

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF SHELBY)	
ENERGY COOPERATIVE, INC. FROM)	CASE NO. 2002-00449
NOVEMBER 1, 2000 TO OCTOBER 31,)	
2002)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 11, 2002 established this case to review and evaluate the operation of the fuel adjustment clause (FAC) of Shelby Energy Cooperative, Inc. (Shelby) for the 2 years ended October 31, 2002.

As part of this review, the Commission ordered Shelby to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Shelby has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

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

1. Shelby has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky Power Cooperative, Inc. (EKPC), the wholesale supplier of Shelby, has been authorized to transfer (roll-in) a 2.31 mills per KWH increase in the base fuel cost to its base rates.¹

3. Shelby should be authorized to transfer (roll-in) a 2.41 mills per KWH increase in its base fuel costs to its base to reflect, as adjusted for line loss, the transfer of a 2.31 mills per KWH increase in EKPC s base rates. This transfer can best be accomplished by an energy adder to each KWH sold.

4. The rates and charges in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Shelby through the FAC for the period November 1, 2000 to October 31, 2002 are approved.

2. Shelby is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by EKPC from its FAC to its base rates.

3. The rates in Appendix A are approved for service rendered by Shelby on and after May 1, 2003, the effective date of EKPC s change in rates.

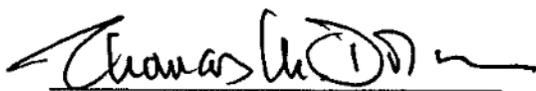
4. Within 30 days of the date of this Order, Shelby shall file with the Commission revised tariff sheets setting out the rates approved herein.

¹ Case No. 2002-00432, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2000 to October 31, 2002.

Done at Frankfort, Kentucky, this 23rd day of April, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00449 DATED April 23, 2003

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

RATE 1
GENERAL SERVICE

First 600 kWh per kWh	\$.06275
Next 1,400 kWh per kWh	\$.06100
All Over 2,000 kWh	\$.05968

Rate 10
OPTIONAL RESIDENTIAL, CHURCH AND SCHOOL SERVICE

All kWh per kWh	\$.05135
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RATE 2
LARGE POWER

First 100 kWh per kW Demand	\$.04901
Next 100 kWh per kW Demand	\$.04344
All Over 200 kWh per kW Demand	\$.03788

RATE 22
OPTIONAL TOD DEMAND

First 100 kWh per kW Demand	\$.04901
Next 100 kWh per kW Demand	\$.04344
All Over 200 kWh per kW Demand	\$.03788

RATE 3
OUTDOOR AND STREET LIGHTING SERVICE

Flat rate per light per month as follows:

HPS 7,000-10,000 Lumen	\$ 6.32
HPS 20,000-30,000 Lumen	\$ 8.84
HPS 4,000 Lumen Dec/Colonial	\$ 8.71
HPS 20,000-30,000 Lumen Directional Flood	\$ 8.84
HPS 50,000 Lumen Directional Flood	\$ 11.62

RATE 4
STANDBY POWER RATE

First 100 kWh per kW Demand	\$.04669
Next 100 kWh per kW Demand	\$.04079
All Over 200 kWh per kW Demand	\$.03492

RATE ETS
OFF-PEAK RETAIL MARKETING RATE

All kWh per kWh	\$.03581
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SCHEDULE B1
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.03084
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SCHEDULE B2
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.02584
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SCHEDULE B3
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.02484
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SCHEDULE C1
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.03084
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SCHEDULE C2
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.02584
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SCHEDULE C3
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.02484
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