

October 7, 2009

Jeff Derouen, Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort Kentucky 40602

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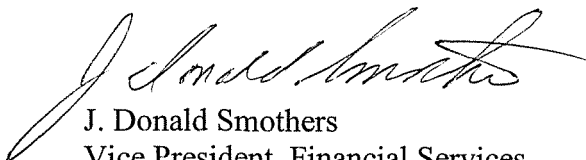
PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen,

Enclosed is the affidavit of mailing of hearing notice from Anita Travis Richter, Managing Editor Kentucky Living and two copies of the hearing notice. This is for the period from November 1 2008 through April 30, 2009 for Case No. 2009-00291 Blue Grass Energy Cooperative Corporation.

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

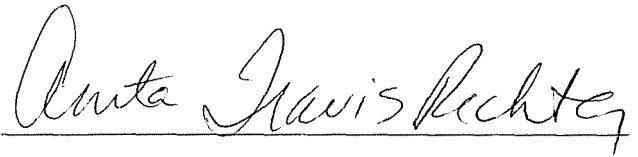
Sincerely,


J. Donald Smothers
Vice President, Financial Services

Kentucky Living

AFFIDAVIT OF MAILING OF HEARING NOTICE

Notice is hereby given that the October issue of
KENTUCKY LIVING, bearing the official notice of hearing of PSC
Case No. 2009-00291, concerning the application of the fuel adjustment clause
from November 1, 2008, through April 30, 2009, for BLUE GRASS
ENERGY COOPERATIVE CORPORATION, was entered as direct mail at
Danville, Kentucky, on September 29, 2009.

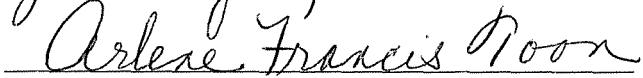


Anita Travis Richter
Managing Editor
Kentucky Living

County of Jefferson
State of Kentucky

Sworn to and subscribed before me, a Notary Public,
this 6th day of October, 2009.

My commission expires

January 10, 2012


Notary Public, State of Kentucky

P.O. Box 32170
Louisville, Kentucky 40232

4515 Bishop Lane
Louisville, Kentucky 40218

(502) 451-2430
(800) KY-LIVING
(800) 595-4846
Fax: (502) 459-1611

www.kentuckyliving.com

HEARING NOTICE

A public hearing will be held on Tuesday, October 13, 2009, at 10 a.m., Eastern Daylight Time, at the offices of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky, to examine the application of the fuel adjustment clause of the following corporations for the period November 1, 2008, through April 30, 2009. Individuals interested in attending this hearing shall notify the Public Service Commission in writing of their intent to attend no later than October 9, 2009. If no notices of intent to attend are received by this date, this hearing will be cancelled. Written notice of intent to attend this hearing should be sent to: Executive Director, Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

Big Sandy RECC

Case No. 2009-00290

Blue Grass Energy Cooperative Corp.

Case No. 2009-00291

Clark Energy Cooperative

Case No. 2009-00292

Cumberland Valley Electric

Case No. 2009-00293

Farmers RECC

Case No. 2009-00294

Fleming-Mason Energy Cooperative

Case No. 2009-00295

Grayson RECC

Case No. 2009-00296

Inter-County Energy Cooperative

Case No. 2009-00297

Jackson Energy Cooperative

Case No. 2009-00298

Licking Valley RECC

Case No. 2009-00299

Nolin RECC

Case No. 2009-00300

Owen Electric Cooperative

Case No. 2009-00301

Salt River Electric Cooperative

Case No. 2009-00302

Shelby Energy Cooperative

Case No. 2009-00303

South Kentucky RECC

Case No. 2009-00304

Taylor County RECC

Case No. 2009-00305

ON THE GRID

ENERGY 101

Making sense of cap and trade

The leading proposals in Congress to control global warming propose a "cap-and-trade" system to reduce emissions of greenhouse gas. Here are answers to the frequently asked questions.

ENERGY BASICS

What is cap and trade?

It's a plan to control greenhouse gas emissions, including carbon dioxide, from power plants, vehicles, refineries, and factories.

How would it work?

Emissions would be required to stay below a set limit—the cap. If an industry couldn't meet those caps through efficiency or renewable energy, it could buy emissions credits from an industry that emits less than the cap—the trade. For example, a coal power plant that exceeded the carbon dioxide cap could trade (buy) emissions credits from a hydroelectric or nuclear power plant that emits no carbon dioxide.

Will it reduce greenhouse gas?

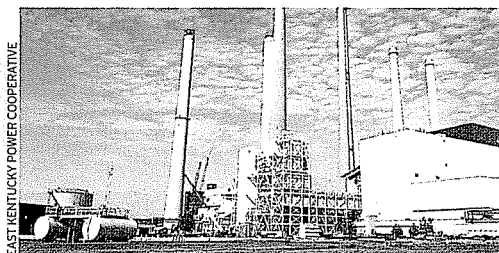
A cap-and-trade system aimed at reducing acid rain was established as part of the federal Clean Air Act of 1990. It required producers of sulfur dioxide, such as coal-fired power plants, to cut emissions by investing in readily available technologies. This system worked. However, sulfur

dioxide is vastly different from carbon dioxide: no cost-effective means of cutting carbon emissions currently exist.

What are the pros and cons?

PROS: It gives industry a choice in how it meets global warming guidelines—either reduce emissions through (a) efficiency, renewable fuels, and new technology, or (b) through the buying of emissions credits from industries that produce very little emissions.

CONS: The caps might be impossible to meet, technology to reduce emissions might not be developed in time, and the uncertainties of how Wall Street might implement the cap-and-trade marketplace could end up being very expensive. States that depend heavily on coal, like Kentucky, say the current cap-and-trade limits would penalize people in those states with large and unfair increases in electricity and other costs.



EAST KENTUCKY POWER COOPERATIVE

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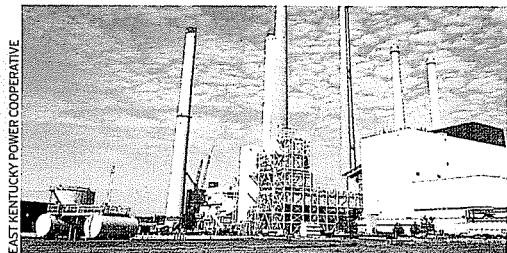
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