

June 25, 2010

Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED
JUN 25 2010
PUBLIC SERVICE
COMMISSION

Re: Blue Grass Energy Cooperative Corp.
Case No. 2010-00185
Filing Deficiencies

In regards to the filing deficiencies as noted in your letter dated June 16, 2010, please find resolutions as follows:

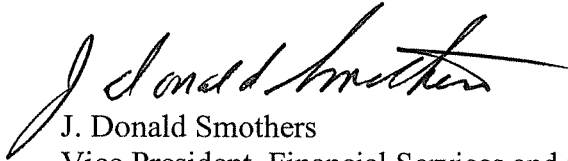
1. 807 KAR 5:001, Section 10 (1)(b)((3) and (5) - Item 3 of the Application references Case No. 2008-00011 where the Articles of Incorporation and all amendments have been filed with the Commission. Attached is a "Certificate of Existence" dated within sixty (60) days of the Application.
2. 807 KAR 5:001, Section 10(1)(b)(7) - Exhibit H, page 5 of 6 contains the proposed tariff with an issue date of June 1, 2010 and an effective date of July 1, 2010, which is 30 days from the date of the Application. Attached is the tariff with an issue date of June 25, 2010 and effective date of August 1, 2010.
3. 807 KAR 5:001, Section 10(1)(b)(8) - A copy of the existing tariff indicating changes is attached for customer deposits.
4. 807 KAR 5:001, Section 10(7)(e) - There are no proposed changes to the number of customers. The number of billings as shown in Exhibit I for cable attachments is not proposed to change. The customer deposit increase would not affect revenue, as customer deposits are reflected as a current liability on the books and records for Blue Grass Energy Cooperative.
5. 807 KAR 5:001, Section 10(3)(a) – Amount of change requested in dollar and amounts and percentage do not apply, since this is for cable television attachments and does not apply to a classification of customer. This is consistent with other electric cooperatives that have advertised for non-recurring charges and cable television attachments (Grayson Rural Electric Cooperative Corporation, Application for an Increase in Rates and

Charges, Case No. 2008-00254). The customer deposit is not a customer classification, it is a Rules and Regulations category, as such, this would not apply to customer deposits.

6. 807 KAR 5:001, Section 10(3)(b) - Refer to Item 5 above for the same reasons.
7. 807 KAR 5:001, Section 10(4) – Blue Grass advertised using the same methodology as other electric cooperatives before this Commission, as referenced in the Grayson Rural Electric Cooperative Case No. 2008-00254.

Blue Grass Energy believes this additional information will resolve all filing deficiencies noted in the Application. Proposed tariffs with a new proposed effective date have been submitted with this response. If you need additional information, please do not hesitate to contact me at 859-885-2118.

Respectfully submitted,



J. Donald Smothers
Vice President, Financial Services and CFO

Copy to:

Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601

Laurence J. Zielke
Janice M. Theriot
1250 Meidinger Tower
Louisville, Kentucky 10202

**Commonwealth of Kentucky
Trey Grayson, Secretary of State**

Trey Grayson
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 100058

Visit <http://apps.sos.ky.gov/business/obdb/certvalidate.aspx> to authenticate this certificate.

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,


BLUE GRASS ENERGY COOPERATIVE CORPORATION

is a corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is January 1, 2002 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 25th day of June, 2010, in the 218th year of the Commonwealth.





Trey Grayson
Secretary of State
Commonwealth of Kentucky
100058/0526514

RULES AND REGULATIONS

government. A locked entrance, dog or other problem may prevent the meter reader from reading the meter at times. The reading may then be estimated, based on the electricity previously used. When the reading is estimated, it will be noted on the bill. After the next actual reading, the bill will be adjusted automatically if the estimated reading was too high or too low. Failure to receive a statement will not release the member from payment obligation.

(14) DEPOSITS

Blue Grass Energy may require a minimum cash deposit to secure payment of bills except for customers qualifying for service connection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Residential customers, where applicable, will pay a deposit in the amount of \$225.00. (I) This amount does not exceed the average bill of residential customers served by Blue Grass Energy and is equal to 2/12 of the average bill. Interest, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit.

The deposit may be waived upon a customer's showing of satisfactory credit. Required deposits will be returned after one year if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The cooperative may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts and any interest earned and owing, will be credited to the final bill with any remainder refunded to the customer.

A deposit will be required or waived, based on the credit report received from the credit agency as determined by Blue Grass Energy at the time the service is requested by the customer. If the customer has a satisfactory credit report the deposit may be waived.

DATE OF ISSUE: June 25, 2010

DATE EFFECTIVE: August 1, 2010

ISSUED BY: J. Donald Smothers

J. Donald Smothers, Vice President and CFO

ADDRESS: P. O. Box 990, Nicholasville KY 40340-0990

Issued by authority of an Order of the Public Service Commission of Kentucky

In Case No.:

Dated:

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

For Entire Territory Served
P.S.C. KY No. 1
Original SHEET NO 4
CANCELLING P.S.C.NO.
 SHEET NO.

RULES AND REGULATIONS

government. A locked entrance, dog or other problem may prevent the meter reader from reading the meter at times. The reading may then be estimated, based on the electricity previously used. When the reading is estimated, it will be noted on the bill. After the next actual reading, the bill will be adjusted automatically if the estimated reading was too high or too low. Failure to receive a statement will not release the member from payment obligation.

(14) DEPOSITS

Blue Grass Energy may require a minimum cash deposit to secure payment of bills except for customers qualifying for service connection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Residential customers, where applicable, will pay a deposit in the amount of ~~\$175.00~~ ^{225.00 (I)}. This amount does not exceed the average bill of residential customers served by Blue Grass Energy and is equal to 2/12 of the average bill. Interest, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit.

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A deposit will be required or waived, based on the credit report received from the credit agency as determined by Blue Grass Energy at the time the service is requested by the customer. If the customer has a satisfactory credit report the deposit may be waived.

DATE OF ISSUE: February 23, 2005

DATE EFFECTIVE: April 1, 2005
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

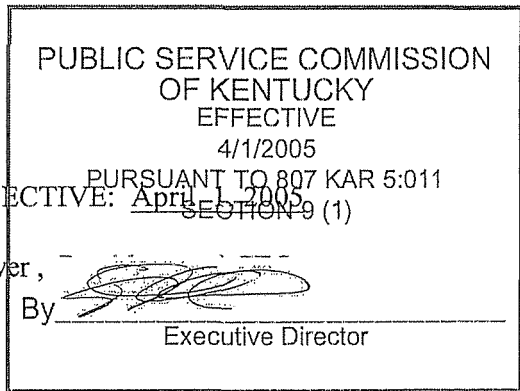
ISSUED BY: [Signature]

Dan Brewer,

By [Signature]

Executive Director

ADDRESS: P. O. Box 990, Nicholasville KY 40340-0990



CLASSIFICATION OF SERVICE

Cable Television Attachment Rate

APPLICABILITY

In all territory served by the company on poles owned and used by the company for their electric plant.

AVAILABILITY

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE

The yearly rental charges shall be as follows:

<u>Two-party pole attachment</u>	<u>\$5.82</u>	(I)
<u>Three-party pole attachment</u>	<u>\$4.82</u>	(I)
<u>Two-party anchor attachment</u>	<u>\$10.00</u>	(I)
<u>Three-party anchor attachment</u>	<u>\$6.60</u>	(I)
<u>Two-party grounding attachment</u>	<u>\$0.26</u>	(D)
<u>Three-party grounding attachment</u>	<u>\$0.16</u>	(D)

Pedestal attachment = Same as respective pole charges.

BILLING

Rental charges shall be billed yearly based on the number of pole attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current bill is not paid within ten (10) days from the date of the bill, the gross shall apply.

Note: Discount or penalty must apply to all electric consumers, but shall apply to advance billing only if given at least thirty (30) days before the late penalty takes effect.

SPECIFICATIONS

- A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except when the lawful requirements of public authorities may be more stringent, in which case the latter will govern.
- B. The strength of poles covered by this treatment shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

DATE OF ISSUE: June 25, 2010

DATE EFFECTIVE: August 1, 2010

ISSUED BY: TITLE: Vice President & CFO
(Name of Officer)

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No.: 2010-00046 Dated: April 28, 2010