

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE GRASS ENERGY)
COOPERATIVE CORPORATION FOR AN ORDER)
AND CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO. 2004-00374
AND NECESSITY AUTHORIZING APPLICANT TO)
CONSTRUCT A DISTRICT OFFICE BUILDING,)
SERVICE CENTER AND STORAGE YARDS AT)
CYNTHIANA, KENTUCKY)

O R D E R

Blue Grass Energy Cooperative Corporation (“Blue Grass”) filed its application on September 21, 2004 for a Certificate of Public Convenience and Necessity for the construction of a new district office building and service center in Cynthiana, Kentucky. The proposed facility will consist of a 9,182 square foot office building and a 14,508 square foot service facility. The total projected cost to construct and furnish the proposed facility is \$3,266,000 and it will be financed by loans from the Rural Utilities Service.

CDS Engineers, Architects, Planners and Surveyors (“CDS”) performed a facility assessment study for Blue Grass. The study shows that the existing office and support space of 6,080 square feet, and the existing service center of 9,330 square feet, are inadequate to meet current or future needs. The CDS study indicated that Blue Grass needs approximately 23,690 square feet of office and service support space.

The existing district office building is over 50 years old and its location presents safety issues with vehicular and pedestrian traffic. Blue Grass proposes to sell the

existing office building and service facility and replace them with a new facility that would allow the office and service center to be combined at a common location. The eleven-acre site chosen for the new facility is located in the Cynthiana-Harrison County Business Park. Blue Grass represents that the new district office site will alleviate the parking, drive-through, and traffic congestion problems that exist at its present district office.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the existing Blue Grass district office in Cynthiana is in need of major renovation. Due to the significant cost to renovate this building and the physical limitations of the site, it is neither cost-effective nor feasible to renovate. The best alternative is to construct a combined office building and service center at a new location. Combining the office and service facilities at one location will allow Blue Grass to improve the communications between the two functions and provide a safer, more efficient operation for its customers. Consequently, the public convenience and necessity require the construction of the new district office and service center, and a certificate should be issued.

IT IS THEREFORE ORDERED that Blue Grass is granted a Certificate of Public Convenience and Necessity to construct the new district office building and service center as proposed in its application.

Done at Frankfort, Kentucky, this 10th day of March, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2004-00374