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MAR 01 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

For All Counties Served
P.S.C. No. 1
Original Sheet No. 164

BLUE GRASS ENERGY COOPERATIVE CORPORATION

Section DSM-6

(N)

Industrial Compressed Air Program

Purpose

The Industrial Advanced Compressed Air Program is a program designed to reduce electricity consumption through a comprehensive approach to efficient production and delivery of compressed air in industrial facilities. The program includes (1) training of plant staff; (2) a detailed system assessment of the plant's compressed air system including written findings and recommendations; and (3) incentives for capital-intensive improvements.

Availability

This program is available to commercial and industrial facilities using electric compressed air applications located in all service territory served by Blue Grass Energy.

Eligibility

To qualify for the Industrial Compressed Air Program, the customer must be on a retail industrial rate and must be a manufacturing operation with a compressed air system that is turned on during all the operating hours of the facility. The business must have been in operations for at least two years prior to January 1, 2011, and be current on its power bill payment to Blue Grass Energy.

Rebate

If the customer reduces at least 60% of the compressed air leaks (CFMs), EKPC will reimburse through the Blue Grass Energy to the customer the cost of the original compressed air leakage audit up to \$5,000. The combination of Blue Grass Energy's lost revenue and the reimbursement of the compressed air leakage audit costs are limited to \$15,000 for any facility.

DATE OF ISSUE October 28, 2011	DATE EFFECTIVE: Service rendered on and after January 1, 2012
ISSUED BY <i>Jalonda M. ...</i>	TITLE Vice President & CEO
Issued by authority of an Order of the Public Service Commission of Kentucky	JEFF R. DEROUEN EXECUTIVE DIRECTOR
Case No. <u>2011-00148</u> Dated <u>9-30-2011</u>	MARK BRANCH
	<i>Brent Kirtley</i> Served
	EFFECTIVE 1/1/2012
	PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Term

The Industrial Compressed Air Program is an ongoing program.

Verification Procedures

Determination of the amount of leakage reduction:

1. The leakage reduction will be determined by the measured reduction in compressed air leakage.
2. An ultrasonic compressed air leakage audit shall be performed and the results of this audit provided to the customer and EKPC. The report will contain an estimate of the amount of excess load in kW that the leaks are causing. The report will include a detail of leaks detected. The detail of leaks and the excess kW load will be based on the criteria for leak reporting.
3. Upon completion of repairs to the system, a follow-up ultrasonic compressed air leakage audit will be conducted for the documented leaks to measure the difference in the kW leakage load. The follow-up audit report will show the net kW leakage saved and results provided to the customer and EKPC. A lost revenue reimbursement will be paid to Blue Grass Energy based on the difference in the kW leakage load and the cost of the original air-leakage audit will be reimbursed to the customer if a 60% reduction in CFMs air leakage is achieved.

Criteria for leak reporting:

1. The criteria for reporting leaks shall be at the discretion of the auditor. At a minimum the report must detail the leak location, decibels measured, CFM of air leakage, and kW leakage load for each leak and summed for the facility.
2. The basic rule is that leaks that do not exceed 30 decibels in ultrasonic noise will not be reported or counted in the leakage kW load.
3. Exceptions to the 30 decibels rule are as follows:
 - a. In a quiet environment with a minimal amount of compressed air, the minimum will drop to between 15 to 20 decibels.
 - b. In a high noise environment, especially with robotic welding, the minimum will be raised to 40 to 50 decibels.
 - c. Distance is also a factor. A 25 decibel leak in a trunk pipe in a 20-foot ceiling, in a noisy environment, will be documented and added to the leakage kW according to the distance.

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ISSUED BY <u><i>J. Ronald Smith</i></u>	TITLE <u>Vice President & Service</u>	KENTUCKY PUBLIC SERVICE COMMISSION
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