




# Blue Grass Energy

A Touchstone Energy Cooperative 

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January 16, 2008

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

**RECEIVED**

**JAN 16 2008**

**PUBLIC SERVICE  
COMMISSION**

Dear Ms. O'Donnell,

We are filing responses for the noted deficiencies for Case No. 2008-00019 as follows. An original and 10 copies are included.

1. 807 KAR 5:001, Section 11(2)(b)- Copies of all trust deeds or mortgages. If previously filed, state case number.

Case No 2004-00371

2. 807 KAR 5:001, Section 11(2) (a) – Financial Exhibit

The Financials for the 12 month period ending November, 30 2007 is attached and responses to deficiencies listed below.

3. 807 KAR 5:001, Section 6 (1) -6(3)- Amount and type of stock authorized, issues, and outstanding and detail of preferred stock.

This is not applicable to Blue Grass Energy.

4. 807 KAR 5:001, Section 6(6) – Interest paid in last fiscal year on notes outstanding.

Interest for the last fiscal year was \$4,420,976.00

5. 807 KAR 5:001, Section 6 (8) Rate and amount of dividends paid during the 5 previous fiscal years and the amount of capital stock on which dividends were paid each year.

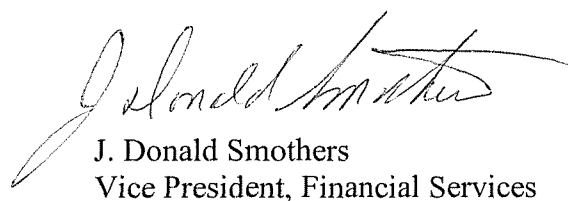
This is not applicable to Blue Grass Energy.

6. 807 KAR 5:001, Section 6(9) – Detailed income statement and balance sheet.

Attached as exhibit 1.

If you have any questions, please contact me at (859) 885-2118. As always, your continued assistance and cooperation is appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Donald Smothers".

J. Donald Smothers  
Vice President, Financial Services

PART A. STATEMENT OF OPERATIONS

LINE NO	YEAR TO DATE				% FROM BUDGET	% CHANGE FROM LAST YEAR
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH		
	A	B	C	D		
1.0	89,971,676.76	98,964,342.62	92,500,260.00	6,998,719.73	7.0	10.0
2.0	.00	.00	.00	.00	.0	.0
3.0	67,227,073.00-	75,951,639.00-	68,661,384.00-	5,726,046.00-	10.6	13.0
4.0	.00	.00	.00	.00	.0	.0
5.0	2,456,116.77-	2,646,762.16-	2,619,371.00-	217,091.03-	1.0	7.8
6.0	3,671,580.92-	4,225,280.20-	4,479,910.00-	405,879.38-	5.7-	15.1
7.0	2,520,167.18-	2,363,843.01-	2,432,250.00-	201,322.07-	2.8-	6.2-
8.0	826,425.60-	1,030,184.20-	1,138,645.00-	89,596.86-	9.5-	24.7
9.0	.00	.00	.00	.00	.0	.0
10.0	4,084,709.37-	4,071,223.10-	4,085,211.00-	404,426.60-	.3-	.3-
11.0	80,786,072.84-	90,288,931.67-	83,416,771.00-	7,044,361.94-	8.2	11.8
12.0	5,018,234.04-	5,596,385.74-	5,522,000.00-	494,185.75-	1.3	11.5
13.0	.00	.00	.00	.00	.0	.0
14.0	2,430.03-	3,385.49-	4,150.00-	.00	18.4-	39.3
15.0	4,338,495.08-	4,875,906.63-	4,977,300.00-	401,880.67-	2.0-	12.4
16.0	.00	.00	.00	.00	.0	.0
17.0	162,097.16-	514,276.45-	118,800.00-	63,049.52-	332.9	217.3
18.0	32,013.81-	2,221,663.70-	299,550.00-	.00	641.7	6839.7
19.0	90,339,342.96-	103,500,549.68-	94,338,571.00-	8,003,477.88-	9.7	14.6
=====						
20.0	367,666.20-	4,536,207.06-	1,838,311.00-	1,004,758.15-	146.8	1133.8
21.0	108,462.09	79,560.21	129,900.00	354.28	38.8-	26.6-
22.0	.00	.00	.00	.00	.0	.0
23.0	.00	.00	.00	.00	.0	.0
24.0	441,298.67	329,931.62	.00	2,739.45-	100.0	25.2-
25.0	.00	.00	.00	.00	.0	.0
26.0	433,175.40	294,591.16	255,000.00	.00	15.5	32.0-
27.0	.00	.00	.00	.00	.0	.0
28.0	615,269.96	3,832,124.07-	1,453,411.00-	1,007,143.32-	163.7	722.8-

RATIOS

TIER	1.142	.214	.708	1.506-
MARGINS TO REVENUE	.007	.039	.016	.144
POWER COST TO REVENUE	.747	.767	.742	.818
INTEREST EXPENSE TO REVENUE	.048	.049	.054	.057
CURRENT ASSETS : CURRENT LIABILITIES	.3982			
MARGINS & EQUITIES AS % OF ASSETS	.2440			
LONG TERM DEBT AS % OF PLANT	.5564			
GENERAL FUNDS TO TOTAL PLANT	1.1578			
QUICK ASSET RATIO	.3309			

Exhibit 1A

PART C. BALANCE SHEET

LINE NO	ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1.0	TOTAL UTILITY PLANT IN SERVICE	172,116,899.01
2.0	CONSTRUCTION WORK IN PROGRESS	7,197,883.18
3.0	TOTAL UTILITY PLANT	179,314,782.19
4.0	ACCM PROV FOR DEP & AMORT	38,759,826.41-
5.0	NET UTILITY PLANT	140,554,955.78
6.0	NON-UTILITY PROPERTY (NET)	.00
7.0	INVEST IN SUBSIDIARY COMPANIES	.00
8.0	INV IN ASSOC ORG - PAT CAPITAL	19,135,674.04
9.0	INV IN ASSOC ORG OTHER GEN FND	.00
10.0	INV IN ASSOC ORG - NON GEN FND	2,299,462.61
11.0	INV IN ECON DEVEL PROJECTS	.00
12.0	OTHER INVESTMENTS	.00
13.0	SPECIAL FUNDS	.00
14.0	TOT OTHER PROP & INVESTMENTS	21,435,136.65
15.0	CASH - GENERAL FUNDS	870,293.66
16.0	CASH - CONSTRUCTION FUND TRUST	.00
17.0	SPECIAL DEPOSITS	.00
18.0	TEMPORARY INVESTMENTS	.00
19.0	NOTES RECEIVABLE (NET)	.00
20.0	ACCTS RECV - SALES ENERGY (NET)	3,164,235.69
21.0	ACCTS RECV - OTHER (NET)	981,739.87
22.0	MATERIAL & SUPPLIES-ELEC & OTH	1,495,879.08
23.0	PREPAYMENTS	490,683.42
24.0	OTHER CURRENT & ACCR ASSETS	.00
25.0	TOTAL CURRENT & ACCR ASSETS	7,002,831.72
26.0	REGULATORY ASSETS	.00
27.0	OTHER DEFERRED DEBITS	312,161.26
28.0	TOTAL ASSETS & OTHER DEBITS	169,305,085.41

C E R T I F I C A T I O N

WE HEREBY CERTIFY THAT THE ENTRIES IN THIS REPORT ARE IN ACCORDANCE WITH THE ACCOUNTS AND OTHER RECORDS OF THE SYSTEM AND REFLECT THE STATUS OF THE SYSTEM TO THE BEST OF OUR KNOWLEDGE AND BELIEF. ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	ESTIMATED CONTRIBUTIONS IN AID OF CONST
56.0 BALANCE BEGINNING OF YEAR	534,496.54
57.0 AMOUNT RECEIVED THIS YEAR (NET)	534,496.54
58.0 TOTAL CONTRIBUTIONS IN AID OF CONST	534,496.54

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

SIGNATURE OF MANAGER

DATE