

**CANCELLED**  
**JUN 01 2018**  
 KENTUCKY PUBLIC  
 SERVICE COMMISSION

For Area Served  
 P.S.C. No. 2  
 Seventh Revised Sheet No. 1  
 Canceling P.S.C. No. 2  
 Sixth Revised Sheet No. 1

BLUE GRASS ENERGY COOPERATIVE CORP.

**Cogeneration and Small Power Production**  
**Power Purchase Rate Schedule Over**  
**100 kW from Dispatchable Generation Sources**

**Availability**

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC. Qualified cogeneration or small power production facilities must be able to be dispatched by EKPC. Non-dispatchable qualified cogeneration or small power production facilities are covered under a separate tariff. Pursuant to Federal Energy Regulatory Commission ("FERC") regulations 18 C.F.R. §§ 292.303(a), 292.309, and 292.310, EKPC is no longer obligated to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20MW.

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**Rates**

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054.

1. Capacity - \$13.71 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC.
2. Energy - A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years. These rates include a market administration fee of \$0.0008 per kWh to cover EKPC's market participation costs.

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a. Time Differentiated Rates:


Year	Winter		Summer	
	On-Peak	Off-Peak	On-Peak	Off-Peak
2017	\$0.03007	\$0.02351	\$0.03555	\$0.02150
2018	\$0.03424	\$0.02682	\$0.03328	\$0.01982
2019	\$0.03281	\$0.02596	\$0.03167	\$0.01887
2020	\$0.03186	\$0.02533	\$0.03194	\$0.01902
2021	\$0.03178	\$0.02522	\$0.03176	\$0.01870

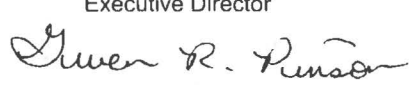
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b. Non-Time Differentiated Rates:

Year	2017	2018	2019	2020	2021*
Rate	\$0.02720	\$0.02850	\$0.02733	\$0.02698	\$0.02681*

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 ISSUED BY:   
 Vice President & CFO

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>Gwen R. Pinson</b> Executive Director

EFFECTIVE <b>3/27/2018</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2017-00212 dated March 27, 2018.

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For Area Served  
 P.S.C. No. 2  
 Seventh Revised Sheet No. 3  
 Canceling P.S.C. No. 2  
 Sixth Revised Sheet No. 3

BLUE GRASS ENERGY COOPERATIVE CORP.

**Cogeneration and Small Power Production**  
**Power Purchase Rate Schedule Equal To or Less Than**  
**100 kW from Dispatchable Generation Sources**

**Availability**

Available only to qualified cogeneration or small power production facilities with a design capacity of 100 kW or less which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC. Qualified cogeneration or small power production facilities must be able to be dispatched by EKPC. Non-dispatchable qualified cogeneration or small power production facilities are covered under a separate tariff.

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**Rates**

1. Capacity - \$13.71 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC.
2. Energy - A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years. These rates include a market administration fee of \$0.0008 per kWh to cover EKPC's market participation costs.

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a. Time Differentiated Rates:

Year	Winter		Summer	
	On-Peak	Off-Peak	On-Peak	Off-Peak
2017	\$0.03007	\$0.02351	\$0.03555	\$0.02150
2018	\$0.03424	\$0.02682	\$0.03328	\$0.01982
2019	\$0.03281	\$0.02596	\$0.03167	\$0.01887
2020	\$0.03186	\$0.02533	\$0.03194	\$0.01902
2021	\$0.03178	\$0.02522	\$0.03176	\$0.01870

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b. Non-Time Differentiated Rates:

Year	2017	2018	2019	2020	2021*
Rate	\$0.02720	\$0.02850	\$0.02733	\$0.02698	\$0.02681*

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The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

<b>Winter (October - April)</b>	<b>On-Peak</b> 7:00 a.m. - 12:00 noon 5:00 p.m. - 10:00 p.m.	<b>Off-Peak</b> 12:00 noon - 5:00 p.m. 10:00 p.m. - 7:00 a.m. 10:00 p.m. - 10:00 a.m.
<b>Summer (May - September)</b>		

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Executive Director

*Gwen R. Pinson*

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**Cogeneration and Small Power Production Power Purchase  
Rate Schedule Over 100 kW from Non-Dispatchable Generation Sources**

**Availability**

Available only to qualified cogeneration or small power production facilities that are not able to be dispatched by ("EKPC") which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC. Pursuant to FERC regulations 18 C.F.R. §§ 292.303(a), 292.309, and 292.310, EKPC is no longer obligated to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20 MW.

**Rates**

QF will be credited monthly for the electric power produced non-dispatchable generation facilities at the value of the real-time locational marginal price for energy set by PJM at the EKPC zonal node during each hour of the day. These payments will be offset by a market administration fee of \$0.0008 per kWh to cover EKPC's market participation costs.

**Terms and Conditions**

1. Pursuant to FERC regulations 18 C.F.R. §§ 292.303(a), 292.309, and 292.310, EKPC is no longer obligated to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20 MW.
2. All power from a QF will be sold only to EKPC
3. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
4. QF shall provide reasonable protection for EKPC and the member cooperative's system.
5. QF shall design, construct, install, own, operate, and maintain the QF in accordance with all applicable codes, laws, regulations, and general accepted utility practices.
6. QF shall reimburse EKPC and its member cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.
7. QF shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00.
  - b. Property Damage - \$500,000.00


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**Cogeneration and Small Power Production Power Purchase  
Rate Schedule 100 kW or Less from Non-Dispatchable Generation Sources**

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**Availability**

Available only to qualified cogeneration or small power production facilities that are not able to be dispatched by EKPC which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC.

**Rates**

QF will be credited monthly for the electric power produced non-dispatchable generation facilities at the value of the real-time locational marginal price for energy set by PJM at the EKPC zonal node during each hour of the day. These payments will be offset by a market administration fee of \$0.0008 per kWh to cover EKPC's market participation costs.

**Terms and Conditions**

1. All power from a QF will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. QF shall provide reasonable protection for EKPC and the member cooperative's system.
4. QF shall design, construct, install, own, operate, and maintain the QF in accordance with all applicable codes, laws, regulations, and general accepted utility practices.
5. QF shall reimburse EKPC and its member cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.
6. QF shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00.
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years.
8. QFs proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff.
10. Updated market administration fees will be filed with the Public Service Commission of Kentucky by March 31 of each year.

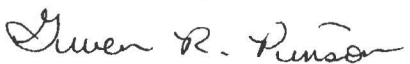
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