

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY)
RURAL ELECTRIC COOPERATIVE)
COOPERATION FOR APPROVAL)
TO PURCHASE THE FIXED ASSETS OF)
THE MONTICELLO ELECTRIC)
PLANT BOARD, MONICELLO, KY)

NOV 09 2007

PUBLIC SERVICE
COMMISSION

CASE NO. 2007-00374

ATTORNEY GENERAL'S
RESPONSE TO MOTION FOR PROTECTIVE ORDER, OR IN THE
ALTERNATIVE, ATTORNEY GENERAL'S MOTION TO DISAPPROVE
APPLICATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky ("Attorney General"), by and through his Office of Rate Intervention, and responds to the motion for protective order by South Kentucky Rural Electric Cooperative Corporation ("SKRECC"), or in the alternative, the Attorney General moves for disapproval of the application.

While SKRECC has moved for a protective order, no grounds for asking same have been provided except for an assertion that "the transaction must close by December 6, 2007 and there is simply not sufficient time to conduct further discovery."¹ The basis for this deadline is not clear. If SKRECC has a self-imposed deadline due to contractual arrangements, this fact is irrelevant because any contractual arrangements do not supersede any Commission regulation(s) and associated timeframe(s) for approval. If the unmentioned basis is a Commission deadline, such as KRS 278.020, the Commission should not be forced into making a decision on the approval of a

¹ See SKRECC Motion dated November 8, 2007, at page 5.

transaction which may be subsequently voided. If that is the situation inferred and a statutory deadline exists, the Commission should allow the Attorney General the opportunity to explore the lawfulness of the underlying transaction or disapprove the application until the Commission has had time to adequately review same. Indeed, the Commission should not approve a transaction which may be voidable due to unlawfulness. Moreover, in that instance, it could serve no proper public purpose.

Aside from the unidentified basis for the deadline and any need to rush for Commission approval², SKRECC does not contest the Attorney General's duty to explore the lawfulness of the transaction³. SKRECC's failure to do so should be construed as a passive admission that SKRECC concedes the importance of the issue or at least wants to ignore it.

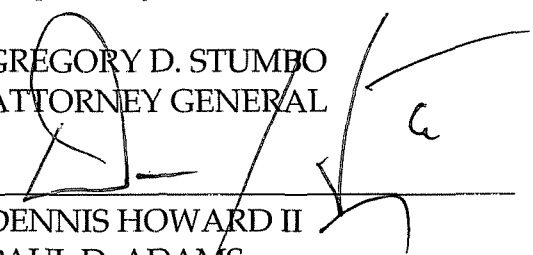
WHREFORE, the Attorney General respectfully moves the Commission to amend the procedural schedule as the Commission deems fit in order to afford the Attorney General the opportunity to explore the legality of the underlying transaction by way of discovery as well as participation at any hearing or, in the alternative, disapprove the transaction if any statutory deadline prevents the Commission from conducting its statutory review.

² SKRECC should not be allowed to wait until August 20, 2007 to file its application and then force the Commission into unnecessary, expedited action by demanding a decision on or before December 6, 2007.

³ The Attorney General does not take lightly the fact the Monticello citizens have apparently voted in favor of the transaction. However, in the event that it may be subject to later court denial, the Attorney General must make every effort to ensure that Monticello's citizens do not likewise experience any unnecessary costs and confusion as would SKRECC in the event the transaction is voided.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



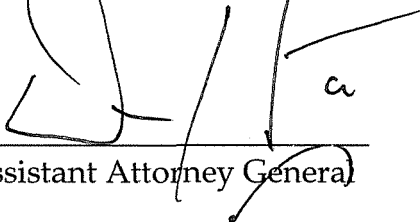
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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 9thth day of November, 2007, I hand-delivered the original and ten copies of the foregoing Attorney General's Response to Motion fro Protective Order with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601, certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to:

Honorable Darrell Saunders
Attorney for SKRECC
700 Master Street
P.O. Box 1324
Corbin, Kentucky 40702, and

Alan Anderson
Manager
SKRECC
P. O. Box 910
Somerset, KY 42502-0910.



Assistant Attorney General