

HOWARD DOWNING
ATTORNEY AT LAW
109 South First Street
Nicholasville, Kentucky 40356
(859)885-4619 fax (859)885-1127

August 4, 2006

RECEIVED

AUG 04 2006

PUBLIC SERVICE
COMMISSION

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

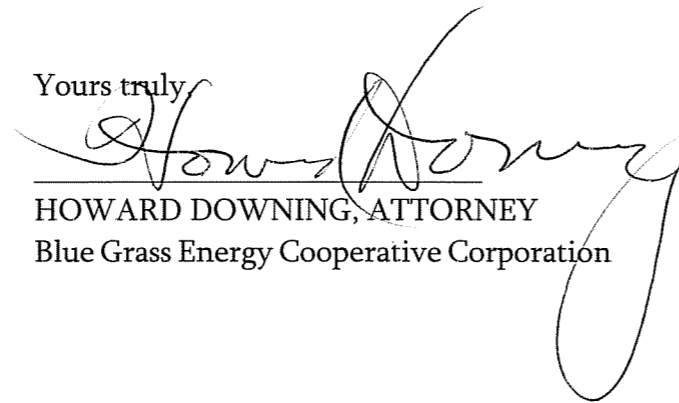
RE: MOTIONS FOR FILING
CASE NO. 2006-00214

Dear Ms. O'Donnell:

Please file the enclosed original and eight copies of date of request by Blue Grass Energy.

Thanks for your assistance.

Yours truly



HOWARD DOWNING, ATTORNEY
Blue Grass Energy Cooperative Corporation

Enclosure:
HD/pb

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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AUG 04 2006

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 FIRST DATA REQUEST OF COMMISSION STAFF

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SUPPLIER FOR THE NEW WAL-MART)
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RESPONSES BY BLUE GRASS ENERGY COOPERATIVE CORPORATION
TO FIRST DATA REQUEST OF COMMISSION STAFF

Petitioner, Blue Grass Energy Cooperative Corporation (herein "Blue Grass"), hereby makes the following responses to the "FIRST 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 except Number 3 (c). Harold Cornett is the name of the Blue Grass official responsible for responding to questions related to Data Request Number 3 (c).]

PSC FIRST DATA REQUEST - ITEM 1

DATA REQUEST BY PSC

1. Pursuant to KRS 278.017 (3)(a), describe with specificity the proximity of your existing distribution lines to the proposed site of the Wal-Mart SuperCenter that is the subject of this case. To the extent not already provided by you in this case, provide any relevant supporting materials and documents to include aerial photographs, maps, etc.

RESPONSE OF BLUE GRASS

Blue Grass has a double circuit three phase line existing within 30 feet of the corner of the proposed new Wal-Mart SuperCenter (No.591-02) according to the plans of Wal-Mart. A plat with the existing Blue Grass distribution line is attached hereto as Exhibit A and incorporated by reference herein.

DATA REQUEST BY PSC - ITEM 2

2. Pursuant to KRS 278.017(3)(b), state the date that Blue Grass was first furnishing service to this customer and/or in this area, and the age of Blue Grass's facilities in this area.

RESPONSE BY BLUE GRASS

Blue Grass's existing line location was originally built in 1938 as a two-phase line.

In 1945, Blue Grass (through its predecessor, Harrison County Rural Electric Cooperative Corporation) installed electric service to a tenant house on the farm that contains the proposed new Wal-Mart Store 591-02. In 1946 Blue Grass (as Harrison RECC) installed electric service to two (2) additional tenant houses on the farm that contains the proposed new Wal-Mart Store 591-02.

The line was converted to a three-phase in the 1940's. In 1971 the line was converted to a double circuit three-phase line, which is its current configuration. The existing line is fully maintained and operable for immediate Electric Service for the New Wal-Mart SuperCenter (No.591-02).

PSC FIRST DATA REQUEST - ITEM 3 (a)

DATA REQUEST BY PSC

3. Pursuant to KRS 278.017(3)(c), describe with specificity:

a. The adequacy and dependability of Blue Grass's existing distribution lines, which will actually serve this area and/or customer, to provide dependable, high quality retail electric service.

RESPONSE OF BLUE GRASS

The existing Blue Grass distribution line is a double circuit three phase line within 30 feet of the new building. The new Wal-Mart Store 591-02 will be located within approximately .75 miles of Blue Grass's Cynthiana substation on New Lair Road. This line would be more than capable of providing a dependable high quality retail electric service and would have limited line exposure due to its close proximity to the substation.

Blue Grass has a full service district office (with ten (10) line technicians) located in Cynthiana (within approximately 2 ½ miles of the new Wal-Mart Store 591-02) that would be capable of responding to any problems in a short period of time.

PSC FIRST DATA REQUEST - ITEM 3 (b).

DATA REQUEST BY PSC

3. Pursuant to KRS 278.017(3)(c), described with specificity:

b. The reasons that Blue Grass believes its facilities in this area are better equipped to provide dependable, high quality retail electric service to this customer. Include a comparison between its facilities and those of Kentucky Utilities Company (“KU”).

RESPONSE BY BLUE GRASS

Blue Grass Facilities - A tap from the Blue Grass Energy facilities would be made at a point approximately .75 miles from our Cynthiana substation. This line goes through an industrial park with only four transformers on the line between the building site and the substation. The size of the line is 336.4 MCM ACSR which is more than capable of supplying reliable high quality retail electric service based on the current loading of the line. Blue Grass has a new full service district office (with ten (10) line technicians) located in Cynthiana to respond quickly to any problems that may arise with the Wal-Mart service.

KU Facilities - A tap from the KU facilities would be made at a point approximately 1.1 miles from their substation located on White Oak Pike in Cynthiana. The line goes through a residential area and commercial area with multiple taps and transformers to customers between the building site and the substation. The size of the line appears to be 266.8 MCM ACSR which should be of adequate size depending on the current loading of the line. We believe that the nearest KU district office for response to any problems is located in the city of Paris which is at least 10 miles away.

Blue Grass Energy believes that its facilities are better equipped to provide the proposed customer with dependable high quality retail electric service due to the following reasons:

1. Customer would be close to a substation with fewer taps and customers between it and the substation.
2. The Blue Grass facilities are slightly larger and have less exposure than the KU facilities.
3. Blue Grass would be able to respond to any problems in a quicker fashion than KU due to having a full service district office (with ten (10) line technicians) within Cynthiana instead of one in another city.

PSC FIRST DATA REQUEST - ITEM 3(c)

DATA REQUEST BY PSC

3. Pursuant to KRS 278.017(3)(c), describe with specificity:

c. Provide a comparison of the costs, including rates between Blue Grass and KU, which are required to provide dependable, high quality retail electric service to this customer.

RESPONSE BY BLUE GRASS

ESTIMATED INSTALLATION COST

I. Blue Grass Installed Cost

190' overhead line extension - \$4,147.70

1500 KVA pad mount transformer - \$22,250.00

130' underground line extension - \$2,138.93

Total installation cost - \$28,536.43

II. KU Installed Cost

360' overhead line extension - \$4,632.20

1500 KVA pad mount transformer - \$22,250.00

130' underground line extension - \$2,138.93

Total installation cost - \$29,021.13

Note: These costs assume that the contractor furnishes and installs the conduit and necessary pad for the pad mount transformer. The above figures are based on Blue Grass contractor and supplier costs.

Item 3(c) - Sheet 1 of 2

RATE COMPARISON

The Blue Grass rate (Harrison District LPR-1 Rate 8) for customers over 500 KW and the KU rate (LP rate) for customers not less than 200 KW or more than 5000 KW is as follows:

I. Blue Grass (Harrison Rate LPR1, Rate 8)

Consumer Charge \$40.16

All kwh @ .04077

All KW @ \$7.82

II. KU LP Rate

Customer Charge \$75.00

All kwh @ .02516

All KW @ \$6.65

The rates of Blue Grass and KU are duly authorized and approved by the Public Service Commissioner. The Public Service Commission recognizes such rates as reasonable and valid within the service territory of each utility. Both Blue Grass and KU are equally able to provide rates which are recognized by the Public Service Commission as reasonable. Blue Grass disputes the implied contention by KU that a lower rate alone will require its selection as the utility to serve the new Wal-Mart SuperCenter.

PSC FIRST DATA REQUEST - ITEM 4

DATA REQUEST BY PSC

4. Pursuant to KRS 278.017(3)(d), describe with specificity the reasons that Blue Grass contends that Blue Grass's service to this customer will more likely result in the elimination and prevention of duplication of electric lines and facilities supplying this territory.

RESPONSE BY BLUE GRASS

The closer proximity of Blue Grass (1) to existing distribution lines within 30 feet of the new building, (2) to Cynthiana substation within .75 miles and (3) to a full service, fully staffed and equipped district office located within 2 ½ miles of the new Wal-Mart SuperCenter will result in less cost of capital expense and lower cost to respond for service. KU would be required to duplicate at greater expense from a greater distance the same services for which Blue Grass has the close and better ability to provide to the new Wal-Mart SuperCenter.

PSC FIRST DATA REQUEST - ITEM 5

DATA REQUEST BY PSC

5. Describe the reasons that Blue Grass does or does not assert that this customer represents a “new electric consuming facility” and the reasons that this characterization is or is not relevant herein.

RESPONSE BY BLUE GRASS

The new Wal-Mart SuperCenter (No.591-02) is a completely new, separate and independent facility which will utilize electric energy from a new central station source. The separate and existing Wal-Mart Store will be abandoned and replaced by the new Wal-Mart SuperCenter (No.591-02) when construction of the new store is completed. This new Wal-Mart SuperCenter (No. 591-02) at a separate location is clearly a “new electric - consuming facility” as set forth in KRS 278.018 and defined under KRS 278.010(8).

KRS 278.010(8) defines “Electric-consuming facilities” as follows:

(8) “Electric-consuming facilities” means everything that utilizes electric energy from a central station source.

KRS 278.018 (1) provides, in part, as follows:

In the event that a new electric-consuming facility should locate in two (2) or more adjacent certified territories, the commission shall determine which retail electric supplier shall serve said facility based on criteria in KRS 278.017(3).

The new Wal-Mart SuperCenter (No. 591-02) is a new facility at a new location where this “new electric-consuming facility” will utilize electric energy from a central station source.

This new Wal-Mart SuperCenter (No. 591-02) is not an expansion of the existing Wal-Mart Store which will be abandoned and no longer utilize any electric energy.

The new Wal-Mart SuperCenter as a completely new electric-consuming facility requiring all new electric service at a new location which will be separate and unrelated to the old abandoned Wal-Mart Store at a different location. Wal-Mart frequently builds across the street or across town with new stores to replace old and smaller stores. The construction of the all new Wal-Mart SuperCenter at a new location is in no manner a mere “expansion” or “extension” of the abandoned store, which will be vacated and demolished.

PSC FIRST DATA REQUEST - ITEM 6

DATA REQUEST BY PSC

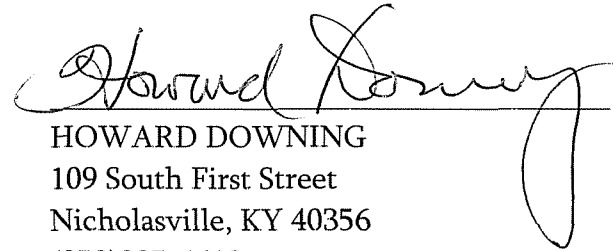
6. To the best of your knowledge and belief, provide the date-certain that the customer will need additional service at the proposed Wal-Mart SuperCenter.

RESPONSE BY BLUE GRASS

The general contractor on July 25, 2006 orally informed Blue Grass that the site would need permanent power within 30 days. Counsel for KU indicated a need for electric “construction service at the SuperCenter building by mid - September.” (See Motion of KU for Interim Service at page 2 and filed in this proceeding).

Wal-Mart has not provided an exact date for electric service.

Respectfully submitted,



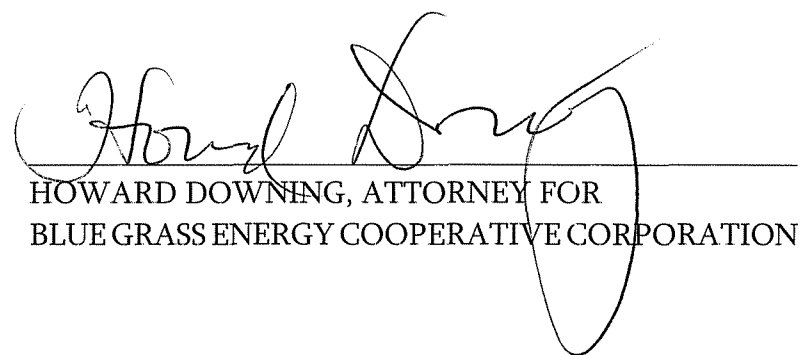
HOWARD DOWNING
109 South First Street
Nicholasville, KY 40356
(859)885-4619
ATTORNEY FOR BLUE GRASS ENERGY
COOPERATIVE CORPORATION

I certify that a true copy of the above
Responses to PSC FIRST DATA REQUEST
was mailed this 4th day of August, 2006
to the following:

Ms. Allyson K. Sturgeon
Ms. Elizabeth L. Cocanougher
220 West Main Street
Louisville, KY 40202
Attorneys for
Kentucky Utilities Company

Mr. J. Gregory Cornett
Stoll, Keenon, Ogden PLLC
Suite 1700
500 West Jefferson Street
Louisville, KY 40202
Attorney for
Kentucky Utilities Company

Mr. John P. Colgan
Wal-Mart Stores, Inc.
2001 SE 10th Street
Bentonville, AR 72716-0550



HOWARD DOWNING, ATTORNEY FOR
BLUE GRASS ENERGY COOPERATIVE CORPORATION