

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMERS RURAL ELECTRIC )  
COOPERATIVE CORPORATION TO )  
PASS-THROUGH AN INCREASE OF ITS ) CASE NO.  
WHOLESALE POWER SUPPLIER PURSUANT ) 2008-00414  
TO KRS 278.455(2) )

ORDER

On October 31, 2008, Farmers Rural Electric Cooperative Corporation ("Farmers") submitted an application to pass-through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. ("EKPC") in Case No. 2008-00409.<sup>1</sup> Farmers submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Section 2.

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

In accordance with the provisions of KRS 278.455(2), Farmers Rural Electric Cooperative 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.<sup>2</sup>

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

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<sup>1</sup> Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC March 31, 2009)

<sup>2</sup> Application, Page 1.

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 Farmers to pass-through any increases in the wholesale rates of EKPC and to allocate such increases to its retail rates. Based upon this review, the Commission finds that Farmers' 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 in Case No. 2008-00409 on March 31, 2009 authorizing a \$59.5 million annualized increase in EKPC's wholesale rates effective for service rendered on and after April 1, 2009. According to Farmers, this will increase its wholesale power cost by \$2,708,314 annually.<sup>3</sup>

IT IS THEREFORE ORDERED that:

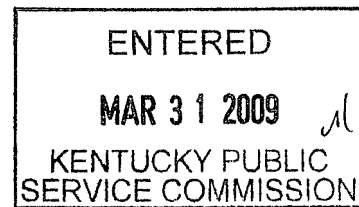
1. The proposed rates submitted with Farmers' application are rejected.
2. The approach proposed by Farmers to allocate its portion of the increase in the wholesale rates authorized in Case No. 2008-00409 is accepted.
3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after April 1, 2009.

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<sup>3</sup> Response to Commission Staff's Supplemental Data Request issued on March 18, 2009.

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

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00414 DATED MAR 3 1 2009

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

20<sup>th</sup> Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 1

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

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**RATES AND CHARGES**

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**SCHEDULE R – RESIDENTIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to residents for all uses in the home and on the farm and for other consumers using single-phase service below 50 kW for ordinary merchandising establishments, repair shops, garages and service stations, schools, churches and community buildings, all subject to the established rules and regulations of the seller. Three-phase service may be provided to consumers located within 1,000 feet of existing three-phase line.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles, at available secondary voltages.

RATES PER MONTH:

First	50 kWh	@	\$0.16049
All Remaining	kWh	@	0.07440

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 line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

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DATE OF ISSUE March 26, 2009  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning April 1, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

20<sup>th</sup> Revised SHEET NO. 2

CANCELLING P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 2

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

**RATES AND CHARGES**

**SCHEDULE R – RESIDENTIAL SERVICE**

**MINIMUM CHARGES:** The minimum monthly charge to consumers billed under the above rate shall be \$8.02 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kWh corresponding to the minimum charge in accordance with the foregoing rate. The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity.

**TERMS OF PAYMENT:** The above rates are net, the gross rates are 10 percent higher, but not more than \$5.00 on the unpaid amount. If the current monthly bill is not paid by the 15th of the month following the meter reading date, the gross rates shall then apply. No delayed payment charge shall be applicable to schools, churches and community buildings.

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(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

20<sup>th</sup> Revised SHEET NO. 3

CANCELLING P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 3

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

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**RATES AND CHARGES**

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**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial and industrial loads for all uses including lighting, heating and power, including oil well services, all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

1. For all consumers whose kilowatt demand is less than 50 kW.

Kilowatt Demand Charge:	None		
First	50 kWh	@	\$0.16049 per kWh
All Remaining	kWh	@	0.07789 per kWh

2. For all consumers whose kilowatt demand is 50 kW or above.

Kilowatt Demand Charge:	\$5.43 per kW
Energy Charge:	
All	kWh@ \$0.06097 per kWh

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TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 4

CANCELLING P.S.C. KY. NO. 9

18<sup>th</sup> Revised SHEET NO. 4

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

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**RATES AND CHARGES**

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**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

**DETERMINATION OF BILLING DEMAND:** The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen 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 provided below.

**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 maximum demand is less than 85 percent, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 85 percent and divided by the per cent power factor.

**MINIMUM MONTHLY CHARGE:** The minimum monthly charge under the above rates shall be \$8.02 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kilowatt hours corresponding to the minimum charge in accordance with the foregoing rate.

The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity or the minimum monthly charge stated in the service contract. Where it is necessary to extend or re-enforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with the terms of this section, additional energy shall be included in accordance with the foregoing rate schedule.

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(Signature of Officer)

TITLE President & CEO



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

20<sup>th</sup> Revised SHEET NO. 6

CANCELLING P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 6

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

**RATES AND CHARGES**

**SCHEDULE OL -- OUTDOOR LIGHTING SERVICE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: To individuals, towns, villages and others for controlled single and multiple outdoor lighting from dusk to dawn. Service under this schedule is for a term of not less than one year and is subject to the rules and regulations of the seller as approved by the Kentucky Public Service Commission.

RATE PER FIXTURE:

<u>Type of Lamp</u>	<u>Watts</u>	<u>Monthly kWh Usage</u>	<u>Monthly Charge Per Lamp</u>
Mercury Vapor	175	70	\$7.49
Mercury Vapor	250	98	8.53
Mercury Vapor	400	156	12.95
Mercury Vapor	1000	378	22.62
Sodium Vapor	100	42	7.84
Sodium Vapor	150	63	9.10
Sodium Vapor	250	105	12.32
Sodium Vapor	400	165	15.81
Sodium Vapor	1000	385	34.19

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 line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

CONDITIONS OF SERVICE:

1. Outdoor lighting, including lamps, fixture, other necessary facilities and electric energy, will be furnished by the Cooperative.
2. Above service is limited to one existing wood pole per fixture.
3. Lamp replacements will be furnished and made by the Cooperative except in cases of vandalism or willful destruction.
4. Service required other than the above shall be paid for by the consumer according to the initial cost of such installation.

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TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

11<sup>th</sup> Revised SHEET NO. 6L

CANCELLING P.S.C. KY. NO. 9

10<sup>th</sup> Revised SHEET NO. 6L

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

**RATES AND CHARGES**

**SCHEDULE SL – STREET LIGHTING SERVICE**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to federal, state and local governmental agencies for dusk to dawn street lighting subject to established rules and regulations.

TYPE OF SERVICE: Automatic dusk to dawn lighting systems, single-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE:

Energy Charge: The monthly energy charge for each type of lamp shall be \$0.04947 per rated kWh per month as determined from Table I below:

TABLE I

<u>Type of Lamp</u>	<u>Lamp Size</u>		<u>Rated kWh</u>
	<u>Watts</u>	<u>Lumens</u>	
Mercury Vapor	175	7,650	70
Mercury Vapor	250	10,400	98
Mercury Vapor	400	19,100	156
High Pressure Sodium	100	8,550	42
High Pressure Sodium	250	23,000	105
High Pressure Sodium	400	45,000	165
High Pressure Sodium	1,000	126,000	385

Facility Charge: The books of the Cooperative shall accurately reflect the Cooperative's total investment in facilities for each specific agency receiving service under this tariff. The monthly facility charge for a given agency shall be 1.14 percent of said total investment.

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FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

16<sup>th</sup> Revised SHEET NO. 6N

CANCELLING P.S.C. KY. NO. 9

15<sup>th</sup> Revised SHEET NO. 6N

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

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**RATES AND CHARGES**

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**SCHEDULE D – LARGE COMMERCIAL/INDUSTRIAL SERVICE**  
**OPTIONAL TIME-OF-DAY RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial and industrial loads whose kilowatt demand is 50 kW or above for all uses including lighting, heating and power, all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

Kilowatt Demand Charge: \$5.44 per kW

Energy Charge:

All kWh @ \$0.06097 per kWh

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the on-peak hours specified by the seller in the consumer's service contract during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

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FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6Q

CANCELLING P.S.C. KY. NO. 9

12<sup>th</sup> Revised SHEET NO. 6Q

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

**RATES AND CHARGES**

**SCHEDULE E – LARGE INDUSTRIAL RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to all consumers who are or shall be members of the Seller where the monthly contract demand is 1,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand, all subject to the established rules and regulations of the Seller.

MONTHLY RATE:

Consumer Charge:	\$589.93 per Month
Demand Charge:	5.94 per kW
Energy Charge:	0.04569 per kWh

DETERMINATION OF BILLING DEMAND: The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand,
- (b) The consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>MONTHS</u>	<u>HOURS APPLICABLE FOR DEMAND BILLING - EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

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FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

14<sup>th</sup> Revised SHEET NO. 6T

CANCELLING P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6T

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

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**RATES AND CHARGES**

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**SCHEDULE RM – RESIDENTIAL OFF-PEAK MARKETING**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers eligible for Schedule R - Residential Service. The electric power and energy furnished under Tariff RM Residential Off-Peak Marketing Rate shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following these tariffs as Appendix D. Other power and energy furnished will be billed under Schedule R.

RATES:

Energy Charge: \$0.04464 per kWh

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

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TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

14<sup>th</sup> Revised SHEET NO. 6V

CANCELLING P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6V

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**  
(Name of Utility)

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**RATES AND CHARGES**

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**SCHEDULE CM – SMALL COMMERCIAL OFF-PEAK MARKETING**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to commercial consumers whose kilowatt demand is less than 50 kW. The electric power and energy furnished under Tariff CM, Small Commercial Off-Peak Marketing Rate, shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following this tariff as Appendix D. Other power and energy furnished will be billed under Schedule C-1.

RATES:

Energy Charge: \$0.04673 per kWh

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

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