



**Blue Grass Energy
Cooperative Corporation**

PO Box 990
1201 Lexington Road
Nicholasville, Kentucky 40340-0990
Phone: (859) 885-4191
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August 9, 2005

Beth O'Donnell Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort Kentucky 40602

RECEIVED

AUG 09 2005

PUBLIC SERVICE
COMMISSION

Case No. 2005-00330

Dear Ms. O'Donnell,

We are requesting approval to increase our CATV attachment charges. Please find enclosed a revised tariff and cost justification for the CATV attachment charges. All financial information is based on December 2004. We are filing an original and 10 copy.

If you have any questions, please contact me at (859) 885-2114. As always, your continued assistance and cooperation is appreciated.

Sincerely,

A handwritten signature in cursive script, reading "J. Donald Smothers".

J. Donald Smothers
Vice President, Financial Services

CC: Ken Carpenter

**BLUE GRASS ENERGY
COOPERATIVE CORPORATION**

FOR ENTIRE SERVICE TERRITORY
P.S.C. KY NO. 1
ORIGINAL SHEET NO 43

**CLASSIFICATION OF SERVICE
Cable Television Attachment Rate**

APPLICABILITY

In all territory served by the company on poles owned and used by the company for their electric plant.

AVAILABILITY

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE

The yearly rental charges shall be as follows:

Two-party pole attachment	\$ 7.40 (I)
Three-party pole attachment	\$ 5.34 (I)
Two-party anchor attachment	\$18.17 (I)
Three-party anchor attachment	\$12.10 (I)
Two-party grounding attachment	\$ 1.47 (I)
Three-party grounding attachment	\$ 0.91 (I)

Pedestal attachment = Same as respective pole charges.

DATE OF ISSUE: August 9, 2005

DATE EFFECTIVE: October 1, 2005

ISSUED BY: Don Bruce

TITLE: President/CEO

by Donald Smother
(Name of Officer)

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No.: _____ Dated: _____

BLUE GRASS ENERGY
CATV POLE, ANCHOR AND
ATTACHMENT
12/31/04

1. EQUATION - ANNUAL CHARGE - TWO PARTY POLE

Annual charge = weighted average cost 35' and 40' poles
X annual fixed cost X .1224 =

2. EQUATION - ANNUAL CHARGE - THREE PARTY POLE

Annual charge = weighted average cost 40' and larger poles
X annual fixed cost X .0759 =

Two Party Charge = \$237.96 X .2541 X .1224 = \$7.40

Three Party Charge = \$277.08 X .2541 X .0759 = \$5.34

ANCHORS

Two PartyCharges = \$143.00 X .2541 X 50% = \$ 18.17

Three Party Charges = \$143.00 X .2541 X 33.3% = \$ 12.10

Grounding Attachments

Two Party = \$47.22 X .2541 X .1224 = \$ 1.47

Three Party = \$47.22 X .2541 X .0759 = \$ 0.91

CONTACT: KEN CARPENTER

BLUE GRASS ENERGY
CATV POLE ATTACHMENTS

Fixed Charges on Investments from PSC Annual Report (12/31/04)

1. Operations and Maintenance Expense	\$6,106,698	
2. Consomer Accounts Expense	2,317,352	
3. Customer Service and Information Expense	190,094	
4. Administrative and General Expense	3,408,849	
5. Depreciation Expense	4,330,680	
6. Taxes Other Than Income Taxes	3,376	
Subtotal	16,357,049	
Net Utility Plant	111,453,838	14.68%
7. Cost of Money		10.73%
Rate of return on Investment Allowed in the last General Rate Increase, Case No. 2000-414.		
Annual Carrying Charges		25.41%

BLUE GRASS ENERGY
INSTALLED COST FOR
BARE POLE, ANCHOR,
and GROUND
12/31/04

<u>POLE</u>	<u>QUANTITY</u>		<u>COSTS</u>	<u>AVERAGE</u>
35'	40692	45.76%	\$ 6,782,296	
40' - 45'	22908	25.76%	8,351,799	
	<u>63600</u>	<u>71.53%</u>	<u>15,134,095</u>	\$ 237.96
45' 50' +	25316	28.47%	9,502,315	
	<u>88916</u>	<u>100.00%</u>	<u>\$ 24,636,410</u>	\$ 277.08

<u>ANCHORS</u>	<u>QUANTITY</u>	<u>TOTAL COST</u>	
	50443	\$ 7,213,462	\$ 143.00

<u>GROUNDS</u>	<u>QUANTITY</u>	<u>TOTAL COST</u>	
	88,788	\$ 4,192,831	47.22

**BLUE GRASS ENERGY
ANCHOR/GUY and GROUNDS
COST DATA
1995-2004**

Blue Grass Energy Gross Anchor/Guy Account Cost						Blue Grass Energy Gross Grounds Account Cost					
Anchor Guy	Total \$	Avg Cost Per Anchor	Annual % Increase	Cumulative % Increase		Grounds	Total \$	Avg Cost Per Ground	Annual % Increase	Cumulative % Increase	
	Acct. #364						Acct. #365				
1995	24,963	2,139,738	85.72			1995	29,111	848,364	29.14		
1996	25,728	2,302,430	89.49	4.40%		1996	29,928	902,936	30.17	3.53%	3.53%
1997	26,497	2,477,035	93.48	4.46%	9.05%	1997	30,841	975,817	31.64	4.87%	8.58%
1998	44,086	4,843,821	109.87	17.53%	28.17%	1998	50,060	2,192,204	43.79	38.40%	50.27%
1999	45,360	5,214,610	114.96	4.63%	34.11%	1999	51,496	2,334,767	45.34	3.54%	55.59%
2000	46,296	5,514,297	119.11	3.61%	38.95%	2000	52,962	2,492,629	47.06	3.79%	61.50%
2001	47,150	5,856,672	124.21	4.28%	44.90%	2001	54,219	2,658,222	49.03	4.19%	68.26%
2002	48,162	6,246,693	129.70	4.42%	51.31%	2002	85,621	3,740,499	43.69	-10.89%	49.93%
2003	49,127	6,605,700	134.46	3.67%	56.86%	2003	86,879	3,922,492	45.15	3.34%	54.94%
2004	50,443	7,213,462	143.00	6.35%	66.82%	2004	88,788	4,192,831	47.22	4.58%	62.05%

**Blue Grass Energy
Pole Investment Data
1994 - 2004**

	Blue Grass Energy Gross Pole Account Cost				Blue Grass Energy Net Value Pole Account Cost						
	Poles	Total \$ Acct. #364	Avg Cost Per Pole	Annual % Increase	Cumulative % Increase	Acc Depr Acct 364	Net Value Acct 364	Avg Cost Per Pole	Per Pole @ 85%	Annual % Increase	Cumulative % Increase
1990											
1991											
1992											
1993											
1994											
1995	27,613	8,925,672	323.24			2,148,513	6,777,159	245.43	208.62		0.00%
1996	28,259	9,524,112	337.03	4.27%	4.27%	2,408,125	7,115,987	251.81	214.04	2.60%	2.60%
1997	28,936	10,222,121	353.27	4.82%	9.29%	2,651,534	7,570,587	261.63	222.39	3.90%	6.60%
1998	50,902	18,328,780	360.08	1.93%	11.40%	4,117,845	14,210,935	279.18	237.30	6.70%	13.75%
1999	52,118	19,594,970	375.97	4.41%	16.31%	4,319,491	15,275,479	293.09	249.13	4.99%	19.42%
2000	52,821	20,579,882	389.62	3.63%	20.54%	4,687,997	15,891,885	300.86	255.73	2.65%	22.58%
2001	53,658	21,844,717	407.11	4.49%	25.95%	4,983,024	16,861,693	314.24	267.10	4.45%	28.03%
2002	86,864	35,982,935	414.24	1.75%	28.15%	8,046,250	27,936,685	321.61	273.37	2.35%	31.04%
2003	87,706	37,215,281	424.32	2.43%	31.27%	8,906,277	28,309,004	322.77	274.35	0.36%	31.51%
2004	88,917	39,305,251	442.04	4.18%	36.75%	9,421,161	29,884,090	336.09	285.68	4.13%	36.94%

Blue Grass Energy
 CATV Pole Attachments
 December 31, 2004

Additional revenues generated

Description	Number	Charges		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole Attachments	6542	\$4.77	\$7.40	\$31,205	\$48,411	\$17,205	55%
3 party Pole Attachments	1242	\$4.21	\$5.34	\$5,229	\$6,632	\$1,403	27%
2 party Anchor Attachments	651	\$7.58	\$18.17	\$4,935	\$11,829	\$6,894	140%
3 party Anchor Attachments	271	\$5.00	\$12.10	\$1,355	\$3,279	\$1,924	142%
2 party Ground Attachments	5252	\$0.31	\$1.47	\$1,628	\$7,720	\$6,092	374%
3 party Ground Attachments	76	\$0.19	\$0.91	\$14	\$69	\$55	379%
Total				\$44,366	\$77,940	\$33,574	76%

Contact:
 Donald Smothers