

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. 2006-00511
CORPORATION FROM NOVEMBER 1,)
2004 TO OCTOBER 31, 2006)

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 18, 2006, 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 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Big Sandy to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 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 party advised the Commission of its intention to attend.

In its April 1, 2007 Order in Case No. 2006-00472,¹ the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Big Sandy's power supplier. On April 11, 2007, Big Sandy filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

Order in Case No. 2006-00473.² In its June 13, 2007 data request, Commission Staff requested that Big Sandy provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Big Sandy has complied with that request.

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 Administrative Regulation 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Big Sandy, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its interim base rates.³

3. Big Sandy should be authorized to transfer (roll-in) a 6.52 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 6.13 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 Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

² Case No. 2006-00473, Application of Big Sandy Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

³ Case No. 2006-00508, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2004 to October 31, 2006.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Big Sandy through the FAC for the period from November 1, 2004 to October 31, 2006 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.

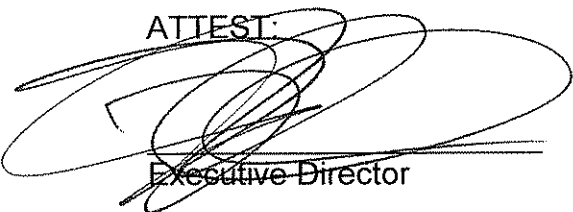
3. The rates in Appendix A are approved for service rendered by Big Sandy on and after August 1, 2007, the effective date of East Kentucky's change in rates.

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.

Done at Frankfort, Kentucky, this 25th day of July, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00511 DATED JULY 25, 2007

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	\$.06974
Off-Peak Energy Charge per kWh	\$.04184

SCHEDULE 2
COMMERCIAL AND SMALL POWER

Energy Charge per kWh	\$.06304
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SCHEDULE LP
LARGE POWER SERVICE

Energy Charge per kWh	\$.05010
Primary Meter	\$.04939

SCHEDULE LPR
LARGE POWER RATE

Energy Charge per kWh	\$.04776
Primary Meter	\$.04708

SCHEDULE YL-1
YARD SECURITY LIGHT SERVICE

Flat rate per light per month as follows:

175 Watt	\$ 7.20
400 Watt	\$ 10.64
500 Watt	\$ 12.43
1,500 Watt	\$ 28.39
400 Watt Flood	\$ 14.58

SCHEDULE IND 1

Energy Charge per kWh	\$.04307
Primary Meter	\$.04248

SCHEDULE IND 2

Energy Charge per kWh	\$.03794
Primary Meter	\$.03748