

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF)
BLUE GRASS ENERGY COOPERATIVE) CASE NO. 2006-00267
CORPORATION FROM NOVEMBER 1, 2005)
THROUGH APRIL 30, 2006)

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on July 6, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Blue Grass Energy Cooperative Corporation ("Blue Grass") for the 6 months ended April 30, 2006.

As part of this review, the Commission ordered Blue Grass to submit certain information concerning its compliance with Administrative Regulation 807 KAR 5:056. Blue Grass has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

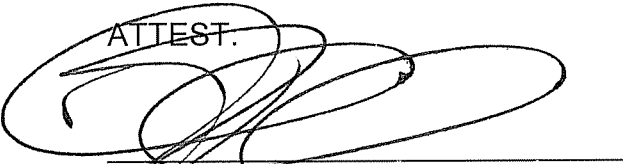
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence that Blue Grass has improperly calculated or applied its FAC charge.

IT IS THEREFORE ORDERED that the charges and credits applied by Blue Grass through the FAC for the period November 1, 2005 through April 30, 2006 are approved.

Done at Frankfort, Kentucky, this 8th day of November, 2006.

By the Commission

ATTEST.



Executive Director