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Public Service Commission

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March 11, 2003

Howard Downing, Esq.
109 South First Street
Nicholasville, Kentucky 40356

Re: Blue Grass Energy Cooperative Corporation

Dear Mr. Downing:

Commission Staff is in receipt of your letter of February 26, 2003 in which you request an opinion on whether Commission approval is required for the correction of certain information contained in the financing documents that Blue Grass Energy Cooperative Corporation (Blue Grass) plans to execute with Rural Utilities Service (RUS) and National Rural Utilities Cooperative Finance Corporation (CFC).

On September 25, 2002 Blue Grass applied for Commission approval to execute new promissory notes and other loan documents to evidence the assumption of notes and loans originally owed by the former Blue Grass Energy Cooperative Corporation and former Harrison County Rural Electric Cooperative Corporation (now consolidated as Blue Grass). The Commission entered an Order on February 20, 2003 granting Blue Grass's request and stating that the execution of the new documents should serve only to redocument the loans in the name of Blue Grass and that no substantive modifications should be made to the loan documents.

You state in your letter that two counties, Estill and Nelson, were omitted from the list of counties served by Blue Grass in the recently approved documents. You request that we provide you a written opinion that the addition of these two counties to the loan documents is not a substantive change that requires Commission approval.

If the loan documents are merely amended to reflect that Estill and Nelson Counties are served by Blue Grass and that property of Blue Grass is located in these counties, it is Commission Staff's opinion that such amendment would be a clerical correction, not a substantive modification, and that such amendment would not require Commission approval.



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March 11, 2003
Page 2

This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Anita Mitchell, Staff Attorney, at (502) 564-3940.

Sincerely,



Thomas M. Dorman
Executive Director

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