

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY)
COOPERATIVE CORPORATION FOR AN)
ADJUSTMENT OF ITS SECURITY) CASE NO. 2010-00185
DEPOSIT AND CABLE TELEVISION)
ATTACHMENT RATES)

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO BLUE GRASS ENERGY COOPERATIVE CORPORATION

Blue Grass Energy Cooperative Corporation ("Blue Grass Energy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than August 27, 2010. Responses shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness or witnesses responsible for responding to the question related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Blue Grass Energy shall make timely amendment to any response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Blue Grass Energy fails or refuses to furnish all or part of the requested information, it

shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in another proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to paragraph 5 of the application, to the testimony of J. Donald Smothers filed as Exhibit F-1 to the application, and to the testimony of Alan M. Zumstein filed as Exhibit F to the application. The application, page 1 of Mr. Smothers' testimony, and page 2 of Mr. Zumstein's testimony, each state that the increased security deposit is necessary to offset "continued increase in bad debt write-offs" arising since Blue Grass Energy's last general rate increase and a pass-through of wholesale rates from East Kentucky Power Cooperative.

a. For each calendar year beginning with 2005, provide a schedule listing the bad debt expenses and the annual increases in both absolute and percentage terms.

b. Is Blue Grass Energy aware of any other factors which might be contributing to the increase in bad debt expenses? If so, explain.

2. Refer to the testimony of J. Donald Smothers filed as Exhibit F-1 to the application and to the testimony of Alan M. Zumstein filed as Exhibit F to the application. On page 2 of their respective testimonies, each states, "[i]t is estimated that the additional customer deposit will reduce the account written-off by approximately the same amount of additional interest on customer deposits." Provide any calculations or documentation supporting this statement.

3. Refer to Exhibit I, page 1 of 4, submitted with the application.

a. Provide all detail supporting the data presented in the column labeled "Number."

b. Recalculate the Total for the column labeled "Revenue – Existing" and verify whether that total should not be \$68,034.

c. The amount shown for "Revenue – Proposed" for the "2 party Pole" attachment is \$52,691. Should this amount be \$52,694? If so, recalculate all amounts in the column labeled "Revenue – Proposed."

d. Depending on the responses to items 1a, 1b, and 1c, provide an updated CATV Pole Attachments table in Exhibit I, page 1 of 4, reflecting updated calculations.

4. Refer to Exhibit I, page 2 of 4, section A. 1. Are the amounts noted, \$6,774,155 and \$22,260,668, net of depreciation?

5. Refer to Exhibit G, page 1 of 3, submitted with the application. Depending on the responses to item 3, provide an updated Impact Statement in Exhibit G, page 1 of 3, reflecting updated calculations.

6. Refer to Exhibit H, page 2 of 6, submitted with the application. Provide documentation supporting all entries for the "Monthly Bills for 2009."

7. Refer to Exhibit H, page 4 of 6, submitted with the application.

a. Provide documentation supporting all entries in the columns labeled "Revenue" and "Bad Debt."

b. Explain why the revenue of \$108,652,287 for 2009 does not match the Operating Revenue and Patronage Capital reported for 2009 in Exhibit G, page 2 of 3, line 1, for the column labeled "YEAR-TO-DATE THIS YEAR." Show a reconciliation of any difference.

c. Based on the responses to items 5a and 5b, provide an updated Bad Debt to Revenue Ratio Table.

8. Refer to Exhibit I, page 2 of 4, submitted with the application. Provide all documentation supporting the "Average cost of anchors" of \$115.68.

9. a. Refer to Case No. 2008-00011 as cited in Cost of Money section. Provide the citation of documentation that supports the 6.24 percent rate of return provided.

b. Refer to calculation of the net plant ratio. Explain why the totals do not match those contained within the cited documentation.



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DATED AUG 11 2010

cc: Parties of Record

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