



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
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Protection Cabinet

Christopher L. Lilly
Commissioner
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Mark David Goss
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Teresa J. Hill
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Gregory Coker
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Honorable Frank F. Chuppe
Attorney
Wyatt, Tarrant & Combs, LLP
500 West Jefferson Street
Suite 2800
Louisville, KY 40202-2898

December 16, 2005

RE: Case No. 2005-00330

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/tw
Enclosure

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Mark David Goss
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J. Donald Smothers
Vice President, Financial Services
Blue Grass Energy Cooperative Corp.
P. O. Box 990
1201 Lexington Road
Nicholasville, KY 40340-0990

December 16, 2005

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY)
COOPERATIVE CORPORATION TO ADJUST) CASE NO.
ITS RATES) 2005-00330

FIRST DATA REQUEST OF COMMISSION STAFF TO
BLUE GRASS ENERGY COOPERATIVE CORPORATION

Blue Grass Energy Cooperative Corporation ("Blue Grass"), pursuant to Administrative Regulation 807 KAR 5:001, is to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due January 4, 2006. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Identify the lowest level of detail to which Blue Grass keeps its depreciation records; i.e., whether the records are kept at pole length, FERC account 364, distribution plant, or total plant level.

2. Refer to page 2, Item No. 12(b) of Blue Grass's September 14, 2005 Application. Blue Grass states that it could be possible to defer the proposed changes to its CATV attachment rates to its next general rate case; however, since the cost to provide these services is more than the revenues received, delaying implementation of increased CATV rates reduces Blue Grass's financial stability. Blue Grass's CATV attachment rates were increased in 2001, but it has not filed a general rate increase in the past 20 years. Blue Grass requests a \$33,574 revenue increase as a result of increasing the CATV rates in this proceeding. Given the amount of increase requested, the fact that Blue Grass states that delay of this increase reduces its financial stability, and the fact that Blue Grass has not had a general rate case in 20 years, explain why Blue Grass did not file a general rate application instead of an application for a CATV rate adjustment.

3. Refer to Exhibit 2, page 1 of the September 14, 2005 Application. Blue Grass proposes charges for two-party and three-party grounds based upon an average cost of \$47.22 per ground. In Administrative Case No. 251 ("Admin. 251"),¹ the Commission found that when a CATV operator uses a utility's ground wire, \$12.50 should be added to the bare pole cost for each ground used. In Admin. 251, the Commission also stated that it "will allow deviations from the mathematical elements found reasonable herein only when a major discrepancy exists between the contested element and the average characteristics of the utility, and the burden of proof should be upon the party asserting the need for such deviation."

¹ Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments.

a. Is it Blue Grass's intention to request a deviation from the \$12.50 per ground allowance set forth in Admin. 251? Explain the response.

b. If the answer to 2(a) is yes, provide a narrative explanation of why Blue Grass believes it is necessary to deviate from the provisions of Admin. 251.

c. Provide all necessary calculations to support the \$47.22 average ground cost proposed. Include copies of continuing property records or any workpapers from which information was derived for use in the calculations.

4. Explain whether Blue Grass believes it has an accurate count of the number of attachments that CATV providers have made to its grounds. Include in the explanation how many cable providers attach to Blue Grass's poles, the names of the cable providers, and the number of each type of attachment for which each CATV provider is responsible.

5. Refer to Exhibit 2, page 3 of the September 14, 2005 Application.

a. Explain whether the average costs that are provided reflect accumulated depreciation.

b. If accumulated depreciation is not reflected in the exhibit, but is available at the 2-party, 3-party, anchor, and ground level, provide the calculations in Exhibit 2, page 3 reflecting accumulated depreciation.

6. Refer to Exhibit 2, pages 4 and 5 of the September 14, 2005 Application. Explain why the cost data provided begins with the year 1995. If the 1995 consolidation of Fox Creek RECC and Blue Grass is the reason, explain the accounting treatment of property items acquired by either cooperative prior to 1995.

7. Refer to Item 3, page 2 of Blue Grass's supplemental filing dated November 17, 2005.

a. Provide Blue Grass's rate of return assuming a 2.0x TIER. Include all necessary calculations used in determining the rate of return.

b. Using the rate of return calculated in Item 7(a), provide revised pole attachment calculations in the format used by Blue Grass in Exhibit 2, page 1 of its September 14, 2005 Application.



Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED December 16, 2005

cc: All Parties