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November 17, 2006

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NOV 17 2006

**PUBLIC SERVICE
COMMISSION**

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission of Ky.
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2006-00214
Filing of Responses of Blue Grass Energy

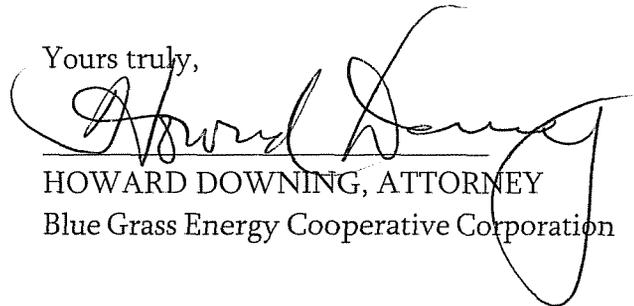
Dear Ms. O'Donnell:

Enclosed for filing are original and eight (8) copies of a "RESPONSE S OF BLUE GRASS ENERGY TO SECOND DATA REQUEST OF COMMISSION STAFF".

Please confirm receipt of this filing

Notify if any other information is needed.

Yours truly,



HOWARD DOWNING, ATTORNEY
Blue Grass Energy Cooperative Corporation

cc: Parties of Record

Enclosure:
HD/pb

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**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PETITIONS OF KENTUCKY UTILITIES)	
COMPANY AND BLUE GRASS ENERGY)	
COOPERATIVE CORPORATION TO BE)	CASE NO. 2006-00214
DESIGNATED AS THE RETAIL ELECTRIC)	
SUPPLIER FOR THE NEW WAL-MART)	
STORE IN CYNTHIANA, KENTUCKY)	

RESPONSES BY BLUE GRASS ENERGY COOPERATIVE CORPORATION
TO SECOND DATA REQUEST OF COMMISSION STAFF

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

PETITION OF KENTUCKY UTILITIES)	
COMPANY AND BLUE GRASS ENERGY)	CASE NO.
COOPERATIVE CORPORATION)	2006-00214
DESIGNATION AS THE RETAIL ELECTRIC)	
SERVICE SUPPLIER FOR THE NEW)	
WAL-MART STORE NUMBER 591 LOCATED)	
IN CYNTHIANA, KENTUCKY)	

RESPONSE OF BLUE GRASS ENERGY COOPERATIVE CORPORATION TO
SECOND DATA REQUEST OF COMMISSION STAFF

Blue Grass Energy Cooperative Corporation ("Blue Grass"), responds to the
"Second Data

Request of Commission Staff to Blue Grass Energy Cooperative Corporation, as follows:

[NOTE: The Public Service Commission herein is designated as "PSC" and Kentucky
Utilities Company is designated as "KU". Chris Brewer is the name of the Blue Grass
official responsible for responding to questions related to all Data Request Numbers].

PSC SECOND DATA REQUEST - ITEM 1

DATA REQUEST BY PSC

1. Pursuant to KRS 278.018(6), described with specificity how the allocation from Kentucky Utilities Company (“KU”) to Blue Grass of lots 6 and 7 in the Brannon Crossings development near Nicholasville, Kentucky and lots 1-88 in the residential development known as The Cottages Alton Station in Anderson County, Kentucky, as identified in Article 1.02 of your proposed Settlement Agreement (“New Blue Grass Territory”), would promote the purposes of KRS 278.016 and provide adequate and reasonable service to all areas and consumers affected thereby.

RESPONSE OF BLUE GRASS

The lots in both developments are in close proximity to existing service facilities of Blue Grass who can provide all electric service needs of those developments, without duplication of facilities.

The proposed settlement agreement between KU and Blue Grass is intended to minimize the disputes as to the divided territories at the new Wal-Mart Store in Cynthiana and the new Kroger Store in Jessamine County. The proposed Settlement Agreement will provide adequate and reasonable service to the territorial areas served by KU and Blue Grass and will reasonably realign the boundaries to increase efficiency, lower costs in serving customers and prevent waste and duplication of materials and natural resources.

PSC SECOND DATA REQUEST - ITEM 2

DATA REQUEST BY PSC

2. Provide the names, addresses, and telephone numbers of New Blue Grass Territory property owners.

RESPONSE OF BLUE GRASS

Lot 6 & 7 of Brannon Crossing

JAH Nicholasville Road #3 LLC
400 Bellerive Boulevard, Suite 200
Nicholasville, KY 40356
Phone: 859-514-3100
Contact: Matt Steen or Belinda Amburgey

Lot 1-88 - The Cottages of Alton Station

Jerry Sutherland
1306 Alton Station Road
Lawrenceburg, KY 40342
Phone: 502-839-4551

Bobby Rue
1096 McCormick Lane
Lawrenceburg, KY 40342
Phone: 502-839-8500

PSC SECOND DATA REQUEST - ITEM 3

DATA REQUEST BY PSC

3. Will any existing customer be reassigned to a different electric supplier as a result of the proposed territorial boundary changes? If so, identify with specificity such customers.

RESPONSE OF BLUE GRASS

No.

PSC SECOND DATA REQUEST - ITEM 4

DATA REQUEST BY PSC

4. Do any of the New Blue Grass Territory property owners have residences, homes, or other buildings constructed on said property? If so, identify with specificity such property owners.

RESPONSE OF BLUE GRASS

1. Lots 6 and 7 of Brannon Crossing development near Nicholasville are unimproved vacant lots in a commercial development on which the territorial boundary of KU and Blue Grass divides the property. Blue Grass has service facilities in close proximity to these lots and can provide all electrical needs when improvements are placed on the lots.
2. Lots 1-88 of The Cottages of Alton Station in Anderson County are unimproved vacant lots in a proposed residential subdivision (with no existing residences constructed at this time) on which the territorial boundary of Blue Grass and KU divides the property. Blue Grass will serve all lots in the proposed subdivision upon approval of the Settlement Agreement and result in avoidance of duplication of facilities. Blue Grass has service facilities in close proximity to these lots and can provide all electrical needs when improvements are placed on the lots.

PSC SECOND DATA REQUEST - ITEM 5

DATA REQUEST BY PSC

5. Have any of the New Blue Grass Territory property owners consented to or been consulted or notified of the possible change in utility provider? If so, describe with specificity such discussions, consent, consultation, or notice given, including the applicable dates.

RESPONSE OF BLUE GRASS

Matt Steen, a representative of JAH, LLC was told that the territorial boundary would likely be changed in a conversation on a day in September, 2006.

Jerry Sutherland is believed to have received notice from KU that Blue Grass would serve all of the development. Mr. Sutherland called Blue Grass to inquire about the change of territorial boundary.

PSC SECOND DATA REQUEST - ITEM 6

DATA REQUEST BY PSC

6. Describe with specificity the reasons that Blue Grass and KU previously made territorial boundary changes involving certain of the New Blue Grass Territory in Commission Case No. 2006-00021 and are now again requesting to make similar territorial boundary changes in the instant case.

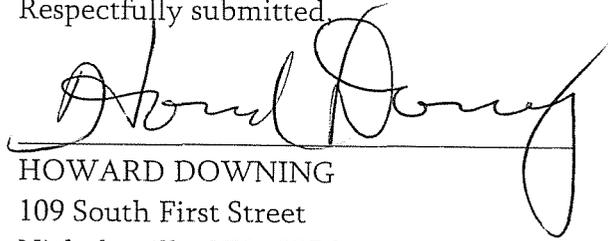
RESPONSE OF BLUE GRASS

The territorial boundaries in Case No. 2006-00021 and 2006-00214 involve potential disputes between KU and Blue Grass because the territorial boundary divided the properties proposed for subdivision and development.

KU and Blue Grass held claims as potential electric service providers for a new Kroger building in Case No. 2006-00021 and to a new Wal-Mart building in Case No. 2006-00214.

Both utilities have negotiated in good faith to resolve these territorial boundary disputes to provide adequate electric service within the disputed territorial areas.

Respectfully submitted,

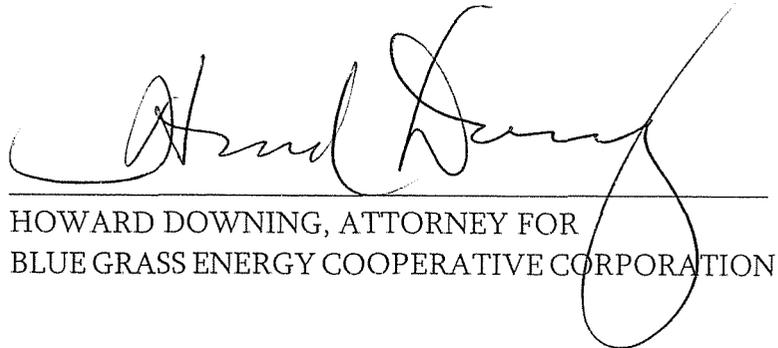


HOWARD DOWNING
109 South First Street
Nicholasville, KY 40356
(859)885-4619
ATTORNEY FOR BLUE GRASS ENERGY
COOPERATIVE CORPORATION

I certify that a true copy of the above
Responses to PSC SECOND DATA REQUEST
was mailed this 17th day of November, 2006
to the following:

Ms. Allyson K. Sturgeon
Ms. Elizabeth L. Cocanougher
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Kentucky Utilities Company

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HOWARD DOWNING, ATTORNEY FOR
BLUE GRASS ENERGY COOPERATIVE CORPORATION