

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED**

JUN 18 2008

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY        )  
COOPERATIVE CORPORATION FOR                )        Case No. 2008-00011  
AN ADJUSTMENT OF RATES                    )

ATTORNEY GENERAL'S SUPPLEMENTAL REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Requests for Information to Blue Grass Energy Cooperative Corporation [hereinafter referred to as "BGECC"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for BGECC with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional

information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to

whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,  
JACK CONWAY  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

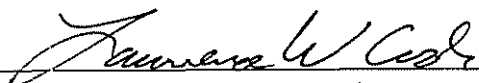
Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Stephanie Stumbo, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Daniel W. Brewer  
President and CEO  
Blue Grass Energy Cooperative Corp.  
P. O. Box 990  
Nicholasville, KY 40340-0990

Hon. Howard Downing  
Attorney at Law  
109 S. 1st St.  
Nicholasville, KY 40356

Leigh and Troy Roach  
115 Prestwick Dr.  
Georgetown, KY 40324

this 18<sup>th</sup> day of June, 2008

  
\_\_\_\_\_  
Assistant Attorney General

**Attorney General's Supplemental Data Requests to  
Blue Grass Energy Cooperative Corporation  
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1. Is the import of the response to PSC-2-30 that the originally proposed adjusted test year depreciation reserve balance of \$38,424,441 shown on Exhibit S, page 1 and Exhibit K, page 2 should be corrected to \$40,022,780 (\$39,049,560 + \$973,220)? If not, explain what the end result of the response to PSC-2-30 should be.
2. With regard to the response to AG-1-2, please provide the following information:
  - a. What is the 13-month average prepaid PSC assessment balance for the test year?
  - b. If these prepaid PSC assessments are not included in the claimed 13-month average test year prepayment balance of \$596,352, explain where (account number and title) they are reflected.
  - c. What represents the test year Prepayments – Other balance in account 16520 (e.g, the 12/07 balance of \$58,002)?
3. As evidenced from Exhibit H-1, page 6, a major reason for the requested rate increase in this case is due to “A substantial increase in the use of short-term debt funding due to the E44 loan not being available.” In this regard, please provide the following information:
  - a. Now that the E44 RUS loan has become available to BECC for an amount of \$12 million in April 2008, only 4 months after the end of the test year, would BECC agree that it is relevant to recognize this major event for ratemaking purposes in this case? If not, explain why not.
  - b. If the response to part (a) above is in the affirmative, would BECC agree that the updated annualized cost of long-term debt of \$4,290,139, shown in the response to PSC-2-37, which incorporates the impact of the new \$12 million RUS loan, should be used for ratemaking purposes in this case? If not, explain why not.
  - c. At which date in April 2008 did the \$12 million RUS loan funds become available to Blue Grass?
  - d. Explain how the \$12 million funds from the E44 RUS loan have been used by BECC and what the resulting current, or anticipated, short term debt balance is for BECC.
  - e. Given that the \$12 million funds from the E44 loan became available to BECC in April 2008 and given the requested rate increase of approximately \$7.8 million, explain whether BECC still believes it is appropriate to reflect 50% of the actual test year short term debt interest for ratemaking purposes in this case. If so, explain why. If not, provide the impact on the currently requested “Other” interest

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expense of \$320,408 shown on Exhibit S, page 2 and in the response to AG-1-32.

4. With regard to the response to PSC-2-33(f), please provide the following information:
  - a. What is the current status of the Pole Treatment Program in 2008?
  - b. Will this Pole Treatment Program be recurring annually or does it represent a program that is only implemented periodically, but not annually.
  - c. What are the actual account 593.00 expenses for the first 5 months of 2008?
  
5. With regard to the response to PSC-2-33(h), please explain when the conversion to the 811 system was started; when did it end; and what is the current status of the conversion?
  
6. With regard to the test year expense of \$214,334 for account 598.00, provide the corresponding actual expenses for each year from 2003 through 2006 and explain why the test year amount is so much higher than the expenses for the prior 4 years.
  
7. With regard to the test year expense of \$42,102 for account 595.00, provide the corresponding actual expenses for each year from 2003 through 2006 and explain why the test year amount is so much higher than the expenses for the prior 4 years.
  
8. With regard to the response to PSC-2-33(i), please provide the following information:
  - a. Confirm that the 2007 test year still includes 6 months of account 902.000 Meter Reading expenses incurred prior to the June 2007 implementation of the AMR system.
  - b. Since the 4-month 2008 expense of \$25,510 reflects the full impact of the AMR implementation, would BECC agree that the annualization of this expense amount (annual expense of \$76,530) would be more representative of the future ongoing account 902.00 expenses than the \$126,639 actual test year expenses which still include 6-month worth of pre-AMR expenses? If you do not agree, explain your disagreement.
  - c. Provide the actual account 902.00 expenses for the first 5 months of 2008.

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9. With regard to the response to PSC-2-33(j), please provide the following information:
  - a. Describe the nature and purpose of the EKPC partner plus incentives.
  - b. Explain why Blue Grass did not receive any EKPC partners plus incentives in 2007 and explain whether such incentives have not ceased to exist or whether additional incentives may be received in the future.
  - c. Provide the dollar amounts of EKPC partner plus incentives received by BECC in 2006, 2005, 2004 and 2003, as well as for the first 5 months of 2008.
  
10. As shown on Exhibit 9, pp. 1-2, BECC's proposed test year professional fees include \$12,769 for legal fees associated with the Tindle Site issue. In this regard, please provide the following information:
  - a. Confirm that BECC in this case has proposed to remove for ratemaking purposes \$297,000 worth of expenses associated with the Tindle Site issue, as shown on Exhibit 8.
  - b. Given the position described in response to part (a) above, explain why it would be appropriate to include other Tindle Site issue expenses, such as the \$12,769 test year legal expenses, for ratemaking purposes in this case.
  - c. Provide all other Tindle Site issue related expenses, other than the \$270,000 and \$12,769 expenses referenced in parts (a) and (b) above, that are included in the test year expenses and indicate in which account.
  
11. Please explain the \$200 Park Donation expense on Exhibit 11, page 16, line 25.
  
12. With regard to the response to AG-1-23, provide a further breakout for all expense items making up the \$7,512 for Publications and the \$2,558 for Miscellaneous.
  
13. With regard to the response to PSC-2-33(m), please provide the following information:
  - a. What portion of the total expense of \$465,863 was for the installation of new tile and carpet. In addition, explain whether this expense item is an annual recurring item.
  - b. What portion of the total expense of \$465,863 was for the maintenance performed on the geothermal system. In addition, explain whether this expense item is an annual recurring item.

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14. The response to AG-1-38 shows that from January 2007 through April 2008, BECC averaged 3.6 summer/part-time employees. However, for ratemaking purposes BECC has assumed 7 summer/part-time employees, as shown on Exhibit 1, page 5. In this regard, please provide the following information:
- a. Explain why BECC has assumed 7 summer/part-time employees given that during the test year it averaged 3.6 employees and currently it only has 3 summer/part-time employees.
  - b. What would the pro forma summer/part-time employee wages be based on the assumption of 3.6 employees rather than the total wages of \$27,156 based on the assumption of 7.0 employees?