

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF FARMERS)
RURAL ELECTRIC COOPERATIVE) CASE NO. 2006-00515
CORPORATION FROM NOVEMBER 1,)
2004 TO OCTOBER 31, 2006)

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 18, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Farmers Rural Electric Cooperative Corporation ("Farmers") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Farmers to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Farmers 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.

In its April 1, 2007 Order in Case No. 2006-00472,¹ the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Farmers' power supplier. On April 11, 2007, Farmers filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

in Case No. 2006-00478.² In its June 13, 2007 data request, Commission Staff requested that Farmers provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Farmers has complied with that request.

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

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

2. East Kentucky, the wholesale supplier of Farmers, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its base rates.³

3. Farmers should be authorized to transfer (roll-in) a 6.45 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 6.13 mills per kWh increase in East Kentucky's current base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in Appendix A 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 Farmers through the FAC for the period November 1, 2004 to October 31, 2006 are approved.

² Case No. 2006-00478, Application of Farmers Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

³ Case No. 2006-00508, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2004 to October 31, 2006.

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

3. The rates in Appendix A are approved for service rendered by Farmers on and after August 1, 2007, the effective date of East Kentucky's change in rates.

4. Within 20 days of the date of this Order, Farmers shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25th day of July, 2007.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00515 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Farmers 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.

CLASS 1
RESIDENTIAL

Schedule R:		
Minimum Bill		\$ 7.48
First 50 kWh (per kWh)		\$.14963
Remaining kWh (per kWh)		\$.06936
Schedule RM (ETS):		
All kWh (per kWh)		\$.04162

CLASS 4
SMALL COMMERCIAL AND INDUSTRIAL (BELOW 50 KW)

Schedule C-Section 1:		
Minimum Bill		\$ 7.48
First 50 kWh (per kWh)		\$.14963
Remaining kWh (per kWh)		\$.07262
Schedule CM (ETS):		
All kWh (per kWh)		\$.04357

CLASS 5
LARGE COMMERCIAL AND INDUSTRIAL (50 KW & ABOVE)

Schedule C-Section 2:		
All kWh (per kWh)		\$.05684
Schedule D (TOD):		
All kWh (per kWh)		\$.05684
Schedule E:		
All kWh (per kWh)		\$.04260

CLASS 6
STREET LIGHTING

Schedule SL:		
All kWh (per kWh)		\$.04612

ALL CLASSES
OUTDOOR LIGHTING

Schedule OL:		
Mercury Vapor	175 Watt	\$ 6.98
Mercury Vapor	250 Watt	\$ 7.95
Mercury Vapor	400 Watt	\$ 12.07
Mercury Vapor	1,000 Watt	\$ 21.09
Sodium Vapor	100 Watt	\$ 7.31
Sodium Vapor	150 Watt	\$ 8.48
Sodium Vapor	250 Watt	\$ 11.49
Sodium Vapor	400 Watt	\$ 14.74
Sodium Vapor	1,000 Watt	\$ 31.88