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February 16, 2010

J. Donald Smothers  
Blue Grass Energy Cooperative Corp.  
1201 Lexington Road  
P.O. Box 990  
Nicholasville, KY 40340-0990

RE: Blue Grass Energy Cooperative Corp.  
Case No. 2010-00046  
Filing Deficiencies

The Commission staff has reviewed Blue Grass Energy Cooperative Corp.'s application in the above case. The filing is rejected for the reasons set forth below:

Filing deficiencies pursuant to:

- (1) 807 KAR 5:001 Section 8(3) – If applicant is a corporation, a certified copy of its Articles of Incorporation and all amendments thereto, or if the articles were filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding.
- (2) 807 KAR 5:011 Section 10(1)(b) – Statement by utility confirming that copy of filing was simultaneously sent to the Attorney General (Attorney General has 10 days to notify PSC if he requests a hearing).
- (3) 807 KAR 5:011 Section 10(1)(c) – Statement explaining why proposed changes could not have been included in last rate case and why current conditions prevent deferring change until next rate case.
- (4) 807 KAR 5:011 Section 10(1)(d) – Impact statement identifying group of customers (both existing and potential) affected by proposed change.

- (5) 807 KAR 5:011 Section 10(1)(e) – Income statement and balance sheet for a recent 12-month period.
- (6) 807 KAR 5:011 Section 10(2) – If the additional revenue to be generated from the proposed tariff revisions exceeds by five (5) percent the total revenues provided by all miscellaneous and non-recurring charges for a recent twelve (12) month period, the utility must file, in addition to the information set out in subsection (1)(a) of this section, the following: An absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return (or other applicable valuation methods) to a level greater than that allowed in the most recent rate case. Any general rate increases received during the twelve (12) month period must be annualized. Any significant cost changes may be included but must be documented as part of the filing.
- (7) 807 KAR 5:011 Section 8, 9(2) – Copy of public notice.

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. If your filing contains a proposed effective date, the rejection of your filing for reasons of deficiencies voids the proposed effective date. When you file the required information to correct the deficiencies you may refile your proposed tariff with a new proposed effective date that is at least 30 days from the date you file the required information. You are requested to file 10 copies of this information within 15 days of date of this letter.

In all future correspondence or filings connected with this case, please reference the above case number. If you need further assistance, please contact Daryl Newby at 502-564-3940 ext. 253.

Sincerely,



Linda Faulkner  
Filings Division Director

LF/rs