

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

For Entire Territory Served  
P.S.C. KY No. 1  
Original SHEET NO 1  
CANCELLING P.S.C.NO.       
     SHEET NO.     

**RULES AND REGULATIONS**

**(1) SCOPE**

This schedule of Rules and Regulations is hereby made a part of all contracts for electric service received from Blue Grass Energy Cooperative Corporation, hereinafter referred to as Blue Grass Energy, and applies to all service received, whether such service is based upon a contract, agreement, signed application, or otherwise. No employee or director of Blue Grass Energy is permitted to make an exception to rates and rules. Regulations are on file at the Blue Grass Energy offices and can be obtained there from personnel. All Rules and Regulations shall be in effect so long as they do not conflict with Public Service Commission Rules and Regulations.

**(2) REVISIONS**

These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time after approval by Blue Grass Energy's Board of Directors and the Public Service Commission. Such changes, when effective, shall have the same force as the present Rules and Regulations.

**(3) SERVICE AREA**

Blue Grass Energy furnishes electric power in portions of Anderson, Fayette, Franklin, Garrard, Henry, Jackson, Jessamine, Madison, Mercer, Shelby, Spencer, Washington, Woodford, Harrison, Bourbon, Pendleton, Nicholas, Bracken, Scott, Robertson, and Grant Counties.

**(4) AVAILABILITY**

Available to all members of Blue Grass Energy as specified in the tariff sheets and classifications of service.

**(5) AVAILABILITY OF SERVICE TO DELINQUENT MEMBERS**

If an application is received by a person residing with a delinquent member at the premises where power was supplied to the delinquent member, the application will be denied on the grounds that the applicant is applying as the agent of the delinquent member.

*C 9/1/10*

DATE OF ISSUE: January 1, 2002

DATE EFFECTIVE: Janu

ISSUED BY: *Dan Brewer*

Dan Brewer, President and **CEO**

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

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH
<i>Brent Hartley</i>
<b>1/1/2002</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

Original SHEET NO. 117

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES - ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and special contracts.

RATE

$CES(m) = ES(m) - BESF$

where CES(m) = Current Month Environmental Surcharge Factor  
ES(m) = Current Month Environmental Surcharge Calculation  
BESF = Base Environmental Surcharge Factor of 0%

$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [ \text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)} ] = \underline{\hspace{2cm}} \%$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

C1/28/10

DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service rendered beginning July 1, 2005  
Month / Date / Year

ISSUED BY Don Bricker  
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004 - 00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/1/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

Original \_\_\_\_\_ SHEET NO. 118 \_\_\_\_\_

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

**BILLING**

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

C1/28/10

DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service rendered beginning July 1, 2005  
Month / Date / Year

ISSUED BY Don Brewer  
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004 - 00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/1/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

**CANCELLED**  
**JUN 01 2010**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE OVER 100 kW

**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 Blue Grass Energy Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

**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

- a. \$50.36 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.005851 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (R)

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.

a. Time Differentiated Rates:

Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2009	\$0.06185	\$0.04866	\$0.05010	\$0.02755	(I)
2010	<del>\$0.06360</del>	\$0.04895	\$0.05801	\$0.03125	(I)
2011	\$0.06471	\$0.05037	\$0.06050	\$0.03358	(I)
2012	\$0.07310	\$0.05610	\$0.06526	\$0.03541	(I)
2013	\$0.06613	\$0.04911	\$0.07532	\$0.04113	(I)

b. Non-Time Differentiated Rates:

Year	2009	2010	2011	2012	2013	
Rate	\$0.04876	\$0.05186	\$0.05361	\$0.05916	\$0.05847	(I)

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2009 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY J. Donald McArthur TITLE: Vice President

By [Signature]  
Executive Director

Issued by authority of an Order of the Public Service Commission

Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

EFFECTIVE 6/1/2009

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Blue Grass Energy  
Cooperative Corporation

**CANCELLED**  
**JUN 01 2010**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

For Area Served  
P.S.C. No. 2  
Original Sheet No. 2  
Canceling P.S.C. No. 1  
Original Sheet No. 2

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

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

TERMS AND CONDITIONS

1. All power from a Qualifying Facility (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. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Blue Grass Energy Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Blue Grass Energy Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2009

ISSUED BY *J. Donald McE...*

TITLE: Vice President & CFO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/1/2009  
SUANT TO 807 KAR 5:011  
SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission  
Case No. 2008-00128 Dated April 28, 2008

By *J. H. Brown*  
Executive Director

Blue Grass Energy  
Cooperative corporation

CANCELLED  
JUN 01 2010  
KENTUCKY PUBLIC  
SERVICE COMMISSION

For Area Served  
P.S.C. No. 2  
Original Sheet No. 2a  
Canceling P.S.C. No. 1  
Original Sheet No. 2

6. Qualifying Facility 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. Qualifying Facilities 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 rates will be filed with the Public Service Commission of Kentucky by March 31 of each year.

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2009 PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

ISSUED BY *[Signature]* TITLE: Vice President

Issued by authority of an Order of the Public Service Commission  
Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/1/2009

By *[Signature]*  
Executive Director

**CANCELLED**  
**JUN 01 2010**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE  
LESS THAN 100 kW

**AVAILABILITY**

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Blue Grass Energy Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

**RATES**

1. Capacity

- a. \$50.36 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.005851 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (R)

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.

a. Time Differentiated Rates:

Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2009	\$0.06185	\$0.04866	\$0.05010	\$0.02755	(I)
2010	\$0.06360	\$0.04895	\$0.05801	\$0.03125	(I)
2011	\$0.06471	\$0.05037	\$0.06050	\$0.03358	(I)
2012	\$0.07310	\$0.05610	\$0.06526	\$0.03541	(I)
2013	\$0.06613	\$0.04911	\$0.07532	\$0.04113	(I)

b. Non-Time Differentiated Rates:

Year	2009	2010	2011	2012	2013	
Rate	\$0.04876	\$0.05186	\$0.05361	\$0.05916	\$0.05847	(I)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

6/1/2009  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By *[Signature]*  
Executive Director

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2009

ISSUED BY *[Signature]* TITLE: Vice President

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

Case No. 2008-00128 Dated April 28, 2008

Blue Grass Energy  
Cooperative Corporation

**CANCELLED**  
**JUN 01 2010**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

For Area Served  
P.S.C. No. 2  
Original Sheet No. 4  
Canceling P.S.C. No. 1  
Original Sheet No. 4

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

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
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3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Blue Grass Energy Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Blue Grass Energy Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2009

ISSUED BY

*J. David Smith*

TITLE: Vice President & CFO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

PURSUANT TO 807 KAR 5:011

SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission

Case No. 2008-00128 Dated April 28, 2008

By *J. H. D. [Signature]*  
Executive Director

Blue Grass Energy  
Cooperative Corporation

**CANCELLED**  
**JUN 01 2010**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

For Area Served  
P.S.C. No. 2  
Original Sheet No. 4a  
Canceling P.S.C. No. 1  
Original Sheet No. 4

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  - a. Public Liability for Bodily Injury - \$1,000,000.00
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7. Initial contract term shall be for a minimum of five years.
8. Qualifying Facilities 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 rates will be filed with the Public Service Commission of Kentucky by March 31 of each year.

DATE OF ISSUE March 31, 2009

DATE EFFECTIVE June 1, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/1/2009

PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

ISSUED BY *[Signature]* TITLE: Vice President

By *[Signature]*  
Executive Director

Issued by authority of an Order of the Public Service Commission  
Case No. 2008-00128 Dated April 28, 2008

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. 117

Blue Grass Energy Cooperative Corporation

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES - ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and special contracts.

RATE

CES(m) = ES(m) (T)

where CES(m) = Current Month Environmental Surcharge Factor  
ES(m) = Current Month Environmental Surcharge Calculation (T)

ES(m) = [((WESF) x (Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge)) + (Over)/Under Recovery] divided by [Average of 12-months ending Retail Revenue (excluding environmental surcharge)] = \_\_\_\_\_%

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

C11/5/10

DATE OF ISSUE January 3, 2010  
Month / Date / Year

DATE EFFECTIVE January 28, 2010  
Month / Date / Year

ISSUED BY *Donald Bratcher*  
(Signature of Officer)

TITLE Vice President and CFO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2009-00317 DATED January 28, 2010

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Burt Kirtley</i>
EFFECTIVE <b>1/28/2010</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. 118 \_\_\_\_\_

Blue Grass energy Cooperative Corporation

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

(over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries result from the amortization of amounts determined by the Commission during six-month and two-year reviews and the two-month "true-up" adjustment.

(T)

(T)

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

C11/5/10

DATE OF ISSUE January 3, 2010  
Month / Date / Year

DATE EFFECTIVE January 28, 2010  
Month / Date / Year

ISSUED BY *J. Donald Smith*  
(Signature of Officer)

TITLE Vice President and CFO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2009-00317 DATED January 28, 2010

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE <b>1/28/2010</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)