


Rural Electric Cooperative Corporation

A Touchstone Energy[®] Cooperative 

October 26, 2007

RECEIVED

BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT KY 40602

OCT 26 2007

**PUBLIC SERVICE
COMMISSION**

RE: Case No. 2006-00466

Dear Ms. O'Donnell:

Please find enclosed the original and six (6) copies of the Joint Settlement Stipulation and Recommendation with Attachments A and B.

If you need any additional information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Michael L. Miller".

Michael L. Miller
President & CEO

/af1

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

ADJUSTMENT OF RATES OF
NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION

OCT 26 2007

PUBLIC SERVICE
COMMISSION

CASE NO. 2006-00466

JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely the applicant, Nolin Rural Electric Cooperative Corporation (Nolin RECC) and the intervenor, Attorney General of the Commonwealth of Kentucky to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the "Stipulation" and/or "Recommendation".

It is understood by all parties hereto that this Recommendation is not binding upon the Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Nolin RECC's rates. The parties have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Nolin RECC should be permitted to adjust its rates in order to permit it to recover more in annual revenue than it is recovering under its current rates, with such rates to be effective for service rendered after January 1, 2008. The exhibits attached hereto reflect a stipulated reduction of \$335,418 from the original rate increase requested amount of \$2,934,263 for an amended rate increase amount of \$2,598,845.

2. Nolin RECC's proposed tariff revisions should be adopted as are reflected in its original application as amended by this Stipulation and Recommendation. Amended tariffs for (Schedule 1) Residential, Farm, Non-Farm, Trailers, and Mobile Homes, (Schedule 2) Commercial, Small Power, Single Phase, and Three Phase Service, (Schedule 3) Large Power, (Schedule 5) Security Lights and (Schedule 6) Street Lighting are attached hereto as Attachment "A" which reflects the stipulated reduction in rates.

Attached to this Stipulation and Recommendation as Attachment B are proof-of-revenue sheets, showing that the rates set forth in Attachment A will generate the proposed revenue increase to which the parties have agreed in Paragraph number 1 hereof.

3. Each party hereto waives all cross-examination of witnesses of the other parties hereto unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Notice of Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.

4. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Nolin RECC or any other utility.

5. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

6. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any or all matters involved herein, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor

shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission, or its Staff in any such hearing.

7. The parties hereto agree that the foregoing Recommendation is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Recommendation in its entirety.

AGREED: this 25th day of October, 2007.

NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: Michael L. Miller
MICHAEL L. MILLER,
PRESIDENT OF NOLIN RECC

KENTUCKY ATTORNEY GENERAL

BY: Lawrence W. Cook
LAWRENCE W. COOK
ASSISTANT ATTORNEY GENERAL

NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: John J. Scott
JOHN J. SCOTT
ATTORNEY FOR NOLIN RECC

ATTACHMENT "A"

FOR ENTIRE SERVICE AREA

Nolin RECC
411 Ring Road
Elizabethtown, KY 42701-6767

PSC KY NO. 10
10th Revision Sheet No. 20

CANCELING PSC KY NO. 10
9th Revision Sheet No. 20

CLASSIFICATION OF SERVICE

SCHEDULE 1 - RESIDENTIAL, FARM, NON-FARM, TRAILERS AND MOBILE HOMES

APPLICABLE: Entire Service Area

AVAILABILITY OF SERVICE: Available to all residents for uses in the home or on the farm, including trailers, mobile homes, schools, churches, community halls and non-profit community welfare institutions where the required total transformer capacity is 50 KVA or less, single or three phase.

TYPE OF SERVICE: Single phase 120/240 volts and three phase service where available at available voltages.

RATES PER MONTH:

- (I) Customer Charge \$8.13
- (I) All KWH Charge \$0.07341 per KWH

FUEL ADJUSTMENT CLAUSE: The above rate 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% 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.

- (I) MINIMUM CHARGE: The minimum monthly charge for service shall be \$8.13.

DATE OF ISSUE	October 29, 2007	DATE EFFECTIVE	January 1, 2008
ISSUED BY	<i>Michael L. Miller</i>	President & CEO	411 Ring Road Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2006-00466.

FOR ENTIRE SERVICE AREA

Nolin RECC
411 Ring Road
Elizabethtown, KY 42701-6767

PSC KY NO. 10
10th Revision Sheet No. 22

CANCELING PSC KY NO. 10
9th Revision Sheet No. 22

CLASSIFICATION OF SERVICE

SCHEDULE 2 - COMMERCIAL, SMALL POWER, SINGLE PHASE AND THREE PHASE SERVICE

APPLICABLE: Entire Service Area

AVAILABILITY OF SERVICE: Available to commercial members and small power loads requiring transformer capacity of 50 KVA or less, single phase and commercial members requiring three phase service with 50 KVA or less of total transformer capacity all subject to the established rules and regulations of the Cooperative.

TYPE OF SERVICE: Single phase 120/240 volts and three phase service where available at available voltages.

RATES PER MONTH:

- (I) Customer Charge \$15.13
- (I) All KWH Charge \$0.07949

FUEL ADJUSTMENT CLAUSE: The above rate 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% 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.

- (I) MINIMUM CHARGE: The minimum monthly charge for service shall be \$15.13.

DATE OF ISSUE	October 29, 2007	DATE EFFECTIVE	January 1, 2008
ISSUED BY	<i>Michael L. Miller</i>	President & CEO	411 Ring Road Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00466.

Nolin RECC
411 Ring Road
Elizabethtown, KY 42701-6767

PSC KY NO. 10
9th Revision Sheet No. 24

CANCELING PSC KY NO. 10
8th Revision Sheet No. 24

CLASSIFICATION OF SERVICE

SCHEDULE 3 - LARGE POWER

APPLICABLE: Entire Service Area

AVAILABILITY OF SERVICE: Available to consumers located on or near Cooperatives three phase lines whose transformer capacity would be more than 50 KVA and the demand would be 99 kw or less. All subject to the established rules and regulations of the Cooperative.

TYPE OF SERVICE: Three phase 60 cycle at available voltages, as agreed to in the five (5) year contract for service.

RATES PER MONTH:

(N) Customer Charge \$25.63

Demand Charge:

\$4.45 per kilowatt of billing demand per month

Energy Charge:

First 2,500 KWH per month	\$0.06664 net per KWH
Next 12,500 KWH per month	\$0.06207 net per KWH
Over 15,000 KWH per month	\$0.06070 net per KWH

MINIMUM CHARGE: The computed minimum monthly charge shall be as specified in the contract for service.

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the member 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 follows:

POWER FACTOR ADJUSTMENT: The member 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 his maximum demand is less than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90% and divided by the percent power factor.

DATE OF ISSUE	October 29, 2007	DATE EFFECTIVE	January 1, 2008
ISSUED BY	<i>Michael Z. Miller</i>	President & CEO	411 Ring Road Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00466.

Nolin RECC
 411 Ring Road
 Elizabethtown, KY 42701-6767

PSC KY NO. 10
 10th Revision Sheet No. 28

CANCELING PSC KY NO. 10
 9th Revision Sheet No. 28

CLASSIFICATION OF SERVICE

SCHEDULE 5 - SECURITY LIGHTS

APPLICABLE: Entire Service Area

AVAILABILITY OF SERVICE: Available to all Members of the Cooperative subject to the established rules and regulations of the Cooperative.

TYPES OF SERVICES AVAILABLE	PER MONTH CHARGE PER UNIT	
Mercury vapor 175 watt 120 volt or HPS 100 watt on a twenty-five foot (25') pole or an existing pole	\$8.75	(I)
Directional floodlight 100 Watt HPS to be mounted on existing pole	\$7.75	(I)
Directional floodlight 250 Watt HPS to be mounted on existing pole	\$12.96	(I)
Directional floodlight 400 Watt HPS to be mounted on existing pole	\$17.54	(I)
Lantern Type 100 Watt HPS with twenty-foot (20') fiberglass colonial post for underground service only	\$11.58	(I)
Contemporary Type 400 Watt HPS - for underground service only; to be used with the thirty-foot fiberglass pole - (Charge does not include pole.)	\$18.87	(I)
Thirty-foot (30') fiberglass pole; to be used with underground services only	\$9.94	(I)
Twenty-five foot (25') wood pole for overhead services only - (charge does not include lighting fixture)	\$2.30	(I)
Thirty-foot (30') wood pole for overhead services only - (charge does not include lighting fixture)	\$2.66	(I)
Twenty-five foot (25') wood pole for underground services only - (charge does not include lighting fixture)	\$3.22	(I)
Thirty-foot (30') wood pole for underground services only - (charge does not include lighting fixture)	\$3.58	(I)

DATE OF ISSUE	October 29, 2007	DATE EFFECTIVE	January 1, 2008
ISSUED BY	<i>Michael T. Nills</i>		411 Ring Road Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00466.

Nolin RECC
 411 Ring Road
 Elizabethtown, KY 42701-6767

PSC KY NO. 10
 10th Revision Sheet No. 31

CANCELING PSC KY NO. 10
 9th Revision Sheet No. 31

CLASSIFICATION OF SERVICE

SCHEDULE 6 - STREET LIGHTING (Cont'd.)

RATE:

Mercury Vapor (M.V.) or High Pressure Sodium (H.P.S.), Series or Multiple

STANDARD OVERHEAD (WOOD POLE):

	<u>Watts/Light</u>		
8,500 M.V. initial lumens	175	\$5.37 per light per mth	(I)
23,000 M.V. initial lumens	400	\$15.64 per light per mth	(I)
9,500 H.P.S. initial lumens	100	\$8.49 per light per mth	(I)
27,500 H.P.S. initial lumens	250	\$12.75 per light per mth	(I)
50,000 H.P.S. initial lumens	400	\$16.61 per light per mth	(I)

ORNAMENTAL SERVICE OVERHEAD (Aluminum Poles)

	<u>Watts/Light</u>		
8,500 M.V. initial lumens	175	\$6.92 per light per mth	(I)
23,000 M.V. initial lumens	400	\$17.28 per light per mth	(I)
9,500 H.P.S. initial lumens	100	\$19.51 per light per mth	(I)
27,500 H.P.S. initial lumens	250	\$22.98 per light per mth	(I)
50,000 H.P.S. initial lumens	400	\$26.13 per light per mth	(I)

ORNAMENTAL SERVICE UNDERGROUND (Fiberglass Poles)

	<u>Watts/Light</u>		
50,000 H.P.S. initial lumens	400	\$30.51 per light per mth	(I)

FUEL ADJUSTMENT CLAUSE: The above rate 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% 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.

DATE OF ISSUE	October 29, 2007	DATE EFFECTIVE	January 1, 2008
ISSUED BY	<i>Michael L. Nilla</i>	President & CEO	411 Ring Road Elizabethtown, KY 42701-6767
	NAME	TITLE	ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in
 Case No. 2006-00466.

ATTACHMENT "B"

**NOLIN RECC
CASE NO. 2006 - 00466**

SETTLEMENT STIPULATION

REVISED REVENUE REQUIREMENTS - BASED ON SETTLEMENT STIPULATION

Rate Schedule	Normalized Test Year <u>Revenue</u>	Proposed Test Year <u>Revenue</u>	Original Increase <u>Amount</u>	Original Increase <u>Percent</u>	Settlement Increase <u>Amount</u>	Settlement Proposed Test Year <u>Revenue</u>
1 Farm and Home	28,405,982	30,844,151	2,438,169	83.17%	2,161,502	30,567,484
2 Small Commercial	2,062,916	2,338,903	275,987	9.41%	244,670	2,307,586
3 Large Power Rate	1,052,201	1,083,308	31,107	1.06%	27,577	1,079,778
Industrial Rate	4,264,072	4,264,072	-	0.00%	-	4,264,072
Large Industrial Rate	42,457	42,457	-	0.00%	-	42,457
Large Industrial Rate	2,207,449	2,207,449	-	0.00%	-	2,207,449
Large Industrial Rate	5,419,481	5,419,481	-	0.00%	-	5,419,481
Large Industrial Rate	616,770	740,124	123,354	4.21%	109,357	726,127
5 Security Lights	125,748	188,622	62,874	2.14%	55,739	181,487
6 Street Lighting	7,838	7,838	-	0.00%	-	7,838
Envirowatts	7,838	2,745	2,745	0.00%	-	-
Rounding differences						
Total from Base Rates	44,204,914	47,139,150	2,934,236	100%	2,598,845	46,803,759
Settlement Increase Amount						2,598,845
Decrease in Increase Amount per Settlement					335,391	

**NOLIN RECC
CASE NO. 2006-00466**

SETTLEMENT STIPULATION

**SUMMARY OF REVENUE FROM RATES
NORMALIZED FOR TEST YEAR, FOR EKPC FLOW-THROUGH AND FAC ROLLIN AND WITH PROPOSED INCREASE**

FOR THOSE RATE CLASSES FOR WHICH AN INCREASE IS PROPOSED

Rate Schedule	Normalized Test Year Revenue	Normalized Revenue		Normalized Revenue After Rate Increase	Increase Amount	Increase Percent
		2006-00484 Flow Thru	2006-00521 FAC Rollin			
1 Farm and Home	28,405,982	29,148,731	31,855,872	34,017,374	2,161,502	7.61%
2 Small Commercial	2,062,916	2,116,942	2,295,227	2,539,897	244,670	11.86%
3 Large Power Rate	1,052,201	1,079,583	1,177,017	1,204,595	27,578	2.62%
5 Security Lights	616,770	633,296	676,162	785,518	109,357	17.73%
6 Street Lighting	125,748	129,114	138,367	194,107	55,739	44.33%
Rounding Differences			0	0	0	
Total from Base Rates	32,263,617	33,107,667	36,142,646	38,741,491	2,598,846	8.06%

**SETTLEMENT STIPULATION
RATE COMPARISON**

			Case 2006-484	Case 2006-521	
			Rates After	Rates After	
Rate Class		Rates at Test Year End	EKPC Flow Through	FAC Rollin	Proposed Rates
1	Farm and Home				
	Customer Charge per Month	\$ 5.00	\$5.13	\$ 5.13	\$8.13
	Energy Rate per kWh	\$ 0.06271	\$ 0.06435	\$0.07070	\$ 0.07341
2	Small Commercial				
	Customer Charge per Month	\$ 5.00	\$ 5.13	\$ 5.13	\$ 15.13
	Energy Rate per kWh	\$ 0.06985	\$ 0.07168	\$0.07803	\$ 0.07949
3	Large Power Rate				
	Demand	\$4.34	\$4.45	\$ 4.45	\$ 4.45
	Customer Charge per Month	\$0.00	\$0.00	\$0.00	25.63
	First 2,500	\$ 0.05875	\$ 0.06029	\$0.06664	\$ 0.06664
	Next 12,500	\$ 0.05430	\$ 0.05572	\$0.06207	\$ 0.06207
	Over 15,000	\$ 0.05296	\$ 0.05435	\$0.06070	\$ 0.06070
5	Security Lights				
	Mercury vapor 175 watt, or HPS 100 watt on a 25' wood pole	\$6.87	\$7.05	\$ 7.53	\$ 8.75
	Directional flood 100 watt HPS	\$6.02	\$7.05	\$ 6.67	\$ 7.75
	Directional flood 250 watt HPS	\$10.13	\$10.40	\$ 11.16	\$ 12.96
	Directional flood 400 watt HPS	\$13.55	\$13.91	\$ 15.10	\$ 17.54
	Lantern type 100 watt colonial post	\$9.44	\$9.69	\$ 9.97	\$ 11.58
	Contemporary type 400 watt for u/g	\$14.67	\$15.05	\$ 16.24	\$ 18.87
	30' fiberglass pole w/ u/g	\$8.56	\$8.56	\$ 8.56	\$ 9.94
	25' wood pole, no light	\$1.98	\$1.98	\$ 1.98	\$ 2.30
	30' wood pole, no light	\$2.29	\$2.29	\$ 2.29	\$ 2.66
	25' wood pole, u/g service	\$2.77	\$2.77	\$ 2.77	\$ 3.22
	30' wood pole, u/g service	\$3.08	\$3.08	\$ 3.08	\$ 3.58
6	Street Lighting				
	Standard:				
	8,500 MV lumens	\$3.26	\$3.35	\$ 3.83	\$ 5.37
	23,000 MV lumens	\$9.81	\$10.07	\$ 11.15	\$ 15.64
	9,500 HPS lumens	\$5.58	\$5.73	\$ 6.05	\$ 8.49
	27,500 HPS lumens	\$8.20	\$8.42	\$ 9.09	\$ 12.75
	50,000 HPS lumens	\$10.64	\$10.92	\$ 11.84	\$ 16.61
	Ornamental Overhead				
	8,500 MV lumens	\$4.34	\$4.45	\$ 4.93	\$ 6.92
	23,000 MV lumens	\$10.95	\$11.24	\$ 12.32	\$ 17.28
	9,500 HPS lumens	\$13.24	\$13.59	\$ 13.91	\$ 19.51
	27,500 HPS lumens	\$15.31	\$15.71	\$ 16.38	\$ 22.98
	50,000 HPS lumens	\$17.26	\$17.71	\$ 18.63	\$ 26.13
	Ornamental Underground				
	50,000 HPS lumens	\$20.30	\$20.83	\$ 21.75	\$ 30.51