



**Blue Grass Energy  
Cooperative Corporation**

PO Box 990  
1201 Lexington Road  
Nicholasville, Kentucky 40340-0990  
Phone: (859) 885-4191  
Fax: (859) 885-2854

November 29, 2005

Beth O'Donnell Executive Director  
Kentucky Public Service Commission  
P O Box 615  
Frankfort Kentucky 40602

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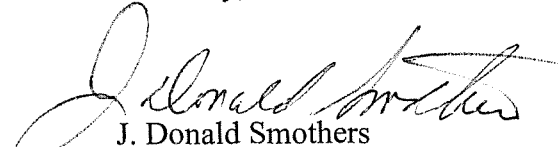
PUBLIC SERVICE  
COMMISSION

Dear Ms. O'Donnell,

We are filing as requested information that was requested by the Kentucky Public Service Commission in case no. 2005-00330 concerning Kenneth D Carpenter's sworn testimony. Mr. Carpenter is the consultant used by Blue Grass Energy. His testimony was included as item 2 in the November 17, 2005 information request. However, an affidavit stating that it was sworn testimony was not included. Attached is the sworn testimony.

We are filing an original and 10 copy. If you have any questions, please contact me at (859) 885-2118. As always, your continued assistance and cooperation is appreciated.

Sincerely,

  
J. Donald Smothers  
Vice President, Financial Services

CC: Ken Carpenter, Consultant  
Gardner F. Gillespie, Hogan & Harston, LLP  
Frank F. Chuppe, Wyatt, Tarrant & Combs, LLP  
Dennis G. Howard II, Assistant Attorney General  
Elizabeth E. Blackford, Assistant Attorney General

**KENNETH DOYAL CARPENTER**  
**594 PROVIDENCE DRIVE**  
**JEFFERSON CITY, TN 37760**  
**Phone: 865-471-7575 Cell 865-310-2026**  
**E-mail: kendc@charter.net**

**Education**

**1963-1967**                    **Carson-Newman College**  
  
**Jefferson City, TN**  
  
**BS - Business Administration**

**Work Experience**

**1966 – 1967**                    **Morristown School of Business**

**1967 – 1997**                    **Retired General Manager - Executive Vice - President**  
  
**Appalachian Electric Cooperative**  
  
**Jefferson City, TN 37760**

**Started working at Appalachian Electric in the Accounting Department while being a student at Carson – Newman and teaching night classes at Morristown School of Business. Worked to become Office Manager, Director of Finance, Assistant General Manager and General Manager Executive Vice President. Successfully oversaw all phases of operations.**

**1998 – 2001**                    **President/CEO**  
  
**Harrison Electric Cooperative**  
  
**Cynthiana, KY 41031**

**Served as President/CEO of Harrison RECC in a time of financial trouble and was able to turn the Cooperative around and made it beneficial and profitable to the members. Provide leadership in consolidating Harrison RECC with Blue Grass Energy that resulted in a rate decrease and the refund of more than \$5M of capital credits to the members of Harrison RECC.**

**2002 - 2004**

**Senior Vice – President**

**Blue Grass Energy**

**Nicholasville, KY 40340**

**Served as Senior Vice President – Blue Grass Energy and provided leadership over the four districts operations to see that all districts were providing the same quality of service. One of the largest Electric Cooperatives in Kentucky, serving an area from Richmond, KY to the Ohio River.**

**2004**

**Retired. Moved back to Jefferson City, TN.**

**Presently**

**I am in the consulting business to electrical utilities.**

**Accreditations**

**Past President – Board of Directors - East Tennessee Industrial Development Association**

**Provided Leadership in organizing the Jefferson County Chamber of Commerce and served on the Board of Directors several terms as well as President of the Chamber.**

**Director - Tennessee Valley Public Power Association, Chattanooga, TN. Served as Secretary/Treasurer for 5 years.**

**Director – Tennessee Electric Cooperative Association, Nashville, TN.**

**Director – Union Planters Bank – East Tennessee, Morristown, TN.**

**Director – Kentucky Association of Electric Cooperatives, Louisville, KY.**

**Director -- East Kentucky Power Cooperative, Winchester, KY.**

**Represented all Electric Cooperatives in East Tennessee on TVA Rates and Contracts Committee.**

**Participated in NRECA Legislative Conference for more than 30 years.**

**Certified Utility Manager and Director through National Rural Electric Cooperative Association Training Program.**

**Martial Status**

**Married to Sharon Payne Carpenter.**

- **NAME, POSITION AND ADDRESS**

**Kenneth D. Carpenter, I am a consultant for Electric Cooperatives in Kentucky and Tennessee. My address is 594 Providence Drive, Jefferson City, Tennessee 37760.**

- **DESCRIPTION OF BACKGROUND**

**I have attached a copy of my resume of my past experience.**

- **PURPOSE OF FILING THIS ATTACHMENT**

**The purpose for this attachment is to explain the methodology used in calculating the pole attachment cost and to establish new rates for attachments for Blue Grass Energy.**

**The Commission adopted Administrative Case No. 251 in 1982 which set forth the methodology for calculating the rates that electric cooperatives may use for setting a charge for pole attachments by cable television providers. The methodology set forth identified two party and three party attachment situations.**

**When calculation was made for Blue Grass Energy, we took 35 foot and 40 foot poles for the two party attachments and 40 foot and larger poles for three party attachments. The cost multiplied by the annual carrying charges and then multiplied by the PSC usage factor of .1224 to arrive at the annual pole charge for CATV attachments. The multiplier of .0759 was used to arrive at the cost for attachments for three party pole attachment situations.**

**Ground and anchor charges are figured in a same manner.**

**The carrying charges for maintenance and operations, in addition to administrative overhead cost are calculated as the ratio of the cooperative's expense to gross plant investment as set forth by the PSC. The rate of return used in the calculation is the return allowed by the Commission in the last rate case.**

**The methodology used in calculating the annual carrying charge is the same as procedure authorized by the Commission when Administrative Case 251 was approved in 1982.**

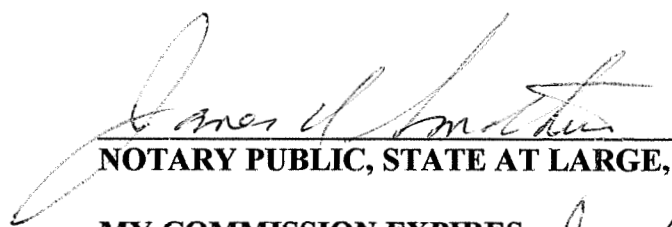
**A history of actual in plant pole, ground and anchor cost was included in the original filing by Blue Grass Energy.**

Dated this 29<sup>th</sup> day of November, 2005.

  
Kenneth D. Carpenter, Consultant

STATE OF KENTUCKY  
COUNTY OF JESSAMINE

The above testimony of Kenneth D. Carpenter, Consultant was subscribed and sworn to before me by Kenneth D. Carpenter this 29<sup>th</sup> day of November, 2005.

  
NOTARY PUBLIC, STATE AT LARGE, KY  
MY COMMISSION EXPIRES: June 6, 2009