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
228.22	EKP Debt-Marketing Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22830	Acc Postretirement Benefit	-\$7,495,219	-\$7,533,854	-\$7,572,490	-\$7,611,343	-\$7,649,512	-\$7,687,992	-\$7,562,626	-\$9,043,024	-\$9,094,493	-\$9,146,423	-\$9,193,522	-\$9,203,752
	Prior Year	-\$7,370,534	-\$7,407,436	-\$7,444,477	-\$7,481,191	-\$7,518,106	-\$7,554,291	-\$7,436,728	-\$7,474,112	-\$7,511,302	-\$7,542,716	-\$7,580,068	-\$7,617,096
	Change	-\$124,685	-\$126,418	-\$128,013	-\$130,152	-\$131,407	-\$133,702	-\$125,898	-\$1,568,913	-\$1,583,192	-\$1,603,708	-\$1,613,454	-\$1,586,656
23100	Notes Payable Harrison/EKP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23210	Accounts Payable	-\$805,424	-\$500,545	-\$1,235,669	-\$656,827	-\$1,056,794	-\$702,671	-\$1,026,294	-\$610,474	-\$1,118,243	-\$522,598	-\$1,479,000	-\$1,778,990
	Prior Year	-\$838,118	-\$807,404	-\$1,036,464	-\$737,457	-\$834,892	-\$647,457	-\$1,069,434	-\$760,318	-\$827,356	-\$587,326	-\$877,628	-\$1,875,255
	Change	\$232,694	\$306,859	-\$199,205	\$80,630	-\$221,902	-\$55,214	\$43,140	\$149,844	-\$290,887	\$64,728	-\$601,372	\$96,265
23212	Accounts Payable Wintercare	\$0	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2	-\$2
23213	CFC - ZTC Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23215	A/P - American Express					\$94	\$4,893	-\$98	\$3,061	\$9,737	\$9,737	\$15,971	\$10,257
	Prior Year					\$0	\$0	\$0	-\$5,131	\$0	\$673	\$5,347	\$0
	Change	\$0	\$0	\$0	\$0	\$94	\$4,893	-\$98	\$8,192	\$9,737	\$9,064	\$10,624	\$10,257
23230	Accounts Payable Other	-\$9,965,871	-\$9,265,760	-\$8,908,637	-\$6,965,835	-\$7,324,265	-\$8,481,507	-\$9,575,965	-\$8,640,278	-\$7,377,554	-\$6,662,888	-\$8,392,061	-\$9,677,266
	Prior Year	-\$9,402,944	-\$8,234,006	-\$6,506,591	-\$5,736,544	-\$6,982,305	-\$7,981,635	-\$9,141,715	-\$8,472,812	-\$7,540,165	-\$7,631,117	-\$8,983,592	-\$9,222,525
	Change	-\$562,927	-\$1,031,754	-\$2,402,046	-\$1,229,291	-\$341,960	-\$499,873	-\$434,251	-\$167,466	\$162,611	\$968,229	\$591,531	-\$454,741
23231	Deferred Compensation	\$0	\$0	\$0	\$1,355	\$1,355	\$1,355	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	-\$975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$975	\$0	\$0	\$1,355	\$1,355	\$1,355	\$0	\$0	\$0	\$0	\$0	\$0
23232	Wage Garnishment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23234	A/P - Harshaw Trane - BGAD Pr	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$856,734	-\$856,734	-\$856,734	-\$642,551	-\$642,551
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$856,734	-\$856,734	-\$856,734	-\$642,551	-\$642,551
23235	Retro Liability - Medical Ins.												-\$125,000
	Prior Year												\$0
	Change												-\$125,000
23240	Accounts Payable Credit Union	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,278	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$11,301	\$0	\$0	\$0	\$0	\$10,417	\$0	\$0
	Change	\$0	\$0	\$0	\$0	-\$11,301	\$0	\$0	\$0	\$0	-\$139	\$0	\$0
23510	Consumer Deposits	-\$1,865,556	-\$1,881,621	-\$1,881,856	-\$1,878,656	-\$1,876,795	-\$1,863,531	-\$1,856,676	-\$1,861,886	-\$1,858,361	-\$1,843,741	-\$1,836,366	-\$1,831,336
	Prior Year	-\$1,863,488	-\$1,900,763	-\$1,915,593	-\$1,926,081	-\$1,930,951	-\$1,930,696	-\$1,929,671	-\$1,917,196	-\$1,911,286	-\$1,908,507	-\$1,904,702	-\$1,891,681

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
	Change	\$16,932	\$19,142	\$33,727	\$47,425	\$54,156	\$67,165	\$72,995	\$55,310	\$52,925	\$64,765	\$68,835	\$60,345
23610	Accrued Property Tax	-\$308,230	-\$464,480	-\$583,547	-\$738,728	-\$894,978	-\$1,051,223	-\$1,152,676	-\$653,098	-\$381,957	-\$258,972	-\$118,100	\$0
	Prior Year	-\$345,384	-\$446,026	-\$376,848	-\$531,035	-\$685,385	-\$839,735	-\$431,264	-\$585,514	-\$322,101	-\$341,879	-\$31,944	-\$152,000
	Change	\$37,154	-\$18,453	-\$206,699	-\$207,693	-\$209,593	-\$211,488	-\$721,412	-\$67,484	-\$59,856	\$82,907	-\$86,157	\$152,000
23620	Accrued FUT	-\$3,261	-\$4,319	-\$4,471	-\$21	-\$49	-\$113	-\$65	-\$118	-\$126	\$114	\$94	\$52
	Prior Year	-\$3,028	-\$4,392	-\$4,603	-\$10	-\$18	-\$47	-\$28	-\$58	-\$66	-\$10	-\$26	-\$34
	Change	-\$233	\$73	\$132	-\$11	-\$31	-\$66	-\$37	-\$60	-\$61	\$124	\$121	\$85
23630	Accrued FICA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$94	-\$94	-\$94
	Prior Year	-\$150	-\$661	-\$661	-\$661	\$0	\$0	\$0	\$11,692	\$0	\$0	\$0	\$0
	Change	\$150	\$661	\$661	\$661	\$0	\$0	\$0	-\$11,692	\$0	-\$94	-\$94	-\$94
23640	Accrued SUT	-\$5,921	-\$8,838	-\$9,506	\$212	\$155	\$49	\$200	\$88	\$56	\$157	\$114	\$30
	Prior Year	-\$5,436	-\$8,925	-\$9,777	-\$86	-\$100	-\$148	-\$47	-\$99	-\$109	-\$16	-\$44	-\$65
	Change	-\$485	\$87	\$271	\$298	\$256	\$196	\$247	\$186	\$165	\$173	\$158	\$95
23650	Accrued Ky Sales Tax	-\$120,611	-\$119,320	-\$94,639	-\$118,368	-\$111,669	-\$117,861	-\$126,325	-\$123,403	-\$115,033	-\$110,168	-\$109,551	-\$110,796
	Prior Year	-\$107,573	-\$94,034	-\$86,879	-\$92,407	-\$89,499	-\$100,129	-\$105,408	-\$95,764	-\$100,908	-\$90,017	-\$100,460	-\$97,603
	Change	-\$13,038	-\$25,287	-\$7,760	-\$25,960	-\$22,169	-\$17,732	-\$20,917	-\$27,639	-\$14,125	-\$20,152	-\$9,091	-\$13,193
23660	Accrued School Tax	-\$368,673	-\$394,384	-\$330,225	-\$313,340	-\$239,186	-\$265,849	-\$309,730	-\$310,221	-\$290,313	-\$241,374	-\$261,162	-\$331,371
	Prior Year	-\$354,224	-\$355,932	-\$285,005	-\$224,191	-\$220,989	-\$252,215	-\$303,344	-\$315,686	-\$276,870	-\$221,352	-\$261,393	-\$291,112
	Change	-\$14,449	-\$38,452	-\$45,221	-\$89,149	-\$18,197	-\$13,633	-\$6,387	\$5,465	-\$13,443	-\$20,022	\$231	-\$40,258
23670	Madison Co Occupational Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23671	Local Occupational Tax	\$11,783	\$7,483	\$2,988	\$13,067	\$6,009	\$1,321	\$12,998	\$8,282	\$3,650	\$13,340	\$5,948	\$1,134
	Prior Year	\$18,395	\$14,530	\$8,982	\$18,658	\$14,463	\$7,546	\$19,459	\$14,196	\$9,979	\$20,955	\$14,005	\$0
	Change	-\$6,612	-\$7,047	-\$5,994	-\$5,592	-\$8,454	-\$6,225	-\$6,461	-\$5,914	-\$6,329	-\$7,615	-\$8,056	\$1,134
23672	Richmond City Occupational T:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23673	Electrical Inspect. Fee Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$0
	Prior Year	-\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$0
23680	Accrued Franchise Fee - Nichol	-\$33,880	-\$36,122	-\$31,063	-\$29,721	-\$24,159	-\$28,092	-\$33,276	-\$34,610	-\$31,886	-\$27,545	-\$25,255	-\$30,381
	Prior Year	-\$33,148	-\$33,285	-\$27,534	-\$24,114	-\$23,652	-\$28,164	-\$33,796	-\$36,536	-\$32,995	-\$25,063	-\$25,745	-\$28,041
	Change	-\$732	-\$2,838	-\$3,528	-\$5,608	-\$507	\$72	\$521	\$1,926	\$509	-\$2,281	\$490	-\$2,340
23681	Accrued Franchise Fee -Lawren	-\$4,543	-\$4,767	-\$4,090	-\$4,054	-\$3,272	-\$3,684	-\$4,068	-\$4,159	-\$4,070	-\$3,538	-\$3,516	-\$4,019
	Prior Year	-\$4,445	-\$4,538	-\$3,998	-\$3,216	-\$3,227	-\$3,523	-\$3,991	-\$4,477	-\$3,853	-\$3,304	-\$3,571	-\$3,720
	Change	-\$98	-\$229	-\$93	-\$838	-\$45	-\$161	-\$77	\$318	-\$217	-\$234	\$55	-\$299
23682	Accrued Franchise Fee -Fayette	-\$30,575	-\$33,129	-\$28,447	-\$27,410	-\$19,429	-\$22,941	-\$27,835	-\$28,788	-\$25,533	-\$28,760	-\$26,653	-\$34,848
	Prior Year	-\$30,575	-\$31,445	-\$26,011	-\$19,990	-\$19,359	-\$23,041	-\$29,607	-\$31,706	-\$26,696	-\$19,645	-\$20,541	-\$25,054
	Change	\$0	-\$1,684	-\$2,437	-\$7,420	-\$69	\$99	\$1,772	\$2,919	\$1,163	-\$9,115	-\$6,112	-\$9,793

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Tost Year Account Balances with  
those of the Preceding Year - Balance Sheet  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
23683	Accrued Franchise Fee - Harrod	-\$14,298	-\$15,339	-\$11,147	-\$15,869	-\$17,253	-\$17,555	-\$17,644	-\$16,896	-\$16,436	-\$15,973	-\$15,033	-\$16,558
	Prior Year	-\$4,177	-\$4,193	-\$3,909	-\$4,045	-\$3,950	-\$4,193	-\$4,299	-\$4,564	-\$4,690	-\$4,588	-\$4,962	-\$7,506
	Change	-\$10,121	-\$11,146	-\$7,238	-\$11,824	-\$13,302	-\$13,363	-\$13,346	-\$12,332	-\$11,747	-\$11,385	-\$10,072	-\$9,052
23684	Accrued Franchise Fee - George	-\$1,371	-\$1,317	-\$1,116	-\$1,026	-\$769	-\$863	-\$1,028	-\$1,044	-\$984	-\$782	-\$902	-\$1,253
	Prior Year	-\$1,213	-\$1,171	-\$906	-\$720	-\$713	-\$836	-\$1,071	-\$1,022	-\$926	-\$644	-\$860	-\$1,022
	Change	-\$158	-\$146	-\$210	-\$306	-\$57	-\$28	\$43	-\$22	-\$58	-\$138	-\$41	-\$232
23690	Accrued Franchise Fee - Berea	-\$37,560	-\$42,512	-\$37,357	-\$38,243	-\$34,464	-\$36,000	-\$40,480	-\$39,606	-\$37,190	-\$34,177	-\$33,960	-\$35,439
	Prior Year	-\$38,590	-\$39,897	-\$36,238	-\$33,456	-\$32,788	-\$34,894	-\$36,507	-\$38,001	-\$37,737	-\$33,929	-\$36,133	-\$33,641
	Change	\$1,030	-\$2,614	-\$1,119	-\$4,787	-\$1,676	-\$1,106	-\$3,974	-\$1,605	\$547	-\$248	\$2,153	-\$1,796
23691	Accrued Franchise Fee -Cynthiana											-\$10,033	-\$9,787
	Prior Year											\$0	\$0
	Change											-\$10,033	-\$9,787
23710	Accrued Interest - RUS Dobt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23711	Accrued Interest - RUS FFB Loa	-\$25,000	-\$50,000	-\$100,189	-\$35,000	-\$70,000	-\$111,603	-\$35,000	-\$70,000	\$0	-\$37,000	-\$74,000	\$0
	Prior Year	-\$50,000	-\$100,000	-\$75,521	-\$30,000	-\$60,000	-\$79,072	-\$25,000	-\$50,000	-\$79,934	-\$25,000	-\$50,000	\$0
	Change	\$25,000	\$50,000	-\$24,669	-\$5,000	-\$10,000	-\$32,530	-\$10,000	-\$20,000	\$79,934	-\$12,000	-\$24,000	\$0
23720	Accrued Interest - CFC	-\$126,000	\$0	-\$60,000	-\$120,000	\$0	-\$57,000	-\$114,000	\$0	-\$55,000	-\$110,000	\$0	-\$54,000
	Prior Year	-\$150,000	\$0	-\$70,000	-\$140,000	\$0	-\$70,000	-\$140,000	\$0	-\$65,000	-\$130,000	\$0	-\$63,000
	Change	\$24,000	\$0	\$10,000	\$20,000	\$0	\$13,000	\$26,000	\$0	\$10,000	\$20,000	\$0	\$9,000
23730	Int Payable - CFC Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23810	Patroange Capital Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24010	Accrued Interest Deposits	-\$14,641	-\$13,980	-\$13,991	-\$13,996	-\$14,007	-\$13,990	-\$14,007	-\$14,008	-\$14,007	-\$14,009	-\$13,973	-\$14,008
	Prior Year	-\$23,639	-\$23,085	-\$24,237	-\$23,597	-\$24,367	-\$23,674	-\$14,802	-\$14,773	-\$14,710	-\$14,593	-\$14,520	-\$14,542
	Change	\$8,998	\$9,105	\$10,246	\$9,601	\$10,361	\$9,685	\$795	\$765	\$702	\$583	\$547	\$534
24100	Tax Payable Federal Withholdin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$149	\$661	\$661	\$661	\$0	\$0	\$0	-\$11,692	\$0	\$0	\$0	\$0
	Change	-\$149	-\$661	-\$661	-\$661	\$0	\$0	\$0	\$11,692	\$0	\$0	\$0	\$0
24110	Tax Payable State Withholding	-\$30,303	-\$13,260	-\$14,557	-\$13,509	-\$28,055	-\$14,248	-\$29,113	-\$13,828	-\$14,574	-\$14,485	-\$14,239	-\$14,328
	Prior Year	-\$27,956	-\$13,672	-\$16,235	-\$13,616	-\$13,650	-\$14,590	-\$15,973	-\$13,668	-\$13,705	-\$14,096	-\$27,267	-\$13,709
	Change	-\$2,347	\$411	\$1,679	\$107	-\$14,406	\$342	-\$13,140	-\$160	-\$869	-\$389	\$13,049	-\$620
24205	NRECA/401K Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24210	Accrued Payroll	-\$242,992	-\$236,022	-\$269,577	-\$325,999	-\$143,272	-\$149,071	-\$226,414	-\$283,127	-\$297,784	-\$401,109	-\$137,517	-\$223,838
	Prior Year	-\$187,467	-\$217,046	-\$294,453	-\$297,930	-\$387,877	-\$146,351	-\$213,454	-\$266,355	-\$272,797	-\$370,010	-\$132,177	-\$222,112



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

Acct #	Description Change	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
		-\$55,525	-\$18,976	\$14,875	-\$28,068	\$244,605	-\$2,720	-\$12,960	-\$16,772	-\$24,967	-\$31,099	-\$5,340	-\$1,726
24240	Accrued Vacation	-\$275,572	-\$276,572	-\$277,572	-\$278,572	-\$279,572	-\$280,572	-\$281,572	-\$282,572	-\$283,572	-\$284,572	-\$285,572	-\$286,572
	Prior Year	-\$263,598	-\$264,598	-\$265,598	-\$266,598	-\$267,598	-\$268,598	-\$269,598	-\$270,598	-\$267,184	-\$272,598	-\$273,598	-\$274,572
	Change	-\$11,974	-\$11,974	-\$11,974	-\$11,974	-\$11,974	-\$11,974	-\$11,974	-\$11,974	-\$16,388	-\$11,974	-\$11,974	-\$12,000
24250	Other Current & Accrued Liabilit	-\$1,955	-\$16,775	-\$32,240	-\$47,932	-\$64,781	-\$74,736	-\$85,433	-\$81,931	-\$95,573	-\$109,492	-\$122,593	\$0
	Prior Year	\$2,033	-\$9,954	-\$23,582	-\$38,924	-\$45,856	-\$53,988	-\$48,178	-\$50,373	-\$67,605	-\$74,778	-\$87,388	\$0
	Change	-\$3,988	-\$6,822	-\$8,658	-\$9,609	-\$18,925	-\$20,748	-\$17,255	-\$31,557	-\$27,968	-\$34,715	-\$35,204	\$0
24251	Acc Liab. - CTC Inv. From CFC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24252	Acc Liab - Conversion fee CFC I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
242.53	Liability - Early Retirement Incer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24260	Accrued Sick Leave	-\$190,487	-\$190,487	-\$190,487	-\$190,487	-\$190,487	-\$190,487	-\$190,487	-\$176,021	-\$176,021	-\$176,021	-\$176,021	-\$176,021
	Prior Year	-\$210,012	-\$209,427	-\$209,409	-\$190,831	-\$190,774	-\$190,687	-\$190,890	-\$190,529	-\$190,529	-\$190,254	-\$190,254	-\$190,487
	Change	\$19,525	\$18,941	\$18,923	\$344	\$287	\$201	\$403	\$14,508	\$14,508	\$14,234	\$14,234	\$14,466
24270	Accrued Postretirement Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25200	Member Advance for Constructic	-\$417,691	-\$402,968	-\$386,383	-\$389,614	-\$393,901	-\$386,538	-\$387,813	-\$385,315	-\$384,942	-\$383,416	-\$381,227	-\$384,770
	Prior Year	-\$393,354	-\$388,725	-\$387,983	-\$390,594	-\$389,487	-\$416,601	-\$423,765	-\$430,839	-\$431,185	-\$428,512	-\$427,733	-\$423,712
	Change	-\$24,337	-\$14,243	\$1,600	\$980	-\$4,414	\$30,063	\$35,952	\$45,524	\$46,244	\$45,096	\$46,506	\$38,942
25300	Deferred Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$260	\$260	\$260	\$260	\$260	\$260	\$0
	Change	\$0	\$0	\$0	\$0	\$0	-\$260	-\$260	-\$260	-\$260	-\$260	-\$260	\$0
25320	Def Credits Prepaid Security Lgt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25350	United Way Payroll Deduction	-\$40	-\$255	\$128	-\$165	-\$329	\$0	-\$165	-\$329	-\$6	-\$167	-\$392	\$62
	Prior Year	-\$2,714	-\$2,878	-\$2,675	-\$2,840	-\$3,004	-\$3,061	-\$3,225	-\$3,390	-\$3,554	-\$3,351	-\$3,537	\$0
	Change	\$2,674	\$2,623	\$2,803	\$2,675	\$2,675	\$3,061	\$3,060	\$3,060	\$3,548	\$3,164	\$3,145	\$62
25360	401K Employee Pay Deduction	-\$47	-\$47	-\$104	-\$104	-\$104	-\$104	-\$104	-\$19,184	-\$19,184	-\$104	-\$104	-\$104
	Prior Year	-\$20	\$134	\$134	\$3,426	-\$47	-\$47	-\$47	-\$47	-\$47	-\$47	-\$47	-\$47
	Change	-\$27	-\$181	-\$238	-\$3,529	-\$57	-\$57	-\$57	-\$19,138	-\$19,138	-\$57	-\$57	-\$57
25370	ACRE Payroll Deduction	-\$915	-\$1,099	-\$1,283	-\$1,487	-\$1,651	-\$1,835	-\$2,019	\$100	-\$53	-\$199	-\$346	-\$494
	Prior Year	-\$983	-\$1,175	-\$1,361	-\$1,547	-\$1,733	-\$2,012	-\$2,178	\$6	-\$179	-\$363	-\$547	-\$731
	Change	\$68	\$76	\$78	\$80	\$82	\$177	\$159	\$94	\$126	\$164	\$201	\$237

Blue Grass Energy Cooperative Corporation  
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December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
25400	Def Credit Annual Meeting	-\$8,780	-\$20,067	-\$25,848	-\$34,271	\$12,463	\$16,588	-\$2,708	\$6,182	-\$6,330	-\$21,628	-\$16,697	\$0
	Prior Year	-\$1,368	-\$10,417	-\$16,404	-\$8,227	\$10,817	\$39,198	\$36,714	\$25,173	\$13,264	\$2,103	-\$9,791	\$0
	Change	-\$7,412	-\$9,650	-\$9,444	-\$26,044	\$1,646	-\$22,610	-\$39,422	-\$18,991	-\$19,594	-\$23,730	-\$6,906	\$0
25401	Annual Meeting Election	\$0	\$0	\$1,703	\$2,228	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$0
	Prior Year	\$0	\$0	\$1,882	\$1,882	\$1,882	\$1,882	\$1,882	\$1,882	\$1,882	\$1,882	\$1,882	\$0
	Change	\$0	\$0	-\$179	\$346	\$3,991	\$3,991	\$3,991	\$3,991	\$3,991	\$3,991	\$3,991	\$0
25402	Annual Meeting Scholarships	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$8,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
	Change	\$0	\$0	\$0	\$0	\$0	-\$8,000	\$0	\$0	\$0	\$0	\$0	\$0
36200	Station Equipment	\$1,367,473	\$1,367,473	\$1,367,473	\$1,367,473	\$1,367,473	\$1,367,473	\$1,367,473	\$1,388,165	\$1,345,642	\$1,345,642	\$1,345,642	\$1,345,642
	Prior Year	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,380,175	\$1,367,473	\$1,367,473
	Change	-\$12,702	-\$12,702	-\$12,702	-\$12,702	-\$12,702	-\$12,702	-\$12,702	\$7,990	-\$34,533	-\$34,533	-\$21,831	-\$21,831
36210	SCADA Remote Terminal Units	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573	\$545,573
	Prior Year	\$300,463	\$300,463	\$300,463	\$300,463	\$300,463	\$300,463	\$300,463	\$300,463	\$300,463	\$300,463	\$545,573	\$545,573
	Change	\$245,110	\$245,110	\$245,110	\$245,110	\$245,110	\$245,110	\$245,110	\$245,110	\$245,110	\$245,110	\$0	\$0
36400	Poles, Towers Fixtures	\$56,084,262	\$56,219,693	\$56,347,523	\$56,630,774	\$56,811,060	\$56,958,209	\$57,074,839	\$57,321,184	\$57,462,733	\$57,594,571	\$57,741,498	\$57,805,699
	Prior Year	\$54,082,881	\$54,167,391	\$54,348,425	\$54,556,198	\$54,671,804	\$54,773,539	\$54,916,114	\$55,073,181	\$55,178,766	\$55,341,095	\$55,509,375	\$55,594,019
	Change	\$2,001,381	\$2,052,303	\$1,999,097	\$2,074,576	\$2,139,256	\$2,184,669	\$2,158,725	\$2,248,003	\$2,283,967	\$2,253,476	\$2,232,123	\$2,211,680
36500	Overhead Conductors & Devices	\$49,665,645	\$49,737,496	\$49,856,548	\$49,993,019	\$50,197,669	\$50,280,026	\$50,353,817	\$50,484,694	\$50,571,426	\$50,618,229	\$50,707,020	\$50,743,404
	Prior Year	\$47,780,400	\$47,840,760	\$48,027,540	\$48,210,238	\$48,294,230	\$48,399,054	\$48,499,424	\$48,605,112	\$48,694,588	\$48,638,104	\$48,946,778	\$48,981,625
	Change	\$1,885,245	\$1,896,736	\$1,829,007	\$1,782,782	\$1,903,439	\$1,880,972	\$1,854,393	\$1,879,583	\$1,876,837	\$1,780,125	\$1,760,242	\$1,761,779
36700	Underground conductors & Devi	\$13,579,587	\$13,622,981	\$13,684,683	\$13,723,581	\$13,804,949	\$13,848,065	\$13,873,000	\$13,934,342	\$13,973,788	\$14,033,889	\$14,114,686	\$14,138,673
	Prior Year	\$12,439,191	\$12,504,785	\$12,774,221	\$12,795,515	\$12,851,336	\$12,920,099	\$13,065,983	\$13,143,392	\$13,207,144	\$13,252,618	\$13,313,488	\$13,385,245
	Change	\$1,140,396	\$1,118,196	\$910,462	\$928,066	\$953,613	\$927,966	\$807,017	\$790,951	\$766,644	\$781,272	\$801,198	\$753,428
36800	Line Transformers	\$22,340,440	\$22,385,605	\$22,430,931	\$22,440,660	\$22,528,941	\$22,608,163	\$22,681,711	\$22,758,336	\$22,859,427	\$22,800,731	\$22,832,067	\$22,840,565
	Prior Year	\$21,963,388	\$21,996,942	\$22,067,508	\$21,963,569	\$22,023,430	\$22,082,898	\$22,144,005	\$22,239,089	\$22,311,064	\$22,398,620	\$22,427,967	\$22,294,866
	Change	\$377,052	\$388,663	\$363,422	\$477,090	\$505,511	\$525,265	\$537,706	\$519,247	\$548,362	\$402,110	\$404,101	\$545,699
36810	Line Transformers - Padmount	\$9,586,357	\$9,573,971	\$9,592,217	\$9,550,004	\$9,672,039	\$9,701,652	\$9,668,993	\$9,695,851	\$9,733,721	\$9,736,942	\$9,755,350	\$9,800,824
	Prior Year	\$9,243,138	\$9,268,632	\$9,346,331	\$9,355,676	\$9,355,676	\$9,384,028	\$9,409,254	\$9,395,270	\$9,487,135	\$9,493,064	\$9,582,969	\$9,550,692
	Change	\$323,219	\$305,340	\$245,885	\$194,329	\$316,363	\$317,624	\$269,740	\$300,581	\$246,586	\$243,078	\$172,381	\$250,133
36900	Overhead Services	\$10,075,045	\$10,086,869	\$10,100,843	\$10,133,678	\$10,152,221	\$10,182,267	\$10,212,693	\$10,240,372	\$10,258,132	\$10,285,663	\$10,302,618	\$10,324,375
	Prior Year	\$9,841,505	\$9,851,481	\$9,875,175	\$9,888,413	\$9,902,146	\$9,918,261	\$9,935,881	\$9,958,513	\$9,974,154	\$10,004,555	\$10,033,341	\$10,054,241
	Change	\$233,540	\$235,389	\$225,669	\$245,265	\$250,075	\$264,007	\$276,812	\$281,859	\$283,977	\$281,108	\$269,277	\$270,135
36910	Underground Services	\$18,668,137	\$18,737,284	\$18,764,820	\$18,803,874	\$18,857,442	\$18,896,279	\$18,943,339	\$19,025,713	\$19,094,963	\$19,177,161	\$19,238,981	\$19,353,091
	Prior Year	\$17,948,367	\$17,990,013	\$18,034,574	\$18,083,027	\$18,130,881	\$18,190,435	\$18,263,674	\$18,339,315	\$18,388,992	\$18,447,971	\$18,523,427	\$18,609,369
	Change	\$719,770	\$747,271	\$730,245	\$720,847	\$726,561	\$705,844	\$679,665	\$686,398	\$705,971	\$729,190	\$715,554	\$743,722
37000	Meters	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101
	Prior Year	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101	\$450,101
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
37001	Auto Mtr reading Devices - Turtl	\$6,859,564	\$6,859,564	\$6,863,099	\$6,782,220	\$6,782,220	\$6,782,220	\$6,788,996	\$6,803,951	\$6,803,951	\$6,803,951	\$6,803,951	\$6,940,121
	Prior Year	\$6,344,542	\$6,344,542	\$6,344,542	\$6,322,206	\$6,322,206	\$6,322,206	\$6,446,339	\$6,446,339	\$6,446,339	\$6,446,339	\$6,555,670	\$6,852,891



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December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
39600	Power Operated Equipment	\$388,479	\$388,479	\$388,479	\$388,479	\$388,479	\$388,479	\$388,479	\$373,640	\$373,640	\$373,640	\$373,640	\$373,640
	Prior Year	\$394,905	\$394,905	\$394,905	\$394,905	\$394,905	\$396,323	\$396,323	\$388,479	\$388,479	\$388,479	\$388,479	\$388,479
	Change	-\$6,426	-\$6,426	-\$6,426	-\$6,426	-\$6,426	-\$7,844	-\$7,844	-\$14,839	-\$14,839	-\$14,839	-\$14,839	-\$14,839
39700	Communication Equipment	\$993,850	\$993,850	\$1,005,462	\$1,005,462	\$1,005,462	\$1,005,462	\$1,005,462	\$1,005,462	\$1,005,462	\$1,005,462	\$1,005,462	\$1,008,987
	Prior Year	\$995,939	\$995,939	\$995,939	\$1,079,568	\$1,079,568	\$1,074,858	\$993,850	\$993,850	\$993,850	\$993,851	\$993,850	\$993,850
	Change	-\$2,089	-\$2,089	\$9,522	-\$74,106	-\$74,106	-\$69,406	\$11,611	\$11,611	\$11,611	\$11,611	\$11,611	\$15,136
39800	Miscellaneous Equipment	\$205,729	\$205,729	\$205,729	\$205,729	\$205,729	\$205,729	\$205,729	\$205,729	\$205,729	\$205,729	\$220,566	\$220,566
	Prior Year	\$195,801	\$195,801	\$202,180	\$205,024	\$205,024	\$205,024	\$205,024	\$205,024	\$205,024	\$205,024	\$205,729	\$205,729
	Change	\$9,928	\$9,928	\$3,548	\$704	\$704	\$704	\$704	\$704	\$704	\$704	\$14,838	\$14,838





Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Income Statement  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
42640	Expenditure for Civic, Political	\$435	\$967	\$2,189	\$2,189	\$2,189	\$2,203	\$2,203	\$2,377	\$2,470	\$2,470	\$2,734	\$2,987
	Prior Year	\$99	\$99	\$99	\$99	\$99	\$100	\$100	\$515	\$515	\$515	\$1,574	\$2,102
	Change	\$336	\$868	\$2,090	\$2,090	\$2,090	\$2,103	\$2,103	\$1,861	\$1,955	\$1,955	\$1,160	\$884
42650	Other Deductions	\$0	\$4,326	\$4,419	\$5,074	\$5,166	\$5,696	\$16,803	\$16,803	\$17,175	\$17,842	\$19,189	\$20,111
	Prior Year	-\$26,718	-\$11,976	\$17,064	\$17,662	\$17,662	\$17,781	\$18,571	\$19,284	\$19,284	\$19,528	\$19,652	\$19,652
	Change	\$26,718	\$16,303	-\$12,645	-\$12,588	-\$12,496	-\$12,085	-\$1,768	-\$2,481	-\$2,109	-\$1,686	-\$464	\$459
42651	Other Deduction Non Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42710	Interest RUS LTD	\$269,712	\$512,866	\$780,248	\$1,038,513	\$1,304,847	\$1,562,095	\$1,827,373	\$2,092,136	\$2,347,858	\$2,611,555	\$2,866,241	\$3,128,863
	Prior Year	\$275,111	\$616,624	\$890,699	\$1,155,460	\$1,428,523	\$1,692,300	\$1,964,345	\$2,235,892	\$2,498,198	\$2,768,716	\$3,030,022	\$3,299,503
	Change	-\$5,399	-\$103,758	-\$110,451	-\$116,946	-\$123,675	-\$130,206	-\$136,971	-\$143,756	-\$150,340	-\$157,161	-\$163,781	-\$170,640
42711	Interest RUS FFB Loan	\$25,000	\$50,000	\$100,189	\$135,189	\$170,189	\$211,792	\$246,792	\$281,792	\$323,543	\$360,543	\$397,543	\$435,253
	Prior Year	\$50,000	\$100,000	\$75,521	\$105,521	\$135,521	\$154,593	\$179,593	\$204,593	\$234,526	\$259,526	\$284,526	\$314,495
	Change	-\$25,000	-\$50,000	\$24,669	\$29,669	\$34,669	\$57,199	\$67,199	\$77,199	\$89,016	\$101,016	\$113,016	\$120,758
42720	Interest CFC LTD	\$63,000	\$114,099	\$174,099	\$234,099	\$283,269	\$340,269	\$397,269	\$445,011	\$500,011	\$555,011	\$601,207	\$655,207
	Prior Year	\$75,000	\$136,881	\$206,881	\$276,881	\$342,650	\$412,650	\$482,649	\$540,582	\$605,582	\$670,582	\$730,451	\$798,451
	Change	-\$12,000	-\$22,782	-\$32,782	-\$42,782	-\$59,381	-\$72,381	-\$85,380	-\$95,572	-\$105,572	-\$115,572	-\$129,244	-\$138,244
42800	Amortization of Loan Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43100	Other Interest Income	\$238	\$471	\$714	\$955	\$1,197	\$1,438	\$1,679	\$1,921	\$2,160	\$2,401	\$2,639	\$2,879
	Prior Year	\$9,656	\$18,708	\$28,495	\$38,008	\$47,885	\$57,435	\$67,587	\$77,715	\$87,823	\$97,960	\$108,067	\$118,210
	Change	-\$9,419	-\$18,237	-\$27,781	-\$37,053	-\$46,687	-\$55,997	-\$65,909	-\$75,794	-\$85,663	-\$95,559	-\$105,428	-\$115,332
43400	Extraordinary Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44010	Residential Sales	-\$9,476,818	-\$18,005,083	-\$26,668,847	-\$32,320,124	-\$37,921,648	-\$44,634,752	-\$51,645,422	-\$58,566,843	-\$64,250,314	-\$69,644,799	-\$77,093,893	-\$86,731,903
	Prior Year	-\$8,776,528	-\$17,413,828	-\$24,206,916	-\$29,206,047	-\$34,312,797	-\$40,407,438	-\$47,917,359	-\$54,954,940	-\$60,471,733	-\$65,955,202	-\$73,425,482	-\$82,219,020
	Change	-\$700,289	-\$591,255	-\$2,461,931	-\$3,114,077	-\$3,608,851	-\$4,227,315	-\$3,728,062	-\$3,611,903	-\$3,778,581	-\$3,689,596	-\$3,668,211	-\$4,512,883
44210	Commercial Sales < 50 KVA	-\$1,418,364	-\$2,715,219	-\$4,084,012	-\$5,334,332	-\$6,706,384	-\$8,162,655	-\$9,800,887	-\$11,089,490	-\$12,461,646	-\$13,745,611	-\$15,056,950	-\$16,479,264
	Prior Year	-\$1,301,641	-\$2,627,901	-\$3,832,737	-\$5,024,443	-\$6,187,096	-\$7,528,679	-\$8,873,966	-\$10,569,157	-\$11,786,541	-\$13,059,910	-\$14,375,365	-\$15,745,763
	Change	-\$116,723	-\$87,319	-\$251,275	-\$309,889	-\$519,289	-\$633,976	-\$726,922	-\$520,333	-\$675,005	-\$685,701	-\$681,585	-\$733,501
44220	Commercial Sales > 50 KVA	-\$1,734,126	-\$3,282,804	-\$5,030,890	-\$6,844,810	-\$8,783,912	-\$10,740,395	-\$12,589,521	-\$14,469,879	-\$16,203,455	-\$17,918,929	-\$19,659,482	-\$21,414,366
	Prior Year	-\$1,421,790	-\$2,879,032	-\$4,232,189	-\$5,602,976	-\$6,982,895	-\$8,486,700	-\$10,010,117	-\$11,549,886	-\$12,970,151	-\$14,429,491	-\$15,899,944	-\$17,601,796
	Change	-\$312,335	-\$403,772	-\$798,701	-\$1,241,833	-\$1,801,017	-\$2,253,695	-\$2,579,404	-\$2,819,993	-\$3,233,304	-\$3,489,439	-\$3,759,538	-\$3,812,571
44400	Public Street & Highway Lighting	-\$30,918	-\$51,236	-\$97,177	-\$123,346	-\$155,531	-\$188,393	-\$220,399	-\$252,175	-\$283,590	-\$315,124	-\$347,653	-\$380,379
	Prior Year	-\$30,943	-\$60,775	-\$91,931	-\$121,799	-\$152,504	-\$184,892	-\$215,818	-\$246,123	-\$276,486	-\$307,787	-\$339,900	-\$372,485
	Change	\$25	-\$460	-\$5,246	-\$1,547	-\$3,027	-\$3,501	-\$4,581	-\$6,052	-\$7,104	-\$7,337	-\$7,753	-\$7,894
45000	Forfeited Discounts	-\$130,369	-\$296,454	-\$455,629	-\$597,590	-\$713,342	-\$797,907	-\$892,434	-\$1,005,222	-\$1,112,756	-\$1,220,265	-\$1,292,460	-\$1,385,478
	Prior Year	-\$131,776	-\$263,750	-\$443,303	-\$568,402	-\$640,107	-\$732,048	-\$833,892	-\$962,709	-\$1,089,874	-\$1,197,244	-\$1,283,177	-\$1,404,047

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
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those of the Preceding Year - Income Statement  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
	Change	\$1,408	-\$12,705	-\$12,327	-\$29,187	-\$73,235	-\$65,859	-\$58,542	-\$42,513	-\$22,883	-\$23,022	-\$9,283	\$18,569
45100	Misc Services Revenue	-\$19,793	-\$38,092	-\$59,156	-\$84,422	-\$109,280	-\$128,044	-\$147,867	-\$164,317	-\$184,496	-\$208,808	-\$220,858	-\$233,075
	Prior Year	-\$17,985	-\$45,181	-\$68,797	-\$91,301	-\$119,250	-\$137,109	-\$156,216	-\$185,461	-\$207,727	-\$234,411	-\$256,081	-\$271,683
	Change	-\$1,807	\$7,089	\$9,640	\$6,879	\$9,971	\$9,064	\$8,350	\$21,144	\$23,231	\$25,603	\$35,223	\$38,608
45400	Rent from Electric Property	-\$117,295	-\$234,590	-\$351,885	-\$469,180	-\$586,511	-\$703,875	-\$821,238	-\$938,601	-\$1,055,964	-\$1,173,328	-\$1,290,691	-\$1,330,885
	Prior Year	-\$104,545	-\$209,193	-\$313,738	-\$417,733	-\$521,728	-\$625,723	-\$730,268	-\$834,263	-\$938,258	-\$1,042,253	-\$1,146,248	-\$1,315,868
	Change	-\$12,750	-\$25,397	-\$38,147	-\$51,447	-\$64,783	-\$78,151	-\$90,970	-\$104,338	-\$117,706	-\$131,074	-\$144,443	-\$15,017
45600	Other electric Revenue	-\$850	-\$5,157	-\$11,035	-\$12,090	-\$13,808	-\$15,771	-\$17,768	-\$26,196	-\$31,200	-\$50,217	-\$66,775	-\$85,029
	Prior Year	-\$511	-\$1,288	-\$2,390	-\$2,558	-\$4,264	-\$5,148	-\$6,119	-\$6,695	-\$7,584	-\$7,584	-\$8,456	-\$9,561
	Change	-\$339	-\$3,869	-\$8,645	-\$9,532	-\$9,543	-\$10,623	-\$12,034	-\$20,077	-\$24,506	-\$42,633	-\$58,319	-\$75,468
55500	Purchased Power	\$9,591,109	\$18,327,995	\$27,212,871	\$34,013,976	\$41,025,139	\$49,022,311	\$57,068,583	\$64,989,431	\$71,926,308	\$78,316,214	\$86,394,581	\$95,070,322
	Prior Year	\$9,150,121	\$16,916,062	\$23,162,064	\$29,493,866	\$35,094,772	\$45,520,019	\$50,925,782	\$58,459,390	\$64,846,373	\$71,107,595	\$78,952,111	\$88,003,611
	Change	\$440,988	\$1,411,933	\$4,050,807	\$5,520,110	\$5,930,367	\$3,502,292	\$6,142,801	\$6,530,041	\$7,079,935	\$7,208,619	\$7,442,470	\$8,066,711
58000	Operation Superv. & Engineer	\$21,396	\$39,136	\$59,023	\$78,037	\$97,627	\$115,222	\$136,088	\$156,744	\$173,725	\$194,624	\$214,056	\$234,905
	Prior Year	\$19,371	\$36,203	\$55,456	\$74,161	\$93,587	\$112,445	\$132,166	\$152,844	\$169,260	\$187,780	\$208,429	\$228,811
	Change	\$3,026	\$2,933	\$3,567	\$3,876	\$4,041	\$2,777	\$3,922	\$3,900	\$4,464	\$6,845	\$5,627	\$6,094
58100	Load Dispatching	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
58200	Station Equipment	\$4,389	\$8,800	\$13,214	\$17,582	\$21,983	\$26,370	\$30,695	\$35,095	\$39,486	\$43,860	\$48,241	\$50,572
	Prior Year	\$4,311	\$8,601	\$12,891	\$17,180	\$21,483	\$25,758	\$30,177	\$34,364	\$38,564	\$42,953	\$47,266	\$50,681
	Change	\$78	\$199	\$324	\$402	\$500	\$612	\$518	\$732	\$922	\$906	\$975	-\$109
58300	Overhead Line Expense	\$107,494	\$219,212	\$327,100	\$449,932	\$538,530	\$640,415	\$740,040	\$861,316	\$967,155	\$1,071,203	\$1,190,221	\$1,260,598
	Prior Year	\$96,003	\$220,629	\$318,294	\$431,185	\$540,121	\$648,079	\$759,755	\$851,214	\$973,887	\$1,077,280	\$1,197,375	\$1,265,225
	Change	\$11,491	-\$1,416	\$8,807	\$18,746	-\$1,591	-\$7,664	-\$19,716	\$10,102	-\$6,732	-\$6,077	-\$7,154	-\$4,628
58400	Underground Line Expense	\$10,462	\$20,975	\$31,495	\$41,906	\$52,394	\$62,850	\$73,159	\$83,647	\$94,111	\$104,535	\$114,979	\$120,534
	Prior Year	\$9,374	\$19,265	\$29,155	\$39,045	\$48,965	\$58,822	\$69,010	\$78,663	\$88,576	\$98,466	\$108,410	\$116,283
	Change	\$1,087	\$1,710	\$2,341	\$2,861	\$3,429	\$4,029	\$4,149	\$4,984	\$5,534	\$6,069	\$6,569	\$4,251
58500	Street Light Expense	\$2,264	\$4,540	\$6,817	\$9,070	\$11,340	\$13,604	\$15,855	\$18,105	\$20,370	\$22,626	\$24,887	\$26,089
	Prior Year	\$2,131	\$4,382	\$6,633	\$8,884	\$11,142	\$13,386	\$15,705	\$17,902	\$20,159	\$22,410	\$24,673	\$26,465
	Change	\$134	\$158	\$184	\$186	\$198	\$218	\$150	\$203	\$211	\$217	\$214	-\$376
58600	Meter Expense	\$37,784	\$77,446	\$114,402	\$150,959	\$200,225	\$246,438	\$290,980	\$340,509	\$388,721	\$434,578	\$484,807	\$517,710
	Prior Year	\$35,464	\$71,237	\$108,206	\$144,694	\$180,868	\$220,128	\$251,473	\$290,539	\$332,661	\$377,119	\$427,020	\$455,896
	Change	\$2,321	\$6,209	\$6,195	\$6,265	\$9,357	\$26,310	\$39,507	\$49,970	\$56,060	\$57,459	\$57,786	\$261,814
58700	Consumer Installation Expense	\$26,472	\$53,075	\$79,696	\$106,338	\$132,878	\$159,337	\$185,902	\$212,441	\$238,918	\$265,397	\$291,823	\$305,881
	Prior Year	\$25,267	\$51,377	\$77,487	\$103,898	\$130,088	\$156,109	\$183,007	\$208,490	\$234,662	\$260,872	\$287,122	\$307,909
	Change	\$1,206	\$1,698	\$2,209	\$2,441	\$2,790	\$3,229	\$2,895	\$3,952	\$4,256	\$4,525	\$4,701	-\$2,028
58800	Miscellaneous Distribution Expense	\$15,690	\$29,623	\$43,873	\$60,613	\$76,658	\$91,727	\$105,586	\$120,183	\$131,993	\$147,772	\$163,999	\$181,457
	Prior Year	\$24,400	\$49,455	\$58,315	\$73,123	\$90,655	\$104,160	\$117,500	\$132,937	\$145,386	\$160,611	\$175,037	\$195,717
	Change	-\$8,710	-\$19,832	-\$14,442	-\$12,509	-\$13,997	-\$12,433	-\$11,914	-\$12,754	-\$13,393	-\$12,839	-\$11,037	-\$14,260



Blue Grass Energy Cooperative Corporation  
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Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
59000	Maintenance Super. & Eng.	\$2,107	\$3,906	\$5,952	\$7,625	\$9,868	\$11,741	\$13,550	\$15,990	\$18,071	\$19,914	\$21,991	\$24,037
	Prior Year	\$1,509	\$3,334	\$5,286	\$7,179	\$8,787	\$10,713	\$12,463	\$14,744	\$16,347	\$18,036	\$19,896	\$21,979
	Change	\$599	\$573	\$666	\$446	\$1,081	\$1,028	\$1,087	\$1,246	\$1,725	\$1,878	\$2,095	\$2,058
59010	Maintenance 24 Hour Dispatch	\$28,845	\$49,131	\$69,331	\$88,108	\$111,557	\$131,460	\$160,151	\$183,474	\$206,461	\$233,383	\$257,037	\$280,697
	Prior Year	\$23,604	\$48,988	\$71,150	\$94,126	\$123,045	\$144,662	\$170,543	\$200,870	\$223,786	\$247,914	\$269,788	\$293,272
	Change	\$5,240	\$144	-\$1,819	-\$6,018	-\$11,488	-\$13,202	-\$10,391	-\$17,396	-\$17,325	-\$14,530	-\$12,752	-\$12,575
59100	Maintenance Structures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
59200	Maintenance Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150	\$150
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150	\$150
59300	Maintenance Overhead Lines	\$181,630	\$229,279	\$346,919	\$444,959	\$530,003	\$633,483	\$786,852	\$949,019	\$1,071,273	\$1,167,217	\$1,257,303	\$1,416,757
	Prior Year	\$110,921	\$206,841	\$443,440	\$560,510	\$656,934	\$786,487	\$1,140,482	\$1,302,647	\$1,476,470	\$1,605,270	\$1,737,766	\$1,994,328
	Change	\$70,709	\$22,437	-\$96,521	-\$115,550	-\$126,931	-\$153,004	-\$353,630	-\$353,628	-\$405,197	-\$438,053	-\$480,463	-\$577,571
59310	Maintenance Right of Way	\$250,730	\$501,461	\$752,191	\$1,002,921	\$1,253,652	\$1,504,382	\$1,755,112	\$2,005,843	\$2,256,573	\$2,507,303	\$2,758,034	\$2,823,570
	Prior Year	\$245,784	\$491,535	\$737,353	\$983,137	\$1,228,921	\$1,474,706	\$1,720,490	\$1,966,274	\$2,212,058	\$2,457,842	\$2,703,627	\$2,468,254
	Change	\$4,946	\$9,926	\$14,837	\$19,784	\$24,730	\$29,677	\$34,621	\$39,568	\$44,515	\$49,461	\$54,407	\$355,316
59320	Outages - Maint -OH	\$85,289	\$158,893	\$180,363	\$226,401	\$253,962	\$311,046	\$370,766	\$413,748	\$441,191	\$473,518	\$515,656	\$572,738
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$121,232
	Change	\$85,289	\$158,893	\$180,363	\$226,401	\$253,962	\$311,046	\$370,766	\$413,748	\$441,191	\$473,518	\$515,656	\$451,505
59400	Maintenance Underground Lines	\$13,161	\$31,695	\$51,644	\$76,547	\$107,737	\$136,455	\$165,836	\$195,781	\$223,387	\$241,348	\$261,064	\$284,958
	Prior Year	\$17,506	\$50,871	\$79,271	\$123,327	\$160,314	\$198,684	\$219,746	\$267,520	\$301,814	\$325,425	\$344,958	\$372,871
	Change	-\$4,344	-\$19,176	-\$27,627	-\$46,780	-\$52,577	-\$62,229	-\$53,910	-\$71,739	-\$78,427	-\$84,077	-\$83,894	-\$87,913
59420	Outages - Maint -URD	\$2,801	\$4,809	\$5,855	\$7,543	\$8,504	\$9,975	\$11,209	\$12,357	\$12,731	\$13,441	\$15,383	\$17,477
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$2,801	\$4,809	\$5,855	\$7,543	\$8,504	\$9,975	\$11,209	\$12,357	\$12,731	\$13,441	\$15,383	\$17,477
59500	Maintenance Line Transformers	\$0	\$0	\$406	\$3,751	\$8,314	\$8,997	\$12,287	\$12,287	\$13,661	\$16,158	\$16,482	\$16,801
	Prior Year	\$14,178	\$14,921	\$14,921	\$17,632	\$3,946	\$5,491	\$33,999	\$56,156	\$56,176	\$56,910	\$57,235	\$58,190
	Change	-\$14,178	-\$14,921	-\$14,515	-\$13,880	\$4,368	\$3,505	-\$21,712	-\$43,689	-\$42,515	-\$40,752	-\$40,753	-\$41,389
59600	Maintenance Street Lighting	\$-16,219	-\$651	\$28,836	\$48,072	\$81,909	\$97,603	\$106,191	\$128,472	\$138,649	\$152,711	\$175,681	\$195,353
	Prior Year	\$12,701	\$28,655	\$36,853	\$46,979	\$60,924	\$72,256	\$98,650	\$111,355	\$121,175	\$139,954	\$151,427	\$168,250
	Change	-\$28,919	-\$29,306	-\$8,017	\$1,093	\$20,985	\$25,347	\$7,541	\$17,117	\$17,474	\$12,757	\$24,254	\$27,103
59700	Maintenance Meters	\$14,370	\$26,257	\$38,821	\$65,262	\$83,731	\$100,510	\$119,927	\$139,952	\$154,413	\$165,262	\$177,063	\$193,445
	Prior Year	\$10,645	\$18,890	\$33,305	\$45,163	\$62,882	\$71,452	\$83,083	\$95,685	\$107,875	\$119,702	\$134,426	\$143,264
	Change	\$3,724	\$7,367	\$5,516	\$20,099	\$20,849	\$29,058	\$36,844	\$44,296	\$46,538	\$45,561	\$42,636	\$50,182
59800	Maintenance Security Lights	\$38,963	\$70,711	\$102,312	\$126,941	\$152,854	\$174,436	\$203,491	\$232,439	\$255,736	\$277,907	\$310,397	\$349,101
	Prior Year	\$29,019	\$65,747	\$100,694	\$122,392	\$143,460	\$171,007	\$201,574	\$232,698	\$258,630	\$290,998	\$324,861	\$352,143
	Change	\$9,944	\$4,964	\$1,618	\$4,549	\$9,394	\$3,430	\$1,917	-\$259	-\$2,894	-\$13,081	-\$14,464	-\$3,042
90100	Supervision	\$12,828	\$24,019	\$36,191	\$46,394	\$58,483	\$68,672	\$79,904	\$91,639	\$103,466	\$115,914	\$127,454	\$140,605
	Prior Year	\$10,521	\$19,375	\$32,034	\$43,853	\$56,394	\$69,078	\$80,430	\$94,013	\$105,509	\$114,281	\$127,171	\$138,197

Blue Grass Energy Cooperative Corporation  
Case No. 2014-00339  
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those of the Preceding Year - Income Statement  
December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
	Change	\$2,307	\$4,644	\$4,157	\$2,531	\$2,089	-\$405	-\$527	-\$2,374	-\$2,044	\$1,633	\$283	\$2,408
90200	Meter Reading Expense	\$40,578	\$50,707	\$53,671	\$59,973	\$66,487	\$71,159	\$75,973	\$79,598	\$85,117	\$90,407	\$95,864	\$100,209
	Prior Year	\$38,378	\$43,361	\$49,009	\$55,174	\$61,294	\$68,232	\$70,088	\$75,786	\$79,145	\$82,884	\$88,801	\$94,511
	Change	\$2,199	\$7,346	\$4,663	\$4,798	\$5,193	\$2,928	\$5,885	\$3,813	\$5,973	\$7,523	\$7,063	\$5,698
90300	Customer Records & Collecting	\$193,398	\$368,793	\$562,326	\$768,089	\$970,851	\$1,150,797	\$1,337,086	\$1,551,617	\$1,728,475	\$1,910,948	\$2,088,151	\$2,281,601
	Prior Year	\$176,614	\$357,662	\$539,287	\$721,271	\$908,859	\$1,083,431	\$1,262,786	\$1,455,468	\$1,642,186	\$1,842,836	\$2,044,076	\$2,228,783
	Change	\$16,784	\$11,131	\$23,039	\$46,818	\$61,992	\$67,366	\$74,301	\$96,149	\$86,289	\$68,113	\$44,075	\$52,818
90310	Cash Over/Short	\$91	\$128	\$201	\$169	\$128	\$243	\$252	\$191	\$290	\$299	\$288	\$226
	Prior Year	-\$115	-\$63	-\$71	\$10	-\$24	-\$24	-\$23	\$42	\$39	\$87	\$21,705	\$46
	Change	\$206	\$191	\$272	\$158	\$154	\$267	\$275	\$149	\$250	\$212	-\$21,416	\$180
90400	Uncollectible Accounts	\$17,579	\$24,413	\$35,953	\$72,128	\$117,758	\$178,157	\$223,014	\$260,060	\$271,257	\$290,083	\$315,203	\$340,357
	Prior Year	\$17,939	\$30,325	\$42,932	\$69,344	\$114,556	\$158,700	\$186,758	\$201,474	\$210,451	\$235,396	\$268,060	\$294,197
	Change	-\$361	-\$5,912	-\$6,978	\$2,784	\$3,202	\$19,457	\$36,256	\$58,586	\$60,806	\$54,687	\$47,143	\$46,161
90800	Customer Assistance Expense	\$79,273	\$153,173	\$239,061	\$318,879	\$403,975	\$479,142	\$550,244	\$636,180	\$718,037	\$803,133	\$872,575	\$944,348
	Prior Year	\$79,861	\$154,716	\$233,648	\$328,181	\$407,164	\$491,153	\$567,506	\$672,170	\$747,194	\$829,164	\$914,219	\$982,075
	Change	-\$588	-\$1,543	\$5,413	-\$9,302	-\$3,189	-\$12,011	-\$17,262	-\$35,990	-\$29,157	-\$26,032	-\$41,645	-\$37,727
90900	Informational Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91000	Miscellaneous Service Expense	\$910	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$3,174	\$6,179	\$9,418	\$11,670	\$14,689	\$17,823	\$18,156	\$0	\$0	\$0	\$0	\$0
	Change	-\$2,264	-\$6,179	-\$9,418	-\$11,670	-\$14,689	-\$17,823	-\$18,156	\$0	\$0	\$0	\$0	\$0
91200	Demonstration & Selling Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91230	Member Services Public relations	\$20,440	\$36,654	\$54,809	\$69,810	\$86,427	\$105,527	\$138,354	\$164,201	\$182,605	\$205,798	\$225,596	\$247,481
	Prior Year	\$34,654	\$53,820	\$77,387	\$95,499	\$115,637	\$149,923	\$176,393	\$202,250	\$219,898	\$242,847	\$268,819	\$290,383
	Change	-\$14,214	-\$17,166	-\$22,578	-\$25,689	-\$29,210	-\$44,396	-\$38,039	-\$38,050	-\$37,293	-\$37,050	-\$43,222	-\$42,902
91240	Marketing	-\$214	\$6,627	\$35,193	-\$36,112	-\$45,732	-\$36,133	-\$116,744	-\$141,078	-\$144,571	-\$169,491	-\$212,285	-\$259,345
	Prior Year	\$9,469	-\$5,352	-\$20,339	-\$13,765	-\$19,673	-\$21,004	-\$21,948	-\$26,808	-\$33,375	-\$35,197	-\$54,508	-\$66,724
	Change	-\$9,683	\$11,979	\$55,531	-\$22,346	-\$26,059	-\$15,129	-\$94,796	-\$114,270	-\$111,196	-\$134,294	-\$157,777	-\$192,621
91250	Key Accounts	\$13,570	\$24,962	\$38,146	\$52,329	\$65,597	\$76,636	\$90,492	\$102,174	\$115,524	\$128,167	\$150,180	\$177,044
	Prior Year	\$11,092	\$23,408	\$33,468	\$33,904	\$44,040	\$57,187	\$70,890	\$85,375	\$94,424	\$108,177	\$120,118	\$130,296
	Change	\$2,478	\$1,554	\$4,677	\$18,425	\$21,557	\$19,449	\$19,602	\$16,800	\$21,100	\$19,990	\$30,062	\$46,748
91300	Advertising Expenses	\$6,043	\$14,355	\$17,912	\$22,889	\$34,068	\$40,807	\$51,954	\$58,415	\$43,482	\$53,556	\$57,896	\$60,696
	Prior Year	\$10,462	\$22,809	\$33,165	\$40,906	\$52,933	\$60,425	\$71,750	\$81,748	\$94,735	\$100,924	\$111,698	\$123,667
	Change	-\$4,419	-\$8,454	-\$15,252	-\$18,018	-\$18,865	-\$19,618	-\$19,796	-\$23,332	-\$51,253	-\$47,368	-\$53,802	-\$62,971
92000	Admin & General Expense	\$240,281	\$442,942	\$648,725	\$826,868	\$1,019,282	\$1,205,055	\$1,379,710	\$1,588,643	\$1,780,907	\$2,013,722	\$2,210,801	\$2,413,481
	Prior Year	\$239,245	\$450,123	\$669,588	\$849,553	\$1,052,728	\$1,250,856	\$1,430,261	\$1,638,290	\$1,814,688	\$2,009,243	\$2,192,374	\$2,364,029
	Change	\$1,036	-\$7,181	-\$20,863	-\$22,685	-\$33,446	-\$45,801	-\$60,551	-\$49,647	-\$33,780	\$4,480	\$18,427	\$49,451

Blue Grass Energy Cooperative Corporation  
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December 31, 2013

Acct #	Description	January Month 1	February Month 2	March Month 3	April Month 4	May Month 5	June Month 6	July Month 7	August Month 8	September Month 9	October Month 10	November Month 11	December Month 12
92010	Admin & General - Consolidation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92100	Office Supplies and Expenses	\$31,250	\$70,122	\$96,590	\$127,552	\$155,009	\$184,874	\$209,413	\$233,937	\$278,295	\$315,591	\$346,845	\$388,751
	Prior Year	\$34,824	\$69,424	\$116,573	\$153,761	\$185,871	\$228,487	\$259,476	\$285,911	\$325,981	\$350,690	\$376,019	\$419,485
	Change	-\$3,573	\$698	-\$19,983	-\$26,209	-\$30,862	-\$43,613	-\$50,063	-\$51,974	-\$47,686	-\$35,099	-\$29,174	-\$30,733
92300	Outside Services	\$21,987	\$36,117	\$57,747	\$80,234	\$102,281	\$123,911	\$145,541	\$167,171	\$192,432	\$216,577	\$245,307	\$131,999
	Prior Year	\$19,204	\$39,326	\$58,530	\$77,953	\$115,855	\$142,729	\$171,565	\$204,302	\$225,126	\$245,379	\$266,227	\$195,361
	Change	\$2,783	-\$3,209	-\$783	\$2,281	-\$13,574	-\$18,818	-\$26,024	-\$37,130	-\$32,695	-\$28,802	-\$20,920	-\$63,361
92500	Injuries and Damages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prior Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92600	Employee Pensions & Benefits	\$704	\$560	\$544	\$544	\$489	\$380	\$470	\$571	\$576	\$527	\$532	\$0
	Prior Year	\$680	\$756	\$659	\$661	\$554	\$836	\$568	\$638	\$684	\$560	\$913	\$0
	Change	\$24	-\$196	-\$115	-\$117	-\$66	-\$456	-\$97	-\$67	-\$8	-\$33	-\$381	\$0
92800	Regulatory Commission Expense	\$11,412	\$22,824	\$34,236	\$45,648	\$57,060	\$68,471	\$79,618	\$90,766	\$101,913	\$113,060	\$124,207	\$135,354
	Prior Year	\$9,661	\$19,321	\$28,982	\$38,643	\$48,304	\$57,965	\$69,433	\$80,845	\$92,257	\$103,669	\$115,081	\$126,493
	Change	\$1,751	\$3,502	\$5,254	\$7,005	\$8,756	\$10,506	\$10,185	\$9,920	\$9,656	\$9,391	\$9,126	\$8,861
92900	Duplicate Charge Credits	-\$15,845	-\$30,269	-\$44,802	-\$55,100	-\$63,299	-\$73,100	-\$82,697	-\$92,069	-\$100,978	-\$111,263	-\$124,338	-\$140,016
	Prior Year	-\$14,975	-\$28,295	-\$39,411	-\$49,437	-\$59,301	-\$68,652	-\$78,638	-\$88,736	-\$97,649	-\$107,533	-\$118,709	-\$132,273
	Change	-\$870	-\$1,974	-\$5,391	-\$5,663	-\$3,999	-\$4,449	-\$4,059	-\$3,333	-\$3,329	-\$3,730	-\$5,630	-\$7,744
93010	General Advertising Expense	\$20,705	\$41,779	\$63,190	\$84,579	\$113,680	\$135,071	\$156,561	\$178,021	\$199,490	\$220,890	\$242,305	\$263,706
	Prior Year	\$20,406	\$40,908	\$61,397	\$82,071	\$105,871	\$126,525	\$147,180	\$167,750	\$186,403	\$209,032	\$208,072	\$250,243
	Change	\$300	\$871	\$1,793	\$2,507	\$7,809	\$8,547	\$9,381	\$10,270	\$11,087	\$11,858	\$34,233	\$13,463
93020	Miscellaneous General Expense	\$15,784	\$19,309	\$24,643	\$30,119	\$40,138	\$45,644	\$55,186	\$60,100	\$64,457	\$69,769	\$76,646	\$112,616
	Prior Year	\$5,492	\$6,915	\$9,103	\$45,603	\$50,139	\$64,893	\$81,764	\$84,434	\$89,286	\$122,971	\$126,425	\$145,270
	Change	\$10,291	\$12,393	\$15,540	-\$15,484	-\$10,002	-\$19,249	-\$26,576	-\$24,333	-\$24,830	-\$53,202	-\$49,779	-\$32,654
93030	Board of Directors Expense	\$13,760	\$25,525	\$46,000	\$62,206	\$78,561	\$94,677	\$106,461	\$118,653	\$130,361	\$144,921	\$159,293	\$180,492
	Prior Year	\$23,801	\$36,240	\$54,192	\$66,896	\$93,467	\$113,949	\$132,781	\$147,142	\$161,352	\$177,849	\$195,678	\$212,169
	Change	-\$10,041	-\$10,715	-\$8,192	-\$4,690	-\$14,906	-\$19,273	-\$26,320	-\$28,489	-\$30,991	-\$32,928	-\$36,386	-\$31,677
93040	Dues Pd Associated Org.	\$16,916	\$34,103	\$52,738	\$70,955	\$86,868	\$102,944	\$119,211	\$135,007	\$151,298	\$168,214	\$184,440	\$201,889
	Prior Year	\$17,810	\$34,679	\$51,132	\$68,331	\$86,161	\$102,091	\$117,973	\$134,109	\$150,979	\$168,000	\$184,196	\$200,940
	Change	-\$894	-\$576	\$1,607	\$2,624	\$707	\$853	\$1,237	\$899	\$319	\$214	\$245	\$949
93060	Annual Meeting Expense	\$13,440	\$26,880	\$40,320	\$53,760	\$67,200	\$80,640	\$94,080	\$107,520	\$120,960	\$134,400	\$130,400	\$130,534
	Prior Year	\$12,700	\$25,400	\$38,100	\$50,800	\$63,500	\$76,200	\$88,900	\$101,600	\$114,300	\$127,000	\$139,700	\$142,593
	Change	\$740	\$1,480	\$2,220	\$2,960	\$3,700	\$4,440	\$5,180	\$5,920	\$6,660	\$7,400	-\$9,300	-\$12,059
93200	Maintenance of General Plant	\$23,337	\$53,981	\$80,626	\$113,738	\$148,003	\$184,368	\$217,593	\$253,382	\$296,888	\$343,508	\$374,464	\$408,862
	Prior Year	\$28,390	\$61,821	\$92,429	\$122,971	\$153,365	\$183,154	\$223,767	\$274,891	\$305,572	\$348,079	\$397,741	\$427,341
	Change	-\$5,054	-\$7,840	-\$11,804	-\$9,233	-\$5,362	\$1,214	-\$6,174	-\$21,509	-\$8,684	-\$4,571	-\$23,277	-\$18,479

ACCOUNT	DESCRIPTION	AMOUNT
107.00	CONST-WIP-SPREAD	0.00
107.01	CONST-WIP-CLEARING	0.00
107.03	SMART GRID-FED SHARE	0.00
107.04	SMART GRID-BGE SHARE	0.00
107.20	CONSTRUCTION-WORK IN PROGRESS	1,731,296.56
107.30	CONSTRUCTION-WIP-SPECIAL EQUIP	0.00
107.31	SPECIAL EQUIP-CONDUCTORS A/C 365	0.00
107.32	SPEC EQUIP-TRANSFORMERS-A/C 368	0.00
107.33	SPEC EQUIP-PADMOUNT TRSF-A/C3681	0.00
107.34	SPEC EQUIP-METERS-A/C 370	0.00
107.35	AUTOMATED METER READING DEVICES	0.00
108.00	RETIREMENT-WIP-SPREAD	0.00
108.54	Acc Depr-AMR meters-a/c 370.01	2,610,145.73-
108.55	ACCUM DEPR-STORES EQUIP	3,488.88-
108.56	ACC DEPR-STATION EQUIPMENT	7,448.99-
108.57	ACC DEPR-SCADA-R T U	292,660.30-
108.58	ACC DEPR-SCADA-SYSTEM EQUIP	703,827.15-
108.59	ACC DEPR-OFFICE EQUIPMENT	1,701,892.74-
108.60	ACC DEPR-POLES, TOWERS, FIXTURES	16,403,586.46-
108.61	ACC DEPR-OVERHEAD LINES	11,845,341.58-
108.62	ACC DEPR-UNDERGROUND CONDUCTORS	3,411,482.43-
108.63	ACC DEPR-LINE TRANSFORMERS	7,773,861.45-
108.64	ACC DEPR-PADMOUNT TRANSFORMERS	2,889,538.57-
108.65	ACC DEPR-OVERHEAD SERVICES	2,957,191.24-
108.66	ACC DEPR-UNDERGROUND SERVICES	6,805,979.43-
108.67	ACC DEPR-METERS	332,260.69-
108.68	ACC DEPR-INST ON CONS PREMISES	1,079,865.53-
108.69	ACC DEPR-STREET LIGHTING	1,272,477.45-
108.70	ACC DEPR-STRUCTURES AND EQUIP	2,408,194.73-
108.71	ACC DEPR-OFFICE FURNITURE	220,990.02-
108.72	ACC DEPR-LIGHT VEHICLES	986,635.75-
108.73	ACC DEPR-HEAVY VEHICLES	1,289,079.92-
108.74	ACC DEPR-TOOLS	273,721.82-
108.75	ACC DEPR-LABORATORY EQUIP	154,309.72-
108.76	ACC DEPR-POWER OPERATED EQUIP	288,227.84-
108.77	ACC DEPR-COMMUNICATION EQUIP	802,207.07-
108.78	ACC DEPR-MISCELLANEOUS EQUIP	164,796.08-
108.79	ACC DEPR-OTHER TRANS EQUIPMENT	69,483.17-
108.80	RETIREMENT-WORK IN PROGRESS	150,372.41
123.00	INVESTMENTS IN ASSOC ORGANIZATIO	15,000.00
123.01	DELETE/RECLASS	0.00
123.02	DELETE/RECLASS	0.00
123.03	DELETE/RECLASS	0.00
123.10	PATRONAGE CAPITAL-EKP	45,388,860.42
123.11	PATRONAGE CAPITAL-KAEC	133,472.54
123.12	PATRONAGE CAPITAL-CFC	756,879.42
123.13	PATRONAGE CAPITAL-UUS	1,099,560.07
123.14	PATRONAGE CAPITAL-CADP	57,717.73
123.15	PATRONAGE CAPITAL-SEDC	241,962.72

ACCOUNT	DESCRIPTION	AMOUNT
123.16	PATRONAGE CAPITAL-KTI	0.00
123.17	VOID	0.00
123.18	PATRONAGE CAPITAL-NRTC	5,588.68
123.21	Inv-Hunt Technologies L.P.	0.00
123.22	INV IN CAPITAL TERM CERT-CFC	1,813,414.00
123.23	OTHER INV IN ASSOC ORGANIZATIONS	18,805.67
123.24	INVESTMENT-KTI STOCK	0.00
123.25	PATRONAGE CAPITAL-FEDERATED INS	293,981.98
123.26	INVESTMENT-KTI LOAN	0.00
123.27	INVESTMENT-ENVISION ENERGY SVC	12,001.00
124.00	OTHER INVESTMENTS	0.00
131.00	13101	0.00
131.01	KENTUCKY BANK-PAYROLL	0.00
131.02	CASH-KENTUCKY BANK	745,146.57
131.03	CASH-KY BANK-BILLING REFUND	25,494.38
131.04	KY BANK-PAYROLL ACCT	163,040.44
131.05	KY BANK-HARRISON DISTRICT	54,534.55
131.06	1ST NATL BANK-BROOKSVILLE	13,649.12
131.10	Void-Do not use	0.00
131.15	CASH-FARMERS BANK-HARRISON CO	0.00
131.20	CASH-FARMERS BANK-JESSAMINE CO	6,023.29
131.30	Void-Do not use	0.00
131.31	CASH-KY BANK-CAPITAL CREDIT REF	100.00
131.40	CASH-PEOPLES BANK	109,067.99
131.50	CASH-CENTRAL BANK	0.00
131.60	CASH-CITIZENS NATIONAL BANK	0.00
131.70	CASH-ANDERSON NATL BANK	0.00
131.80	CASH-LAWRENCEBURG NATL BANK	0.00
131.85	CASH-FARMERS BANK (FRANKLIN CO)	53,825.98
131.90	CASH-UNITED BANK	28,902.00
131.95	Cash-Town Square Bank	7,743.57
132.10	CASH-RUS CONST FUND--NATL CITY	0.00
132.11	CASH-RUS CONST FUND--KY BANK	32.24
133.00	TRANSFER OF CASH	0.00
135.00	WORKING FUNDS	3,500.00
136.00	TEMPORARY CASH INVESTMENTS	7,100,000.00
136.01	MONEY MKT-ANDERSON BANK	0.00
136.02	CASH-LNB ACCT-CLOSED 12/2010	0.00
142.00	ACCOUNTS RECEIVABLE-CONSUMER	13,396,962.94
142.01	A/R-EKP Fuel Adj Recievable	586,382.04-
142.02	A/R-EKP Environmental Surcharge	684,651.84
142.05	A/R-LONG TERM ARRANGEMENTS	11,601.55
142.08	PREPAY-DEBT MANAGEMENT	41,815.12
142.10	RETURNED CHECKS-1ST NATIONAL BNK	0.00
142.11	RETURNED CHECKS-KENTUCKY BANK	1,964.31
142.12	RETD CHECKS-KY BANK-HARRISON	165.40
142.20	ACCTS REC-EKP ECONOMIC DEV LOAN	0.00
142.50	RETURNED CHECKS-PEOPLES BANK	50.00
142.55	RETD CHECKS-LAWRENCEBURG NATL	216.86

ACCOUNT	DESCRIPTION	AMOUNT
142.60	LOANS TO MEMBERS-ENERGY CONS.	0.00
142.61	LOAN-WATER HEATER/ELEC FIREPLACE	0.00
142.70	A/R--ASSISTANCE VOUCHERS	15,331.45
142.71	CONSOLIDATE TO A/C 14270	0.00
142.72	CONSOLIDATE TO A/C 14270	0.00
142.73	CONSOLIDATE TO A/C 14270	0.00
143.00	ACCOUNTS RECEIVABLE-OTHER	1,295,402.66
143.01	FEMA RECEIVABLE	0.00
143.02	OTHER ACC REC-MISCELLANEOUS	0.00
143.03	A/R-EKP-INDUSTRIAL DEV LOAN	0.00
143.04	A/R-BGAD-TRANE CONTRACT	1,044,145.04
143.10	A/R-MAJOR MEDICAL AND RET	17,285.94
143.20	ACCOUNTS RECEIVABLE-OTHER	20,293.87
143.21	AR-OTHER-STORM ASSISTANCE	0.00
143.30	A/R-BGAD	0.00
144.20	UNCOLLECTABLE ACCOUNTS	324,573.99-
144.30	UNCOLLECTABLE ACCTS-OTHER	2,000.00-
154.00	MATERIALS	1,378,197.09
154.01	CONIGNED POLES	22,171.72-
154.10	GASOLINE-STOCK ACCT	14,899.26
154.60	DTV INVENTORY	0.00
155.00	MATERIAL-RESALE	0.00
155.01	OTHER SUPPLIES	0.00
163.00	STORES EXPENSE-CLEARING	0.00
165.10	PREPAYMENTS	0.00
165.11	PREPAYMENTS-FEDERATED INSURANCE	0.00
165.12	PREPAYMENTS-EMP INS CONTRIBUTION	4,257.23-
165.13	PREPAYMENT-BILLING SUPPLIES	0.00
165.14	PREPAYMENT-WORKMANS COMP INS	179,338.00
165.15	Long Term Care Insurance	120.95
165.16	Identity Theft Insurance	233.09-
165.17	PREPAYMENT-PENSION CONTRIBUTIONS	0.00
165.18	HSA EMPLOYEE CONTRIBUTION	0.00
165.20	PREPAYMENTS-OTHER	44,674.16
165.21	PREPAYMENT-QEI MAINTENANCE CONT.	10,067.00
165.22	PREPAYMENT-PORCHE MAINTENANCE	3,547.03
165.23	PREPAYMENT-E&H-PHONE MAINTENANCE	12,954.98
165.24	Prepayment-ESRI maint. contract	3,167.28
165.25	PREPAYMENT-ENG SOFTWARE MAINT	3,980.32
165.26	PREPAYMENT-UNIFORMS	35,342.01
165.27	PREPAYMENT-COMSQUARED IMAGING	12,566.00
171.00	ACCRUED INTEREST AND DIVIDENDS	0.00
176.20	REA CONSTRUCTION NOTES	0.00
176.21	RUS-FFB NOTES	26,192,000.00
176.30	CFC CONSTRUCTION NOTES	0.00
181.00	UNAMORTIZED LOAN EXPENSE	0.00
183.00	PREL SURVEY AND INVESTIGATION	10,455.60
184.00	TRANSPORTATION-OVERHEAD	0.00
184.10	TRANSPORTATION EXPENSE-CLEARING	50.91

SUMMARIZED ACCOUNT TRIAL BALANCE  
FROM 01/13 TO 12/13

ACCOUNT	DESCRIPTION	AMOUNT
186.00	MISC DEFERRED DEBITS	66,882.53
186.01	MISC DEFERRED DEBITS-LABOR	0.00
186.02	DEF DEBIT-EARLY RETIRE INCENTIVE	0.00
186.03	FIELD INSPECTION-MAPPING SYSTEM	0.00
186.04	DEFERRED DEBIT-R&S PREPAYMENT	4,052,876.44
186.07	DEF CHG/PAST SERVICE COST	0.00
186.20	DEF DEBITS-LABOR AND WAGES	0.00
200.10	MEMBERSHIPS	1,033,947.80-
200.20	INACTIVE MEMBERSHIPS	10,770.00-
201.00	PATRONAGE CAPITAL CREDITS	0.00
201.10	PAT CAPITAL CREDITS-ASSIGNED	75,436,199.04-
201.20	PAT CAPITAL CREDITS-ASSIGNABLE	0.00
201.30	PRIOR YEARS DEFICITS	0.00
208.00	DONATED CAPITAL	372,858.55-
214.00	Accumulated Comprehensive Income	2,355,762.00
217.00	RETIRED CAPITAL CREDITS-GAIN	3,177,839.00-
218.00	CAPITAL GAINS AND LOSSES	8,381.10-
219.10	OPERATING MARGINS	96,485.32-
219.11	OTHER MARGINS-EKP CAPITAL CREDIT	0.00
219.12	OTHER MARGINS-KAEC CAP CREDITS	0.00
219.13	OTHER MARGINS	0.00
219.20	NON OPERATING MARGINS	62,513.47-
219.30	PRIOR YEARS DEFICITS	0.00
224.15	LT DEBT-NRECA-PENSION UPGRADE-FC	0.00
224.20	RUS LONG TERM DEBT	75,562,267.12-
224.21	RUS-FFB DEBT	66,087,289.16-
224.60	ADVANCE PAYMENT UNAPPLIED-LTD	4,907,246.81
228.20	CFC LONG TERM DEBT	10,971,091.41-
228.21	CFC DEBT-LINE OF CREDIT	0.00
228.22	EKP DEBT-MARKETING LOANS	0.00
228.30	ACCRUED POSTRETIREMENT BENEFIT	9,203,751.80-
231.00	NOTES PAYABLE-HARRISON/EKP	0.00
232.01	HARRISON-ACCRUED PAYROLL	0.00
232.10	ACCOUNTS PAYABLE	1,778,900.44-
232.12	ACCOUNTS PAYABLE WINTERCARE	2.00-
232.13	CFC-ZTC PAYABLE	0.00
232.15	A/P-AMERICAN EXPRESS	10,257.47
232.30	ACCOUNTS PAYABLE-OTHER	9,677,266.30-
232.31	DEFERRED COMPENSATION	0.00
232.32	WAGE GARNISHMENT	0.00
232.33	PUBLIC RELATIONS-BASS TOURNAMENT	0.00
232.34	A/P-HARSHAW TRANE-BGAD PROJECT	642,550.80-
232.35	RETRO LIABILITY-MEDICAL INS	125,000.00-
232.40	ACCOUNTS PAYABLE-CREDIT UNION	0.20
232.50	BOONES TRACE SEWER SYST. PAYABLE	0.00
235.10	CONSUMER DEPOSITS	1,831,336.28-
236.10	ACCRUED PROPERTY TAX	0.00
236.20	ACCRUED FED UNEMP TAX	51.63
236.30	ACCRUED F.I.C.A.	94.19-

ACCOUNT	DESCRIPTION	AMOUNT
236.40	ACCRUED STATE UNEMP TAX	30.04
236.50	ACCRUED KY SALES TAX	110,796.38-
236.60	ACCRUED SCHOOL TAX	331,370.56-
236.70	MADISON CO OCCUPATIONAL TAX	0.00
236.71	LOCAL OCCUPATIONAL TAX PAYABLE	1,133.75
236.72	RICHMOND CITY OCCUPATIONAL TAX	0.00
236.73	ELECTRICAL INSPECT.FEE PAYABLE	0.00
236.80	ACCRUED FRANCHISE FEE-NICHOLASVI	30,381.46-
236.81	ACCRUED FRANCHISE FEE-L'BURG	4,019.37-
236.82	ACCRUED FRANCHISE FEE-FAYETTE CO	34,847.56-
236.83	Accrued Fran Fee-Harrodsburg	16,557.57-
236.84	ACCRUED FRANCHISE FEE-GEORGETOWN	1,253.42-
236.90	ACCRUED FRANCHISE FEE-BEREA	35,439.46-
236.91	ACCRUED FRANCHISE TAX-CYNTHIANA	9,786.80-
237.10	ACCRUED INTEREST-REA DEBT	0.00
237.11	ACCRUED INTEREST-RUS FFB LOAN	0.00
237.20	ACCRUED INTEREST-CFC	54,000.00-
237.30	INT PAYABLE-CFC LINE OF CREDIT	0.00
238.10	PATRONAGE CAPITAL PAYABLE	0.00
240.10	ACCRUED INTEREST-CONS DEPOSITS	14,007.87-
241.00	TAX PAYABLE-FEDERAL WITHOLDING	0.00
241.10	TAX PAYABLE-STATE WITHOLDING	14,328.17-
242.05	NRECA/401K LOAN	0.00
242.10	ACCRUED PAYROLL	223,837.93-
242.40	ACCRUED VACATION	286,572.25-
242.50	OTHER CURRENT & ACCRUED LIABILIT	0.00
242.51	ACC LIAB-CTC INV FROM CFC	0.00
242.52	ACC LIAB-CONVERSION FEE CFC LOAN	0.00
242.53	LIABILITY-EARLY RETIRE INCENTIVE	0.00
242.54	ACC LIABILITY-BENCHMARKING	0.00
242.60	ACCRUED SICK LEAVE	176,020.63-
242.70	ACCRUED POSTRETIREMENT BENEFIT	0.00
252.00	MEMBER ADVANCES FOR CONSTRUCTION	384,769.68-
253.00	DEFERRED CREDITS	0.00
253.20	DEF CREDIT-PREPAID SECURITY LGT	0.00
253.50	UNITED WAY PAYROLL DEDUCTION	62.35
253.51	HOSPICE PAYROLL DEDUCTION	0.00
253.60	401 K EMPLOYEE PAY DEDUCTION	103.79-
253.70	ACRE PAYROLL DEDUCTION	494.00-
254.00	DEF CREDIT ANNUAL MEETING	0.00
254.01	ANNUAL MEETING-ELECTION	0.00
254.02	ANNUAL MEETING-SCHOLARSHIP	0.00
362.00	STATION EQUIPMENT	1,345,642.26
362.10	SCADA-REMOTE TERMINAL UNITS	545,573.23
364.00	POLES,TOWERS, FIXTURES	57,805,699.04
365.00	OVERHEAD CONDUCTORS & DEVICES	50,743,403.60
367.00	UNDERGROUND CONDUCTORS & DEVICES	14,138,673.12
368.00	LINE TRANSFORMERS	22,840,564.83
368.10	LINE TRANSFORMERS-PADMOUNT	9,800,824.43



ACCOUNT	DESCRIPTION	AMOUNT
369.00	OVERHEAD SERVICES	10,324,375.44
369.10	UNDERGROUND SERVICES	19,353,090.97
370.00	METERS	450,100.68
370.01	AUTO MTR READING DEVICES-AMR	6,940,121.39
371.00	INSTALLATION-CONSUMER PREMISES	5,419,228.40
373.00	STREET LIGHTING	3,005,887.40
389.00	LAND AND LAND RIGHTS	644,267.13
390.00	STRUCTURES AND IMPROVEMENTS	7,423,487.62
390.50	ASSETS-PROGRESS BILLINGS	340,364.32
391.00	OFFICE FURNITURE	659,180.02
391.10	OFFICE EQUIPMENT	1,927,529.79
392.00	TRANS EQUIP-LIGHT VEHICLES	1,543,586.88
392.10	TRANS EQUIPMENT-HEAVY VEHICLES	2,775,391.58
392.20	TRANS EQUIPMENT-OTHER	101,057.75
393.00	STORES EQUIPMENT	5,871.48
394.00	TOOLS	354,656.93
395.00	LABORATORY EQUIPMENT	180,612.86
396.00	POWER OPERATED EQUIPMENT	373,640.25
397.00	COMMUNICATION EQUIPMENT	1,008,986.56
398.00	MISCELLANEOUS EQUIPMENT	220,566.32
403.60	DEPR EXPENSE-DISTRIBUTION PLANT	7,774,404.46
403.70	DEPR EXPENSE-GENERAL PLANT	478,637.41
408.10	TAXES-PROPERTY	0.00
408.20	TAXES-FED UNEMPLOYMENT	0.00
408.30	TAXES-FICA	0.00
408.40	TAXES-STATE UNEMPLOYMENT	0.00
408.50	SALES TAX COMPENSATION	0.00
408.70	TAXES-OTHER	160.00
415.00	REVENUE FROM MERCHANDISING	163,037.09-
415.10	REVENUE-ETS	0.00
416.00	COST & EXP OF MERCHANDISING	114,546.33
416.10	COST-ETS	0.00
417.10	EXPENSE-KTI-RURAL TV	0.00
417.20	PAYABLE-KTI-RURAL TV	0.00
417.21	DELETE	0.00
417.25	KTI-REVENUE-RTV	0.00
417.30	EXPENSE-DIRECT TV	0.00
417.40	PAYABLE-KTI-DIRECT TV	0.00
417.41	DELETE	0.00
417.45	REVENUE KTI-DTV	0.00
417.61	REVENUE-DTV BASIC PACKAGE	0.00
417.62	REVENUE-DTV DELUXE PACKAGE	0.00
417.63	REVENUE-DTV RECEIVER	0.00
417.64	REVENUE-DTV ACCESSORIES	0.00
417.65	REVENUE-DTV INSTALLATION	0.00
417.69	DTV COST OF GOODS SOLD	0.00
417.70	SURGE PROTECTION	0.00
417.75	CREDIT CARD BUSINESS	0.00
417.80	I-CARE-REVENUE	0.00

ACCOUNT	DESCRIPTION	AMOUNT
417.81	I-CARE-EXPENSE	0.00
417.85	INTERNET BUSINESS	0.00
417.90	BOONES TRACE SEWER SYSTEM	0.00
417.91	BATTLEFIELD SEWER SYSTEM	0.00
417.92	CYNTHIANA HOUS. AUTH.-EMERGENCY	0.00
417.93	CYN HOUSING AUTH-NON EMERGENCY	0.00
417.94	BGAD-UESC Project	0.00
418.10	EQUITY IN EARNINGS OF SUBSIDIARY	0.00
419.00	INTEREST & DIVIDEND INCOME	260,388.91-
419.20	INTEREST & DIVIDEND INCOME-KTI	0.00
419.60	INTEREST-ENERGY CONSERV. LOANS	0.00
421.00	MISCELLANEOUS NONOPERATING INCOME	0.00
421.10	GAIN ON DISPOSITION OF PROPERTY	44,105.11-
421.20	LOSS ON DISPOSITION OF PROPERTY	6,591.22
423.00	G & T CAPITAL CREDITS	7,776,965.04-
424.00	OTHER CAP CREDITS & PATRONAGE AL	171,272.45-
426.10	DONATIONS	0.00
426.30	PENALTIES	0.00
426.40	EXPENDITURE FOR CIVIC,POLITICAL	2,986.68
426.50	OTHER DEDUCTIONS	20,111.08
426.51	OTHER DEDUCTIONS-NON ELECTRIC	0.00
427.10	INTEREST-REA LONG TERM DEBT	3,128,862.98
427.11	INTEREST-RUS FFB LOAN	435,252.82
427.20	INTEREST-CFC LONG TERM DEBT	655,206.95
428.00	AMORTIZATION OF LOAN EXPENSE	0.00
431.00	OTHER INTEREST EXPENSE	2,878.56
434.00	EXTRAORDINARY INCOME	0.00
435.00	Extraordinary Deductions	0.00
440.10	RESIDENTIAL SALES	86,731,902.52-
442.10	COMMERCIAL SALES < 1000 KVA	16,479,263.62-
442.20	COMMERCIAL SALES > 1000 KVA	21,414,366.43-
444.00	PUBLIC STREET & HIGHWAY LIGHTING	380,379.01-
450.00	FORFEITED DISCOUNTS	1,385,477.75-
451.00	MISC SERVICE REVENUES	233,075.17-
454.00	RENT FROM ELECTRIC PROPERTY	1,330,885.12-
456.00	OTHER ELECTRIC REVENUE	85,029.09-
555.00	PURCHASED POWER	96,070,322.00
580.00	OPERATION-SUPERVISION & ENGINEER	234,904.52
581.00	LOAD DISPATCHING	0.00
582.00	STATION EXPENSE	50,572.11
583.00	OVERHEAD LINE EXPENSE	1,260,597.81
584.00	UNDERGROUND LINE EXPENSES	120,534.27
585.00	STREET LIGHT EXPENSE	26,089.27
586.00	METER EXPENSE	517,709.94
587.00	CONSUMER INSTALLATION EXPENSE	305,880.98
588.00	MISCELLANEOUS DISTRIBUTION EXP	181,456.80
590.00	MAINTENANCE-SUPERVISOR & ENGINEE	24,036.59
590.10	MAINTENANCE-24 HR DISPATCHING	280,697.28
591.00	MAINTENANCE-STRUCTURES	0.00

ACCOUNT	DESCRIPTION	AMOUNT
592.00	MAINTENANCE-STATION EQUIPMENT	149.99
593.00	MAINTENANCE OVERHEAD LINES	1,416,756.57
593.10	MAINTENANCE-RIGHT OF WAY	2,823,570.35
593.20	OUTAGES-MAINT-OH	572,737.64
593.30	VOLTAGE OPTIMIZATION PROJECT	0.00
594.00	MAINTENANCE-UNDERGROUND LINES	284,957.92
594.20	OUTAGES-MAINT-URD	17,476.89
595.00	MAINTENANCE-LINE TRANSFORMERS	16,801.08
596.00	MAINTENANCE-STREET LIGHTING	195,353.39
597.00	MAINTENANCE-METERS	193,445.15
598.00	MAINTENANCE-SECURITY LIGHTS	349,101.35
599.99	DUMMY ACCT	0.00
901.00	SUPERVISION	140,605.04
902.00	METER READING EXPENSE	100,208.98
903.00	CUSTOMER RECORDS & COLLECTING EX	2,281,600.99
903.10	CASH OVER/SHORT	225.68
904.00	UNCOLLECTABLE ACCOUNTS	340,357.45
908.00	CUSTOMER ASSISTANCE EXPENSE	944,348.21
909.00	INFORMATIONAL ADVERTISING	0.00
910.00	MISCELLANEOUS SERVICE EXPENSE	0.00
912.00	DEMONSTRATION & SELLING EXPENSE	0.00
912.10	SCHOOL APPLIANCES	0.00
912.30	COMMUNICATIONS/PUBLIC RELATIONS	247,481.46
912.40	MARKETING/ENERGY EFFICIENCY	259,344.79-
912.50	KEY ACCOUNTS	177,043.60
913.00	ADVERTISING EXPENSES	60,695.81
916.00	MISCELLANEOUS SALES EXPENSE	0.00
920.00	ADMINISTRATIVE & GEN SALARIES	2,413,480.73
920.10	ADMIN & GENERAL-CONSOLIDATION	0.00
920.11	BENCHMARKING	0.00
920.12	KEY ACCOUNTS EXPENSE	0.00
920.20	Y2K	0.00
921.00	OFFICE SUPPLIES AND EXPENSES	388,751.32
923.00	OUTSIDE SERVICES EMPLOYED	131,999.24
925.00	INJURIES AND DAMAGES	0.00
926.00	EMPLOYEE PENSIONS & BENEFITS	0.00
928.00	REGULATORY COMMISSION EXPENSE	135,353.92
929.00	DUPLICATE CHARGE CREDITS	140,016.40-
930.10	GENERAL ADVERTISING EXPENSE	263,706.17
930.20	MISCELLANEOUS GENERAL EXPENSE	112,616.43
930.30	BOARD OF DIRECTORS EXPENSE	180,491.92
930.40	DUES PD ASSOCIATED ORGANIZATIONS	201,889.46
930.50	TRAVEL EXPENSE	0.00
930.60	ANNUAL MEETING EXPENSE	130,534.30
932.00	MAINTENANCE OF GENERAL PLANT	408,862.49
932.10	BYPASS IMPACT (HWY 27)	0.00
999.99	DUMMY ACCT	0.00

ACCOUNT	DESCRIPTION	AMOUNT
	ACCOUNTS 000.00 TO 399.99	10,632,464.91
	ACCOUNTS 400.00 TO 999.99	10,632,464.91-

Blue Grass Energy  
Case No. 2014 - 00339  
Comparative Capital Structure (Excluding JDIC)  
For the Periods as Shown  
"000" Omitted

Line No.	Type of Capital	2003 10th Year		2004 9th Year		2005 8th Year		2006 7th Year		2007 6th Year		2008 5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	80,322	67%	76,927	61%	93,199	68%	98,606	65%	100,150	65%	117,229	72%
2	Short Term Debt	0	0%	5,850	5%	0	0%	6,675	4%	13,200	9%	3,150	2%
3	Memberships	948	1%	960	1%	981	1%	1,003	1%	1,019	1%	1,031	1%
4	Patronage Capital	39,058	32%	42,703	34%	43,873	32%	44,932	30%	40,249	26%	40,576	25%
5	Other (Itemize by type)												
6	Total Capitalization	120,328	100%	126,440	100%	138,053	100%	151,216	100%	154,618	100%	161,986	100%

Line No.	Type of Capital	2009 4th Year		2010 3rd Year		2011 2nd Year		2012 1st Year		2013 Test year		Latest Quarter December 31, 2013		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long Term Debt	118,963	72%	118,984	69%	123,130	66%	119,064	60%	121,521	58%	121,346	60%	121,528	60%
2	Short Term Debt	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
3	Memberships	1,036	1%	1,030	1%	1,032	1%	1,038	1%	1,045	0%	1,045	1%	1,042	1%
4	Patronage Capital	45,152	27%	52,521	30%	63,189	34%	78,179	39%	87,431	42%	81,293	40%	79,701	39%
5	Other (Itemize by type)														
6	Total Capitalization	165,151	100%	172,535	100%	187,351	100%	198,281	100%	209,997	100%	203,683	100%	202,271	100%

Blue Grass Energy  
 Case No. 2014 - 00339  
 Calculation of Average Test Period Capital Structure  
 12 months ended December 31, 2013

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Memberships (e)	Common Stock (f)	Patronage Capital (g)	Total Common Equity (h)
1	Balance Beginning of Test year	198,281	119,064	0	1,038		78,179	
2	1st month	204,229	124,334	0	1,039		78,856	
3	2nd month	203,506	122,989	0	1,039		79,478	
4	3rd month	204,459	123,256	0	1,039		80,164	
5	4th month	203,652	122,615	0	1,040		79,997	
6	5th month	201,030	120,280	0	1,040		79,710	
7	6st month	201,187	120,538	0	1,041		79,608	
8	7th month	201,625	120,915	0	1,043		79,667	
9	8th month	200,235	120,737	0	1,043		78,455	
10	9th month	200,275	121,105	0	1,044		78,126	
11	10th month	200,464	121,369	0	1,044		78,051	
12	11th month	200,589	121,147	0	1,045		78,397	
13	12th month	209,997	121,521	0	1,045		87,431	
14	Total (Line 1 through Line 13)	2,629,529	1,579,870	0	13,540	0	1,036,119	0
15	Average balance (Line 14/13)	202,271	121,528	0	1,042	0	79,701	0
16	Average capitalization ratios	100%	60%	0%	1%	0%	39%	0%
17	End of period capitalization ratios	100%	58%	0%	0%	0%	42%	0%

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

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 40 hours per week.

Employees are granted wage increases on March 1, of each year.

Blue Grass Energy has always hired summer and part time employees, and anticipates this to continue into the future years. These employees were normalized at the same rate and hours during the year.

There are no union employees.

Employees can elect to be paid for up to 40 hours of vacation, after 10 years of service.

The average overall wage and salary increases are as follows:

<u>Year</u>	<u>Increase</u>
2014	3.0%
2013	2.5%
2012	3.0%
2011	3.0%
2010	2.5%

The amount of increase was allocated based on the actual test year.

Projected wages	\$7,467,275
Actual wages for test year	<u>\$7,278,387</u>
Adjustment	<u><u>\$188,888</u></u>

The allocation is on the following page:

Blue Grass Energy  
Case No. 2014-00339  
December 31,2013  
Allocation of increase in payroll

<u>Acct Number</u>	<u>Acct Description</u>	<u>Labor Distribution</u>	<u>Percent</u>	<u>Increase Allocation</u>
10720	Construction Work in progress	\$1,420,908	19.5%	\$36,875
10880	Retirement work in progress	188,008	2.6%	4,879
14320	A/R, other	30,044	0.4%	780
16300	Stores	201,782	2.8%	5,237
18400	Transportation	2,848	0.0%	74
24240	Accrued vacation	450,882	6.2%	11,701
42640	Donations	1,476	0.0%	38
58000	Operations	108,464		
58300	Overhead lines	62,559		
58600	Meters	185,941		
58700	Cconsumer Insatillation	208		
58800	Miscellaneous distribution	59,576	5.7%	10,815
59000	Maintenance	11,885		
59010	Dispatching	167,586		
59200	Station equipment	62		
59300	Overhead lines	471,118		
59310	Right of way	26,631		
59320	Outages overhead	289,285		
59400	Underground	107,351		
59420	Outages underground	11,304		
59600	street lighting	72,485		
59700	Meters	79,240		
59800	Security Lights	120,468	18.6%	35,228
90100	Supervision	66,780		
90200	Meter reading	29,105		
90300	Customer records & collecting	723,512	11.3%	21,265
90800	Customer assistance	418,377		
91230	Public relations	101,659		
91240	Energy efficiency	9,596		
91250	Key accounts	75,102		
91300	Advertising	9,579	8.4%	15,943
92000	Administration	1,073,857		
92100	Supplies	2,222		
92600	Employee benefits	641,791		
93020	Miscellaneous	8,940		
93060	Annual meeting	25,006		
93200	Maintenance general plant	22,750	24.4%	46,053
	Total	<u>\$7,278,387</u>	100.0%	<u>\$188,888</u>



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

Employee Number	Hours Worked Test Year				Actual Test Year Wages							Wage Rate 3/1/14	Normalized Wages				
	Regular	Excess Vac	OT	Total	Regular	OT	On-Call	Excess	Retiree	Total	@2,080 Hours		ON-Call	Excess	Normalized		
							Pay	Christmas	Vacation		Vac/sick		Regular	OT	Pay	Vacation	Wages
Salary Employees																	
1107	2,088.0	40.0		2,128.0	\$127,751			\$220	\$2,522		\$130,493	\$63.04	\$131,123		\$2,522	\$133,645	
1108	2,088.0	16.0		2,104.0	\$97,943			\$195			\$98,138	\$47.97	\$99,778			\$99,778	
1110	2,088.0	8.0		2,096.0	\$228,241			\$160			\$228,401	\$120.19	\$249,995			\$249,995	
1111	2,088.0	40.0		2,128.0	\$111,541			\$255	\$2,216		\$114,012	\$55.39	\$115,211		\$2,216	\$117,427	
1200	2,088.0	16.0		2,104.0	\$110,777			\$170			\$110,947	\$54.59	\$113,547			\$113,547	
1203	2,088.0	24.0		2,112.0	\$109,513			\$180	\$1,304		\$110,997	\$54.35	\$113,048		\$1,304	\$114,352	
1250	2,088.0	8.0		2,096.0	\$101,214			\$100	\$401		\$101,715	\$50.10	\$104,208		\$401	\$104,609	
1400	2,088.0			2,088.0	\$109,081			\$105			\$109,186	\$53.94	\$112,195			\$112,195	
1552	2,080.0			2,080.0	\$41,972			\$65			\$42,037	\$23.28	\$48,422			\$48,422	
1555	1,064.0			1,064.0	\$30,874			\$25			\$30,899	\$31.62	\$65,770			\$65,770	
2250	2,088.0	16.0		2,104.0	\$56,355			\$105			\$56,460	\$27.36	\$56,909			\$56,909	
2503	2,088.0	32.0		2,120.0	\$39,388			\$150			\$39,538	\$39.08	\$81,286			\$81,286	
2505	2,088.0	16.0		2,104.0	\$112,762			\$175	\$873		\$113,810	\$54.56	\$113,485		\$873	\$114,358	
2602	2,088.0			2,088.0	\$65,006			\$120			\$65,126	\$32.11	\$66,789			\$66,789	
2700	176.0			176.0	\$4,335			\$25			\$4,360	\$25.86	\$53,789			\$53,789	
3310	2,088.0	40.0		2,128.0	\$76,375			\$190	\$1,516		\$78,081	\$37.90	\$78,832		\$1,516	\$80,348	
3311	2,088.0	40.0		2,128.0	\$71,235			\$145	\$1,403		\$72,783	\$35.08	\$72,966		\$1,403	\$74,369	
3313	2,088.0			2,088.0	\$63,920			\$180	\$1,929		\$66,029	\$33.08	\$68,806		\$1,929	\$70,735	
3320	2,088.0			2,088.0	\$97,887			\$245			\$98,132	\$47.50	\$98,800			\$98,800	
3321	2,088.0	32.0		2,120.0	\$90,833			\$195	\$1,434		\$92,462	\$44.81	\$93,205		\$1,434	\$94,639	
3322	2,088.0	40.0		2,128.0	\$82,091			\$145	\$1,628		\$83,864	\$40.69	\$84,635		\$1,628	\$86,263	
3324	2,088.0	40.0		2,128.0	\$64,982			\$160	\$1,276		\$66,418	\$31.91	\$66,373		\$1,276	\$67,649	
3326	2,088.0	40.0		2,128.0	\$99,266			\$155	\$1,960		\$101,381	\$49.10	\$102,128		\$1,960	\$104,088	
3402	2,088.0	32.0		2,120.0	\$81,206			\$100	\$1,303		\$82,609	\$40.72	\$84,698		\$1,303	\$86,001	
3407	2,088.0			2,088.0	\$92,777			\$110			\$92,887	\$44.53	\$92,622			\$92,622	
3513	2,088.0	40.0		2,128.0	\$99,186			\$255			\$99,441	\$48.22	\$100,298			\$100,298	
4500	2,088.0	40.0		2,128.0	\$73,148			\$190	\$1,441		\$74,779	\$36.02	\$74,922		\$1,441	\$76,363	
4516	2,088.0	40.0		2,128.0	\$64,974			\$175	\$1,284		\$66,433	\$32.11	\$66,789		\$1,284	\$68,073	
Subtotal Salary	55,520.0	600.0		56,120.0	\$2,404,633	\$0	\$0	\$4,295	\$22,490	\$0	\$2,431,418	\$2,610,629	\$0	\$0	\$22,490	\$2,633,119	
Hourly Employees																	
1500	2,088.0		14.0	2,102.0	\$59,651	\$603		\$130			\$60,384	\$29.41	\$61,173	\$618		\$61,790	
1556	1,216.0		23.5	1,239.5	\$31,284	\$943		\$25			\$32,252	\$27.78	\$57,782	\$979		\$58,762	
2205	2,088.0	24.5	85.5	2,198.0	\$59,633	\$3,681		\$160	\$721		\$64,195	\$29.41	\$61,173	\$3,772	\$721	\$65,666	
2208	2,088.0			2,088.0	\$49,678			\$155			\$49,833	\$24.39	\$50,731	\$0		\$50,731	
2209	2,088.0		4.0	2,092.0	\$65,202	\$188		\$190			\$65,580	\$32.11	\$66,789	\$193		\$66,981	
2211	2,088.0			2,088.0	\$55,087			\$195			\$55,282	\$26.87	\$55,890	\$0		\$55,890	
2214	2,088.0			2,088.0	\$51,610			\$225			\$51,835	\$25.20	\$52,416	\$0		\$52,416	
2215	2,088.0		4.5	2,092.5	\$49,657	\$161		\$145			\$49,963	\$24.39	\$50,731	\$165		\$50,896	
2216	2,088.0	40.0	6.5	2,134.5	\$64,860	\$305		\$170	\$1,398		\$66,733	\$34.94	\$72,675	\$341	\$1,398	\$74,414	
2232	2,088.0	36.0	27.0	2,151.0	\$40,630	\$791		\$135	\$716		\$42,272	\$19.88	\$41,350	\$805	\$716	\$42,872	
2239	2,088.0		12.5	2,100.5	\$53,383	\$482		\$125			\$53,990	\$26.84	\$55,827	\$503		\$56,330	
2244	2,088.0		23.5	2,111.5	\$33,738	\$573		\$90			\$34,401	\$16.08	\$33,446	\$567		\$34,013	
2246	2,088.0		27.0	2,115.0	\$39,005	\$758		\$85			\$39,848	\$19.88	\$41,350	\$805		\$42,156	
2247	2,088.0		23.0	2,111.0	\$36,949	\$612		\$85			\$37,646	\$18.04	\$37,523	\$622		\$38,146	
2408	2,088.0		34.0	2,122.0	\$40,641	\$996		\$95			\$41,732	\$19.88	\$41,350	\$1,014		\$42,364	
2424	2,088.0		2.0	2,090.0	\$47,851	\$69		\$85			\$48,005	\$24.39	\$50,731	\$73		\$50,804	
2502	2,088.0			2,088.0	\$65,006			\$180			\$65,186	\$32.11	\$66,789	\$0		\$66,789	
2515	2,088.0		32.5	2,120.5	\$38,529	\$899		\$110			\$39,538	\$18.95	\$39,416	\$924		\$40,340	
2539	2,088.0		61.0	2,149.0	\$34,721	\$1,526		\$70			\$36,317	\$17.79	\$37,003	\$1,628		\$38,631	

2601	2,067.5		264.5	2,332.0	\$43,051	\$7,738			\$125		\$50,914	\$19.88	\$41,350	\$7,887		\$49,238	
2609	2,032.0		168.0	2,200.0	\$51,613	\$6,401	\$1,820		\$105		\$59,939	\$26.29	\$54,683	\$6,625	\$1,820	\$63,128	
2652	2,088.0		7.5	2,095.5	\$36,594	\$198			\$85		\$36,877	\$17.86	\$37,149	\$201		\$37,350	
3308	2,088.0		71.5	2,159.5	\$42,403	\$2,183			\$180		\$44,766	\$20.67	\$42,994	\$2,217		\$45,210	
3314	2,080.5		120.0	2,200.5	\$51,327	\$6,105	\$1,715		\$185		\$59,332	\$32.00	\$66,560	\$5,760	\$1,715	\$74,035	
3315	2,088.0		102.5	2,190.5	\$65,006	\$4,798	\$2,415		\$160		\$72,379	\$32.11	\$66,789	\$4,937	\$2,415	\$74,141	
3319	2,088.0			2,088.0	\$53,304				\$140		\$53,444	\$26.84	\$55,827	\$0		\$55,827	
3323	2,088.0		189.0	2,277.0	\$70,589	\$9,606	\$2,835		\$150		\$83,180	\$34.94	\$72,675	\$9,905	\$2,835	\$85,416	
3328	2,074.0		327.0	2,401.0	\$49,339	\$11,666			\$135		\$61,140	\$24.39	\$50,731	\$11,963		\$62,694	
3330	2,088.0		184.5	2,272.5	\$64,307	\$8,553	\$2,940		\$170		\$75,970	\$31.02	\$64,522	\$8,585	\$2,940	\$76,046	
3341	2,088.0		4.0	2,092.0	\$53,074	\$155			\$100		\$53,329	\$27.15	\$56,472	\$163		\$56,635	
3342	2,088.0	28.0	163.5	2,279.5	\$49,417	\$5,692			\$100		\$55,209	\$23.47	\$48,818	\$5,756		\$54,574	
3345	2,088.0		34.0	2,186.0	\$54,529	\$2,519			\$190	\$913	\$58,151	\$26.84	\$55,827	\$2,577	\$913	\$59,317	
3358	2,088.0	80.0	228.0	2,396.0	\$71,298	\$11,936	\$3,883		\$220	\$2,867	\$90,204	\$35.84	\$74,547	\$12,257	\$3,883	\$2,867	\$93,554
3361	2,088.0	24.0		2,112.0	\$70,565				\$130	\$839	\$71,534	\$34.94	\$72,675	\$0	\$839	\$73,514	
3362	2,088.0		172.5	2,260.5	\$70,589	\$8,766	\$2,940		\$125		\$82,420	\$34.94	\$72,675	\$9,041	\$2,940	\$84,656	
3364	2,088.0		164.0	2,252.0	\$65,006	\$7,671	\$2,835		\$115		\$75,627	\$32.11	\$66,789	\$7,899	\$2,835	\$77,523	
3365	2,088.0		199.0	2,287.0	\$65,006	\$9,308	\$2,905		\$110		\$77,329	\$32.11	\$66,789	\$9,585	\$2,905	\$79,279	
3366	2,088.0		258.5	2,346.5	\$57,768	\$10,761	\$2,520		\$80		\$71,129	\$29.63	\$61,630	\$11,489	\$2,520	\$75,639	
3367	2,088.0		81.5	2,169.5	\$35,616	\$2,090	\$2,810		\$70		\$40,586	\$18.24	\$37,939	\$2,230	\$2,810	\$42,979	
3404	2,088.0		96.5	2,184.5	\$57,020	\$3,964	\$1,995		\$115		\$63,094	\$29.24	\$60,819	\$4,232	\$1,995	\$67,047	
3408	2,088.0		232.5	2,320.5	\$68,061	\$11,369	\$2,765		\$95		\$82,290	\$34.91	\$72,613	\$12,175	\$2,765	\$87,553	
3411	2,088.0	5.0	269.0	2,362.0	\$67,508	\$12,583			\$85		\$80,176	\$31.28	\$65,062	\$12,621		\$77,684	
3413	2,088.0		249.0	2,337.0	\$59,305	\$10,640	\$2,660		\$85		\$72,690	\$30.42	\$63,274	\$11,362	\$2,660	\$77,295	
3501	2,088.0		287.5	2,375.5	\$65,748	\$13,624	\$2,730		\$155		\$82,257	\$32.65	\$67,912	\$14,080	\$2,730	\$84,722	
3502	2,088.0	16.0	28.0	2,132.0	\$59,639	\$1,205			\$175	\$471	\$61,490	\$29.41	\$61,173	\$1,235	\$471	\$62,879	
3506	2,088.0		240.5	2,328.5	\$65,006	\$11,235	\$2,310		\$165		\$78,716	\$32.11	\$66,789	\$11,584	\$2,310	\$80,682	
3507	2,088.0		287.5	2,375.5	\$67,146	\$13,883	\$2,835		\$150		\$84,014	\$34.44	\$71,635	\$14,852	\$2,835	\$89,322	
3511	2,088.0			2,088.0	\$57,618				\$230		\$57,848	\$27.02	\$56,202	\$0		\$56,202	
3514	2,088.0		76.5	2,164.5	\$62,407	\$3,425			\$130		\$65,962	\$31.17	\$64,834	\$3,577		\$68,410	
3516	2,088.0		266.5	2,354.5	\$65,007	\$12,474	\$2,170		\$110		\$79,761	\$32.11	\$66,789	\$12,836	\$2,170	\$81,795	
3520	2,088.0		239.5	2,327.5	\$53,161	\$9,170	\$2,660		\$85		\$65,076	\$27.26	\$56,701	\$9,793	\$2,660	\$69,154	
3522	2,076.0		369.5	2,445.5	\$44,698	\$11,913			\$80		\$56,691	\$23.05	\$47,944	\$12,775		\$60,719	
3523	2,011.0		229.5	2,240.5	\$41,657	\$7,187	\$2,135		\$75		\$51,054	\$21.91	\$45,573	\$7,543	\$2,135	\$55,250	
3524	2,088.0		191.0	2,279.0	\$50,485	\$7,066	\$2,730		\$75		\$60,356	\$26.91	\$55,973	\$7,710	\$2,730	\$66,413	
3525	2,088.0		99.5	2,187.5	\$36,615	\$2,628	\$1,025		\$75		\$40,343	\$18.75	\$39,000	\$2,798	\$1,025	\$42,823	
3526	1,936.0		229.5	2,165.5	\$33,496	\$5,954	\$1,960		\$55		\$41,465	\$18.12	\$37,690	\$6,238	\$1,960	\$45,887	
3600	2,080.0		532.5	2,612.5	\$44,032	\$17,023			\$75		\$61,130	\$21.40	\$44,512	\$17,093		\$61,605	
4000	2,088.0	40.0	33.0	2,161.0	\$64,974	\$1,543			\$200	\$1,284	\$68,001	\$32.11	\$66,789	\$1,589	\$1,284	\$69,662	
4001	2,088.0		14.0	2,102.0	\$45,340	\$456			\$170		\$45,966	\$22.11	\$45,989	\$464		\$46,453	
4004	2,088.0		27.0	2,115.0	\$40,799	\$791			\$180		\$41,770	\$19.88	\$41,350	\$805		\$42,156	
4005	2,088.0		30.0	2,118.0	\$41,429	\$893			\$150		\$42,472	\$20.19	\$41,995	\$909		\$42,904	
4007	2,088.0			2,088.0	\$32,896				\$120		\$33,016	\$16.03	\$33,342	\$0		\$33,342	
4009	2,088.0		5.0	2,093.0	\$47,147	\$170			\$175		\$47,492	\$24.05	\$50,024	\$180		\$50,204	
4010	2,088.0		49.0	2,137.0	\$40,641	\$1,433			\$135		\$42,209	\$19.88	\$41,350	\$1,461		\$42,812	
4502	2,088.0		141.5	2,229.5	\$54,601	\$5,575	\$385		\$130		\$60,691	\$27.06	\$56,285	\$5,743	\$385	\$62,413	
4505	2,088.0		154.0	2,242.0	\$59,613	\$6,596	\$1,575		\$170		\$67,954	\$29.06	\$60,445	\$6,713	\$1,575	\$68,733	
4506	2,088.0		459.5	2,547.5	\$65,006	\$21,490	\$2,380		\$150		\$89,026	\$32.11	\$66,789	\$22,132	\$2,380	\$91,301	
4508	2,088.0	40.0	327.5	2,455.5	\$63,353	\$14,945	\$2,520		\$125	\$1,284	\$82,227	\$32.11	\$66,789	\$15,774	\$2,520	\$1,284	\$86,367
4513	2,088.0		132.0	2,220.0	\$40,642	\$3,864	\$920		\$125		\$45,551	\$19.88	\$41,350	\$3,936	\$920	\$46,207	
4514	2,088.0		254.0	2,342.0	\$65,006	\$11,867	\$1,960		\$145		\$78,978	\$32.11	\$66,789	\$12,234	\$1,960	\$80,983	
4520	2,088.0		393.0	2,481.0	\$65,052	\$18,401	\$2,625		\$175		\$86,253	\$32.11	\$66,789	\$18,929	\$2,625	\$88,343	
4522	2,088.0	40.0	133.5	2,261.5	\$59,623	\$5,726	\$805		\$170	\$1,176	\$67,500	\$29.41	\$61,173	\$5,889	\$805	\$1,176	\$69,043
4523	2,088.0	40.0	286.5	2,414.5	\$70,797	\$14,580	\$2,240		\$170	\$1,398	\$89,185	\$34.94	\$72,675	\$15,015	\$2,240	\$1,398	\$91,329
4524	2,088.0		397.5	2,485.5	\$70,588	\$20,197	\$2,660		\$155		\$93,600	\$34.94	\$72,675	\$20,833	\$2,660	\$96,168	
4525	2,088.0	40.0	257.0	2,385.0	\$57,130	\$10,552	\$1,540		\$165	\$1,114	\$70,501	\$27.86	\$57,949	\$10,740	\$1,540	\$1,114	\$71,343
4529	2,088.0		286.5	2,374.5	\$52,802	\$10,905	\$3,433		\$80		\$67,220	\$27.14	\$56,451	\$11,663	\$3,433	\$71,548	
Subtotal Hourly	157,469.0	487.5	10,455.0	168,411.5	\$4,073,564	\$434,060	\$80,636	\$10,035	\$14,181		\$4,612,476		\$4,253,080	\$449,602	\$80,636	\$14,181	\$4,797,499

Summer & Part Time Employees																	
	2405	477.0		477.0	\$4,847			\$25		\$4,872	\$10.17	\$4,851				\$4,851	
	2438	448.0		448.0	\$3,248					\$3,248	\$7.25	\$3,248				\$3,248	
	2439	240.0		240.0	\$1,740					\$1,740	\$7.25	\$1,740				\$1,740	
	2440	308.0		308.0	\$2,233					\$2,233	\$7.25	\$2,233				\$2,233	
	2542	365.0		365.0	\$2,647					\$2,647	\$7.25	\$2,646				\$2,646	
	2543	393.0		393.0	\$3,997			\$25		\$4,022	\$10.30	\$4,048				\$4,048	
	2555	738.5		738.5	\$7,506			\$25		\$7,531	\$10.17	\$7,511				\$7,511	
	4300	797.0		797.0	\$8,098			\$25		\$8,123	\$10.30	\$8,209				\$8,209	
	4307	299.5		299.5	\$2,171					\$2,171	\$7.25	\$2,171				\$2,171	
Subtotal Summer & PT		4,066.0		4,066.0	\$36,487	\$0	\$0	\$100	\$0	\$0	\$36,587		\$36,657	\$0	\$0	\$0	\$36,657
Retirees																	
	1113	2,088.0	40.0	2,128.0	\$68,053			\$130		\$8,486	\$76,669	\$36.11					
	2224	1,472.0	18.5	1,490.5	\$26,896	\$509				\$2,714	\$30,119	\$18.34					
	2248	256.0		256.0	\$3,602			\$25		\$418	\$4,045	\$16.08					
	2436	8.0		8.0	\$81						\$81	\$10.17					
	2701	80.0		80.0	\$1,310			\$25			\$1,335	\$16.38					
	3357	1,232.0	8.5	1,240.5	\$34,739	\$363		\$220		\$17,809	\$53,131	\$28.21					
	3512	213.0		213.0	\$5,478			\$240		\$1,343	\$7,061	\$33.15					
	4528	731.0		731.0	\$22,208					\$3,256	\$25,464	\$31.16					
Subtotal Retirees		6,080.0	40.0	27.0	6,147.0	\$162,367	\$872	\$0	\$640	\$0	\$34,026	\$197,905	\$0	\$0	\$0	\$0	\$0
Total		223,135.0	1,127.5	10,482.0	234,744.5	\$6,677,052	\$434,932	\$80,636	\$15,070	\$36,671	\$34,026	\$7,278,387	\$6,900,366	\$449,602	\$80,636	\$36,671	\$7,467,275

Blue Grass Energy  
Case No. 2014-00339  
Payroll Taxes

The employer's portion of FICA and medicare rates remain the same for 2014 as they were for 2013. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increased from \$113,700 in 2013 to \$117,000 in 2014.

Federal unemployment rates are 0.60% for the first \$7,000 of wages and state unemployment rate is 1.05% for the first \$9,600 of wages, plus a surcharge of 0.22% in 2014.

Proposed FICA amounts

FICA	453,667	
Medicare	108,275	
	<u>561,942</u>	
Proposed FUTA	4,578	
Proposed SUTA	12,628	579,148
Test year amount		
FICA and Medicare	530,954	
Test year FUTA	4,787	
Test year SUTA	10,159	545,900
		<u>33,248</u>

<b>Adjustment:</b>		<u>Percent</u>	<u>Amount</u>
107	Capitalized	22.1%	7,350
163 - 416	Clearing and others	9.4%	3,138
580	Operations	5.7%	1,904
590	Maintenance	18.6%	6,201
901	Consumer accounts	11.3%	3,743
908	Customer service	8.4%	2,806
912	Sales	0.0%	0
920	Administrative and general	24.4%	8,106
	<b>Total</b>	<u>100.0%</u>	<u>\$33,248</u>

State unemployment (SUTA) wage rates are as follows:

2014	1.05%	plus 0.22% surcharge
2013	1.05%	
2012	1.05%	
2011	1.10%	
2010	1.10%	
2009	1.10%	

Blue Grass Blue Grass Energy  
 Case No. 2 Case No. 2014-00339  
 December - December 31, 2013

Employee Number	Normalized Wages	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$117,000	@ 6.20%	All Wages	@ 1.45%	Up to \$7,000	@ 0.60%	Up to \$9,600	@ 1.220%
<b>Salary Empl</b>									
1107	\$133,645	117,000	7,254	133,645	1,938	7,000	42	9,600	117
1108	\$99,778	99,778	6,186	99,778	1,447	7,000	42	9,600	117
1110	\$249,995	117,000	7,254	249,995	3,625	7,000	42	9,600	117
1111	\$117,427	117,000	7,254	117,427	1,703	7,000	42	9,600	117
1200	\$113,547	113,547	7,040	113,547	1,646	7,000	42	9,600	117
1203	\$114,352	114,352	7,090	114,352	1,658	7,000	42	9,600	117
1250	\$104,609	104,609	6,486	104,609	1,517	7,000	42	9,600	117
1400	\$112,195	112,195	6,956	112,195	1,627	7,000	42	9,600	117
1552	\$48,422	48,422	3,002	48,422	702	7,000	42	9,600	117
1555	\$65,770	65,770	4,078	65,770	954	7,000	42	9,600	117
2250	\$56,909	56,909	3,528	56,909	825	7,000	42	9,600	117
2503	\$81,286	81,286	5,040	81,286	1,179	7,000	42	9,600	117
2505	\$114,358	114,358	7,090	114,358	1,658	7,000	42	9,600	117
2602	\$66,789	66,789	4,141	66,789	968	7,000	42	9,600	117
2700	\$53,789	53,789	3,335	53,789	780	7,000	42	9,600	117
3310	\$80,348	80,348	4,982	80,348	1,165	7,000	42	9,600	117
3311	\$74,369	74,369	4,611	74,369	1,078	7,000	42	9,600	117
3313	\$70,735	70,735	4,386	70,735	1,026	7,000	42	9,600	117
3320	\$98,800	98,800	6,126	98,800	1,433	7,000	42	9,600	117
3321	\$94,639	94,639	5,868	94,639	1,372	7,000	42	9,600	117
3322	\$86,263	86,263	5,348	86,263	1,251	7,000	42	9,600	117
3324	\$67,649	67,649	4,194	67,649	981	7,000	42	9,600	117
3326	\$104,088	104,088	6,453	104,088	1,509	7,000	42	9,600	117
3402	\$86,001	86,001	5,332	86,001	1,247	7,000	42	9,600	117
3407	\$92,622	92,622	5,743	92,622	1,343	7,000	42	9,600	117
3513	\$100,298	100,298	6,218	100,298	1,454	7,000	42	9,600	117
4500	\$76,363	76,363	4,734	76,363	1,107	7,000	42	9,600	117
4516	\$68,073	68,073	4,221	68,073	987	7,000	42	9,600	117
Subtotal 5a	\$2,633,119		153,949		38,180		1,176		3,279
<b>Hourly Empl</b>									
1500	\$61,790	61,790	3,831	61,790	896	7,000	42	9,600	117
1556	\$58,762	58,762	3,643	58,762	852	7,000	42	9,600	117
2205	\$65,666	65,666	4,071	65,666	952	7,000	42	9,600	117
2208	\$50,731	50,731	3,145	50,731	736	7,000	42	9,600	117
2209	\$66,981	66,981	4,153	66,981	971	7,000	42	9,600	117
2211	\$55,890	55,890	3,465	55,890	810	7,000	42	9,600	117
2214	\$52,416	52,416	3,250	52,416	760	7,000	42	9,600	117
2215	\$50,896	50,896	3,156	50,896	738	7,000	42	9,600	117
2216	\$74,414	74,414	4,614	74,414	1,079	7,000	42	9,600	117
2232	\$42,872	42,872	2,658	42,872	622	7,000	42	9,600	117
2239	\$56,330	56,330	3,492	56,330	817	7,000	42	9,600	117
2244	\$34,013	34,013	2,109	34,013	493	7,000	42	9,600	117
2246	\$42,156	42,156	2,614	42,156	611	7,000	42	9,600	117
2247	\$38,146	38,146	2,365	38,146	553	7,000	42	9,600	117
2408	\$42,364	42,364	2,627	42,364	614	7,000	42	9,600	117
2424	\$50,804	50,804	3,150	50,804	737	7,000	42	9,600	117
2502	\$66,789	66,789	4,141	66,789	968	7,000	42	9,600	117
2515	\$40,340	40,340	2,501	40,340	585	7,000	42	9,600	117
2539	\$38,631	38,631	2,395	38,631	560	7,000	42	9,600	117
2601	\$49,238	49,238	3,053	49,238	714	7,000	42	9,600	117
2609	\$63,128	63,128	3,914	63,128	915	7,000	42	9,600	117
2652	\$37,350	37,350	2,316	37,350	542	7,000	42	9,600	117
3308	\$45,210	45,210	2,803	45,210	656	7,000	42	9,600	117
3314	\$74,035	74,035	4,590	74,035	1,074	7,000	42	9,600	117
3315	\$74,141	74,141	4,597	74,141	1,075	7,000	42	9,600	117
3319	\$55,827	55,827	3,461	55,827	809	7,000	42	9,600	117
3323	\$85,416	85,416	5,296	85,416	1,239	7,000	42	9,600	117
3328	\$62,694	62,694	3,887	62,694	909	7,000	42	9,600	117
3330	\$76,046	76,046	4,715	76,046	1,103	7,000	42	9,600	117

Blue Grass Blue Grass Energy  
Case No. 2 Case No. 2014-00339  
December - December 31, 2013

Employee Number	Normalized Wages	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$117,000	@ 6.20%	All Wages	@ 1.45%	Up to \$7,000	@ 0.60%	Up to \$9,600	@ 1.220%
3341	\$56,635	56,635	3,511	56,635	821	7,000	42	9,600	117
3342	\$54,574	54,574	3,384	54,574	791	7,000	42	9,600	117
3345	\$59,317	59,317	3,678	59,317	860	7,000	42	9,600	117
3358	\$93,554	93,554	5,800	93,554	1,357	7,000	42	9,600	117
3361	\$73,514	73,514	4,558	73,514	1,066	7,000	42	9,600	117
3362	\$84,656	84,656	5,249	84,656	1,228	7,000	42	9,600	117
3364	\$77,523	77,523	4,806	77,523	1,124	7,000	42	9,600	117
3365	\$79,279	79,279	4,915	79,279	1,150	7,000	42	9,600	117
3366	\$75,639	75,639	4,690	75,639	1,097	7,000	42	9,600	117
3367	\$42,979	42,979	2,665	42,979	623	7,000	42	9,600	117
3404	\$67,047	67,047	4,157	67,047	972	7,000	42	9,600	117
3408	\$87,553	87,553	5,428	87,553	1,270	7,000	42	9,600	117
3411	\$77,684	77,684	4,816	77,684	1,126	7,000	42	9,600	117
3413	\$77,295	77,295	4,792	77,295	1,121	7,000	42	9,600	117
3501	\$84,722	84,722	5,253	84,722	1,228	7,000	42	9,600	117
3502	\$62,879	62,879	3,898	62,879	912	7,000	42	9,600	117
3506	\$80,682	80,682	5,002	80,682	1,170	7,000	42	9,600	117
3507	\$89,322	89,322	5,538	89,322	1,295	7,000	42	9,600	117
3511	\$56,202	56,202	3,484	56,202	815	7,000	42	9,600	117
3514	\$68,410	68,410	4,241	68,410	992	7,000	42	9,600	117
3516	\$81,795	81,795	5,071	81,795	1,186	7,000	42	9,600	117
3520	\$69,154	69,154	4,288	69,154	1,003	7,000	42	9,600	117
3522	\$60,719	60,719	3,765	60,719	880	7,000	42	9,600	117
3523	\$55,250	55,250	3,426	55,250	801	7,000	42	9,600	117
3524	\$66,413	66,413	4,118	66,413	963	7,000	42	9,600	117
3525	\$42,823	42,823	2,655	42,823	621	7,000	42	9,600	117
3526	\$45,887	45,887	2,845	45,887	665	7,000	42	9,600	117
3600	\$61,605	61,605	3,820	61,605	893	7,000	42	9,600	117
4000	\$69,662	69,662	4,319	69,662	1,010	7,000	42	9,600	117
4001	\$46,453	46,453	2,880	46,453	674	7,000	42	9,600	117
4004	\$42,156	42,156	2,614	42,156	611	7,000	42	9,600	117
4005	\$42,904	42,904	2,660	42,904	622	7,000	42	9,600	117
4007	\$33,342	33,342	2,067	33,342	483	7,000	42	9,600	117
4009	\$50,204	50,204	3,113	50,204	728	7,000	42	9,600	117
4010	\$42,812	42,812	2,654	42,812	621	7,000	42	9,600	117
4502	\$62,413	62,413	3,870	62,413	905	7,000	42	9,600	117
4505	\$68,733	68,733	4,261	68,733	997	7,000	42	9,600	117
4506	\$91,301	91,301	5,661	91,301	1,324	7,000	42	9,600	117
4508	\$86,367	86,367	5,355	86,367	1,252	7,000	42	9,600	117
4513	\$46,207	46,207	2,865	46,207	670	7,000	42	9,600	117
4514	\$80,983	80,983	5,021	80,983	1,174	7,000	42	9,600	117
4520	\$88,343	88,343	5,477	88,343	1,281	7,000	42	9,600	117
4522	\$69,043	69,043	4,281	69,043	1,001	7,000	42	9,600	117
4523	\$91,329	91,329	5,662	91,329	1,324	7,000	42	9,600	117
4524	\$96,168	96,168	5,962	96,168	1,394	7,000	42	9,600	117
4525	\$71,343	71,343	4,423	71,343	1,034	7,000	42	9,600	117
4529	\$71,548	71,548	4,436	71,548	1,037	7,000	42	9,600	117
Subtotal Hc	\$4,797,499		297,445		69,564		3,192		8,901
Summer &									
2405	\$4,851	4,851	301	4,851	70	4,851	29	4,851	59
2438	\$3,248	3,248	201	3,248	47	3,248	19	3,248	40
2439	\$1,740	1,740	108	1,740	25	1,740	10	1,740	21
2440	\$2,233	2,233	138	2,233	32	2,233	13	2,233	27
2542	\$2,646	2,646	164	2,646	38	2,646	16	2,646	32
2543	\$4,048	4,048	251	4,048	59	4,048	24	4,048	49
2555	\$7,511	7,511	466	7,511	109	7,000	42	7,511	92
4300	\$8,209	8,209	509	8,209	119	7,000	42	8,209	100
4307	\$2,171	2,171	135	2,171	31	2,171	13	2,171	26
Subtotal Sl	\$36,657		2,273		532		210		447

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

**Depreciation Expense**

Depreciation is computed on a composite basis. The ending plant balance is multiplied by rates that are within RUS approved guidelines. Depreciation rates and procedures follow RUS Bulletin 183-1. Blue Grass Energy has had a depreciation study performed as of December 31, 2004 and was submitted and approved by this Commission in Case No. 2005-00187.

Depreciation on transportation equipment is charged to a clearing account. Transportation costs are then cleared to various accounts based on time used for each vehicle from the daily time sheets of employees driving the vehicles.

Items of general plant that are fully-depreciated have been removed from the calculation in order to determine the normalized depreciation cost. These amounts have been separated on the right had column of the normalized calculation.

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

Schedule 3  
page 2 of 6  
Witness: Jim Adkins

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<u>Account Number</u>	<u>Description</u>	<u>Test Year Balance</u>	<u>Rate</u>	<u>Normalized Expense</u>	<u>Test Year Accrual</u>	<u>Exclude Items Fully Depreciated</u>
<b>Distribution plant:</b>						
361	Land	\$ -		\$ -	\$ -	
362	Station equipment	1,891,215	4.17%	78,864	79,656	
364	Poles, towers & fixtures	57,805,699	3.30%	1,907,588	1,881,143	
365	Overhead conductors & devices	50,743,404	4.05%	2,055,108	2,032,814	
367	Underground conductor & devices	14,138,673	4.88%	689,967	675,309	
368	Line transformers	32,641,389	2.63%	858,469	848,747	
369	Services	29,677,466	5.08%	1,507,615	1,480,144	
370	Meters	7,390,222	6.67%	492,928	475,689	
371	Installations on customer premises	5,419,228	3.23%	175,041	171,842	
373	Street lighting	3,005,888	4.35%	130,756	129,060	
		<u>202,713,184</u>		<u>7,896,336</u>	<u>7,774,404</u>	
<b>General plant:</b>						
389	Land	644,267				
390	Structures and improvements	7,763,852	2.50%	188,459	188,209	225,492
391	Office furniture	659,180	14.40%	17,862	16,422	535,138
391.1	Computer equipment	1,927,530	15.00%	134,040	126,540	1,033,930
392	Transportation	4,420,037	11.25%	388,022	382,397	970,953
393	Stores	5,871	6.67%	392	391	-
394	Tools, shop and garage	354,657	4.00%	14,186	18,335	-
395	Laboratory	180,613	4.00%	7,225	8,847	-
396	Power operated	373,640	5.30%	19,803	18,902	-
397	Communications	1,008,987	20.00%	92,556	88,556	546,207
398	Miscellaneous	220,566	20.00%	13,435	12,435	153,391
		<u>17,559,200</u>		<u>875,979</u>	<u>861,034</u>	
	<b>Total electric plant</b>	<u>\$ 220,272,384</u>		<u>\$ 8,772,315</u>	<u>\$ 8,635,438</u>	

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.



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

Normalized depreciation accrual:			
Distribution plant	7,896,336		
General plant	875,979		
Less charged to clearing	<u>(388,022)</u>	8,384,293	
Test year depreciation accrual:			
Distribution plant	7,774,404		
General plant	861,034		
Less charged to clearing	<u>(382,397)</u>	8,253,041	
		<u>131,252</u>	
Transportation clearing:			
Normalized		388,022	
Test year		<u>382,397</u>	
		<u>5,625</u>	

The allocation of the increase in depreciation on transportation equipment is based on actual test year transportation clearing.

<u>Account</u>	<u>%</u>	<u>Amount</u>
Construction and retirement WIP	34%	\$1,937
Others	1%	66
Distribution - operations	15%	846
Distribution - maintenance	27%	1,513
Consumer accounts	7%	389
Consumer service and information	6%	321
Sales	0%	0
Administrative and general	10%	552
Total	<u>100%</u>	<u>\$5,625</u>

Blue Grass Energy  
Case No. 2014-00339  
**Depreciation Guideline Curve**  
December 31, 2013

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<u>Year Ended</u>	<u>Distribution Plant in Service</u>	<u>Accumulated Deprec for Distribution</u>	<u>Reserve Ratio</u>	<u>Ratio of Current Distribution Plant to Distribution Plant 10 Years Prior</u>
2013	87,827,579	29,583,974	33.68%	1.61
2012	84,228,330	28,627,790	33.99%	1.62
2011	80,339,656	27,248,770	33.92%	1.64
2010	77,808,757	26,705,165	34.32%	1.64
2009	74,436,346	25,434,571	34.17%	1.66
2003	54,543,466	18,899,498	34.65%	
2002	51,972,427	17,794,780	34.24%	
2001	49,134,592	16,781,463	34.15%	
2000	47,302,839	15,951,121	33.72%	
1999	44,712,915	15,003,313	33.55%	

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

Exhibit 3  
page 5 of 6  
Witness: Jim Adkins

		<u>Begin</u>			<u>End</u>	
	<b>Changes in electric plant:</b>	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfer</u>	<u>Balance</u>
8	360 Land	0	0			0
9	362 Station equipment	1,913,046	0	21,831		1,891,215
10	364 Poles, towers and fixtures	55,594,019	2,866,730	655,050		57,805,699
11	365 Overhead conductor and devices	48,981,625	2,295,027	533,248		50,743,404
12	367 Underground conductor and devices	13,385,245	912,435	159,007		14,138,673
13	368 Line transformers	31,845,558	1,161,043	365,212		32,641,389
14	369 Services	28,663,610	1,231,326	217,470		29,677,466
15	370 Meters	7,302,991	173,031	85,800		7,390,222
	371 Security lights	5,206,569	282,470	69,811		5,419,228
16	373 Street lighting	2,897,195	125,224	16,531		3,005,888
		<hr/>				
17						
18	Subtotal distribution plant	195,789,858	9,047,286	2,123,960	0	202,713,184
19		<hr/>				
20	389 Land	644,267	0			644,267
21	390 Structures and improvements	7,405,897	357,955			7,763,852
22	391 Office furn and eqt	655,396	3,784			659,180
23	391.1 Computer equipment	1,866,184	192,734	131,388		1,927,530
23	392 Transportation	4,457,740	179,842	217,545		4,420,037
24	393 Stores	5,871	0			5,871
25	394 Tools, shop and garage	336,270	22,004	3,617		354,657
26	395 Laboratory	180,613	0			180,613
27	396 Power operated	388,479	72,522	87,361		373,640
28	397 Communication	993,850	131,397	116,260		1,008,987
29	398 Miscellaneous	205,729	19,905	5,068		220,566
30		<hr/>				
31	Subtotal general plant	17,140,296	980,143	561,239	0	17,559,200
32		<hr/>				
33	Total electric plant in service	212,930,154	10,027,429	2,685,199	0	220,272,384
34		<hr/> <hr/>				

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

Exhibit 3  
page 6 of 6  
Witness: Jim Adkins

**Changes in reserve for depreciation:**

	<u>Begin</u> <u>Balance</u>	<u>Accrual</u>	<u>Original</u> <u>Cost</u>	<u>Removal</u> <u>Cost</u>	<u>Gain/Loss</u> <u>Salvage</u>	<u>Net</u> <u>Charge</u>	<u>End</u> <u>Balance</u>
Distribution plant	53,467,559	7,774,404	2,123,960	849,815	117,479	2,856,296	58,385,667
Land							
Structures and improvements	2,219,986	188,209	0				2,408,195
Office furniture	204,568	16,422	0				220,990
Computer equipment	1,575,353	126,540	131,388				1,701,893
Transportation	2,236,282	382,397	217,545		273,480		2,345,199
Stores	3,098	391	0				3,489
Tools, shop and garage	280,234	18,335	3,617		24,847		273,722
Laboratory	145,462	8,847	0				154,309
Power operated	280,852	18,902	87,361		11,526		288,228
Communication	736,341	88,556	116,260		22,690		802,207
Miscellaneous equipment	152,361	12,435	5,068				164,796
Subtotal general plant	7,834,537	861,034	561,239	0	332,543	0	8,363,028
Retirement WIP	235,227			(84,854)		(84,854)	150,373
Total accumulated depreciation	61,066,869	8,635,438	2,685,199	934,669	450,022	2,941,150	66,598,322

Blue Grass Energy Cooperative  
Case No. 2014-00339  
December 31, 2013  
Long Term Debt

The adjustment for interest on long-term debt results in a increase of \$ 482,472

This adjustment has been calculated by multiplying the test year end debt amounts by the interest rates in effect at the end of the test year for each loan.

RUS loans	3,085,754
FFB loans	997,382
CFC loans	<u>618,658</u>
Total annualized interest	4,701,795
Test year interest expense	<u>4,219,323</u>
Adjustment	<u><u>482,472</u></u>

**Blue Grass Energy Cooperative**  
**Case No. 2014-00339**  
**Schedule of Outstanding Long-Term Debt**  
**as of December 31, 2013**

Type of <u>Debt Issued</u> (a)	Date of <u>Issue</u> (b)	Date of <u>Maturity</u> (c)	Outstanding <u>Amount</u> (d)	Cost Rate to <u>Maturity</u> (g)	Annualized Cost <u>Col (d)x(g)</u> (j)	Test Year Interest <u>Cost</u> (k)
<b>RUS loans</b>						
1B280	Dec-97	Jun-32	791,909	5.75%	45,535	46,408
b281	Nov-98	Jun-32	267,327	6.00%	16,040	16,338
1b285	Nov-98	Jun-32	714,167	5.50%	39,279	40,042
1B286	Nov-98	Jun-32	325,803	5.13%	16,697	17,035
1B520	Nov-98	Jun-32	521,235	5.75%	29,971	30,580
1B525	Nov-98	Jun-32	521,235	5.75%	29,971	30,580
1B530	Nov-98	Jun-32	3,832,821	5.00%	191,641	194,754
1B531	Nov-98	Jun-32	1,393,360	2.38%	33,092	33,864
1B352	Nov-98	Jun-32	1,965,560	3.63%	71,252	75,699
1B870	Nov-98	Jun-32	6,916,020	3.50%	242,061	245,160
1B871	Nov-98	Jun-32	4,398,098	4.25%	186,919	189,063
1B872	Nov-98	Jun-32	5,277,718	4.25%	224,303	226,876
1B873	Nov-98	Jun-32	4,422,685	4.50%	199,021	201,214
1B874	Nov-98	Jun-32	4,661,437	4.12%	192,051	194,291
1B890	Nov-98	Jun-32	10,899,683	3.49%	380,399	385,561
1B891	Nov-98	Jun-32	8,285,876	4.43%	367,064	371,376
1B892	Nov-98	Jun-32	5,477,769	3.85%	210,675	213,056
1B893	Nov-98	Jun-32	4,659,737	4.64%	216,025	218,215
1B894	Nov-98	Jun-32	4,733,528	4.57%	216,228	218,717
1B895	Nov-98	Jun-32	5,496,299	3.23%	177,530	180,035
Advance payments			75,562,267		3,085,754	3,128,863
<b>FFB Loans</b>						
H0010	Nov-98	Jun-32	3,105,161	2.5000%	77,629	4,132
H0015	Nov-98	Jun-32	1,552,581	2.5000%	38,815	2,066
H0020	Nov-98	Jun-32	3,504,133	2.5000%	87,603	4,663
H0025	Nov-98	Jun-32	669,804	2.5000%	16,745	892
H0030	Nov-98	Jun-32	602,823	2.5000%	15,071	803
H0035	Nov-98	Jun-32	674,323	2.5000%	16,858	898
H0040	Nov-98	Jun-32	1,099,592	2.5000%	27,490	1,465
H0045	Nov-98	Jun-32	1,183,844	2.5000%	29,596	1,577
H0050	Nov-98	Jun-32	1,399,910	2.5000%	34,998	1,863
H0055	Nov-98	Jun-32	2,349,082	2.5000%	58,727	118,217
H0060	Nov-98	Jun-32	3,567,264	2.5000%	89,182	4,747
H0065	Nov-98	Jun-32	3,641,086	2.5000%	91,027	4,846
H0070	Nov-98	Jun-32	2,117,325	2.5000%	52,933	2,818
H0075	Nov-98	Jun-32	2,781,077	2.5000%	69,527	137,656
H0080	Nov-98	Jun-32	4,951,084	2.5000%	123,777	119,730
H0085	Nov-98	Jun-32	6,696,200	2.5000%	167,405	28,877

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Schedule of Outstanding Long-Term Debt  
as of December 31, 2013

Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Amount (d)	Cost Rate to Maturity (g)	Annualized Cost Col (d)x(g) (j)	Test Year Interest Cost (k)
			39,895,289			435,253
<b>CFC Loans</b>						
9006	Nov-98	Jun-32	0	7.0000%	0	1,018
9007	Nov-98	Jun-32	102,262	4.7500%	4,857	6,158
9008	Nov-98	Jun-32	131,619	3.1500%	4,146	4,614
9009	Nov-98	Jun-32	341,826	3.6000%	12,306	13,226
9010	Nov-98	Jun-32	942,300	7.1000%	66,903	69,053
9011-1	Nov-98	Jun-32	452,883	7.1000%	32,155	32,653
9011-2	Nov-98	Jun-32	497,011	7.1000%	35,288	35,834
9016	Nov-98	Jun-32	0	6.1000%	0	661
9017	Nov-98	Jun-32	45,527	2.5500%	1,161	1,607
9018	Nov-98	Jun-32	115,371	3.6000%	4,153	4,449
9019	Nov-98	Jun-32	129,721	7.1000%	9,210	9,624
9020	Nov-98	Jun-32	374,773	7.1000%	26,609	27,270
9021	Nov-98	Jun-32	442,810	5.6500%	25,019	25,488
9030	Nov-98	Jun-32	14,923	4.3000%	642	1,263
9031	Nov-98	Jun-32	69,217	4.7500%	3,288	3,964
9032	Nov-98	Jun-32	74,944	5.6500%	4,234	4,637
9033	Nov-98	Jun-32	128,446	5.6500%	7,257	7,707
9034	Nov-98	Jun-32	162,861	5.6500%	9,202	9,584
9035	Nov-98	Jun-32	307,711	5.6500%	17,386	17,959
9036	Nov-98	Jun-32	609,529	5.6500%	34,438	35,150
9037-11	Nov-98	Jun-32	554,429	5.2500%	29,108	43,287
9037-12	Nov-98	Jun-32	1,094,586	5.3000%	58,013	58,013
9037-13	Nov-98	Jun-32	1,094,586	5.4000%	59,108	59,108
9037-14	Nov-98	Jun-32	1,094,586	5.3000%	58,013	58,013
9037-15	Nov-98	Jun-32	1,094,586	5.4500%	59,655	59,655
9037-25	Nov-98	Jun-32	0	5.0500%	0	8,706
9037-26	Nov-98	Jun-32	273,646	5.6500%	15,461	15,461
9037-27	Nov-98	Jun-32	273,646	3.9000%	10,672	10,672
9037-28	Nov-98	Jun-32	273,646	5.6500%	15,461	15,461
9037-29	Nov-98	Jun-32	273,646	5.4500%	14,914	14,914
			10,971,091			655,207
Total long term debt and annualize			126,428,647			4,219,323
Annualized cost rate [Total Col. (j) / Total Col. (d)]					3.72%	
Actual test year cost rate [Total Col (k) / Total Reported in Col (d)]					3.34%	

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Blue Grass Energy Cooperative  
Case No. 2014-00339  
December 31, 2013  
Short Term Debt

**Adjustment for Short Term Interest**

This adjustment is to recognize the interest on short term borrowings. It is presumed that additional revenues will be generated from this application and will be used to repay short term advances. It is estimated that the increase will be over a year time period, and that approximately one-half of the short term borrowings will be repaid in that time.

<u>Type of Debt Instrument</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Amount Outstanding</u> (d)	<u>Interest Rate</u> (e)	<u>Annualized Cost</u> (f)
		n/a	0		0
Annualized cost rate [Total col. (f) / Total col. (d)]					0.00%
Actual interest paid, or accrued on Short Term Debt during the Test Year					



Blue Grass Energy  
Case No. 2014-00339  
Retirement and Security

Blue Grass provides pension benefits for all non-union employees through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security (R&S) Program. It is the policy of Blue Grass to fund pension costs accrued. R&S contributions are based on base salary at a rate determined by NRECA. Contribution rates are as follows:

	<u>2013</u>	<u>2014</u>
Employer rate	30.05%	22.80%
Administration fee	0.78%	0.78%

Cooperatives participating in the R&S plan were allowed to make an Accelerated Funding Payment ("prepayment") and receive an immediate reduction in their current contribution requirement equal to approximately 25% of their 2013 billing rate. Although the new (reduced) billing rate can change over time, the relative value of the reduction will continue to benefit prepaying cooperatives in future years, potentially for as many as 10-15 years or longer. During April, 2013 Blue Grass made an accelerated payment to NRECA in the amount of \$4,342,389. The amount was recorded as a deferred debit and amortized over 15 years through the benefits matrix.

Accelerated payment	4,342,389	
Number of years	15	
Annual amortization	289,493	
<b>Normalized</b>		
R & S contributions	1,475,630	
Amortize accelerated payment	289,493	
Employer 401(k) contributions	<u>137,274</u>	1,902,396
<b>Actual Test Year</b>		
R & S contributions	1,319,447	
Amortize accelerated payment	289,513	
Employer 401(k) contributions	<u>142,701</u>	1,751,661
Proposed adjustment		<u><u>150,735</u></u>

The adjustment is allocated as follows:

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	22.1%	33,321
163 - 416	Clearing and others	9.4%	14,228
580	Operations	5.7%	8,631
590	Maintenance	18.6%	28,112
901	Consumer accounts	11.3%	16,970
908	Customer service	8.4%	12,722
912	Sales	0.0%	0
920	Administrative and general	24.4%	36,751
	Total	<u>100.00%</u>	<u><u>\$150,735</u></u>

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

Employee Number	R & S Retirement		401(k)	
	Rate	Amount	Rate	Amount
1107	0.00%	0	2%	2,622
1108	23.58%	23,528	2%	1,996
1110	23.58%	58,949	2%	5,000
1111	0.00%	0	2%	2,304
1200	23.58%	26,774	2%	2,271
1203	23.58%	26,657	2%	2,261
1250	23.58%	24,572	2%	2,084
1400	23.58%	26,456	2%	2,244
1552	23.58%	11,418	2%	968
1555	23.58%	15,508	2%	1,315
2250	23.58%	13,419	2%	1,138
2503	23.58%	19,167	2%	1,626
2505	23.58%	26,760	2%	2,270
2602	23.58%	15,749	2%	1,336
2700	23.58%	12,683	2%	1,076
3310	23.58%	18,589	2%	1,577
3311	23.58%	17,205	2%	1,459
3313	23.58%	16,225	2%	1,376
3320	0.00%	0	2%	1,976
3321	23.58%	21,978	2%	1,864
3322	23.58%	19,957	2%	1,693
3324	23.58%	15,651	2%	1,327
3326	23.58%	24,082	2%	2,043
3402	23.58%	19,972	2%	1,694
3407	23.58%	21,840	2%	1,852
3513	0.00%	0	2%	2,006
4500	23.58%	17,667	2%	1,498
4516	23.58%	15,749	2%	1,336
Subtotal Sa		510,553		52,213
Hourly Emp				
1500	23.58%	14,425	2%	1,223
1556	23.58%	13,625	2%	1,156
2205	23.58%	14,425	2%	1,223
2208	23.58%	11,962	2%	1,015
2209	23.58%	15,749	2%	1,336
2211	23.58%	13,179	2%	1,118
2214	0.00%	0	2%	1,048
2215	23.58%	11,962	2%	1,015
2216	23.58%	17,137	2%	1,454
2232	23.58%	9,750	2%	827
2239	23.58%	13,164	2%	1,117
2244	23.58%	7,887	2%	669
2246	23.58%	9,750	2%	827
2247	23.58%	8,848	2%	750
2408	23.58%	9,750	2%	827
2424	23.58%	11,962	2%	1,015
2502	23.58%	15,749	2%	1,336
2515	23.58%	9,294	2%	788
2539	23.58%	8,725	2%	740

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

Employee Number	R & S Retirement		401(k)	
	Rate	Amount	Rate	Amount
2601	23.58%	9,750	2%	827
2609	23.58%	12,894	2%	1,094
2652	23.58%	8,760	2%	743
3308	23.58%	10,138	2%	860
3314	23.58%	15,695	2%	1,331
3315	23.58%	15,749	2%	1,336
3319	23.58%	13,164	2%	1,117
3323	23.58%	17,137	2%	1,454
3328	23.58%	11,962	2%	1,015
3330	23.58%	15,214	2%	1,290
3341	23.58%	13,316	2%	1,129
3342	23.58%	11,511	2%	976
3345	23.58%	13,164	2%	1,117
3358	0.00%	0	2%	1,491
3361	23.58%	17,137	2%	1,454
3362	23.58%	17,137	2%	1,454
3364	23.58%	15,749	2%	1,336
3365	23.58%	15,749	2%	1,336
3366	23.58%	14,532	2%	1,233
3367	23.58%	8,946	2%	759
3404	23.58%	14,341	2%	1,216
3408	23.58%	17,122	2%	1,452
3411	23.58%	15,342	2%	1,301
3413	23.58%	14,920	2%	1,265
3501	23.58%	16,014	2%	1,358
3502	23.58%	14,425	2%	1,223
3506	23.58%	15,749	2%	1,336
3507	23.58%	16,892	2%	1,433
3511	23.58%	13,252	2%	1,124
3514	23.58%	15,288	2%	1,297
3516	23.58%	15,749	2%	1,336
3520	23.58%	13,370	2%	1,134
3522	23.58%	11,305	2%	959
3523	23.58%	10,746	2%	911
3524	23.58%	13,198	2%	1,119
3525	23.58%	9,196	2%	780
3526	23.58%	8,887	2%	754
3600	23.58%	10,496	2%	890
4000	23.58%	15,749	2%	1,336
4001	23.58%	10,844	2%	920
4004	23.58%	9,750	2%	827
4005	23.58%	9,902	2%	840
4007	0.00%	0	2%	667
4009	23.58%	11,796	2%	1,000
4010	23.58%	9,750	2%	827
4502	23.58%	13,272	2%	1,126
4505	23.58%	14,253	2%	1,209
4506	23.58%	15,749	2%	1,336
4508	23.58%	15,749	2%	1,336
4513	23.58%	9,750	2%	827
4514	23.58%	15,749	2%	1,336

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

Employee Number	R & S Retirement		401(k)	
	Rate	Amount	Rate	Amount
4520	23.58%	15,749	2%	1,336
4522	23.58%	14,425	2%	1,223
4523	23.58%	17,137	2%	1,454
4524	23.58%	17,137	2%	1,454
4525	23.58%	13,664	2%	1,159
4529	23.58%	13,311	2%	1,129
Subtotal Hc		965,076		85,062
Summer &				
2405				
2438				
2439				
2440				
2542				
2543				
2555				
4300				
4307				
Subtotal Su		0		0
Retirees				
1113				
2224				
2248				
2436				
2701				
3357				
3512				
4528				
Subtotal Re		0		0
Total		1,475,630		137,274

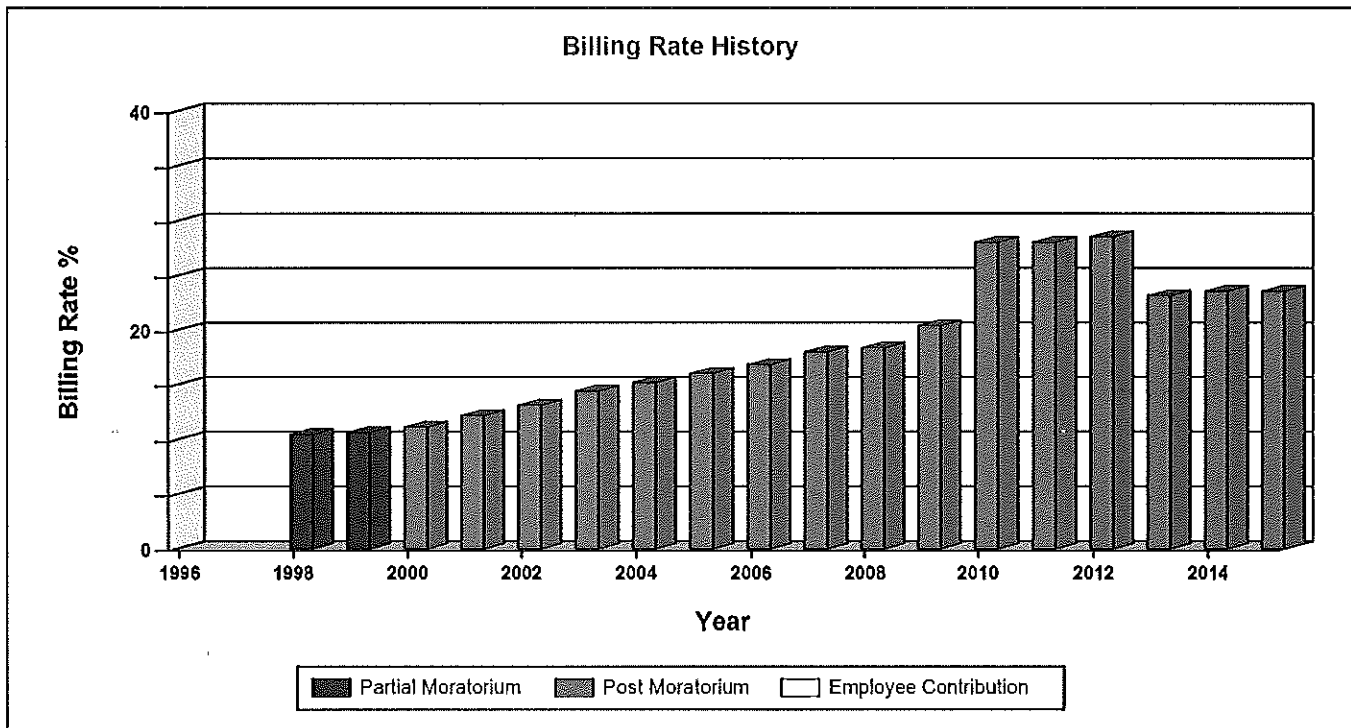
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Retirement Security Plan



System #:	01-18064-001	Plan ID:	RNR01A
Name:	BLUE GRASS ENERGY CO-OP CORP		

Year	Benefit Level	System Cost	Employee Contribution	Plan	COLA	Average Age	100% Death Benefit	Salary Type
1996								
1997								
1998	1.70	10.47	0.00	30	No	40	No	BS
1999	1.70	10.65	0.00	30	No	40	No	BS
2000	1.70	11.14	0.00	30	No	41	No	BS
2001	1.70	12.20	0.00	30	No	41	No	BS
2002	1.70	13.15	0.00	30	No	42	No	BS
2003	1.85	14.43	0.00	30	No	41	No	BS
2004	1.85	15.20	0.00	30	No	42	No	BS
2005	1.85	16.04	0.00	30	No	42	No	BS
2006	1.85	16.84	0.00	30	No	42	No	BS
2007	1.85	18.02	0.00	30	No	43	No	BS
2008	1.85	18.38	0.00	30	No	43	No	BS
2009	1.85	20.40	0.00	30	No	43	No	BS
2010	1.85	28.04	0.00	30	No	44	No	BS
2011	1.85	28.04	0.00	30	No	44	No	BS
2012	1.85	28.55	0.00	30	No	45	No	BS
2013	1.85	23.16	0.00	30	No	45	No	BS
2014	1.85	23.58	0.00	30	No	46	No	BS
2015	1.85	23.58	0.00	30	No	46	No	BS



Note: The System Cost is the total of the Trust Contribution and the Administrative Fee.

Your Retirement Security Plan's salary type is "base salary." As a result, your contribution cost (system cost plus employee contribution rate shown above) is applied as a percentage of each participant's annualized base rate of pay in effect on November 15, 2014, which is that participant's effective salary for the 2015 plan year. Beginning with your January 2015 monthly statement, the estimated amount due will be based on this percentage. Rates shown are for the plan in effect as of January 1 for each year.



P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990  
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MAY 15 2013

PUBLIC SERVICE  
COMMISSION

May 21, 2013

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

Dear Mr. Derouen,

This letter is to notify the Commission that Blue Grass Energy has used general funds to participate in the R&S Accelerated Funding Payment proposed by NRECA. The prefunding allows cooperatives to prepay contributions in exchange for lower future R&S billing rates. Making the prepayment will reduce the current contribution equal to 25% of the annual billing rate. The amount Blue Grass prepaid was \$4,3472,389 and that payment was made on March 22, 2013. This will reduce the contribution rate from 30.06% to 22.39%.

RUS has approved of the prepayment, amortizing the prepayment over future years, and considering the borrowing of funds to be "Permitted Debt" as evidenced by the attached correspondence dated February 14, 2013. Blue Grass has elected to amortized the prepayment over a 15 year period according to RUS guidelines set forth in the previously mentioned correspondence, however, Blue Grass has not borrowed funds for the purpose of funding the prepayment.

Enclosed are the "Accelerated Funding Request Form" from NRECA and the "R&S Prepayment" letter from RUS.

If you have any questions, please contact me at 859-885-2118 or email [donalds@bgenergy.com](mailto:donalds@bgenergy.com). As always, your continued assistance and cooperation is appreciated.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. Donald Smothers".

J. Donald Smothers  
Vice President, Financial Services & CFO



**Retirement Security Plan  
Accelerated Funding Payment Request Form  
BLUE GRASS ENERGY COOPERATIVE**

Subgroups: 01-18064-001 RNR01A

This form initiates the billing process for the Accelerated Funding Payment. You should submit this request only after your co-op has approved making the prepayment and the co-op is ready to send funds. After NRECA receives this request the co-op will be provided an invoice for the Accelerated Funding Payment and instructions on how to remit payment.

Please complete this form and then email or fax the form to NRECA:

Email	Prepayments@NRECA.coop
Fax	703-907-6227

**1. The co-op elects to participate in the Accelerated Funding Payment option as follows:**

- A one time, lump sum payment (payment summary shown below)
- Payment in installments over \_\_\_ (enter 2, 3, or 4) years.
  - The first installment payment is due in 2013, with the remainder of the installments due each January 1 thereafter.
  - A co-op representative will be required to sign a Prepayment Liability Agreement formalizing the terms of the installment payments. The Agreement will be provided to the co-op after NRECA receives this completed request form.

**2. Please provide contact information for the co-op staff member who will receive the prepayment invoice and respond to NRECA requests for additional information:**

Name	
Email address	
Phone	

**3. Exclusion for collectively bargained subgroups:**

An Accelerated Payment must be made for all subgroups shown above. An exception will be granted for subgroups subject to collective bargaining. Please provide subgroup ID's for such subgroups if you would like them to be excluded from the Accelerated Payment invoice provided:

1)	2)	3)
----	----	----

**Accelerated Funding Payment Summary (total of all subgroups of the co-op\*)**

If paid by 1/31/2013	\$4,287,046
If paid by 2/28/2013	\$4,314,629
If paid by 3/31/2013	\$4,342,389
If paid by 4/30/2013	\$4,370,328
If paid by 5/31/2013	\$4,398,447
If paid by 6/30/2013	\$4,426,747
If paid by 7/31/2013	\$4,455,229
If paid by 8/31/2013	\$4,483,894

*pd*

\* see attached pages for individual prepayment calculations for each subgroup



**Retirement Security Plan  
Accelerated Funding Payment  
BLUE GRASS ENERGY COOPERATIVE  
01-18064-001 RNR01A**

**Demographic Data From January 2013 Bill**

Total payroll used for billing purposes	\$5,821,073
Total participants included for billing purposes	96 active, 0 disabled

**2013 Billing Rates**

Refer to footnotes 1 and 2 on the following page for other important information

	Prior to Accelerated Funding Payment	Co-op Elects to Make Accelerated Funding Payment (applicable retroactive to 1/1/2013)
Employer Rate	30.06%	22.39%
Employee Rate	0.00%	0.00%
Administration Fee Rate	0.77%	0.77%
Total Billing Rate	30.83%	23.16%

**Accelerated Funding Payment**

Refer to footnotes 3 and 4 on the following page for other important information

If paid by 1/31/2013	\$4,287,046
If paid by 2/28/2013	\$4,314,629
If paid by 3/31/2013	\$4,342,389
If paid by 4/30/2013	\$4,370,328
If paid by 5/31/2013	\$4,398,447
If paid by 6/30/2013	\$4,426,747
If paid by 7/31/2013	\$4,455,229
If paid by 8/31/2013	\$4,483,894



**Retirement Security Plan  
Accelerated Funding Payment  
BLUE GRASS ENERGY COOPERATIVE  
01-18064-001 RNR01A**

Footnotes regarding the 2013 Billing Rates

(1) Co-ops making the Accelerated Funding Payment ("prepayment") will receive an immediate reduction in their current contribution requirement equal to approximately 25% of their 2013 billing rate (Employer Rate + Employee Rate). Although the new (reduced) billing rate can change over time, the relative value of the reduction will continue to benefit prepaying co-ops in future years, potentially for as many as 10-15 years or longer.

Please Note: The methodology used to determine future billing rates will account for the increased contributions made by prepaying co-ops, and ensure that the advantages of prepayment continue to be reflected in the billing rates of those prepaying co-ops and not be used to subsidize the contribution rates of those co-ops that do not choose to prepay.

In addition, making a prepayment does not affect the Plan's Administration Fee Rate.

(2) The Accelerated Funding Payment and the present value of the reduction in future billing amounts were determined to be actuarially equivalent under the assumptions and methods used for the Annual Actuarial Valuation. Estimations of the present value of the reduction in future billing amounts under other assumptions and methods will result in a present value different from the Accelerated Funding Payment.

Footnotes regarding the Accelerated Funding Payment

(3) For payments made after 1/31/2013, compound interest is applied at a rate of 8.00% per year. This is the interest rate used under the Annual Actuarial Valuation for determining the billing rates. If a co-op decides to spread the prepayment amount over four or fewer years, it will be amortized using an 8% interest rate, with annual installments due January 1 of each year.

(4) One or more months of 2013 RS Plan contributions will be paid prior to payment of the Accelerated Funding Payment. Therefore, though the new lower billing rate is retroactive to January 2013, some contributions already remitted in 2013 will be based on the current (higher) billing rate. An adjustment will be determined by NRECA and applied to a later RS Plan invoice to reverse these overpayments. The total adjustment will equal the sum of 2013 contributions actually received, in excess of those that would have been required under the reduced billing rate.

Generally speaking, Section 6.13 of the typical RUS Loan Contract places restrictions on incurring further indebtedness and then lists several exceptions to the restrictions. If an exception applies, Section 6.13 defines the excepted indebtedness as "Permitted Debt."

Not all unsecured indebtedness is "Permitted Debt." Section 6.13(e) of the RUS Loan Contract limits the amount of unsecured indebtedness that a borrower may incur to 15% of Net Utility Plant if the borrower's equity level, after giving effect to such unsecured indebtedness, is less than 30% of its Total Assets unless the borrower obtains the consent of RUS.

Since we are consenting to NRECA's request, we will consider "Permitted Debt" to include unsecured indebtedness incurred specifically for the purpose of participating in NRECA's optional prepayment of future defined benefit R&S Plan contributions. Consequently, such unsecured indebtedness will be excluded for all purposes in applying Section 6.13(e). This is an interpretation and consent under the loan contract and not an endorsement of the pension plan or the options.

This is consistent with our desire to streamline processes and to continually strive to be responsive to our borrower's needs. We are pleased to have the opportunity to take a proactive approach in addressing these concerns. Both myself, as well as the Electric Program team, look forward to working with each of you in a proactive and forward looking fashion in the future.

Sincerely,



NIVIN A. ELGOHARY  
Assistant Administrator, Electric  
Rural Utilities Service

Witness: Donald Smothers  
David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

May 17, 2013

Mr. J. Donald Smothers  
Vice President, Financial Services & CFO  
Blue Grass Energy Cooperative  
P. O. Box 990  
Nicholasville, KY 40340-0990

RE: NRECA Accelerated Payment  
For Retirement and Security ("R&S") Plan

Dear Mr. Smothers:

This letter is written to acknowledge that on May 15, 2013, the Commission received your notice that Blue Grass Energy had made a \$4,342,389 prepayment of contributions to its Retirement Security Pension Plan with the National Rural Electric Cooperative Association. The prepayment was made from Blue Grass Energy's general funds on March 22, 2013.

Thank you for providing this information to the Commission.

Sincerely,

  
Jeff Derouen  
Executive Director

RR/kar

Blue Grass Energy  
Case No. 2014-00339  
Analysis of Other Operating Taxes  
12 Months Ended  
December 31, 2013

Line No.	<u>Item</u> (a)	<u>Charged Expense</u> (b)	<u>Charged to Construction</u> (c)	<u>Charged to Other Accounts</u> (d)	<u>Amounts Accrued</u> (e)	<u>Amount Paid</u> (f)
17	1. Kentucky Retail:					
18	(a) State Income					
19	(b) Franchise Fees					
20	(c) Ad Valorem	1,734,923			1,734,923	1,734,923
21	(d) Payroll (Employer's					
22	Portion)	373,697	120,673	51,529	545,899	548,237
23	(e) Other Taxes			126,339	126,339	126,339
24	2. Total Retail					
25	(L1(a) through L1(e))	2,108,620	120,673	177,868	2,407,161	2,409,499
26	3. Other Jurisdictions					
27	Total Per Books (L2 and					
28	L3)	2,108,620	120,673	177,868	2,407,161	2,409,499

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

Adjust property taxes based on the increase in property values and reflect changes in rates by taxing districts.

2013 property taxes	1,751,812
2012 property taxes	1,734,923
Change	<u>16,889</u>

**Adjustment:**

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	0.00%	0
163 - 416	Clearing and others	0.00%	0
580	Operations	97.00%	16,382
590	Maintenance	0.00%	0
901	Consumer accounts	0.00%	0
908	Customer service	0.00%	0
910	Sales	0.00%	0
920	Administrative and general	3.00%	507
		<u>100.00%</u>	<u>\$16,889</u>

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

Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Anderson County</b>							
Real Estate - County	660,195	0.1270	838.45	680,637	0.1270	864.41	(26)
Real Estate - Common Sch	660,195	0.5520	3,644.28	680,637	0.5520	3,757.12	(113)
Real Estate - Fire	660,195	0.0660	435.73	680,637	0.0660	449.22	(13)
Real Estate - Library	660,195	0.0860	567.77	680,637	0.0860	585.35	(18)
Real Estate - Health	660,195	0.0300	198.06	680,637	0.0300	204.19	(6)
Real Estate - Extension	660,195	0.0140	92.43	680,637	0.0140	95.29	(3)
Tangible - County	12,741,173	0.1415	18,028.76	12,326,328	0.1456	17,947.13	82
Tangible - Common School	12,741,173	0.5700	72,624.69	12,326,328	0.5520	68,041.33	4,583
Tangible - Library	12,741,173	0.0850	10,830.00	12,326,328	0.0880	10,847.17	(17)
Tangible - Health	12,741,173	0.0300	3,822.35	12,326,328	0.0300	3,697.90	124
Tangible - Fire	12,741,173	0.0660	8,409.17	12,326,328	0.0660	8,135.38	274
Tangible - Extension	12,741,173	0.0144	1,834.73	12,326,328	0.0144	1,774.99	60
<b>Bourbon County</b>							
Tangible - County	6,148,066	0.1290	7,931.01	6,143,161	0.1290	7,924.68	6
Tangible - School	6,148,066	0.5760	35,412.86	6,143,161	0.5550	34,094.54	1,318
Tangible - Library	6,148,066	0.1263	7,765.01	6,143,161	0.1319	8,102.83	(338)
Tangible - Health	6,148,066	0.0460	2,828.11	6,143,161	0.0370	2,272.97	555
Tangible - Extension	6,148,066	0.0387	2,379.30	6,143,161	0.0391	2,401.98	(23)
<b>Bracken County</b>							
Tangible - County	4,592,824	0.4010	18,417.22	4,589,160	0.4010	18,402.53	15
Tangible - School	4,592,824	0.3650	16,763.81	4,589,160	0.3650	16,750.43	13
Tangible - Health	4,592,824	0.0480	2,204.56	4,589,160	0.0480	2,202.80	2
Tangible - Ambulance	4,592,824	0.0800	3,674.26	4,589,160	0.0770	3,533.65	141
Tangible - Extension	4,592,824	0.0672	3,086.38	4,589,160	0.0670	3,074.74	12
Tangible - Library	4,592,824	0.0920	4,225.40	4,589,160	0.0920	4,222.03	3
<b>Estill County</b>							
Tangible - County	24,301	0.1050	25.52	24,281	0.1050	25.50	0
Tangible - School	24,301	0.4550	110.57	24,281	0.4310	104.65	6
Tangible - Health	24,301	0.0800	19.44	24,281	0.0800	19.42	0
Tangible - Ambulance	24,301	0.1000	24.30	24,281	0.1000	24.28	0
Tangible - Extension	24,301	0.1745	42.41	24,281	0.1688	40.99	1
Tangible - Library	24,301	0.1330	32.32	24,281	0.1300	31.57	1
<b>Fayette County</b>							

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

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Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
Tangible - County	3,663,416	0.0990	3,626.78	3,632,767	0.0990	3,596.44	30
Tangible - School	3,663,416	0.6960	25,497.38	3,632,767	0.5430	19,725.92	5,771
Tangible - Extension	3,663,416	0.0038	139.21	3,632,767	0.0035	127.15	12
Tangible - Health	3,663,416	0.0280	1,025.76	3,632,767	0.0280	1,017.17	9
Tangible - LexTran	3,663,416	0.0600	2,198.05	3,632,767	0.0600	2,179.66	18
<b>Franklin County</b>							
Tangible - County	6,002,262	0.2400	14,405.43	5,948,911	0.2400	14,277.39	128
Tangible - School	6,002,262	0.6230	37,394.09	5,948,911	0.5960	35,455.51	1,939
Tangible - Extension	6,002,262	0.0260	1,560.59	5,948,911	0.0260	1,546.72	14
Tangible - Health	6,002,262	0.0575	3,451.30	5,948,911	0.0400	2,379.56	1,072
Tangible - Library	6,002,262	0.1221	7,328.76	5,948,911	0.1290	7,674.10	(345)
<b>Garrard County</b>							
Tangible - County	97,203	0.1020	99.15	72,844	0.1020	74.30	25
Tangible - School	97,203	0.6400	622.10	72,844	0.6400	466.20	156
Tangible - Extension	97,203	0.1178	114.51	72,844	0.1178	85.81	29
Tangible - Health	97,203	0.0400	38.88	72,844	0.0400	29.14	10
Tangible - Library	97,203	0.1835	178.37	72,844	0.1835	133.67	45
Tangible - Fire Dist	97,203	0.0690	67.07	72,844	0.0690	50.26	17
<b>Grant County</b>							
Tangible - County	801,922	0.1480	1,186.84	825,563	0.1450	1,197.07	(10)
Tangible - School	801,922	0.5610	4,498.78	825,563	0.5290	4,367.23	132
Tangible - Library	801,922	0.1355	1,086.60	825,563	0.1476	1,218.53	(132)
Tangible - Health	801,922	0.0280	224.54	825,563	0.0280	231.16	(7)
Tangible - Extension	801,922	0.0995	797.91	825,563	0.0780	643.94	154
Tangible - Mental Health	801,922	0.0160	128.31	825,563	0.0150	123.83	4
<b>Henry County</b>							
Tangible - County	218,706	0.1590	347.74	218,531	0.1590	347.46	0
Tangible - School	218,706	0.6570	1,436.90	218,531	0.6210	1,357.08	80
Tangible - Library	218,706	0.1286	281.26	218,531	0.1296	283.22	(2)
Tangible - Health	218,706	0.0400	87.48	218,531	0.0400	87.41	0

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

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Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
Tangible - Extension	218,706	0.0744	162.72	218,531	0.0637	139.20	24
<b>Jackson County</b>							
Tangible - County	24,301	0.0680	16.52	24,281	0.0680	16.51	0
Tangible - School	24,301	0.5970	145.08	24,281	0.5870	142.53	3
Tangible - Extension	24,301	0.0870	21.14	24,281	0.0816	19.81	1
Tangible - Health	24,301	0.0500	12.15	24,281	0.0500	12.14	0
Tangible - Library	24,301	0.1200	29.16	24,281	0.1200	29.14	0
Tangible - Ambulance	24,301	0.0600	14.58	24,281	0.0580	14.08	0
<b>Harrison County</b>							
Real Estate - County	2,325,948	0.1020	2,372.47	2,390,631	0.1020	2,438.44	(66)
Real Estate - Common Schc	2,325,948	0.4520	10,513.28	2,390,631	0.4300	10,279.71	234
Real Estate - Library	2,325,948	0.0700	1,628.16	2,390,631	0.0700	1,673.44	(45)
Real Estate - Health	2,325,948	0.0500	1,162.97	2,390,631	0.0500	1,195.32	(32)
Real Estate - Extension	2,325,948	0.0500	1,162.97	2,390,631	0.0500	1,195.32	(32)
Real Estate - Conservation	2,325,948	0.0110	255.85	2,390,631	0.0100	239.06	17
Real Estate - Fire Dist	2,325,948	0.0630	1,465.35	2,390,631	0.0630	1,506.10	(41)
Tangible - County	17,548,026	0.1290	22,636.95	17,244,197	0.1290	22,245.01	392
Tangible - Common School	17,548,026	0.4520	79,317.08	17,244,197	0.4300	74,150.05	5,167
Tangible - Library	17,548,026	0.1445	25,356.90	17,244,197	0.1445	24,917.86	439
Tangible - Health	17,548,026	0.0500	8,774.01	17,244,197	0.0500	8,622.10	152
Tangible - Extension	17,548,026	0.1009	17,705.96	17,244,197	0.1009	17,399.39	307
Tangible - Fire Dist	17,305,019	0.0630	10,902.16	17,001,384	0.0630	10,710.87	191
<b>Jessimine County</b>							
Real Estate - County	2,120,000	0.0640	1,356.80	2,170,477	0.0640	1,389.11	(32)
Real Estate - Common Schc	2,120,000	0.6440	13,652.80	2,170,477	0.6290	13,652.30	0
Real Estate - Library	2,120,000	0.0920	1,950.40	2,170,477	0.0840	1,823.20	127
Real Estate - Health	2,120,000	0.0190	402.80	2,170,477	0.0190	412.39	(10)
Real Estate - Fire Dist	1,839,652	0.0520	956.62	1,890,129	0.0520	982.87	(26)
Tangible - County	16,708,718	0.1300	21,721.33	16,280,395	0.1600	26,048.63	(4,327)
Tangible - Common School	16,708,718	0.6440	107,604.14	16,280,395	0.6290	102,403.68	5,200
Tangible - Library	16,708,718	0.1836	30,677.21	16,280,395	0.1836	29,890.81	786
Tangible - Health	16,708,718	0.0230	3,843.01	16,280,395	0.0230	3,744.49	99
Tangible - County Fire	15,177,776	0.0480	7,285.33	14,750,675	0.0480	7,080.32	205
Tangible - No Jessamine FI	1,530,941	0.0460	704.23	1,529,720	0.0460	703.67	1



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Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Madison County</b>							
Real Estate - County	404,758	0.0830	335.95	469,888	0.0996	467.77	(132)
Real Estate - School	404,758	0.6010	2,432.60	469,888	0.6130	2,880.41	(448)
Real Estate - Health	404,758	0.0500	202.38	469,888	0.0500	234.94	(33)
Real Estate - Extension	404,758	0.0150	60.71	469,888	0.0150	70.48	(10)
Real Estate - Ambulance	404,758	0.0480	194.28	469,888	0.0480	225.55	(31)
Real Estate - Library	404,758	0.0560	226.66	469,888	0.0560	263.14	(36)
Tangible - County	18,056,747	0.0830	14,987.10	17,776,380	0.0996	17,696.39	(2,709)
Tangible - School	18,008,146	0.6010	108,228.96	17,776,380	0.6130	108,969.21	(740)
Tangible - Berea School	48,601	0.8710	423.31	49,368	0.8710	430.00	(7)
Tangible - Health	18,056,747	0.0500	9,028.37	17,776,380	0.0500	8,888.19	140
Tangible - Extension	18,056,747	0.0325	5,868.44	17,776,380	0.0304	5,404.02	464
Tangible - Ambulance	18,056,747	0.0600	10,834.05	17,776,380	0.0600	10,665.83	168
Tangible - Library	18,056,747	0.0850	15,348.23	17,776,380	0.1200	21,331.66	(5,983)
<b>Mercer County</b>							
Tangible - County	8,335,126	0.1260	10,502.26	8,109,944	0.1140	9,245.34	1,257
Tangible - School	8,335,126	0.6260	52,177.89	8,109,944	0.6260	50,768.25	1,410
Tangible - Extension	8,335,126	0.0766	6,384.71	8,109,944	0.0666	5,401.22	983
Tangible - Health	8,335,126	0.0400	3,334.05	8,109,944	0.0400	3,243.98	90
Tangible - Library	8,335,126	0.0850	7,084.86	8,109,944	0.1700	13,786.90	(6,702)
Tangible - Fire	8,335,126	0.0610	5,084.43	8,109,944	0.0610	4,947.07	137
<b>Nelson County</b>							
Tangible - County	24,301	0.1610	39.12	24,281	0.1610	39.09	0
Tangible - School	24,301	0.6900	167.68	24,281	0.6700	162.68	5
Tangible - Library	24,301	0.0853	20.73	24,281	0.0837	20.32	0
Tangible - Extension	24,301	0.0100	2.43	24,281	0.0100	2.43	0
<b>Nicholas County</b>							
Tangible - County	5,564,851	0.1520	8,458.57	6,070,317	0.1520	9,226.88	(768)
Tangible - School	5,564,851	0.3870	21,535.97	6,070,317	0.3840	23,310.02	(1,774)
Tangible - Health	5,564,851	0.0500	2,782.43	6,070,317	0.0400	2,428.13	354
Tangible - Library	5,564,851	0.1053	5,859.79	6,070,317	0.1053	6,392.04	(532)
Tangible - Fire	5,564,851	0.0520	2,893.72	6,070,317	0.0520	3,156.56	(263)

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

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Taxing District	Assessment for 2013 Taxes			Assessment for 2012 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Pendleton County</b>							
Tangible - County	6,609,779	0.6709	44,345.01	6,823,036	0.6070	41,415.83	2,929
Tangible - School	6,609,779	0.6120	40,451.85	6,823,036	0.6517	44,465.73	(4,014)
<b>Robertson County</b>							
Tangible - County	1,117,830	0.1672	1,869.01	1,116,938	0.1508	1,684.34	185
Tangible - School	1,117,830	0.5660	6,326.92	1,116,938	0.5660	6,321.87	5
Tangible - Health	1,117,830	0.0400	447.13	1,116,938	0.0400	446.78	0
Tangible - Extension	1,117,830	0.2000	2,235.66	1,116,938	0.2000	2,233.88	2
Tangible - Library	1,117,830	0.1937	2,165.24	1,116,938	0.1937	2,163.51	2
<b>Scott County</b>							
Tangible - County	4,933,037	0.1094	5,396.74	4,831,975	0.1176	5,682.40	(286)
Tangible - School	4,933,037	0.4720	23,283.93	4,831,975	0.4530	21,888.85	1,395
Tangible - Library	4,933,037	0.0600	2,959.82	4,831,975	0.0650	3,140.78	(181)
Tangible - Health	4,933,037	0.0220	1,085.27	4,831,975	0.0220	1,063.03	22
Tangible - Extension	4,933,037	0.0299	1,474.98	4,831,975	0.0303	1,464.09	11
<b>Shelby County</b>							
Tangible - County	218,706	0.1050	229.64	218,531	0.1050	229.46	0
Tangible - School	218,706	0.7150	1,563.75	218,531	0.7150	1,562.50	1
Tangible - Extension	218,706	0.0200	43.74	218,531	0.0200	43.71	0
Tangible - Health	218,706	0.0375	82.01	218,531	0.0375	81.95	0
Tangible - Library	218,706	0.0350	76.55	218,531	0.0369	80.64	(4)
<b>Spencer County</b>							
Tangible - County	1,287,935	0.0880	1,133.38	1,238,345	0.0880	1,089.74	44
Tangible - School	1,287,935	0.6150	7,920.80	1,238,345	0.6000	7,430.07	491
Tangible - Library	1,287,935	0.1131	1,456.65	1,238,345	0.1131	1,400.57	56
Tangible - Extension	1,287,935	0.1782	2,295.10	1,238,345	0.1782	2,206.73	88
Tangible - Health	1,287,935	0.0400	515.17	1,238,345	0.0400	495.34	20
Tangible - Mt Eden FD	1,287,935	0.0700	901.55	1,238,345	0.0700	866.84	35



Blue Grass Energy Cooperative  
Case No. 2014-00339  
Donations

Amounts included in Account 426, Donations have been removed for rate-making purposes. The abandon work orders will continue into the future and will be a recurring item. The list is attached.

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

3/8/2013	87044 Jessamine Chamber	\$500.00	Jess Co Chamber Dinner Sponsor
2/12/2013	86902 Cynthiana Lions Club	\$200.00	Lions Club HDO Auction Donation
5/2/2013	87519 Project Graduation Harrison	\$50.00	Project Graduation Harrison
5/2/2013	87512 Project Graduation Scott	\$50.00	Project Graduation Scott
5/2/2013	87515 Project Graduation Nicholas	\$50.00	Project Graduation Nicholas
5/2/2013	87529 Project Graduation Berea	\$50.00	Project Graduation Berea
5/2/2013	87513 Project Graduation Pendleton	\$50.00	Project Graduation Pendleton
5/2/2013	87523 Project Graduation MSHS	\$50.00	Project Graduation MSHS
5/2/2013	87514 Project Graduation Bourbon	\$50.00	Project Graduation Bourbon
4/18/2013	60646 Woodford Community Education	\$300.00	Woodford Reality Store T shirts
11/8/2013	60672 RCCU VISA	\$45.00	Sponsorship
5/15/2013	87674 Jessamine Chamber	\$400.00	Golf Outing
5/23/2013	87782 Relay for Life	\$500.00	Golf Outing
5/23/2013	87736 KAEC	\$340.00	KAED Golf Outing
5/23/2013	87735 Hospice of the Bluegrass	\$445.00	Golf Outing Hospice of Bluegrass & Hole Sponsor
6/27/2013	88066 Kingston Lodge	\$100.00	Hole sponsor
7/18/2013	88233 Madison Co Home Builders Ass	\$150.00	Hole sponsor
7/18/2013	88270 Nicholasville Fire Dept.	\$52.50	Safety Ed materials
7/18/2013	88248 Cynthiana Fire Dept.	\$50.00	Community programs
7/26/2013	88327 Madison Co Ind MGMT Club	\$125.00	Golf Outing
7/18/2013	88252 Nicholasville Police Dept	\$50.00	Shop with a COP
8/22/2013	88558 All Custom Embroidery	\$678.40	T shirts
8/29/2013	88587 EKPC	\$625.00	2013 Honor Flight sponsorship
		\$300.00	Sponsorship
9/11/2013	88707 Berea Chamber of Commerce	\$250.00	Spoonbread festival silver sponsor
9/11/2013	88738 Harrison Co High School	\$250.00	Pitching Machine Donation
12/20/2013	89643 National Energy Education Dev	\$825.00	Teachers workshops
8/19/2013	88688 RCCU VISA	\$43.20	Anderson Chanber door prize
12/31/2013 JE		\$87.00	Sponsorship
3/13/2013	87090 KAEC	\$500.00	2013 Leadership Kentucky Contribution
7/26/2013	60663 First Christian Church	\$700.00	EA Gilbert Donation
10/11/2013	89051 Special Olympics Madison	\$100.00	Special Olympics MDO sponsor
12/27/2013	89658 Jessamine Co Board of Ed	\$664.05	Electric Range Donation - Food Lab
8/31/2013 JE		\$300.00	Sponsor ship
Cash Receipts & Adj	Electrician Training Fees, Adjustments		-\$7,338.78
Subtotal			\$36,502.46
Labor			\$102,932.00
Benefits			\$100,372.00
Transportation			<u>\$7,675.00</u>
Total			<u>\$247,481.46</u>

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Professional Services

The Board of Directors has a responsibility to select an attorney to represent the board and cooperative to maintain the legal entity. The duties and responsibilities of the attorney are to perform routine services, special services, and other services for the cooperative. The attorney also attends the monthly and special board meetings. The monthly retainer fee is based on their contract. Services are at the contract billing rates for the attorney.

The Board of Directors hires the outside auditor to perform the annual audit.

Adjustments are to remove items that are normally excluded or rate-making purposes. Among the expenses excluded are attorney health and dental premiums, gifts, attending legal seminars, the KAEC annual meeting, and the Legislative Conference.

The list of \$29,130 of costs that have been removed for rate-making purposes is attached.

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

Exhibit 8  
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Witness: Jim Adkins

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<u>Line Number</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1	Legal			114,592	114,592
2	Engineering				0
3	Accounting		10,000	3,600	13,600
4	Other			3,807	3,807
5	Total	0	10,000	121,999	131,999

Blue Grass Energy  
Case No. 2014-00339  
Professional Services Expense

Exhibit 8  
page 3 of 12  
Witness: Jim Adkins

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	<u>Hours &amp; Bill Rate</u>
7	<u>Legal</u>					
8	6/6/13	60655	American Express	1,183	Legal seminar - Combs	x
9	1/31/13	86746	NRECA	14,306	Attorney's medical, dental, vision etc.	x
10	1/31/13	86755	Ralph K Combs	5,369	Coop Attorney Fees	\$140/\$110 hr
11	2/21/13	86965	Bingham Greenebaum Doll	114	Personnel issues	
12	3/13/13	87104	Howard Downing	1,400	Coop Attorney Fee Retainer	\$700 MO
13	3/13/13	87113	Ralph K Combs	5,296	Coop Attorney Fee Retainer	\$140/\$110 hr
14	4/4/13	87283	Ralph K Combs	5,465	Coop Attorney Fee Retainer	\$140/\$110 hr
15	4/19/13	87408	Howard Downing	700	Coop Attorney Fee Retainer	\$700 MO
16	5/9/13	87556	Howard Downing	700	Coop Attorney Fee Retainer	\$700 MO
17	5/9/13	87568	Ralph K Combs	2,688	Coop Attorney Fee Retainer	\$140/\$110 hr
18	6/10/13	87891	Ralph K Combs	3,599	Coop Attorney Fee Retainer	\$140/\$110 hr
19	7/3/13	88072	American Express	835	Registration for legal seminar - Downing	x
20	7/12/13	88155	Howard Downing	1,400	Coop Attorney Fee Retainer	\$700 MO
21	7/12/13	88167	Ralph K Combs	4,507	Coop Attorney Fee Retainer	\$140/\$110 hr
22	7/12/13	88167	Ralph K Combs	1,959	Legal seminar expenses	x
23	7/18/13	88210	NRECA	14,306	Attorney's medical, dental, vision etc.	x
24	7/18/13	88231	Ralph K Combs	182	Reimb mileage	
25	7/18/13	88250	King & Schickli PLLC	2,192	Research for new slogan	
26	8/8/13	88381	Howard Downing	700	Coop Attorney Fee Retainer	\$700 MO
27	8/8/13	88390	Ralph K Combs	5,602	Coop Attorney Fee Retainer	\$140/\$110 hr
28	8/15/13	88499	King & Schickli PLLC	325	Filing fee for new slogan	
29	8/22/13	88560	Goss Samford PLLC	284	Amendment #3 investigation	
30	9/11/13	88701	Ralph K Combs	3,915	Coop Attorney Fee Retainer	\$140/\$110 hr
31	9/11/13	88753	Goss Samford PLLC	384	Amendment #3 investigation	
32	9/19/13	88791	Howard Downing	550	Coop Attorney Fee Retainer	\$550 MO
33	9/26/13	88859	Bingham Greenebaum Doll	458	Personnel issues	
34	10/9/13	88981	Ralph K Combs	4,988	Coop Attorney Fee Retainer	\$140/\$110 hr
35	10/11/13	89053	Goss Samford PLLC	590	Grayson v EKPC	
36	10/17/13	89088	Bingham Greenebaum Doll	361	Personnel issues	
37	10/31/13	89144	NRECA	175	Attorney dues - Ralph Combs	
38	11/14/13	89281	Howard Downing	1,100	Coop Attorney Fee Retainer	\$550 MO
39	11/14/13	89290	Ralph K Combs	5,791	Coop Attorney Fee Retainer	\$140/\$110 hr
40	11/14/13	89319	Goss Samford PLLC	1,155	Amendment #3 investigation	
41	11/21/13	89384	Bingham Greenebaum Doll	1,976	Environmental review peak shaving	
42	12/5/13	89436	Ralph K Combs	5,528	Coop Attorney Fee Retainer	\$140/\$110 hr
43	12/5/13	89441	Ralph K Combs	928	KAEC annual meeting	x
44	12/10/13	89508	American Express	453	KAEC annual meeting - Downing	x
45	12/12/13	89569	King & Schickli PLLC	413	New slogan issues	
46	12/12/13	89577	Goss Samford PLLC	108	Amendment #3 investigation	
47	12/2/13	89641	Bingham Greenebaum Doll	3,562	Environmental review peak shaving	
48	1/3/14	89577	Howard Downing	1,100	Coop Attorney Fee Retainer	\$550 MO
49	1/3/14	89681	Howard Downing	2,298	Legal seminar expenses	x
50	1/3/14	89691	Ralph K Combs	3,560	Coop Attorney Fee Retainer	\$140/\$110 hr
51	1/10/14	89726	KAEC	361	KAEC legal seminar exp - Combs & Downing	x
52	1/23/14	89910	Bingham Greenebaum Doll	1,730	Environmental review peak shaving	
53						
54	Subtotal			114,592		



Blue Grass Energy  
Case No. 2014-00339  
Professional Services Expense

Exhibit 8  
page 4 of 12  
Witness: Jim Adkins

Date	Check Number	Payee	Amount	Description	Hours & Bill Rate
<u>Accounting and Financial</u>					
6/6/13	87836	Alan M. Zumstein, CPA	600	Form 990 preparations	
7/12/13	88156	Alan M. Zumstein, CPA	10,000	Audit preparations	
9/11/13	88696	Dudley Shryock, CPA	3,000	Updated FASB 106 calculations	
Subtotal			13,600		
<u>Consulting &amp; Other</u>					
1/17/13	86659	HR Enterprise Inc.	170	Achiever Report	
2/19/13	JE	Avery Partners	(7,500)	Refund engineer search	x
2/21/13	86956	Sterling	187	Background screening	
5/9/13	87549	RCCU VISA	780	Job Postings	
5/9/13	87589	Sterling	77	Background screening	
5/9/13	87603	Intandem LLC	2,550	2013 Compensation Plan Update	
5/23/13	87724	HR Enterprise Inc.	340	Achiever Report	
6/10/13	87901	Sterling	77	Background screening	
10/3/13	88918	CDS Associates Inc	2,898	Bypass Impact Study	
10/3/13	88936	David Patrick	123	Consultation at Lawrenceburg distric office	
11/14/13	89305	Sterling	330	Background screening	
12/5/13	89474	Trinity Consultiants Inc	3,532	Env review - peak shaving	
12/10/13	89534	Sterling	6	Background screening	
1/23/14	89914	Trinity Consultiants Inc	236	Environmental review peak shaving	
Subtotal			3,807		
Total			131,999		
Remove for ratemaking purposes			29,130		x

BLUE GRASS ENERGY COOPERATIVE CORPORATION

POLICY 1-3

FUNCTIONS AND COMPENSATION OF ATTORNEYS

I. OBJECTIVES

- A. To establish the policy governing the employment, selection, and use of the Attorney(s) as legal consultant(s) for Blue Grass Energy.
- B. To define the relationships existing between employed Attorney(s) as legal consultants, the Board of Directors, and the President/CEO.
- C. To encourage the Attorney(s) as legal consultant(s) of Blue Grass Energy to attend national, regional, and state legal meetings that will enable them to develop, improve, and make a significant contribution to the Cooperative.

II. POLICY CONTENT

The Board of Directors of Blue Grass Energy recognizes, establishes, and maintains, the following authorities and relationships relative to the employment, selection, and use of the Attorney(s) as legal consultants:

1. Relationships

- a) The Attorney(s) will have a direct reporting relationship to the Board of Directors in all areas relative to legal entity with a corresponding responsibility for functional reporting relationship to the President/CEO; in all areas concerned, specifically with operating management, the Attorney will recognize a reporting relationship to the President/CEO with a corresponding responsibility for a functional reporting relationship to the Board of Directors.
- b) The Attorney(s) selected to represent Blue Grass Energy will be available at all regular and special meetings of the Board of Directors and at the annual membership meeting to review and render opinions on current and potential legal difficulties which may be inherent in present or proposed Bylaws, policies, and actions.
- c) The Attorney(s) will be responsible for providing legal services on specific problems when requested and for representing Blue Grass Energy before courts and commissions when such representation is deemed necessary by

the Board of Directors and/or the President/CEO; a bill will be submitted for such services and approved by the President/CEO.

- d) Attendance by the Attorney(s) at meetings other than the regular and special Board meetings, committee meetings, and Blue Grass Energy annual meetings, shall require Board approval.

2. Compensation

- a) Compensation for services provided by the Blue Grass Energy Attorney(s) shall be as specified in the contract between the Attorney(s) and Blue Grass Energy.
- b) The Attorney(s) will receive travel expenses and necessary expenses associated with attendance at approved meetings as provided for the Board of Directors in Board Policy 1-2.

III. RESPONSIBILITY

- A. The President/CEO shall be responsible to the Board to furnish advice and counsel to the Board Committees or the regularly constituted full Board Membership on the employment, selection, and use of the attorney(s) as legal consultants; this responsibility includes adequate provision in the annual operating budget.
- B. The Chairman of the Board and President/CEO shall be responsible for reviewing this policy and the responsibilities of the Attorney(s) annually.
- C. The Chairman of the Board and President/CEO shall ensure a formal evaluation is performed annually for the Attorney(s).

Adopted: January 1, 2002

Approved: E. A. Gilbert, Chairman

Amended: October 21, 2013

Approved: Dennis Moneyhon, Chairman

**ALAN M. ZUMSTEIN**  
CERTIFIED PUBLIC ACCOUNTANT

1032 CHETFORD DRIVE  
LEXINGTON, KENTUCKY 40509  
(859) 264-7147  
[zumstein@windstream.net](mailto:zumstein@windstream.net)

MEMBER  
• AMERICAN INSTITUTE OF CPA'S  
• KENTUCKY SOCIETY OF CPA'S  
• INDIANA SOCIETY OF CPA'S  
• AICPA DIVISION FOR FIRMS

July 15, 2013

Michael I. Williams, President & CEO  
Blue Grass Energy Cooperative  
1201 Lexington Road  
Nicholasville, Kentucky 40356

Dear Mr. Williams:

This will confirm our understanding of the arrangements for my audit of the financial statements for the years ended April 30, 2014-2016. I will audit the Corporation's balance sheet as of April 30, 2014-2016, and the related statements of revenue and comprehensive income, equity, and cash flows for the years then ended. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in my audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and my auditor's report will provide an opinion on it in relation to the financial statements as a whole.

In addition my engagement for the years ending April 30, 2014-2016, I will prepare the IRS Form 990. Further, I will be available during the year to consult with you on the tax effects of any proposed transactions or contemplated changes in business policies.

#### **Audit Objective**

The objective of my audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of accounting records and other procedures I consider necessary to enable me to express such an opinion. If circumstances preclude me from issuing an unqualified opinion, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete or unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

#### **Audit Procedures**

My procedures will include tests of transactions recorded in the accounts, tests of the physical existence of inventory, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, legal counsel, and financial institutions. At the conclusion of my audit, I will request certain written representations (a "representation letter") from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating

Michael I. Williams, President & CEO  
Blue Grass Energy Cooperative  
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the overall presentation of the financials statements. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, I will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

I may from time to time, and depending on the circumstances, use third party service providers in serving your account. I may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to sharing of your confidential information with the third party service provider. Furthermore, I will remain responsible for the work provided by any such third party providers.

#### **Management Responsibilities**

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services or any other nonattest services I provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that I may request for the purpose of the audit, and (c) unrestricted access to persons within the company from whom I determine it necessary to obtain audit evidence.

Michael I. Williams, President & CEO  
Blue Grass Energy Cooperative  
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Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing me about all known or suspected fraud affecting the company involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains, and indicates that I have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon.

### **Rural Utilities Services**

In accordance with requirements of the Rural Utilities Service (RUS), I assure you of the following:

- The audit is being performed as a requirement of RUS security instrument and any violation of RUS audit requirements shall place the RUS borrower in technical default of the RUS security instrument.
- The Auditor's Report will be signed by Alan M. Zumstein, CPA, who is a certified public accountant in good professional standing with the state licensing board.
- I will comply with U.S. generally accepted government auditing standards, the rules and regulations of professional conduct promulgated by the accountancy board of the state of Kentucky and the Code of Professional Ethics of the American Institute of CPAs.
- I am independent as defined and interpreted by the Professional Ethics Division of the AICPA and as defined by 7 CFR 1773.4(b).
- I belong to an approved peer review program (Private Companies Practice Section) and have received an unqualified opinion within three years of the "as of" date of the audit.
- The audit will be performed and the Auditor's Report, report on internal control over financial reporting and compliance and other matters, and management letter will be performed in accordance with requirements of RUS, will comply with U.S. generally accepted auditing standards and will be submitted to the Board of Directors within three months of the "as of" audit date.
- Audit work papers will be made available to RUS, Office of Inspector General (OIG) and the General Accounting Office (GAO). RUS, OIG, or GAO may photocopy all audit and compliance work papers as requested.
- I will disclose all disallowance's resulting from testing performed as set forth in 7 CFR 1773.40 and will follow the requirements of reporting irregularities and illegal acts outlined in 7 CFR 1773.7.
- I will report audit findings to the Board of Directors as required by 7 CFR 1773.25.

### **Engagement Administration, Fees and Other**

I understand that your employees will prepare all cash, accounts receivable, and other confirmations I request and will locate any documents selected by me for testing.

Michael I. Williams, President & CEO  
Blue Grass Energy Cooperative  
Page - 4

Fees for the audit services will be \$11,000 for each year. Invoices will be submitted as work progresses, and are payable upon presentation. Should any situation arise that would materially increase this fee, I will, of course, notify you.

If this letter correctly expresses your understanding of these arrangements, please indicate your approval by signing the enclosed copy and returning to me. I have also included a Certificate of Debarment and Suspension and my last peer review report and letter of comments, as required for audits of RUS borrowers.

Respectfully submitted,

*Alan M. Zumstein*  
Alan M. Zumstein, CPA

Approved by:

By: *Jane Smith* Date: 8-19-2013

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS – PRIMARY COVERED TRANSACTIONS** Witness: Jim Adkins

**INSTRUCTIONS FOR CERTIFICATION**

1 By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2 The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3 The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the federal Government, the department or agency may terminate this transaction for cause or default.

4 The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5 The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6 The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7 The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certifications Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8 A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, ineligible or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its participants. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

9 Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10 Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.



CERTIFICATION

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
  - b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contact under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
  - c. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and,
  - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.
- (2) When the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Alan M. Zumstein CPA  
Organization Name

Blue Grass Energy Cooperative  
PR/Award Number or Project Name

Alan M. Zumstein, CPA  
Name and Title

Alan M. Zumstein  
Signature

July 15, 2013  
Date

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Director Fees and Expenses

Certain director expenses are removed for rate-making purposes. These costs include director health insurance, directors' per diems, Christmas gifts, attending the Legislative conference, directors attending either the KAEC annual meeting or EKPC annual meeting, when the director is not the representative for the respective organization.

Expenses that are not removed for rate-making purposes include costs of attending NRECA director training/education seminars. These seminars are critical for directors to be updated on events and activities related to the electric industry. Also included is D-O-M Liability Insurance that protects the directors for decisions they make on a monthly basis. Without DOM insurance, directors would be hesitant to make any decisions as members, consumers, or any person could file a legal claim against the director(s).

A copy of the Board Policy regarding "Compensation, Expenses, and Travel of Directors" is attached.

Costs removed for rate-making purposes are as follows:

Per diems	9,800.00
Medical	2,277.90
Legislative Conference:	
Jody Hughes	1,403.19
Jane Smith	1,658.14
KAEC Annual Meeting:	
Jody Hughes	347.41
Danny Britt	235.50
Gary Keller	530.98
Brad Marshall	206.11
Dennis Moneyhon	596.32
Paul Tucker	556.73
Total	<u>17,612.28</u>

Blue Grass Energy  
Case No. 2014-00339  
Board of Directors

Jody Hughes Chairman part of the year  
1167 Goshen Rd. EKPC Representative Part of the year  
Lawrenceburg, Ky. 40342

Gary Keller Vice Chairman  
101 K-Leigh Dr.  
Harrodsburg, Ky. 40330

Paul Tucker Secretary/Treasurer  
6840 KY Hwy 32W  
Sadieville, Ky. 40370

Danny G. Britt  
229 Boone Way  
Richmond, Ky. 40475

Dennis Moneyhon Current Chairman  
521 Morford Rd  
Foster, KY 41043

Jane Smith KAEC Representative  
2074 Graefenburg Rd.  
Lawrenceburg, Ky. 40342

Brad Marshall  
7531 KY Hwy 932  
Cynthiana, KY 41031

Doug Fritz Replaced E A Gilbert  
4065 Moran Summit Rd.  
Paint Lick, KY 40461

E A Gilbert EKPC Representative part of the year  
792 Richmond Rd. Deceased  
Berea, Ky. 40403

Blue Grass Energy  
Case No. 2014-00339  
Director Fees and Expenses

Exhibit 9  
page 3 of 12  
Witness: Donald Smothers

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Meetings Per Diem</u>	<u>Other Bd Mtg</u>	<u>Registration</u>	<u>Mileage</u>	<u>Airfare</u>	<u>Hotel</u>	<u>Meals</u>	<u>Medical</u>	<u>Misc Expense</u>		<u>Total</u>
														<u>Include</u>	<u>Exclude</u>	
8	1/17/13	86629	E A Gilbert	Reg Board Mtg.	1,150.00				59.89					45.67	Internet	1,255.56
9	1/17/13	86629	E A Gilbert	Special Meeting			150.00		59.89							209.89
10	1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
11	2/21/13	86930	E A Gilbert	Reg Board Mtg.	1,150.00				59.89					49.40		1,259.29
12	2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
13	3/21/13	87164	E A Gilbert	Reg Board Mtg.	1,150.00				59.89					49.40		1,259.29
14	3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
15	4/19/13	87458	Ozella Gilbert	Medical Reimbursement									253.10			253.10
16	6/6/13	87458	Ozella Gilbert	Medical Reimbursement									253.10			253.10
17	6/27/13	88070	Ozella Gilbert	Medical Reimbursement									253.10			253.10
18	7/12/13	88194	Ozella Gilbert	Medical Reimbursement									253.10			253.10
19	8/22/13	88556	Ozella Gilbert	Medical Reimbursement									253.10			253.10
20	9/19/13	88822	Ozella Gilbert	Medical Reimbursement									253.10			253.10
21	10/24/13	89133	Ozella Gilbert	Medical Reimbursement									253.10			253.10
22	11/14/13	89317	Ozella Gilbert	Medical Reimbursement									253.10			253.10
23	12/20/13	89647	Ozella Gilbert	Medical Reimbursement									253.10			253.10
25	<b>Subtotal E A Gilbert</b>				3,450.00	0.00	150.00	0.00	239.56	0.00	0.00	0.00	2,277.90	730.05	0.00	6,847.51
27	12/20/13	89596	Doug Fritz	Reg Board Meeting	1,250.00				39.55							1,289.55
28	1/8/14	60676	American Express	Special Meeting								12.61				12.61
29	12/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
31	<b>Subtotal Doug Fritz</b>				1,250.00	0.00	0.00	0.00	39.55	0.00	0.00	12.61	0.00	194.25	0.00	1,496.41
33	1/17/13	86648	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08	Internet	1,239.63
34	1/17/13	86648	Jody E Hughes	Special Mtg			150.00		39.55							189.55
35	1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
36	2/21/13	86945	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55							1,189.55
37	2/21/13	86945	Jody E Hughes	Special Mtg.			150.00		39.55					50.08		239.63
38	2/21/13	86945	Jody E Hughes	Special Mtg - Attorney			150.00		73.45							223.45
39	2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
40	3/21/13	87180	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
41	3/21/13	87180	Jody E Hughes	Special Mtg - Attorney			150.00		39.55							189.55
42	3/6/13	60634	American Express	Director's Conference				775.00		603.10						1,378.10
43	3/6/13	60634	American Express	PC virus Update										84.99		84.99
44	3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
45	4/19/13	87429	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
46	4/19/13	87429	Jody E Hughes	Director's Conference		600.00			269.90	25.00		195.00				1,089.90
47	5/9/13	87536	American Express	Director's Conference							1,150.50					1,150.50
48	4/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
49	5/23/13	87719	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
50	5/23/13	87719	Jody E Hughes	Special Meeting			150.00		39.55							189.55
51	5/23/13	87719	Jody E Hughes	Legislative Conference		600.00			640.72		99.68	150.00			(460.20)	1,030.20
52	6/6/13	60655	American Express	Legislative Conference							907.24	65.75				972.99

Blue Grass Energy  
Case No. 2014-00339  
Director Fees and Expenses

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Meetings Per Diem</u>	<u>Other Bd Mtg</u>	<u>Registration</u>	<u>Mileage</u>	<u>Airfare</u>	<u>Hotel</u>	<u>Meals</u>	<u>Medical</u>	<u>Misc Expense</u>		<u>Total</u>
													<u>Include</u>	<u>Exclude</u>	
6/6/13	87826	VISA	Background Checks										93.00		93.00
6/6/13	87822	VISA	Legislative Conference								75.00				75.00
5/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
6/27/13	88049	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
6/27/13	88049	Jody E Hughes	ACES Conference		600.00			197.76			115.00				912.76
6/27/13	88049	Jody E Hughes	BGE Annual Meeting			150.00		39.55							189.55
7/10/13	88128	VISA	Background Checks										22.00		22.00
7/3/13	88072	American Express	ACES Conference							739.35					739.35
6/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
7/12/13	88172	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
7/12/13	88172	Jody E Hughes	Special Committee Meeting			150.00		39.55							189.55
8/8/13	88378	VISA	Internet										20.00		20.00
7/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										225.18		225.18
8/22/13	88537	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
8/22/13	88537	Jody E Hughes	Special Meeting			150.00		56.50							206.50
9/11/13	88688	VISA	Internet										20.00		20.00
9/11/13	88688	VISA	Background Checks										20.00		20.00
9/5/13	88628	American Express	NRECA Region Meeting				395.00								395.00
8/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
9/19/13	88802	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
9/19/13	88802	Jody E Hughes	Policy Committee Mtg			150.00		39.55							189.55
10/9/13	88966	VISA	Internet										20.00		20.00
10/9/13	88962	American Express	NRECA Region Meeting							175.08					175.08
9/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
10/24/13	89118	Jody E Hughes	Reg Board Mtg.	1,150.00				39.55					50.08		1,239.63
10/24/13	89118	Jody E Hughes	Director Interviews			150.00		39.55							189.55
10/24/13	89118	Jody E Hughes	NRECA Region Meeting		450.00			468.00			147.00				1,065.00
10/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
11/14/13	89296	Jody E Hughes	Reg Board Mtg.	1,250.00				39.55					50.08		1,339.63
11/14/13	89296	Jody E Hughes	NRECA Region Meeting							199.08					199.08
12/10/13	60672	VISA	Interent										20.00		20.00
12/10/13	89508	American Express	KAEC Annual Mtg							143.11					143.11
11/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
12/20/13	89608	Jody E Hughes	Reg Board Mtg.	1,250.00				39.55					50.08		1,339.63
12/20/13	89608	Jody E Hughes	KAEC Annual Meeting		500.00			67.80							567.80
1/16/14	89825	NRECA	NRECA Director Conference				550.00								550.00
1/10/14	89726	KAEC	KAEC Annual Meeting								136.50				136.50
12/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
<b>Subtotal Jody Hughes</b>				<b>14,000.00</b>	<b>2,750.00</b>	<b>1,500.00</b>	<b>1,720.00</b>	<b>2,565.13</b>	<b>628.10</b>	<b>3,414.04</b>	<b>884.25</b>	<b>0.00</b>	<b>3,459.96</b>	<b>(460.20)</b>	<b>30,461.28</b>
1/17/13	86626	Danny Britt	Reg Board Mtg.	1,150.00									49.51	Internet	1,199.51
1/17/13	86648	Danny Britt	Special Mtg			150.00									150.00
1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
2/21/13	86929	Danny Britt	Reg Board Mtg.	1,150.00									49.51		1,199.51

Blue Grass Energy  
Case No. 2014-00339  
Director Fees and Expenses

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Witness: Donald Smothers

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Meetings Per Diem</u>	<u>Other Bd Mtg</u>	<u>Registration</u>	<u>Mileage</u>	<u>Airfare</u>	<u>Hotel</u>	<u>Meals</u>	<u>Medical</u>	<u>Misc Expense Include</u>	<u>Exclude</u>	<u>Total</u>
98	2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
99	3/21/13	87162	Danny Britt	Reg Board Mtg.	1,000.00									49.51		1,049.51
100	3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
101	4/19/13	87406	Danny Britt	Reg Board Mtg.	1,150.00				40.68					49.51		1,240.19
102	4/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
103	5/23/13	87701	Danny Britt	Reg Board Mtg.	1,150.00				42.94					49.51		1,242.45
104	5/31/30	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
105	6/27/13	88032	Danny Britt	Reg Board Mtg.	1,150.00				42.94					49.51		1,242.45
106	6/27/13	88032	Danny Britt	BGE Annual Meeting			150.00		41.81							191.81
107	6/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
108	7/12/13	88154	Danny Britt	Reg Board Mtg.	1,150.00				42.94					49.51		1,242.45
109	7/12/13	88154	Danny Britt	Special Committee Meeting			150.00		42.94							192.94
110	7/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										225.18		225.18
111	8/22/13	88521	Danny Britt	Reg Board Mtg.	1,150.00				40.68					49.51		1,240.19
112	8/22/13	88521	Danny Britt	Special Meeting			150.00									150.00
113	8/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
114	9/19/13	88789	Danny Britt	Reg Board Mtg.	1,150.00									49.51		1,199.51
115	9/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
116	10/24/13	89104	Danny Britt	Reg Board Mtg.	1,150.00									49.51		1,199.51
117	10/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
118	11/14/13	89280	Danny Britt	Reg Board Mtg.	1,250.00				41.81					49.51		1,341.32
119	11/14/13	89280	Danny Britt	Farm City Banquet		250.00										250.00
120	11/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
121	12/20/13	89592	Danny Britt	Reg Board Mtg.	1,250.00				42.94					49.51		1,342.45
122	1/10/14	89726	KAEC	KAEC Annual Meeting								235.50				235.50
123	12/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
124																
125	<b>Subtotal Danny Britt</b>				<b>13,850.00</b>	<b>250.00</b>	<b>600.00</b>	<b>0.00</b>	<b>379.68</b>	<b>0.00</b>	<b>0.00</b>	<b>235.50</b>	<b>0.00</b>	<b>3,153.13</b>	<b>0.00</b>	<b>18,468.31</b>
126																
127	1/17/13	86646	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					27.95	Internet	1,206.20
128	2/7/13	60629	American Express	NRECA Director Conference						375.60						375.60
129	1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
130	1/31/13	JE	NRECA	NRECA Director Conference				550.00								550.00
131	2/21/13	86943	Gary H Keller	Reg Board Mtg.	1,150.00				27.50					27.95		1,205.45
132	2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
133	3/21/13	87178	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					27.95		1,206.20
134	3/21/13	87178	Gary H Keller	NRECA Director Conference		750.00			262.40			226.13				1,238.53
135	3/6/13	60634	American Express	NRECA Director Conference							975.25					975.25
136	3/6/13	60634	American Express	PC virus update										46.99		46.99
137	3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
138	4/19/13	87428	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					30.49		1,208.74
139	4/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
140	5/23/13	87717	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					30.49		1,208.74
141	5/23/13	87717	Gary H Keller	Special Meeting			150.00		28.25							178.25
142	5/31/30	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00

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Director Fees and Expenses

Exhibit 9  
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Witness: Donald Smothers

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Meetings Per Diem</u>	<u>Other Bd Mtg</u>	<u>Registration</u>	<u>Mileage</u>	<u>Airfare</u>	<u>Hotel</u>	<u>Meals</u>	<u>Medical</u>	<u>Misc Expense</u>		<u>Total</u>
														<u>Include</u>	<u>Exclude</u>	
143	6/27/13	88048	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					31.00		1,209.25
144	6/27/13	88048	Gary H Keller	BGE Annual Meeting			150.00		45.20							195.20
145	6/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
146	7/12/13	88170	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					31.00		1,209.25
147	7/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										225.18		225.18
148	8/22/13	88535	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					31.00		1,209.25
149	8/22/13	88535	Gary H Keller	Special Meeting			150.00		65.54							215.54
150	8/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
151	9/19/13	88800	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					31.00		1,209.25
152	9/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
153	10/24/13	89116	Gary H Keller	Reg Board Mtg.	1,150.00				28.25					31.00		1,209.25
154	10/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
155	11/14/13	89294	Gary H Keller	Reg Board Mtg.	1,250.00				28.25					31.00		1,309.25
156	12/10/13	89508	American Express	KAEC Annual Meeting							286.22					286.22
157	11/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
158	12/20/13	89606	Gary H Keller	Reg Board Mtg.	1,250.00				28.25					31.00		1,309.25
159	12/20/13	89606	Gary H Keller	KAEC Annual Meeting		750.00			84.76			23.50				858.26
160	1/16/14	89825	NRECA	NRECA Director Conference				550.00								550.00
161	1/10/14	89726	KAEC	KAEC Annual Meeting								136.50				136.50
162	12/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
163																
164	<b>Subtotal Gary Keller</b>				14,000.00	1,500.00	450.00	1,100.00	824.40	375.60	1,261.47	386.13	0.00	2,967.83	0.00	22,865.43
165																
166	1/17/13	86631	Brad Marshall	Reg Board Mtg.	1,000.00									50.08	Internet	1,050.08
167	1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
168	2/21/13	86933	Brad Marshall	Reg Board Mtg.	1,150.00				56.50					50.08		1,256.58
169	2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
170	3/21/13	87168	Brad Marshall	Reg Board Mtg.	1,150.00				56.50					50.08		1,256.58
171	3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
172	4/19/13	87416	Brad Marshall	Reg Board Mtg.	1,000.00									50.08		1,050.08
173	4/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
174	5/23/13	87711	Brad Marshall	Reg Board Mtg.	1,150.00				33.90		180.40	17.00		50.08		1,431.38
175	5/23/13	87711	Brad Marshall	Special Meeting			150.00		33.90							183.90
176	5/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
177	6/27/13	88037	Brad Marshall	Reg Board Mtg.	1,150.00				56.50					50.08		1,256.58
178	6/27/13	88037	Brad Marshall	BGE Annual Meeting			150.00		45.20							195.20
179	6/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
180	7/12/13	88159	Brad Marshall	Reg Board Mtg.	1,150.00				56.50					50.08		1,256.58
181	7/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										225.18		225.18
182	8/22/13	88526	Brad Marshall	Reg Board Mtg.	1,150.00				56.50					50.08		1,256.58
183	8/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
184	9/19/13	88795	Brad Marshall	Reg Board Mtg.	1,150.00				59.89					50.08		1,259.97
185	9/19/13	88795	Brad Marshall	Committee Meeting			150.00		59.89							209.89
186	9/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
187	10/24/13	89109	Brad Marshall	Reg Board Mtg.	1,150.00				56.50					50.08		1,256.58





Blue Grass Energy  
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Director Fees and Expenses

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Meetings Per Diem</u>	<u>Other Bd Mtg</u>	<u>Registration</u>	<u>Mileage</u>	<u>Airfare</u>	<u>Hotel</u>	<u>Meals</u>	<u>Medical</u>	<u>Misc Expense</u>		<u>Total</u>
														<u>Include</u>	<u>Exclude</u>	
233	1/10/14	89726	KAEC	KAEC Annual Meeting								136.50				136.50
234	12/31/14	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
235																
236	<b>Subtotal Dennis Moneyhon</b>				15,800.00	1,200.00	450.00	550.00	1,661.10	0.00	719.12	224.50	0.00	2,589.01	0.00	23,193.73
237																
238	1/17/13	86647	Jane Smith	Reg Board Mtg.	1,150.00				45.20					187.92	Internet	1,383.12
239	1/17/13	86647	Jane Smith	KAEC Board Mtg			150.00		39.55							189.55
240	1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
241	2/21/13	86944	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
242	2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
243	3/21/13	87179	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
244	3/6/13	60634	American Express	Director's Conference				775.00		603.10						1,378.10
245	3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
246	4/19/13	JE	Jane Smith	Reg Board Mtg.	1,150.00									62.98		1,212.98
247	4/19/13	JE	Jane Smith	Director's Conference		600.00			108.24	25.00		202.94				936.18
248	5/9/13	87536	American Express	Director's Conference							1,150.50					1,150.50
249	4/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
250	5/23/13	87718	Jane Smith	Reg Board Mtg.	1,150.00				25.43					62.98		1,238.41
251	5/23/13	87718	Jane Smith	Special Meeting			150.00		25.43							175.43
252	5/23/13	87718	Jane Smith	Legislative Copnference		600.00			791.00		167.95	92.00			(460.20)	1,190.75
253	6/6/13	60655	American Express	Legislative Copnference							907.24	85.15				992.39
254	6/6/23	87822	VISA	Legislative Copnference								75.00				75.00
255	5/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
256	6/27/13	88048	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
257	6/27/13	88048	Jane Smith	BGE Annual Meeting			150.00		33.90							183.90
258	6/27/13	88048	Jane Smith	CFC Financial Forum		450.00			280.24			124.20				854.44
259	7/3/13	88072	American Express	CFC Financial Forum							551.70					551.70
260	6/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
261	7/12/13	88171	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
262	7/12/13	88171	Jane Smith	Special Committee Meeting			150.00		16.95							166.95
263	7/12/13	88171	Jane Smith	Special Committee Meeting			150.00		14.13							164.13
264	8/8/13	88378	VISA	Special Committee Meeting							180.34					180.34
265	7/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										225.18		225.18
266	8/22/13	88536	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
267	8/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
268	9/19/13	88801	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
269	9/19/13	88801	Jane Smith	Policy Committee Mtg			150.00		45.20							195.20
270	9/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
271	10/24/13	89117	Jane Smith	Reg Board Mtg.	1,150.00				45.20					62.98		1,258.18
272	10/24/13	89117	Jane Smith	Committee Meeting			150.00		45.20							195.20
273	10/24/13	89117	Jane Smith	KAEC Board meeting					50.85							50.85
274	10/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
275	11/14/13	89295	Jane Smith	Reg Board Mtg.	1,250.00				50.85					62.98		1,363.83
276	11/14/13	89295	Jane Smith	KAEC Board Meeting					16.95							16.95
277	12/10/13	89508	American Express	KAEC Annual Meeting							143.11	13.40				156.51

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Director Fees and Expenses

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Meetings Per Diem	Other Bd Mtg	Registration	Mileage	Airfare	Hotel	Meals	Medical	Misc Expense Include	Misc Expense Exclude	Total
11/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
12/20/13	89607	Jane Smith	Reg Board Mtg.	1,250.00				45.20					62.98		1,358.18
12/20/13	89607	Jane Smith	KAEC Annual Meeting			250.00		50.86							300.86
1/10/14	89726	KAEC	KAEC Annual Meeting								136.50				136.50
12/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25
<b>Subtotal Jane Smith</b>				14,000.00	1,650.00	1,300.00	775.00	2,001.58	628.10	3,100.84	729.19	0.00	3,439.71	(460.20)	27,164.22
1/17/13	86629	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08	Internet	1,224.63
1/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										197.08		197.08
1/31/13	JE	NRECA	NRECA Director Conference				630.00								630.00
2/21/13	86931	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
2/28/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.27	(80.00)	114.27
3/21/13	87166	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
3/21/13	87166	Paul L. Tucker	NRECA Director Conference		600.00			162.11	446.60		180.16				1,388.87
3/6/13	60634	Paul L. Tucker	NRECA Director Conference							731.46					731.46
3/6/13	60634	Paul L. Tucker	Director's Conference				775.00			759.63					1,534.63
3/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.28		194.28
4/19/13	87414	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
4/19/13	87414	Paul L. Tucker	Director's Conference		600.00			157.34	556.60	87.97	172.42				1,574.33
5/9/13	87536	American Express	Director's Conference								11.79				11.79
4/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
5/23/13	87709	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
5/23/13	87709	Paul L. Tucker	Special Meeting			150.00		39.55							189.55
5/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										221.94		221.94
6/27/13	88035	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
6/27/13	88035	Paul L. Tucker	BGE Annual Meeting			150.00		39.55							189.55
6/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
7/12/13	88157	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
7/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										225.18		225.18
8/22/13	88524	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
8/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
9/19/13	88793	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
9/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
10/24/13	89107	Paul L. Tucker	Reg Board Mtg.	1,150.00				39.55					35.08		1,224.63
10/24/13	89107	Paul L. Tucker	Director Interview Mtg			150.00		39.55							189.55
10/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
11/14/13	89283	Paul L. Tucker	Reg Board Mtg.	1,000.00									35.08		1,035.08
12/8/13	89508	American Express	KAEC Annual Meeting							274.22					274.22
11/30/13	JE	NRECA	Liability & 24 hr Acc. Ins										222.00		222.00
12/20/13	89593	Paul L. Tucker	Reg Board Mtg.	1,250.00				39.55					35.08		1,324.63
12/20/13	89593	Paul L. Tucker	KAEC Annual Meeting		500.00			110.74			35.27				646.01
1/10/14	89726	KAEC	KAEC Annual Meeting								136.50				136.50
12/31/13	JE	NRECA	Liability & 24 hr Acc. Ins										194.25		194.25

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Meetings Per Diem</u>	<u>Other Bd Mtg</u>	<u>Registration</u>	<u>Mileage</u>	<u>Airfare</u>	<u>Hotel</u>	<u>Meals</u>	<u>Medical</u>	<u>Misc Expense</u>		<u>Total</u>
													<u>Include</u>	<u>Exclude</u>	
<b>Subtotal Paul Tucker</b>				13,750.00	1,700.00	450.00	1,405.00	983.89	1,003.20	1,853.28	536.14	0.00	2,979.96	(80.00)	24,581.47
<b>Board Meeting Expense</b>															
1/22/13	60629	American Express	Reg Board Meeting - Food								65.47				65.47
3/6/13	60634	American Express	Reg Board Meeting - Food								245.75				245.75
5/9/13	87536	American Express	Reg Board Meeting - Food								74.30				74.30
6/6/13	60655	American Express	Reg Board Meeting - Food								147.36				147.36
7/3/13	88072	American Express	Reg Board Meeting - Food								91.63				91.63
8/8/13	88378	American Express	Reg Board Meeting - Food								75.60				75.60
8/19/13	60665	Gourmet Goodies L	Reg Board Meeting - Food								163.24				163.24
10/9/13	88966	VISA	Reg Board Meeting - Food								36.74				36.74
10/9/13	88962	American Express	Reg Board Meeting - Food								148.41				148.41
11/8/13	60672	VISA	Background ck on director										100.00		100.00
10/17/13	89091	All Custom Embro.	IPAD cases										383.91		383.91
10/17/13	89059	NRECA	Deferred Comp Plan Fee										1,000.00		1,000.00
10/17/13	89092	US Dept. of Labor	Readoption of Deferred Plan										375.00		375.00
11/15/13	89334	Sam's Club	Reg Board Meeting - Food								218.90				218.90
10/31/13	89136	American Express	Reg Board Meeting - Food								62.00				62.00
12/10/13	89511	VISA	Background ck on director										100.00		100.00
12/10/13	89508	American Express	Reg Board Meeting - Food								221.03				221.03
1/8/14	60676	American Express	Reg Board Meeting - Food								155.98				155.98
12/31/13	JE	Miscellaneous											40.00		40.00
<b>Subtotal Miscellaneous expenses</b>				0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,706.41	0.00	1,998.91	0.00	3,705.32
<b>Grand Total</b>				103,800.00	9,800.00	5,350.00	7,200.00	9,667.82	2,635.00	11,072.09	5,016.73	2,277.90	24,672.78	(1,000.40)	180,491.92

BLUE GRASS ENERGY COOPERATIVE CORPORATION

POLICY NO. 1-2

COMPENSATION OF DIRECTORS

I. OBJECTIVE

To adequately compensate members of the Board in order to attract and retain quality individuals to serve on the Board of Directors of the Cooperative.

II. POLICY CONTENT

- A. A Director shall receive a monthly fee in the sum of \$1,000 for performing Director responsibilities.
- B. While attending a meeting and representing the cooperative, Directors will receive a per diem of \$250.00 per day. The Directors will receive travel expense from their home, and necessary expenses in connection with attendance to such meetings upon submission of a detailed expense account. The per diem will be paid for travel during the day preceding the meeting and for travel the day following the meeting if such travel is required because of the meeting schedule.
- C. The Chairman of the Board shall receive an additional \$300 monthly to reflect the duties and responsibilities of chairmanship.
- D. Insurance benefits provided by Blue Grass Energy for active eligible Directors shall be as follows:
  1. Business Travel: All active eligible Directors are covered by Business Travel Insurance, subject to the provisions of the policy in effect.
  2. 24-Hour Accidental Death: All active eligible Directors are covered by 24-Hour Accidental Death Insurance, subject to the provisions of the policy in effect.
  3. Liability: Blue Grass Energy shall provide each active eligible Director with Directors and Officers liability insurance coverage.

III. RESPONSIBILITY

It shall be the responsibility of the Board of Directors to see that this policy is current and properly implemented.

Adopted:	January 1, 2002	Approved:	E. A. Gilbert, Chairman
Amended:	June 13, 2007	Approved:	Jody E. Hughes, Chairman
	December 20, 2007	Approved:	Jody E. Hughes, Chairman
	April 24, 2008	Approved:	Jody E. Hughes, Chairman
	October 27, 2011	Approved:	Jody E. Hughes, Chairman
	June 20, 2013	Approved:	Jody E. Hughes, Chairman
	October 21, 2013	Approved:	Dennis Moneyhon, Chairman
	August 18, 2014	Approved:	Dennis Moneyhon, Chairman
	November 10, 2014	Approved:	Dennis Moneyhon, Chairman

Blue Grass Energy Cooperative  
Case No. 2014-00339  
Miscellaneous Expenses

Amounts removed from Account 930.30, Miscellaneous Expenses for rate-making purposes include employee meals and picnics, gifts, flower funds for death in families, amounts paid for nominating committee, Washington Youth Tour, Legislative Conference, and others. Annual meeting scholarships, prizes, and giveaways have been removed for rate-making purposes.

The amounts have been removed in the amount of \$11,354, and are indicated with and "x" beside the amount.

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
8	2/8/13	86774	KAEC	21,665	Ky Living magazine	
9	3/13/13	87090	KAEC	22,034	Ky Living magazine	
10	4/4/13	87263	KAEC	22,370	Ky Living magazine	
11	5/9/13	87545	KAEC	22,350	Ky Living magazine	
12	6/6/13	87822	KAEC	18,541	Ky Living magazine	
13	7/12/13	88150	KAEC	22,351	Ky Living magazine	
14	8/8/13	88377	KAEC	22,450	Ky Living magazine	
15	9/11/13	88686	KAEC	22,419	Ky Living magazine	
16	10/3/13	88874	KAEC	22,429	Ky Living magazine	
17	10/31/13	89142	KAEC	22,360	Ky Living magazine	
18	12/5/13	89420	KAEC	22,375	Ky Living magazine	
19	1/10/14	89726	KAEC	22,361	Ky Living magazine	
20						
21	Total Acct 930.10, General Advertising			<u>263,706</u>		
22						
23	1/11/13	60625	RCCU VISA	36	Christmas Breakfast Items HDO	x
24	2/7/13	60629	American Express	10,931	2012 Christmas Party Embassy Suites	x
25	3/6/13	60634	American Express	253	interview, workshop, board room supplies	
26	6/6/13	60655	American Express	3,116	Lineman Safety Training lodging	
27	6/16/13	60656	RCCU VISA	1,131	Lineman Safety Training expenses	
28	6/16/13	60656	RCCU VISA	1,210	AED Medical direction fees	
29	9/9/13	60667	City of Richmond	3	Section 8 Housing overpayment	
30	11/1/13	60672	RCCU VISA	1,701	Lineman Safety Training supplies	
31	11/1/13	60672	RCCU VISA	430	Wellness program supplies	
32	11/1/13	60672	RCCU VISA	246	Health Fair food	
33	1/8/14	60676	American Express	13,335	2013 Christmas Party Embassy Suites	x
34	1/9/13	86552	Tammy Hous Sowers	53	Madison Distric Office (MDO) supplies	
35	1/17/13	86627	Tammy Hous Sowers	67	Madison Distric Office (MDO) supplies	
36	1/17/13	86663	Cooper Wholesale Inc	60	Harrison Distric Office (HDO) janitor supplies	
37	1/17/13	86686	United AM Supply	445	Janitorial Supplies, misc supplies	
38	1/17/13	86688	Harrison Co Beef Ass.	330	Christmans Breakfast HDO	x
39	1/25/13	86717	Occupational Health Centers	122	Physicals and drug tests	
40	1/25/13	86721	Family Affair Catering	2,072	2013 Culture meeting meals	
41	1/25/13	86740	Zee Medical Inc	71	First Aid Supplies	
42	1/31/13	86765	Zee Medical Inc	88	First Aid Supplies	
43	1/31/13	8675	Zee Medical Inc	93	First Aid Supplies	
44	2/8/13	86777	RCCU VISA	792	Bags for CPR equipment, Strategic Planning Po	
45	2/12/13	86872	RCCU VISA	331	Culture meeting supplies	
46	2/12/13	86879	Tammy Hous Sowers	40	MDO supplies	
47	2/12/13	86894	Cooper Wholesale Inc	12	Janitorial Supplies	
48	2/12/13	86896	Lands End Business Outfitters	333	Employee shirt order	
49	2/28/13	86978	Sams Club	691	Culture meeting supplies	
50	2/28/13	86986	Cooper Wholesale Inc	52	Janitorial supplies	
51	3/8/13	87021	Petty Cash Richmond	28	Misc office supplies	
52	3/8/13	87022	RCCU VISA	454	Wellness program supplies	
53	3/8/13	87058	Karen Coffman	405	Employee shirt order	
54	3/8/13	87068	United Am Supply	24	Janitorial and other supplies	
55	3/13/13	87094	RCCU VISA	2,132	Replace AED/CPR training equip.	
56	3/13/13	87111	Occupational Health Centers	75	Physicals and drug tests	
57	3/13/13	87123	TheTharpe Company Inc	22	Service Awards	x
58	3/21/13	87165	Sams Club	490	Employee meeting food	

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
59	3/21/13	87190	Lands End Business Outfitters	82	Employee shirt order	
60	3/21/13	87200	Karen Coffman	311	Employee shirt order	
61	3/21/13	87207	United AM Supply	424	Janitorial and misc supplies	
62	3/21/13	87216	Georgia Lineman Rodeo Ass	700	Lineman Safety Training fee	
63	3/28/13	87240	Rachael Settles	147	Culture meeting supplies	
64	3/28/13	87248	United AM Supply	26	Office supplies	
65	3/28/13	87249	Zee Medical Inc	937	First Aid Supplies	
66	4/4/13	87268	RCCU VISA	358	Culture meeting supplies	
67	4/4/13	87303	United AM Supply	109	Employee meeting supplies	
68	4/4/13	87304	Zee Medical Inc	856	BBP cleanup, first aid supplies	
69	4/11/13	87324	American Express	82	interview, board room supplies	
70	4/11/13	87332	RCCU VISA	468	CPR certification cards	
71	4/11/13	87344	Tammy Hous Sowers	106	MDO supplies	
72	4/11/13	87365	Cooper Wholesale Inc	64	Janitorial and other supplies	
73	4/11/13	87375	Hospice of the Bluegrass Inc.	75	Donation from John Feeback	x
74	4/19/13	87407	Tammy Hous Sowers	77	Gilbert Family reception exp.	x
75	4/19/13	87411	Sams Club	209	Misc office supplies	
76	4/19/13	87454	Zee Medical Inc	144	First Aid Supplies	
77	5/9/13	87549	RCCU VISA	376	Employee and safety mtg supplies	
78	5/9/13	87565	Occupational Health Centers	257	Physicals and drug tests	
79	5/15/13	87666	Sams Club	372	Employee meeting supplies	
80	5/3/13	87730	Lands End Business Outfitters	86	Employee shirt order	
81	5/23/13	87740	Karen Coffman	52	Employee shirt order	
82	5/23/13	87753	United AM Supply	445	Janitorial & misc supplies	
83	5/23/13	87758	Zee Medical Inc	11	First Aid Supplies	
84	5/31/13	87794	Occupational Health Centers	307	Physicals and drug tests	
85	5/31/13	87810	Zee Medical Inc	40	First Aid Supplies	
86	6/6/13	87826	RCCU VISA	78	Office and misc supplies	
87	6/6/13	87857	Ben Coffee	736	Reimb mileage safety training	
88	6/10/13	87888	Occupational Health Centers	75	Physicals and drug tests	
89	6/13/13	87910	KAEC	840	Lineman Safety Training fee	
90	6/13/13	87918	Occupational Health Centers	75	Physicals and drug tests	
91	6/13/13	87930	United AM Supply	223	Employee meeting supplies	
92	6/14/13	87979	Karen Coffman	232	Employee shirt order	
93	6/20/13	87999	Sams Club	596	Employee meeting supplies	
94	6/20/13	88015	KAEC	400	Lineman Safety Training fee	
95	6/27/13	88042	Occupational Health Centers	75	Physicals and drug tests	
96	7/3/13	88072	American Express	130	Flowers funeral	x
97	7/10/13	88128	RCCU VISA	672	Lineman Safety Training expenses	
98	7/18/13	88221	Sams Club	388	Employee meeting supplies	
99	7/18/13	88241	Lands End Business Outfitters	88	Employee shirt order	
100	7/18/13	88253	Karen Coffman	164	Employee shirt order	
101	7/26/14	88324	Zee Medical Inc	70	First Aid Supplies	
102	8/1/13	88328	American Express	70	Flowers funeral	x
103	8/8/13	88378	RCCU VISA	401	Wellness program supplies	
104	8/8/13	88384	Mike Williams	12	Reimburse safety training costs	
105	8/8/13	88403	Lawson Sheet Metal Co	384	Lineman Safety Training expenses	
106	8/8/13	88409	Karen Coffman	106	Employee shirt order	
107	8/8/13	88419	United AM Supply	334	Janitorial & misc supplies	
108	8/15/13	88459	Sams Club	434	Employee meeting supplies	
109	8/15/13	88486	Cooper Wholesale Inc	25	Janitorial & other supplies	



	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
110	8/15/13	88490	Brad Wiglesworth	151	Reimb safety training expenses	
111	8/15/13	88510	Zee Medical Inc	41	First Aid Supplies	
112	8/22/13	88541	The Tharpe Company Inc	843	Retirement gift	x
113	8/29/13	88609	Hospice of the Bluegrass Inc.	75	Donation James Hill	x
114	8/29/13	88627	All Custom Embroidery	700	Donaiton T shirts Larry Lovelace benefit	x
115	9/11/13	88688	RCCU VISA	2,922	Lineman Safety Training expenses	
116	9/11/13	88742	Zee Medical Inc	150	First Aid Supplies	
117	9/13/13	JE		2,353	175 Tumblers	
118	9/19/13	88792	Sams Club	661	Employee meeting supplies	
119	9/19/13	88817	United AM Supply	223	Janitorial & misc supplies	
120	9/26/13	88832	Juliana Plummer	400	4 health fairs' expenses	
121	9/26/13	88843	Cooper Wholesale Inc	15	Janitorial & misc supplies	
122	9/26/13	88851	Karen Coffman	73	Employee shirt order	
123	9/26/13	88856	United AM Supply	111	Employee meeting supplies	
124	9/26/13	88858	Zee Medical Inc	275	First Aid Supplies	
125	10/9/13	88962	American Express	19	Employee meeting supplies	
126	10/9/13	88966	RCCU VISA	715	Lineman Safety Training expenses	
127	10/9/13	89009	Zee Medical Inc	61	First Aid Supplies	
128	10/24/13	89106	Sams Club	117	Employee meeting supplies	
129	10/31/13	89136	American Express	257	Flowers funeral and donation	x
130	10/31/13	89152	Tammy Hous Sowers	44	Supplies for MDO	
131	10/31/13	89155	Juliana Plummer	70	Mileage reimburs & Health fair supplies	
132	11/7/13	89220	Petty Cash Nicholasville	4	Misc. office	
133	11/7/13	89221	Petty Cash Harrison	23	Misc. office	
134	11/15/13	89334	Sams Club	479	Employee meeting supplies	
135	11/15/13	59336	Occupational Health Centers	102	Physicals and drug tests	
136	11/21/13	89359	Occupational Health Centers	204	Physicals and drug tests	
137	11/21/13	89373	WEDCO District Health Dept	650	Flu Vaccine HDO	
138	11/21/13	89383	Zee Medical Inc	82	First Aid Supplies	
139	11/26/13	89392	Office Depot Inc	11	Office supplies	
140	12/5/13	89458	United Am Supply	445	Janitorial & misc supplies	
141	12/5/13	89464	Zee Medical Inc	93	First Aid Supplies	
142	12/10/13	89511	RCCU VISA	636	2013 Christmas Pary invitations, Decorations	x
143	12/10/13	89525	The Tharpe Company Inc	4,544	Service Awards	x
144	12/10/13	89541	Open Hands Community	300	Donation. Safety bucks	x
145	12/10/13	89545	Anderson Co Back Pack Buddie	300	Donation. Safety bucks	x
146	12/11/13	JE		5,953	Gift cards for christmans party	x
147	12/12/13	89566	Cooper Wholesale Inc	249	Janitorial & misc supplies	
148	12/12/13	89573	Harrisos Co Ministerial	300	Donation. Safety bucks	x
149	12/12/13	89574	Harrison Co Food Pantry	300	Donation. Safety bucks	x
150	12/12/13	89575	Salvation Army of Jessamine	300	Donation. Safety bucks	x
151	12/12/13	89579	Jessamine Co Fire Depart.	300	Donation. Safety bucks	x
152	12/20/13	89605	Family Affair Catering	180	FDO employee mtg expenses	
153	12/20/13	89612	The Tharpe Company Inc	3,845	Service Awards	x
154	12/20/13	89615	Cooper Wholesale Inc	38	Janitorial & misc supplies	
155	12/20/13	89619	Lands End Business Outfitters	197	Employee shirt order	
156	12/20/13	89625	Dathon Lane	350	2013 Christmasn Party DJ	x
157	12/20/13	89637	Harrison Co Beef Ass.	300	2013 Employee Christmans Breakfast HDO	x
158	12/20/13	89638	Zee Medical Inc	150	First Aid Supplies	
159	12/20/13	89642	Gods Outreach	600	Donation. Safety bucks	x
160	12/27/13	89655	Brunner Studio	956	2013 Christmas Party Pictures	x

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
161	12/27/13	89659	Baptist Health Lexington	5,199	4 Health Fairs	
162	1/3/14	89683	Sams Club	257	Employee meeting supplies	
163	1/3/14	89711	United AM Supply	201	Janitorial & misc supplies	
164	1/10/13	89729	RCCU VISA	767	Wellness program supplies	
165	1/14/13	89812	Sams Club	1,214	Employee meeting supplies	
166	1/16/14	89829	Mike Williams	66	KAEC gift	x
167	12/31/13	JE		362	Safety Related Items	
168	12/31/13	JE		329	Wellness Program	
169			Cash Receipts	(1,263)	Employee Purchases	
171	Subtotal			94,693		
173	Labor			9,052		
174	Benefits			8,047		
175	Transportation			<u>824</u>		
177	Total Acct 930.20, Miscellaneous General Expenses			<u>112,616</u>		
179	11/8/13	60672	RCCU VISA	209	IEEE Dues	
180	1/14/13	86601	Paris/ Bourbon Co	110	2013 Annual Dues	x
181	1/17/13	86650	Richmond Chamber of Commer	550	2013 Membership Dues	x
182	1/25/13	86731	Institute Supply Management	140	2013 Dues	
183	1/31/13	86762	Cynthiana Lions Club	50	2013 Dues	x
184	2/8/13	86820	Cynthiana-Harrison Chamber	350	2013 Chamber Dues	x
185	2/8/13	86831	Leadership Ky Foundations Inc	100	2013 Annual MSF Dues	
186	2/21/13	86948	Kentucky Council of Coops	250	2013 Dues	
187	2/28/13	86982	Madison Co Homebuilders Asso	330	2013 Dues	
188	3/8/13	87013	American Express	90	American Express Dues	
189	3/13/13	87090	KAEC	300	2013 Manager Assn. Acct Repleinish	
190	3/13/13	87118	Woodford Co Chamber of Comrn	400	2013 Dues	x
191	3/21/13	87192	Georgetown-Scott County	160	2013 Dues	x
192	4/4/13	87263	KAEC	700	2013 Ky Chamber of Commerce Dues	x
193	4/4/13	87268	RCCU VISA	180	SHRM MSF	
194	4/11/13	87332	RCCU VISA	499	National Safety Council Dues	
195	4/11/13	87358	Jessamine Co Chamber	730	2013 Dues	x
196	4/11/13	87374	Mercer Co Chamber of Commer	450	2013 Dues	x
197	4/25/13	87476	Bluegrass Tomorrow	1,000	2013 Membership Dues	x
198	5/9/13	87573	Commerce Lexington	1,500	2013 Membership Dues	x
199	6/6/13	87844	Home Builders Assoc.	10	2013-14 Dues	
200	6/10/13	87905	Scott Co Home Builders Assn.	360	2013 Dues	
201	6/14/13	87968	RCCU VISA	160	Coop Comm Assn Dues	x
202	7/18/13	88230	Anderson Cp Chamber of Comrr	350	Membership Dues	x
203	7/18/13	88272	Madison Co Ind Mgmt Club Inc	50	Membership Dues	
204	9/5/13	88628	American Express	90	Mem Rwds Annual Program Fee	
205	9/26/13	88842	Frankfort Chamber of Commerce	365	2013-14 Membership Dues	x
206	10/11/13	89041	IEEE Inc	209	2014 Dues	
207	10/24/13	89131	NUTSEA	100	2014 Dues	
208	11/7/13	89234	Rural Electricity Resource Co	1,100	2013-14 Dues	
209	11/14/13	89302	Institute Supply Management	140	2014 Dues	
210	12/5/13	89408	American Express	55	National Society of Accountants Msf	
211	12/20/13	89610	Berea Chamber of Commerce	450	2014 Dues	x

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
212	12/20/13	89616	Paris/Bourbon Co	110	2014 Annual Dues	x
213	12/27/13	89657	KRUS	150	2014 KRUS Dues	
214	1/3/14	89697	Home Builders Assoc.	550	2013-14 Dues	
215	1/10/14	89729	RCCU VISA	349	KAED & IEEE Msf Dues	
216	3/31/13	JE		200	RESNET Dues	
217	7/31/13	JE		150	PE License Renewal	
218						
219			NRECA	52,376	Dues	
220			KAEC	<u>136,467</u>	Dues	
221						
222	Total Acct 930.40, Dues			<u>201,889</u>		
223						
224	1/30/13	JE	Pro Bots	250	Deposit on robot	
225	1/31/13	JE	Turf Catering Co	2,000	Deposit for catering	
226	3/21/13	87184	Linda Tigges	125	2013 Nominating Committee	x
227	3/21/13	87186	Robert W. Posey	125	2013 Nominating Committee	x
228	3/21/13	87193	Connie L. Agee	125	2013 Nominating Committee	x
229	3/21/13	87197	John Mckinney	125	2013 Nominating Committee	x
230	3/21/13	87205	Amalie Preston	125	2013 Nominating Committee	x
231	3/21/13	87206	David Cummins	125	2013 Nominating Committee	x
232	3/21/13	87208	Monty Rhody	125	2013 Nominating Committee	x
233	3/21/13	87210	William Fritz	125	2013 Nominating Committee	x
234	4/11/13	87332	RCCU Visa	703	Nominating Committee meal	x
235	5/9/13	87643	Party Central Inc	525	Childrens inflatables	
236	5/23/13	87720	Triple Crown Golf	907	Golf Carts	
237	5/23/13	87739	John L Prather	200	Oscar Robot	
238	5/23/13	87751	Tim Webb Photography	250	Photographer	
239	5/23/13	87757	West Jessamine High School	200	Sing National Anthem	
240	5/23/13	87760	Boy Scout Troop 707	50	Color Guard	
241	5/23/13	87761	Charmanine Brown	50	Heal Tappers	
242	5/23/13	87766	Party Central Inc	526	Balance due on inflatables	
243	5/23/13	87780	Rollins Video Game of Ky Inc	318	Childrens Entertainment	
244	5/23/13	87781	Cantryn Lne Comley	200	Ballon Artist	
245	5/24/13	60654	Turf Catering Co	24,946	Annual meeting balance	
246	5/24/13		JE RCCU Visa	256	Entertainment fee	
247	7/10/13	60661	RCCU VISA	605	Annual meeting prizes	
248	4/4/13	87300	National Envelope Corp	1,495	Annual meeting statement envelopes	
249	4/11/13	87390	Keeneland Association	1,060	1/2 room deposit	
250	5/23/13	87740	Karen Coffman	4,045	2013 Annual meeting shirts	
251	5/23/13	87742	Dynamix Productions	334	Annual Mtg Radio Ad Production	
252	5/23/13	87750	4 Imprint Inc	137	Biodegradable Die Cut Bags	
253	5/23/13	87754	L & W Emergency Equipment	106	Keeneland date charge	
254	5/23/13	87764	Keeneland Association	150	Restroom attendants	
255	5/31/13	87791	Kathy Nowacki	15	Reimb mileage to annual meeting	
256	6/6/13	87823	Lynn Imaging	97	Annual meeting Duck Pond chart	
257	6/6/13	87826	RCCU VISA	653	Children Prizes, Bingo Supplies, Table rental	x
258	6/6/13	87833	Tammy House Sowers	62	Reimb mileage to annual meeting	
259	6/6/13	87835	Patty Howser	51	Reimb mileage to annual meeting	
260	6/6/13	87854	WCYN Broadcasting Inc	150	Radio Advertising	
261	6/10/13	87895	Wallingford Broadcasting	367	Radio Advertising	
262	6/10/13	87898	Clear Channel Radio Lexington	224	Radio Advertising	

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
6/14/13	87968	RCCU VISA	23	Annual Mtg supplies	
6/14/13	87977	Kentucky Press Service	3,349	Annual Mtg Advertising	
6/14/13	87986	Capcity Communications	140	Annual Mtg Advertising	
6/14/13	87989	Layayette High School	200	Face painters	
6/20/13	87999	Sam Club	222	Water and supplies	
6/20/13	88022	Choice Premiums	1,605	Jar Openers	x
6/27/13	88027	The Home City Ice	140	Ice	
6/27/13	88065	Bevins Motoer Company	2,235	John Deer Mower prize	x
6/28/13	JE		22	Advertising	
7/3/13	88072	American Express	151	Annual mtg review meals	
7/3/13	88088	Judy Tipton	15	Reimb mileage to annual meeting	
7/3/13	88096	Sign Magic 11 Inc.	398	Annual Mtg Banner	
7/10/13	88128	RCCU VISA	3,848	Annual meeting prizes	x
7/12/13	88150	KAEC	439	Annual Reports	
7/12/13	88175	University Of Ky	1,000	Scholarship	x
7/12/13	88176	Georgetown College	1,000	Scholarship	x
7/12/13	88177	Eastern Kentucky Universty	1,000	Scholarship	x
7/12/13	88178	Eastern Kentucky Universty	1,000	Scholarship	x
7/12/13	88179	Asbury College	1,000	Scholarship	x
7/12/13	88181	Western Kentucky University	1,000	Scholarship	x
7/12/13	88183	Northern Kentucky University	1,000	Scholarship	x
7/12/13	88185	Georgetown College	1,000	Scholarship	x
7/12/13	88196	BCTC	1,000	Scholarship	x
7/12/13	88197	University of South Carolina	1,000	Scholarship	x
7/18/13	88206	EKPC	365	Banners/Stuffers	
7/18/13	88244	Clear Channel Radio Lexington	2,267	Advertising	
7/18/13	88253	Karen Coffman	32	Employee Shirt Order	
7/18/13	JE		43	Sales tax on annual mtg materials	
7/26/13	88276	EKPC	719	Annual Meeting Materials	
9/11/13	88686	KAEC	21,266	Annual mtg tent setup	
9/11/13	88688	RCCU VISA	100	Annual Mtg door prize	
12/31/13	JE		4,104	Annual Meeting entertainment	
	Labor		25,319		
	Benefits		16,048		
	Transportation		<u>2,731</u>		
	Total Acct 930.60, Annual Meeting		<u><u>130,534</u></u>		
	Remove for rate-making purposes		<u><u>73,409</u></u>		

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	<u>L</u>
8	1/25/13	86714	Cincinnati Bell	15	Directory Adv.	i
9	2/8/13	86801	Berry	259	Directory Adv.	i
10	2/8/13	86826	YP	385	Directory Adv.	i
11	2/8/13	86836	AT&T	38	Directory Adv.	i
12	2/12/13	86897	YP	93	Directory Adv.	i
13	2/12/13	86898	WCYN Broadcasting Inc	50	Radio sponsor	x
14	2/12/13	86903	WDKY Fox 56	3,470	TV Adv - simple saver efficiency	c
15	2/12/13	86904	AT&T	23	Directory Adv.	i
16	2/21/13	86937	Cincinnati Bell	15	Directory Adv.	i
17	2/28/13	86987	WTVQ TV Inc.	2,840	TV Adv - conservation and efficiency	c
18	2/28/13	86989	YP	106	Directory Adv.	i
19	3/8/13	87051	WCYN Broadcasting Inc.	50	Radio sponsor	x
20	3/13/13	87109	Berry	259	Directory Adv.	i
21	3/13/13	87139	WDKY Fox 56	3,470	TV Adv - simple saver efficiency	c
22	3/13/13	87141	AT&T	15	Directory Adv.	i
23	3/21/13	87172	Cincinnati Bell	15	Directory Adv.	i
24	3/21/13	87173	Windstream	214	Directory Adv.	i
25	3/21/13	87194	YP	425	Directory Adv.	i
26	4/4/13	87287	Madison Co High School	45	Sponsor ad	x
27	4/11/13	87350	Berry	260	Directory Adv.	i
28	4/11/13	87370	YP	425	Directory Adv.	i
29	4/11/13	87371	WCYN Broadcasting Inc.	50	Radio sponsor	x
30	4/11/13	87377	WDKY Fox 56	110	TV Adv - conservation and efficiency	c
31	4/11/13	87378	AT&T	15	Directory Adv.	i
32	4/19/13	87420	Cincinnati Bell	15	Directory Adv.	i
33	5/2/13	87493	Rees Printing Company	1,426	Simple Saver Stmt Stuffers	c
34	5/2/13	87516	YP	53	Directory Adv.	i
35	5/9/13	87542	EKPC	300	12 days of giving banner posters	x
36	5/9/13	87546	Lynn Imaging	2,345	Simple Saver Stmt Stuffers	c
37	5/9/13	87564	Berry	260	Directory Adv.	i
38	5/9/13	87585	YP	425	Directory Adv.	i
39	5/9/13	87586	WCYN Broadcasting Inc.	50	Radio sponsor	x
40	5/9/13	87592	AT&T	15	Directory Adv.	i
41	5/23/13	87693	Jessamine Journal	99	1/4 pager fair ad	x
42	5/23/13	87714	Cincinnati Bell	15	Directory Adv.	i
43	5/23/13	87729	The Anderson News	169	Simple Saver ad	c
44	5/23/13	87732	YP	53	Directory Adv.	i
45	5/23/13	87733	Franklin Co Fair & Horse Shc	125	1/4 page fair ad	x
46	5/23/13	87738	Image Marketing Internation.	168	Individual Custom Messages conservator	c
47	5/23/13	87741	WDKY Fox 56	3,000	TV Adv - simple saver efficiency	c
48	5/23/13	87741	WDKY Fox 56	110	TV Adv - sponsor	x
49	5/23/13	87752	Mercer Co Fair & Horse Sho	110	Full page fair ad	x

Witness: Jim Adkins

50	5/23/13	87756	Jessamine Co Publid Library	100	Summer Reading Program	x
51	5/23/13	87767	Camp Nelson Education	50	Listing in Souvenir Program	x
52	5/23/13	87768	American Private Enterprise	100	APES Conf support HS Juniors	x
53	5/23/13	87779	Harrison Co Fair	45	Full Page Fair ad	x
54	6/6/13	87818	EKPC	259	Pay As You GO Ad for conservation	c
55	6/6/13	87840	Berry	260	Directory Adv.	i
56	6/6/13	87853	YP	332	Directory Adv.	i
57	6/6/13	87854	WCYN Broadcasting Inc.	50	Radio Adv	x
58	6/6/13	87862	AT&T	15	Directory Adv.	i
59	6/10/13	87897	YP	93	Directory Adv.	i
60	6/10/13	87902	WDKY Fox 56	3,720	TV Adv for conservation/efficiency	c
61	6/14/13	87969	Accuprint	67	Simple saver brochures	c
62	6/14/13	87972	Cinncinnati Bell	15	Directory Adv.	i
63	6/14/13	87988	Harrison Co Fair	15	Balance of Fair ad	x
64	6/20/13	88014	WDKY Fox 56	4,200	TV Adv for conservation/efficiency	c
65	7/3/13	88102	YP	53	Directory Adv.	i
66	7/10/13	88138	YP	332	Directory Adv.	i
67	7/12/13	88164	Berry	260	Directory Adv.	i
68	7/12/13	88182	YP	93	Directory Adv.	i
69	7/12/13	88188	AT&T	15	Directory Adv.	i
70	7/18/13	88226	Cinncinnati Bell	15	Directory Adv.	i
71	7/18/13	88243	WCYN Broadcasting Inc.	50	Radio sponsor	x
72	7/18/13	88254	WDKY Fox 56	4,270	TV Adv for conservation/efficiency	c
73	7/26/13	88308	YP	53	Directory Adv.	i
74	8/8/13	88388	Berry	262	Directory Adv.	i
75	8/8/13	88395	WKYT TV	3,430	TV Adv for conservation/efficiency	c
76	8/8/13	88401	YP	332	Directory Adv.	i
77	8/8/13	88411	AT&T	15	Directory Adv.	i
78	8/15/13	88466	Cinncinnati Bell	15	Directory Adv.	i
79	8/15/13	88480	WKYT TV	320	TV Adv for conservation/efficiency	c
80	8/15/13	88491	YP	93	Directory Adv.	i
81	8/15/13	88492	WCYN Broadcasting Inc.	50	Radio sponsor	x
82	8/15/13	88501	WDKY Fox 56	3,510	TV Adv for conservation/efficiency	c
83	8/29/13	88590	Jessamine Journal	30	Sponsor ad	x
84	8/29/13	88607	Falmouth Outlook	112	Sponsor ad	x
85	8/29/13	88610	YP	53	Directory Adv.	i
86	8/29/13	89618	AT&T	15	Directory Adv.	i
87	9/11/13	88689	Richmond Register	486	Adv for conservation/efficiency	c
88	9/11/13	88699	Berry	264	Directory Adv.	i
89	9/11/13	88713	YP	339	Directory Adv.	i
90	9/11/13	88714	WCYN Broadcasting Inc.	50	Radio sponsor	x
91	9/11/13	88720	WDKY Fox 56	3,470	TV Adv for conservation/efficiency	c
92	9/26/13	88824	EKPC	300	Banner - Coop Connections	i
93	9/26/13	88824	EKPC	300	Banner - Honor Flight	x
94	9/26/13	88835	Cinncinnati Bell	15	Directory Adv.	i
95	9/26/13	88844	YP	53	Directory Adv.	i
96	9/26/13	88849	Lexington Herald Leader	900	Simple Saver conservation	c
97	10/3/13	88914	YP	339	Directory Adv.	i
98	10/9/13	88979	Berry	264	Directory Adv.	i

Witness: Jim Adkins

99	10/9/13	88989	YP	186	Directory Adv.	i
100	10/9/13	88990	WCYN Broadcasting Inc.	50	Radio sponsor	x
101	10/9/13	88997	WDKY Fox 56	4,310	TV Adv for conservation/efficiency	c
102	10/9/13	88999	AT&T	15	Directory Adv.	i
103	10/17/13	89067	Cinncinnati Bell	15	Directory Adv.	i
104	10/31/13	89159	Berry	264	Directory Adv.	i
105	10/31/13	89170	YP	392	Directory Adv.	i
106	10/31/13	89171	WCYN Broadcasting Inc.	50	Radio sponsor	x
107	11/7/13	89235	WKYT TV	3,750	TV Adv for conservation/efficiency	c
108	11/7/13	89246	AT&T	15	Directory Adv.	i
109	11/14/13	89307	WDKY Fox 56	3,595	TV Adv for conservation/efficiency	c
110	11/21/13	89358	Cinncinnati Bell	15	Directory Adv.	i
111	11/26/13	89403	YP	53	Directory Adv.	i
112	12/10/13	89519	Berry	264	Directory Adv.	i
113	12/10/13	89530	WCYN Broadcasting Inc.	50	Radio sponsor	x
114	12/10/13	89536	AT&T	15	Directory Adv.	i
115	12/12/13	89564	WKYT TV	1,235	TV Adv for conservation/efficiency	c
116	12/12/13	89568	YP	339	Directory Adv.	i
117	12/12/13	89571	WDKY Fox 56	3,565	TV Adv for conservation/efficiency	c
118	12/20/13	89598	Cinncinnati Bell	15	Directory Adv.	i
119	12/20/13	89622	YP	93	Directory Adv.	i
120	1/3/14	89689	Berry	264	Directory Adv.	i
121	1/3/14	89708	AT&T	15	Directory Adv.	i
122	1/10/14	89755	WCYN Broadcasting Inc.	50	Radio sponsor	x
123	1/16/14	89839	WKYT TV	1,265	TV Adv for conservation/efficiency	c
124	1/16/14	89849	WDKY Fox 56	4,340	TV Adv for conservation/efficiency	c
125						
126	Sub total			75,081		
127						
128	EKPC Rebates			(35,250)		
129						
130	Labor			9,699		
131	Benefits			9,385		
132	Transportation			<u>1,781</u>		
133						
134	Total Acct 913.00, General Advertising			<u><u>60,696</u></u>		
135						
136	Remove for rate-making purposes			<u><u>2,141</u></u>		x
137						

**Blue Grass Energy Cooperative**  
**Case No. 2014-00339**  
**Rate Case Expenses**  
December 31, 2013

Estimated rate case costs:

Legal	\$5,000
Consulting	75,000
Advertising	8,000
Supplies and miscellaneous	2,000
	<hr/>
Total	90,000
Number of years	3
	<hr/>
Adjustment	<u><u>\$30,000</u></u>

In-house labor was not included in the above adjustment as the labor would be incurred in other accounts.

This amount is approximately the same as other rate requests filed before this Commission.

The monthly amounts filed for rate case expenses will include the labor, however, this amount is not included in the above adjustment.



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

This adjustment is to remove G&T capital credits allocated during the test year.

East Kentucky Power Cooperative	7,776,965
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Blue Grass Energy Cooperative  
Case No. 2014-00339  
CATV Pole Attachments  
as of December 31, 2013

*Additional revenues generated*

<u>Attachment Description</u>	Number	Rates		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole	11,613	\$5.70	\$7.00	\$66,194	\$81,304	\$15,110	23%
3 party Pole	1,373	4.72	5.71	6,481	7,834	\$1,354	21%
2 party Anchor	656	9.80	11.33	6,429	7,433	\$1,004	16%
3 party Anchor	258	6.47	7.48	1,669	1,929	\$260	16%
2 party Ground	11,613	0.26	0.27	3,019	3,176	\$156	5%
3 party Ground	1,373	0.16	0.17	220	233	\$13	6%
Total				\$83,792	\$101,677	\$17,885	21%

Blue Grass Energy Cooperative  
Case No. 2014-00339  
CATV Pole Attachments  
as of December 31, 2013

A. 1. Two-Party Pole Cost:

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

2. Three-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
40' - 45' poles	55,439	\$27,431,997	<u>\$494.81</u>
3. Average cost of anchors			<u>\$126.79</u>

B. 1. Pole Charge:

a. Two party =	\$376.49	85%	17.87%	0.1224	\$7.00
b. Three party =	\$494.81	85%	17.87%	0.0759	\$5.71

2. Pole Charge, with ground attachments:

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

3. Anchor Charge:

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

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

Blue Grass Energy has not made any adjustments or modifications to its CPR's during the current or previous several years.

Blue Grass Energy's CPRs for poles are classified as following:

- 35' and under
- 40' - 45'
- 50' and over

Witness: Jim Adkins

Blue Grass Energy Cooperative  
Case No. 2014-000339  
CATV Pole Attachments  
as of December 31, 2013

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

Total Distribution Expense	8,872,830	
Reference Page 14		
Customer Accounts Expense	2,862,998	
Reference Page 15		
Customer Service and Informational Expense	993,181	
Reference Page 15		
Administrative and General	4,404,713	
Reference Page 15		
Depreciation Expense	8,253,042	
Reference Page 13		
Taxes Other than Income Taxes	160	
Reference Page 13		
	<hr/>	
Sub total	25,386,924	
Divided by Total Utility Plant	189,082,373	13.43%
Line 2, Page 1		
Cost of Money		
Rate of Return on Investment allowed in the last General		
Rate Request, Case No. 2008-00011	6.24%	
Net plant ratio for distribution plant:		
Distribution plant	<u>202,713,184</u>	
Accumulated depreciation	<u>58,235,294</u>	28.7%
Rate of return ( times 1 minus reserve ratio)		<u>4.45%</u>
Annual carrying charges		<u><u>17.87%</u></u>

Witness: Jim Adkins

UNIT	DESCRIPTION		-----MONTH-----	-----YTD-----	-----LIFE-----				
99364100	ANCHOR GUY		BUILT 27	13519.37	1187	490322.64	68731	13065367.19	
			RETIRE 23-	4565.27-	663-	116556.85-	10837-	1565584.36-	
INSTALL	275.00	RETIRE	200.25	TOTAL 4	8954.10	524	373765.79	57894	11499782.83
				AVG BUILT COST	500.72		413.08		190.09
99364101	CROSS ARMS		BUILT 17	4582.54	816	184435.24	50267	5954334.20	
			RETIRE 24-	2916.00-	727-	74405.81-	8047-	822007.14-	
INSTALL	165.00	RETIRE	122.58	TOTAL 7-	1666.54	89	110029.43	42220	5132327.06
				AVG BUILT COST	269.56		226.02		118.45
99364102	POLES 35' AND UNDER		BUILT 9	10437.30	230	170315.39	46846	8721776.59	
			RETIRE 26-	4956.64-	1002-	189683.44-	11503-	1975331.57-	
INSTALL	425.00	RETIRE	192.31	TOTAL 17-	5480.66	772-	19368.05-	35343	6746445.02
				AVG BUILT COST	1159.70		740.50		186.18
99364103	POLES 40' - 45'		BUILT 38	51652.60	1526	1761516.86	61519	29794346.69	
			RETIRE 12-	5930.64-	511-	228617.07-	6080-	2362349.59-	
INSTALL	800.00	RETIRE	501.97	TOTAL 26	45721.96	1015	1532899.79	55439	27431997.10
				AVG BUILT COST	1359.28		1154.34		484.31
99364104	POLES 50' AND OVER		BUILT 3	4379.87	165	207814.54	3895	2658423.63	
			RETIRE 4-	2810.76-	62-	36721.60-	418-	212903.46-	
INSTALL	950.00	RETIRE	714.05	TOTAL 1-	1569.11	103	171092.94	3477	2445520.17
				AVG BUILT COST	1459.96		1259.48		682.52
99364106	CLUSTER MOUNT		BUILT 2	3583.63	27	36669.76	767	621755.22	
			RETIRE 2-	1979.58-	9-	6335.85-	300-	157920.53-	
INSTALL	800.00	RETIRE	1002.41	TOTAL 0	1604.05	18	30333.91	467	463834.69
				AVG BUILT COST	1791.82		1358.14		810.63
99364107	BI UNIT		BUILT 0	.00	37	13911.67	781	119974.58	
			RETIRE 0	.00	2-	324.25-	111-	10715.67-	
INSTALL	300.00	RETIRE	150.00	TOTAL 0	.00	35	13587.42	670	109256.91
				AVG BUILT COST	.00		375.99		153.62
99364109	PLATFORMS		BUILT 0	.00	0	.00	119	92142.42	
			RETIRE 1-	795.42-	2-	2195.42-	17-	11009.84-	
INSTALL	3600.00	RETIRE	1800.00	TOTAL 1-	795.42-	2-	2195.42-	102	81132.58
				AVG BUILT COST	.00		.00		774.31
99364110	C-TA-05		BUILT 0	.00	0	.00	17	7716.39	
			RETIRE 0	.00	0	.00	9-	1125.00-	
INSTALL	375.00	RETIRE	170.00	TOTAL 0	.00	0	.00	8	6591.39
				AVG BUILT COST	.00		.00		453.91
99364111	C-DE-2A		BUILT 0	.00	0	.00	76	135700.23	
			RETIRE 0	.00	0	.00	6-	2240.00-	
INSTALL	825.00	RETIRE	400.00	TOTAL 0	.00	0	.00	70	133460.23
				AVG BUILT COST	.00		.00		1785.53

Witness: Jim Adkins

UNIT	DESCRIPTION		-----MONTH-----	-----YTD-----	-----LIFE-----		
99364112	C-BA5		BUILT 0	.00	0	.00	113 41663.99
			RETIRE 0	.00	0	.00	0 .00
INSTALL	275.00 RETIRE	120.00	TOTAL 0	.00	0	.00	113 41663.99
			AVG BUILT COST	.00		.00	368.71
99364113	C-DE-1		BUILT 0	.00	0	.00	44 58036.91
			RETIRE 0	.00	0	.00	9- 6862.28-
INSTALL	650.00 RETIRE	300.00	TOTAL 0	.00	0	.00	35 51174.63
			AVG BUILT COST	.00		.00	1319.02
99364114	CA1160 CA11601		BUILT 0	.00	1	1744.14	52 31842.74
			RETIRE 0	.00	1-	210.00-	3- 683.94-
INSTALL	500.00 RETIRE	275.00	TOTAL 0	.00	0	1534.14	49 31158.80
			AVG BUILT COST	.00		1744.14	612.36
99364115	ANCHOR GUY-HARRISON		BUILT 0	.00	0	.00	62395 3631351.64
			RETIRE 0	.00	0	.00	0 .00
INSTALL	275.00 RETIRE	130.00	TOTAL 0	.00	0	.00	62395 3631351.64
			AVG BUILT COST	.00		.00	58.20

**Blue Grass Energy**  
**Remote Disconnect Switch**  
**Cost Justification**

**1. Hardware and Installation of Equipment***Hardware at substation*

Cannon supplied equipment	15,000.00	
Miscellaneous materials	1,500.00	
Communication equipment	5,000.00	
Tax on above @ 6%	1,290.00	
Contract installation labor	2,000.00	
BGE installation labor and OH	<u>4,000.00</u>	28,790.00
Number of substations		<u>25.00</u>
Total cost for substation equipment		719,750.00
Number of units when fully-implemented		1,875
Cost per unit		383.87

*Cost of Remote Disconnect unit*

Cost of unit	195.00	
Tax 2 6%	<u>11.70</u>	206.70
Installation of units:		
Labor, est 1 hour	22.50	
Overhead @ 62%	<u>13.95</u>	36.45
Total installed cost		<u>243.15</u>
Total substation and remote unit cost		627.02
Amortization, 60 months		\$10.45

**2. System Operator labor**

Operate switch and communicate with member		
Labor, per 1 hour	27.76	
Direct costs		
Other costs	<u>17.21</u>	44.97
Estimate 1/4 hour per		\$11.24

**3. Customer Service Representative**

To process service order		
Labor, per 1 hour	19.43	
Overhead @ 62%	<u>12.05</u>	31.48
Estimate 1/4 hour per		<u>\$7.87</u>

**Total costs 1, 2, 3**

\$29.56

**4. Interest @**

2.560%

\$0.76

**5. Margin for 2.00 TIER**

\$0.76

**6. Total cost to Disconnect or Reconnect for Remote Non-Pay**\$31.08**7. Requested Service Fee**\$30.00

Blue Grass Energy Cooperative  
Case No. 2014-00339  
End of Test Year Customer Adjustment

Exhibit 15  
page 1 of 1  
Witness: Jim Adkins

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	GS-1 Home & Farm	GS-3 Residential T-O-D	SC-1 General Service	SC-2 Gen Svc T-O-D	LP-1 Large Power	LP-2 Large Power	B-2 Large Industrial	G1 Large Industrial	Security Lights	Enviro Watts
December, 2012	52,514	38	2,588	1	54	24	5	1	15,172	22,400
January, 2013	52,507	38	2,587	1	54	24	5	1	15,163	22,400
February	52,516	38	2,588	2	54	24	5	1	15,141	22,300
March	52,709	40	2,593	9	55	24	5	1	15,106	22,300
April	52,694	37	2,570	20	55	24	5	1	15,106	22,300
May	52,992	36	2,571	27	56	24	5	1	15,092	22,300
June	52,775	36	2,545	32	57	24	5	1	15,076	22,900
July	52,697	36	2,548	35	55	25	5	1	15,051	22,900
August	53,179	36	2,543	36	60	23	5	1	15,015	22,900
September	52,824	36	2,541	39	56	24	5	1	15,012	22,900
October	52,935	36	2,553	39	57	24	5	1	15,021	22,900
November	53,084	40	2,565	40	57	24	5	1	15,033	22,900
December	52,931	38	2,554	43	57	24	5	1	15,046	22,800
Average	52,797	37	2,565	25	56	24	5	1	15,080	22,631
Increase	<u>134</u>	<u>1</u>	<u>(11)</u>	<u>18</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(34)</u>	<u>169</u>
Test year base revenue	77,280,277	37,530	7,980,425	78,246	3,052,923	5,573,018	11,705,947	5,635,761	889,408	1,158
kwh useage	793,939,806	437,447	70,405,905	659,159	37,501,047	80,741,257	198,304,474	56,059,904	7,210,041	41,000
Average per kwh	0.09734	0.08579	0.11335	0.11871	0.08141	0.06902	0.05903	0.10053	0.12336	0.02825
Total billings	633,843	447	30,758	323	673	288	60	12	180,862	271,800
Average monthly kwh use	1,253	979	2,289	2,041	55,722	280,352	3,305,075	4,671,659	40	0
Increase in revenues	196,053	1,008	(34,249)	52,326	54,435	0	0	0	(2,006)	9
Increase in power cost	129,456	755	(19,420)	28,332	42,977	0	0	0	(1,045)	4
Net increase	66,597	253	(14,828)	23,994	11,458	0	0	0	(961)	5
Adjustment	<u><u>86,517</u></u>									
Increase in consumers, times average use, times average rate, times 12 months, equals additional revenues										
Increase in consumers, times average use, times average cost per kwh purchased, times 12 months, equals power cost										
Base power cost			84,333,727							
Kwh purchased			1,312,114,603							
Cost per kwh purchased			0.06427							



Blue Grass Energy Cooperative  
Case No. 2014-00339  
Normalized Revenues

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Normalized base rate revenues	\$113,046,327
Test year base rate revenues	<u>113,397,466</u>
Normalized adjustment	(351,139)
Unbilled revenue	199,841
Defer fuel and surcharge	<u>263,523</u>
Total normalized adjustment	<u><u>112,225</u></u>

**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER CONSUMER**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>% CHANGE FROM 2009</u>
BIG SANDY	363	\$335	\$328	\$358	\$315	15.2 %
BLUE GRASS ENERGY	307	307	319	320	303	1.3
CLARK ENERGY COOP	334	315	303	295	283	18.0
CUMBERLAND VALLEY	315	314	301	309	299	5.4
FARMERS	336	291	300	289	248	35.5
FLEMING-MASON	351	357	329	317	325	8.0
GRAYSON	481	492	476	423	398	20.9
INTER-COUNTY	343	347	349	328	321	6.9
JACKSON ENERGY	372	377	371	344	358	3.9
LICKING VALLEY	354	331	317	316	303	16.8
NOLIN	409	402	411	408	363	12.7
OWEN	295	291	289	292	281	5.0
SALT RIVER ELECTRIC	229	216	231	223	237	-3.4
SHELBY ENERGY	356	349	348	352	327	8.9
SOUTH KENTUCKY	284	264	280	291	270	5.2
TAYLOR COUNTY	246	<u>245</u>	<u>244</u>	<u>237</u>	<u>220</u>	11.8
<b>AVERAGE EKPC</b>	<b>\$336</b>	<b>\$328</b>	<b>\$325</b>	<b>\$319</b>	<b>\$303</b>	<b>10.9 %</b>
JACKSON PURCHASE	340	\$334	\$353	\$319	\$348	-2.3 %
KENERGY	379	352	362	372	345	9.9
MEADE COUNTY	313	<u>315</u>	<u>302</u>	<u>294</u>	<u>271</u>	15.5
<b>AVERAGE BIG RIVERS</b>	<b>\$345</b>	<b>\$333</b>	<b>\$340</b>	<b>\$329</b>	<b>\$321</b>	<b>7.5 %</b>
HICKMAN-FULTON	731	\$648	\$759	\$522	\$595	22.9 %
PENNYRILE	333	319	325	287	290	14.8
TRI-COUNTY	302	297	290	284	270	11.9
WARREN	341	347	345	336	333	2.4
WEST KENTUCKY	392	<u>334</u>	<u>370</u>	<u>353</u>	<u>329</u>	19.1
<b>AVERAGE TVA</b>	<b>\$419</b>	<b>\$390</b>	<b>\$419</b>	<b>\$357</b>	<b>\$364</b>	<b>15.1 %</b>
<b>OVERALL AVERAGE</b>	<b>\$355</b>	<b>\$341</b>	<b>\$346</b>	<b>\$329</b>	<b>\$318</b>	<b>11.6 %</b>

**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER MILE OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>% CHANGE FROM 2009</u>
BIG SANDY	\$4,621	\$4,280	\$4,207	\$4,611	\$4,070	13.5 %
BLUE GRASS ENERGY	3,646	3,627	3,779	3,798	3,617	0.8
CLARK ENERGY COOP	2,840	2,682	2,595	2,542	2,435	16.6
CUMBERLAND VALLEY	2,830	2,824	2,727	2,805	2,720	4.0
FARMERS	2,307	1,996	2,061	1,985	1,704	35.4
FLEMING-MASON	2,341	2,382	2,209	2,135	2,199	6.5
GRAYSON	2,988	3,047	2,963	2,645	2,523	18.4
INTER-COUNTY	2,285	2,326	2,341	2,211	2,189	4.4
JACKSON ENERGY	3,368	3,410	3,348	3,118	3,246	3.8
LICKING VALLEY	3,001	2,818	2,710	2,721	2,615	14.8
NOLIN	4,613	4,484	4,527	4,469	3,946	16.9
OWEN	3,790	3,728	3,693	3,735	3,584	5.7
SALT RIVER ELECTRIC	2,702	2,539	2,711	2,612	2,767	-2.3
SHELBY ENERGY	2,608	2,548	2,542	2,572	2,396	8.8
SOUTH KENTUCKY	2,780	2,590	2,751	2,870	2,667	4.2
TAYLOR COUNTY	<u>1,972</u>	<u>1,960</u>	<u>1,948</u>	<u>1,886</u>	<u>1,748</u>	<u>12.8</u>
<b>AVERAGE EKPC</b>	<b>\$3,044</b>	<b>\$2,953</b>	<b>\$2,946</b>	<b>\$2,919</b>	<b>\$2,778</b>	<b>9.6 %</b>
JACKSON PURCHASE	\$3,400	\$3,340	\$3,532	\$3,197	\$3,493	-2.7 %
KENERGY	2,977	2,759	2,837	2,919	2,698	10.3
MEADE COUNTY	<u>3,015</u>	<u>3,032</u>	<u>2,892</u>	<u>2,794</u>	<u>2,547</u>	<u>18.4</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$3,130</b>	<b>\$3,044</b>	<b>\$3,087</b>	<b>\$2,970</b>	<b>\$2,913</b>	<b>7.4 %</b>
HICKMAN-FULTON	\$3,708	\$3,395	\$4,037	\$2,835	\$3,236	14.6 %
PENNYRILE	3,080	2,945	3,000	2,644	2,665	15.6
TRI-COUNTY	2,800	2,761	2,674	2,623	2,481	12.9
WARREN	3,712	3,742	3,695	3,586	3,535	5.0
WEST KENTUCKY	<u>3,661</u>	<u>3,128</u>	<u>3,462</u>	<u>3,313</u>	<u>3,105</u>	<u>17.9</u>
<b>AVERAGE TVA</b>	<b>\$3,391</b>	<b>\$3,195</b>	<b>\$3,374</b>	<b>\$3,000</b>	<b>\$3,005</b>	<b>12.8 %</b>
<b>OVERALL AVERAGE</b>	<b>\$3,127</b>	<b>\$3,014</b>	<b>\$3,052</b>	<b>\$2,944</b>	<b>\$2,840</b>	<b>10.1 %</b>

**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**MILES OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>% CHANGE FROM 2009</u>
BIG SANDY	1,035	1,033	1,030	1,027	1,025	1.0 %
BLUE GRASS ENERGY	4,693	4,682	4,650	4,632	4,593	2.2
CLARK ENERGY COOP	3,056	3,052	3,042	3,036	3,035	0.7
CUMBERLAND VALLEY	2,633	2,626	2,614	2,616	2,609	0.9
FARMERS	3,615	3,602	3,591	3,577	3,555	1.7
FLEMING-MASON	3,575	3,560	3,550	3,537	3,517	1.6
GRAYSON	2,478	2,485	2,485	2,483	2,474	0.2
INTER-COUNTY	3,803	3,779	3,765	3,748	3,733	1.9
JACKSON ENERGY	5,673	5,668	5,676	5,664	5,663	0.2
LICKING VALLEY	2,053	2,047	2,039	2,031	2,026	1.3
NOLIN	3,011	3,011	2,991	2,980	2,959	1.8
OWEN	4,522	4,514	4,509	4,493	4,486	0.8
SALT RIVER ELECTRIC	4,095	4,068	4,040	4,016	3,982	2.8
SHELBY ENERGY	2,109	2,104	2,097	2,096	2,088	1.0
SOUTH KENTUCKY	6,771	6,759	6,755	6,735	6,715	0.8
TAYLOR COUNTY	<u>3,230</u>	<u>3,218</u>	<u>3,210</u>	<u>3,198</u>	<u>3,183</u>	<u>1.5</u>
<b>TOTAL EKPC</b>	<b>56,352</b>	<b>56,208</b>	<b>56,044</b>	<b>55,869</b>	<b>55,643</b>	<b>1.3 %</b>
JACKSON PURCHASE	2,932	2,923	2,918	2,909	2,900	1.1 %
KENERGY	7,084	7,068	7,047	7,010	7,009	1.1
MEADE COUNTY	<u>2,982</u>	<u>2,970</u>	<u>2,974</u>	<u>2,974</u>	<u>2,978</u>	<u>0.1</u>
<b>TOTAL BIG RIVERS</b>	<b>12,998</b>	<b>12,961</b>	<b>12,939</b>	<b>12,893</b>	<b>12,887</b>	<b>0.9 %</b>
HICKMAN-FULTON	727	704	691	684	688	5.7 %
PENNYRILE	5,079	5,092	5,089	5,100	5,099	-0.4
TRI-COUNTY	5,458	5,451	5,449	5,451	5,464	-0.1
WARREN	5,632	5,623	5,626	5,622	5,617	0.3
WEST KENTUCKY	<u>4,111</u>	<u>4,091</u>	<u>4,079</u>	<u>4,069</u>	<u>4,046</u>	<u>1.6</u>
<b>TOTAL TVA</b>	<b>21,007</b>	<b>20,961</b>	<b>20,934</b>	<b>20,926</b>	<b>20,914</b>	<b>0.4 %</b>
<b>OVERALL TOTAL</b>	<b>90,357</b>	<b>90,130</b>	<b>89,917</b>	<b>89,688</b>	<b>89,444</b>	<b>1.0 %</b>

**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL AVERAGE NUMBER OF CONSUMERS BILLED**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>% CHANGE FROM 2009</u>
BIG SANDY	13,177	13,199	13,213	13,226	13,244	-0.5 %
BLUE GRASS ENERGY	55,725	55,297	55,087	54,980	54,816	1.7
CLARK ENERGY COOP	25,985	25,980	26,041	26,154	26,123	-0.5
CUMBERLAND VALLEY	23,659	23,613	23,684	23,749	23,737	-0.3
FARMERS	24,816	24,710	24,683	24,574	24,439	1.5
FLEMING-MASON	23,833	23,758	23,827	23,822	23,792	0.2
GRAYSON	15,391	15,389	15,470	15,533	15,678	-1.8
INTER-COUNTY	25,328	25,338	25,250	25,256	25,461	-0.5
JACKSON ENERGY	51,360	51,250	51,224	51,338	51,338	0.0
LICKING VALLEY	17,408	17,426	17,428	17,493	17,485	-0.4
NOLIN	33,957	33,580	32,948	32,638	32,159	5.6
OWEN	58,095	57,809	57,596	57,478	57,223	1.5
SALT RIVER ELECTRIC	48,320	47,805	47,411	47,046	46,501	3.9
SHELBY ENERGY	15,457	15,360	15,315	15,311	15,291	1.1
SOUTH KENTUCKY	66,272	66,327	66,361	66,430	66,317	-0.1
TAYLOR COUNTY	<u>25,888</u>	<u>25,728</u>	<u>25,613</u>	<u>25,456</u>	<u>25,285</u>	<u>2.4</u>
<b>TOTAL EKPC</b>	<b>524,671</b>	<b>522,569</b>	<b>521,151</b>	<b>520,484</b>	<b>518,889</b>	<b>1.1 %</b>
JACKSON PURCHASE	29,313	29,241	29,199	29,152	29,109	0.7 %
KENERGY	55,677	55,419	55,210	54,991	54,839	1.5
MEADE COUNTY	<u>28,730</u>	<u>28,592</u>	<u>28,478</u>	<u>28,267</u>	<u>27,996</u>	<u>2.6</u>
<b>TOTAL BIG RIVERS</b>	<b>113,720</b>	<b>113,252</b>	<b>112,887</b>	<b>112,410</b>	<b>111,944</b>	<b>1.6 %</b>
HICKMAN-FULTON	3,687	3,689	3,675	3,716	3,742	-1.5 %
PENNYRILE	46,976	47,013	46,965	46,984	46,862	0.2
TRI-COUNTY	50,612	50,679	50,240	50,340	50,223	0.8
WARREN	61,316	60,641	60,265	59,995	59,627	2.8
WEST KENTUCKY	<u>38,398</u>	<u>38,310</u>	<u>38,154</u>	<u>38,189</u>	<u>38,183</u>	<u>0.6</u>
<b>TOTAL TVA</b>	<b>200,989</b>	<b>200,332</b>	<b>199,299</b>	<b>199,224</b>	<b>198,637</b>	<b>1.2 %</b>
<b>OVERALL TOTAL</b>	<b>839,380</b>	<b>836,153</b>	<b>833,337</b>	<b>832,118</b>	<b>829,470</b>	<b>1.2 %</b>



**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL RESIDENTIAL REVENUES**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>% CHANGE FROM 2009</u>
BIG SANDY	\$20,214,344	\$18,915,867	\$19,254,338	\$19,504,677	\$17,723,822	14.1 %
BLUE GRASS ENERGY	86,731,904	82,219,020	85,884,006	84,916,241	76,618,866	13.2
CLARK ENERGY COOP	37,408,399	35,261,019	36,708,481	35,307,191	30,986,423	20.7
CUMBERLAND VALLEY	31,849,912	30,386,944	31,460,869	32,537,708	29,727,049	7.1
FARMERS	34,021,119	31,180,284	32,782,120	33,283,884	28,960,218	17.5
FLEMING-MASON	31,290,157	29,690,084	28,199,358	28,565,335	26,445,334	18.3
GRAYSON	23,854,195	21,816,428	21,978,172	22,417,367	20,375,694	17.1
INTER-COUNTY	39,836,984	36,934,661	38,974,091	38,111,051	34,703,753	14.8
JACKSON ENERGY	81,972,647	77,832,875	81,135,113	81,946,986	73,894,381	10.9
LICKING VALLEY	22,724,114	21,314,628	21,839,711	22,255,988	19,780,129	14.9
NOLIN	51,335,752	47,495,013	48,149,006	48,360,150	43,698,352	17.5
OWEN	79,439,125	79,578,364	79,163,922	77,481,108	71,405,333	11.3
SALT RIVER ELECTRIC	69,064,012	65,507,556	66,517,122	65,700,823	59,096,481	16.9
SHELBY ENERGY	25,519,497	23,937,841	25,853,776	23,574,557	21,062,573	21.2
SOUTH KENTUCKY	86,420,326	80,375,682	84,493,130	82,781,238	73,895,399	16.9
TAYLOR COUNTY	<u>30,403,252</u>	<u>28,434,719</u>	<u>29,703,937</u>	<u>28,920,669</u>	<u>28,255,677</u>	<u>7.6</u>
<b>TOTAL EKPC</b>	<b>\$752,085,739</b>	<b>\$710,880,985</b>	<b>\$732,097,152</b>	<b>\$725,664,973</b>	<b>\$656,629,484</b>	<b>14.5 %</b>
JACKSON PURCHASE	\$34,338,887	\$31,043,685	\$29,070,144	\$31,240,203	\$27,283,351	25.9 %
KENERGY	65,362,048	58,093,381	56,283,522	57,146,551	50,349,518	29.8
MEADE COUNTY	<u>31,876,222</u>	<u>27,769,525</u>	<u>27,479,674</u>	<u>26,176,828</u>	<u>23,284,922</u>	<u>36.9</u>
<b>TOTAL BIG RIVERS</b>	<b>\$131,577,157</b>	<b>\$116,906,591</b>	<b>\$112,833,340</b>	<b>\$114,563,582</b>	<b>\$100,917,791</b>	<b>30.4 %</b>
HICKMAN-FULTON	\$5,499,579	\$5,599,551	\$5,999,873	\$5,138,805	\$5,138,805	7.0 %
PENNYRILE	66,136,309	62,724,839	65,110,934	64,755,328	58,273,701	13.5
TRI-COUNTY	64,475,661	62,236,827	65,426,019	70,308,752	59,900,263	7.6
WARREN	87,750,045	86,515,348	89,954,828	85,524,135	79,490,494	10.4
WEST KENTUCKY	<u>53,582,845</u>	<u>54,479,631</u>	<u>57,812,187</u>	<u>58,309,168</u>	<u>51,664,140</u>	<u>3.7</u>
<b>TOTAL TVA</b>	<b>\$277,444,439</b>	<b>\$271,556,196</b>	<b>\$284,303,841</b>	<b>\$284,036,188</b>	<b>\$254,467,403</b>	<b>9.0 %</b>
<b>OVERALL TOTAL</b>	<b>\$1,161,107,335</b>	<b>\$1,099,343,772</b>	<b>\$1,129,234,333</b>	<b>\$1,124,264,743</b>	<b>\$1,012,014,678</b>	<b>14.7 %</b>

**KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE AND STATISTICAL COMPARISONS  
2013 - 2012 ANNUAL COMPARISON**

**AVERAGE EXPENSE PER CONSUMER  
EKPC**

	<u>2013</u>	<u>2012</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 78.00	\$ 76.00	\$ 2.00
DISTRIBUTION MAINTENANCE	\$ 109.00	\$ 107.00	\$ 2.00
ACCOUNTING	\$ 58.00	\$ 58.00	\$ -
CONSUMER INFORMATION	\$ 13.00	\$ 13.00	\$ -
ADMINISTRATION	\$ 78.00	\$ 74.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 336.00</b>	<b>\$ 328.00</b>	<b>\$ 8.00</b>

**AVERAGE EXPENSE PER CONSUMER  
TVA**

	<u>2013</u>	<u>2012</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 101.00	\$ 102.00	\$ (1.00)
DISTRIBUTION MAINTENANCE	\$ 162.00	\$ 136.00	\$ 26.00
ACCOUNTING	\$ 56.00	\$ 55.00	\$ 1.00
CONSUMER INFORMATION	\$ 11.00	\$ 10.00	\$ 1.00
ADMINISTRATION	\$ 89.00	\$ 87.00	\$ 2.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 419.00</b>	<b>\$ 390.00</b>	<b>\$ 29.00</b>

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	1,188	1,192	(4)
MILES OF LINE	56,352	56,208	144
CONSUMERS BILLED	524,671	522,569	2,102
MILES OF LINE PER EMPLOYEE	47.6	46.8	0.8
CONSUMER PER EMPLOYEE	443	435	8
DENSITY CONSUMERS PER MILE	9.3	9.3	0

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	505	525	\$ (20.00)
MILES OF LINE	21,007	20,961	\$ 46.00
CONSUMERS BILLED	200,989	200,332	\$ 657.00
MILES OF LINE PER EMPLOYEE	41.6	39.9	\$ 1.70
CONSUMER PER EMPLOYEE	398	382	\$ 16.00
DENSITY CONSUMERS PER MILE	9.6	9.6	\$ -

**AVERAGE EXPENSE PER CONSUMER  
BIG RIVERS**

	<u>2013</u>	<u>2012</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 86.00	\$ 83.00	\$ 3.00
DISTRIBUTION MAINTENANCE	\$ 125.00	\$ 130.00	\$ (5.00)
ACCOUNTING	\$ 52.00	\$ 49.00	\$ 3.00
CONSUMER INFORMATION	\$ 7.00	\$ 6.00	\$ 1.00
ADMINISTRATION	\$ 75.00	\$ 65.00	\$ 10.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 345.00</b>	<b>\$ 333.00</b>	<b>\$ 12.00</b>

**AVERAGE EXPENSE PER CONSUMER  
OVERALL AVERAGE**

	<u>2013</u>	<u>2012</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 84.00	\$ 82.00	\$ 2.00
DISTRIBUTION MAINTENANCE	\$ 122.00	\$ 116.00	\$ 6.00
ACCOUNTING	\$ 57.00	\$ 56.00	\$ 1.00
CONSUMER INFORMATION	\$ 12.00	\$ 11.00	\$ 1.00
ADMINISTRATION	\$ 80.00	\$ 76.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 355.00</b>	<b>\$ 341.00</b>	<b>\$14.00</b>

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	278	291	(13)
MILES OF LINE	12,998	12,961	37
CONSUMERS BILLED	113,720	113,252	468
MILES OF LINE PER EMPLOYEE	46.6	44.5	2.1
CONSUMER PER EMPLOYEE	408	389	19
DENSITY CONSUMERS PER MILE	8.7	8.7	0

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	1971	2008	(37)
MILES OF LINE	90,357	90,130	227
CONSUMERS BILLED	839,380	836,153	3,227
MILES OF LINE PER EMPLOYEE	45.9	44.7	1
CONSUMER PER EMPLOYEE	427	415	12
DENSITY CONSUMERS PER MILE	9.3	9.3	0



**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**OPERATING EXPENSE STATISTICAL COMPARISONS**  
**AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	853	1,617	2,470	840	102	1,209	4,621	39	1,035	12,080	20,214,344	139.5
BLUE GRASS ENERGY COOP	570	1,318	1,888	606	214	938	3,646	106	4,693	53,006	86,731,904	136.4
CLARK ENERGY COOP	680	1,097	1,777	485	102	476	2,840	53	3,056	24,214	37,408,399	128.7
CUMBERLAND VALLEY ELECTRIC	530	1,006	1,536	710	63	521	2,830	51	2,633	22,087	31,849,912	120.2
FARMERS RECC	412	961	1,373	302	48	584	2,307	64	3,615	22,922	34,021,119	123.7
FLEMING-MASON ENERGY	560	807	1,367	527	60	387	2,341	50	3,575	22,185	31,290,157	117.5
GRAYSON RECC	484	1,168	1,652	447	106	783	2,988	46	2,478	14,160	23,854,195	140.2
INTER-COUNTY ENERGY	673	453	1,126	440	140	579	2,285	66	3,803	23,911	39,836,984	138.8
JACKSON ENERGY COOP	842	987	1,829	579	127	833	3,368	128	5,673	47,692	81,972,647	143.2
LICKING VALLEY RECC	890	975	1,865	399	25	712	3,001	45	2,053	16,234	22,724,114	116.7
NOLIN RECC	1195	1,128	2,323	801	282	1,207	4,613	95	3,011	31,959	51,335,752	133.9
OWEN EC	1131	784	1,915	822	141	912	3,790	135	4,522	55,496	79,439,125	119.3
SALT RIVER ELECTRIC	696	743	1,439	437	83	743	2,702	73	4,095	45,287	69,064,012	127.1
SHELBY ENERGY COOP	689	894	1,583	300	227	498	2,608	39	2,109	15,063	25,519,497	141.2
SOUTH KENTUCKY RECC	548	1,067	1,615	548	88	529	2,780	145	6,771	60,618	86,420,326	118.8
TAYLOR COUNTY RECC	585	545	1,130	313	32	497	1,972	53	3,230	22,790	30,403,252	111.2
<b>EKPC GROUP AVERAGE</b>	<b>709</b>	<b>972</b>	<b>1,681</b>	<b>535</b>	<b>115</b>	<b>713</b>	<b>3,044</b>	<b>74</b>	<b>3,522</b>	<b>30,608</b>	<b>47,005,359</b>	<b>128.0</b>
JACKSON PURCHASE ENERGY	910	1,190	2,100	410	30	860	3,400	70	2,932	25,852	34,338,887	110.7
KENERGY CORP	589	1,218	1,807	534	47	589	2,977	147	7,084	45,296	65,362,048	120.3
MEADE COUNTY RECC	886	973	1,859	443	106	607	3,015	61	2,982	26,625	31,876,222	99.8
<b>BIG RIVERS GROUP AVERAGE</b>	<b>795</b>	<b>1,127</b>	<b>1,922</b>	<b>462</b>	<b>61</b>	<b>685</b>	<b>3,130</b>	<b>93</b>	<b>4,333</b>	<b>32,591</b>	<b>43,859,052</b>	<b>112.1</b>
HICKMAN-FULTON COUNTIES RECC	675	1,795	2,470	264	71	903	3,708	16	727	2,772	5,499,579	165.3
PENNYRILE RECC	916	943	1,859	472	102	647	3,080	116	5,079	40,429	66,136,309	136.3
TRI-COUNTY EMC	835	992	1,827	445	111	417	2,800	124	5,458	41,070	64,475,661	130.8
WARREN RECC	1002	925	1,927	686	152	947	3,712	159	5,632	51,114	87,750,045	143.1
WEST KENTUCKY RECC	859	1,532	2,391	635	37	598	3,661	90	4,111	30,273	53,582,845	147.5
<b>TVA GROUP AVERAGE</b>	<b>857</b>	<b>1,237</b>	<b>2,094</b>	<b>500</b>	<b>95</b>	<b>702</b>	<b>3,391</b>	<b>101</b>	<b>4,201</b>	<b>33,132</b>	<b>55,488,888</b>	<b>139.6</b>
<b>OVERALL AVERAGE</b>	<b>750</b>	<b>1,047</b>	<b>1,797</b>	<b>519</b>	<b>104</b>	<b>707</b>	<b>3,127</b>	<b>82</b>	<b>3,765</b>	<b>31,381</b>	<b>48,379,472</b>	<b>128.5</b>

**2013**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**OPERATING EXPENSE STATISTICAL COMPARISONS**  
**AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	67	127	194	66	8	95	363	39	1,035	13,177	27.0	338	13.0
BLUE GRASS ENERGY COOP	48	111	159	51	18	79	307	106	4,693	55,725	44.3	526	11.9
CLARK ENERGY COOP	80	129	209	57	12	56	334	53	3,056	25,985	57.7	490	8.5
CUMBERLAND VALLEY ELECTRIC	59	112	171	79	7	58	315	51	2,633	23,659	51.6	464	9.0
FARMERS RECC	60	140	200	44	7	85	336	64	3,615	24,816	56.5	388	6.9
FLEMING-MASON ENERGY	84	121	205	79	9	58	351	50	3,575	23,833	71.5	477	6.7
GRAYSON RECC	78	188	266	72	17	126	481	46	2,478	15,391	54.0	335	6.2
INTER-COUNTY ENERGY	101	68	169	66	21	87	343	66	3,803	25,328	57.6	384	6.7
JACKSON ENERGY COOP	93	109	202	64	14	92	372	128	5,673	51,360	44.3	401	9.1
LICKING VALLEY RECC	105	115	220	47	3	84	354	45	2,053	17,408	45.6	387	8.5
NOLIN RECC	106	100	206	71	25	107	409	95	3,011	33,957	31.7	357	11.3
OWEN EC	88	61	149	64	11	71	295	135	4,522	58,095	33.5	430	12.9
SALT RIVER ELECTRIC	59	63	122	37	7	63	229	73	4,095	48,320	56.1	662	11.8
SHELBY ENERGY COOP	94	122	216	41	31	68	356	39	2,109	15,457	54.1	396	7.3
SOUTH KENTUCKY RECC	56	109	165	56	9	54	284	145	6,771	66,272	46.7	457	9.8
TAYLOR COUNTY RECC	73	68	141	39	4	62	248	53	3,230	25,888	60.9	489	8.0
<b>EKPC GROUP AVERAGE</b>	<b>78</b>	<b>109</b>	<b>187</b>	<b>58</b>	<b>13</b>	<b>78</b>	<b>336</b>	<b>74</b>	<b>3,522</b>	<b>32,792</b>	<b>47.6</b>	<b>443</b>	<b>9.3</b>
JACKSON PURCHASE ENERGY	91	119	210	41	3	86	340	70	2,932	29,313	41.9	419	10.0
KENERGY CORP	75	155	230	68	6	75	379	147	7,084	55,677	48.2	379	7.9
MEADE COUNTY RECC	92	101	193	46	11	63	313	61	2,982	28,730	49.0	471	9.6
<b>BIG RIVERS GROUP AVERAGE</b>	<b>86</b>	<b>125</b>	<b>211</b>	<b>52</b>	<b>7</b>	<b>75</b>	<b>345</b>	<b>93</b>	<b>4,333</b>	<b>37,907</b>	<b>46.6</b>	<b>408</b>	<b>8.7</b>
HICKMAN-FULTON COUNTIES RECC	133	354	487	52	14	178	731	16	727	3,687	45.4	230	5.1
PENNYRILE RECC	99	102	201	51	11	70	333	116	5,079	46,976	43.8	405	9.3
TRI-COUNTY EMC	90	107	197	48	12	45	302	124	5,458	50,612	44.0	408	9.3
WARREN RECC	92	85	177	63	14	87	341	159	5,632	61,316	35.4	386	10.9
WEST KENTUCKY RECC	92	164	256	68	4	64	392	90	4,111	38,398	45.7	427	9.3
<b>TVA GROUP AVERAGE</b>	<b>101</b>	<b>162</b>	<b>263</b>	<b>56</b>	<b>11</b>	<b>89</b>	<b>419</b>	<b>101</b>	<b>4,201</b>	<b>40,198</b>	<b>41.6</b>	<b>398</b>	<b>9.6</b>
<b>OVERALL AVERAGE</b>	<b>84</b>	<b>122</b>	<b>206</b>	<b>57</b>	<b>12</b>	<b>80</b>	<b>355</b>	<b>82</b>	<b>3,765</b>	<b>34,974</b>	<b>45.9</b>	<b>427</b>	<b>9.3</b>

**2012**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL AVERAGE NUMBER OF CONSUMERS BILLED**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	13,199	13,213	13,226	13,244	13,211	-0.1 %
BLUE GRASS ENERGY	55,297	55,087	54,980	54,816	54,694	1.1
CLARK ENERGY COOP	25,980	26,041	26,154	26,123	26,006	-0.1
CUMBERLAND VALLEY	23,613	23,684	23,749	23,737	23,695	-0.3
FARMERS	24,710	24,683	24,574	24,439	24,226	2.0
FLEMING-MASON	23,758	23,827	23,822	23,792	23,804	-0.2
GRAYSON	15,389	15,470	15,533	15,678	15,722	-2.1
INTER-COUNTY	25,338	25,250	25,256	25,461	25,353	-0.1
JACKSON ENERGY	51,250	51,224	51,338	51,338	51,644	-0.8
LICKING VALLEY	17,426	17,428	17,493	17,485	17,453	-0.2
NOLIN	33,580	32,948	32,638	32,159	31,885	5.3
OWEN	57,809	57,596	57,478	57,223	56,794	1.8
SALT RIVER ELECTRIC	47,805	47,411	47,046	46,501	46,071	3.8
SHELBY ENERGY	15,360	15,315	15,311	15,291	15,191	1.1
SOUTH KENTUCKY	66,327	66,361	66,430	66,317	66,276	0.1
TAYLOR COUNTY	<u>25,728</u>	<u>25,613</u>	<u>25,456</u>	<u>25,285</u>	<u>25,078</u>	<u>2.6</u>
<b>TOTAL EKPC</b>	<b>522,569</b>	<b>521,151</b>	<b>520,484</b>	<b>518,889</b>	<b>517,103</b>	<b>1.1 %</b>
JACKSON PURCHASE	29,241	29,199	29,152	29,109	29,092	0.5 %
KENERGY	55,419	55,210	54,991	54,839	54,736	1.2
MEADE COUNTY	<u>28,592</u>	<u>28,478</u>	<u>28,267</u>	<u>27,996</u>	<u>27,866</u>	<u>2.6</u>
<b>TOTAL BIG RIVERS</b>	<b>113,252</b>	<b>112,887</b>	<b>112,410</b>	<b>111,944</b>	<b>111,694</b>	<b>1.4 %</b>
HICKMAN-FULTON	3,689	3,675	3,716	3,742	3,782	-2.5 %
PENNYRILE	47,013	46,965	46,984	46,862	46,419	1.3
TRI-COUNTY	50,679	50,240	50,340	50,223	50,331	0.7
WARREN	60,641	60,265	59,995	59,627	59,317	2.2
WEST KENTUCKY	<u>38,310</u>	<u>38,154</u>	<u>38,189</u>	<u>38,183</u>	<u>38,323</u>	<u>0.0</u>
<b>TOTAL TVA</b>	<b>200,332</b>	<b>199,299</b>	<b>199,224</b>	<b>198,637</b>	<b>198,172</b>	<b>1.1 %</b>
<b>OVERALL TOTAL</b>	<b>836,153</b>	<b>833,337</b>	<b>832,118</b>	<b>829,470</b>	<b>826,969</b>	<b>1.1 %</b>

**2012**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL RESIDENTIAL REVENUES**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE</u> <u>FROM 2008</u>
BIG SANDY	\$18,915,867	\$19,254,338	\$19,504,677	\$17,723,822	\$16,830,290	12.4 %
BLUE GRASS ENERGY	82,219,020	85,884,006	84,916,241	76,618,866	75,708,257	8.6
CLARK ENERGY COOP	35,261,019	36,708,481	35,307,191	30,986,423	31,325,955	12.6
CUMBERLAND VALLEY	30,386,944	31,460,869	32,537,708	29,727,049	29,511,472	3.0
FARMERS	31,180,284	32,782,120	33,283,884	28,960,218	27,656,329	12.7
FLEMING-MASON	29,690,084	28,199,358	28,565,335	26,445,334	27,400,745	8.4
GRAYSON	21,816,428	21,978,172	22,417,367	20,375,694	19,326,239	12.9
INTER-COUNTY	36,934,661	38,974,091	38,111,051	34,703,753	35,150,797	5.1
JACKSON ENERGY	77,832,875	81,135,113	81,946,986	73,894,381	76,960,445	1.1
LICKING VALLEY	21,314,628	21,839,711	22,255,988	19,780,129	19,074,236	11.7
NOLIN	47,495,013	48,149,006	48,360,150	43,698,352	44,216,213	7.4
OWEN	79,578,364	79,163,922	77,481,108	71,405,333	68,931,115	15.4
SALT RIVER ELECTRIC	65,507,556	66,517,122	65,700,823	59,096,481	59,871,443	9.4
SHELBY ENERGY	23,937,841	25,853,776	23,574,557	21,062,573	21,021,450	13.9
SOUTH KENTUCKY	80,375,682	84,493,130	82,781,238	73,895,399	76,437,150	5.2
TAYLOR COUNTY	<u>28,434,719</u>	<u>29,703,937</u>	<u>28,920,669</u>	<u>28,255,677</u>	<u>26,494,596</u>	<u>7.3</u>
<b>TOTAL EKPC</b>	<b>\$710,880,985</b>	<b>\$732,097,152</b>	<b>\$725,664,973</b>	<b>\$656,629,484</b>	<b>\$655,916,732</b>	<b>8.4 %</b>
JACKSON PURCHASE	\$31,043,685	\$29,070,144	\$31,240,203	\$27,283,351	\$27,275,780	13.8 %
KENERGY	58,093,381	56,283,522	57,146,551	50,349,518	50,078,902	16.0
MEADE COUNTY	<u>27,769,525</u>	<u>27,479,674</u>	<u>26,176,828</u>	<u>23,284,922</u>	<u>24,196,053</u>	<u>14.8</u>
<b>TOTAL BIG RIVERS</b>	<b>\$116,906,591</b>	<b>\$112,833,340</b>	<b>\$114,563,582</b>	<b>\$100,917,791</b>	<b>\$101,550,735</b>	<b>15.1 %</b>
HICKMAN-FULTON	\$5,599,551	\$5,999,873	\$5,138,805	\$5,138,805	\$5,096,364	9.9 %
PENNYRILE	62,724,839	65,110,934	64,755,328	58,273,701	58,879,793	6.5
TRI-COUNTY	62,236,827	65,426,019	70,308,752	59,900,263	59,815,321	4.0
WARREN	86,515,348	89,954,828	85,524,135	79,490,494	79,120,223	9.3
WEST KENTUCKY	<u>54,479,631</u>	<u>57,812,187</u>	<u>58,309,168</u>	<u>51,664,140</u>	<u>51,409,815</u>	<u>6.0</u>
<b>TOTAL TVA</b>	<b>\$271,556,196</b>	<b>\$284,303,841</b>	<b>\$284,036,188</b>	<b>\$254,467,403</b>	<b>\$254,321,516</b>	<b>6.8 %</b>
<b>OVERALL TOTAL</b>	<b>\$1,099,343,772</b>	<b>\$1,129,234,333</b>	<b>\$1,124,264,743</b>	<b>\$1,012,014,678</b>	<b>\$1,011,788,983</b>	<b>8.7 %</b>

**KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE AND STATISTICAL COMPARISONS  
2012 - 2011 ANNUAL COMPARISON**

AVERAGE EXPENSE PER CONSUMER  
EKPC

	2012	2011	CHANGE
DISTRIBUTION OPERATION	\$ 76.00	\$ 75.00	\$ 1.00
DISTRIBUTION MAINTENANCE	\$ 107.00	\$ 103.00	\$ 4.00
ACCOUNTING	\$ 58.00	\$ 61.00	\$ (3.00)
CONSUMER INFORMATION	\$ 13.00	\$ 12.00	\$ 1.00
ADMINISTRATION	\$ 74.00	\$ 74.00	\$ -
<b>TOTAL PER CONSUMER</b>	<b>\$ 328.00</b>	<b>\$ 325.00</b>	<b>\$ 3.00</b>

AVERAGE EXPENSE PER CONSUMER  
TVA

	2012	2011	CHANGE
DISTRIBUTION OPERATION	\$ 102.00	\$ 109.00	\$ (7.00)
DISTRIBUTION MAINTENANCE	\$ 136.00	\$ 144.00	\$ (8.00)
ACCOUNTING	\$ 55.00	\$ 57.00	\$ (2.00)
CONSUMER INFORMATION	\$ 10.00	\$ 23.00	\$ (13.00)
ADMINISTRATION	\$ 87.00	\$ 86.00	\$ 1.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 390.00</b>	<b>\$ 419.00</b>	<b>\$ (29.00)</b>

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	1,192	1,207	(15)
MILES OF LINE	56,208	56,044	164
CONSUMERS BILLED	522,569	521,151	1,418
MILES OF LINE PER EMPLOYEE	46.8	46.7	0.1
CONSUMER PER EMPLOYEE	435	434	1
DENSITY CONSUMERS PER MILE	9.3	9.3	0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	525	517	\$ 8.00
MILES OF LINE	20,961	20,934	\$ 27.00
CONSUMERS BILLED	200,332	199,299	\$ 1,033.00
MILES OF LINE PER EMPLOYEE	39.9	40.7	\$ (0.80)
CONSUMER PER EMPLOYEE	382	387	\$ (5.00)
DENSITY CONSUMERS PER MILE	9.6	9.5	\$ 0.10

AVERAGE EXPENSE PER CONSUMER  
BIG RIVERS

	2012	2011	CHANGE
DISTRIBUTION OPERATION	\$ 83.00	\$ 90.00	\$ (7.00)
DISTRIBUTION MAINTENANCE	\$ 130.00	\$ 131.00	\$ (1.00)
ACCOUNTING	\$ 49.00	\$ 49.00	\$ -
CONSUMER INFORMATION	\$ 6.00	\$ 7.00	\$ (1.00)
ADMINISTRATION	\$ 65.00	\$ 63.00	\$ 2.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 333.00</b>	<b>\$ 340.00</b>	<b>\$ (7.00)</b>

AVERAGE EXPENSE PER CONSUMER  
OVERALL AVERAGE

	2012	2011	CHANGE
DISTRIBUTION OPERATION	\$ 82.00	\$ 84.00	\$ (2.00)
DISTRIBUTION MAINTENANCE	\$ 116.00	\$ 115.00	\$ 1.00
ACCOUNTING	\$ 56.00	\$ 58.00	\$ (2.00)
CONSUMER INFORMATION	\$ 11.00	\$ 14.00	\$ (3.00)
ADMINISTRATION	\$ 76.00	\$ 75.00	\$ 1.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 341.00</b>	<b>\$ 346.00</b>	<b>(\$5.00)</b>

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	291	291	0
MILES OF LINE	12,961	12,939	22
CONSUMERS BILLED	113,252	112,887	365
MILES OF LINE PER EMPLOYEE	44.5	44.5	0.0
CONSUMER PER EMPLOYEE	389	388	1
DENSITY CONSUMERS PER MILE	8.7	8.7	0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	2008	2015	(7)
MILES OF LINE	90,130	89,917	213
CONSUMERS BILLED	836,153	833,337	2,816
MILES OF LINE PER EMPLOYEE	44.7	44.6	0
CONSUMER PER EMPLOYEE	415	413	2
DENSITY CONSUMERS PER MILE	9.3	9.3	0

**2012**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER MILE OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	\$4,280	\$4,207	\$4,611	\$4,070	\$3,744	14.3 %
BLUE GRASS ENERGY	3,627	3,779	3,798	3,617	3,486	4.0
CLARK ENERGY COOP	2,682	2,595	2,542	2,435	2,182	22.9
CUMBERLAND VALLEY	2,824	2,727	2,805	2,720	2,442	15.6
FARMERS	1,996	2,061	1,985	1,704	1,793	11.3
FLEMING-MASON	2,382	2,209	2,135	2,199	1,976	20.5
GRAYSON	3,047	2,963	2,645	2,523	2,379	28.1
INTER-COUNTY	2,326	2,341	2,211	2,189	2,061	12.9
JACKSON ENERGY	3,410	3,348	3,118	3,246	2,837	20.2
LICKING VALLEY	2,818	2,710	2,721	2,615	2,330	20.9
NOLIN	4,484	4,527	4,469	3,946	3,786	18.4
OWEN	3,728	3,693	3,735	3,584	3,394	9.8
SALT RIVER ELECTRIC	2,539	2,711	2,612	2,767	2,658	-4.5
SHELBY ENERGY	2,548	2,542	2,572	2,396	2,157	18.1
SOUTH KENTUCKY	2,590	2,751	2,870	2,667	2,618	-1.1
TAYLOR COUNTY	<u>1,960</u>	<u>1,948</u>	<u>1,886</u>	<u>1,748</u>	<u>1,703</u>	<u>15.1</u>
<b>AVERAGE EKPC</b>	<b>\$2,953</b>	<b>\$2,946</b>	<b>\$2,919</b>	<b>\$2,778</b>	<b>\$2,596</b>	<b>13.8 %</b>
JACKSON PURCHASE	\$3,340	\$3,532	\$3,197	\$3,493	\$3,403	-1.9 %
KENERGY	2,759	2,837	2,919	2,698	2,839	-2.8
MEADE COUNTY	<u>3,032</u>	<u>2,892</u>	<u>2,794</u>	<u>2,547</u>	<u>2,503</u>	<u>21.1</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$3,044</b>	<b>\$3,087</b>	<b>\$2,970</b>	<b>\$2,913</b>	<b>\$2,915</b>	<b>4.4 %</b>
HICKMAN-FULTON	\$3,395	\$4,037	\$2,835	\$3,236	\$2,882	17.8 %
PENNYRILE	2,945	3,000	2,644	2,665	2,505	17.6
TRI-COUNTY	2,761	2,674	2,623	2,481	2,375	16.3
WARREN	3,742	3,695	3,586	3,535	3,496	7.0
WEST KENTUCKY	<u>3,128</u>	<u>3,462</u>	<u>3,313</u>	<u>3,105</u>	<u>3,649</u>	<u>-14.3</u>
<b>AVERAGE TVA</b>	<b>\$3,195</b>	<b>\$3,374</b>	<b>\$3,000</b>	<b>\$3,005</b>	<b>\$2,982</b>	<b>7.1 %</b>
<b>OVERALL AVERAGE</b>	<b>\$3,014</b>	<b>\$3,052</b>	<b>\$2,944</b>	<b>\$2,840</b>	<b>\$2,716</b>	<b>11.0 %</b>

**2012**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER CONSUMER**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	\$335	\$328	\$358	\$315	\$291	15.1 %
BLUE GRASS ENERGY	307	319	320	303	291	5.5
CLARK ENERGY COOP	315	303	295	283	253	24.5
CUMBERLAND VALLEY	314	301	309	299	267	17.6
FARMERS	291	300	289	248	262	11.1
FLEMING-MASON	357	329	317	325	291	22.7
GRAYSON	492	476	423	398	373	31.9
INTER-COUNTY	347	349	328	321	300	15.7
JACKSON ENERGY	377	371	344	358	311	21.2
LICKING VALLEY	331	317	316	303	270	22.6
NOLIN	402	411	408	363	349	15.2
OWEN	291	289	292	281	266	9.4
SALT RIVER ELECTRIC	216	231	223	237	228	-5.3
SHELBY ENERGY	349	348	352	327	295	18.3
SOUTH KENTUCKY	264	280	291	270	264	0.0
TAYLOR COUNTY	<u>245</u>	<u>244</u>	<u>237</u>	<u>220</u>	<u>215</u>	<u>14.0</u>
<b>AVERAGE EKPC</b>	<b>\$328</b>	<b>\$325</b>	<b>\$319</b>	<b>\$303</b>	<b>\$284</b>	<b>15.5 %</b>
JACKSON PURCHASE	\$334	\$353	\$319	\$348	\$338	-1.2 %
KENERGY	352	362	372	345	363	-3.0
MEADE COUNTY	<u>315</u>	<u>302</u>	<u>294</u>	<u>271</u>	<u>267</u>	<u>18.0</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$333</b>	<b>\$340</b>	<b>\$329</b>	<b>\$321</b>	<b>\$323</b>	<b>3.1 %</b>
HICKMAN-FULTON	\$648	\$759	\$522	\$595	\$525	23.4 %
PENNYRILE	319	325	287	290	274	16.4
TRI-COUNTY	297	290	284	270	258	15.1
WARREN	347	345	336	333	331	4.8
WEST KENTUCKY	<u>334</u>	<u>370</u>	<u>353</u>	<u>329</u>	<u>384</u>	<u>-13.0</u>
<b>AVERAGE TVA</b>	<b>\$390</b>	<b>\$419</b>	<b>\$357</b>	<b>\$364</b>	<b>\$355</b>	<b>9.9 %</b>
<b>OVERALL AVERAGE</b>	<b>\$341</b>	<b>\$346</b>	<b>\$329</b>	<b>\$318</b>	<b>\$303</b>	<b>12.5 %</b>





**2012**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**MILES OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>% CHANGE FROM 2008</u>
BIG SANDY	1,033	1,030	1,027	1,025	1,027	0.6 %
BLUE GRASS ENERGY	4,682	4,650	4,632	4,593	4,566	2.5
CLARK ENERGY COOP	3,052	3,042	3,036	3,035	3,014	1.3
CUMBERLAND VALLEY	2,626	2,614	2,616	2,609	2,592	1.3
FARMERS	3,602	3,591	3,577	3,555	3,539	1.8
FLEMING-MASON	3,560	3,550	3,537	3,517	3,506	1.5
GRAYSON	2,485	2,485	2,483	2,474	2,466	0.8
INTER-COUNTY	3,779	3,765	3,748	3,733	3,687	2.5
JACKSON ENERGY	5,668	5,676	5,664	5,663	5,663	0.1
LICKING VALLEY	2,047	2,039	2,031	2,026	2,023	1.2
NOLIN	3,011	2,991	2,980	2,959	2,939	2.4
OWEN	4,514	4,509	4,493	4,486	4,451	1.4
SALT RIVER ELECTRIC	4,068	4,040	4,016	3,982	3,953	2.9
SHELBY ENERGY	2,104	2,097	2,096	2,088	2,078	1.3
SOUTH KENTUCKY	6,759	6,755	6,735	6,715	6,685	1.1
TAYLOR COUNTY	<u>3,218</u>	<u>3,210</u>	<u>3,198</u>	<u>3,183</u>	<u>3,169</u>	<u>1.5</u>
<b>TOTAL EKPC</b>	<b>56,208</b>	<b>56,044</b>	<b>55,869</b>	<b>55,643</b>	<b>55,358</b>	<b>1.5 %</b>
JACKSON PURCHASE	2,923	2,918	2,909	2,900	2,891	1.1 %
KENERGY	7,068	7,047	7,010	7,009	6,997	1.0
MEADE COUNTY	<u>2,970</u>	<u>2,974</u>	<u>2,974</u>	<u>2,978</u>	<u>2,972</u>	<u>-0.1</u>
<b>TOTAL BIG RIVERS</b>	<b>12,961</b>	<b>12,939</b>	<b>12,893</b>	<b>12,887</b>	<b>12,860</b>	<b>0.8 %</b>
HICKMAN-FULTON	704	691	684	688	689	2.2 %
PENNYRILE	5,092	5,089	5,100	5,099	5,075	0.3
TRI-COUNTY	5,451	5,449	5,451	5,464	5,467	-0.3
WARREN	5,623	5,626	5,622	5,617	5,615	0.1
WEST KENTUCKY	<u>4,091</u>	<u>4,079</u>	<u>4,069</u>	<u>4,046</u>	<u>4,033</u>	<u>1.4</u>
<b>TOTAL TVA</b>	<b>20,961</b>	<b>20,934</b>	<b>20,926</b>	<b>20,914</b>	<b>20,879</b>	<b>0.4 %</b>
<b>OVERALL TOTAL</b>	<b>90,130</b>	<b>89,917</b>	<b>89,688</b>	<b>89,444</b>	<b>89,097</b>	<b>1.2 %</b>

2012  
**KENTUCKY ELECTRIC COOPERATIVES**  
**OPERATING EXPENSE STATISTICAL COMPARISONS**  
**AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	63	103	166	66	9	94	335	40	1,033	13,199	26.0	330	13.0
BLUE GRASS ENERGY COOP	44	108	152	50	26	79	307	105	4,682	55,297	44.6	527	11.8
CLARK ENERGY COOP	76	122	198	52	10	55	315	52	3,052	25,980	58.7	500	8.5
CUMBERLAND VALLEY ELECTRIC	56	120	176	77	8	53	314	52	2,626	23,613	50.5	454	9.0
FARMERS RECC	58	98	156	44	5	86	291	64	3,602	24,710	56.3	386	6.9
FLEMING-MASON ENERGY	83	132	215	76	9	57	357	52	3,560	23,758	68.5	457	6.7
GRAYSON RECC	73	217	290	68	14	120	492	47	2,485	15,389	52.9	327	6.2
INTER-COUNTY ENERGY	94	73	167	68	21	91	347	64	3,779	25,338	59.1	396	6.7
JACKSON ENERGY COOP	95	116	211	61	16	89	377	134	5,668	51,250	42.3	382	9.0
LICKING VALLEY RECC	91	111	202	55	3	71	331	44	2,047	17,426	47.0	396	8.5
NOLIN RECC	105	109	214	71	25	92	402	97	3,011	33,580	31.0	346	11.2
OWEN EC	90	62	152	64	12	63	291	133	4,514	57,809	33.9	435	12.8
SALT RIVER ELECTRIC	57	49	106	40	9	61	216	73	4,068	47,805	55.7	655	11.8
SHELBY ENERGY COOP	103	127	230	38	22	59	349	37	2,104	15,360	56.9	415	7.3
SOUTH KENTUCKY RECC	53	96	149	54	9	52	264	146	6,759	66,327	46.3	454	9.8
TAYLOR COUNTY RECC	67	67	134	39	4	68	245	52	3,218	25,728	61.9	495	8.0
<b>EKPC GROUP AVERAGE</b>	<b>76</b>	<b>107</b>	<b>183</b>	<b>58</b>	<b>13</b>	<b>74</b>	<b>328</b>	<b>75</b>	<b>3,513</b>	<b>32,661</b>	<b>46.8</b>	<b>435</b>	<b>9.3</b>
JACKSON PURCHASE ENERGY	92	128	220	36	3	75	334	73	2,923	29,241	40.0	2135	10.0
KENERGY CORP	68	155	223	60	6	63	352	146	7,068	55,419	48.4	380	7.8
MADE COUNTY RECC	90	108	198	50	10	57	315	72	2,970	28,592	41.0	397	9.6
<b>BIG RIVERS GROUP AVERAGE</b>	<b>83</b>	<b>130</b>	<b>213</b>	<b>49</b>	<b>6</b>	<b>65</b>	<b>333</b>	<b>97</b>	<b>4,320</b>	<b>37,751</b>	<b>44.5</b>	<b>389</b>	<b>8.7</b>
HICKMAN-FULTON COUNTIES RECC	147	263	410	56	9	173	648	16	704	3,689	44.0	231	5.2
PENNYRILE RECC	101	90	191	48	10	70	319	128	5,092	47,013	39.8	367	9.2
TRI-COUNTY EMC	87	112	199	45	12	41	297	130	5,451	50,679	41.9	390	9.3
WARREN RECC	94	90	184	59	13	91	347	161	5,623	60,641	34.9	377	10.8
WEST KENTUCKY RECC	80	124	204	66	5	59	334	90	4,091	38,310	45.5	426	9.4
<b>TVA GROUP AVERAGE</b>	<b>102</b>	<b>136</b>	<b>238</b>	<b>55</b>	<b>10</b>	<b>87</b>	<b>390</b>	<b>105</b>	<b>4,192</b>	<b>40,066</b>	<b>39.9</b>	<b>382</b>	<b>9.6</b>
<b>OVERALL AVERAGE</b>	<b>82</b>	<b>116</b>	<b>198</b>	<b>56</b>	<b>11</b>	<b>76</b>	<b>341</b>	<b>84</b>	<b>3,755</b>	<b>34,840</b>	<b>44.7</b>	<b>415</b>	<b>9.3</b>

2012  
KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE STATISTICAL COMPARISONS  
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	805	1,316	2,121	843	115	1,201	4,280	40	1,033	12,093	18,915,867	130.4
BLUE GRASS ENERGY COOP	520	1,276	1,796	591	307	933	3,627	105	4,682	52,597	82,219,020	130.3
CLARK ENERGY COOP	647	1,039	1,686	443	85	468	2,682	52	3,052	24,234	35,261,019	121.3
CUMBERLAND VALLEY ELECTRIC	504	1,079	1,583	692	72	477	2,824	52	2,626	22,049	30,386,944	114.9
FARMERS RECC	398	672	1,070	302	34	590	1,996	64	3,602	22,837	31,180,284	113.8
FLEMING-MASON ENERGY	554	881	1,435	507	60	380	2,382	52	3,560	22,137	29,690,084	111.8
GRAYSON RECC	452	1,344	1,796	421	87	743	3,047	47	2,485	14,197	21,816,428	128.1
INTER-COUNTY ENERGY	630	489	1,119	456	141	610	2,326	64	3,779	23,920	36,934,661	128.7
JACKSON ENERGY COOP	859	1,049	1,908	552	145	805	3,410	134	5,668	47,647	77,832,875	136.1
LICKING VALLEY RECC	775	945	1,720	468	26	604	2,818	44	2,047	16,248	21,314,628	109.3
NOLIN RECC	1171	1,216	2,387	792	279	1,026	4,484	97	3,011	31,541	47,495,013	125.5
OWEN EC	1153	794	1,947	820	154	807	3,728	133	4,514	55,237	79,578,364	120.1
SALT RIVER ELECTRIC	670	576	1,246	470	106	717	2,539	73	4,068	44,777	65,507,556	121.9
SHELBY ENERGY COOP	752	927	1,679	277	161	431	2,548	37	2,104	14,903	23,937,841	133.9
SOUTH KENTUCKY RECC	520	942	1,462	530	88	510	2,590	146	6,759	60,678	80,375,682	110.4
TAYLOR COUNTY RECC	536	536	1,072	312	32	544	1,960	52	3,218	22,699	28,434,719	104.4
<b>EKPC GROUP AVERAGE</b>	<b>684</b>	<b>943</b>	<b>1,627</b>	<b>530</b>	<b>118</b>	<b>678</b>	<b>2,953</b>	<b>75</b>	<b>3,513</b>	<b>30,487</b>	<b>44,430,062</b>	<b>121.4</b>
JACKSON PURCHASE ENERGY	920	1,280	2,200	360	30	750	3,340	73	2,923	25,944	31,043,685	99.7
KENERGY CORP	533	1,215	1,748	470	47	494	2,759	146	7,068	45,229	58,093,381	107.0
MEADE COUNTY RECC	866	1,040	1,906	481	96	549	3,032	72	2,970	26,503	27,769,525	87.3
<b>BIG RIVERS GROUP AVERAGE</b>	<b>773</b>	<b>1,178</b>	<b>1,951</b>	<b>437</b>	<b>58</b>	<b>598</b>	<b>3,044</b>	<b>97</b>	<b>4,320</b>	<b>32,559</b>	<b>38,968,864</b>	<b>99.7</b>
HICKMAN-FULTON COUNTIES RECC	770	1,378	2,148	293	47	907	3,395	16	704	2,802	5,599,551	166.5
PENNYRILE RECC	933	831	1,764	443	92	646	2,945	128	5,092	37,717	62,724,839	138.6
TRI-COUNTY EMC	809	1,041	1,850	418	112	381	2,761	130	5,451	41,138	62,236,827	126.1
WARREN RECC	1014	971	1,985	636	140	981	3,742	161	5,623	50,545	86,515,348	142.6
WEST KENTUCKY RECC	749	1,161	1,910	618	47	553	3,128	90	4,091	30,413	54,479,631	149.3
<b>TVA GROUP AVERAGE</b>	<b>855</b>	<b>1,076</b>	<b>1,931</b>	<b>482</b>	<b>88</b>	<b>694</b>	<b>3,195</b>	<b>105</b>	<b>4,192</b>	<b>32,523</b>	<b>54,311,239</b>	<b>139.2</b>
<b>OVERALL AVERAGE</b>	<b>731</b>	<b>1,000</b>	<b>1,731</b>	<b>508</b>	<b>104</b>	<b>671</b>	<b>3,014</b>	<b>84</b>	<b>3,755</b>	<b>31,170</b>	<b>45,805,991</b>	<b>122.5</b>

Blue Grass Energy  
Case No. 2014-00339  
Capitalization Policies

Acct Number	Acct Description	Benefits Distribution
10720	Construction Work in progress	\$565,532
10880	Retirement work in progress	74,829
14320	A/R, other	11,958
16300	Stores	80,311
18400	Transportation	1,134
24240	Accrued vacation	
42640	Donations	587
58000	Operations	43,169
58300	Overhead lines	24,899
58600	Meters	74,006
58700	Cconsumer Insatllation	83
58800	Miscellaneous distribution	23,712
59000	Maintenance	4,730
59010	Dispatching	66,700
59200	Station equipment	25
59300	Overhead lines	187,508
59310	Right of way	10,599
59320	Outages overhead	115,138
59400	Underground	42,726
59420	Outages underground	4,499
59600	Street lighting	28,850
59700	Meters	31,538
59800	Security Lights	47,947
90100	Supervision	26,579
90200	Meter reading	11,584
90300	Customer records & collecting	287,963
90800	Customer assistance	166,517
91230	Public relations	40,461
91240	Energy efficiency	3,819
91250	Key accounts	29,891
91300	Advertising	3,813
92000	Administration	427,403
92100	Supplies	884
92600	Employee benefits	255,437
93020	Miscellaneous	3,558
93060	Annual meeting	9,953
93200	Maintenance general plant	9,055
	Total	<u>2,717,396</u>

Benefits include the following:

	Medical, life, disability insurances	1,068,975
	R & S retirement	1,319,447
	401(k)	142,701
		<u>\$2,531,123</u>

BGE accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for the above benefits. The average employee cost for 104 employees is \$24,338.

Witness: Donald Smothers

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

Blue Grass' equity management plan is attached. Capital credits were paid as follows:

	<u>General</u>	<u>Estates</u>	<u>Total</u>
2013	\$ -	\$ 190,774	\$ 190,774
2012	-	123,712	123,712
2011	-	149,467	149,467
2010	-	129,997	129,997
2009	-	117,075	117,075
2008	-	98,313	98,313
Prior years	9,879,570	3,621,233	13,500,803
Total	<u>\$ 9,879,570</u>	<u>\$ 4,430,571</u>	<u>\$ 14,310,141</u>

BLUE GRASS ENERGY COOPERATIVE CORPORATION

POLICY 2-5

EQUITY MANAGEMENT

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I. OBJECTIVE

The objective of this policy is to develop an equity management plan that will:

1. Assure the financial integrity of Blue Grass Energy at all times so it can provide high quality service on a consistent basis to the members.
2. Establish a means whereby members will receive electric service at cost and as a result clearly see the benefits of receiving service from their Cooperative as compared to other type utilities.
3. Develop an approach to long-range financial planning that will ensure the Cooperative will meet all of the financial requirements, including:
  - a) Provide adequate working capital.
  - b) Provide adequate funds for debt service.
  - c) Provide adequate funds to maintain all facilities at the highest operational level consistent with sound management.
  - d) Provide funds for additions to plant.
  - e) Provide funds for Capital Credit Retirement Program.
  - f) Provide for adequate levels of TIER and DSC.

II. POLICY CONTENT

A. The policy of Blue Grass Energy shall be:

1. To achieve and maintain an equity level of 30% or more as a percent of total assets.
2. Return Capital Credits to estates as stated in Policy No. 2-2. Capital credit payments to the estates of deceased members will continue to be paid upon written request of a representative of the estate.

3. Achieve and maintain an OTIER of at least 1.10 and TIER of at least 1.25 or more from operations on an annual basis.

B. All payments of general and special Capital Credit refunds may be authorized annually in a method, basis, and priority as approved by the Board of Directors as stated in Policy No. 2-2.

### III. RESPONSIBILITY

The discretionary powers of such Capital Credit payments shall remain with the Board of Directors of Blue Grass Energy as stated within the Bylaws (Article VII, Section 2), and this policy shall not diminish that right.

Adopted:	January 1, 2002	Approved:	E. A. Gilbert, Chairman
Amended:	September 17, 2002	Approved:	E. A. Gilbert, Chairman
Amended:	September 16, 2004	Approved:	E. A. Gilbert, Chairman
Amended:	December 13, 2012	Approved:	Jody E. Hughes, Chairman

PURCHASED POWER ADJUSTMENT

NORMALIZATION OF PURCHASED POWER FOR ACTUAL TEST YEAR

WHOLESALE POWER BILLING DETERMINANTS

Demand includes power factor penalty

2013	Billing Demand		Total KWH Billing includes green power								Total Kwh
	Sch B	Excess	Schedule E2	Interruptible	Sch G	Schedule G KWH	Schedule B All KWH	Schedule E2		Green Power	
January	26,700	858	271,848				18,680,750	53,093,311	65,379,073	22,400	137,175,534
February	26,700	1,503	270,485				17,099,588	46,395,840	57,537,585	22,300	121,055,313
March	26,700	1,349	245,171				18,425,373	49,040,049	61,212,307	22,300	128,700,029
April	28,300	1,045	185,405				17,977,056	33,923,279	40,600,309	22,300	92,522,944
May	28,800	48	175,055				18,060,866	42,522,622	32,105,576	22,300	92,711,364
June	28,900	1,178	204,128				18,915,868	51,617,049	33,946,730	22,900	104,502,547
July	22,100	720	204,666	4,066	15,000	8,948,072	17,416,830	52,856,619	34,245,849	22,900	113,490,270
August	22,100	810	194,161	3,944	15,000	8,791,304	18,089,595	52,984,576	33,646,637	22,900	113,535,012
September	22,000	611	193,649	4,240	15,000	8,557,655	16,584,923	43,326,976	28,656,309	22,900	88,591,108
Ocotber	20,700	1,416	168,799	3,850	15,000	8,184,778	17,457,622	32,266,215	37,221,249	22,900	86,967,986
November	20,700	0	230,696	796	15,000	8,879,458	15,977,250	40,892,996	49,202,219	22,900	106,095,365
December	<u>20,700</u>	<u>1,864</u>	<u>243,332</u>	<u>3,803</u>	<u>15,000</u>	<u>8,935,182</u>	<u>14,291,888</u>	<u>50,795,707</u>	<u>61,656,736</u>	<u>22,800</u>	<u>126,767,131</u>
Total	<u>294,400</u>	<u>11,402</u>	<u>2,587,395</u>	<u>20,699</u>	<u>90,000</u>	<u>52,296,449</u>	<u>208,977,609</u>	<u>549,715,239</u>	<u>535,410,579</u>	<u>271,800</u>	<u>1,312,114,603</u>



PURCHASED POWER ADJUSTMENT

NORMALIZATION OF PURCHASED POWER FOR ACTUAL TEST YEAR

WHOLESALE BILLING DETERMINANTS

Metering	Substation Charge			
<u>Point</u>	<u>1088</u>	<u>2737</u>	<u>3292</u>	<u>5310</u>
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
33	1	1	22	9
<u>33</u>	<u>1</u>	<u>1</u>	<u>22</u>	<u>9</u>
<u>396</u>	<u>12</u>	<u>12</u>	<u>264</u>	<u>108</u>

PURCHASED POWER BILLING RATES

Billing Rates	
KW-Sch B Contract	\$7.17
Excess Contract	\$9.98
KW Interruptible	\$1.57
KW-Sch G	\$6.98
KW-Sch E	\$7.99
KW-Sch E2	\$6.02
KWH-Sch B	\$0.042882
KWH-Sch G	\$0.040847
KWH-Sch E On-Peak	\$0.451320
KWH-Sch E Off-Peak	\$0.044554
KWH-E2 On -Peak	\$0.053279
KWH-E2 Off-Peak	\$0.044554
KVA 1000-2999	\$1,088
KVA 3000-7499	\$2,737
KVA 7500-14999	\$3,292
KVA 15000-99999	\$5,310
Metering Point	\$144
Green Power	\$0.023750

PURCHASED POWER ADJUSTMENT

NORMALIZATION OF PURCHASED POWER FOR ACTUAL TEST YEAR

ACTUAL PURCHASED POWER COSTS FOR TEST YEAR

	Billing Demand							Total KWH Billing					
	Sch B	Excess Contract	Interruptible	Schedule E2	Schedule G	PF Penalty	Demand Charge	Schedule B All KWH	Schedule G All KWH	Schedule E2		Green Power	Energy Charges
										On-Peak	Off-Peak		
2013													
January	191,439	8,563	0	1,636,525	0	5,351	1,841,878	801,068	0	2,828,759	2,912,899	532	6,543,258
February	191,439	15,000	0	1,628,320	0	5,352	1,840,111	733,265	0	2,471,924	2,563,530	530	5,769,248
March	191,439	13,463	0	1,475,929	0	5,353	1,686,184	790,117	0	2,612,805	2,727,253	530	6,130,704
April	202,911	10,429	0	1,116,138	0	5,354	1,334,832	770,892	0	1,807,398	1,808,906	530	4,387,726
May	206,496	479	0	1,053,831	0	5,355	1,266,161	774,486	0	2,265,563	1,430,432	530	4,471,010
June	207,213	11,756	0	1,228,851	0	5,356	1,453,176	811,150	0	2,750,105	1,512,463	544	5,074,261
July	158,457	7,186	6,384	1,232,089	104,700	5,357	1,514,173	746,869	365,502	2,816,148	1,525,790	544	5,454,852
August	158,457	8,084	6,192	1,168,849	104,700	5,358	1,451,640	775,718	359,098	2,822,965	1,499,092	544	5,457,418
September	157,740	6,098	6,657	1,165,767	104,700	5,359	1,446,321	711,195	349,555	2,308,418	1,276,753	544	4,646,464
Ocotber	148,419	14,132	6,045	1,016,170	104,700	5,360	1,294,825	748,618	334,324	1,719,112	1,658,356	544	4,460,952
November	148,419	0	1,250	1,388,790	104,700	5,361	1,648,520	685,136	362,699	2,178,738	2,192,156	544	5,419,273
December	148,419	18,603	5,971	1,464,859	104,700	5,362	1,747,913	612,865	364,975	2,706,344	2,747,054	542	6,436,251
Total	2,110,848	113,792	32,497	15,576,118	628,200	64,278	18,525,733	8,961,378	2,136,153	29,288,278	23,854,683	6,455	64,251,418
Normalized using rates effective	2,110,848	113,792	32,497	15,576,118	628,200	64,278	18,525,733	8,961,378	2,136,153	29,288,278	23,854,683	6,455	64,251,418

PURCHASED POWER ADJUSTMENT

NORMALIZATION OF PURCHASED POWER FOR ACTUAL TEST YEAR

ACTUAL PURCHASED POWER COSTS FOR TEST YEAR

Buy Thru Charges	Metering Point	Substation Charge					Total from Base Rates	Fuel Adjustment	Environmental Surcharge	DLC	Total
		1000	3000	7500	15000	Total					
0	4,752	1,088	2,737	72,424	47,790	124,039	8,513,926	(145,381)	1,222,566		9,591,111
0	4,752	1,088	2,737	72,424	47,790	124,039	7,738,149	(39,941)	1,038,448		8,736,656
0	4,752	1,088	2,737	72,424	47,790	124,039	7,945,680	(55,328)	994,865		8,885,217
0	4,752	1,088	2,737	72,424	47,790	124,039	5,851,349	94,348	854,459		6,800,156
0	4,752	1,088	2,737	72,424	47,790	124,039	5,865,962	268,798	875,486		7,010,246
0	4,752	1,088	2,737	72,424	47,790	124,039	6,656,228	130,599	1,218,100	(8,804)	7,996,123
11,083	4,752	1,088	2,737	72,424	47,790	124,039	7,108,898	(228,069)	1,174,321	(8,804)	8,046,346
0	4,752	1,088	2,737	72,424	47,790	124,039	7,037,849	(187,294)	1,078,891	(9,210)	7,920,236
0	4,752	1,088	2,737	72,424	47,790	124,039	6,221,576	(207,850)	930,331	(9,646)	6,934,411
0	4,752	1,088	2,737	72,424	47,790	124,039	5,884,569	(314,881)	830,013	(10,973)	6,388,728
0	4,752	1,088	2,737	72,424	47,790	124,039	7,196,584	(258,645)	1,155,358	(12,128)	8,081,169
0	4,752	1,088	2,737	72,424	47,790	124,039	8,312,955	(56,985)	1,436,079	(12,128)	9,679,921
11,083	57,024	13,056	32,844	869,088	573,480	1,488,468	84,333,727	(1,000,629)	12,808,917	(71,693)	96,070,322
11,083	57,024	13,056	32,844	869,088	573,480	1,488,468	84,333,727	(1,000,629)	12,808,917	(71,693)	96,070,322

Normalized Adjustment 0

PURCHASED POWER ADJUSTMENT

NORMALIZATION OF PURCHASED POWER FOR ACTUAL TEST YEAR

Blue Grass Energy

Case No.

**ANALYSIS OF FUEL CLAUSE AND ENVIRONMENTAL SURCHARGE**

An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers as follows:

<u>Month</u>	<u>Sales</u>		<u>Purchased</u>	
	<u>Fuel Adjustment</u>	<u>Environment Surcharge</u>	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>
2013				
January	139,323	1,483,751	(145,381)	1,222,566
February	350,598	1,306,719	(39,941)	1,038,448
March	(11,336)	1,026,636	(55,328)	994,865
April	(65,409)	922,811	94,348	854,459
May	(73,770)	814,948	268,798	875,486
June	(28,016)	899,137	130,599	1,218,100
July	310,892	1,260,553	(228,069)	1,157,932
August	78,929	1,206,446	(187,294)	1,095,280
September	(219,411)	857,634	(207,850)	930,331
October	(173,277)	744,618	(314,881)	830,013
November	(224,481)	778,842	(258,645)	1,155,358
December	<u>(413,159)</u>	<u>1,098,832</u>	<u>(56,985)</u>	<u>1,436,079</u>
Total	<u>(329,117)</u>	<u>12,400,928</u>	<u>(1,000,629)</u>	<u>12,808,917</u>

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on to the consumers using the Fuel Adjustment and Environmental Procedures established by this Commission.

PURCHASED POWER ADJUSTMENT

REVISED BILLING DETERMINANTS AND PURCHASED POWER COSTS

REVISED BILLING DETERMINANTS

Demand includes power factor penalty

2013	Billing Demand				Total KWH Billing includes green power					
	SCH B	Excess	Schedule E2	Interruptible	Sch G	Schedule G KWH	Schedule B All KWH	Schedule E2 On-Peak	Schedule E2 Off-Peak	Green Power
January	24,431	858	264,255		9,862	6,517,328	16,814,043	50,737,347	63,084,416	22,400
February	24,258	1,503	262,332		10,595	6,712,070	15,490,691	43,810,617	55,019,635	22,300
March	24,154	1,349	236,007		11,710	4,754,248	16,607,592	47,552,461	59,763,429	22,300
April	25,600	1,045	174,868		13,237	7,432,982	16,216,620	31,049,617	37,801,425	22,300
May	26,052	48	164,320		13,483	8,432,124	16,147,784	39,220,132	28,889,023	22,300
June	26,008	1,178	193,383		13,637	8,328,956	16,988,271	48,374,176	30,788,243	22,900
July	22,100	720	204,666	4,066	15,000	8,948,072	17,416,830	52,856,619	34,245,849	22,900
August	22,100	810	194,161	3,944	15,000	8,791,304	18,089,595	52,984,576	33,646,637	22,900
September	22,000	611	193,649	4,240	15,000	8,557,655	16,584,923	43,326,976	28,656,309	22,900
Ocotber	20,700	1,416	168,799	3,850	15,000	8,184,778	17,457,622	32,266,215	37,221,249	22,900
November	20,700	0	230,696	796	15,000	8,879,458	15,977,250	40,892,996	49,202,219	22,900
December	20,700	1,864	243,332	3,803	15,000	8,935,182	14,291,888	50,795,707	61,656,736	22,800
<b>Total</b>	<b>278,803</b>	<b>11,402</b>	<b>2,530,467</b>	<b>20,699</b>	<b>162,525</b>	<b>94,474,158</b>	<b>198,083,109</b>	<b>533,867,439</b>	<b>519,975,170</b>	<b>271,800</b>

REVISED PURCHASED POWER COSTS

	Billing Demand						Total KWH			
	Sch B	Excess Contract	Interruptible	Schedule E2	Schedule G	PF Penalty	Demand Charge	Schedule B All KWH	Schedule G All KWH	Sche On-Peak
Total	1,999,018	113,792	32,497	15,233,414	1,134,422	64,278	18,577,420	8,494,200	3,858,986	28,443,923

**BLUE GRASS ENERGY COOPERATIVE  
CASE NO. 2014-00339**

Exhibit 20  
Page 7 of 7  
Witness: Jim Adkins

**PURCHASED POWER ADJUSTMENT**

**REVISED BILLING DETERMINANTS AND PURCHASED POWER COSTS**

**REVISED BILLING DETERMINANTS**

<u>2013</u>	<u>Total</u>	<u>Metering</u>	<u>Substation Charge</u>			
	<u>Kwh</u>	<u>Point</u>	<u>1088</u>	<u>2737</u>	<u>3292</u>	<u>5310</u>
January	137,185,396	33	1	1	22	9
February	121,055,313	33	1	1	22	9
March	128,700,029	33	1	1	22	9
April	92,522,944	33	1	1	22	9
May	92,711,364	33	1	1	22	9
June	104,502,547	33	1	1	22	9
July	113,490,270	33	1	1	22	9
August	113,535,012	33	1	1	22	9
September	88,591,108	33	1	1	22	9
October	86,967,986	33	1	1	22	9
November	106,095,365	33	1	1	22	9
December	<u>126,767,131</u>	<u>33</u>	<u>1</u>	<u>1</u>	<u>22</u>	<u>9</u>
<b>Total</b>	<b><u>1,312,124,465</u></b>	<b><u>396</u></b>	<b><u>12</u></b>	<b><u>12</u></b>	<b><u>264</u></b>	<b><u>108</u></b>

**REVISED PURCHASED POWER COSTS**

	<u>Off-Peak</u>		<u>Energy Charges</u>	<u>Buy Thru Charges</u>	<u>Metering Point</u>	<u>Substation Charge</u>				<u>Total</u>	<u>Total from Base Rates</u>
	<u>Green</u>	<u>Power</u>				<u>1000</u>	<u>3000</u>	<u>7500</u>	<u>15000</u>		
Total	23,166,974	6,455	63,970,538	11,083	57,024	13,056	32,844	869,088	573,480	1,488,468	84,104,533
NORMALIZED PURCHASE POWER COSTS											<u>84,333,727</u>
AMOUNT OF ADJUSTMENT											<u>(229,193)</u>

Witness: Donald Smothers

Blue Grass Energy  
Case No. 2014-00339  
**Financial Accounting Standard No. 106**  
**Employer's Accounting for Postretirement Benefits**

Blue Grass has updated its study of SFAS No. 106. As a result, the annual accrual increased. The accrual does not include directors since the board adopted a policy to discontinue covering retired directors.

	<u>Total</u>
Proposed annual cost	841,704
Test year accrual	<u>841,704</u>
Proposed adjustment	<u><u>0</u></u>

	<u>Percent</u>	<u>Amount</u>
The adjustment is allocated as follows		
107 Capitalized	22.1%	0
163 - 416 Clearing and others	9.4%	0
580 Operations	5.7%	0
590 Maintenance	18.6%	0
901 Consumer accounts	11.3%	0
908 Customer service	8.4%	0
912 Sales	0.0%	0
920 Administrative and general	24.4%	0
	<u>100.00%</u>	<u>\$0</u>

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**Blue Grass Energy**  
**Case No. 2014-00339**  
**Financial Accounting Standard No. 106**  
**Employer's Accounting for Postretirement Benefits**

10 Blue Grass implemented Statement of Financial Accounting Standard No. 106  
11 (SFAS 106) as of January 1, 1995.

12  
13 The journal entry to record the expense for the initial year of 2000 is as follows:

14  
15

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
16			
17	Benefits clearing	184.20	476,200
18	Accumulated provision for pensions		
19	and benefits	228.30	476,200
20			
21			

22 The updated study has been included with this response.  
23  
24  
25  
26  
27



W. DUDLEY SHRYOCK, CPA, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

Witness: Donald Smothers

P.O. BOX 542  
145 COLLEGE STREET  
LAWRENCEBURG, KENTUCKY 40342  
(502) 839-8112

MEMBER AICPA

MEMBER KENTUCKY  
SOCIETY OF CPAS

August 7, 2013

Donald Smothers, VP, Financial Services  
Blue Grass Energy Cooperative  
1201 Lexington Road  
Nicholasville, Kentucky 40340

Dear Donald:

Please find enclosed the actuarial valuations results as of December 31, 2012 for Financial Accounting Standards Board's *Accounting Standards Codification ("ASC") 715 - Compensation - Retirement Plans*.

The accrual for 2013 includes current service and interest costs. The reason for the increase over the prior year is due to the discount rate used decreased from 6.0% to 5.5%. This resulted in an additional liability of approximately \$150,000 per year.

One time entry to adjust the liability is as follows:

Accum other comprehensive income	215.10	\$1,335,781	
Accum postretirement benefits	228.30		\$1,335,781

The annual accrual for 2013 should be as follows:

Employee benefit matrix	926.00	\$841,700	
Accum other comprehensive income	215.10		\$82,104
Accum postretirement benefits	228.30		\$759,596
To record accrual for 2013.			

If you have any questions, or would like to discuss these results, please give me a call.

Sincerely,

***W. Dudley Shryock***

W. Dudley Shryock, CPA

Exhibit 1  
Blue Grass Energy Cooperative  
SFAS No. 106/158 Financial Statement Disclosures  
December 31, 2012

**Net Periodic Benefit Cost**

1.	Service cost	\$	563,360
2.	Interest cost		30,944
3.	Expected return on plan assets		
4.	Amortization of transition obligation		
5.	Amortization gain / (loss)		<u>5,696</u>
6.	Net periodic benefit cost	\$	600,000

**Change in Accumulated Benefit Obligation**

1.	Accumulated benefit obligation, beginning	\$	7,523,496
2.	Service cost		563,360
3.	Interest cost		30,944
4.	Expected return on plan assets		
5.	Amortization of transition obligation		
6.	Amortization gain / (loss)		5,696
7.	Plan amendments		
8.	Disbursements		(506,400)
9.	Accumulated other comprehensive income, initial		
10.	Accumulated other comprehensive income		<u>1,341,477</u>
11.	Accumulated benefit obligation, ending	\$	8,958,573

**Change in Fair Value of Plan Assets**

1.	Fair value of plan assets, beginning		
2.	Actual return on plan assets		
3.	Employer contributions		
4.	Benefits paid		
5.	Administrative expenses		
6.	Fair value of plan assets, ending	\$	<u></u>

Exhibit 2  
 Blue Grass Energy Cooperative  
 SFAS No. 106/158 Financial Statement Disclosures  
 December 31, 2012

Benefit obligations at end of year

1.	Accumulated benefit obligation (APBO)	\$ 8,958,573
2.	Expected benefit obligation (EPBO)	\$14,225,364

Statement of funded status

1.	Accumulated benefit obligation (APBO)	\$ (8,958,573)
2.	Fair value of plan assets	
3.	Funded status of plan	<u>\$ (8,958,573)</u>

Amounts recognized in the statement of financial position

1.	Noncurrent assets	\$
2.	Current liabilities	
3.	Noncurrent liabilities	<u>8,958,573</u>
4.	Funded status	\$ 8,958,573

Amounts recognized in accumulated other comprehensive income

1.	Net loss (gain)	\$ (1,641,971)
2.	Transition obligation	
3.	Total	<u>\$ (1,641,971)</u>

Other changes in plan assets and benefit obligations  
 recognized in other comprehensive income

1.	Beginning of year	\$ 300,494
2.	Net loss (gain)	1,335,781
3.	Amortization of net loss (gain)	5,696
4.	Amortization of transition obligation	
5.	Total recognized in other comprehensive income	<u>1,341,477</u>
6.	End of year	\$ 1,641,971

Blue Grass Energy Cooperative  
 Medical Insurance Premiums  
 SFAS 106 Obligation as of January 1, 2013

FAS 106 Expense Components

1. Service cost	\$ 276,101
2. Interest cost	483,501
3. Expected return on assets	
4. Amortization of transition obligation	
5. Amortization of actuarial (gain) /loss	<u>82,099</u>
6. Total FAS 106 expense	\$ 841,700
7. Expected pay-as-you-go expense	\$ 471,114

Alternate assumptions :

Impact on obligations and expense of a health care cost trend increase of 1%

	Current Plan	Alternate Assumptions	<u>% Change</u>
APBO	8,958,573	9,630,000	7.5%
EPBO	14,225,364	15,300,000	7.6%
SFAS 106 Expense	841,700	905,000	7.5%

Payments for the next five (5) years are as follows:

2013	471,114
2014	457,545
2015	482,710
2016	509,259
2017	537,268

Blue Grass Energy Cooperative  
 Medical Insurance Premiums  
 SFAS 106 Obligation as of January 1, 2013

A.	Accumulated Postretirement Benefit Obligation (APBO) as of January 1, 2013	
	1. Actives not yet eligible	\$ 3,963,429
	2. Actives fully eligible	767,340
	3. Retirees and dependents	<u>4,227,804</u>
	4. Total APBO	8,958,573
B.	Future accruals	<u>5,266,790</u>
C.	Total Expected Postretirement Benefit Obligation (EPBO) (A4 + B)	\$ <u>14,225,364</u>
D.	Reconciliation of Funded Status	Jan 1, 2013
	1. Accrued Postretirement Benefit Cost	\$ 7,617,096
	2. Assets	
	3. Funded Status = (D1 + D2)	<u>7,617,096</u>
	4. Unrecognized Transition Obligation	
	5. Unrecognized (Gain) /Loss	1,341,477
	6. Unrecognized Prior Service Cost	
	7. APBO	
	(D3 + D4 + D5 + D6)	<u>\$ 8,958,573</u>

## Blue Grass Energy Cooperative

### SFAS 106 Assumptions

**Covered Groups** All eligible employees.

**Eligibility** Employees and Directors retiring with at least twenty (20) years of service, Blue Grass will pay the full premium for retiree and spouse; after fifteen (15) years of service, Blue Grass will pay two-thirds (2/3) of the premium; and after twelve (12) years of service, Blue Grass will pay one-half (1/2) of the premium.

**Spouse** Blue Grass Energy pays the family rate for retirees and dependents.

**Medicare** Medical insurance premiums will be paid by Blue Grass until such time as the retired employee reaches age 65, or is eligible for Medicare Supplement benefits.

**Contributions** For employees and directors hired prior to January 1, 1999, Blue Grass will pay premiums based on eligibility for the retiree and dependents.

For employees and directors hired after January 1, 1999, the retiree must pay the entire coverage.

**Life Expectancies** Per annuity tables female employees can expect to live until age 78.2 and male employees until age 73.8.

**Retirement and Withdrawals** Estimate that employees will retire at age 62, directors at age 70, and will be replaced in the normal course of business.

**Terminations** Rates vary by attained age for employees. Sample rates are as follows:

Age	Rate	No. of Employees
20	15%	0
30	7%	11
40	3%	25
50	1%	22
60	0%	QQ

**Blue Grass Energy Cooperative****SFAS 106 Assumptions**

**Discount Rate** 5.5% per year.

**Medical Inflation Rate** 8.0% for the first year, then 7% for the next year and decreasing by 0.25% per year until level at 5% per year.

**Contributions of Policy Premiums** Blue Grass has selected medical coverage based on a PPO with tiered premiums for single, spousal, and dependent coverage.

**Eligibility Classes** Based on employees and retirees as of December 31, 2012, are as follows:

	Employees
Actives not fully eligible	63
Actives fully eligible	3
Retirees and dependents	70
 Total	

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### **Return Check**

When a check is not honored by the bank and is returned, the check is stamped "VOID". The CSR reviews the return check, verifying the account number, name, accounts paid by check, number of return checks for consumer, reason check was returned, (ie NSF, Stop Payment, Account closed), whether it was collected by a Field Service Rep. The CSR will also ensure that there is no arrangement or membership/security deposit involved. The returned check is then keyed to the account, as is the return check fee. The batch is balanced and the cash sheet is pulled. Totals are added to Daily balance sheet/branch office re-cap sheets. When the check is keyed at a branch office, the amount is transferred to Daily Balance Sheet. A letter is typed for mailing to the consumer notifying of the return check and/or letter typed notifying consumer on a NO CHECK basis. The consumer's account is noted NC (if applicable) and if the consumer is on bank draft program, their account is taken off auto - payment and applicable notes are made on the account.

The letter is mailed to the consumer. A service order is then issued to collect if the return check was collected by an FSR during a collection trip, on arrangement, or for membership/security deposit, and the account is added to the call out list for the System Operators.

The account is monitored by the CSR to ensure that it is paid within ten days. If not paid, a service order is issued. Possible arrangements may be made by the CSR to extend time on the return check. If the return check is paid, the payment is processed by the CSR and the collection system is updated to clear out field notification and return check is pulled from the file and marked paid. The accounting department reconciles the return checks with the bank statement on a monthly basis and runs applicable reports.

Discussions with the departments involved indicate that it takes a minimum of 40 minutes to process and account for each return check.



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### **Temporary Services**

When a customer requests temporary service, a print is drawn by the service planner. The amount of time it takes to install the service depends on the location of the new service and what structure is already there for the crew member to use. Underground installations average approximately 2 1/2 hours, while overhead installation take longer, approximately 3 hours. The customer may lease an Underground Temporary Service Unit from OEC. The cost of the unit is \$150.00 and there is an additional \$35/month rental fee. If the consumer or builder supplies their own temporary service structure, there will be a \$170 non-refundable service fee for overhead temporaries, and a \$145 fee for underground temporaries. All temporary units must be inspected by a licensed electrical inspector.

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**Labor for Collection Charge and Disconnect & Reconnect Charge**  
**Regular working hours**

The CSR produces disconnect tickets and sends them to the district offices, where they are printed. The customer names are entered on the call out list for the System Operators, and a courtesy call is made to attempt to collect before being sent to the FSRs. If payment is not received, or a call received to make arrangements, the tickets are released to the FSRs.

The FSR arranges his route and attempts to collect the payment. If unable to collect, he disconnects the service. Tickets are returned to the CSRs who key any payments collected plus key the charge for the fees.

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

**Labor for overtime charges**

Includes the same processes as for regular time. The differences are that jobs can not be coordinated with other jobs either by route or by service location since these are isolated occurrences.

Since after hour trips are isolated, that is the reason for the mileage to be doubled from regular hours.

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**Labor for meter tests**

Meter tests requests originate with the CSR, usually as a result of a high bill. The CSR prepares a Meter Change Service Order and received and processes the credit card payment for the request. After payment for the request is received, the CSR fills out the Meter Change Service Order and passes on to the Field Service Rep

The meter is re-read by the FSR and if indicated, the meter is pulled. It is brought to the meter shop where a technician tests first contacts the consumer to see if he/she wishes to witness the test. Three separate tests are conducted. If the consumer is not present for the test, the meter technician contacts the consumer to provide verbal results. A written report is prepared documenting the results of the test, which is returned to the CSR for mailing.

Per discussions with the meter department, it requires approximately ninety (90) minutes to test the meter and record the results for mailing to the consumer. It takes the CSR approximately 20 minutes of clerical time.

**Miles driven for each service**

Per discussions with the Distribution Field Supervisor and service men, it is estimated that each trip is approximately 20 miles, but probably less. Therefore, 15 miles per trip was used.

**Cost per mile driven**

The transportation system used by Blue Grass Energy Cooperative does not allow for the calculation of a per mile cost per vehicle. The costs are allocated on a per hour of use basis.

Since most vehicles used on service calls, collections and reconnects are service trucks and not the large bucket trucks, Blue Grass has chosen to use the Internal Revenue Service cost per mile of \$0.485 (forty-eight and one-half cent).

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	<u>Number</u>	<u>Charges</u>		<u>Revenue</u>		<u>Change</u>	
		<u>Existing</u>	<u>Proposed</u>	<u>Existing</u>	<u>Proposed</u>	<u>Amount</u>	<u>Percent</u>
Meter Test	43	\$35.00	\$35.00	1,505	1,505	-	0%
Meter Test, 3 Phase	3	\$60.00	\$60.00	180	180	-	0%
Discontinue Service	0	\$72.00	\$85.00	-	-	-	0%
Collection	2,734	\$25.00	\$30.00	68,350	82,020	13,670	20%
Overtime	33	\$50.00	\$75.00	1,650	2,475	825	50%
Remote Disconnect	368	\$20.00	\$25.00	7,360	9,200	1,840	25%
Reconnect	2,646	\$25.00	\$30.00	66,150	79,380	13,230	20%
Overtime	947	\$50.00	\$75.00	47,350	71,025	23,675	50%
Return check	1,469	\$20.00	\$25.00	29,380	36,725	7,345	25%
Temporary Service	212	\$20.00	\$35.00	4,240	7,420	3,180	75%
Total				226,165	289,930	\$63,765	28.19%
Envirowatts				6,864			
Remove odd cents from A/R				47			
Balance Account 451.00				233,075			

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**Direct Wage Expense:**

	<u>Employee Number</u>	<u>Hourly Rate</u>
Accounting	4009	\$24.05
Office clerical - CSR	2247	\$18.04
Field Service Representative	3315	\$32.11
Lineman	3330	\$31.02
Information Technology	1556	\$27.78

**Costs Based on Labor:**

	<u>Total Charges</u>	<u>Percent of Labor</u>
Total labor	<u>\$7,369,462</u>	
Retirement and Security (R&S)	1,608,960	21.83%
401(k)	142,701	1.94%
Payroll taxes	579,148	7.86%
Worker's compensation insurance	179,338	2.43%
Total		<u>34.06%</u>

**Other Direct Costs:**

Health insurance premiums	\$1,068,975
Postretirement benefits	841,704
Vacation, Sick, and Holiday pay	954,926
	<u>2,023,901</u>
Number of employees	<u>104</u>
Annual cost per employee	\$19,461
Regular hours worked	<u>2,080</u>
Per hour amount	<u>\$9.36</u>

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<u>Return Check Charge</u>	<u>Direct Labor</u>	<u>Estimated Hours</u>	<u>Per Hour</u>	<u>Amount</u>
Number of Minutes		<u>30</u>		
Direct labor charge		50.0%	\$24.05	\$12.03
Other cost based on labor	\$24.05	50.0%	34.06%	4.10
Other direct cost per hour		50.0%	\$9.36	4.68
Bank charge				<u>4.67</u>
Total charges				<u><u>\$25.47</u></u>
Proposed charge				<u><u>\$25.00</u></u>

Other Nonrecurring Charges

	<u>Per Hour</u>	<u>Discontinue Service</u>	<u>Reconnect/Collection</u>	<u>Disconnect</u>	<u>Overtime</u>	<u>Meter Test</u>
<b>Serviceman:</b>						
Number of minutes		<u>75</u>	<u>25</u>	<u>30</u>	<u>60</u>	<u>25</u>
Direct labor charge	\$32.11	\$40.14				
Direct labor charge	\$31.02		\$12.93	\$15.51	\$46.53	\$12.93
Cost based on labor	34.06%	\$13.67	\$4.40	\$5.28	\$15.85	\$4.40
Other direct cost	\$9.36	\$11.70	\$3.90	\$4.68		\$3.90
Mileage <u>10</u>	\$0.550		\$5.50	\$5.50		\$5.50
Mileage <u>20</u>	\$0.550	\$11.00			\$11.00	
<b>Office Clerical:</b>						
Number of minutes		<u>20</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>15</u>
Direct labor charge	\$18.04	\$6.01	\$3.01	\$3.01	\$3.01	\$4.51
Other cost based on labor	34.06%	\$2.05	\$1.02	\$1.02	\$1.02	\$1.54
Other direct cost	\$9.36	\$3.12	\$1.56	\$1.56	\$1.56	\$2.34
Total		<u>\$87.68</u>	<u>\$32.32</u>	<u>\$36.56</u>	<u>\$78.97</u>	<u>\$35.11</u>
Proposed Charge		<u>\$85.00</u>	<u>\$30.00</u>	<u>\$35.00</u>	<u>\$75.00</u>	<u>\$35.00</u>