

**DARRELL L. SAUNDERS, P.S.C.**

ATTORNEY AT LAW  
700 MASTER STREET  
P.O. Box 1324

**CORBIN, KENTUCKY 40702**

PHONE (606) 523-1370

FAX (606) 523-1372

[dls@darrellsaunders.com](mailto:dls@darrellsaunders.com)

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MAR 30 2006

PUBLIC SERVICE  
COMMISSION

**FAX TRANSMISSION SHEET**

**DATE:** March 30, 2006

**RE:** South Kentucky Rural Electric Cooperative Corporation  
Case #2005-00450

**RECIPIENT:** Anita Mitchell, Attorney, Public Service Commission

**FAX NUMBER:** 502-564-3460

**FROM:** Darrell Saunders

**TOTAL NUMBER OF PAGES (INCLUDING COVER): 7**

**MESSAGE:** I am sending copies of Exhibits C (existing and proposed rate charges) and D (publication notice) which appear to satisfy the requirements of 807 KAR 5:001 which was the subject of Mike Burford's letter of March 24, 2006. Exhibit C is referenced at numerical paragraph 10 of the application and Exhibit D at numerical paragraph 11. In particular, Exhibit C specifies separate columns for present rates and charges and proposed rates and charges. I realize we have added a column for the difference in the two which does not appear to be set forth in the regulation however I cannot see how that could cause a problem. Please review and advise if you believe further action is necessary. If not, I would appreciate receiving the Commission's recognition of the March 16, 2006 filing date so there will be do delay.

cc: Jeff Greer

South Kentucky Rural Electric  
Case No. 2005-00450  
Existing and Proposed Rates and Charges  
August 31, 2005

Exhibit C  
page 1 of 3  
Witness: Jim Adkins

| Rates  | Present   | Proposed  | Difference |
|--|-----------|-----------|------------|
| <b><u>A. Residential, Farm and Non-Farm Service</u></b>    |           |           |            |
| Customer charge  | \$5.60    | \$8.00    | \$2.40     |
| Energy charge  | \$0.06111 | \$0.06461 | \$0.00350  |
| Energy charge per ETS                                      | \$0.03667 | \$0.03877 | \$0.00210  |
| <b><u>B. Small Commercial Rate</u></b>                     |           |           |            |
| Customer charge  | \$6.70    | \$15.00   | \$8.30     |
| Energy charge  | \$0.06658 | \$0.07492 | \$0.00834  |
| Energy charge per ETS                                      | \$0.03995 | \$0.04495 | \$0.00500  |
| <b><u>LP. Large Power Rate</u></b>                         |           |           |            |
| Customer charge  | \$11.20   | \$30.00   | \$18.80    |
| Demand charge  | \$6.00    | \$6.00    | \$0.00     |
| Energy charge  | \$0.04156 | \$0.04156 | \$0.00000  |
| <b><u>LP-3. Large Power Rate ( 500 kw to 2,999 kw)</u></b> |           |           |            |
| Metering charge  | \$125.00  | \$125.00  | \$0.00     |
| Substation charge  | \$315.00  | \$315.00  | \$0.00     |
| Substation charge  | \$944.00  | \$944.00  | \$0.00     |
| Demand charge  |           |           |            |
| Contract demand  | \$5.39    | \$5.39    | \$0.00     |
| Excess demand  | \$7.82    | \$7.82    | \$0.00     |
| Interruptible discount                                     | (\$3.15)  | (\$3.15)  | \$0.00     |
| Energy charge  | \$0.03232 | \$0.03459 | \$0.00227  |
| <b><u>OPS. Optional Power Service</u></b>                  |           |           |            |
| Customer charge  | \$11.20   | \$30.00   | \$18.80    |
| Energy charge  | \$0.07315 | \$0.07699 | \$0.00384  |

South Kentucky Rural Electric  
Case No. 2005-00450  
Existing and Proposed Rates and Charges  
August 31, 2005

Exhibit C  
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| Rates  | Present | Proposed | Difference |
|--|---------|----------|------------|
| <b><u>OL, Outdoor Lighting Service</u></b>     |         |          |            |
| Mercury Vapor - 7,000 - 10,000                 |         |          |            |
| Metered  | \$4.63  | \$6.48   | \$1.85     |
| Unmetered                                      | \$5.92  | \$8.29   | \$2.37     |
| Directional Flood Light, w/ bracket            |         |          |            |
| 250 Watt Sodium                                |         |          |            |
| Metered  | \$5.88  | \$8.23   | \$2.35     |
| Unmetered                                      | \$9.39  | \$13.15  | \$3.76     |
| 250 Watt Metal Halide                          |         |          |            |
| Metered  | \$6.55  | \$9.17   | \$2.62     |
| Unmetered                                      | \$10.24 | \$14.34  | \$4.10     |
| 400 Watt Metal Halide                          |         |          |            |
| Metered  | \$6.55  | \$9.17   | \$2.62     |
| Unmetered                                      | \$12.53 | \$17.54  | \$5.01     |
| 1,000 Watt Metal Halide                        |         |          |            |
| Metered  | \$7.31  | \$10.23  | \$2.92     |
| Unmetered                                      | \$21.49 | \$30.09  | \$8.60     |
| <b><u>STL, Street Lighting</u></b>             |         |          |            |
| Mercury Vapor - 7,000 - 10,000                 |         |          |            |
|  | \$4.20  | \$6.30   | \$2.10     |
| Mercury Vapor - 15,000 - 28,000                |         |          |            |
|  | \$6.63  | \$9.95   | \$3.32     |
| <b><u>DSTL, Decorative Street Lighting</u></b> |         |          |            |
| HPS Cobra Head on existing pole:               |         |          |            |
| 7,000 - 10,000 lumens                          |         |          |            |
| Metered  | \$7.68  | \$8.45   | \$0.77     |
| Unmetered                                      | \$9.02  | \$9.92   | \$0.90     |
| 15,000 - 28,000 lumens                         |         |          |            |
| Metered  | \$8.28  | \$9.11   | \$0.83     |
| Unmetered                                      | \$11.70 | \$12.87  | \$1.17     |
| HPS Cobra Head on aluminum pole:               |         |          |            |
| 7,000 - 10,000 lumens                          |         |          |            |
| Metered  | \$13.31 | \$14.64  | \$1.33     |
| Unmetered                                      | \$14.65 | \$16.12  | \$1.47     |
| 15,000 - 28,000 lumens                         |         |          |            |
| Metered  | \$13.31 | \$14.64  | \$1.33     |
| Unmetered                                      | \$16.73 | \$18.40  | \$1.67     |

South Kentucky Rural Electric  
Case No. 2005-00450  
Existing and Proposed Rates and Charges  
August 31, 2005

Exhibit C  
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| <u>Rates</u>                         | <u>Present</u> | <u>Proposed</u> | <u>Difference</u> |
|--------------------------------------|----------------|-----------------|-------------------|
| Lexington Light on aluminum pole:    |                |                 |                   |
| 7,000 - 10,000 lumens                |                |                 |                   |
| Metered                              | \$8.23         | \$9.05          | \$0.82            |
| Unmetered                            | \$9.57         | \$10.53         | \$0.96            |
| Acorn Light on aluminum pole:        |                |                 |                   |
| 7,000 - 10,000 lumens                |                |                 |                   |
| Metered                              | \$18.46        | \$20.31         | \$1.85            |
| Unmetered                            | \$19.80        | \$21.78         | \$1.98            |
| Metal Halide Lamp:                   |                |                 |                   |
| 100 Watt Acorn                       |                |                 |                   |
| Metered                              | \$6.37         | \$7.01          | \$0.64            |
| Unmetered                            | \$7.95         | \$8.75          | \$0.80            |
| 14' Smooth Black Pole                | \$9.47         | \$10.42         | \$0.95            |
| 14' Fluted Pole                      | \$12.26        | \$13.49         | \$1.23            |
| 100 Watt Lexington                   |                |                 |                   |
| Metered                              | \$4.65         | \$5.12          | \$0.47            |
| Unmetered                            | \$6.23         | \$6.85          | \$0.62            |
| 14' Smooth Black Pole                | \$9.47         | \$10.42         | \$0.95            |
| 14' Fluted Pole                      | \$12.26        | \$13.49         | \$1.23            |
| 400 Watt Galleria                    |                |                 |                   |
| Metered                              | \$10.03        | \$11.03         | \$1.00            |
| Unmetered                            | \$16.01        | \$17.61         | \$1.60            |
| 1,000 Watt Metal halide              |                |                 |                   |
| Metered                              | \$11.72        | \$12.89         | \$1.17            |
| Unmetered                            | \$25.90        | \$28.49         | \$2.59            |
| 30' Square Street pole               |                |                 |                   |
| 250 Watt Cobra Head w/ 30' /         | \$14.05        | \$15.46         | \$1.41            |
| 400 Watt Cobra head Mercury Vapor w/ |                |                 |                   |
| 8' Arm                               |                |                 |                   |
| Metered                              | \$7.26         | \$7.99          | \$0.73            |
| Unmetered                            | \$13.24        | \$14.56         | \$1.32            |
| 12' Arm                              |                |                 |                   |
| Metered                              | \$9.75         | \$10.73         | \$0.98            |
| Unmetered                            | \$15.73        | \$17.30         | \$1.57            |
| 16' Arm                              |                |                 |                   |
| Metered                              | \$10.52        | \$11.57         | \$1.05            |
| Unmetered                            | \$16.50        | \$18.15         | \$1.65            |
| 30' Aluminum Pole                    |                |                 |                   |
|                                      | \$21.42        | \$23.56         | \$2.14            |

**Official Notice**

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky and with its address at 925 N. Main Street, Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2005-00450 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. A copy of the application and testimony shall be available for public inspection at South Kentucky Rural Electric's offices.

South Kentucky Rural Electric Cooperative Corporation's last increase was in 1989, 17 years ago. The time has come to adjust the rates, and this process began by having an extensive cost of service study on each rate classification. The amount and percent of increase, based on the study, are listed below:

| <u>Rate Class</u>                      | <u>Increase</u> |                |
|--|-----------------|----------------|
|  | <u>Dollar</u>   | <u>Percent</u> |
| <b>Schedule A</b>                      |                 |                |
| Residential, Farm and Non-Farm Service | \$4,051,768     | 9%             |
| <b>Schedule A</b>                      |                 |                |
| Off Peak Heating Rate                  | \$24,082        | 6%             |
| <b>Schedule B</b>                      |                 |                |
| Small Commercial Rate                  | \$850,383       | 20%            |
| <b>Schedule B</b>                      |                 |                |
| Off Peak Heating Rate                  | \$67            | 13%            |
| <b>Schedule LP</b>                     |                 |                |
| Large Power Rate                       | \$52,868        | 1%             |
| <b>Schedule LP - 3</b>                 |                 |                |
| Large Power Rate (500 kw to 2,999 kw)  | \$105,142       | 5%             |
| <b>Schedule OPS</b>                    |                 |                |
| Optional Power Service                 | \$98,261        | 8%             |
| <b>Schedule OL</b>                     |                 |                |
| Outdoor Lighting Service               | \$657,903       | 40%            |
| <b>Schedule STL</b>                    |                 |                |
| Street Lighting                        | \$19,426        | 50%            |
| <b>Schedule DSTL</b>                   |                 |                |
| Decorative Street Lighting             | \$3,305         | 10%            |

Exhibit D  
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The effect of the proposed rates on the average monthly bill by rate class are listed below:

| Rate Class                               | Increase   |         |
|--|------------|---------|
|  | Dollar     | Percent |
| Schedule A                               |            |         |
| Residential, Farm and Non-Farm Service   | \$5.50     | 8%      |
| Schedule B                               |            |         |
| Small Commercial Rate                    | \$19.92    | 20%     |
| Schedule LP                              |            |         |
| Large Power Rate                         | \$18.80    | 1%      |
| Schedule LP - 3                          |            |         |
| Large Power Rate (500 kw to 2,999 kw)    | \$1,752.36 | 5%      |
| Schedule OPS                             |            |         |
| Optional Power Service                   | \$54.28    | 8%      |
| Schedule DL                              |            |         |
| Mercury Vapor - 7,000 - 10,000           |            |         |
| Metered                                  | \$1.85     | 40%     |
| Unmetered                                | \$2.37     | 40%     |
| Directional Flood Light, w/ bracket      |            |         |
| 250 Watt Sodium                          |            |         |
| Metered                                  | \$2.35     | 40%     |
| Unmetered                                | \$3.76     | 40%     |
| 250 Watt Metal Halide                    |            |         |
| Metered                                  | \$2.52     | 40%     |
| Unmetered                                | \$4.10     | 40%     |
| 400 Watt Metal Halide                    |            |         |
| Metered                                  | \$2.52     | 40%     |
| Unmetered                                | \$5.01     | 40%     |
| 1,000 Watt Metal Halide                  |            |         |
| Metered                                  | \$2.82     | 40%     |
| Unmetered                                | \$8.50     | 40%     |
| Schedule STL                             |            |         |
| Mercury Vapor - 7,000 - 10,000           | \$2.10     | 50%     |
| Mercury Vapor - 15,000 - 29,000          | \$3.32     | 50%     |
| Schedule OSTL                            |            |         |
| HPS Cobra Head on existing pole.         |            |         |
| 7,000 - 10,000 lumens                    |            |         |
| Metered                                  | \$0.77     | 10%     |
| Unmetered                                | \$0.90     | 10%     |
| 15,000 - 29,000 lumens                   |            |         |
| Metered                                  | \$0.83     | 10%     |
| Unmetered                                | \$1.17     | 10%     |
| HPS Cobra Head on aluminum pole:         |            |         |
| 7,000 - 10,000 lumens                    |            |         |
| Metered                                  | \$1.33     | 10%     |
| Unmetered                                | \$1.47     | 10%     |
| 15,000 - 29,000 lumens                   |            |         |
| Metered                                  | \$1.33     | 10%     |
| Unmetered                                | \$1.67     | 10%     |
| Lexington Light on aluminum pole:        |            |         |
| 7,000 - 10,000 lumens                    |            |         |
| Metered                                  | \$0.82     | 10%     |
| Unmetered                                | \$0.95     | 10%     |
| Acorn Light on aluminum pole:            |            |         |
| 7,000 - 10,000 lumens                    |            |         |
| Metered                                  | \$1.85     | 10%     |
| Unmetered                                | \$1.98     | 10%     |
| Metal Halide Lamp.                       |            |         |
| 100 Watt Acorn                           |            |         |
| Metered                                  | \$0.64     | 10%     |
| Unmetered                                | \$0.80     | 10%     |
| 14' Smooth Black Pole                    | \$0.95     | 10%     |
| 14' Fluted Pole                          | \$1.23     | 10%     |
| 100 Watt Lexington                       |            |         |
| Metered                                  | \$0.47     | 10%     |
| Unmetered                                | \$0.62     | 10%     |
| 14' Smooth Black Pole                    | \$0.85     | 10%     |
| 14' Fluted Pole                          | \$1.23     | 10%     |
| 400 Watt Galleria                        |            |         |
| Metered                                  | \$1.00     | 10%     |
| Unmetered                                | \$1.60     | 10%     |
| 1,000 Watt Metal halide                  | \$2.15     | 10%     |
| 1,000 Watt Galleria                      |            |         |
| Metered                                  | \$1.17     | 10%     |
| Unmetered                                | \$2.59     | 10%     |
| 30' Square Street pole                   | \$1.41     | 10%     |
| 250 Watt Cobra Head w/ 30' Aluminum pole | \$1.85     | 10%     |
| 400 Watt Cobra head Mercury Vapor w/     |            |         |
| 8' Arm                                   |            |         |
| Metered                                  | \$0.73     | 10%     |
| Unmetered                                | \$1.32     | 10%     |
| 12' Arm                                  |            |         |
| Metered                                  | \$0.98     | 10%     |
| Unmetered                                | \$1.57     | 10%     |
| 15' Arm                                  |            |         |
| Metered                                  | \$1.02     | 10%     |
| Unmetered                                | \$1.65     | 10%     |
| 30' Aluminum Pole                        | \$2.14     | 10%     |

Exhibit D  
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The present and proposed rate schedule of South Kentucky Rural Electric  
Cooperation Corporation are listed below

| Rate Class                                      | Rates     |           |
|---|-----------|-----------|
|   | Present   | Proposed  |
| <b>Schedule A</b>                               |           |           |
| Customer charge                                 | \$5.60    | \$9.20    |
| Energy charge                                   | \$0.0611  | \$0.0649  |
| Energy charge per ETS                           | \$0.03667 | \$0.0377  |
| <b>Schedule B</b>                               |           |           |
| Customer charge                                 | \$6.70    | \$15.00   |
| Energy charge                                   | \$0.0668  | \$0.07482 |
| Energy charge per ETS                           | \$0.03985 | \$0.04456 |
| <b>Schedule LP</b>                              |           |           |
| Customer charge                                 | \$11.20   | \$30.00   |
| Demand charge                                   | \$6.00    | \$5.00    |
| Energy charge                                   | \$0.04166 | \$0.04168 |
| <b>Schedule LP-3</b>                            |           |           |
| Metering charge                                 | \$125.00  | \$125.00  |
| Substation charge                               | \$213.00  | \$315.00  |
| Substation charge                               | \$944.00  | \$944.00  |
| Demand charge                                   |           |           |
| Contract demand                                 | \$5.39    | \$5.39    |
| Excess demand                                   | \$7.82    | \$7.82    |
| Interruptible Discount                          | (\$3.15)  | (\$3.15)  |
| Energy charge                                   | \$0.03232 | \$0.03459 |
| <b>Schedule OPS</b>                             |           |           |
| Customer charge                                 | \$11.20   | \$30.00   |
| Energy charge                                   | \$0.07315 | \$0.07899 |
| <b>Schedule OL</b>                              |           |           |
| <b>Mercury Vapor - 7,000 - 10,000</b>           |           |           |
| Metered   | \$4.63    | \$6.48    |
| Unmetered                                       | \$6.02    | \$8.20    |
| <b>Directional Flood Light, w/ bracket</b>      |           |           |
| <b>250 Watt Sodium</b>                          |           |           |
| Metered   | \$5.88    | \$6.23    |
| Unmetered                                       | \$9.39    | \$13.15   |
| <b>250 Watt Metal Halide</b>                    |           |           |
| Metered   | \$8.55    | \$9.17    |
| Unmetered                                       | \$10.24   | \$14.34   |
| <b>400 Watt Metal Halide</b>                    |           |           |
| Metered   | \$6.55    | \$8.17    |
| Unmetered                                       | \$12.53   | \$17.54   |
| <b>1,000 Watt Metal Halide</b>                  |           |           |
| Metered   | \$7.31    | \$10.23   |
| Unmetered                                       | \$21.49   | \$30.09   |
| <b>Schedule STL</b>                             |           |           |
| <b>Mercury Vapor - 7,000 - 10,000</b>           |           |           |
| Metered   | \$4.20    | \$6.30    |
| <b>Mercury Vapor - 13,000 - 28,000</b>          |           |           |
| Metered   | \$8.03    | \$9.05    |
| <b>Schedule DSTL</b>                            |           |           |
| <b>HPS Cobra Head on existing pole:</b>         |           |           |
| <b>7,000 - 10,000 lumens</b>                    |           |           |
| Metered   | \$7.88    | \$8.43    |
| Unmetered                                       | \$8.02    | \$9.82    |
| <b>13,000 - 28,000 lumens</b>                   |           |           |
| Metered   | \$8.29    | \$9.11    |
| Unmetered                                       | \$11.70   | \$12.87   |
| <b>HPS Cobra Head on aluminum pole:</b>         |           |           |
| <b>7,000 - 10,000 lumens</b>                    |           |           |
| Metered   | \$10.31   | \$14.64   |
| Unmetered                                       | \$14.05   | \$16.12   |
| <b>13,000 - 28,000 lumens</b>                   |           |           |
| Metered   | \$13.31   | \$14.84   |
| Unmetered                                       | \$18.73   | \$18.60   |
| <b>Lexington Light on aluminum pole:</b>        |           |           |
| <b>7,000 - 10,000 lumens</b>                    |           |           |
| Metered   | \$8.23    | \$8.05    |
| Unmetered                                       | \$9.97    | \$10.53   |
| <b>Acorn Light on aluminum pole:</b>            |           |           |
| <b>7,000 - 10,000 lumens</b>                    |           |           |
| Metered   | \$18.48   | \$20.31   |
| Unmetered                                       | \$19.80   | \$21.78   |
| <b>Metal Halide Lamp:</b>                       |           |           |
| <b>100 Watt Acorn</b>                           |           |           |
| Metered   | \$6.37    | \$7.01    |
| Unmetered                                       | \$7.95    | \$8.75    |
| <b>14' Smooth Black Pole</b>                    |           |           |
| Metered   | \$8.47    | \$10.42   |
| Unmetered                                       | \$12.26   | \$13.49   |
| <b>100 Watt Lexington</b>                       |           |           |
| Metered   | \$4.85    | \$5.12    |
| Unmetered                                       | \$6.23    | \$6.86    |
| <b>14' Smooth Black Pole</b>                    |           |           |
| Metered   | \$8.47    | \$10.42   |
| Unmetered                                       | \$12.26   | \$13.49   |
| <b>400 Watt Galleria</b>                        |           |           |
| Metered   | \$10.03   | \$11.03   |
| Unmetered                                       | \$10.01   | \$11.41   |
| <b>1,000 Watt Metal Halide</b>                  |           |           |
| Metered   | \$21.49   | \$23.84   |
| <b>1,000 Watt Galleria</b>                      |           |           |
| Metered   | \$11.72   | \$12.80   |
| Unmetered                                       | \$25.80   | \$28.40   |
| <b>30' Square Street pole</b>                   |           |           |
| Metered   | \$14.05   | \$15.45   |
| <b>250 Watt Cobra Head w/ 30' Aluminum pole</b> |           |           |
| Metered   | \$16.50   | \$20.35   |
| <b>400 Watt Cobra head Mercury Vapor w/</b>     |           |           |
| <b>8' Arm</b>                                   |           |           |
| Metered   | \$7.26    | \$7.08    |
| Unmetered                                       | \$13.24   | \$14.58   |
| <b>12' Arm</b>                                  |           |           |
| Metered   | \$8.75    | \$10.73   |
| Unmetered                                       | \$13.73   | \$17.30   |
| <b>18' Arm</b>                                  |           |           |
| Metered   | \$10.52   | \$11.57   |
| Unmetered                                       | \$18.50   | \$18.15   |
| <b>30' Aluminum Pole</b>                        |           |           |
| Metered   | \$21.42   | \$23.50   |