



Blue Grass Energy Cooperative Corporation

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June 18, 2004

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JUN 18 2004

Ms. Elizabeth O'Donnell, Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

**PUBLIC SERVICE
COMMISSION**

Case 2004-00251

Dear Ms. O'Donnell:

Please find enclosed an original and ten (10) copies of Blue Grass Energy Cooperative Corporation's application for a Certificate of Public Convenience and Necessity and ten (10) copies of its 2004-2005 Construction Work Plan. A various number of copies of other supporting information are also enclosed as advised by the engineering division of the PSC.

If you have any questions or need additional information, please advise.

Sincerely,

Chris Brewer, P.E.
Vice President, Engineering

Enclosures

Application

2

Form 740c

3

O & M Survey

4

**Existing System
w/2006 Loading
Voltage Drop Report**

5

**2006 Improved
System Voltage
Drop Report**

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

JUN 18 2004

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

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

Case 2004-00251

APPLICATION

Blue Grass Energy Cooperative Corporation, hereinafter called the Applicant, respectfully advises the Commission that:

1. Applicant is engaged in the sale of electric power over its approximately 5915 miles of line at retail rates to its approximately 49693 meters in Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington and Woodford Counties.

2. The address of Applicant is 1201 Lexington Road, Nicholasville, Kentucky, 40356, and its Articles of Consolidation are on file with the Commission.

3. This Application is for the approval by the Commission of the Applicant's Construction Work Plan for 2004-2005. The Work Plan consists of:

- A. New Distribution Lines, an additional 106 miles, budgeted at \$9,600,000.00; Line Conversions (\$6,795,800.00); Distribution Equipment (\$7,369,525.00) and Security Lights (\$495,000.00), and acquisition and/or construction of certain appurtenances thereto, including meters, voltage regulators, auto boosters, auto transformers, sectionalizing

devices, new member extensions, increased capacity of existing consumers, pole replacements, and capacitors. These extensions and improvements will be used for the purpose of increasing the capacity of existing service to present and future consumers, and all of the extensions will be ordinary extensions built in the usual course of business or replacement of obsolete equipment now in Applicant's physical plant. No construction will be performed in conflict with any adjoining utility and all of such extensions and improvements will be built in the territory certified to the Applicant.

- B. Automatic Meter Reading Computer and Communication Hardware and Software (\$793,400.00). This program has been carefully studied by Blue Grass staff, and the reasoned conclusion is that procurement and installation will enable the Cooperative to extend improved service to its members. The cost of the program is considered to be a clearly justifiable investment in light of its enhancement of the ability of the Applicant to provide efficient service. This construction and acquisition will be financed exclusively through loan funds from the Rural Utility Service.

4. There is a demand throughout the Kentucky counties served by Applicant for rural electrification, and Applicant seeks to improve and extend its existing system in order to render better service to its existing and future members. Financing of the construction and acquisition outlined above, and the entirety of the work plan, will be exclusively through the Rural Utility Service, and will in no way impair the Applicant's ability to perform the services that it is authorized, empowered and entrusted to perform.

Wherefore, the Applicant now moves the Public Service Commission of the Commonwealth of Kentucky to grant a Certificate of Convenience and Necessity authorizing the construction and acquisition as outlined in this Petition, which the Applicant has requested and which the Commission has discretion to grant pursuant to KRS 278.020, upon determination that there is a need and demand for the service.

Respectfully submitted by the Applicant, on this the 18TH day of JUNE, 2004
by its authorized representative.

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

BY: Chris Brewer

BY: Ralph K. Combs

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