

August 26, 2010

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

Dear Mr. Derouen,

We are filing an original and 10 (ten) copies of responses to the Kentucky Public Service Commission staff's initial request for information concerning case no. 2010-00185 "Application of Blue Grass Energy Cooperative Corporation for an adjustment of its security deposit and cable Television attachment rates". I am certifying as the person supervising the preparation of these responses on behalf of the entity that the responses are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

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

Thank you,

Respectfully submitted,


J. Donald Smothers
Vice President Financial Services & CFO

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- 1(a). For each calendar year beginning with 2005, provide a schedule listing the bad debt expenses and the annual increases in both absolute and percentage terms.

Year	Bad Debt	Increase	%
2005	\$248,693	-\$ 65,374	-20.8%
2006	\$386,622	\$137,929	44.5%
2007	\$355,319	-\$ 31,303	- 8.1%
2008	\$429,810	\$ 74,491	21.0%
2009	\$590,525	\$160,715	37.4%

- 1(b). Is Blue Grass energy aware of any other factors which might be contributing to the increase in bad debt expenses? If so, explain.

Bad debts may increase due to:

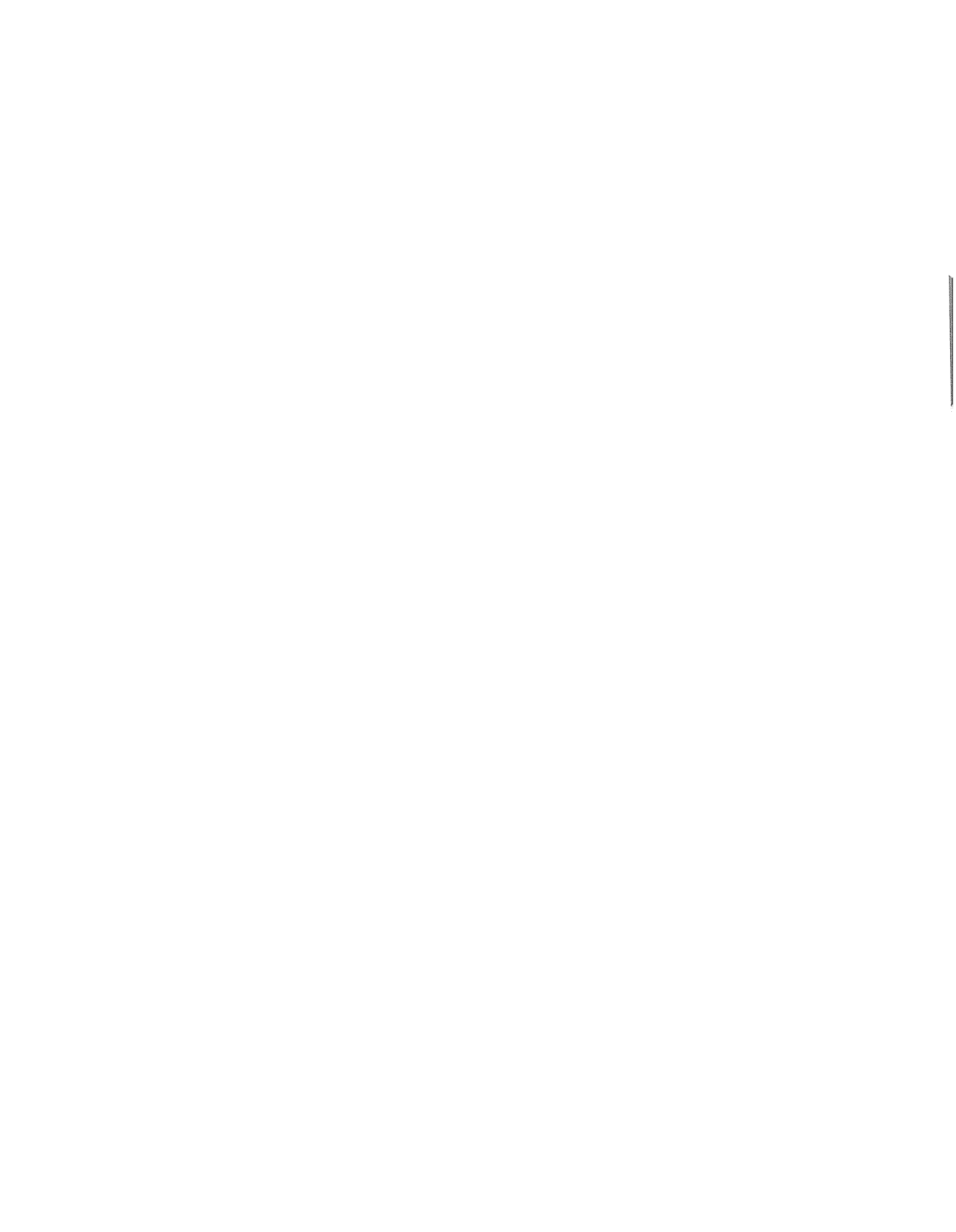
- a. An increase in base rate, fuel adjustment etc.
- b. Weather conditions causing an increase in usage,

Witness: Donald Smothers

2. Refer to the testimony of J. Donald Smothers filed as Exhibit F-1 to the application and to the testimony of Alan M. Zumstein filed as Exhibit F to the application. On page 2 of their respective testimonies, each states “it is estimated that the additional customer deposit will reduce the account written-off by approximately the same amount of additional interest on customer deposits.” Provide any calculations or documentation supporting this statement.

These are assumptions on our part. There are no calculations or documentation supporting this statement.

Witness: Donald Smothers



Blue Grass Energy Cooperative
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Witness Alan Zumstein

Item 3 a. Provide all detail supporting the data presented in the column labeled "Number".
Response: The following is listed from each invoice submitted to the various cable companies.

Lake Carrico	Frankfort Plant	Time Warner Cable					Total	
		Anderson	Bourbon	Harrison	Jessamine	Madison		Bracken
36	955	436	66	266	2,024	5,266	5	9,054
73	488	537	11	114			66	1,289
36	955	436	7	92				1,526
17	488	537	1	5				1,048
36	356	109	66	266	2,024	5,266	5	8,128
73	55	166	11	114			66	485

Item 3.b. Recalculate the Total for the column labeled "Revenue - Existing: and verify whether that total should not be \$68,034.
Response: Yes, it should. See d. below as a result of Item 9 of this request.

Item 3.c. The amount shown for "Revenue - Proposed" for the "2 party Pole" attachment is \$52,691. Should this amount be \$52,694? If so, recalculate all amounts in the column labeled "Revenue - Proposed".
Response: The difference was due to rounding to arrive at the rates. See d. below as a result of Item 9 of this request.

Item 3.d. Depending on the responses to items 1a, 1b, and 1c, provide an updated CATV Pole Attachments table in Exhibit I, page 1 of 4, reflecting updated calculations.
Response: The differences were due to rounding throughout the exhibit. The roundings have been removed and the updated schedule, as a result of the changes follows.

Exhibit I
page 1 of 4

Additional revenues generated

Attachment Description	Number	Rates		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole	9,054	\$4.77	\$5.55	\$43,188	\$50,250	\$7,062	14%
3 party Pole	1,289	4.21	4.59	\$5,427	\$5,917	\$490	8%
2 party Anchor	1,526	7.58	9.54	\$11,567	\$14,558	\$2,991	21%
3 party Anchor	1,048	5.00	6.29	\$5,240	\$6,592	\$1,352	21%
2 party Ground	8,128	0.31	0.25	\$2,520	\$2,032	(\$488)	-24%
3 party Ground	485	0.19	0.16	\$92	\$78	(\$14)	-18%
Total				\$68,034	\$79,427	\$11,393	14%

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4. Refer to Exhibit I, page 2 of 4, section A.1. Are the amounts noted, \$6,774,155 and \$22,260,668 net of depreciation?

Response: No, these are gross amounts.

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5. Refer to Exhibit G, page 1 of 3, submitted with the application. Depending on the responses to Item 3, provide an updated Impact Statement in Exhibit G, page 1 of 3, reflecting updated calculations.

Response: The updated Impact Statement is as follows:

	<u>Actual</u>	<u>Adjustments</u>	<u>Adjusted Statements</u>
Net margins	6,016,890	11,393	6,028,283
G&T capital credits	3,600,144		3,600,144
Margins, excluding G&T capital credits	2,416,746	11,393	2,428,139
Interest on long term debt	4,456,996		4,456,996
Depreciation expense	7,003,917		7,003,917
Principal paid on long term debt	4,265,926		4,265,926
Times interest earned ratio (TIER), excluding G&T TIER = (margins + interest) / interest	1.54		1.54
Debt service coverage (DSC), excluding G&T DSC = (margins + depreciation + interest) / (interest + principal payments)	1.59		1.59

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT 1/09 BILL MOYR 1/09 RUN DATE 08/16/10 10:12 AM
 REGISTER DATE 11
 RATE THIS YEAR
 ADJUSTMENTS NET/MONTH YTD % CHG MONTH % CHG YTD % CHG

HORSEPOWER 156.08 156.08 156.08 1.00 15.44 1.00 15.44 10.10
 KWH 95365902 26624- 95339278 95339278 1.00 45546317 1.00 45546317 2.09
 LIGHT USAGE 621596 1733- 619863 619863 1.00 199384 1.00 199384 3.10
 TOTAL ***** 95987498 28357- 95959141 95959141 1.00 45745701 1.00 45745701 2.09

DEMAND KW .000 .000
 BILLED DEMAND .000 .000
 REVENUE PER/KWH 9.550 9.550 9.550 1.00 7.230 1.00 7.230 1.32

TYPE	BILLS NUMBER	TY	RT	NO	KWH	AMT	TY	RT	NO	KWH	AMT	CD	RECURRING	MISC CHARGES
0	49708	1	10	4	297827	38799.94	7	4	8	672	108.00	8	503.78	
1	147	2	10	4	8412	.00	8	1	10	230	83.50	24	50.00	
2	4	2	10	14	276537	814.14	9	1	146	23081	2104.92	12	66.50	
3	1610	3	1	2	46	71222.52	11	1	10	1590	152.50	25	4.50	
4	616	4	1	2	111	18.00	12	4	5	185	50.00			
		5	1	3	111	30.00	15	3	14	518	192.50			
		6	1	12	1224	159.00	16	3	2	318	40.80			
		7	1	90	9112	1275.68								
TOTAL	52085					NET TOTALS:12074					619863			115051.50

52,251
 CREDITS < 125 NO CONSUMERS KWH 192710
 CREDITS > 124 46082 5760250

PRG. RATEREGS BLUE GRASS ENERGY
 REVENUE REPORT REGISTER DATE 2/09 BILL MOYR 2/09 RUN DATE 08/16/10 10:19 AM
 RATE THIS YEAR 11
 GROSS ADJUSTMENTS NET/MONTH YTD % CHG MONTH % CHG YEAR % CHG YTD % CHG

HORSEPOWER 156.09 156.09 312.17 .50 15.37 .49 30.81 10.13
 KWH 100583008 199941- 100383067 195711600 .51 52282453 .53 97828770 2.00
 LIGHT USAGE 621147 1269- 619878 1239741 .50 193375 .49 398759 3.10
 TOTAL ***** 101204155 201210- 101002945 196951341 .51 52481828 .53 98227529 2.00

DEMAND KW .000 .000
 BILLED DEMAND .000 .000
 REVENUE PER/KWH 9.030 9.280 .97 7.260 1.00 7.250 1.28

TYPE	BILLS NUMBER	TY	RT	NO	KWH	AMT	LIGHTS (MONTH)	NO	KWH	AMT	RECURRING CD	MISC AMT	CHARGES
0	49175	1	10	4	296572	38479.33	7	4	672	108.00	8	500.95	
1	499	2	10	4	8109	.00	8	1	230	83.50	24	50.00	
2	19	2	10	14	277261	784.89	9	1	23617	2153.73	12	75.00	
3	1651	3	10	2	46	.00	9	10	1590	.00	25	4.50	
4	968	4	10	2	111	71211.91	11	1	222	152.50			
		5	10	3	1228	18.00	12	4	518	60.00			
		6	10	3	9384	30.00	15	3	318	192.50			
		7	10	1		159.44	16	3		40.80			
TOTAL	52312					1313.76							
						NET TOTALS:12062				619878			114788.36

NO CONSUMERS 4257 KWH 180832
 46198 5774750
 CREDITS < 124
 CREDITS > 124

ETS
 169
 52481

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT
REGISTER DATE 3/09
BILL MOYR 3/09
RUN DATE 08/16/10 10:41 AM
PAGE 2

ADJUSTMENTS	THIS YEAR	NET/MONTH	YTD	% CHG	MONTH	LAST YEAR	YTD	% CHG
GROSS	155.95	155.95	468.12	.33	15.42	.33	46.23	10.12
HORSEPOWER	155.95	155.95	468.12	.33	15.42	.33	46.23	10.12
KWH	71724210	71658306	267369621	.26	45072914	.31	142901684	1.87
LIGHT USAGE	612325	601913	1841654	.32	198291	.33	597050	3.08
TOTAL ****	72336535	72260219	269211275	.26	45271205	.31	143498734	1.87

DEMAND KW BILLED DEMAND	REVENUE PER/KWH	REVENUE PER/KWH	REVENUE PER/KWH	REVENUE PER/KWH	REVENUE PER/KWH	REVENUE PER/KWH	REVENUE PER/KWH	REVENUE PER/KWH
DEMAND KW BILLED DEMAND	.000	.000	.000	.000	.000	.000	.000	.000
REVENUE PER/KWH	9.020	9.020	9.210	.97	7.770	1.04	7.410	1.24

TYPE	NUMBER	TY	RT	NO	KWH	AMT	TY	RT	NO	KWH	AMT	RECURRING	MISC CHARGES
0	49154	1	1	4	37941.01	7	4	8	672	108.00	8	495.28	
1	167	1	10	4	.00	8	1	10	230	83.50	12	75.00	
2	1710	2	10	14	754.11	9	1	135	21311	1943.49	25	4.50	
3	895	3	1	2	268322	.00	9	5	1590	152.50			
4	1710	4	1	2	46	69609.57	11	1	37	10.00			
TOTAL	51933	5	1	3	111	18.00	12	4	518	192.50			
ETS	167	6	1	3	1122	30.00	15	3	318	40.80			
	52,100	7	1	2	9254	145.75	16	2	318	40.80			
					NET TOTALS: 11971	601913				112324.91			

NO CONSUMERS
4690
45314
KWH
207541
5664250

CREDITS < 125
CREDITS > 124

PRG. RATEREGS
BIUE GRASS ENERGY

REVENUE REPORT
REGISTER DATE 4/09
BILL MOYR 4/09
RUN DATE 08/16/10 11:06 AM
PAGE 2

ADJUSTMENTS	GROSS	RATE THIS YEAR	NET/MONTH	YTD	% CHG	MONTH	LAST YEAR	YTD	% CHG
	155.87		155.87	623.99	.24	15.26	.24	61.49	10.14
HORSEPOWER									
KWH	56917036	312883-	56604153	323973787	.17	33930012	.19	176831696	1.83
LIGHT USAGE	609344	18074-	591270	2432970	.24	199340	.25	796390	3.05
TOTAL ****	57526380	330957-	57195423	326406757	.17	34129352	.19	177628086	1.83

DEMAND KW BILLED DEMAND .000
REVENUE PER/KWH 9.510

TYPE	NUMBER	TY	RT	NO	KWH	AMT	TY	RT	NO	KWH	AMT	CD	RECURRING	MISC CHARGES
0	48225	1	1	4	288021	39428.82	7	4	8	672	112.70	8	496.51	
1	1176	1	10	4	7791	794.77	8	1	11	80	35.08	12	75.00	
2	48	2	10	14	262372	.00	9	10	5	21905	2096.59	2	19.17	
3	1545	3	1	2	46	71534.49	11	1	11	1749	175.17	25	4.50	
4	826	4	1	3	111	19.24	12	4	1	37	10.69			
TOTAL	51820	5	1	3	1122	31.38	15	3	14	518	201.05			
ETS	162	6	1	11	1122	152.19	16	3	2	318	43.64			
	51982	7	1	89	6528	1072.31	NET TOTALS:	11929	591270	115708.12				

NO CONSUMERS 5202
KWH 229310
CREDITS < 125 44880
KWH 5610000
CREDITS > 124

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PRG. RATERGRS
BLUE GRASS ENERGY

REVENUE REPORT 5/09 BILL MOYR 5/09 RUN DATE 08/16/10 10:42 AM
 RATE THIS YEAR REGISTER DATE 11
 GROSS ADJUSTMENTS NET/MONTH YTD % CHG MONTH % CHG YEAR
 YTD % CHG

HORSEPOWER 155.80 155.80 779.79 .19 15.22 .19 76.71 10.16
 KWH 47045705 85685- 46960020 370931058 .12 24761886 .12 201593582 1.83
 LIGHT USAGE 604800 17592- 587208 3020178 .19 198831 .19 995221 3.03
 TOTAL **** 47650505 103277- 47547228 373951236 .12 24960717 .12 202588803 1.84

DEMAND KW .000 .000
 BILLED DEMAND .000 .000

REVENUE PER/KWH 10.110 9.370 1.07 8.000 1.05 7.580 1.23
 TYPE BILLS NUMBER TY RT NO KWH AMT LIGHTS(MONTH) KWH AMT REOCCURRING MISC CHARGES
 0 49076 1 1 1 3968 278976 38893.91 7 4 8 672 115.52 8 492.45
 1 184 1 10 4 51 7891 816.97 8 1 11 253 98.23 12 75.00
 2 10 1 1 14 265963 72562.12 9 10 5 1749 1874.65 2 25.00
 3 1674 3 1 11 46 111 19.24 12 4 3 111 32.07 2 205.80
 4 865 4 1 1 11 112 32.07 15 3 14 518 47.28
 TOTAL 51809 6 1 1 88 7095 155.87 16 3 3 345 179.41
 NET TOTALS: 11822 587208 116171.12

159
 51968
 CREDITS < 125 NO CONSUMERS 5475 KWH 252102
 CREDITS > 124 44527 5565875

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT
REGISTER DATE 6/09
BILL MOYR 6/09
RUN DATE 08/16/10 10:44 AM
PAGE 2

GROSS	ADJUSTMENTS	RATE		NET/MONTH	YTD	% CHG	LAST		YTD	% CHG
		THIS	YEAR				MONTH	% CHG		
155.82		90203-		52465414	935.61	.16	28745809	.12	230339391	1.83
		13854-		587288		.16	199198	.16	1194419	3.02
		104057-		53052702		.12	28945007	.12	231533810	1.84
				4233396472						
				3607466						
				427003938						

DEMAND KW .000
BILLED DEMAND .000

REVENUE PER/KWH 10.000

TYPE	BILLS NUMBER	TY RT	NO	KWH	LIGHTS (MONTH)		KWH	AMT	REOCCURRING CD	MISC CHARGES AMT
					TY RT	NO				
0	49108	1	1	3958	7	4	504	86.64	8	492.45
1	313	1	10	4	8	1	253	98.23	25	12.60
2	14	2	1	49	9	1	21322	2064.39	12	75.00
3	1629	2	10	14	9	10	5	0.00	2	26.67
4	1088	3	1	7480	11	1	11	1669		
		4	1	46	19.24	12	4	3	111	171.25
		5	1	74	21.38	15	3	3	111	32.07
		6	1	11	155.87	15	3	14	518	205.80
		7	1	90	1340.20	16	3	2	318	43.64
TOTAL	52152				NET TOTALS:	11798	587288	116382.02		

ETS 162
52,314

CREDITS < 125 NO CONSUMERS
CREDITS > 124 44977

KWH
251294
5622125

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT 7/09 BILL MOYR 7/09 RUN DATE 08/16/10 11:07 AM
 REGISTER DATE 11
 RATE THIS YEAR
 GROSS ADJUSTMENTS NET/MONTH YTD % CHG MONTH % CHG YEAR % CHG YTD % CHG

HORSEPOWER 155.66 155.66 1091.27 .14 15.15 .14 107.01 10.19
 KWH 61785615 852480- 60933135 484329607 .12 34519152 .13 264858543 1.82
 LIGHT USAGE 597617 12291- 585326 4192792 .13 199011 .14 1393430 3.00
 TOTAL **** 62383232 864771- 61518461 488522399 .12 34718163 .13 266251973 1.83

DEMAND KW .000 .000
 BILLED DEMAND .000 .000

REVENUE PER/KWH 9.450 9.450 1.00 8.300 1.06 7.770 1.21

TYPE	BILLS NUMBER	TY RT	NO	KWH	AMT	LIGHTS (MONTH)	TY RT	NO	KWH	AMT	REOCCURRING CD	MISC CHARGES AMT
0	49180	1	1	3913	38224.00	7	4	6	504	86.64	8	540.57
1	177	1	10	4	.00	8	1	10	182	70.55	25	5.55
2	17	2	10	47	773.62	9	1	139	21900	2136.25	12	75.00
3	1661	3	1	14	.00	9	10	5	1590	163.10		
4	1091	4	1	7461	73732.06	11	1	10	111	32.07		
		5	1	2	19.24	12	4	3	518	205.80		
		6	1	11	21.38	15	3	14	518	43.64		
		7	1	93	155.87	16	3	2	318	43.64		
TOTAL	52126				1378.88							
	ETS				NET TOTALS:11736					117043.10		

NO CONSUMERS 5118 231753
 CREDITS < 125 45166 5645750
 CREDITS > 124

162
 52,288

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT
REGISTER DATE 8/09
BILL MOYR 8/09
RUN DATE 08/16/10 10:44 AM
PAGE 2

GROSS	ADJUSTMENTS	RATE		NET/MONTH	YTD	% CHG	LAST		YTD	% CHG
		THIS	YEAR				MONTH	YEAR		
155.59		144930-		62138134	1246.86	.12	38184657	.12	122.07	10.21
		62283064		588124	15.06	.12	200132	.12		
		594364	6240-	62726258		.11	38384789	.12		
		62877428	151170-	551248657		.11			304636762	1.80

DEMAND KW
BILLED DEMAND .000

REVENUE PER/KWH 10.270

REVENUE PER/KWH 10.270 9.540 1.07 7.910 1.01 7.790 1.22

TYPE	BILLS NUMBER	TY RT	NO	KWH	LIGHTS(MONTH)		KWH	AMT	RECURRING CD	MISC CHARGES AMT
					TY RT	NO				
0	48986	1 1	4	276825	41384.47	7 4	504	92.04	8	566.05
1	405	1 10	4	7500	.00	8 1	230	91.80	25	9.00
2	30	2 1	48		856.55	9 1	21630	2341.13	12	75.00
3	1636	2 10	14		.00	9 10		.00		
4	903	3 1	7462	268683	76519.58	11 1	1590	180.10		
TOTAL	51960	4 1	2	46	19.74	12 4	111	33.24		
		5 1	2	74	22.16	15 3	518	211.26		
		6 1	11	1102	164.81	15 3	159	23.52		
		7 1	93	9152	1468.03	16 3				
				NET	1468.03					
				NET TOTALS:	11690		588124	123408.43		

52,123

CREDITS < 125
CREDITS > 124
NO CONSUMERS
KWH
232313
5644375

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT 9/09 BILL MOYR 9/09 RUN DATE 08/16/10 11:13 AM
 REGISTER DATE 11
 RATE THIS YEAR
 ADJUSTMENTS NET/MONTH YTD % CHG MONTH % CHG YEAR
 GROSS -----

HORSEPOWER 155.51 1402.37 .11 156.43 .56 278.50 5.03
 KWH 58723327 169702- 58553625 605021366 .09 65567721 .17 368610921 1.64
 LIGHT USAGE 592119 10097- 582022 5362938 .10 607276 .27 2200838 2.43
 TOTAL **** 59315446 179799- 59135647 610384304 .09 66174997 .17 370811759 1.64

DEMAND KW .000 .000
 BILLED DEMAND .000 .000

REVENUE PER/KWH 10.310 9.620 1.07 9.660 1.18 8.120 1.18

TYPE	NUMBER	TY	RT	NO	KWH	AMT	TY	RT	NO	KWH	AMT	CD	RECURRING	MISC	CHARGES
0	49073	1	1	1	275687	41132.77	7	4	6	504	92.04	8		566.05	
1	287	1	10	4		.00	8	1	10	230	91.80	25		9.00	
2	18	2	1	48	7632	871.68	9	1	137	21513	2321.88	12		75.00	
3	1692	2	10	14		.00	9	10	5	1590	180.10				
4	805	3	1	7450	264037	75893.09	11	1	10	111	33.24				
TOTAL	51875	4	1	2	46	19.74	12	4	3	518	211.26				
		5	1	10	74	22.16	15	3	14	159	23.52				
		6	1	2	1020	152.60	16	3	1						
		7	1	88	8901	1427.68									
					NET TOTALS:11641	582022					122473.56				

NO CONSUMERS
 CREDITS < 125 4987
 CREDITS > 124 45052

163
52,038

KWH
229116
5631500

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PRG RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT REGISTER DATE 10/09 BILL MOYR 10/09 RUN DATE 08/16/10 10:45 AM
 RATE THIS YEAR REGISTER DATE 10/09 11
 GROSS ADJUSTMENTS NET/MONTH YTD % CHG MONTH % CHG YEAR % CHG
 YTD % CHG

HORSEPOWER 155.49 155.49 1557.86 .09 156.32 .35 434.82 3.58
 KWH 47842898 307496- 47535402 652556768 .07 48215876 .11 416826797 1.56
 LIGHT USAGE 589323 3770- 585553 5948491 .09 639125 .22 2839963 2.09
 TOTAL **** 48432221 311266- 48120955 658505259 .07 48855001 .11 419666760 1.56

DEMAND KW .000 .000
 BILLED DEMAND .000 .000

REVENUE PER/KWH 9.270 9.590 .96 9.140 1.10 8.240 1.16

TYPE	BILLS NUMBER	TY RT	NO	KWH	AMT	LIGHTS (MONTH)	TY RT	NO	KWH	AMT	RECURRING CD	MISC CHARGES AMT
0	49199	1 1	3797	271291	40671.15	7 4	1 1	6	504	92.04	8	566.05
1	267	1 10	4	7632	.00	8 1	1 1	10	230	91.80	25	9.00
2	17	2 10	48	7632	767.82	9 1	1 1	136	21598	2337.69	12	78.50
3	1641	2 10	14	271797	.00	9 10	1 1	5	1590	.00		
4	815	3 1	7456	46	77157.37	11 1	1 1	10	180.10	180.10		
TOTAL	51939	4 1	2	74	19.74	12 4	3 3	3	111	33.24		
		5 1	10	1020	22.16	15 3	3 3	14	518	211.26		
		6 1	10	8983	152.60	16 3	3 3	1	159	23.52		
		7 1	88		1440.77							
					NET TOTALS: 11606					585553		123201.26

ET\$ 186
 52,125
 CREDITS < 125 NO CONSUMERS KWH 251249
 5399
 CREDITS > 124 44755 5594375

PRG. RATERESS
BLUE GRASS ENERGY

REVENUE REPORT
REGISTER DATE 11/09
RATE THIS YEAR
ADJUSTMENTS NET/MONTH

BILL MOYR 11/09

RUN DATE 08/16/10 11:09 AM
PAGE 2

YTD % CHG MONTH % CHG YTD % CHG

HORSEPOWER	155.48	155.48	1713.34	.09	156.22	.26	591.04	2.89
KWH	51676529	29957-	51646572	.07	53596790	.11	470423587	1.49
LIGHT USAGE	587323	1840-	585483	.08	623285	.17	3463248	1.88
TOTAL ****	52263852	31797-	52232055	.07	710737314	.11	473886835	1.49

DEMAND KW .000
BILLED DEMAND .000

REVENUE PER/KWH	9.530	9.590	.99	9.620	1.14	8.400	1.14
TYPE	0	1	1	1	2	3	4
BILLS	49370	228	9	1587	1011	52105	
NUMBER	1	1	1	1	1	1	
TY RT	1	1	1	1	1	1	
NO	3771	47	14	7479	74	89	
KWH	269896	7473	272963	46	1020	9024	
AMT	40362.80	853.52	77862.34	19.74	152.60	1447.31	
TY RT	7	9	11	12	15	16	
NO	4	1	1	4	3	3	
KWH	504	253	2120	111	518	159	
AMT	92.04	2307.87	240.13	33.24	211.26	23.52	
RECURRING	8	12	2	25	12	2	
CD	560.77	9.00	560.77	9.00	60.00	5.00	
MISC CHARGES	560.77	9.00	560.77	9.00	60.00	5.00	
TOTAL	52105	219	52324	219	52324	219	

NET TOTALS: 11608 585483 123729.51

NO CONSUMERS 5450 251356
CREDITS < 125 44897 5612125
CREDITS > 124

PRG. RATEREGS
BLUE GRASS ENERGY

REVENUE REPORT REGISTER DATE 12/09 BILL MOYR 12/09 RUN DATE 08/16/10 10:45 AM
 RATE THIS YEAR NET/MONTH YTD % CHG MONTH % CHG YEAR % CHG
 GROSS ADJUSTMENTS

HORSEPOWER 155.26 155.26 1868.60 .08 156.15 .20 747.19 2.50
 KWH 69028095 117672- 68910423 773113763 .08 84200334 .15 554623921 1.39
 LIGHT USAGE 585239 3365- 581874 7113848 .08 623140 .15 4086388 1.74
 TOTAL ***** 69613334 121037- 69492297 7802229611 .08 84823474 .15 558710309 1.39

DEMAND KW .000 .000
 BILLED DEMAND .000 .000

REVENUE PER/KWH 8.880 9.530 .93 9.820 1.14 8.610 1.10
 TYPE BILLS NUMBER TY RT NO KWH AMT LIGHTS (MONTH) NO KWH AMT REOCCURRING MISC CHARGES
 0 49507 1 1 1 3717 265460 39859.24 7 4 6 504 92.04 8 554.35
 1 162 1 10 4 4 1 11 253 100.98 25 9.00
 2 10 2 10 14 7637 872.29 9 1 132 20638 2233.86 12 60.00
 3 1 14 274201 77929.10 11 1 14 2226 252.14 2 25.00
 4 736 3 1 1 7508 46 19.74 12 4 3 111 33.24
 TOTAL 51942 4 1 1 1020 74 22.16 15 3 14 518 211.26
 NET TOTALS: 11580 581874 123250.03
 ETS 223
 52165

NO CONSUMERS 4892 222920
 CREDITS < 125 45397 5674625
 CREDITS > 124

Billing Summary

	2009												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
RESIDENTIAL CLASS 1 & 2	# CONSUMERS 52,251 KWH SOLD 98,517,149 REVENUE \$ 9,469,329.46	52,461 101,609,149 \$ 9,594,502.72	52,100 72,719,500 \$ 7,069,378.93	51,982 57,494,186 \$ 5,693,452.21	51,988 47,691,169 \$ 4,892,769.65	52,314 53,098,266 \$ 5,262,705.59	52,268 61,550,087 \$ 6,084,034.36	52,123 62,760,924 \$ 6,055,562.39	52,038 59,165,532 \$ 6,035,493.81	52,125 48,174,988 \$ 4,770,663.31	52,324 52,432,098 \$ 5,071,704.02	52,165 69,678,037 \$ 7,887,878	XXXXX 792,891,075 \$ 78,618,865
< 1000 KVA CLASS 5 & 6	# CONSUMERS 2,367 KWH SOLD 9,539,303 REVENUE \$984,998.71	2,405 9,591,161 \$962,390.39	2,594 8,456,959 \$878,362.93	2,594 8,229,613 \$826,346.21	2,592 7,833,836 \$831,516.69	2,589 8,369,927 \$847,682.50	2,589 9,413,382 \$954,429.26	2,570 9,378,641 \$915,172.18	2,597 9,842,942 \$1,003,486.91	2,594 8,655,097 \$876,350.95	2,611 8,222,489 \$817,202.81	2,578 7,887,878 \$805,574.87	XXXXX 106,622,218 \$18,276,103
> 1000 KVA CLASS 8 & 9	# CONSUMERS 28 KWH SOLD 20,956,337 REVENUE \$1,540,709.55	28 21,625,353 \$1,459,443.14	28 20,952,721 \$1,446,756.01	28 23,304,433 \$1,455,900.98	28 21,749,885 \$1,442,291.04	28 23,907,777 \$1,497,200.11	28 25,514,689 \$1,617,236.65	28 24,714,533 \$1,517,126.04	28 26,793,561 \$1,762,027.10	28 25,677,497 \$1,574,540.76	28 25,330,685 \$1,514,501.21	28 23,055,257 \$1,448,370.11	XXXXX 1,133,550 \$334,327
STREET LIGHTING CLASS 7	# CONSUMERS 52 KWH SOLD 94,228 REVENUE \$27,231.34	52 94,228 \$26,872.81	52 94,191 \$27,047.11	52 94,367 \$26,996.07	52 94,858 \$28,577.08	52 94,858 \$28,410.47	52 94,858 \$28,488.80	52 94,858 \$28,284.00	52 94,858 \$28,650.52	52 94,815 \$26,357.14	55 100,488 \$29,316.62	52 86,943 \$26,085.15	XXXXX \$334,327
TOTAL # CONSUMERS	54,698	54,966	54,774	54,656	54,630	54,983	54,957	54,773	54,715	54,799	55,018	54,823	XXXXX
TOTAL KWH SOLD	127,107,017	132,919,891	102,223,371	89,122,599	77,369,748	85,470,818	96,573,016	96,948,956	95,696,913	82,803,397	86,085,760	100,708,115	1,173,229,591
TOTAL REVENUE	\$12,022,269.06	\$12,043,209.06	\$9,421,544.98	\$8,002,697.47	\$7,185,154.46	\$7,635,998.67	\$8,684,189.07	\$8,516,144.61	\$8,829,668.34	\$7,249,912.16	\$7,492,724.66	\$8,909,299.73	\$105,932,812
OTHER ELEC REVENUE	\$242,347	\$213,767	\$249,337	\$228,230	\$187,888	\$178,449	\$200,288	\$201,735	\$216,083	\$201,650	\$198,862	\$401,897	\$2,720,623
KWH-OWN USED	211,280	174,914	140,770	116,600	94,757	102,637	107,432	107,771	95,996	104,657	112,964	164,652	1,534,430
TOTAL KWH PURCHASED	143,466,794	113,730,676	100,865,246	89,171,010	84,382,321	101,162,553	97,620,088	106,534,631	88,343,048	86,752,338	92,881,613	131,909,019	1,232,818,537
COST OF KWH PURCHASED	\$ 9,425,367	\$ 7,892,731	\$ 6,889,722	\$ 5,639,065	\$ 5,324,888	\$ 6,208,115	\$ 6,139,750	\$ 6,570,145	\$ 5,704,227	\$ 5,143,211	\$ 5,484,712	\$ 7,927,267	\$78,319,200
PEAK	350,916	340,979	301,957	194,189	176,351	223,113	205,262	231,039	186,787	179,895	199,166	275,095	350,916
LINE LOSS	11.26%	-17.03%	-1.49%	-4.78%	8.20%	15.41%	0.96%	8.90%	-8.66%	4.43%	7.20%	23.53%	4.71%
power cost	0.0657	0.0693	0.0680	0.0662	0.0631	0.0614	0.0629	0.0617	0.0646	0.0593	0.0592	0.0601	0.0635

7. Refer to Exhibit H, page 4 of 6, submitted with the application.
- a. Provide documentation supporting all entries in the columns labeled "Revenue" and "Bad Debt."

Attached.

- b. Explain why the revenue of \$108,652,287 for 2009 does not match the Operating Revenue and Patronage Capital reported for 2009 in Exhibit G, page 2 of 3, line 1, for the column labeled "YEAR-TO-DATE THIS YEAR." Show a reconciliation of any difference.

The correct amount should be \$108,653,336. The amount on the Statement of Operations in Exhibit G, page 2 of 3 line 1.

- c. Based on the responses to items 5a and 5b, provide an updated Bad Debt to Revenue Ratio Table.

Year	Revenue	Bad Debt	Ratio
2005	\$ 85,349,220	\$248,693	.29%
2006	\$ 89,360,905	\$386,622	.43%
2007	\$ 98,994,564	\$355,319	.36%
2008	\$108,898,100	\$429,810	.39%
2009	\$108,653,336	\$590,525	.54%

Witness: Donald Smothers

USDA-RUS
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION
KY0064

PERIOD ENDED

12/2005

Item 7
Page 2 of 7

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part A. Statement of Operations

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)	Year-to-date Budget (c)	This Month (d)
Operating Revenue and Patronage Capital	70,881,605	85,349,220	72,959,231	8,686,457
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	50,444,868	63,167,767	51,476,341	7,172,642
Transmission Expense	0	0	0	0
4. Distribution Expense - Operation	1,983,184	2,242,576	2,228,672	305,506
6. Distribution Expense - Maintenance	4,123,514	3,748,282	3,929,911	275,955
Customer Accounts Expense	2,317,353	2,342,702	2,288,950	206,296
5. Customer Service and Informational Expense	819,654	695,292	799,000	(57,465)
9. Sales Expense	0	0	0	0
0. Administrative and General Expense	3,408,849	3,699,324	3,744,050	378,231
11. Total Operation & Maintenance Expense (2 thru 10)	63,097,422	75,895,943	64,466,924	8,281,165
12. Depreciation and Amortization Expense	4,330,680	4,694,946	4,688,400	403,359
3. Tax Expense - Property & Gross Receipts	0	0	0	0
14. Tax Expense - Other	3,376	2,408	5,300	0
15. Interest on Long-Term Debt	2,744,950	3,488,700	3,216,000	336,245
16. Interest Charged to Construction - Credit	0	0	0	0
17. Interest Expense - Other	92,625	220,134	75,000	27,226
18. Other Deductions	15,818	18,253	9,600	12,000
19. Total Cost of Electric Service (11 thru 18)	70,284,871	84,320,384	72,461,224	9,059,995
20. Patronage Capital & Operating Margins (1 minus 19)	596,734	1,028,836	498,007	(373,538)
21. Non Operating Margins - Interest	88,626	122,566	132,000	292
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	0	0	0	0
24. Non Operating Margins - Other	(19,829)	(27,895)	0	7,620
25. Generation and Transmission Capital Credits	0	0	0	0
26. Other Capital Credits and Patronage Dividends	165,041	96,699	165,000	18,847
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	830,572	1,220,206	795,007	(346,779)

Part B. Data on Transmission and Distribution Plant

ITEM	Year-to-date Last Year (a)	Year-to-date This Year (b)
1. New Services Connected	1,809	1,802
2. Services Retired	92	107
3. Total Services in Place	55,625	57,320
4. Idle Services (Exclude Seasonal)	3,059	3,153
5. Miles Transmission	0.00	0.00
6. Miles Distribution - Overhead	5,532.00	4,225.00
7. Miles Distribution - Underground	380.00	215.00
8. Total Miles Energized (5 + 6 + 7)	5,912.00	4,440.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION KY0064

FINANCIAL AND STATISTICAL REPORT

PERIOD ENDED
December, 2007

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

BORROWER NAME

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

BLUE GRASS ENERGY COOPERATIVE CORPORATION

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	89,360,905	98,994,564	94,894,209	8,105,907
2. Power Production Expense				
3. Cost of Purchased Power	66,355,815	76,312,698	70,632,784	6,662,443
4. Transmission Expense				
5. Distribution Expense - Operation	2,370,305	2,765,010	2,636,050	337,943
6. Distribution Expense - Maintenance	3,524,604	4,366,837	4,558,100	270,534
7. Customer Accounts Expense	2,499,514	2,381,969	2,427,850	203,753
8. Customer Service and Informational Expense	872,844	1,041,225	1,164,173	10
9. Sales Expense				
10. Administrative and General Expense	3,918,729	4,183,659	4,100,710	324,687
11. Total Operation & Maintenance Expense (2 thru 10)	79,541,811	91,051,398	85,519,667	7,799,370
12. Depreciation and Amortization Expense	5,055,679	5,651,239	5,565,000	495,657
13. Tax Expense - Property & Gross Receipts				
14. Tax Expense - Other	2,430	3,385	4,200	
15. Interest on Long-Term Debt	4,420,976	4,793,634	5,062,000	336,453
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	153,964	559,841	120,000	64,658
18. Other Deductions	20,371	316,537	300,000	12,229
19. Total Cost of Electric Service (11 thru 18)	89,195,231	102,376,034	96,570,867	8,708,367
20. Patronage Capital & Operating Margins (1 minus 19)	165,674	(3,381,470)	(1,676,658)	(602,460)
21. Non Operating Margins - Interest	108,493	79,579	133,600	342
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments				
24. Non Operating Margins - Other	425,005	296,151		(42,454)
25. Generation and Transmission Capital Credits				
26. Other Capital Credits and Patronage Dividends	414,328	294,591	255,000	
27. Extraordinary Items		(1,916,999)		
28. Patronage Capital or Margins (20 thru 27)	1,113,500	(4,628,148)	(1,288,058)	(644,572)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0064
FINANCIAL AND STATISTICAL REPORT	PERIOD ENDED December, 2009
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.	BORROWER NAME
<i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	BLUE GRASS ENERGY COOPERATIVE CORPORATION

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII
(check one of the following)

- All of the obligations under the RUS loan documents have been fulfilled in all material respects.
- There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	108,898,100	108,653,336	119,166,450	9,311,188
2. Power Production Expense				
3. Cost of Purchased Power	82,869,778	78,319,200	85,306,254	7,927,267
4. Transmission Expense				
5. Distribution Expense - Operation	2,693,573	2,646,730	2,745,650	98,387
6. Distribution Expense - Maintenance	5,069,874	5,442,798	5,146,300	719,383
7. Customer Accounts Expense	2,516,451	2,891,937	2,633,650	250,160
8. Customer Service and Informational Expense	1,184,997	1,324,754	1,311,258	928
9. Sales Expense				
10. Administrative and General Expense	4,439,439	4,302,949	4,687,750	347,507
11. Total Operation & Maintenance Expense (2 thru 10)	98,774,112	94,928,368	101,830,862	9,343,632
12. Depreciation and Amortization Expense	6,390,313	7,003,917	6,870,000	601,945
13. Tax Expense - Property & Gross Receipts				
14. Tax Expense - Other	533	2,010	4,800	1,881
15. Interest on Long-Term Debt	4,399,876	4,456,996	5,385,000	379,036
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	408,239	138,173	200,400	8,626
18. Other Deductions	18,696	11,485	15,000	970
19. Total Cost of Electric Service (11 thru 18)	109,991,769	106,540,949	114,306,062	10,336,090
20. Patronage Capital & Operating Margins (1 minus 19)	(1,093,669)	2,112,387	4,860,388	(1,024,902)
21. Non Operating Margins - Interest	80,474	78,075	123,600	663
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments				
24. Non Operating Margins - Other	(55,685)	(26,685)		29,775
25. Generation and Transmission Capital Credits	1,054,192	3,600,144		3,600,144
26. Other Capital Credits and Patronage Dividends	405,568	252,969	250,100	
27. Extraordinary Items				
28. Patronage Capital or Margins (20 thru 27)	390,880	6,016,890	5,234,088	2,605,680

BLUE GRASS ENERGY
PRG. ACCTSMM

ACCOUNTING SUMMARY FROM 01/05 THRU 12/05
ACCOUNT BY ITEMID
ACCOUNTS 400.00 THRU 999.99
RUS

PAGE 16
RUN DATE 08/17/10
07:48 AM

LINE NO	ACCT	ITEM	DESCRIPTION	THIS YEAR	PBD	LAST YEAR	THIS YEAR	TO DATE	PBD	LAST YEAR	BUDGET
7.00	903.10	CASH	11 OVER & SHORT-MADISON	1.42		20.00	140.31			33.81	.00
7.00	903.10	CASH	42 CASH OVER/SHORT-FOX CREEK	.00		23.00	188.52			119.24	.00
7.00	903.10	CASH	47 CASH OVER & SHORT-HARRISON	55.00		.00	151.83			289.36	.00
7.00	903.10		CASH OVER/SHORT	39.45		422.33	316.73			165.43	.00
7.00	904.00	BUDG	00 BUDGET ITEM ID	.00		.00	.00			25.66	.00
7.00	904.00	CASH	08 UNCOLLECTABLE ACCOUNTS	.00		.00	35.58			40.85	.00
7.00	904.00	CASH	99 CASH RECEIVED	.00		.00	9987.99			5742.09	.00
7.00	904.00	CNES	10 PAYMENTS-UNCOLLECTABLE	1414.25		618.35	1919.19			30296.10	.00
7.00	904.00	CNES	23 TRANSFER TO/FROM BAD DEBT	.00		13551.01	250700.59			287602.27	.00
7.00	904.00	FJOU	07 BAD DEBT EXPENSE	31402.18		17813.55	10040.91			8476.16	.00
7.00	904.00	FJOU	34 BAD DEBTS APPLIED TO SCHOOL TAX	951.38		331.42	.00			1112.06	.00
7.00	904.00	TAXP	07 NICHOLASVILLE FRANCHISE TAX PD.	.00		1112.06	.00			.00	.00
7.00	904.00		UNCOLLECTABLE ACCOUNTS	31865.05	177	30539.43	248692.90	92		314067.43	269000.00
7.00	904.00		TOTAL	206295.90	113	178244.19	2342701.80	102		2317353.39	2288950.00
8.00	908.00	ACLB	01 ACCRUED LABOR(REG)-MONTH END	2495.76		1411.14	25528.85			29013.62	.00
8.00	908.00	ALOC	00 COST ALLOCATION-NON ELECTRIC	37.00		37.00	444.00			444.00	.00
8.00	908.00	BENE	05 SPREAD PAYROLL TAXES & BENEFITS	5349.24		3055.61	53218.66			53454.34	.00
8.00	908.00	BUDG	00 BUDGET ITEM ID	.00		.00	.00			.00	.00
8.00	908.00	CASH	46 EXP PART PLUS/TOUCHSTONE HOME	.00		.00	49441.57			.00	.00
8.00	908.00	LARG	00 LABOR REGULAR HRS	3101.44		2243.03	38647.15			39369.76	.00
8.00	908.00	MEMB	04 PROMOTIONAL ITEMS-INSTRUCTIONAL	.00		.00	4217.54			4217.54	.00
8.00	908.00	TREX	00 TRANSPORTATION EXPENSE	1898.20		648.39	17739.61			15740.12	.00
8.00	908.00		CUSTOMER ASSISTANCE EXPENSE	12807.64	98	7321.17	85248.70	54		141351.38	157271.00
8.00	909.00	ACLB	01 ACCRUED LABOR(REG)-MONTH END	.00		94.50	920.58			2121.06	.00
8.00	909.00	BENE	05 SPREAD PAYROLL TAXES & BENEFITS	142.08		276.95	2092.76			4018.74	.00
8.00	909.00	BUDG	00 BUDGET ITEM ID	.00		.00	12424.20			.00	.00
8.00	909.00	CASH	46 EXP PART PLUS/TOUCHSTONE HOME	.00		.00	1686.61			3012.67	.00
8.00	909.00	LARG	00 LABOR REGULAR HRS	148.66		236.71	1212.74			4737.92	.00
8.00	909.00	MEMB	03 ADVERTISING	.00		.00	.10			101.50	.00
8.00	909.00	MEMB	20 MARKETING/PUBLIC RELATIONS	.00		.00	415.95			703.13	.00
8.00	909.00	TREX	00 TRANSPORTATION EXPENSE	19.30		27.31	.00			.00	.00
8.00	909.00		INFORMATIONAL ADVERTISING	310.04	8	755.47	6095.66	14		14695.02	44678.00
8.00	910.00	ACLB	01 ACCRUED LABOR(REG)-MONTH END	94.52		478.50	4174.63			7323.50	.00
8.00	910.00	BENE	05 SPREAD PAYROLL TAXES & BENEFITS	271.00		1293.18	8147.09			14193.85	.00
8.00	910.00	LAOT	01 OVERTIME 1 1/2	.00		.00	12.17			.00	.00

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LINE NO	ACCT	ITEM	DESCRIPTION	THIS YEAR	PBD	LAST YEAR	THIS YEAR	TO DATE	LAST YEAR	BUDGET
7.00	903.00	ALOC	COST ALLOCATION-NON ELECTRIC	382.00-		382.00-	4584.00-		4584.00-	.00
7.00	903.00	BENE	SPREAD PAYROLL TAXES & BENEFITS	62445.80		42670.87	518129.60		446899.11	.00
7.00	903.00	BUDG	BUDGET ITEM ID	.00		.00	.00		.00	.00
7.00	903.00	CTLB	OFFICE TEMP	.00		.00	.00		.00	.00
7.00	903.00	DPEX	PROFESSIONAL ASSISTANCE	3579.60		3716.50	45478.58		46020.50	.00
7.00	903.00	FJOU	BANK CHARGES-KENTUCKY BANK	19.95		19.95	519.33		348.70	.00
7.00	903.00	FJOU	BANK CHARGES-LNB	.00		.00	106.52		121.55	.00
7.00	903.00	LAOC	LABOR REGULAR HRS	2248.11		2320.82	34281.24		25858.58	.00
7.00	903.00	LAOC	OVERTIME 1 1/2	28501.51		109.03-	358233.70		323864.42	.00
7.00	903.00	LARG	SICK LEAVE LABOR	.00		.00	.00		.00	.00
7.00	903.00	LARG	FUNERAL LEAVE	.00		.00	.00		.00	.00
7.00	903.00	MEMB	ADVERTISING	.00		.00	.00		.00	.00
7.00	903.00	REFU	MISCELLANEOUS REFUNDS	.00		.00	.00		.00	.00
7.00	903.00	TREX	TRANSPORTATION EXPENSE	6702.58		3688.98	62511.61		42813.03	.00
7.00	903.00		CUSTOMER RECORDS & COLLECTING E	165181.63	119	128280.97	1753544.30	105	1619783.26	1670950.00
7.00	903.10	CASH	CASH OVER & SHORT	93.64		.76	87.23-		19.58	.00
7.00	903.10	CASH	OVER & SHORT-MADISON	.00		2.31-	311.94		111.62-	.00
7.00	903.10	CASH	CASH OVER/SHORT-FOX CREEK	.00		.00	96.71		22.00-	.00
7.00	903.10	CASH	CASH OVER & SHORT-HARRISON	10.00-		3.20-	37.30-		64.46-	.00
7.00	903.10		CASH OVER/SHORT	83.64		4.75-	284.12		178.50-	.00
7.00	904.00	BUDG	BUDGET ITEM ID	.00		.00	.00		.00	.00
7.00	904.00	CNES	PAYMENTS-UNCOLLECTABLE	2090.97		331.04	17294.29		13645.74	.00
7.00	904.00	FJOU	BAD DEBT EXPENSE	22206.25		22632.91	349411.38		384975.43	.00
7.00	904.00	FJOU	BAD DEBTS APPLIED TO SCHOOL TAX	997.08-		646.66-	11386.31-		11799.12-	.00
7.00	904.00		UNCOLLECTABLE ACCOUNTS	23300.14	73	22317.29	355319.36	87	386822.05	410000.00
7.00	904.00		TOTAL	203768.15	106	185642.26	2381968.90	98	2499513.54	2427850.00
8.00	908.00	ACLB	ACCRUED LABOR(REG)-MONTH END	2299.44		2832.12	26531.95		22375.56	.00
8.00	908.00	ALOC	COST ALLOCATION-NON ELECTRIC	37.00-		37.00-	444.00-		444.00-	.00
8.00	908.00	BENE	SPREAD PAYROLL TAXES & BENEFITS	6932.63		5808.14	57833.64		46983.94	.00
8.00	908.00	BUDG	BUDGET ITEM ID	.00		.00	.00		.00	.00
8.00	908.00	LARG	LABOR REGULAR HRS	3329.52		2887.92	40291.46		34446.38	.00
8.00	908.00	TREX	TRANSPORTATION EXPENSE	1894.62		1494.20	14442.28		14611.00	.00
8.00	908.00		CUSTOMER ASSISTANCE EXPENSE	14419.21	116	12985.38	138655.33	93	117972.88	148978.00
8.00	909.00	ACLB	ACCRUED LABOR(REG)-MONTH END	92.46		169.24	2273.56		1121.24	.00
8.00	909.00	BENE	SPREAD PAYROLL TAXES & BENEFITS	370.10		408.14	4790.94		2279.61	.00

Blue Grass Energy Cooperative
Case No. 2010-00185
Commission Staff's Initial Request for Information
Witness Alan Zumstein

8. Refer to Exhibit I, page 2 of 4, submitted with the application. Provide all documentation supporting the "Average cost of anchors: of \$115.68.

Response: The continuing property records (CPRs) include the anchors and guys together. To get the cost of the anchor separately, the Engineering Department for Blue Grass Energy determined that the cost of the anchor was about 2/3 of the total cost since it takes more labor to install the anchor than to attach the guy. \$115.68 is 2/3 of the total of \$173.43.

Blue Grass Energy Cooperative
Case No. 2010-00185
Commission Staff's Initial Request for Information

Item 9
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9.a. Refer to Case No. 2008-00011 as cited in Cost of Money section. Provide the citation of documentation that supports the 6.24% rate of return provided.

Response: Exhibit K, page 1 of 7 of Case No. 2008-0011 provides the "Net Rate Base". The calculation is as follows which indicates the rate of return should have been 5.17% instead of 6.24%.

	<u>Application</u>	<u>Adjusted</u>
Net margins	(4,628,148)	(4,628,148)
Increase in Settlement		7,405,930
Non-cash patronage dividends	-	-
Interest on long term debt	<u>4,793,634</u>	<u>4,764,362</u>
 Total	 <u><u>165,486</u></u>	 <u><u>7,542,144</u></u>
 Net rate base	 <u><u>145,253,150</u></u>	 <u><u>145,879,175</u></u>
 Rate of return	 0.11%	 5.17%

Exhibit I
page 3 of 3

Fixed charges on investment from PSC Annual Report at December 31, 2009.

Total Distribution Expense	8,089,528	
Reference Page 14		
Customer Accounts Expense	2,891,937	
Reference Page 15		
Customer Service and Informational Expense	1,324,754	
Reference Page 15		
Administrative and General	4,302,949	
Reference Page 15		
Depreciation Expense	7,003,917	
Reference Page 13		
Taxes Other than Income Taxes	2,010	
Reference Page 13		
 Sub total	 23,615,095	
Divided by Total Utility Plant	189,082,373	12.49%
Line 2, Page 1		
 Cost of Money		
Rate of Return on Investment allowed in the last General		
Rate Request, Case No. 2008-00011	5.17%	
 Net plant ratio for distribution plant:		
Distribution plant	172,874,879	
Accumulated depreciation	39,197,352	22.7%
 Rate of return (times 1 minus reserve ratio)		4.00%
 Annual carrying charges		16.49%

A. 1. Two-Party Pole Cost:

Size	Quantity	Amount	Weighted Average Cost
35' and under poles	38,216	\$6,774,155	
40' - 45' poles	51,545	\$22,260,668	
	89,761	\$29,034,823	\$323.47

2. Three-Party Pole Cost:

Size	Quantity	Amount	Weighted Average Cost
40' - 45' poles	51,545	\$22,260,668	\$431.87

3. Average cost of anchors \$115.68

B. 1. Pole Charge:

a. Two party =	\$323.47	85%	16.49%	0.1224	\$5.55
b. Three party =	\$431.87	85%	16.49%	0.0759	\$4.59

2. Pole Charge, with ground attachments:

a. Two party =	\$323.47	85%	\$12.50	16.49%	0.1224	\$0.25
b. Three party =	\$431.87	85%	\$12.50	16.49%	0.0759	\$0.16

3. Anchor Charge:

a. Two party =	\$115.68		16.49%	0.50	\$9.54
b. Three party =	\$115.68		16.49%	0.33	\$6.29

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Blue Grass Energy has not made any adjustments or modifications to its CPR's during the current or previous several years.

Blue Grass Energy's CPRs for poles are classified as following:

- 35' and under
- 40' - 45'
- 50' and over

b. Refer to calculation of the net plant ratio. Explain why the totals do not match those contained within the cited documentation.

Response: The amounts reflected in the 2009 PSC annual report have been used in this response as reflected in Item 9.a.