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RECEIVED

AUG 22 2006

**PUBLIC SERVICE
COMMISSION**

MS. BETH O'DONNELL
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC SERVICE COMMISSION
211 SOWER BLVD.
FRANKFORT KY 40602

Re: *Reply to Ballard Rural Telephone Cooperative Corporation's Reply to the Post-Hearing Data Requests of Jackson Purchase Energy Corporation*

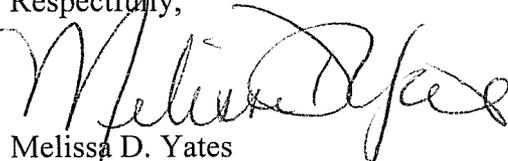
Ballard Rural Telephone Cooperative Corporation, Inc.
v.
Jackson Purchase Energy Corporation
PSC Case No. 2004-00036

Dear Ms. O'Donnell:

Please find enclosed an original and ten (10) copies of a Reply to Ballard Rural Telephone Cooperative Corporation's Reply to the Post-Hearing Data Requests of Jackson Purchase Energy Corporation in the above referenced matter. I have also enclosed an additional copy for file-stamping, which I would ask that you return to me in the enclosed self-addressed, stamped envelope.

Should you need any further information from me regarding this filing, please do not hesitate to contact me.

Respectfully,



Melissa D. Yates
Attorney for Jackson Purchase Energy Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

AUG 22 2006

BALLARD RURAL TELEPHONE
COOPERATIVE CORPORATION, INC.

PUBLIC SERVICE
COMMISSION

PSC CASE NO. 2004-00036

v.

JACKSON PURCHASE ENERGY CORPORATION

**JACKSON PURCHASE ENERGY CORPORATION'S REPLY TO BALLARD RURAL
TELEPHONE COOPERATIVE CORPORATION'S REPLY TO JACKSON
PURCHASE'S REPOSE TO COMMISSION STAFF'S POST-HEARING DATA
REQUESTS**

Jackson Purchase Energy Corporation ("JPEC") for its reply to Ballard Rural Cooperative Corporation's ("Ballard Rural") Reply to Jackson Purchase's Response to Commission Staff's Post-Hearing Data Requests, states as follows:

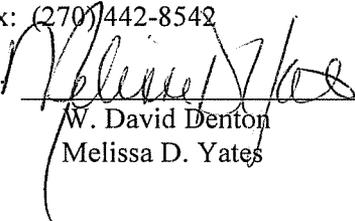
Ballard Rural asserts in its Reply that JPEC failed to use the formula set forth in Administrative Case No. 251 to calculate the weighted average cost of its poles. However, the Commission did not order JPEC to calculate the weighted average cost of its poles in accordance with Administrative Case No. 251.

As to the issue of avoided cost, as explained in note 2 on Exhibit 2 of JPEC's post-hearing data requests, the avoided cost could be calculated applying the correct carrying charge and allowing for a rate of return. JPEC, based on its previous pleadings in this matter believes the appropriate carrying charge is 16.57%. Applying the formula provided in Note 2 on Exhibit 2 of JPEC's post hearing data requests and utilizing 2005 data, for a two-party pole, that number would be, based on JPEC's previous filings in this case, \$50.41 ($\$304.25 \times 16.57\%$) less whatever rental the Commission determined would be appropriate. For a three-party pole, based

on JPEC's previous filings, JPEC's avoided cost would be approximately \$71.48 (\$431.39 x 16.57%) less whatever rental the Commission determined would be appropriate. Because it is unknown what rental the Commission might deem appropriate, the final number is indeterminable by JPEC. Accordingly, JPEC provided only the what it believed to be the correct formula for calculating the avoided costs in its post-hearing data requests.

Respectfully Submitted,

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Phone: (270) 442-8253
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By: 

W. David Denton
Melissa D. Yates

I hereby certify that 10 copies of the foregoing were filed with the Public Service Commission by faxing and mailing via Federal Express to:

BETH O'DONNELL EXEC DIR
PUBLIC SERVICE COMMISSION
215 SOWER BLVD
P O BOX 615
FRANKFORT KY 40601
Fax: (502) 564-3460

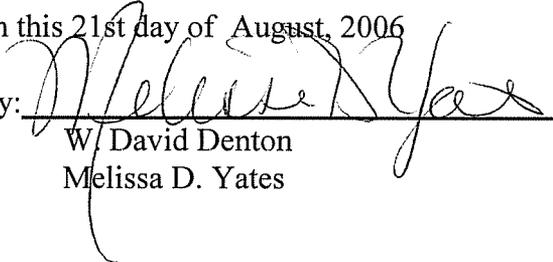
True and correct copies of the foregoing have been mailed to:

HON ANITA MITCHELL ATTY
PUBLIC SERVICE COMMISSION
215 SOWER BLVD
P O BOX 615
FRANKFORT KY 40602

HON JOHN E. SELENT
DINSMORE & SHOHL LLP
1400 PNC PLAZA
500 W. JEFFERSON STREET
LOUISVILLE, KY 40202

on this 21st day of August, 2006

By:


W/ David Denton
Melissa D. Yates