

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR THE)	CASE NO.
SIX-MONTH BILLING PERIODS ENDING)	2009-00039
DECEMBER 31, 2007; JUNE 30, 2008;)	
AND DECEMBER 31, 2008; AND THE PASS-)	
THROUGH MECHANISM FOR ITS SIXTEEN)	
MEMBER DISTRIBUTION COOPERATIVES)	

O R D E R

On November 12, 2009, East Kentucky Power Cooperative, Inc. ("EKPC") filed an application for rehearing of the Commission's November 6, 2009 Order approving the environmental surcharge mechanism as applied by EKPC and its 16 Member Cooperatives¹ for the three six-month periods under review. EKPC requests the Commission to modify its approval of the adoption of a two-month "true-up" adjustment to accurately reflect that the "true-up" will be in effect on a permanent basis, not just for two months.

¹ EKPC's member distribution cooperatives are Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Cumberland Valley Electric, Inc., Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Grayson Rural Electric Cooperative Corporation, Inter-County Energy Cooperative Corporation, Jackson Energy Cooperative, Licking Valley Rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, Owen Electric Cooperative, Inc., Salt River Electric Cooperative Corporation, Shelby Energy Cooperative, Inc., South Kentucky Rural Electric Cooperative Corporation, and Taylor County Rural Electric Cooperative Corporation.

Based on the application for rehearing and being otherwise sufficiently advised, the Commission finds that EKPC had proposed to permanently adopt a two-month “true-up” adjustment for itself and its Member Cooperatives. Such an adjustment would eliminate the timing difference that occurs due to the variances between monthly billing revenues and the average 12-month revenues used in the determination of the monthly surcharge billing factor. This adjustment is intended to reduce the over- or under-collections EKPC experiences due to such revenue variations. The Commission intended to approve the “true up” on a permanent basis as proposed, but inadvertently referred to it in the November 6, 2009 Order as being in effect for only two months. Therefore, we find good cause to correct the November 6, 2009 Order to correctly state that the two month “true-up” for EKPC and its Member Cooperatives is approved on a permanent basis, to become effective with the first monthly filing submitted after the date of this Order. As part of our approval of the two-month “true-up” adjustment, we find that EKPC’s proposed revisions to its monthly environmental surcharge forms, Forms 1.1 and Form 2.0, are reasonable and should be approved as filed.²

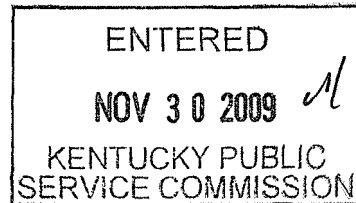
IT IS THEREFORE ORDERED that:

1. EKPC’s application for rehearing is granted as discussed herein.
2. The November 6, 2009 Order is modified to the extent that the two-month “true-up” is approved on a permanent basis, to be effective with the first monthly environmental surcharge filing after the date of this Order. All other provisions remain in full force and effect.

² Response to the Commission Staff’s First Data Request dated March 26, 2009, Wood Testimony at 8 and Exhibits AFW-1 and AFW-2.

3. EKPC's revisions to its environmental surcharge monthly filings, Forms 1.1 and 2.0, are approved effective with the first monthly filing submitted after the date of this Order.

By the Commission



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