

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LICKING VALLEY RURAL ELECTRIC)	
COOPERATIVE CORPORATION PASS-THROUGH)	CASE NO.
OF EAST KENTUCKY POWER COOPERATIVE,)	2010-00177
INC. WHOLESALE RATE ADJUSTMENT)	

O R D E R

On May 27, 2010, Licking Valley Rural Electric Cooperative Corporation (“Licking Valley”) submitted an application to pass through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. (“EKPC”) in Case No. 2010-00167.¹ Licking Valley submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Sections 1(3) and 2(2).

In its application, Licking Valley described how its proposed pass-through rates were developed:

Licking Valley RECC hereby states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that

¹ Case No. 2010-00167, Application of East Kentucky Power Cooperative, Inc. for General Adjustment of Electric Rates (Ky. PSC Jan. 14, 2011).

will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Licking Valley to pass through the increase in the wholesale rates of EKPC and to allocate such increase to its retail rates. Based upon this review, the Commission finds that Licking Valley's approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 2(2), and, therefore, should be accepted.

The Commission issued an Order today in Case No. 2010-00167 authorizing a \$43 million annualized increase in EKPC's wholesale rates effective for service rendered on and after today's date. According to Licking Valley, this will increase its wholesale power cost by \$1,020,680 annually.²

IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Licking Valley's application are rejected.
2. The approach proposed by Licking Valley to allocate its portion of the increase in wholesale rates authorized in Case No. 2010-00167 is accepted.
3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after the date of this Order.

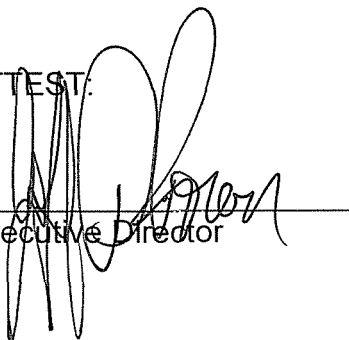
² Supplemental Information filed by Licking Valley on December 9, 2010, Item 2.

4. Within 20 days of the date of this Order, Licking Valley shall file its revised tariffs with this Commission setting out the rates approved herein and stating that they were approved pursuant to this Order.

By the Commission

ENTERED *p*
JAN 14 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00177 DATED JAN 14 2011

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Nineteenth Revised Sheet No. 1
Canceling P.S.C. KY No.
Eighteenth Revised Sheet No. 1

CLASSIFICATION OF SERVICE

SCHEDULE A – Residential, Farm, Small Community Hall & Church Service	RATE PER UNIT
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APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky).

AVAILABILITY OF SERVICE:

Available to members of the Cooperative for all residential and farm use, subject to its established rules and regulations. Available to members of the Cooperative for all community halls and churches with a transformer size of 25 KVA or less.

TYPE OF SERVICE:

Single-phase, 60 cycle 120/240 volts.

MONTHLY RATE:

Customer charge per delivery point	\$9.32	(I)
Energy charge per KWH	\$0.100400	(I)

DELAYED PAYMENT CHARGE:

The above rates are net, the gross being five percent (5%) higher. In the event the current monthly bill is not paid by the Tenth (10th) of the following month from the date of the bill, the gross rates shall apply.

SPECIAL RULES:

Limited to individual motors up to ten horsepower (10 H.P.)

FUEL ADJUSTMENT CLAUSE:

“All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for the line losses will not exceed ten percent (10%) and is based on a twelve month moving average of such losses. This Fuel Adjustment Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.”

DATE OF ISSUE: May 27, 2010

DATE EFFECTIVE: Service rendered on and after July 1, 2010

ISSUED BY _____, GENERAL MANAGER/CEO, West Liberty, KY

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2010-00177, dated _____.

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Nineteenth Revised Sheet No. 2
Canceling P.S.C. KY No.
Eighteenth Revised Sheet No. 2

CLASSIFICATION OF SERVICE

SCHEDULE B – Commercial and Small Power Service	RATE PER UNIT
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APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky).

AVAILABILITY OF SERVICE:

Available to commercial consumer, small schools, small industrial consumer, and three-phase farm consumers for all uses including lighting, appliances, cooking, heating, and motors of 25 KVA or less, all subject to established rules and regulations of the Cooperative covering this service.

TYPE OF SERVICE:

Single-phase and three-phase where available, 60 cycle 120/240 volts.

MONTHLY RATE:

Customer charge per delivery point	\$20.71	(I)
Energy charge per KWH	\$ 0.08967	(I)

MINIMUM MONTHLY ENERGY CHARGES:

For consumers requiring more than 10 KVA of transformer capacity, the minimum monthly charge shall be increased at the rate of 75 cents for each additional KVA or fraction thereof required.

DELAYED PAYMENT CHARGE:

The above rates are net, the gross being five percent (5%) higher. In the event the current monthly bills are not paid by the Tenth (10th) of the following month from the date of the bill, the gross rates shall apply.

DATE OF ISSUE: May 27, 2010

DATE EFFECTIVE: Service rendered on and after July 1, 2010

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For All Territory Served
 P.S.C. KY NO.
Nineteenth Revised Sheet No. 3
 Canceling P.S.C. KY No.
Eighteenth Revised Sheet No. 3

Licking Valley Rural Electric
 Cooperative Corporation

CLASSIFICATION OF SERVICE

SCHEDULE FOR LARGE POWER SERVICE – LP RATE
PER UNIT

APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky)

AVALABILTY OF SERVICE:

Available to consumers located on or near the Cooperative’s three-phase lines for all types of usage including churches and community halls in excess of 25 KVA subject to the established rules and regulation of seller.

MONTHLY RATE:

Customer charge per delivery point	\$ 50.94	(I)
Energy charge per KWH	\$ 0.075737	(I)
A demand charge of \$7.36 per KW		(I)

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as following:

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90%, and then divided by the actual power factor percent.

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Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Nineteenth Revised Sheet No. 4
Canceling P.S.C. KY No.
Eighteenth Revised Sheet No. 4

CLASSIFICATION OF SERVICE

SCHEDULE FOR LARGE POWER RATE – LPR

RATE
PER UNIT

APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky)

AVAILABILITY OF SERVICE:

Available to all industrial users on or near the Cooperative's lines whose kilowatt demand shall exceed 300 KW for lighting, heating, and/or power. With the following exceptions: rock quarries, sawmills, mines and any other service of a fluctuating nature due to their poor load factor and temporary nature. This schedule and all of its conditions must be agreed and entered into before the initial connection.

CONDITIONS:

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

CHARACTER OF SERVICE:

The electric service furnished under this schedule will be 60 cycle, alternating current at available nominal voltage.

MONTHLY RATE:

Customer charge per delivery point	\$101.89	(I)
Energy charge per KWH	\$ 0.067289	(I)

Demand charge of \$6.91 per KW (I)

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of (15) consecutive

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For All Territory Served
 P.S.C. KY NO.
Nineteenth Revised Sheet No. 5
 Canceling P.S.C. KY No.
Eighteenth Revised Sheet No. 5

Licking Valley Rural Electric
 Cooperative Corporation

CLASSIFICATION OF SERVICE

SCHEDULE SL (Security Lights and/or Rural Lighting)	RATE PER UNIT
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APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky)

AVAILABILITY OF SERVICE:

The Cooperative will furnish and install a metal halide type light on a twenty-five (25) foot pole or an existing Cooperative owned pole at a location suitable to both parties. Location, however, shall be up to 150 feet from an existing Cooperative owned secondary line.

When a pole is nonexistent it will be furnished by the cooperative at the following rate for overhead service:

25 ft Wood Pole	2.91 per pole per month
30 ft Wood Pole	3.37 per pole per month

MONTHLY RATE:

Services will be unmetered and will be per light per month as follows:

175 Watt MV	@ \$10.23	(I)
100 Watt Halide	@ \$10.23	(I)
250 Watt Halide	@ \$15.96	(I)
400 Watt Hailde	@ \$22.13	(I)

FUEL ADJUSMENT CLAUSE:

“All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for the line losses will not exceed ten percent (10%) and is based on a twelve month moving average of such losses. This Fuel Adjustment Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.”

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