COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| AN EXAMINATION OF THE) | |
|--------------------------------|------------|
| APPLICATION OF THE FUEL) | |
| ADJUSTMENT CLAUSE OF TAYLOR) | CASE NO. |
| COUNTY RURAL ELECTRIC) | 2010-00511 |
| COOPERATIVE CORPORATION FROM) | |
| NOVEMBER 1, 2008 THROUGH) | |
| OCTOBER 31, 2010) | |

ORDER

Pursuant to 807 KAR 5:056, the Commission, on January 26, 2011, established this case to review and evaluate the application of the Fuel Adjustment Clause ("FAC") of Taylor County Rural Electric Cooperative Corporation ("Taylor County") for the two-year period from November 1, 2008 through October 31, 2010.

As part of this review, the Commission ordered Taylor County to submit certain information and an affidavit attesting to its adherence to 807 KAR 5:056. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested person advised the Commission of his or her intent to attend.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

- 1. During the period under review, Taylor County has complied in all material respects with the provisions of 807 KAR 5:056.
- 2. East Kentucky Power Cooperative, Inc. ("East Kentucky"), the wholesale supplier of Taylor County, has been authorized to transfer (roll-in) to its base energy

rates a negative 6.39 mills per kWh of fuel costs that were being credited to customers through its FAC.¹

- 3. Taylor County should be authorized to transfer (roll-in) to its base energy rates a negative 6.76 mills per kWh to reflect, as adjusted for line loss, the transfer (roll-in) by East Kentucky of a negative 6.39 mills per kWh of fuel costs to East Kentucky's base energy rates that were being credited to customers through its FAC.
- 4. The rates and charges in the Appendix to this Order are fair, just, and reasonable, and reflect the reduction of fuel costs included in its base energy rates.

IT IS THEREFORE ORDERED that:

- 1. The charges and credits applied by Taylor County through the FAC for the period from November 1, 2008 through October 31, 2010 are approved.
- 2. Taylor County shall deduct 6.76 mills per kWh from its base energy rates (as adjusted for line loss) to reflect the transfer (roll-in) of a negative 6.39 mills per kWh of fuel costs by East Kentucky to its base energy rates as approved in Case No. 2010-00491.
- 3. The rates in the Appendix to this Order are approved for service rendered by Taylor County on and after June 1, 2011, the effective date of East Kentucky's change in rates.

¹ Case No. 2010-00491, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2008 through October 31, 2010 (Ky. PSC May 31, 2011).

4. Within 20 days of the date of this Order, Taylor County shall file revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved by this Order.

By the Commission

ENTERED (W)

MAY 3 1 2011

KENTUCKY PUBLIC SERVICE COMMISSION

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APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00511 DATED MAY 3 1 2011

The following rates and charges are prescribed for the customers in the area served by Taylor County Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

SCHEDULE A RESIDENTIAL

| All kWh per kWh | | \$.0822 |
|-----------------|--|-----------|
| | SCHEDULE R-1 RESIDENTIAL MARKETING RATE | |
| All kWh per kWh | | \$.04932 |
| | SCHEDULE GP1 SMALL COMMERCIAL | |
| All kWh per kWh | | \$.08237 |
| | SCHEDULE GP2 LARGE POWER | |
| All kWh per kWh | | \$.0619 |
| | SCHEDULE B1 LARGE INDUSTRIAL RATE | |
| All kWh per kWh | | \$.05309 |
| | SCHEDULE B2 LARGE INDUSTRIAL RATE | |
| All kWh per kWh | | \$.04736 |

SCHEDULE B3 LARGE INDUSTRIAL RATE

| All kWh per kWh | | \$.04622 |
|-----------------|--------------------------------------|-----------|
| | SCHEDULE C1 LARGE INDUSTRIAL RATE | |
| All kWh per kWh | | \$.05309 |
| | SCHEDULE C2 LARGE INDUSTRIAL RATE | |
| All kWh per kWh | | \$.04736 |
| | SCHEDULE C3 LARGE INDUSTRIAL RATE | |
| All kWh per kWh | | \$.04622 |

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