

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION
CASE NO. 2004-00251

RECEIVED

JUL 7 2004

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE APPLICATION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

Comes now Blue Grass Energy Cooperative Corporation, hereinafter called the Applicant, and in response to the Commission staff's request for additional filings dated June 28, 2004, submits the following recitation of the requested filings, with the Applicant's response thereto:

- 1) Section 8(3): If application is a corporation, a certified copy of the Articles of Incorporation and all amendments thereto or if the articles were filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding.

Applicant's Response: Articles of Consolidation of the Applicant were filed with the Commission in Case No. 2001-246, APPLICATION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION AND HARRISON COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION FOR AN ORDER APPROVING CONSOLIDATION OF THE TWO NAMED RURAL ELECTRIC COOPERATIVES AND REDUCTION OF RESIDENTIAL RATES OF HARRISON RECC.

2) Section 9(2)9(b): Copies of franchises or permits, if any, from the proper public authority for the proposed new construction or extension, if not previously filed with the commission.

Applicant's Response: No such franchises or permits are required.

3) Section 9(2)(f): An estimated cost of operation after the proposed facilities are completed.

Applicant's Response: Please see Exhibit "A" attached hereto and made a part hereof by reference.

Respectfully submitted by the Applicant, on this the 7th day of July, 2004 by its authorized representative.

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

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V. P. ENGINEERING

BY: Ralph K. Combs

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
b. Cost of Power	51,631,827	55,682,908	56,229,704	59,071,429	63,644,557	67,784,698	74,705,054	80,381,094	83,189,632	88,826,903
c. Oper. Rev. Less Cost of Power	25,191,824	26,767,351	28,615,266	29,359,419	29,930,375	30,486,538	31,016,752	31,522,491	31,962,806	32,258,670
d. Operations & Maintenance Expense	6,515,348	6,459,777	6,071,023	6,057,568	5,983,589	5,875,468	5,748,285	5,600,597	5,430,870	5,237,475
e. Consumer Accounts & Sales Exp.	3,003,326	2,901,212	2,733,414	2,548,535	2,372,015	2,274,208	2,218,291	2,158,466	2,092,658	2,025,973
f. Adm. Gen. & Other Ded. Exp.	3,733,400	3,845,402	3,960,764	4,079,587	4,201,975	4,328,034	4,457,875	4,591,611	4,729,359	4,871,240
g. Depreciation & Amortization Exp.	4,219,500	4,617,999	4,971,955	5,324,530	5,631,319	5,946,402	6,270,029	6,602,455	6,943,944	7,294,768
h. Tax Expense	1	1	1	1	1	1	1	1	1	1
i. Interest Expense	5,070,026	6,085,307	7,382,073	7,702,799	7,970,985	8,191,617	8,371,514	8,542,907	8,680,649	8,729,475
j. Total Cost of Electric Service	74,173,428	79,592,606	81,348,933	84,784,448	89,804,440	94,400,428	101,771,049	107,877,131	111,067,113	116,985,836

EXHIBIT "A"