

**COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION**

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PUBLIC SERVICE
COMMISSION

In the Matter of:

ADJUSTMENT OF SECURITY DEPOSIT)
AND CABLE TELEVISION ATTACHMENT)
TARIFFS FOR BLUE GRASS ENERGY)
COOPERATIVE CORPORATION)

Case No. 2010-00185

SETTLEMENT AGREEMENT

THIS AGREEMENT is made as of the last date executed herein by and between Blue Grass Energy Cooperative Corporation (“Blue Grass”) and the Kentucky Cable Telecommunications Association (“KCTA”), collectively “the Parties.”

WHEREAS, Blue Grass filed an application to increase its security deposit requirement and its cable television pole attachment charges before the Kentucky Public Service Commission (“KPSC”);

WHEREAS, and KCTA intervened on behalf of its members, 118 cable television systems serving Kentucky cable customers, filing a Motion to Dismiss the rate application and alleging that Blue Grass’s proposed pole attachment rates constituted single-issue ratemaking which is prohibited;

WHEREAS, Blue Grass has denied KCTA’s allegations regarding its proposed pole attachment rates;

WHEREAS, the KPSC has ordered the KCTA to inform the Commission in writing by November 17, 2010, of whether it desires an informal conference to discuss the rate application and whether the necessity of a formal hearing exists;

WHEREAS the Parties desire to settle this dispute without further administrative or judicial action;

NOW THEREFORE, in consideration of the promises and undertakings herein, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, and subject to the approval of this Settlement Agreement by the KPSC, **THE PARTIES DO HEREBY AGREE AS FOLLOWS:**

1. KPSC Approval. This Settlement Agreement is not effective until it is approved by the KPSC. Within five business days after the last Party has executed this Settlement Agreement, KCTA and Blue Grass shall jointly request the KPSC to approve this Settlement with the attached motion. The Parties understand that the Settlement Agreement is not binding upon the KPSC, nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Blue Grass's rates.

2. Blue Grass Pole Attachment Rates. The Parties agree that the following adjustment to Blue Grass's pole attachment rates is fair and, if approved by the KPSC, would result in the following rates:

| | |
|----------------|--------|
| 2 party pole | \$5.70 |
| 3 party pole | \$4.72 |
| 2 party anchor | \$9.80 |
| 3 party anchor | \$6.47 |
| 2 party ground | \$0.26 |
| 3 party ground | \$0.16 |

3. KPSC Approval of Rates And Settlement Agreement. The Parties agree that if the above rates and this Settlement Agreement are adopted in their entirety by the Commission, each of the Parties hereto agree that it shall file neither an application for rehearing with the KPSC nor an appeal of any Order adopting the above rates and this Settlement Agreement in their entirety. If the above rates and this Settlement Agreement are not adopted in their entirety, each party reserves the right to withdraw from the Settlement Agreement and require that the procedures before the KPSC in this captioned matter go forward. In such event the terms of this Settlement Agreement shall not be deemed binding upon the Parties, nor shall the Settlement Agreement be admitted into evidence, or referred to, or relied upon in any manner by any party hereto in any such hearing.

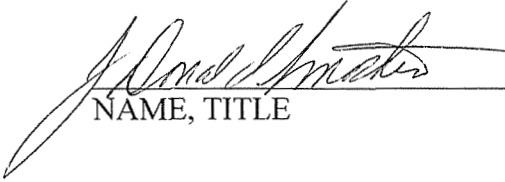
4. Rate Implementation. Within 10 days after the KPSC has approved this Settlement Agreement, Blue Grass shall file tariff revisions that include the agreed upon rates and shall implement those rates as Ordered by the KPSC.

5. KPSC Procedure. The Parties agree that if the KPSC adopts the proposed rates and this Settlement Agreement in their entirety, there will be no need for an informal conference or formal hearing and KCTA will be deemed to have withdrawn all motions and objections in this captioned case.

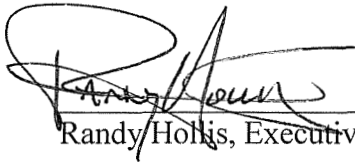
The Parties agree that the foregoing rates and Settlement Agreement are reasonable and in the best interest of all concerned and urge the KPSC to adopt the rates and this Settlement Agreement in their entirety.

This the 23rd day of November, 2010.

Blue Grass Energy Cooperative Corporation

 CFO + Vice President
NAME, TITLE

Kentucky Cable Telecommunications Association

 Executive Director
Randy Hollis, Executive Director