

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMERS RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR PASS-)	CASE NO.
THROUGH OF EAST KENTUCKY POWER)	2010-00172
COOPERATIVE, INC. WHOLESAL RATE)	
ADJUSTMENT)	

O R D E R

On May 27, 2010, Farmers Rural Electric Cooperative Corporation ("Farmers") submitted an application to pass through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. ("EKPC") in Case No. 2010-00167.¹ Farmers submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Sections 1(3) and 2(2).

In its application, Farmers described how its proposed pass-through rates were developed:

Farmers hereby states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that

¹ Case No. 2010-00167, Application of East Kentucky Power Cooperative, Inc. for General Adjustment of Electric Rates (Ky. PSC Jan. 14, 2011).

will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Farmers to pass through the increase in the wholesale rates of EKPC and to allocate such increase to its retail rates. Based upon this review, the Commission finds that Farmers' approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 2(2), and, therefore, should be accepted.

The Commission issued an Order today in Case No. 2010-00167 authorizing a \$43 million annualized increase in EKPC's wholesale rates effective for service rendered on and after today's date. According to Farmers, this will increase its wholesale power cost by \$1,786,136 annually.²

IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Farmers' application are rejected.
2. The approach proposed by Farmers to allocate its portion of the increase in wholesale rates authorized in Case No. 2010-00167 is accepted.
3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after the date of this Order.

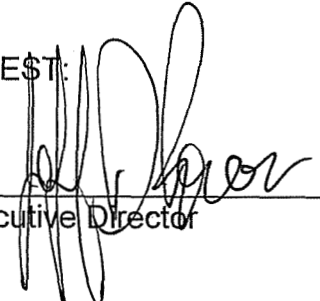
² Supplemental Information filed by Farmers on December 9, 2010, Item 2.

4. Within 20 days of the date of this Order, Farmers shall file its revised tariffs with this Commission setting out the rates approved herein and stating that they were approved pursuant to this Order.

By the Commission

ENTERED *P*
JAN 14 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00172 DATED JAN 14 2011

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

23rd Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. 9

22nd Revised SHEET NO. 1

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE R - RESIDENTIAL SERVICE

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to residents for all uses in the home and on the farm and for other consumers using single-phase service below 50 kW for ordinary merchandising establishments, repair shops, garages and service stations, schools, churches and community buildings, all subject to the established rules and regulations of the seller. Three-phase service may be provided to consumers located within 1,000 feet of existing three-phase line.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles, at available secondary voltages.

RATES PER MONTH:

Customer Charge		\$9.35	(I)
All kWh	@	\$0.09566 per kWh	(I)

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and 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 percent 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: May 27, 2010

DATE EFFECTIVE: Service rendered on and after July 1, 2010

ISSUED BY: _____

TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2010-00172 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

23rd Revised SHEET NO. 3

CANCELLING P.S.C. KY. NO. 9

22nd Revised SHEET NO. 3

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial and industrial loads for all uses including lighting, heating and power, including oil well services, all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

1. For all consumers whose kilowatt demand is less than 50 kW.

Kilowatt Demand Charge:	None		
Customer Charge		\$11.42	(I)
All kWh	@	\$ 0.09095 per kWh	(I)

2. For all consumers whose kilowatt demand is 50 kW or above.

Kilowatt Demand Charge:		\$ 7.12 per kW	(I)
Customer Charge		\$51.93	(I)
Energy Charge:			
All	kWh@	\$0.07184 per kWh	(I)

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

23rd Revised SHEET NO. 6

CANCELLING P.S.C. KY. NO. 9

22nd Revised SHEET NO. 6

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE OL – OUTDOOR LIGHTING SERVICE

APPLICABLE: In all territory served by the seller.

AVAILABILITY: To individuals, towns, villages and others for controlled single and multiple outdoor lighting from dusk to dawn. Service under this schedule is for a term of not less than one year and is subject to the rules and regulations of the seller as approved by the Kentucky Public Service Commission.

RATE PER FIXTURE:

<u>Type of Lamp</u>	<u>Watts</u>	<u>Monthly kWh Usage</u>	<u>Monthly Charge Per Lamp</u>	
Mercury Vapor	175	70	\$ 9.65	(I)
Mercury Vapor	175 Watt, shared	70	3.74	(I)
Mercury Vapor	250	98	11.19	(I)
Mercury Vapor	400	156	17.06	(I)
Mercury Vapor	1000	378	30.98	(I)
Sodium Vapor	100	42	9.75	(I)
Sodium Vapor	150	63	11.48	(I)
Sodium Vapor	250	105	15.76	(I)
Sodium Vapor	400	165	20.55	(I)
Sodium Vapor	1000	385	44.75	(I)

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and 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 percent 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.

CONDITIONS OF SERVICE:

1. Outdoor lighting, including lamps, fixture, other necessary facilities and electric energy, will be furnished by the Cooperative.
2. Above service is limited to one existing wood pole per fixture.
3. Lamp replacements will be furnished and made by the Cooperative except in cases of vandalism or willful destruction.
4. Service required other than the above shall be paid for by the consumer according to the initial cost of such installation.

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

13th Revised SHEET NO. 6L

CANCELLING P.S.C. KY. NO. 9

12th Revised SHEET NO. 6L

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE SL – STREET LIGHTING SERVICE

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to federal, state and local governmental agencies for dusk to dawn street lighting subject to established rules and regulations.

TYPE OF SERVICE: Automatic dusk to dawn lighting systems, single-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE:

Energy Charge: The monthly energy charge for each type of lamp shall be \$0.06245 per rated kWh per month as determined from Table I below: (I)

TABLE I

<u>Type of Lamp</u>	<u>Lamp Size Watts</u>	<u>Lumens</u>	<u>Rated kWh</u>
Mercury Vapor	175	7,650	70
Mercury Vapor	250	10,400	98
Mercury Vapor	400	19,100	156
High Pressure Sodium	100	8,550	42
High Pressure Sodium	250	23,000	105
High Pressure Sodium	400	45,000	165
High Pressure Sodium	1,000	126,000	385

Facility Charge: The books of the Cooperative shall accurately reflect the Cooperative's total investment in facilities for each specific agency receiving service under this tariff. The monthly facility charge for a given agency shall be 1.14 percent of said total investment.

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FOR ALL TERRITORY SERVED
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P.S.C. KY. NO. 9

19th Revised SHEET NO. 6N

CANCELLING P.S.C. KY. NO. 9

18th Revised SHEET NO. 6N

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE D – LARGE COMMERCIAL/INDUSTRIAL SERVICE
OPTIONAL TIME-OF-DAY RATE

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers for commercial and industrial loads whose kilowatt demand is 50 kW or above for all uses including lighting, heating and power, all subject to the established rules and regulations of the seller.

TYPE OF SERVICE: Single-phase, or three-phase where available, 60 cycles at available voltages.

RATES PER MONTH

Customer Charge	\$51.93	(I)
Kilowatt Demand Charge:	\$7.12 per kW	(I)
Energy Charge:		
All kWh	\$0.07184 per kWh	(I)

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the on-peak hours specified by the seller in the consumer's service contract during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

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TITLE: President & Chief Executive Officer

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

15th Revised SHEET NO. 60

CANCELLING P.S.C. KY. NO. 9

14th Revised SHEET NO. 60

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE E - LARGE INDUSTRIAL RATE

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to all consumers who are or shall be members of the Seller where the monthly contract demand is 1,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand, all subject to the established rules and regulations of the Seller.

MONTHLY RATE:

Customer Charge:	\$1,142.46 per Month	(I)
Demand Charge:	\$7.12 per kW	(I)
Energy Charge:	\$0.05834 per kWh	(I)

DETERMINATION OF BILLING DEMAND: The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand,
- (b) The consumer's highest demand during the current month or preceding eleven months coincident with the load center's peak demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor as provided herein:

<u>MONTHS</u>	<u>HOURS APPLICABLE FOR DEMAND BILLING - EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

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TITLE: President & Chief Executive Officer

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

17th Revised SHEET NO. 6T

CANCELLING P.S.C. KY. NO. 9

16th Revised SHEET NO. 6T

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE RM – RESIDENTIAL OFF-PEAK MARKETING

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers eligible for Schedule R - Residential Service. The electric power and energy furnished under Tariff RM Residential Off-Peak Marketing Rate shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following these tariffs as Appendix D. Other power and energy furnished will be billed under Schedule R.

RATES:

Energy Charge: \$0.05739 per kWh (I)

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

17th Revised SHEET NO. 6V

CANCELLING P.S.C. KY. NO. 9

16th Revised SHEET NO. 6V

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**
(Name of Utility)

RATES AND CHARGES

SCHEDULE CM – SMALL COMMERCIAL OFF-PEAK MARKETING

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to commercial consumers whose kilowatt demand is less than 50 kW. The electric power and energy furnished under Tariff CM, Small Commercial Off-Peak Marketing Rate, shall be separately metered for each point of delivery and requires an executed contract between the member and the Cooperative. A sample contract is shown following this tariff as Appendix D. Other power and energy furnished will be billed under Schedule C-1.

RATES:

Energy Charge: \$0.05457 per kWh (I)

SCHEDULE OF HOURS: This rate is only applicable for the below listed off-peak hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS - EST</u>
October thru April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.
May thru September	10:00 P.M. to 10:00 A.M.

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Bill Prather
President & CEO
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