

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF BIG SANDY )  
RURAL ELECTRIC COOPERATIVE ) CASE NO. 2008-00523  
CORPORATION FROM NOVEMBER 1, )  
2006 THROUGH OCTOBER 31, 2008 )

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 23, 2009, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Big Sandy to submit certain information and an affidavit attesting to its adherence to 807 KAR 5:056. Big Sandy 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 person advised the Commission of his or her intention to attend.

In Case No. 2008-00409,<sup>1</sup> the Commission authorized a \$59.5 million rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Big Sandy's power supplier. On April 20, 2009, Big Sandy filed its revised tariffs reflecting the rate increase authorized by the Commission's March 31, 2009 Order in Case No. 2008-

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

00410.<sup>2</sup> Big Sandy subsequently filed a revised tariff, at Commission Staff's request, which reflected the effect of the proposed FAC roll-in upon its approved base rates. On June 3, 2009, the Commission approved a settlement agreement in Big Sandy's general rate case, Case No. 2008-00401.<sup>3</sup> In response to a subsequent Commission Staff data request, Big Sandy provided rates which reflect the effect of the proposed FAC roll-in upon its approved settlement base rates.

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

1. Big Sandy has complied in all material respects with the provisions of 807 KAR 5:056.
2. East Kentucky, the wholesale supplier of Big Sandy, has been authorized to transfer (roll-in) a 10.15 mills per kWh increase in the base fuel cost to its base rates.<sup>4</sup>
3. Big Sandy should be authorized to transfer (roll-in) a 10.81 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 10.15 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.

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<sup>2</sup> Case No. 2008-00410, Application of Big Sandy Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2) (Ky. PSC Mar. 31, 2009).

<sup>3</sup> Case No. 2008-00401, Application of Big Sandy Rural Electric Cooperative Corporation for an Adjustment in Rates (Ky. PSC June 3, 2009).

<sup>4</sup> Case No. 2008-00519, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2006 to October 31, 2008 (Ky. PSC July 15, 2009).

4. The rates and charges in the Appendix to this Order are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

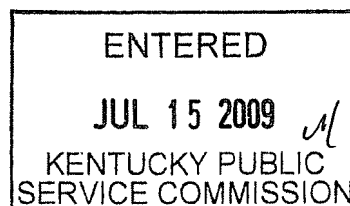
1. The charges and credits applied by Big Sandy through the FAC for the period from November 1, 2006 to October 31, 2008 are approved.

2. Big Sandy 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 current base rates.

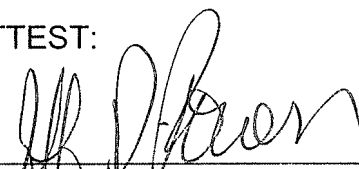
3. The rates in the Appendix to this Order are approved for service rendered by Big Sandy on and after August 1, 2009, the effective date of East Kentucky's change in rates.

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

By the Commission



ATTEST:

  
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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00523 DATED JUL 15 2009

The following rates and charges are prescribed for the customers in the area served by Big Sandy 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-1  
FARM AND HOME

Energy Charge per kWh	\$	.09210
Off-Peak Energy Charge per kWh	\$	.05526

SCHEDULE 2  
COMMERCIAL AND SMALL POWER

Energy Charge per kWh	\$	.08129
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SCHEDULE LP  
LARGE POWER SERVICE

Energy Charge per kWh		
Primary Meter	\$	.06330
Secondary Meter	\$	.06531

SCHEDULE LPR  
LARGE POWER RATE

Energy Charge per kWh		
Primary Meter	\$	.05998
Secondary Meter	\$	.06181

SCHEDULE YL-1  
YARD SECURITY LIGHT SERVICE

Flat rate per light per month as follows:		
175 Watt	\$	9.06
400 Watt	\$	13.92
500 Watt	\$	16.61
1,500 Watt	\$	39.56
400 Watt Flood	\$	18.47

SCHEDULE IND 1

Energy Charge per kWh	
Primary Meter	\$ .05638
Secondary Meter	\$ .05701

SCHEDULE IND 2

Energy Charge per kWh	
Primary Meter	\$ .05102
Secondary Meter	\$ .05151

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