

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. 2008-00536
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 Shelby Energy Cooperative, Inc. ("Shelby") for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Shelby to submit certain information and an affidavit attesting to its adherence to 807 KAR 5:056. Shelby has complied with this Order. A public hearing was held on March 17, 2009. One customer, Jerry Beverly, provided public comment at the hearing.

In Case No. 2008-00409,¹ the Commission authorized a \$59.5 million rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Shelby's power supplier. On April 7, 2009, Shelby filed its revised tariffs reflecting the rate increase

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

authorized by the Commission's March 31, 2009 Order in Case No. 2008-00423.² Shelby 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.

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 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Shelby, has been authorized to transfer (roll-in) a 10.15 mills per kWh increase in the base fuel cost to its base rates.³

3. Shelby should be authorized to transfer (roll-in) a 10.52 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.

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 Shelby through the FAC for the period from November 1, 2006 to October 31, 2008 are approved.

² Case No. 2008-00423, Application of Shelby Energy Cooperative, Inc. to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2) (Ky. PSC Mar. 31, 2009).

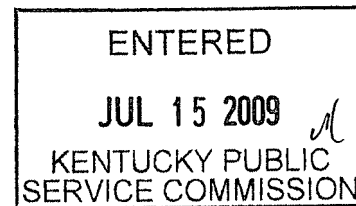
³ Case No. 2008-00519, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2006 to October 31, 2008 (Ky PSC July 15, 2009).

2. Shelby 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 Shelby 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, Shelby shall file with the Commission revised tariff sheets setting out the rates approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00536 DATED JUL 15 2009

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 the Commission prior to the effective date of this Order.

RATE 1
GENERAL SERVICE

First	600 kWh per kWh	\$.09193
Next	1,400 kWh per kWh	\$.08999
All Over	2,000 kWh per kWh	\$.08854

RATE 2
LARGE POWER

First	100 kWh per kW Demand	\$.07676
Next	100 kWh per kW Demand	\$.07061
All Over	200 kWh per kW Demand	\$.06448

RATE 3
OUTDOOR AND STREET LIGHTING SERVICE

Flat rate per light per month as follows:

HPS 100 Watt Security Light	\$ 7.86
HPS 100 Watt Decorative Colonial Light	\$ 10.50
HPS 400 Watt Directional Flood Security and Street Light	\$ 16.43
HPS 250 Watt Directional Flood Security and Street Light	\$ 11.73
HPS 150 Watt Decorative Acorn Light	\$ 12.61

RATE 10
OPTIONAL RESIDENTIAL, CHURCH AND SCHOOL SERVICE

All kWh per kWh	\$.07934
-----------------	-----------

RATE 22
OPTIONAL TOD DEMAND

First	100 kWh per kW Demand	\$.07676
Next	100 kWh per kW Demand	\$.07061
All Over	200 kWh per kW Demand	\$.06448

RATE ETS
OFF-PEAK RETAIL MARKETING RATE

All kWh per kWh	\$.05312
-----------------	-----------

SCHEDULE B1
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.05671
-----------------	-----------

SCHEDULE B2
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.05119
-----------------	-----------

SCHEDULE B3
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.05008
-----------------	-----------

SCHEDULE C1
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.05671
-----------------	-----------

SCHEDULE C2
LARGE INDUSTRIAL RATE

All kWh per kWh	\$.05119
-----------------	-----------

SCHEDULE C3
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05008

RATE 33
SPECIAL OUTDOOR LIGHTING SERVICE

All kWh per kWh \$.06440

Debbie Martin
President and CEO
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065