

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF OWEN)
ELECTRIC COOPERATIVE, INC. FROM) CASE NO. 2006-00522
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 Owen Electric Cooperative, Inc. ("Owen") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Owen to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Owen has complied with this Order. The Commission further ordered that a public hearing be held in this case on March 17, 2005.

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"), Owen's power supplier. On April 11, 2007, Owen filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order

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

in Case No. 2006-00485.² In its June 13, 2007 data request, Commission Staff requested that Owen provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Owen has complied with that request.

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

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

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

3. Owen should be authorized to transfer (roll-in) a 6.39 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.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Owen through the FAC for the period November 1, 2004 to October 31, 2006 are approved.

² Case No. 2006-00485, Application of Owen Electric Cooperative, Inc. 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.

2. Owen 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.

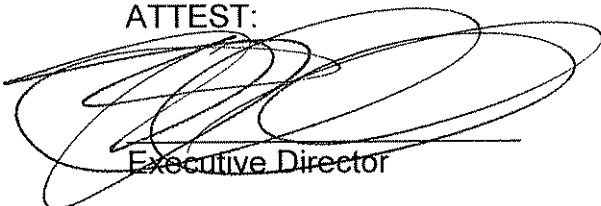
3. The rates in Appendix A are approved for service rendered by Owen on and after August 1, 2007, the effective date of East Kentucky's change in rates.

4. Within 20 days of the date of this Order, Owen 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:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned over the printed text 'Executive Director'.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00522 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Owen Electric Cooperative, Inc. 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 I
FARM AND HOME

All kWh per kWh \$.07533

SCHEDULE I
FARM AND HOME – OFF-PEAK MARKETING RATE

All kWh per kWh \$.04520

SCHEDULE I
FARM AND HOME – TIME OF DAY

On-Peak Rate per kWh \$.085881
Off-Peak Rate per kWh \$.049244

SCHEDULE I
SMALL COMMERCIAL

Energy Charge per kWh \$.07534

SCHEDULE I – OLS
OUTDOOR LIGHTING SERVICE

Monthly Rates:

100 Watt High Pressure Sodium \$ 8.85
Cobrahead Lighting
 100 Watt High Pressure Sodium \$ 11.54
 250 Watt High Pressure Sodium \$ 15.56
 400 Watt High Pressure Sodium \$ 19.18

Directional Lighting		
100 Watt High Pressure Sodium	\$	10.80
250 Watt High Pressure Sodium	\$	13.14
400 Watt High Pressure Sodium	\$	16.52

SCHEDULE II – SOLS
SPECIAL OUTDOOR LIGHTING SERVICE

Traditional Light with Fiberglass Pole	\$	9.33
Holophane Light with Fiberglass Pole	\$	11.11

SCHEDULE III – SOLS
SPECIAL OUTDOOR LIGHTING SERVICE

Energy Rate for each type of light per kWh	\$.052114
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SCHEDULE II
LARGE POWER

Energy Charge per kWh	\$.05528
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SCHEDULE III
SECURITY LIGHTS

Flat rate per light per month as follows:

On Existing Pole Where 120 Volts is available	\$	5.51
One Pole Added	\$	7.19
Two Poles Added	\$	8.87
Three Poles Added	\$	10.55
Four Poles Added	\$	12.23

SCHEDULE VIII
LARGE INDUSTRIAL RATE – LPC1

Energy Charge per kWh		
For all kWh equal to 425 per KW of billing demand	\$.04226
For all kWh in excess of 425 per KW of billing demand	\$.03834

SCHEDULE IX
LARGE INDUSTRIAL RATE – LPC2

Energy Charge per kWh		
For all kWh equal to 425 per KW of billing demand	\$.03714
For all kWh in excess of 425 per KW of billing demand	\$.03577

SCHEDULE X
LARGE INDUSTRIAL RATE – LPC1-A

Energy Charge per kWh	
For all kWh equal to 425 per KW of billing demand	\$.04021
For all kWh in excess of 425 per KW of billing demand	\$.03731

SCHEDULE XI
LARGE INDUSTRIAL RATE – LPB1

Energy Charge per kWh	
For all kWh equal to 425 per KW of billing demand	\$.04226
For all kWh in excess of 425 per KW of billing demand	\$.03834

SCHEDULE XII
LARGE INDUSTRIAL RATE – LPB1-A

Energy Charge per kWh	
For all kWh equal to 425 per KW of billing demand	\$.04021
For all kWh in excess of 425 per KW of billing demand	\$.03731

SCHEDULE XIII
LARGE INDUSTRIAL RATE – LPB2

Energy Charge per kWh	
For all kWh equal to 425 per KW of billing demand	\$.03714
For all kWh in excess of 425 per KW of billing demand	\$.03577

SCHEDULE XIV
LARGE INDUSTRIAL RATE – LPB

Energy Charge per kWh	\$.04431
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SCHEDULE 1B
FARM AND HOME – TIME OF DAY

On-Peak Energy Charge per kWh	\$.085881
Off-Peak Energy Charge per kWh	\$.049244

SCHEDULE 1C
SMALL COMMERCIAL – TIME OF DAY

On-Peak Energy Charge per kWh	\$.082839
Off-Peak Energy Charge per kWh	\$.049244

SCHEDULE 2A
LARGE POWER – TIME OF DAY

On-Peak Energy Charge per kWh	\$.086460
Off-Peak Energy Charge per kWh	\$.053543