

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

June 5, 2008

RECEIVED

JUN 05 2008

PUBLIC SERVICE  
COMMISSION

Ms. Stephanie Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Re: PSC Case No. 2008-00011  
Blue Grass Energy Cooperative Corporation

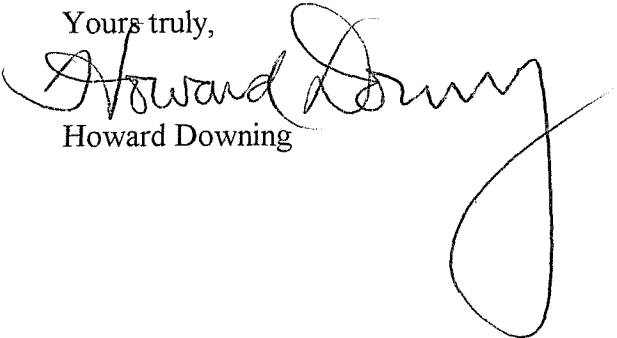
Dear Ms. Stumbo:

Please file in case No. 2008-00011 the original and seven (7) copies of "Applicants Response to Attorney General's Initial Request For Information". This relates to the application for adjustment of rates by Blue Grass Energy Cooperative Corporation.

Contact me at (859) 885-4619 or J. Donald Smothers at (859) 885-2118 if there are any questions.

Thanks for your assistance in this matter.

Yours truly,

  
Howard Downing

Enclosure:  
HD/pb

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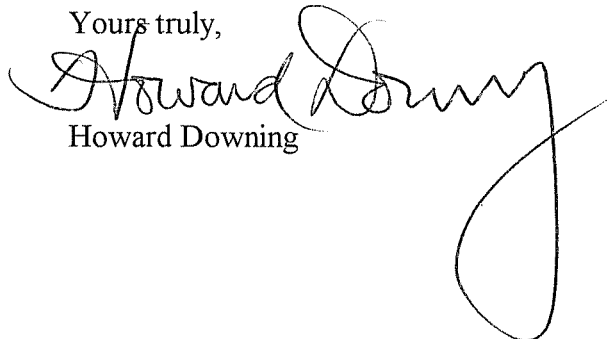
Re: PSC Case No. 2008-00011  
Blue Grass Energy Cooperative Corporation

Dear Ms. Stumbo:

Please file in case No. 2008-00011 the original and seven (7) copies of "Applicants Response to Attorney General's Initial Request For Information". This relates to the application for adjustment of rates by Blue Grass Energy Cooperative Corporation.

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Thanks for your assistance in this matter.

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Howard Downing

Enclosure:  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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JUN 05 2008

PUBLIC SERVICE  
COMMISSION


In the Matter of:

APPLICATION OF BLUE GRASS ENERGY )  
COOPERATIVE CORPORATION FOR ) Case No. 2008-00011  
AN ADJUSTMENT OF RATES )

APPLICANT'S RESPONSES TO  
ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

The applicant, Blue Grass Energy Cooperative Corporation, makes the following responses to the "Attorney General's Initial Requests for Information," as follows:

1. The witnesses who are prepared to answer questions concerning each request are J. Donald Smothers and Jim Adkins.
2. J. Donald Smothers, Vice - President of Blue Grass Energy Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.

  
HOWARD DOWNING  
109 South First Street  
Nicholasville, KY 40356  
Attorney for Blue Grass Energy  
Cooperative Corporation  
Telephone: 859-885-4619

The undersigned, J. Donald Smothers as Vice President of Blue Grass Energy Cooperative Corporation, being first duly sworn, states that the responses herein are true and accurate to the best

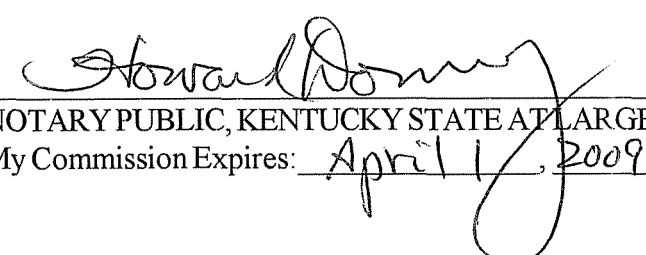
of my knowledge, information and belief formed after a reasonable inquiry.

Dated: June 5, 2008.

BLUE GRASS ENERGY COOPERATIVE CORPORATION

By:   
J. DONALD SMOTHERS  
VICE - PRESIDENT

Subscribed, sworn to and acknowledged before me by J. Donald Smothers, as Vice -  
President by Blue Grass Energy Cooperative Corporation on behalf of said Corporation this 5<sup>th</sup> day  
of June, 2008.

  
NOTARY PUBLIC, KENTUCKY STATE AT LARGE  
My Commission Expires: April 1, 2009.

**CERTIFICATE OF SERVICE**

The undersigned counsel certifies that the foregoing motion has been served upon the following:

Original and Seven Copies


Ms. Stephanie Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Copy

Hon. Lawrence W. Cook  
Assistant Attorney General  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204

Leigh and Troy Roach  
115 Prestwick Drive  
Georgetown, KY 40324

This 5<sup>th</sup> day of June, 2008.

  
\_\_\_\_\_  
ATTORNEY FOR BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

1. With regard to Exhibit S, page 1 of 4, please provide a workpaper showing explanations and calculations for the proposed test year adjustment amounts of \$8,801,833 for deferred debits, \$9,392,510 for patronage capital, and \$34,442 for accumulated operating provisions.

Response

Application, Exhibit S, page 4 of 4, line 17	7,838,023
Application, Exhibit S, page 3 of 4, net margins	<u>1,554,487</u>
	<u>9,392,510</u>

Application, Exhibit S, page 3 of 4, Adj 6, FAS	<u>34,442</u>
---	---------------

In a balance sheet, the assets must equal the members' equities and liabilities. The amount of \$8,801,833 is necessary for the balance sheet to balance.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

2. Please provide the portion of the 13-month average prepayment balance of \$596,352 (Exhibit K, page 2 of 7) that represents the 13- month average test year PSC assessment prepayments.

Response

None.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

3. Exhibit K, page 4 shows that BECC carries on its books Consumer Advances with a balance of \$647,647 as of the end of the test year. In this regard, please provide the following information:

a. Provide the equivalent Consumer Advances balances for each of the years 2002 through 2006.

Response

2002	725,808
2003	698,724
2004	786,344
2005	742,437
2006	712,838

b. What is the difference between Consumer Advances and Consumer Deposits?

Response

Consumer advances are for construction projects.

Consumer deposits are required for consumers who are delinquent on paying their electric bills.

c. Is the Coop required to refund Consumer advances to the Coop members and, if so, under what specific conditions?

Response

Coop members will get the advance refunded if another consumer connects to the line within 10 years of the initial consumer having service connected.

d. Is the Coop required to pay interest on these Consumer Advances and, if so, what is the test year Consumer Advances interest and in what specific expense account is this interest reflected?

Response

No.

e. Explain why BECC has not reflected its test year Consumer Advances balance as a rate base deduction, as shown on Exhibit K, page 2, line 25.

Response

This was an oversight in the formula.



Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

4. Given that BECC has the availability of \$1,413,702 worth of Consumer Deposit funds (see Exhibit S, page 1, line 44) and has not deducted this Consumer Deposit balance from its rate base, explain why the Coop believes it appropriate to include Consumer Deposit interest expense (see Exhibit S, page 2, line 31) in its determination of the requested rate increase in this case. Stated, differently, if Consumer Deposits are not to be considered for ratemaking purposes in this case, explain why the interest associated with Consumer Deposits have been considered for ratemaking purposes by BECC.

Response

Consumer deposits are a current liability, not a deduction from capital. Since deposits are refundable, they should not be considered in the rate base.

Historically Consumer Deposits have not been removed from the rate base in calculating rate of return for distribution electric cooperatives. Blue Grass has followed this practice in preparing rate base calculations.

Since customer deposits have not been deducted from the rate base, the interest should not be deducted either.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

5. Is BECC aware of the well-established and long-standing Commission ratemaking policy that consumer deposits may not be deducted from rate base and, consistent with that policy, that consumer deposit interest may not be included as an above-the-line ratemaking expense (see page 9 of the Commission's Order in Delta Gas Company's 1999 rate case, Case No. 1999-176)?

Response

See response to Item 4 of this request for information.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

6. With regard to Exhibit G, please provide the following information:
- a. The net of the billed and unbilled fuel adjustment and environmental surcharge amounts shown at the bottom of Exhibit G adds to \$15,046,677. Please reconcile this to the corresponding dollar amount of \$15,052,264 on Exhibit S, page 2, line 10.

Response

The net of the total should be the \$15,046,677.

- b. Reconcile the test year base rate revenue amount of \$81,632,418 to the corresponding test year base rate revenue amount of \$81,635,499 on exhibit S, page 2, line 9.

Response

Upon further review, there have been some minor differences in both Exhibit G and Exhibit S for the test year revenues. The correct amounts should be as follows for both Exhibits G and S:

Base rate revenue	81,641,086
Fuel and surcharge	<u>15,046,677</u>
Total test year revenues	<u><u>96,687,763</u></u>

- c. Reconcile the normalized Case No. 2006-00512 revenue amount of \$86,991,610 and the proposed revenue amount of \$94,824,821 to the corresponding amounts of \$86,992,427 and \$94,830,450 on Exhibit S, page 2, line 9.

Response

The normalized revenue should be the amount reflected on Exhibit G in the amount of \$86,991,610.

The proposed revenue should be the amount reflected on Exhibit S in the amount of \$94,830,450.

These were oversights only during the preparation of this case.

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

7. For each of the income statement accounts listed on Exhibit X, pages 1 through 7, please provide the actual annual amounts (only annual amounts are requested, not monthly amounts) for calendar years 2003, 2004 and 2005.

Attached.

Exp. 4-1-1  
 Page 2 of 13

LINE NO	ACCT	ITEM	DESCRIPTION	THIS YEAR PBD	LAST YEAR PBD	THIS YEAR PBD	LAST YEAR PBD	BUDGET
12.00	403.60	DEPR EXPENSE-DISTRIBUTION PLANT		359936.82	336513.34	4186173.52	3903775.64	4688400.00
		TOTAL		359936.82	336513.34	4186173.52	3903775.64	4688400.00
12.00	403.70	DEPR EXPENSE-GENERAL PLANT		43422.05	41168.37	508772.45	426904.08	.00
		TOTAL		403358.87	377681.71	4694945.97	4330679.72	4688400.00
13.00	408.10	TAXES-PROPERTY		.00	.00	.00	.00	.00
		TOTAL		.00	.00	.00	.00	.00
14.00	408.20	TAXES-FED UNEMPLOYMENT		.00	.00	.00	.00	5300.00
14.00	408.30	TAXES-FTCA		.00	.00	.00	.00	.00
14.00	408.40	TAXES-STATE UNEMPLOYMENT		.00	.00	.00	.00	.00
14.00	408.70	TAXES-OTHER		.00	.00	2408.20	3375.56	.00
		TOTAL		.00	.00	2408.20	3375.56	5300.00
24.00	415.00	REVENUE FROM MERCHANDISING		5139.05	5483.27	39601.35	85626.11	.00
24.00	415.10	REVENUE-ETS		821.29	364.42	3089.09	5789.55	.00
24.00	416.00	COST & EXP OF MERCHANDISING		710.96	22109.87	26906.24	77822.27	.00
24.00	416.10	COST-ETS		1953.74	5997.09	15238.70	25911.78	.00
24.00	417.65	REVENUE-DTV INSTALLATION		.00	.00	517.44	665.28	.00
24.00	417.70	SURGE PROTECTION		1035.69	1044.15	16138.61	21727.82	.00
24.00	417.75	CREDIT CARD BUSINESS		250.00	292.11	1906.68	2198.85	.00
		TOTAL		1285.69	1336.26	18045.29	23926.67	.00
24.00	417.85	INTERNET BUSINESS		223.17	366.52	2784.22	3576.70	.00
24.00	417.90	BOONES TRACE SEWER SYSTEM		.00	.00	.00	37.72	.00
24.00	417.91	BATTLEFIELD SEWER SYSTEM		.00	.00	.00	229.66	.00
		TOTAL		.00	.00	.00	267.38	.00
24.00	417.9	TOTAL		1786.78	23962.05	19766.57	39423.86	.00
21.00	419.00	INTEREST & DIVIDEND INCOME		26.28	22.34	118362.17	83567.63	132000.00
21.00	419.60	INTEREST-ENERGY CONSERV. LOANS		265.86	416.83	4203.45	5058.03	.00
		TOTAL		292.14	439.17	122565.62	88625.66	132000.00
24.00	421.10	GAIN ON DISPOSITION OF PROPERTY		20800.00	.00	38625.83	35227.94	.00
24.00	421.20	LOSS ON DISPOSITION OF PROPERTY		14966.65	.00	46754.48	15633.27	.00
		TOTAL		5833.35	.00	8128.65	19594.67	.00

Exh. 6.77  
Page 3 of 13

LINE NO	ACCT	ITEM	DESCRIPTION	-----MONTHLY AMOUNTS-----			-----YEAR TO DATE AMOUNTS-----			BUDGET
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR	
18.00	426.10		DONATIONS	12000.00	500	.00	12105.47	126	2141.37	9600.00
18.00	426.40		EXPENDITURE FOR CIVIC, POLITICAL	.00		.00	1439.41		8017.12	.00
18.00	426.50		OTHER DEDUCTIONS	.00		907.77	4707.78		5660.10	.00
18.00		TOTAL		12000.00	500	907.77	18252.66	190	15818.59	9600.00
15.00	427.10		INTEREST-REA LONG TERM DEBT	76000.00	28	42000.00	867830.96	27	514110.93	3216000.00
15.00	427.11		INTEREST-RUS FFB LOAN	142244.79		96935.15	1202037.16		814961.78	.00
15.00		TOTAL		218244.79	81	138935.15	2069868.12	64	1329072.71	3216000.00
15.00	427.20		INTEREST-CFC LONG TERM DEBT	118000.00		118000.00	1418831.94		1415876.90	.00
15.00		TOTAL		336244.79	125	256935.15	3488700.06	108	2744949.61	3216000.00
17.00	431.00		OTHER INTEREST EXPENSE	27226.31	436	17514.15	220134.05	294	92624.59	75000.00
17.00		TOTAL		27226.31	436	17514.15	220134.05	294	92624.59	75000.00
1.00	440.10		RESIDENTIAL SALES	6281732.01-	96	4882153.24-	59969544.67-	84	49545661.81-	71478226.00-
1.00	442.10		COMMERCIAL SALES < 50 KVA	784784.75-		680907.28-	8796953.26-		7513239.64-	.00
1.00	442.20		COMMERCIAL SALES > 50 KVA	1275823.51-		1228370.07-	14479801.66-		12058303.94-	.00
1.00	444.00		PUBLIC STREET & HIGHWAY LIGHTIN	16632.01-		14294.09-	181309.91-		161348.83-	.00
1.00	450.00		FORFEITED DISCOUNTS	75824.36-	107	53676.50-	923733.63-	119	758407.74-	773368.00-
1.00	451.00		MISC SERVICE REVENUES	9125.29-	50	8354.55-	223827.13-	112	226035.61-	200637.00-
1.00	454.00		RENT FROM ELECTRIC PROPERTY	241128.64-	603	57767.89-	757645.99-	158	586601.20-	480000.00-
1.00	456.00		OTHER ELECTRIC REVENUE	1406.15-	62	861.08	16403.29-	61	32005.77-	27000.00-
1.00		TOTAL		8686456.72-	130	6924662.54-	85349219.54-	117	70881604.54-	72959231.00-
3.00	555.00		PURCHASED POWER	7172642.00	135	5486581.00	63167767.00	123	50444868.00	51476341.00
3.00		TOTAL		7172642.00	135	5486581.00	63167767.00	123	50444868.00	51476341.00
5.00	580.00		OPERATION-SUPERVISION & ENGINEE	19442.72	105	17762.89	216774.91	98	214598.58	221822.00
5.00	582.00		STATION EXPENSE	5238.14	235	1765.33	27533.25	103	24619.37	26779.00
5.00	583.00		OVERHEAD LINE EXPENSE	138417.48	169	51674.71	778258.55	79	714750.21	984306.00
5.00	584.00		UNDERGROUND LINE EXPENSES	11744.06		3513.10	61730.21		49782.93	.00
5.00	585.00		STREET LIGHT EXPENSE	2852.18		894.92	14991.90		12480.63	.00
5.00	586.00		METER EXPENSE	53460.98	138	8951.16	535384.50	115	454172.01	466340.00
5.00	587.00		CONSUMER INSTALLATION EXPENSE	42270.94	222	13334.49	231754.86	102	210441.29	228326.00

Exhibit 7  
Page 4 of 13

LINE NO	ACCT	ITEM	DESCRIPTION	MONTHLY AMOUNTS			YEAR TO DATE			BUDGET
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR	
5.00	588.00		MISCELLANEOUS DISTRIBUTION EXP	32079.76	128	26743.25	376147.69	125	302338.50	301099.00
			TOTAL	305506.26	164	124639.85	2242575.87	101	1983183.52	2228672.00
6.00	590.00		MAINTENANCE-SUPERVISOR & ENGINE	2892.38	109	1975.71	37230.68	113	31604.03	32953.00
6.00	590.10		MAINTENANCE-24 HR DISPATCHING	13079.37	81	18309.77	167265.34	86	197187.27	194441.00
6.00	592.00		MAINTENANCE-STATION EQUIPMENT	1184.79		.00	1184.79		.00	.00
6.00	593.00		MAINTENANCE-OVERHEAD LINES	38904.71	35	104918.43	1198093.16	89	1266786.63	1339427.00
6.00	593.10		MAINTENANCE-RIGHT OF WAY	181494.24	116	5338.05	1895127.86	101	2132667.11	1874982.00
6.00	594.00		MAINTENANCE-UNDERGROUND LINES	11486.14	89	22183.86	164918.10	106	185567.13	155545.00
6.00	595.00		MAINTENANCE-LINE TRANSFORMERS	1253.00	56	84.44	26260.80	98	22155.82	26893.00
6.00	596.00		MAINTENANCE-STREET LIGHTING	4036.04	44	8792.33	74002.01	68	100319.73	108895.00
6.00	597.00		MAINTENANCE-METERS	5261.78	104	3306.66	43681.81	72	53824.22	60411.00
6.00	598.00		MAINTENANCE-SECURITY LIGHTS	16361.90	144	11491.11	140517.43	103	133402.33	136364.00
			TOTAL	275954.35	84	176231.48	3748281.98	95	4123514.27	3929911.00
7.00	901.00		SUPERVISION	8834.41	107	9033.42	104378.64	106	98254.41	98750.00
7.00	902.00		METER READING EXPENSE	35245.50	94	53036.61	480418.59	97	558030.06	494000.00
7.00	903.00		CUSTOMER RECORDS & COLLECTING E	130311.49	110	86057.06	1508894.94	106	1346836.06	1427200.00
7.00	903.10		CASH OVER/SHORT	39.45		422.33	316.73		165.43	.00
7.00	904.00		UNCOLLECTABLE ACCOUNTS	31865.05	177	30539.43	248692.90	92	314067.43	269000.00
			TOTAL	206295.90	113	178244.19	2342701.80	102	2317353.39	2288950.00
8.00	908.00		CUSTOMER ASSISTANCE EXPENSE	12807.64	98	7321.17	85248.70	54	141351.38	157271.00
8.00	909.00		INFORMATIONAL ADVERTISING	310.04	8	755.47	6095.66	14	14695.02	44678.00
8.00	910.00		MISCELLANEOUS SERVICE EXPENSE	554.56		2921.58	19021.94		34048.18	.00
8.00	912.00		DEMOS/STRATION & SELLING EXPENSE	2164.36	35	4091.94	60078.18	82	68040.14	73178.00
8.00	912.10		SCHOOL APPLIANCES	.00		.00	.00		.00	.00
8.00	912.30		MEMBER SERVICES-PUBLIC RELATION	110119.25	782	20230.80	63065.23	37	182277.10	168904.00
8.00	912.40		MARKETING	32583.63	110	9392.25	429883.80	121	353088.36	354969.00
8.00	913.00		ADVERTISING EXPENSES	4234.19		4047.59	44089.53		26154.11	.00
			TOTAL	57464.83	86	29976.30	695291.72	87	819654.29	799000.00
10.00	920.00		ADMINISTRATIVE & GEN SALARIES	156619.49	94	125661.34	1897497.48	94	1861582.65	2008690.00
10.00	920.12		KEY ACCOUNTS EXPENSE	6411.91		132.04	24660.49		3645.58	.00
10.00	921.00		OFFICE SUPPLIES AND EXPENSES	21540.67	78	35256.96	345793.78	104	325835.69	333093.00
10.00	923.00		OUTSIDE SERVICES EMPLOYED	23863.21	148	56006.48	233088.79	121	70851.83	192952.00
10.00	925.00		INJURIES AND DAMAGES	.00		.00	.00		.00	.00
10.00	926.00		EMPLOYEE PENSIONS & BENEFITS	5.60		175.08	374.10		273.70	.00
10.00	928.00		REGULATORY COMMISSION EXPENSE	7580.43	125	6068.72	75763.87	104	72931.32	72984.00
10.00	929.00		DUPLICATE CHARGE CREDITS	4961.15	144	5066.81	45378.99	110	45825.11	41352.00
10.00	930.10		GENERAL ADVERTISING EXPENSE	18064.63	96	17591.65	225307.26	100	216753.57	225485.00
10.00	930.20		MISCELLANEOUS GENERAL EXPENSE	36644.75	358	43544.80	100215.86	82	116442.61	122776.00
10.00	930.30		BOARD OF DIRECTORS EXPENSE	23379.26	122	23629.48	20787.32	90	223518.41	229603.00

Exhibit 7  
 Page 5 of 13

LINE NO	ACCT	ITEM	DESCRIPTION	MONTHLY AMOUNTS				YEAR TO DATE AMOUNTS				BUDGET
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR			
10.00	930.40		DUES PD ASSOCIATED ORGANIZATION	12971.07	99	13108.78	160725.74	103	154164.53	156527.00		
10.00	930.60		ANNUAL MEETING EXPENSE	31574.80	380	2736.41	106594.80	107	81536.41	99628.00		
10.00	932.00		MAINTENANCE OF GENERAL PLANT	44536.13	156	29553.30	367293.65	107	327137.70	343664.00		
			TOTAL	378230.80	121	236035.11	3699324.15	99	3408848.89	3744050.00		
.01	999.99		DUMMY ACCT	.00		.00	.00		.00	.00		
			TOTAL	.00		.00	.00		.00	.00		
			TOTAL FOR 400 TO 999	346778.46	92	21474.95-	1220205.96-	153	830571.66-	795007.00-		



Exhibit 7  
 Page 6 of 13

LINE NO	ACCT	ITEM	DESCRIPTION	MONTHLY AMOUNTS	YEAR TO DATE AMOUNTS	BUDGET
				THIS YEAR PBD LAST YEAR	THIS YEAR PBD LAST YEAR	
12.00	403.60		DEPR EXPENSE-DISTRIBUTION PLANT	336513.34	3903775.64	4219500.00
		TOTAL		336513.34	3903775.64	4219500.00
12.00	403.70		DEPR EXPENSE-GENERAL PLANT	41168.37	426904.08	.00
		TOTAL		41168.37	426904.08	.00
12.00			TOTAL	377681.71	4330679.72	4219500.00
13.00	408.10		TAXES-PROPERTY	.00	.00	.00
		TOTAL		.00	.00	.00
13.00			TOTAL	.00	.00	.00
14.00	408.20		TAXES-FED UNEMPLOYMENT	.00	.00	6000.00
14.00	408.30		TAXES-FICA	.00	.00	.00
14.00	408.40		TAXES-STATE UNEMPLOYMENT	.00	.00	.00
14.00	408.70		TAXES-OTHER	.00	.00	.00
		TOTAL		.00	.00	.00
14.00			TOTAL	7434.39	3375.56	6000.00
24.00	415.00		REVENUE FROM MERCHANDISING	5483.27	85626.11	.00
24.00	415.10		REVENUE-FRS	364.42	5789.55	.00
24.00	416.00		COST & EXP OF MERCHANDISING	22109.87	77822.27	.00
24.00	416.10		COST-EFS	5997.09	25911.78	.00
24.00	417.65		REVENUE-DTV INSTALLATION	.00	665.28	.00
24.00	417.70		SURGE PROTECTION	1044.15	21727.82	.00
24.00	417.75		CREDIT CARD BUSINESS	292.11	2198.85	.00
		TOTAL		1336.26	23926.67	.00
24.00	417.7		TOTAL	1336.26	23926.67	.00
24.00	417.85		INTERNET BUSINESS	366.52	3576.70	.00
24.00	417.90		BOONES TRACE SEWER SYSTEM	.00	37.72	.00
24.00	417.91		BATTLEFIELD SEWER SYSTEM	.00	229.66	.00
		TOTAL		.00	267.38	.00
24.00			TOTAL	23962.05	39423.86	.00
21.00	419.00		INTEREST & DIVIDEND INCOME	22.34	83567.63	47400.00
21.00	419.60		INTEREST-ENERGY CONSERV. LOANS	416.83	5058.03	.00
		TOTAL		439.17	88625.66	47400.00
24.00	421.00		MISCELLANEOUS NONOPERATING INCOM	.00	.00	.00
24.00	421.10		GAIN ON DISPOSITION OF PROPERTY	.00	35227.94	.00
24.00	421.20		LOSS ON DISPOSITION OF PROPERTY	.00	15633.27	.00



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LINE NO	ACCT	ITEM	DESCRIPTION	MONTHLY AMOUNTS	YEAR TO DATE	BUDGET
				THIS YEAR PBD LAST YEAR	THIS YEAR PBD LAST YEAR	
3.00	555.00		PURCHASED POWER	5486581.00 122	4633382.00 108	44737984.00
			TOTAL	5486581.00 122	4633382.00 108	44737984.00
5.00	580.00		OPERATION-SUPERVISION & ENGINEER	17762.89 98	15095.96 99	201869.78
5.00	582.00		STATION EXPENSE	1765.33 76	1102.97 88	24653.11
5.00	583.00		OVERHEAD LINE EXPENSE	51674.71 61	36717.82 70	794063.77
5.00	584.00		UNDERGROUND LINE EXPENSES	3513.10 25	2012.33 39	47728.39
5.00	585.00		STREET LIGHT EXPENSE	894.92 25	547.11 105	12303.83
5.00	586.00		METER EXPENSE	8951.16 25	45994.24 105	450705.29
5.00	587.00		CONSUMER INSTALLATION EXPENSE	13334.49 71	9790.16 93	204637.37
5.00	588.00		MISCELLANEOUS DISTRIBUTION EXP	26743.25 109	25869.67 102	137241.04
			TOTAL	124639.85 67	137130.26 89	1873202.58
6.00	590.00		MAINTENANCE-SUPERVISION & ENGINE	1975.71 71	2727.32 97	31072.41
6.00	590.10		MAINTENANCE-24 HR DISPATCHING	18309.77 106	16651.77 95	185377.24
6.00	593.00		MAINTENANCE-OVERHEAD LINES	104918.47 107	86138.89 108	1093986.03
6.00	593.10		MAINTENANCE-RIGHT OF WAY	5338.05 3	144375.38 102	2485146.69
6.00	594.00		MAINTENANCE-UNDERGROUND LINES	22183.86 226	7750.93 158	105662.03
6.00	595.00		MAINTENANCE-LINE TRANSFORMERS	84.44 3-	00 56	39755.06
6.00	596.00		MAINTENANCE-STREET LIGHTING	8792.33 157	6127.96 149	75700.24
6.00	597.00		MAINTENANCE-MEMBERS	3306.66 72	10132.14 98	76169.56
6.00	598.00		MAINTENANCE-SECURITY LIGHTS	11491.11 89	29150.45 86	165983.51
			TOTAL	176231.48 54	303054.84 105	4230747.77
7.00	901.00		SUPERVISION	9033.42 95	9829.40 86	104895.13
7.00	902.00		METER READING EXPENSE	53036.61 111	46334.77 97	53973.70
7.00	903.00		CUSTOMER RECORDS & COLLECTING E	86037.06 78	85906.10 101	1221501.06
7.00	903.10		CASH OVER/SHORT	422.33-	19.57 101	495.54
7.00	904.00		UNCOLLECTABLE ACCOUNTS	30539.43 183	9408.95 157	220341.57
			TOTAL	178244.19 96	152098.79 105	2087207.00
8.00	908.00		CUSTOMER ASSISTANCE EXPENSE	7321.17 47	10802.27 76	162377.48
8.00	909.00		INFORMATIONAL ADVERTISING	755.47 29	485.75 46	7037.52
8.00	910.00		MISCELLANEOUS SERVICE EXPENSE	2921.58 88	2855.35 122	35279.33
8.00	912.00		DEMONSTRATION & SELLING EXPENSE	4091.94 88	3284.81 120	46908.24
8.00	912.30		MEMBER SERVICES--PUBLIC RELATION	20230.80 160	11784.70 81	117415.18
8.00	912.40		MARKETING	9392.25-	27430.37 81	360375.65
8.00	913.00		ADVERTISING EXPENSES	4047.59	9133.18	37063.50
			TOTAL	29976.30 42	65776.43 95	766456.90
10.00	920.00		ADMINISTRATIVE & GEN SALARIES	125661.34 75	158869.82 95	1925066.11

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BLUE GRASS ENERGY  
PRG. ACCTSUMM

ACCOUNTING SUMMARY FROM 01/04 THRU 12/04  
ACCOUNT  
RUS  
ACCOUNTS 400.00 THRU 999.99

LINE NO	ACCT	ITEM	DESCRIPTION	-----MONTHLY AMOUNTS-----			-----YEAR TO DATE AMOUNTS-----			BUDGET
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR	
10.00	920.10		ADMIN & GENERAL-CONSOLIDATION	.00		.00	.00		2967.00	.00
10.00	920.12		KEY ACCOUNTS EXPENSE	132.04		18.49	3645.58		5703.09	.00
10.00	920.1		TOTAL	132.04		18.49	3645.58		8670.09	.00
10.00	921.00		OFFICE SUPPLIES AND EXPENSES	35256.96	134	55797.66	325835.69	103	347445.33	315515.00
10.00	923.00		OUTSIDE SERVICES EMPLOYED	56006.48-	405-	33468.74	70851.83	43	231498.84	165794.00
10.00	925.00		INJURIES AND DAMAGES	.00		79.49	.00		.00	.00
10.00	926.00		EMPLOYEE PENSIONS & BENEFITS	175.08-		193.45-	273.70		184.60	.00
10.00	928.00		REGULATORY COMMISSION EXPENSE	6068.72	92	6086.50	72931.32	93	74323.33	78700.00
10.00	929.00		DUPLICATE CHARGE CREDITS	5066.81-	135	4492.29-	45825.11-	102	43623.15-	45000.00-
10.00	930.10		GENERAL ADVERTISING EXPENSE	17591.65	96	19526.23	216753.57	98	213423.24	220453.00
10.00	930.20		MISCELLANEOUS GENERAL EXPENSE	43544.80	604	15011.06	116442.61	135	45311.42	86556.00
10.00	930.30		BOARD OF DIRECTORS EXPENSE	23629.48	115	28833.37	223518.41	90	239414.35	247427.00
10.00	930.40		DUES PD ASSOCIATED ORGANIZATION	13108.78	102	13978.83	154164.53	100	154153.05	154508.00
10.00	930.60		ANNUAL MEETING EXPENSE	2736.41	35	21760.66-	81536.41	87	54839.34	93385.00
10.00	932.00		MAINTENANCE OF GENERAL PLANT	29553.30	114	25166.13	327137.70	90	331931.24	362279.00
10.00			TOTAL	236035.11	78	330389.92	3408848.89	94	3582637.79	3635401.00
.01	999.99		DUMMY ACCT	.00		.00	.00		.00	.00
.01			TOTAL	.00		.00	.00		.00	.00
			TOTAL FOR 400 TO 999	21474.95-	1	2478464.10-	830571.66-	30	3645010.17-	2765066.00-

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B.A.G. 6.1.7

LINE NO	ACCT	ITEM	DESCRIPTION	THIS YEAR	MONTHLY AMOUNTS	PBD	LAST YEAR	THIS YEAR	TO DATE	DATE	AMOUNTS	LAST YEAR	BUDGET
12.00	403.60		DEPR EXPENSE-DISTRIBUTION PLANT	317439.97	93	302376.40	3692762.57	368644.72	92	3548462.53	323764.47	4026000.00	.00
		TOTAL		317439.97		302376.40	3692762.57	368644.72		3548462.53	323764.47	4026000.00	.00
12.00	403.70		DEPR EXPENSE-GENERAL PLANT	34599.21	104	331789.44	4061407.29	4061407.29	101	3872227.00		4026000.00	.00
		TOTAL		34599.21		331789.44	4061407.29	4061407.29		3872227.00		4026000.00	.00
13.00	408.10		TAXES-PROPERTY	.00		.00	.00	.00		.00		.00	.00
		TOTAL		.00		.00	.00	.00		.00		.00	.00
14.00	408.20		TAXES-FED UNEMPLOYMENT	.00		.00	.00	.00		.00		.00	.00
14.00	408.30		TAXES-FICA	.00		.00	.00	.00		.00		.00	.00
14.00	408.40		TAXES-STATE UNEMPLOYMENT	.00		.00	.00	.00		.00		.00	.00
14.00	408.70		TAXES-OTHER	7434.39		983.14	17536.99	17536.99		5923.28		.00	.00
		TOTAL		7434.39	487	983.14	17536.99	17536.99	292	5923.28		6000.00	.00
24.00	415.00		REVENUE FROM MERCHANDISING	7143.35		784.80	42526.44	17664.88		40480.99		.00	.00
24.00	415.10		REVENUE-ETS	1381.23		78.78	17664.88	31941.53		16313.17		.00	.00
24.00	416.00		COST & EXP OF MERCHANDISING	3416.34		1421.43	24926.48	34283.36		34283.36		.00	.00
24.00	416.10		COST-ETS	20014.97		2699.94	36534.61	36534.61		36534.61		.00	.00
24.00	417.30		EXPENSE-DIRECT TV	.00		.00	.00	.00		.00		.00	.00
24.00	417.64		REVENUE-DTV ACCESSORIES	.00		.00	.00	.00		.00		.00	.00
24.00	417.70		SURGE PROTECTION	2064.27		901.35	15858.06	15858.06		16916.70		.00	.00
24.00	417.75		CREDIT CARD BUSINESS	343.81		697.97	6977.24	6977.24		13587.68		.00	.00
		TOTAL		2408.08		1599.32	22835.30	22835.30		30504.38		.00	.00
24.00	417.85		INTERNET BUSINESS	462.32		326.51	8028.23	8028.23		11335.39		.00	.00
24.00	417.90		BOONES TRACE SEWER SYSTEM	.00		132.88	2163.84	2163.84		1894.15		.00	.00
24.00	417.91		BATTLEFIELD SEWER SYSTEM	1008.37		87.19	1124.50	1124.50		383.06		.00	.00
		TOTAL		1008.37		220.07	1039.34	1039.34		2277.21		.00	.00
24.00	419.00		INTEREST & DIVIDEND INCOME	234.44	7	130.82	93512.15	8425.28	240	90093.49		39000.00	.00
21.00	419.60		INTEREST-ENERGY CONSERV. LOANS	503.96		917.45	8425.28	8425.28		13696.57		.00	.00
		TOTAL		738.40	23	1048.27	101937.43	8425.28	261	103790.06		39000.00	.00
24.00	421.00		MISCELLANEOUS NONOPERATING INCOM	.00		.00	2261.59	22089.53		16158.13		.00	.00
24.00	421.10		GAIN ON DISPOSITION OF PROPERTY	.00		.00	2176.42	2176.42		11566.66		.00	.00
24.00	421.20		LOSS ON DISPOSITION OF PROPERTY	.00		.00						.00	.00

EXHIBIT 7  
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LINE NO	ACCT	ITEM	DESCRIPTION	-----MONTHLY AMOUNTS-----		-----YEAR TO DATE AMOUNTS-----		BUDGET	
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR
25.00	423.00		G & T CAPITAL CREDITS	3205315.82-		4005858.00-	3205315.82-		4005858.00-
		TOTAL		3205315.82-		4005858.00-	3205315.82-		4005858.00-
26.00	424.00		OTHER CAP CREDITS & PATRONAGE A	.00		.00	89476.37-	3	115966.60-
		TOTAL		.00		.00	89476.37-	3	115966.60-
18.00	426.10		DONATIONS	.00		.00	443.86	2	450.00
18.00	426.40		EXPENDITURE FOR CIVIC, POLITICAL	674.96		485.39	13413.24		5561.92
18.00	426.50		OTHER DEDUCTIONS	548.23-		.00	7638.82		11839.31
		TOTAL		126.73	8	485.39	21495.92	112	17851.23
24.00	426.51		OTHER DEDUCTIONS-NON ELECTRIC	.00		.00	.00		308.56
		TOTAL		548.23-		.00	7638.82		12147.87
24.00	426.5		TOTAL	.00		.00	.00		308.56
15.00	427.10		INTEREST-REA LONG TERM DEBT	46757.00	17	147000.00	1265868.93	38	1779199.86
15.00	427.11		INTEREST-RUS FFB LOAN	62928.84		54693.64	742529.42		608598.42
		TOTAL		109685.84	39	201693.64	2008398.35	60	2387798.28
15.00	427.20		INTEREST-CFC LONG TERM DEBT	116000.00		52000.00	892193.22		619338.48
		TOTAL		225685.84	81	253693.64	2900591.57	87	3007136.76
17.00	431.00		OTHER INTEREST EXPENSE	7679.90	123	12202.25	65431.01	87	76431.55
		TOTAL		7679.90	123	12202.25	65431.01	87	76431.55
27.00	434.00		EXTRAORDINARY INCOME	.00		.00	10000.00-		.00
		TOTAL		.00		.00	10000.00-		.00
1.00	440.10		RESIDENTIAL SALES	4004400.62-	78	4388876.66-	45288659.00-	73	43125385.52-
1.00	442.10		COMMERCIAL SALES < 50 KVA	552544.50-		543124.53-	6859922.85-		6720919.74-
1.00	442.20		COMMERCIAL SALES > 50 KVA	847277.69-		748923.91-	10746084.04-		10024155.07-
1.00	444.00		PUBLIC STREET & HIGHWAY LIGHTIN	12833.23-		12012.86-	149637.61-		145265.40-

Exh. 6.17  
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LINE NO	ACCT	ITEM	DESCRIPTION	-----MONTHLY AMOUNTS-----			-----YEAR TO DATE AMOUNTS-----			BUDGET
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR	
1.00	450.00		FORFEITED DISCOUNTS	55317.27-	119	44839.41-	718257.38-	120	618405.33-	599027.00-
1.00	451.00		MISC SERVICE REVENUES	10855.21-	106	10715.87-	192688.34-	154	163739.70-	124934.00-
1.00	454.00		RENT FROM ELECTRIC PROPERTY	19335.39-	48	66608.85-	579479.39-	121	482118.51-	480000.00-
1.00	456.00		OTHER ELECTRIC REVENUE	1413.01-		1424.89-	26936.93-	34	21727.25-	80034.00-
			=====	=====		=====	=====		=====	=====
1.00			TOTAL	5503976.92-	106	5816526.98-	64561665.54-	101	61301716.52-	63751105.00-
3.00	555.00		PURCHASED POWER	4633382.00	119	4030720.00	44737984.00	104	42473977.00	42885025.00
			=====	=====		=====	=====		=====	=====
3.00			TOTAL	4633382.00	119	4030720.00	44737984.00	104	42473977.00	42885025.00
5.00	580.00		OPERATION-SUPERVISION & ENGINEE	15095.96	79	18280.76	201869.78	89	212524.64	226838.00
5.00	582.00		STATION EXPENSE	1102.97	71	5195.46	24653.11	110	24814.53	22334.00
5.00	583.00		OVERHEAD LINE EXPENSE	36717.82	49	253428.54	794063.77	89	872558.53	892916.00
5.00	584.00		UNDERGROUND LINE EXPENSES	2012.33		18713.63	47728.39		52625.78	.00
5.00	585.00		STREET LIGHT EXPENSE	547.11		2579.03	12303.83		12317.96	.00
5.00	586.00		METER EXPENSE	45994.24	156	37194.18	450705.29	128	360495.13	352933.00
5.00	587.00		CONSUMER INSTALLATION EXPENSE	9790.16	64	36307.97	204637.37	111	196951.87	184333.00
5.00	588.00		MISCELLANEOUS DISTRIBUTION EXP	25869.67	648	3995.72	137241.04	286	32075.70	47946.00
			=====	=====		=====	=====		=====	=====
5.00			TOTAL	137130.26	95	375695.29	1873202.58	108	1764364.14	1727300.00
6.00	590.00		MAINTENANCE-SUPERVISION & ENGINE	2727.32	102	2710.52	31072.41	96	30812.24	32471.00
6.00	590.10		MAINTENANCE-24 HR DISPATCHING	16651.77	78	19598.88	185377.24	73	215336.78	255253.00
6.00	593.00		MAINTENANCE-OVERHEAD LINES	86138.89	99	90622.68	1093986.03	104	992870.54	1047360.00
6.00	593.10		MAINTENANCE-RIGHT OF WAY	144375.38	81	134758.12	2485146.69	117	1727046.30	2130160.00
6.00	594.00		MAINTENANCE-UNDERGROUND LINES	7750.93	70	8824.43	105662.03	80	118156.82	132309.00
6.00	595.00		MAINTENANCE-LINE TRANSFORMERS	.00		2004.03	11650.06	21	32964.86	54389.00
6.00	596.00		MAINTENANCE-STREET LIGHTING	6127.96	102	5337.98	75700.24	105	67690.76	72182.00
6.00	597.00		MAINTENANCE-METERS	10132.14	113	7518.25	76169.56	70	85025.90	108082.00
6.00	598.00		MAINTENANCE-SECURITY LIGHTS	29150.45	218	9882.31	165983.51	103	143076.68	160594.00
			=====	=====		=====	=====		=====	=====
6.00			TOTAL	303054.84	91	281257.20	4230747.77	106	3412980.88	3992800.00
.01	599.99		DUMMY ACCT	.00		.00	.00		.00	.00
			=====	=====		=====	=====		=====	=====
.01			TOTAL	.00		.00	.00		.00	.00
7.00	901.00		SUPERVISION	9829.40	105	8169.00	104895.13	93	105076.06	112400.00
7.00	902.00		METER READING EXPENSE	46934.77	107	42266.55	539973.70	103	490264.02	525200.00
7.00	903.00		CUSTOMER RECORDS & COLLECTING E	85906.10	79	103383.27	1221501.06	94	1278981.31	1304500.00
7.00	903.10		CASH OVER/SHORT	19.57		64.57	495.54		119.40-	.00
7.00	904.00		UNCOLLECTABLE ACCOUNTS	9408.95	64	19872.13	220341.57	123	192665.60	178500.00
			=====	=====		=====	=====		=====	=====
7.00			TOTAL	152098.79	86	173755.52	2087207.00	98	2066867.59	2120600.00

BLUE GRASS ENERGY  
 PRG. ACCTSUMM  
 Exh. 6, T 7  
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ACCOUNTING SUMMARY FROM 01/03 THRU 12/03  
 ACCOUNT RUS  
 ACCOUNTS 400.00 THRU 999.99

LINE NO	ACCT	ITEM	DESCRIPTION	-----MONTHLY AMOUNTS-----			-----YEAR TO DATE AMOUNTS-----			BUDGET
				THIS YEAR	PBD	LAST YEAR	THIS YEAR	PBD	LAST YEAR	
8.00	908.00		CUSTOMER ASSISTANCE EXPENSE	10802.27	61	15837.97	162377.48	76	159039.19	213662.00
8.00	909.00		INFORMATIONAL ADVERTISING	485.75	13	1011.54	7037.52	16	14271.53	44431.00
8.00	910.00		MISCELLANEOUS SERVICE EXPENSE	2855.35		3200.66	35279.33		27685.65	.00
8.00	912.00		DEMONSTRATION & SELLING EXPENSE	3284.81	75	4091.35	46908.24	89	49811.95	52916.00
8.00	912.30		MEMBER SERVICES-PUBLIC RELATION	11784.70	116	8549.97	117415.18	97	100454.22	121451.00
8.00	912.40		MARKETING	27430.37	80	24706.48	360375.65	87	322430.27	412051.00
8.00	913.00		ADVERTISING EXPENSES	9133.18		2954.67	37063.50		30137.32	.00
=====				=====			=====			=====
8.00			TOTAL	65776.43	94	60352.64	766456.90	91	703830.13	844511.00
10.00	920.00		ADMINISTRATIVE & GEN SALARIES	158869.82	86	139981.68	1925066.11	87	1990070.68	2219906.00
10.00	920.10		ADMIN & GENERAL-CONSOLIDATION	.00		.00	2967.00		6024.54	.00
10.00	920.12		KEY ACCOUNTS EXPENSE	18.49		.00	5703.09		13297.59	.00
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10.00	920.1		TOTAL	18.49		.00	8670.09		19322.13	.00
10.00	921.00		OFFICE SUPPLIES AND EXPENSES	55797.66	181	39561.64	347445.33	94	378119.55	369023.00
10.00	923.00		OUTSIDE SERVICES EMPLOYED	33468.74	299	16423.88	231498.84	173	134018.00	134166.00
10.00	925.00		INJURIES AND DAMAGES	79.49		.00	.00		.00	.00
10.00	926.00		EMPLOYEE PENSIONS & BENEFITS	193.45-		39.66	184.60		371.38	.00
10.00	928.00		REGULATORY COMMISSION EXPENSE	6086.50	89	6300.73	74323.33	90	62203.09	82500.00
10.00	929.00		DUPLICATE CHARGE CREDITS	4492.29-	120	4649.01-	43623.15-	97	46105.34-	45000.00-
10.00	930.10		GENERAL ADVERTISING EXPENSE	19526.23	110	17401.98	213423.24	100	213617.13	212501.00
10.00	930.20		MISCELLANEOUS GENERAL EXPENSE	15011.06	565	57.46	45311.42	142	35283.17	31927.00
10.00	930.30		BOARD OF DIRECTORS EXPENSE	28833.37	142	14218.63	239414.35	98	235518.56	243764.00
10.00	930.40		DUES PD ASSOCIATED ORGANIZATION	13978.83	110	11776.00	154153.05	101	146014.26	152867.00
10.00	930.60		ANNUAL MEETING EXPENSE	21760.66-	239-	21537.36-	54839.34	50	66552.77	109475.00
10.00	932.00		MAINTENANCE OF GENERAL PLANT	25166.13	82	34971.16	331931.24	90	371576.28	366933.00
=====				=====			=====			=====
10.00			TOTAL	330389.92	102	254546.45	3582637.79	92	3606561.66	3878062.00
.01	999.99		DUMMY ACCT	.00		.00	.00		.00	.00
=====				=====			=====			=====
.01			TOTAL	.00		.00	.00		.00	.00
=====				=====			=====			=====
TOTAL FOR 400 TO 999				2478464.10-	107	4033607.66-	3645010.17-	97	4489227.97-	3771507.00-



Blue Grass Energy Cooperative Cooperation  
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8. As confirmed on Exhibit N, page 19, during 2007 BECC completed the installation of AMRs and the corresponding removal of all existing meters. In this regard, please provide the following information:
- a. Provide all O&M expenses (including meter expenses, maintenance expenses, outside services expenses, etc.) booked in the 2007 test year that were directly or indirectly associated with this one-time meter conversion project. Provide these O&M expenses in total and broken out by O&M expense account (account number and title).

Labor contractors-	\$ 89,311
Meter testing	\$ 22,003
Supplies	<u>\$ 9,622</u>
Acct 58600	\$120,936

- b. The 2007 Meter Expense of \$752,953 in Acct 58600 is in excess of 42% higher than the 2006 Meter Expense of \$529,011 in that same amount. Please indicate the reasons for this and indicate what portion of the 2007 Meter Expense of \$752,953 is associated with the one-time conversion project.

The one time conversion project amount is listed in 8 a. which is included in this account. The special equipment labor for meter installations allocated to plant was (\$284,639) in 2006 and only (\$49,101.53) in 2007 due to more meters purchased in 2006 for the project. This is the reason 2007 is higher than 2006.

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9. Account 59310 – Maintenance of Right of Way expenses for 2007 amounted to \$2,115,439 which is approximately 26% higher than the corresponding expenses of \$1,678,657. In this regard, please provide the following information:

a. Actual 59310 – Maintenance of Right of Way expenses for each of the years 2000 through 2005 and for the first 4 months of 2008.

2000	\$ 927,861
2001	\$ 987,533
2002	\$1,724,046
2003	\$2,485,147
2004	\$2,132,663
2005	\$1,895,128
2008	\$ 732,436 4 months.

b. Reasons for large increase in 2007 over 2006.

See PSC 2<sup>nd</sup> data request 33 g.

c. Account 59310 – Maintenance of Right of Way expenses included in the Operating Budget for 2008.

\$2,382,150

d. Provide a more complete explanation for what exactly BECC means by its statement on Exhibit H-1, page 6 that 2007 includes “an increase in right of way maintenance expenses to *try to maintain a 5 year trim program.*” (emphasis supplied)

Blue Grass feels 5 years would be an adequate cycle to trim right of way for the entire system which would cost approximately \$2.2 million excluding inflation. We have not been able to maintain this schedule since 2004 due to margin restraints.

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10. With regard to Account 59300 – Maintenance of Overhead Lines expenses, please provide the following information:

a. Actual expenses for each of the years 2000 through 2005.

2000	\$ 605,484
2001	\$ 753,112
2002	\$ 993,371
2003	\$1,093,986
2004	\$1,266,787
2005	\$1,199,278

b. Expenses included in the Operating Budget for 2008.

2008	\$1,569,900
------	-------------

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11. With regard to Account 91230 – Member Services Public Relations, please provide the following information:
- a. Actual expenses booked in each of the years 2003, 2004 and 2005

2003	\$766,457
2004	\$819,654
2005	\$695,292

- b. After removing the disallowable expenses of \$91,910, the 2007 expenses still amount to \$254,933 which is still almost as high as the actual 2006 expense level for this account. Please provide an explanation for this.

See PSC 2<sup>nd</sup> data request 33 j.

Blue Grass Energy Cooperative Cooperation  
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12. With regard to Exhibit 11, pages 3-6, please provide the nature and purpose of the following Account 91230 expense items and, in addition, explain why it would be appropriate to include them for ratemaking purposes:
- a. All expenses related to the cold air balloon.

See PSC 2<sup>nd</sup> data request 42 a.1.

- b. Line 41: \$125 for fair and horse show expenses.

This is a donation to support projects in our community. It is very important for Blue Grass Energy to be involved in the community with the members promoting the Cooperative.

- c. Line 56:\$5,678 for bulbs Customer Appreciation Days.

See PSC 2<sup>nd</sup> data request 42 a.2.

- d. Line 59: \$501.31 for 150 pocket diaries.

See PSC 2<sup>nd</sup> data request 42 a.3.

- e. Line 61: \$2,017.50 for Customer Appreciation Day/HDO

Reason same as PSC 2<sup>nd</sup> data request 42 a.2.

- f. Line 62: \$30.00 for Customer Appreciation Day/Chili

Reason same as PSC 2<sup>nd</sup> data request 42 a.2.

- g. Line 67: \$875.00 for Customer Appreciation Day Food

Reason same as PSC 2<sup>nd</sup> data request 42 a.2.

- h. Line 70: \$1,103.89 for Customer Appreciation Day expenses

Reason same as PSC 2<sup>nd</sup> data request 42 a.2.

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i. Line 77: \$769.99 for Customer Appreciation Halloween Booth, Hat  
Reason same as PSC 2<sup>nd</sup> data request 42 a.2.

j. Line 151: \$123.64 for Training Snacks

This is an expense for employee meetings to update employees on Cooperative activities, safety and review benefits, etc.

k. Line 152: \$1,020 for lunches.

This was for an Electrical Contractors training class sponsored by Blue Grass Energy to promote safety.

l. Line 170: \$4,260 for Liability Insurance Energy Advisors.

This is insurance to protect BGE and the energy advisors if a liability issue occurred during an energy audit.

These expenses listed should be included in the ratemaking because it is very important as a Touchstone Energy Cooperative that we are active in the Communities that we serve. As a member of Touchstone Energy we have agreed to this principle.

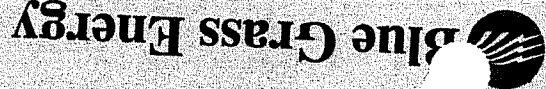
Blue Grass Energy Cooperative Cooperation  
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13. With regard to the Contract Advertising expense of \$4,360 on line 84 of Exhibit 11, page 4, please provide the following information:
- a. Description of nature and purpose of this advertising.

See PSC 2<sup>nd</sup> data request 42 c.6

- b. Copies of all underlying ads and ad campaigns.

See attached.



PO Box 990  
 Nicholasville, KY 40340-0990  
 (859) 885-4191 FAX (859) 885-2854  
 A Touchstone Energy Cooperative

For 56 WK/TV

RODNEY

OTLIB

OTLISH

PURCHASE ORDER

PAGE

NUMBER

DISTRICT  
 P O TYPE  
 EST DELIVERY  
 AMOUNT

ISSUE DATE  
 REQUESTED BY  
 ORDERED BY  
 APPROVED BY  
 F O B  
 TERMS

Blue Grass Energy

ACCT.	ITEM ID	CATALOG NUMBER	DESCRIPTION	QUANTITY	UNIT COST	AMOUNT
			Ad SPOTS - "Under Control" Weather Sponsorship "Weather Home" "Under Control" (5 ads)	76		3,245.00

PLEASE NOTE THE FOLLOWING INSTRUCTIONS

1. ACCEPTANCE OF THIS ORDER CONSTITUTES AN AGREEMENT TO MAKE DELIVERY WITHIN SPECIFIED TIME.
2. ACKNOWLEDGE RECEIPT OF THIS ORDER AND STATE DATE YOU WILL SHIP.
3. PUT BOTH ORDER NUMBER AND REQUISITION ON INVOICES, BILLS OF LADING, PACKAGES, ETC.
4. F.O.B. DESTINATION UNLESS OTHERWISE SPECIFIED.
5. MAIL ITEMIZED INVOICES IN DUPLICATE.
6. PLEASE ADD SALES TAX WHEN APPLICABLE.

The Equal Opportunity Clause on Section 202, paragraph 137, of Executive Order 11246, as amended, the affirmative action clause for Disabled Veterans and Veterans of the Vietnam Era, 41 CFR 60 - 250.4, as amended; the affirmative action clause for Handicapped Workers, 41 CFR 60 - 741.4 and the implementing rules and regulations of the Office of Federal Contract Compliance are incorporated herein by specific reference, where applicable.

NAME

Exhibit 13  
 Page 2 of 2



Blue Grass Energy Cooperative Cooperation  
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14. With regard to Exhibit 11, page 7 please provide the following information for the Account 91240 – Marketing expenses claimed for ratemaking purposes in this case:
- a. Reconcile the requested expenses of \$13,124 on lines 11, 15 and 21 for surge protection expenses with the position shown by BECC on Exhibit 12 to remove for ratemaking purposes all revenues and expenses associated with non-operating activities, including surge protection activities.

This is an ad campaign by the Shelton Group which only part of the campaign includes the benefits relating to safety in the home of using surge protection equipment. Exhibit 12 reflects the actual cost and reimbursements of the surge protection equipment which is a non operating activity.

- b. Provide the nature and purpose of the \$1,397.26 expense for MH Heating Inserts (line 14); the \$100 expense for Safety Demo repairs (line 16); the \$125 for meter repairs for homes (line 30); the \$170 home improvements ad (line 38); the %152.25 advertising expense (line 39); the \$223.58 for electric signs (line 44); the \$590 officer installation dinner expenses (line 46); and the \$641 image marketing expenses (line 47) and provide copies of the custom messages.

See PSC 2<sup>nd</sup> data request exhibit 42 b.  
A Copy of the messages are attached.

## **Blue Grass Energy**

### **On-Hold Messages**

#### **Energy Rebates (Button-Up)**

Button-Up for year 'round energy savings. Did you know Blue Grass Energy offers rebates that encourage you to become more energy efficient? Ask for details today, there could be some money in it for you! If you'd like more information, ask for an energy advisor when we return to the line. Thanks for holding.

#### **Energy Efficiency**

Most home owners would be surprised to know how much energy their home uses. Here at Blue Grass Energy, we have ideas for hundreds of things you can do to increase energy efficiency.... new heat pumps, efficient light bulbs, weather stripping, insulation. There's something all of us can and should do to help. We're all in this together.

#### **Energy Audit**

Blue Grass Energy can help you improve the energy efficiency of your home through a comprehensive evaluation of your heating and cooling system, air infiltration, appliances, insulation, doors and windows. Ask about our energy audits today. Someone will soon be with you.

#### **What is Energy Star®?**

Blue Grass Energy has partnered with Energy Star to help individuals become more energy efficient and to protect the environment. The EPA has joined forces with the Department of Energy and over 8,000 public and private sector organizations to identify the most energy efficient products offered to consumers such as The Touchstone Energy Home. If you'd like to know more about the Touchstone Energy Home, ask for an energy advisor when we return to the line.

#### **Air Infiltration**

Do you know that the typical home loses 60 percent of its air per hour, making your heating and cooling system work harder? Blue Grass Energy can test your home for its energy efficiency and air tightness. Ask for an energy advisor for more information.

**Blue Grass Energy**

99 ON HOLD - [REDACTED]

**1. Touchstone Energy Manufactured Home**

Can a Touchstone Energy Manufactured Home really save you money? The extra insulation, double pane windows, air-to-air heat pump and sealed ductwork will cost you \$7-\$10 more per month, but they'll save you about \$15 a month on your electric bill. Ask our customer service representative for a list of Touchstone Energy Home dealers in this area.

**2. Website**

Thank you for calling Blue Grass Energy. Have you been to our website lately? If not, check it out – you may find the answer you've been looking for without even picking up the phone. To learn more about your co-op, visit [www.bgenergy.com](http://www.bgenergy.com).

**3. Website**

Did you know that you can pay your electric bill online? Ask our customer service representative for a password, then visit [www.bgenergy.com](http://www.bgenergy.com) to view your bill. While you're there, check out all the other services that are now online. It's the next best thing to visiting our office.

**4. Outage Reporting Service**

Blue Grass Energy has invested in a 24-hour automated outage reporting system that answers calls faster and records messages quickly and efficiently. To report an outage, please call 1-888-655-4243.

**5. In The Community**

Blue Grass Energy is located in the communities we serve, making us accessible and responsive to member needs. If you need assistance, please drop by any of our offices in Cynthiana, Lawrenceburg, Nicholasville or Richmond. We look forward to seeing you.

**6. Competitive Rates**

Did you know that Kentucky's electric rates, which average 5.3 cents per kilowatt-hour, are the lowest in the nation? Consumers in New York, California and Maine pay over 12 cents.

**7. EnviroWatts**

When you purchase renewable energy through our EnviroWatts program, you agree to pay a few dollars each month for renewable energy. Here in Kentucky, we're generating that electricity from decaying municipal trash. With EnviroWatts, we all win. Ask our customer service representative for details.

**8. Blinking Lights?**

Are you experiencing unexplained power blinks and outages? Please tell our customer service representative about your concerns so that we can identify and fix power quality programs. Efficient, reliable electric power – that's our commitment to you.

### **9. Scholarships**

Remind your high school senior to apply now for one of Blue Grass Energy's ten \$1000 college scholarships. Parents or guardians must be members of the cooperative. Applications are available from local high school guidance counselors.

### **10. Washington Youth Tour**

High school juniors are eligible for one of 10 all-expense paid trips to Washington D.C. this summer. The Youth Tour gathers students from all across the country to learn about government and the cooperative program. Applications are available from local high school guidance counselors.

### **11. Environmental Education**

When 4<sup>th</sup> graders in our area learn about Kentucky's reptiles and amphibians, it's a "hands-on" experience. That's right our award-winning environmental education program brings animals into the classroom for students to handle. We also offer programs on Kentucky's bats and wildflowers. Ask your customer service representative for more information.

### **12. Energy Audits**

Interested in lower energy bills and greater comfort? Our trained energy advisors can inspect your home, and show you how to conserve energy and reduce expenses. The \$15 charge includes the audit and a Touchstone Living conservation kit, a \$30 value. The kit contains tools to help you start saving energy now. Ask about scheduling an audit when we return to the line.

### **13. Low-Interest Loans**

Blue Grass Energy can loan you the money to make those energy-savings improvements you've been thinking about. Low-interest financing is available for the purchase of electric heating and cooling equipment, and for energy efficiency improvements such as added insulation and window upgrades. For more information, ask for an energy advisor when we return to the line.

### **14. Button Up**

Ready to add insulation? Or replace those old leaky doors and windows? Let our trained energy advisors show you how weatherization upgrades can save you energy. Blue Grass Energy will even pay up to \$400 for qualifying upgrades. For more information, ask for an energy advisor when we return to the line.

### **15. Manufactured Home Update**

Cut your manufactured home heating costs up to 40 percent. For only \$60 per month, you can replace your old electric furnace with a high-efficiency heat pump. We'll seal your ductwork with the revolutionary Aroseal system. You'll get improved air quality and improved home comfort. Best of all, manufactured home owners typically save an additional \$60 on their electric bill. For more information, ask to speak to an energy advisor.

### **16. Ductwork Tune Up**

Over time, even the best ductwork gets cracks and leaks, destroying the efficiency of your heating and cooling system. If your home qualifies, we can send a qualified contractor to your home to inspect your heating system and seal your ductwork using the latest equipment and techniques. Normally, a tune up like this would cost over \$300, but Blue Grass Energy members only pay \$50, plus \$100 for each additional unit. Ask for details when we return to the line.

### **17. Power Outages**

Thank you for holding. Blue Grass Energy is experiencing severe storm damage, and all lines are now busy. To use automated reporting system, please hang up and call 1-888-655-4243. For storm update information, you can check our website at [www.bgenergy.com](http://www.bgenergy.com). To speak to a customer service representative, please stay on the line. We appreciate your patience.

### **18. Power Outages**

Blue Grass Energy urges you to use caution when dealing with a power outage. Please turn off all electrical appliances. During the outage, open the doors of your refrigerator or freezer as little as possible. If you have to go out or drive in these conditions, you may see power lines on the ground. Be careful! Treat a fallen line as if it is still alive. If you have additional questions about coping with the outage, please don't hesitate to ask when we return to the line. Thanks for holding.

### **19. Power Outages**

Blue Grass Energy has an emergency plan, approved by the State Service Commission, that spells out how power will be restored during emergency situations. Because our goal is to return power to as many people as possible, our first efforts are to repair any damages to the substations that provide our system with energy. Working from the substations, we repair major lines, and then work our way out to secondary lines and rural lines. We also have a priority list that ensures that hospitals, first stations, airports and radio stations are returned to service as soon as possible. Our crews are working hard to restore your power. Thank you for your patience.

### **20. Capital Credits**

Thank you for calling Blue Grass Energy. When this co-op is able to save money through greater efficiency, we pass the savings on to our members in the form of rebates and capital credits. This helps ensure greater reliability and service. These benefits are returned to members in proportion to the business done with our co-op.

**PLUS Ready-To-Play Messages from Touchstone Energy Disc © 2003**

- 21. 2
- 22. 3
- 23. 4
- 24. 5
- 25. 6
- 26. 7
- 27. 14

Blue Grass Energy Cooperative Cooperation  
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15. With regard to Exhibit 11, pages 8 and 9, provide the nature and purpose and the justification for rate inclusion of the following Account 91300 – Advertising expense items:

a. Line 33: \$899 for Theme Billboards

To promote energy efficiency and safety to our members.

b. Line 40: \$425 for 2007 Night Table Top Booth

This is a Home Builders Association banquet. See PSC 2<sup>nd</sup> data request item 42 b.2.

c. Line 49: \$1,450 for Advertising Spots. Also include copies of underlying ad spots.

See PSC data request item 42 c.6.

d. Line 73: \$1,000 for House Premiere Advertising

See PSC 2<sup>nd</sup> data request item 42 c.7.

e. Line 81 and 82: \$198 and \$115 for Customer Appreciation advertising. Also include copies of underlying ads.

See PSC 2<sup>nd</sup> data request item 42 a.2.  
Copy attached.

SOURCE: Centers for Disease Control and Prevention

lab them for bioterrorism.

The reports were so sensitive the Bush administration refused to release them under the Freedom of Information Act, citing an anti-bioterrorism law aimed at preventing terrorists from locating stockpiles of poisons and learning who handles them.

A senior CDC official, Dr. Richard Besser, said his agency is committed to ensuring that U.S. labs are safe and that all such incidents are disclosed to the government. He said he was unaware of any risk to the public resulting from infections among workers at the high-security labs, but he acknowledged that regulators are worried about accidents that could go unreported.

"If you're asking if it's possible for someone to not report an infection, and have it missed, that clearly is a concern that we have," Besser said.

Texas A&M's laboratory failed to report, until this year, one case of a lab worker's infection from Brucella bacteria last year and three others' previous infection with Q fever — missteps documented in news reports earlier this year. The illnesses are characterized by high fevers and flu-like symptoms that sometimes cause more serious complications.

"The major problems at Texas A&M went undetected and unreported, and we don't think that it was an isolated event," critic Edward Hammond said. He runs the Sunshine Project, which has tracked incidents at other labs for years and first revealed the Texas A&M illnesses that the school failed to report.

Rules for working in the labs are tough and are getting more restrictive as the bio-safety levels rise. The highest is Level 4, where labs study substances that pose a "high risk of life-threatening disease for which no vaccine or therapy is available." Besides wearing wear full-body, air-supplied suits, workers undergo extensive background checks and carry special identification cards.

"The risk that a killer agent could be set loose in the general population is real," Hammond said.

In other lab accidents recounted in the reports, the Public Health Research Institute in Newark, N.J., was investigated by the FBI in 2005 when it couldn't account

said. "The animals become badly cannibalized. You only see bits and pieces. They're in cages with shredded newspaper. You really have to search hard with gloves and masks."

A worker at the Army's biological facility in Fort Detrick, Md., was grazed by a needle in February 2004 and exposed to the deadly Ebola virus after a mouse kicked a syringe. She was placed in an isolation ward called "The Slammer," but the Army said she did not become ill.

In other previously undis-

closed accidents:

In Decatur, Ga., a worker at the Georgia Public Health Laboratory handled a Brucella culture in April 2004 without high-level precautions. She became feverish months later and tested positive for exposure at a hospital emergency room in July. She eventually returned to work. The lab's confidential report defended her: "The technologist is a good laboratorian and

has good technique."

In April this year at the Loveless facility in Albuquerque, an African green monkey infected intentionally with plague-causing bacteria reached with its free hand and scratched at a Velcro restraining strap, cutting into the gloved hand of a lab worker. The injured worker at the Lovelace Respiratory Research Institute received medical treatment, including an antibiotic.

# Blue Grass Energy celebrates Co-op Month! Customer Appreciation Day



Friday, Oct. 5 - 2099 Berea Road, Richmond



7:30 a.m. to 3 p.m.



Chili and hot dogs starting at 11:30 a.m.

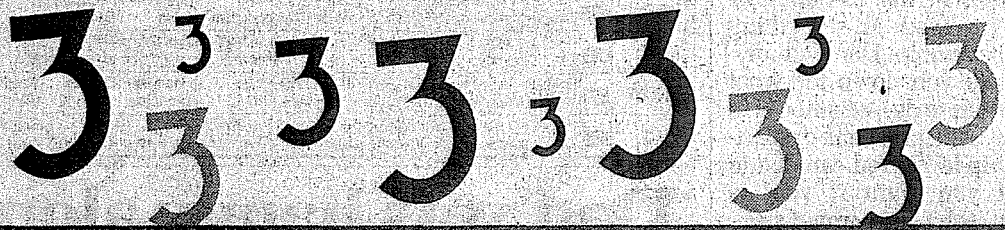


Giveaways



Halloween treats for kids - wear a costume and win a prize

(888) 546-4243 • [www.bgenergy.com](http://www.bgenergy.com)



# LUCK

www.uscavenue.com Candidate Information Survey



P.O. Box 1301  
Nicholasville, Kentucky 40340

**Habitat for Humanity International**

- Sliding Door Tracks
- Cupolas
- Fiberglass Sheets
- Roll-Up Doors
- Insulation

# INTEGRITY METALS

**1-800-417-1176**

5571 Lexington Road, Lancaster, Kentucky  
859-792-1800

## Blue Grass Energy

celebrates Co-op Month!  
Customer Appreciation Day

Friday, Oct. 26 - 1201 Lexington Road, Nicholasville

7:30 a.m. to 3 p.m.

Chili and hot dogs starting at 11:30 a.m.

Giveaways

Halloween treats for kids

Wear a costume and win a prize



**Blue Grass Energy**

A Touchstone Energy Cooperative  
(888) 546-4243 • www.bgenergy.com

Blue Grass Energy

10-18-07



THURSDAY: Hamburger on

**ALL ELEMENTARY SCHOOLS**  
MONDAY: Chicken nuggets (breaded/ when available) or pork roast with gravy, hot roll, mashed potatoes, green beans.

**All Types**  
**Construction & Electrical**  
 Licensed - Insured  
**(859) 234-8619**

**Stirn**  
 PRINTING, LLC  
 859.234.5281  
 Fax: 859.234.2946  
 Email: stirnprint@stirnprint.com

PO. Box 473  
 316 S. Church St.  
 Cynthiana, KY  
 40301

Owners:  
 Clay & Bonnie St.

# Blue Grass Energy celebrates Co-op Month!

## Customer Appreciation Day

Friday, Oct. 19 – 327 Sea Biscuit Way, Cynthiana

 7:30 a.m. to 3 p.m.

 Chili and hot dogs starting at 11:30 a.m.

 Giveaways

 Halloween treats for kids – wear a costume and win a prize

(888) 546-4243 • [www.bgenergy.com](http://www.bgenergy.com)

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

16. Exhibit 9, page 2, line 80 shows that BECC's test year accounting expenses in Account 92300 includes \$18,000 for the Jim Adkins depreciation study. In this regard, please provide the following information:

- a. Does the \$60,000 current rate case expense for Consulting services, shown on Exhibit 13 also include an expense allowance for the Jim Adkins depreciation study? If so, confirm that the \$18,000 expense in Account 92300 would represent a double-count. If not, provide a component breakout of the \$60,000 rate case Consulting fee amount.

Response

No.

Estimate based on prior rate cases for revenue requirement, cost of service and responses to information requests from Commission and Attorney General for \$60,000.

- b. How many times in the last 20 years has BECC performed a depreciation study or had a depreciation study performed by an outside group?

Response

2 (1990 and 2007)

- c. Would BECC agree that the depreciation study fee amount of \$18,000 does not represent an annually recurring expense.

Response

Yes.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

16. Exhibit 9, page 2, line 80 shows that BECC's test year accounting expenses in Account 92300 includes \$18,000 for the Jim Adkins depreciation study. In this regard, please provide the following information:
- a. Does the \$60,000 current rate case expense for Consulting services, shown on Exhibit 13 also include an expense allowance for the Jim Adkins depreciation study? If so, confirm that the \$18,000 expense in Account 92300 would represent a double-count. If not, provide a component breakout of the \$60,000 rate case Consulting fee amount.

Response

No.

Estimate based on prior rate cases for revenue requirement, cost of service and responses to information requests from Commission and Attorney General for \$60,000.

- b. How many times in the last 20 years has BECC performed a depreciation study or had a depreciation study performed by an outside group?

Response

~~None.~~ 1990 + 2007

- c. Would BECC agree that the depreciation study fee amount of \$18,000 does not represent an annually recurring expense.

Response

Yes.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

17. With regard to Exhibit 9, page 2, please provide the following information:
- a. Nature and purpose of the \$28,128.45 charge on line 94 for Culture Assessment training, as well as an explanation whether this represents a recurring or non-recurring event.

Response

Refer to PSC #2, Exhibit 40, page 4 of 4, item i.

- b. Nature and purpose of the \$29,925 fee on line 98 for the Rate Increase Campaign. Also explain why this expense should not be amortized over 3 years, similar to all other expenses associated with the instant rate case.

Response

Refer to PSC #2, Exhibit 40, page 3 of 4, item j.

Blue Grass Energy Cooperative Cooperation  
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Attorney General's Initial Data Request

18. With regard to legal services expenses shown on Exhibit 9, page 1 and 2, please provide the following information:
- a. What is the nature and purpose of the "Tindal Site Legal Services" for which BECC was charged in each month of the test year?

See PSC 2<sup>nd</sup> data request exhibits 33 a.

- b. Provide all legal services expenses that are of a non-recurring nature.

Depreciation Study	\$18,000.00
Patterson & Dewar	\$ 2,453.81

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

19. With regard to rate case expenses, please provide the actual expenses incurred to date for the current rate case, in total and broken out by expense component per Exhibit 13.

Response

Refer to PSC #2- Exhibit 46.

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

20. Please provide a breakout of the expense components making up the 2007 Account 92800 Regulatory Commission expenses of \$92,092.

This is the PSC annual assessment.

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

21. Please provide the nature and purpose of the following line items in Account 930.2 on Exhibit 11, pages 11-14:

a. Line 34: \$578.76 for 89 Ayburn Anorak jackets

See PSC 2<sup>nd</sup> data request exhibit 43 b.

b. Line 49: \$765.33 for Home & Garden show shirts

See PSC 2<sup>nd</sup> data request exhibit 43 d.

c. Line 51: \$1,696.61 Safety meeting prizes, Horseman tickets

This is for an outing for Blue Grass Energy employees. The Horseman tickets were reimbursed by the employees. The safety meeting prizes were used in promoting our safety meeting and employee participation.

d. Line 150: \$8,560.90 for Health Fairs

This is a wellness program we have selected as part of our Medical Plan with NRECA. We are discounted 1% medical expense for having a wellness program.

e. Line 160: \$314.29 for Employee Shirt Order

See PSC 2<sup>nd</sup> data request item 43 a.



Blue Grass Energy  
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Attorney General's Initial Requests

22. Explain why the donation expense of \$200 on line 25 of Exhibit 11, page 6 should be allowed for ratemaking purposes.

Response

Exhibit 11 does not have a line 25 on page 6, nor is there a donation for \$200 on that page. Exhibit 11, page 6 has a donation for \$250 that has been removed from the test year.

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

23. Please provide a detailed breakout of the expense items making up the 2007 Account 92100 – Office Supplies and Expenses of \$336,782.

Supplies	\$ 66,268
Telephone	\$ 69,887
Postage	\$ 29,942
Utilities	\$ 49,105
Office Equip. Maint.	\$ 7,741
Computer supplies	\$ 78,636
Data Center	\$ 25,133
Publications	\$ 7,512
Misc.	<u>\$ 2,558</u>
<u>Total</u>	<u>\$336,782</u>

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

24. Please indicate the names of the directors who during the test year were the Designated Representatives of BECC with either KAEC or the NRECA.

See PSC 2<sup>nd</sup> data request item 41 a.

Blue Grass Energy Cooperative Cooperation  
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Attorney General's Initial Data Request

25. Please indicate the names of the directors who during the test year were the Alternate Representatives of BECC with either the KAEC or the NRECA.

See PSC 2<sup>nd</sup> data request item 41 a.

Blue Grass Energy  
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26. With regard to the directors fees and expenses in Exhibit 10, please provide the following information:
- a. Should the \$600 for Jody Hughes' CFC Financial Forum fees on Exhibit 10, page 4 be classified as Meetings per Diem rather than Regular Board Meeting fees and, therefore, should it be disallowed for ratemaking purposes?

Response  
Yes.

- b. Why should the KAEC Annual Meeting expenses of \$350.11 for Danny Britt on Exhibit 10, page 7 be allowed for ratemaking purposes?

Response  
This was an oversight only.

- c. Traditionally, the PSC has disallowed for ratemaking purposes all NRECA Annual Meeting expenses other than the NRECA Annual Meeting expenses incurred by BECC" Designated or Alternate Representative to NRECA. Explain why BECC has included all of these NRECA Annual Meeting expenses for ratemaking purposes.

Response  
Refer to PSC #2, Exhibit 41.b.

Blue Grass Energy Cooperative Cooperation  
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Attorney General's Initial Data Request

27. With regard to Exhibit P, page 1, please explain why the Annual Meeting expenses tripled from 2003 to 2007 and increase almost 50% from 2006 to 2007.

See PSC 2<sup>nd</sup> data request item 33 i.

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

28. With regard to the test year charge of \$285,000 referenced on Exhibit H-1, page 6, has this charge been removed from ratemaking purposes on Exhibit S, page 2, line 32 under the Other Deductions adjustment? If not, please explain where this charge is reflected.

Yes.

Blue Grass Energy  
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Attorney General's Initial Requests

29. In the same format and detail as per Exhibit 12, please provide the actual Non-Operating Activities for each of the years 2004, 2005, and 2006.

Response

Acct No.	<u>Description</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
415.00	Revenue from merchandisi	85,626	39,601	111,318
415.10	Revenue from ETS	5,790	3,089	3,907
416.00	Cost of merchandising	(77,822)	(26,906)	(99,417)
416.10	Cost of ETS	(25,912)	(15,239)	(23,436)
417.60	Revenue from DTV installs	665	517	0
417.70	Surge protection	(21,728)	(16,139)	(12,801)
417.70	Credit card expense	(2,199)	(1,907)	(1,967)
417.80	Internet expense	(3,577)	(2,784)	(2,958)
417.90	Boones Trace sewer	(38)	0	0
417.91	Battlefield sewer system	(230)	0	(357)
417.90	BGAD - UESC project	0	0	39,031
	Net non-operating activities	(39,425)	(19,768)	13,320



Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

30. Please provide the actual Gain and/or Loss on Disposition of Property bookings in accounts 421.10 and 410.20 in each of the years from 2000 through 2006.

Response

Account 410.20 had no entries recorded, however, Account 421.20 is included with Account 421.10 as follows:

	421.10	421.20
	<u>Gain</u>	<u>Loss</u>
2000	19,410	23,497
2001	10,468	38,738
2002	16,158	11,566
2003	30,590	6,324
2004	35,229	15,632
2005	38,626	46,667
2006	464,110	52,514

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

31. With regard to the Non-Operating Margins adjustment of \$1,620,847 shown on Exhibit S, page 2, line 39, please provide the following information:
- a. Confirm that the net charge of \$1,620,847 consists of the extraordinary write-off amount of \$1,916,999 for the AMR meter conversion, offset by a net non-operating income amount of \$296,152 for items that are not of an extraordinary nature.

Response

This is not correct. Blue Grass can not confirm.

- b. Given that BECC has reflected for ratemaking purposes other non-operating margins that are not of an extraordinary nature (non-operating margins, interest, patronage capital credits), explain why the net amount of \$296,152 of non-operating income identified in part (a) above that is also not of an extraordinary nature was not reflected for ratemaking purposes by BECC.

Response

Refer to AG #1 - 31.a. There are not \$296,152 of non-operating margins. Blue Grass has excluded all non-operating and extraordinary items from this rate case.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

32. With regard to Interest Expense - Other of \$559,841 shown on Exhibit S, page 2, line 31, please provide the following information:

- a. Breakout of the interest expense amount by short term debt interest, customer deposit interest and any other type of interest (specify what type).

Response

Short term debt	478,865
Customer deposits	80,976
Other	0

- b. Detailed explanation of the proposed interest expense adjustment of \$239,433. In addition, explain what portions of the adjusted interest amount of \$320,408 are associated with short term debt, customer deposits and other interest items.

Response

Refer to PSC #2, Exhibit 31.

Short term debt	239,432
Customer deposits	80,976
Other	0
	<u>320,408</u>

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

33. Explain what represents the Taxes - Other of \$3,386 on Exhibit S, page 2, line 29.

Response

Pole hauling permits	1,762
Harrodsburg franchise agree	768
Transformer sales tax	781
Business license	75
	<u>3,386</u>

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

34. For each of the Employee Benefit expenses listed on Exhibit 20, page 2, provide the actual expense for each of the years 2004, 2005 and 2006.

	2004	2005	2006
Medical, Disability and Life	\$1,012,799	\$ 972,763	\$1,042,528
Retirement	\$ 715,053	\$ 776,277	\$ 816,980
401K	\$ 97,151	\$ 100,738	\$ 105,425
Vacation	\$ 348,529	\$ 430,944	\$ 428,378
Postretirement	\$ 507,600	\$ 507,600	\$ 546,100
Payroll Taxes	\$ 436,808	\$ 479,925	\$ 472,614
Total	\$3,117,940	\$3,268,247	\$3,412,025

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

35. Are the proposed annual FAS 106 expenses of \$51,000 for Directors shown on Exhibit 6, page 1 reflected for ratemaking purposes in this case? If so, indicate on which schedule and line item and explain why it is appropriate to charge these expenses for ratemaking purposes.

Response

No.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

36. Are any FAS 106 expenses for BECC's outside attorneys reflected for ratemaking purposes in this case? If so, indicate on which schedule and line item and explain why it is appropriate to charge these expenses for ratemaking purposes.

Response

No. FAS 106 expenses for outside attorneys are included with the \$51,000 of director expenses that are not included in this case.

Blue Grass Energy  
Case No. 2008-00011  
Attorney General's Initial Requests

37. With regard to the Payroll information shown on Exhibit 1, please explain why BECC has assumed normalized annual hours of 2,080 for the following employees who worked substantially less than 2,080 hours during the test year: salaried no. 1550 and hourly employee numbers 2246, 2247, 2522, 3342, 3412, 3313, 3520 and 3521.

Response

1550 New employee hire  
2246 New employee hire  
2247 New employee hire  
2522 Part time to full time employee  
3342 Part time to full time employee  
3412 New employee hire  
3413 New employee hire  
3520 New employee hire  
3521 New employee hire



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# Executive Summary *(continued)*

## Overall Results

- Total sales are projected to grow by 2.5 percent a year for the period 2005-2025, compared to a 3.4 percent growth projected in the 2004 load forecast for the period 2004-2024. Results shown in Table 1-2 and Figure 1-1.
- Winter and summer peak demands for the same period indicate annual growth of 2.9 and 2.2 percent, respectively. Annual peaks shown in Figure 1-2.
- Load factor remains steady at approximately 46% for the forecast period. See Figure 1-3.

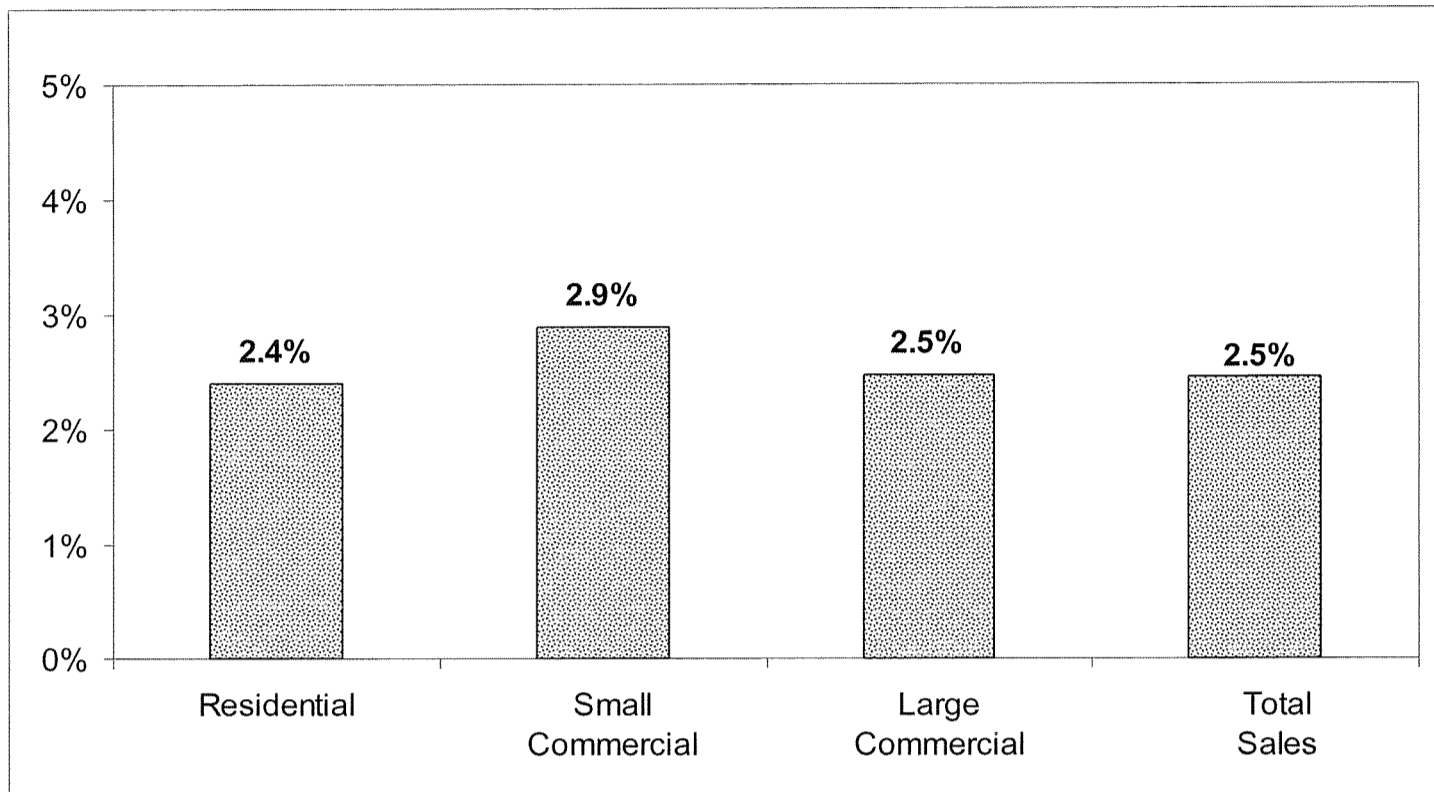
# Executive Summary

## Overall Results *(continued)*

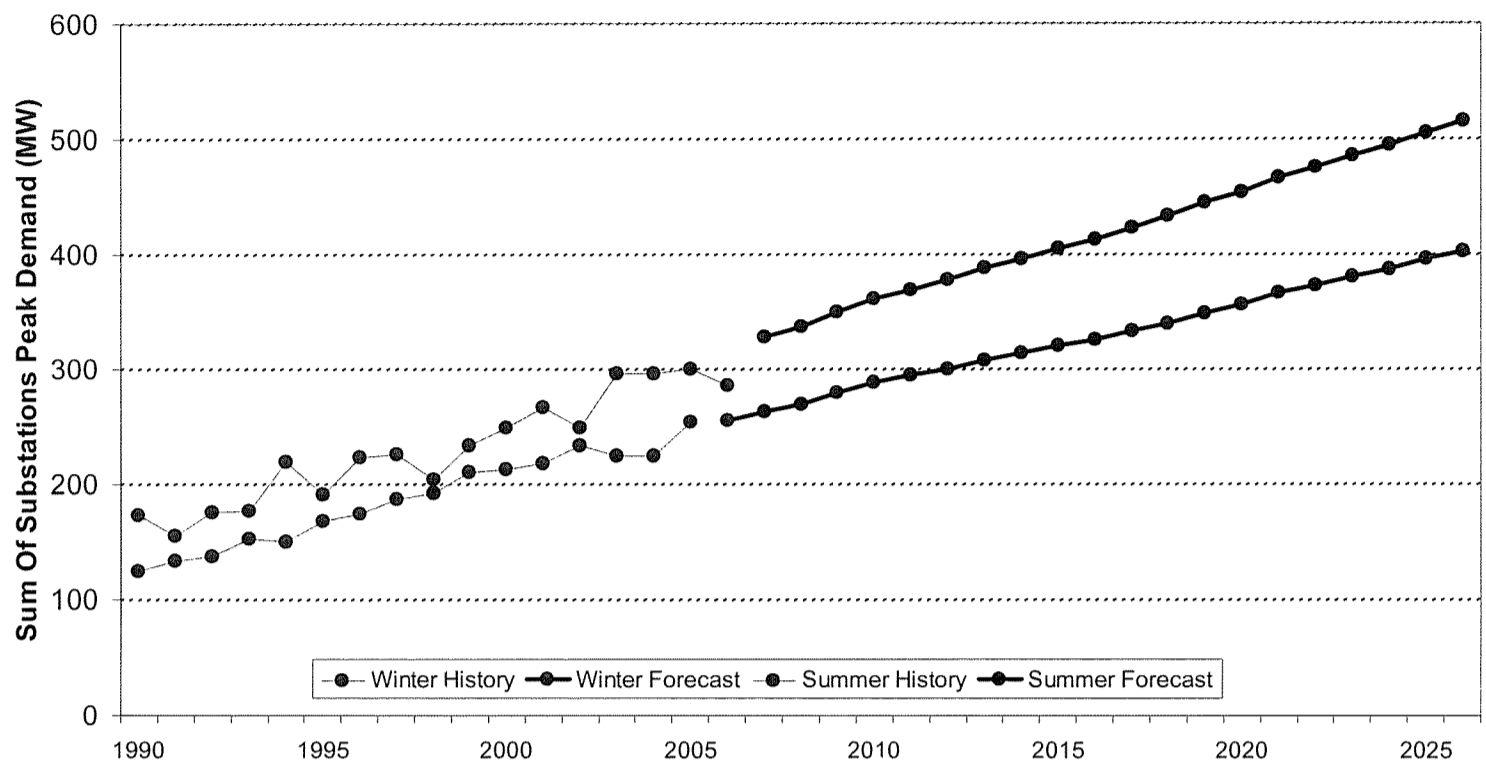
Table 1-2				
Blue Grass Energy				
2006 Load Forecast				
Summary of Sales Growth Rates				
5 Year Growth Rates				
Time Period	Residential	Small Commercial	Large Commercial	Total Sales
1995-2000	4.1%	7.9%	6.0%	4.9%
2000-2005	4.9%	0.6%	3.0%	4.0%
2005-2010	2.4%	4.1%	4.0%	2.9%
2010-2015	2.6%	2.7%	1.5%	2.3%
2015-2020	2.4%	2.5%	2.3%	2.4%
2020-2025	2.3%	2.2%	2.2%	2.2%
10 Year Growth Rates				
1995-2005	4.5%	4.2%	4.5%	4.5%
2005-2015	2.5%	3.4%	2.7%	2.6%
2015-2025	2.3%	2.4%	2.2%	2.3%

12 Exhibit 51  
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**Figure 1-1**  
**Average Annual Growth in Sales**  
**2005-2025**



# Figure 1-2 Peak Demand Forecast Winter and Summer



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Page 59-63

# Figure 1-3 Annual System Load Factor

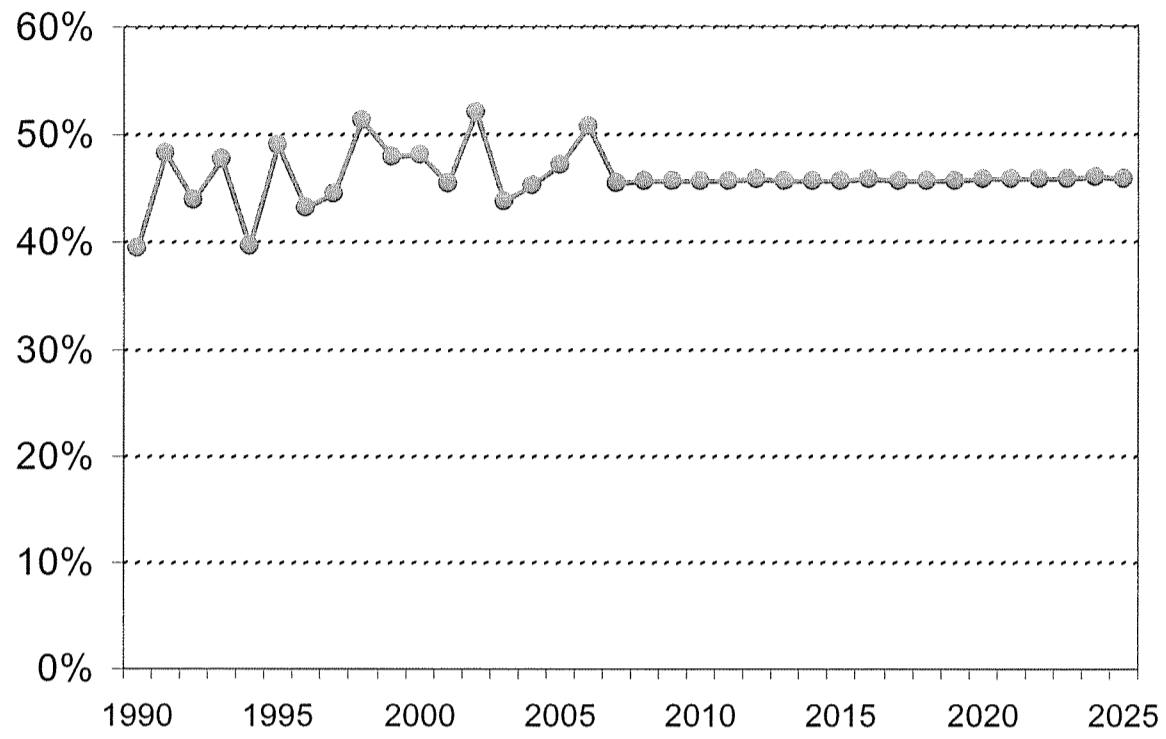


EXHIBIT 5-1  
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# Narrative

## Blue Grass Energy Members

### Demographic Information

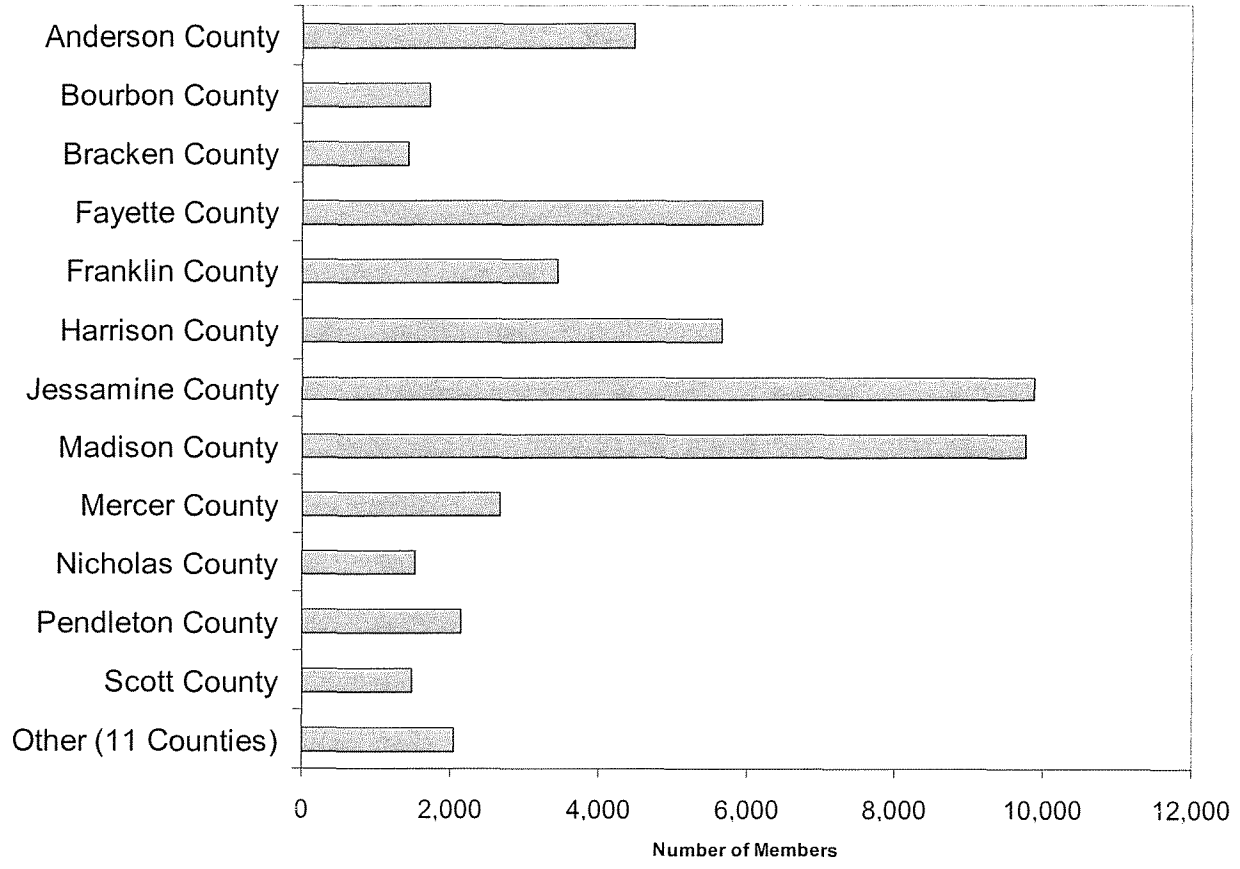
- There is an average of 2.48 people per household.
- 46% of all homes are headed by someone age 55 or greater.
- Nearly 25% of homes have farm operations, with beef cattle most prevalent.
- Nearly 30% of all homes served are less than 10 years old.

# Narrative *(continued)*

## Counties Served

Blue Grass Energy provides service to members in 23 counties.

Figure 1-4



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E-4.1.1.5-6  
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# Key Assumptions

## Power Cost and Rates

- EKPC's wholesale power cost forecast used in this load forecast comes from the following report: "Twenty-Year Financial Forecast, Equity Development Plan, 2006-2025", dated January 2006.
- Average residential retail rates will change from 7.620 cents/kWh in 2005 to 8.856 cents/kWh in 2025.

# Key Assumptions *(continued)*

## Economic

Central Economic Region History and Forecast														
Regional Summary														
	Population		Labor Force		Total Employment		Unemployment Rate		Average Real Wages		Regional Income		Real Per Capita Income	
		(%) Change		(%) Change		(%) Change		(%) Change		(%) Change		(%) Change		(%) Change
<b>Actual</b>														
1990	507,555	1.4%	276,282	0.2%	285,958	1.9%	4.1%	-4.7%	\$30,299	0.5%	\$14,118	3.2%	\$27,816	1.7%
1991	514,409	1.4%	271,734	-1.6%	288,307	0.8%	4.6%	12.9%	\$30,112	-0.6%	\$14,274	1.1%	\$27,748	-0.2%
1992	523,886	1.8%	273,863	0.8%	291,920	1.3%	4.3%	-6.5%	\$30,653	1.8%	\$14,805	3.7%	\$28,259	1.8%
1993	532,304	1.6%	281,873	2.9%	297,060	1.8%	3.9%	-8.7%	\$30,237	-1.4%	\$14,912	0.7%	\$28,013	-0.9%
1994	539,527	1.4%	285,020	1.1%	303,416	2.1%	3.7%	-5.1%	\$30,206	-0.1%	\$15,114	1.4%	\$28,014	0.0%
1995	545,745	1.2%	289,461	1.6%	305,346	0.6%	3.0%	-18.8%	\$30,985	2.6%	\$15,627	3.4%	\$28,635	2.2%
1996	553,226	1.4%	291,237	0.6%	311,986	2.2%	3.1%	3.3%	\$31,386	1.3%	\$16,189	3.6%	\$29,262	2.2%
1997	559,143	1.1%	301,434	3.5%	321,251	3.0%	3.2%	0.8%	\$31,966	1.8%	\$16,729	3.3%	\$29,918	2.2%
1998	567,001	1.4%	305,322	1.3%	330,205	2.8%	2.6%	-19.0%	\$32,715	2.3%	\$17,691	5.8%	\$31,201	4.3%
1999	574,583	1.3%	312,447	2.3%	338,261	2.4%	2.4%	-6.9%	\$33,190	1.5%	\$18,358	3.8%	\$31,950	2.4%
2000	580,792	1.1%	314,251	0.6%	341,397	0.9%	2.4%	-1.1%	\$33,047	-0.4%	\$19,063	3.8%	\$32,822	2.7%
2001	584,413	0.6%	304,969	-3.0%	333,533	-2.3%	3.6%	51.1%	\$33,327	0.8%	\$18,607	-2.4%	\$31,839	-3.0%
2002	587,178	0.5%	299,604	-1.8%	328,994	-1.4%	4.0%	12.7%	\$34,137	2.4%	\$19,010	2.2%	\$32,375	1.7%
2003	592,935	1.0%	313,629	4.7%	326,826	-0.7%	5.0%	25.6%	\$34,495	1.0%	\$19,196	1.0%	\$32,375	0.0%
2004	600,477	1.3%	316,303	0.9%	330,196	1.0%	4.4%	-12.3%	\$34,705	0.6%	\$19,669	2.5%	\$32,756	1.2%
2005	604,932	0.7%	318,618	0.7%	333,113	0.9%	5.0%	14.1%	\$34,983	0.8%	\$20,065	2.0%	\$33,169	1.3%
<b>Forecast</b>														
2006	609,779	0.8%	321,221	0.8%	336,393	1.0%	5.1%	0.5%	\$34,705	-0.8%	\$20,357	1.5%	\$33,384	0.6%
2007	614,793	0.8%	323,918	0.8%	339,792	1.0%	5.1%	0.6%	\$34,983	0.8%	\$20,635	1.4%	\$33,564	0.5%
2008	619,754	0.8%	326,260	0.7%	342,743	0.9%	5.1%	-0.3%	\$35,238	0.7%	\$20,919	1.4%	\$33,754	0.6%
2009	625,005	0.8%	328,502	0.7%	345,568	0.8%	5.0%	-0.4%	\$35,474	0.7%	\$21,191	1.3%	\$33,905	0.4%
2010	630,538	0.9%	330,469	0.6%	348,047	0.7%	5.1%	0.1%	\$35,698	0.6%	\$21,460	1.3%	\$34,035	0.4%
<b>Long-Term Forecast</b>														
2015	658,196	0.9%	339,543	0.5%	359,481	0.6%	5.1%	0.0%	\$37,067	0.8%	\$22,835	1.2%	\$34,694	0.4%
2020	687,092	0.9%	351,837	0.7%	374,974	0.8%	5.0%	-0.1%	\$37,958	0.5%	\$24,453	1.4%	\$35,589	0.5%
2025	720,299	0.9%	365,821	0.8%	392,596	0.9%	5.0%	0.0%	\$38,811	0.4%	\$26,182	1.4%	\$36,349	0.4%
2030	754,558	0.9%	379,361	0.7%	409,658	0.9%	5.0%	0.0%	\$39,647	0.4%	\$28,061	1.4%	\$37,188	0.5%
<b>Notes:</b> Wages & Per Capita Income are in constant 2006 dollars; Income is in millions of constant 2005 dollars.														
Growth rates are average annual changes. Data for 2004 and 2005 are simulated.														

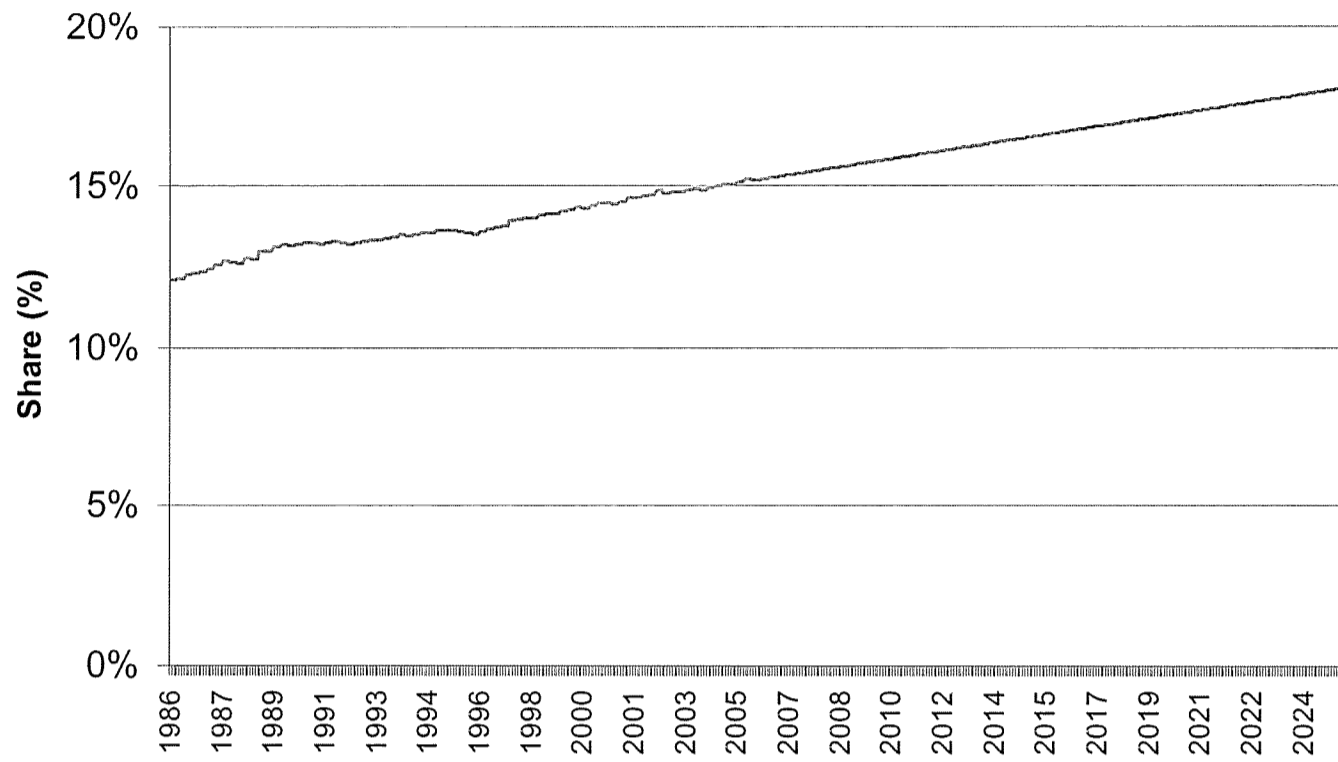
EKPC's source for economic forecasts is DRI-WEFA.

# Key Assumptions *(continued)*

## Share of Regional Homes Served

Blue Grass Energy's market share will increase for the forecast period.

Figure 1-5

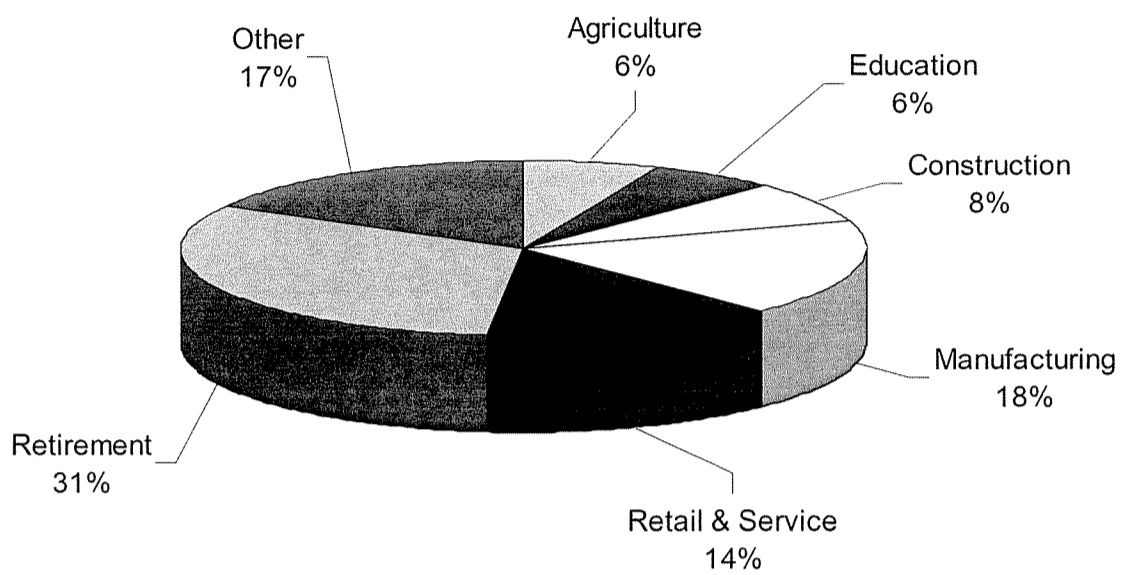


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Exh. 6.17-5L  
Page 21 of 28

# Key Assumptions *(continued)*

## Household Income Members' Greatest Sources

Figure 1-6



# Key Assumptions *(continued)*

## Appliance Saturations

- Electric heat saturation will increase from 59 percent to approximately 65 percent.
- Central air conditioning will continue its penetration into the service area with approximately 80 percent of all residences having central air by 2025.
- Room air conditioner saturation is declining due to customers choosing central air conditioning systems.
- Electric water heater saturation will hold steady at approximately 85 percent.
- Appliance efficiency trends are accounted for in the model. The data is collected from Energy Information Administration, (EIA). See Figure 1-7.

# Key Assumptions *(continued)*

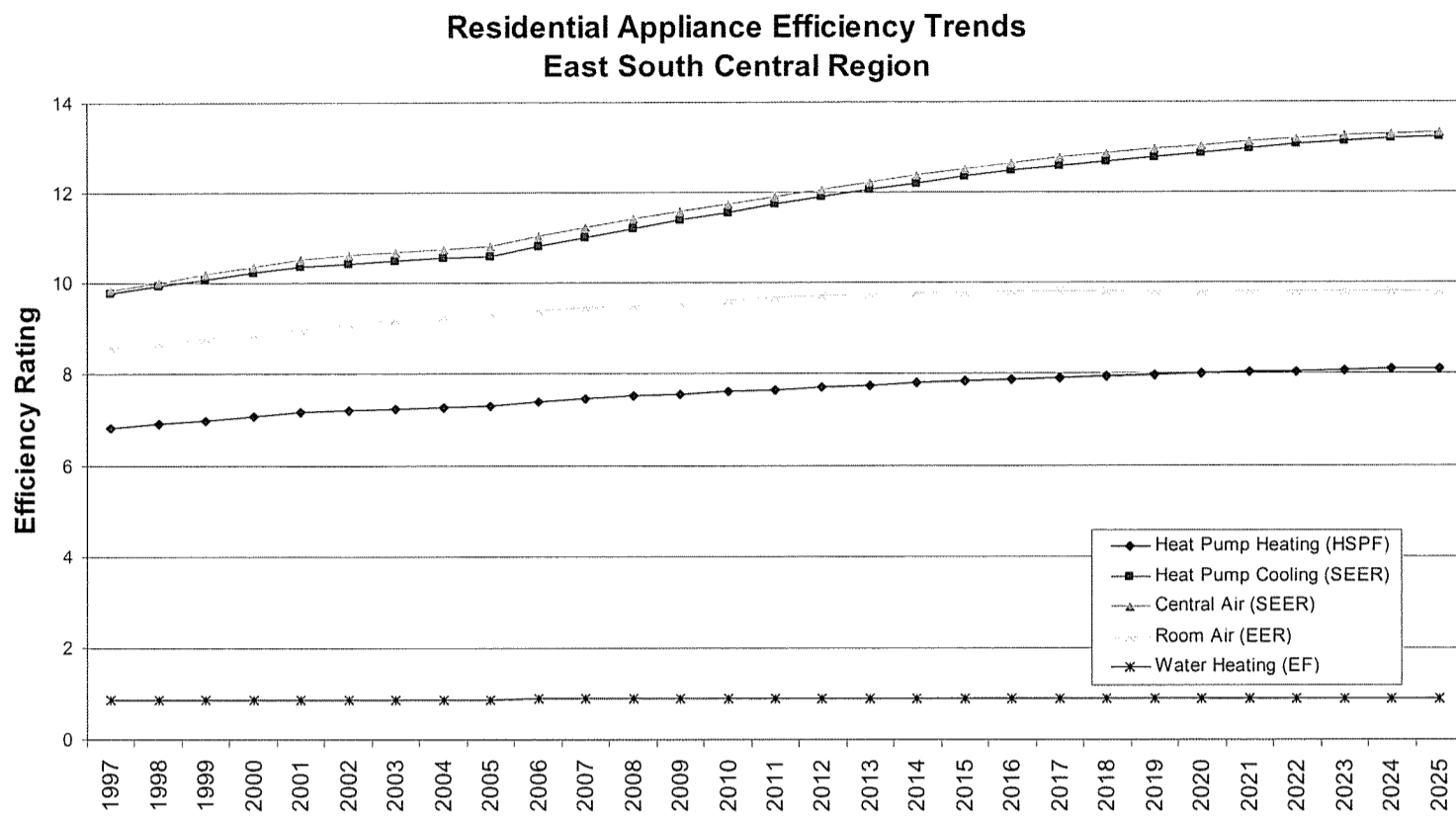
## Saturation Rates

### Non HVAC Appliances

- Microwave Oven 98%
- Electric Range 95%
- Dishwasher 65%
- Freezer 52%
- Clothes Dryer 97%
- Personal Computer 68%

# Key Assumptions *(continued)*

Figure 1-7



All of the projections are very similar to what was used in the 2004 Load Forecast. However, the 2004 Load Forecast assumption was just below 8 by 2024 whereas this update shows the trend continuing above 8.

Source: Energy Information Administration (EIA) Efficiency Trend Update, 2005

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# Key Assumptions *(continued)*

## Weather

- Weather data is from the Blue Grass Airport weather station.
- Normal weather, a 30-year average of historical temperatures, is assumed for the forecast years.



# Methodology and Results

## Introduction

This section briefly describes the methodology used to develop the load forecast and presents results in tabular and graphical form for residential and commercial classifications. Table 1-3 through Table 1-5 shows historical data for Blue Grass Energy as reported on RUS Form 736 and RUS Form 5.

A preliminary forecast is prepared during the first quarter depending on when Blue Grass Energy experiences its winter peak. The first step is modeling the regional economy. Population, income, and employment are among the areas analyzed. The regional model results are used in combination with the historical billing information, appliance saturation data, appliance efficiency data, and weather data to develop the long range forecast.

Table 1-3

Blue Grass Energy Comparative Annual Operating Data													
Year	kWh Purchased And Generated	Change	kWh Sold	Change	kWh Loss	% Loss	Peak Demand (MW)	Annual Load Factor	Average Number Of Consumers	Miles Of Line	Consumers Per Mile	Cost Of Purchased Power	Cents / kWh
1993	742,420,911		697,267,923		44,652,465	6.0%	175.6	48.3%	36,766	5,099	7.2	\$29,772,205	4.0
1994	760,325,844	2.4%	726,476,840	4.2%	33,324,206	4.4%	215.8	40.2%	37,694	5,174	7.3	\$30,740,985	4.0
1995	817,922,009	7.6%	767,856,616	5.7%	49,315,432	6.0%	190.1	49.1%	38,834	5,241	7.4	\$28,543,872	3.5
1996	847,344,546	3.6%	808,068,283	5.2%	38,492,862	4.5%	217.4	44.5%	39,863	5,323	7.5	\$28,003,307	3.3
1997	881,948,599	4.1%	832,372,368	3.0%	48,812,679	5.5%	221.0	45.6%	41,320	5,428	7.6	\$28,911,720	3.3
1998	918,715,640	4.2%	869,299,838	4.4%	48,672,122	5.3%	192.3	54.5%	42,802	5,524	7.7	\$30,008,290	3.3
1999	979,347,577	6.6%	931,572,726	7.2%	47,003,272	4.8%	226.2	49.4%	44,422	5,606	7.9	\$33,592,840	3.4
2000	1,046,882,284	6.9%	977,635,092	4.9%	68,366,154	6.5%	247.6	48.3%	45,873	5,673	8.1	\$37,077,959	3.5
2001	1,060,782,821	1.3%	1,026,273,686	5.0%	33,619,072	3.2%	258.0	46.9%	47,093	5,747	8.5	\$40,366,370	3.9
2002	1,137,254,113	7.2%	1,071,167,494	4.4%	65,070,993	5.7%	244.0	53.2%	48,347	5,794	8.3	\$42,473,977	3.7
2003	1,138,812,610	0.1%	1,084,748,761	1.3%	53,068,739	4.7%	287.7	45.2%	49,421	5,847	8.5	\$44,737,984	3.9
2004	1,174,624,818	3.1%	1,111,050,270	2.4%	62,519,738	5.3%	284.8	47.1%	50,775	5,912	8.6	\$50,444,868	4.3
2005	1,242,478,615	5.8%	1,187,056,074	6.8%	54,383,205	4.4%	290.0	48.9%	52,068	4,440	11.7	\$63,167,767	5.1
<b>Average</b>						<b>5.1%</b>							<b>3.8</b>

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Table 1-4

Blue Grass Energy Comparative Annual Operating Data												
	Residential		Residential Seasonal		Commercial / Industrial (1 MW Or Less)		Commercial / Industrial (Over 1 MW)		Public Street / Highway Lighting		Public Authorities	
Year	kWh Sales	% Change	kWh Sales	% Change	kWh Sales	% Change	kWh Sales	% Change	kWh Sales	% Change	kWh Sales	% Change
1993	469,900,215				75,851,661		150,928,432		587,615			
1994	481,416,294	2.5%			80,524,136	6.2%	163,988,712	8.7%	547,698	-6.8%		
1995	507,435,200	5.4%			77,613,416	-3.6%	182,296,017	11.2%	511,983	-6.5%		
1996	535,148,520	5.5%			84,595,081	9.0%	187,760,762	3.0%	563,920	10.1%		
1997	544,423,185	1.7%			89,185,217	5.4%	198,176,186	5.5%	587,780	4.2%		
1998	564,720,599	3.7%			97,193,729	9.0%	206,770,888	4.3%	614,622	4.6%		
1999	597,111,328	5.7%			107,095,869	10.2%	226,724,525	9.7%	641,004	4.3%		
2000	619,876,222	3.8%			113,386,890	5.9%	243,710,030	7.5%	661,950	3.3%		
2001	660,667,021	6.6%			113,468,789	0.1%	251,384,004	3.1%	753,872	13.9%		
2002	693,441,991	5.0%			112,084,493	-1.2%	264,837,957	5.4%	803,053	6.5%		
2003	706,842,242	1.9%			110,316,486	-1.6%	266,766,744	0.7%	823,289	2.5%		
2004	723,398,583	2.3%			113,275,362	2.7%	273,519,012	2.5%	857,313	4.1%		
2005	787,002,336	8.8%			117,057,136	3.3%	282,109,076	3.1%	887,526	3.5%		
<b>Average Annual Change</b>												
<i>2 Year</i>	40,080,047	5.5%			3,370,325	3.0%	7,671,166	2.8%	32,119	3.8%		
<i>5 Year</i>	33,425,223	4.9%			734,049	0.6%	7,679,809	3.0%	45,115	6.0%		
<i>10 Year</i>	27,956,714	4.5%			3,944,372	4.2%	9,981,306	4.5%	37,554	5.7%		

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Table 1-5

Blue Grass Energy Comparative Annual Operating Data

Year	Residential		Residential Seasonal		Commercial / Industrial (1 MW Or Less)		Commercial / Industrial ( Over 1 MW)		Public Street / Highway Lighting		Public Authorities	
	Consumers	kwh / Mo.	Consumers	kwh / Mo.	Consumers	kwh / Mo.	Consumers	kwh / Mo.	Consumers	kwh / Mo.	Consumers	kwh / Mo.
1993	35,468	1,104	0		1,271	4,973	11	1,143,397	16	3,060	0	
1994	36,368	1,103	0		1,298	5,170	11	1,242,339	17	2,685	0	
1995	37,477	1,128	0		1,329	4,867	10	1,519,133	18	2,370	0	
1996	38,450	1,160	0		1,382	5,101	10	1,564,673	21	2,238	0	
1997	39,866	1,138	0		1,420	5,234	11	1,501,335	23	2,130	0	
1998	41,306	1,139	0		1,458	5,555	13	1,325,454	25	2,049	0	
1999	42,756	1,164	0		1,625	5,492	14	1,349,551	27	1,978	0	
2000	44,108	1,171	0		1,723	5,484	14	1,450,655	28	1,970	0	
2001	45,202	1,218	0		1,845	5,125	13	1,611,436	33	1,904	0	
2002	46,362	1,246	0		1,933	4,832	15	1,471,322	37	1,809	0	
2003	47,406	1,243	0		1,960	4,690	16	1,389,410	39	1,759	0	
2004	48,688	1,238	0		2,030	4,650	16	1,424,578	41	1,743	0	
2005	49,962	1,313	0		2,048	4,763	16	1,469,318	42	1,761	0	
10 Year Avg	1,249	18			72	-10	1	-4,982	2	-61		
5 Year Avg	1,171	28			65	-144	0	3,733	3	-42		
2 Year Avg	1,278	35			44	36	0	39,954	2	1		
Annual Changes In Blue Grass Energy's Residential Class												
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Consumers	900	1,109	973	1,416	1,440	1,450	1,352	1,094	1,160	1,044	1,282	1,274
kWh/month	-1	25	32	-22	1	24	7	47	28	-4	-4	75

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# Methodology and Results *(continued)*

The preliminary forecast was presented to Blue Grass Energy staff, and reviewed by the Rural Utilities Services (RUS) Field Representative. Changes were made to the forecast as needed based on new information, such as new large loads or subdivisions. In some instances, other assumptions were changed based on insights from Blue Grass Energy staff. Input from EKPC and Blue Grass Energy results in the best possible forecast.

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# Methodology and Results *(continued)*

## Residential Forecast

Residential customers are analyzed by means of regression analysis with resulting coefficients used to prepare customer projections. Regressions for residential customers are typically a function of regional economic and demographic variables. Two variables that are very significant are the numbers of households by county in each member system's economic region and the percent of total households served by the member system. Table 1-6 and Figure 1-8 report Blue Grass Energy's customer forecast.

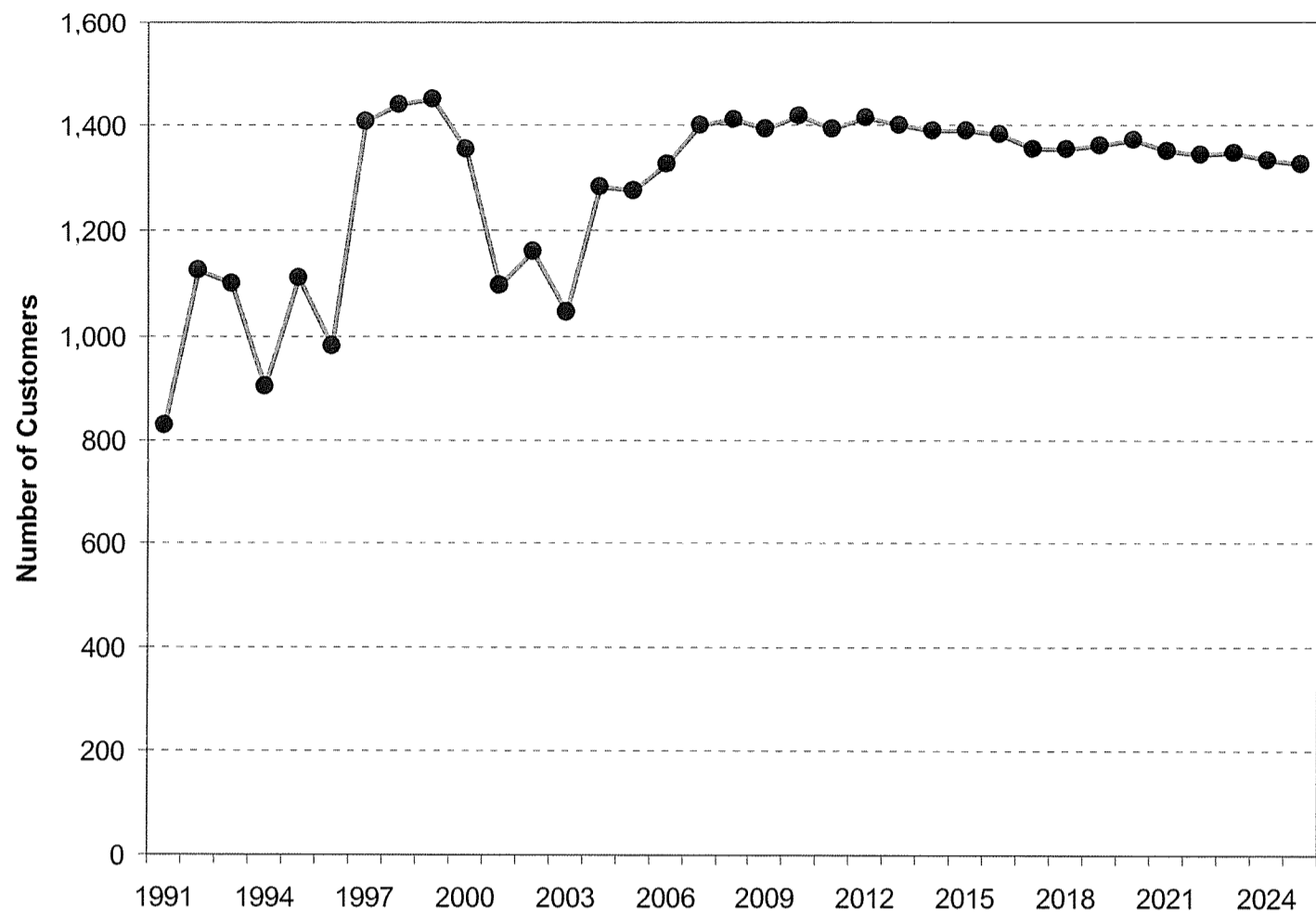
The residential energy sales were projected using a statistically adjusted end-use (SAE) approach. This method of modeling incorporates end-use forecasts and can be used to allocate the monthly and annual forecasts into end-use components. This method, like end-use modeling, requires detailed information about appliance saturation, appliance use, appliance efficiencies, household characteristics, weather characteristics, and demographic and economic information. The SAE approach segments the average household use into heating, cooling, and water heating end-use components. See Figure 1-9. This model accounts for appliance efficiency improvements. Table 1-6 reports Blue Grass Energy's energy forecast.

Table 1-6

Blue Grass Energy									
2006 Load Forecast									
Residential Summary									
	Customers			Use Per Customer			Class Sales		
	Annual Average	Annual Change	% Change	Monthly Average (kWh)	Annual Change (kWh)	% Change	Total (MWh)	Annual Change (MWh)	% Change
1990	32,414			992			385,788		
1991	33,242	828	2.6	1,060	68	6.8	422,686	36,898	9.6
1992	34,367	1,125	3.4	1,039	-21	-2.0	428,403	5,717	1.4
1993	35,467	1,100	3.2	1,104	65	6.3	469,900	41,497	9.7
1994	36,368	901	2.5	1,103	-1	-0.1	481,416	11,516	2.5
1995	37,477	1,109	3.0	1,128	25	2.3	507,435	26,019	5.4
1996	38,459	982	2.6	1,160	31	2.8	535,149	27,713	5.5
1997	39,866	1,407	3.7	1,138	-22	-1.9	544,423	9,275	1.7
1998	41,305	1,439	3.6	1,139	1	0.1	564,721	20,297	3.7
1999	42,756	1,451	3.5	1,164	24	2.1	597,111	32,391	5.7
2000	44,108	1,352	3.2	1,171	7	0.6	619,876	22,765	3.8
2001	45,202	1,094	2.5	1,218	47	4.0	660,667	40,791	6.6
2002	46,362	1,160	2.6	1,246	28	2.3	693,442	32,775	5.0
2003	47,406	1,044	2.3	1,243	-4	-0.3	706,842	13,400	1.9
2004	48,688	1,282	2.7	1,238	-4	-0.4	723,399	16,556	2.3
2005	49,962	1,274	2.6	1,313	75	6.0	787,001	63,602	8.8
2006	51,285	1,323	2.6	1,286	-27	-2.1	791,172	4,171	0.5
2007	52,684	1,399	2.7	1,282	-4	-0.3	810,342	19,169	2.4
2008	54,093	1,409	2.7	1,287	5	0.4	835,365	25,023	3.1
2009	55,487	1,394	2.6	1,292	5	0.4	860,534	25,169	3.0
2010	56,904	1,417	2.6	1,297	4	0.3	885,386	24,853	2.9
2011	58,296	1,392	2.4	1,298	1	0.1	907,967	22,580	2.6
2012	59,711	1,415	2.4	1,303	5	0.4	933,420	25,454	2.8
2013	61,111	1,400	2.3	1,307	4	0.3	958,284	24,863	2.7
2014	62,500	1,389	2.3	1,309	3	0.2	982,086	23,803	2.5
2015	63,888	1,388	2.2	1,312	2	0.2	1,005,774	23,688	2.4
2016	65,270	1,382	2.2	1,315	3	0.3	1,030,156	24,382	2.4
2017	66,624	1,354	2.1	1,318	2	0.2	1,053,328	23,172	2.2
2018	67,977	1,353	2.0	1,321	4	0.3	1,077,761	24,432	2.3
2019	69,337	1,360	2.0	1,325	4	0.3	1,102,815	25,054	2.3
2020	70,708	1,371	2.0	1,332	7	0.5	1,130,593	27,778	2.5
2021	72,058	1,350	1.9	1,338	6	0.4	1,156,950	26,357	2.3
2022	73,400	1,342	1.9	1,344	6	0.4	1,183,387	26,437	2.3
2023	74,746	1,346	1.8	1,349	5	0.4	1,209,899	26,512	2.2
2024	76,076	1,330	1.8	1,356	7	0.5	1,238,176	28,277	2.3
2025	77,400	1,324	1.7	1,361	4	0.3	1,263,687	25,512	2.1

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# Figure 1-8 Annual Change in Residential Customers



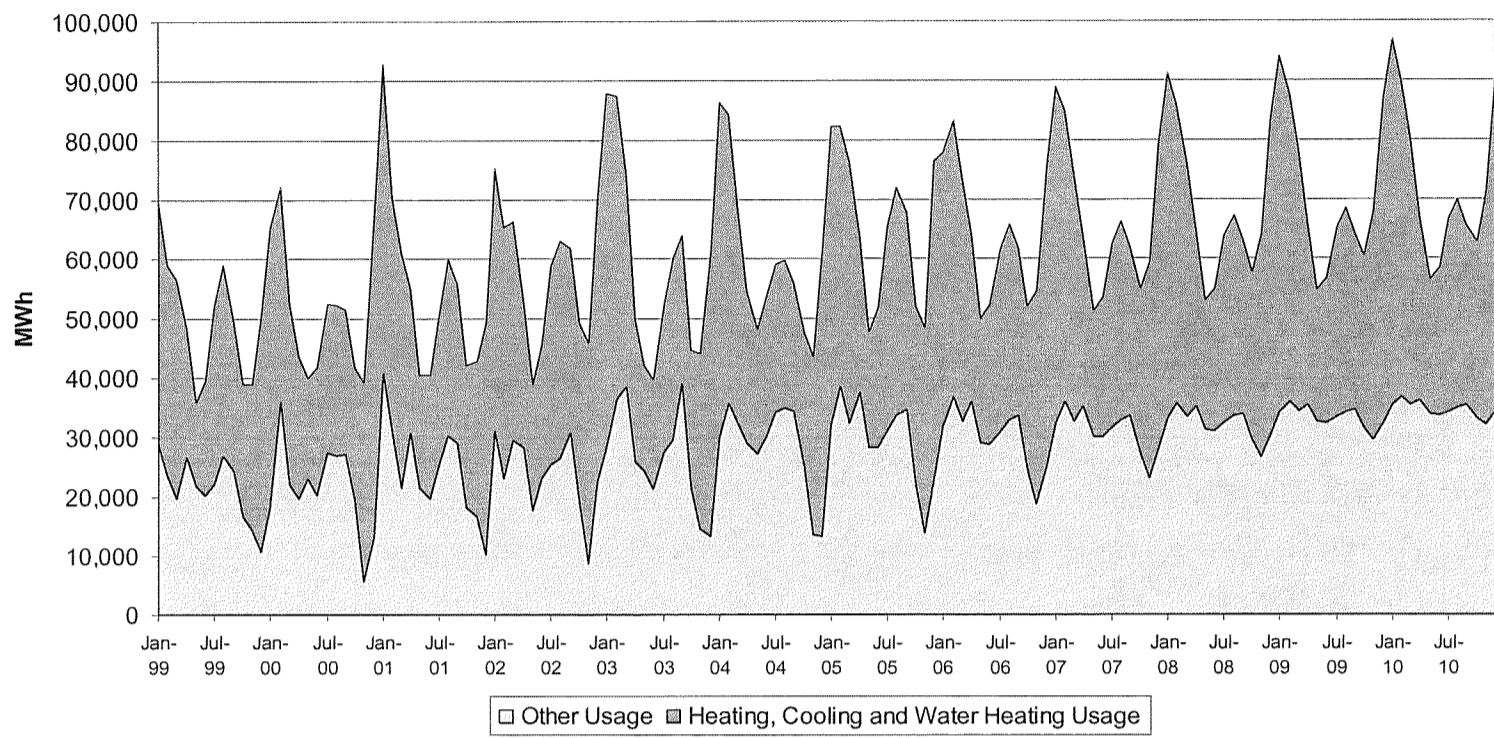


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# Figure 1-9

## Blue Grass Energy Residential MWh Usage, History and Forecast



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# Methodology and Results *(continued)*

## Small Commercial Forecast

Small commercial sales are projected using two equations, a customer equation and a small commercial sales equation. Both are determined through regression analysis and utilize inputs relating to the economy, electric price, and the residential customer forecast. Small commercial projections are reported in Table 1-7.

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Table 1-7

Blue Grass Energy									
2006 Load Forecast									
Small Commercial Summary									
	Customers			Use Per Customer			Class Sales		
	Annual Average	Annual Change	% Change	Annual Average (MWh)	Annual Change (MWh)	% Change	Total (MWh)	Annual Change (MWh)	% Change
1990	1,148			63			72,200		
1991	1,213	65	5.7	54	-9	-13.8	65,729	-6,471	-9.0
1992	1,254	41	3.4	57	3	5.8	71,877	6,148	9.4
1993	1,271	17	1.4	60	2	4.1	75,852	3,975	5.5
1994	1,298	27	2.1	62	2	4.0	80,524	4,672	6.2
1995	1,329	31	2.4	58	-4	-5.9	77,613	-2,911	-3.6
1996	1,382	53	4.0	61	3	4.8	84,595	6,982	9.0
1997	1,420	38	2.7	63	2	2.6	89,185	4,590	5.4
1998	1,459	39	2.7	67	4	6.1	97,194	8,009	9.0
1999	1,625	166	11.4	66	-1	-1.1	107,096	9,902	10.2
2000	1,723	98	6.0	66	0	-0.1	113,387	6,291	5.9
2001	1,845	122	7.1	62	-4	-6.5	113,469	82	0.1
2002	1,933	88	4.8	58	-4	-5.7	112,084	-1,384	-1.2
2003	1,960	27	1.4	56	-2	-2.9	110,316	-1,768	-1.6
2004	2,030	70	3.6	56	0	-0.9	113,275	2,959	2.7
2005	2,048	18	0.9	57	1	2.4	117,057	3,782	3.3
2006	2,121	73	3.6	58	1	1.0	122,407	5,350	4.6
2007	2,217	96	4.5	58	0	0.7	128,827	6,420	5.2
2008	2,289	72	3.2	59	0	0.7	133,968	5,142	4.0
2009	2,362	73	3.2	59	0	0.4	138,786	4,817	3.6
2010	2,435	73	3.1	59	0	0.2	143,340	4,555	3.3
2011	2,507	72	3.0	59	0	0.0	147,518	4,178	2.9
2012	2,580	73	2.9	59	0	-0.2	151,562	4,044	2.7
2013	2,652	72	2.8	59	0	-0.1	155,668	4,106	2.7
2014	2,724	72	2.7	59	0	-0.1	159,813	4,146	2.7
2015	2,797	73	2.7	59	0	-0.1	163,998	4,185	2.6
2016	2,869	72	2.6	59	0	0.0	168,193	4,195	2.6
2017	2,940	71	2.5	59	0	0.0	172,433	4,240	2.5
2018	3,011	71	2.4	59	0	0.1	176,791	4,357	2.5
2019	3,083	72	2.4	59	0	0.1	181,215	4,425	2.5
2020	3,154	71	2.3	59	0	0.1	185,620	4,405	2.4
2021	3,226	72	2.3	59	0	0.1	190,035	4,415	2.4
2022	3,297	71	2.2	59	0	0.1	194,386	4,351	2.3
2023	3,368	71	2.2	59	0	0.1	198,690	4,304	2.2
2024	3,438	70	2.1	59	0	0.1	202,945	4,254	2.1
2025	3,509	71	2.1	59	0	0.0	207,130	4,185	2.1

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# Methodology and Results *(continued)*

## Large Commercial Forecast

Large commercial customers are those with loads 1 MW or greater. Blue Grass Energy currently has 16 customers in this class and is projected to increase to 20 customers by 2025. Large commercial results are reported in Table 1-8.

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Table 1-8

Blue Grass Energy									
2006 Load Forecast									
Large Commercial Summary									
	Customers			Use Per Customer			Class Sales		
	Annual Average	Annual Change	% Change	Annual Average (MWh)	Annual Change (MWh)	% Change	Total (MWh)	Annual Change (MWh)	% Change
1990	7			15,189			106,324		
1991	9	2	28.6	14,370	-819	-5.4	129,330	23,006	21.6
1992	9	0	0.0	15,323	953	6.6	137,909	8,579	6.6
1993	11	2	22.2	13,721	-1,602	-10.5	150,928	13,020	9.4
1994	11	0	0.0	14,908	1,187	8.7	163,989	13,060	8.7
1995	10	-1	-9.1	18,230	3,322	22.3	182,296	18,307	11.2
1996	10	0	0.0	18,776	546	3.0	187,761	5,465	3.0
1997	11	1	10.0	18,016	-760	-4.0	198,176	10,415	5.5
1998	13	2	18.2	15,905	-2,111	-11.7	206,771	8,595	4.3
1999	14	1	7.7	16,195	289	1.8	226,725	19,954	9.7
2000	14	0	0.0	17,408	1,213	7.5	243,710	16,986	7.5
2001	13	-1	-7.1	19,337	1,929	11.1	251,384	7,674	3.1
2002	15	2	15.4	17,656	-1,681	-8.7	264,838	13,454	5.4
2003	16	1	6.7	16,673	-983	-5.6	266,767	1,929	0.7
2004	16	0	0.0	17,095	422	2.5	273,519	6,752	2.5
2005	16	0	0.0	17,632	537	3.1	282,109	8,590	3.1
2006	16	0	0.0	18,200	568	3.2	291,199	9,089	3.2
2007	16	0	0.0	18,904	704	3.9	302,469	11,270	3.9
2008	16	0	0.0	19,463	558	3.0	311,402	8,933	3.0
2009	17	1	6.3	19,284	-179	-0.9	327,820	16,418	5.3
2010	18	1	5.9	19,052	-232	-1.2	342,934	15,114	4.6
2011	18	0	0.0	19,365	313	1.6	348,573	5,640	1.6
2012	18	0	0.0	19,649	284	1.5	353,689	5,115	1.5
2013	18	0	0.0	19,942	293	1.5	358,957	5,269	1.5
2014	18	0	0.0	20,237	295	1.5	364,264	5,307	1.5
2015	18	0	0.0	20,537	300	1.5	369,660	5,396	1.5
2016	18	0	0.0	20,853	317	1.5	375,363	5,703	1.5
2017	18	0	0.0	21,216	362	1.7	381,887	6,525	1.7
2018	18	0	0.0	21,631	415	2.0	389,358	7,471	2.0
2019	19	1	5.6	21,335	-296	-1.4	405,369	16,010	4.1
2020	19	0	0.0	21,749	414	1.9	413,232	7,863	1.9
2021	20	1	5.3	21,468	-281	-1.3	429,366	16,134	3.9
2022	20	0	0.0	21,857	389	1.8	437,146	7,780	1.8
2023	20	0	0.0	22,245	388	1.8	444,907	7,761	1.8
2024	20	0	0.0	22,621	375	1.7	452,414	7,508	1.7
2025	20	0	0.0	22,983	362	1.6	459,654	7,239	1.6

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# Methodology and Results *(continued)*

## Other Forecast

Blue Grass Energy serves street light accounts which are classified in the 'Other' category. This class is modeled separately. Results are reported in Table 1-9.

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Table 1-9

Blue Grass Energy									
2006 Load Forecast									
Other Summary									
	Customers			Use Per Customer			Class Sales		
	Annual Average	Annual Change	% Change	Monthly Average (kWh)	Annual Change (kWh)	% Change	Total (MWh)	Annual Change (MWh)	% Change
1990	14			2,351			395		
1991	16	2	14.3	2,091	-260	-11.1	402	7	1.6
1992	16	0	0.0	2,566	475	22.7	493	91	22.7
1993	16	0	0.0	3,060	494	19.3	588	95	19.3
1994	17	1	6.3	2,685	-376	-12.3	548	-40	-6.8
1995	18	1	5.9	2,370	-315	-11.7	512	-36	-6.5
1996	21	3	16.7	2,238	-133	-5.6	564	52	10.1
1997	23	2	9.5	2,130	-108	-4.8	588	24	4.2
1998	25	2	8.7	2,049	-81	-3.8	615	27	4.6
1999	27	2	8.0	1,978	-70	-3.4	641	26	4.3
2000	28	1	3.7	1,970	-8	-0.4	662	21	3.3
2001	33	5	17.9	1,904	-66	-3.4	754	92	13.9
2002	37	4	12.1	1,809	-95	-5.0	803	49	6.5
2003	39	2	5.4	1,759	-50	-2.7	823	20	2.5
2004	41	2	5.1	1,743	-17	-0.9	857	34	4.1
2005	42	1	2.4	1,761	18	1.1	888	30	3.5
2006	44	2	4.8	1,748	-13	-0.7	923	35	4.0
2007	46	2	4.5	1,717	-31	-1.8	948	25	2.7
2008	48	2	4.3	1,687	-30	-1.7	972	24	2.5
2009	51	3	6.3	1,626	-61	-3.6	995	23	2.4
2010	53	2	3.9	1,600	-26	-1.6	1,018	22	2.2
2011	55	2	3.8	1,574	-26	-1.6	1,039	22	2.1
2012	57	2	3.6	1,549	-25	-1.6	1,060	21	2.0
2013	59	2	3.5	1,525	-24	-1.6	1,080	20	1.9
2014	61	2	3.4	1,501	-24	-1.6	1,099	19	1.8
2015	64	3	4.9	1,455	-46	-3.1	1,118	19	1.7
2016	66	2	3.1	1,434	-22	-1.5	1,135	18	1.6
2017	68	2	3.0	1,413	-21	-1.5	1,153	17	1.5
2018	70	2	2.9	1,392	-21	-1.5	1,169	17	1.4
2019	72	2	2.9	1,372	-20	-1.4	1,185	16	1.4
2020	74	2	2.8	1,352	-20	-1.4	1,201	15	1.3
2021	76	2	2.7	1,333	-19	-1.4	1,215	15	1.2
2022	79	3	3.9	1,297	-36	-2.7	1,230	14	1.2
2023	81	2	2.5	1,279	-18	-1.4	1,244	14	1.1
2024	83	2	2.5	1,262	-18	-1.4	1,257	13	1.1
2025	85	2	2.4	1,245	-17	-1.4	1,270	13	1.0

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# Methodology and Results *(continued)*

## Peak Day Weather Scenarios

Extreme temperatures can dramatically influence Blue Grass Energy's peak demands. Table 1-10 and Figure 1-10 reports the impact of extreme weather on system demands.

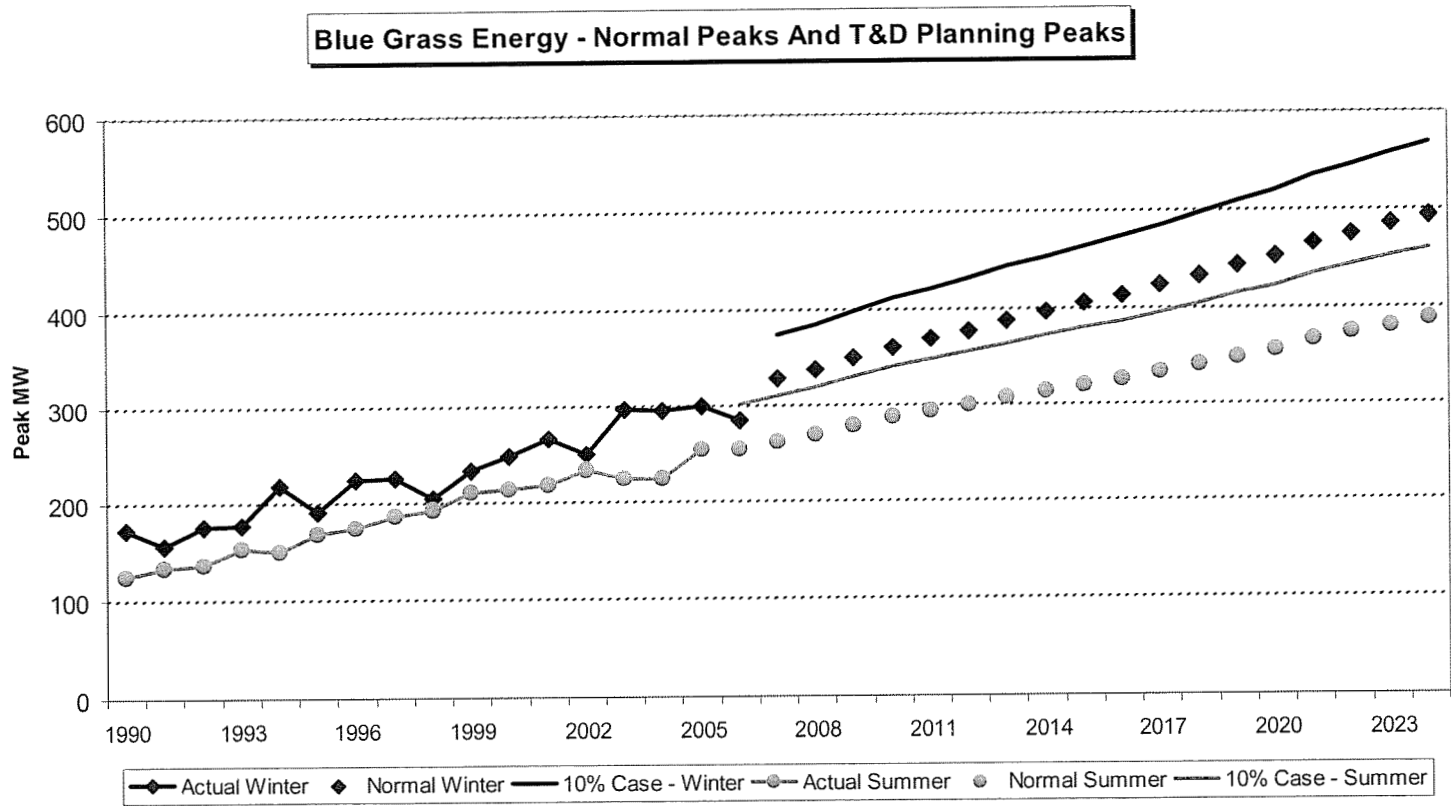
43  
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Pg. 44 R 48

Table 1-10

Blue Grass Energy Peak Day Weather Scenarios										
Winter Peak Day Minimum Temperatures						Summer Peak Day Maximum Temperatures				
	Mild	Normal	Extreme				Normal	Extreme		
Degrees	10	-3	-12	-17	-25	Degrees	94	98	100	104
Probability	99%	50%	20%	10%	3%	Probability	50%	20%	10%	3%
Occurs Once Every	2 Years	5 Years	10 Years	30 Years		2 Years	5 Years	10 Years	30 Years	
Noncoincident Winter Peak Demand - MW						Noncoincident Summer Peak Demand - MW				
Season	Mild	Normal	Extreme			Year	Normal	Extreme		
						2006	255	286	302	333
2006 - 07	285	328	358	375	401	2007	263	294	311	343
2007 - 08	293	337	368	385	412	2008	270	302	319	352
2008 - 09	304	350	381	399	427	2009	279	313	330	364
2009 - 10	314	361	394	412	441	2010	288	323	341	376
2010 - 11	321	370	403	422	452	2011	294	330	348	384
2011 - 12	328	378	412	432	462	2012	300	337	355	392
2012 - 13	336	388	424	443	475	2013	307	345	364	402
2013 - 14	344	397	433	454	486	2014	314	352	372	411
2014 - 15	351	406	443	464	498	2015	320	359	380	420
2015 - 16	358	413	452	474	508	2016	326	366	387	428
2016 - 17	366	424	463	485	521	2017	333	375	396	438
2017 - 18	374	433	474	496	533	2018	340	383	405	447
2018 - 19	384	444	486	509	546	2019	349	393	415	459
2019-2020	391	453	496	520	558	2020	356	400	423	468
2020-2021	403	466	510	534	573	2021	366	411	435	481
2021-2022	411	476	521	546	586	2022	374	420	444	491
2022-2023	419	486	532	558	598	2023	381	428	453	501
2023-2024	427	495	542	568	610	2024	388	436	461	510
2024-2025	436	506	554	581	623	2025	396	445	471	521

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# Figure 1-10



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# RUS Form 341

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Exhibit 56  
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Form 341

Exhibit 56  
Page 48 of 48  
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Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

57. Distribution System. Please provide a schematic diagram of the current Blue Grass Energy distribution system. Include in this response a schematic of each of the Districts, Areas, etc. that are proposed for consolidation with Blue Grass Energy in this case and how interconnects with the current Blue Grass Energy distribution system.

Attached

# Blue Grass Energy - Districts

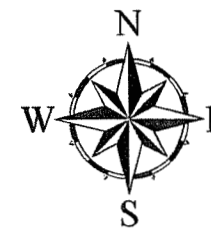
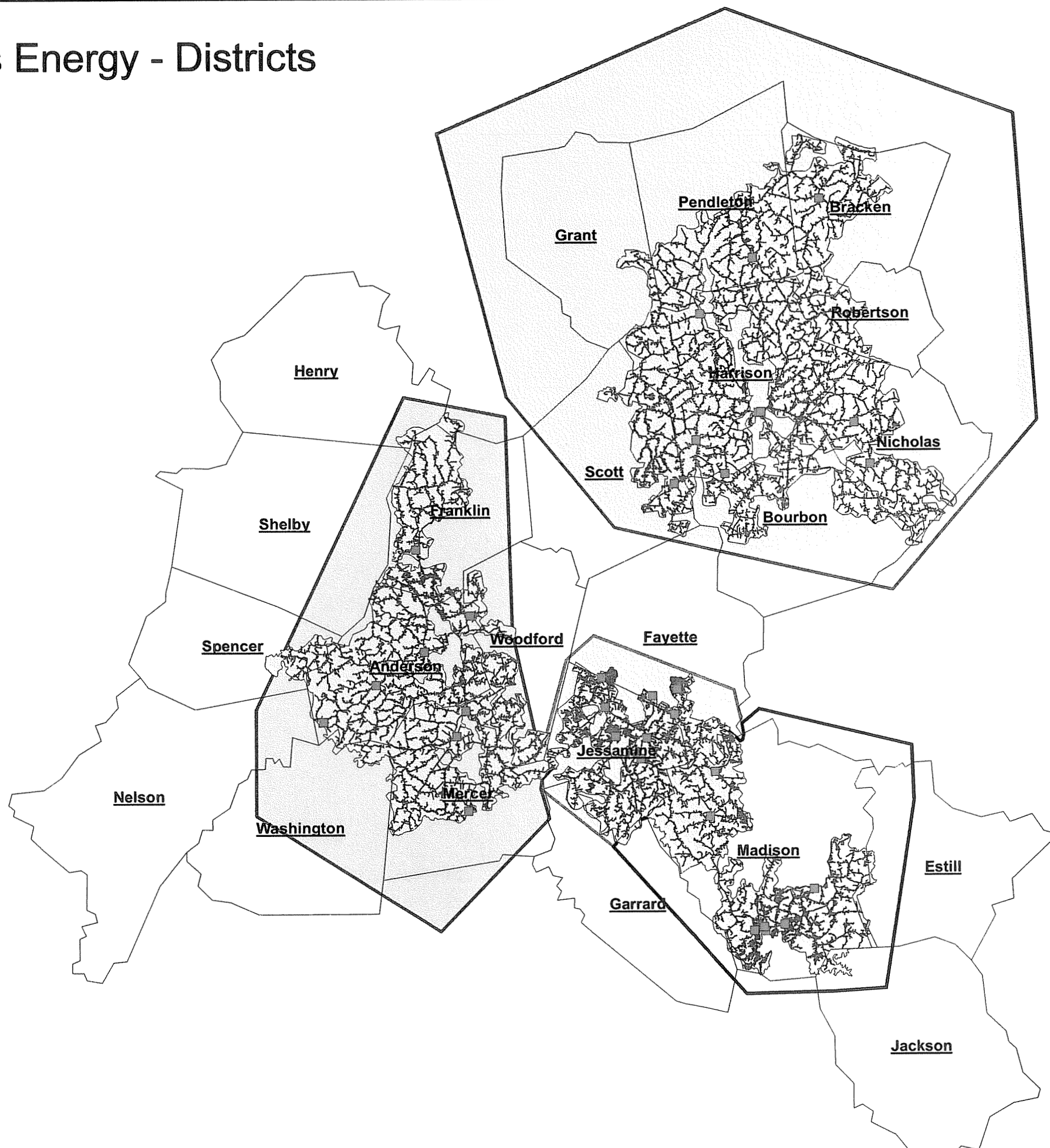


Exhibit 5  
Page 2 of 2



**NOTE:**

The shaded district polygons show a general area and are used only to differentiate the different districts that make up Blue Grass Energy. The actual service area of Blue Grass Energy is the light blue polygons contained within the district polygons.

Legend	
	Conductor
	Substation
	FoxCreek
	Harrison
	Nicholasville
	Madison
	Blue Grass Energy



**RESPONSE TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

- Q. RE: Accounting Amounts. Please provide the actual test year amounts, all adjustments, and test adjusted amounts for each of the accounts in Exhibit M of Volume 1 of the Application incorporated in the cost of service study in Exhibit R.
  
- R. Schedule 6 of Exhibit R contains the information requested above. This schedule contains the account number, the actual test year expense amount, and the expense adjustment amount.

**RESPONSE TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

- Q. RE: Revenues. Please provide the detail of the revenues, identified by revenue accounts, in Exhibit M of Volume 1, and reconcile these to the revenues present in the cost of service study in Exhibit R for each consumer rate class.
- R. The revenues presented in the cost of service study in Schedules 2, 3, and 4 are the actual amounts for the test year for base rates. Exhibits I provides the test year revenues, the normalized revenues, and the proposed revenues for each rate class. Exhibit J contains the billing analyses that provides the detail for Exhibit I plus similar plus similar information for the consolidated rate classes.

Blue Grass Energy Cooperative Cooperation  
Case No. 2008-00011  
Attorney General's Initial Data Request

60 RE: Bill Frequency Analysis. Please provide a detailed bill frequency analysis based on actual test year numbers of customers and usage for each current residential and farm rate schedule.

Rate and District

11 Nicholasville/Madison  
12 Fox Creek  
13 Harrison

Bill frequency analysis attached.

Exhibit 6  
Page 2810

PRG. STEPANAL  
BLUE GRASS ENERGY

RATE 11 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

RUN DATE 03/13/08 07:26 AM  
PAGE 1

METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
0	0	7792		.00	.00	304406			.00	.00
1	5	3220	7593	523.40	523.40	296614	1473623	1473623	100213.44	100213.44
6	10	1369	10805	739.94	1263.34	293394	1463225	2936848	99501.96	199715.40
11	15	1192	15371	1052.25	2315.59	292025	1456806	4393654	99065.10	298780.50
16	20	964	17328	1184.04	3499.63	290833	1451343	5844997	98693.22	397473.72
21	25	928	21337	1458.29	4957.92	289869	1446612	7291609	98371.59	495845.31
26	50	3689	137948	9430.08	14388.00	288941	7173073	14464682	490638.72	986484.03
51	75	3184	199595	13642.18	28030.18	285252	7088245	21552927	484836.27	1471320.30
76	100	2741	239859	16393.22	44423.40	282068	7014409	28567336	479785.55	1951105.85
101	150	4551	564843	38608.27	83031.67	279327	13842443	42409779	946820.00	2897925.85
151	200	3849	670081	45798.32	128829.99	274776	13635581	56045360	932671.05	3830596.90
201	250	3534	795313	54361.23	183191.22	270927	13452463	69497823	920145.61	4750742.51
251	300	3704	1019652	69692.59	252883.81	267393	13272602	82770425	907842.62	5658585.13
301	350	3756	1220293	83407.65	336291.46	263689	13087643	95858068	895192.03	6553777.16
351	400	3942	1479444	101118.53	437409.99	259933	12895394	108753462	882041.81	7435818.97
401	450	4356	1854308	126743.88	564153.87	255991	12690158	121443620	868003.06	8303822.03
451	500	4671	2220870	151795.49	715949.36	251635	12465020	133908640	852603.37	9156425.40
501	550	4898	2574520	175969.65	891919.01	246964	12225120	146133760	836194.15	9992619.55
551	600	5297	3047624	208302.79	1100221.80	242066	11970424	158104184	818772.49	10811392.04
601	650	5400	3373186	230560.21	1330782.01	236769	11699736	169803920	800258.11	11611650.15
651	700	5700	3847861	263000.50	1593782.51	231369	11424811	181228731	781452.24	12393102.39
701	750	6036	4377474	299201.92	1892984.43	225669	11132824	192361555	761480.46	13154582.85
751	800	6363	4928766	336878.36	2229862.79	219633	10822516	203184071	740255.21	13894838.06
801	850	6380	5266689	359981.28	2589844.07	213270	10505389	213689460	718563.48	14613401.54
851	900	6566	5745871	392728.98	2982573.05	206890	10179371	223868831	696263.83	15309665.37
901	950	6597	6100896	416997.99	3399571.04	200324	9852346	233721177	673895.22	15983560.59
951	1000	6779	6609333	451745.43	3851316.47	193727	9517683	243238860	651003.87	16634564.46
1001	1100	13910	14598181	997787.19	4849103.66	186948	17999581	261238441	1231137.85	17865702.31
1101	1200	13821	15900962	1086829.39	5935933.05	173038	16615162	277853603	1136444.87	19002147.18
1201	1300	13519	16904206	1155404.28	7091337.33	159217	15249406	293103009	1043026.98	20045174.16
1301	1400	13250	17880125	1222105.56	8313442.89	145698	13901325	307004334	950819.55	20995993.71
1401	1500	12446	18042857	1233230.95	9546673.84	132448	12620857	319625191	863237.09	21859230.80
1501	1600	11714	18153052	1240760.25	10787434.09	120002	11413852	331039043	780679.50	22639910.30
1601	1700	11106	18317105	1251975.14	12039409.23	108288	10272905	341311948	702639.86	23342550.16
1701	1800	10250	17936277	1225943.84	13265353.07	97182	9202077	350514025	629397.70	23971947.86
1801	1900	9210	17038770	1164601.14	14429954.21	86932	8230570	358744595	562949.16	24534897.02
1901	2000	8248	16083313	1099293.79	15529248.00	77722	7361113	366105708	503480.09	25038377.11
2001	2100	7484	15341230	1048573.65	16577821.65	69474	6570030	372675738	449371.97	25487749.08
2101	2200	6613	14213625	971500.82	17549322.47	61990	5861825	378537563	400933.56	25888682.64
2201	2300	5831	13115307	896432.18	18445754.65	55377	5239507	383777070	358368.87	26247051.51
2301	2400	5389	12649388	864585.23	19310339.88	49546	4682588	388459658	320276.54	26567328.05
2401	2500	4660	11415000	780215.66	20090555.54	44157	4179100	392638758	285839.30	26853167.35
2501	2600	4136	10545135	720759.64	20811315.18	39497	3739635	396378393	255781.63	27108948.98
2601	2700	3666	9710277	663697.99	21475013.17	35361	3346577	399724970	228897.49	27337846.47
2701	2800	3168	8704219	594933.18	22069946.35	31695	3007319	402732289	205693.07	27543539.54
2801	2900	2934	8360860	571465.06	22641411.41	28527	2703560	405435849	184916.50	27728456.04
2901	3000	2515	7418787	507074.13	23148485.54	25593	2431687	407867536	166321.40	27894777.44
3001	3100	2324	7079996	483917.91	23632403.45	23078	2188196	410055732	149667.09	28044444.53
3101	3200	2001	6303187	430822.76	24063226.21	20754	1974187	412029919	135030.02	28179474.55
3201	3300	1808	5875955	401621.59	24464847.80	18753	1783655	413813574	121997.55	28301472.10
3301	3400	1569	5254637	359154.57	24824002.37	16945	1613337	415426911	110348.60	28411820.70
3401	3500	1403	4838973	330743.95	25154746.32	15376	1464873	416891784	100194.02	28512014.72
3501	3600	1264	4480246	306224.73	25460971.05	13973	1333146	418224930	91184.16	28603198.88
3601	3700	1172	4278158	292412.26	25753383.31	12709	1211658	419436588	82874.62	28686073.50
3701	3800	985	3694742	252535.52	26005918.83	11537	1104442	420541030	75541.43	28761614.93

Exhibit T 60  
Page 3 of 10

PRG. STEPANAL  
BLUE GRASS ENERGY

RATE

11 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

RUN DATE 03/13/08 07:26 AM  
PAGE 2

METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
3801	3900	902	3463851	236754.31	26242673.14	10552	1008051	421549081	68948.59	28830563.52
3901	4000	802	3166860	216454.83	26459127.97	9650	923060	422472141	63135.56	28893699.08
4001	4100	765	3097771	211732.58	26670860.55	8848	845271	423317412	57814.58	28951513.66
4101	4200	708	2937172	200755.56	26871616.11	8083	771072	424088484	52739.85	29004253.51
4201	4300	595	2528933	172852.79	27044468.90	7375	707133	424795617	48366.62	29052620.13
4301	4400	555	2414280	165016.00	27209484.90	6780	649480	425445097	44423.02	29097043.15
4401	4500	475	2113723	144472.85	27353957.75	6225	597923	426043020	40896.63	29137939.78
4501	4600	463	2106309	143966.27	27497924.02	5750	550709	426593729	37667.47	29175607.25
4601	4700	401	1865351	127496.80	27625420.82	5287	508551	427102280	34783.91	29210391.16
4701	4800	390	1852612	126626.05	27752046.87	4886	468412	427570692	32038.53	29242429.69
4801	4900	334	1611367	110137.03	27862183.90	4496	433367	428004059	29641.51	29272071.20
4901	5000	319	1579209	107938.88	27970122.78	4162	399809	428403868	27346.22	29299417.42
5001	5500	1199	6269126	428494.89	28398617.67	3843	1604126	430007994	109655.34	29409072.76
5501	6000	824	4731302	323384.50	28722002.17	2644	1107302	431115296	75693.29	29484766.05
6001	6500	491	3063430	209385.39	28931387.56	1820	779930	431895226	53314.79	29538080.84
6501	7000	363	2448130	167329.66	29098717.22	1329	569630	432464856	38939.15	29577019.99
7001	7500	233	1686408	115266.09	29213983.31	966	419908	432884764	28704.46	29605724.45
7501	8000	184	1419511	97023.59	29311006.90	733	312011	433196775	21328.72	29627053.17
8001	8500	126	1038187	70960.10	29381967.00	549	239687	433436462	16384.72	29643437.89
8501	9000	72	629102	42999.13	29424966.13	423	190602	433627064	13029.36	29656467.25
9001	9500	69	620986	42444.37	29467410.50	351	157986	433785050	10799.72	29667266.97
9501	10000	46	446430	30513.48	29497923.98	282	126430	433911480	8642.70	29675909.67
10001	15000	185	2169133	148260.32	29646184.30	236	594133	434505613	40609.07	29716518.74
15001	20000	36	617084	42177.69	29688361.99	51	152084	434657697	10394.94	29726913.68
20001	25000	10	224617	15352.59	29703714.58	15	49617	434707314	3391.34	29730305.02
25001	30000	3	79800	5454.34	29709168.92	5	14800	434722114	1011.59	29731316.61
30001	35000	1	31200	2132.52	29711301.44	2	6200	434728314	423.77	29731740.38
35001	40000			.00	29711301.44	1	5000	434733314	341.75	29732082.13
40001	45000			.00	29711301.44	1	5000	434738314	341.75	29732423.88
45001	50000			.00	29711301.44	1	5000	434743314	341.75	29732765.63
50001	55000	1	52152	3564.59	29714866.03	1	2152	434745466	147.09	29732912.72
55001	60000			.00	29714866.03			434745466	.00	29732912.72
60001	65000			.00	29714866.03			434745466	.00	29732912.72
65001	70000			.00	29714866.03			434745466	.00	29732912.72
70001	75000			.00	29714866.03			434745466	.00	29732912.72
75001	80000			.00	29714866.03			434745466	.00	29732912.72
80001	85000			.00	29714866.03			434745466	.00	29732912.72
85001	90000			.00	29714866.03			434745466	.00	29732912.72
90001	95000			.00	29714866.03			434745466	.00	29732912.72
95001	100000			.00	29714866.03			434745466	.00	29732912.72
100001	105000			.00	29714866.03			434745466	.00	29732912.72
105001	110000			.00	29714866.03			434745466	.00	29732912.72
110001	115000			.00	29714866.03			434745466	.00	29732912.72
115001	120000			.00	29714866.03			434745466	.00	29732912.72
120001	125000			.00	29714866.03			434745466	.00	29732912.72
125001	130000			.00	29714866.03			434745466	.00	29732912.72
130001	135000			.00	29714866.03			434745466	.00	29732912.72
135001	140000			.00	29714866.03			434745466	.00	29732912.72
140001	145000			.00	29714866.03			434745466	.00	29732912.72
145001	150000			.00	29714866.03			434745466	.00	29732912.72
150001	160000			.00	29714866.03			434745466	.00	29732912.72
160001	170000			.00	29714866.03			434745466	.00	29732912.72
170001	180000			.00	29714866.03			434745466	.00	29732912.72
180001	190000			.00	29714866.03			434745466	.00	29732912.72
190001	200000			.00	29714866.03			434745466	.00	29732912.72

Exh. b.7 63  
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PRG. STEPANAL BLUE GRASS ENERGY  
 RATE 11 STEP RATE REVENUE ANALYSIS FROM 1/01/07 TO 12/31/07  
 BILL DATE RUN DATE 03/13/08 07:26 AM  
 PAGE 3

METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
200001	210000			.00	29714866.03			434745466	.00	29732912.72
210001	220000			.00	29714866.03			434745466	.00	29732912.72
220001	230000			.00	29714866.03			434745466	.00	29732912.72
230001	240000			.00	29714866.03			434745466	.00	29732912.72
240001	250000			.00	29714866.03			434745466	.00	29732912.72
250001	260000			.00	29714866.03			434745466	.00	29732912.72
260001	270000			.00	29714866.03			434745466	.00	29732912.72
270001	280000			.00	29714866.03			434745466	.00	29732912.72
280001	290000			.00	29714866.03			434745466	.00	29732912.72
290001	300000			.00	29714866.03			434745466	.00	29732912.72
300001	320000			.00	29714866.03			434745466	.00	29732912.72
320001	340000			.00	29714866.03			434745466	.00	29732912.72
340001	360000			.00	29714866.03			434745466	.00	29732912.72
360001	380000			.00	29714866.03			434745466	.00	29732912.72
380001	400000			.00	29714866.03			434745466	.00	29732912.72
400001	420000			.00	29714866.03			434745466	.00	29732912.72
420001	440000			.00	29714866.03			434745466	.00	29732912.72
440001	460000			.00	29714866.03			434745466	.00	29732912.72
460001	480000			.00	29714866.03			434745466	.00	29732912.72
480001	500000			.00	29714866.03			434745466	.00	29732912.72
500001	520000			.00	29714866.03			434745466	.00	29732912.72
520001	540000			.00	29714866.03			434745466	.00	29732912.72
540001	560000			.00	29714866.03			434745466	.00	29732912.72
560001	580000			.00	29714866.03			434745466	.00	29732912.72
580001	600000			.00	29714866.03			434745466	.00	29732912.72
600001	620000			.00	29714866.03			434745466	.00	29732912.72
620001	640000			.00	29714866.03			434745466	.00	29732912.72
640001	660000			.00	29714866.03			434745466	.00	29732912.72
660001	680000			.00	29714866.03			434745466	.00	29732912.72
680001	700000			.00	29714866.03			434745466	.00	29732912.72
700001	720000			.00	29714866.03			434745466	.00	29732912.72
720001	740000			.00	29714866.03			434745466	.00	29732912.72
740001	760000			.00	29714866.03			434745466	.00	29732912.72
760001	780000			.00	29714866.03			434745466	.00	29732912.72
780001	800000			.00	29714866.03			434745466	.00	29732912.72
800001	820000			.00	29714866.03			434745466	.00	29732912.72
820001	840000			.00	29714866.03			434745466	.00	29732912.72
840001	860000			.00	29714866.03			434745466	.00	29732912.72
860001	880000			.00	29714866.03			434745466	.00	29732912.72
880001	900000			.00	29714866.03			434745466	.00	29732912.72
900001	920000			.00	29714866.03			434745466	.00	29732912.72
920001	940000			.00	29714866.03			434745466	.00	29732912.72
940001	960000			.00	29714866.03			434745466	.00	29732912.72
960001	980000			.00	29714866.03			434745466	.00	29732912.72
980001	999999			.00	29714866.03			434745466	.00	29732912.72
OVER	1000000			.00	29714866.03			434745466	.00	29732912.72

TOTAL CONSUMERS 304406  
 TOTAL KWH 434745466

Exhibit 60  
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PRG. STEPANAL  
BLUE GRASS ENERGY

RATE 12 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

RUN DATE 03/13/08 07:26 AM  
PAGE 4

METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
0	0	5044		.00	.00	143120			.00	.00
1	5	2759	7257	.00	.00	138076	683732	683732	.00	.00
6	10	1344	10480	.00	.00	135317	673515	1357247	.00	.00
11	15	875	11292	.00	.00	133973	667922	2025169	.00	.00
16	20	662	11884	.00	.00	133098	664024	2689193	.00	.00
21	25	642	14765	.00	.00	132436	660785	3349978	.00	.00
26	50	2667	100920	1609.95	1609.95	131794	3261870	6611848	190119.31	190119.31
51	75	2520	158317	6039.96	7649.91	129127	3197242	9809090	232778.60	422897.91
76	100	2198	193395	9294.93	16944.84	126607	3138520	12947610	228502.19	651400.10
101	150	3369	419480	23198.54	40143.38	124409	6133780	19081390	446573.12	1097973.22
151	200	2501	435762	26282.24	66425.62	121040	5986762	25068152	435868.73	1533841.95
201	250	2092	470952	29756.96	96182.58	118539	5874602	30942754	427699.66	1961541.61
251	300	1834	504771	32768.56	128951.14	116447	5776221	36718975	420536.92	2382078.53
301	350	1789	582404	38524.72	167475.86	114613	5686204	42405179	413983.91	2796062.44
351	400	1801	676372	45406.21	212882.07	112824	5598072	48003251	407566.86	3203629.30
401	450	1957	832155	56353.64	269235.71	111023	5502155	53505406	400577.82	3604207.12
451	500	2010	955823	65248.16	334483.87	109066	5403623	58909029	393404.70	3997611.82
501	550	2165	1137584	78152.52	412636.39	107056	5299134	64208163	385798.19	4383410.01
551	600	2325	1339009	92478.01	505114.40	104891	5188059	69396222	377712.29	4761122.30
601	650	2412	1507649	104621.02	609735.42	102566	5068949	74465171	369038.19	5130160.49
651	700	2587	1748007	121704.44	731439.86	100154	4944407	79409578	359971.10	5490131.59
701	750	2786	2021861	141277.30	872717.16	97567	4811811	84221389	350317.54	5840449.13
751	800	2861	2219343	155447.30	1028164.46	94781	4669293	88890682	339939.29	6180388.42
801	850	3031	2504055	175822.25	1203986.71	91920	4523405	93414087	329319.02	6509707.44
851	900	3050	2669370	187824.93	1391811.64	88889	4368520	97782607	318043.27	6827750.71
901	950	3098	2866337	202070.56	1593882.20	85839	4214887	101997494	306858.92	7134609.63
951	1000	3095	3019475	213233.96	1807116.16	82741	4061225	106058719	295672.41	7430282.04
1001	1100	6234	6550946	463675.41	2270791.57	79646	7657546	113716265	558243.37	7988525.41
1101	1200	6387	7349968	521728.31	2792519.88	73412	7030968	120747233	512558.67	8501084.08
1201	1300	6296	7871565	559758.25	3352278.13	67025	6389065	127136298	465756.50	8966840.58
1301	1400	5919	7988326	569197.88	3921476.01	60729	5777226	132913524	421152.48	9387993.06
1401	1500	5697	8261728	589497.77	4510973.78	54810	5197228	138110752	378865.79	9766858.85
1501	1600	5332	8265903	590598.52	5101572.30	49113	4646003	142756755	338682.32	10105541.17
1601	1700	4865	8025961	574136.02	5675708.32	43781	4133561	146890316	301326.31	10406867.48
1701	1800	4456	7796230	558291.63	6233999.95	38916	3667030	150557346	267317.07	10674184.55
1801	1900	4001	7400142	530431.08	6764431.03	34460	3244242	153801588	236496.79	10910681.34
1901	2000	3580	6981033	500813.63	7265244.66	30459	2866933	156668521	208991.81	11119673.15
2001	2100	3192	6539969	469525.03	7734769.69	26879	2524669	159193190	184041.58	11303714.73
2101	2200	2882	6195145	445077.83	8179847.52	23687	2223445	161416635	162083.04	11465797.77
2201	2300	2523	5673028	407821.08	8587668.60	20805	1950628	163367263	142195.49	11607993.26
2301	2400	2163	5081585	365517.34	8953185.94	18282	1718585	165085848	125280.30	11733273.56
2401	2500	1961	4804046	345736.77	9298922.68	16119	1513446	166599294	110325.92	11843599.48
2501	2600	1723	4393051	316311.65	9615234.33	14158	1329051	167928345	96884.04	11940483.52
2601	2700	1443	3821527	275281.90	9890516.23	12435	1168927	169097272	85211.83	12025695.35
2701	2800	1335	3670954	264547.18	10155063.41	10992	1032154	170129426	75241.24	12100936.59
2801	2900	1111	3166830	228307.50	10383370.91	9657	910630	171040056	66382.53	12167319.12
2901	3000	970	2861387	206360.91	10589731.82	8546	805987	171846043	58754.52	12226073.64
3001	3100	844	2574158	185708.29	10775440.11	7576	715358	172561401	52147.83	12278221.47
3101	3200	802	2526666	182339.46	10957779.57	6732	633466	173194867	46177.80	12324399.27
3201	3300	712	2315170	167126.83	11124906.40	5930	558570	173753437	40718.11	12365117.38
3301	3400	568	1903053	137415.22	11262321.62	5218	493653	174247090	35986.13	12401103.51
3401	3500	512	1766234	127568.78	11389890.40	4650	439234	174686324	32019.04	12433122.55
3501	3600	481	1708481	123428.50	11513318.90	4138	390681	175077005	28479.58	12461602.13
3601	3700	394	1437491	103874.20	11617193.10	3657	345391	175422396	25178.13	12486780.26
3701	3800	360	1349050	97504.73	11714697.83	3263	307350	175729746	22405.13	12509185.39

Exhibit 62  
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PRG. STEPANAL  
BLUE GRASS ENERGY

STEP RATE REVENUE ANALYSIS  
RATE 12 FROM 1/01/07 TO 12/31/07

BILL DATE

RUN DATE 03/13/08 07:26 AM  
PAGE 5

METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
3801	3900	308	1185191	85679.93	11800377.76	2903	274291	176004037	19995.20	12529180.59
3901	4000	261	1030796	74533.32	11874911.08	2595	246296	176250333	17954.53	12547135.12
4001	4100	224	907397	65623.44	11940534.52	2334	222397	176472730	16212.20	12563347.32
4101	4200	195	809563	58558.45	11999092.97	2110	201563	176674293	14693.50	12578040.82
4201	4300	195	828698	59952.62	12059045.59	1915	181698	176855991	13245.37	12591286.19
4301	4400	177	769817	55702.05	12114747.64	1720	163017	177019008	11883.56	12603169.75
4401	4500	154	685186	49586.10	12164333.74	1543	146486	177165494	10678.53	12613848.28
4501	4600	134	608990	44078.06	12208411.80	1389	131490	177296984	9585.39	12623433.67
4601	4700	113	525277	38024.70	12246436.50	1255	119677	177416661	8724.27	12632157.94
4701	4800	109	518340	37527.98	12283964.48	1142	109340	177526001	7970.59	12640128.53
4801	4900	111	538309	38978.59	12322943.07	1033	97709	177623710	7122.77	12647251.30
4901	5000	80	395778	28661.50	12351604.57	922	87978	177711688	6413.47	12653664.77
5001	5500	314	1640910	118870.36	12470474.93	842	334910	178046598	24401.57	12678066.34
5501	6000	180	1034781	75000.71	12545475.64	528	218781	178265379	15940.43	12694006.77
6001	6500	103	642287	46571.92	12592047.56	348	146787	178412166	10694.90	12704701.67
6501	7000	62	417326	30270.84	12622318.40	245	105826	178517992	7710.51	12712412.18
7001	7500	45	325640	23627.79	12645946.19	183	79640	178597632	5802.53	12718214.71
7501	8000	33	255802	18565.59	12664511.78	138	60802	178658434	4430.01	12722644.72
8001	8500	20	164735	11958.90	12676470.68	105	47235	178705669	3441.50	12726086.22
8501	9000	9	78646	5710.48	12682181.16	85	40146	178745815	2925.04	12729011.26
9001	9500	11	101597	7378.33	12689559.49	76	35097	178780912	2557.17	12731568.43
9501	10000	9	86968	6316.82	12695876.31	65	29468	178810380	2147.03	12733715.46
10001	15000	46	548366	39853.40	12735729.71	56	138366	178948746	10081.36	12743796.82
15001	20000	8	129960	9451.40	12745181.11	10	19960	178968706	1454.28	12745251.10
20001	25000	2	43480	3163.58	12748344.69	2	3480	178972186	253.55	12745504.65
25001	30000			.00	12748344.69			178972186	.00	12745504.65
30001	35000			.00	12748344.69			178972186	.00	12745504.65
35001	40000			.00	12748344.69			178972186	.00	12745504.65
40001	45000			.00	12748344.69			178972186	.00	12745504.65
45001	50000			.00	12748344.69			178972186	.00	12745504.65
50001	55000			.00	12748344.69			178972186	.00	12745504.65
55001	60000			.00	12748344.69			178972186	.00	12745504.65
60001	65000			.00	12748344.69			178972186	.00	12745504.65
65001	70000			.00	12748344.69			178972186	.00	12745504.65
70001	75000			.00	12748344.69			178972186	.00	12745504.65
75001	80000			.00	12748344.69			178972186	.00	12745504.65
80001	85000			.00	12748344.69			178972186	.00	12745504.65
85001	90000			.00	12748344.69			178972186	.00	12745504.65
90001	95000			.00	12748344.69			178972186	.00	12745504.65
95001	100000			.00	12748344.69			178972186	.00	12745504.65
100001	105000			.00	12748344.69			178972186	.00	12745504.65
105001	110000			.00	12748344.69			178972186	.00	12745504.65
110001	115000			.00	12748344.69			178972186	.00	12745504.65
115001	120000			.00	12748344.69			178972186	.00	12745504.65
120001	125000			.00	12748344.69			178972186	.00	12745504.65
125001	130000			.00	12748344.69			178972186	.00	12745504.65
130001	135000			.00	12748344.69			178972186	.00	12745504.65
135001	140000			.00	12748344.69			178972186	.00	12745504.65
140001	145000			.00	12748344.69			178972186	.00	12745504.65
145001	150000			.00	12748344.69			178972186	.00	12745504.65
150001	160000			.00	12748344.69			178972186	.00	12745504.65
160001	170000			.00	12748344.69			178972186	.00	12745504.65
170001	180000			.00	12748344.69			178972186	.00	12745504.65
180001	190000			.00	12748344.69			178972186	.00	12745504.65
190001	200000			.00	12748344.69			178972186	.00	12745504.65



EXHIBIT 60  
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PRG. STEPANAL  
BLUE GRASS ENERGY

RATE 12 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

RUN DATE 03/13/08 07:26 AM  
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METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
200001	210000			.00	12748344.69			178972186	.00	12745504.65
210001	220000			.00	12748344.69			178972186	.00	12745504.65
220001	230000			.00	12748344.69			178972186	.00	12745504.65
230001	240000			.00	12748344.69			178972186	.00	12745504.65
240001	250000			.00	12748344.69			178972186	.00	12745504.65
250001	260000			.00	12748344.69			178972186	.00	12745504.65
260001	270000			.00	12748344.69			178972186	.00	12745504.65
270001	280000			.00	12748344.69			178972186	.00	12745504.65
280001	290000			.00	12748344.69			178972186	.00	12745504.65
290001	300000			.00	12748344.69			178972186	.00	12745504.65
300001	320000			.00	12748344.69			178972186	.00	12745504.65
320001	340000			.00	12748344.69			178972186	.00	12745504.65
340001	360000			.00	12748344.69			178972186	.00	12745504.65
360001	380000			.00	12748344.69			178972186	.00	12745504.65
380001	400000			.00	12748344.69			178972186	.00	12745504.65
400001	420000			.00	12748344.69			178972186	.00	12745504.65
420001	440000			.00	12748344.69			178972186	.00	12745504.65
440001	460000			.00	12748344.69			178972186	.00	12745504.65
460001	480000			.00	12748344.69			178972186	.00	12745504.65
480001	500000			.00	12748344.69			178972186	.00	12745504.65
500001	520000			.00	12748344.69			178972186	.00	12745504.65
520001	540000			.00	12748344.69			178972186	.00	12745504.65
540001	560000			.00	12748344.69			178972186	.00	12745504.65
560001	580000			.00	12748344.69			178972186	.00	12745504.65
580001	600000			.00	12748344.69			178972186	.00	12745504.65
600001	620000			.00	12748344.69			178972186	.00	12745504.65
620001	640000			.00	12748344.69			178972186	.00	12745504.65
640001	660000			.00	12748344.69			178972186	.00	12745504.65
660001	680000			.00	12748344.69			178972186	.00	12745504.65
680001	700000			.00	12748344.69			178972186	.00	12745504.65
700001	720000			.00	12748344.69			178972186	.00	12745504.65
720001	740000			.00	12748344.69			178972186	.00	12745504.65
740001	760000			.00	12748344.69			178972186	.00	12745504.65
760001	780000			.00	12748344.69			178972186	.00	12745504.65
780001	800000			.00	12748344.69			178972186	.00	12745504.65
800001	820000			.00	12748344.69			178972186	.00	12745504.65
820001	840000			.00	12748344.69			178972186	.00	12745504.65
840001	860000			.00	12748344.69			178972186	.00	12745504.65
860001	880000			.00	12748344.69			178972186	.00	12745504.65
880001	900000			.00	12748344.69			178972186	.00	12745504.65
900001	920000			.00	12748344.69			178972186	.00	12745504.65
920001	940000			.00	12748344.69			178972186	.00	12745504.65
940001	960000			.00	12748344.69			178972186	.00	12745504.65
960001	980000			.00	12748344.69			178972186	.00	12745504.65
980001	999999			.00	12748344.69			178972186	.00	12745504.65
OVER	1000000			.00	12748344.69			178972186	.00	12745504.65

TOTAL CONSUMERS 143120  
TOTAL KWH 178972186

Exh. 1. T do  
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PRG. STEPANAL  
BLUE GRASS ENERGY

RATE 13 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

RUN DATE 03/13/08 07:26 AM  
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METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
0	0	8931		.00	.00	171366			.00	.00
1	5	4248	9987	734.90	734.90	162435	800242	800242	59213.77	59213.77
6	10	1771	13868	1036.62	1771.52	158187	786453	1586695	58197.20	117410.97
11	15	1413	18314	1363.81	3135.33	156416	778629	2365324	57618.46	175029.43
16	20	1145	20513	1529.32	4664.65	155003	772078	3137402	57133.72	232163.15
21	25	974	22357	1664.06	6328.71	153858	766737	3904139	56738.46	288901.61
26	50	4178	155402	11580.25	17908.96	152884	3766102	7670241	280202.82	569104.43
51	75	3645	227469	16948.34	34857.30	148706	3669594	11339835	273021.89	842126.32
76	100	3098	271031	20194.26	55051.56	145061	3586206	14926041	266817.61	1108943.93
101	150	4599	571773	42602.59	97654.15	141963	6977273	21903314	520494.21	1629438.14
151	200	3561	623064	46423.98	144078.13	137364	6776664	28679978	505530.85	2134968.99
201	250	2866	645226	48075.70	192153.83	133803	6615776	35295754	493530.27	2628499.26
251	300	2712	746616	55629.84	247783.67	130937	6478166	41773920	483265.14	3111764.40
301	350	2534	823367	61349.21	309132.88	128225	6345917	48119837	473399.54	3585163.94
351	400	2668	999001	74435.20	383568.08	125691	6216551	54336388	463748.45	4048912.39
401	450	2639	1122746	83655.75	467223.83	123023	6085546	60421934	453975.91	4502888.30
451	500	2842	1351158	100675.10	567898.93	120384	5947958	66369892	443711.41	4946599.71
501	550	2996	1574372	117306.56	685205.49	117542	5802472	72172364	432857.69	5379457.40
551	600	3070	1765835	131572.69	816778.18	114546	5650135	77822499	421492.96	5800950.36
601	650	3081	1927365	143608.23	960386.41	111476	5496415	83318914	410025.26	6210975.62
651	700	3276	2211881	164807.60	1125194.01	108395	5337731	88656645	398187.01	6609162.63
701	750	3486	2526541	188252.12	1313446.13	105119	5168991	93825636	385598.66	6994761.29
751	800	3560	2757451	205458.13	1518904.26	101633	4992501	98818137	372432.38	7367193.67
801	850	3609	2979968	222037.31	1740941.57	98073	4814368	103632505	359143.12	7726336.79
851	900	3744	3276120	244104.07	1985045.64	94464	4629920	108262425	345383.55	8071720.34
901	950	3717	3440101	256321.67	2241367.31	90720	4443451	112705876	331472.87	8403193.21
951	1000	3711	3617695	269554.89	2510922.20	87003	4259345	116965221	317738.56	8720931.77
1001	1100	7115	7469211	556530.32	3067452.52	83292	7969311	124934532	593716.62	9314648.39
1101	1200	7112	8173033	608971.91	3676424.43	76177	7263333	132197865	541121.36	9855769.75
1201	1300	6791	8489691	632566.23	4308990.66	69065	6566091	138763956	489176.49	10344946.24
1301	1400	6527	8807446	656242.07	4965232.73	62274	5898046	144662002	439407.26	10784353.50
1401	1500	5881	8521348	634925.80	5600158.53	55747	5275948	149937950	393060.75	11177414.25
1501	1600	5434	8422550	627564.46	6227722.99	49866	4713350	154651300	351147.11	11528561.36
1601	1700	4911	8103813	603815.06	6831538.05	44432	4196913	158848213	312672.35	11841233.71
1701	1800	4502	7873476	586652.53	7418190.58	39521	3724176	162572389	277453.42	12118687.13
1801	1900	4195	7762258	578366.31	7996556.89	35019	3292458	165864847	245290.06	12363977.19
1901	2000	3616	7046070	525002.78	8521559.67	30824	2899270	168764117	215997.23	12579974.42
2001	2100	3149	6456470	481071.54	9002631.21	27208	2563370	171327487	190972.61	12770947.03
2101	2200	2895	6223226	463692.30	9466323.51	24059	2259126	173586613	168305.83	12939252.86
2201	2300	2476	5568269	414891.55	9881215.06	21164	1988869	175575482	148171.87	13087424.73
2301	2400	2238	5258466	391808.35	10273023.41	18688	1755066	177330548	130753.44	13218178.17
2401	2500	1969	4824339	359461.46	10632484.87	16450	1545839	178876387	115166.19	13333344.36
2501	2600	1647	4197659	312767.69	10945252.56	14481	1362559	180238946	101511.48	13434855.84
2601	2700	1475	3908349	291211.20	11236463.76	12834	1208249	181447195	90015.35	13524871.19
2701	2800	1251	3439671	256289.90	11492753.66	11359	1071771	182518966	79847.43	13604718.62
2801	2900	1136	3235286	241061.18	11733814.84	10108	950686	183469652	70826.64	13675545.26
2901	3000	994	2931105	218396.68	11952211.52	8972	845305	184314957	62975.66	13738520.92
3001	3100	850	2593410	193235.06	12145446.58	7978	755210	185070167	56263.66	13794784.58
3101	3200	777	2447441	182358.77	12327805.35	7128	672841	185743008	50127.01	13844911.59
3201	3300	669	2166913	161456.56	12489261.91	6351	599913	186342921	44693.80	13889605.39
3301	3400	650	2169993	161686.04	12650947.95	5682	534193	186877114	39797.71	13929403.10
3401	3500	549	1892611	141018.53	12791966.48	5032	473711	187350825	35291.70	13964694.80
3501	3600	467	1657286	123484.43	12915450.91	4483	423786	187774611	31572.21	13996267.01
3601	3700	414	1510991	112584.10	13028035.01	4016	380191	188154802	28324.28	14024591.29
3701	3800	355	1323059	98581.25	13126616.26	3602	341259	188496061	25423.89	14050015.18

Exhibit 60  
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PRG. STEPANAL  
BLUE GRASS ENERGY

RATE 13 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

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METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
3801	3900	335	1290571	96160.39	13222776.65	3247	308371	188804432	22973.80	14072988.98
3901	4000	287	1133465	84454.52	13307231.17	2912	276265	189080697	20581.92	14093570.90
4001	4100	271	1089491	81177.93	13388409.10	2625	248691	189329388	18527.57	14112098.47
4101	4200	240	995575	74180.33	13462589.43	2354	222775	189552163	16596.87	14128695.34
4201	4300	174	739568	55105.18	13517694.61	2114	202568	189754731	15091.37	14143786.71
4301	4400	194	843591	62855.91	13580550.52	1940	183791	189938522	13692.52	14157479.23
4401	4500	168	747566	55701.17	13636251.69	1746	165966	190104488	12364.52	14169843.75
4501	4600	139	632334	47115.22	13683366.91	1578	150534	190255022	11214.83	14181058.58
4601	4700	139	645700	48111.13	13731478.04	1439	136100	190391122	10139.52	14191198.10
4701	4800	108	512931	38218.52	13769696.56	1300	124331	190515453	9262.69	14200460.79
4801	4900	114	553085	41210.35	13810906.91	1192	113485	190628938	8454.69	14208915.48
4901	5000	64	316845	23608.11	13834515.02	1078	104445	190733383	7781.16	14216696.64
5001	5500	393	2055368	153145.38	13987660.40	1014	399868	191133251	29797.17	14246493.81
5501	6000	218	1250461	93171.90	14080832.30	621	251961	191385212	18775.60	14265269.41
6001	6500	149	931847	69431.90	14150264.20	403	163847	191549059	12209.48	14277478.89
6501	7000	81	544793	40592.54	14190856.74	254	103793	191652852	7734.45	14285213.34
7001	7500	54	391194	29147.87	14220004.61	173	71694	191724546	5342.51	14290555.85
7501	8000	28	216732	16148.69	14236153.30	119	51232	191775778	3817.76	14294373.61
8001	8500	27	222690	16592.60	14252745.90	91	37690	191813468	2808.56	14297182.17
8501	9000	17	148295	11049.46	14263795.36	64	26295	191839763	1959.48	14299141.65
9001	9500	9	83635	6231.63	14270026.99	47	20635	191860398	1537.68	14300679.33
9501	10000	9	87613	6528.04	14276555.03	38	15613	191876011	1163.46	14301842.79
10001	15000	25	297647	22177.69	14298732.72	29	57647	191933658	4295.29	14306138.08
15001	20000	3	12965	966.02	14299698.74	4	2965	191936623	220.92	14306359.00
20001	25000	1	21712	1617.76	14301316.50	1	1712	191938335	127.56	14306486.56
25001	30000			.00	14301316.50			191938335	.00	14306486.56
30001	35000			.00	14301316.50			191938335	.00	14306486.56
35001	40000			.00	14301316.50			191938335	.00	14306486.56
40001	45000			.00	14301316.50			191938335	.00	14306486.56
45001	50000			.00	14301316.50			191938335	.00	14306486.56
50001	55000			.00	14301316.50			191938335	.00	14306486.56
55001	60000			.00	14301316.50			191938335	.00	14306486.56
60001	65000			.00	14301316.50			191938335	.00	14306486.56
65001	70000			.00	14301316.50			191938335	.00	14306486.56
70001	75000			.00	14301316.50			191938335	.00	14306486.56
75001	80000			.00	14301316.50			191938335	.00	14306486.56
80001	85000			.00	14301316.50			191938335	.00	14306486.56
85001	90000			.00	14301316.50			191938335	.00	14306486.56
90001	95000			.00	14301316.50			191938335	.00	14306486.56
95001	100000			.00	14301316.50			191938335	.00	14306486.56
100001	105000			.00	14301316.50			191938335	.00	14306486.56
105001	110000			.00	14301316.50			191938335	.00	14306486.56
110001	115000			.00	14301316.50			191938335	.00	14306486.56
115001	120000			.00	14301316.50			191938335	.00	14306486.56
120001	125000			.00	14301316.50			191938335	.00	14306486.56
125001	130000			.00	14301316.50			191938335	.00	14306486.56
130001	135000			.00	14301316.50			191938335	.00	14306486.56
135001	140000			.00	14301316.50			191938335	.00	14306486.56
140001	145000			.00	14301316.50			191938335	.00	14306486.56
145001	150000			.00	14301316.50			191938335	.00	14306486.56
150001	160000			.00	14301316.50			191938335	.00	14306486.56
160001	170000			.00	14301316.50			191938335	.00	14306486.56
170001	180000			.00	14301316.50			191938335	.00	14306486.56
180001	190000			.00	14301316.50			191938335	.00	14306486.56
190001	200000			.00	14301316.50			191938335	.00	14306486.56

EXH. 1.5 60  
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PRG. STEPANAL  
BLUE GRASS ENERGY

RATE 13 STEP RATE REVENUE ANALYSIS  
FROM 1/01/07 TO 12/31/07

BILL DATE

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METERED	KWH	NO.	KWH	ACTUAL REVENUE	ACC-REVENUE	NO.	KWH	ACC-KWH	TOTAL REVENUE	ACC-REVENUE
200001	210000			.00	14301316.50			191938335	.00	14306486.56
210001	220000			.00	14301316.50			191938335	.00	14306486.56
220001	230000			.00	14301316.50			191938335	.00	14306486.56
230001	240000			.00	14301316.50			191938335	.00	14306486.56
240001	250000			.00	14301316.50			191938335	.00	14306486.56
250001	260000			.00	14301316.50			191938335	.00	14306486.56
260001	270000			.00	14301316.50			191938335	.00	14306486.56
270001	280000			.00	14301316.50			191938335	.00	14306486.56
280001	290000			.00	14301316.50			191938335	.00	14306486.56
290001	300000			.00	14301316.50			191938335	.00	14306486.56
300001	320000			.00	14301316.50			191938335	.00	14306486.56
320001	340000			.00	14301316.50			191938335	.00	14306486.56
340001	360000			.00	14301316.50			191938335	.00	14306486.56
360001	380000			.00	14301316.50			191938335	.00	14306486.56
380001	400000			.00	14301316.50			191938335	.00	14306486.56
400001	420000			.00	14301316.50			191938335	.00	14306486.56
420001	440000			.00	14301316.50			191938335	.00	14306486.56
440001	460000			.00	14301316.50			191938335	.00	14306486.56
460001	480000			.00	14301316.50			191938335	.00	14306486.56
480001	500000			.00	14301316.50			191938335	.00	14306486.56
500001	520000			.00	14301316.50			191938335	.00	14306486.56
520001	540000			.00	14301316.50			191938335	.00	14306486.56
540001	560000			.00	14301316.50			191938335	.00	14306486.56
560001	580000			.00	14301316.50			191938335	.00	14306486.56
580001	600000			.00	14301316.50			191938335	.00	14306486.56
600001	620000			.00	14301316.50			191938335	.00	14306486.56
620001	640000			.00	14301316.50			191938335	.00	14306486.56
640001	660000			.00	14301316.50			191938335	.00	14306486.56
660001	680000			.00	14301316.50			191938335	.00	14306486.56
680001	700000			.00	14301316.50			191938335	.00	14306486.56
700001	720000			.00	14301316.50			191938335	.00	14306486.56
720001	740000			.00	14301316.50			191938335	.00	14306486.56
740001	760000			.00	14301316.50			191938335	.00	14306486.56
760001	780000			.00	14301316.50			191938335	.00	14306486.56
780001	800000			.00	14301316.50			191938335	.00	14306486.56
800001	820000			.00	14301316.50			191938335	.00	14306486.56
820001	840000			.00	14301316.50			191938335	.00	14306486.56
840001	860000			.00	14301316.50			191938335	.00	14306486.56
860001	880000			.00	14301316.50			191938335	.00	14306486.56
880001	900000			.00	14301316.50			191938335	.00	14306486.56
900001	920000			.00	14301316.50			191938335	.00	14306486.56
920001	940000			.00	14301316.50			191938335	.00	14306486.56
940001	960000			.00	14301316.50			191938335	.00	14306486.56
960001	980000			.00	14301316.50			191938335	.00	14306486.56
980001	999999			.00	14301316.50			191938335	.00	14306486.56
OVER	1000000			.00	14301316.50			191938335	.00	14306486.56

TOTAL CONSUMERS 171366  
TOTAL KWH 191938335

**RESPONSES TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

Q. RE: Exhibit R, Schedule 2.

a. Please provide a detailed explanation of how each "Actual Increase" was selected or determined for each rate class.

R. a. Several significant items had to be considered when determining the amount of increase for Blue Grass rate classes. The first item was the consolidation of rate classes for three cooperative entities into one rate class for one cooperative and the idea of rate parity. The second item was the significant rate design differences in the rate classes serving similar types of customers. The third item was the fact that it had been from fifteen to over twenty-five years since a rate increase had been sought for distribution part of the retail rates.

The results of the cost of service study was to be used as a guide in the amount of increase to be proposed for each rate class as well as the rate design. After analyzing the results of the cost of service study, it was determined to handle the increase for each rate class in this manner.

1 The combined residential rate classes were to receive an increase so that it provides sufficient revenue to obtain a TIER of 2.0X for the rate class.

2 The combined lighting rate classes were to move to rates more consistent with its competitors.

3 The increase for the small commercial rate class was to be held to an amount less than fifteen percent.

4 The rates for the large power rate classes may receive a small increase if need to meet overall revenue requirements.

5 Recognition also had to be given that rate design changes could cause an increase for customers even when the overall revenue requirements remained the same.

6 Additionally, several customers were being moved from one rate class to another rate class when the small commercial rate class was expanded from to customers with demands of 100 kW and less . Previously, the cap on demand had been 50 kW.

**RESPONSES TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

- Q. b. Please explain why the total "Increase per COSS: does not equal the "Actual Increase."
- R. b. The "Increase per COSS" equals the amount of increase from Exhibit S. However the amount from the billing analysis does differ slightly due to the rounding in the development of the proposed rates.

**RESPONSE TO ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

Q. RE: Exhibit R, Schedule 1. Please provide a detailed explanation along with all analyses explaining and supporting each proposed:

- (a). Customer charge;
- (b). Demand charge;
- (c). Energy charge.

R. The criteria for the rate design developed in Schedule 1 of Exhibit R is provided below:

- 1 Attempt to minimize the range of increase for all customers within a consolidated rate class;
- 2 Move to a more cost based customer charge;
- 3 Have demand rates that are higher than those of Blue Grass's wholesale power supplier's demand rate;
- 4 No basic change in the overall rate design for any rate class;
- 5 Provide a more load factor incentive rate design for large power rate classes
- 6 *Simplify the rates when possible; and,*
- 7 Move the lighting rates to a level consistent with competitors.