

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF EAST KENTUCKY) CASE NO. 2010-00491
POWER COOPERATIVE, INC. FROM NOVEMBER 1,)
2008 THROUGH OCTOBER 31, 2010)

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 26, 2011, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of East Kentucky Power Cooperative, Inc. ("East Kentucky") for the period from November 1, 2008 through October 31, 2010, and to determine the amount of fuel costs that should be transferred (rolled-in) to its base rates to re-establish its FAC factor.

In establishing this review, the Commission ordered East Kentucky to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. East Kentucky submitted this information on February 14, 2011. A public hearing was held on March 22, 2011. On March 31, 2011, East Kentucky filed a post-hearing data response to a question asked at the hearing. There are no intervenors in this case.

East Kentucky proposed that the month of June 2010 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 30.14 mills per kWh, the fuel cost for the proposed base period. East Kentucky's current base fuel cost is 36.53 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in East Kentucky's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by East Kentucky. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of June 2010 is a reasonably representative generation month of East Kentucky. The analysis of East Kentucky's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year review period ranged from a low of 22.73 mills per kWh in April 2010 to a high of 35.73 mills per kWh in December 2008, with an average cost for the period of 28.94 mills per kWh. Based upon this review, the Commission finds that East Kentucky has complied with 807 KAR 5:056 and that the proposed base period fuel cost of 30.14 mills per kWh should be approved.

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

1. During the period under review, East Kentucky has complied with the provisions of 807 KAR 5:056.
2. The test month of June 2010 should be used as East Kentucky's base period for this review.
3. East Kentucky's proposed base period fuel cost of 30.14 mills per kWh should be approved.
4. The establishment of a base fuel cost of 30.14 mills per kWh requires a transfer (roll-in) of a negative 6.39 mills per kWh of fuel costs to East Kentucky's current base rates that were being credited to customers through its FAC.

5. The rates in the Appendix to this Order are designed to reflect the transfer (roll-in) of a negative 6.39 mills per kWh to base rates, which is the differential between the old base fuel cost of 36.53 mills and the new base fuel cost of 30.14 mills per kWh.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved for service rendered on and after June 1, 2011.

7. For service rendered on and after June 1, 2011, East Kentucky should use an FAC rate based upon a base fuel cost of 30.14 mills per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by East Kentucky through the FAC for the period from November 1, 2008 through October 31, 2010 are approved.

2. East Kentucky's proposed base fuel cost of 30.14 mills per kWh is approved.


3. East Kentucky shall transfer (roll-in) a negative 6.39 mills per kWh of fuel costs to its current base rates that were being credited to customers through its FAC.

4. The rates in the Appendix to this Order are approved for service rendered on and after June 1, 2011.

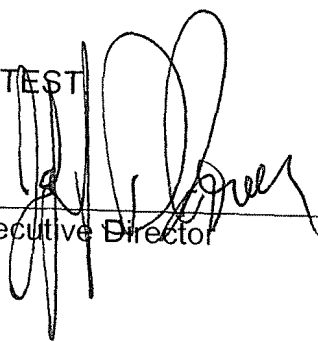
5. For service rendered on and after June 1, 2011, East Kentucky shall use an FAC rate based upon a base fuel cost of 30.14 mills per kWh.

6. Within 20 days of the date of this Order, East Kentucky shall file its revised tariff sheets with the Commission setting out the rates approved herein.

By the Commission

ENTERED 
MAY 31 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST



Executive Director

Case No. 2010-00491

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00491 MAY 31 2011

The following rates and charges are prescribed for the customers in the area served by East Kentucky Power 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.

SCHEDULE A

Monthly Rate Per Load Center:

Energy Charge per kWh \$.042882

SCHEDULE B

Energy Charge per kWh \$.042882

SCHEDULE C

Energy Charge per kWh \$.042882

SCHEDULE E

Monthly Rate Per Load Center:

Energy Charge per kWh:
Option 1 On-Peak \$.045132
Option 1 Off-Peak \$.044554
Option 2 On-Peak \$.053279
Option 2 Off-Peak \$.044554

SCHEDULE G

Energy Charge per kWh \$.040847

SPECIAL CONTRACT - GALLATIN

On-Peak Energy \$.042805
Off-Peak Energy \$.039377

SPECIAL CONTRACT – INLAND STEAM

Energy Charge - MMBTU

\$ 4.556

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