

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF SOUTH )  
KENTUCKY RURAL ELECTRIC ) CASE NO. 2006-00525  
COOPERATIVE 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 South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered South Kentucky to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. South Kentucky 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,<sup>1</sup> the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East

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

Kentucky"), South Kentucky's power supplier. On April 11, 2007, South Kentucky filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order in Case No. 2006-00488.<sup>2</sup> In its June 13, 2007 data request, Commission Staff requested that South Kentucky provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. South Kentucky has complied with that request.

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

1. South Kentucky has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of South Kentucky, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its base rates.<sup>3</sup>

3. South Kentucky 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.

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<sup>2</sup> Case No. 2006-00488, Application of South Kentucky Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

<sup>3</sup> 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.

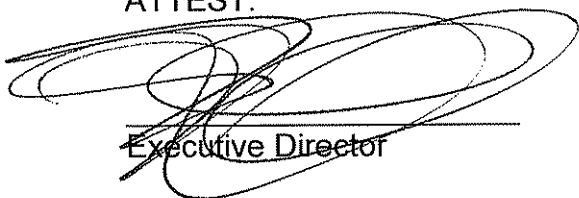
IT IS THEREFORE ORDERED that:

1. The charges and credits applied by South Kentucky through the FAC for the period November 1, 2004 to October 31, 2006 are approved.
2. South Kentucky 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 base rates.
3. The rates in Appendix A are approved for service rendered by South Kentucky 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, South Kentucky 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. 2006-00525 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by South Kentucky 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  
RESIDENTIAL, FARM AND NON-FARM SERVICE

All kWh per kWh \$ .07259

SCHEDULE A (ETS)  
RESIDENTIAL, FARM AND NON-FARM SERVICE  
MARKETING RATE

All kWh per kWh \$ .04355

SCHEDULE B  
SMALL COMMERCIAL RATE

All kWh per kWh \$ .08314

SCHEDULE B (ETS)  
SMALL COMMERCIAL  
MARKETING RATE

All kWh per kWh \$ .04988

SCHEDULE LP  
LARGE POWER RATE

Energy Charge per kWh \$ .04912

SCHEDULE LP  
LARGE POWER (CONTRACT 11)

Energy Charge:

|       |             |    |        |
|-------|-------------|----|--------|
| First | 3,500 kWh   | \$ | .05268 |
| Next  | 6,500 kWh   | \$ | .05160 |
| Next  | 140,000 kWh | \$ | .05049 |
| Next  | 150,000 kWh | \$ | .04994 |
| Over  | 300,000 kWh | \$ | .04939 |

SCHEDULE LP-1  
LARGE POWER RATE 1 (500 KW TO 4,999 KW)

|                      |    |        |
|----------------------|----|--------|
| Energy Charge per kW | \$ | .04458 |
|----------------------|----|--------|

SCHEDULE LP-2  
LARGE POWER RATE 2 (5,000 KW TO 9,999 KW)

Energy Charge:

|  |    |        |
|--|----|--------|
| First 400 kWh per KW of Billing Demand, Ltd. to First 5,000 kW | \$ | .04458 |
| Per kWh for all remaining kWh                                  | \$ | .03842 |

SCHEDULE LP-3  
LARGE POWER RATE 2 (500 KW TO 2,999 KW)

|                       |    |        |
|-----------------------|----|--------|
| Energy Charge per kWh | \$ | .04190 |
|-----------------------|----|--------|

SCHEDULE AES  
ALL ELECTRIC SCHOOL SCHEDULE

|                       |    |        |
|-----------------------|----|--------|
| Energy Charge per kWh | \$ | .06440 |
|-----------------------|----|--------|

SCHEDULE OPS  
OPTIONAL POWER SERVICE

|                       |    |        |
|-----------------------|----|--------|
| Energy Charge per kWh | \$ | .08525 |
|-----------------------|----|--------|

SCHEDULE STL  
STREET LIGHTING SERVICE

Rate per Light per Month As Follows:

|                         |                      |    |       |
|-------------------------|----------------------|----|-------|
| Mercury Vapor or Sodium | 7,000-10,000 Lumens  | \$ | 6.91  |
| Mercury Vapor or Sodium | 15,000-28,000 Lumens | \$ | 11.17 |

SCHEDULE DTSL  
DECORATIVE STREET LIGHTING

Rate per Light per Month As Follows:

High Pressure Sodium Lamp

Cobra Head Light Installed On Existing Pole

|                                  |          |
|----------------------------------|----------|
| 7,000-10,000 Lumens (Unmetered)  | \$ 10.42 |
| 7,000-10,000 Lumens (Metered)    | \$ 8.45  |
| 15,000-28,000 Lumens (Unmetered) | \$ 13.84 |
| 15,000-28,000 Lumens (Metered)   | \$ 9.11  |

Cobra Head Light Installed On 30' Aluminum Pole and Arm

|                                  |          |
|----------------------------------|----------|
| 7,000-10,000 Lumens (Unmetered)  | \$ 16.78 |
| 7,000-10,000 Lumens (Metered)    | \$ 14.64 |
| 15,000-28,000 Lumens (Unmetered) | \$ 19.51 |
| 15,000-28,000 Lumens (Metered)   | \$ 14.64 |

Lexington Light Installed On 16' Aluminum Pole

|  |          |
|--|----------|
| Sodium 7,000-10,000 Lumens (Unmetered) | \$ 11.04 |
| Sodium 7,000-10,000 Lumens (Metered)   | \$ 9.05  |

Acorn Light Installed On 16' Fluted Pole

|  |          |
|--|----------|
| Sodium 7,000-10,000 Lumens (Unmetered) | \$ 22.58 |
| Sodium 7,000-10,000 Lumens (Metered)   | \$ 20.31 |

Metal Halide Lamp

|  |          |
|--|----------|
| 100 Watt – Acorn (Unmetered)               | \$ 9.26  |
| 100 Watt – Acorn (Metered)                 | \$ 7.01  |
| 100 Watt – Lexington (Unmetered)           | \$ 7.31  |
| 100 Watt – Lexington (Metered)             | \$ 5.12  |
| 400 Watt – Galleria (Unmetered)            | \$ 9.14  |
| 400 Watt – Galleria (Metered)              | \$ 11.03 |
| 1,000 Watt – Galleria (Unmetered)          | \$ 31.79 |
| 1,000 Watt – Galleria (Metered)            | \$ 12.89 |
| 250 Watt Cobra Head with 30' Aluminum Pole | \$ 21.55 |

400 Watt Cobra Head Mercury Vapor with:

|                     |          |
|---------------------|----------|
| 8' Arm (Unmetered)  | \$ 16.02 |
| 8' Arm (Metered)    | \$ 7.99  |
| 12' Arm (Unmetered) | \$ 18.82 |
| 12' Arm (Metered)   | \$ 10.73 |
| 16' Arm (Unmetered) | \$ 19.70 |
| 16' Arm (Metered)   | \$ 11.57 |

SCHEDULE OL  
OUTDOOR LIGHTING SERVICE-SECURITY LIGHTS

Rate per Light per Month As Follows:

|   |         |
|---|---------|
| Mercury Vapor or Sodium 7,000-10,000 Lumens (Unmetered) | \$ 8.89 |
| Mercury Vapor or Sodium 7,000-10,000 Lumens (Metered)   | \$ 6.48 |

Directional Flood Light:

|                                     |          |
|-------------------------------------|----------|
| 250 Watt Sodium (Unmetered)         | \$ 14.17 |
| 250 Watt Sodium (Metered)           | \$ 8.23  |
| 250 Watt Metal Halide (Unmetered)   | \$ 15.39 |
| 250 Watt Metal Halide (Metered)     | \$ 9.17  |
| 400 Watt Metal Halide (Unmetered)   | \$ 19.07 |
| 400 Watt Metal Halide (Metered)     | \$ 9.17  |
| 1,000 Watt Metal Halide (Unmetered) | \$ 33.43 |
| 1,000 Watt Metal Halide (Metered)   | \$ 10.23 |

SCHEDULE TVB  
UNMETERED COMMERCIAL SERVICE

|                     |         |
|---------------------|---------|
| Cable TV Amplifiers | \$ 8.30 |
|---------------------|---------|