

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF BLUE)	CASE NO.
GRASS ENERGY COOPERATIVE)	2006-00512
CORPORATION FROM NOVEMBER 1,)	
2004 THROUGH OCTOBER 31, 2006)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, Section 1(11) and (12), IT
IS HEREBY ORDERED that:

1. A public hearing shall be held on March 14, 2007 at 9:00 a.m., Eastern Standard Time, at the Commission's offices in Frankfort, Kentucky, to examine the application of the fuel adjustment clause of Blue Grass Energy Cooperative Corporation ("Blue Grass") from November 1, 2004 to October 31, 2006. If no interested party files written notice of its intent to attend this hearing with the Commission by March 12, 2007, this public hearing shall be cancelled.

2. Blue Grass shall file with the Commission, not later than 21 days from the date of this Order, an affidavit attesting to its compliance or noncompliance with the requirements of Administrative Regulation 807 KAR 5:056.

3. Blue Grass shall publish the following notice not less than 7 days nor more than 21 days prior to the public hearing in a newspaper of general circulation in its service areas or in a trade publication or newsletter going to all customers. Blue Grass shall also file an Affidavit of Publication of Hearing Notice with the Commission when received from the publisher, but no later than March 12, 2007.

A public hearing will be held on Wednesday, March 14, 2007, at 9:00 a.m., Eastern Standard Time, at the offices of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky, to examine the application of the fuel adjustment clause of Blue Grass Energy Cooperative Corporation for the period November 1, 2004 to October 31, 2006. Individuals interested in attending this hearing shall notify the Public Service Commission in writing of their intent to attend no later than March 12, 2007. If no notices of intent to attend are received by that date, this hearing will be cancelled. Written notice of intent to attend this hearing should be sent to: Beth O'Donnell, Executive Director, Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

4. Blue Grass shall, not later than 30 days from the date of this Order, file with the Commission the original and 5 copies of the information listed in Appendix A. Each copy shall be placed in a bound volume with each item tabbed. When numerous sheets are required for an item, each sheet should be appropriately indexed; for example, Item 1(a), Sheet 2 of 6. Blue Grass shall furnish with each response the name of the witness who will be available at the public hearing to respond to questions concerning each area of information requested. Blue Grass shall ensure that copied material is legible.

Done at Frankfort, Kentucky, this 18th day of December, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00512 DATED DECEMBER 18, 2006

1. a. Provide a schedule of the calculation of the 12-month average line loss by month for November 2004 through October 2006.
 - b. Describe the measures that Blue Grass has taken to reduce line loss during this period.
2. Provide a schedule showing the calculation of monthly over- or under-recovery of fuel costs from November 1, 2004 through October 31, 2006.
3. Provide Blue Grass's monthly revenue reports (monthly billing summaries) showing the total revenue collected, including adjustments under the fuel adjustment clause, reported in Blue Grass's monthly filings required by the Commission from November 1, 2004 through October 31, 2006.
4. Provide a schedule showing the calculation of the increase or decrease in Blue Grass's base fuel costs per KWH as proposed by its wholesale electric supplier adjusted for Blue Grass's 12-month average line loss for November 2004 through October 2006.
5. Provide a schedule of the present and proposed rates that Blue Grass seeks to change pursuant to Administrative Regulation 807 KAR 5:056 as calculated in Item 4 above, shown in comparative form.
6. Provide a statement showing by cross-outs and italicized inserts all proposed changes in rates. A copy of the current tariff may be used.