

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF AN)	
ALTERNATIVE RATE ADJUSTMENT FOR BLUE)	CASE NO.
GRASS ENERGY COOPERATIVE)	2025-00103
CORPORATION PURSUANT TO 807 KAR 5:078)	

**RESPONSES TO ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION
TO BLUE GRASS ENERGY COOPERATIVE CORP. DATED MAY 29, 2025**

Filed: June 12, 2025

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF
BLUE GRASS ENRGY COOPERATIVE
CORPORATION FOR A GENERAL
ADJUSTMENT OF RATES PURSUANT
TO 807 KAR 5:0078

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CASE NO.
2025-00103

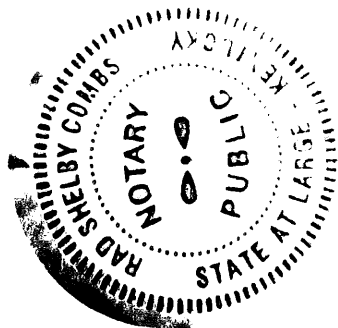
VERIFICATION OF MICHAEL I. WILLIAMS

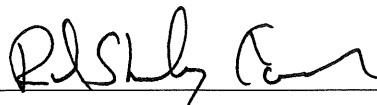
COMMONWEALTH OF KENTUCKY)
COUNTY OF JESSAMINE)

Michael I. Williams, President and Chief Executive Officer of Blue Grass Energy Cooperative Corporation, being duly sworn, states that he has supervised the preparation of certain responses to data requests in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Michael I. Williams

The foregoing Verification was signed, acknowledged and sworn to before me this 12 day of June 2025, by Michael I. Williams.




Notary ID: KYNP 28263
Commission expiration: June 21, 2029

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF
BLUE GRASS ENRGY COOPERATIVE
CORPORATION FOR A GENERAL
ADJUSTMENT OF RATES PURSUANT
TO 807 KAR 5:0078

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CASE NO.
2025-00103

VERIFICATION OF LAUREN LOGAN

COMMONWEALTH OF KENTUCKY)
COUNTY OF JESSAMINE)

Lauren Logan, Vice President of Financial Services and Chief Financial Officer of Blue Grass Energy Cooperative Corporation, being duly sworn, states that she has supervised the preparation of certain responses to data requests in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

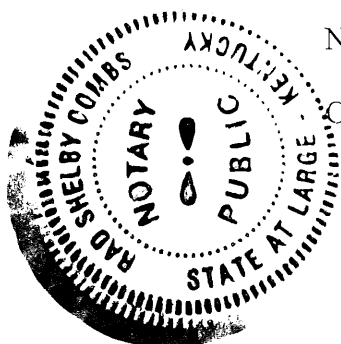
Lauren Logan
Lauren Logan

The foregoing Verification was signed, acknowledged and sworn to before me this 12th day of June 2025, by Lauren Logan.

Rad Shelby Combs

Notary ID: KY NP 28263

Commission expiration: June 21, 2029



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
BLUE GRASS ENERGY COOPERATIVE)
CORPORATION FOR A GENERAL)
ADJUSTMENT OF RATES PURSUANT)
TO 807 KAR 5:0078)

CASE NO.
2025-00103

VERIFICATION OF JOHN WOLFRAM

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

John Wolfram, being duly sworn, states that he has supervised the preparation of his responses to certain requests for information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 29th day of May, 2025, by John Wolfram.



Notary ID: KYNP 75270

Commission expiration: July 17, 2027

GERALD A BECKMAN, JR
Notary Public - State at Large
Kentucky
My Commission Expires July 17, 2027
Notary ID KYNP75270

BLUE GRASS ENERGY COOPERATIVE CORP.

PSC CASE NO. 2025-00103

RESPONSE TO REQUEST FOR INFORMATION

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 1

RESPONSIBLE PARTY: Lauren Logan

Request 1. Explain why Blue Grass decided to proceed with a streamlined rate case, instead of a general rate case.

Response 1. Please refer to Exhibit 32 Attachment, page 10, of the streamlined application. Blue Grass elected to pursue a streamlined rate case instead of a general rate case in order to reduce rate case expense, avoid (or at least diminish) rate shock that may result from large infrequent rate increases, and reduce the strain on Commission resources. This process also puts new rates into effect sooner and with less administrative burden on Blue Grass staff relative to a general rate case. In addition, Blue Grass has not had a rate increase in ten years and its current request is only 2%. All of this is consistent with the Commission's stated objectives in the original streamlined rate pilot program established in Case No. 2018-00407 and now promulgated in 807 KAR 5:078.

**BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION**

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 2

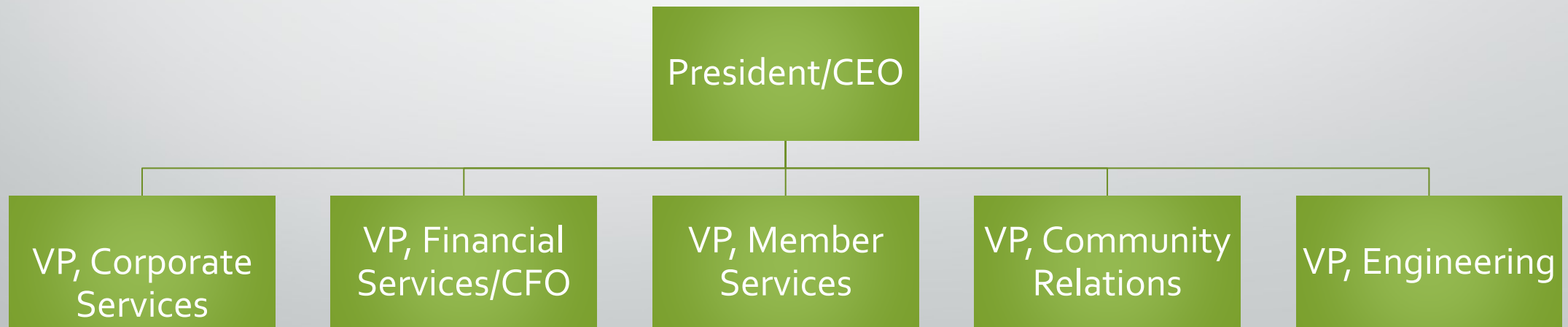
RESPONSIBLE PARTY: Lauren Logan

Request 2. Refer to the Application generally. Provide an organizational chart of Blue Grass, including all positions. If a position is vacant designate as such.

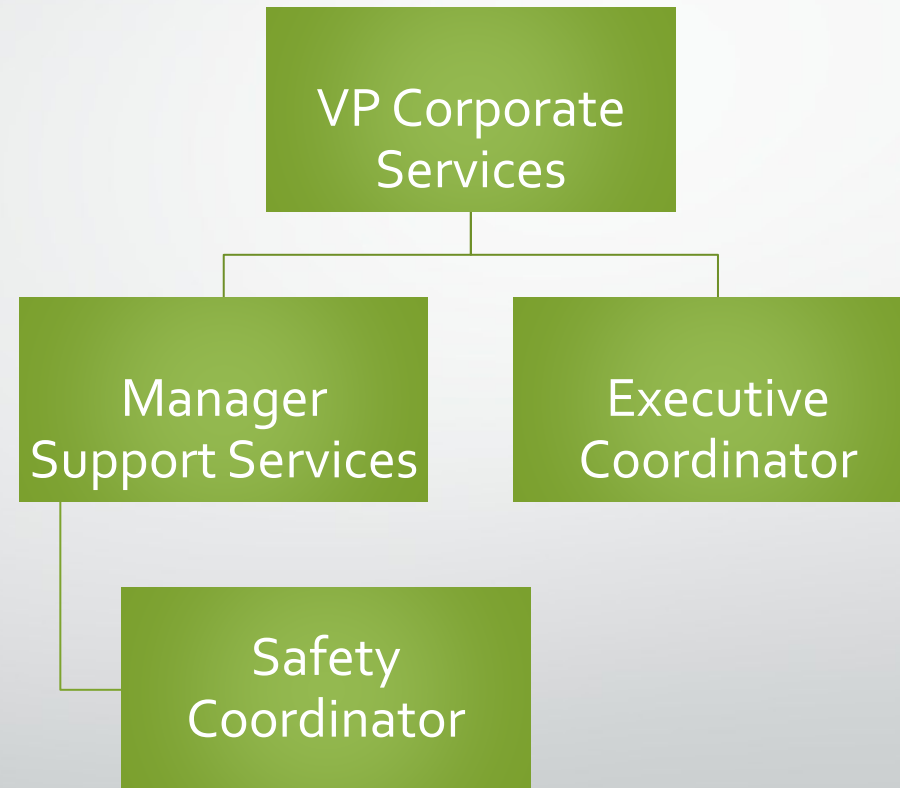
Response 2. Please see attached organizational chart.

Making life better, the cooperative way®

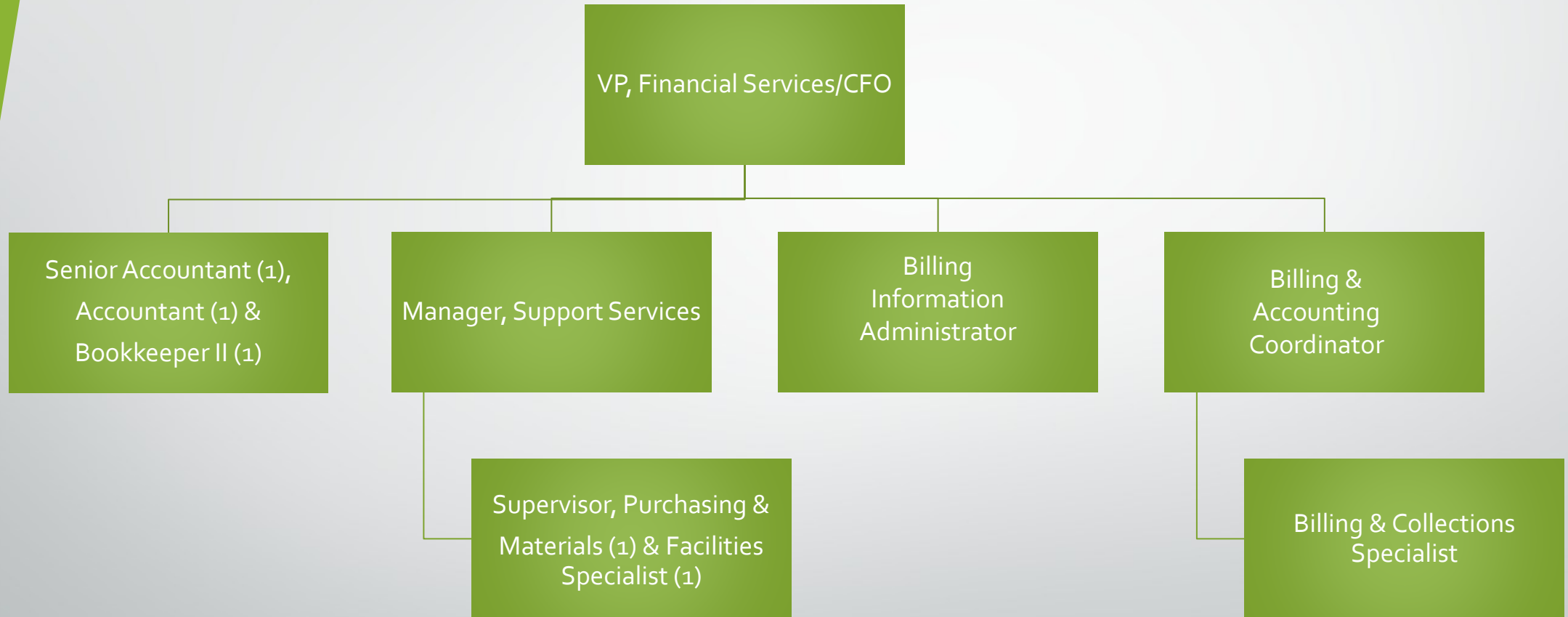
MANAGEMENT STAFF



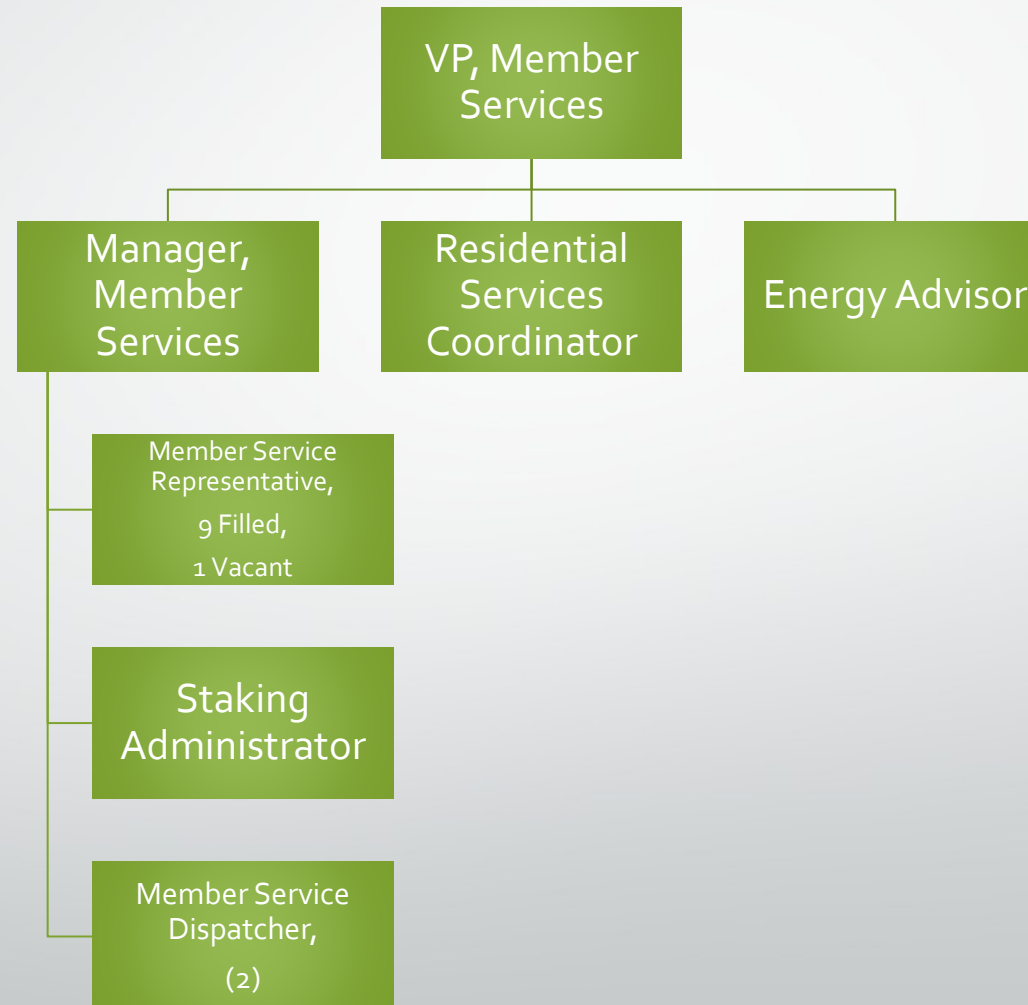
CORPORATE SERVICES



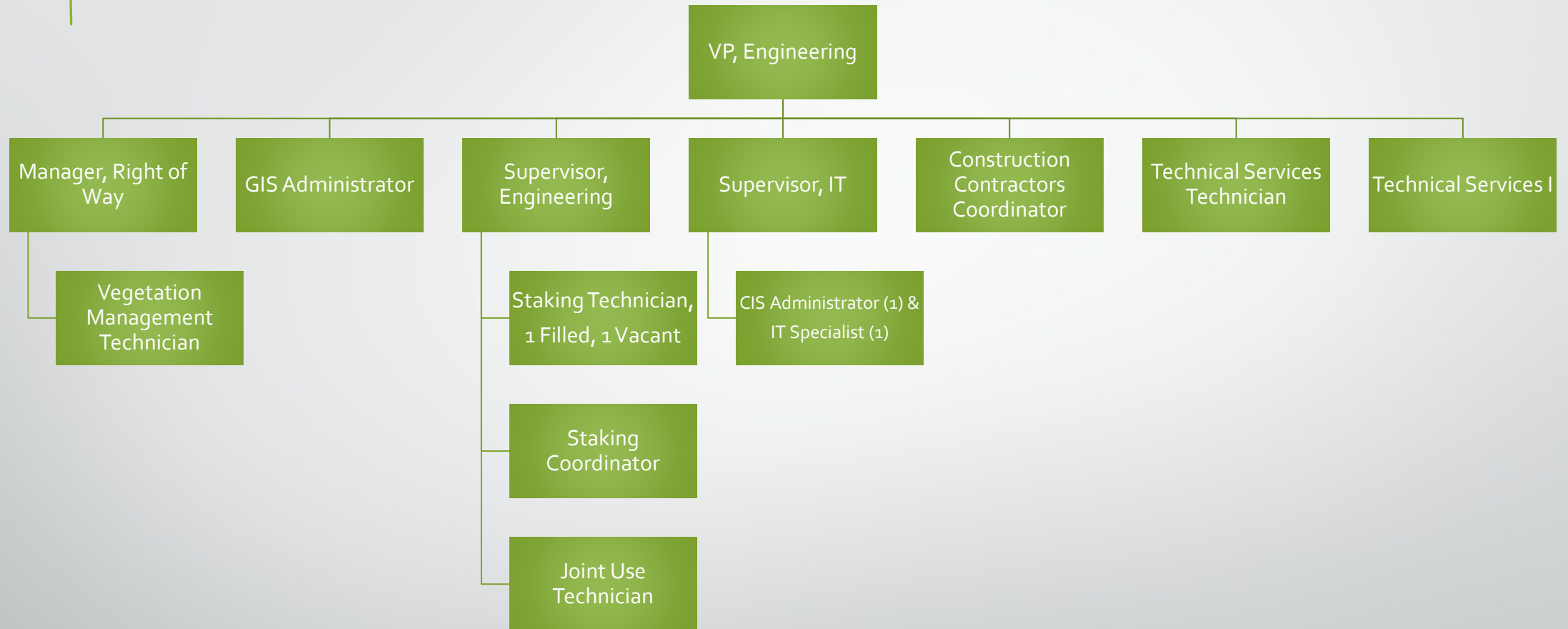
FINANCIAL SERVICES



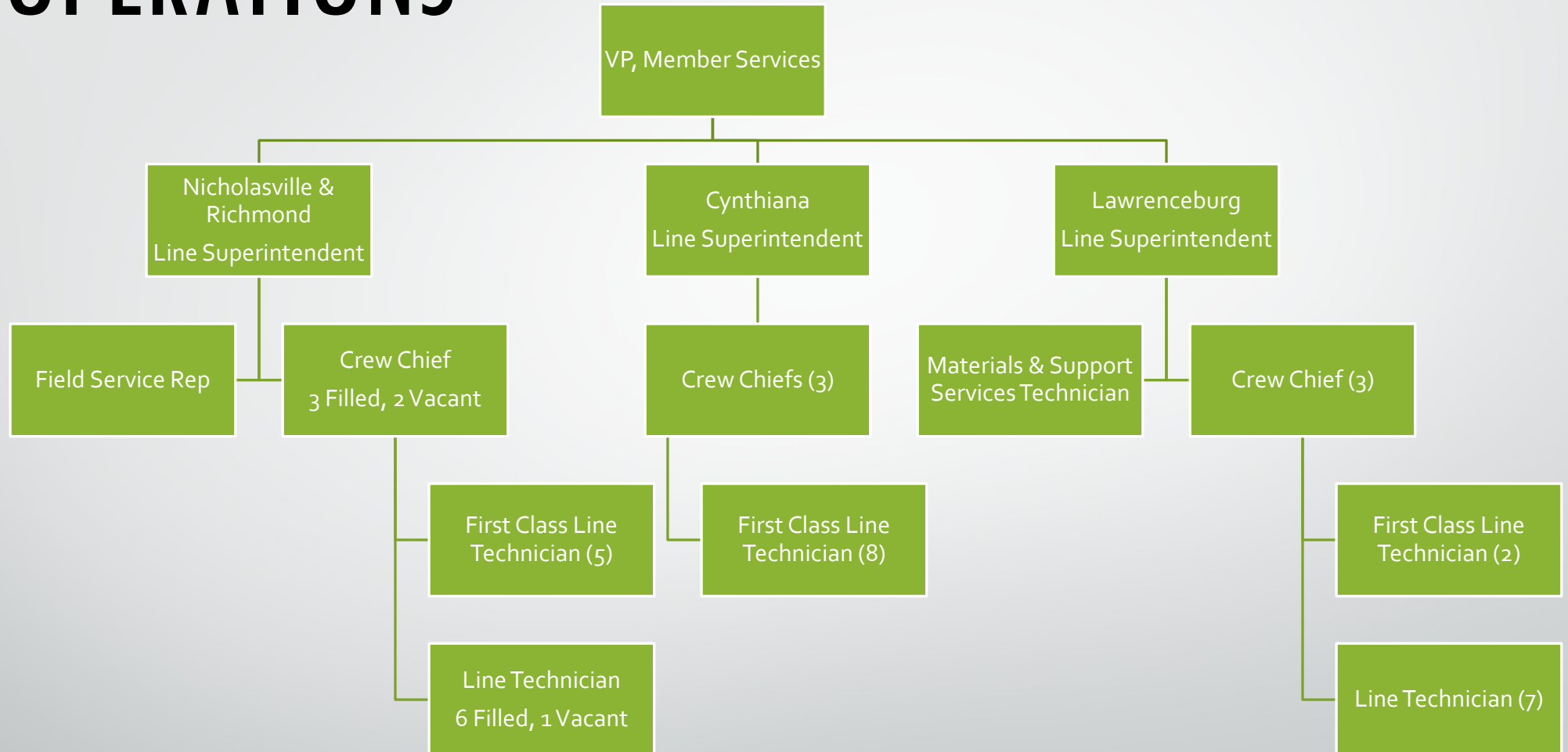
MEMBER SERVICES



ENGINEERING



OPERATIONS



**BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION**

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 3

RESPONSIBLE PARTY: Lauren Logan

Request 3. Refer to the Application, page 1, in which Blue Grass states that it provides electric power to approximately 64,000 members in the Kentucky counties of Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington, and Woodford.

- A. Provide a detailed account of all economic issues that the Company's customers in the above-referenced counties are combating at the present time.
- B. Provide Blue Grass actual number of customers for the years 2015-2025.
- C. Explain in detail whether Blue Grass projects a future gain or loss in its customer count and provide copies of all projections concerning the same.
- D. Provide Blue Grass's total annual energy sales for the years 2015-2025.
- E. Explain whether Blue Grass expects annual energy sales to increase or decrease and provide copies of all projections concerning the same.
- F. Provide a map of the Company's electric service territory.
- G. Provide a list of all rural electric cooperatives and investor-owned electric utilities whose service territory is contiguous with Blue Grass's service territory.

H. Explain whether Blue Grass has ever worked, or plans on working, with any other rural electric cooperative or investor-owned electric utility on any joint ventures to provide electricity to Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington, and Woodford.

I. Based upon the most recent United States Census information, the poverty rates for Blue Grass electric service area are as follows:

Anderson County – 9.0%,
Bourbon County – 14.2%,
Bracken County – 14.3%,
Estill County – 22.7%,
Fayette County – 15.7%¹,
Franklin County – 11.8%,
Garrard County – 17.6%,
Grant County – 13.0%,
Harrison County – 13.9%,
Henry County – 14.6%²,
Jackson County – 23.9%,
Jessamine County – 10.3%,
Madison County – 13.8%,
Mercer County – 13.4%,
Nelson County – 12.9%³,
Nicholas County – 17.2%,
Pendleton County – 13.2%,
Robertson County – 19.6%,
Scott County – 10.0%,

¹<https://www.census.gov/quickfacts/fact/table/fayettecountykentucky,estillcountykentucky,brackencountykentucky,bourboncountykentucky,andersoncountykentucky,US/IPE120223>

²<https://www.census.gov/quickfacts/fact/table/henrycountykentucky,harrisoncountykentucky,grantcountykentucky,garrardcountykentucky,franklincountykentucky,US/IPE120223>

³<https://www.census.gov/quickfacts/fact/table/nelsoncountykentucky,mercercountykentucky,madisoncountykentucky,jessaminecountykentucky,jacksoncountykentucky,US/IPE120223>

Shelby County – 11.6%⁴,
Spencer County – 7.0%,
Washington County – 13.1%,
Woodford County – 10.6%⁵,

Confirm that Blue Grass is aware of the above percentages of its electric customers who live at or below the poverty line or on fixed incomes.

- J. Based upon the poverty rates that exist in the Blue Grass electric service area, explain in detail all low-income assistance programs and payment plan options that Blue Grass provides to its customers experiencing difficulty paying their electric bills.
- K. Explain whether Blue Grass has any plans in place in the event that LIPHEAP funds are cut in 2026 or in the immediate future.

Response 3.

- a. Blue Grass Energy's members face economic challenges in the form of inflationary pressures and a general increase in the cost of living. The price of food, household goods, services, and nearly every aspect of life has increased since Blue Grass Energy's last full rate case, not to mention a global pandemic has occurred since its last full rate case. Members in certain areas of Blue Grass Energy's service territory face additional issues in that there are fewer job opportunities in close proximity to their residence.

⁴<https://www.census.gov/quickfacts/fact/table/shelbycountykentucky,scottcountykentucky,robertsoncountykentucky,pendletoncountykentucky,nicholascountykentucky,US/IPE120223>

⁵<https://www.census.gov/quickfacts/fact/table/woodfordcountykentucky,washingtoncountykentucky,spencercountykentucky,US/IPE120223>

b. Blue Grass Energy's actual number of customers for the years 2015-2025 are reflected in the chart below

Year	# of Members
2015	56,584
2016	57,319
2017	57,913
2018	58,443
2019	58,968
2020	59,889
2021	60,961
2022	61,945
2023	62,768
2024	63,856
April 2025	64,587

c. Blue Grass Energy expects a small increase in its residential customer count in line with historical trends. Blue Grass Energy's long term load forecast study has been filed subject to confidential treatment as an attachment to this request.

d. Blue Grass Energy's total annual energy sales for the years 2015-2025 are reflected in the table below.

Year	Energy Sales
2015	121,650,020
2016	123,382,911
2017	118,843,147
2018	130,697,713
2019	123,486,318
2020	115,900,376
2021	128,424,310
2022	155,354,613
2023	145,698,623
2024	154,067,757
April 2025	62,275,611

e. Blue Grass Energy expects a small increase in its energy sales in line with historical trends. Please see Blue Grass Energy's long term load forecast study.

f. Please see attached service territory map found on the Commission's website at https://psc.ky.gov/agencies/psc/images/electric_service_areas_wall_map.pdf.

g. Blue Grass Energy is contiguous with Kentucky Utilities, Clark Energy Cooperative, Fleming Mason Energy Cooperative, Jackson Energy Cooperative, Inter-County Energy Cooperative, Salt River Electric, Shelby Energy Cooperative, and Owen Electric Cooperative.

h. Blue Grass Energy consolidated with Fox Creek RECC in 1998 and Harrison RECC in 2002. Blue Grass Energy has no other plans to work on other joint ventures with other utilities at this time but is always open to communications with other utilities to discuss mutual beneficial endeavors or achieving economies of scale.

i. Blue Grass Energy is aware of the poverty rates within its service territory.

j. Blue Grass Energy follows the Commission's rules and regulations regarding payment plans or arrangements. Blue Grass Energy informs and directs members in need of low-income energy assistance to the appropriate local community agency or to any other known organization that might provide assistance. Blue Grass Energy also has a CARES program tariff to benefit customers, which is approved and on file with the Commission.

k. Blue Grass Energy must comply with the payment plans in its tariff. Blue Grass Energy will refer members to any other assistance programs in the areas.

Electric Distribution Service Areas

PSC Regulated Rural Electric Utilities

- Big Sandy R.E.C.C.
- Blue Grass Energy Cooperative Corp.
- Clark Energy Cooperative, Inc.
- Cumberland Valley Electric, Inc.
- Farmers R.E.C.C.
- Fleming-Mason Energy Cooperative
- Grayson R.E.C.C.
- Inter-County Energy Cooperative
- Jackson Energy Cooperative
- Jackson Purchase Energy Corporation
- Kenergy Corp
- Licking Valley R.E.C.C.
- Meade County R.E.C.C.
- Nolin R.E.C.C.
- Owen Electric Cooperative, Inc.
- Salt River Electric Cooperative
- Shelby Energy Cooperative, Inc.
- South Kentucky
- Taylor County R.E.C.C.

PSC Regulated Investor Owned Utilities

- Duke Energy Kentucky, Inc.
- Kentucky Power Company
- Kentucky Utilities Company
- Louisville Gas and Electric Company

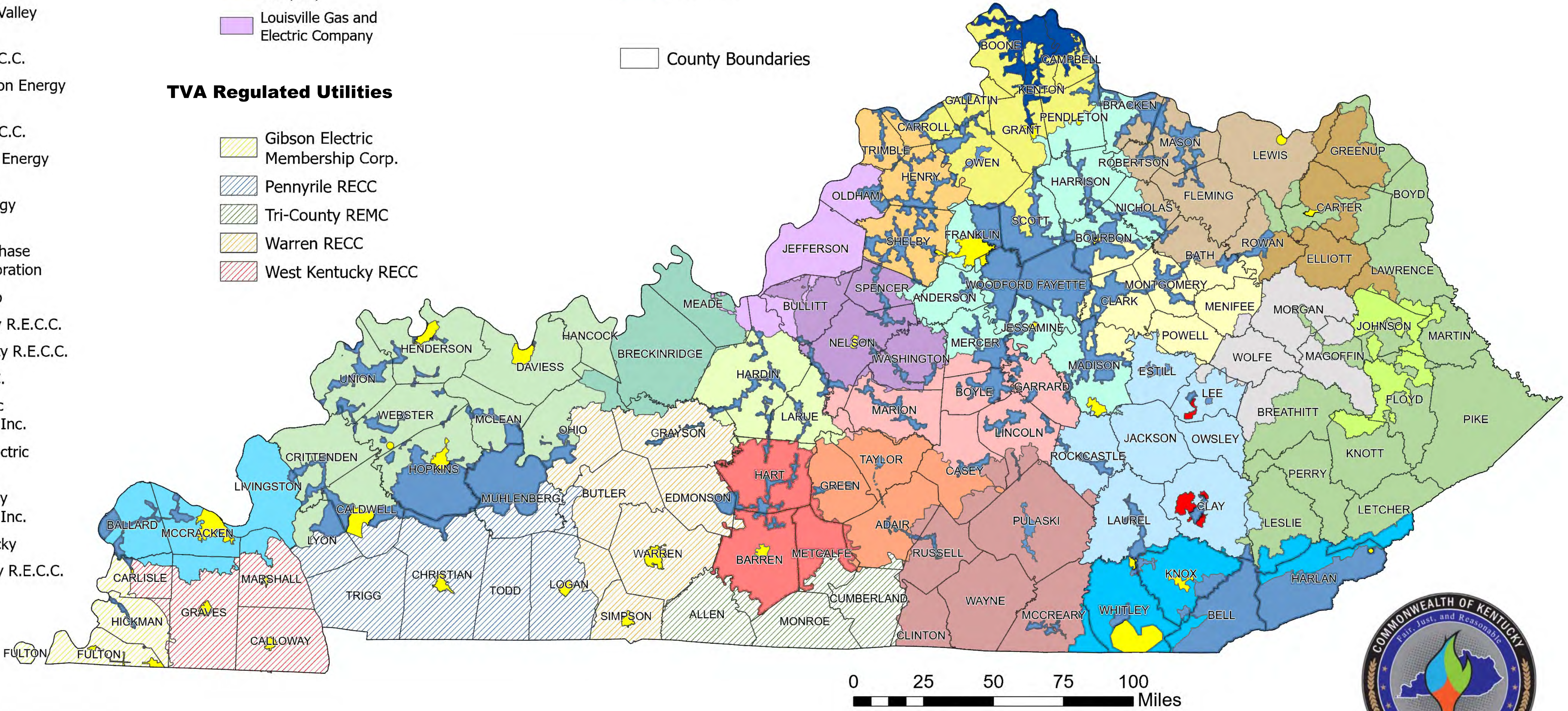
TVA Regulated Utilities

- Gibson Electric Membership Corp.
- Pennyrile RECC
- Tri-County REMC
- Warren RECC
- West Kentucky RECC

Multi-Service Area

- Jackson Energy Cooperative
- Municipal
- County Boundaries

The electric service areas are compiled from certified territory maps on file with the Public Service Commission. These are legal documents which define the retail service area of electric suppliers regulated by the Commission (Kentucky Statute 278.017). The legal certified territory boundaries are drafted on 1:24,000 USGS topographic maps, and can be assumed to have an accuracy of 100 feet. This map, which was compiled from the data, is for informational purposes only, and has no legal standing.



Kentucky has 30 municipal systems serving over 500,000 customers. Ten of these are provided wholesale power by the Tennessee Valley Authority (TVA) and are regulated by them. The others are self-regulated by the municipality.

The boundaries for the municipal systems were either derived from the Public Service Commission's certified territory maps, or from boundaries submitted for informational purposes to the PSC from the municipals. If the municipal service area boundaries were unknown, a circle was placed around the urbanized area.



Kentucky Public Service Commission
March 20, 2024

ATTACHMENT IS BEING FILED UNDER
SEAL PURSUANT TO A MOTION FOR
CONFIDENTIAL TREATMENT

**BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION**

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 4

RESPONSIBLE PARTY: Lauren Logan & John Wolfram

Request 4. Refer to the Application, pages 1-2. Blue Grass asserts that its existing rates went into effect on May 31, 2015, and since then, the costs of operation have increased, despite attempts to minimize cost escalation.

- a. Please provide a list of all pro forma adjustments, the monetary value of each adjustment, and a description of why each adjustment is being requested.
- b. Explain in detail and provide examples of how management has attempted to minimize cost escalation.
- c. Explain why Blue Grass is requesting the opportunity to achieve an Operating Times Interest Earned Ratio ("OTIER") of 1.85.
- d. Identify the Times Interest Earned Ratio ("TIER") which corresponds to the requested OTIER.
- e. Provide the TIER and OTIER that are required by all loan contract terms.
- f. Provide rate adjustments reflecting the lowest TIER and OTIER required by loan contracts.
- g. If Blue Grass requests an OTIER higher than the loan contract requirements, explain why it is making such request.

- h. Provide Blue Grass's annual TIER and OTIER beginning on May 29, 2015, through the present day.

Response 4.

- a. Please see Wolfram Direct, pages 8-13 including Table 2.
- b. Please refer to Exhibit 31, Williams testimony page 5-6. In 2016, Blue Grass Energy refinanced several RUS loans with lower fixed-rate loans through CFC—a transaction reviewed and approved by the Commission in Case 2016-00291. This refinancing resulted in significant interest expense savings. Additionally, since the previous rate case, Blue Grass Energy has strategically used its Cushion of Credit to retire higher-interest loans, further reducing overall interest costs. Since the last rate case, Blue Grass Energy has taken several additional steps to manage expenses. The company reduced its full-time workforce from 104 to 92 employees. It also modified its annual meeting format, generating recurring annual savings. Furthermore, Blue Grass Energy transitioned from an R&S defined benefit retirement plan to a 401(k)-plan resulting in ongoing annual savings. Also, it moved from the NRECA health insurance plan to a self-insured model. As part of this change, the employee contribution toward health insurance increased by 2%. Previously, Blue Grass Energy covered 100% of dental and vision insurance premiums for employees, with employees covering the full cost of any dependent coverage. Under the current policy, employees now contribute approximately 10% toward their own dental and vision insurance, while still paying the full cost for dependent coverage.

- c. 807 KAR 5:078, Section 2(3)-(6) authorizes the cooperative to increase revenues by an amount that would achieve an Operating Times Interest Earned Ratio ("OTIER") of, but not exceeding, 1.85.
- d. As reported on "RevReq" tab of "BGE-Rev-Req-202-FILED" filed with the original application, the TIER when OTIER is 1.85 is 2.12.
- e. Blue Grass Energy has both RUS debt via FFB and CFC debt. The debt covenants for RUS debt require a TIER of 1.25 and an OTIER of 1.10 for the highest two-of-three-year average. The debt covenant for CFC requires a 1.35 MDSC for the highest two-of-three-year average.
- f. All else being equal for the filed case, a TIER of 1.25 would require a revenue decrease of \$14,274. An OTIER of 1.10 would require a revenue increase of \$428,008. Either of these scenarios would be financially devastating for the cooperative.
- g. The loan covenants establish minimum requirements for the financial metrics of TIER and OTIER. Blue Grass Energy considers it prudent to establish rates that permit the achievement of financial metrics above these minimums, and the Commission has supported this view in every distribution cooperative rate case of which the cooperative is aware. Some reasons for implementing rates that provide OTIER and TIER results higher than the minimums required by debt covenants include (a) ensuring the revenue requirement is met even when the cooperative experiences decreased energy sales, (b) addressing contingencies like higher wholesale power costs or cost increases (e.g. storm

restoration costs), and other unpredictable revenue and/or expense variations relative to the test year.

h.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TIER	2.96	3.74	3.18	4.63	3.57	3.46	3.03	3.48	2.51	1.55	1.64
TIER											
W/O											
EKPC	1.55	2.33	2.42	3.31	2.14	2.43	2.65	2.13	1.81	1.31	1.41
OTIER	1.33	2.04	2.06	3.03	1.83	2.16	2.46	2.04	1.51	1.00	1.14

**BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION**

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 5

RESPONSIBLE PARTY: John Wolfram

Request 5. Refer to Application, page 3. Blue Grass states that it has determined that an adjustment of retail rates is necessary for virtually all areas of operations.

- a. Explain the criteria Blue Grass uses to determine if the rates provide sufficient revenue.
- b. Explain the criteria Blue Grass uses to determine if it has the requisite financial strength.

Response 5.

- a. The appropriate criteria actually relate to the determination of whether the rates provide sufficient margins. The primary criteria used in this case is OTIER, consistent with the applicable regulation. Here the unadjusted test period OTIER is 1.00 compared to the target 1.85. For the adjusted test year the OTIER drops to 0.98. See Exhibit JW-2, page 2, line 35.
- b. Please see the response to part (a).

BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 6

RESPONSIBLE PARTY: **Lauren Logan**

Request 6. Refer to the Application generally. Provide the following information for Blue Grass executive staff employees.

- a. Provide the position title and salary for each executive staff employee for the years 2015-2025.
- b. Provide the average raise that the executive staff employees received for the years 2015-2025. Ensure to explain whether the annual raise is directly connected to a performance review.
- c. Provide the average bonus that each executive staff employee received for the years 2015-2025.
- d. Provide all awards given to the executive staff employees for the years 2015-2025.
- e. Provide all vehicle allowances given to the executive staff employees for the years 2015-2025.
- f. Provide all incentive compensation given to the executive staff employees in 2026.
- g. Provide the average raise, if any, which will be given to executive staff employees in 2026.
- h. Provide a detailed explanation of the insurance benefits provided to the Company's executive staff employees, including but not limited to health, dental, vision, life insurance,

etc. Ensure to include all premiums paid by the Company's executive staff employees, premiums paid by the Company or parent company on the executive staff employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

- i. Provide a detailed explanation of the retirement benefits provided to the Company's executive staff employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc. Identify all employees who are eligible for both the defined benefit plan and 401(k) contributions from the Company.
- j. Explain whether any of the executive staff employees are members of a union.

Response 6.

- a. Please see Excel Sheet labeled Response 6,7, and 8. A confidential version is also being filed under seal pursuant to a motion for confidential treatment.
- b. All raises given to Blue Grass Energy employees are connected directly to a performance review. The Board of Directors completes a performance review for the President & CEO, Blue Grass Energy's only executive staff employee, and bases any raise given on the results of that review. The chart below includes the following average of raises given to executive staff:

Year	Executive Average Raise
2015	6.95%
2016	6.05%
2017	4.22%
2018	6.90%
2019	6.19%
2020	6.48%
2021	3.81%
2022	3.93%
2023	5.15%
2024	7.02%
2025	4%

- c. Please see Excel Sheet labeled Response 6,7 and 8 attached separately for this information.
- d. Blue Grass Energy does not give monetary awards to any employees, including executive staff employees. According to policy, Blue Grass Energy recognizes employees for their service to the Cooperative at 5-year increments. At this time, employees are given a catalogue with various gifts to select from in recognition of their service. Each catalogue is specific to the years of service the employees are being recognized for, with higher value selections available for more years of service. The process of developing the catalogue options is handled by a third-party vendor. The amount spent on these service awards for the test year was \$9,098.24 in total. Blue Grass Energy does not separate these out by employee class and it would be unduly burdensome to go back more than the test year to provide this information.

- e. Please see Excel Sheet labeled Response 6,7 and 8.
- f. Please see Excel Sheet labeled Response 6,7 and 8.
- g. Blue Grass Energy gives raises after performance reviews have been completed and in accordance with its wage and salary study which is also completed annually. As neither of these items have been completed yet for the current year, Blue Grass Energy is not yet able to calculate an average raise to be given in 2026.
- h. Blue Grass Energy provides the same level of insurance benefits to all employees regardless of classification as executive staff employees, salaried employees or non-salaried employees. Please see a detailed explanation of insurance benefits offered to employees on Page 8-9 of the attachment to Exhibit 32 of the original application. Blue Grass Energy provides health insurance to all employees. Employees electing employee only coverage are required to pay 17% of the cost of the insurance while the remainder is covered by the company. All other types of health insurance (Employee/Spouse, Employee/Child and Employee/Family) require a 22% employee contribution with the remainder covered by the company. Blue Grass Energy requires approximately 10% monthly contribution towards the cost of employee-only dental and vision insurance with the remainder being paid by the company. Employees do have the option to add dependents to their dental or vision insurance coverage but are required to pay the full cost of any dependent coverage. Blue Grass Energy provides group term life insurance to active employees at a rate of three times an employee's annual salary. The entire cost of group term life insurance is covered by the Cooperative. In compliance with Commission standards, Blue Grass Energy made a proforma adjustment to reduce this amount to the

lessor of \$50,000 or the employee's annual salary at Exhibit JW-2, Reference Schedule 1.10. Blue Grass Energy does not provide AD&D insurance to its employees but offers a group rate employees can elect to purchase from NRECA and pay for themselves through payroll deductions. Blue Grass Energy does provide Long Term Disability insurance to employees as part of a comprehensive benefits package. Please see attachment for details of medical insurance plan.

- i. Blue Grass Energy provides the same level of retirement benefits to all employees regardless of classification as executive staff employees, salaried employees or non-salaried employees. Please see a detailed explanation of retirement benefits offered to employees on Page 9 of the attachment to Exhibit 32 of the original application. Employees who were hired by Blue Grass Energy before February 1, 2021, participate in the NRECA Retirement and Insurance Program (R&S) at the Cooperative's expense. Additionally, Blue Grass Energy matches up to 2% of the employee's regular salary in a 401(k) plan for these employees. For employees hired after February 1, 2021, Blue Grass Energy switched to a different retirement plan to save costs. These employees are eligible to participate in a 401(k) savings plan after working for the Cooperative for one year. Blue Grass Energy contributes 8% of the employee's salary and matches 2% to the 401(k) plan for those not eligible for the R&S plan. If an employee was eligible for both the 401(k) plan match and the R&S plan during the test year, the less expensive plan was removed as a proforma adjustment, as shown in Exhibit JW-2, Reference Schedule 1.15 consistent with 807 KAR 5:078(6)(1).
- j. The Blue Grass Energy executive staff employee is not a member of a union.




The Summary of Benefits and Coverage (SBC) document will help you choose a health plan. The SBC shows you how you and the plan would share the cost for covered health care services. **NOTE: Information about the cost of this plan (called the premium) will be provided separately.**

This is only a summary. For more information about your coverage, or to get a copy of the complete terms of coverage, call 1-844-209-0071. For general definitions of common terms, such as allowed amount, balance billing, coinsurance, copayment, deductible, provider, or other underlined terms see the Glossary. You can view the Glossary at www.engage.ameriben.com or call 1-844-209-0071 to request a copy.

Important Questions	Answers			Why This Matters:
What is the overall <u>deductible</u> ?		Network	Non-Network	Generally, you must pay all of the costs from <u>providers</u> up to the <u>deductible</u> amount before this <u>plan</u> begins to pay. If you have other family members on the <u>plan</u> , each family member must meet their own individual <u>deductible</u> until the total amount of <u>deductible</u> expenses paid by all family members meets the overall family <u>deductible</u> .
	Per participant:	\$700	\$1,400	
	Per family:	\$2,100	\$4,200	
Are there services covered before you meet your <u>deductible</u> ?	Yes. <u>Preventive care</u> services when performed in <u>network</u> and benefits where a <u>co-payment</u> applies.			This <u>plan</u> covers some items and services even if you haven't yet met the <u>deductible</u> amount. But a <u>copayment</u> or <u>coinsurance</u> may apply. For example, this <u>plan</u> covers certain <u>preventive services</u> without <u>cost sharing</u> and before you meet your <u>deductible</u> . See a list of covered <u>preventive services</u> at https://www.healthcare.gov/coverage/preventive-care-benefits/ .
Are there other <u>deductibles</u> for specific services?	No.			You don't have to meet <u>deductibles</u> for specific services.
What is the <u>out-of-pocket limit</u> for this <u>plan</u> ?	Co-Insurance Out-of-Pocket Maximum			The <u>out-of-pocket limit</u> is the most you could pay in a year for covered services. If you have other family members in this <u>plan</u> , they have to meet their own <u>out-of-pocket limits</u> until the overall family <u>out-of-pocket limit</u> has been met.
		Network	Non-Network	
	Per participant:	\$1,900	\$4,500	
	Per family:	\$3,800	\$9,000	
	Overall Out-of-Pocket Maximum			
		Network	Non-Network	
	Per participant:	\$7,150	Unlimited	
	Per family:	\$14,300	Unlimited	
What is not included in the <u>out-of-pocket limit</u> ?	<u>Premiums</u> , <u>balance-billed</u> charges, health care this <u>Plan</u> doesn't cover, charges in excess of benefit maximums, charges in excess of maximum			Even though you pay these expenses, they don't count toward the <u>out-of-pocket limit</u> .

	allowed amounts, pre-certification penalties, and non-medically necessary services.	
Will you pay less if you use a <u>network provider</u>?	<p>Yes, for medical: Anthem. See www.anthem.com or call 1-833-835-2714 for a list of <u>network providers</u>.</p> <p>Yes, for prescription drugs: Navitus and Pillar Rx. For a list of retail and mail pharmacies, log on to www.navitus.com or call 1-866-378-4755.</p> <p>Yes, for specialty drugs: Lumicera. To contact, call 1-855-847-3553.</p>	This <u>plan</u> uses a <u>provider network</u> . You will pay less if you use a <u>provider</u> in the <u>plan's network</u> . You will pay the most if you use an <u>out-of-network provider</u> , and you might receive a bill from a <u>provider</u> for the difference between the <u>provider's</u> charge and what your <u>plan</u> pays (<u>balance billing</u>). Be aware, your <u>network provider</u> might use an <u>out-of-network provider</u> for some services (such as lab work). Check with your <u>provider</u> before you get services.
Do you need a <u>referral</u> to see a <u>specialist</u>?	No.	You can see the <u>specialist</u> you choose without a <u>referral</u> .

 All **copayment** and **coinsurance** costs shown in this chart are after your **deductible** has been met, if a **deductible** applies.

Common Medical Event	Services You May Need	What You Will Pay		Limitations, Exceptions, & Other Important Information
		Network Provider (You will pay the least)	Non-Network Provider (You will pay the most)	
If you visit a health care <u>provider's</u> office or clinic	Primary care visit to treat an injury or illness	\$30 co-payment, deductible waived	30% co-insurance after deductible	<u>Co-payment</u> applies to the office visit only. All other services performed will apply to their applicable benefit level.
	<u>Specialist</u> visit	\$35 co-payment, deductible waived	30% co-insurance after deductible	
	<u>Preventive care/screening/immunization</u>	No Charge	Up to \$500 per Year: No charge Charges in Excess of \$500: 30% co-insurance, deductible waived	You may have to pay for services that aren't preventive. Ask your <u>provider</u> if the services you need are preventive. Then check what your <u>plan</u> will pay for.
If you have a test	<u>Diagnostic test</u> (x-ray, blood work)	Diagnostic Inpatient/Outpatient Professional Services: 10% co-insurance after deductible Lab and X-Ray Inpatient Professional Services:	30% co-insurance after deductible	_____none_____

* For more information about limitations and exceptions, see the plan or policy document at www.MyAmeriBen.com

Common Medical Event	Services You May Need	What You Will Pay		Limitations, Exceptions, & Other Important Information
		Network Provider (You will pay the least)	Non-Network Provider (You will pay the most)	
		10% co-insurance after deductible Lab and X-Ray Outpatient Professional Services: No charge Office Visit/Independent Lab: No charge		
	Imaging (CT/PET scans, MRIs)	10% co-insurance after deductible	30% co-insurance after deductible	Includes computed tomographic (CT) studies, coronary CT angiography, MRI/MRA, nuclear cardiology, nuclear medicine, SPECT scans, and PET scans (excluding services rendered in an emergency room setting). Pre-certification is required.

* For more information about limitations and exceptions, see the plan or policy document at www.MyAmeriBen.com

Common Medical Event	Services You May Need	What You Will Pay		Limitations, Exceptions, & Other Important Information
		Network Provider (You will pay the least)	Non-Network Provider (You will pay the most)	
<p>If you need drugs to treat your illness or condition More information about <u>prescription drug coverage</u> is available at www.navitus.com</p>	Generic drugs	Retail (34-Day Supply): \$15 co-payment, deductible waived Mail Order (90-Day Supply): \$30 co-payment, deductible waived OTC Non-Sedating Anti-Histamines: 20% co-insurance OTC Proton Pump Inhibitors and Preventive Rx: No charge	Not Covered	<p>Retail/Mail Order Prescriptions: Up to ninety (90) day supply.</p> <p>Specialty Prescriptions: Up to thirty-four (34) day supply.</p> <p>Not all <u>prescription drugs</u> are covered. To determine if a specific drug is covered under your <u>plan</u>, log into your account at www.navitus.com.</p>
	Preferred brand drugs	Retail (34-Day Supply): \$30 co-payment, deductible waived Mail Order (90-Day Supply): \$60 co-payment, deductible waived	Not Covered	
	Non-preferred brand drugs	Retail (34-Day Supply): \$60 co-payment, deductible waived Mail Order (90-Day Supply): \$120 co-payment, deductible waived	Not Covered	
	<u>Specialty drugs</u>	Retail (34-Day Supply): 20% co-insurance up to	Not Covered	Pre-certification may be required.

* For more information about limitations and exceptions, see the plan or policy document at www.MyAmeriBen.com

Common Medical Event	Services You May Need	What You Will Pay		Limitations, Exceptions, & Other Important Information
		Network Provider (You will pay the least)	Non-Network Provider (You will pay the most)	
		a \$100 maximum Retail/Mail Order (90-Day Supply): Not Covered		
If you have outpatient surgery	Facility fee (e.g., ambulatory surgery center)	10% co-insurance after deductible	30% co-insurance after deductible	Pre-certification is required.
	Physician/surgeon fees	10% co-insurance after deductible	30% co-insurance after deductible	
If you need immediate medical attention	<u>Emergency room care</u>	True Medical Emergency: \$200 co-payment deductible waived for facility, no charge for physician Non-Emergency Care: \$200 co-payment, deductible waived		<u>Co-payment</u> is waived if admitted.
	<u>Emergency medical transportation</u>	10% co-insurance after network deductible		Pre-certification is required for non-emergent air ambulance and chartered flights.
	<u>Urgent care</u>	\$30 co-payment, deductible waived	30% co-insurance after deductible	_____none_____
If you have a hospital stay	Facility fee (e.g., hospital room)	10% co-insurance after deductible	30% co-insurance after deductible	Pre-certification is required.
	Physician/surgeon fees	10% co-insurance after deductible	30% co-insurance after deductible	
If you need mental health, behavioral health, or substance abuse services	Outpatient services	Office Visit: \$30 co-payment, deductible waived All Other Outpatient Services: 10% co-insurance after deductible	30% co-insurance after deductible	Intensive psychiatric day treatment and partial hospitalization are included in this benefit.
	Inpatient services	10% co-insurance after deductible	30% co-insurance after deductible	Residential treatment facility services are included in this benefit. Pre-certification is required for inpatient stays.
If you are pregnant	Office visits	\$30 co-payment, deductible waived	30% co-insurance after deductible	Dependent daughter pregnancy is not covered.

* For more information about limitations and exceptions, see the plan or policy document at www.MyAmeriBen.com

Common Medical Event	Services You May Need	What You Will Pay		Limitations, Exceptions, & Other Important Information
		Network Provider (You will pay the least)	Non-Network Provider (You will pay the most)	
	Childbirth/delivery professional services	10% co-insurance after deductible	30% co-insurance after deductible	Cost-sharing does not apply for <u>preventive services</u> . Depending on the type of services, a co-payment, co-insurance, or deductible may apply. Maternity care may include tests and services described elsewhere in the SBC (i.e. ultrasound).
	Childbirth/delivery facility services	10% co-insurance after deductible	30% co-insurance after deductible	
If you need help recovering or have other special needs	<u>Home health care</u>	10% co-insurance after deductible	30% co-insurance after deductible	Pre-certification is required.
	<u>Rehabilitation services</u>	10% co-insurance after deductible	30% co-insurance after deductible	Pre-certification is required for physical therapy and occupational therapy in excess of eighteen (18) visits per calendar year per therapy type.
	<u>Habilitation services</u>	10% co-insurance after deductible	30% co-insurance after deductible	
	<u>Skilled nursing care</u>	10% co-insurance after deductible	30% co-insurance after deductible	Benefit Maximum: Sixty (60) days per sickness or injury per plan participant, combined with rehabilitation facilities. Pre-certification is required.
	<u>Durable medical equipment</u>	10% co-insurance after deductible	30% co-insurance after deductible	Pre-certification is required for <u>DME</u> purchases and rentals in excess of \$3,000.
	<u>Hospice services</u>	10% co-insurance after deductible	30% co-insurance after deductible	_____none_____
If your child needs dental or eye care	Children's eye exam	Not covered	Not covered	_____none_____
	Children's glasses	Not covered	Not covered	_____none_____
	Children's dental check-up	Not covered	Not covered	_____none_____

Excluded Services & Other Covered Services:

Services Your Plan Generally Does NOT Cover (Check your policy or plan document for more information and a list of any other excluded services.)

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Acupuncture • Cosmetic Surgery • Dental Care (Adult) | <ul style="list-style-type: none"> • Infertility Treatment • Long-Term Care • Non-Emergency Care When Traveling Outside the U.S. | <ul style="list-style-type: none"> • Routine Eye Care (Adult) • Weight-Loss Programs |
|--|---|--|

Other Covered Services (Limitations may apply to these services. This isn't a complete list. Please see your plan document.)

- | | | |
|---------------------|--|---|
| • Bariatric Surgery | • Hearing Aids – limited to \$5,000 every five (5) | • Routine Foot Care – for treatment of metabolic or |
|---------------------|--|---|

* For more information about limitations and exceptions, see the plan or policy document at www.MyAmeriBen.com

- Chiropractic Care – limited to \$1,000 per calendar year

years

peripheral-vascular disease^{AG's Request 6}

- Private Duty Nursing – not covered when plan participant is in a hospital or other qualified treatment facility

Your Rights to Continue Coverage: There are agencies that can help if you want to continue your coverage after it ends. The contact information for those agencies is: Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or www.dol.gov/ebsa/healthreform. You may also contact the Insured at 1-800-594-6957. Other coverage options may be available to you too, including buying individual insurance coverage through the Health Insurance Marketplace. For more information about the Marketplace, visit www.HealthCare.gov or call 1-800-318-2596.

Your Grievance and Appeals Rights: There are agencies that can help if you have a complaint against your plan for a denial of a claim. This complaint is called a grievance or appeal. For more information about your rights, look at the explanation of benefits you will receive for that medical claim. Your plan documents also provide complete information to submit a claim, appeal, or a grievance for any reason to your plan. For more information about your rights, this notice, or assistance, contact: Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or www.dol.gov/ebsa/healthreform. You may also contact the third party administrator (TPA) to assist the plan administrator with claims adjudication. The TPA's name, address, and telephone number are:

AmeriBen
Attention: Appeals Coordination
P.O. Box 7186
Boise, ID 83707
1-844-209-0071

Does this plan provide Minimum Essential Coverage? Yes

Minimum Essential Coverage generally includes plans, health insurance available through the Marketplace or other individual market policies, Medicare, Medicaid, CHIP, TRICARE, and certain other coverage. If you are eligible for certain types of Minimum Essential Coverage, you may not be eligible for the premium tax credit.

Does this plan meet the Minimum Value Standards? Yes

If your plan doesn't meet the Minimum Value Standards, you may be eligible for a premium tax credit to help you pay for a plan through the Marketplace.

Language Access Services:

Spanish (Español): Para obtener asistencia en Español, llame al 1-844-209-0071.
Tagalog (Tagalog): Kung kailangan ninyo ang tulong sa Tagalog tumawag sa 1-844-209-0071.
Chinese (中文): 如果需要中文的帮助, 请拨打这个号码 1-844-209-0071.
Navajo (Dine): Dinek'ehgo shika at'ohwol ninisingo, kwijigo holne' 1-844-209-0071.

To see examples of how this plan might cover costs for a sample medical situation, see the next section.

PRA Disclosure Statement: According to the Paperwork Reduction Act of 1995, no persons are 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 **0938-1146**. The time required to complete this information collection is

* For more information about limitations and exceptions, see the plan or policy document at www.MyAmeriBen.com

estimated to average **0.08** hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

About these Coverage Examples:



This is not a cost estimator. Treatments shown are just examples of how this plan might cover medical care. Your actual costs will be different depending on the actual care you receive, the prices your providers charge, and many other factors. Focus on the cost sharing amounts (deductibles, copayments and coinsurance) and excluded services under the plan. Use this information to compare the portion of costs you might pay under different health plans. Please note these coverage examples are based on self-only coverage.

Peg is Having a Baby

(9 months of in-network pre-natal care and a hospital delivery)

■ The plan's overall <u>deductible</u>	\$700
■ <u>Specialist co-payment</u>	\$35
■ Hospital (facility) <u>cost sharing</u>	10%
■ Other <u>cost sharing</u>	10%

This EXAMPLE event includes services like:

Specialist office visits (*prenatal care*)
 Childbirth/Delivery Professional Services
 Childbirth/Delivery Facility Services
 Diagnostic tests (*ultrasounds and blood work*)
 Specialist visit (*anesthesia*)

Total Example Cost	\$12,700
---------------------------	-----------------

In this example, Peg would pay:

<i>Cost Sharing</i>	
Deductibles	\$700
Copayments	\$35
Coinsurance	\$1,100
<i>What isn't covered</i>	
Limits or exclusions	\$0
The total Peg would pay is	\$1,835

Managing Joe's type 2 Diabetes

(a year of routine in-network care of a well-controlled condition)

■ The plan's overall <u>deductible</u>	\$700
■ <u>Specialist co-payment</u>	\$35
■ Hospital (facility) <u>cost sharing</u>	10%
■ Other <u>cost sharing</u>	10%

This EXAMPLE event includes services like:

Primary care physician office visits (*including disease education*)
 Diagnostic tests (*blood work*)
 Prescription drugs
 Durable medical equipment (*glucose meter*)

Total Example Cost	\$5,600
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In this example, Joe would pay:

<i>Cost Sharing</i>	
Deductibles	\$0
Copayments	\$800
Coinsurance	\$0
<i>What isn't covered</i>	
Limits or exclusions	\$0
The total Joe would pay is	\$800

Mia's Simple Fracture

(in-network emergency room visit and follow up care)

■ The plan's overall <u>deductible</u>	\$700
■ <u>Specialist co-payment</u>	\$35
■ Hospital (facility) <u>cost sharing</u>	10%
■ Other <u>cost sharing</u>	10%

This EXAMPLE event includes services like:

Emergency room care (*including medical supplies*)
 Diagnostic test (*x-ray*)
 Durable medical equipment (*crutches*)
 Rehabilitation services (*physical therapy*)

Total Example Cost	\$2,800
---------------------------	----------------

In this example, Mia would pay:

<i>Cost Sharing</i>	
Deductibles	\$700
Copayments	\$200
Coinsurance	\$100
<i>What isn't covered</i>	
Limits or exclusions	\$0
The total Mia would pay is	\$1,000

The plan would be responsible for the other costs of these EXAMPLE covered services.

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**BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION**

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 7

RESPONSIBLE PARTY: **Lauren Logan**

Request 7. Refer to the Application generally. Provide the following information for Blue Grass salaried employees.

- a. Provide the position, title and salary for each salaried employee for the years 2015-2025.
- b. Provide the average raise that the salaried employees received for the years 2015-2025.
Ensure to explain whether the annual raise is directly connected to a performance review.
- c. Provide the average bonus that each salaried employee received for the years 2015-2025.
Ensure to explain all bases used to calculate all bonuses.
- d. Provide all awards given to the salaried employees for the years 2015-2025.
- e. Provide all vehicle allowances given to the salaried employees for the years 2015-2025.
- f. Provide all incentive compensation given to the salaried employees for the years 2015-2025.
- g. Provide the average raise, if any, which will be given to salaried employees for 2026.
- h. Provide a detailed explanation of the insurance benefits provided to the Company's salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's salaried employees, premiums paid by the

Company or parent company on the salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

- i. Provide a detailed explanation of the retirement benefits provided to the Company's salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
- j. Explain whether any of the salaried employees are members of a union.

Response 7.

- a. Please see Excel Sheet labeled Response 6,7, and 8. A copy is also being filed under seal pursuant to a motion for confidential treatment.
- b. All raises given to Blue Grass Energy employees are connected directly to a performance review. Please see Response to Request 11, Item B of Staff's First Request for Information for more details about Blue Grass Energy's performance review process. Annual raises are given March 1st of each year after consideration of an employee's performance review. The chart below includes the following average of those raises:

Year	Salary Average Raise
2015	2.54%
2016	2.71%
2017	2.84%
2018	2.7%
2019	3.11%
2020	3.32%
2021	3.38%
2022	3.31%
2023	5.27%
2024	5.36%
2025	5.39%

- c. Blue Grass Energy will occasionally award a bonus to a salaried or non-salaried employee in lieu of an hourly rate increase according to Blue Grass Energy's wage and salary administration policy. When salaried employees work significant additional hours on storm restoration, management may elect to provide additional compensation to that employee using extra hours worked as a basis for bonus calculations. Christmas bonuses are paid based on approved board policy and based on years of service to the Cooperative. The current policy states that employees receive \$25 if they have less than 6 months of service and \$50 plus \$5 per year of service to the Cooperative for those employed longer than 6 months.

- d. Blue Grass Energy does not give monetary awards to any employees, including salaried employees. According to policy, Blue Grass Energy recognizes employees for their service to the Cooperative at 5-year increments. At this time, employees are given a catalogue with various gifts to select from in recognition of their service. Each catalogue is specific to the years of service the employees are being recognized for, with higher value selections available for more years of service. The process of developing the catalogue options is handled by a third-party vendor. The amount spent on these service awards for the test year was \$9,098.24 in total. Blue Grass Energy does not separate these out by employee class and it would be unduly burdensome to go back more than the test year to provide this information.
- e. Blue Grass Energy does not provide vehicle allowances to salaried employees.
- f. Please see Excel Sheet labeled Response 6,7, and 8.
- g. Blue Grass Energy gives raises after performance reviews have been completed and in accordance with Blue Grass Energy's wage and salary study which is also completed annually. As neither of these items have been completed yet for the current year, Blue Grass Energy is not yet able to calculate an average raise to be given in 2026.
- h. Blue Grass Energy provides the same level of insurance benefits to all employees regardless of classification as executive staff employees, salaried employees or non-salaried employees. Please see a detailed explanation of insurance benefits offered to employees on Page 8-9 of the attachment to Exhibit 32 of the original application. Blue Grass Energy provides health insurance to all employees. Employees electing employee only coverage are required to pay 17% of the cost of the insurance while the remainder is covered by the company. All other types of health insurance (Employee/Spouse,

Employee/Child and Employee/Family) require a 22% employee contribution with the remainder covered by the company. Blue Grass Energy requires approximately 10% monthly contribution towards the cost of employee-only dental and vision insurance with the remainder being paid by the company. Employees do have the option to add dependents to their dental or vision insurance coverage but are required to pay the full cost of any dependent coverage. Blue Grass Energy provides group term life insurance to active employees at a rate of three times an employee's annual salary. The entire cost of group term life insurance is covered by the Cooperative. In compliance with Commission standards, Blue Grass Energy made a proforma adjustment to reduce this amount to the lesser of \$50,000 or the employee's annual salary at Exhibit JW-2, Reference Schedule 1.10. Blue Grass Energy does not provide AD&D insurance to its employees but offers a group rate employees can elect to purchase from NRECA and pay for themselves through payroll deductions. Blue Grass Energy does provide Long Term Disability insurance to employees as part of a comprehensive benefits package. Please see attachment provided in response to Request 6(h) for details of medical insurance plan.

- i. Blue Grass Energy provides the same level of retirement benefits to all employees regardless of classification as executive staff employees, salaried employees, or non-salaried employees. Please see a detailed explanation of retirement benefits offered to employees on Page 9 of the attachment to Exhibit 32 of the original application. Employees who were hired by Blue Grass Energy before February 1, 2021, participate in the NRECA Retirement and Insurance Program (R&S) at the Cooperative's expense. Additionally, Blue Grass Energy matches up to 2% of the employee's regular salary in a 401(k) plan for these

employees. For employees hired after February 1, 2021, Blue Grass Energy switched to a different retirement plan to save costs. These employees are eligible to participate in a 401(k) savings plan after working for the Cooperative for one year. Blue Grass Energy contributes 8% of the employee's salary and matches 2% to the 401(k) plan for those not eligible for the R&S plan. If an employee was eligible for both the 401(k) plan match and the R&S plan during the test year, the less expensive plan was removed as a proforma adjustment, as shown in Exhibit JW-2, Reference Schedule 1.15 consistent with 807 KAR 5:078(6)(1).

- j. No salaried employees of Blue Grass Energy are members of a union.

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**BLUE GRASS ENERGY COOPERATIVE CORP
PSC CASE NO. 2025-00103
RESPONSE TO REQUEST FOR INFORMATION**

AG'S REQUEST FOR INFORMATION DATED 05/29/25

REQUEST 8

RESPONSIBLE PARTY: Lauren Logan

Request 8. Refer to the Application generally. Provide the following information for Blue Grass non-salaried employees.

- a. Provide the position title and wages for each non-salaried employee for the years 2015-2025.
- b. Provide the average raise provided to the non-salaried employees for the years 2015-2025. Ensure to explain whether the annual raise is directly connected to a performance review.
- c. Provide the average bonus provided to the non-salaried employees for the years 2015-2025.
- d. Provide all awards given to the non-salaried employees for the years 2015-2025.
- e. Provide all vehicle allowances given to the non-salaried employees for the years 2015-2025.
- f. Provide all incentive compensation given to the non-salaried employees for the years 2015-2015.
- g. Provide the average raise, if any, which will be given to non-salaried employees for 2026.
- h. Provide a detailed explanation of the insurance benefits provided to the Company's non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's non-salaried employees, premiums

paid by the company on the non-salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

- i. Provide a detailed explanation of the retirement benefits provided to the Company's non-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
- j. Explain whether any of the non-salaried employees are members of a union.

Response 8.

- a. Please see Excel Sheet labeled Response 6,7, and 8.
- b. Please see Excel Sheet labeled Response 6,7, and 8. All raises given to Blue Grass Energy employees are connected directly to a performance review. Please see Response to Request 11, Item B of Staff's First Request for Information for more details about Blue Grass Energy's performance review process. The chart below includes the following average of those raises:

Year	Non-Salary Average Raise
2015	3.09%
2016	3.14%
2017	3.26%
2018	3.20%
2019	2.87%
2020	4.42%
2021	3.35%
2022	2.63%
2023	4.15%
2024	5.28%
2025	3.38%

c. Please see Excel Sheet labeled Response 6,7, and 8.

d. Blue Grass Energy does not give monetary awards to any employees, including non-salaried employees. According to policy, Blue Grass Energy recognizes employees for their service to the Cooperative at 5-year increments. At this time, employees are given a catalogue with various gifts to select from in recognition of their service. Each catalogue is specific to the years of service the employees are being recognized for, with higher value selections available for more years of service. The process of developing the catalogue options is handled by a third-party vendor. The amount spent on these service awards for the test year was \$9,098.24 in total. Blue Grass Energy does not separate

these out by employee class and it would be unduly burdensome to go back more than the test year to provide this information.

- e. Blue Grass Energy does not provide vehicle allowances to non-salaried employees.
- f. Please see Excel Sheet labeled Response 6,7, and 8.
- g. Blue Grass Energy gives raises after performance reviews have been completed and in accordance with Blue Grass Energy's wage and salary study which is also completed annually. As neither of these items have been completed yet for the current year, Blue Grass Energy is not yet able to calculate an average raise to be given in 2026.
- h. Blue Grass Energy provides the same level of insurance benefits to all employees regardless of classification as executive staff employees, salaried employees or non-salaried employees. Please see a detailed explanation of insurance benefits offered to employees on Page 8-9 of the attachment to Exhibit 32 of the original application. Blue Grass Energy provides health insurance to all employees. Employees electing employee only coverage are required to pay 17% of the cost of the insurance while the remainder is covered by the company. All other types of health insurance (Employee/Spouse, Employee/Child and Employee/Family) require a 22% employee contribution with the remainder covered by the company. Blue Grass Energy requires approximately 10% monthly contribution towards the cost of employee-only dental and vision insurance with the remainder being paid by the company. Employees do have the option to add dependents to their dental or vision insurance coverage but are required to pay the full cost of any dependent coverage. Blue Grass Energy provides group term life insurance to active

employees at a rate of three times an employee's annual salary. The entire cost of group term life insurance is covered by the Cooperative. In compliance with Commission standards, Blue Grass Energy made a proforma adjustment to reduce this amount to the lesser of \$50,000 or the employee's annual salary at Exhibit JW-2, Reference Schedule 1.10. Blue Grass Energy does not provide AD&D insurance to its employees but offers a group rate employees can elect to purchase from NRECA and pay for themselves through payroll deductions. Blue Grass Energy does provide Long Term Disability insurance to employees as part of a comprehensive benefits package. Please see attachment provided in response to Request 6(h) for details of medical insurance plan.

- i. Blue Grass Energy provides the same level of retirement benefits to all employees regardless of classification as executive staff employees, salaried employees, or non-salaried employees. Please see a detailed explanation of retirement benefits offered to employees on Page 9 of the attachment to Exhibit 32 of the original application. Employees who were hired by Blue Grass Energy before February 1, 2021, participate in the NRECA Retirement and Insurance Program (R&S) at the Cooperative's expense. Additionally, Blue Grass Energy matches up to 2% of the employee's regular salary in a 401(k) plan for these employees. For employees hired after February 1, 2021, Blue Grass Energy switched to a different retirement plan to save costs. These employees are eligible to participate in a 401(k) savings plan after working for the Cooperative for one year. Blue Grass Energy contributes 8% of the employee's salary and matches 2% to the 401(k) plan for those not eligible for the R&S plan. If an employee was eligible for both the 401(k) plan match and the R&S plan during the test year, the less expensive plan was removed as a proforma

adjustment, as shown in Exhibit JW-2, Reference Schedule 1.15 consistent with 807 KAR 5:078(6)(1).

- j. Blue Grass Energy Crew Chiefs, First Class Line Technicians, Line Technicians, and Materials & Facilities Specialist became part of a union in Spring of 2025. As this is a recent change for Blue Grass Energy, there is not yet a union contract.

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EXCEL SPREADHSEET
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UPLOADED
SEPERATELY A COPY
IS ALSO BEING FILED
UNDER SEAL
PURSUANT TO A
MOTION FOR
CONFIDENTIAL
TREATMENT**

**BLUE GRASS ENERGY COOPERATIVE CORP
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REQUEST 9

RESPONSIBLE PARTY: Lauren Logan

Request 9. Refer to the Application generally. Provide a copy of all formal studies conducted that compare Blue Grass wage and benefit information to the local wage and benefit information for the geographic area in which Blue Grass operates. If no such study exists, explain why not.

Response 9. See attached provided to the Commission subject to confidential treatment.

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REQUEST 10

RESPONSIBLE PARTY: Lauren Logan

Request 10. Refer to the Application generally. Explain the current process of awarding wage/ salary increases to salaried versus non-salaried and union versus non-union employees.

Response 10. Blue Grass Energy does not distinguish between salaried versus non-salaried employees when awarding wage and salary increases as all are based on the performance review process described in the Response to Staff Request 11, Part B. Historically, Blue Grass Energy did not have a union so there was no difference in the way wage and salary increases were awarded. Blue Grass Energy Crew Chiefs, First Class Line Technicians, Line Technicians, and Materials & Facilities Specialist became part of a union in Spring of 2025. When a union contract is negotiated, all wage/ salary increases to union employees will be awarded per the specifications of the union contract.

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REQUEST 11

RESPONSIBLE PARTY: Lauren Logan

Request 11. Refer to the Application generally.

- a. Provide a detailed explanation of all salary and benefits provided to the members of the Board of Directors during the years 2015-2025. Ensure to provide the salary amounts, and specific details regarding all benefit packages, including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, reimbursement of travel expenses, and the like.
- b. Provide the total amount of the Board of Directors' fees for the test year.
- c. Provide a breakdown of the total amount of the Board of Directors' fees for the test year.
- d. Discuss if there will be any changes to the Board of Directors' salaries and/or benefit packages in 2026.
- e. When setting the Board of Directors' fees and benefits did the Company review other Kentucky rural electric cooperative Board of Directors' fees and benefits? If so, explain in detail the findings. If not, explain in detail why not.
- f. Provide a detailed explanation of all salary and benefits provided to the Company's attorney during the years 2021-2025. Ensure to provide the salary amounts, and specific details regarding al benefit packages, including but not limited to health, dental, vision,

accidental death and disability, life insurance, bonuses, awards, vehicle allowances, reimbursement for travel expenses, and the like.

Response 11.

- a. Blue Grass Energy currently provides director's compensation for the work that they do for the Cooperative's members in the form of a monthly stipend and a per diem for attending Cooperative business. The monthly stipend amount is \$1,000 per month, with an additional \$350 for the Board Chairman and an additional \$200 for the Board Secretary to reflect the additional duties of those offices. The per diem for attending Cooperative business is \$300. Between 2015-2025, there were only two changes made to these amounts. In October 2015, the per diem amount was raised from \$250 to \$300. The second change in September of 2018 was the addition of the \$200 stipend to be paid to the Board Secretary to reflect the additional duties and responsibilities of this office. Blue Grass Energy provides 24-hour accidental death insurance to its directors at an annual cost of less than \$10 per director. Blue Grass Energy does not contribute to any other benefit programs on behalf of its Board of Directors. When attending Cooperative business, director expenses are covered by Blue Grass Energy. Fees for hotels, conference registration and airfare and other expenses will be directly paid by the cooperative or reimbursed based on actual expenditures. Meals purchased when traveling on Cooperative business in-state will be reimbursed based on actual expenditures while meals purchased out of state are paid at the GSA per diem rate for the location of the meeting.

- b. Please refer to Exhibit 12 of the Application for a total amount of Board of Director fees paid during the test year. The total amount of monthly stipend paid during the test year was \$102,600.
- c. Please refer to Exhibit 12 of the Application for a breakdown of Board of Directors fees paid during the test year.
- d. Blue Grass Energy does not anticipate changes to Board of Directors compensation during 2026. However, the Board reviews policies annually and has the authority to make any changes it deems necessary in the best interest of the Cooperative.
- e. Blue Grass Energy's Board of Directors is committed to doing what is best for the Cooperative in terms of both keeping rates affordable for members while ensuring that directors are compensated fairly to ensure the best quality governance possible for the Cooperative, recognizing that strong governance is essential to fulfilling Blue Grass Energy's mission. As you can see from the response to Part A of this request, there has been no major change in the structure of director compensation for an extended period. Blue Grass Energy periodically reviews publicly available 990 forms. Blue Grass Energy does not have any detailed findings of a formal study regarding other Kentucky Electric Cooperatives that may have existed when this compensation structure was established. If the Board of Directors decided to change fees and benefits, ensuring they are in line with other Kentucky Electric Cooperatives would be a priority.

- f. Blue Grass Energy's attorney is compensated through a monthly retainer and an agreed-upon hourly rate when necessary. When traveling on Cooperative business, Blue Grass Energy's attorney can turn in actual expenses to receive reimbursement.

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REQUEST 12

RESPONSIBLE PARTY: **Lauren Logan**

Request 12. Refer to Williams Testimony, page 6. Please provide costs incurred in relation to storm damage. Additionally, provide the amount refunded that is expected to be refunded by FEMA.

Response 12. Blue Grass Energy had the following expense from storm damage in the years 2020-2024.

2020	2021	2022	2023	2024
778,831	940,674	1,233,197	1,535,357	1,463,303

In accordance with accrual accounting, the expense for storm damage is recorded net of any FEMA reimbursement expected. At the end of the test year, Blue Grass Energy had a receivable from FEMA in the amount of approximately \$347,000. These funds have already been removed from storm expenses numbers above.

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REQUEST 13

RESPONSIBLE PARTY: Lauren Logan

Request 13. Refer to Logan testimony, page 7. Had Blue Grass incurred any additional debt not referenced in this testimony as of the filing of the application? If so, please provide the amount owed and the names of the creditors.

Response 13. As referenced in Exhibit 15, Line 22 and Exhibit JW-2, Reference Schedule 1.11, Line 32, Blue Grass Energy borrowed an additional \$10 million from FFB in January 2025.

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REQUEST 14

RESPONSIBLE PARTY: **Lauren Logan**

Request 14. Refer to Logan testimony, pages 7-8. Regarding comments made about the Blue Grass workforce, has there been any changes to the amount of vacant positions available? If so, please provide a list of all open positions and the wages or salaries offered.

- a. Are there plans to create additional positions in the coming year?

Response 14. Blue Grass Energy currently has 87 full-time employees with 5 vacant positions. The vacant positions are a staking technician, two crew chiefs, a line technician, and a member service representative. Specific wages and salaries have not been determined for these positions as they would be based on the experience that candidates bring to the position and in accordance with Blue Grass Energy's wage and salary plan.

- a. There are no current plans to create additional positions in the coming year.

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REQUEST 15

RESPONSIBLE PARTY: John Wolfram

Request 15. Reference the Wolfram testimony at page 19. Please clarify which rate classes are subsidized and to what extent under the proposed rate increase.

Response 15. See Exhibit JW-3, page 1, under the header "After Proposed Rate Revisions." The Unitized Rate of Return on Rate Base is an indicator of which rate classes are subsidized (any with a value less than 1.00) and to what extent (the more less than 1.00 the value, the more the subsidization).

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REQUEST 16

RESPONSIBLE PARTY: John Wolfram

Request 16. Blue Grass states that it is requesting an increase in the monthly residential customer charge from \$17.10 to \$23.60.

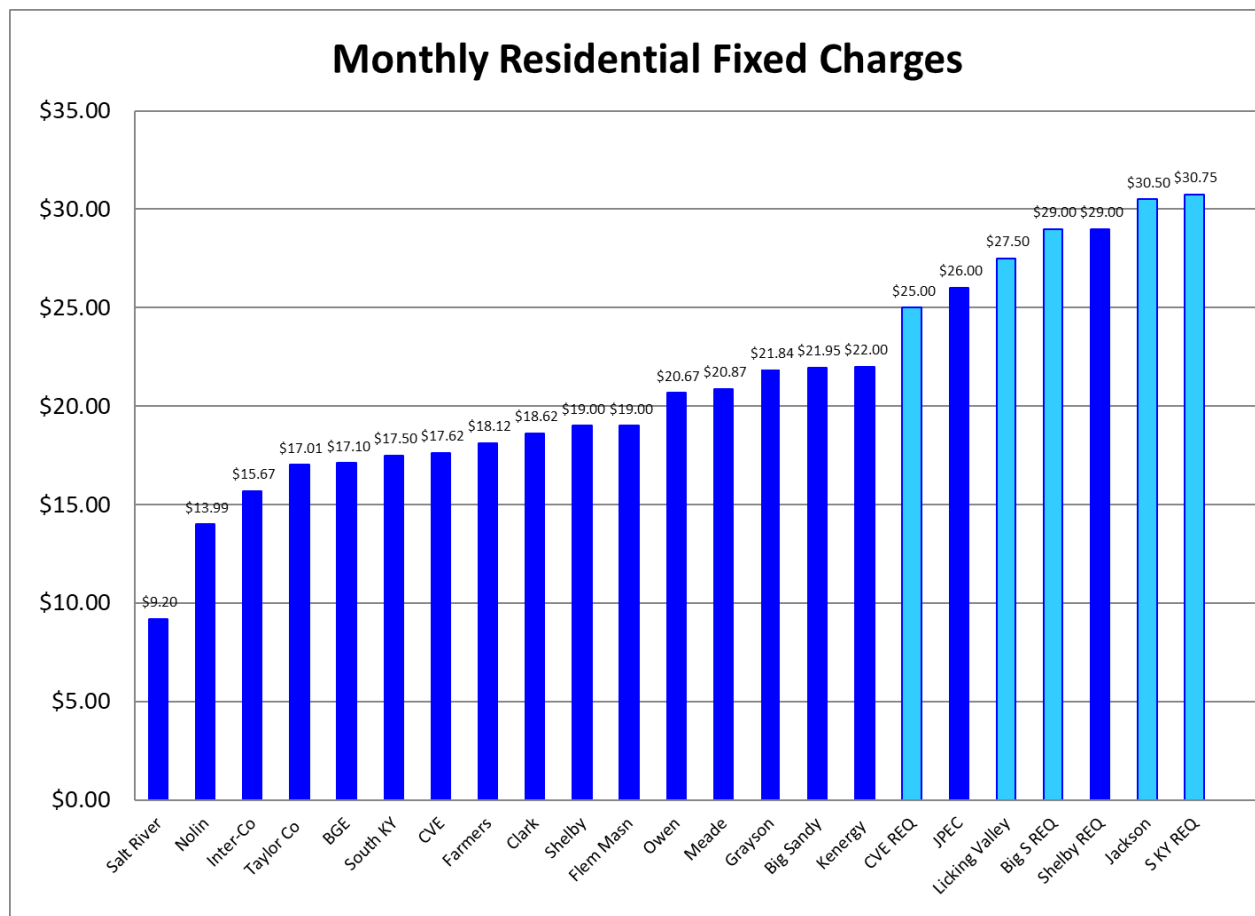
- a. Explain how seeking to increase the monthly residential customer charge from \$17.62 to \$25.00, which is an increase of approximately 38.01%, is in line with the principle of gradualism.
- b. Explain whether Blue Grass contemplated proposing a lower increase to the monthly residential customer charge so as not to create rate shock for the customers.
- c. Explain whether Blue Grass contemplated implementing the proposed higher customer charge in two or multiple phases instead of a 38.01% increase at one time, as was implemented in the previous rate case.
- d. Explain whether the increase in the customer charge is beneficial to residential ratepayers, and if so, how.
- e. Explain whether Blue Grass contemplated the prospect of more members being unable to timely pay their monthly bills in the event that the proposed increase is approved.
- f. Explain how much of the cost of service for each rate class in the instant application is comprised of fixed costs.

- g. Provide a list of all electric utilities in Kentucky, with the corresponding monthly residential customer charge, residential volumetric charge, average residential customer bill, and rank the utilities from lowest to highest average bill. Compare to Blue Grass's current and proposed residential customer charge, residential volumetric charge, residential average bill, and rank based upon its proposed revenue requirement.

Response 16.

- a. Blue Grass Energy notes that the increase to the total residential billings rather than one component of those billings is more relevant for assessing gradualism. The overall increase to residential billings is only approximately 2 percent after 10 years. Blue Grass Energy considers this to be gradual.
- b. Blue Grass Energy did not consider this because the overall increase is moderate at 2 percent after 10 years.
- c. Blue Grass Energy did not consider a phased increase, because addressing financial metrics and cash flow challenges is a high priority and doing so sooner than later is in the best interest of the members. Furthermore, the more meaningful percentage metric is the overall increase, which is a mere 2 percent.
- d. Blue Grass Energy considers the proposed monthly residential customer charge to be beneficial to residential ratepayers because the charges are more aligned with the actual cost of service. This results in a more appropriate price signal to residential consumers which better promotes economic, efficient usage and reduces subsidies between members.

- e. Blue Grass Energy is mindful of members' ability to pay, and will continue to offer options to those most in need. But that does not nullify the revenue deficiency or the appropriateness of moving rates closer to actual cost-based rates.
- f. See attached.
- g. Blue Grass Energy did not compile all the requested information during the development of this case. The relevant information that is available, which only includes the monthly residential customer charge for electric distribution cooperatives in Kentucky at this time, from publicly available data on the Commission's website, follows. (Those labeled "REQ" are requested in open cases at this time.)



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REQUEST 17

RESPONSIBLE PARTY: John Wolfram

Request 17. Refer to the Application generally. Provide the current average residential customer's monthly usage, total monthly bill, and the projected average bill if the Commission grants Blue Grass's rate increase request.

Response 17. See Exhibit JW-9, page 2, line 12.

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REQUEST 18

RESPONSIBLE PARTY: John Wolfram

Request 18. Please advise as to why Blue Grass only proposes raising the rates of the Resident and Farm customers, not any of the other classes.

Response 18. Blue Grass Energy proposes to adjust the rates of four rate classes: GS-1, GS-2, GS-3, and Lighting. See Wolfram Direct, page 22.

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REQUEST 19

RESPONSIBLE PARTY: Michael I. Williams

Request 19. Explain whether any members of the Blue Grass Board of Directors, or the Company's chief executives serve on the boards of directors of any other organizations. If so, identify all such organizations, including their name and address, the nature of each such organization, and the length of time they served as a member of that board.

Response 19. Please see attached Excel document for response.

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REQUEST 20

RESPONSIBLE PARTY: Lauren Logan

Request 20. Explain whether Blue Grass is seeking any funds/ grants from federal, state, or local sources which have been or will be made available. If so, identify the local sources which have been or will be made available. If so, identify the source and amount of those funds/grants, and the current status of the applications for all such funds/grants. If the Company has foregone any relevant opportunities for funds/grants for which it is eligible, explain why.

Response 20. Blue Grass Energy's management remains up to date on all grants from federal, state, and local sources so Blue Grass Energy can take advantage of them whenever possible. Currently, Blue Grass Energy is eligible for FEMA funding when natural disasters effecting Blue Grass Energy's infrastructure rise to severity levels high enough to be declared an emergency by the President at a national level. Blue Grass Energy stays engaged with the Kentucky Emergency Management Agency to ensure it applies for all FEMA funding that it is eligible for.

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REQUEST 21

RESPONSIBLE PARTY: Lauren Logan

Request 21. Please provide a detailed list of all organizations to which Blue Grass pays membership dues, and the annual amount of these dues. Please also identify if Blue Grass has already, or plans to, renew its membership in these organizations. Please advise if these dues are included in the revenue requirement in the pending rate case, and if so, precisely where.

Response 21. Blue Grass Energy paid membership dues to NRECA of \$66,428.85 and Kentucky Electric Cooperatives of \$153,456.34 for the test year. Blue Grass Energy already renewed its membership in both of these organizations and plans to continue to do so. As seen in Schedule 1.08 of BGE-Rev-Req-2024-Filed filed with the original application, these dues have been removed from the revenue requirement.

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REQUEST 22

RESPONSIBLE PARTY: John Wolfram

Request 22. Confirm that all charitable contributions and lobbying expenses have been removed from the application.

Response 22. Confirmed.

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REQUEST 23

RESPONSIBLE PARTY: Lauren Logan

Request 23. Please advise if there have been substantial changes to the membership in the rate class data since 2024. Has there been any notable changes to the customer classes?

Response 23. There have been no notable changes in customer classes since the end of the 2024 test year.