



Blue Grass Energy

A Touchstone Energy Cooperative



P.O. Box 990 • 1201 Lexington Road • Nicholasville, Kentucky 40340-0990
January 30, 2019 Phone: 888-546-4243 • Fax: 859-885-2854 • bgenergy.com

***VIA ELECTRONIC TARIFF
FILING SYSTEM***

Ms. Gwen R. Pinson
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

Re: Blue Grass Energy Cooperative Corporation (“Blue Grass Energy”) – 2019 DSM Program Changes

Dear Ms. Pinson:

Please find enclosed for filing with the Commission the above-referenced Blue Grass Energy’s revised tariffs for the following Demand Side Management (“DSM”) Programs:

- Touchstone Energy Home
- Direct Load Control Program – Residential
- Direct Load Control Program – Commercial
- Button-up Weatherization Program
- Heat Pump Retrofit Program
- HVAC Duct Sealing Program
- Commercial & Industrial Advanced Lighting Program
- Industrial Compressed Air Program
- ENERGY STAR® Manufactured Home Program
- Appliance Recycling Program
- ENERGY STAR® Appliances Program

Over the last year, Blue Grass Energy has worked diligently with East Kentucky Power Cooperative, Inc. (“EKPC”) and its DSM Steering Committee (“the Committee”), a committee of EKPC and Owner-Member cooperative (“Owner-Member”) staff and consultants, to re-evaluate the cost-effectiveness and need for all existing DSM programs. Blue Grass Energy relied upon the work of EKPC’s consultants and Staff throughout this effort. The conclusions of the re-evaluation were shared with EKPC’s executive leadership and the Owner-Members’ Chief Executive Officers (“CEOs”) and a consensus was achieved to recommend substantial changes to EKPC’s portfolio of DSM programs. Blue Grass Energy is in agreement with the proposed changes to EKPC’s DSM portfolio of programs and desires to make appropriate changes to its own DSM tariffs so that they continue to be consistent with EKPC’s tariffs. Accordingly, please find attached the following materials related to the proposed DSM tariffs to be implemented:

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1. Exhibit A – Proposed DSM Tariffs

Copies of the proposed DSM tariffs are collectively filed herewith as Exhibit A. In instances where it is proposed for a tariff to be withdrawn, a tariff sheet will be designated as being reserved for future use, taking the place of the existing tariff provisions is being tendered. As noted in EKPC's Application filed in Case No. 2018-00404 on December 4, 2018, Blue Grass Energy varies slightly with regard to the Touchstone Home Energy program's eligibility and incentive criteria.

2. Exhibit B – Supporting Documents: Marked-Up Copies of Proposed DSM Tariffs

Also included are copies of the modified DSM Program tariffs for each of the DSM programs listed above. The tariffs are tendered in a format showing the strike-throughs of the existing tariffs for convenience.

3. Exhibit C – Supporting Documents: Customer Notice and Effective Date

Pursuant to KRS 278.180(1), a utility must give at least 30-days' advance notice to the Commission before implementing a new tariff. Therefore, the proposed effective date of these tariff revisions will be March 1, 2019. Pursuant to 807 KAR 5:011, Blue Grass Energy has posted the requisite notice at its office located at 1201 Lexington Road, Nicholasville, Kentucky and will post the requisite notice on its website, no later than five (5) business days from today's date, which will include a hyperlink to the Commission's website where the tariff can be found. Written notice has also been given to members by delivering a copy of the Customer Notice through publication in the February edition of *Kentucky Living* magazine. A copy of the Customer Notice is attached.

While Blue Grass Energy requests that these tariffs become effective on March 1, 2019, it recognizes that several of its members are still making economic decisions based upon the tariffs currently in effect. To minimize disruption and surprise to such customers, Blue Grass Energy intends to honor all requests for rebates, appliance pick-ups or other existing program benefits that were initiated by members prior to the effective date of these proposed tariffs. Thus, Blue Grass Energy anticipates that even when the revised DSM portfolio is approved and in effect, some legacy obligations will remain to be satisfied to fairly and reasonably wind-down the existing tariffed programs.

Please contact me if you have any questions.

Sincerely,



Michael I. Williams
President/CEO, Blue Grass Energy