

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the matter of:

APPLICATION OF BLUEGRASS ENERGY)
COOPERATIVE CORPORATION FOR AN) CASE NO.
ADJUSTMENT OF ITS SECURITY DEPOSIT) 2010-00185
TARIFFS AND CABLE TELEVISION)
ATTACHMENT RATES)

**RESPONSE IN OPPOSITION TO THE MOTION TO DISMISS FILED BY
the KENTUCKY TELECOMMUNICATIONS ASSOCIATION**

Now comes BLUE GRASS ENERGY COOPERATIVE CORPORATION
(hereinafter referred to as "BGE"), by counsel, and for its Response to the Motion to
Dismiss of the KENTUCKY CABLE TELECOMMUNICATIONS ASSOCIATION
(hereinafter referred to as "KCTA"), states as follows:

1. BGE contends that that portion of its Application relative to adjustment of
its security deposit tariffs is a non-recurring charge and, therefore, does not fall within the
purview of 807 KAR 5:001, Section 10, as to Application requirements.

2. That BGE invites the Commission's attention to an Order entered in Case
No. 2005-00330, *In re: Application of Blue Grass Energy Cooperative Corporation To
Adjust Its Rates*, dated November 3, 2005, a copy of which is attached hereto as
EXHIBIT "A" and incorporated herein as if fully set forth. This case involved BGE's
application to increase cable television ("CATV") attachment rates.

In case 2005-00330, the Commission initially rejected the Application of BGE
finding that the requirements of 807 KAR 5:001, Section 10 had not been met.

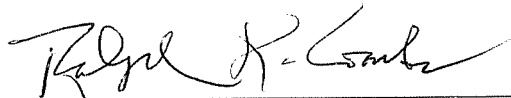
Thereafter, BGE tendered a new application to the Commission and requested permission to deviate from several requirements set forth in 807 KAR 5:001, Section 10, pursuant to its authority to permit such deviations. 807 KAR 5:001, Section 14. After reviewing BGE's new application, the Commission found that BGE's request for deviations should be granted in part and denied in part on the basis that BGE's filing "contain[ed] sufficient information to enable the Commission to grant Blue Grass permission to deviate from certain filing requirements" and that "requiring the submission of all filing requirements in this case would result in increased expense without any corresponding benefit to the ratepayers, the Commission, or the public." *Id.* Case No. 2005-00330 (Nov. 3, 2005). BGE was thus ordered by the Commission to supplement its application for those deviations not permitted¹.

Analogous to BGE's 2005 Application, BGE's present application also requests certain waivers, or permission to deviate, from several requirements of 807 KAR 5:001, Section 10, with the understanding that the Commission has the authority to permit such deviations as it sees fit, for good cause shown. 807 KAR 5:001, Section 14. Good cause, BGE contends, would be reflected in the fact that the most efficient and expedient process would be for the Commission to follow its procedure set out in the 2005 case to determine which of those 807 KAR 5:001, Section 10 waivers requested by BGE in its application are permissible and those which are not. BGE would timely supplement its Application as to any deviation requested but not granted by the Commission herein.

WHEREFORE, BLUE GRASS ENERGY respectfully requests that the Motion to Dismiss its Application, filed by KCTA, be denied.

¹ For logistical reasons subsequent to the Commission's Order in Case No. 2005-00330, dated November 3, 2005, and attached hereto as Exhibit "A," BGE moved to voluntarily dismiss its CATV filing case.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served upon the following by U.S. Mail, postage prepaid, on this, the ~~17th day of June~~, 2010.

15th day of July

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RALPH K. COMBS

EXHIBIT "A"

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS)
ENERGY COOPERATIVE CORPORATION) CASE NO. 2005-00330
TO ADJUST ITS RATES)

O R D E R

On August 9, 2005, Blue Grass Energy Cooperative Corporation ("Blue Grass") submitted an application pursuant to 807 KAR 5:011 seeking authority to increase its cable television ("CATV") attachment rates. Since Blue Grass was seeking an adjustment for a recurring rate, the application was required to be filed pursuant to the general rate application requirements of 807 KAR 5:001, Section 10. Finding that these requirements had not been met, the Commission rejected the application on August 17, 2005. On September 14, 2005, Blue Grass tendered a new application and requested permission to deviate from several of the general rate application requirements. 807 KAR 5:001, Section 14, provides the Commission with the authority to permit deviations from its regulations for good cause shown.

Having reviewed the filing and being otherwise sufficiently advised, the Commission finds that Blue Grass's request for deviations should be granted in part and denied in part. We further find that Blue Grass's application should not be considered filed until all filing requirements not approved herein for deviation are satisfied and that the statutory time period in which the Commission must process this case will not

commence until the application is considered filed. Since Blue Grass is proposing an adjustment only to its CATV rates, the Commission finds that Blue Grass's filing contains sufficient information to enable the Commission to grant Blue Grass permission to deviate from certain filing requirements and that requiring the submission of all filing requirements in this case would result in increased expense without any corresponding benefit to the ratepayers, the Commission, or the public. Therefore, the Commission finds that good cause has been shown to grant Blue Grass's request for deviations from the following sections and subsections of 807 KAR 5:001, Section 10: 10(1)(b)(9)--Statement of Compliance with Notice Requirements; 10(2)--Notice of Intent; 10(6)(e)--Effect of Proposed Change on Average Bill of Each Customer Classification; 10(6)(g)--Billing Analysis; 10(6)(j)--Current Chart of Accounts; 10(6)(k)--Independent Auditor's Annual Report; 10(6)(n)--Summary of Latest Depreciation Study; 10(6)(q)--Annual Report to Members; 10(6)(r)--Monthly Managerial Reports; 10(6)(t)--Details of Affiliate Allocated Charges; 10(6)(u)--Cost-of-Service Studies; and 10(7)(b)--Capital Construction Budget.

The Commission finds, however, that certain information is necessary for its review and must be submitted before the case is considered filed. The Commission recently held in Case No. 2004-00319¹ that in all future CATV rate adjustment cases, the utility shall bear the burden of demonstrating the reasonableness of its proposed rate of return to be included in the carrying charge component of the CATV

¹ Case No. 2004-00319, Application of Jackson Purchase Energy Corporation For Adjustments In Existing Cable Television Attachment Tariff, Order dated September 14, 2005 at 7.

methodology. Therefore, the Commission finds that Blue Grass's request to deviate from 807 KAR 5:001, Section 10(6)(h)--Summary Determination of Revenue Requirements, and 10(6)(i)--Reconciliation of Rate Base and Capital, should be denied. The Commission further finds that Blue Grass has failed to provide sufficient basis to support its requested relief from compliance with 807 KAR 5:001, Section 10(1)(b)(5)--Certificate of Good Standing, and Section 10(6)(b)--Prepared Testimony, and its request should be denied.

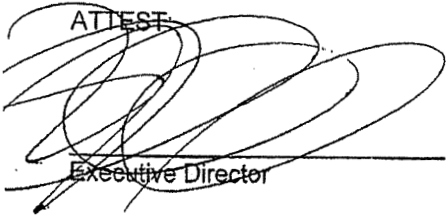
IT IS THEREFORE ORDERED that:

1. Blue Grass's request for permission to deviate from the filing requirements of 807 KAR 5:001, Section 10(1)(b)(9); 10(2); 10(6)(e); 10(6)(g); 10(6)(j); 10(6)(k); 10(6)(n); 10(6)(q); 10(6)(r); 10(6)(t); 10(6)(u); and 10(7)(b), is granted.
2. Blue Grass's request for permission to deviate from the filing requirements of 807 KAR 5:001, Section 10(1)(b)(5); (10)(6)(b); (10)(6)(h); and (10)(6)(i), is denied.
3. Within 15 days from the date of this Order, Blue Grass shall file the information required by 807 KAR 5:001, Section 10(1)(b)(5); (10)(6)(b); (10)(6)(h); and (10)(6)(i).
4. The statutory time period in which the Commission must process this filing shall not commence until the information required by Ordering Paragraph 3 is filed with the Commission. When Blue Grass has filed that information, it may re-file its tariff with a new proposed effective date that is at least 30 days beyond the date of filing the information requested in Ordering Paragraph 3.

Done at Frankfort, Kentucky, this 3rd day of November, 2005.

By the Commission

ATTEST

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and flourishes, covering the word 'ATTEST' and the title 'Executive Director'.

Executive Director

Case No. 2005-00330