

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF LICKING )  
VALLEY RURAL ELECTRIC ) CASE NO. 2006-00520  
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 Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Licking Valley to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Licking Valley 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 Kentucky"), Licking Valley's power supplier. On April 11, 2007, Licking Valley filed its

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

revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order in Case No. 2006-00483.<sup>2</sup> In its June 13, 2007 data request, Commission Staff requested that Licking Valley provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Licking Valley has complied with that request.

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

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

2. East Kentucky, the wholesale supplier of Licking Valley, 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. Licking Valley should be authorized to transfer (roll-in) a 6.32 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. 2006-00483, Application of Licking Valley 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 Licking Valley through the FAC for the period November 1, 2004 to October 31, 2006 are approved.
2. Licking Valley 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 Licking Valley 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, Licking Valley 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. 2006-00520 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Licking Valley 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, SMALL COMMUNITY HALL AND CHURCH SERVICE

Energy Charge per kWh \$ .073386

SCHEDULE B  
COMMERCIAL AND SMALL POWER

Energy Charge per kWh \$ .073319

SCHEDULE LP  
LARGE POWER SERVICE

Energy Charge per kWh \$ .058340

SCHEDULE LPR  
LARGE POWER RATE

Energy Charge per kWh \$ .050692

SCHEDULE SL  
SECURITY LIGHTS AND RURAL LIGHTING

Monthly Rate:

175 Watt Mercury Vapor \$ 7.55